

2012

INTEGRATED REPORT



FORWARD LOOKING STATEMENTS

Certain statements in this report constitute forward looking statements. Such statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance, objectives of WBHO and its subsidiary companies, as well as the industry in which it operates, to be materially different from results, performances, objectives or achievements expressed or implied by these forward looking statements.

The performance of the WBHO group is subject to the effect of changes in economic, business and political conditions, risks/ conditions associated with our industry, labour disruptions, changes in government regulations, changes in exchange rates, currency devaluations, inflation and other macro-economic factors. WBHO undertakes no obligation to update publicly or to release any revisions to these forward looking statements to reflect events or circumstances after the date of publication of these pages or to reflect the occurrence of unanticipated events.



READ MORE: This icon tells you where you can find related information in our report



REFER TO WEBSITE: This icon tells you that you can find more information online on www.wbho.co.za



STRATEGY: This icon highlights information on our strategies and information on our performance against our strategies



PLANET: This icon highlights information on our strategies and information on our performance against our strategies



PEOPLE: You'll see this icon when we are talking about our employees and the benefits and training and development we provide for them



PROGRESS: Any talk about our financial performance will be accompanied by this icon



COMPLIANCE: When we discuss our compliance with laws, regulations and codes you'll see this icon



GOVERNANCE: And this icon will accompany any reference to governance in WBHO



RISK: Discussion of our risks and opportunities and how we manage risk is accompanied by this icon

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ABOUT THIS REPORT



GRI 2.9, 3.1, 3.2, 3.3



www.wbho.co.za

We are pleased to present to you the integrated annual report for Wilson Bayly Holmes-Ovcon Ltd (WBHO), a company listed on the JSE Ltd, for the financial year ended 30 June 2012. Our previous report, covering the financial year ended 30 June 2011, was published last year.

The scope of this report includes WBHO and its subsidiaries. There has been no significant change in our size, structure, ownership or our areas of operation and there are no specific limitations on the scope or boundary of this report.

In addition to adopting an integrated approach to our reporting, we have applied the King Code of Corporate Governance Principles for South Africa (King III), and the JSE Ltd Listings Requirements. We were guided by the Global Reporting Initiative's (GRI) 3 Guidelines and its Construction and Real Estate Sector Supplement when measuring our progress towards sustainability. Our self-assessment of our reporting against the GRI 3 Guidelines can be found on our website. While we have not yet sought external assurance on the accuracy of the sustainability information published in this report, it will be the next step we take on our reporting journey.

BDO South Africa Incorporated audited our annual financial statements, in compliance with International Financial Reporting Standards (IFRS). An independent auditors' report on the financial statements appears on page 92 of our annual financial statements.



GRI 3.5 (partial – materiality determination), 3.7

The process we have adopted to determine the issues material to our business and our stakeholders is aligned with our organisational decision-making processes and our strategies. By applying the principle of materiality we determined which issues could influence the decision, actions and performance of our organisation and its stakeholders. We refer you to the Strategic review and operating context on pages 16 to 30 of this report in which we describe the circumstances in which we operate, the key resources and relationships on which we depend, the key risks and opportunities we face and how material issues can affect our ability to create and sustain value over time.



GRI 3.9 (partial regarding indicators not applicable), 3.10

We measure data according to specific indicators throughout the report, particularly with reference to tables and graphs. Where we found GRI indicators to be not applicable we have referred to this within the GRI G3 Content Index table. Data is evaluated according to the policies, procedures, codes and guidelines that WBHO has developed to meet international best practice. Where possible, data measurements are implicitly defined via units of measure. Additional information is available on request. There are no restatements or changes to information included in earlier reports.

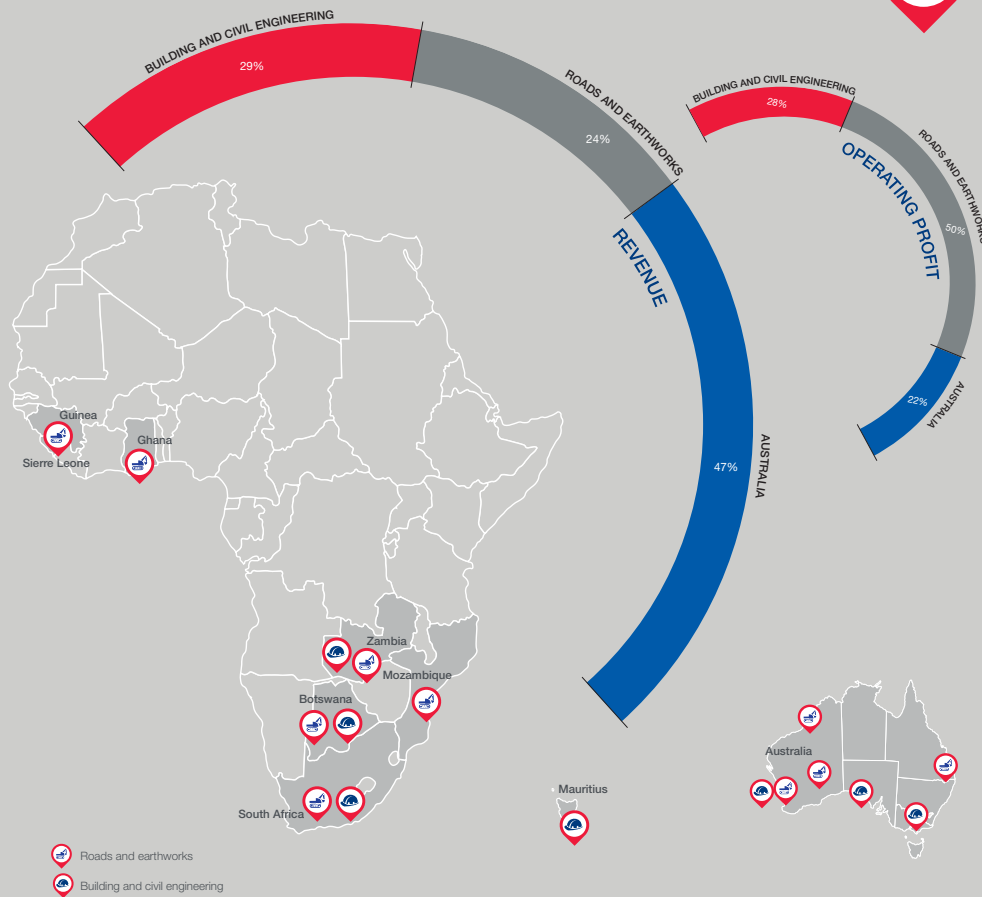


GRI 3.4

We welcome your feedback on our reporting and any suggestions you have in terms of what you would like to see incorporated in our report for 2013. Feedback should be communicated to Shereen_Vally-Kara@wbho.co.za

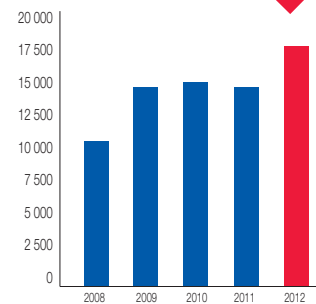
OUR REPORT IN BRIEF

WHO WE ARE AND WHAT WE DO



ECONOMIC PERFORMANCE

REVENUE (R'm)



SAVING A LIFE, LEARNING A LESSON

CASE STUDY

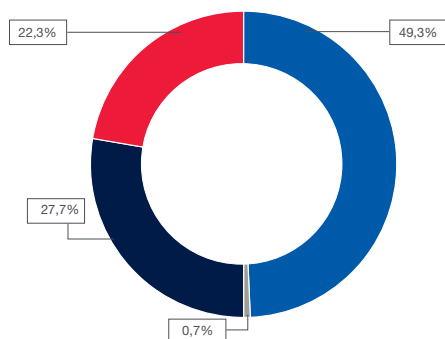


CHAIRMAN'S LETTER TO STAKEHOLDERS

Stakeholder engagement is an integral part of our business activities. I believe the excellent reputation WBHO has gained in the marketplace can be attributed to two things: our commitment to quality and delivery of projects and ongoing effective engagement with our stakeholders at all levels of the organisation.

Page 4

VALUE ADDED STATEMENT



RELIABILITY IS AT THE CORE OF THE GROUP'S BRAND AND CULTURE AND IS AN INTEGRAL PART OF OUR DAILY OPERATIONS

WHO WE ARE AND WHAT WE DO

OUR VISION

To be the leading construction company wherever we operate, consistently delivering quality solutions and a pleasure to do business with.

CLIENT

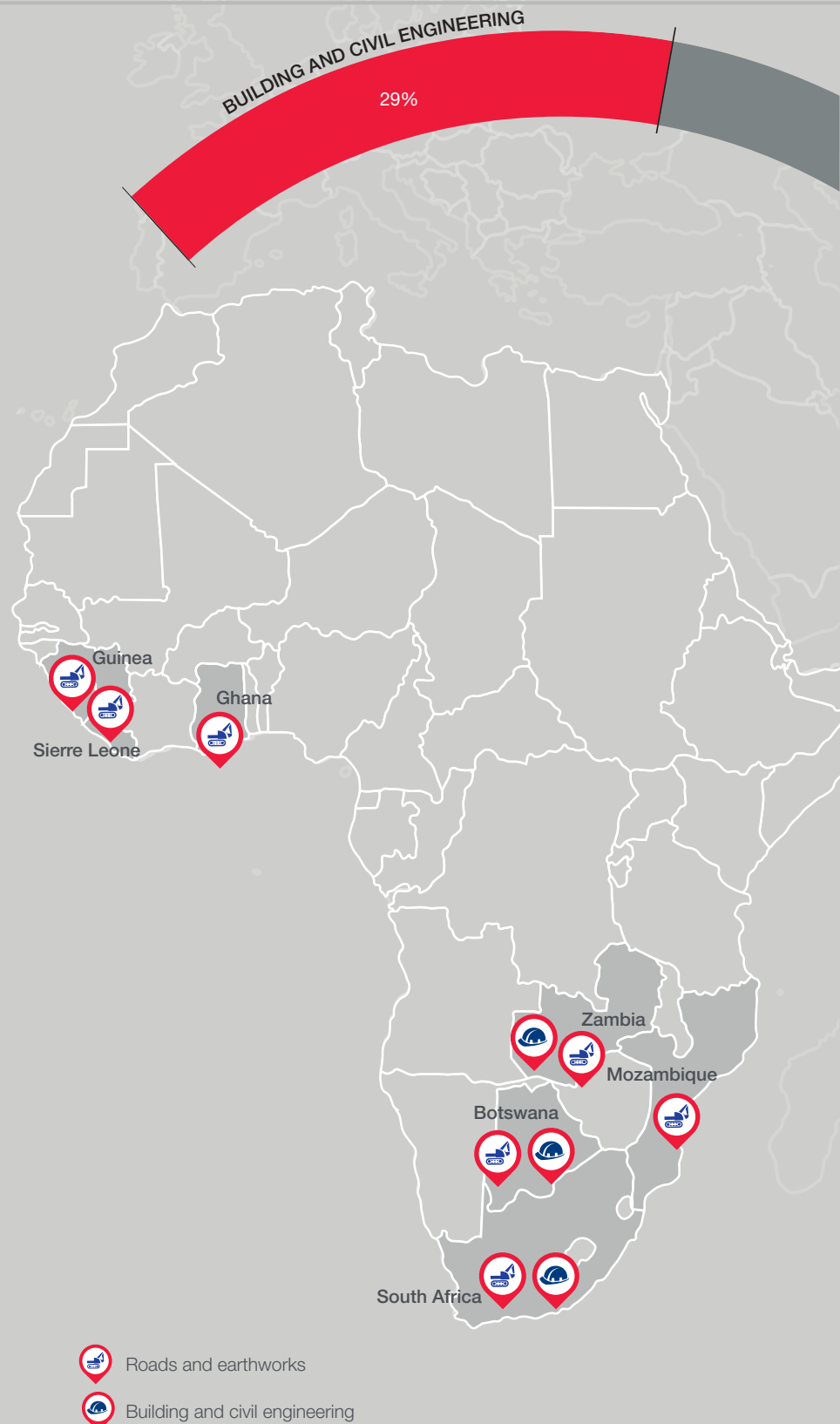
Our approach to our clients and the relationships we build are at the very heart of our success. We understand that the business process begins and ends with their needs and expectations. We further understand that the projects that our clients bring to the market provide employment for our people and enable us to deliver value to our stakeholders. These are the primary relationships from which we procure our existing work as well as our future work and for this reason we strive to exceed expectations on every project we construct.

FLEXIBILITY

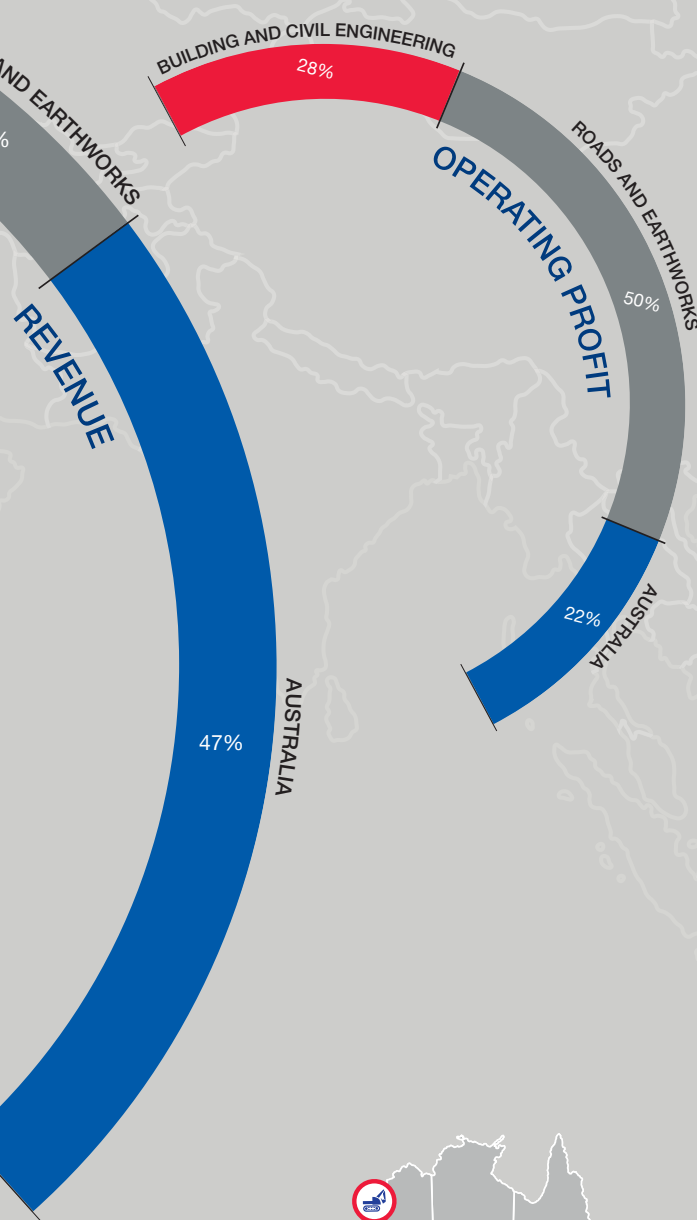
Flexibility assumes a number of guises within the organisation. We are flexible in our strategic thinking, open to change and innovation which may challenge an existing course of action. We are flexible with our clients when it comes to their requirements and we have the flexibility to direct our internal resources towards those activities where they will have the greatest effect. Together they create an organisation that while significant in size is adaptive to its environment.

PEOPLE

The success of any organisation can be attributed to its people. Within WBHO, across all the countries in which we operate, are teams of committed and motivated people who strive to make a difference within their individual areas of influence. The executive management is highly accessible to both our staff and clients and this sets a culture within the organisation which is adopted and followed by the vast majority of our employees, each willing to go the extra mile to deliver their best.



TOTAL WORKFORCE



BUILDING AND CIVIL ENGINEERING

WBHO's building division is recognised as a leader in the South African building industry. Having established a reputation for quality, reliability and delivering against budget the division regularly exceeds client expectations. The division is able to negotiate a number of projects every year as a result. The Civil engineering division adds diversity to the division's margin streams and strengthens the overall earnings.



ROADS AND EARTHWORKS

The Roads and earthworks division which operates across multiple traditional civil engineering disciplines, has through strategic acquisitions gained exposure to a number of additional specialist disciplines. The division has a particular strength when operating in Africa and has developed a successful formula for trading in the region. The division differentiates itself with its modern fleet of plant and effective teams who are encouraged to work together with consultants and clients to the mutual benefit of all parties.



AUSTRALIA

WBHO entered the Australian market in 2001 after acquiring an initial 40% interest in Probuild Constructions. A decade later, with WBHO's support, Probuild has developed into a tier one contractor having shown consistent yet controlled growth throughout the period. Key to the success of this relationship has been the similar nature of the values, culture and attitudes of management.



OTHER OPERATIONS

The overriding purpose of WBHO's Other operations is to expose the group to a range of diversified margin streams within the boundaries of the construction environment, in order to provide a stable earnings platform for the group's shareholders. These markets include private public partnerships, concession arrangements and turnkey projects as well construction materials and property investments.

SENIOR MANAGEMENT	No.	Average age	Average years' experience	Average years' service
Exco	12	49	28	21
Regional MDS	10	39	22	12
Divisional directors	49	47	24	17
Alternate directors	27	44	20	15

CHAIRMAN'S LETTER TO STAKEHOLDERS



I am pleased to introduce our integrated report for the financial year ended 30 June 2012, which is the second year WBHO has adopted this approach to its reporting.

We realised that in order to report in an integrated manner we needed to change the way we reported throughout the year. This ushered in a new era of reporting in WBHO which, while still being developed, is benefiting not only the decision-making of the WBHO board and our executive team, but also our entire group, including our businesses in Africa and Australia. We believe it has also improved, and will continue to improve, the quality of our reporting to our stakeholders through our interim and annual reporting and the planned regular updating of information on our website.

STAKEHOLDER ENGAGEMENT

Stakeholder engagement is an integral part of our business activities. At WBHO we believe that in order to build meaningful, mutually beneficial relationships with our stakeholders, the most important thing we need to do is understand their expectations, otherwise we cannot meet or manage them. I believe the excellent reputation WBHO has gained in the marketplace can be attributed to two things: our commitment to quality and delivery of projects and ongoing effective engagement with our stakeholders at all levels of the organisation.

The WBHO board is responsible for effective communication with our stakeholders, particularly investors, clients and potential clients, our staff and unions. We have tasked Louwtjie Nel our Chief Executive Officer, Charles Henwood our Chief Financial Officer, Kobie Botha (Group MD Roads and earthworks division), and Paul Foley (Group MD Building and civil division) with maintaining regular dialogue with our investors and clients. Our board members also interact with shareholders at our presentations to investment analysts, our annual general meetings and ad hoc visits to our construction sites.

Non-executive director, James Ngobeni, has extended his stakeholder engagement to include our employees in terms of his role as chairman of our Broad-based Employment Equity Share Trust which is part of Akani Investment Holdings (Pty) Ltd.

However, there is always room for improvement and we will be focusing on areas of stakeholder engagement that we believe need attention during the year ahead.

TRANSFORMATION AND SOCIAL RESPONSIBILITY

It was satisfying to see our transformation progress recognised when the Financial Mail's Top Empowerment Company Survey for 2012 rated WBHO the most empowered company in the basic industrials sector and the seventh most empowered company on the JSE. What is pleasing to report was the first group of our black employees received their WBHO shares for being part of our BEE initiative launched in 2006, a programme which is ongoing.

Our commitment to building a socially responsible business also received recognition when WBHO was one of only 74 companies listed on the JSE to qualify for the JSE Socially Responsible Investment (SRI) Index in 2011. Further recognition came in the form of a ninth place ranking in the FM Top Companies Awards 2012. The FM noted that many institutional fund managers regard WBHO as the premium stock within the construction sector with an unbroken earnings track record spanning over 15 years.

THE ROLE OF OUR BOARD

WBHO is fortunate to have a board whose members have been together over a number of years, during which we have developed into a cohesive, effective team. All our board members are thoroughly conversant with our industry and this knowledge,

GOOD GOVERNANCE IS ESSENTIALLY ABOUT EFFECTIVE LEADERSHIP, WHICH IS CHARACTERISED BY UPHOLDING ETHICAL STANDARDS AND BEING RESPONSIBLE, ACCOUNTABLE, FAIR AND TRANSPARENT.

together with the compact size of our board, contributes to its efficiency and cohesiveness. Our non-executive directors have a thorough understanding of the business and its strategic intent and as a result are well-positioned to provide effective input into the development and implementation of strategies aimed at achieving our economic, social and environmental objectives.

My thanks go to all our directors for their contribution to the board's effective leadership of the group. I would, in particular, like to thank Gando Matyumza for the role she plays in our deliberations as lead independent non-executive director. Her extensive accounting, legal and compliance experience, combined with her thorough understanding of our finances, makes her an invaluable member of our board. As chairman of the audit and risk committees, she ensures that these committees meet their statutory obligations, oversee the governance of the group's accounting and reporting and obtain assurance on the effectiveness of internal controls, the annual financial statements and the sustainability information included in our integrated report.

This year we established a social and ethics committee led by independent non-executive director Nonhlanhla Mjoli-Mncube. We look forward to the committee's input on environmental and social matters and compliance in these areas, which I have no doubt will play a role in further strengthening the sustainability of WBHO.

SUCCESSION PLANNING AND ITS EFFECT ON OUR SUSTAINABILITY

We are very pleased that the succession planning process we put in place some years ago has ensured a smooth transition throughout the group. In WBHO it is the responsibility of the outgoing executive in conjunction with the CEO and MDs to identify his or her successor years in advance. So, when a senior manager retires, the company is in better shape to move forward – that is the real benefit of effective

succession planning. An example that comes to mind is the seamless transition with John Abbott retiring as CFO and successfully passing on this responsibility to Charles Henwood. John agreed to stay on to guide us through all the procedures around integrated reporting, risk and internal audit, as well as a number of other issues vital to the smooth running of WBHO.

Similarly, the transition between myself and Louwtjie Nel has also been seamless and constructive for the organisation. Presently, most of my role in WBHO is of a non-executive nature, which has allowed me to address broader company and industry issues. I have also concentrated on the handover of the civil business in Australia to Kobie Botha the group managing director of roads and earthworks and plan the orderly hand over of my responsibility for our Australian building business to Paul Foley, the group managing director of building and civil engineering.

FUTURE OUTLOOK

Globally, the business environment remains difficult and very competitive. The ongoing financial crisis in Europe and the slowing of growth in China is of concern. However, WBHO has a strong order book and we believe that the market has bottomed out and is showing signs of recovery. We are also very fortunate to have an experienced and long-serving team that has not only worked together for many years, but has also survived tough times together and come through stronger and more experienced. I am confident that we are well-equipped to take advantage of the current market conditions and emerge with our overall sustainability intact, if not improved.



Mike Wylie
Chairman

BLACK ECONOMIC EMPOWERMENT AT WBHO

James Ngobeni, an independent non-executive director of WBHO, and WBHO's Chairman, Mike Wylie, met and got to know each other when they co-chaired the construction industry body that drew up the Broad-Based Black Economic Empowerment Construction Charter. James chuckles when he explains that he represented the previously disadvantaged and Mike the advantaged.

Once the Charter was in place WBHO decided on an empowerment model that blended broad-based empowerment together with individual empowerment.

We wanted previously disadvantaged people who could add value because they were knowledgeable and passionate about the construction industry to be involved in shaping the organisation. First to join the WBHO board in 2006 were Savannah Maziya, James Ngobeni and Nonhlanhla Mjoli-Mncube.

At the same time we established Akani Investment Holdings (Akani), a special purpose black economic empowerment (BEE) vehicle to allocate WBHO shares to our new black partners and to our employees. We allocate shares, which vest five years later, to all our employees who have been

with the company for five years or more. Those employees who were allocated shares in 2006 received their share certificates in 2011 at ceremonies held throughout South Africa.

James Ngobeni chairs both Akani Investment Holdings and the Broad-based share trust. The trust was established to hold the shares of WBHO's employees until ownership is transferred to the employee. Employee representatives are members of both boards and employees are regularly updated on the performance of their shares.

During 2011 both Chairman James Ngobeni and the employee representatives spent time talking to employees about the advantages of keeping their shares rather than selling them. Disappointingly the majority of our participants in these difficult economic times found it necessary to sell their shares.

CASE STUDY

THE BOARD OF DIRECTORS

1. **GANDO MATYUMZA (47)**
BCom, BCompt (Hons),
CA(SA), LLB
**LEAD INDEPENDENT
DIRECTOR, CHAIRMAN
OF THE AUDIT AND
RISK COMMITTEES
AND MEMBER OF THE
NOMINATION COMMITTEE**
 - Ordained Minister of the African Methodist Episcopal Church and Pastor of Umlazi in the Natal Conference
 - Financial Manager between 1994 and 1998 and then Deputy Chief Executive Officer from 1999 to 2004 at Petronet
 - General Manager, Eastern Region at Eskom Distribution from 2004 to 2008. Gando qualified in 1993 as a chartered accountant and obtained an LLB degree from the University of Natal
 - Currently serves on the boards of Cadiz Ltd, Hulamin Ltd and KZN Growth Fund Managers

2. **KOBIE BOTHA (60)**
PR Eng BSc Eng
EXECUTIVE DIRECTOR
 - Joined WBHO in 1981 IN Roads and Earthworks division
 - Appointed Group Managing Director Roads and Earthworks division in 2001
 - Appointed to the board of WBHO as an executive director in 2009
 - Chairperson of Operational Risk Committee

3. **MALCOLM MCCULLOCH (55)**
CA(SA)
**NON-EXECUTIVE
DIRECTOR, MEMBER
OF THE NOMINATION
AND REMUNERATION
COMMITTEES**
 - Held senior executive positions in the construction industry for many years
 - Board member of WBHO since 2002
 - Director of a number of companies including Wilderness Safaris Ltd and The Kelly Group Ltd

4. **NONHLANHLA MJOLI-MNCUBE (53)**
BA, MCRP, SPURS fellow
(MIT), SEP certificate
(Harvard)
**INDEPENDENT NON-
EXECUTIVE DIRECTOR,
CHAIRMAN OF THE
SOCIAL AND ETHICS
COMMITTEE, MEMBER
OF THE AUDIT AND
RISK AND NOMINATION
COMMITTEES**
 - Past economic advisor to ex deputy president Phumzile Mlambo-Ngcuka
 - Executive president of Alpha Women's Network
 - Member of the Aspen Global Leadership Network.
 - CEO Mjoli Development Company (Pty) Ltd

5. **CHARLES HENWOOD (48)**
CA(SA)
**CHIEF FINANCIAL
OFFICER**
 - Career started at Deloitte & Touche
 - Joined Murray & Roberts in 1991 as Financial Manager
 - Joined WBHO in June 2010 as financial director of WBHO Construction (Pty) Ltd
 - Appointed Chief Financial Officer and a member of the WBHO board in November 2011

- 6. MIKE WYLIE (62)**
Pr Eng, BSc (Eng), BCom (Hons)
CHAIRMAN OF THE BOARD AND THE NOMINATION COMMITTEE
- Joined WBHO in 1978
 - Appointed Managing Director of the Building and Civil Engineering division in 1988
 - Became Chairman in 2002.

- 7. LOUWTJIE NEL (51)**
BSc (Eng)
CHIEF EXECUTIVE OFFICER
- Joined WBHO in 1987
 - Appointed Managing Director of the Building and Civil Engineering division in 2001
 - Appointed Group CEO and director of Wilson Bayly Holmes-Ovcon Ltd (WBHO) in 2008

- 8. JAMES NGOBENI (60)**
BA (Hons) Geography, MCRP
INDEPENDENT NON-EXECUTIVE DIRECTOR, MEMBER OF THE AUDIT AND RISK COMMITTEES AND THE NOMINATION COMMITTEE
- Managing director of Matingi and Associates, a town planning, transport planning and project and construction management company, responsible for the co-ordination and management of finance and operations
 - Board member of MAMOET Southern Africa (Pty) Ltd, Rand Airport (Germiston), Matingi & Associates CC, Ilembe Consortium.

- 9. SHEREEN VALLY-KARA (51)**
ACIS, MAP, Certificate in Corporate Governance
COMPANY SECRETARY
- Joined WBHO 1 June 2007
 - Appointed Company Secretary to the WBHO board on 24 October 2007

- 10. SAVANNAH MARIYA (44)**
BCom (Hons), MBA
INDEPENDENT NON-EXECUTIVE DIRECTOR, CHAIRMAN OF THE REMUNERATION COMMITTEE AND A MEMBER OF THE NOMINATION COMMITTEE
- Group CEO of Bunengi Holdings, a company with mining, infrastructure, healthcare and agricultural divisions.
 - Previously CEO of African Broadcast Network (a large TV network in Africa with over 120 million viewers).
 - Currently serves on the board of Rand Water

OUR STAKEHOLDERS

Value added statement

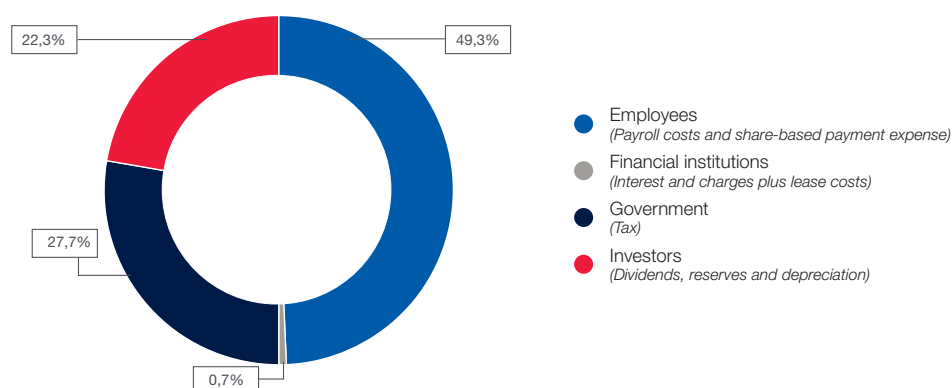
	2012 %	2012 R'000	2011 %	2011 R'000
Revenue ¹		19 974 226		16 538 626
Cost of materials, services and subcontractors ¹		(15 155 003)		(12 148 598)
Value added by operations		4 819 224		4 390 028
Finance income		195 029		224 727
Wealth created		5 014 253		4 614 755
Distributed as follows:				
Employees				
Payroll costs ²	49,1	2 464 231	43,0	1 985 325
Share-based payment expense	0,2	10 420	0,7	32 418
Investors				
Dividend paid to shareholders	4,1	203 613	4,5	209 721
Financial institutions				
Interest and finance charges	0,3	13 894	0,4	18 089
Lease costs	0,4	21 984	0,2	10 012
Government				
Taxes and duties ³	27,7	1 383 318	30,7	1 417 650
Reinvested within the group				
Reserves available to ordinary shareholders	12,9	648 754	15,9	733 475
Depreciation	5,3	268 039	4,6	208 065
		916 793		941 540
Wealth distribution	100,0	5 014 253	100,0	4 614 755

1 Includes value added taxation and sales taxation where applicable.

2 Excludes employees tax.

3 Includes value added tax, sales tax, employees tax, income tax and other duties.

WEALTH DISTRIBUTION



OUR STAKEHOLDER ENGAGEMENT CONTINUES TO FOCUS ON BUILDING MUTUALLY BENEFICIAL RELATIONSHIPS WITH OUR MOST MATERIAL STAKEHOLDERS WHOM WE DEFINE AS THOSE MOST AFFECTED BY, OR MOST LIKELY TO INFLUENCE, OUR BUSINESS.

OUR STAKEHOLDERS

KEY ISSUES

CLIENTS

WBHO understands that consistently satisfying our clients with the delivery of quality products and services is critical to the ongoing success of the group. We endeavour to develop relationships with new clients and strengthen our relationships with our existing clients through clear, honest and regular communication throughout all the phases of a project.



Key issues

- Ability to deliver against a growing order book

Key considerations

- Depth of senior management
- Flexible internal resource allocation
- Strong subcontractor relationships
- Early executive intervention on projects showing signs of distress

INVESTORS

WBHO communicates with the investment community through SENS announcements, printed and electronic media releases, presentations, the publication of its financial results and at the group's annual general meeting. We aim to provide our shareholders and investors with returns of 20% which exceed the real growth in the economy and the construction sector in particular.



Key issues

- Return on equity of 18% below target of 20%

Key considerations

- Revenue growth and margins within or exceeding target range
- Order book growth of 29%
- Consistent earnings record

EMPLOYEES

We communicate with our employees through face-to-face communication, electronic media, a quarterly newsletter and notice boards. Our employees receive ongoing and relevant training and education which will provide them with opportunities for career growth and ensure the sustainability of the group.



Key issues

- Additional responsibility and workload arising from growth in order books and an increasingly legislated environment
- Employment equity

Key considerations

- WBHO was again rated as the top construction company in the FY12 PMR awards
- R18 million budgeted for specific training initiatives in FY13
- Focused management development programme for high potential employees from all races

FINANCIAL INSTITUTIONS

WBHO uses financial institutions, including insurance companies, to provide facilities with which to sustain our workload and assist in our growth. These include guarantees, capital expenditure loans, financing for major projects and other financing instruments. The group also invests certain of its funds as collateral for its guarantee facilities and also places its surplus funds with these institutions.



Key issues

- Poor performance of overall construction industry resulting in increased risk for financial institutions

Key considerations

- Low debt-to-equity ratio
- Strong liquidity
- Conservative financial management
- Strong relationships

SUPPLIERS AND SUBCONTRACTORS

The ability of suppliers and subcontractors to deliver can have a major impact on our projects. Through regular supplier audits the group helps suppliers achieve the levels of quality we require. We also ensure that we treat them as part of our business by paying them within the terms agreed and communicating with them regularly.



Key issues

- Continuity of work and the payment thereof in a challenging environment

Key considerations

- Order book growth of 29%
- Strong relationships
- Adherence to payment terms

GOVERNMENT

Through the participation of our operations in government tenders the group contributes towards the infrastructure of various countries. As a corporate citizen we also generate statutory revenues from income tax, sales tax and other tariffs and duties.



Key issues

- Delivery of the country's social objectives via the construction sector through transformation and infrastructure spending

Key considerations

- Skills development programmes and job creation opportunities
- Level 2 contributor
- Stagnant local revenue streams weighted 80% toward the private sector

COMMUNITIES

WBHO recognises its obligation to society and has chosen to focus its efforts to meet these obligations into improving education and health. The group communicates with the communities in which it operates on environmental concerns relating to our activities. We also communicate with these communities in order to understand their needs and determine an appropriate social investment.



Key issues

- Employment from local communities when we operate from within their areas
- Environmental impact of our activities on their surrounds after we have left

Key considerations

- Attitude to employ and train local community members when delivering our projects
- ISO 14000 compliant environmental management system
- CSI initiatives and spend to improve a range of skills to facilitate ongoing upliftment even when we have left

PERFORMANCE IN BRIEF

Targets and indicators



ECONOMIC

	TARGET	FY12	FY11
Revenue growth	10% real growth p.a.	18%	(3%)
Margin	5% – 6%	5,5%	7,4%
Return on ordinary shareholders' equity	20%	18%	22%

- Local revenue streams have stabilised and shown some growth
- Revenue streams in Australia and Africa continue to strengthen
- Margin pressures persist but have improved in certain areas
- Provision for settlement with the Competition Commission



SOCIAL

	TARGET	FY12	FY11
Safety record	LTIFR of less than one	1,53	1,87
Fatality record at the workplace	Zero fatalities	3	2
Transformation	Level 2 contributor	✓	✓

- Level 2 contributor for empowerment purposes
- Rated seventh in Financial Mail top most empowered companies listed on the JSE and best performing construction company
- Achieved ISO 18000 compliance in four SA divisions
- Training initiatives embedded during the year



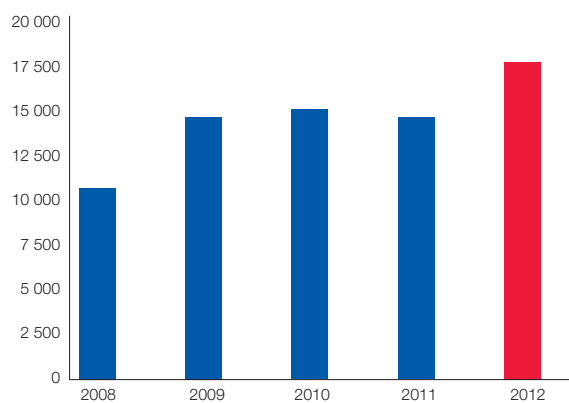
ENVIRONMENTAL

	TARGET	FY12	FY11
Environmental incidents	Zero	One	One
ISO 14000 compliance	All SA divisions	Six of seven	One of seven

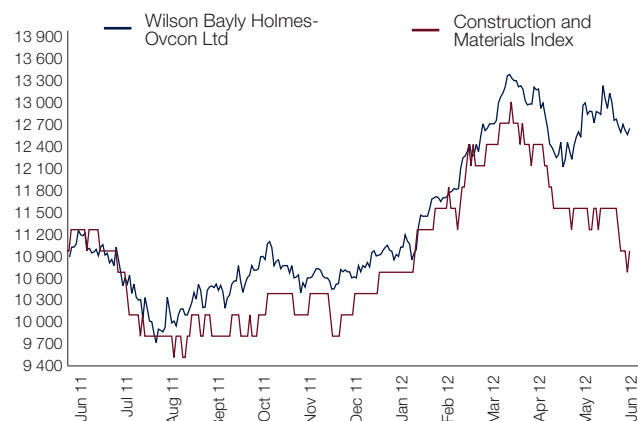
- All but one of the South African divisions have achieved ISO 14001 compliance

AGAINST THE BACKDROP COMPETITIVE CONDITIONS IN SOUTH AFRICA AND AUSTRALIA, I AM PLEASED WITH THE RESULTS AND THE VALUE WE CONTINUE TO CREATE FOR STAKEHOLDERS.

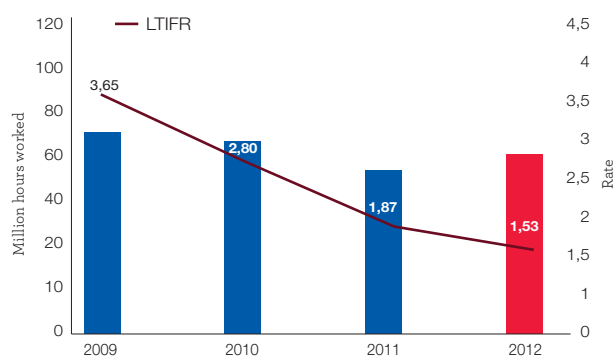
REVENUE (R'M)



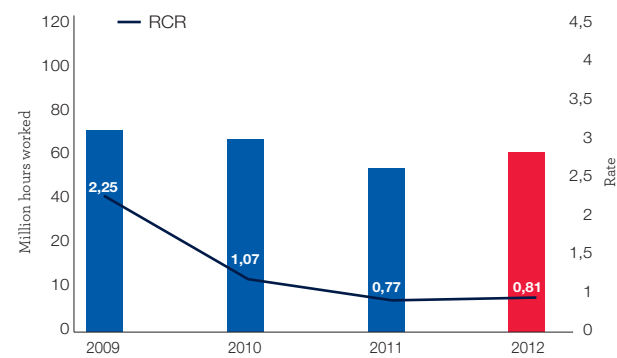
WBHO SHARE PRICE VS CONSTRUCTION AND MATERIALS INDEX



GROUP LTIFR



GROUP RCR



- Systems are being developed to accurately measure fuel and energy consumption.
- Train our employees to consider and preserve the environment and reduce our construction footprint.

SEVEN-YEAR REVIEW

	2006 R'000	2007 R'000	2008 R'000	2009 R'000	2010 R'000	2011 R'000	2012 R'000
CONSOLIDATED STATEMENTS OF FINANCIAL PERFORMANCE							
Revenue	5 795 118	8 127 793	10 783 651	14 768 807	15 201 095	14 766 631	17 893 351
Operating profit before non-trading items	261 839	415 877	904 828	1 048 716	1 274 174	1 090 049	975 702
Impairment of goodwill/negative goodwill realised	(4 928)	(10 731)	(18 994)	2 101	(219)	(36 266)	(23 220)
Share-based payments expense	-	(34 610)	(23 860)	(22 974)	(8 922)	(32 418)	(10 420)
Profit/(loss) on disposal of investments	-	-	93 408	-	(5 682)	57 921	41 982
Impairment of associate loans	-	-	-	-	-	(65 867)	-
Impairment of other loans	-	-	-	-	-	-	(9 398)
Fair value adjustments	18 130	5 689	3 657	4 653	2 583	97	(80)
Operating profit	275 041	376 225	959 039	1 032 496	1 261 934	1 013 516	974 566
Net finance income	22 385	55 399	142 406	296 857	262 487	206 638	181 135
Share of associates' profits and losses	7 188	14 679	(20 710)	31 480	(30 386)	(51 388)	(39 538)
Operating income	304 614	446 303	1 080 735	1 360 833	1 494 035	1 168 766	1 116 163
Taxation	(75 343)	(127 999)	(318 211)	(398 033)	(466 524)	(380 000)	(403 003)
Net profit	229 271	318 304	762 524	962 800	1 027 511	788 766	713 160
Non-controlling interests	(31 603)	(42 124)	(46 355)	(72 873)	(66 026)	(55 291)	(64 406)
Profit attributable to equity shareholders of Wilson Bayly Holmes-Ovcon Ltd	197 668	276 180	716 169	889 927	961 485	733 475	648 754
Headline earnings	195 159	282 612	694 156	882 497	964 719	774 773	639 266
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION							
Assets							
Property, plant and equipment	513 177	752 137	1 041 071	1 113 672	1 203 768	1 433 063	1 645 145
Investment property	-	-	-	-	-	-	12 829
Intangibles	76 220	86 421	160 579	206 261	293 057	390 467	460 063
Investment in associates	45 160	133 293	318 877	464 345	415 773	401 116	420 362
Other non-current assets	37 410	92 822	285 143	377 829	286 050	247 684	409 576
Other current assets	1 698 000	1 914 640	3 370 770	3 412 412	3 268 406	4 136 646	5 229 481
Cash and cash equivalents	638 322	1 269 015	2 781 521	4 033 309	3 891 039	2 882 772	3 068 884
Total assets	3 008 289	4 248 328	7 957 961	9 607 828	9 358 093	9 491 748	11 246 340
Equity and liabilities							
Shareholders' equity	702 467	1 002 702	1 731 904	2 384 550	3 031 919	3 371 904	3 955 781
Non-controlling interests	60 311	78 702	145 408	195 443	196 326	258 305	272 379
Long-term financial liabilities	157 736	117 232	141 942	21 768	24 946	90 526	151 411
Other non-current liabilities	33 596	-	122 856	355 119	57 102	41 000	11 622
Other current liabilities	2 041 860	3 049 128	5 811 254	6 649 902	6 047 800	5 713 620	6 855 147
Bank overdrafts	12 319	564	4 597	1 046	-	16 393	-
Total equity and liabilities	3 008 289	4 248 328	7 957 961	9 607 828	9 358 093	9 491 748	11 246 340
CONSOLIDATED STATEMENTS OF CASH FLOWS							
Cash generated from operations	239 965	1 239 405	2 239 493	2 287 500	1 064 789	345 276	1 021 546
Net finance income	22 385	55 399	142 406	296 857	262 487	206 638	102 977
Taxation paid	(55 218)	(80 275)	(224 994)	(527 739)	(608 154)	(650 624)	(381 377)
Dividend paid	(38 288)	(59 400)	(88 110)	(172 589)	(193 974)	(224 562)	(203 613)
Cash retained from operations	168 844	1 155 129	2 068 795	1 884 029	525 148	(323 272)	539 533
Net cash flow from investing activities	(194 009)	(442 567)	(530 556)	(505 434)	(611 738)	(660 148)	(300 748)
Net cash flow from financing activities	111 835	(70 112)	(29 766)	(123 256)	(54 634)	(41 240)	(36 280)
Net increase/(decrease) in cash and cash equivalents	86 670	642 450	1 508 473	1 255 339	(141 224)	(1 024 660)	202 505

	2006	2007	2008	2009	2010	2011	2012
STATISTICS							
Share in issue							
Number of shares in issue ('000)	54 595	66 000	66 000	66 000	66 000	66 000	66 000
Weighted average number of shares ('000)	54 595	55 190	54 956	54 787	54 791	54 727	54 795
Diluted weighted average number of shares ('000)	54 595	55 190	55 118	54 973	54 987	55 237	55 092
Share performance							
Basic earnings per share (cents)	362,1	500,4	1 303,2	1 624,3	1 754,8	1 340,2	1 184,0
Headline earnings per share (cents)	357,5	563,5	1 263,1	1 610,8	1 760,7	1 415,7	1 166,7
Diluted headline earnings per share (cents)	-	-	1 259,4	1 605,3	1 745,4	1 402,4	1 160,4
Dividend per share (cents)	81	121	242	300	330	330	352
Dividend cover (times)	4,5	4,1	5,4	5,4	5,3	4,1	3,4
Closing share price (cents)	5 200	10 335	11 050	10 620	11 600	10 948	12 429
Ratios and statistics							
Return on total assets (%)	10,4	10,7	13,9	14,9	13,5	10,7	8,7
Return on ordinary shareholders' interest (%)	32,3	32,4	52,4	43,4	35,5	22,9	17,7
Current ratio (times)	1,1	1,0	1,1	1,1	1,2	1,2	1,2
Debt/equity ratio (%)	30,3	19,9	15,7	4,8	1,7	1,9	3,4
Operating profit margin (before non-trading items) (%)	4,5	5,1	8,3	7,1	8,3	7,4	5,5
Net profit margin (%)	4,0	3,9	7,1	6,5	6,8	5,3	4,0
Effective tax rate	24,7	28,7	29,4	29,2	31,2	32,5	36,1
Market capitalisation (R'000)	2 838 914	6 821 100	7 293 000	7 009 200	7 656 000	7 225 680	8 203 140
Exchange rates							
US dollar (closing)	7,25	7,09	7,83	7,88	7,68	6,80	8,18
US dollar (average)	6,43	6,43	7,31	7,61	7,59	7,01	7,74
Australian dollar (closing)	5,30	6,03	7,49	6,34	6,53	7,27	8,37
Australian dollar (average)	4,81	4,81	6,56	6,69	6,80	6,91	7,99

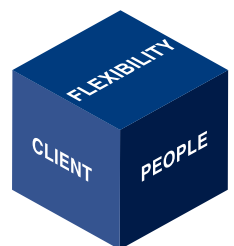
DEFINITIONS

Headline earnings per share:	Headline earnings divided by the weighted average number of shares in issue.
Basic earnings per share:	Attributable earnings divided by the weighted average number of shares in issue.
Diluted earnings per share:	Attributable earnings divided by the diluted weighted average number of shares in issue.
Dividend per share:	Ordinary dividends divided by the weighted average number of shares in issue.
Dividend cover:	Earnings divided by ordinary dividends.
Current ratio:	Current assets divided by current liabilities.
Debt/equity ratio:	Total interest-bearing liabilities as a percentage of total shareholders' interest.
Return on total assets:	Profit before interest paid and taxation as a percentage of total assets.
Return on ordinary shareholders' interest:	Earnings as a percentage of average ordinary shareholders' interest.
Operating profit margin:	Operating profit as a percentage of revenue.
Net profit margin:	Net profit as a percentage of revenue.
Market capitalisation:	Number of shares in issue multiplied by the closing share price.

KASANE AIRPORT (BOTSWANA)



EXTENSIONS TO THE AIRPORT RUNWAYS AND TAXIWAYS.



STRATEGIC REVIEW AND OPERATIONAL CONTEXT



The Chief Executive Officer's report

THE CONSTRUCTION ENVIRONMENT AND DELIVERY AGAINST STRATEGY

At the start of the year, against the backdrop of turbulent world markets and competitive conditions in South Africa and Australia, we anticipated that FY12 would present a number of challenges for the group. In response to these challenges we refined existing strategies and developed and implemented new strategies. We have delivered well against them, which is certainly evident in our performance during the year. While earnings have declined, when considered against the context of the operating environment and measured against the high base of 2010, I am pleased with the results and the value we continue to create for stakeholders.

Procurement in a competitive market has been a key strategic focus across all the divisions. Our ability to build and nurture mutually beneficial relationships with our clients, supported by delivery on the ground where it matters, was the source of a number of significant negotiations during the year. Overall, local revenue streams were static. However, the decline in local revenues from the Roads and earthworks division was offset by growth of 20% from the Building and civil engineering division, which further increased its share of the building market. We had hoped to gain market share in civil mining infrastructure projects this year, however this business unit within the division faced a difficult year on some tough projects. Revenue declined slightly over the period but this remains a sector where we believe we can develop further.

Having identified a number of promising opportunities in Central and West Africa, the Roads and earthworks division elected to use their existing African footprint to penetrate further into the region and pursue higher margin projects, rather than compete for work locally at negligible margins. The division has performed well against this strategy growing its foreign revenues by 46%. Its ability to deliver projects in remote and logistically challenging environments has successfully diversified the group's overall margin streams and contributed significantly towards our performance in FY12. The division has invested in a number of subsidiary businesses over recent years with the aim of providing management and financial support to fuel growth and this year we added newly formed WBHO pipelines, which is focusing on the construction of major gas, petroleum and water pipelines.

In response to strong competition within Probuild's traditional markets, in FY11 our Australian team focused on new markets which included high rise residential apartment blocks and medical facilities. Entry to these markets was gained through the acquisition of Contexx and Monaco Hickey. This year, Probuild reaped the benefits of this strategy, as Contexx in particular delivered a very good performance which, together with the performance of Probuild Civil, underpinned the Probuild group's growth of 16%.

PROCUREMENT IN A COMPETITIVE MARKET HAS BEEN A KEY STRATEGIC FOCUS ACROSS ALL THE DIVISIONS. OUR ABILITY TO BUILD AND NURTURE MUTUALLY BENEFICIAL RELATIONSHIPS WITH OUR CLIENTS, SUPPORTED BY DELIVERY ON THE GROUND WHERE IT MATTERS, WAS THE SOURCE OF A NUMBER OF SIGNIFICANT NEGOTIATIONS DURING THE YEAR.

Our successes in Central and West Africa, together with inherently low margins in the Australian building market, prompted us to pursue a diversification strategy in Australia. Significant mining infrastructure activity in Western Australia further supported this strategy. In FY11 we acquired Carr Civil Contracting, a company with an existing footprint in the region. While Carr has delivered solid revenue growth since acquisition its execution of projects, together with outstanding claims, has hindered its profitability. The size and type of projects they were able to tender for were also identified as contributing factors to their poor performance. This year we consolidated Carr with C.E.C.K. to form WBHO Civil. The consolidation of the companies into a larger entity enables the company to tender for larger projects. We have further provided the invaluable support of the Roads and earthworks division to the business to assist in managing this growth phase. When combined with the revenue from Probuild Civil, the overall revenues from civil related business has grown from 22% to 33% of total Australian revenue this year.

Large-scale projects which incorporate both design and construct elements can be secured at higher margins as a result of the additional risk borne by the contractor. These types of projects represented further diversification of revenue streams within existing areas of expertise and in FY11 we formally established the Projects division which forms part of our Other Operations segment. This year the division has focused on renewable energy and gas-related projects and we reached preferred bidder status with one of our photo voltaic proposals.

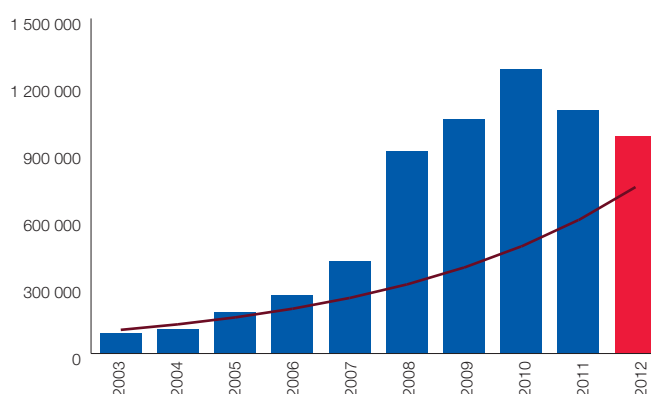
We continue to adopt a very conservative approach to the property market and have not undertaken any new projects in the role of developer for a number of years.

Our initial acquisition of Capital Africa Steel (CAS), which operates within the construction materials sector but has a specific focus on steel products, was intended firstly to expose the group to the higher margins obtainable further down the supply chain. Secondly the objective was to secure the supply of scarce materials in times of high demand as was the case around the World Cup in 2010. Following poor performance over the last number of years both the company and the balance sheet were identified as requiring restructuring and this process is nearing finalisation. Loss-making businesses have also been closed while the pipe factory has refocused its attention on African markets from the original American market.

Of further key strategic focus this year was the execution of projects in a low margin environment. With persistent margin pressure the risk of losses on contracts was a very real threat. Early management intervention on projects in distress mitigated this risk substantially, nevertheless we currently have some loss-making projects on our books in South Africa and Australia which have adversely impacted on performance in the year.

The combined effects of our efforts saw revenue grow by 21% to R17,8 billion in the year. The group's operating profit reduced by a further 10% over the 15% decline of FY11 which represents an overall decline of 25% from the extraordinary highs of 2010. Taking into consideration 29% growth in our order book and indications that we have reached the bottom of the current cycle I am cautiously optimistic about the year ahead. The following graph highlights the effects on operating profit of, the strong world economies leading up to the global financial crisis, the World Cup and the recent recessionary environment which saw local construction companies migrate from feast to famine in a very short period of time. I believe we have navigated our way through most of these conditions and will return to a more normalised trajectory of earnings in the near future.

ACTUAL OPERATING PROFIT VS NORMALISED GROWTH TRAJECTORY (R'000)



SAFETY

Construction activities are inherently dangerous and the safety of our employees is always top of mind and the first item on every meeting agenda. It was very disappointing not to achieve our safety targets this year. The increase in our LTIFR is partly due to the inclusion of Australia for the first time, however, despite that the LTIFR of our local and African regions also increased from 0,93 to 1,13.

I deeply regret the deaths of three subcontractor employees on our sites as well as nine WBHO employees who tragically died in motor vehicle related accidents this year. I would like to extend my condolences to their families and colleagues.

In response, we have intensified our safety awareness and training programmes for both our staff and our subcontractors.

OUR PEOPLE

A cornerstone of WBHO's success is the commitment, loyalty and attitude of our employees at every level within the organisation. In order for them to cope with the recent growth in our order book it is imperative that we equip them with skills to perform at these levels. We have increased our investment in training and development for FY13 to fund the management development programmes and knowledge-sharing workshops for junior and middle site management. These workshops are facilitated by senior contract management and focus on specific skills which have been identified for development.

Employment equity remains a challenge for the group and the industry as a whole. It is the only area of the scorecard where we have not performed well. While the long timeframe required to develop engineers into directors remain an obstacle, as does the limited pool of black talent, we face increasing pressure to accelerate change in this area. To drive this change I have revised the targets allocated to each South African division and department. We have also increased the intake of students onto our bursary programme with the aim of introducing top talent to the group early in their careers.

This year we celebrated the vesting of the first tranche of shares from Akani (our empowerment vehicle). These shares were issued to employees in 2006. Over 1 000 employees received shares as a reward of their continued support and many years of service.

Shares were also issued from our management scheme to middle management for future growth potential.

STRATEGIC REVIEW AND OPERATIONAL CONTEXT CONTINUED

The Chief Executive Officer's report CONTINUED

The labour unrest we have seen within the mining industry is concerning, particularly the risk of it spreading to the construction industry. We pride ourselves on having open and fair dialogue with both our unionised and non-unionised employees. Their concerns are important to us and we endeavour to hear them with an attitude of respect and dignity.

THE ENVIRONMENT

The reduction of the impact of our construction activities on the environment is an issue that I feel is going to gain in importance and come with increased compliance in years to come. It is necessary to have accurate information in order to manage this. Over the last two years we have developed and implemented an environmental management system to provide us with that information. We have also focused on gaining ISO 14001 certification, an international standard which governs environmental management. The Roads and earthworks division is the only remaining division to be audited and it expects to complete its certification during FY13. We are now able to evaluate our activities against best practices, implement corrective action where necessary and make meaningful progress in reducing our impact on the environment.

RISKS, OPPORTUNITIES AND OUTLOOK

Managing risk and making use of the opportunities risk can present is an important part of doing business. I have already addressed a number of the key strategic risks we have faced this year. Margin pressure and procurement will continue to be key risks to our achievement of sound financial performance in the year ahead. However, often with challenges comes innovation which in itself brings opportunities. We have shown innovation in our strategic thinking this year which has brought us opportunities. Furthermore, I have confidence in the group's project pipeline which I believe holds new opportunities for us in the future. Infrastructure spending within state-owned entities is already showing improvement and we hope to see other government spending materialise as part of the planned infrastructure development. The discovery of gas in Mozambique brings exciting opportunities to the group as we already have a footprint in this sector through an associate company.

In Australia itself, while iron-ore commodity prices have dropped, this is unlikely to have a major impact on the space within which the group operates.

I don't foresee a major shift in strategy for FY13. We will continue to develop foreign revenue and margin streams in Africa and Western Australia to support earnings and revenue growth and to do what we do best, which is to serve our clients and exceed their expectations wherever we can.

ACKNOWLEDGEMENT

Phil Mehrten has retired as managing director of the Probuild group and became a non-executive director of the Probuild board. Simon Gray (formerly of Contexx) succeeds him as managing director and brings in an exciting new chapter for Probuild. I wish them both every success in the future.

My thanks to my management team and all our employees for a job well done this year. You went the extra mile to deliver on every deadline for which we were again recognised as the top construction company in the 2012 PMR awards. This is an exceptional achievement of which I am extremely proud, as should you be. Congratulations!



Louwtjie Nel
Chief Executive Officer

SAVING A LIFE, LEARNING A LESSON

CASE STUDY

While WBHO was working on a project in Mozambique, an employee of a local company subcontracted to our client, was seriously injured on duty. The on-site medical team established that urgent medical treatment, that was not available in Mozambique, was required to save his life and he needed to be evacuated to South Africa. However, taking this step would compromise the legislative insurance in place.

Despite the fact that WBHO bore no responsibility for this man as he was neither employed by ourselves or one of our subcontractors and nor had we caused his injuries, we contacted our insurers and asked them to put up the guarantees on our behalf and arrange for an emergency evacuation. Following his evacuation to a clinic in Johannesburg WBHO also provided the guarantees necessary for the patient's treatment in the clinic for nearly two months, after which he recovered sufficiently to return home to Mozambique.

We may not recover the costs we incurred, but a man's life was at stake and that took precedence for us.

WHAT DID WE LEARN?

We gained a much better understanding of the limitations of the medical facilities in Mozambique and other African countries we operate in and we now provide for additional insurance cover for this type of medical emergency when we tender for a project.

We also learnt that the good standing we have with our insurers meant that they were prepared to put up substantial guarantees on our behalf in an emergency. Had this not been the case, the delay involved in arranging guarantees may have resulted in the patient's death before medical care could have been administered.



STRATEGIC REVIEW AND OPERATIONAL CONTEXT CONTINUED

Key issues

This table sets out the key issues we currently face, our stakeholders most affected by them, the impact they have on the group and our strategic responses to them.

	STAKEHOLDERS AFFECTED	CONTRIBUTING FACTORS
EARNINGS AND GROWTH		
Procurement and delivery in turbulent market conditions	Investors Suppliers Clients Financial institutions	- European debt crises continue to plague world economies and investor confidence - Cautious lending from financial institutions and effect on private spending - Effects of slowing growth in China on commodity prices - Uncertainty in the local resource sector countered by strong activity in Central and West African regions - Low end of construction cycle
Consolidation of Australian civil businesses	Investors Clients Employees	- Entry into civil markets through acquisition and organic growth - Diversification of revenue and margin streams - Initial losses from FY11 acquisitions - Intention to tender for larger projects
Further losses from construction materials businesses	Investors Financial institutions	Exposure through Capital Africa Steel group of companies
HUMAN CAPITAL		
Safety	Employees Investors Clients	- Inherent industry risks to the safety of employees - Accountability and responsibility for the safety of employees and subcontractors - Legislative obligations and compliance requirements - LTIFR outside target range of less than one
Labour force and unions	Employees Client	- Unionised workforce in South Africa and Australia - Local strike action - Unrest from non-unionised members of workforce - Labour unrest in related industries and possible spreading to construction industry
Training and development	Employees	- Lack of skills identified in junior and middle management 29% growth in order book
Staff retention	Employees Investors	Critical to the sustainability and success of the group
TRANSFORMATION		
Black economic empowerment and employment equity	Investors Employees Government Communities	- Genuine support for transformation in South Africa and the rest of Africa - Increased pressure from government to accelerate change - Limited pool of appropriately experienced black engineers suitable for management positions - Extensive learning curve and timeframe required to equip graduates with management capabilities
ENVIRONMENT		
Reduction of environmental footprint and CO ₂ emissions	Communities Employees Clients Investors	- Moral obligation to protect areas of environmental where the group has an impact - Increasing compliance requirements
GOVERNANCE		
Competition Commission	Employees Investors Government	- Competition Commission investigation into collusive behaviour within construction industry as a whole - Participation by the group in the settlement process

IMPACTS, RISKS AND OPPORTUNITIES

STRATEGIC RESPONSE

Economic

- Heightened competition
- Persistent margin pressure
- Aggressive procurement to secure projects
- Execution of projects in a low-margin environment
- Increased risk of error in tenders and operations resulting in loss-making projects
- Inefficiencies will erode low margins entirely
- Decrease in earnings
- Opportunity to increase market share

- Continued focus on exceeding client expectations, particularly under difficult trading conditions, thereby entrenching our reputation for reliability and driving our ability to negotiate future work
- Strategic use of cash resources to create mezzanine financing for key clients
- Further delivery against growth objectives within Africa and Australia
- Careful project and client selection
- Early intervention by senior management on projects in distress
- Curtailment of site overheads

Economic

- Solid top-line growth not supported by margin
- Adverse effect on financial performance
- Opportunity to increase margins and profits with successful business model

- Significant senior executive input into restructuring of businesses
- Management support from successful local Roads and earthworks division
- Acquisition of non-controlling interests
- Experienced CEO appointed from existing civil business
- New financial team appointed
- Significant capex authorised to facilitate growth

Economic

- Adverse effect on group financial performance
- Ongoing focus and input required from executive team

- Finalise restructuring of balance sheet to support trading and alignment of shareholders
- Refocus on African pipe market
- Disposal of loss-making businesses
- Changes to leadership within businesses

Economic/Social

- 103 lost-time injuries (2011: 116)
- Zero employee fatalities in the workplace (2011: 0)
- 3 subcontractor fatalities (2011: 2)
- 9 employee fatalities outside of the workplace and beyond our control (2011: 6)

- Adoption and implementation of, industry best practices
- Trend analysis and communication of high-risk activities and mitigation measures
- ISO 18000 compliance
- Zero fatality target
- Incentives for lost-time injury-free projects

Economic/Social

- Hindered productivity and ability to deliver projects timeously
- Excessive senior management involvement
- Cost-push margin pressures

- Senior executive participation in, and leadership of, industry negotiating bodies
- Regular dialogue and communication with workforce labour representatives
- Grievances and concerns heard with an attitude of respect and fairness
- Cordial relationships maintained with union officials

Economic/Social

- Increased demands on senior management
- Poor delivery and consequential damage to client relationships
- Presents both risks and opportunities in delivering against growth objectives

- Valuable insights gained from analysis of initial management development programme implemented into round 2
- Structured knowledge sharing workshops facilitated by senior contract management focusing on identified areas of weakness

Economic/Social

- Entrenchment of the group's culture through a loyal employee base
- Core skill capacity maintained
- Depth of experience and knowledge
- Opportunity to consistently be the employer of choice for emerging talent

- "Family business" culture within a corporate environment
- Work-life-balance programmes
- Incentive schemes to motivate employees with potential

Economic/Social

- Enhanced or compromised competitiveness dependent on BEE status
- Creation of an empowered group of companies
- The group has achieved a level 2 status when measured against the construction charter
- Non-adherence to the group's employment equity plan
- Possible sanctions from the Department of Labour

- Specific focus on employment equity by the senior executive
- Identification, training and development of promising black talent
- Continuous measurement of progress against EE plan

Environmental/Economic

- Legal consequences for non-compliance
- Reputational damage if negligent
- Opportunities for innovation
- Increased environmental taxes

- Continued participation in the JSE's Carbon Disclosure Project and improvement in score
- Regular audits and monitoring of information system to address and highlight risk

Economic/Social

- Reputational damage for the group and construction sector as a whole
- Provision for an administrative penalty in FY12 results

- Extensive examination of past and present practices within the group
- Full cooperation with the Commission
- Refresher awareness programmes in the current year for senior employees
- More stringent emphasis on anti-corruptive behaviour in the code of conduct

STRATEGIC REVIEW AND OPERATIONAL CONTEXT CONTINUED



Risk management

Risk is inherent in all our business activities. We concentrate our risk management activities on those areas where our construction, engineering, and management skills have the greatest impact on the risk and reward decisions we make.

The purpose of risk management is not to eliminate risk totally, but rather to provide the structural means for identifying, prioritising and managing risks in all our business activities. This requires a balance between the cost of managing and mitigating risks and the opportunities that may arise from them.

Over the past two years, the group has focused on developing a formal and practical risk structure that mirrors the fundamental processes that have underpinned our success over a 42-year history. We have implemented our risk charter, policy and framework and our strategic, divisional and generic operational risks have been identified. We still need to implement our operational risk processes, which we intend to have fully operational by the end of FY13.

Our intent is to embed risk management in a practical way into our business processes and not to impose risk management as an extra requirement. WBHO's risk management governance structure complies with the applicable JSE Listings Requirements (with specific reference to King III, following the apply or explain principle from a risk management perspective).

Risk governance is a continuous process within WBHO, dealing with risks and opportunities affecting value creation within the company. The board, via the risk committee (which is part of the audit committee), is responsible for the governance of risk and determines the levels of risk tolerance in the organisation. The risk committee reviews strategic, tactical and major operational risks. To ensure our stated objectives are achieved the directors, management and other personnel effect risk management within WBHO (see diagram).

Risk management within WBHO must be implemented effectively at all levels within the company to ensure it improves our resilience to unexpected and unforeseen economic events and adds value to the company.

In essence, risk management within WBHO is both a top-down and bottom-up process to ensure a common view of risk is accepted and to stimulate joint and effective risk implementation.

A summary of the key issues facing the group can be found on pages 20 and 21.

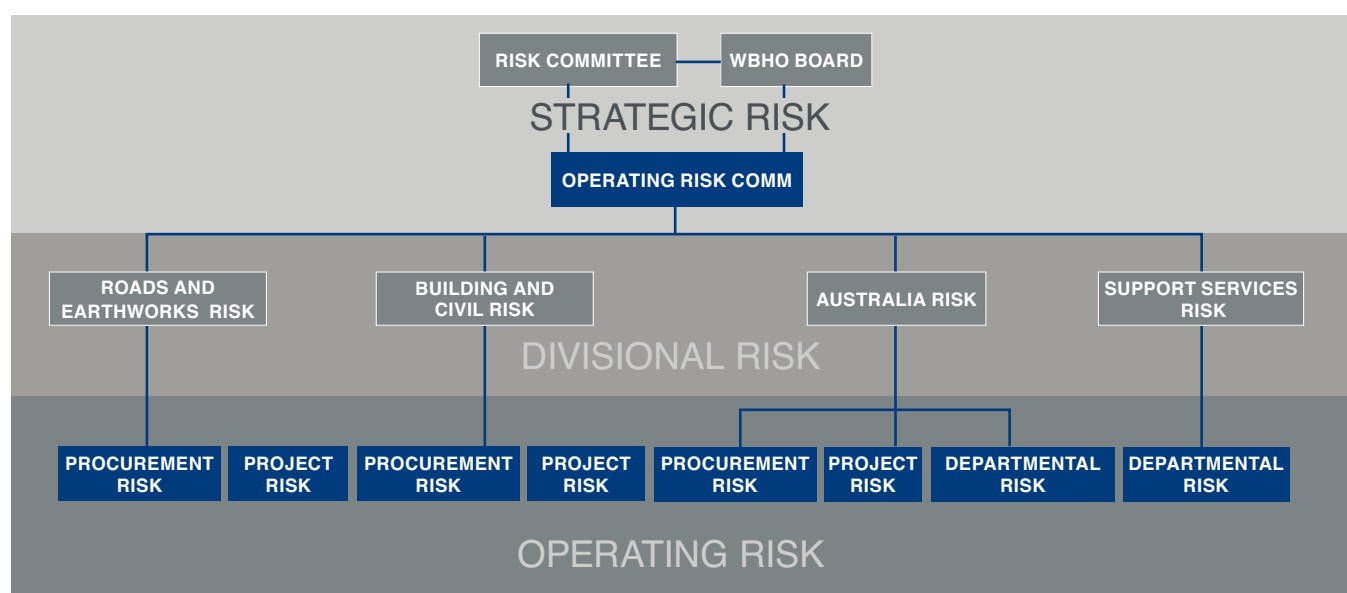
INTERNAL AUDIT

The WBHO board is ultimately responsible for ensuring that WBHO remains a going concern and prospers. It retains full and effective control by monitoring and supervising executive management and ensuring that adequate systems of financial and operational internal controls are in place and monitored. The board, with the assistance of the audit and risk committees and the internal audit function, reviews the company's risk profile annually.



OUR INTENT IS TO EMBED RISK MANAGEMENT IN A PRACTICAL WAY INTO OUR BUSINESS PROCESSES.

GROUP RISK PROFILE



In terms of the risk-based internal audit programme approved annually by the audit committee, our internal auditors perform a number of reviews to assess the adequacy and effectiveness of systems of internal control and risk management. Internal audit reports the results of these reviews, together with updates on the corrective action taken by management to improve control systems, to the audit committee and the board.

WBHO's internal audit department operates in South Africa and the rest of Africa. Previously, the nature of our Australian businesses did not justify the use of internal auditors. It is our intention, however, to implement an internal audit process in our Australian business during FY13.

The audit planning methodology our internal audit department has adopted uses a risk-based approach, together with compliance with policies and procedures and a risk universe which formally demonstrates processes that ensure the application of the Internal Auditors Association's (IIA) recommendations with regard to risk-based internal auditing.

The internal audit programme, submitted to and approved by the audit committee, details projects and departments to be visited. Internal audit evaluates the risk exposures relating to the group's governance, operations and information systems with regard to:

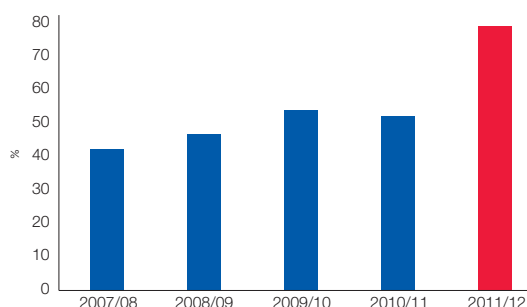
- reliability and integrity of financial and operational information
- effectiveness and efficiency of operations
- safeguarding of assets
- compliance with laws, regulations and contracts.

Contracts and departments must achieve the required level of compliance with company policies and procedures to pass an audit. In FY12 78,9% of the contracts audited passed the threshold set by management.

The graph below demonstrates the overall level of compliance with internal policies and procedures over a six-year period. In FY11 our African subsidiaries were included in our internal audits for the first time. Their compliance with group systems proved to be below standard. The 41% improvement in compliance year-on-year in FY12 indicates a very pleasing improvement in compliance throughout the group.

Where policies or procedures were not followed these shortcomings are discussed with management and rectified as soon as is practically possible. Furthermore, the internal audit department continually revises the effectiveness of its internal control system in line with the changes taking place in our operating environment. This year, after testing the internal control functions, they were found to be acceptable and no major deficiencies were identified.

PERCENTAGE OF SITES THAT EXCEEDED 75% AUDIT THRESHOLD



OUR STRATEGIC REVIEW AND OPERATIONAL CONTEXT CONTINUED

Risk management CONTINUED

Internal audit also carries out certain substantive tests for our external auditors.

During the course of FY12 the internal audit department embarked on a quality assurance self-assessment plan with the aim of complying with the requirements of a level 3 (level 5 being the highest achievable) internal audit department, as per the IIA. The department plans to achieve this goal by December 2013.

WBHO's internal auditors are independent from the activities they audit and therefore can perform their work freely, objectively and without hindrance. The internal audit department reports to the audit and risk committee every quarter. The head of internal audit reports to the Chief Executive Officer and has unrestricted access to the chairman of the audit committee, the chairman of the board and to any company information.

INSURABLE RISK

Five years ago WBHO introduced insurance industry expertise, adapted to assist with the development of the strategy we employ in terms of our:

- identification of insurable risk;
- continuous monitoring and improvement in our management of these risks; and
- communication and training within the WBHO group aimed at developing a group-wide understanding of the identification of insurable risk.

We have used the experience and data we have collected over the past five years to develop a model which we use when budgeting for insurable premium spend and uninsured provisions on annuity or project-specific areas.

Incident management system

In 2009 we introduced an incident management system which allows us to identify new trends, monitor incidents, report and interact with key roleplayers in the implementation of risk mitigation measures. Our incident management system constantly shares relevant information with our internal audit, quality assurance, environmental and health and safety teams, which ensures that the relevant specialist areas are immediately notified and involved when their expertise is required in relation to a particular incident.

We have increased the number of investigations into incidents and corrective actions where the need for such action was identified.

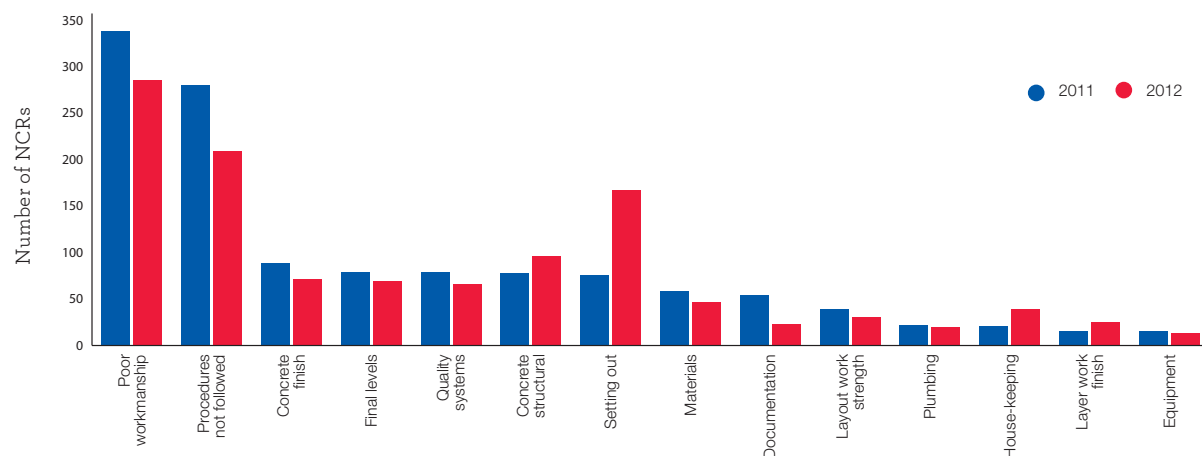
Our systematic approach to each new contract ensures that the contract insurance requirements are determined within a predetermined set of parameters. Any additional or different insurance requirements will be communicated to the appropriate roleplayers, documented and implemented once the project has been assessed.

In terms of public liability cover we insure ourselves against certain risks in this area and any incidents of this nature are handled by our broker, while incidents falling under the self-insured portion of our public liability are handled internally using a structured transparent process to determine the merits of each claim.

WBHO conducts a systematic annual review of its risk and insurance philosophy which considers an analysis of incident data drawn from our own incident management system, information provided by insurers and insurance brokers and recommendations made by our insurance brokers. We also conduct ad hoc reviews based on changes to our environment.



NCRs RAISED ON SITES



QUALITY ASSURANCE

GRI DMA PR

The management of quality is a key strategic issue at WBHO, as we recognise that client satisfaction and profitability are directly related to product quality, compliance and assurance. Our aim is not only to meet specific quality requirements, but also to continually find ways to excel by improving the quality of our performance in key areas.

GRI PR3 AND PR1

We measure quality in the following areas within the group:

- site management;
- general levels of cooperation;
- workmanship;
- administration;
- housekeeping;
- rectification;
- materials;
- equipment;
- subcontractors;
- labour relations;
- labour force safety; and
- empowerment.

We use a non-conformance system to identify non-conformities in our processes or products. This system highlights trends and the related costs. The identification of a trend towards poor product quality allows us to introduce improvement initiatives and develop training, if required. The graph above indicates the NCRs raised by projects on a monthly basis. The frequency of NCRs site management have issued against sites for poor workmanship and the number of times procedures are not followed, proves their commitment when it comes to improving the quality of production. It is management's goal to reduce these incidents which will ultimately add profit to the bottom line.

During the year, the South African Bureau of Standards (SABS) conducted audits of our Roads and earthworks divisions and certain Building and civil engineering divisions verifying compliance with ISO 9001. The auditor raised a few minor findings and all previous audit findings were successfully closed. We have obtained ISO 9001: 2008 certification for eight successive years and regular surveillance audits will continue.

How we manage quality on projects

When managing quality, the first step we take is to understand our clients' quality requirements at tender stage. At project start-up we implement our quality system and within the first three weeks of a project we carry out a systems gap analysis. Thereafter, we conduct quality audits every three months to measure compliance with WBHO's quality systems and our clients' quality requirements.

If any deviations from requirements are recorded a corrective action notification (CAN) will be issued and formally communicated to our site management who are expected to take such action as soon as possible. The quality management team carries out a follow-up audit to check that prompt corrective and preventative action is taken on site. The team also measures the percentage of quality improvement achieved by corrective or preventative actions.

Managing the quality of primary construction materials

The quality of the primary construction materials we use is a major contributor to our ability to produce quality projects that meet our clients' expectations. We recently improved our supplier evaluation and selection process to assist our procurement department with its selection of suitable suppliers. Our supplier requirements and procedures help vendors who have not been approved as suppliers to improve their existing processes. Experienced auditors, who are members of our quality management team, conducted 84 supplier audits and assessments and verifications of product quality during FY12. These assessments consider a supplier's performance with regard to the quality system implemented, product quality, mandatory requirements, internal process control and general quality management. During FY12, on average the 84 suppliers reviewed achieved a compliance score of 67,4%. Our regular engagement with these suppliers will help them improve their supplier ratings.

During FY13 our quality management department will ensure that its stakeholders receive effective service from us through a powerful communication programme. All our divisions, subsidiaries and project teams will receive appropriate training in quality management. The department will also support all its stakeholders by focusing on their specific needs and achieving accurate non-conformance reporting.

The department will also continue work on achieving ISO 9001: 2008 certification for our subsidiaries.

THE EXECUTIVE COMMITTEE



1. KHULU MABASO (42)
National Diploma in Civil Eng
DIVISIONAL DIRECTOR
• Joined WBHO in 1995 as a contract manager
• Appointed Divisional Director of the Civil Engineering division in 2012

2. FERNANDO MONTEIRO (57)
BSc Eng (Diploma in Civil and Building)
DIVISIONAL DIRECTOR
• Joined WBHO in 1975 where he has gained vast experience in the construction of mega-buildings including major shopping centres and airports
• Appointed Divisional Director in 1983

3. TERRY ARMSTRONG (55)
BSc Eng (Civil)
PROCUREMENT DIRECTOR
• Joined WBHO in 1979
• Spent several years on various contracts
• Appointed Group Procurement Director in 2005
• Serves on the board of WBHO Construction (Pty) Ltd

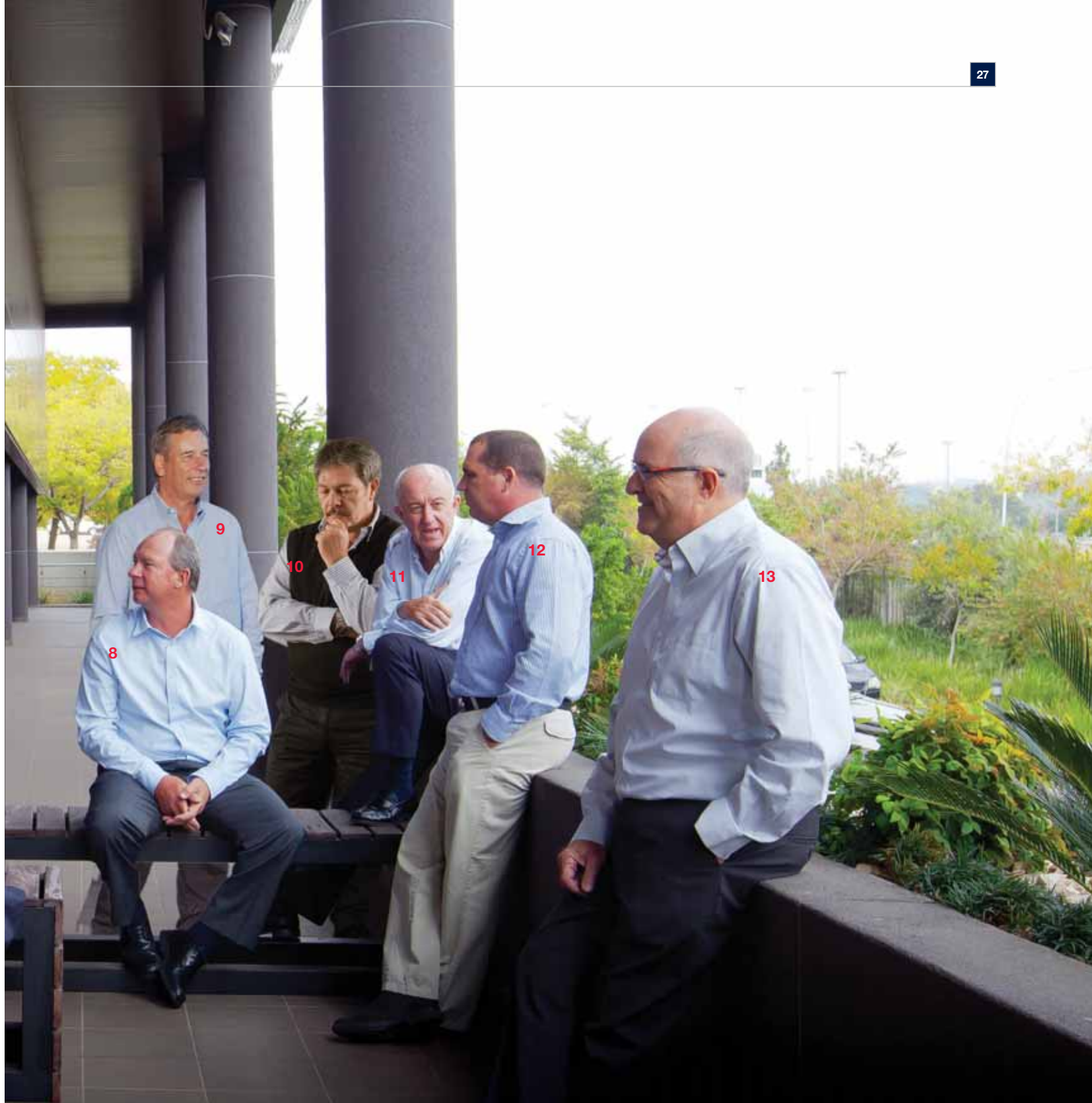
4. KOBIE BOTHA
GROUP MANAGING DIRECTOR ROADS AND EARTHWORKS DIVISION
Main Board

5. EDDIE MAILA (46)
BSc (Eng) (Mining) M Eng
DIRECTOR AND CEO OF EDWIN CONSTRUCTION (PTY) LTD
• Started his career with Iscor at the Sishen Mine in the Northern Cape in 1993
• Formed Edwin Construction (Pty) Ltd in 1997
• Involved with SANRAL, the National Department of Public Works and has worked for various provincial road and transport departments throughout the country
• Appointed to the board of WBHO Construction (Pty) Ltd in 2009

6. CHARLES HENWOOD
CHIEF FINANCIAL OFFICER
• Main Board

7. SHEREEN VALLY-KARA
COMPANY SECRETARY
• Main Board

8. LOUWTJIE NEL
CHIEF EXECUTIVE OFFICER
• Main Board



9. MICHAEL SPROTT (58)
BSc (Eng)

DIVISIONAL MANAGING DIRECTOR

- Joined WBHO in 1983 through the acquisition of Peter Bayly Construction (Pty) Ltd
- Subsequently left WBHO and joined Stocks
- In 2001 when WBHO acquired Stocks appointed a Director of the Roads and Earthworks division where he was involved in major contracts in Ghana, Zambia, Tanzania and Australia
- Appointed Managing Director of Roads and Earthworks International in 2005

10. WAYNE REDDIE (52)

GROUP HUMAN RESOURCES DIVISIONAL DIRECTOR

- Started his career as an architectural draughtsman before developing an interest in human resources
- Joined Stocks in 1997
- After Stocks' acquisition by WBHO in 2001 was appointed the Group Human Resource Divisional Director with 27 years experience

11. PETER TAYLOR (60)

**BSc Eng (Civil)
DIVISIONAL MANAGING DIRECTOR**

- Joined WBHO in 1994 as a contract manager
- Appointed a Divisional Director of the Roads and Earthworks North division in 2000 where he was involved in major toll road contracts and platinum mine projects
- Appointed Divisional Managing Director in 2004

12. PAUL FOLEY (45)

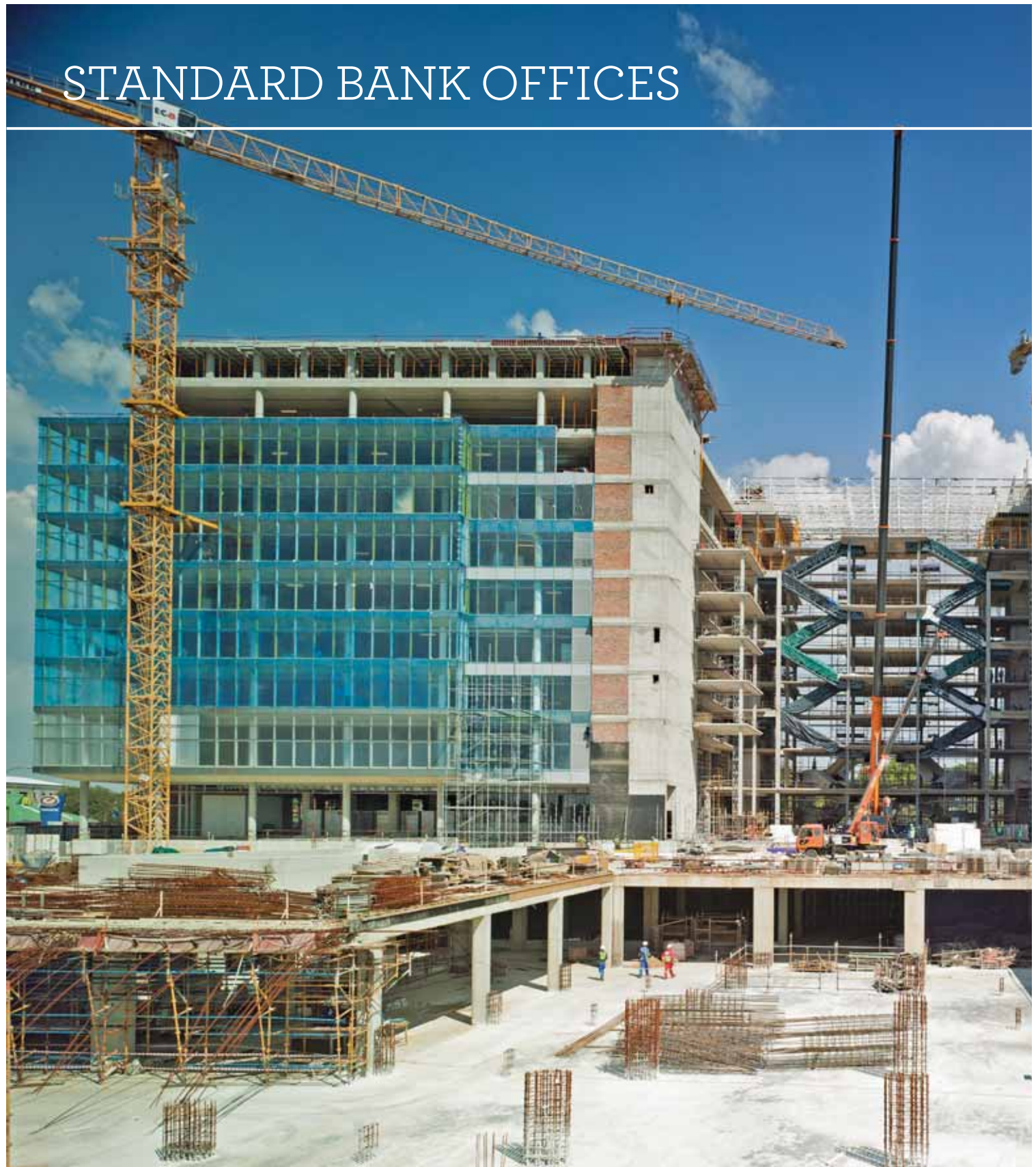
**BSc Eng (Civil)
GROUP MANAGING DIRECTOR**

- Joined WBHO in 1989
- Spent many years working on civil and building contracts throughout South Africa and Botswana including large shopping centres and office blocks
- Appointed Group Managing Director of the Building and Civil Engineering division and to the board of WBHO Construction (Pty) Ltd in 2008

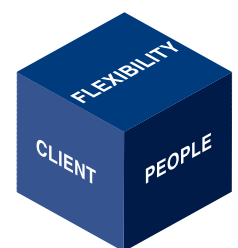
13. DUNCAN BARRY (63)

**Pr Eng Bsc Eng (Rand)
PMD Harvard
MANAGING DIRECTOR**

- 40 years' experience in the construction industry
- Joined WBHO in 2003
- Currently Managing Director of WBHO's Projects division
- Project director for the R8 billion design and construct contract for the greenfields King Shaka International Airport



ALTHOUGH LOCAL REVENUE STREAMS FORM A LOWER PERCENTAGE OF THE OVERALL MIX OF THE ORDER BOOK, IT IS PLEASING TO NOTE THAT 90% OF FY12 REVENUES HAVE ALREADY BEEN SECURED.



ECONOMIC PERFORMANCE



The Chief Financial Officer's report

FINANCIAL PERFORMANCE

We have identified the above financial indicators* as being critical to the growth and maximisation of shareholder value. If these indicators are sound our financial strategies have been successfully implemented to create a platform for our people to add value to all stakeholders.

Revenue growth of 21% in the year was achieved within the context of turbulent world market conditions and the bottom end of the economic cycle which is inherent to the construction industry. These conditions have resulted in margin contraction over the last number of reporting periods and while the group has maintained margins within its target range of between 5% and 6%, in the current year we have reported an overall 12% decrease in earnings.

The primary drivers behind the decrease in earnings are increased competition in both the South African and Australian markets, provisioning for the settlement with the Competition Commission and the high tax rate of 36%.

Each of the group's primary segments have reported growth for the year, however 7% of the overall 21% growth was a result of exchange rate translation effects from the weakening rand against the Australian dollar.

The Building and civil engineering division increased revenue by 20% in the year while margins dropped from 7,6% to 5,2%. The Roads and earthworks division increased revenue by 4% predominantly from foreign sources with a minor margin contraction of less than 1%. In Australia actual revenue growth in Australian dollars amounted to 22% but as with the other divisions margins decreased in the period.

The group finalised the sale of its minority holding in a coal prospecting company in Mpumalanga during the first six months of the year. The group's share in the profit from this sale amounted to R42 million.

The low-interest rate environment impacted investment income which decreased by 13%. Included in investment income is an amount of R52 million from Capital Africa Steel (CAS). This amount should be considered in conjunction with the loss from associated companies of R40 million which relates predominantly to CAS.

In previous reports we have alluded to the restructuring of the shareholder debt into equity or quasi-equity instruments. The process has been hampered by a number of tax considerations but is nearing completion. The effect of the transaction on the group will be a significant reduction in interest income concomitant with an improvement in associate earnings.

The increase in the effective tax rate to 36% stems from non-deductible expenditure, an under provision for foreign dividends tax in prior periods and increased exposure to higher tax rate jurisdictions in Africa and Australia as revenues generated from these regions increase.

Earnings per share declined by 12% to 1 184 cents per share (2011: 1 340 cents per share) and headline earnings declined by 18% per share to 1 167 cents per share (2011: 1 416 cents per share). Fully diluted earnings per share illustrate the vesting effects of shares from Akani calculated using the closing share price at 30 June 2012 of R124.



THE GROUP HAS PRODUCED ANOTHER CREDIBLE FINANCIAL PERFORMANCE DURING A YEAR OF ONGOING CHALLENGES.

*PERFORMANCE AGAINST OUR KEY FINANCIAL INDICATORS

↑	18% real growth in revenue exceeded target of 10%
↔	5,5% average margin within our target range of 5% – 6%
↓	16% return on ordinary shareholders' equity did not meet target of 20%
↔	Dividend increased due to STC tax no longer payable – cash effect constant

FINANCIAL HIGHLIGHTS

	2012	2011	% change
Group summary (R'000)			
Revenue	17 893 351	14 766 631	21
Operating profit before non-trading items	975 702	1 090 049	(10)
Cash generated from operations	1 021 546	345 276	196
Ordinary share performance (cents)			
Earnings per share	1 184	1 340	(12)
Headline earnings per share	1 167	1 416	(18)
Dividend per share	352	330	7
Market price per share	12 429	10 948	14
Financial statistics and ratios			
Operating margin	5,5	7,4	
Tax rate (%)	36	32	
Current ratio	1,2	1,2	

STATEMENT OF FINANCIAL POSITION

The carrying value of property, plant and equipment increased to R1,6 billion following capital expenditure of R488 million during the year. An amount of R733 million has been approved for FY13. R225 million is intended to facilitate the growth objectives of WBHO Civil in Western Australia. We have increased the proportion of owned plant to hired plant, and intend to increase this proportion further, in West Africa to ensure consistent delivery for our clients. Also included in the approved capex are amounts identified to equip new long-term projects which have been secured including the recently awarded R1,4 billion North South Carrier Pipeline project in Botswana. The majority of the capital expenditure will be financed through existing lines of credit.

The increase in long-term receivables relates to a recent sale of shares to employees from the management share scheme. The effective date was 29 June 2012 and hence the impact on the share-based payment expense will only be felt in FY13 and amounts to approximately R3,9 million per annum for five years.

Included in inventories is an amount of R114 million which relates to unsold stands within both the St Francis and Simbithi golf estate developments. Following another year of limited sales at St Francis the carrying value of the properties has been impaired to an estimated net realisable value of R37 million. Sales and profitability from Simbithi continue to contribute well to earnings.

Following successful negotiations with the Free State Provincial Government and written confirmation of amounts due and owing, no impairment has been made to contracts-in-progress relating to this project.

Cash balances have increased by 7% again aided by rand weakness against both the United States and Australian dollar. However in spite of the effects of the increase in translation, cash absorption has stabilised as is visible from the cash flow statement. Cash generated from operations has increased from R345 million to R1 billion and this relates mostly to an improvement in working capital absorption.

The group follows a conservative approach to its statement of financial position carrying very little debt and maintaining substantial cash balances. Given the cyclical and often unpredictable nature of the construction environment we believe this approach to be appropriate in providing flexibility to the group during difficult times and in protecting shareholder value. Secured mezzanine financing arrangements and the prompt and fair payment of subcontractors and suppliers in these recent challenging times have supported the relationships we have built and which contribute towards our continued success.

Furthermore, healthy cash balances have enabled us to maintain dividend levels for the last two years and this year we have increased the final dividend by 10% in order to partially protect shareholders

from the effects of the recently legislated dividend withholding tax. This equates to the STC the company would have paid had the new legislation not been implemented.

The group has adequate financial resources to continue in operation for the foreseeable future.

Financial guarantees issued to third parties at 30 June 2012 amounted to R4,5 billion (2011: R3,8 billion).

SUBSIDIARIES

Goodwill in respect of two FY11 acquisitions, namely Renniks Construction in South Africa and WBHO-Carr in Australia, has been impaired by an amount of R23 million in total. Renniks produced disappointing trading results for the period and has poor order book visibility while WBHO-Carr has been incorporated into WBHO Civil together with C.E.C.K. Pty Ltd as part of a greater strategy to establish a civil business in Western Australia able to execute larger projects. The remaining 49% interest in WBHO-Carr was acquired on 1 January 2012 in order to give effect to the merger.

The group's interest in Probuild increased to 78,5% at a cost of R41 million following a share buy-back on 30 September 2011 in terms of the shareholders' agreement. Goodwill in the amount of R32 million was debited to equity.

Subsequent to year-end on 5 September 2012 the group acquired an additional 4% interest in Probuild in terms of the shareholders' agreement from a founding shareholder at a cost of AUD9 million. Thereafter Probuild acquired the remaining 49,9% interest in Contextx. The purchase consideration of AUD32 million will be settled partly in cash to the value of AUD19 million and the balance of AUD13 million through the issue of 2,3 million shares in Probuild. The effect of the share issue reduces the group's interest in Probuild from 82,5% to 76%.

ORDER BOOK AND OUTLOOK

The order book has grown 29% over the prior period to R20,9 billion at 30 June 2012. Australia comprises 57% of the order book which represents a further increase over the 47% of FY12 revenues generated. The margin dilution which results from greater exposure to Australian revenue streams will be somewhat compensated by anticipated growth in foreign revenues from Africa which result in significantly higher margins for the group. Although local revenue streams form a lower percentage of the overall mix of the order book at 33% compared to the 40% of revenue generated in FY12, it is pleasing to note that 90% of FY12 revenues have already been secured.

SHARE PERFORMANCE

The share price performed well over the period closing at R124 (2011: R109) which represents growth of 14% in the year. The share price again outperformed the industry average which showed negligible growth over the same period. Shareholder value increased by just under a R1 billion as the market capitalisation increased to R8,2 billion (2011: R7,2 billion).

MEMORANDUM OF INCORPORATION

The company has finalised the drafting of its new memorandum of incorporation which will be presented to shareholders for approval at the company's annual general meeting, details of which can be found at the end of this integrated report.

THANKS AND APPRECIATION

I would like to thank all of our stakeholders for their continual support and in particular the financial teams both here and in Australia, BDO

South African, our auditors, and all the other support services.



Charles Henwood
Chief Financial Officer

2012 SKILLS SET

BUILDING

- Airports
- Commercial offices
- Hospitals
- Hotels
- Industrial
- Shopping centres
- Stadiums

CIVIL ENGINEERING

- Bridges
- Dams
- Mining civil infrastructure
- Power stations
- Reservoirs
- Reinforced structures



BUILDING AND CIVIL ENGINEERING

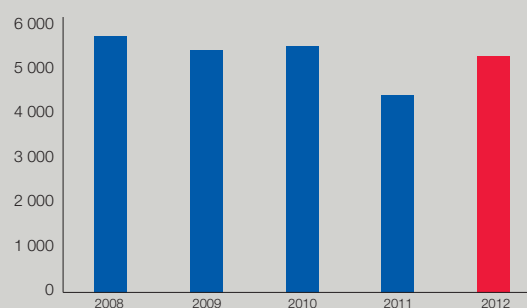
Our Building division, a leader in the South African building industry, has established a reputation for quality, reliability, delivering against budget and regularly exceeding its clients' expectations. As a result the division is able to negotiate a number of new projects every year. The Civil engineering division, which is expanding its business into Africa, adds diversity to our margin streams and strengthens the building and civil engineering division's overall earnings.

BUILDING AND CIVIL ENGINEERING
29%

AREAS OF OPERATIONS



REVENUE (R'm)



2012 KEY PROJECTS



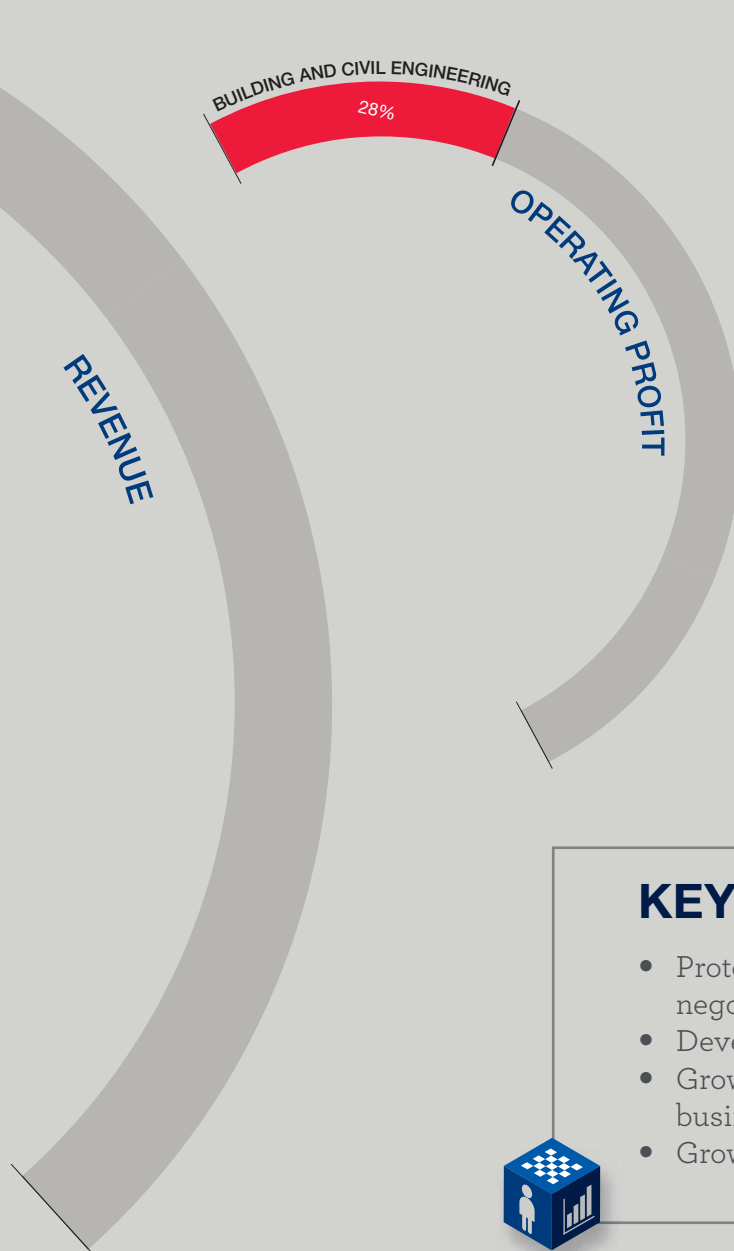
LEFT

Kusile Power Station
Civil engineering division

	% change	Audited FY12 R'm	Audited FY11 R'm
Revenue	19,6	5 233	4 377
Operating profit	(18,3)	272	333
Margin		5,2	7,6



GROUP MD: Paul Foley



! RISKS AND OPPORTUNITIES

Operating in a low-margin environment increases the risk of losses from projects. We have analysed the potential causes occurring in this climate and put mitigating measures in place. The division is seeking to mitigate the negative impact on margins, the credit-worthiness of clients and procurement opportunities, of a slowing South African economy by continuing to spread our footprint into Africa and reducing our procurement risk by seeking work in a range of sectors. We have also been able to create opportunities for ourselves by assisting our clients through value engineering and with their financial and project risks.

KEY STRENGTHS

- We add value to our clients by assisting them in finding solutions to their on-site risks
- A consistent ability to exceed our clients' expectations

KEY STRATEGIC ISSUES

- Protect our brand which drives repeat/ negotiated business
- Develop the skills set of our employees
- Grow the market share of our civil engineering business
- Grow African footprint in specific regions



LEFT

La Croisette mixed-used
development in Mauritius
Cape building division

RIGHT

Queenstown shopping centre
Eastern Cape building division



BUILDING AND CIVIL ENGINEERING CONTINUED



STRATEGY

This year our strategic focus was again on procurement and the delivery and execution of projects. While we have seen an increase in activity levels in the private sector margins have remained under sustained pressure. Procurement in this environment entails delicate balancing of keeping our core teams busy while at the same time identifying specific projects for tender with acceptable profitability and risk.

Timeous delivery of projects incorporating high levels of quality is a major focus of the division's management. These standards ensure that the division can negotiate a significant proportion of its work each year without having to tender. This year we believe we have secured a significant number of the major building projects available (especially in Gauteng) and gained good market share.

Of critical importance in being able to consistently deliver at the same high levels are the skills and attitudes of our employees. Operating in a low-margin environment where there is no room for error has highlighted areas where skills require development and this was a further strategic issue this year and will remain so through FY13.

We have implemented training and development initiatives this year which address both artisanal skills as well as engineering and managements skills. Most significantly two senior members of management have left the operations to concentrate on training and coaching our younger employees. Through this initiative and through other workshops and forums attended by senior management, we aim to foster the culture and attitudes which have been fundamental to the division's success within the next generation of leaders.

The Building division has made some new appointments in the year both to facilitate succession planning and to allow more time to focus on taking over the responsibility for the building businesses in Australia from Mike Wylie. Wolfgang Neff succeeds Lance Cohen as the managing director for the Building division in Gauteng and Lance has assumed responsibility for all the Building divisions throughout South Africa.

Higher margin projects in Africa remain a focus for the Building division but will only be embarked on for the right client, at an acceptable margin and at an acceptable level of risk. A number of potential projects were investigated and rejected during the year and we are currently engaged in advanced negotiations to execute a project in Ghana.

The civil mining infrastructure sector was identified as a potential growth area in previous reporting periods. The Civil engineering division has gained additional exposure to this sector in the year and is aiming to achieve controlled growth at a rate which correlates with the size and capabilities of the division's teams. The division continues to build capacity and has recruited hand-picked employees over the last six months including a number of employees at a senior management level.



FINANCIAL PERFORMANCE AND REVIEW OF PROJECTS

This year revenue grew from R4,4 billion to R5,2 billion which represents a 20% increase. This growth stems mostly from increased retail and commercial activity in Gauteng together with a number of retail developments in Mpumalanga and the securing of two reasonably large projects toward the end of FY11 for the Eastern Cape division. Additionally, the Cape division achieved revenue growth of 27% which relates both to new awards in Cape Town as well significant revenue contribution from the mixed-use development under construction in Mauritius. Overall revenue from the Civil engineering division declined slightly as a result of the end of its involvement in a number of building joint ventures but revenues from its targeted mining infrastructure sector improved.

Operating profit decreased a further 18% over FY11 to R272 million. Margin pressure was again a significant factor in the result as were two loss-making contracts.

The division is currently undertaking a number of major projects in Gauteng, which include the Standard Bank building in Rosebank, renovations and extensions to Sandton City, the new Alexander Forbes building as well the redevelopment of the Alice Lane precinct all, in Sandton.

RIGHT
The Bay hospital
KZN building division





EMPLOYEES

South Africa
5 200



Key scale (■) 1 : 100

We successfully completed the Nicolway and Middelburg shopping centres during FY12 while work continues on Phase 3 of the Highveld Mall. In Menlyn we completed the Podium and Nedbank buildings.

We recently secured a contract with a new client for the gatehouse for Steyn City, a major development near Dainfern. We look forward to developing this new relationship and hope it will bring new opportunities to the division in the future.

In the Western Cape we secured the No. 1 Silo project along with various smaller contracts at the V&A Waterfront as well as the Santam office block for Ingenuity. The La Croisette mixed-use development in Mauritius has been a challenging project but is nearing completion. We also expect to complete the work at the harbour in FY13.

In the Eastern Cape our Building division performed better than expected with a major percentage of their revenue coming from the Queenstown Mall and the Livingstone Casino in East London. The division was recently awarded a R200 million contract for the design and construction of an truck assembly plant for FAW Vehicle Manufacturers.

The KwaZulu-Natal division saw a decline in revenue and profitability following another year of depressed activity in the region. Major projects included the Empangeni hospital which continues into FY14, completion of the Wild Coast Sun revamp, a laboratory for Natal University and the Mayfair office block. The division recently secured work for Transnet at the harbour and we hope to utilise this opportunity to secure additional work for them.

Profitability from the Civil engineering division was hampered by a loss-making project. Despite being financially disappointing the client received a high quality product and the reputation of the division was preserved. While the year had its disappointments we secured new work at the Tweefontein coal mine in Mpumalanga and Phase II of Project Lion in Limpopo province. In Zambia we completed construction work on the Konkola mine and secured the expansion of a brewery in Ndola.



OUR PEOPLE

With our reputation within the industry we are able to attract a lot of top talent and the various training and development programmes provide employees with valuable experience with which to further their careers. We currently employ approximately 5 200 people across the division.



ENVIRONMENTAL PERFORMANCE

We have had no environmental incidents during the year and I am pleased to advise that the entire Building and civil engineering division is ISO 14001: 2004 certified.

FUTURE OUTLOOK

The number of available projects continues to increase and the margins at which tenders are being awarded seem to be showing some signs of improvement. This does however take time to find its way into profits. Although at 30 June 2012 our order book of R4,2 billion for FY13 is 40% down when compared against FY12, we have subsequently secured additional projects to the value of R2,1 billion. The division is well poised and we are once again recruiting for suitable new employees. We anticipate further top-line growth in FY13 however our challenge will be to deliver profits to match.



Paul Foley

Group Managing Director

SAFETY



For more information on the steps we are taking to improve our safety performance see pages 54 and 55.

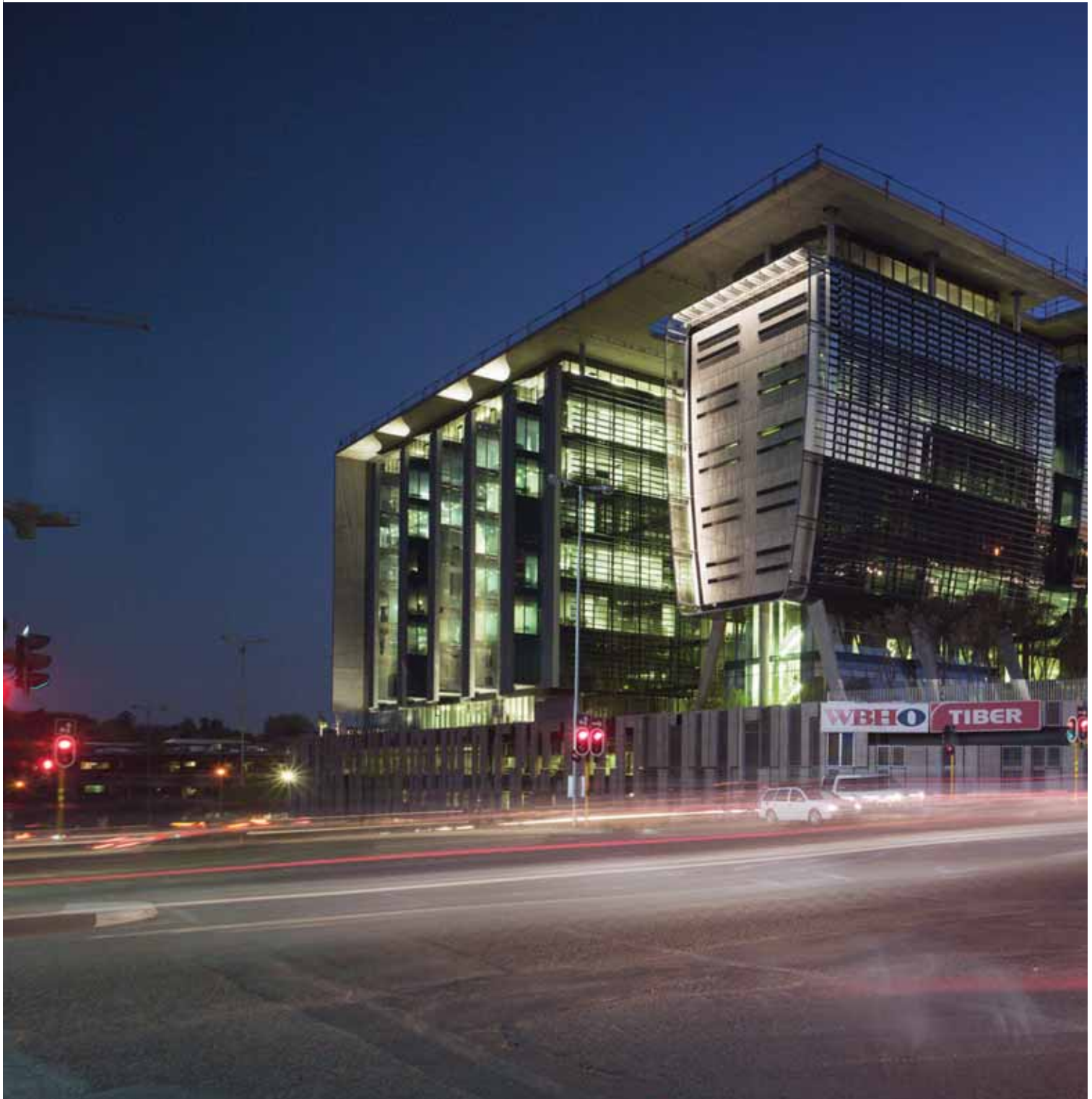
Management training – For more information on our management training programmes see page 58 and for a case study on our management development programme see page 59.

RIGHT

Menlyn Podium
North building division

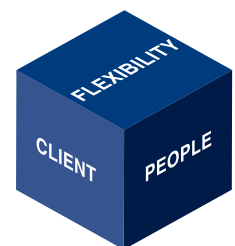


NEW OFFICES FOR ALEXANDER FORBES:



THIS YEAR REVENUE GREW FROM R4,4 BILLION TO R5,2 BILLION WHICH REPRESENTS A 20% INCREASE. THIS GROWTH STEMS MOSTLY FROM INCREASED RETAIL AND COMMERCIAL ACTIVITY IN GAUTENG.

NORTH BUILDING DIVISION



2012 KEY SKILLS

ROADS AND EARTHWORKS

- National roads
- Provincial roads
- Toll roads
- Bridges
- Airport runways
- Asphalt plants
- Road surfacing
- Bulk earthworks
- Rail

MINING INFRASTRUCTURE

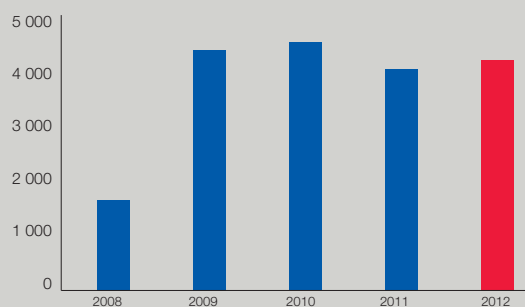
- Concrete structures
- Terracing
- Opencast and box cuts
- Water and tailings storage facilities
- Haul roads
- Rail



ROADS AND EARTHWORKS

Our Roads and earthworks division operates across a wide range of traditional civil engineering disciplines. It has also acquired additional specialist skills through the strategic acquisition of Roadspan Holdings, a leading roads surfacing and rehabilitation contractor and asphalt supplier and Insitu Pipelines, which specialises in pipe installation and rehabilitation.

REVENUE (R'm)



MARKET PENETRATION



2012 KEY PROJECTS



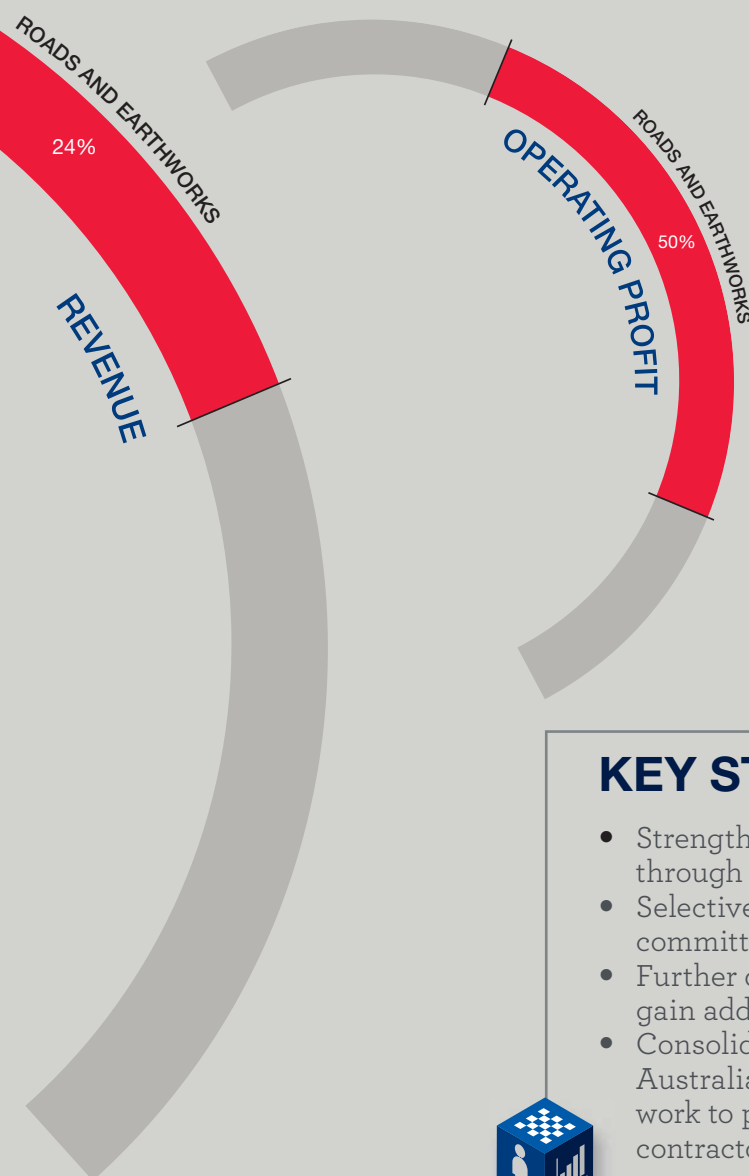
LEFT

Tailings facility at the Iduapriem mine in Ghana
Roads and earthworks
International division

	% change	Audited FY12 R'm	Audited FY11 R'm
Revenue	4	4 279	4 111
Operating profit	(6)	492	525
Margin (%)		11,5	12,8



GROUP MD: Kobie Botha



! RISKS AND OPPORTUNITIES

Our African operations are able to deliver higher returns precisely because the risk inherent in such projects is significantly greater than local projects. It is our ability to anticipate and manage these risks which have contributed towards our profitability. However with each new project and each new country we enter new risks arise and previous risks resurface and it is imperative we remain alert to them as mistakes in these regions are especially costly.

Payment risk is a major concern in this challenging trading environment. Non-payment of just one certificate can erode an entire margin. Client selection both locally and in Africa is particularly important and we have built a number of sound relationships across six countries over recent years.

KEY STRENGTHS

- Proven business model for operations in remote areas
- Modern fleet of plant with strong logistical support

KEY STRATEGIC ISSUES

- Strengthen foreign revenue and margin streams through an expanding client base
- Selective procurement of local projects, only committing resources to profitable projects
- Further development of subsidiary businesses to gain additional market share
- Consolidate three businesses, into WBHO Civil Australia, change emphasis from maintenance work to project work by transforming to a tier one contractor



LEFT

Sasol GNP pipeline project
WBHO Pipelines division

RIGHT

Kusile ash dams
Roads and earthworks Southern
African division



ROADS AND EARTHWORKS CONTINUED

SPECIALIST DISCIPLINES

- Water, gas and petroleum pipelines
- Trenchless solutions for pipelines
- Bulk services
- Rural housing
- Large storage dams
- Rail
- Golf course infrastructure
- Specialist pipelines

STRATEGY

Of primary strategic importance this year was the replacement of declining revenues and profits from the local market with foreign revenue and margin streams. We have delivered well against this objective where foreign revenues have grown by approximately 46% which has more than compensated for the 15% decline in local revenues. However more importantly are the foundations we have established for continued growth in these regions. We have formed relationships with a number of new clients with mining operations across a range of commodities which we hope will provide some protection against fluctuating commodity prices. The reputation for reliability that our international business has earned for itself in Africa plays a key role in our ability to replace and secure work in this region.

This shift in revenue streams together with the strategic objective of growing our subsidiary businesses required the consolidation and realignment of resources within the division. We have formalised the WBHO Pipeline division which combines skills from within WBHO with the specialist skills contained within Insitu Pipelines to allow the division to focus on the construction of large diameter pipelines which we have identified as a growth area.

Mining infrastructure projects in Africa are particularly plant intensive. Fundamental to our success in these remote regions is a well maintained, reliable and efficient fleet of plant. The support of the fleet from our plant and logistics departments is critical to productivity and one of our key strengths.

Our ongoing expansion into the region as well into larger pipeline projects locally required significant capital expenditure during the year and additional capex has been approved for FY13.

Of further strategic importance this year was the implementation of sound protocols and procedures that we have developed in our African operations into the rapidly growing WBHO Civil in Western Australia. We have provided ongoing support to the management team in Australia through the year and hope to see a positive result from our combined efforts in the year ahead.

FINANCIAL PERFORMANCE AND REVIEW OF PROJECTS

Revenue this financial year increased by 4% to R4,3 billion (2011: R4,1 billion). The revenue mix changed from 64% local and 36% foreign in FY11 to 51% local and 49% foreign in FY12. Severe margin pressure locally resulted in an overall decrease in

profits of 6% to R492 million (2011: R525 million) with a margin of 11,5% (2011: 12,8%).

Work in Africa includes mining infrastructure projects in Botswana, Mozambique, Sierra Leone, Ghana, Guinea and Zambia. During the year we completed a 40km railway line in Sierra Leone which will transport iron ore from the mine to the port in Freetown. In Botswana the division has further work for the construction of runways and taxiways at Kasane Airport and was recently awarded the R1,4 billion north-south carrier pipeline for the Botswana government's Department of Water Affairs. The project is a major engineering, procurement and construction (EPC) joint venture with an international construction company and will provide work in the region until FY14.

In South Africa the division's focus is on industrial clients in the mining and energy sectors and various national road system projects. We are currently busy with road works along various sections of the N4 as well as on the Watson Highway in KwaZulu-Natal.

In October 2011 work on the Free State Roads Project was suspended due to non-payment. We are pleased to advise that we have reached a settlement with the province and work on the project will recommence once payment has been received.

WBHO Pipelines is progressing well with the GNP gas line project for Sasol between Secunda and Sasolburg which is being executed in joint venture with a specialist French pipe company.

Roadspan was negatively affected by doubtful debt provisions during the year under review. Roadspan has also disposed of some of its older and less productive plant which, together with stringent client and project selection in the future, is anticipated to improve profitability in FY13.

Edwin Construction continues to perform well in the provincial road market.



OUR PEOPLE

The Roads and earthworks division employs approximately 5 300 people all of whom show exceptional dedication to the its continued success. In particular, I would like to mention the contribution our international team has made to the growth of our business in the rest of Africa. Due to the wide spread nature of our operations both locally and in Africa, conditions are often difficult and sacrifices are made in respect of time spent with families. For this I wish to express my gratitude to this great team.

Growth places additional responsibilities on employees and in order for them to manage these



LEFT

Nacala dam wall in Mozambique
Roads and earthworks
Mozambique division



EMPLOYEES



Key scale (♣) 1 : 100

responsibilities competently we have invested heavily in training and development this year.

It is our policy throughout our operations in Africa to employ staff from local communities and countries from engineers to labourers. We train these employees in a range of skills including the operation of road and earthmoving plant, this skill transfer provides these employees with careers long after we may have move on.

The safety of our people is of paramount importance and we are pleased to have had no fatalities this year. The LTIFR for Roads and earthworks was 0,71 which is well below the group's overall target of less than one.

During the year I have developed the succession plan for the division which will ensure a smooth handover of responsibilities in the future.



ENVIRONMENTAL PERFORMANCE

The year was marred by an environmental incident at a Roadspan asphalt plant in South Africa, which is covered in detail on page 67 of this report.

FUTURE OUTLOOK

The order book at 30 June amounts to R4,6 billion and we have secured additional projects to the value of R1 billion at the date of this report. We have recently secured a number of projects locally which has increased the local component of the order book to 56% against the 51% achieved in the current year. International projects comprise 44% of the order book.

Having successfully increased our weighting toward foreign-based projects we can once again focus on the local market to capitalise on opportunities which will arise from governments planned infrastructure spending once it materialises.

Kobie Botha
Group managing director



EMPLOYEES



For further information on our employees and our skills development programmes see pages 57 and 58.

RIGHT

Roadworks at Valencia in South Africa
Roads and earthworks
South Africa division

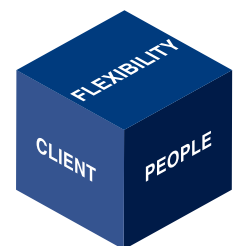


AK6 MINING PROJECT:



MINING INFRASTRUCTURE PROJECTS IN AFRICA ARE PARTICULARLY PLANT INTENSIVE. FUNDAMENTAL TO OUR SUCCESS IN THESE REMOTE REGIONS IS A WELL MAINTAINED, RELIABLE AND EFFICIENT FLEET OF PLANT.

ROADS AND EARTHWORKS BOTSWANA DIVISION



2012 KEY SKILLS

BUILDING

- Commercial
- Industrial
- Health facilities
- Retail and entertainment
- Sports and leisure
- Residential apartments
- Educational and institutional facilities

MINING INFRASTRUCTURE

- Terracing
- Rail
- Haul roads

ROADS

- Road construction
- Road rehabilitation
- Landfill
- Bulk earthworks

CIVIL ENGINEERING

- Tailings dams
- Site preparation
- Wharves
- Bridges



AUSTRALIA OPERATIONS

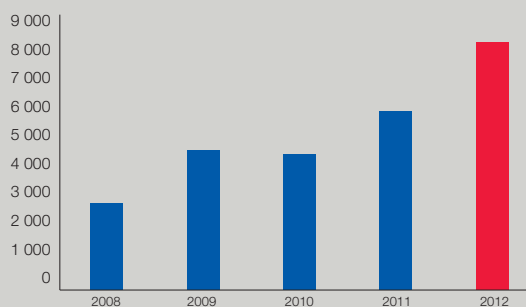
The Probuild group is a tier one contractor within the Australian construction industry. The group has building operations in Melbourne, Sydney and Perth as well as servicing the health care and high-rise apartment markets through its subsidiaries Monaco Hickey and Contexx. The group has exposure to the civil market through Probuild Civil which operates from Brisbane.

WBHO Civil operates across Western Australia on projects for the mining industry.

MARKET PENETRATION



REVENUE (R'm)



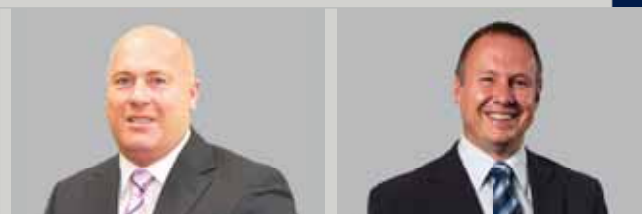
2012 KEY PROJECTS



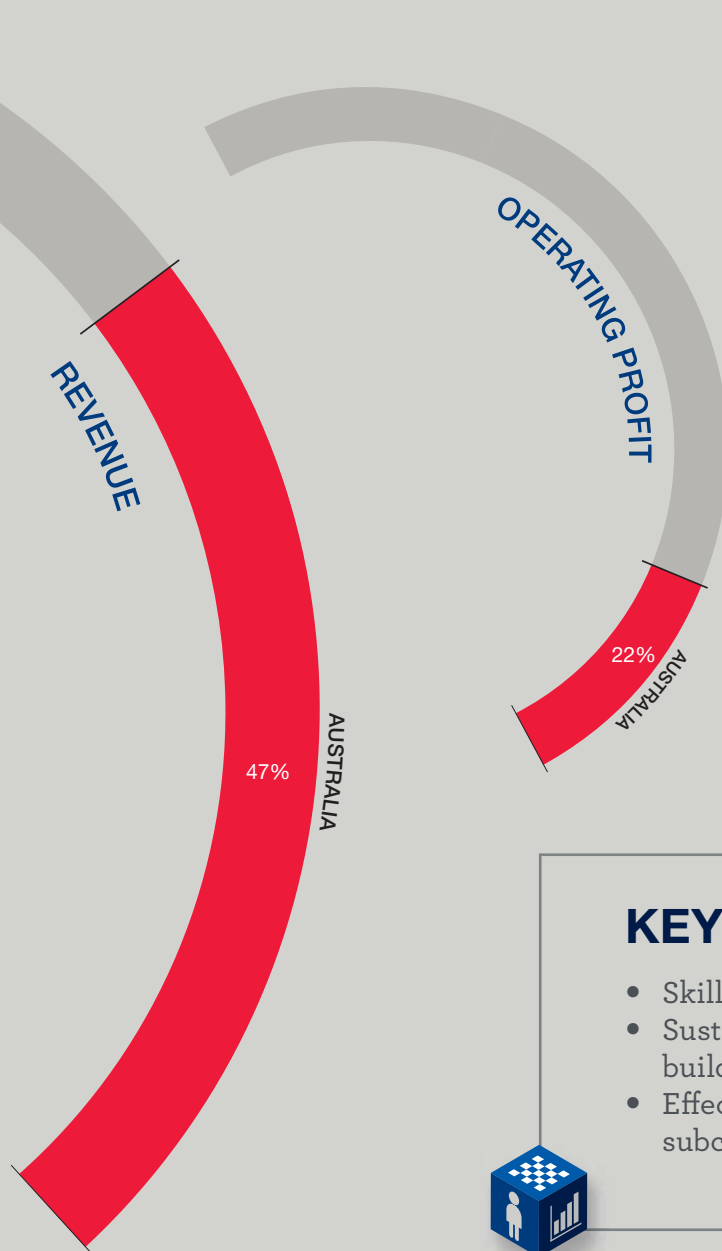
LEFT

QE II carpark, a PPP project in Perth
Probuild

	% change	Audited FY12 R'm	Audited FY11 R'm
Revenue	38	8 291	5 973
Operating profit	19	203	171
Margin (%)		2,5	2,9



GROUP MD PROBUILD: Phil Mehrten GROUP MD WBHO CIVIL: Will Grobler



! RISKS AND OPPORTUNITIES

Our primary risks in Australia relate to our ability to deliver the anticipated margins on the projects we secure.

Retaining and recruiting skills remains a challenge which we are addressing through our commitment to being the first choice for top talent in Australia, which includes ensuring our people are provided with the best training and development opportunities.

KEY STRENGTHS

- Our people, who are dedicated to teamwork and delivering excellence to our clients
- Track record for delivering quality outcomes

KEY STRATEGIC ISSUES

- Skill shortages in engineering disciplines
- Sustained competitiveness within the building market
- Effects of turbulent market conditions on subcontractors' ability to deliver



LEFT
Solar farm for First Solar
WBHO Civil

RIGHT
Aerial view of Tiara Apartments
Contexx



AUSTRALIA OPERATIONS CONTINUED



STRATEGY

The Australian construction market remained competitive throughout FY12. Probuild implemented a strategy of diversification in terms of geography, types of construction work and brand (Probuild, Contexx and Monaco Hickey) to provide the business with the platform for continued revenue growth. The group has spent a number of years gaining access to the Sydney building market and this year made meaningful progress towards this objective with the award of three significant projects in the city. With strong competition in our traditional market in Melbourne we looked to diversify our revenue streams through two key acquisitions, Monaco Hickey and Contexx, in FY11. Both acquisitions provided access to new markets which we had identified as potential growth areas. This has proved to be successful for the group as Contexx increased revenue substantially during the period and Monaco Hickey delivered a satisfactory result as well.

As margins within the building industry are inherently low, diversification into civil engineering related projects with a high degree of own work was seen as an opportunity to drive margins higher.

The group has made good progress in this regard and in FY12 revenues from Civil related businesses accounted for 33% of the revenue from Australia.

At the outset of the year it was decided to consolidate the Australian civil businesses to create a larger business with the operational and financial capacity to execute tier one projects. During the year we restructured the management of the businesses, established a central head office in Perth, recruited employees for key positions and acquired the remaining 49% interest in WBHO-Carr. WBHO Civil was awarded some larger AUD20 to AUD30 million projects in the second half of the year and the future focus of the company will be to steadily grow its capacity and capability towards projects in excess of AUD100 million. The operational challenges of the business in FY11 and FY12 are as a result of the remote areas in which the projects are located. This year management has worked closely with WBHO's Roads and earthworks division to implement the procedures, protocols and logistics employed in Africa which have been successful for the division.

Capital expenditure in excess of AUD30 million has been approved to reduce the proportion of hired-in plant on the projects and to improve productivity.



FINANCIAL OVERVIEW AND REVIEW OF PROJECTS

In total the Australian operations increased revenue by 22% from AUD854 in FY11 to AUD1 038 in FY12. The Probuild group delivered growth of 16% which was predominantly from growth within Probuild Civil and Contexx. WBHO Civil and WBHO-Carr together grew revenue by 42% which accounted for the remaining 6% overall growth.

The ongoing competitiveness in the market impacted building margins and civil margins are not yet at desired levels with the effect that operating profit from Australia remained in line with FY11 at AUD25 million.

During the year Contexx secured six high-rise apartment projects with a combined value of AUD515 million while Monaco Hickey began work on a specialised project for a global biopharmaceutical company. In Sydney work commenced on three residential towers while in Perth a refurbishment and extension to the casino were secured.

Queensland-based Probuild Civil made substantial progress with the AUD115 million Wareggo highway road rectification project. Current projects include the road from Cooroy to Curra, the Robina interchange on the Gold Coast and the Airlie Beach main street. In FY13 Probuild Civil will undertake further flood repair damage to the Queensland roads, which is the result of more flooding in the current year.

WBHO Civil successfully completed two large tailings dams for mining companies in Western Australia's Goldfields and started construction of the largest residue storage area in Western Australia which is due to be completed in FY14. The company has been successful in securing site preparation and temporary facilities contracts and haulage contracts for works in the Pilbara region of Western Australia.



OUR PEOPLE

The Probuild group employs 594 people and WBHO Civil employs 492 people. The group's employee retention initiatives have resulted in a high employee retention rate although restructuring within Contexx and Monaco Hickey resulted in an increase in employee turnover during FY12. The average voluntary turnover rate of all the Australian operations is 13,8%.

RIGHT
Large diameter
culvert at Myara
WBHO Civil





PERMANENT EMPLOYEES

Probuild 594 

WBHO Civils 492 

Key scale (1) 1:100

FUTURE OUTLOOK

The Australian order book has grown by 135% since the prior period and stands at R12 billion. Probuild has secured 120% of FY12 revenues with Contexx showing a marked increase in order book following the six-high rise apartment projects secured in the year. The significant number of building projects secured towards the latter half of FY12 has seen the civil component of the overall order book decrease despite an increase in the civil order book itself.

The resource sector continues to underpin the Australian economy with mining activity also driving building opportunities as well commercial and airport expansion works in Western Australia. Australian universities are providing a steady flow of campus and research centre expansion and refurbishment projects and there are significant retail opportunities.

WBHO Civil's order book includes civil maintenance contracts for Alcoa's Kwinan and Pinjarra refineries for the next three years as well as civil maintenance contracts for Fremantle Port's inner and outer harbour. While we expect market conditions to remain very competitive we are strategically well-positioned with our teams based at our regional offices in Perth's major industrial area, Geraldton, in Western Australia's Midwest and Karratha in Western Australia's Pilbarra region.



Phil Mehrten
Group managing
director: Probuild



Will Grobler
Group managing
director: WBHO Civil



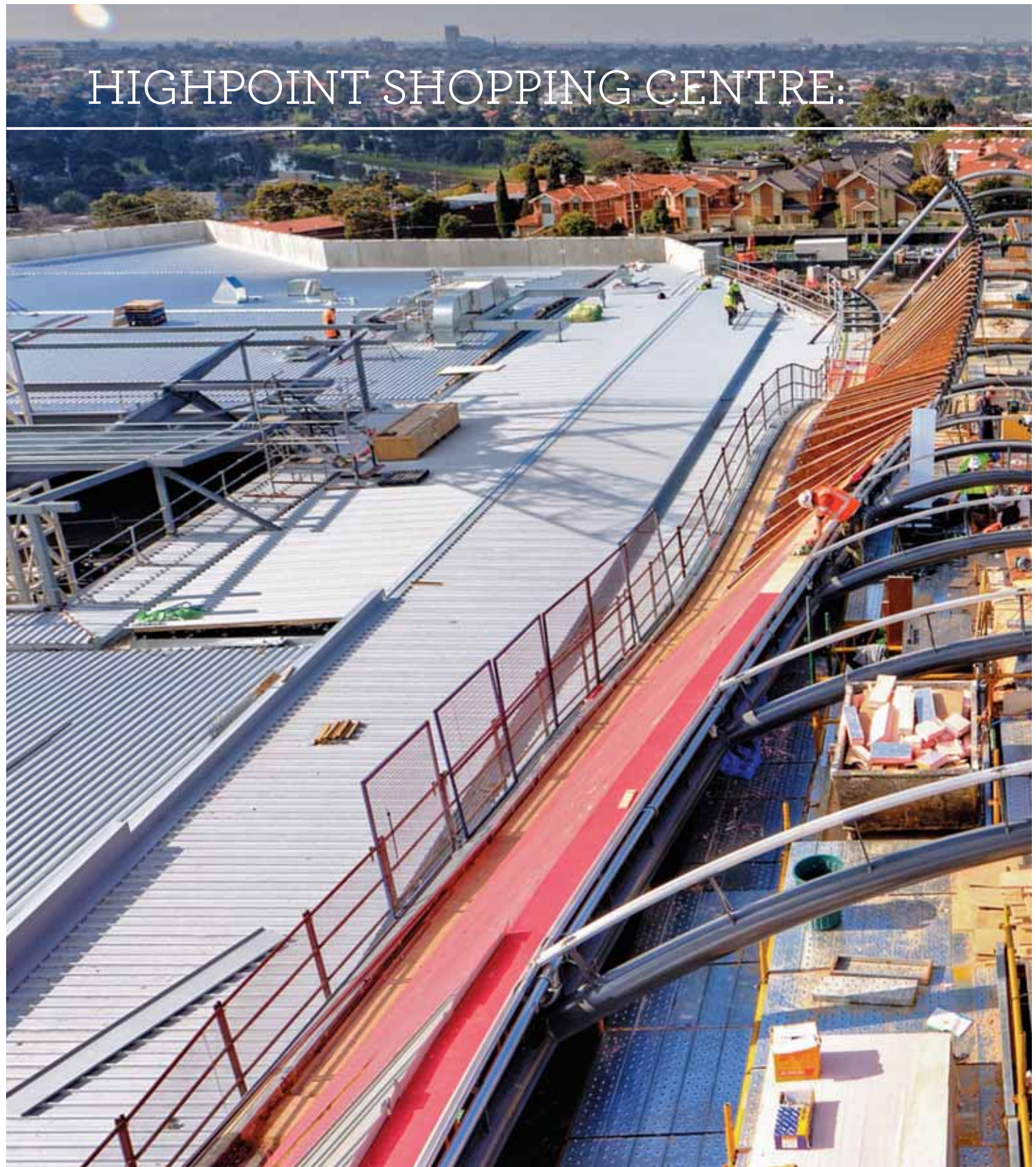
RIGHT

Kangan Educational Institute
Probuild

RIGHT

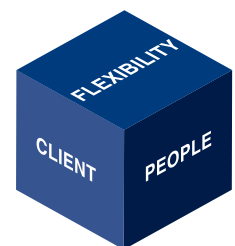
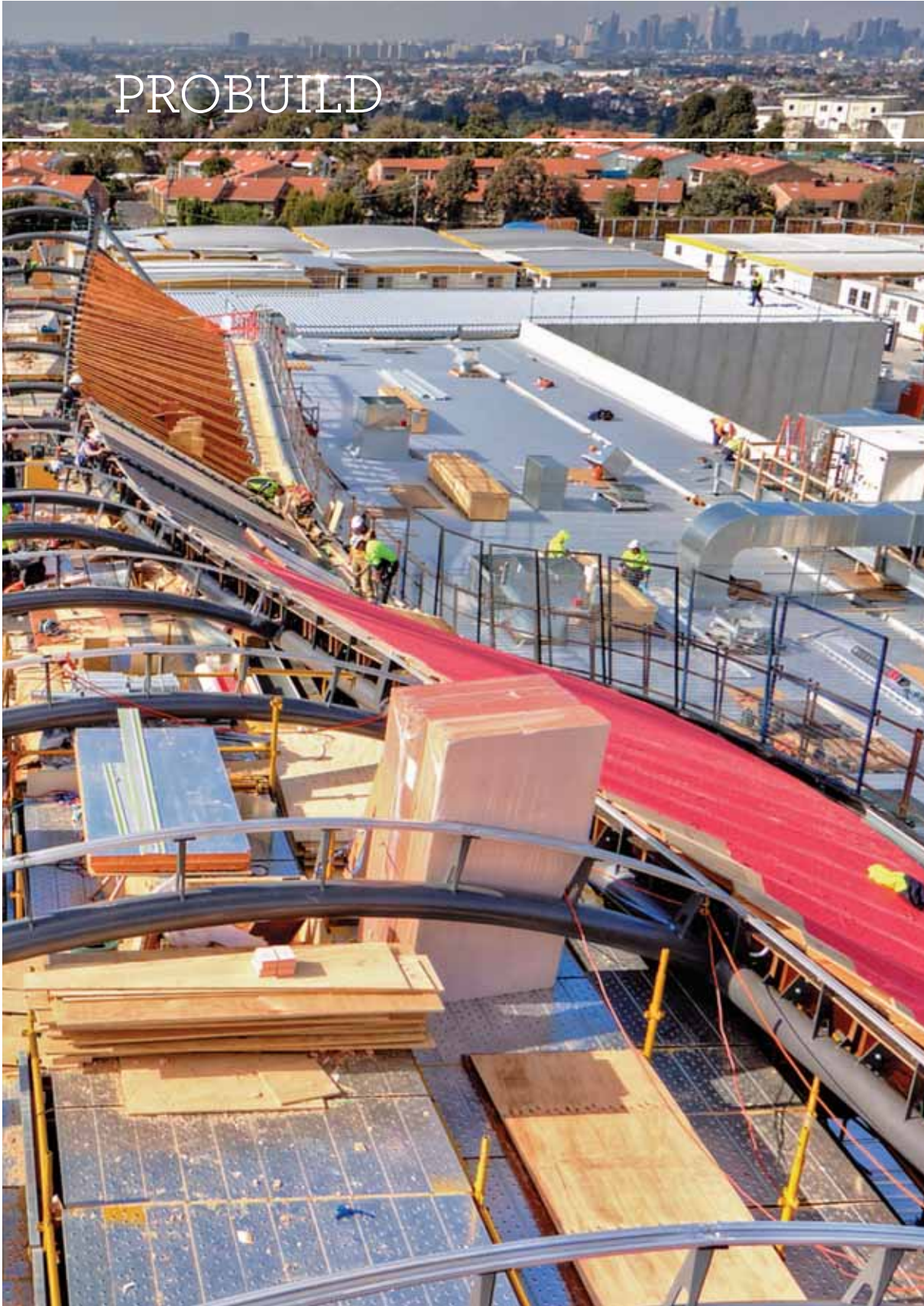
Internals for Tiffany & Co
Probuild





WITH STRONG COMPETITION IN OUR TRADITIONAL MARKET IN MELBOURNE WE LOOKED TO DIVERSIFY OUR REVENUE STREAMS THROUGH ENTRY INTO NEW MARKETS MOST SIGNIFICANTLY THE CIVIL ENGINEERING SECTOR.

PROBUILD



2012 KEY SKILLS

PROJECTS

Concessions, turnkey projects and design and build projects for:

- Prisons
- Serviced accommodation
- Gas infrastructure
- Toll roads
- Airports
- Hospitals

PROPERTY

- Golf estates
- Eco estates

ASSOCIATES

- Long steel products
- Shelving and racking
- ERW pipe
- Gas supply
- Construction material
- Mining bolts



OTHER OPERATIONS

Other operations include the Projects division, which is primarily responsible for procuring large-scale public-private partnerships (PPPs) and engineering, procurement and construction (EPC) projects, it also includes the Property division which manages those properties in which the group is the developer. Also discussed in this section is Capital Africa Steel an associated company operating in the construction materials sector.



KEY STRATEGIC ISSUES

PROJECTS

- Procuring appropriate new projects for our southern African operations
- Delays in the awarding of PPPs
- Bringing in the critical number of projects to justify the division's existence
- Including in the team up and coming individuals with the necessary aptitude for this specialisation, which ensures we have a succession plan in place

PROPERTY

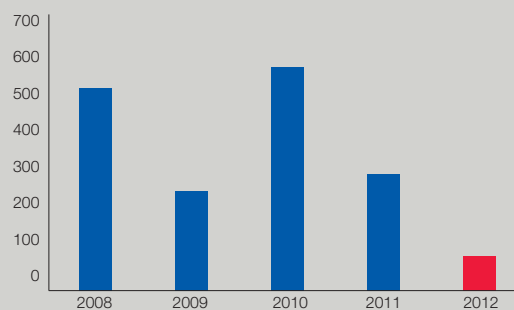
- Continuing lack of demand for holiday homes which impacts the St Francis Links development
- Changes in building standards and legislation

ASSOCIATES

Capital Africa Steel

- Sales volumes
- Ramp up the order book for steel pipes
- Balance sheet restructuring
- Poor performance of Alert Steel
- Renegotiation of loss-making contracts/ Turn around or closure of loss-making businesses
- BEE rating
- Working capital management

REVENUE (R'm)



KEY STRENGTHS

PROJECTS

- Key executives with many years of experience in PPPs and EPCs

PROPERTY

- Conservative approach to creating construction opportunities for the group

ASSOCIATES

Capital Africa Steel

- Resilience and tenacity to survive the downturn
- Low Cost Base
- New industry experienced leadership team

	Audited FY12 R'm	Audited FY11 R'm
Revenue	90	305
Operating profit	8	61
Margin (%)	8,8	20

RIGHT
3Q readymix
contract at Kusile
Power Station



OTHER OPERATIONS CONTINUED



STRATEGY

Projects

Turnkey projects such as design and construction projects incorporate increased risk for the contractor and as such contain better margins. The development periods for these types of projects are lengthy and as a result the preparation of the bids and bringing them to financial closure is costly with the risk of not securing the project high. Hence the primary strategic issues which face the division relate to the careful selection of projects which are likely to go ahead and anticipation and mitigation of the risks contained within the projects. During the year we have added to the team to cope with the demands inherent in preparing bids for projects of this nature.

The Projects division also monitors and provides expertise to Gigajoule International which has a large interest in the Matola Gas Company. WBHO has a 26,66% interest in Gigajoule International. This strategic partnership will allow us to take advantage of projects that will flow from their key foothold in the Mozambican gas sector.

Property

The division has not actively investigated any new property developments since the global financial crisis but has rather focused on the management of its two existing developments namely the Simbithi Eco-estate in KwaZulu-Natal and the St Francis Links development near Port Elizabeth.

Capital Africa Steel

The restructuring of the Capital Africa Steel (CAS) management team, which we began in FY11 was completed in FY12. The new Chief Executive Officer for CAS has settled in well and new leadership in RMS, 3Q, CSS (steel pipe factory) and Symo have been appointed in the year.

There is general overcapacity and fragmentation in the markets in which CAS operates in South Africa. Despite these conditions, CAS has managed to increase market share in all its steel businesses in FY12.

CSS has modified its manufacturing platform in order to produce the pipe diameters required to serve the African market having changed focus from the original American market it had been supplying. They have also introduced procedures to improve efficiencies, quality and output and gained ISO 18001 safety accreditation during the year.

Reinforced Mesh Solutions, the long steel products business, grew its market share through organic growth in a particularly demanding and competitive market.

The mining roof support company, DSI International, is busy commissioning a new manufacturing plant to expand capacity which will allow them to supply mechanical roof bolt products into the rest of Africa.

During FY12 CAS increased its share in Alert Steel to 43%. Alert Steel remains a challenge for CAS.



FINANCIAL PERFORMANCE

The Projects division has completed the King Shaka International Airport in FY11. Revenue from the property division increased from R58 million in FY11 to R87million in FY12 as a result of strong sales from Simbithi. St Francis continues to struggle with sales and only two properties were sold during the year and were at significantly reduced prices. The prolonged poor sales performance and the recent sales values obtained prompted an impairment of R25 million to the carrying value of the remaining 70 unsold properties.

CAS produced an operating profit of R17million in FY12. The after tax loss of R92 million was largely the result of a poor performance from the aggregate and quarry business and the interest expense of R121 million which arises predominantly from the shareholder loans.



FUTURE OUTLOOK

Projects

We remain preferred bidders in a joint venture to provide serviced accommodation for the Department of Rural Development in Tshwane and are the preferred EPC contractor for a 75MW Solar PV power station in Kathu. We anticipate financial closure on the Kathu project by the end of September 2012.

The discovery of large gas fields in Mozambique has brought renewed activity into this sector and we are hopeful of securing a project to build a 100MW gas-fired power station on which work would commence early in 2013.

Property

The remaining unsold stands in Simbithi will continue to provide revenue at a reasonable margin to the division in the year ahead. At St Francis the Home owners association and the golf course are in sound health and the holding costs of the unsold stands is manageable. As such we will wait for an improvement in the market to stimulate sales.

Capital Africa Steel

The restructuring of the balance sheet will alleviate the interest burden and improve the profitability of CAS, while the new leadership in 3Q have restructured the company and closed the loss-making Balmoral crusher. In Mozambique, Loop and Hoop has secured a new site as well as the necessary mining licences and regulatory approval to begin a green fields quarry at Ncala to service the mines operated by Vale and Oederbrecht in this area. Of concern are the continued losses from Alert Steel. The other businesses within the group are performing well.



SOCIAL PERFORMANCE



The workplace – Health and safety

KEY ISSUES

Issue	Progress
Eliminating fatalities and serious injuries	Not achieved this year but we continue to strive for zero harm
Understanding root causes of near misses and incidents, using lessons learnt to prevent fatalities and serious injuries	We investigate every incident and accident and use the lessons learnt to prevent accidents occurring in the future and have taken steps to increase the accuracy of our record keeping
Train employees in health and safety and follow up on employees understanding following training	Our safety and health training, which includes all employees is covered in detail in the training and development section of this report on page 57.

POLICY AND APPROACH

Our board is ultimately responsible for providing the leadership and guidance for the systems and processes for the prevention of incidents and the elimination of fatalities in our workplaces. Responsibility for safety is documented from the WBHO board down to each individual employee and subcontractor. Each of our operational managers assumes responsibility for the implementation of the safety management system within their individual business units and it is their duty to ensure all company policies, and procedures are implemented and adhered to. They must also ensure that safety is a priority on every project.

The group understands that policies and procedures alone cannot create a safe working environment and we are committed to developing a culture in which our employees assume responsibility for their own safety. We are also working to extend this culture to keep our employees' and their families safe in their homes and non-work activities.

We also strive to achieve a culture where everyone feels safe to report near-misses so solutions can be implemented to prevent similar incidents that could harm our employees or other stakeholders involved in a project, or cause damage to equipment, plant or the environment.

We have an incentive programme in place which rewards employees and stakeholders when targets and objectives are achieved on a project. Usually targets are set for each 500 000 injury-free hour tranches that are met.

GRI CRE 6

The WBHO group maintains an OHSAS 18001-certified safety management system (SMS) with the following key objectives:

- Continually improve our SMS and learn from our mistakes.
- Achieve and maintain the highest practicable level of safety control in all areas of the group's operations.
- Identify, manage and monitor hazards and risks in our operations.
- Meet and, where possible, exceed legal and other requirements.
- Facilitate the training of both operational and safety personnel.
- Ensure compliance with standards, requirements and legislation.



WE STRIVE TO ACHIEVE A CULTURE WHERE EMPLOYEES ARE COMFORTABLE TO REPORT NEAR-MISSES SO THAT SOLUTIONS CAN BE IMPLEMENTED TO PREVENT SIMILAR INCIDENTS.

SAFETY PERFORMANCE

*Refer Safety performance below

Targets set for 2011 – 2012	Actual results for 2011 – 2012	New targets for 2012 – 2013
LTIFR 1,00 or below	LTIFR = 1,53	LTIFR 1,00 or below
RCR 0,50 or below	RCR 0,81	RCR 0,50 or below
Zero fatalities	3	0

OUR STAKEHOLDERS IN OCCUPATIONAL SAFETY AND HEALTH

At WBHO occupational health and safety is wider than our employees. It covers all the stakeholders involved in a project, which includes government, the local community, our subcontractors, suppliers, clients and other contractors responsible to our clients. All these stakeholders are important and we assist them by maintaining the highest level of occupational health and safety practicable on our projects.

*OUR SAFETY PERFORMANCE

GRI LA7

Any death in our operations is one too many. We deeply regret the deaths of three of our colleagues in the workplace and the death of a further nine employees out of the workplace.

Vehicle and plant accidents

In 2012 WBHO employees travelled 23 203 478km in company-owned vehicles and plant. Our light delivery vehicle (LDV) accident rate (most of the travelling undertaken by our employees is in LDVs) was reduced to 5,21 compared with 5,76 in FY11.

When a driver has an accident in a company vehicle it is compulsory for that employee to attend defensive driver training. We encourage employees to take "ownership" of the vehicle they use and to care for them as if they were their own.

Lost time injury frequency rates (LTIFR)

Group

This is the first year that we have included the statistics for our Australian operations, which has negatively affected our results. However, our targets remain the same with our focus being on reducing the injuries in the building businesses where protocol is decidedly different from the civil environment.

Africa

Here we have major exposure to the mining sector and accordingly the safety standards are stringent. Unfortunately the LTIFR increased in FY12 and as a result our prime objective is to reduce injuries in the building sector.

Australia

It should be noted that it has become the norm in the Australian building environment for any individual suffering an injury of any nature to be booked off, which increases the number of lost time injuries. As a result, the LTIFR from Australian building operations is much higher than in the rest of our business.

At the beginning of FY12 the Probuild group centralised its safety management reporting system to include all members of the group. All Probuild's operations work within the requirements of the Australian Standard for Safety Management Systems (AS/NZS 4801: 2001).

In FY12 Probuild Civil maintained its outstanding LTIFR of 0,0 and the Probuild group achieved an LTIFR of 0,8 for direct employees. The combined LTIFR (direct employees and subcontractors) for FY12 was 5,48. This is significantly below the industry mean of 12,43.

BEST PERFORMERS

The WBHO plant yard north achieved 3,2 million manhours without a lost-time injury (LTI) and our FT wax plant project achieved 1 million manhours without an LTI. The SNI project worked more than 1,4 million manhours without an LTI.

HEALTH

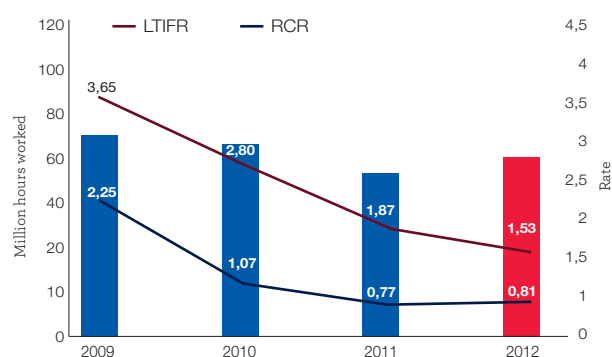
A healthy workforce is an advantage to our business, as it means fewer sickness absences and employees who are fit to work at their full potential. Our health programmes address occupational illnesses, public health issues and overall wellbeing.

GRI LA8

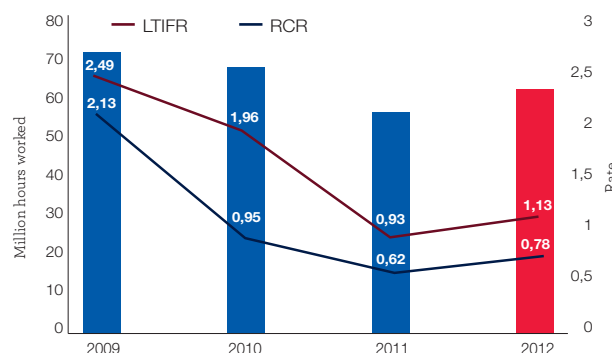
WBHO has a medical fitness programme in place which tests each employee annually to ensure he/she is fit to work in a construction environment. The programme has been most successful in managing high risk medical conditions such as high blood pressure, diabetes and epilepsy, as well as occupational diseases.

In Australia the Probuild group's industry work-life balance programme, which includes a range of initiatives to accommodate each employee's individual needs, won a federal award.

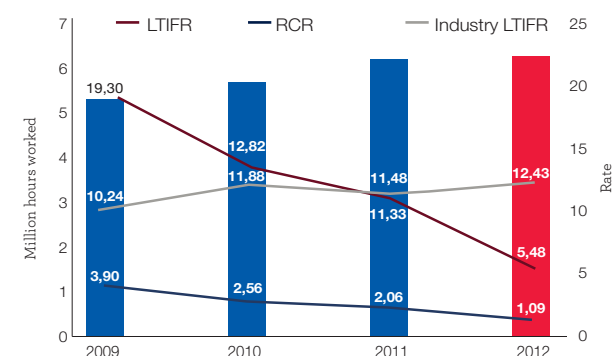
GROUP LTIFR/RCR



AFRICAN LTIFR/RCR



AUSTRALIAN LTIFR/RCR vs INDUSTRY LTIFR



SOCIAL PERFORMANCE CONTINUED



The workplace – Our people

KEY ISSUES

Issue	Progress
Achieving employment equity in South Africa	See page 61 for the progress we have made in this regard.
Identifying, developing and retaining high potential employees	Our structured mentorship programme, together with the five new management development programmes introduced in South Africa this year, facilitate the retention and accelerated development of talent in WBHO. The group's avoidable staff turnover for FY12 was 10,5% (FY11 – 7,1%). The increase in the percentage is due to the restructuring of our Australian civil business. Our target for FY13 has been set at 9%
Effective training that addresses risk-tolerant or ingrained behaviours that impact negatively on safety in our operations	We continually monitor the effectiveness of our safety training and introduce new training to address issues that arise in the workplace
Providing development and training opportunities to historically disadvantaged South Africans that will allow them to further their careers	We provide a range of training and development programmes that supports our employees' career development
Developing future leaders	In Australia the Probuild Group provides a leadership programme for its senior employees and the group adopts various training courses and initiatives to identify and develop younger employees to become future leaders
Engaging with our employees and the trade unions through open communication to achieve labour peace	There was a substantial reduction in the number of days lost to industrial action this year

OUR APPROACH

WBHO complies with legislation governing conditions of employment and labour relations in the countries in which it operates, which in South Africa includes the South African Basic Conditions of Employment Act No 75 of 1997 and the Labour Relations Act No 66 of 1995 and we follow the International Labour Organisation's guidelines.



WE PROVIDE DEVELOPMENT AND TRAINING OPPORTUNITIES FOR HISTORICALLY DISADVANTAGED SOUTH AFRICANS.

2012 SKILLS DEVELOPMENT

* Refer Training investment below

	2012	2011	2010
Total skills development spend (R'm)	33,0	34,5	28,5
Number of learners	263	203	264
Number of learnerships	129	101	113
Number of bursars	77	76	54
Number of people being mentored	26	26	32

We are committed to providing a workplace based on:

- mutual respect;
- fairness;
- integrity;
- non-discrimination;
- equal opportunity at all levels; and
- open and two-way engagement with our employees and their representatives.

Our employment equity policies provide all potential and existing employees with equal opportunities in terms of recruitment, promotion, transfer, employee benefits, training and conditions of service.

Employee relations

We consult with employees in advance of any significant operational changes and we always consult with unions with the aim of reaching agreement.

When hiring employees in Africa, where possible, we give preference to members of the local community and, in some cases, offer training opportunities to community members that will allow them to develop the skills they need to be employed by the group.

In Australia the Probuild group has committed to supporting Workplace Opportunities for Women (WOW) in the industry.

Employee remuneration

We provide well-structured employment contracts and fair and competitive remuneration and we offer an equal rate of pay to male and female employees of equal experience. Our employment equity policies provide all potential and existing employees with equal opportunities in terms of recruitment, promotion, transfer, employee benefits, training and conditions of service.

Employee benefits

The benefits that we provide our full-time employees, over and above the legally mandated employment benefits, include retirement funding and medical scheme benefits.

Labour relations

76% of WBHO's employees in South Africa are covered by collective bargaining agreements.

WBHO upholds the rights of its employees to collective bargaining and freedom of association and does not tolerate discrimination. Potential employees are advised of this. We adhere to collective bargaining agreements with due regard to the relevant legislation.

In South Africa WBHO has recognition agreements in place with both the National Union of Mineworkers and the Building Construction and Allied Workers Union. However, within the group the level of union representation is relatively low with only 28% of our employees having union representation in FY12.

Negotiations on substantive matters take place at industry level with the employer body, the South African Federation of Civil Engineering Contractors (SAFCEC) and the representative unions. While this industry covers the majority of our hourly-paid employees, the balance are covered by various bargaining council and voluntary bargaining forum agreements.

In Australia the Probuild group has successfully negotiated four enterprise bargaining agreements across the group, which assist in providing predictability in the forecasting of costs and ensuring consistency across the group.

Industrial action

The number of days the group lost in industrial action in South Africa decreased by 76% in FY12 to 14 days.

Development and training

It has long been part of WBHO's culture to invest in the development of our people and we believe that this is vital to the long-term sustainability of our business.

We aim to implement effective training and development programmes that meet our operational needs and support our policy of developing and promoting people from within the group. This meets the needs of our employment equity and skills development plan.

All our employees have access to training and development programmes relevant to their position in the company and their personal development.

The main focus of our training in Australia has been on occupational health and safety training for all front line staff, other training include leadership competency skills and contract administration.

*TRAINING INVESTMENT IN FY12

A total of 3 063 employees received on average three days of training at an average cost to the company of R10 776 per employee.

Our Australian operations invested R3,3 million in training in FY12.

Skills development

The learnerships WBHO has registered include supervision of construction processes, administration, surveying and roadworks. We currently have 129 learnerships under way and another 20 are due to start in November 2012. There was a 28% increase in our number of learnerships. Our first business administration learnership programme was very successful and a second business administration learnership programme is scheduled to commence before the end of 2012.

Probuild Civil is the first civil construction company in Queensland, Australia, to host and engage the Green Army, which is a group of unemployed Aboriginal and Torres Strait Islander (ATSI) people given the opportunity to enter the workforce through practical onsite training. The programme is funded by Federal and State Government in a Civil Construction environment.

Safety training

WBHO provides two types of safety training labour on-site training and management training. Labour on-site training includes amongst others: working at heights, scaffold erecting and dismantling, scaffold inspection, manual material handling, rigging and slinging, training in the use of electrical, power and hand tools and first aid. This training lasts, on average, between two and three days.

Management safety training includes incident investigation, legal liability, construction regulations, safety, health, environment and quality (SHEQ), a safety management training course, construction regulations, hazard identification and risk assessment (HIRA). The management training is also between two and three days in length.

SOCIAL PERFORMANCE CONTINUED

The workplace – Our people CONTINUED

Bursary students

WBHO is currently sponsoring the studies of 31 bachelor of science students and 18 national diploma students, 28 of our 77 bursary students are for bursaries we gave to our employees to fund their part time studies. We are also providing in-service experiential training to a further 65 national diploma students. Our bursary students are also trained by WBHO during their mid-year vacations in soft skills, technical understanding, our systems, procedures, cultures and values.

Management development

The main focus of our management development programme is knowledge sharing. During 2012 we introduced five new management development programmes. You can read about how one group of managers completed the final assignment of their management development programme on the following page of this report. The mentorship programme is designed and facilitated to form an integral part of WBHO's overall People Development strategy.

The mentorship programme facilitates the retention and accelerated development of talent in WBHO. Potential leaders undergo a stringent selection process before being chosen to participate in this programme. The mentoring process fosters knowledge transfer and the development of inter-/intra-personal skills. The programme also aims to accelerate the achievement of our employment equity objectives, build competence and capacity in the company and contribute to the retention of talented employees.

Participants reported that whilst the mentoring programme offered them significant value in terms of building confidence and a variety of important soft skills, there was still a need for more technical content.

To address this need and provide a robust and scalable career development model from site engineer to contracts director and beyond, we have developed and implemented an over-arching WBHO core contracting competency framework (C4). The first participants in this programme, who were carefully selected by a review panel, began their year-long programme in 2012.

Focusing on young engineers

Our exposure programme, developed inhouse, focuses on young engineers who joined the company within the first three years of their careers. These young people are the future of WBHO and we take pride in contributing to their development. They are trained in company policies and procedures, administration functions, quality, environment, safety, tendering and they visit to our plant and services yard.

The external training provided for young engineers includes team building and business culture.



Remuneration – see the remuneration report on pages 80 to 85.

INTEGRATING EDUCATION AND SKILLS DEVELOPMENT TO INCREASE AVAILABLE SKILLS AND EMPLOYMENT EQUITY

CASE STUDY

The integration of our corporate social investment commitments and training and skills development begins with our investment in the mathematics and science education of schoolchildren through the Go for Gold programme and TRAC SA and continues with our sponsorship of tertiary study and the ongoing development of our employees.

Preparing schoolchildren for tertiary education

The Go for Gold programme is a unique public-private partnership between members of the construction sector and the Western Cape Education Department serving disadvantaged communities. Grade 11 and 12 students selected for the programme attend intensive science and mathematics tuition sessions twice a week and two-hour lifeskills and communication training classes and computer skills classes once a week.

Since 2005 we have sponsored 26 students on the Go for Gold programme. One has graduated with a national diploma in civil engineering, 15 are busy with tertiary studies in civil engineering, technology and health and safety, a student who needs to improve his maths and science marks is attending the Stellenbosch University SciMathUS programme and six students who completed matric in 2011 are completing gap year employment with WBHO.

WBHO has partnered with TRAC SA, a unique physical science intervention programme, for three years in Alexandra, Gauteng and in KwaZulu-Natal. TRAC, which is recognised at national government level, deploys travelling science laboratories to underprivileged schools with the aim of improving science education for both learners and educators.

Providing tertiary education opportunities

Busle Msweli used to visit the TRAC lab at Richards Bay during his school holidays when he was in Grades 11 and 12. As a result, he was included on TRAC's database for learners who were potential candidates for bursaries and that's how he got awarded a bursary from WBHO to study for a BSc in civil engineering from the University of Johannesburg.

Busle, who is now in his third year of study, enjoys his work experience with WBHO during his vacation periods, because he is encouraged to get involved with the work taking place on site and he says that way he has learnt a great deal. He likes the idea of building bridges and dams when he qualifies.

Employee development

We started our inhouse management development programme (MDP) in March 2011. Participants had to complete assignments every six weeks, with the final assignment being the completion of a making a difference (MAD) project. The winning project was led by site agent Eddie Seloto.

When we spoke to Eddie about his experiences on the MDP he told us that what stood out for him was how bad they were at presentations when they started. He said, "The first few presentations we did were quite horrible but over time we all improved." He also found it interesting and helpful to learn how to get things done in a more harmonious way. He certainly found these skills very useful when he was working on the MAD project, which is intended to test all the skills the participants have learned during the programme. Each group needed to find a way of doing something for a community. The groups had limited resources and had to use their skills to obtain donations and assistance to make their project work.

Eddie learnt from his school alumni association, that something that urgently needed addressing in the area where he grew up was child-headed homes. Eddie consulted with his group and they agreed that it would be good to find a project that would help child-headed homes. He obtained a list of child-headed homes in the area, one of which stood out for him. It was a family headed up by a 24-year old, whose parents had both died of AIDS-related illnesses and who was caring for two siblings, a brother who was in matric and a younger sister aged six. In addition, she had been raped when she was 16 and had an eight-year old son from this rape that she needed to care for. Their circumstances were appalling. The Alumni donated furniture, painted the house, Eddie drew up a plan to extend the house and they also arranged for Social Services to furnish the safe haven and assist the family.

Then the group decided they should build a safe haven for women and children and arranged funding for the young lady to be trained as a social worker. That's when Eddie started learning just how useful his newfound skills could be when persuading WBHO to part with a 330m² 21-room prefabricated building and persuading his contacts to part with R300 000 to assemble the building, provide concrete for the foundations, with a team to pour the concrete, provide bricks and a gate for the wall to secure the building and transport to deliver the bricks. He also persuaded the municipality to donate a suitable piece of land.

In total the MAD project team, headed up by Eddie, raised R1,2 million in donations for the project. No wonder they won the prize for the best project.

SOCIAL PERFORMANCE

CONTINUED



Transformation in WBHO

KEY ISSUE: our performance against the Construction Sector Broad-Based Black Empowerment Charter

We again achieved a Construction Sector Broad-Based Black Empowerment Charter rating of level 2, value added, in 2012.

WBHO was rated the most empowered construction company in the Financial Mail's Top Empowerment Companies Survey in April 2012, and the best performing company in the Industrial Sector. This is an achievement we can be proud of, especially bearing in mind the economic pressures the construction sector currently faces. In addition, WBHO having been named the 14th most empowered company in the same survey in 2011 was rated seventh overall this year. This rating was based on the results of our September 2011 scorecard audit.

It is important at this juncture to reflect on our past, current and future transformation strategies.

KEY TRANSFORMATION PRINCIPLES

WBHO is reaping the rewards of years of hard work invested in ensuring that the very concept of transformation is felt throughout the organisation. We achieved this by ensuring that each element of the scorecard is used in conjunction with the other elements for maximum effect. This cannot be achieved by applying a box ticking mindset in order to achieve a good result in a scorecard audit. An example of this integration can be seen in how our focus on education in our corporate social investment (CSI) programme which develops excellence in maths and science at school level then continues with these students being provided the opportunity to obtain bursaries for tertiary education under our investment in training. Once these students qualify they provide an excellent pool of candidates for future leadership within our group and the success of these efforts will in turn be seen in improved employment equity, particularly at management level in the group.

This process cannot be accelerated. There is no shortcut to education, then training, work experience and the development of the wisdom necessary to reach management levels.

The architects of the BBBEE Scorecard intended that all the elements would be used together, WBHO has proved that this can be done to effect accelerated transformation. The 15 developing companies on our enterprise development programme have shown remarkable growth because of having access to the group's training providers and willing mentors who are specialists in different areas like quality, safety, environmental and tendering. The development of these smaller companies has given the group a pool of reliable companies to which we can subcontract work. It is most satisfying to form joint ventures with these companies when the opportunity arises. All our initiatives are proving that transformation can have a win-win result – through enterprise development WBHO can partner with companies that know our systems and can therefore work effectively with us from the start of a new project.

FUTURE OUTLOOK

WBHO participates in the Construction Sector scorecard; which is legislated to be measured against increased targets after a four-year period after its inception in 2009.



**WBHO WAS RATED THE MOST EMPOWERED
CONSTRUCTION COMPANY IN THE FINANCIAL MAIL'S
TOP EMPOWERMENT COMPANIES SURVEY 2012.**

REVIEW OF WBHO'S CONSTRUCTION SECTOR BROAD-BASED BLACK EMPOWERMENT CHARTER SCORECARD

Element	Total points required	FY12		FY11	
		WBHO score	Level	WBHO score	Level
Ownership	25	24,00	2	24,00	2
Management control	10	6,83	4	7,25	4
Employment equity	10	5,97	5	5,75	5
Skills development	15	13,16	2	12,79	2
Preferential procurement	20	20,00	1	19,00	2
Enterprise development	15	13,62	2	15,00	1
Socio-economic development initiatives	5	5,00	1	5,00	1
Total	100	88,58	2	88,79	2

The new preferential procurement targets will be effected from the start of FY13 for measurement in June 2013. In addition, the targets for management control and employment equity increase significantly. Based on current scoring methodology we believe that WBHO could drop to a level 3. These increases will affect all businesses in the construction sector.

The slowdown in the construction industry has had an effect on our enterprise development score which dropped during the September 2012 audit. This is due to a portion of the scoring being measured on the combined turnover of the enterprise development beneficiary companies, which has reduced considerably during tough trading conditions for small enterprises.

The greatest challenge to our management and executive team remains an improvement in the employment equity score. The retention of competent black staff is proving to be an issue that WBHO never previously faced, but is now a reality as staff are continually headhunted.

In addition, the employment equity score at all levels of management levels is factored for the ratio of black women in each level and sadly, construction still remains a male-dominated industry. Most female engineering graduates are attracted to consulting engineering where the out-of-town site demands are limited and the likelihood of being based in remote areas is reduced.

The scoring challenges itemised with respect to new targets and employment equity are, however, faced by all our competitors and in order to remain leaders in the construction sector, our executive team is currently reviewing strategies to address these.

LEGISLATION

The BBBEE codes are being continually revisited and draft proposals on several areas have been published for comment. The Preferential Procurement Policy Framework Act legislated in December 2011 is currently applicable to municipalities, but will become applicable to all state tenders from December 2012. This Act will make WBHO highly competitive in large state tenders as 90% of the tender will be evaluated on price and 10% on scorecard level.

SYSTEMS AND PROCEDURES

The refining and continual management of the database and preferential procurement measurement system is proving to be an invaluable management tool in maintaining such a high preferential procurement score. In addition, parastatal clients find great benefit in having accurate monthly reports.

The group policy and procedure documents have been formalised for transparency and policy documents for corporate social investment, enterprise development and employment equity will be posted on the group website.

CORPORATE SOCIAL INVESTMENT

In FY12 WBHO increased its investment in the corporate social investment programme to R29,3 million (FY11: R19,7 million).

Breakdown of corporate social investment spend for FY12

Category	FY12 (3-year spend) R'000	FY11 (3-year spend) R'000
Education	15 222	12 807
Development programmes	586	2 167
Community training and skills development	2 640	1 970
Arts, cultural and sporting programmes	2 628	986
Health	8 197	1 773
Total	29 273	19 703

WBHO recognises that it has an obligation to support underprivileged communities through worthwhile initiatives and projects.

We often work in rural and poor areas and we select projects that can make a tangible difference to communities in these areas. We also encourage our employees to support community projects in the areas in which they operate. We use our skills to assist with the construction and renovation of buildings, and the provision of infrastructure. The main focus of our CSI is on education and healthcare.

For more information on our approach to education see the case study on page 59.

For more information on our enterprise development programme see pages 62 and 63.



CASE STUDY

OUR ENTERPRISE DEVELOPMENT PROGRAMME

WBHO currently has 15 companies on its enterprise development programme, established in accordance with the guidelines provided by the Construction Sector Transformation Charter. The aim of our programme is to develop and mentor developing contractors in the construction industry and help them to become independent and sustainable.

In 2010 we had 24 companies on our enterprise development programme, but have since rationalised this to 15. The downturn in the construction industry after the World Cup affected a number of emerging micro-enterprises (EMEs). Other small businesses relied on work from municipalities, but could not survive due to late payments or quality issues. We are now concentrating on certain criteria to ensure the success of the construction companies on our programme and have extended assistance to two supplier companies in construction-related fields.

We have spent a lot more on external training as research carried out by SAFCEC indicated that 93% of emerging construction contractors are unable to sustain their businesses for longer than three years because they lack the necessary business/management knowledge. We have therefore designed and provided a specific training model that addresses this.

The majority of companies that we select for our programme are existing developing contractors who are already active in the market and who have the potential to grow and become independent sustainable businesses. As it is our policy to develop the business and not only the owner of the business, we include their employees on our programme.

Our model is designed to ensure that the support we provide over a three- to four-year period is slowly withdrawn during the various stages of development of a business, in an agreed and structured manner. WBHO provides mentorship on construction issues and assistance with areas that we have identified as being problem areas, such as quality and safety. To assist the businesses on our enterprise development programme with their cash flow we pay them for work done within seven days and assist them with lines of credit and bank guarantees, which are frequently problems for start-up companies that do not have an established a credit history.

Continuity of work is, of course, crucial for sustained growth. Ideally, the relationship between WBHO and the developing enterprise should be a long-term relationship with the developing contractor having a continuous flow of work with on-site guidance from WBHO, which will facilitate growth. The cyclical nature of our industry means that this is not always possible.



This year we selected seven of the 15 businesses participating in our enterprise development programme to participate in an intense six-month business management programme which consists of the following three elements:

- Business management and planning training focusing on the most important areas of the business and addressing the possible impact on a business of how the owner chooses to manage its finances.
- Performance coaching.
- Two kinds of mentoring, namely:
 - business mentoring, which includes a monthly operational meeting attended by WBHO champions, the facilitator of the training programme and the team from the business. The meeting has two purposes: to check that the management team is taking a sustainable approach to their business and thinking strategically and to instill the habit of reviewing their overall performance every month; and
 - An experienced member of WBHO's team who has retired provides mentoring in construction skills. He/she visits sites and helps these businesses maximise their profits.

The businesses who graduate from the programme will have the opportunity to present their business plans to all the managing directors in the WBHO group and demonstrate how much they have learnt and how much they have grown during the programme.

IMPACT OF THE PROGRAMME

Four months into the programme we are already seeing results. We have chosen to look at the impact of the programme on two very different businesses: one a small start-up supplier business, owned by a woman and another which is a medium-sized business that works on contracts with values of around R100 million.

Bustque makes overalls. Its owner, Mampho Selokoma, started out hiring domestic sewing machines because she had no capital. She now has four full-time employees and a database of part-time employees she can draw on. She says her biggest breakthrough was the first order she got from WBHO (we spend over R2 million a year on providing our employees with overalls). Mampho says the programme has taught her not to compromise her business in terms of price and quality if she wants her business to be sustainable. Mampho learned that it was important to find a way of differentiating her product. She realised that currently women have to fit into overalls designed for men. She now offers overalls specially designed to fit women and with the increase in the number of women working in the industry we expect her to do well. Anglo American has already recognised the potential of her business and provided her with a business loan that has given her the capital she needs to equip and grow her business.

Bankuna Engineering and Construction, a medium-sized business run by a professional team, found themselves in a situation where they were going to make a loss on a job because unbeknown to them the tender document they received was missing a few pages. They quoted on the work set out on the pages they received and were awarded the tender. Disaster struck when they discovered what had happened and the municipality concerned was not prepared to make any concessions and insisted on Bankuna completing the full scope of work for the amount they had tendered. The owners of Bankuna sat down with the WBHO programme facilitator to see how they could minimise the impact on their business of this disastrous situation. Between them using the skills they had developed on this programme they not only managed to minimise Bankuna's loss, but they may well manage to break even.



ENVIRONMENTAL PERFORMANCE



Environmental issues in 2012

KEY ISSUES

Issue	Progress
Maintain an environmental management system in line with international standards	ISO 14001 audits were conducted in all Civil and building divisions and all audited divisions obtained ISO 14001 certification
Improve our carbon disclosure data	Changed and adapted our data capturing systems to include volume for more accurate environmental reporting
Transparent environmental management	Participation in the Carbon Disclosure Project, ISO 14001 certification and JSE SRI Index
Minimising our construction footprint by adhering to legislation and specifications	Conducted legal compliance audits in the Eastern Cape, KwaZulu-Natal and Gauteng divisions during which no negative findings were made

TARGETS AND OBJECTIVES FOR FY13

We have set ourselves the following targets for the next financial year:

- Continue to improve our environmental management system through internal and external audit.
- ISO 14001 certification for Roads and earthworks division before end of 2012.
- Ensure WBHO group-wide legal compliance through regular internal compliance audits.
- Ensure subcontractor legal compliance through site start up meetings, signed mandatory agreements and audits.

GRI DMA EN

An integrated approach

Management accountability is integral to our approach of protecting the environment. Every year we review our environmental risks and opportunities as part of our business strategy and planning process. We report our environmental risks through our site, division and strategic level risk registers. This approach involves management in the analysis and treatment of environmental risks and performance.

Oversight and ultimate responsibility for our environmental policy and management rests with the WBHO board via the social and ethics committee. The retention of our divisions' ISO 14001 certification, which is valid for three years, requires annual independent audits and quarterly internal audits.



MINIMISING OUR IMPACT ON THE ENVIRONMENT BY
REDUCING OUR CONSTRUCTION FOOTPRINT.

In Australia, the Probuild group's operations work within the requirements of AS/NZS ISO 14001: 2004. During FY12 the Probuild group introduced environmental committees to increase environmental awareness and minimise the group's carbon footprint.

Our environmental performance

The assessment process for the JSE Socially Responsible Investment (SRI) Index includes a rigorous assessment of a company's environmental strategy, policy and performance. We are proud to have our commitment to environmental management recognised in this way.

Working with our stakeholders to minimise impacts

Our responsibility towards the environment and protecting resources for future generations does not end at the boundaries of our projects. An important part of our environmental management activities is engaging with stakeholders whose environment could be impacted by our activities or who could impact the environment in the vicinity of our projects. We engage with local communities, government, non-governmental organisations (NGOs), our clients, consultants and subcontractors in this regard.

Climate change and energy

We are still in the process of establishing our carbon management processes, which includes the recording, measurement and reporting of carbon emissions data and the identification of the risks and opportunities presented by climate change. Once we have established this process we will be better positioned to measure our carbon footprint more accurately and make decisions on how best to achieve carbon emission reductions and manage the impact of climate change on our organisation.

Our data capturing system was adapted to include volumes regarding electricity, materials and fuel for more accurate environmental reporting and emission data. This will be implemented with the necessary training.

Carbon Disclosure Project (CDP)

WBHO participated in the CDP for the fourth time in 2012. Our participation in 2012, which assesses our performance in FY11, will only be released towards the end of this year. As a result we are publishing the results of our participation in the CDP in 2011 (assessment of FY10 performance) in this report in which WBHO's performance was ranked 36 out of 76 participating companies. Our disclosure score improved from 65 to 75 which still places us in performance band D.

GRI EN3, EN 4

During FY10 WBHO produced the following carbon emissions for our South African operations, excluding subsidiaries and joint ventures:

	2010 (tCO ₂ -e)*	2009 (tCO ₂ -e)
Scope 1 (direct carbon emissions from the consumption of fuel in the form of diesel and jet kerosene)	43 275	58 024
Scope 2 (indirect carbon emissions from our consumption of electricity produced by burning fossil fuel (coal))	7 843	9 916*
Scope 3 (carbon emissions from our business travel (road and air))	10 824	9 972
Total carbon emissions	51 118	77 912

* As amended in the 2010 CDP submission

In Australia we are committed to ISO 14001: 2004 and are investigating processes that will assist us in measuring our carbon emissions.

GRI CRE1, EN5

Green buildings

Currently, WBHO is constructing eight green buildings with either a 4- or 5-star as built rating, where 4-star refers to best practice and 5-star to South African Excellence. Our clients aim to ensure that these buildings are designed, built and operated to be sustainable and energy efficient.

Lincoln on the Lake (an office block in KwaZulu-Natal) has officially received a 4-star green star SA office version 1 as-built certification. The Green Building Council of SA has commended the project on its achievement.

Water management

We found that information on the exact volumes of water we use is difficult to calculate as in many instances the client supplies us with water for construction. We aim, however, to use water as efficiently as possible and to avoid any negative impacts on water quality in the environments in which we operate.



Environmental issues in 2012 CONTINUED

Training

Environmental training is mostly inhouse through induction and toolbox talks, which cover general environmental awareness, as well as site-specific training regarding protected areas and species. Our training matrix ensures that all levels of employees undergo environmental training. This training includes general awareness, legal compliance, spill training, waste management, Green Building and ISO 14001.

Incidents and compliance

WBHO aims to achieve zero environmental incidents throughout all our operations. We monitor, report, investigate and remediate any incidents and apply lessons learnt through root cause analysis to prevent similar events in future.

GRI EN 28, EN30 (IN TERMS OF EN)

Unfortunately Roadspan, one of our subsidiaries, had an incident in Tzaneen at their asphalt mixing plant where 1 400 litres of burner oil leaked out of a bund in December 2011. None of our other operations incurred any infringement notices for breaches in environmental legislation nor did they have any significant environmental incidents.



OUR APPROACH TO MANAGING AN ENVIRONMENTAL INCIDENT

CASE STUDY

Our subsidiary, Roadspan, which is a roads surfacing and rehabilitation contractor and asphalt supplier operating in South Africa, was resurfacing roads in the Tzaneen area in December 2011 and had established a plant for this purpose. It was raining and the Roadspan plant was not operating when a truck delivering 21 000 litres of burner oil arrived on the afternoon of Sunday 4 December. Roadspan employees received the delivery and began pumping the oil into an empty holding tank contained within a bund wall at 17:15. They completed the transfer of the oil into the tank by 19:14 when the truck left the site.

THE INCIDENT

That's when things started to go wrong. First of all, no one noticed that the filter system within the bund wall had not been replaced properly and oil started to leak out. Normally, the bund wall would have contained the leak, but the employees receiving the delivery had not followed the daily facility checklist procedure. If they had, they would have noticed that the valve on the bund wall's drain pipe was open. The result was that by the time Roadspan's employees arrived for work the following morning approximately 1 400 litres of oil had leaked out of the bund. The oil drained into the soil and into a cracked pipeline feeding four adjacent dams.

HOW WE MANAGED THE INCIDENT

On Monday morning site personnel immediately informed the environmental department and the local authorities. Clean-up operations began with the help of spill specialists under the supervision of the Disaster Management Centre in the Mopani District Municipality. The cleaning operation, which included the cleaning of 3km of pipeline and the removal of 1 698 tons of contaminated water, together with 1 017 tons of contaminated soil, to a registered hazardous landfill site in Rietfontein, Springs, took 44 days at a total cost of R7,5 million.

LESSONS LEARNT

If procedures had been followed that afternoon the Roadspan team would have completed the daily facility checklist and closed the valve on the bund wall drain pipe and no oil would have leaked out of the bund.

All physical mitigation measures were in place, but none of our safety, environmental or quality procedures were followed. We identified that there was a lack of management commitment to ensuring procedures are followed.

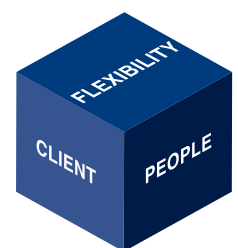
The lessons learnt include:

- deliveries where possible to take place within construction hours;
- adequate supervision on site for all activities;
- update procedures and management systems to prevent similar incidents recurring; and
- awareness training at all levels of responsibility.



MAYFAIR OFFICE BLOCK





ACCOUNTABILITY



Our key governance issues in 2012

Good governance is at the heart of WBHO's board and committee structure. Our objective as a board is to provide effective guidance to achieve sustainable economic, social and environmental performance. We discuss strategy at every board meeting and all our members participate and add value to the debate.

As the lead independent non-executive director I am pleased to report that I am comfortable with the effectiveness of the board.

I am committed to ensuring that WBHO complies with all the relevant codes and regulations, and that our management team is committed to responsibly achieving the best results.

While our integrated reporting is still developing, we are already seeing benefits from it. The more comprehensive approach to the information provided to the board gives us improved oversight of the business.

During the year the non-executive directors had the opportunity to meet with management from WBHO Australia when they visited South Africa. Their presentation to the board added to our understanding of our Australian business.

As lead independent non-executive director I shall do my best to ensure that WBHO adheres to the highest possible standards of corporate governance during the next financial year.

Gando Matyumza

Lead independent non-executive director



WHILE OUR INTEGRATED REPORTING IS DEVELOPING WE ARE ALREADY DERIVING BENEFITS.

GRI 4.10

Issue	Progress
New Companies Act, in terms of setting up a social and ethics committee	Social and ethics committee established March 2012 in line with requirement of the Companies Act 2008
Putting in place a memorandum of incorporation (MOI)	MOI to be presented for adoption at our annual general meeting on 9 November 2012
Evaluating the performance of the board, its chairman, individual directors, members of the different board committees and the company secretary	The performance of the board, the chairman and its committees is evaluated internally every year
Monitoring performance against strategy	We are developing a formal reporting structure to measure our progress across the entire business
Appointing a new Chief Financial Officer (CFO) to replace John Abbott who retired during the year	Charles Henwood, who joined us as the financial director of WBHO Construction (Pty) Ltd in 2010, having been financial director at Murray & Roberts since 1991, replaced John Abbott as Chief Financial Officer in November 2011
Ensuring directors are kept up-to-date with new developments	- The social and ethics committee members attended training at the Institute of Directors in August 2012 - Members attended an introductory presentation held by the Institute of Directors on the implementation of a social and ethics committee - Members of the audit and risk committee were given an introduction to the draft taxation amendment bill
King III recommendation	- Nomination committee established in November 2011 - Remuneration report to be included in the 2012 integrated annual report

THE BOARD'S KEY STAKEHOLDERS

GRI 4.4

We select our key stakeholders by identifying those on whom our group may impact and who may impact on the group.

We maintain a proactive dialogue with our stakeholders who include our shareholders, investment analysts, our employees, regulatory authorities, the JSE Ltd and the media, through:

- formal presentations of our annual and statutory publication of our annual results;
- briefing sessions with major institutional shareholders after the release of our results;
- hosting investor and analyst sessions, which this year included a guided tour of one of our flagship projects in Rosebank;
- distributing information through the JSE's SENS communication system;
- media releases;
- our Chairman, CEO and CFO are available for interviews with members of the media and to answer questions from stakeholders;
- our comprehensive website (www.wbho.co.za) provides up-to-date information to all interested parties; and
- our annual general meeting provides our shareholders and our board with an opportunity to interact.



ACCOUNTABILITY CONTINUED



Corporate governance

Our corporate governance attempts to give a clear and transparent view of how WBHO is run, who is responsible and the principles that guide us. It needs to explain how we make and regulate decisions and disclose not only the structure of our business, but also its character. This level of transparency will give all our stakeholders the opportunity to assess whether we are in fact delivering against our objectives.

HOLDING OURSELVES ACCOUNTABLE

Being accountable for how we manage WBHO is a fundamental part of our corporate governance. It requires us to look closely at whether, as a company, we are acting with integrity and forethought and whether we are making the right decisions for the prosperity of our business and the wellbeing of our stakeholders. Reporting on our results holds us accountable to all of our stakeholders in a transparent and structured way, compelling us to take responsibility for actually doing what we say. In order to do this we must produce measurable, integrated results in a report that can be checked and analysed by external assurers and our stakeholders, against a set of established principles and objectives that accurately judge our performance.

Understanding the process and the structure used to direct and manage WBHO is at the core of holding us accountable

This ensures that we live by the same belief system and that decisions at all levels of the business are informed by the same principles, is our recognition that good corporate governance is key to the integrity of our organisation and our ability to manage risk and perform at optimum levels. It is for this reason that WBHO is committed to the highest standards of business integrity, ethics and professionalism.

We are reporting on our performance based on the recommendations of an external code of conduct, the King Code of Corporate Governance Principles for South Africa (King III), recognised as the definitive code for listed and unlisted companies in South Africa.

Our directors endorse the recommendations of King III and are taking the necessary steps to ensure they are applied in a practical manner throughout the group.

In terms of the Companies Act No 71 of 2008, we were required to establish a social and ethics committee by 1 May 2012 and to adopt a memorandum of incorporation (MOI) by 1 May 2013. We have established our social and ethics committee (see page 77 for the Committee's report) and will have adopted our MOI in advance of the deadline.



TRANSPARENCY GIVES OUR STAKEHOLDERS THE OPPORTUNITY TO ASSESS OUR DELIVERY AGAINST OUR OBJECTIVES.

 GRI 4.1

GOVERNANCE STRUCTURE


 GRI 4.2
Our board structure

We have a unitary board with nine directors of whom the majority are non-executive directors. Because our Chairman is an executive of the company we have appointed a lead independent non-executive director.

Attendance at WBHO's board and committee meetings in the financial year ended 30 June 2012

Directors	Board meetings	Audit committee	Risk committee	Remuneration committee	Nomination committee	Social and ethics committee	First appointed
Independent non-executive directors							
Gando Matyzuma (Lead independent non-executive director)	3/4 ⁺⁺⁺	3/4 ⁺⁺⁺	1/2 [*]	n/a	2/2	n/a	23 February 2009
Nonhlanhla Mjoli-Mncube	4/4	4/4	2/2	n/a	2/2	2/2 [*]	25 October 2006
James Ngobeni	4/4	4/4	2/2	n/a	2/2	n/a	25 October 2006
Savannah Maziya	4/4	n/a	n/a	2/2 [*]	2/2	n/a	25 October 2006
Non-executive director							
Malcolm McCulloch	4/4	n/a	n/a	2/2	2/2	n/a	15 September 2003
Executive directors							
Mike Wylie (Chairman)	4/4 [*]	n/a	n/a	2/2	2/2 [*]	n/a	11 July 1994
Louwtjie Nel (CEO)	4/4	4/4	2/2	2/2	2/2	n/a	1 August 2008
John Abbott (CFO) ⁺	2/2 ⁺	2/2	2/2	1/1 ⁺	n/a	2/2	26 October 2005
Charles Henwood (CFO) ⁺⁺	2/2 ⁺⁺	2/2	2/2	1/1 ⁺⁺	2/2	n/a	9 November 2011
Kobie Botha	4/4	n/a	0/2 ⁺⁺⁺	n/a	2/2	n/a	23 February 2009
Management							
Terry Armstrong	n/a	n/a	n/a	n/a	n/a	2/2	19 March 2012
Shereen Vally-Kara	n/a	n/a	n/a	n/a	n/a	2/2	19 March 2012

^{*} Chairman

⁺ Retired from the board and committees in November 2011

⁺⁺ Joined the board in November 2011

⁺⁺⁺ Apologies tendered

ACCOUNTABILITY CONTINUED

Corporate governance CONTINUED

GRI 4.3

Board composition

- 56% of our board members are non-executive directors
- 44% of our board members are independent
- 44% of our board members are black
- 33% of our board members are female
- The board is satisfied that the balance of power and objectivity on the board is sufficient

Accountability

In line with best practice the roles of our Executive Chairman and Chief Executive Officer are separate. The Chairman and lead independent director are responsible for leading the board and the Chief Executive Officer for the operational management of the group.

A board charter has been adopted that details the responsibilities of the board and regulates how business is to be conducted by the board. In terms of this charter the board's responsibilities include:

- setting strategy, monitoring succession planning, determining investment policy and reviewing detail quarterly management results against approved budgets and forecasts;
- evaluating the performance of the board, the chairman, individual directors and board committees; and
- determining the policies and processes that ensure the integrity of the group's management of risk and internal control.

While it retains overall accountability the board delegates the running of the day-to-day affairs of the group to the CEO and executive directors and it also delegates responsibility to its committees and the executive committee.

GRI 4.6

Conflicts of interest

Potential conflicts of interest are discussed and, if applicable, are appropriately disclosed, as prescribed in the Companies Act and the JSE Listings Requirements.

Dealing in securities

In accordance with the JSE Listings Requirements WBHO adopted a code of conduct for dealing in its securities. Directors and all members of senior management who are privy to the group's results are prohibited from dealing in the group's securities during a closed period, as defined in the company's share dealing policy established in compliance with the JSE Listings Requirements.

Directors and senior management are obliged to inform the Chairman and obtain his consent before dealing in the group's shares. Our Company Secretary records these dealings.

Information, induction and professional development

All newly-appointed directors receive formal and informal training related to the group and their duties as directors as part of their induction to the board. Directors are provided with ongoing support and resources that allow them to extend and refresh their skills and knowledge of the business. The board is also provided with information on any change in legislation or regulations and is briefed on market development.

Rotation of directors

One-third of the board retires in rotation, at which time they indicate whether they are available for re-election at the annual general meeting.





RIGHT
New Protea Court at
Sandton City
North building division



ACCOUNTABILITY CONTINUED



Our board committees

 GRI 4.9

AUDIT AND RISK COMMITTEES

Composition as at 30 June 2012

- Gando Matyumza (chairman and lead independent non-executive director)
- James Ngobeni (independent non-executive director)
- Nonhlanhla Mjoli-Mncube (independent non-executive director)

The Chief Executive Officer, the Chief Financial Officer, other senior managers, the internal audit manager and representatives of our independent external auditors, BDO South Africa Incorporated attend committee meetings by invitation and the chairman of the operational risk committee attends the risk committee by invitation.

All the members of the audit and risk committees are independent non-executive directors.

Role of the committees

Our audit and risk committees are two separate committees. Lead independent non-executive director, Gando Matyumza, chairs both committees. The audit committee meets at least four times a year and the risk committee meets at least twice a year. Shareholders appoint the committee members at the annual general meeting.

The audit committee:

- monitors the adequacy of financial controls and reporting;
- reviews the audit plans of the external and internal auditors and their adherence to these plans;
- reviews and recommends for adoption by the board any publicly disclosed financial information;
- considers the extent of non-audit services undertaken by the external auditors;
- ensures that the group's financial reporting complies with International Financial Reporting Standards (IFRS) and the Companies Act of South Africa; and
- reviews and makes recommendations to the board on all financial matters; and
- considers the expertise and experience of the CFO.

The audit committee's terms of reference allow for it to hold closed sessions with the internal auditors, the external auditors and management. Both internal and external audit have direct access to the chairman of the audit and risk committees. The audit committee meets its statutory requirement to ensure that the external audit function is independent from the company and recommends the external auditor to the shareholders for reappointment at the annual general meeting. It also approves the scope and fee of external audit and monitors compliance with non-audit services in terms of our non-audit services policy.

The risk committee:

Its primary objectives, which are outlined in its charter, are to:

- establish and maintain a common understanding of the risk universe that needs to be addressed if the group is to achieve its objectives;
- ensure that a thorough business risk assessment is undertaken and a risk profile is compiled by management;
- monitor the group's risk management; and
- satisfy corporate governance reporting requirements.



ALL MEMBERS OF THE AUDIT AND RISK COMMITTEES ARE INDEPENDENT NON-EXECUTIVE DIRECTORS.

In addition to overseeing the governance of the group's accounting and reporting and internal controls audit function, the audit and risk committees obtained assurance on the effectiveness of internal controls and the annual financial statements included in this integrated report. The risk committee oversees the governance of risks faced by the group.

Chairman's comment:

The advantage we have gained from combining our risk and audit committees is that it has highlighted the operational side of our business.

The risk committee has identified and ranked the risks WBHO faces and developed strategies that will allow the business to benefit from the opportunities presented by some of these risks and to mitigate others. As we apply these strategies we are beginning to see how the process is benefitting the business, rather than simply being a 'tick box' exercise. Our next step is to put a system in place that helps us to manage risk in the business and understand the impact of our strategies. We believe that the most appropriate place for the responsibility for risk to reside within the business is with divisional and departmental heads. The risk committee will be playing a key role in the integration process required to achieve this objective.

Integrated reporting is an area that I believe still needs some work in terms of the sustainability information included in our integrated report. We have not, as yet, interrogated this information to the same extent as we have the financial information. We also plan to develop a matrix during the next financial year that will provide the committee with a scorecard against which we can check that all the necessary assurances are in place.



NOMINATION COMMITTEE

Composition as at 30 June 2012

- All board members, chaired by the Executive Chairman.

We have not applied the King III recommendation which advocates that membership of a nomination committee should consist of a majority of independent non-executive directors and an independent chairman in the composition of this committee. When our board discussed the membership of the nomination committee we were in agreement that in order to make the best possible decisions regarding succession planning and the identification and evaluation of potential candidates for appointment to our board, all board members should be involved in the process. We also agreed that the chairman of the board should chair the committee.

Role of the committee

Our nomination committee:

- identifies and evaluates suitable potential candidates for appointment to the board;
- considers the composition of the board in terms of the mix of skills, the size of the board and the number of committees required; and
- reviews and approves executive succession and identifies and evaluates candidates for the position of Chief Executive Officer and Chief Financial Officer.

Chairman's comment:

I look forward to the valuable contribution the deliberations of this committee will make to ensuring that any new appointments we make to the board of WBHO contribute to its mix of skills and our executive and non-executive succession planning.

REMUNERATION COMMITTEE

Composition as at 30 June 2012

- Savannah Maziya (chairman and independent non-executive director – effective 1 January 2012)
- Malcolm McCulloch (non-executive director)
- The Chairman, Chief Executive Officer and Chief Financial Officer all attend the remuneration committee by invitation

Role of the committee

WBHO pays its directors, executive and employees, competitively structured packages. We also pay annual bonuses based on both individual and group performance and offer share incentive schemes to senior management and employees whom we have identified as future leaders.

The committee, in consultation with executive management:

- establishes the overall principles of remuneration;
- considers, reviews and approves the group's policy on remuneration for executive and non-executive directors, senior executives and employees;
- reviews annual bonuses;
- ratifies share allocations in terms of the group's share schemes; and
- reviews and evaluates the group's retirement funding policies and make recommendations where it believes these policies should be amended.

Chairman's comment:

We have agreed to increase the fees payable to our non-executive directors for the financial year 2012 – 2013 and a special resolution will be presented to our shareholders for their approval of the increase and the new remuneration at our annual general meeting on 9 November 2012.



SOCIAL AND ETHICS COMMITTEE

Composition as at 30 June 2012

- Nonhlanhla Mjoli-Mncube (Chairman and independent non-executive director)
- Terry Armstrong (Procurement director)
- John Abbott (Chairman: Support services)
- Shereen Vally-Kara (Company Secretary)

Role of the committee

Our social and ethics committee was established in March 2012. To ensure the committee members fully understand their responsibilities, they have all attended social and ethics committee training provided by the Institute of Directors. The committee will focus on the group's strategy and performance in terms of:

- social and economic development;
- broad-based black economic empowerment and employment equity;
- embedding a culture of ethical behaviour within the group;
- ensuring human rights are not violated;
- good corporate citizenship;
- health and public safety, health and environmental issues;
- labour and employment including skills development;
- client relations; and

is also responsible for monitoring the group's compliance with any relevant legislation and its application of the relevant codes of best practice.

ACCOUNTABILITY CONTINUED

Our board committees CONTINUED

Chairman's comment:

The formation of the social and ethics committee provides us with an opportunity to strengthen and reinforce the values and approach of our group. We believe that taking ethics and good corporate citizenship seriously and embedding these principles throughout our organisation gives us a competitive advantage. This has always been our approach and the introduction of a social, and ethics committee encourages us to address these areas of our business with renewed vigour. We have started with a gap analysis which is comparing what the group is currently doing with best practice and identifying any areas for improvement. Our gap analysis has already identified that existing board and management committees are addressing a number of the areas that the social and ethics committee is expected to monitor. We need to look at whether issues are being addressed at the right level in the organisation and make sure we provide the board with a comprehensive view of all the areas the social and ethics committee is expected to address.

The knowledge, insight and understanding of the group and its strategies residing in the members of our committee adds a great deal of value to our discussions.

Technology governance

Our board is responsible for information technology (IT) governance, assisted by the audit and risk committees. The group is in the process of implementing operations management systems, accounting systems and reporting functions in Australia to facilitate the group's integrated reporting structure.

Company Secretary

The Company Secretary is responsible for ensuring that the proceedings and affairs of the directorate, the company itself and, where appropriate, owners of securities in the company, are properly administered in accordance with the relevant laws.

All directors have access to the advice and services of the Company Secretary, who assists with advising directors on their responsibilities and the professional development of directors. Non-executive directors can, where necessary, obtain independent professional advice at the company's expense.

Ethics

The formation of the social and ethics committee provides us with an opportunity to strengthen and reinforce the group's ethical values and approach to doing business. It has focused our attention on these areas of our business with renewed vigour.

We take ethics and good corporate citizenship seriously and believe that embedding these principles throughout our organisation gives us a competitive advantage. We are committed to a culture where the highest levels of integrity are underpinned by transparent business transactions and robust assurance systems.

WBHO Alert, an independent hotline, is an essential component of our corporate governance, our risk management programme and our commitment to ethical behaviour. WBHO Alert is available to all our stakeholders for the confidential and anonymous reporting of instances of dishonesty, irregularities and inappropriate behaviour that may occur within the company.

GRI SO4

The hotline allows our stakeholders (employees, management, suppliers and customers) to report any suspected cases of this nature anonymously. It acts as a deterrent to dishonesty and inappropriate behaviour in the workplace and complies with the provisions of the Protected Disclosure, Act No 26 of 2000. WBHO Alert also demonstrates our commitment to sound corporate governance, especially insofar as whistleblowing is concerned. The Alert line is managed by the internal audit department and any reports are dealt with in line with good corporate governance procedures.

The group's audit and risk committee is notified of all material disclosures made on the hotline and it receives reports on the result of any investigations and actions WBHO takes in this regard. During FY12 WBHO Alert received 344 calls of which 18 that were relevant were investigated. Eleven of these investigations have been concluded and dealt with in line with group procedure. Five cases were dismissed, while the investigation of two of the cases is still ongoing. WBHO provides its management and employees with guidance on the procedures to be followed when there is evidence or suspicion of any incident of bribery or fraud.

Human rights

GRI HR1

INVESTMENT AND PROCUREMENT PRACTICES

WBHO's major contracts are with reputable international companies who are subject to human rights screening and the majority of whom apply the principles of the United Nations (UN) Universal Declaration of Human Rights, the International Labour Organisation (ILO) Conventions and the UN Global Compact. When working in Africa our contracts commit us to working in accordance with our clients' application of these principles and conventions.

WBHO subscribes to the fundamental principles of human rights enshrined in South Africa's Constitution and Bill of Rights. Our policies and practices are aligned with these principles to ensure that all our employees and stakeholders are treated with dignity and in a manner that is culturally appropriate, irrespective of gender background or race.

South African labour legislation prohibits the employment of children younger than 18 years of age.

All our African operations, regardless of where they are operating, abide by the human rights set out in the relevant South African and Australian legislation.

WBHO has grievance processes in place to ensure that any breaches of human rights can be reported, investigated and, where necessary, the appropriate corrective action can be taken. In addition, our employees can use the WBHO Alert hotline to report any activities that they believe are not in line with the company's policies on human rights.

WBHO seeks to extend its influence beyond the workplace to ensure high levels of human rights practice within our supply chain. Our major suppliers and subcontractors are expected to comply with our business ethos, which commits us to a culture of integrity, accountability, reliability and respect.



ACCOUNTABILITY CONTINUED

Remuneration report

INTRODUCTION

Remuneration for people employed or contracted with WBHO is determined by management with reference to the remuneration policy and with overview from the remuneration committee (remco), a committee of the main board.

WBHO's employees at all levels are considered to be the most important factor contributing to the success of our group. Our remuneration policy and procedures contribute to our ability to retain all our competent and experienced staff.

There is a culture that is inherent within the WBHO group that needs to be sustained. It has been part of the group since it began in 1970 and has evolved, and will continue to evolve with WBHO into the future. The longevity of management and the passing on of skills and experience has allowed us to maintain the important basic attributes of our culture. It is inherent in WBHO's ethos to retain, motivate and attract highly competent employees and offer them a future career within the group.

Underlying the success of WBHO are policies and procedures which are followed and continually developed, adapted and adopted according to the changing environment. The board's remco guides and assists WBHO in the ongoing development of the policies and procedures that support remuneration in WBHO.

DIRECTORS' AND PRESCRIBED OFFICERS' EMOLUMENTS

	Salaries R'000	Incentive bonuses R 000	Retirement and medical R 000	Other benefits R 000	Total emoluments R 000
2012					
Executive					
MS Wylie	876	7 485	423	163	8 947
EL Nel	1 084	8 167	331	227	9 809
JW Abbott*	346	3 881	97	151	4 475
JP Botha	1 024	7 070	326	163	8 583
CV Henwood^	694	–	184	204	1 082
	4 024	26 603	1 361	908	32 896
Prescribed officers					
Prescribed officer 1	1 004	6 996	310	189	8 499
Prescribed officer 2	976	3 888	297	192	5 353
Prescribed officer 3^	358	3 650	85	120	4 213
Prescribed officer 4	698	275	156	125	1 254
Prescribed officer 5	1 000	6 741	303	254	8 298
Prescribed officer 6	1 000	6 466	305	230	8 001
Prescribed officer 7	940	5 963	285	227	7 415
	5 976	33 979	1 741	1 337	43 033

* Executive director from July to November 2011

^ Executive director from November 2011 to June 2012

^ Prescribed officer from June - November 2011

	Salaries R'000	Incentive bonuses R'000	Retirement and medical R'000	Other benefits R'000	Total emoluments R'000
2011					
Executive					
MS Wylie	802	12 615	409	156	13 982
EL Nel	968	8 413	298	224	9 903
JW Abbott	907	4 933	273	251	6 364
JP Botha	915	8 965	294	189	10 363
	3 592	34 926	1 274	820	40 612
Prescribed officers					
Prescribed officer 1	872	7 231	274	189	8 566
Prescribed officer 2	890	4 075	277	197	5 439
Prescribed officer 3	946	1 250	226	338	2 760
Prescribed officer 4	641	281	140	120	1 182
Prescribed officer 5	880	7 032	269	423	8 604
Prescribed officer 6	872	6 820	271	227	8 190
Prescribed officer 7	808	5 775	253	221	7 057
	5 909	32 464	1 710	1 715	41 798

In terms of the remuneration recorded in the tables above, an annual bonus is paid on the basis of the results achieved by our operations in the previous financial year. These will vary depending on company, divisional or project results. Where there is excellent performance, additional bonus amounts can be earned. The remco approves the overall bonuses paid and, in particular, the bonuses paid to the executive directors and prescribed officers.

Included in the prescribed officer disclosure are the three highest paid executives besides the executive directors.

NON-EXECUTIVE DIRECTORS' FEES

	2012 R'000	2011 R'000
Directors fees		
Non-executive		
MW McCulloch	212	197
NS Maziya	249	194
NS Mjoli-Mncube	337	203
NNA Matyumza	391	264
JM Ngobeni	326	288
	1 515	1 146

Refer page 83 for an explanation of expenses included in fees paid.

DIRECTORS' AND PRESCRIBED OFFICERS' SHAREHOLDINGS

Number of shares ('000)	2012			2011		
Ordinary shares	Direct	Indirect	Total	Direct	Indirect	Total
MS Wylie	36	900 ⁺	936	36	600	636
EL Nel	261	-	261	261	-	261
JW Abbott*	394	-	394	394	-	394
JP Botha	184	-	184	184	-	184
CV Henwood [~]	-	100	100	-	-	-
NS Maziya [~]	-	681	681	-	669	669
NS Mjoli-Mncube [~]	-	681	681	-	669	669
JM Ngobeni [~]	-	681	681	-	669	669
	875	3 043	3 918	875	2 607	3 482

⁺ Zero cost collars entered into on 4 November 2009 as disclosed in a SENS announcement on 5 November 2009 did not result in put or call options on 300 000 WBHO shares being exercised and these shares were returned to the family trusts

* Executive director from July to November 2011

[~] Executive director from November 2011 to June 2012

- Non-executive director

ACCOUNTABILITY CONTINUED

Remuneration report CONTINUED

Note

The non-executives are “partners” in the Akani Investment Holdings (Pty) Ltd and Broad-based Employment Trust incentive scheme, whereby in 2006 to 2010 they were allocated 633 333 Akani shares linked one-for-one to WBHO shares locked in for 10 years. The number of WBHO shares that ultimately vest to each partner is dependent on the market value at the end of that period dependent on a predetermined threshold. A partner is entitled to leave the scheme if a trigger event occurs and if this were to happen at 30 June 2012 then that individual would receive 74 023 WBHO shares plus 48 082 WBHO shares purchased from dividends received during the six years that the scheme has been in existence, giving that partner 122 105 WBHO shares if the taxes due on vesting were paid directly by that partner. The indirect shares held at 30 June 2012 equal 633 333 Akani linked shares plus the 48 082 WBHO shares bought from the open market which equals 681 415 shares. See page 81 and for a full explanation to the calculations refer to the online integrated report published on our website.

Prescribed officers’ shareholding

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

Number of shares ('000)	2012			2011		
	Direct	Indirect	Total	Direct	Indirect	Total
Ordinary shares						
Prescribed officer 1	105	–	105	112	–	112
Prescribed officer 2	14	564	578	13	564	577
Prescribed officer 3	–	–	–	–	100	100
Prescribed officer 4	–	–	–	–	–	–
Prescribed officer 5	75	–	75	85	–	85
Prescribed officer 6	116	–	116	105	–	105
Prescribed officer 7	18	–	18	–	–	–
	328	564	892	315	664	979

REMUNERATION POLICY

Principles

The principles behind the remuneration policy to ensure attraction and retention of quality staff are as follows:

- Competitive remuneration packages that are realistic within the construction markets within which the group operates.
- Reward high-performing employees for the contribution made in the region, division or company for which they work.
- Each employee conducts themselves in line with the group’s code of conduct.
- Key performance indicators (KPIs) are based on economic, social and environmental targets.
- Manage the total cost to company for every employee (guaranteed salary).
- Incentive packages to reward both company performance and individual/team/project performance.
- Share-based incentives for key personnel.
- Reference to external sources on comparative remuneration levels within the industry.
- Non-financial rewards and recognition to ensure key employee retention.
- The remuneration policy is reviewed regularly to ensure that WBHO keeps pace with the continually changing market.
- Attention to and consideration for all employees’ requirements.
- Ensure that all stakeholders understand the remuneration policy.



LEFT

Hemingways Casino
near East London
Eastern Cape
building division

Remuneration structure

The integrated remuneration structure is made up of three components:

- Total cost to company (TCTC) – incorporating basic pay, car allowance, provident fund (superannuation), medical aid, leave and various other allowances (where applicable).
- Short-term incentive bonuses (performance-based) – dependent on company and individual performances for the previous financial year and accounted for on a cash paid basis in the following financial year.
- Long-term incentives (equity based) – involving share schemes and offered to senior executive directors and management.

The company has adopted a remuneration structure that is biased toward the performance of senior directors and management and bonuses form a material portion of their total remuneration. Consideration is given to rewarding certain senior staff with long-term sustainable incentives (through share-based incentives), together with annual performance bonuses.

The remuneration structure for junior employee categories varies in accordance with levels determined by the market and the operational/functional responsibilities expected from each individual employee.

The long-term share-based incentives are provided for senior management and future leaders identified by the executive. These shares are allocated at a discount and ownership vests over three to five years.

Executive directors' contracts

Notice periods for directors range from 30 to 180 days dependent on strategic considerations. Certain executives who have shares in WBHO or subsidiaries have restraint of trade (non-compete) agreements for varying periods, depending on the individual circumstances.

Non-executive remuneration

The remuneration of non-executive directors is based on proposals from remco, which are submitted to the board for approval. Non-executive directors sign service contracts with the company upon appointment. The term of office of non-executive directors is governed by the memorandum of incorporation which provides that:

- directors who have served for three years will retire by rotation, but may, if eligible, offer themselves for re-election for a further three-year term; and
- directors who have served for more than nine years will retire at the end of that term but may, if eligible, be re-elected annually for further periods of one year at a time.

Fee structure

The remuneration of non-executive directors who serve on the board and its committees is reviewed by the committee annually. Remuneration is compared with that of selected peer companies on an annual basis and recommendations are then submitted to the board for approval.

Non-executive remuneration is determined and paid quarterly based on an annual fee, a non-attendance penalty is deducted for non-attendance at any meeting.

Any additional time spent on company business is paid at a fixed hourly rate.

Fees are approved annually on this basis at the annual general meeting and apply with effect from 1 September of that financial year.

Refer page 81 for fees paid during the current year.

Expenses

Any travel and accommodation expenses of directors are included in the fees and paid by WBHO.

Directors

Certain of the directors own WBHO shares either directly or through beneficial trusts these holdings are disclosed on page 81.

Prescribed officers

Our prescribed officers own WBHO shares either directly or through beneficial trusts these holdings are disclosed on page 82.

REMUNERATION COMMITTEE

The remco consists of at least two independent non-executive directors refer page 77. Senior executive management is invited to meetings to provide adequate background to the matters that are debated. Meetings take place bi-annually when bonuses are awarded and when increases are decided.

The committee is bound by the regulations governing corporate governance and the JSE Ltd Listings Requirements and substantially follows the guidelines set by the King Report on Governance for South Africa 2009.

Our subsidiaries in Australia are governed by their own remuneration committee, made up of executive board members, and they follow similar procedures to those conducted in South Africa. The final authorisation of Australian increases and incentives are given after a detailed presentation has been given to the Chairman, CEO and CFO of WBHO.

Committee's responsibilities:

The WBHO board's remuneration committee reports directly to the main board and submits all its decisions to the board for final ratification.

Its major responsibilities include:

- assisting in the planning and structuring of the remuneration policy;
- determining both executive and non-executive packages;
- advising on performance and other incentive-based schemes for both executives and employees;
- involvement in the group retirement funds;
- participating in the succession planning for directors (both executive and non-executive) and senior executives to ensure WBHO's sustainability;
- advising on the determination of the employment contracts for the company's executive directors and other members of executive management, with appropriate notice periods; and
- reviewing and recommending to the company's board all proposals for executive share-based and other short- and long-term incentive schemes.

Annual decisions the committee is required to make

Listed below are the decisions made annually by the committee with regard to this remuneration policy:

- Any amendments to the remuneration policy documents.
- The annual total cost to company increases and short term incentive bonuses, considering:
 - the financial performance of WBHO and its divisions and subsidiaries ("business units");
 - the level of the business units bonus pools created from profits earned;
 - inflation;
 - increases in the construction industry;
 - individual performances; and
 - factors relating to guaranteed pay;
- Guaranteed pay levels of all executives.
- Assessing whether or not the prescribed performance criteria have been achieved by the company and for key individuals.
- Allocation of shares specifically for the senior executives in terms of the various group share schemes.

ACCOUNTABILITY CONTINUED

Remuneration report CONTINUED

Considerations ruling the remuneration structure

Total cost to company (guaranteed pay)

Salaried employees

The TCTC which makes up our employees' guaranteed remuneration other than the guaranteed thirteenth cheque, is monitored through stringent cost management. This procedure ensures that the cost of the remuneration package paid to employees is properly controlled and does not include excessive liabilities. The TCTC represents a generally accepted practice for paying employees, which enables accurate and meaningful benchmarking of remuneration packages.

The company attempts to position itself against the industry from where we acquire skills, or to which we are likely to lose skills. In Australia the levels of remuneration are compared with the national and state statistics, both for the public and private sectors. These statistics take into account TCTC and incentives as well as allowing for seasonal requirements and special requirements. This year, in South Africa, WBHO is in the process of comparing itself to the general market and the market in which we operate. Furthermore, the pay levels of top executive positions in the company are to be benchmarked against national market executive remuneration surveys. General adjustments to guaranteed pay levels are reviewed and adjusted. These adjustments are effective 1 March (for Africa) and 1 July (for Australia) each year.

The group's annual TCTC increase process takes place during January/February in the case of our African operations and in May/June for our Australian operations. Increases are determined by the committee, with guidance from executive management and reference to: market-related TCTC increases, individual promotions, individual performance, the performance of the project, division and company, and other relevant factors.

The company follows a framework when considering performance for increases in TCTC. Performance management and assessment is practised throughout each division and department of WBHO and is dependent on divisional or department performance, personal performance and achievement but this process is not documented. The proposed increases in TCTC are submitted to the executive committee (Exco) for thorough review before authorisation. Following this review they are ratified by the remco.

A number of specific indicators are assessed when considering increases for each executive director. These are undertaken by the executive chairman and lead independent non-executive director, who assesses the executive chairman, and thereafter are confirmed by the committee.

Hourly paid employees

In South Africa the annual increase in remuneration and annual bonus allocations for hourly paid employees, are determined at industry level, through the process of substantive negotiations between industry representatives and the trade unions. Enterprise agreements are agreed with the unions at state and/or project level, whereby pay rates, allowances and benefits are determined for set periods. Management, however are integrally involved with applying increases based on merit for deserving employees.

During the year the group's hourly paid employees are continually trained and monitored and, where appropriate, are promoted to higher levels with the aligned rate increase for that particular trade or occupation. These promotions are discussed and authorised by both the supervisors and the managers who are directly involved with these employees.

Short-term incentive bonuses

There is a guaranteed annual bonus equivalent to a thirteenth payment of basic pay. Otherwise, bonuses are discretionary and depend on the individuals' and business units' performance. Therefore, besides the 13th payment no employee has a guaranteed bonus.

WBHO's executive committee members (Exco) participate in the determination of performance bonuses for the group, divisions, departments and subsidiary companies, the levels of which are set by the financial and strategic performance of these entities, as well as the personal performance of individual employees, with the exception of the WBHO executive directors.

With regard to the executive directors, certain specific indicators are considered when determining the short term bonus for each executive. These assessments are conducted by the executive chairman and lead independent non-executive director when assessing the executive chairman and thereafter confirmed by remco.



LEFT

Tygervalley shopping centre
Cape building division

Non-executive directors do not qualify to participate in the short-term bonus incentives.

Below executive level annual performance bonuses for all employees are discretionary and are paid out at various multiples of basic pay, dependent on company, divisional, departmental, project and individual performance. All the bonuses are debated and reviewed thoroughly prior to recommendation by Exco. The recommendations are debated and considered prior to authorisation by remco.

In the case of our hourly paid staff, bonuses are determined annually in line with the agreements signed with the various unions. Where appropriate, certain individuals are awarded additional bonuses in line with their individual performances. These bonuses are then reviewed and approved by the divisional managing directors.

Long-term incentives

These special purpose vehicles which the group utilises with the aim of retaining, rewarding and attracting talent for the group.

WBHO Management Trust

Trustees may award eligible employees options or an offer to purchase shares at the greater of the weighted average price that the trust purchased the shares or 70% of the market price ruling. The option may be exercised at the end of the fifth year, but must be exercised at the end of the seventh year and the purchase settled after five years. Dividends relating to options only go to the employees once they have exercised their rights. Dividends on purchase of shares are used to repay loans if applicable. Unless the main board determines otherwise, options/purchases granted to an employee will also lapse if employment is terminated.

The shares on offer are limited to the number of shares that the trust has in stock.

WBHO Share Trust

The trustees are permitted to grant employees options or an offer to purchase shares at 90% of the market price ruling. One third of the option may be exercised at the end of the third, fourth and fifth years. Any option/purchase not exercised after the fifth year will automatically lapse. Dividends relating to these options only go to the employees once they have exercised their rights. Dividends on purchase of shares are used to repay loans if applicable. Unless the main board determines otherwise, options granted to an employee will also lapse if employment is terminated.

The maximum number of shares that may be utilised as share issues and for share options is 11 000 000, as agreed to at a meeting of the shareholders, and the maximum number which may be offered to one participant is 750 000. Only executive directors are entitled to this offer.

Akani Investment Holdings (Pty) Ltd and the Broad-Based Employee Share Incentive Trust

The company and the trust are both special purpose vehicles created to give effect to the group's black economic empowerment initiative, which are aimed at sourcing strategic black partners and rewarding black employees who have been in the service of the group for more than five years.

The Edwin Share trust

This trust is a special purpose vehicle through which Edwin Construction (Pty) Ltd aims to retain and reward talent within the company. The company issues Edwin Construction shares to the trust at the discretion of the directors.

Full details pertaining to these trusts are contained in the 2012 integrated report published on our website.

Taxation of share schemes

Tax is payable at personal rates on the difference between the offer price and the ruling price on the date when the vesting period has expired. Furthermore, capital gains tax is payable on the gain made on shares sold, calculated from the ruling price on the expiry date of the vesting period and the price at which the shares were sold.

Interest-free loans are taxed, at the ruling tax rate, on an annual basis, for the duration of the five- to seven-year vesting periods.

Australian Subsidiaries' Employee Share Schemes

Selected employees participate in these employee share schemes. Participants are chosen based on their responsibility, seniority and length of service, and a number of shares are then offered to them.

Participants are required to purchase shares at fair market value (FMV), based on an annual calculation that takes into consideration audited earnings, the current budget and retained earnings.

Where required, company loans are provided to the participants (secured against their shareholding). Loans are progressively repaid through a compulsory dividend reinvestment programme.

Probuild and Probuild Civil Long-Term Incentive Schemes

There are a number of participants of this incentive scheme in the Probuild and Probuild Civil businesses. Participants are selected based on their contribution to the growth and profitability of the business.

Participants are issued profit (phantom) shares at FMV based on an annual calculation that takes into consideration audited earnings, the current budget and retained earnings.

These phantom shares are redeemed at the end of three years at the prevailing FMV. The difference between the issued value and redemption value is the incentive that is paid to the participant.



LEFT

No 1 Silo project – new offices for Allan Gray Cape building division

ACCOUNTABILITY CONTINUED



Our management committees

EXECUTIVE COMMITTEE

Role of the executive committee:

- It assists the CEO with the management of the group.
- It is responsible for all material matters that are not the responsibility of the board.
- It recommends policies and strategies.
- It monitors and coordinates implementation.

Composition

- Louwtjie Nel – Chief Executive Officer
- Charles Henwood – Chief Financial Officer
- Kobie Botha – Group Managing Director Roads and earthworks division
- Michael Sprott – Divisional Managing Director of Roads and Earthworks International
- Peter Taylor – Divisional Managing Director Roads and Earthworks North division
- Paul Foley – Group Managing Director Building and Civil Engineering division
- Fernando Monteiro – Divisional Director Building division
- Khulu Mabaso – Divisional Director of Civil Engineering which is part of the Building and Civil division
- Duncan Barry – Managing Director WBHO Projects division
- Terry Armstrong – Procurement Director
- Eddie Maila – Director and CEO of Edwin Construction (Pty) Ltd
- Wayne Reddie – Group Human Resources Divisional Director
- Shereen Vally-Kara – Company Secretary

OPERATIONAL RISK COMMITTEE

Role of the committee

The committee manages risk at operational level. Its members, who are the owners of certain risks, attend board risk committee meetings by invitation and they report into that committee on their management of the risks for which they are responsible.

Composition

- Kobie Botha – Chairman responsible for the risks posed by political instability in the countries in which we operate
- Louwtjie Nel – responsible for the risk posed by an increase in global and local competition
- Paul Foley – responsible for any risks the workforce poses
- Charles Henwood – responsible for the risk posed by the rand exchange rate against a basket of trading currencies
- Terry Armstrong – responsible for the risk posed by the selection of unreliable clients and suppliers
- John Abbott – responsible for the risk posed by non-compliance with laws and regulations
- Kobie Botha and Paul Foley are jointly responsible for the risks posed by:
 - WBHO's inability to deliver on current and future growth aspirations;
 - a shortage of suitably-experienced managers and skilled staff; and
 - major safety, health, environmental or quality incidents.

All members are responsible for the risk identified this year posed by the loss of a key member of the executive or senior management.



EACH STRATEGIC RISK HAS BEEN ALLOCATED TO THE SENIOR EXECUTIVES OF THE GROUP AND IT IS THEIR RESPONSIBILITY TO CONTINUALLY MONITOR THESE RISKS.

Control measures in place to improve governance, risk and compliance

Issue	Control measures	Additional control measures
External audit	BDO continue as WBHO's external auditors	A special investigation has been implemented to ensure that all issues with regard to tax have been dealt with correctly
Internal audit	WBHO's internal audit department provides this function	The annual internal audit programme is approved by the audit committee and this year plans to expand the governance assurance
Physical risk	Our insurable risk programme manages our exposure in terms of injury to people and plant and also includes contract management all risks	Fine tune evacuation cover Re-evaluate our professional liability
Safety, health, environment and quality	The WBHO group maintains an OHSAS 18001-certified safety management system (SMS) We have expanded our ISO 14001 footprint WBHO has achieved ISO 9001 certification for the past eight years	Formation of the group support division to enhance systems and procedures throughout the group
Competition Act compliance	We have appointed a group Competition Act Compliance officer and have undertaken a detailed analysis of our competition risks and controls to ensure risk areas are appropriately addressed	Our employees are continually trained in what is required of them in terms of complying with the Act
Ethical conduct	The WBHO Alert hotline, ensures anonymity to a whistleblower A formal process of investigation and disciplinary action is included in our whistleblowing policy WBHO has a formal code of conduct which has been upgraded to cover the Competition Commission Act and good business practice	Reports on calls to the hotline are submitted to the audit committee and the social and ethics committee Ethics is included as a risk on our risk register to ensure appropriate focus and control environment

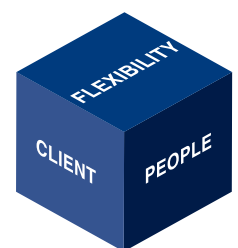


LEFT

Nicolway shopping centre
North building division

K-RITH MEDICAL FACILITY IN KZN





STATEMENT OF RESPONSIBILITY BY THE BOARD OF DIRECTORS

FOR THE YEAR ENDED 30 JUNE 2012

The directors are responsible for the preparation, integrity and fair presentation of the financial statements of Wilson Bayly Holmes-Ovcon Ltd and its subsidiaries. The audited annual financial statements, presented on pages 96 to 148 have been prepared in accordance with International Financial Reporting Standards (IFRS) and the Companies Act No 71 of 2008, and include amounts based on judgements and estimates made by management. The directors have also prepared any other information included in the integrated report and are responsible for both its accuracy and its consistency with the financial statements.

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

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

The going-concern basis has been adopted in preparing the financial statements. The directors have no reason to believe that the company or the group will not be going concerns in the foreseeable future based on forecasts and available cash resources. The viability of the company and the group is supported by the financial statements.

The financial statements have been audited in accordance with the requirements of the Companies Act No 71 of 2008 by the independent auditors, BDO South Africa Inc., who were given unrestricted access to all financial records and the related data, including minutes of all meetings of shareholders, the board of directors and committees of the board. The directors believe that all representations made to the independent auditors during their audit were valid and appropriate. BDO South Africa Inc.'s unmodified audit report is presented on page 92.

The financial statements were prepared by the Chief Financial Officer, Charles Henwood CA(SA) and approved by the board of directors on 31 August 2012 and are signed on its behalf by



Mike Wylie
Chairman



Louwtjie Nel
Chief Executive Officer

STATEMENT OF COMPLIANCE BY THE COMPANY SECRETARY

FOR THE YEAR ENDED 30 JUNE 2012

I confirm that the company has lodged with the Registrar of Companies in respect of the year ended 30 June 2012 all returns which are required to be lodged by a public company in terms of the Companies Act No 71 of 2008, and that all such returns are true, correct and up to date.



Shereen Vally-Kara
Company Secretary

31 August 2012

AUDIT REPORT

FOR THE YEAR ENDED 30 JUNE 2012

TO THE MEMBERS OF WILSON BAYLY HOLMES-OVCON LTD

We have audited the consolidated annual financial statements and annual financial statements of Wilson Bayly Holmes-Ovcon Ltd, which comprise the consolidated and separate statements of financial position as at 30 June 2012, the consolidated and separate statements of financial performance and statements of other comprehensive income, the consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, and the directors' report, as set out on pages 94 to 148.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The group's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act No 71 of 2008. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

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

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

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

OPINION

In our opinion, these financial statements present fairly, in all material respects, the consolidated and separate financial position of Wilson Bayly Holmes-Ovcon Ltd as at 30 June 2012, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act No 71 of 2008.

BDO South Africa Inc.

BDO South Africa Incorporated

Registered Auditor
Per SD Shaw

22 Wellington Road
Parktown
2193

31 August 2012

AUDIT COMMITTEE REPORT

FOR THE YEAR ENDED 30 JUNE 2012

The audit committee report has been prepared in terms of section 94(7)(f) of the Companies Act No 71 of 2008, as amended.

The committee has complied with the requirements of the King III Report and has conducted its work in accordance with the terms of reference which have been approved by the board and are recorded in the Corporate Governance Report for the financial year ended 30 June 2012.

AUDIT COMMITTEE MEMBERS AND ATTENDANCE AT MEETINGS

The committee comprises Ms Nomgando Matyumza, the chairperson, Ms Nonhlanhla Mjoli-Mncube and Mr James Ngobeni, all independent non-executive board members.

A table setting out the attendance at the committee meetings appears on page 73. Their CVs appear on pages 6 and 7.

The CEO, CFO, the external audit partner, the internal audit manager and other senior managers attend the committee meetings by invitation.

The committee discharges all audit committee responsibilities of all the subsidiary companies within the group. The committee performed the following activities during the year:

INTERNAL CONTROLS

- During the financial year under review the committee considered the effectiveness of the internal audit procedures and approved the operational internal audit work plan. The committee also monitored the adherence of the internal audit department to its plan.
- Both the internal and external audit management reports concerning the effectiveness of the internal control environment, the systems adopted and processes conducted were reviewed and debated.
- The committee dealt with all matters raised in the reports of both internal and external auditors requesting appropriate responses and actions from management.
- Furthermore, the committee reviewed the processes in place for reporting matters of concern relating to accounting practices, internal audit procedures and practices, the adequacy of the auditing of the group's financial statements, the internal controls of the company and any related matters.
- During the year the committee made appropriate recommendations to the board regarding the corrective actions that had to be adopted as a consequence of the audit findings.
- The group fraud policy was reviewed by the committee and satisfied themselves that any instances of whistle-blowing were appropriately resolved.
- The ethical conduct of the group, its executives and senior management was found to be acceptable during the year.

STATUTORY DUTIES

In terms of the committee's statutory duties, the committee ensured that any extra or non-audit services that were provided by the external auditors were such that their independence would not be impaired and were approved and ratified by the board. The audit charter together with the audit committee working plan was approved by the board.

The committee was satisfied and reported to the board that the group was operating as a going concern. It had also been satisfied that the group has reported in terms of International Financial Reporting Standards. The committee was also satisfied that the group had complied with the JSE Listings Requirements.

The committee ensured that both the internal and external audit functions were conducted independently and to ensure this process had held separate meetings with both the internal audit department and the external auditors, BDO South Africa Incorporated (BDO).

The committee had ensured that in agreeing the audit fee for the year, that the audit environment would not be curtailed in anyway and the appropriate level of scope be adopted.

The committee reviewed the performance, appropriateness and expertise of the Chief Financial Officer and confirms his suitability for appointment as financial director in terms of the JSE requirements.

The committee confirmed that it is satisfied with the independence of the group's external auditors and the respective audit partners.

The committee reviewed the performance and independence of the external auditor, BDO and nominated their appointment and further approval at the annual general meeting, as well as accepting Mr S Shaw as the designated audit partner for the 2013 financial year.

The committee is therefore satisfied that the group has adhered and complied with all the statutory requirements for the year ended 30 June 2012.



Nomgando Matyumza

Audit committee chairperson

29 August 2012

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2012

NATURE OF BUSINESS

The company is listed on the securities exchange operated by JSE Ltd and is the holding company of a number of subsidiary companies principally engaged in civil engineering and building contracting activities in the Republic of South Africa and internationally.

GROUP RESULTS

Revenue increased by 21% to R17,9 billion (2011: R14,8 billion) while operating profit before non-trading items decreased by 11% to R976 million (2011: R1 billion). Earnings attributable to the equity shareholders of the group amounted to R649 million and headline earnings attributable to equity shareholders of the group amounted to R639 million (2011: R775 million). A reconciliation between earnings and headline earnings is disclosed under note 24. The audited consolidated annual financial statements set out on pages 96 and 141 provide full details of the financial position, results of operations and cash flows for the year ended 30 June 2012.

SUBSIDIARIES

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

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

The remaining 49% interest in WBHO-Carr Civil Contracting Pty Ltd was acquired by WBHO Australia Pty Ltd on 1 January 2012 at a cost of R10,9 million. The group has furthermore increased its shareholding in Probuild Constructions (Aus) Pty Ltd from 76,6% to 78,5% during the year.

LOSSES IN SUBSIDIARIES

Included in the group's profit before tax of R1,1 billion are pre-tax losses from the following subsidiaries:

Subsidiary	Country of incorporation	Loss before tax
Matkovich & Hayes (Pty) Ltd	South Africa	R0,3 million
Renniks Construction (Pty) Ltd	South Africa	R0,5 million
Roadspan Holdings (Pty) Ltd	South Africa	R2,6 million
St Francis Golf Links (Pty) Ltd	South Africa	R25,1 million
WBHO-Carr Civil Contracting Pty Ltd	Australia	R52,7 million

SHARE CAPITAL

The company has issued 66 000 000 ordinary shares.

Subject to the regulations of the JSE, 10% of the unissued ordinary shares are under the control of the directors until the next annual general meeting (AGM) to be held on 7 November 2012. At the AGM, shareholders will be requested to grant the directors the same authority until the next annual general meeting in 2013.

DIVIDENDS

The group declares dividends dependent upon profits earned and the availability of cash. On 31 August 2012 the directors declared a final gross dividend of 242 cents (2011: 220 cents) per ordinary share from income reserves, which together with the interim dividend of 110 cents (2011: 110 cents) per ordinary share, results in a total payment to shareholders of 352 cents per share (2011: 330 cents).

In terms of new tax legislation effective 1 April 2012 the final dividend is subject to a dividend withholding tax of 15%. The company has no STC credits, as a result the net dividend to non-exempt shareholders amounts to 205,7 cents per ordinary share.

The following dates are also relevant:

Last date to trade cum dividend:	Friday, 12 October 2012
Trading ex dividend commences:	Monday, 15 October 2012
Record date:	Friday, 19 October 2012
Payment date:	Monday, 22 October 2012

SHARE SCHEMES

During the year the first tranche of shares issued from Akani Investment Holdings (Pty) Ltd, the group's broad-based black economic empowerment vehicle, vested with employees. A total of 1 083 employees were awarded between 285 and 508 shares each.

On 29 June 2012, 653 500 shares were issued to staff members from the WBHO Management Trust.

In terms of the trust deeds a further 11 655 000 shares could be issued to eligible employees.

Further details of transactions undertaken by the share trusts and empowerment vehicles are disclosed under note 31.

There have been no changes to the trustees of the share schemes for the year under review.

Participants in the schemes were advanced interest-free loans by the trust to enable them to purchase the shares offered.

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

BORROWING POWERS

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

DIRECTORATE

Details concerning the company's auditors, secretary, business and postal addresses are set out on page 159.

In terms of the company's memorandum of incorporation, Mr JP Botha, and Mesdames NS Maziya and NS Mjoli-Mncube retire at the forthcoming AGM and are eligible for re-election. On 9 November 2011 Mr JW Abbott retired from the board of directors and Mr CV Henwood was appointed. Shareholders will be requested to ratify Mr Henwood's appointment at the AGM.

Ms Maziya disposed of her shareholding in Bunengi Mining Services (Pty) Ltd, an entity in which the group also owned an interest, and consequently meets the criteria for an independent director effective from 1 January 2012.

DIRECTORS' SHAREHOLDING

The direct and indirect interests of the directors are disclosed within the remuneration report on pages 80 to 85.

There have been no material changes to directors' shareholdings between the statement of financial position date and the date of this report.

The composition of the board is disclosed on pages 6 and 7.

RELATED PARTY TRANSACTIONS

Mr MW McCulloch has a 40% interest in Carlmac Holdings (Pty) Ltd, a company which has a 10% interest in Capital Africa Steel (Pty) Ltd, of which the group is also a shareholder. Mr McCulloch is also a director of Capital Africa Steel (Pty) Ltd.

There were no other transactions with directors or entities in which directors have a material interest.

PROPERTY, PLANT AND EQUIPMENT

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

SUBSEQUENT EVENTS

On 2 July 2012 WBHO Australia Pty Ltd entered into a share sale agreement to sell its 100% ownership in WBHO-Carr Pty Ltd for a consideration of 5 million shares in WBHO Civils Pty Ltd. The effect of the transaction was to change the shareholding of WBHO Civils Pty Ltd as follows:

	Before	After
WBHO Australia Pty Ltd	46,25%	70,9%
Probuild Constructions (Aust) Pty Ltd	46,25%	25,0%
Non-controlling interests	7,50%	4,1%

On 5 September 2012 the group acquired an additional 4% interest in Probuild Constructions (Aust) Pty Ltd at a cost of AUD10 million. The effective interest in Probuild has increased from 78,5% to 82,5% as a result of the transaction.

On 7 September 2012 Probuild Constructions (Aust) Pty Ltd (Probuild) acquired the remaining 49,9% interest in Contextx Holdings Pty Ltd (Contextx). The acquisition was effective from 1 July 2012. Probuild issued 2,3 million shares and paid AUD13 million to partially settle the purchase price of AUD32 million. A further AUD6 million has been deferred and is dependent on performance. The effective interest of the group in Probuild has decreased from 82,5% to 76% as a result of the transaction.

SPECIAL RESOLUTIONS

The following special resolutions were passed at the 2011 annual general meeting:

Special resolution 1

Directors' fees for FY12 were approved.

Special resolution 2

General approval was obtained to repurchase company shares.

The following special resolutions were passed at the general meeting held on 2 September 2011:

Special resolution 1

Authority to provide financial assistance to any group company was approved.

Special resolution 2

Non-executive directors' fees retrospective to FY11 were approved in terms of the Companies Act No 71 of 2008 requirements. The fees were previously approved as an ordinary resolution.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2012

	Notes	2012 R'000	2011 R'000
ASSETS			
Property, plant and equipment	2	1 645 145	1 433 063
Investment property	3	12 829	-
Intangibles	4	460 063	390 467
Deferred taxation	15	218 419	92 712
Investment in associates	5	420 362	401 116
Listed and unlisted investments	7	21 358	20 016
Long-term receivables	8	169 799	123 936
Total non-current assets		2 947 975	2 461 310
Non-current assets held-for-sale	6	-	11 020
Total non-current assets held-for-sale		-	11 020
Inventories	9	182 912	230 313
Amounts due by customers	10	874 891	549 241
Trade and other receivables	11	4 028 986	3 052 884
Taxation		142 692	304 208
Cash and cash equivalents	33.3	3 068 884	2 882 772
Total current assets		8 298 365	7 019 418
Total assets		11 246 340	9 491 748
EQUITY			
Stated capital		28 625	28 625
Non-distributable reserves		243 067	143 566
Retained earnings		3 684 089	3 199 713
Shareholders' equity		3 955 781	3 371 904
Non-controlling interests	12	272 379	258 305
Total equity		4 228 160	3 630 209
LIABILITIES			
Interest-bearing borrowings	13	132 429	66 410
Other long-term financial liabilities	14	18 982	24 116
Deferred taxation	15	11 622	41 000
Total non-current liabilities		163 033	131 526
Excess billings over work done	10	1 925 184	1 237 105
Trade and other payables	16	3 403 864	2 740 713
Short-term portion of interest-bearing borrowings	13	79 392	39 870
Derivative financial instruments	18	2 193	-
Provisions	17	1 351 315	1 611 849
Taxation		93 199	84 083
Bank overdrafts	33.3	-	16 393
Total current liabilities		6 855 147	5 730 013
Total liabilities		7 018 180	5 861 539
Total equity and liabilities		11 246 340	9 491 748

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2012

	Notes	2012 R'000	2011 R'000
Revenue	19	17 893 351	14 766 631
Operating costs		(15 896 926)	(12 815 172)
Administrative costs		(1 020 723)	(861 410)
Operating profit before non-trading items		975 702	1 090 049
Impairment of goodwill	4	(23 220)	(36 640)
Negative goodwill realised		-	374
Share-based payment expense	31	(10 420)	(32 418)
Profit on disposal of investment	20	41 982	57 921
Impairment of associate loans	5	-	(65 867)
Impairment of other loans		(9 398)	-
Fair value adjustments to financial assets		(80)	97
Operating profit	20	974 566	1 013 516
Investment income	21	195 029	224 727
Finance costs	22	(13 894)	(18 089)
Share of profits and losses in associates	5	(39 538)	(51 388)
Profit before taxation		1 116 163	1 168 766
Taxation	23	(403 003)	(380 000)
Profit for the year		713 160	788 766
Profit attributable to:			
Equity shareholders of Wilson Bayly Holmes-Ovcon Ltd		648 754	733 475
Non-controlling interests		64 406	55 291
Profit for the year		713 160	788 766
Weighted average number of shares ('000)		54 795	54 727
Diluted weighted average number of shares ('000)		55 092	55 237
Earnings per share (cents)		1 184,0	1 340,2
Diluted earnings per share (cents)		1 177,6	1 327,9
Dividend per share (cents)		352,0	330,0

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2012

	2012 R'000	2011 R'000
Profit for the year	713 160	788 766
Translation of foreign entities	82 435	17 005
Share of associate companies' comprehensive income/(loss)	6 646	(17 922)
Total comprehensive income for the year	802 241	787 849
Total comprehensive income attributable to:		
Equity shareholders of Wilson Bayly Holmes-Ovcon Ltd	737 835	723 980
Non-controlling interests	64 406	63 869
Total comprehensive income for the year	802 241	787 849

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2012

	Notes	2012 R'000	2011 R'000
Cash flow from operating activities			
Cash generated from operations	33.1	1 021 546	345 276
Adjusted for:			
Investment income		116 570	224 727
Finance costs		(13 593)	(18 089)
Taxation paid	33.2	(381 377)	(650 624)
Dividend paid		(203 613)	(224 562)
Net cash flow from operating activities		539 533	(323 272)
Cash flow from investing activities			
Repayment/(advances) of long-term receivables		36 322	(99 034)
Proceeds from sale of financial assets		697	86 516
Acquisitions net of cash acquired	34	-	(75 285)
Changes in shareholding of subsidiaries	35	(41 328)	(221 556)
Proceeds from the disposal of an investment in associate		52 923	-
Increase in advances to associates		-	(104 404)
Proceeds on disposal of plant and equipment		53 780	42 842
Purchase of property, plant and equipment			
- to maintain operations		(145 098)	(85 030)
- to expand operations		(258 044)	(204 197)
Net cash flow from investing activities		(300 748)	(660 148)
Cash flow from financing activities			
Instalments in respect of capitalised finance leases		(36 280)	(53 341)
Increase in equity loans from non-controlling interests		-	12 101
Net cash flow from financing activities		(36 280)	(41 240)
Increase/(decrease) in cash and cash equivalents for the year		202 505	(1 024 660)
Cash and cash equivalents at beginning of year		2 866 379	3 891 039
Cash and cash equivalents at the end of year	33.3	3 068 884	2 866 379

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2012

	Number of ordinary shares issued	Number of shares held by share trusts	Net shares issued to the public	Stated capital R'000
Balance at 30 June 2010	66 000 000	11 208 554	54 791 446	28 625
Profit for the year	-	-	-	-
Other comprehensive income	-	-	-	-
Share of movement in associates' equity	-	-	-	-
Dividend paid	-	-	-	-
Treasury shares acquired	-	64 880	(64 880)	-
Share-based payments expense credited to equity	-	-	-	-
Recognised on acquisition of subsidiaries	-	-	-	-
Change in shareholding of subsidiaries	-	-	-	-
Goodwill recognised in equity	-	-	-	-
Equity loans advanced by non-controlling interests	-	-	-	-
Balance at 30 June 2011	66 000 000	11 273 434	54 726 566	28 625
Issue of shares from share trusts (29 June 2012)	-	(653 500)	653 500	-
Vesting of shares (1 January 2012)	-	(189 750)	189 750	-
Profit for the year	-	-	-	-
Other comprehensive income	-	-	-	-
Share of movement in associates' equity	-	-	-	-
Dividend paid	-	-	-	-
Treasury shares acquired	-	44 509	(44 509)	-
Share-based payments expense credited to equity	-	-	-	-
Change in shareholding of subsidiaries	-	-	-	-
Goodwill recognised in equity	-	-	-	-
Equity loans advanced by non-controlling interests	-	-	-	-
Balance at 30 June 2012	66 000 000	10 474 693	55 525 307	28 625
Authorised share capital				
- ordinary shares of no par value	100 000 000			
- redeemable preference shares of no par value	20 000 000			

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

The sale of 653 500 shares from the Management Share Trust and the vesting of 189 750 shares from Akani Investment Holdings have been apportioned in the calculation of the weighted average number of shares.

Non-distributable reserves					
Foreign currency translation reserve R'000	Employee share-scheme reserve R'000	Distributable reserves R'000	Shareholders' equity R'000	Non-controlling interests R'000	Total equity R'000
46 386	86 392	2 870 516	3 031 919	196 326	3 228 245
-	-	733 475	733 475	55 291	788 766
(917)	-	-	(917)	8 578	7 661
-	-	(24 812)	(24 812)	-	(24 812)
-	-	(209 721)	(209 721)	(14 841)	(224 562)
-	-	-	-	-	-
-	11 705	-	11 705	-	11 705
-	-	-	-	61 202	61 202
-	-	-	-	(60 352)	(60 352)
-	-	(169 745)	(169 745)	-	(169 745)
-	-	-	-	12 101	12 101
45 469	98 097	3 199 713	3 371 904	258 305	3 630 209
-	-	-	-	-	-
-	-	-	-	-	-
-	-	648 754	648 754	64 406	713 160
89 081	-	-	89 081	26 854	115 935
-	-	7 969	7 969	-	7 969
-	-	(203 613)	(203 613)	(14 868)	(218 481)
-	-	47 512	47 512	-	47 512
-	10 420	-	10 420	-	10 420
-	-	-	-	(18 829)	(18 829)
-	-	(16 246)	(16 246)	-	(16 246)
-	-	-	-	(43 489)	(43 489)
134 550	108 517	3 684 089	3 955 781	272 379	4 228 160

GROUP PRINCIPAL ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2012

STATEMENT OF COMPLIANCE

The consolidated and company financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and the interpretations adopted by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee of the IASB.

BASIS OF PREPARATION

The consolidated and company financial statements have been prepared on the historical cost basis, except for specific financial assets and derivative financial instruments which are measured at fair value through profit and loss. The accounting policies adopted have been consistently applied throughout the group to all the periods presented.

SIGNIFICANT JUDGEMENTS AND ESTIMATES

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. Judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from these estimates, which may be material to the financial statements. Significant estimates include:

a) Impairment of trade receivables

Estimates based on management's assessment of the likelihood of collecting receivables outstanding for longer than 120 days.

b) Inventories

Where inventories are recognised at net realisable value, estimates are made of the expected selling price, cost of completion and marketing, selling and distribution costs.

c) Property, plant and equipment

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

d) Impairment of assets

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

e) Fair value of assets acquired in business combinations

On the acquisition of a company, fair values are attributed to the identifiable assets (including intangibles), liabilities, and contingent liabilities acquired. Fair values are determined by reference to active market value or, if unavailable, by reference to the current market price of similar assets or obligations, or by discounting expected future cash flows to their present values.

f) Provisions

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

g) Contracting profit or loss recognition

Estimates are made of the total expected costs of individual contracts when applying the stage of completion method. In certain instances management is required to exercise judgement to determine whether the outcome of a contract can be reliably estimated.

h) Taxation

The group is subject to taxes in numerous jurisdictions. Judgement is required in determining the provision for taxes as the tax liability and treatment thereof cannot be finally determined until a formal assessment has been made by the relevant tax authority.

BUSINESS COMBINATIONS

Subsidiaries

Subsidiaries are entities in which the group has an interest of more than half of the voting rights or the power to govern the financial and operating policies relevant to the entity. Subsidiaries are incorporated into the consolidated financial statements from the date control is obtained until it is classified as held-for-sale, at which time it is accounted for in accordance with IFRS 5 "Non-current Assets Held-for-sale and Discontinued Operations", or any other date where there is a change in shareholding such that there is no longer control.

The cost of an acquisition is measured as the fair value of assets transferred (including intangibles), equity instruments issued and liabilities (including contingent liabilities) incurred or assumed. Non-controlling interests are determined as the non-controlling shareholders' proportionate share of the fair value of the net assets of subsidiaries at the acquisition date and their further interest in the subsidiary company's equity from the date of acquisition.

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

Associates

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

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

Joint ventures

Joint ventures are contractual agreements where the group and third parties undertake an economic activity that is subject to joint control and usually take the form of jointly-controlled operations. The financial and operational decisions surrounding the activities require the unanimous consent of all parties.

Interests in joint ventures are accounted for using the proportionate consolidation method where the group aggregates its share of the assets and liabilities, revenues and expenses, and cash flows on a line-by-line basis with similar items within its own financial statements.

Goodwill

The purchase method is used when an entity is acquired.

The excess of the cost of acquisition over the fair value of the group's share of the net identifiable assets is recorded as goodwill on the acquisition date. To the extent that the fair value of the net identifiable assets of the entity acquired exceeds the cost of acquisition, the excess is recognised in the consolidated statement of financial performance at the acquisition date.

Goodwill is subjected to an annual impairment test and any impairment is recognised immediately in the statement of financial performance and is not subsequently reversed.

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

BASIS OF CONSOLIDATION

The consolidated financial statements include the financial position, financial performance and cash flow information of the holding company, its subsidiaries, joint ventures and associates. All financial results are consolidated with similar items on a line-by-line basis with the exception of investments in associates.

Where subsidiaries, associates or joint ventures use accounting policies other than those adopted in the consolidated financial statements, appropriate adjustments are made in preparing the consolidated financial statements.

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

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

Gains and losses on transactions between the group and jointly-controlled operations are recognised only to the extent of unrelated investors' interest in the joint venture. The parent's share in the jointly controlled operation's profits and losses resulting from these transactions are eliminated against the asset or liability of the jointly controlled operation arising on the transaction.

Special purpose entities are consolidated on a line-for-line basis where the group is deemed to have control over the entity.

SEGMENTAL REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-makers, identified as the executive directors. The group's reportable segments represent strategic business units that offer the main services of the group.

FINANCIAL INSTRUMENTS

Financial instruments are recognised when the entity becomes party to the contractual provisions of the instruments. Financial instruments are derecognised when substantially all risks and rewards of ownership have been transferred.

Financial instruments are recognised initially on transaction date at fair value. For financial instruments carried at fair value through profit and loss, transaction costs are recognised immediately in the consolidated statement of financial performance.

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

GROUP PRINCIPAL ACCOUNTING POLICIES CONTINUED

FOR THE YEAR ENDED 30 JUNE 2012

The group's categories are as follows:

- Financial assets and liabilities at fair value through profit and loss.
- Loans and receivables.
- Financial liabilities held at amortised cost.

Financial assets and liabilities at fair value through profit and loss

These instruments include trading investments, non-trading investments and derivative financial instruments and are measured at fair value. Changes in fair value are recognised at each reporting date in the statement of financial performance.

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

Financial assets and liabilities at fair value on the face of, or included in the notes to, the consolidated statement of financial position include:

a) Investments

Investments include listed and unlisted investments which are valued either by reference to share prices as traded on the Johannesburg Stock Exchange or a discounted cash flow analysis.

b) Derivatives

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Amortised cost is calculated using the effective interest rate method.

Gains and losses are recognised in the statement of financial performance when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

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

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

Loans and receivables on the face of, or included in the notes to, the consolidated statement of financial position include:

a) Trade and other receivables

Trade and other receivables are measured at cost less provision for impairment. An impairment arises when there is objective evidence that the group will be unable to collect the balance owed in respect of the receivable's trade terms. The provision is recognised in the consolidated statement of financial performance.

b) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held on call with banks, investments in money market instruments, cash held as collateral and bank overdrafts. Cash and cash equivalents are initially measured at fair value and subsequently measured at amortised cost.

c) Loans receivable

Loans are recognised at amortised cost and include accrued interest (where applicable). Loans are classified as short-term or long-term in terms of the loan agreements.

Financial liabilities held at amortised cost

These instruments include trade payables, accruals and amounts owed for assets held under finance lease agreements and are carried at amortised cost. Financial liabilities shown on the face of the consolidated statement of financial position include:

a) Borrowings

Borrowings are recognised at amortised cost net of finance costs. Borrowings are subdivided between current and non-current portions on the consolidated statement of financial position depending on when the obligation will fall due.

b) Trade and other payables

These instruments are recognised at amortised cost using the effective interest rate method. The obligation arising is expected to be settled within 12 months of the statement of financial position date.

Derecognition

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

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

EQUITY LOANS

Where loans from non-controlling shareholders of subsidiary companies will in all likelihood only be settled on disposal of the shareholder's interest in the subsidiary company, such loans are classified as equity loans.

PROPERTY, PLANT AND EQUIPMENT

Measurement

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment. Land is not depreciated. Cost includes all qualifying expenditure that is directly attributable to the acquisition of the item.

Subsequent costs

Subsequent costs are included in an asset's carrying value only when it is probable that the future economic benefits associated with the item will flow to the group and these costs can be measured reliably.

Site restoration and dismantling costs

Where there is an obligation to dismantle items of property, plant and equipment and to restore a site to its original condition before those assets were placed there, a provision is recognised. The cost of the item of property, plant and equipment includes the estimated present value of any future unavoidable costs of dismantling and removing the assets.

Any changes in the estimated costs of dismantling and site restoration are added to, or deducted from, the cost of the related asset in the current period or in the statement of financial performance if the cost adjustment exceeds the carrying value of the asset. If the adjusted cost results in an addition to the cost of the asset, management should consider if the new carrying amount of that asset is fully recoverable. If not, an impairment test should be carried out and any resulting loss recognised in the statement of financial performance.

Components

Where plant and equipment comprises major components with different useful lives, such components are accounted for and depreciated as separate items. Expenditure incurred to replace or modify a significant component is capitalised and any remaining book value of the component replaced is written off in the consolidated statement of financial performance.

Depreciation

Property, plant and equipment is depreciated to its estimated residual values over its expected useful life. The depreciation methods, estimated remaining useful lives and residual values are reviewed at each reporting date. The depreciation methods and average depreciation periods are set out in note 2.

INVESTMENT PROPERTY

Investment properties are carried under the cost model and stated at historical cost less accumulated depreciation and impairment. Land is not depreciated. Cost includes all qualifying expenditure that is directly attributable to the acquisition of the item.

INTANGIBLES

Certain companies within the group hold intangible assets in the form of mining rights. These assets are held at cost and assessed for impairment annually. The asset is amortised over its useful life once it has been bought into use.

CONTRACTS IN PROGRESS

Profits in respect of long-term contracts are recognised on an individual contract basis using the stage of completion method. Where the outcome of a construction contract can be estimated reliably, the stage of completion is determined using surveys of work performed. Anticipated losses on incomplete contracts are fully provided for as soon as the loss is foreseen and includes any loss related to future work on the contract.

Contracts in progress are stated at cost plus profit recognised to date less cash received or receivable less any provision for losses. The gross amounts due from customers for which costs incurred plus recognised profits (less recognised losses) exceeds progress billings are disclosed as contracts in progress, while the gross amounts due to customers for which progress billings exceed costs incurred plus recognised profits (less recognised losses) are disclosed under trade and other payables together with the amount of any advances received.

INVENTORIES

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

Cost is determined on the following basis:

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

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

GROUP PRINCIPAL ACCOUNTING POLICIES CONTINUED

FOR THE YEAR ENDED 30 JUNE 2012

NON-CURRENT ASSETS HELD-FOR-SALE

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

IMPAIRMENT OF ASSETS

Impairment tests are undertaken at each reporting date or whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down accordingly.

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

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit (ie the lowest group of assets in which the asset belongs for which there are separately identifiable cash flows). Goodwill is allocated on the initial recognition to each of the group's cash-generating units that are expected to benefit from the synergies of the combination giving rise to the goodwill.

Impairment charges are included in the administrative expense line item in the consolidated statement of financial performance. An impairment loss recognised for goodwill is not reversed.

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

LEASED ASSETS

Finance leases

Assets held under finance leases, where the risks and rewards of ownership have been transferred, are capitalised as property, plant and equipment. Finance lease assets are initially recognised at an amount equal to their fair value and depreciated over their useful lives. The capital portion of the lease is included under liabilities (current or non-current as appropriate) in the statement of financial position. The interest portion is expensed to the statement of financial performance over the lease term to reflect the remaining obligation for the financial period.

Operating leases – lessee

Leases of assets under which all the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases.

Operating lease rentals are charged against operating profit on a straight-line basis over the period of the lease. The difference between the amount recognised as an expense and the contractual payment is recognised as an operating lease asset or liability. This liability is not discounted.

Operating leases – lessor

Assets leased to third parties under operating lease are included under investment property in the statement of financial position. Rental income (net of incentives given to lessee) is recognised on a straight-line basis over the lease term.

PROVISIONS

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

Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at year-end and are discounted to present value if the effect is material.

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

REVENUE AND REVENUE RECOGNITION

Revenue is recognised when it can be reliably measured and it is probable that the economic benefits associated with the transaction will flow to the group.

Contract revenue

Where the outcome of a construction contract can be reliably estimated, contract revenue is recognised based on the fair value of the consideration received or receivable including variations and claims and taking into account the stage of completion of each contract. The stage of completion is determined using surveys of work performed. For contracts where the outcome cannot be reliably estimated, contract revenue is recognised to the extent that the recoverability of costs incurred is probable.

Sale of properties and manufactured goods

Revenue arising from the sale of properties and goods is recognised when the group no longer retains control and the significant risks and rewards of ownership have been transferred to the purchaser.

Other income

Other income earned by the group which is not included in revenue, is recognised on the following basis in the consolidated statement of financial performance:

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

FOREIGN CURRENCY TRANSLATION

Presentation currency

The consolidated financial statements are presented in South African rand's which is the presentation currency and functional currency of the majority of the operations within the group.

Foreign operations

Items included in each of the group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The results and financial position of all the group entities that have a functional currency different from that of the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated at the closing rate.
- Income and expenses are translated at average exchange rates.
- All resulting exchange differences are recognised as a separate component of equity until such foreign entity is disposed of at which time such translation difference is recognised in the consolidated statement of financial performance.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the transaction dates. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of financial performance.

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

TAXATION

Current taxation

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

Deferred taxation

Deferred taxation is provided using the liability method for all temporary differences between the carrying amounts for financial reporting purposes and the amounts used for taxation purposes.

No deferred tax is provided on temporary differences relating to:

- goodwill;
- the initial recognition of an asset or liability to the extent that neither accounting nor taxable profit is affected on acquisition; and
- investments in subsidiaries to the extent they will probably not reverse in the foreseeable future.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the unused tax losses and deductible temporary differences can be utilised. Enacted or substantively enacted tax rates that are expected to apply when the asset is realised or liability settled, are used to determine the deferred taxation provision at statement of financial position date.

Dividend taxation

Dividend tax is withheld at a rate of 15% on all shareholders registered unless a shareholder qualifies for an exemption.

GROUP PRINCIPAL ACCOUNTING POLICIES CONTINUED

FOR THE YEAR ENDED 30 JUNE 2012

EMPLOYEE BENEFITS

Defined contribution benefits

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

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

Defined benefit funds

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit actuarial valuation method. Actuarial gains and losses are recognised as an income or expense in the statement of financial performance when the net cumulative unrecognised actuarial gains and losses for each individual plan at the end of the previous reporting period exceeded 10% of the higher of the defined benefit obligation and the fair value of plan assets at that date (the corridor method). These gains or losses are recognised over the expected average remaining working lives of the employees participating in the plan.

The past service cost is recognised as an expense on a straight-line basis over the average period until the benefits vest. If the benefits have already vested immediately following the introduction of, or changes to a pension plan, past service cost is recognised immediately.

The defined benefit asset or liability comprises the present value of the defined benefit obligation less past service cost not yet recognised and less the fair value of plan assets out of which the obligations are to be settled directly. The value of any asset is restricted to the sum of any past service cost not yet recognised and the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

Leave pay

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the liability for annual leave, as a result of services by employees, up to the statement of financial position date.

Bonus plans

A liability for employee benefits in the form of bonus plans is recognised as a provision as past practice has created a valid expectation by employees that they will receive a bonus and amounts can be determined before the time of issuing the financial statements.

Share-based compensation

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

a) Equity settled

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

Where goods or services are received by the group in return for the equity compensation benefits, the fair value of the goods or services received, determined using valuation techniques, is expensed on receipt of goods or, in the case of services, on a straight-line basis over their vesting periods. Where no goods or services can be determined to be received by the group the net cost of shares, as calculated above, is expensed in the consolidated statement of financial performance immediately.

b) Cash settled

The fair value of the amount payable to employees in respect of share appreciation rights is recognised as an expense with a corresponding increase in liabilities. The liability is re-measured at each statement of financial position date or any settlement dates to fair value. The fair value of the instruments granted is measured by reference to quoted prices in active markets.

TREASURY SHARES

Shares held by the various share trusts are treated as treasury shares. The shares are treated as a deduction from the issued and weighted average number of shares and the cost price of the shares is deducted from the share capital and share premium in the statement of financial position on consolidation. Dividends received on treasury shares are eliminated on consolidation. No profit or loss is recognised in the statement of financial performance on the purchase, sale, issue or cancellation of the group's own equity instruments.

STANDARDS AND INTERPRETATIONS

Standards and interpretations adopted in the current year

The group and company adopted the following statements and interpretations during the financial year with no significant financial impact:

- IAS 24 – Related parties (effective 1 January 2011)
- IFRIC 14 – The limit on a defined benefit asset, Minimum funding requirements and their interaction (effective 1 January 2011)

Significant standards and interpretations in issue but not yet effective

At the date of authorisation of these financial statements the following new and amended standards and interpretations were in issue but not yet adopted.

- IFRS 7 – Financial instruments: disclosures (effective 1 July 2013)
- IFRS 9 – Financial instruments (effective 1 January 2015)
- IAS 1 – Presentation of financial statements (effective 1 July 2012)
- IAS 16 – Property, plant and equipment (effective 1 January 2013)
- IAS 19 – Employee benefits (effective 1 January 2013)
- IAS 27 – Consolidated and separate financial statements – consequential amendments resulting from the issue of IFRS 10, 11 and 12 (effective 1 January 2013)
- IAS 28 – Investments in associates and joint ventures (effective 1 January 2013)
- IAS 32 – Financial instruments: Presentation (Annual improvements 2009-2011 cycle) (effective 1 January 2013)
- IAS 34 – Interim financial reporting (annual improvements 2009-2011 cycle) (effective 1 January 2013)

The directors believe that neither the new nor the revised statements and interpretations will have a significant impact on the group's accounting policies.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

	Land and buildings R'000	Aircraft R'000	Plant, vehicles and equipment R'000	Office and computer equipment R'000	Total R'000
2. PROPERTY, PLANT AND EQUIPMENT					
2012					
Cost					
At 30 June 2011	273 284	28 645	2 117 730	84 088	2 503 747
Additions	7 453	30 488	422 347	14 793	475 081
Disposals	(1 001)	-	(130 994)	(4 985)	(136 980)
Translation of foreign entities	18 036	-	71 581	5 821	95 438
At 30 June 2012	297 772	59 133	2 480 664	99 717	2 937 286
Accumulated depreciation					
At 30 June 2011	18 108	5 697	986 327	60 552	1 070 684
Depreciation	4 117	720	252 172	10 850	267 859
Disposals	-	-	(82 667)	(5 064)	(87 731)
Translation of foreign entities	1 092	-	36 279	3 958	41 329
At 30 June 2012	23 317	6 417	1 192 111	70 296	1 292 141
Net book value at 30 June 2012	274 455	52 716	1 288 553	29 421	1 645 145
2011					
Cost					
At 30 June 2010	212 708	28 645	1 740 916	70 996	2 053 265
Additions	26 595	-	247 778	14 854	289 227
Acquisition of subsidiaries	22 086	-	216 315	1 840	240 241
Disposals	-	-	(114 594)	(7 195)	(121 789)
Translation of foreign entities	11 895	-	27 315	3 593	42 803
At 30 June 2011	273 284	28 645	2 117 730	84 088	2 503 747
Accumulated depreciation					
At 30 June 2010	14 655	5 140	775 188	54 514	849 497
Depreciation	2 942	557	195 524	9 042	208 065
Disposals	-	-	(74 793)	(6 656)	(81 449)
Acquisition of subsidiaries	-	-	77 578	1 249	78 827
Translation of foreign entities	511	-	12 830	2 403	15 744
At 30 June 2011	18 108	5 697	986 327	60 552	1 070 684
Net book value at 30 June 2011	255 176	22 948	1 131 403	23 536	1 433 063
The net book value of land and buildings comprise:				2012	2011
Land				76 054	44 567
Buildings				198 401	210 609
				274 455	255 176

The depreciation rates applied are set out below:

Aircraft	Variable rates based on flying hours
Land	Nil
Buildings	2% straight-line
Plant and vehicles	Variable rates based on expected production units
Equipment	33,3% straight line
Office equipment and computers	10% - 33,3% straight line

Details of the freehold land and buildings are recorded in a register in terms of Schedule 4 of the Companies Act of South Africa which is available for inspection at the group's registered office.

Plant, vehicles and equipment with a book value of R205 million (2011: R139 million) are subject to instalment sale agreements (note 13).

	2012 R'000	2011 R'000
3. INVESTMENT PROPERTY		
Cost		
Investment property acquired	13 009	-
Accumulated depreciation		
Depreciation for the year	(180)	-
Net book value at 30 June 2012	12 829	-
No independent valuation was carried out at year-end as the property was only acquired in the current year and as such the cost approximates the fair value.		
4. INTANGIBLE ASSETS		
Goodwill		
Cost	567 432	470 447
Accumulated impairment	(108 677)	(85 457)
Carrying value	458 755	384 990
The carrying value of goodwill is reconciled as follows:		
Carrying value at the beginning of the year	384 990	293 057
Arising from business combinations	-	99 168
Additional goodwill arising from deferred consideration in respect of a business combination	52 099	-
Impairments	(23 220)	(36 640)
Translation of foreign entities	44 886	29 405
Carrying value at the end of the year	458 755	384 990
Business segmentation		
Roads and earthworks	71 519	71 519
Building and civil engineering	9 112	16 609
Australia	378 124	296 862
	458 755	384 990
Impairment of goodwill:		
The recoverable amount of a cash-generating unit is determined based on value-in-use calculations. The calculations use discounted cash-flow projections based on financial forecasts over a five-year period. The discount rates used in the cash flow models are between 11% and 15% (2011: 10% and 18%).		
These estimates are pre-tax discount rates that reflect the current market assessments of the time-value of money and risks specific to the cash-generating unit.		
The growth rates used in forecasting cash flows are estimated at 10% (2011: 10%).		
Other intangible assets		
Cost	6 308	5 477
Accumulated amortisation	(5 000)	-
Carrying value	1 308	5 477
The carrying value of the other intangible assets is reconciled as follows:		
Carrying value at the beginning of the year	5 477	-
Additions	-	5 477
Amortisation	(4 769)	-
Translation of foreign entities	600	-
Carrying value at the end of the year	1 308	5 477
Rights owned by WBHO-Carr, an Australian subsidiary, to source up to 800 000 tonnes of soil at a rate of AUD1 per tonne. The asset is amortised based on tonnes of soil sourced and assessed for impairment annually. To date 530 894 tonnes of soil have been sourced.		
Total intangible assets	460 063	390 467

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2012

	2012 R'000	2011 R'000
5. INVESTMENTS IN ASSOCIATES		
Unlisted		
Investment at cost	107 335	97 335
Attributable post-acquisition gains, losses and equity movements	(193 242)	(159 217)
Loans advanced	506 269	462 998
	420 362	401 116
The carrying value of investments in associates is reconciled as follows:		
Carrying value at the beginning of the year	401 116	415 773
Additional investment acquired	10 000	-
Share of associate earnings	(39 538)	(51 388)
Share of associate comprehensive income and equity movements	7 969	(42 734)
Dividends received	(2 454)	(2 889)
Loans advanced	43 269	170 271
Impairment of loans	-	(65 867)
Fair value adjustments	-	(11 030)
Transfer to non-current assets held-for-sale (note 6)	-	(11 020)
Carrying value at the end of the year	420 362	401 116

Investments in associates include:

		Country of incorporation	Effective interest		Investments at cost		Loans advanced	
			2012 %	2011 %	2012 R'000	2011 R'000	2012 R'000	2011 R'000
Gigajoule International (Pty) Ltd		South Africa	26,6	26,6	17 770	7 770	11 868	20 384
Capital Africa Steel (Pty) Ltd		South Africa	50,0	50,0	89 562	89 562	494 399	442 612
Ilembe Airport Construction Services (Pty) Ltd		South Africa	28,3	28,3	3	3	2	2
					107 335	97 335	506 269	462 998

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

	2012 R'000	2011 R'000
Non-current assets	1 018 168	822 211
Current assets	809 057	658 162
Total assets	1 827 225	1 480 373
Shareholders' equity	(192 559)	(277 668)
Non-current liabilities	1 287 731	1 310 556
Current liabilities	732 053	447 485
Total equity and liabilities	1 827 225	1 480 373
Revenue	1 696 010	1 390 752
Operating profit	77 401	(15 617)
The group's share of profits and losses in associates.	(39 538)	(51 388)

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

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

The loan with Capital Africa Steel (Pty) Ltd bears interest at prime plus 2%.

	2012 R'000	2011 R'000
6. NON-CURRENT ASSETS HELD-FOR-SALE		
The carrying value of the investment consists of:		
Investment at cost	-	7 000
Loans	-	4 020
	-	11 020
The group held a 21,3% interest in Bunengi Mining Services (Pty) Ltd which, in turn, owned mining rights in the Yzermyn area. In the prior period the shareholders of Bunengi Mining Services (Pty) Ltd entered into a binding sale agreement with a prospective purchaser.		
The disposal took place in the current year. The profit recognised on the disposal of the investment is disclosed under note 20.		
The loan was interest free, unsecured and was repaid as part of the sale agreement.		
7. FINANCIAL ASSETS CLASSIFIED AS FAIR VALUE THROUGH PROFIT AND LOSS		
Investments:		
Listed investments:		
At cost	-	176
Accumulated fair value adjustments and foreign exchange movements	-	603
Fair value	-	779
The carrying value of listed investments is reconciled as follows:		
Carrying value at the beginning of the year	779	685
Disposals	(256)	-
Fair value adjustments	(523)	94
Carrying value at the end of the year	-	779
Various minor shareholdings in listed South African companies were disposed of during the year. The profit from the disposal of these investments is disclosed in note 20.		
Unlisted investments:		
Investments in concessions		
At cost	280	280
Accumulated fair value adjustments and foreign exchange movements	-	-
Fair value	280	280
The carrying value of concession investments is reconciled as follows:		
Carrying value at the beginning of the year	280	28 876
Disposals	-	(28 596)
Carrying value at the end of the year	280	280
A 2,5% interest in the concessionaire company which operates the Department of Trade and Industry office campus.		
Other investments		
At cost	18 510	19 698
Accumulated fair value adjustments and foreign exchange movements	2 568	(741)
Fair value	21 078	18 957
The carrying value of unlisted investments is reconciled as follows:		
Carrying value at the beginning of the year	18 957	18 810
Acquisitions	-	13
Disposals	-	(1 201)
Translation of foreign entities	2 121	1 335
Carrying value at the end of the year	21 078	18 957

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2012

	2012 R'000	2011 R'000
7. FINANCIAL ASSETS CLASSIFIED AS FAIR VALUE THROUGH PROFIT AND LOSS <i>continued</i>		
Entity Country of incorporation % interest		
Saddleback Pty Ltd Australia 50%		
Rhombus Investments Pty Ltd Australia 40%		
Savana Property Trust South Africa 2,5%		
There were no changes to the interests during the year.		
Total investments	21 358	20 016
8. FINANCIAL ASSETS CARRIED AT AMORTISED COST		
Long-term receivables:		
Secured loans		
Mezzanine financing arrangements ¹	46 729	154 881
Loans to concession company ²	2 548	2 594
Loans to employees for shares ³	113 526	56 223
Enterprise development loan ⁴	331	874
	163 134	214 572
Less: Short-term portion	(17 702)	(94 791)
	145 432	119 781
¹ Mezzanine financing loans are secured by a guarantees amounting to 70% of the development property value, bear interest at prime plus 2% and are repayable 90 days from works completion.		
² Concession company loans are secured through an option to exercise rights in terms of the preference share terms, bear interest at 16% and have no fixed terms of repayment.		
³ Loans to employees for shares are secured by the shares issued, are interest-free and repayable five-years from the date of sale of the shares (note 31).		
⁴ Enterprise development loans are secured by property, plant and equipment and repayable in 20 equal monthly instalments. Interest is levied at a rate of prime plus 2% on any amounts which fall into arrears.		
Unsecured loans		
Property development loan ¹	24 367	4 155
¹ The loan is unsecured, bears interest at prime minus 2% and is repayable within five years.		
The carrying value of long-term receivables, subject to market related interest rates, approximates fair value. The fair value of loans to employees for shares is calculated at R84 million (2011: R36 million) discounted using a rate of 8,5% and 2,5% for South Africa and Australia respectively.		
Total long-term receivables	169 799	123 936
9. INVENTORIES		
Consumable stores	60 785	38 930
Raw materials	8 083	6 785
Properties for development	114 044	184 598
	182 912	230 313
Carrying value of properties for development secured by mortgage bonds (note 13)	-	170 318
Properties for development with a carrying amount of R61,8 million were revalued to a net-realizable value of R36,6 million during the year (note 20).		
10. CONTRACTS IN PROGRESS		
Costs incurred to date	32 698 856	41 377 071
Plus: Profit recognised to date	4 288 673	4 783 043
	36 987 529	46 160 114
Less: Work certified to date	(38 213 675)	(46 932 896)
Net amounts due to customers	(1 226 146)	(772 782)
Payments received in advance (note 16)	175 853	84 918
Excess billings over work done	1 925 184	1 237 105
Amounts due by customers	874 891	549 241

	2012 R'000	2011 R'000
11. TRADE AND OTHER RECEIVABLES		
Contract receivables	3 386 940	2 117 542
Provisions for irrecoverable debts	(16 499)	(48 993)
Contract retentions	269 472	222 864
Sundry trade receivables	91 072	136 478
Dividend receivable	–	75 007
Amounts owing by joint ventures (note 28)	135 848	163 340
Refundable portion of purchase consideration from a business combination	–	37 252
Other receivables	70 316	123 717
Short-term portion of long-term receivables (note 8)	17 702	94 791
Prepayments	37 223	33 149
Value added taxation	36 912	97 737
	4 028 986	3 052 884
The carrying values of these receivables approximate their fair values due to the short-term nature of the instruments.		
12. NON-CONTROLLING INTERESTS		
The non-controlling interest balance can be reconciled as follows:		
Interest in reserves		
Balance at the beginning of the year	211 372	161 494
Share of attributable earnings	64 406	55 291
Dividends declared and paid	(14 868)	(14 841)
Recognised on new acquisitions	–	61 202
Transactions with owners	(18 829)	(60 352)
Translation of foreign entities	21 116	8 578
Balance at the end of the year	263 197	211 372
Equity loans		
Balance at the beginning of the year	46 933	34 832
Loans (repaid)/advanced	(43 489)	12 101
Translation of foreign entities	5 738	–
Balance at the end of the year	9 182	46 933
The loans are interest-free, unsecured and have no fixed terms of repayment.		
Total non-controlling interests	272 379	258 305
13. FINANCIAL LIABILITIES AT AMORTISED COST		
Interest-bearing borrowings		
Secured		
– Capitalised finance leases (market-related interest rates linked to prime)	211 821	77 576
– Property development loan (prime less 1%)	–	18 424
	211 821	96 000
Less: Current portion of capitalised finance leases	(79 392)	(39 870)
Total secured interest-bearing borrowings	132 429	56 130
Unsecured		
Loans (between prime less 0,5% and prime less 2%)	–	10 280
Total interest-bearing borrowings	132 429	66 410
Capitalised finance leases are for periods up to 48 months and are secured by certain plant, vehicles and equipment disclosed in note 2.		
The present value of future minimum payments on capitalised finance lease agreements is as follows:		
Due:		
Within 1 year	84 475	39 975
Within 2 – 5 years	136 216	42 216
Total capitalised finance lease obligation	220 691	82 191
Less: Future finance costs	(8 870)	(4 615)
Present value of finance lease obligations	211 821	77 576
The carrying value of interest-bearing borrowings approximates their fair value subject to market related interest rates.		

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2012

	2012 R'000	2011 R'000
14. OTHER FINANCIAL LIABILITIES		
Liability in respect of cash-settled share scheme (note 31)	18 982	24 116
Deferred consideration arising from business combinations	25 243	9 553
	44 225	33 669
Current portion thereof (note 16)	(25 243)	(9 553)
Total other financial liabilities	18 982	24 116
The carrying value of interest-bearing borrowings approximates their fair value subject to market related interest rates.		
15. DEFERRED TAXATION		
Deferred taxation assets		
The balance of the deferred taxation asset can be reconciled as follows:		
At beginning of year	92 712	154 615
Translation of foreign entities	7 257	2 688
Transfer to deferred taxation liability	(1 490)	(17 051)
Change in taxation rate	(23)	-
Charge to the statement of financial performance	119 963	(47 540)
At end of year	218 419	92 712
Comprising of:		
Construction allowances	18 126	(231 568)
Capital allowances	(122 439)	(116 690)
Provisions	291 424	406 264
Tax losses	21 003	23 335
Other	10 305	11 371
	218 419	92 712
Deferred taxation liabilities		
The balance of the deferred taxation liability can be reconciled as follows:		
At beginning of year	(41 000)	(57 102)
Acquisition of business	(1 118)	(1 065)
Translation of foreign entities	(37)	-
Transfer from deferred taxation asset	1 490	17 051
Charge to the statement of financial performance	29 043	116
At end of year	(11 622)	(41 000)
Comprising:		
Construction allowances	(13 548)	(54 500)
Capital allowances	(8 820)	(10 424)
Provisions	15 746	23 931
Other	(5 000)	(7)
	(11 622)	(41 000)

	2012 R'000	2011 R'000
16. TRADE AND OTHER PAYABLES		
Trade creditors	1 647 615	1 226 476
Subcontractor creditors	542 474	463 318
Subcontractor retentions	196 478	340 739
Contract and other accruals	471 575	195 381
Payroll accruals	218 463	204 375
Amounts owing to joint ventures (note 28)	21 875	83 808
Amounts owing to employees for shares	-	6 868
Dividend payable	-	72 672
Other payables	-	16 505
Accrued purchase price consideration in respect of a change in shareholding	8 544	-
Deferred consideration arising from business combinations (note 14)	25 243	9 553
Income received in advance	175 853	84 918
Value added taxation	95 744	36 100
	3 403 864	2 740 713

The carrying values of trade and other payables approximate their fair values due to their short-term nature.

17. PROVISIONS

	Contracting provisions	Bonus provision	Accident claims provision	Total
Balance at 30 June 2010	1 015 110	671 873	7 261	1 694 244
Provisions raised	773 127	397 601	11 888	1 182 616
Acquisition of subsidiaries	-	8 054	-	8 054
Amounts utilised	(762 131)	(395 118)	(12 243)	(1 169 492)
Unutilised amounts reversed	(89 912)	(16 072)	-	(105 984)
Translation of foreign entities	(782)	3 193	-	2 411
Balance at 30 June 2011	935 412	669 531	6 906	1 611 849
Provisions raised	549 616	421 215	34 075	1 004 906
Amounts utilised	(505 416)	(362 289)	(26 728)	(894 433)
Unutilised amounts reversed	(99 989)	(289 778)	-	(389 767)
Translation of foreign entities	12 285	6 475	-	18 760
Balance at 30 June 2012	891 908	445 154	14 253	1 351 315

Contracting provisions

Contracting provisions represents estimated amounts relating to obligations to third parties at the statement of financial position date including provisions for estimated claims arising on contracts. The provisions will be utilised as and when the claims are finalised and settled but within a period of 12 months.

Bonus provision

The bonus provision arises from a constructive obligation to staff members, where an annual bonus based on the performance of the group is calculated. The actual bonus is approved by the board of directors.

Accident claims provision

The balance represents provisions for probable claims relating to past motor vehicle accidents. The provisions are utilised within 12 months, once investigations into the claims are expected to be finalised.

The carrying values of these provisions approximate their fair values due to their short-term nature.

	2012 R'000	2011 R'000
18. DERIVATIVE FINANCIAL INSTRUMENTS		
Current liabilities		
Forward exchange contracts	2 193	-

Details in respect of derivative financial instruments and the group's financial risk policy are set out in note 29.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2012

	2012 R'000	2011 R'000
19. REVENUE		
Contracting revenue	17 708 996	14 617 176
Sale of properties	87 834	58 886
Sale of goods	96 521	90 569
	17 893 351	14 766 631
20. OPERATING PROFIT		
Operating profit is arrived at after taking into account the following:		
Auditors' remuneration	12 465	12 836
Audit fees	11 505	12 573
Advisory services	960	263
Irrecoverable debts	21 361	10 097
Irrecoverable debts written off	(32 494)	4 893
Provision for irrecoverable debts (reversed)/raised	6 221	5 204
Consulting and technical fees	30 319	11 703
Depreciation (note 2 and 3)	268 039	208 065
Aircraft	720	557
Buildings	4 117	2 942
Plant, vehicles and equipment	252 172	195 524
Office and computer equipment	10 850	9 042
Investment property	180	-
Amortisation of intangible assets (note 4)	4 769	-
Employee benefits (note 31)	3 108 278	2 478 594
Rental income from investment property (note 3)	1 127	-
Profit on disposal of investments (note 7)	80	57 921
Profit on disposal of associate company (note 6)	41 902	-
Impairment of properties for development to net realisable value (note 9)	25 298	-
Net foreign exchange (gains)/losses	(88 634)	2 790
Realised	(57 348)	(4 124)
Unrealised	(33 479)	6 914
Forward exchange contracts	2 193	-
Operating lease rentals	21 984	10 012
Land and buildings	13 817	9 176
Plant, vehicles and equipment	8 167	836
Profit on disposal of property, plant and equipment	4 582	2 502
21. INVESTMENT INCOME		
Interest received	121 518	165 119
- Bank accounts	37 972	34 202
- Unlisted investments	17 686	7 096
- Other	17 853	18 310
Dividends received	195 029	224 727
22. FINANCE COSTS		
Bank overdrafts	9 494	14 636
Instalment sale agreements	4 099	2 700
Other	301	753
	13 894	18 089

	2012 R'000	2011 R'000
23. TAXATION		
South African normal tax		
Current taxation		
- Current year	214 443	227 630
- Prior year overprovision	91 653	3 963
Deferred taxation		
- Current year (note 15)	(38 533)	54 722
- Prior year underprovision	(109 190)	23
	158 373	286 338
Foreign taxation (including withholding tax)		
Current taxation		
- Current year	224 988	101 085
- Prior year underprovision	14 386	(2 225)
Deferred taxation		
- Current year (note 15)	(1 398)	(7 321)
- Prior year underprovision	114	-
	238 090	91 539
Secondary taxation on companies (STC)	6 540	2 123
Total tax charge	403 003	380 000
Reconciliation of tax rate (%):		
South African normal tax rate	28,0	28,0
Adjusted for:		
Capital and non-taxable items	1,3	(2,8)
Non-deductible expenses	5,3	3,0
Foreign tax rate differential	1,2	0,8
Prior year adjustments	(0,3)	3,2
STC	0,6	0,3
Effective tax rate	36,1	32,5
Estimated tax losses available for utilisation against future taxable income	75 010	83 341
Potential tax relief at current taxation rates	21 003	23 335
Dependent on sufficient future taxable income being generated, the potential tax losses have been fully accounted for.		

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2012

	2012 R'000	2011 R'000
24. EARNINGS PER SHARE AND HEADLINE EARNINGS PER SHARE		
Earnings per share is calculated by dividing attributable earnings by the weighted average number of shares in issue. Appropriate adjustments are made in calculating headline earnings per share.		
Diluted earnings per share reflect the potential dilution that could occur if all the outstanding treasury shares of the group are issued.		
Attributable earnings (R'000)	648 754	733 475
Number of shares		
Number of shares in issue at the beginning of the year	54 727	54 791
Weighted average number of treasury shares sold	97	-
Weighted average number of treasury shares acquired	(29)	(64)
Number of shares in issue at the end of the year	54 795	54 727
Dilutive effect of Akani shares in issue	297	510
Fully diluted number of shares in issue	55 092	55 237
Earnings per share (cents)		
- Basic	1 184,0	1 340,2
- Fully diluted	1 177,6	1 327,9
Headline earnings (R'000)		
Attributable earnings	648 754	733 475
Adjusted for:		
Impairment of goodwill	23 220	36 266
Impairment of goodwill included in profits and losses from associates	6 334	-
Loss on disposal of investments included in profits and losses from associates	2 919	-
Impairment of loans	9 398	65 867
Profit on disposal of investment	(41 982)	(57 921)
Profit from the disposal of property, plant and equipment	(4 582)	(2 502)
Tax effect thereof	(4 795)	(412)
Headline earnings	639 266	774 773
Headline earnings per share (cents)		
- Basic	1 166,7	1 415,7
- Fully diluted	1 160,4	1 402,4
25. GUARANTEES AND CONTINGENT LIABILITIES		
Guarantees issued in respect of due performance of contracts by:		
Subsidiaries	2 211 702	1 532 744
Associates and joint ventures	1 328 212	1 526 320
Third parties	925 913	782 096
	4 465 827	3 841 160
It is the opinion of the directors that the possibility of any loss is improbable and it is not anticipated that any material liabilities will arise.		
Contingent liabilities		
The group is subject to various pending litigations. These are not material in nature and it is expected that these litigations should be successfully defended. In aggregate, the total estimated claims amount to approximately R10,7 million.		
26. CAPITAL COMMITMENTS		
Capital commitments include expenditure relating to property, plant and equipment for which specific board approval has been obtained.		
Authorised and contracted for	144 896	181 937
Authorised but not yet contracted for	588 029	254 922
	732 925	436 859
Expenditure on estimated commitments will occur within one year. Capital commitments will be funded from internal cash resources and existing facilities.		

	2012 R'000	2011 R'000
27. COMMITMENTS UNDER OPERATING LEASES		
The minimum lease rentals to be paid under non-cancellable leases at 30 June 2012 are as follows:		
Buildings:		
Due within 1 year	29 305	10 591
Due later than 1 year but less than 5 years	16 616	15 413
	45 921	26 004
Plant and equipment:		
Due within 1 year	679	-
Due later than 1 year but less than 5 years	2 149	-
	2 828	-
28. RELATED PARTY TRANSACTIONS		
28.1 Identification of related parties		
The group has related party relationships with its subsidiaries (annexure 1), associates (note 5), joint ventures (annexure 2) and directors and executive officers.		
28.2 Related party transactions and balances		
During the year, group companies, in the ordinary course of business, entered into various inter-group sale and purchase transactions.		
These transactions are no less favourable than those arranged with third parties.		
Transactions and balances between the group companies have, where appropriate, been eliminated on consolidation and are not disclosed. Details of transactions and balances with other related parties are set out below:		
Amounts owed by related parties		
Amounts owed by associate companies are disclosed under note 5.	506 269	467 018
Amounts owed by joint ventures (note 11)	135 848	163 340
The amounts are unsecured, interest free and have no fixed terms of repayment		
Amounts owing to related parties		
Amounts owing to joint ventures (note 16)	21 875	83 808
The amounts are unsecured, interest free and have no fixed terms of repayment		
Transactions with related parties		
Sales and purchase transactions with associated companies	189 195	107 781
Interest and dividends received from related parties	55 825	59 608
	245 020	167 389

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2012

28. RELATED PARTY TRANSACTIONS CONTINUED

28.3 Directors' emoluments

	Directors' fees R'000	Salaries R'000	Incentive bonuses R'000	Retirement and medical R'000	Other benefits R'000	Total emoluments R'000
2012						
Executive						
MS Wylie	-	876	7 485	423	163	8 947
EL Nel	-	1 084	8 167	331	227	9 809
JW Abbott*	-	346	3 881	97	151	4 475
JP Botha	-	1 024	7 070	326	163	8 583
CV Henwood^	-	694	-	184	204	1 082
	-	4 024	26 603	1 361	908	32 896
* Executive director from July to November 2011						
^ Executive director from November 2011 to June 2012						
Non-executive						
MW McCulloch	212	-	-	-	-	212
NS Maziya	249	-	-	-	-	249
NS Mjoli-Mncube	337	-	-	-	-	337
NNA Matyumza	391	-	-	-	-	391
JM Ngobeni	326	-	-	-	-	326
	1 515	-	-	-	-	1 515
Total	1 515	4 024	26 603	1 361	908	34 411
2011						
Executive						
MS Wylie	-	802	12 615	409	156	13 982
EL Nel	-	968	8 413	298	224	9 903
JW Abbott	-	907	4 933	273	251	6 364
JP Botha	-	915	8 965	294	189	10 363
	-	3 592	34 926	1 274	820	40 612
Non-executive						
MW McCulloch	197	-	-	-	-	197
NS Maziya	194	-	-	-	-	194
NS Mjoli-Mncube	203	-	-	-	-	203
NNA Matyumza	264	-	-	-	-	264
JM Ngobeni	288	-	-	-	-	288
	1 146	-	-	-	-	1 146
Total	1 146	3 592	34 926	1 274	820	41 758

28.4 Directors' shareholding

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

	2012			2011		
Number of shares ('000)	Direct	Indirect	Total	Direct	Indirect	Total
Ordinary shares						
MS Wylie	36	900	936	36	600	636
EL Nel	261	-	261	261	-	261
JW Abbott*	394	-	394	394	-	394
JP Botha	184	-	184	184	-	184
CV Henwood^	-	100	100	-	-	-
NS Maziya	-	681	681	-	669	669
NS Mjoli-Mncube	-	681	681	-	669	669
JM Ngobeni	-	681	681	-	669	669
	875	3 043	3 918	875	2 607	3 482

* Retired 9 November 2011.

^ Prescribed officer from June - November 2011.

28. RELATED PARTY TRANSACTIONS *CONTINUED***28.5 Prescribed officers emoluments**

	Salaries R'000	Incentive bonuses R'000	Retirement and medical R'000	Other benefits R'000	Total emoluments R'000
2012					
Prescribed officer 1	1 004	6 996	310	189	8 499
Prescribed officer 2	976	3 888	297	192	5 353
Prescribed officer 3 [^]	358	3 650	85	120	4 213
Prescribed officer 4	698	275	156	125	1 254
Prescribed officer 5	1 000	6 741	303	254	8 298
Prescribed officer 6	1 000	6 466	305	230	8 001
Prescribed officer 7	940	5 963	285	227	7 415
	5 976	33 979	1 741	1 337	43 033
[^] Prescribed officer from June – November 2011					
2011					
Prescribed officer 1	890	4 075	277	197	5 439
Prescribed officer 2	872	7 231	274	189	8 566
Prescribed officer 3	946	1 250	226	338	2 760
Prescribed officer 4	641	281	140	120	1 182
Prescribed officer 5	880	7 032	269	423	8 604
Prescribed officer 6	872	6 820	271	227	8 190
Prescribed officer 7	808	5 775	253	221	7 057
	5 909	32 464	1 710	1 715	41 798

28.6 Prescribed officers' shareholding

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

Number of shares ('000)	2012			2011		
	Direct	Indirect	Total	Direct	Indirect	Total
Ordinary shares						
Prescribed officer 1	105	–	105	112	–	112
Prescribed officer 2	14	564	578	13	564	577
Prescribed officer 3	–	–	–	–	100	100
Prescribed officer 4	–	–	–	–	–	–
Prescribed officer 5	75	–	75	85	–	85
Prescribed officer 6	116	–	116	105	–	105
Prescribed officer 7	18	–	18	–	–	–
	328	564	892	315	664	979

Other material transactions with directors

Mr MW McCulloch has a 40% interest in Carlmac Holdings (Pty) Ltd, a company which has a 10% interest in Capital Africa Steel (Pty) Ltd, of which the group is also a shareholder. Mr McCulloch is also a director of Capital Africa Steel (Pty) Ltd.

There were no other transactions with directors or entities in which directors have a material interest.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2012

29. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Overview

The group's activities expose it to a variety of financial risks including the effects of foreign currency exchange rates and interest rates. The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the group. Where appropriate, the group uses derivative financial instruments such as foreign exchange contracts to hedge expected exposures.

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

- Credit risk.
- Market risk.
- Liquidity risk.

This note presents information about the group's exposure to each of the above risks and the group's objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these financial statements.

The board of directors have overall responsibility for the establishment and oversight of the group's risk management framework and are required to comply with group policies and guidelines.

The group's risk management policies are established to identify and analyse the risks faced by the group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the group's activities. The group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

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

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

Financial instruments by category

R'000	Total carrying value	At fair value through profit or loss	Financial liabilities held at amortised cost	Loans and receivables at amortised cost
2012				
Loans advanced to associated companies	506 269	–	–	506 269
Investments	21 358	21 358	–	–
Long-term receivables	169 799	–	–	169 799
Amounts due by customers	874 891	–	–	874 891
Trade and other receivables	3 954 851	–	–	3 954 851
Other financial liabilities	(18 982)	–	(18 982)	–
Excess billings over work done	(1 925 184)	–	(1 925 184)	–
Trade and other payables	(3 132 267)	–	(3 132 267)	–
Derivative financial instruments	(2 193)	(2 193)	–	–
Cash and cash equivalents	3 068 884	–	–	3 068 884
	3 517 426	19 165	(5 076 433)	8 574 694

29. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT *CONTINUED*

Financial instruments by category *continued*

R'000	Total carrying value	At fair value through profit or loss	Financial liabilities held at amortised cost	Loans and receivables at amortised cost
2011				
Loans advanced to associated companies	462 998	-	-	462 998
Investments	20 016	20 016	-	-
Long-term receivables	123 936	-	-	123 936
Amounts due by customers	549 241	-	-	549 241
Trade and other receivables	2 921 997	-	-	2 921 997
Other financial liabilities	(24 116)	-	(24 116)	-
Excess billings over work done	(1 237 105)	-	(1 237 105)	-
Trade and other payables	(2 619 695)	-	(2 619 695)	-
Cash and cash equivalents	2 866 379	-	-	2 866 379
	3 063 651	20 016	(3 880 916)	6 924 551

Fair value measurement hierarchy

The following fair value measurement hierarchy reflects the significance of the inputs used in measuring fair value.

The fair value hierarchy has the following levels:

- Level 1: quoted prices in active markets for identical assets and liabilities.
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: inputs for the assets and liabilities that are not based on observable market data.

The level in the fair value hierarchy within which the financial asset or financial liability is categorised is determined on the basis of the lowest level input that is significant to the fair value measurement. Financial assets and liabilities are classified in their entirety into one of the three levels.

R'000	Level 1	Level 2	Level 3	Total
2012				
Financial assets at fair value through profit and loss				
Investments	-	-	21 358	21 358
	-	-	21 358	21 358
Financial liabilities at fair value through profit and loss				
Derivative financial liabilities	2 193	-	-	2 193
	2 193	-	-	2 193
2011				
Financial assets at fair value through profit and loss				
Investments	779	-	19 237	20 016

Reconciliation of level 3 financial assets

The following table sets out the reconciliation of financial assets measured at fair value based on inputs that are not based on observable market data.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2012

29. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT CONTINUED

Reconciliation of level 3 financial assets *continued*

R'000	Opening balance	Translation of foreign entities	Fair value adjustment	Acquisitions	Disposals	Balance at year-end
2012						
Investments	19 237	2 121	–	–	–	21 358
	19 237	2 121	–	–	–	21 358
2011						
Investments	47 686	888	447	13	(29 797)	19 237
	47 686	888	447	13	(29 797)	19 237

Level 3 investments relate only to unlisted investments. There are no cash flows arising from dividends from the investments, hence after giving due consideration to market conditions, fair value is deemed to approximate cost.

The directors are of the opinion that changes to the inputs would not have a material effect on the fair value as determined.

29.1 Credit risk

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the group's long-term receivables, trade and other receivables and cash and cash equivalents maintained with financial institutions.

Long-term receivables

The group is exposed to credit risk through loans advanced to certain entities and employees. The group mitigates these risks firstly through careful review by the risk management committee of such entities and secondly by obtaining sufficient security in order to be able to extinguish the debt in the event of default. Where loans are unsecured the group owns an equity interest in the entity and is able to influence the decision making of such entities. Loans to employees are predominantly for shares sold in terms of the share schemes and the shares themselves are held as security for the loans advanced.

Trade and other receivables

The group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the group's customer base, including the default risk of the industry and country, in which customers operate, has less of an influence on credit risk.

Construction contracts

Where the group is exposed to credit risk through construction contracts, in most instances, the group either negotiates or tenders for the contracts to which it became a party. As a result the group is able to evaluate prospective clients prior to the commencement of any project. Additionally, for all contracts other than those concluded with government departments, the group insists on receipt of a payment guarantee equal to the value of the contract sum. Any relaxation of this policy must be approved by the risk management committee. Where no guarantee has been obtained the group holds a lien over the work-in-progress.

Sale of properties

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

Sale of goods

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

Irrecoverable receivables

The group establishes an allowance for impairment that represents its estimate of anticipated losses in respect of trade and other receivables. The main component of this allowance relates to individually significant exposures where the nature of customers, overdue accounts and collateral held are taken into account.

Cash and cash equivalents

The group limits its exposure to credit risk by only investing in liquid securities and only with reputable financial institutions.

29. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT *CONTINUED*

29.1 Credit risk *continued*

Past due analysis and allowance for impairment:

R'000	Carrying amount	Not past due	Past due 1-30 days	Past due 31-120 days	Past due >121 days	Provision for impairment
2012						
Trade and other receivables	3 954 851	3 508 905	219 023	126 450	116 972	(16 499)
Cash and cash equivalents	3 068 884	3 068 884	-	-	-	-
Long-term receivables	169 799	169 799	-	-	-	-
Loans advanced to associated companies	506 269	506 269	-	-	-	-
	7 699 803	7 253 857	219 023	126 450	116 972	(16 499)
2011						
Trade and other receivables	2 921 997	2 758 433	71 930	27 397	113 230	(48 993)
Cash and cash equivalents	2 882 772	2 882 772	-	-	-	-
Long-term receivables	123 936	123 936	-	-	-	-
Loans advanced to associated companies						
– at amortised cost	462 998	528 865	-	-	-	(65 867)
– held-for-sale	4 020	4 020	-	-	-	-
	6 395 723	6 298 026	71 930	27 397	113 230	(114 860)

Reconciliation of the provision for impairment losses

R'000	Loans advanced to associated companies	Accounts receivable	Total
2012			
Balance at beginning of the year	65 867	48 993	114 860
Impairment losses recognised/(reversed)	-	(38 715)	(38 715)
Amounts written off	-	6 221	6 221
Balance at end of the year	65 867	16 499	82 366
2011			
Balance at beginning of the year	-	43 789	43 789
Impairment losses recognised/(reversed)	65 867	5 204	71 071
Amounts written off	-	-	-
Balance at end of the year	65 867	48 993	114 860

The impairment account is used to record the anticipated impairment losses within the group. When management is satisfied that no recovery of the amount is possible, the amount considered irrecoverable is written off directly to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2012

29. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT CONTINUED

29.2 Market risk (Currency risk)

Transactions with certain of the group's operations occur in various foreign currencies and consequently are exposed to exchange rate fluctuations that have an impact on cash flows and financing activities. These transactions are predominantly entered into in the respective functional currencies of the individual operations and the group mitigates this risk by settling the transactions with cash balances maintained in the various currencies utilised. Some operations are exposed to foreign currency risk in connection with contracted payments in currencies not in their individual functional currencies. The group manages this risk through the selective use of forward exchange contracts and cross currency swaps. Forward exchange contracts are used primarily to reduce foreign currency exposure relating to imports into South Africa.

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

R'000	US dollar	Mozambique meticaïs	Australian dollar	Botswana pula	Zambia kwacha	Ghana cedi	Mauritian rupee
2012							
Trade and other receivables	755 825	2 162	1 567 478	127 992	1 214	4 352	67 143
Cash and cash equivalents	307 002	5 618	1 154 754	39 977	23 580	1 859	7 845
Trade and other payables	(566 181)	(36 844)	(2 471 283)	(94 313)	(25 800)	(87 328)	(71 768)
Long-term liabilities	-	-	(109 531)	-	-	-	-
	496 646	(29 064)	141 418	73 656	(1 006)	(81 117)	3 220
Closing rate	8,18	0,30	8,37	1,05	0,0016	4,21	0,27
Average contract rate	7,74	0,29	7,99	1,06	0,0015	4,63	0,27
2011							
Trade and other receivables	188 750	203	1 170 284	112 258	629	57 696	11 333
Cash and cash equivalents	527 240	35 764	882 787	57 528	3 752	7 072	21 021
Trade and other payables	(435 614)	(20 487)	(1 856 061)	(92 844)	(1 496)	(26 796)	(26 831)
Long-term liabilities	-	-	(41 810)	-	-	-	-
	280 376	15 480	155 200	76 942	2 885	37 972	5 523
Closing rate	6,80	0,24	7,27	1,03	0,0014	4,49	0,25
Average contract rate	7,01	0,21	6,91	1,05	0,0015	4,75	0,24

Forward exchange contracts

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

The following forward exchange contracts and cross currency swaps were held during the year and at 30 June 2012:

	Contract foreign currency amount FC'000	Contract rand equivalent amount R'000	Average rate of exchange (calculated)	Actual/estimated fair value gain/(loss) R'000
2012				
Relating to transactions which have already occurred:				
US dollar	65	536	8,3	(7)
Euro	1 933	20 061	10,4	(1 687)
Related to future commitments:				
US dollar	424	3 508	8,3	(6)
Euro	3 216	36 124	11,2	(2 187)
2011				
Relating to transactions which have already occurred:				
US dollar	7 435	56 902	7,7	948
Euro	960	10 628	11,1	(1 521)

29. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT *CONTINUED*

29.2 Market risk (Currency risk) *continued*

Sensitivity analysis

A 10% weakening of the rand against the following currencies at 30 June would affect, in equity, the translation of the balances of the following monetary items by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant and is applied against the gross statement of financial position exposure and forward exchange contracts at statement of financial position date.

R'000	US dollar	Mozambique meticaïs	Australian dollar	Botswana pula	Zambia kwacha	Ghana cedi	Mauritian rupee
2012							
Trade and other receivables	75 582	216	156 747	12 799	120	435	6 714
Cash and cash equivalents	30 700	561	115 475	3 997	2 358	186	785
Trade and other payables	(56 618)	(3 684)	(247 128)	(9 431)	(2 580)	(8 732)	(7 176)
Long-term liabilities	–	–	(10 953)	–	–	–	–
Total	49 664	(2 907)	14 141	7 365	(102)	8 111	323
2011							
Trade and other receivables	18 875	19	117 026	11 225	62	5 770	1 133
Cash and cash equivalents	52 724	3 576	88 278	5 752	375	707	2 102
Trade and other payables	(43 560)	(2 049)	(185 606)	(9 284)	(150)	(2 679)	(2 682)
Long-term liabilities	–	–	(4 181)	–	–	–	–
Total	28 039	1 546	15 517	7 693	287	3 798	553

A 10% strengthening of the rand against the above currencies at 30 June would have had the equal but opposite effect to the amount shown above, on the basis that all other variables remain constant.

29.3 Market risk (Interest rate risk)

The group has adopted a policy where exposure to interest rate risk is on a floating rate basis linked to market rates on interest-bearing bank deposits, borrowings and loans advanced.

At the reporting date the interest rate profile of the group's financial instruments was:

R'000	Carrying amount	Interest- bearing Linked to prime	Interest free
2012			
Loans to associate companies	506 269	506 269	–
Long-term receivables	169 799	56 273	113 526
Trade and other receivables	3 954 851	–	3 954 851
Interest-bearing borrowings	(211 821)	(211 821)	–
Trade and other payables	(3 132 267)	–	(3 132 267)
Cash and cash equivalents	3 068 884	3 068 884	–
	4 355 715	3 419 605	936 110
2011			
Loans to associate companies	462 998	462 998	–
Long-term receivables	123 936	67 713	56 223
Trade and other receivables	2 921 997	–	2 921 997
Interest-bearing borrowings	(106 280)	(106 280)	–
Trade and other payables	(2 619 695)	–	(2 619 695)
Cash and cash equivalents	2 866 379	2 866 379	–
	3 649 335	3 290 810	358 525

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2012

29. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT CONTINUED

29.3 Market risk (Interest rate risk) continued

Sensitivity analysis

A change of 150-basis points in interest rates at the reporting date would have increased or decreased profit for the following year by the amounts shown below. This analysis assumes that all other variables remain constant and is based on closing balances compounded monthly.

R'000	Profit/(loss) 150-basis point increase	Profit/(loss) 150-basis point decrease
2012		
Long-term receivables	8 438	(8 438)
Cash and cash equivalents	46 033	(46 033)
Long-term payables	(3 177)	3 177
	51 294	(51 294)
2011		
Long-term receivables	7 961	(7 961)
Cash and cash equivalents	42 996	(42 996)
Long-term payables	(1 594)	1 594
	49 363	(49 363)

29.4 Liquidity risk

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation.

Cash flow forecasting within the group typically ensures that it has sufficient cash available, as well as lines of credit, to meet expected operational expenses including the servicing of financial obligations. The potential impacts of extreme circumstances that cannot reasonably be predicted such as major catastrophes like property damage, business interruption, public liability and political riot are covered by local and group short-term insurance.

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

R'000	Total	<1 years	2 – 5 years	>5 years
2012				
Non-derivative liabilities measured at amortised cost:				
Interest-bearing liabilities	211 821	79 392	132 429	-
Other financial liabilities	2 412 297	2 393 315	18 982	-
Subcontractor liabilities	738 952	738 952	-	-
Derivative financial liabilities at fair value:				
Forward exchange contracts	2 193	2 193	-	-
	3 365 263	3 213 852	151 411	-
2011				
Non-derivative liabilities measured at amortised cost:				
Bank overdraft	16 393	16 393	-	-
Interest-bearing liabilities	106 280	39 870	66 410	-
Other financial liabilities	1 839 754	1 815 638	24 116	-
Subcontractor liabilities	804 057	804 057	-	-
	2 766 484	2 675 958	90 526	-

The group expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets, as well as from current cash reserves (note 33.3) currently held at the various financial institutions.

The group does not at this point require or have any other structured financing facilities in place, apart from asset specific finance agreements (note 13) and a daily notional overdraft facility of R40 million.

30. CAPITAL MANAGEMENT

To provide returns for shareholders and benefits for other stakeholders and to maintain optimal structure to reduce the cost of capital, the group policy maintains an adequate capital base.

Capital comprises shareholders' equity, including capital and reserves. In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The level of dividends paid by the group is determined with reference to the liquidity and solvency of the group as well as consideration of budgets and forecasts.

The group follows a conservative approach to its statement of financial position carrying very little debt and maintaining substantial cash balances. Given the cyclical and often unpredictable nature of the construction environment we believe this approach to be appropriate in providing flexibility to the group during difficult times and in protecting shareholder value.

	2012	2011
Debt/equity ratio	3.3	1.9

There were no changes in the groups' approach to capital management during the year.

	2012 R'000	2011 R'000
31. EMPLOYEE BENEFITS		
31.1 Staff costs		
Wages and salaries	2 761 040	2 273 885
Pension cost – defined benefit fund	200	759
Provident cost – defined contribution funds	141 876	119 108
Medical aid	1 839	18 143
Other contributions	203 323	66 699
	3 108 278	2 478 594
31.2 Defined benefit fund		
Fair value of fund assets	32 865	42 616
Present value of obligation	(33 072)	(41 274)
Funded status	(207)	1 342
Net unrecognised actuarial gain/(loss)	207	(1 342)
Paragraph 58 limitation	–	–
Liability recognised	–	–
Present value of defined benefit obligation:		
Opening balance	41 274	41 513
Service cost	109	577
Interest cost	3 598	3 788
Past service cost	3 412	–
Members' contributions	58	167
Actuarial loss	1 650	1 821
Benefits paid	(2 727)	(6 542)
Risk premiums	(25)	(50)
Curtailment loss	1 592	–
Liability settled	(15 869)	–
Closing balance	33 072	41 274
Fair value of fund assets:		
Opening balance	42 616	39 544
Expected return on assets	3 245	3 774
Contributions	5 048	7 557
Risk premiums	(25)	(50)
Benefits paid	(2 727)	(6 542)
Actuarial gain/(loss)	577	(1 667)
Amount settled	(15 869)	–
Closing balance	32 865	42 616
The composition of fund assets is made up as follows:	%	%
Cash	6,2	42,9
Equity	–	20,9
Bonds	93,8	7,6
Property and other	–	4,0
International	–	24,6
	100,0	100,0
The principal actuarial assumptions used as at the statement of financial position date were as follows:		
Discount rate	7,3	9,3
Inflation rate	5,3	5,8
Salary increase rate	–	7,8
Expected rate of return on assets	6,3	8,8
Pension increase allowance	5,3	4,3

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2012

31. EMPLOYEE BENEFITS CONTINUED

31.2 Defined benefit fund continued

The WBHO Pension Fund, which is governed by the Pension Funds Act of 1956 (as amended), is closed to new entrants. The fund is a final emolument pension fund and 0,47% of employees are members of the fund. Actuarial valuations are made annually and the most recent valuation was made on 30 June 2012. The actuary is of the opinion that the fund is in a sound financial position.

Due to the limited number of members within the fund, the group has elected to outsource the obligations of the fund to an external insurer. Currently the obligations have been outsourced in the name of the fund and hence the fund retains its obligations to the members. During the course of the next financial year the outsourcing will transfer to the individuals and the fund will be dissolved.

Members of the fund still in the employ of the group transferred to the WBHO Staff Provident Fund on 30 March 2012.

The relevant curtailment and settlement accounting required in terms of IAS 9 have been applied.

31.3 Defined contribution funds

WBHO Staff Provident Fund

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

WBHO Provident Fund

The fund is open to membership by any hourly paid employee, employed full-time by the company, who has completed at least 12 months' continuous service.

31.4 Equity compensation benefits

The WBHO Share Trust

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

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

	Number of shares '000	Average selling price per share cents	Share-based payments expense for the year R'000	Future expense to be recognised R'000
The WBHO Share Trust				
Shares sold to employees in prior periods where the loan period has not yet expired	50	10 000	14	36
Shares vested during the current period	-	-	-	-
Shares sold during the current period	-	-	-	-
Shares repurchased during the current period	-	-	-	n/a
Unsold treasury shares	42	n/a	n/a	n/a

The WBHO Management Trust

The trust is a special purpose vehicle through which shares are sold to employees with the aim of retaining existing talent within the group. In order to further this aim the trust has acquired, and has the option to acquire further shares, at a discounted price.

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

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

31. EMPLOYEE BENEFITS *CONTINUED*

31.4 Equity compensation benefits *continued*

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

	Number of shares '000	Average selling price per share cents	Share-based payments expense for the year R'000	Future expense to be recognised R'000
The WBHO Management Trust				
Shares sold to employees in prior periods where the loan period has not yet expired.	50	5 000	514	1 328
Shares vested during the current period	-	-	-	-
Options exercised in the current period	-	-	-	-
Shares sold during the current period	654	9 978	11	19 241
Shares repurchased during the current period	45	5 744	-	-
Unallocated share stock	705	n/a	n/a	n/a

Akani Investment Holdings (Pty) Ltd and the Broad-Based Employee Share Incentive Trust

The company and trust are special purpose vehicles created to give effect to the group's black economic empowerment initiative, aimed to source strategic black partners and reward black employees who have been in the service of the group for more than five years.

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

Black partners

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

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

Where:

A = number of WBHO shares to be repurchased

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

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

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2012

31. EMPLOYEE BENEFITS *CONTINUED*

31.4 Equity compensation benefits *continued*

WBHO

WBHO subscribed for the Akani shares at par value, in cash at the issue date. WBHO is entitled to transfer the Akani shares for which it has subscribed to black people identified by WBHO from time to time. WBHO holds 2 721 407 shares for future allocation to new or existing black partners.

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

	Number of shares '000	Selling price cents	Share-based payments expense for the year R'000	Future expense to be recognised R'000
Akani Investment Holdings				
WBHO shares issued to Akani in terms of the BEE agreement	9 989	1	n/a	n/a
Akani shares issued to the black partners	2 152	1	-	Nil
- Allocated	2 000			
- Purchased in terms of the reinvestment obligation	152			
Akani shares issued to the BBE Trust	4 392			
- Allocated (973 employees)	1 650	1	15 016	13 736
- For future allocation	2 850	1	n/a	n/a
- Purchased in terms of the reinvestment obligation	242			
- Shares vested in terms of repurchase formula - allocated	(180)			
- Shares vested in terms of repurchase formula - reinvestment obligation	(170)			
Akani shares issued to WBHO	3 428			
- Allocated (271 employees)	696	1	n/a	n/a
- For future transfer to new or existing black partners	2 721	1	n/a	n/a
- Purchased in terms of the reinvestment obligation	47			
- Shares vested in terms of repurchase formula - allocated	(18)			
- Shares vested in terms of repurchase formula - reinvestment obligation	(18)			
Akani shares sold to a black partner	72	n/a	n/a	n/a

In calculating the share-based payments expense applicable to the black partners and the BBE trust it was necessary to estimate the number of shares that could vest at the end of the lock-up period and allocation period respectively. The following assumptions and judgements were used in arriving at the estimate:

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

Probuild Constructions (Australia) and Probuild Civils employee share scheme

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

31. EMPLOYEE BENEFITS *CONTINUED*

31.4 Equity compensation benefits *continued*

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

	Number of shares '000	Selling price per share cents
Shares sold in prior periods	1 883	350
Shares sold in the current period	nil	n/a
Shares repurchased in the current period	100	370

WBHO Civils employee share scheme

This is an arrangement through which the company sells shares to employees with the aim of retaining talent. Shares are offered to employees at market value at the date of issue. Market value is calculated taking into consideration audited earnings, the current budget and retained earnings. Where required, loans are provided to the participants to obtain the shares. The loan is secured against their shareholding and is repayable within five years from issue, unless otherwise agreed (nominally 10 August 2013). Shares are restricted from trading until the employee leaves the company. There is a call option available to the company to acquire shares from 30 June 2013.

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

	Number of shares '000	Selling price per share cents
Shares sold in prior periods		
– ordinary shares	450	270
– dividend access shares	3	7
Shares sold in the current period		
– ordinary shares	nil	n/a
– dividend access shares	nil	n/a

31.5 Cash-settled compensation benefits

Edwin Construction Employee Share Incentive Trust (Edwin Trust)

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

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

	Number of units '000	Selling price cents	Share-based payments expense for the year R'000	Liability recognised to date R'000
Edwin Trust				
Edwin shares issued to the trust	600	n/a	n/a	n/a
Units issued (15 employees)	333	1 512	(5 135)	13 945
Units remaining to be issued	267	n/a	n/a	n/a

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2012

32. SEGMENTAL ANALYSIS

Operating segments reflect the management structure of the group and are identified both geographically and by the key markets which they serve.

The operating segments are regularly reviewed by the group's chief operating decision-makers, defined as the executive committee, in order to allocate resources and assess the performance of the segments.

The performance of operating segments is assessed by the executive committee based on revenue and operating profit before non-trading items and further consideration is given to the capital expenditure incurred per segment. Included in operating profit before non-trading items is the impairment of trade receivables as well as any fair value adjustments. Any other impairments are excluded.

The group has four reportable operating segments **Revenue within each segment is derived from the following activities:**

• Building and civil engineering	- through the building market from the construction of retail shopping centres, commercial buildings, hotels, hospitals and other infrastructure; and - through the mining sector from civil engineering related infrastructure.
• Roads and earthworks	- through a number of civil engineering disciplines, mainly the roads and mining sectors.
• Australia	- through the construction of retail, residential and commercial buildings for the private building sector; and - through the mining sector from civil engineering related infrastructure.
• Other operations	- through service concession investments and property development sales

The accounting policies of the segments are the same as those applied in the group. Inter-segment sales are at arm's length and are eliminated on consolidation. There were no inter-segment sales during the periods presented.

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

Operating segments

	Civil and building R'000	Roads and earthworks R'000	Australia R'000	Other operations R'000	Total R'000
At 30 June 2012					
Revenue – external customers	5 233 396	4 279 162	8 291 229	89 564	17 893 351
Operating profit before non-trading items	272 028	492 124	203 373	8 177	975 702
Additional items regularly reported to the executive committee:					
Impairment of goodwill	7 497	–	15 723	–	23 220
Depreciation and amortisation	47 951	165 973	58 884	–	272 808
Capital expenditure	66 255	285 972	135 863	–	488 090
At 30 June 2011					
Revenue – external customers	4 377 474	4 110 792	5 972 874	305 491	14 766 631
Operating profit before non-trading items	332 810	524 569	171 200	61 470	1 090 049
Additional items regularly reported to the executive committee:					
Impairment of goodwill	–	36 640	–	–	36 640
Negative goodwill realised	–	(374)	–	–	(374)
Depreciation	41 252	124 848	41 965	–	208 065
Capital expenditure	17 386	234 926	36 915	–	289 227

Geographical segments

	2012 R'000	2011 R'000
South Africa	7 101 537	7 192 444
Africa	2 500 585	1 601 313
Australia	8 291 229	5 972 874
	17 893 351	14 766 631

	2012 R'000	2011 R'000
33. CASH FLOW INFORMATION		
33.1 Cash generated by operations		
Operating profit before non-trading items	975 702	1 090 049
Adjusted for non-cash items:		
Depreciation and amortisation	272 808	208 065
Movement in provisions	(260 535)	(88 220)
Net unrealised foreign exchange gains and losses	(33 479)	6 914
Profit from disposal of property, plant and equipment	(4 582)	(2 502)
Impairment of trading stock	25 298	-
Profit on share issue	-	(3 053)
Irrecoverable debts	-	4 893
Translation of foreign entities	50 713	17 005
Operating income before working capital changes	1 025 925	1 233 151
Working capital changes:		
Decrease in inventories	22 103	51 162
Increase/(decrease) in excess billings over work done	688 079	(765 315)
Increase in contracts-in-progress	(325 650)	(383 221)
Increase in trade and other receivables	(1 065 518)	(97 419)
Increase in trade and other payables	676 607	306 918
	(4 379)	(887 875)
Cash generated from operations	1 021 546	345 276
33.2 Taxation paid		
Asset/(liability) outstanding at beginning of the year	220 125	(88 772)
Current tax expense	(545 469)	(336 707)
Secondary taxation on companies	(6 540)	(2 123)
Acquisition of subsidiaries	-	(2 897)
Asset outstanding at end of year	(49 493)	(220 125)
Net taxation paid	(381 377)	(650 624)
33.3 Cash and cash equivalents		
Cash and cash equivalents	3 068 884	2 882 772
Bank overdrafts	-	(16 393)
	3 068 884	2 866 379
Amounts included in cash and cash equivalents not available to the group	2 499	2 383
A subsidiary has provided a cash security for a guarantee facility. The security will lapse within the next 12 months.		

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2012

34. ACQUISITIONS

2012

There were no additional business combinations in the current year.

Contextx Holdings Pty Ltd

Following an exceptionally strong performance during the year the purchase price debtor was reversed and a deferred consideration accrual has been recognised in respect of the acquisition made in the previous reporting period.

Additional goodwill of R52 099 (note 4) has been recognised as a result of the transaction.

2011

Carr Civil Contracting Pty Ltd

On 1 July 2010, WBHO Australia acquired a 51% interest in Carr Civil Contracting Pty Ltd. The company was consolidated in the group's results from the acquisition date. Included in the group's results is revenue of R576 million and a loss before tax of R0, 8 million.

The fair value of assets and liabilities at the acquisition date were as follows:

Property, plant and equipment	79 544
Inventory	5 076
Trade and other receivables	70 332
Long-term financial liabilities	(37 081)
Trade and other payables	(93 220)
Taxation and deferred taxation	(1 395)
Goodwill	1 614
Cash and cash equivalents	31 967
Equity value	56 837
Equity value attributable to non-controlling interests	(27 850)
Share of the equity value attributable to the group	28 987
Goodwill	12 310
Purchase price	41 297

Monaco Hickey Pty Ltd

On 1 July 2010, Probuild Constructions Australia acquired a 60% interest in Monaco Hickey Pty Ltd.

The company was consolidated in the group's results from the acquisition date. Included in the group's results is revenue of R255 million and a profit before tax of R12,4 million.

The fair value of assets and liabilities at the acquisition date were as follows:

Property, plant and equipment	1 259
Investments and guarantees	6
Inventory	39
Trade and other receivables	9 048
Long-term financial liabilities	(1 104)
Trade and other payables	(13 116)
Taxation and deferred taxation	504
Goodwill	38 748
Cash and cash equivalents	3 365
Equity value	38 749
Equity value attributable to non-controlling interests	(15 499)
Share of the equity value attributable to the group	23 250
Goodwill	-
Purchase price	23 250

	2011 R'000
34. ACQUISITIONS <i>CONTINUED</i>	
North Coast Pty Ltd	
On 1 July 2010, Carr Civil Contracting Pty Ltd acquired a 100% interest in North Coast Pty Ltd.	
The company was consolidated in the group's results from the acquisition date. Included in the group's results is revenue of R74 million and a loss before tax of R4,7 million.	
Property, plant and equipment	72 413
Trade and other receivables	65 245
Inventory	471
Trade and other payables	(66 452)
Equity value	71 677
Goodwill	-
Purchase price	71 677
Contexx Holdings Pty Ltd	
On 1 November 2010, Probuild Constructions Australia acquired a 51% interest in Contexx Holdings Pty Ltd.	
The company was consolidated into the group's results as from the acquisition date. Included in the group's results is revenue of R347 million and a loss before tax of R6,8 million.	
The fair value of assets and liabilities at the acquisition date were as follows:	
Property, plant and equipment	1 404
Trade and other receivables	55 992
Inventory	3 248
Trade and other payables	(127 317)
Taxation and deferred taxation	(2 753)
Cash and cash equivalents	83 940
Equity value	14 514
Equity value attributable to non-controlling interests	(7 256)
Share of the equity value attributable to the group	7 258
Goodwill	29 887
Purchase price	37 145
Renniks Construction (Pty) Ltd	
On 30 June 2011 the group acquired a 60% interest in Renniks Construction (Pty) Ltd and as a result, only the statement of financial position has been consolidated.	
The fair value of assets and liabilities at the acquisition date were as follows:	
Property, plant and equipment	6 794
Loans receivable	2 382
Trade and other receivables	13 042
Long-term financial liabilities	(628)
Trade and other payables	(4 958)
Taxation and deferred taxation	(1 455)
Cash and cash equivalents	11 317
Equity value	26 494
Equity value attributable to non-controlling interests	(10 598)
Share of the equity value attributable to the group	15 896
Goodwill	16 609
Purchase price	32 505
Cash flow on acquisitions comprising:	
Acquisition of businesses	205 874
Cash acquired	(130 589)
	75 285

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2012

35. CHANGES IN SHAREHOLDING

During the year the group acquired additional interests in the following subsidiaries from the non-controlling shareholders:

Entity	Date acquired	Transaction	Percentage acquired	Effective interest held	Purchase consideration R'000
2012					
Probuild Constructions (Australia) Pty Ltd	July 25, 2011	Non-controlling interest acquired	0,39%	75,49%	3 522
Probuild Constructions (Australia) Pty Ltd	September 30, 2011	Share buy-back	3,04%	78,53%	37 806
WBHO-Carr Civil Contracting Pty Ltd	January 1, 2012	Non-controlling interest acquired; Purchase consideration not yet settled	49,00%	100,00%	10 937
					52 265
The aggregate effect of the acquisitions of non-controlling interests on goodwill recognised in equity amounts to:					
- goodwill recognised					31 221
- negative goodwill recognised					(14 975)
					16 246
Cash flow on acquisitions of non-controlling interests					41 328
2011					
Insitu Pipelines (Pty) Ltd	July 1, 2010	Non-controlling interest acquired	30,00%	100,00%	61 078
Probuild Civils (QLD) Pty Ltd	July 1, 2010	Non-controlling interest acquired	2,50%	90,00%	2 995
Probuild Constructions (Australia) Pty Ltd	July 22, 2010	Non-controlling interest acquired	1,12%	70,55%	8 586
Probuild Constructions (Australia) Pty Ltd	September 22, 2010	Non-controlling interest acquired	0,47%	71,02%	3 636
Probuild Constructions (Australia) Pty Ltd	September 30, 2010	Share buy-back	4,46%	76,60%	77 484
Probuild Constructions (Australia) Pty Ltd	September 30, 2010	2009 share buy-back purchase price adjustment			42 053
C.E.C.K Pty Ltd	July 6, 2010	Non-controlling interest acquired	16,67%	81,20%	19 374
Roadspan Holdings (Pty) Ltd	April 1, 2011	Non-controlling interest acquired	30,00%	100,00%	6 350
					221 556
The aggregate effect of the acquisitions of non-controlling interests on goodwill recognised in equity amounts to:					169 745
Cash flow on acquisitions of non-controlling interests					221 556

36. EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

On 2 July 2012 WBHO Australia Pty Ltd entered into a share sale agreement to sell its 100% ownership in WBHO-Carr Pty Ltd for a consideration of 5 million shares in WBHO Civils Pty Ltd. The effect of the transaction was to change the shareholding of WBHO Civils Pty Ltd as follows:

	Before	After
WBHO Australia Pty Ltd	46,3%	70,9%
Probuild Constructions (Aust) Pty Ltd	46,3%	25,0%
Non-controlling interests	7,5%	4,1%

On 5 September 2012 the group acquired an additional 4% interest in Probuild Constructions (Aust) Pty Ltd at a cost of AUD10 million. The effective interest in Probuild has increased from 78,5% to 82,5% as a result of the transaction.

On 7 September 2012 Probuild Constructions (Aust) Pty Ltd (Probuild) acquired the remaining 49,9% interest in Contexx Holdings Pty Ltd (Contexx). The acquisition was effective from 1 July 2012. Probuild issued 2,3 million shares and paid AUD13 million to settle the purchase price of AUD32 million. The effective interest in Probuild has decreased from 82,5% to 76% as a result of the transaction.

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2012

	Notes	2012 R'000	2011 R'000
ASSETS			
Investments in subsidiaries and special purpose entities	1	42 772	42 772
Other financial assets	2	186 368	186 266
Total non-current assets		229 140	229 038
Cash and cash equivalents		503	615
Total current assets		503	615
Total assets		229 643	229 653
EQUITY			
Share capital and share premium		31 175	31 175
Retained earnings		12 610	16 628
Total equity attributable to equity holders of the company		43 785	47 803
LIABILITIES			
Long-term financial liabilities	3	185 346	181 224
Total non-current liabilities		185 346	181 224
Short-term financial liabilities	4	512	626
Total current liabilities		512	626
Total liabilities		185 858	181 850
Total equity and liabilities		229 643	229 653

COMPANY STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2012

	Notes	2012 R'000	2011 R'000
Investment income	5	214 224	107 555
Other income		-	8 472
Other direct costs		(442)	(306)
Net profit for the year		213 782	115 721
Attributable to:			
Equity shareholders of Wilson Bayly Holmes-Ovcon Ltd		213 782	115 721

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2012

	Stated capital R'000	Distributable reserves R'000	Total equity R'000
Balance at 30 June 2010	31 175	118 706	149 881
Net profit for the year	-	115 721	115 721
Dividend paid	-	(217 799)	(217 799)
Balance at 30 June 2011	31 175	16 628	47 803
Net profit for the year	-	213 782	213 782
Dividend paid	-	(217 800)	(217 800)
Balance at 30 June 2012	31 175	12 610	43 785

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2012

	2012 R'000	2011 R'000
Cash flow from operating activities		
Cash generated from operations	(556)	8 364
Investment income	214 224	107 555
Dividend paid	(217 800)	(217 799)
Net cash flow from operating activities	(4 132)	(101 880)
Decrease in investments	-	1 314
(Increase)/decrease in other financial assets	(102)	30 327
Net cash flow from investing activities	(102)	31 641
Increase in long-term financial liabilities	4 122	70 674
Net cash flow from financing activities	4 122	70 674
(Decrease)/increase in cash and cash equivalents for the year	(112)	435
Cash and cash equivalents at beginning of year	615	180
Cash and cash equivalents at the end of year	503	615

NOTES TO THE COMPANY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

	2012 R'000	2011 R'000
1. INVESTMENTS IN SUBSIDIARIES		
Shares at cost less impairment losses	42 772	42 772
A complete list of investments in subsidiaries is set out in annexure 1		
2. OTHER FINANCIAL ASSETS		
Loans to subsidiaries	184 715	184 308
Loans to share trusts	1 653	1 958
	186 368	186 266
The loans are unsecured, bear no interest and will not be repaid within the next 12 months.		
3. LONG-TERM FINANCIAL LIABILITIES		
Loans from subsidiaries (annexure 1)	183 266	181 175
Loans from share trusts	2 080	49
	185 346	181 224
The loans are unsecured, bear no interest and will not be repaid within the next 12 months.		
4. SHORT-TERM FINANCIAL LIABILITIES		
Dividends payable	512	626
5. INVESTMENT INCOME		
Dividends received from subsidiaries	214 221	107 549
Interest received from financial institutions	3	6
	214 224	107 555
6. STATEMENT OF OTHER COMPREHENSIVE INCOME		
No statement of other comprehensive income has been prepared as there is none.		

ANNEXURE 1

INVESTMENTS IN SUBSIDIARIES

FOR THE YEAR ENDED 30 JUNE 2012

INVESTMENT IN SUBSIDIARIES

	Country of incorporation	Issued capital	Effective holding %	Shares at cost		Amounts owing by/(to) subsidiaries	
				2012 R'000	2011 R'000	2012 R'000	2011 R'000
Held directly							
Akani Investment Holdings (Pty) Ltd	South Africa	R100 446	34	34	34	407	(41)
WBHO Construction (Pty) Ltd	South Africa	R900 000	100	42 738	42 738	(183 266)	(181 134)
WBHO Industrial Holdings (Pty) Ltd	South Africa	R1	100	–	–	184 308	184 308
Held indirectly							
Edwin Construction (Pty) Ltd	South Africa	R100	57				
Insitu Pipelines (Pty) Ltd	South Africa	R100	100				
Matkovich & Hayes (Pty) Ltd	South Africa	R10 000	51				
Renniks Construction (Pty) Ltd	South Africa	R405 600	60				
Roadspan Holdings (Pty) Ltd	South Africa	R9 900	100				
Simbithi Eco Estate (Pty) Ltd	South Africa	R100	100				
St Francis Links (Pty) Ltd	South Africa	R100	80				
WBHO-Carr Civil Contracting Pty Ltd	Australia	AUD4,650	100				
WBHO Civils Construction Pty Ltd	Australia	AUD600	82				
Contexx Holdings Pty Ltd	Australia	AUD10 177	39,3				
Monaco Hickey Pty Ltd	Australia	AUD6 000	47,1				
Probuild Civil QLD Pty Ltd	Australia	AUD140 004	70,7				
Probuild Constructions (Aust) Pty Ltd	Australia	AUD37 946 003	78,5				
WBHO Australia Pty Ltd	Australia	AUD26 400 000	100				
WBHO Properties Pty Ltd	Australia	AUD12	100				
Kalcon (Pty) Ltd	Botswana	P2	100				
WBHO Ghana (Pty) Ltd	Ghana	\$500 000	100				
WBHO Guinea (SA) Ltd	Guinea	Fr100 000 000	100				
WBHO Construc�ao Mozambique Limitada	Mozambique	AUD403 910	100				
WBHO Mozambique Projectos Limitada	Mozambique	Mt10 000 000	100				
WBHO Construction Sierra Leone Ltd	Sierra Leone	Le100 000	100				
WBHO Zambia Ltd	Zambia	ZMK5 000 000	100				
				42 772	42 772	1 449	3 133

Investments in dormant subsidiaries have been omitted.

ANNEXURE 2

INTERESTS IN JOINT VENTURES

FOR THE YEAR ENDED 30 JUNE 2012

INVESTMENTS IN SIGNIFICANT JOINT VENTURES

	Country of operation	2012 %	2011 %
Statutory entities			
Murphy Street Developments Pty Ltd	Australia	50,0	50,0
WBHO/BCE Ltd Joint Venture	Mauritius	80,0	80,0
Non-statutory entities			
Civil and Coastal Joint venture	South Africa	60,0	60,0
Ilembe EPC Joint Venture	South Africa	43,0	43,0
Ilembe Civils Joint Venture	South Africa	45,0	45,0
Ilembe Building Joint Venture	South Africa	34,5	34,5
Ingula Dam Joint Venture	South Africa	40,0	40,0
Sandton Joint Venture	South Africa	50,0	50,0
Kusile Civils Joint Venture	South Africa	25,0	25,0
Kusile Silos Joint Venture	South Africa	28,0	28,0
WBHO/Trencon Joint Venture	South Africa	50,0	50,0
WBHO/Tiber Joint Venture	South Africa	50,0	50,0
WBHO/GNPP Joint Venture	South Africa	50,0	-
WBHO/De Witt Joint Venture	South Africa	90,0	-
WBHO/Edwin Splish Splash Joint Venture	South Africa	70,0	-
WBHO Civils/Piacentini Joint Venture	Australia	50,0	-
		2012 R'000	2011 R'000
The group's proportionate share of the assets, liabilities, results of operations and cash flows as incorporated in the financial statements are summarised below:			
Non-current assets		9 082	26 489
Current assets		1 159 947	1 458 827
Total assets		1 169 029	1 485 316
Shareholders' equity		267 636	372 635
Current liabilities		901 393	1 112 681
Total equity and liabilities		1 169 029	1 485 316
Revenue		2 164 427	3 051 988
Contract costs		(1 740 693)	(2 433 559)
Overheads		(4 598)	(20 966)
Profit before taxation		452 821	692 043

SHAREHOLDER ANALYSIS

FOR THE YEAR ENDED 30 JUNE 2012

SHAREHOLDER SPREAD	Number of shareholdings	%	Number of shares	%
1 – 1 000 shares	6 971	75,86	2 670 221	4,05
1 001 – 10 000 shares	2 135	19,87	5 309 387	8,04
10 001 – 100 000 shares	352	3,29	9 372 982	14,20
100 001 – 1 000 000 shares	81	0,88	21 195 827	32,11
1 000 001 shares and over	9	0,10	27 451 583	41,59
Totals	9 548	100,00	66 000 000	100,00

DISTRIBUTION OF SHAREHOLDERS

Empowerment vehicle	1	0,01	10 044 623	15,22
Retirement funds	201	2,11	14 007 803	21,22
Share trust	2	0,02	1 501 278	2,27
Banks/Brokers	69	0,72	7 951 679	12,05
Insurance companies	56	0,59	4 758 371	7,21
Mutual funds	181	1,90	9 245 949	14,01
Individuals	6 203	64,97	5 662 479	8,58
Private companies	194	2,03	1 133 376	1,72
Nominees and trusts	1 995	20,89	4 577 433	6,94
Investment companies	8	0,08	654 547	0,99
Endowment funds	98	1,03	597 278	0,90
Medical schemes	22	0,23	120 001	0,18
Other corporations	67	0,70	68 141	0,10
Close corporations	85	0,89	68 604	0,10
Public companies	6	0,06	6 526	0,01
Directors, employees and beneficiaries	360	3,77	5 601 912	8,49
Totals	9 548	100,00	66 000 000	100,00

PUBLIC/NON-PUBLIC SHAREHOLDERS

Non-public shareholders	363	3,80	19 121 011	28,97
Directors and associates	9	0,09	1 973 198	2,99
Empowerment vehicle	1	0,01	10 044 623	15,22
Employees	351	3,68	5 601 912	8,49
Share trust	2	0,02	1 501 278	2,27
Public shareholders	9 185	96,20	46 878 989	71,03
Totals	9 548	100,00	66 000 000	100,00

Beneficial shareholders holding 3% or more	Number of shares	%
Akani Investment Holdings (Pty) Ltd	10 044 623	15,22
Government Employees Pension Fund	9 589 171	14,53
Old Mutual	3 113 873	4,72
Sanlam	2 700 553	4,09
Fidelity	2 104 291	3,19
Totals	27 552 511	41,75

Geographical breakdown	Number of shares	%
South Africa	54 240 626	82,18
United States of America and Canada	7 820 666	11,85
Rest of Europe	2 253 057	3,41
United Kingdom	940 939	1,43
Rest of the world	744 712	1,13
Totals	66 000 000	100,00

GRI INDEX

FOR THE YEAR ENDED 30 JUNE 2012

Our integrated 2012 report provides details on our economic, environmental and social programs and performance for the period under review and identifies our material sustainable development challenges and opportunities for the future. In accordance with the Global Reporting Initiative (GRI) G3 guidelines we declare that this report is aligned with application level C.

APPLICATION LEVEL			C
Profile	Disclosure	GRI G3 indicator	Page number
1. STRATEGY AND ANALYSIS			
1.1	Statement from the most senior decision maker about the relevance of sustainability to the organisation and its strategy.		4 and 5
1.2	Description of key impacts, risks and opportunities		20
2. PROFILE			
2.1	Name of organisation		2 and 3
2.2	Major product and/or services		2 – 3, 28 – 29, 36 – 37, 40 – 41
2.3	Operational structure of the organisation		28 – 29, 32 – 33, 36 – 37, 40 – 41
2.4	Location of organisation's head office		159
2.5	Number of countries where the organisation operates and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report		2 – 3, 28, 32 – 33, 36 – 37, 40 – 41
2.6	Nature of ownership and legal form		94, 149
2.7	Nature of markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)		3 and throughout
2.8	Scale of the reporting organisation including: • Number of employees (identify indirect employees if possible) • Net sales • Total capitalisation broken down in terms of debt and equity • Quantity of products or services provided		2, 8 – 13, 56, 96 – 148
2.9	Significant changes during the reporting period regarding size, structure, or ownership.		16 – 17, 30 – 32, 38, 46, 52
2.10	Awards received in the reporting period		4, 16, 60
3. REPORT PARAMETERS			
Report profile			
3.1	Reporting period for information provided		2
3.2	Date of most recent previous report		2
3.3	Reporting cycle (annual)		2
3.4	Contact point for question regarding the report or its content		2
Report scope and boundary			
3.5	Process of defining report content, including: • Determining materiality • Prioritising topics within the report • Identifying stakeholders the organisation expects to use the report		2
3.6	Boundary of the report (e.g. countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers)		2
3.7	Any specific limitations on the scope or boundary of the report		Not applicable
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations and other entities that can significantly affect comparability from period to period and/or between organisations.		102 – 108
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the indicators and other information in the report. Explanation of decisions not to apply GRI principles or protocols in the preparation of the report.		2
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g. mergers/acquisitions, change of base years/periods, nature of business, measurement methods).		Not applicable
3.11	Significant changes from previous reporting periods in the scope, boundary or measurement methods applied in the report.		Not applicable
3.12	Table identifying the location of the GRI index		ifc

Profile	Disclosure GRI G3 indicator	Page number
4. GOVERNANCE, COMMITMENTS AND ENGAGEMENT		
4.1	Governance structure including committees under the highest governance body responsible for specific tasks, such as setting strategy or organisational oversight.	70 – 79
4.2	Is Chair of the board – executive or non-executive	73
4.3	Organisations with a unitary board structure state the number of members of the board that are independent and/or non-executive members. Define independent and non-independent	73 – 74
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the board of directors including the use of shareholder resolutions or other mechanisms for enabling minority shareholders to express opinions to the highest governance body and informing and consulting employees about working relationships with formal representation bodies and representation of employees on the board	71
4.5	Linkage between compensation for members of the board, senior managers and executives (including departure arrangements) and the organisation's performance (including social and environmental performance).	80 – 85
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	74
4.7	Process for determining the qualifications and expertise for the members of the board for guiding the organisation's strategy on economic, environmental and social topics.	77
4.8	Internally developed statements of mission or values, codes of conduct and principles relevant to economic, environmental and social performance and the status of implementation.	2
4.9	Procedures of the highest governance body for overseeing the organisations identification and management of economic, environmental and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct and principles. Frequency with which highest governance body assess sustainability performance.	66, 77
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental and social performance.	71
COMMITMENT TO EXTERNAL INITIATIVES		
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organisation. (Organisation's approach to risk management in operational planning or the development and introduction of new products.)	22
4.12	Externally developed economic, environmental and social charters, principles or other initiatives to which the organisation subscribes or endorses, defining whether non-binding or obligatory.	56 – 63
4.13	Memberships in industry, national/international advocacy associations/organisations of governance bodies, project or committees, provide substantive funding beyond routine membership dues. Indicate if membership strategic	56 – 63
STAKEHOLDER ENGAGEMENT		
4.14	List of stakeholder groups engaged by the organisation. Identify and report those stakeholder groups that are engaged at the organisational level and those that are engaged at a project level	9
4.15	Basis for identification and selection of major stakeholders.	9
4.16	Approaches to stakeholder engagement including frequency of engagements by type and by stakeholder group	9
4.17	Key topics and concerns that have been raised through stakeholder engagement and how the organisation has responded to those key topics and concerns, including through its reporting.	9
ECONOMIC PERFORMANCE INDICATORS		
EC1 Core	Direct economic value generated and distributed including revenues, operating costs, employee compensation, donations and other community investments retained earnings, and payments to capital providers and governments.	8, 10 – 13, 30 – 31
EC4 Core	Significant financial assistance received from government.	No significant financial assistance has been received from government
Market presence		
EC6 Core	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	1, 60 – 61

GRI

INDEX CONTINUED

FOR THE YEAR ENDED 30 JUNE 2012

Profile	Disclosure GRI G3 indicator	Page number
ENVIRONMENTAL INDICATORS		
DMA EN	Management approach to environmental aspects, goals and performance, policy, organisational responsibility, training and awareness, monitoring and follow-up, additional contextual information.	62 – 67
Energy		
EN3 Core	Direct energy consumption by primary energy source.	65
EN4 Core	Indirect energy consumption by primary source.	65
EN5 Core	Energy saved due to conservation and efficiency improvements.	65
EN18 Core	Initiatives to reduce greenhouse gas emissions and reductions achieved.	65
EN23 Core	Total number and volume of significant spills	66 – 67
Compliance		
EN28 Core	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	66
LABOUR PRACTICES AND DECENT WORK		
DMA LA	Management approach to labour practices aspects, goals and performance, policy, organisational responsibility, training and awareness, monitoring and follow-up, additional contextual information.	56 – 57, 80 – 85
LA2 Core	Total number and rate of employee turnover by age group, gender and region	3, 35, 41, 47, 56
LA3 Additional	Benefits provide to full-time employees that are not provided to temporary or part-time employees, by major operations	57
Labour/management relations		
LA4 Core	Percentage of employees covered by collective bargaining agreements	57
Occupational health and safety		
LA7 Core	Rate of injury, occupational disease, lost days and absenteeism and number of work-related fatalities by region	11, 17, 55
CRE6	Percentage of the organisation operating in verified compliance with an internationally recognised health and safety management system	55
LA8 Core	Education, training, counselling, prevention, and risk-control programmes in place to assist workforce members, their families or community members, regarding serious disease	55
Training and education		
LA10 Core	Average hours of training per year per employee by employee category	57
LA11 Core	Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	56 – 59

Profile	Disclosure GRI G3 indicator	Page number
HUMAN RIGHTS PERFORMANCE		
Non-discrimination		
HR5 Core	Operations identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights.	None of our operations were identified as violating the right to exercise freedom of association and collective bargaining
HR6 Core	Operations and significant suppliers identified as having significant risk for incidents of child labour, and measures taken to contribute to the elimination/effective abolition of child labour.	None of our operations or significant suppliers were identified as having significant risk for incidents of child labour. WBHO complies with the labour laws of the countries in which it operates
Forced and compulsory labour		
HR7 Core	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labour, and measures taken to contribute to the elimination of forced or compulsory labour.	None of our operations or significant suppliers were identified as having significant risk for incidents of forced or compulsory labour
SOCIETY PERFORMANCE INDICATORS		
Corruption		
SO4 Core	Actions taken in response to incidents of corruption	78
Compliance		
SO8 Core	Monetary value of significant fine and total number of non-monetary sanctions for non-compliance with laws and regulations	Not significant fines or non-monetary sanctions for non-compliance with laws and regulations were received during FY12
PRODUCT RESPONSIBILITY		
DMA PR	Management approach to product responsibility aspects, goals and performance, policy, organisational responsibility, training and awareness, monitoring and follow-up, additional contextual information.	25
PR1 Core	Life cycle stages in which health and safety impacts of products and services are assessed for improvement and percentage of significant products and services categories subject to such procedures	25
Product and service labelling		
PR3 Core	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	25
PR5 Core	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	25
Compliance		
PR9 Core	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	25

NOTICE OF ANNUAL GENERAL MEETING

FOR THE YEAR ENDED 30 JUNE 2012

Notice is hereby given that the 30th annual general meeting (AGM) of the shareholders of Wilson Bayly Holmes-Ovcon Ltd (the Company) (WBHO) for the year ended 30 June 2012 will be held in the boardroom, Ground Floor, 53 Andries Street, Wynberg Sandton at 11:00 on Wednesday 7 November 2012.

Kindly note that meeting participants (including shareholders and proxies) are required to provide satisfactory identification before being entitled to participate in or vote at the AGM. Valid forms of identification being identity documents, driver's licences and passports.

At the AGM the business to be transacted includes the following special and ordinary resolutions which are to be proposed in the manner required by the Companies Act No 71 of 2008, ('the Act'), as read with the Listings Requirements of the JSE Ltd (JSE Listings Requirements) where the company's ordinary shares are listed. The meeting is to be participated in and voted on by shareholders as registered at the record date of Wednesday, 31 October 2012.

1. ORDINARY RESOLUTION NUMBER 1 **Presentation of annual financial statements**

The annual financial statements of the company and its subsidiaries (as approved by the board of directors of the company), incorporating the external auditor, audit committee and directors' reports for the year ended 30 June 2012 have been distributed as required and will be presented to shareholders at the AGM.

2. ORDINARY RESOLUTION NUMBER 2 **Reappointment of auditors**

"RESOLVED that, upon the recommendation of the current audit committee, BDO South Africa Inc. be re-appointed as the auditors of the company and Mr S Shaw is hereby reappointed as the designated auditor to hold office for the ensuing year".

The minimum percentage of voting rights that is required for this resolution to be adopted is 50% (fifty percent) of the voting rights plus 1 (one) vote to cast on the resolution.

3. ORDINARY RESOLUTION NUMBER 3 **Ratification of appointment of director**

To ratify as a separate resolution the election of Mr Charles Victor Henwood who was appointed as a director to the board on 9 November 2011. Accordingly:

"RESOLVED that Mr CV Henwood be, and is hereby, elected as a director of the company".

A brief CV of Mr CV Henwood is contained on page 6 of the integrated report.

The minimum percentage of voting rights that is required for this resolution to be adopted is 50% (fifty percent) of the voting rights plus 1 (one) vote to cast on the resolution.

4. ORDINARY RESOLUTION NUMBER 4 **Re-election of directors**

To re-elect the following directors, by way of separate resolutions, who retire by rotation and being eligible, offer themselves for re-election in terms of the company's MOI:

4.1 Ms NS Mjoli-Mncube

4.2 Ms NS Maziya

4.3 Mr JP Botha

A brief CV in respect of each director offering themselves for re-election is contained on pages 6 and 7 of the integrated report.

Accordingly, to consider and if deemed fit, to elect those directors by way of passing the separate ordinary resolutions set out below:

Ordinary resolution number 4.1

Appointment of Ms Nonhlanhla Sylvia Mjoli-Mncube as director

"RESOLVED that Ms NS Mjoli-Mncube be, and is hereby, elected as a director of the company".

Ordinary resolution number 4.2

Appointment of Ms Nonhlanhla Savannah Maziya as a director

"RESOLVED that Ms NS Maziya be, and is hereby, elected as a director of the company".

Ordinary resolution number 4.3

Appointment of Mr Jacobus Petrus Botha as a director

"RESOLVED that Mr JP Botha be, and is hereby, elected as a director of the company".

The minimum percentage of voting rights that is required for this resolution to be adopted is 50% (fifty percent) of the voting rights plus 1 (one) vote to be cast on the resolution.

5. ORDINARY RESOLUTION NUMBER 5

Election of audit committee members

“RESOLVED as an ordinary resolution that Ms NA Matyumza (Chairperson), Ms NS Mjoli-Mncube and Mr JM Ngobeni be appointed by way of separate resolutions as the company’s audit committee members, all of whom are independent non-executive directors for the year ending 30 June 2013.

A brief CV of these directors is set out on pages 6 and 7 of the integrated report.

The minimum percentage of voting rights that is required for this resolution to be adopted is 50% (fifty percent) of the voting rights plus 1 (one) vote to be cast on the resolution

6. ORDINARY RESOLUTION NUMBER 6

Ratification of appointment of social and ethics committee

The appointment of the social and ethics committee and its members by the board of the company in accordance with Regulation 43(3) (a)(i) of the Act, effective 19 March 2012 be and is hereby ratified:

6.1 Ms Nonhlanhla Sylvia Mjoli-Mncube

6.2 Mr Terrence Ronald Armstrong

6.3 Mr John Wells Abbott

6.4 Ms Shereen Vally-Kara

All four members satisfy the criteria for membership of this committee as required by Regulation 43(4) of the Act.

A brief CV of the first members appointed by the board to serve as members of the social & ethics committee are on pages 6 and 7 of the integrated report. A brief biography of Mr JW Abbott can be found on page 154 in the explanatory notes to this notice.

The minimum percentage of voting rights that is required for this resolution to be adopted is 50% (fifty percent) of the voting rights plus 1 (one) vote to cast on the resolution.

7. ORDINARY RESOLUTION NUMBER 7

Endorsement of remuneration policy

To endorse through a non-binding advisory vote, the company’s remuneration policy (excluding the remuneration of the non-executive directors and the members of board committees for their services as directors and members of committees), as set out on pages 82 to 85 of the integrated report.

In terms of the King Code of Governance Principles for South Africa 2009, an advisory vote should be obtained from shareholders on the company’s annual remuneration policy. The vote allows shareholders to express their views on the remuneration policies adopted and the implementation thereof but will not be binding on the company.

8. ORDINARY RESOLUTION NUMBER 8

General authority to directors to allot and issue authorised but unissued ordinary shares

“RESOLVED that after providing for the shares reserved for the purpose of the company’s share scheme, the balance of unissued ordinary shares be placed under the control of the directors, who are hereby authorised to allot and issue these shares at such times and on such terms as they may decide, subject to the Listings Requirements of the JSE and provided that any shares issued in terms of this authority shall not exceed 10% of the company’s issued share capital prior to such issue”.

The existing authority granted by the shareholders at the previous AGM is proposed to be renewed at this AGM. The authorities will be subject to the Act and the JSE Listings Requirements.

The minimum percentage of voting rights that is required for the resolution to be adopted is 50% (fifty percent) of the voting rights plus 1 (one) vote to be cast on each resolution.

9. ORDINARY RESOLUTION NUMBER 9

Directors’ authority to implement special and ordinary resolutions

“RESOLVED as an ordinary resolution that each and every director of the company be and is hereby authorised to do all such things and sign all such documents as may be necessary for or incidental to the implementation of the resolutions passed at this meeting.”

The minimum percentage of voting rights that is required for this resolution to be adopted is 50% (fifty percent) of the voting rights plus 1 (one) vote to be cast on the resolution.

NOTICE OF ANNUAL GENERAL MEETING CONTINUED

FOR THE YEAR ENDED 30 JUNE 2012

10. SPECIAL RESOLUTION NUMBER 1

Approval for the remuneration of non-executive directors

“RESOLVED as a special resolution that the following remuneration shall be payable to non-executive directors of the company with effect from 1 October 2012.”

	2011/12 R'000 Per annum	2012/13 R'000 Per annum
Lead independent director	–	155
Non-executive director	130	145
Chairman of audit committee	200	220
Chairman of remuneration committee	43	50
Chairman of social and ethics committee	43	50
Committee members (per meeting)	18	20

Reasons and effects for special resolution number 1

The reason for and effect of this special resolution is that the Companies Act 71 of 2008 requires shareholder approval of directors' fees in advance by way of special resolution.

The minimum percentage of voting rights that is required for this resolution to be adopted is 75% (seventy-five percent) of the voting rights to be cast on the resolution.

11. SPECIAL RESOLUTION NUMBER 2

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

“RESOLVED as a special resolution that the board of directors of the company may, to the extent required by and subject to sections 44 and 45 of the Act and the requirements (if applicable) of the:

a) Company's MOI; and

b) JSE Listings Requirements.

authorise the company to provide direct or indirect financial assistance to a director or prescribed officer of the company or of a related or inter-related company, or to related or inter-related company or corporation, or to a member of a related or inter-related corporation, or to any beneficiary participating in any company share incentive scheme, or to a person related to any such company, corporation, director, prescribed officer, beneficiary or member at any time during the period commencing on the date of passing of this resolution and ending at the next AGM of the company.”

Reasons and effects of special resolution number 2

- Notwithstanding the title of section 45 of the Act, being “loans or other financial assistance to directors”, on a proper interpretation, the body of the section may also apply to financial assistance provided by a company to related or inter-related companies and corporations, including, among others, its subsidiaries, for any purpose.
- Furthermore, section 44 of the Act may also apply to financial assistance provided by a company to a related or inter-related company, for the purpose of, or in connection with, the subscription of any option or any securities issued or to be issued by the company or a related or inter-related company, or for the purchase of any securities of the company or a related or inter-related company.
- Both sections 44 and 45 of the Act state, among others, that the particular financial assistance must be provided only pursuant to a special resolution of the shareholders adopted within the same year. Such assistance approved either for the specific recipient or generally for a category of potential recipients including the specific recipient within the category.
- Sections 44 and 45 contain exemptions in respect of employee share schemes that satisfy the requirements of section 97 of the Act. To the extent that any company share incentive scheme does not satisfy such requirements, financial assistance (as contemplated in sections 44 and 45) to be provided under any such scheme will, among others, also require approval by special resolution. Accordingly, special resolution number 2 authorises financial assistance to any of the company's directors or prescribed officers (or any person related to any of them or to any company or corporation related or inter-related to them), or to any other person who is a beneficiary of any of the company share incentive schemes, in order to facilitate their participation in any such scheme that does not satisfy the requirements of section 97 of the Act.

The minimum percentage of voting rights that is required for this resolution to be adopted is 75% (seventy-five percent) of the voting rights to be cast on the resolution.

12. SPECIAL RESOLUTION NUMBER 3

General authority to repurchase company shares

“RESOLVED as a special resolution that the company hereby approves, as a general approval, the acquisition by the company or any of its subsidiaries from time to time of the issued shares of the company, upon such terms and conditions and in such amounts as the directors of the company may from time to time determine, but subject to the MOI of the company, the provisions of the Companies Act No 71 of 2008, and the JSE Ltd (JSE) Listings Requirements (JSE Listings Requirements) as presently constituted and which may be amended from time to time, and provided that acquisition by the company and its subsidiaries of shares in the capital of the company may not, in aggregate, exceed in any one financial year 10% (ten percent) of the company’s issued share capital of the class of shares acquired from the date of the grant of this general approval provided that:

- a) any such acquisition of shares shall be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the company or its subsidiaries and the counterparty or other manner approved by the JSE;
- b) the general approval shall only be valid until the company’s next AGM or for 15 (fifteen) months from the date of passing of this special resolution, whichever period is shorter;
- c) In terms of this authority, a paid press announcement will be published as soon as the company and/or its subsidiaries has/have acquired shares constituting, on a cumulative basis, 3% (three percent) of the number of shares in the class of shares acquired in issue at the time of granting of this general approval, as well as for each 3% (three percent) in aggregate of the initial number of that class of shares acquired thereafter. The announcement shall contain full details of such acquisitions as required by paragraph 11.27 of the JSE Listings Requirements;
- d) in determining the price at which the company’s shares are acquired by the company or its subsidiaries in terms of this general approval, the maximum price at which such shares may be acquired may not be greater than 10% (ten percent) above the weighted average of the market value at which such shares are traded on the JSE, as determined over the 5 (five) business days immediately preceding the date of the acquisition of such shares by the company or its subsidiaries;
- e) in the case of a derivative (as contemplated in the JSE Listings Requirements), the price of the derivative shall be subject to the limitations set out in paragraph 5.84(a) of the JSE Listings Requirements;
- f) a resolution by the board of directors of the company that they authorised the repurchase, that the company passed the solvency and liquidity test and that since the test was done there have been no material changes to the financial position of the company; and
- g) the company and/or its subsidiaries may not repurchase any shares in terms of this authority during a prohibited period, as defined in the JSE Listings Requirements, unless the company and/or its subsidiaries has in place a repurchase programme, where dates and quantities of shares to be traded during the prohibited period are fixed and full details of the programme have been disclosed in an announcement over SENS prior to the commencement of the prohibited period.
- h) the company will ensure that its sponsor will provide the necessary letter on the adequacy of the working capital in terms of the JSE Listings Requirements, prior to the commencement of the purchase of the company’s shares on the open market.

Reasons and effect of special resolution 3

The reason for and effect of this special resolution is to grant the company and its subsidiaries general authority to facilitate the acquisition by the company and/or its subsidiaries of the company’s own shares. This general authority shall be valid until the next AGM of the company or until the variation or revocation of such general authority by special resolution at any subsequent general meeting of the company, whichever is earlier provided that this general authority shall not extend beyond 15 months from the date of the passing of this special resolution number 3.

The minimum percentage of voting rights that is required for this resolution to be adopted is 75% (seventy-five percent) of the voting rights to be cast on the resolution.

13. SPECIAL RESOLUTION NUMBER 4

Approval of a new memorandum of incorporation (MOI)

“RESOLVED as a special resolution that the existing MOI (formerly the company’s memorandum and articles of association) is abrogated in its entirety and replaced with a new MOI, a draft of which has been tabled at the AGM and initialed by the chairman of the AGM for purposes of identification, with effect from the date of filing thereof at the Companies and Intellectual Property Commission”.

The complete new MOI will lie for inspection at the company’s registered office from 10 October 2012 to 7 November 2012, or any adjourned meeting.

The salient features of the new MOI have been included.

The minimum percentage of voting rights that is required for this resolution to be adopted is 75% (seventy-five percent) of the voting rights to be cast on the resolution.

NOTICE OF ANNUAL GENERAL MEETING CONTINUED

FOR THE YEAR ENDED 30 JUNE 2012

14. TO TRANSACT SUCH OTHER BUSINESS THAT MAY BE TRANSACTED AT AN AGM

General instructions and information

The integrated report to which this notice of AGM is attached provides details of:

- Directors and management of the company – refer to pages 6 and 7 and 26 and 27 respectively of the integrated report.
- The directors' shareholding in the company – refer to pages 81 and 82 of the integrated report.
- Share capital of the company – refer to page 100 of the integrated report.
- An analysis of the shareholders (including an analysis of the beneficial shareholders) – refer to page 149 of the integrated report.

There are no material changes to the company's financial or trading position, nor are there any material, legal or arbitration proceedings (pending or threatened) other than the investigation by the Competition Commission that may affect the financial position of the company.

The directors, whose names are given on pages 6 and 7 of the integrated report, collectively and individually accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the integrated report and this notice contains all information required by law and the JSE Listings Requirements.

All shareholders are encouraged to attend, speak and vote at the annual general meeting.

EXPLANATORY NOTES

Ordinary resolution number 2

Reappointment of Auditors

In terms of section 90(1) of the Act, each year at its AGM, the company must appoint an auditor who complies with the requirements of section 90(2) of the Act. Following a detailed review, which included an assessment of its independence, the current audit committee of the company has recommended that BDO South Africa Inc. be re-appointed as the auditors of the company.

Ordinary resolution number 4

Election and re-election of directors

In terms of the company's MOI, 1/3 (one third) of the directors shall retire from office at each AGM. The directors to retire at each AGM shall firstly be vacancies filled or additional directors appointed since the last AGM, then those who have held office for the longest period since their last election.

The board, through the nomination committee, has evaluated the past performance and contribution of the retiring directors and recommends their re-election.

Ordinary resolution number 5

Election of members of the audit committee

The members of the audit committee have been nominated by the board for election in terms of the Section 94(2) of the Act. The board has reviewed the proposed composition of the committee against the requirements and the regulations of the Act and has confirmed that if all the individuals referred to above are elected, the committee will comply with the relevant requirements and have the necessary knowledge, skills and experience to enable it to perform its duties in terms of the Act.

Ordinary resolution number 6

Ratification of appointment of social and ethics committee

In terms of section 72(4) read in conjunction with Regulation 43, of the Act, certain companies are required to appoint a social and ethics committee, to discharge those responsibilities and functions as set out in Regulation 43(5) of the Act.

Regulation 43(2) required 'the company' to appoint a social and ethics committee, other than the first social and ethics committee, which must be appointed by the board (Regulation 43(3)).

With effect from 19 March 2012, the board appointed a social and ethics committee, whose first members are Ms NS Mjoli-Mncube (Chairperson), Messrs TR Armstrong, JW Abbott and Ms S Vally-Kara.

The nomination committee and the board have confirmed that the social and ethics committee complies with the relevant requirements of the Act and its members have the necessary knowledge, skills and experience to perform those duties prescribed in terms of the Act. Accordingly shareholders will be required to ratify the appointment by the board of the social and ethics committee effective 19 March 2012.

A brief cv of Mr JW Abbott is disclosed below:

JW Abbott BSc (TRP), BCom, BCompt (Hons) CA (SA)

After qualifying in Town and Regional Planning, Mr Abbott worked in town planning in Zimbabwe until 1977. He spent some time in the auditing profession until 1985 and then joined the finance department of WBHO in 1989. He was appointed as company CFO to the board of Wilson Bayly Holmes-Ovcon Ltd in 2005. In November 2011 he retired but was retained in the company in an executive position.

Ordinary resolution number 7

The Remuneration Policy

Chapter 2 of King III, dealing with boards and directors, requires that companies annually table their remuneration policy to shareholders for a non-binding advisory vote at the AGM. This vote enables shareholders to express their views on the remuneration policies adopted in the remuneration of, among others, executive directors on their implementation.

Ordinary resolution number 7 is of an advisory nature only and failure to pass this resolution will not have any legal consequences relating to existing arrangements

Ordinary resolution number 8

Approval for the issue of authorised but unissued ordinary shares

In terms of the company's MOI, read with the JSE Listings Requirements, the shareholders of the company may authorise the directors to, inter alia, issue any unissued ordinary shares and/or grant options over them, as the directors, in their discretion, see fit.

The existing authority granted by the shareholders at the previous AGM is proposed to be renewed at this AGM. The authority will be subject to the provisions of the Act and the JSE Listings Requirements. The aggregate number of ordinary shares capable of being allotted and issued in terms of this resolution, other than in terms of the company's share or other employee incentive schemes, shall be limited to 10% (ten percent) of the number of the ordinary shares in issue as at 30 June 2012.

The directors have decided to seek annual review of this authority in accordance with best practice. The directors have no current plans to make use of this authority but wish to ensure, by having it in place, that the company has some flexibility to take advantage of any business opportunity that may arise in future.

SPECIAL RESOLUTION NUMBER 4

Approval of a new memorandum of incorporation (MOI)

The Act abolishes the distinction between the memorandum of association and the articles of association and provides that there will only be one constitutional document for a company, namely the MOI. The company proposes to adopt a new MOI, upon the advent of the Act, but is required to be brought in harmony with the Act and changes to the JSE Listings Requirements.

The salient features of the new MOI are as follows:

THEME OR CLAUSE	CONTENT OF NEW MOI
Definitions	Capitalised terms contained herein shall bear the meaning ascribed thereto in the MOI.
Amendments to the MOI	Subject to the provisions of the JSE Listings Requirements, the MOI may only be altered or amended by way of a special resolution of the ordinary shareholders in accordance with section 16(1)(c), except if such amendment is in compliance with a Court order as contemplated in section 16(1)(a).
Authorised shares	The company is authorised to issue 100 000 000,00 (one hundred million) ordinary shares of R1,00 each, all of the same class and each of which ranks <i>pari passu</i> .
Votes of shareholders	Subject to any special rights or restrictions as to voting attached to any shares by or in accordance with this MOI, at a meeting of the company • Every person present and entitled to exercise voting rights at a shareholders' meeting shall be entitled to 1 (one) vote on a show of hands, irrespective of the number of voting rights that person would otherwise be entitled to exercise • Should voting be by means of a poll, any person who is present at the meeting, whether as a shareholder or as proxy for a shareholder, has the number of votes determined in accordance with the voting rights associated with the securities held by that shareholder. The holders of securities other than ordinary shares shall not be entitled to vote on any resolution at a meeting of shareholders, except as provided in the MOI.
Shareholders acting other than at a meeting	Subject to what may be authorised by the Act, the JSE Listings Requirements and at meetings of shareholders in accordance with the MOI, the board may only issue unissued shares if such shares have first been offered to existing ordinary shareholders in proportion to their shareholding on such terms and in accordance with such procedures as the board may determine, unless such shares are issued for the acquisition of assets by the company.
Holding of beneficial interest	The company's issued securities may be held by and registered in the name of one person for the beneficial interest of another person as set out in section 56(1).
Audit committee and auditor	The company must appoint an audit committee in the manner and for the purposes set out in part D of chapter 3 of the Act. The company shall appoint an auditor each year at its AGM. If the company appoints a firm as its auditor, any change in the composition of the members of that firm shall not by itself create a vacancy in the office of auditor.

NOTICE OF ANNUAL GENERAL MEETING CONTINUED

FOR THE YEAR ENDED 30 JUNE 2012

THEME OR CLAUSE	CONTENT OF NEW MOI
Definitions	Capitalised terms contained herein shall bear the meaning ascribed thereto in the MOI.
Shareholders' meetings	The company is not required to hold any other shareholders' meetings other than those specifically required by the Act and the JSE Listings Requirements. Any shareholder may at any time appoint any natural person (or two or more natural persons concurrently), including a natural person who is not a shareholder, as a proxy to participate in, and speak and vote at, a shareholders' meeting on behalf of that shareholder; or give or withhold written consent on behalf of that shareholder to a decision contemplated in section 60, provided that a shareholder may appoint more than 1 (one) proxy to exercise voting rights attached to different securities held by the shareholder. All of the remaining provisions of the Act relating to the appointment and revocation of proxies and the rights of proxies generally shall apply and, in particular a shareholder's proxy may delegate the proxy's powers to another person as set out in section 58(3)(b). The quorum for a shareholders' meeting to begin or for a matter to be considered, shall be at least 3 (three) shareholders entitled to attend and vote and present in person. In addition, a shareholders' meeting may not begin until sufficient persons are present at the meeting to exercise, in aggregate, at least 25% (twenty-five percent) of the voting rights that are entitled to be exercised in respect of at least one matter to be decided at the meeting, and the quorum requirements must continue to be present throughout a shareholders' meeting. Subject to the provisions of the JSE Listings Requirements, the company may conduct a shareholders' meeting entirely by electronic communication or provide for participation in a meeting by electronic communication, as set out in section 63, and the power of the company to do so is not limited or restricted by the MOI.
Record date	The record date for the purpose of determining which shareholders are entitled to receive notice of a shareholders' meeting, participate in and vote at a shareholders' meeting, decide any matter by written consent or by electronic communication, receive a distribution, or be allotted or exercise other rights, shall be determined by the board, provided that, for as long as the JSE Listings Requirements apply to the company and prescribe a record date, such record date shall be the record date so prescribed.
Election of directors and alternate directors and filling of vacancies	In addition to the minimum number of directors, if any, that the company must have to satisfy any requirement in terms of the Act to appoint an audit committee and a social and ethics committee, the board must comprise at least 4 (four) directors and the shareholders shall be entitled, by ordinary resolution, to determine such maximum number of directors as they from time to time shall consider appropriate. The company shall only have elected directors and there shall be no appointed or ex officio directors as contemplated in section 66(4). No director shall be appointed for life or for an indefinite period and the directors shall rotate. The board has the power to fill any vacancy on the board on a temporary basis, as set out in section 68(3), provided that such appointment must be confirmed by the shareholders at the next AGM of the company. Any one of the directors of the company shall be entitled, with the written consent of the remaining directors on the board, to appoint any person as a director of the company, in terms of section 66(4)(a)(i) of the Act, provided that such appointment must be ratified by the shareholders at the next AGM of the company.
Eligibility of directors	Apart from satisfying the qualification and eligibility requirements set out in section 69, a person need not satisfy any eligibility requirements or qualifications to become or remain a director or a prescribed officer of the company.
Remuneration of directors	The company may pay remuneration to the directors for their services as directors in accordance with a special resolution approved by the shareholders within the previous 2 (two) years, as set out in section 66(8) and (9), and the power of the company in this regard is not limited or restricted by the MOI. Any director who serves on any executive or other committee; devotes special attention to the business of the company; goes or resides outside South Africa for the purpose of the company; or otherwise performs or binds himself to perform services which, in the opinion of the directors, are outside the scope of the ordinary duties of a director, may be paid such extra remuneration or allowances in addition to or in substitution of the remuneration to which he may be entitled as a director, as a disinterested quorum of the directors may from time to time determine. The directors may also be paid all their travelling and other expenses properly and necessarily incurred by them in connection with the business of the company; and attending meetings of the directors or of committees of the directors of the company.

THEME OR CLAUSE	CONTENT OF NEW MOI
Definitions	Capitalised terms contained herein shall bear the meaning ascribed thereto in the MOI.
Retirement of directors in rotation	No director shall be appointed for life or for an indefinite period and the directors shall rotate. At each AGM, 1/3 (one third) of the directors for the time being, or if their number is not 3 (three) or a multiple of 3 (three), the number nearest to 1/3 (one third), but not less than 1/3 (one-third), shall retire from office, provided that if a director is appointed as managing director or as an employee of the company in any other capacity, he or she shall not, while he or she continues to hold that position or office, be subject to retirement by rotation and he or she shall not, in such case, be taken into account in determining the rotation or retirement of directors.
Managing Director	The directors may from time to time appoint 1 (one) or more of their body to the office of managing director for such term and at such remuneration as they may think fit (subject only to the requirements of section 66(8) and (9)), and may revoke such appointment subject to the terms of any agreement entered into in any particular case. A director so appointed shall be subject to retirement in the same manner as the other directors except during the period of his agreement, and his appointment shall terminate if he ceases for any reason to be a director.
Personal financial interest	In terms of the Act a personal financial interest with respect to any person means a direct material interest of that person, of a financial, monetary or economic nature, or to which a monetary value may be attributed. The duty to disclose personal financial interests also includes observations and insights as well as what is “known” in respect of a related party.
Proceedings of directors	A majority of the directors must be present at a meeting before a vote may be called at any meeting of the directors, each director has 1 (one) vote on a matter before the board, and a majority of the votes cast in favour of a resolution is sufficient to approve that resolution. In the case of a tied vote the chairperson may not cast a deciding vote in addition to any deliberative vote; and the matter being voted on fails. The board has the power to consider any matter and/or adopt any resolution other than at a meeting contemplated in section 74 and, accordingly, any decision that could be voted on at a meeting of the board may instead be adopted by the written consent of a majority of the directors, given in person or by electronic communication, provided that each director has received notice of the matter to be decided. A majority of the directors must be present at a meeting before a vote may be called at any meeting of the directors.
Distributions	Subject to the provisions of the Act, and particularly section 46, the company may make a proposed distribution if such distribution is pursuant to an existing legal obligation of the company, or a court order; or is authorised by resolution of the board, in compliance with the JSE Listings Requirements. No distribution shall bear interest against the company, except as otherwise provided under the conditions of issue of the shares in respect of which such distribution is payable. Any distribution, interest or other sum payable in cash to the holder of a share may, within a period of 6 (six) months after the date on which this MOI is adopted, be paid by cheque or warrant. Upon the expiry of the 6 (six) month period contemplated above, any distribution, interest or other sum payable in cash to the holder of a share shall be paid by EFT. Dividends are declared by the directors in accordance with the Act.
Notices	All notices shall be given by the company to each shareholder of the company and simultaneously to the Issuer Services Division of the JSE, and shall be given in writing in any manner authorised by the JSE Listings Requirements, the Act and the regulations, and particularly Table CR 3 annexed to the regulations. All notices shall, in addition to the above, be released through SENS provided that, in the event that the shares or other securities of the company are not listed on the JSE, all the provisions of this MOI relating to the publication of notices via SENS shall no longer apply and such notices shall thereafter only be published in accordance with the provisions of the Act.
Indemnification of directors	The company may advance expenses to a director or directly or indirectly indemnify a director in respect of the defence of legal proceedings, as set out in section 78(4); indemnify a director in respect of liability as set out in section 78(5); and/or purchase insurance to protect the company or a director as set out in section 78(7), and the power of the company in this regard is not limited, restricted or extended by the MOI. The above provisions shall apply mutatis mutandis in respect of any former director, prescribed officer or member of any committee of the board, including the audit committee
Social and ethics committee	If and for as long as it is required to do so in terms of the Act or the regulations and unless the company is exempted from doing so by the Tribunal in terms of section 72(5), the board must appoint a social and ethics committee.

NOTICE OF ANNUAL GENERAL MEETING CONTINUED

FOR THE YEAR ENDED 30 JUNE 2012

THEME OR CLAUSE	CONTENT OF NEW MOI
Definitions	Capitalised terms contained herein shall bear the meaning ascribed thereto in the MOI.
Restrictive conditions	The MOI does not contain any restrictive conditions applicable to the company as contemplated in section 15(2)(b) or (c) or prohibit the amendment of any particular provision hereof as contemplated in section 15(2)(c).
Financial assistance	The board may authorise the company to provide financial assistance by way of loan, guarantee, the provision of security or otherwise to any person for the purpose of, or in connection with, the subscription of any option, or any securities, issued or to be issued by the company or a related or inter-related company, or for the purchase of any such securities, as set out in section 44, and the authority of the board in this regard is not limited or restricted by the MOI.

ENTITLEMENT TO ATTEND AND VOTE AT THE AGM IN PERSON OR BY PROXY

Holders of certificated shares (i.e. shares which have not been dematerialised) or holders of shares registered as “own name dematerialised shares” (i.e. shares specifically held by the Central Securities Depository Participant (CSDP) in one’s own name on the company’s sub register) may attend and vote at the AGM.

Alternatively the holder may appoint a proxy (who need not also be a shareholder of the company) to attend, participate in and speak and vote on the holder’s behalf at the AGM by completing the attached form of proxy, before the proxy may exercise any rights on behalf of the shareholder at the AGM. The form must be returned to the registered office of the company or to the transfer secretaries, Computershare Investor Services (Pty) Ltd, the details of which are set out on page 163 of the integrated report, by no later than 11:00 on Tuesday, 6 November 2012 being 24 (twenty four) hours prior to the time appointed for the holding of the AGM. Please note that the proxy may delegate his/her authority to act on the holder’s behalf to another person, subject to the restrictions set out in the attached form of proxy.

Please note that if one is the owner of dematerialised shares (ie have replaced the paper share certificates representing the shares with electronic records of ownership under the JSE’s electronic settlement system, Share Transactions Totally Electronic (STRATE) held through a CSDP or broker and are not registered as an “own name dematerialised shareholder”, then the holder is not a registered shareholder of the company, but the CSDP or broker (or their nominee) would be.

Accordingly, in these circumstances, subject to the mandate between the shareholder and the CSDP or broker (or their nominee), as the case may be:

- if the shareholder wishes to attend the AGM they must contact the CSDP or broker (or their nominee), and obtain the relevant letter of representation from it; alternatively
- if the shareholder is unable to attend the AGM but wishes to be represented at the meeting, contact the CSDP or broker (or their nominee) and furnish it with the voting instructions in respect of the AGM and/or request it to appoint a proxy. The holder should not complete the attached form of proxy. The instructions must be provided in accordance with the mandate between the shareholder and the CSDP or broker, within the time period required by the CSDP or broker.

CSDPs, brokers or their nominees, recorded in the company’s subregister as holders of dematerialised shares held on behalf of an investor/beneficial owner in terms of STRATE should, when authorised in terms of their mandate or instructed to do so by the owner on behalf of whom they hold dematerialised shares in the company, vote by either appointing a duly authorised representative to attend and vote at the AGM or by completing the attached form of proxy in accordance with the instructions thereon and returning it to the registered office of the company or to the transfer secretaries, Computershare Investor Services (Pty) Ltd, the details of which are set out on page 163 of the integrated report, by no later than 11:00 on Tuesday, 6 November 2012, being 24 (twenty four) hours prior to the time appointed for the holding of the AGM.

Shareholders of the company that wish to participate in the AGM should note that any shareholder that is a company may authorise any person to act as its representative at the AGM. Please also note that section 63(1) of the Companies Act No 71 of 2008, requires that person wishing to participate in the AGM (including the aforementioned representative) must provide satisfactory identification before they may so participate.

ADMINISTRATION

WILSON BAYLY HOLMES-OVCON LIMITED

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

REGISTERED OFFICE AND CONTACT DETAILS

53 Andries Street
 Wynberg, Sandton 2090

PO Box 531
 Bergvlei 2012

Telephone: (011) 321 7200
 Fax: (011) 887 4364

Website: www.wbho.co.za
 e-mail: wbhoho@wbho.co.za

COMPANY SECRETARY

S Vally-Kara
 ACIS

AUDITORS

BDO South Africa Inc.

TRANSFER SECRETARIES

Computershare Investor Services (Proprietary) Limited
 70 Marshall Street
 Johannesburg 2001

PO Box 61051
 Marshalltown 2107
 Telephone: (011) 370 5000
 Fax: (011) 370 5271

SPONSOR

Investec Bank Limited

SHAREHOLDERS' DIARY

Financial year-end

Preliminary announcement

Annual report posted

Interim results announced

SHAREHOLDERS'S PAYMENTS

Interim payment

- approved
 - payable

Final payment

- approved
 - payable

30 June

September

October

February

February

April

September

October

FORM OF PROXY



WILSON BAYLY HOLMES – OVCON Ltd

(Incorporated in the Republic of South Africa) (Registration number 1982/011014/06)

Share code : WBO ISIN : ZAE000009932

(WBHO)

FORM OF PROXY

This form of proxy is not to be used by beneficial owners of shares who have dematerialised their shares (dematerialised shares) through a Central Securities Depository Participant (CSDP) or broker, unless the shareholder is recorded on the subregister as an “own name dematerialized shareholder”. Generally, a shareholder is not an “own name dematerialised shareholder” unless they have specifically requested their CSDP to record them as the holder of the shares in their own name in the company’s sub register.

This form of proxy is only for use by certificated, “own name dematerialised shareholders” and CSDPs or brokers (or their nominees) registered in the company’s subregister as the holder of dematerialised ordinary shares.

Each shareholder entitled to attend and vote at the AGM is entitled to appoint a proxy (who need not be a shareholder of the company) to attend, participate in and speak and vote in place of that shareholder at the AGM, and at any adjournment thereafter. The record date is Wednesday, 31 October 2012.

Please note the following:

- The appointment of your proxy may be suspended at any time to the extent that you choose to act directly and in person in; the exercise of your rights as a shareholder at the AGM;
- The appointment of the proxy is revocable; and
- You may revoke the proxy appointment by (i) cancelling it in writing, or making a later inconsistent appointment of a proxy; and (ii) delivering a copy of the revocation instrument to the proxy, and to the company.

I/We (block letters)

of

Telephone: Work ()

Telephone: Home ()

being the holder/s of ordinary shares in the company, hereby appoint (refer to note 1)

1. _____ or failing him/her,

2. _____ or failing him/her,

3. the chairman of the AGM,

as my/our proxy to attend, speak, vote and act for me/us on my/our behalf at the AGM which will be held for the purpose of considering and, if deemed fit, passing the resolutions to be proposed thereat and at any adjournment thereof and to vote for or against such resolutions or to abstain from voting in respect of the shares in the issued capital of the company registered in my/our name/s, in accordance with the following instructions (refer to note).

My/our proxy may delegate to another person his/her authority to act on my behalf at the AGM, provided that my/our proxy:

- may only delegate his/her authority to act on my behalf at the general meeting to a director of the company; and
- must provide written notification to the transfer secretaries of the company, namely Computershare Investor Services (Pty) Ltd, of the delegation by my/our proxy of his/her authority to act on my behalf at the general meeting by no later than 11:00 on Tuesday, 6 November 2012, being 24 (twenty-four) hours before the general meeting to be held at 11:00 on Wednesday, 7 November 2012; and
- must provide to his/her delegate a copy of his/her authority to delegate his/her authority act on my behalf at the general meeting.

FORM OF PROXY CONTINUED

	Number of votes (one vote per ordinary share)		
	For	Against	Abstain
Ordinary resolution number 2: Appointment of the auditors			
Ordinary resolution number 3: to ratify the appointment of Mr CV Henwood			
Ordinary resolution number 4.1: Election of Ms Nonhlanhla Mjoli-Mncube as director			
Ordinary resolution number 4.2: Election of Ms Savannah Maziya as director			
Ordinary resolution number 4.3: Election of Mr Jacobus Petrus Botha as director			
Ordinary resolution number 5.1: Election of Ms NA Matyumza as audit committee member			
Ordinary resolution number 5.2: Election of Ms NS Mjoli-Mncube as audit committee member			
Ordinary resolution number 5.3: Election of Mr MJ Ngobeni as audit committee member			
Ordinary resolution number 6: Ratification of appointment of social & ethic committee and its members			
Ordinary resolution number 7: Endorsement of remuneration policy			
Ordinary resolution number 8: Placing unissued shares under the control of the directors			
Ordinary resolution number 9: Directors' authority to implement special and ordinary resolutions			
Special resolution number 1: Approval of directors' fees for 2012/2013 financial year			
Special resolution number 2: Authority to provide financial assistance in terms of section 44 and 45 of the Act			
Special resolution number 3: General approval to repurchase company shares			
Special resolution number 4: Approval of new memorandum of incorporation			

Insert an "X" in the relevant spaces above according to how you wish your votes to be cast. If you wish to cast your votes in respect of a lesser number of shares than you own in the company, insert the number of shares held in respect of which you desire to vote (see note 3).

Signed at _____ on _____ 2012

Signature _____

(Authority of signatory to be attached if applicable – see note 7)

Assisted by me (where applicable – see note 9) _____

Telephone number _____

[Please also read the notes overleaf.](#)

NOTES TO FORM OF PROXY

SUMMARY OF SHAREHOLDERS' RIGHTS IN RESPECT OF PROXY APPOINTMENTS AS CONTAINED IN SECTION 58 OF THE COMPANIES ACT NO 71 OF 20

1. The person whose name stands first on the proxy form and who is present at the AGM will be entitled to act as a proxy to the exclusion of those whose names follow thereafter.
2. If no proxy is inserted in the spaces provided, then the chairperson shall be deemed to be appointed as the proxy to vote or abstain as the chairperson deems fit.
3. A shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that shareholder in the appropriate box provided. If there is no clear indication as to the voting instructions to the proxy, the proxy form will be deemed to authorise the proxy to vote or to abstain from voting at the AGM as he/she deems fit in respect of the entire shareholder's votes exercisable thereat.
4. A shareholder or his/her proxy is not obliged to use all the votes exercisable by the shareholder or by his/her proxy, but the total of the votes cast and in respect of which abstention is recorded may not exceed the total of the votes exercisable by the shareholder or by his/her proxy. A proxy shall be entitled to demand that voting take place on a poll.
5. Proxy forms must be lodged at the registered office of the company, situated at 53 Andries Street, Wynberg or posted to the company secretary at PO Box 531 Bergvlei 2012, or lodged with or posted to the transfer secretaries, Computershare Investor Services (Pty) Ltd, Ground Floor, 70 Marshall Street, Johannesburg.

Please note the revocation of a proxy appointment constitutes a complete and final cancellation of your proxy's authority to act on your behalf as of the later of (i) the date stated in the revocation instrument, if any, or the date on which the revocation instrument was delivered to the company and the proxy as aforesaid;

- If this proxy form has been delivered to the company, as long as that appointment remains in effect, any Notice that is required by the Companies Act No 71 of 2008 for the company's MOI to be delivered by the company to you or your proxy or proxies, if you have directed the company to do so, in writing and paid any reasonable fee charged by the company for doing so;
 - Your proxy is entitled to exercise, or abstain from exercising, any voting right of yours at the AGM, but only as directed by you on this proxy form;
 - The appointment of your proxy remains valid only until the end of the AGM or any adjournment or postponement thereof or for a period of six months, whichever is shortest, unless it is revoked by you before then on the basis set out above.
6. Forms of proxy must be received or lodged by no later than 11:00 on Tuesday, 6 November 2012, being no later than 24 (twenty-four) hours before the AGM to be held at 11:00 on Wednesday, 7 November 2012.
 7. Documentary evidence establishing the authority of a person signing this proxy form in a representative capacity must be attached to this proxy form unless previously recorded by the company secretary or waived by the chairperson of the AGM. CSDP's or brokers registered in the company's subregister voting on instructions from beneficial owners of shares registered in the company's subregister, are requested that they identify the beneficial owner in the subregister on whose behalf they are voting and return a copy of the instruction from such owner to the company secretary or to the transfer secretaries, Computershare Investor Services (Pty) Ltd, Ground Floor, 70 Marshall Street, together with this form of proxy.
 8. Any alteration or correction made to this proxy form must be initialled by the signatory/ies, but may not be accepted by the chairperson.
 9. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the company secretary.

