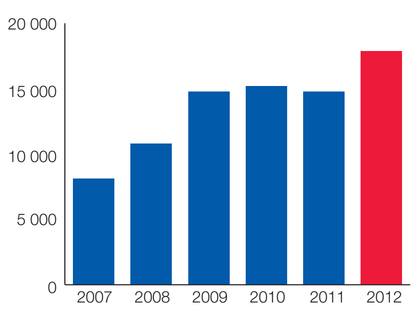
WBHO

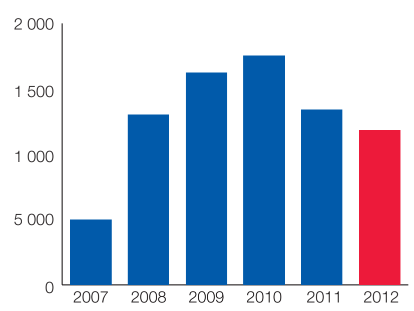
AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

HIGHLIGHTS

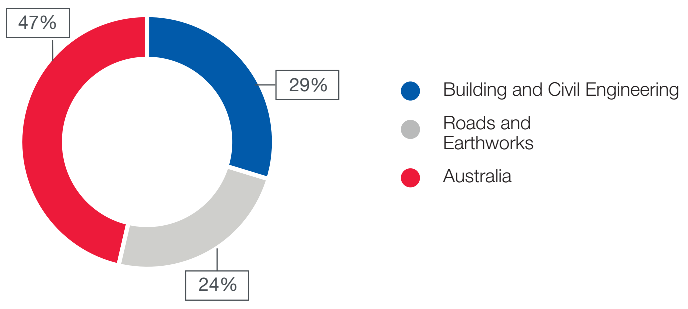
REVENUE



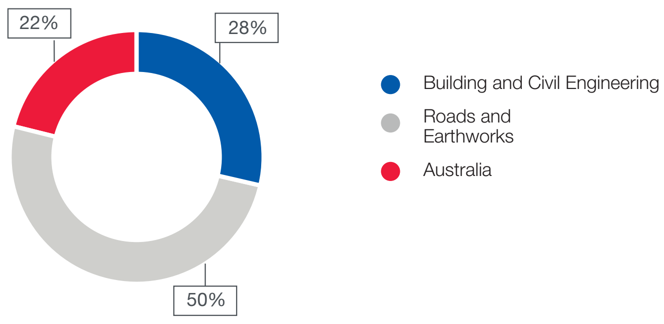
EARNINGS PER SHARE

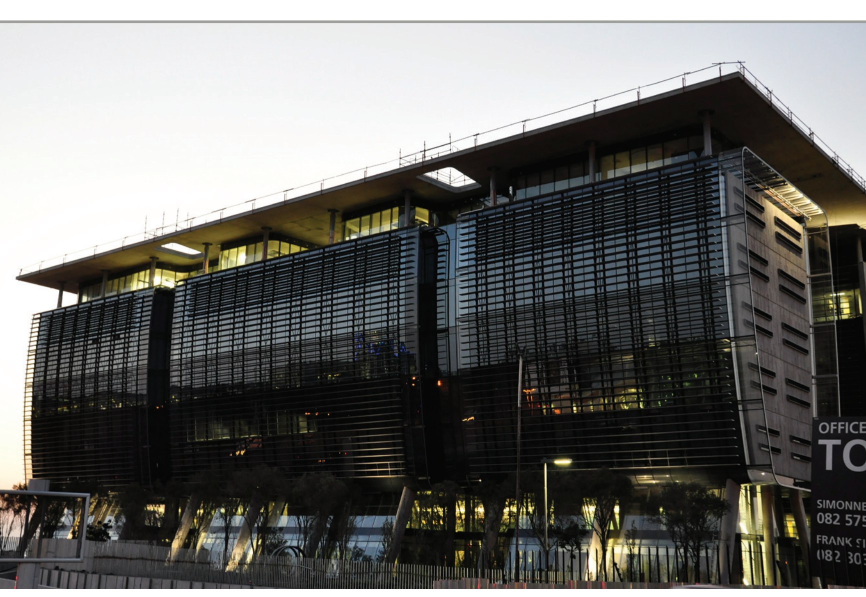


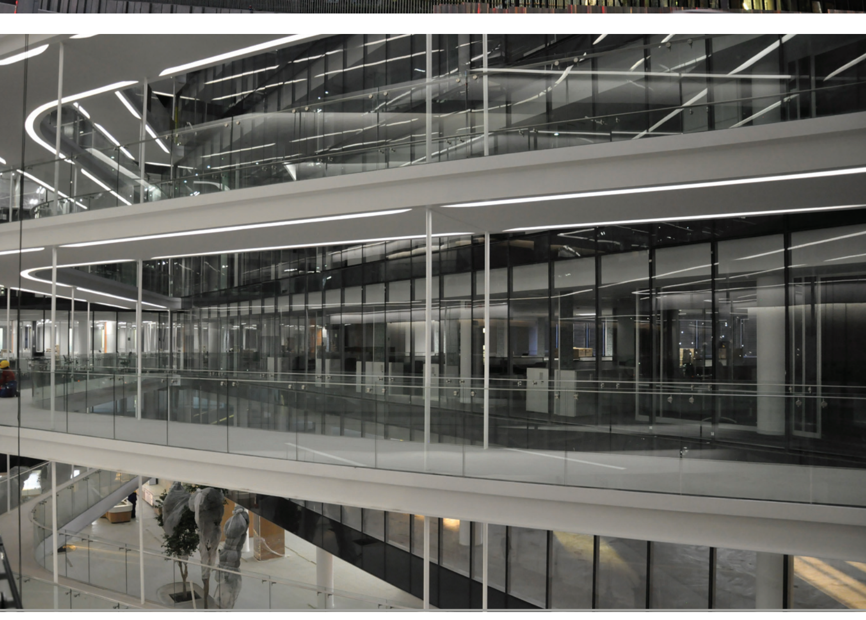
REVENUE



OPERATING PROFIT







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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE

	% change	Audited June 2012 R'000	Audited June 2011 R'000
Revenue	21,2	17 893 351	14 766 631
Operating profit before non-trading items	(10,5)	975 702	1 090 049
Impairment of goodwill		(23 220)	(36 640)
Negative goodwill realised		–	374
Fair value adjustments to investments		(80)	97
Impairment of loans		(9 398)	(65 867)
Profit on disposal of investments		41 982	57 921
Share-based payment expense		(10 420)	(32 418)
Operating profit		974 566	1 013 516
Share of profits and losses from associates		(39 538)	(51 388)
Income from investments		195 029	224 727
Operating income		1 130 057	1 186 855
Finance costs		(13 894)	(18 089)
Profit before taxation		1 116 163	1 168 766
Taxation		(403 003)	(380 000)
Profit for the year	(9,6)	713 160	788 766
Operating margin		5,5%	7,4%
Profit attributable to			
Equity shareholders of Wilson Bayly Holmes-Ovcon Limited		648 754	733 475
Non-controlling interests		64 406	55 291
		713 160	788 766
Reconciliation of headline earnings			
Attributable profit		648 754	733 475
Adjusted for:			
Impairment of goodwill		23 220	36 640
Negative goodwill realised		–	(374)
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 investments		(41 982)	(57 921)
Profit on disposal of property, plant and equipment		(4 582)	(2 502)
Tax effect thereof		(4 795)	(412)
Headline earnings	(17,5)	639 266	774 773
Ordinary shares			
Issued ('000)		66 000	66 000
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)	(11,7)	1 184,0	1 340,2
Diluted earnings per share (cents)	(11,3)	1 177,6	1 327,9
Headline earnings per share (cents)	(17,6)	1 166,7	1 415,7
Diluted headline earnings per share (cents)	(17,3)	1 160,4	1 402,4
Dividend per share (cents)		352,0	330,0

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Audited June 2012 R'000	Audited June 2011 R'000
Profit for the year	713 160	788 766
Translation of foreign entities	82 435	17 005
Share of associates' 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 Limited	737 835	732 558
Non-controlling interests	64 406	55 291
	802 241	787 849

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Audited June 2012 R'000	Audited June 2011 R'000
ASSETS		
Non-current assets	2 947 975	2 472 330
Property, plant and equipment	1 657 974	1 433 063
Intangible assets	460 063	390 467
Investment in associates	420 362	401 116
Other non-current assets	409 576	247 684
Current assets	8 298 365	7 019 418
Other current assets	5 229 481	4 136 646
Cash and cash equivalents	3 068 884	2 882 772
Total assets	11 246 340	9 491 748
EQUITY AND LIABILITIES		
Capital and reserves	4 228 160	3 630 209
Ordinary share capital and reserves	3 955 781	3 371 904
Non-controlling interests	272 379	258 305
Non-current liabilities	163 033	131 526
Long-term financial liabilities	151 411	90 526
Other non-current liabilities	11 622	41 000
Current liabilities	6 855 147	5 730 013
Other current liabilities	6 855 147	5 713 620
Bank overdrafts	–	16 393
Total equity and liabilities	11 246 340	9 491 748

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Audited June 2012 R'000	Audited June 2011 R'000
Ordinary share capital and reserves at the beginning of the year	3 371 904	3 031 919
Profit for the year	648 754	733 475
Other comprehensive income for the year	89 081	(917)
Share of movement in associates' equity	7 969	(24 812)
Dividend paid	(203 613)	(209 721)
Cash-settled equity instruments raised	–	(1 632)
Treasury shares sold	47 512	–
Share-based payment expense	10 420	13 337
Goodwill recognised in equity	(16 246)	(169 745)
Ordinary share capital and reserves at the end of the year	3 955 781	3 371 904

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Audited June 2012 R'000	Audited June 2011 R'000
Cash generated from operations	1 021 546	345 276
Income from investments	116 570	224 727
Finance costs	(13 593)	(18 089)
Taxation paid	(381 377)	(650 624)
Dividends paid	(203 613)	(224 562)
Cash retained from/(utilised in) operations	539 533	(323 272)
Net cash flow from investing activities	(300 748)	(660 148)
Net cash flow from financing activities	(36 280)	(41 240)
Net increase/(decrease) in cash and cash equivalents	202 505	(1 024 660)
Cash and cash equivalents at the beginning of the year	2 866 379	3 891 039
Cash and cash equivalents at the end of the year	3 068 884	2 866 379

SEGMENTAL INFORMATION

	% margin	Audited June 2012 R'000	Audited June 2011 R'000
Segment revenue			
– Building and civil engineering		5 233 396	4 377 474
– Roads and earthworks		4 279 162	4 110 792
– Australia		8 291 229	5 972 873
– Other operations		89 564	305 492
		17 893 351	14 766 631
Segment result			
– Building and civil engineering	5,2	272 028	332 810
– Roads and earthworks	11,5	492 124	524 569
– Australia	2,5	203 373	171 200
– Other operations	9,1	8 177	61 470
		975 702	1 090 049

COMMENTARY

BASIS OF PREPARATION

The condensed financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), IAS 34: Interim Financial Reporting, the South African Companies, Act 71 of 2008, as amended, and the JSE Listings Requirements. The principal accounting policies used in the preparation of the audited results for the year ended 30 June 2012 are consistent with those applied for the previous year.

Wilson Bayly Holmes-Ovcon Limited (WBHO) makes estimates and assumptions concerning the future, particularly in regard to construction profit recognition, provisions, and the fair value of certain assets.

The resulting accounting estimates can, by definition, only approximate the actual results. Estimates and judgements are based on historical experience and other factors, including expectations of future events which are believed to be reasonable at that time.

These results have been audited by the independent, external auditors, BDO South Africa Inc. and their unqualified audit opinion is available for inspection at our registered office.

FINANCIAL OVERVIEW

The group increased revenue by 21, 2% from R14,8 billion to R17,9 billion for the twelve months ended 30 June 2012.

The effect of competitive conditions within both the local and Australian markets together with revenue growth within the inherently lower margin Australian segment has resulted in the operating margin decreasing from 7,4% to 5,5%. Operating profit decreased by 10,5% from R1 billion to R976 million.

Earnings per share declined by 11,7% to 1 184 cents per share (2011: 1 340 cents per share) and headline earnings per share declined by 17,6% to 1 167 cents per share (2011: 1 416 cents per share).

The increase in the effective tax rate is a result of non-deductible expenses, foreign dividend tax not expensed in prior years and the differential in foreign tax rates.

During the first six months the group finalised the sale of its minority holding in a coal prospecting company in Mpumalanga and the group's share in the profit thereon amounted to R42 million. Goodwill of R23 million relating to the initial acquisitions of WBHO-CARR and Renniks has been impaired during the period.

The net cash position increased to R3,1 billion (2011: R2,9 billion). Cash generated from operations amounts to R1 billion compared to R345 million generated in the comparative period. The group's capital expenditure amounted to R488 million for the current year.

Capital expenditure of R733 million has been approved for FY13, a significant portion of which will be utilised to equip new contracts awarded in the rest of Africa and Western Australia.

Financial guarantees issued to third parties amounted to R4,5 billion (2011: R3,8 billion)

BUILDING AND CIVIL ENGINEERING

Although industry conditions have remained difficult during the year, the division has successfully increased revenue by 20% to R5,2 billion (2011: R4,4 billion). Margins have decreased from 7,6% to 5,2% due to the competitive market and two loss-making projects.

A large percentage of the building division's revenue was driven by the procurement of major building projects in Gauteng, which include the Standard Bank and the iconic Alexander Forbes buildings as well as the refurbishment of the Grayston Hotel and the redevelopment of the Alice Lane precinct in Sandton.

We have successfully completed the Nicolway and Middelburg shopping centres as well as the Podium and Nedbank buildings in Menlyn during FY12.

The division has recently secured eight new retail and commercial office developments with a combined value in excess of R1,5 billion.

In the Eastern Cape our building division performed better than expected. A large percentage of their revenue was earned from the Queenstown Mall and the Hemmingways Casino in East London.

In the Western Cape we secured the Number One Silo project as well as a number of smaller projects in the Waterfront. Furthermore the new Santam building was secured during the year and construction has begun while the refurbishment of the Tygervalley shopping Centre was successfully completed. Work at the La Croisette mixed-use development in Mauritius continues into FY13.

Revenue from Kwa-Zulu Natal was lower than expected with the larger projects in the region being the Empangeni hospital, the revamp of the Wild Coast Sun, a project for the University of Natal and the Mayfair office block.

The Civil Engineering division has had a difficult year but successfully completed extensions to the Konkola Mine in Zambia while work continues on the Kusile Power Station which contributed significantly towards the division's revenue this year. New projects have been secured at the Tweefontein coal mine in Mpumalanga as well as Phase II of Project Lion in Limpopo province. In Zambia the division secured the expansion of a brewery in Ndola.

The Building and Civil Engineering division's order book at 30 June 2012 amounts to R4,2 billion (2011: R5,7 billion) and additional projects to the value of R2,1 billion have been secured post 30 June 2012. However, while margin pressures have improved they remain competitive.

ROADS AND EARTHWORKS

The division has consolidated in the current year increasing revenue slightly by 4% to R4,3 billion after decreasing by 11% in the previous year. Operating profits have declined by 6% to R492 million due to persistent margin pressures in the local market.

The major focus of the roads and earthworks division remains the strengthening of foreign revenue through the procurement of higher margin projects in Central and Western Africa.

Work in Africa includes various mining projects in Botswana, Mozambique, Sierra Leone, Ghana, Guinea and Zambia. In Botswana the division has further contracts for the 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. This project is a major engineering, procurement and construction (EPC) joint venture with an international contracting company and will provide work in the region until FY14. The division's participation in the joint venture is 50%.

Locally the division has focused on projects for industrial clients in the mining and energy sectors and projects on the national road system.

WBHO Pipelines is progressing well with the GNP gas line project for SASOL, between Secunda and Sasolburg, executed in joint venture with a specialist French pipe company. Work on the Free State Roads projects was suspended in October 2011 due to non-payment. We are pleased to advise that we have reached a settlement with the provincial government and work on the project will recommence once payment is received.

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.

The division's order book has increased by over 90% by the end of 2012 to R4,6 billion (2011: R2,4 billion).

AUSTRALIA

Despite the competitive Australian building market, the Australian operations were able to increase revenue by 39% to R8,3 billion (2011: R5,9 billion). Although margins decreased to 2,5% (2011: 2,9%) operating profit increased by 19% to R203 million (2011: R171 million).

There were a number of highlights during the year which include the Melbourne based Contexx business successfully securing six high-rise apartment projects with a combined value of $515 million. The Queensland based civil engineering business (Probuild Civil) substantially delivered the $115 million Warego Highway road flood rectification, the business' largest road project.

During the year the $195 million Springvale Homemaker Centre was completed and there were a number of significant stage handovers at Probuild's largest current project, the $210 million redevelopment of the Highpoint Shopping Centre in Melbourne. Final completion of this project is scheduled for March 2013. The $120 million Raine Square commercial tower was completed in Perth as was the $100 million Bank Apartments project in Melbourne.

The backbone of the Australian economy is the resource sector particularly in Western Australia. In order to position the operations to capitalise on the strength of the resources sector the remaining 49% of WBHO-CARR was acquired during the year and the three Western Australia Roads and Earthworks businesses with operations that stretch from Kwinana (south of Perth) through Geraldton (mid-west) and up to Karratha in the far north Pilbara region, were rebranded as WBHO Civil and formally merged on 2 July 2012. The revenue from the combined businesses grew by 34% year-on-year.

WBHO Civil and Probuild Civil now represent 33% of total Australian revenue (2011: 22%) and have the full support of the WBHO Roads and Earthworks division. Capex amounting to R225 million has been approved to facilitate the expansion of the business.

The Australian operations begin the new financial year with significant growth in their order book which stands at R12 billion (2011: R7,7 billion). This represents 145% of the revenue achieved in FY12.

OTHER OPERATIONS

Property

Sales continue at the Simbithi Eco-Estate development near Ballito in KZN as it remains a popular choice for both the first and second home markets. Limited sales at the St Francis Links development have resulted in a R25 million write-down of the carrying value of trading stock.

Associates

The markets in which Capital Africa Steel (CAS) operates remain very competitive. The steel pipe factory has refocused its market strategy away from the North American bare pipe market to Sub Saharan Africa and particularly Southern African markets with good prospects in the African gas markets particularly Mozambique. The aggregate and ready mix business has continued to perform poorly in the current year which has resulted in the purchase of the minority shareholding in 3Q, a change in the senior management of that business and the closure of the Balmoral Crusher which was a loss-making mining and aggregate supply business. Shelving and racking produced a satisfactory result while long steel products delivered a good result in the current year.

Poor trading during the year combined with a working capital shortfall severely affected the financial performance of the steel trading business of CAS.

INCREASE IN SHAREHOLDING OF EXISTING SUBSIDIARIES

The aggregate goodwill recognised and purchase prices paid arising from transactions with non-controlling shareholders in Probuild Constructions Pty Ltd and WBHO-CARR Pty Ltd is as follows:

	Rm
Goodwill recognised in equity	16,2
Purchase price	52,2

In terms of the shareholders agreement, on 30 September 2011 the group interest in Probuild Constructions (Australia) Pty Ltd increased from 76,6% to 78,5% as a result of a share buy-back valued at R41,3 million. Goodwill of R32,1 million was recognised in the statement of change in equity as a result of the transaction

On 1 January 2012 the remaining 49% interests in WBHO-CARR were purchased at a cost of R10,9 million

COMPETITION COMMISSION

The group continues to cooperate with the Competition Commission and expects to be advised of the outcome of the settlement process before the end of the calendar year. We have provided for our best estimate of the settlement amount in the current year.

PROSPECTS

We are experiencing an increase in the number of projects coming to market, especially in the private sector where long awaited contracts have now materialised. The order book for the group at 1 July 2012 is R20,9 billion compared to R16,2 billion at 1 July 2011, an increase of R4,6 billion. The order book now comprises 67% foreign projects and the balance is South African. The percentage of the order book split by segment is illustrated below:

Building and Civil Engineering	20%
Roads and Earthworks	22%
Australia	58%
	100%

The group has secured R4,2 billion in additional projects post 30 June 2012 which comprise many large new private projects. Locally, WBHO is pursuing a number of renewable energy sector opportunities as both civil and the EPC contractor.

The order book at the end of August is R21,8 billion.

Mining infrastructure work remains positive in Africa but has slowed in South Africa. Gas related infrastructure in Mozambique offers opportunities in the longer term.

The resource sector continues to underpin the prosperity of the Australian economy. Target market segments that continue to provide opportunities are high-rise residential in Melbourne and Sydney and, driven by mining, CBD commercial and airport expansion works in Perth. Australian Universities remain an attractive market segment providing a steady flow of campus and research centre expansion and refurbishment projects. Pipeline opportunities being tracked in Australia, the majority of which will commence in FY13, are in the order of $8,0 billion.

EMPOWERMENT, HEALTH AND SAFETY AND ENVIRONMENT

This year saw the vesting of the first tranche of shares issued to employees through Akani the group's broad-based employment equity share scheme. 1 083 employees were awarded between 285 and 508 shares each and this occasion marked a very special event in WBHO's history. 653 500 shares were issued to staff members from the WBHO Management Trust on 29 June 2012. We congratulate all the participants for their loyal service and commitment to the group.

In July 2011 the group was assessed against the Construction scorecard and we are pleased to report that we have improved our rating to that of a Level 2 contributor. The Group was also rated 7th in the Financial Mail Top most empowered companies listed on the JSE. With regard to our financial performance we were rated the top construction company in the Financial Mail Top 100 companies and rated 9th overall. We thank all employees for their commitment to our sustainability.

The group's LTIFR for the year was 1,57, however, three subcontractors' employees were involved in fatal accidents during the last financial year and our sincere condolences go out to their families.

The group has achieved ISO 14001:2004 accreditation relating to environmental management for six of its seven South African divisions.

APPRECIATION

The directors and management would like to thank all stakeholders for their continuous support and loyalty.

DIVIDEND DECLARATION

Notice is hereby given that the directors have declared a final gross dividend, from income reserves, of 242 cents per share (2011: 220 cents) payable to all shareholders recorded in the register on Friday 19 October 2012.

In terms of new dividends tax legislation effective 1 April 2012, the following additional information is disclosed:

The dividend is subject to dividend withholding tax at 15%.

The company has no STC credits.

The net dividend will therefore be 205,7 cents per share for those shareholders who are not exempt from the dividend witholding tax.

The number of shares in issue at the date of the declaration amount to 66 000 000 (55 525 741 exclusive of treasury shares) and the company's tax reference number is 9999597710.

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

Shares may not be dematerialised or rematerialised between Monday 15 October 2012 and Friday 19 October 2012, both dates inclusive.

By order of the board

MS Wylie
Chairman

EL Nel
Chief Executive Officer

CV Henwood
Chief Financial Officer

Johannesburg
31 August 2012

HKLM