WBHO

AUDITED FINANCIAL STATEMENTS 2016

CONTENTS

STATEMENT OF RESPONSIBILITY BY THE BOARD

for the year ended 30 June 2016

The directors are responsible for the preparation, integrity and fair presentation of the financial statements of Wilson Bayly Holmes-Ovcon Limited and its subsidiaries. The consolidated annual financial statements have been prepared in compliance with the Listings Requirements of the JSE Limited, the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS"), SAICA Financial Reporting Guidelines as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and the Companies Act of South Africa and include amounts based on judgements and estimates made by management. The directors have also prepared any other information included in the annual report and are responsible for both its accuracy and its consistency with the financial statements.

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

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

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

The financial statements have been audited 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. The unqualified audit report of BDO South Africa Inc. is presented on page 5.

The preparation of the financial statements was supervised by the Chief Financial Officer, Charles Henwood CA(SA) and approved by the board of directors on 2 September 2016 and are signed on its behalf.

Mike Wylie
Chairman

Louwtjie Nel
Chief Executive Officer

2 September 2016

STATEMENT OF COMPLIANCE BY THE COMPANY SECRETARY

for the year ended 30 June 2016

I confirm that the company has lodged with the Registrar of Companies all returns that are required to be lodged by a public company in terms of the Companies Act of South Africa in respect of the year ended 30 June 2016 and that all such returns are true, correct and up to date.

Shereen Vally-Kara
Company Secretary

2 September 2016

DIRECTORS' REPORT

for the year ended 30 June 2016

NATURE OF BUSINESS

The company is listed on the securities exchange operated by JSE Limited 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 from continuing operations increased by 6,3% to R30,7 billion (2015: R28,8 billion) while operating profit before non-trading items increased by 30,7% to R1 billion (2015: R768 million). Total earnings attributable to the equity shareholders of the group amounted to R726 million (2015: R566 million) and headline earnings attributable to equity shareholders of the group amounted to R710 million (2015: R646 million). A full reconciliation between earning and headline earnings is disclosed under note 20. The financial statements set out on pages 6 to 57 provide full details of the financial position, results of operations and cash flows for the year ended 30 June 2016.

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.

Transactions with minority shareholders during the year under review resulted in an increase in the group's interest in Probuild from 80,57% to 83,02% at a cost of R37 million. Debit amounts of R14,5 million were recognised in equity. WBHO Construction increased its interest in Renniks Construction by 12,5% to 82,5% at a cost of R6 million. A debit of R1 million was recognised in equity.

LOSSES IN SUBSIDIARIES

There were no material losses from subsidiaries included in the group's profit before tax.

SHARE CAPITAL

The company has issued 63 190 064 ordinary shares. During the year the company bought back and cancelled 2 809 936 shares from Akani Investment Holdings (Pty) Ltd in terms of the Circular issued on 11 October 2006.

Subject to the regulations of the JSE, 10% of the unissued ordinary shares are under the control of the directors until the annual general meeting (AGM) to be held on 16 November 2016 at which time shareholders will be requested to grant the directors control over 5% of the unissued ordinary shares until the next annual general meeting in 2017.

DIVIDENDS

The group declares dividends dependent upon profits earned and the availability of cash. On 2 September 2016 the directors declared a final gross dividend of 313 cents (2015: 258 cents) per ordinary share from income reserves, which together with the interim dividend of 135 cents (2015: 110 cents) per ordinary share, results in a total payment to shareholders of 448 cents per share (2015: 368 cents).

SHARE SCHEMES

Details of transactions undertaken by the share trusts and empowerment vehicles are disclosed under note 27. There have been no changes to the trustees of the share schemes for the year under review. Participants in the management schemes are advanced interest-free loans by the trust to enable them to purchase the shares offered.

The vesting period in respect of the black partners participating in the Akani scheme matures in October 2016.

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 of the company's directors are available online at www.wbho.co.za. The business physical address, postal address and company secretary details are set out in the Integrated Annual Report.

DIRECTORS' REPORT (continued)
for the year ended 30 June 2016

In terms of the company's memorandum of incorporation, Mme NS Mjoli-Mncube and Mme NS Maziya retire at the forthcoming annual general meeting. Mme NS Maziya is eligible for re-election while Mme NS Mjoli-Mncube has chosen not to stand for re-election. Ms N Damasane was appointed to the board on 2 September 2016, subject to shareholder ratification at the annual general meeting.

DIRECTOR'S SHAREHOLDING
The direct and indirect interests of the directors are disclosed under note 24 of the financial statements.

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

RELATED PARTY TRANSACTIONS
Related party transactions are disclosed under note 24.

PROPERTY, PLANT AND EQUIPMENT
Full details of the property, plant and equipment are disclosed under note 2.

SUBSEQUENT EVENTS
There were no significant events subsequent to the reporting date.

GOING CONCERN
The directors have reviewed the group's budget and forecast cash flows for the year to 30 June 2017. On the basis of this review, and in light of the current financial position, the directors are satisfied that the group and company have access to adequate resources to continue in operational existence for the foreseeable future. The going concern basis has been adopted in preparing the consolidated and separate annual financial statements.

SPECIAL RESOLUTIONS
The following special resolutions were passed at the 2015 AGM:

SPECIAL RESOLUTION NUMBER 1
Approval of non-executive directors' fees for the 2016 financial year

SPECIAL RESOLUTION NUMBER 2
Financial assistance to directors, prescribed officers, employee share scheme beneficiaries and related or inter-related companies and corporations

SPECIAL RESOLUTION NUMBER 3
Amendment of Memorandum of Incorporation

SPECIAL RESOLUTION NUMBER 4
General authority to repurchase company shares

INDEPENDENT AUDITOR'S REPORT
for the year ended 30 June 2016

TO THE SHAREHOLDERS OF WILSON BAYLY HOLMES-OVCON LIMITED
We have audited the consolidated and separate financial statements of Wilson Bayly Holmes-Ovcon Limited set out on pages 6 to 57, which comprise the statements of financial position as at 30 June 2016, and the statements of financial performance and other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS
The company's directors are responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY
Our responsibility is to express an opinion on these consolidated and separate 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 about whether the consolidated and separate 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 policies 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, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Wilson Bayly Holmes-Ovcon Limited as at 30 June 2016, 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 the requirements of the Companies Act of South Africa.

OTHER REPORTS REQUIRED BY THE COMPANIES ACT
As part of our audit of the consolidated and separate financial statements for the year ended 30 June 2016, we have read the Directors' report, the Audit Committee's report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS
In terms of the IRBA Rule published in *Government Gazette Number 39475* dated 4 December 2015, we report that BDO South Africa Inc. has been the auditor of Wilson Bayly Holmes-Ovcon Limited for 30 years.

BDO South Africa Inc

Per: **Jeanie Roberts**
Director

Registered Auditor

2 September 2016

22 Wellington Road
Parktown
2193

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE AND OTHER COMPREHENSIVE INCOME

for the year ended 30 June 2016

	Notes	2016 R'000	Restated 2015 R'000
Revenue	15	30 650 309	28 823 384
Operating costs		(28 619 757)	(26 721 204)
Administrative costs		(1 025 995)	(1 333 763)
Operating profit before non-trading items		1 004 557	768 417
Impairment of goodwill	3	–	(115 982)
Impairment of property, plant and equipment		–	(53 926)
Profit on disposal of property		29 166	14 813
Share-based payment expense	27	(42 481)	(36 235)
Operating profit	16	991 242	577 087
Share of profits from associates	4	45 659	46 189
Net finance income	17	203 014	115 942
Profit before taxation		1 239 915	739 218
Taxation	18	(395 715)	(244 572)
Profit from continuing operations		844 200	494 646
(Loss)/profit from discontinued operations	19	(122 350)	109 491
Profit for the year		721 850	604 137
Other comprehensive income			
Items that may be or have been reclassified to profit or loss			
Translation of foreign entities*		101 651	(269 854)
Share of associates' comprehensive income*		28 618	7 018
Recycling of translation of foreign operations through profit or loss*	19	284 086	–
Total comprehensive income for the year		1 136 205	341 301
Profit for the year attributable to:			
Equity shareholders of Wilson Bayly Holmes-Ovcon Limited		725 533	565 531
Non-controlling interests		(3 683)	38 606
		721 850	604 137
Total comprehensive income attributable to:			
Equity shareholders of Wilson Bayly Holmes-Ovcon Limited		1 081 409	301 719
Non-controlling interests		54 796	39 582
		1 136 205	341 301
Earnings per share from total operations			
Earnings per share (cents)		1 322,3	1 023,8
Diluted earnings per share (cents)		1 322,3	1 023,8
Dividend per share (cents)		448,0	368,0
Profit from continuing operations attributable to:			
Equity shareholders of Wilson Bayly Holmes-Ovcon Limited		766 031	490 456
Non-controlling interests		78 169	4 190
		844 200	494 646
Earnings per share from continuing operations			
Earnings per share (cents)	20	1 396,1	887,9
Diluted earnings per share (cents)	20	1 396,1	887,9

* *There are no tax effects recognised on these items.*

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2016

	Notes	2016 R'000	Restated 2015 R'000	Restated 2014 R'000
Assets				
Property, plant and equipment	2	1 710 358	1 984 417	2 164 724
Goodwill	3	572 102	498 266	644 936
Investment in associates	4	347 171	203 923	97 847
Investments	5	201 942	148 465	96 997
Long-term receivables	6	96 193	118 943	292 345
Deferred taxation	12	558 840	462 279	365 903
Total non-current assets		3 486 606	3 416 293	3 662 752
Inventories	7	210 314	215 108	259 025
Amounts due by customers	8	514 438	1 058 957	929 688
Trade and other receivables	9	5 111 251	5 090 207	4 955 738
Taxation		294 687	355 900	356 268
Cash and cash equivalents	29	5 773 369	3 995 089	2 756 700
Total current assets		11 904 059	10 715 261	9 257 419
Assets held-for-sale	19	–	237 610	477 642
Total assets		15 390 665	14 369 164	13 397 813
Equity				
Share capital		28 597	28 625	28 625
Non-distributable reserves		702 514	297 321	578 873
Retained earnings		4 697 318	4 239 796	3 939 915
Shareholders' equity		5 428 429	4 565 742	4 547 413
Non-controlling interests	11	258 421	262 443	273 776
Total equity		5 686 850	4 828 185	4 821 189
Liabilities				
Cash-settled share scheme liability	27	17 571	22 734	18 761
Borrowings	10	17 010	112 530	166 142
Deferred taxation	12	24 253	47 708	32 591
Total non-current liabilities		58 834	182 972	217 494
Excess billings over work done	8	1 917 491	1 499 471	1 417 028
Trade and other payables	13	5 508 209	5 570 407	4 699 740
Borrowings	10	87 355	139 045	147 201
Provisions	14	2 059 645	1 619 749	1 313 421
Taxation	31	51 106	97 150	110 379
Bank overdrafts	29	21 175	–	115 605
Total current liabilities		9 644 981	8 925 822	7 803 374
Liabilities associated with disposal group held-for-sale	19	–	432 185	555 756
Total equity and liabilities		15 390 665	14 369 164	13 397 813

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2016

	Note	Number of ordinary shares issued	Number of shares held by share trusts	Net shares issued to the public	Share capital R'000	Non-distributable reserves: Foreign currency translation reserve R'000	Non-distributable reserves: Employee share-scheme reserve R'000	Retained earnings R'000	Shareholders' equity R'000	Non-controlling interests R'000	Total equity R'000
Balance at 30 June 2014		66 000 000	10 649 999	55 350 001	28 625	396 966	181 907	3 983 742	4 591 240	273 776	4 865 016
Impact of error 2014	31	–	–	–	–	–	–	(43 827)	(43 827)	–	(43 827)
Balance at 30 June 2014 restated		66 000 000	10 649 999	55 350 001	28 625	396 966	181 907	3 939 915	4 547 413	273 776	4 821 189
Treasury shares acquired		–	512 369	(512 369)	–	–	(52 079)	–	(52 079)	–	(52 079)
Vesting of shares		–	(48 853)	48 853	–	–	–	–	–	–	–
Total comprehensive income for the year		–	–	–	–	(270 830)	–	565 531	294 701	39 582	334 283
Share of movement in associates' equity		–	–	–	–	7 018	–	–	7 018	–	7 018
Dividend paid		–	–	–	–	–	–	(215 171)	(215 171)	(36 422)	(251 593)
Transfer between reserves		–	–	–	–	1 377	–	(1 377)	–	–	–
Share-based payments expense		–	–	–	–	–	32 117	–	32 117	–	32 117
Share-based payment settlement		–	–	–	–	–	845	–	845	–	845
Loans advanced by non-controlling interests		–	–	–	–	–	–	–	–	12 127	12 127
Transactions with owners		–	–	–	–	–	–	(49 102)	(49 102)	(26 620)	(75 722)
Balance at 30 June 2015		66 000 000	11 113 515	54 886 485	28 625	134 531	162 790	4 239 796	4 565 742	262 443	4 828 185
Shares bought back		(2 809 936)	(2 809 936)	–	(28)	–	–	–	(28)	–	(28)
Treasury shares acquired		–	25 971	(25 971)	–	–	–	–	–	–	–
Total comprehensive income for the year		–	–	–	–	327 258	–	725 533	1 052 791	54 796	1 107 587
Share of movement in associates' equity		–	–	–	–	28 618	–	–	28 618	–	28 618
Dividend paid		–	–	–	–	–	–	(242 864)	(242 864)	(31 008)	(273 872)
Share-based payments expense		–	–	–	–	–	43 845	–	43 845	–	43 845
Share-based payment settlement		–	–	–	–	–	5 472	–	5 472	–	5 472
Loans repaid by non-controlling interests		–	–	–	–	–	–	–	–	(1 955)	(1 955)
Derecognition of non-controlling interest		–	–	–	–	–	–	(10 639)	(10 639)	10 639	–
Transactions with owners		–	–	–	–	–	–	(14 508)	(14 508)	(36 494)	(51 002)
Balance at 30 June 2016		63 190 064	8 329 550	54 860 514	28 597	490 407	212 107	4 697 318	5 428 429	258 421	5 686 850
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.

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 30 June 2016

	Notes	2016 R'000	2015 R'000
Cash flow from operating activities			
Cash generated from operations	29	1 994 855	2 552 930
Adjustments for:			
Net finance income	17	141 641	69 531
Taxation paid	29	(487 234)	(363 767)
Dividend paid		(273 873)	(251 593)
Cash flow from operating activities		1 375 389	2 007 101
Cash flow from investing activities			
Advances of long-term receivables		(14 000)	(247 477)
Repayment of long-term receivables		500 284	16 058
Additions to investments		(27 874)	(58 127)
Loans advanced to associates		(68 353)	(67 132)
Proceeds on disposal of operations		–	161 106
Restructuring of debt on disposal of operations		(65 114)	–
Proceeds on disposal of property, plant and equipment		213 168	134 758
Purchase of property, plant and equipment			
– to maintain operations		(77 546)	(159 200)
– to expand operations		(38 660)	(43 236)
Cash flow from investing activities		421 905	(263 250)
Cash flow from financing activities			
Repayment of borrowings		(141 272)	(24 109)
Transactions with owners		(41 720)	(64 538)
Treasury shares acquired		(28)	(52 079)
Instalments in respect of capitalised finance leases		(139 302)	(153 824)
Cash flow from financing activities		(322 322)	(294 550)
Increase in cash and cash equivalents for the year		1 474 972	1 449 301
Foreign currency translation effect		259 212	(146 214)
Overdraft in respect of disposal group at the beginning of the year		(332 180)	(268 450)
Cash and cash equivalents at the beginning of the year		3 995 089	2 641 095
Overdraft/(cash and cash equivalents) disposed of	19	355 101	(12 823)
Overdraft in respect of disposal group at the end of the year		–	332 180
Cash and cash equivalents at the end of the year	29	5 752 194	3 995 089

PRINCIPAL ACCOUNTING POLICIES
for the year ended 30 June 2016

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. The consolidated and company financial statements comply with the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued the by Financial Reporting Standards Council, the JSE Listings Requirements and the requirements of the Companies Act of South Africa.

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. The consolidated and company financial statements have been prepared on the going concern basis.

SIGNIFICANT JUDGEMENTS AND CRITICAL ACCOUNTING ESTIMATES

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

a) Classification of investments
Judgement has been applied in determining the classification of joint arrangements, other investments and associates depending on the contractual rights and obligations of each investor. The judgements used have been disclosed in notes 4 and 5.

b) Impairment of trade receivables
Estimates are based on management's assessment of the likelihood of collecting outstanding receivables.

c) 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. Significant judgement has been applied in determining the net realisable value of limited service stock.

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

e) Property, plant and equipment
Estimates are made of the residual values and judgement applied in estimating the useful lives of items of property, plant and equipment using relevant information available for similar assets.

f) Impairment of assets other than goodwill
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.

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

h) 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.

i) 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. The group recognises the net future tax benefit related to deferred tax assets, where it is probable that there will be taxable income against which the tax losses and deductible temporary differences can be utilised.

j) Fair value
The group is required to measure fair value for both financial and non-financial assets and liabilities and when recognising identifiable assets and liabilities under business combinations. Judgement is required when determining the inputs to be used in discounted cash flow valuation techniques.

PRINCIPAL ACCOUNTING POLICIES (continued)

for the year ended 30 June 2016

BUSINESS COMBINATIONS

Control

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

The acquisition method of accounting is used to account for business combinations. The consideration transferred for the acquisition of a business represents the fair value of the assets transferred, liabilities incurred and equity interests issued and includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Any costs arising from the acquisition are expensed in profit or loss.

Non-controlling interests

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

Changes in shareholding

Changes in shareholding that do not result in a loss of control are accounted for as equity transactions (ie 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 is recognised directly in equity and attributed to the owners of the parent.

Goodwill

Goodwill is measured as the excess of the consideration transferred less the fair value of the net assets acquired and non-controlling interests recognised.

Goodwill is subject to an annual impairment test and any impairment is recognised immediately in profit or loss and is not subsequently reversed.

Goodwill recognised on the acquisition of a subsidiary or a joint arrangement is disclosed separately in the financial statements. 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.

INVESTMENTS IN 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 is recognised up to the value of its investment and any subordinated loans.

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

JOINT ARRANGEMENTS

Joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor.

Joint operations are joint arrangements in which the parties have rights to the assets and obligations in respect of the liabilities relating to the arrangement. The financial and operating decisions in respect of joint operations require the unanimous consent of all the parties.

BASIS OF CONSOLIDATION

The consolidated financial statements include the statements of financial position, financial performance and other comprehensive income and cash flow information of the holding company, its subsidiaries, joint arrangements and associates.

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

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

Interests in joint operations are proportionately consolidated. 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.

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

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

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

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

Unrealised profits 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.

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

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 committee. The group's reportable segments represent strategic business units that offer the main services of the group.

MEASUREMENT OF FAIR VALUES

When measuring the fair value of an asset or liability, the group uses market observable data as far as possible. Fair values are categorised into different levels within a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

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

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

FINANCIAL INSTRUMENTS

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 plus transactions costs except for financial instruments carried at fair value through profit and loss, where transaction costs are recognised immediately in profit or loss.

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.

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 profit or loss.

The fair value of instruments that are actively traded in organised financial markets are determined by reference to quoted market prices at the close of business on the reporting 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 through profit or loss on the face of, or included in the notes to, the consolidated statement of financial position include:

a) Investments
   Investments include unlisted investments which are valued using the valuation techniques mentioned above.

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.

PRINCIPAL ACCOUNTING POLICIES (continued)

for the year ended 30 June 2016

FINANCIAL INSTRUMENTS (CONTINUED)

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.

Profits and losses are recognised in profit or loss 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).

The group assesses at the end of each reporting period whether there is objective evidence that loans and receivables are impaired. Loans and receivables are impaired when there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the loan and receivable and has an impact on the estimated future cash flows of the asset that can be reliably estimated.

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

b) Trade and other receivables
Trade and other receivables are subsequently measured at amortised cost using the effective interest rate method 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 profit or loss.

c) Cash and cash equivalents and bank overdrafts
For the purpose of the statement of cash flow, cash and cash equivalents comprise bank balances and cash with original maturities of three months or less and also include bank overdrafts repayable on demand. Cash and cash equivalents are reflected at year-end bank statement balance. Where bank overdrafts and cash balances are with the same financial institution and right of set-off exists, they are netted off for disclosure purposes.

Financial liabilities held at amortised cost

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

a) Trade and other payables
These instruments are subsequently measured at amortised cost using the effective interest rate method. The obligation arising is expected to be settled within 12 months of the reporting date.

b) Borrowings and bank overdrafts
Borrowings and bank overdrafts are recognised at amortised cost net of finance costs. Borrowings are classified as current and non-current in the statement of financial position depending on when the obligation will fall due.

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.

PROPERTY, PLANT AND EQUIPMENT

Measurement

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

Subsequent costs

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

Depreciation

Property, plant and equipment is depreciated to its estimated residual value 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.

Disposals

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

CONSTRUCTION CONTRACTS

A construction contract is a contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology, and functions, or their ultimate purpose or use.

Where the outcome of a long-term contract can be reliably estimated, revenue and profit is recognised on an individual contract basis using the stage of completion method. For incomplete contracts on which losses are anticipated, such losses are provided for as soon as they are foreseen and include any losses relating to future work. The stage of completion is determined using surveys of work performed.

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, and the gross amounts due to customers, for which progress billings exceed costs incurred plus recognised profits less recognised losses are disclosed on the face of the statement of financial position.

INVENTORIES

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

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

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

ASSETS HELD-FOR-SALE

Non-current assets, disposal groups or components of an enterprise are classified as held-for-sale when 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.

Immediately before classification as held-for-sale, the assets or components of a disposal group are remeasured in accordance with the group's accounting policies. Thereafter, the assets or disposal group, are measured at the lower of the carrying amount and fair value less costs to sell. Any impairment loss recognised in respect of a disposal group is allocated first to goodwill and then to the remaining assets and liabilities on a pro rata basis of the carrying value of each asset in the disposal group.

Impairment losses recognised on initial classification as held-for-sale and subsequent profits and losses on remeasurement are recognised in profit or loss. Any subsequent reversal of an impairment loss is proportionately allocated to the assets of the disposal group (with the exception of goodwill), on the basis of the carrying value of each asset in the unit.

Assets held-for-sale are not amortised or depreciated. Interest and other expenses relating to the liabilities of a disposal group continue to be recognised.

Non-current assets, disposal groups or components of an enterprise that are classified as held-for-sale are presented separately on the face of the statement of financial position.

DISCONTINUED OPERATIONS

A discontinued operation is a component of an entity that has either been disposed of or is classified as held-for-sale and

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

When an operation is classified as a discontinued operation, the comparative statement of financial performance and other comprehensive income and statement of cash flows are presented as if the operation has been discontinued from the start of the comparative period.

The after tax profit or loss of the discontinued operation together with the after tax profit or loss on any fair value remeasurement are presented as a single amount on the face of the statement of financial performance and other comprehensive income.

PRINCIPAL ACCOUNTING POLICIES (continued)

for the year ended 30 June 2016

IMPAIRMENT OF ASSETS

Impairment tests in respect of goodwill 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 impaired to its recoverable amount.

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.

Impairment charges are included in profit or loss. An impairment loss recognised for goodwill is not reversed.

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 the lower of the fair value of the leased property and the present value of the minimum lease payments, and depreciated over their useful lives. The capital portion of the lease is included under other current or non-current liabilities as appropriate in the statement of financial position. The interest portion is expensed to profit or loss over the 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 to profit and loss on a straight-line basis over the period of the lease. The difference between the amount recognised as an expense and the contractual payment is recognised as an operating lease asset or liability. This asset or liability is not discounted.

PROVISIONS

Provisions are recognised when there is a present legal or constructive obligation resulting from past events, where the settlement of such obligation will result in the probable outflow of resources from the group and 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 using a pre-tax rate if the effect is material.

Provisions for future expenses are not raised, unless supported by an onerous contract, where the unavoidable costs to be incurred in meeting the contract obligations exceed the economic benefits expected to be received from the contract.

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. All revenues are stated net of value added taxes and trade discounts, if applicable. Inter-company revenues are eliminated on consolidation.

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, taking into account the stage of completion of each contract. The stage of completion is determined using surveys of work performed relative to the estimated total costs of the contract. Changes to the original estimate of total revenue, cost or the stage of completion are reflected in profit and loss in the period in which the circumstances that gave rise to the revision becomes known. 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 materials

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

Other income

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

- Interest income is recognised using the effective interest rate method; and
- Dividend income is recognised when the shareholder's right to receive payment has been established.

FOREIGN CURRENCY TRANSLATION

Presentation currency

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

Foreign operations

The results and financial position of all the group's entities are measured using the currency of the primary economic environment in which the entity operates, namely the functional currency. Where the functional currency differs from that of the presentation currency, assets and liabilities are translated at the closing exchange rate and income and expenses are translated at average exchange rates.

The resulting translation difference is recognised as a separate component of equity, in other comprehensive income, until such time the foreign entity is disposed of, at which time the translation difference is recognised in profit or loss.

Transactions and balances

Foreign currency transactions are recorded in the functional currency using the exchange rates prevailing at the transaction dates. Foreign exchange profits and losses resulting from the settlement of such transactions as well as the translation of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

TAXATION

The tax expense for the period comprises current and deferred tax.

CURRENT TAXATION

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

Deferred taxation

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

No deferred taxation 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 income will be available against which any 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 tax provision at the reporting date.

Dividend taxation

Dividend tax is withheld at a rate of 15% on all shareholders registered unless a shareholder qualifies for an exemption or at a lower rate in terms of double taxation agreements.

EMPLOYEE BENEFITS

Defined contribution benefits

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

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

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 provided by employees up to the reporting date.

PRINCIPAL ACCOUNTING POLICIES (continued)

for the year ended 30 June 2016

EMPLOYEE BENEFITS (continued)

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 number of shares that will eventually vest. The fair value of the instruments granted is measured using generally accepted valuation techniques, taking into account the terms and conditions upon which the instruments are granted. Where an employee resigns from the scheme, the estimated share based payment expense is adjusted such that on a cumulative basis, no expense is recognised in respect of that employee.

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

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 reporting date or any settlement dates to fair value. The fair value of the instruments granted is measured by using valuation techniques.

TREASURY SHARES

Shares held by the various 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 profit or loss on the purchase, sale, issue or cancellation of the group's own equity instruments.

EARNINGS PER SHARE AND HEADLINE EARNINGS PER SHARE

Earnings per share is calculated by dividing attributable earnings by the weighted average number of ordinary shares in issue. Appropriate adjustments in terms of Circular 2/2015 issued by The South African Institute of Chartered Accountants are made in calculating headline earnings per share. Diluted earnings per share reflect the potential dilution that could occur if all the outstanding treasuring shares of the group are issued.

CONTINGENT LIABILITIES AND COMMITMENTS

A contingent liability arises where:

- there is a possible obligation that arises from past events where its existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the group; or
- a present obligation that arises from past events but has not been recognised as the outflow of economic benefits required to settle the obligation are not probable; or
- the amount of the obligation cannot be reliably measured.

RELATED PARTY TRANSACTIONS

All subsidiaries, joint arrangements and associated companies of the group are related parties. A list of the major subsidiaries, joint ventures and associated companies are included in annexures 1 and 2 of these annual financial statements. All transactions with subsidiaries and associated companies were entered into under terms no more favourable than those with third parties and have been eliminated in the group accounts. Director and senior management emoluments as well as transactions with other related parties, are set out in note 24.

STANDARDS AND INTERPRETATIONS

There were no significant new standards, amendments or interpretations effective in the current year.

At the date of authorisation of these annual financial statements there are a number of new standards, amendments and interpretations which will only be effective after the 2016 financial year. The significant ones are shown below:

Standard	Effective date – annual periods commencing on or after:	Description
IFRS 15: *Revenue from Contracts with Customers*	1 January 2018	The new revenue standard incorporates all the revenue standards under one standard and applies a five step methodology to all contracts with customers which requires entities to recognise revenue to depict the transfer of goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The standard will result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively and improve guidance for multiple-element arrangements. The impact of the change will be evaluated.
IFRS 9: *Financial instruments* (2009 and 2010)	1 January 2018	This IFRS is part of the IASB's project to replace IAS 39. IFRS 9 addresses classification and measurement, impairment hedge accounting and derecognition of financial assets. A new approach to the classification of financial assets, which is driven by the business model has been introduced. A new business model was introduced which does not allow certain financial assets to be categorised as "fair value through other comprehensive income" in certain circumstances. A single impairment model is introduced and applied to all financial instruments as well as an "expected credit loss" model for the measurement of financial assets. For hedge accounting a new model is introduced. The model aligns the accounting treatment with risk management activities of an entity, in addition to enhanced disclosures about risk management and the effect of hedge accounting on the financial statements. Disclosure impact only.
IFRS 16: *Leases*	1 January 2019	The new leases standard incorporates all standards and interpretations relating to leases under one standard. It introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. A lessee measures right-of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. As a consequence, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion. The impact of this change will be evaluated.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2016

2. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings R'000	Aircraft R'000	Plant, vehicles and equipment R'000	Office and computer equipment R'000	Total R'000
Cost					
At 30 June 2015	451 871	54 298	3 185 079	143 100	3 834 348
Additions	4 099	–	115 437	7 108	126 644
Disposal of a subsidiary	(10 607)	–	(196 999)	(2 345)	(209 951)
Disposals	(72 530)	–	(339 526)	(25 533)	(437 589)
Exchange rate movements	44 518	–	153 061	12 499	210 078
At 30 June 2016	417 351	54 298	2 917 052	134 829	3 523 530
Accumulated depreciation and impairments					
At 30 June 2015	58 550	4 114	1 690 988	96 279	1 849 931
Depreciation	16 261	302	220 445	21 234	258 242
Disposal of a subsidiary	–	–	(115 906)	(2 148)	(118 054)
Disposals	(3 856)	–	(250 825)	(20 218)	(274 899)
Exchange rate movements	3 520	–	90 163	4 269	97 952
At 30 June 2016	74 475	4 416	1 634 865	99 416	1 813 172
Net book value at 30 June 2016	**342 876**	**49 882**	**1 282 187**	**35 413**	**1 710 358**
Cost					
At 30 June 2014	444 691	57 217	3 411 188	128 117	4 041 213
Additions	32 760	–	266 235	27 980	326 975
Disposals	(9 766)	(2 919)	(286 675)	(8 469)	(307 829)
Disposal of a subsidiary	(2 911)	–	(41 966)	(505)	(45 382)
Exchange rate movements	(12 903)	–	(163 703)	(4 023)	(180 629)
At 30 June 2015	451 871	54 298	3 185 079	143 100	3 834 348
Accumulated depreciation and impairments					
At 30 June 2014	44 512	6 701	1 741 451	83 825	1 876 489
Depreciation	15 397	247	256 996	23 354	295 994
Disposals	(2 241)	(2 834)	(208 648)	(7 885)	(221 608)
Disposal of a subsidiary	(326)	–	(32 187)	(413)	(32 926)
Impairments	2 750	–	51 176	–	53 926
Exchange rate movements	(1 542)	–	(117 800)	(2 602)	(121 944)
At 30 June 2015	58 550	4 114	1 690 988	96 279	1 849 931
Net book value at 30 June 2015	393 321	50 184	1 494 091	46 821	1 984 417

	2016	2015
The net book value of land and buildings comprise:		
Land	143 076	193 063
Buildings	199 800	200 258
	342 876	393 321

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 and computer equipment	10% – 33,3% straight-line

Plant, vehicles and equipment with a net book value of R234 million (2015: R390 million) are subject to instalment sale agreements (note 10). Land and buildings with a net book value of R29 million (2015: R53 million) are subject to bank loans (note 10).

3. GOODWILL

	2016 R'000	2015 R'000
Cost	763 117	763 117
Accumulated impairment and exchange rate movements	(191 015)	(264 851)
Carrying value	572 102	498 266
The carrying value of goodwill is reconciled as follows:		
Carrying value at the beginning of the year	498 266	644 936
Impairments	–	(115 982)
Exchange rate movements	73 836	(30 688)
Carrying value at the end of the year	572 102	498 266
Business segmentation		
Roads and earthworks	71 519	71 519
Australia	500 583	426 747
	572 102	498 266
Goodwill has been allocated to the group's cash-generating units as follows:		
Probuild Constructions (Aust) Pty Ltd	500 583	426 747
Edwin Construction (Pty) Ltd	974	974
WBHO Pipelines division	70 545	70 545
	572 102	498 266

Impairment of goodwill

Impairment of Monaco Hickey Pty Ltd, Probuild Civils Pty Ltd and WBHO Infrastructure Pty Ltd

A negative outlook for future earnings for these businesses at 30 June 2015 necessitated an impairment of all the goodwill in that year (note 28).

Impairment of Capital Africa Steel (Pty) Ltd (CAS)

In the prior year a decision was made to impair the goodwill in CAS as the recoverable amount was below its carrying value (note 28).

Assumptions and estimates used in valuations

South African operations

The recoverable amount was determined based on value-in-use calculations.

The calculation uses discounted cash-flow projections based on the approved financial forecasts over a five-year period.

The growth rates used on a year-on-year basis vary depending on management's assessment of the sector in which the cash-generating unit operates. Growth rates are based on operating profit before non-trading items, interest and tax. Terminal growth rates of 5% are utilised.

These are the after-tax discount rates used in the valuation that reflect the current market assessments of the time-value of money and risks specific to the cash-generating unit.

	2016 %	2015 %
Roads and earthworks segment		
WBHO Pipelines division		
Discount rate	16	18
Growth rate	6 – 10	10 – 12
Edwin Construction (Pty) Ltd		
Discount rate	18	18
Growth rate	6 – 8	6 – 10
Construction materials segment		
Capital Africa Steel (Pty) Ltd		
Discount rate	–	19
Growth rate	–	8

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 30 June 2016

3. GOODWILL (CONTINUED)

Assumptions and estimates used in valuations (continued)

Australian operations

The recoverable amount of the Australian cash-generating units was determined based on fair value less cost to sell. The estimation of the fair value has been determined using an earnings multiple method. The multiples used are benchmarked against similar companies in the construction sector in which the cash-generating unit operates and are as follows:

	2016	2015%
Probuild Constructions (Aust) Pty Ltd	4,95	6,05

Sensitivity analysis

Should one of the following changes be made to the above key assumptions, the carrying amount and recoverable amount would be equal:

	WBHO Pipelines division	Edwin Construction (Pty) Ltd	Probuild Constructions (Aust) Pty Ltd
Discount rate	20%	21%	–
Growth rate	3%	<0%	–
Earnings multiple	–	–	3,05

4. INVESTMENT IN ASSOCIATES

	2016 R'000	2015 R'000
Investment at cost	67 716	64 080
Attributable post-acquisition profits, losses and equity movements	141 069	70 957
Loans advanced	138 386	68 886
	347 171	203 923
The carrying value of investments in associates is reconciled as follows:		
Carrying value at the beginning of the year	203 923	97 847
Additions	3 636	18 085
Share of profits	45 659	46 189
Share of other comprehensive income	28 618	7 018
Dividends received	(6 379)	(13 181)
Loans repaid	–	(13 785)
Loans advanced	69 500	63 377
Exchange rate movements	2 214	(1 627)
Carrying value at the end of the year	347 171	203 923

Investment in associates include:

		Effective interest		Investments at cost		Loans advanced	
Unlisted	Country of incorporation	2016 %	2015 %	2016 R'000	2015 R'000	2016 R'000	2015 R'000
Gigajoule International (Pty) Ltd	South Africa	26,6	26,6	31 835	31 835	–	–
Ilembe Airport Construction Services (Pty) Ltd	South Africa	28,3	28,3	3	3	–	–
Dipalopalo Concession (Pty) Ltd	South Africa	27,7	27,7	–	–	47 691	21 027
Saddleback Pty Ltd	Australia	50,0	50,0	12 213	12 213	–	–
Gigajoule Power (Pty) Ltd	South Africa	10,0	10,0	23 665	20 029	90 695	47 859
				67 716	64 080	138 386	68 886

The loans are unsecured and will not be repaid within the next 12 months in terms of the loan agreements.
The loan with Gigajoule Power (Pty) Ltd bears interest at 16,5% per annum.
The loan with Dipalopalo Concession (Pty) Ltd bears interest at 13% per annum.

The aggregate assets and liabilities and the aggregate results from operations of associates are summarised as follows:

	2016 R'000	2015 R'000
Non-current assets	4 340 635	2 458 159
Current assets	1 439 159	508 936
Total assets	5 779 794	2 967 095
Shareholders' equity	1 697 341	916 467
Non-current liabilities	3 417 247	1 673 123
Current liabilities	665 206	377 505
Total equity and liabilities	5 779 794	2 967 095
Revenue	3 148 474	1 892 413
Net profit after tax	449 903	440 875
Other comprehensive income	124 982	45 914
Total comprehensive income for the year	574 885	486 789
The group's share of profits in associates	45 659	46 189
The group has classified all entities over which it has significant influence but not control as associates.		

5. INVESTMENTS

	2016 R'000	2015 R'000
Classified as fair value through profit and loss:		
Investments in concessions		
At fair value	280	280
Other investments		
At cost	176 059	149 173
Accumulated fair value adjustments and exchange rate effects	25 603	(988)
Fair value	201 662	148 185
Total investments	201 942	148 465
Carrying value at the beginning of the year	148 185	96 717
Additions	27 874	58 127
Exchange rate movements	25 603	(6 659)
Carrying value at the end of the year	201 662	148 185

Entity	Country of incorporation	2016 % interest	2015 % interest
Rainprop (Pty) Ltd	South Africa	2,5	2,5
BPG Caulfield Village Pty Ltd	Australia	30	30

The group's interest in entities over which it has neither significant influence nor control are classified as investments.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2016

	2016 R'000	2015 R'000
6. LONG-TERM RECEIVABLES		
At amortised cost:		
Secured loans		
Mezzanine financing arrangements[1]	197 831	530 906
Loans to concession company[2]	2 200	2 305
Loans to employees for shares[3]	91 616	110 341
Property loans[4]	38 024	34 754
Consideration receivable[5]	140 000	–
	469 671	678 306
Less: Current portion (note 9)	(376 478)	(565 660)
	93 193	112 646

1 Mezzanine financing arrangements are secured by one or more of the following: third-party guarantees or listed company shares and bear interest at prime linked rates. Repayments are at terms agreed with each entity.
2 The concession company loan is secured through an option to exercise rights in terms of the preference share terms, bears interest at 16% and is repayable at the end of the concession.
3 Loans to employees for shares are secured by the shares issued, are interest-free and are repayable five years from the date of sale of the shares (note 27).
4 The loan is underwritten by a take-out agreement with a reputable, listed company and will be settled at the discretion of the directors. The loan bears interest at 9%.
5 Consideration receivable in respect of the disposal of 3Q Mahuma Concrete Holdings (Pty) Ltd. Upon settlement R40 million will be placed in escrow for a period of two years.

	2016 R'000	2015 R'000
Unsecured loans		
Property development loan[1]	3 000	4 639
Shareholders' loans[2]	–	1 658
	3 000	6 297

1. The loan is unsecured interest-free and has no fixed terms of repayment. The loan is interest-free.
2. The loans were unsecured and interest-free.

	2016 R'000	2015 R'000
	96 193	118 943
The fair value of long-term receivables is disclosed in note 25.		

	2016 R'000	2015 R'000
7. INVENTORIES		
Consumable stores	57 292	60 653
Raw materials	123 869	116 998
Finished goods	303	3 483
Manufacturing work in progress	–	1 178
Properties for development	28 850	32 796
	210 314	215 108
8. CONTRACTS IN PROGRESS		
Costs incurred to date	77 975 450	65 391 242
Plus: Profit recognised to date	5 742 990	4 673 559
	83 718 440	70 064 801
Less: Work certified to date	(85 437 030)	(70 921 649)
Net amounts due to customers	(1 718 590)	(856 848)
Payments received in advance (note 13)	315 537	416 334
Excess billings over work done	1 917 491	1 499 471
Amounts due by customers	514 438	1 058 957

	2016 R'000	2015 R'000
9. TRADE AND OTHER RECEIVABLES		
Contract receivables	3 806 273	3 701 898
Provisions for irrecoverable debts	(171 029)	(252 146)
Contract retentions	241 849	218 538
Trade receivables	405 477	354 389
Other receivables	86 486	246 953
Current portion of long-term receivables (note 6)	376 478	565 660
Forward exchange contracts	3 725	–
Prepayments	302 732	202 933
Value-added taxation	59 260	51 982
	5 111 251	5 090 207
10. BORROWINGS		
At amortised cost:		
Secured		
Capitalised finance leases (market-related interest rates linked to prime)	83 875	214 019
Bank loans (effective interest rate between 5,25% and 7,76%)	20 490	37 556
	104 365	251 575
Less: Current portion of bank loans	(20 490)	–
Less: Current portion of capitalised finance leases	(66 865)	(139 045)
	17 010	112 530
Instalment sales		
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 one year	68 763	145 989
Within two to five years	18 877	81 235
Total capitalised finance lease obligation	87 640	227 224
Less: Future finance costs	(3 765)	(13 205)
Present value of finance lease obligations	83 875	214 019

Bank loans

The terms and conditions on the outstanding bank loans are as follows:

	Interest rate	Year of maturity	2016 R'000	2015 R'000
Westpac	4,59%	2017	20 490	36 511
Secured by properties in Geraldton and Kwinana, Western Australia and is repayable monthly from July 2014 (note 2).				
Nedbank	9,39%	–	–	1 045
Secured by a first covering mortgage bond over portion 1 of Erf1771 Ext 16, Limpopo Province (note 2). The property has been disposed of.				
Bank loans			20 490	37 556

11. NON-CONTROLLING INTERESTS (NCI)

The subsidiaries in which the group has direct and indirect interests are set out in annexure 1. The following table summarises the information relating to each of the group's subsidiaries that has material NCI.

2016	WBHO Infrastructure Pty Ltd R'000	Probuild Constructions (Aust) Pty Ltd R'000	Edwin Construction (Pty) Ltd R'000	Capital Africa Steel (Pty) Ltd R'000
% ownership interest held by NCI	4,3%	17,0%	43,0%	44,4%
Summarised statement of financial position				
Non-current assets	345 449	900 259	48 066	109 179
Current assets	378 812	3 651 777	326 984	474 685
Total assets	724 261	4 552 036	375 050	583 864
Non-current liabilities	(22 097)	(297 908)	(13 200)	(44 776)
Current liabilities	(413 703)	(3 437 350)	(138 116)	(279 786)
Total liabilities	(435 800)	(3 735 258)	(151 316)	(324 562)
Summarised statement of financial performance and other comprehensive income				
Revenue	1 253 732	16 881 507	400 750	906 146
(Loss)/profit for the year	(18 363)	210 462	53 237	(173 780)
Other comprehensive income	4 162	(25 586)	–	–
Total comprehensive income/(loss) for the year	(14 201)	184 876	53 237	(173 780)
(Loss)/profit for the year allocated to NCI	(780)	35 736	22 892	(77 228)
Other comprehensive income allocated to NCI	177	(4 344)	–	–
Dividends paid to NCI	–	–	26 928	–
Summarised statement of cash flows				
Cash flows from operating activities	252 528	223 335	(31 537)	(75 569)
Cash flows from investing activities	19 886	27 403	5 499	329 471
Cash flows from financing activities	(137 654)	(39 188)	(3 362)	23 433
Net increase/(decrease) in cash and cash equivalents	134 760	211 550	(29 400)	277 335
2015				
% ownership interest held by NCI	4,9%	19,4%	43,0%	44,4%
Summarised statement of financial position				
Non-current assets	317 401	1 053 327	58 098	241 022
Current assets	362 506	2 566 591	354 834	729 830
Total assets	679 907	3 619 918	412 932	970 852
Non-current liabilities	(87 862)	(278 500)	(17 877)	(14 415)
Current liabilities	(329 786)	(2 580 606)	(161 934)	(757 443)
Total liabilities	(417 648)	(2 859 106)	(179 811)	(771 858)
Summarised statement of financial performance and other comprehensive income				
Revenue	1 630 145	11 867 466	513 852	1 724 327
(Loss)/profit for the year	(87 987)	67 855	52 075	112 536
Other comprehensive income	(60 754)	(83 088)	–	(140 969)
Total comprehensive income/(loss) for the year	(148 741)	(15 233)	52 075	(28 433)
(Loss)/profit for the year allocated to NCI	(4 276)	13 184	22 392	44 832
Other comprehensive income allocated to NCI	(7 295)	(16 144)	–	(62 647)
Dividends paid to NCI	–	1 335	22 755	–
Summarised statement of cash flows				
Cash flows from operating activities	25 621	415 728	(26 162)	103 358
Cash flows from investing activities	42 088	(14 481)	239	139 253
Cash flows from financing activities	(54 757)	(23 401)	(12 331)	(73 619)
Net increase/(decrease) in cash and cash equivalents	12 952	377 846	(38 254)	168 992

Subsidiary	Principal place of business	2016 R'000	2015 R'000
WBHO Infrastructure Pty Ltd	Australia	(9 705)	(8 926)
Probuild Construction (Aust) Pty Ltd	Australia	75 658	85 086
Edwin Construction (Pty) Ltd	South Africa	96 206	100 242
Capital Africa Steel (Pty) Ltd	South Africa	77 327	80 849
Individually immaterial subsidiaries		18 935	5 192
		258 421	262 443

12. DEFERRED TAXATION

	2016 R'000	2015 R'000
Deferred taxation assets		
The balance of the deferred taxation asset can be reconciled as follows:		
At the beginning of the year	462 279	365 903
Charge to profit or loss	71 110	62 288
Acquisitions and disposals	(9 144)	9 545
Transfer to deferred taxation liability	1 752	26 932
Exchange rate movements	32 843	(2 389)
At the end of the year	558 840	462 279
Comprising of:		
Construction allowances	123 135	52 518
Capital allowances	(196 163)	(187 798)
Provisions	473 109	419 537
Tax losses	146 544	176 156
Other	12 215	1 866
	558 840	462 279
Deferred taxation liabilities		
The balance of the deferred taxation liability can be reconciled as follows:		
At the beginning of the year	(47 708)	(32 591)
Charge to profit or loss	31 839	9 163
Transfer from deferred taxation asset	(1 752)	(26 932)
Exchange rate movements	(6 632)	2 652
At the end of the year	(24 253)	(47 708)
Comprising:		
Construction allowances	(11 055)	(32 361)
Capital allowances	(15 956)	(23 833)
Provisions	5 517	10 250
Other	(2 759)	(1 764)
	(24 253)	(47 708)

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

Deferred tax assets have not been recognised in respect of companies in the group with tax losses amounting to R33,1 million (2015: R78,9 million).

Unutilised tax losses in foreign entities amounting to R16,2 million (2015: R10 million) have a regulatory expiry period of two years.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 30 June 2016

	2016 R'000	2015 R'000
13. TRADE AND OTHER PAYABLES		
Trade creditors	505 302	690 895
Subcontractor creditors	1 066 532	471 200
Subcontractor retentions	708 780	615 114
Contract and other accruals	2 534 251	3 005 950
Payroll accruals	265 696	264 426
Other payables	3 368	9 997
Current loans	7 040	–
Forward exchange contracts	–	13 756
Payments received in advance (note 8)	315 537	416 334
Value-added taxation	101 703	82 735
	5 508 209	5 570 407

14. PROVISIONS

	Contracting provision R'000	Bonus provision R'000	Insurance provision R'000	Total R'000
Balance at 30 June 2014	805 879	469 422	38 120	1 313 421
Provisions raised	960 737	377 648	7 833	1 346 218
Amounts utilised	(564 243)	(447 445)	(9 273)	(1 020 961)
Unutilised amounts reversed	(2 682)	(4 777)	(4 846)	(12 305)
Exchange rate movements	(11 276)	4 652	–	(6 624)
Balance at 30 June 2015	1 188 415	399 500	31 834	1 619 749
Provisions raised	1 190 699	346 693	–	1 537 392
Amounts utilised	(800 366)	(313 056)	(2 305)	(1 115 727)
Unutilised amounts reversed	(38 179)	(170)	–	(38 349)
Exchange rate movements	46 554	9 244	782	56 580
Balance at 30 June 2016	1 587 123	442 211	30 311	2 059 645

Contracting provisions
Contracting provisions represents estimated amounts relating to obligations to third parties at the reporting date including provisions for estimated claims arising on contracts. The provisions will be utilised as and when the claims are finalised and settled 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. The bonuses are finalised and settled within a period of 12 months.

Insurance 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.

	2016 R'000	Restated 2015 R'000
15. REVENUE		
Contracting revenue	29 798 616	27 804 133
Sale of properties	21 880	50 730
Sale of goods	829 813	968 521
	30 650 309	28 823 384

	2016 R'000	Restated 2015 R'000
16. OPERATING PROFIT		
Operating profit is arrived at after taking into account the following:		
Irrecoverable debts		
Written off	2 129	12 244
Recovered	(111 157)	(19 523)
Provided against	27 911	147 715
	(81 117)	140 436
Net foreign exchange (gains)/losses		
Realised	13 932	(53 074)
Unrealised	(153 704)	41 620
Forward exchange contracts	(3 725)	13 756
	(143 497)	2 302
Operating lease rentals		
Land and buildings	61 545	55 962
Plant and equipment	6 425	6 553
	67 970	62 515
Depreciation	242 510	280 207
Employee benefits (note 27)	4 703 100	4 247 838
Profit on disposal of plant and equipment	18 745	21 268
Audit fees	12 109	13 690
17. NET FINANCE INCOME		
Finance income		
Bank accounts	161 119	116 801
Unlisted investments	14 780	11 880
Other	43 942	36 083
	219 841	164 764
Finance costs		
Bank overdrafts	1 569	6 560
Instalment sale agreements	6 102	28 481
Other	9 156	13 781
	16 827	48 822
Net finance income	203 014	115 942
18. TAXATION		
South African normal tax		
Current taxation		
– Current year	233 974	199 637
– Prior year under/(over) provision	6 016	(34 531)
Deferred taxation		
– Current year	(101 008)	(1 911)
– Prior year (over)/under provision	(11 429)	15 337
	127 553	178 532
Foreign taxation (including withholding tax)		
Current taxation		
– Current year	220 237	141 704
– Prior year under provision	38 437	15 293
Deferred taxation		
– Current year	19 330	(90 975)
– Prior year (over)/under provision	(9 842)	18
	268 162	66 040
Total tax charge	395 715	244 572

	2016 R'000	Restated 2015 R'000
18. TAXATION (CONTINUED)		
Reconciliation of tax rate:	%	%
South African normal tax rate	28,0	28,0
Adjusted for:		
Capital and non-taxable items	(2,9)	(3,4)
Non-deductible expenses	2,0	10,6
Foreign tax rate differential	1,4	(1,7)
Tax losses utilised	(0,1)	(0,1)
Prior year under/(over) provision	1,9	(0,5)
Foreign withholding taxes	0,9	–
Deferred tax assets not recognised in respect of losses	0,7	0,2
Effective tax rate	31,9	33,1
Estimated tax losses available for utilisation against future taxable income	523 373	629 130
Potential tax relief at current taxation rates.	146 544	176 156

19. DISCONTINUED OPERATIONS AND ASSETS AND LIABILITIES ASSOCIATED WITH DISPOSAL GROUP HELD-FOR-SALE

Following a decision to dispose of non-core operations in previous years, both 3Q Mahuma Concrete Holdings (Pty) Ltd (3Q) and Capital Star Steel (Mozambique) (CSS) have been classified as discontinued operations. Both operations were disposed of in the current year. 3Q was sold for a consideration of R140 million while R65 million was contributed towards debt restructuring in order to facilitate the disposal of CSS.

The results of the comparative period have been restated to reflect the trading from 3Q.

		2016 R'000	Restated 2015 R'000
19.1	Results of the discontinued operations		
	Revenue	289 235	601 006
	Cost of sales	(247 583)	(591 080)
	Gross profit	41 652	9 926
	Operating (expenses)/income	(53 483)	112 564
	Operating (loss)/profit before non-trading items	(11 831)	122 490
	Profit on sale of property, plant and equipment	1 217	–
	Profit on sale of associate	–	4 435
	(Loss)/profit on disposal of operations	(71 548)	20 573
	Impairment of loans	(2 683)	–
	Onerous contract	(14 753)	–
	Operating (loss)/profit	(99 598)	147 498
	Net finance costs	(13 520)	(20 932)
	(Loss)/profit before tax	(113 118)	126 566
	Taxation	(9 232)	(17 075)
	(Loss)/profit for the year	(122 350)	109 491
	Other comprehensive income		
	Items that may be or have been reclassified to profit or loss		
	Translation of foreign entities	(60 957)	(140 969)
	Recycling of translation of foreign operations through profit or loss	284 086	–
	Total comprehensive income/(loss) for the year	100 779	(31 478)
	(Loss)/profit for the year attributable to:		
	Equity shareholders of Wilson Bayly Holmes-Ovcon Limited	(40 498)	75 076
	Non-controlling interests	(81 852)	34 415
		(122 350)	109 491

		2016 R'000	Restated 2015 R'000
	Total comprehensive income/(loss) operations attributable to:		
	Equity shareholders of Wilson Bayly Holmes-Ovcon Limited	83 472	(3 246)
	Non-controlling interests	17 307	(28 232)
		100 779	(31 478)
	Earnings per share (cents) (note 20)		
	Basic (loss)/profit per share	(73,8)	135,9
	Diluted (loss)/profit per share	(73,8)	135,9
	Headline (loss)/profit per share	(49,2)	84,5
	Diluted headline (loss)/profit per share	(49,2)	84,5
	Cash flows from discontinued operations		
	Net cash from operating activities	150 818	(54 649)
	Net cash from investing activities	18 013	–
	Net cash from financing activities	(100 243)	(9 081)
	Net cash flow for the year	68 588	(63 730)
	(Loss)/profit on sale of operations		
	Bela Bela (Pty) Ltd	–	20 573
	Dywidag Systems International (Pty) Ltd	–	4 435
	3Q Mahuma Concrete Holdings (Pty) Ltd	(4 644)	–
	Capital Star Steel (Mozambique)	(66 904)	–
	Property, plant and equipment	(248 813)	–
	Short-term liabilities	107 330	–
	Bank overdraft	423 779	–
	Cost of debt restructure	(65 114)	–
	Foreign currency translation reserve recycled	(284 086)	–
		(71 548)	25 008
	Cash consideration received	–	161 106
	Cost of debt restructure	(65 114)	–
	Cash and cash equivalents disposed of	355 101	(12 823)
	Net cash flow	289 987	148 283
	Restatement of prior year		
	As previously reported	–	93 307
	Effect of restatement	–	16 184
		–	109 491
19.2	Operating loss is arrived at after taking into account the following:		
	Irrecoverable debts		
	Written off	8 138	1 691
	Recovered	(2 642)	(12 830)
		5 496	(11 139)
	Audit fees	2 139	410
	Depreciation	15 732	15 787
	Employee benefits	41 228	73 583
	Realised foreign exchange gains	126 960	–
	Unrealised foreign exchange gains	–	147 259

NOTES TO THE
FINANCIAL STATEMENTS (continued)
for the year ended 30 June 2016

	2016 R'000	Restated 2015 R'000
19. DISCONTINUED OPERATIONS AND ASSETS AND LIABILITIES ASSOCIATED WITH DISPOSAL GROUP HELD-FOR-SALE (CONTINUED)		
19.3 Assets classified as held-for-sale and liabilities of a disposal group held-for-sale		
The assets held-for-sale and liabilities associated with the disposal group held-for-sale are as follows:		
Assets of a disposal group held-for-sale		
Property, plant and equipment	–	206 079
Inventories	–	5 000
Trade and other receivables	–	10 418
Taxation	–	29
Cash and cash equivalents	–	16 084
	–	237 610
Liabilities of disposal group held-for-sale		
Trade and other payables	–	10 382
Borrowings	–	73 540
Bank overdraft	–	348 263
	–	432 185
Net liabilities of disposal group held-for-sale	–	194 575
20. EARNINGS PER SHARE AND HEADLINE EARNINGS PER SHARE		
Earnings for the year attributable to equity shareholders		
Continuing operations	766 031	490 455
Discontinued operations	(40 498)	75 076
	725 533	565 531
Weighted average number of shares ('000)		
In issue at the beginning of the year	55 236	55 350
Treasury shares acquired	(366)	(114)
In issue at the end of the year	54 870	55 236
Dilutive effect of Akani shares allocated	–	–
Diluted weighted average number of shares	54 870	55 236
Basic earnings/(loss) per share (cents)		
Continuing operations	1 396,1	887,9
Discontinued operations	(73,8)	135,9
	1 322,3	1 023,8
Diluted earnings/(loss) per share (cents)		
Continuing operations	1 396,1	887,9
Discontinued operations	(73,8)	135,9
	1 322,3	1 023,8
Headline earnings (R'000)		
Attributable earnings from continuing operations	766 031	490 455
Adjusted for:		
Gross		
Impairment of goodwill	–	115 982
Impairment of property, plant and equipment	–	53 926
Profit from the disposal of property, plant and equipment	(47 433)	(36 080)
Non-controlling interest		
Impairment of goodwill	–	(16 699)
Impairment of property, plant and equipment	–	(3 973)
Profit from the disposal of property, plant and equipment	6 218	1 069
Tax effect thereof		
Impairment of property, plant and equipment	–	(14 980)
Profit from the disposal of property, plant and equipment	12 038	9 621
	736 854	599 321

	2016 R'000	Restated 2015 R'000
Headline earnings (R'000)		
Attributable earnings from total operations	725 533	565 531
Adjusted for:		
Gross		
Impairment of goodwill	–	115 982
Impairment of property, plant and equipment	–	53 926
Profit from the disposal of property, plant and equipment	(48 406)	(36 080)
Loss/(profit) on disposal of operations	74 548	(20 636)
Profit on disposal of associate	–	(4 435)
Non-controlling interest		
Impairment of goodwill	–	(16 699)
Impairment of property, plant and equipment	–	(3 973)
Profit from the disposal of property, plant and equipment	6 651	1 069
Loss on disposal of operations	(60 609)	(5 782)
Profit on disposal of associate	–	1 971
Tax effect thereof		
Impairment of property, plant and equipment	–	(14 980)
Profit from the disposal of property, plant and equipment	12 125	9 621
Profit on disposal of associate	–	455
	709 842	645 970
Headline earnings/(loss) per share (cents)		
Continuing operations	1 342,9	1 085,0
Discontinued operations	(49,2)	84,5
	1 293,7	1 169,5
Diluted headline earnings/(loss) per share (cents)		
Continuing operations	1 342,9	1 085,0
Discontinued operations	(49,2)	84,5
	1 293,7	1 169,5
21. GUARANTEES AND CONTINGENT LIABILITIES		
Guarantees issued in respect of due performance of contracts by:		
Subsidiaries	8 350 014	4 679 860
Associates and Joint operations	1 113 988	1 478 247
Third parties	26 682	47 594
	9 490 684	6 205 701

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

Contingent liabilities

Civil claims to the value of R363 million have been received from the City of Cape Town and the South African National Roads Agency (SANRAL). These matters are in the early stages of litigation where the outcome cannot be reliably measured. Two further cases have been referred to the Competition Tribunal which could result in future civil claims.

The total estimated claims in respect of pending litigation for cases other than those mentioned above are below R26,5 million (2015: R25,5 million).

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2016

		2016 R'000	2015 R'000
22.	**CAPITAL COMMITMENTS**		
	Capital commitments include expenditure relating to property, plant and equipment for which specific board approval has been obtained.		
	Authorised and contracted for	14 960	3 593
	Authorised but not yet contracted for	289 691	256 111
		304 651	259 704
	Expenditure on estimated commitments will occur within one year. Capital commitments will be funded from internal cash resources and existing facilities.		
23.	**COMMITMENTS UNDER OPERATING LEASES**		
	The minimum lease rentals to be paid under non-cancellable leases at 30 June are as follows:		
	Buildings:		
	Due within one year	38 534	28 452
	Due later than one year but less than five years	114 112	71 031
	Greater than five years	4 180	652
		156 826	100 135
	Plant and equipment:		
	Due within one year	1 786	266
	Due later than one year but less than five years	2 963	369
		4 749	635
24	**RELATED PARTY TRANSACTIONS**		
24.1	**Identification of related parties**		
	The group has a related party relationship with its subsidiaries (annexure 1), associates (note 4), joint operations (annexure 2) and directors and prescribed officers.		
24.2	**Related party transactions and balances**		
	During the year, group companies, in the ordinary course of business, entered into various inter-group sales 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 owing by related parties		
	Amounts owing by associate companies	138 386	68 886
	Amounts owing by joint operations	24 018	30 064
	The amounts are unsecured, interest-free and have no fixed terms of repayment.		
	Amounts owing to related parties		
	Amounts owing to joint operations	3 368	9 997
	The amounts are unsecured, interest-free and have no fixed terms of repayment.		
	Transactions with related parties		
	Contracts with associate companies	1 622 955	1 126 978
	Interest and dividends received from related parties	6 379	13 181

		Directors' fees R'000	Salaries R'000	Incentive bonuses R'000	Retirement and medical R'000	Other benefits R'000	Total emoluments R'000
24.3	**Directors' emoluments**						
	2016						
	Executive						
	MS Wylie	–	1 228	7 179	477	273	9 157
	EL Nel	–	1 724	8 461	511	261	10 957
	CV Henwood	–	1 608	8 065	481	316	10 470
		–	4 560	23 705	1 469	850	30 584
	Non-executive						
	NS Maziya	414	–	–	–	–	414
	NS Mjoli-Mncube	366	–	–	–	–	366
	NNA Matyumza	629	–	–	–	–	629
	JM Ngobeni	357	–	–	–	–	357
	RW Gardiner	411	–	–	–	–	411
		2 177	–	–	–	–	2 177
	Total	2 177	4 560	23 705	1 469	850	32 761
	2015						
	Executive						
	MS Wylie	–	1 200	4 272	470	262	6 204
	EL Nel	–	1 680	5 246	497	251	7 673
	CV Henwood	–	1 560	4 936	465	280	7 241
		–	4 440	14 454	1 432	793	21 119
	Non-executive						
	NS Maziya	350	–	–	–	–	350
	NS Mjoli-Mncube	437	–	–	–	–	437
	NNA Matyumza	656	–	–	–	–	656
	JM Ngobeni	351	–	–	–	–	351
	RW Gardiner	366	–	–	–	–	366
		2 160	–	–	–	–	2 160
	Total	2 160	4 440	14 454	1 432	793	23 279

24.4 **Directors' shareholding**

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

	2016			2015		
Number of ordinary shares ('000)	Direct	Indirect	Total	Direct	Indirect	Total
MS Wylie#	–	758	758	–	900	900
EL Nel	261	–	261	261	–	261
CV Henwood~	36	–	36	–	100	100
NS Maziya^	–	724	724	–	712	712
NS Mjoli-Mncube^	–	724	724	–	712	712
JM Ngobeni^	–	724	724	–	712	712
	297	2 930	3 227	261	3 136	3 397

The indirect shares are held by family trusts in which the director has no beneficial interest.

~ *During the year 100 000 shares held in the share schemes vested after settlement of all liabilities related to the shares. The participant held 36 286 shares in total.*

^ *Shares disclosed in the above table are allocated shares in respect of the empowerment initiative of the group and do not represent the number of shares likely to vest upon fulfilment of the vesting conditions. The number of WBHO shares that will ultimately vest is dependent on the market value on vesting date based on a predetermined threshold. Using the share price at 30 June 2016, the partners would receive no shares in terms of the formula, but would receive 90 873 shares acquired with dividends over duration of the scheme. This would result in a total vesting of 90 873 shares on the assumption that all taxes due would be paid by the partner. The indirect shares reflected at 30 June 2016 consist of 633 333 allocated shares and 90 873 dividend shares purchased on the open market.*

NOTES TO THE
FINANCIAL STATEMENTS (continued)
for the year ended 30 June 2016

24. RELATED PARTY TRANSACTIONS (CONTINUED)

24.4 Directors' shareholding (continued)

Long-term incentive scheme (LTIs) ('000)	2016 Share appreciation rights	2016 Performance shares	2016 Total	2015 Share appreciation rights	2015 Performance shares	2015 Total
EL Nel	20	48	68	20	19	39
CV Henwood	19	44	63	19	18	37
	39	92	131	39	37	76

The long-term incentives are part of the WBHO share plan, details of which are disclosed in note 27.

	Salaries R'000	Incentive bonuses R'000	Retirement and medical R'000	Other benefits R'000	Total emoluments R'000
24.5 Prescribed officers					
2016					
PJ Foley	1 608	7 200	479	219	9 506
TR Armstrong	1 300	4 750	394	227	6 671
S Vally-Kara	974	800	227	142	2 143
RM Smith	1 212	6 000	353	305	7 870
EA Mashishi	1 272	5 500	400	245	7 417
	6 366	24 250	1 853	1 138	33 607
2015					
PJ Foley	1 560	5 000	463	215	7 238
TR Armstrong	1 260	3 800	380	227	5 667
S Vally-Kara	913	500	212	141	1 766
MJ Sprott*	792	2 375	264	203	3 634
RM Smith	1 440	5 000	425	270	7 135
EA Mashishi^	1 188	4 500	373	267	6 328
L Cohen`	760	1 550	238	192	2 740
	7 913	22 725	2 355	1 515	34 508

* *Retired 30 June 2015*
^ *Appointed 1 July 2014*
` *Resigned 31 March 2015*

24.6 Prescribed officers' shareholding

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

Number of ordinary shares ('000)	2016 Direct	2016 Indirect	2016 Total	2015 Direct	2015 Indirect	2015 Total
PJ Foley	78	–	78	78	–	78
TR Armstrong	14	504	518	14	514	528
MJ Sprott	–	–	–	91	–	91
RM Smith	18	–	18	18	–	18
EA Mashishi	2	114	116	2	114	116
L Cohen	–	–	–	49	–	49
	112	618	730	252	628	880

RM Smith and EA Mashishi have 1,5% and 28% interest in Edwin Construction (Pty) Ltd respectively.

Long-term incentive scheme (LTIs) ('000)	2016 Share appreciation rights	2016 Performance shares	2016 Total	2015 Share appreciation rights	2015 Performance shares	2015 Total
PJ Foley	19	44	63	19	18	37
S Vally-Kara	5	12	17	5	5	10
RM Smith	19	44	63	19	18	37
EA Mashishi	11	26	37	11	10	21
	54	126	180	54	51	105

The long-term incentives are part of the WBHO share plan, details of which are disclosed in note 27.

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

25. 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, the group's objectives, policies and processes for measuring and managing risk and the group's management of capital. Further quantitative disclosures are included throughout these financial statements.

The board of directors have overall responsibility for the establishment and oversight of the group's risk management framework and set 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.

R'000	Total carrying value	At fair value through profit or loss	Financial liabilities held at amortised cost	Loans and receivables at amortised cost

25. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

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
2016				
Loans advanced to associated companies	138 386	–	–	138 386
Investments	201 942	201 942	–	–
Long-term receivables	96 193	–	–	96 193
Amounts due by customers	514 438	–	–	514 438
Trade and other receivables	4 749 260	3 725	–	4 745 535
Borrowings	(104 364)	–	(104 364)	–
Excess billings over work done	(1 917 491)	–	(1 917 491)	–
Trade and other payables	(4 998 722)	–	(4 998 722)	–
Cash and cash equivalents	5 773 369	–	–	5 773 369
Bank overdraft	(21 175)	–	(21 175)	–
	4 431 836	205 667	(7 041 752)	11 267 921
2015				
Loans advanced to associated companies	68 886	–	–	68 886
Investments	148 465	148 465	–	–
Long-term receivables[1]	118 943	–	–	118 943
Amounts due by customers	1 058 957	–	–	1 058 957
Trade and other receivables	4 835 292	–	–	4 835 292
Borrowings	(251 575)	–	(251 575)	–
Excess billings over work done	(1 499 471)	–	(1 499 471)	–
Trade and other payables	(5 071 338)	(13 756)	(5 057 582)	–
Cash and cash equivalents	3 995 089	–	–	3 995 089
	3 403 248	134 709	(6 808 628)	10 077 167

1. The fair 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 R87 million (2015: R88 million) discounted using a rate of 10,50% (2015: 9,50%).

Fair value

At 30 June 2016 the carrying amounts of all financial instruments approximated their fair values unless otherwise disclosed. The group does not trade in financial instruments and only enters into contracts as a means of hedging open exposures.

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 2	Level 3	Total
2016			
Financial assets at fair value through profit and loss:			
Investments	–	201 942	201 942
Derivative financial assets	3 725	–	3 725
	3 725	201 942	205 667
2015			
Financial assets at fair value through profit and loss:			
Investments	–	148 465	148 465
	–	148 465	148 465
Financial liabilities at fair value through profit and loss:			
Derivative financial liabilities	(13 756)	–	(13 756)
	(13 756)	–	(13 756)

Level 2 investments relate to foreign exchange contracts (FECs). The valuation of these instruments is performed by reputable financial institutions.

Level 3 investments relate only to unlisted investments. 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 future value as determined.

25.1 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 the careful selection of entities to whom advances are made by the credit committee 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 credit 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 credit worthiness 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. Cash and cash equivalents are held with financial institutions which are rated between AAA and BBB based on Fitch ratings.

25. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

25.1 Credit risk (continued)

The group's exposure to credit risk together with an analysis of amounts past due is disclosed below.

Payment past due analysis and allowance for impairment:

R'000	Carrying amount	Not past due	Payment past due 1–30 days	Payment past due 31–120 days	Payment past due > 120 days	All payments past due >120 days: Provision for impairment
2016						
Trade and other receivables	4 745 533	4 423 940	144 268	122 480	225 874	(171 029)
Cash and cash equivalents	5 773 369	5 773 369	–	–	–	–
Long-term receivables	96 193	96 193	–	–	–	–
Loans advanced to associated companies	138 386	138 386	–	–	–	–
	10 753 481	10 431 888	144 268	122 480	225 874	(171 029)
2015						
Trade and other receivables	4 835 292	4 417 876	229 169	135 685	304 708	(252 146)
Cash and cash equivalents	3 995 089	3 995 089	–	–	–	–
Long-term receivables	118 943	118 943	–	–	–	–
Loans advanced to associated companies	68 886	68 886	–	–	–	–
	9 018 210	8 600 794	229 169	135 685	304 708	(252 146)

Reconciliation of the provision for impairment losses:

R'000	Trade and other receivables
2016	
Balance at the beginning of the year	252 146
Impairment losses reversed	(83 246)
Amounts written off	2 129
Balance at the end of the year	171 029
2015	
Balance at the beginning of the year	111 710
Impairment losses recognised	128 192
Amounts written off	12 244
Balance at the end of the year	252 146

Amounts outstanding for greater than 30 days, which have not been impaired, are considered fully collectable based on historic payment behaviour and extensive analysis of the individual circumstances in respect of each amount.

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 and loss.

25.2 Market risk (Currency risk)

Transactions in a foreign currency settled in that foreign currency

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

Transactions in a foreign currency settled in South African Rands

Some operations are exposed to foreign currency risk in connection with contracted payments in currencies not in their individual functional currencies. The group manages this risk through the selective use of forward exchange contracts and cross currency swaps. Forward exchange contracts are used primarily to reduce foreign currency exposure relating to imports into South Africa. Where funds are repatriated back to South Africa, forward exchange contracts are used to mitigate the risk of foreign currency fluctuations.

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

R'000	US Dollar	Mozambique Meticals	Australian Dollar	Botswana Pula	Zambia Kwacha	Ghanaian Cedi
2016						
Trade and other receivables	278 599	55 512	1 992 288	74 554	7 577	13 179
Cash and cash equivalents	790 888	20 351	1 856 573	388 076	248 462	33 857
Trade and other payables	(98 641)	(38 247)	(3 164 136)	(38 601)	(15 195)	(29 438)
Borrowings	–	–	(12 764)	–	–	–
	970 846	37 616	671 961	424 029	240 844	17 598
Closing rate	14,78	0,23	11,04	1,33	1,43	3,74
Average rate	14,46	0,31	10,53	1,32	1,41	3,73
2015						
Trade and other receivables	599 612	121 236	2 070 149	183 031	20 753	2 101
Cash and cash equivalents	662 727	39 278	1 252 467	218 214	4 436	17 917
Trade and other payables	(356 463)	(71 175)	(3 418 919)	(20 717)	(19 260)	(65 813)
Borrowings	–	–	(63 019)	–	–	–
	905 876	89 339	(159 322)	380 528	5 929	(45 795)
Closing rate	12,26	0,32	9,40	1,20	1,64	2,80
Average rate	11,45	0,35	9,56	1,20	1,72	3,27

Forward exchange contracts

The group has entered into 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:

	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
2016				
Relating to transactions which have already occurred				
US Dollar	378	6 113	16,2	(352)
Related to commitments surrendered at year end				
US Dollar	700	10 143	14,5	(1 446)
Related to future commitments				
US Dollar	13 657	202 042	14,8	337
Chinese Yuan	33 525	74 401	2,2	(25)
2015				
Relating to transactions which have already occurred				
US Dollar	950	11 516	12,1	(34)
Euro	3 858	53 967	14,0	(3 831)
Related to commitments surrendered at year end				
Euro	11 124	168 177	15,1	(20 139)
Related to future commitments				
US Dollar	8 149	97 520	12,0	1

Expected cash flows to settle derivative financial instruments occurring within one year amounts to R114,9 million (2015: R97,5 million).

25. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

25.2 Market risk (Currency risk)

Sensitivity analysis

A 10% weakening of the Rand against the following currencies at 30 June would affect, profit or loss in respect of the translation of the balances of the following monetary items by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant and is applied against the gross statement of financial position exposure and forward exchange contracts at reporting date.

R'000	US Dollar	Mozambique Meticals	Australian Dollar	Botswana Pula	Zambia Kwacha	Ghanaian Cedi
2016						
Trade and other receivables	27 860	5 551	199 229	7 455	758	1 318
Cash and cash equivalents	79 089	2 035	185 657	38 808	24 846	3 386
Trade and other payables	(9 864)	(3 825)	(316 414)	(3 860)	(1 520)	(2 944)
Borrowings	–	–	(1 276)	–	–	–
Total	97 085	3 761	67 196	42 403	24 084	1 760
2015						
Trade and other receivables	59 961	12 124	207 015	18 303	2 075	210
Cash and cash equivalents	66 273	3 928	125 247	21 821	444	1 792
Trade and other payables	(35 646)	(7 118)	(341 892)	(2 072)	(1 926)	(6 581)
Borrowings	–	–	(6 302)	–	–	–
Total	90 588	8 934	(15 932)	38 052	593	(4 579)

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.

25.3 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:

		Interest bearing		
R'000	Carrying amount	Linked to prime rate	Fixed rate	Interest free
2016				
Loans to associate companies	138 386	–	138 386	–
Long-term receivables	96 193	17 852	–	78 341
Trade and other receivables	4 749 260	342 411	42 424	4 364 425
Borrowings	(104 364)	(104 364)	–	–
Trade and other payables	(4 998 722)	–	–	(4 998 722)
Cash and cash equivalents	5 773 369	5 773 369	–	–
Bank overdraft	(21 175)	(21 175)	–	–
	5 632 947	6 008 093	180 810	(555 956)
2015				
Loans to associate companies	68 886	–	68 886	–
Long-term receivables	118 943	4 639	–	114 304
Trade and other receivables	4 835 292	565 660	–	4 269 632
Borrowings	(251 575)	(251 575)	–	–
Trade and other payables	(5 071 338)	–	–	(5 071 338)
Cash and cash equivalents	3 995 089	3 995 089	–	–
	3 695 297	4 313 813	68 886	(687 402)

Sensitivity analysis

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

R'000	Profit/(loss) 75 basis point increase	Profit/(loss) 75 basis point decrease
2016		
Long-term receivables	134	(134)
Trade and other receivables	2 568	(2 568)
Cash and cash equivalents	43 300	(43 300)
Bank overdraft	(159)	159
Borrowings	(783)	783
	45 060	(45 060)

	Profit/(loss) 150 basis point increase	Profit/(loss) 150 basis point decrease
2015		
Long-term receivables	1 033	(1 033)
Trade and other receivables	8 485	(8 485)
Cash and cash equivalents	59 926	(59 926)
Borrowings	(3 774)	3 774
	65 670	(65 670)

25.4 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
2016				
Non-derivative liabilities measured at amortised cost				
Borrowings	104 365	87 355	17 010	–
Other financial liabilities	3 223 410	3 223 410	–	–
Sub-contractor liabilities	1 775 312	1 775 312	–	–
Bank overdraft	21 175	21 175	–	–
	5 124 262	5 107 252	17 010	–
2015				
Non-derivative liabilities measured at amortised cost				
Borrowings	251 575	139 045	112 158	372
Other financial liabilities	3 971 268	3 948 534	22 734	–
Sub-contractor liabilities	1 086 314	1 086 314	–	–
Derivative financial liabilities at fair value				
Forward exchange contracts	13 756	13 756	–	–
	5 322 913	5 187 649	134 892	372

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 29.3) 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 10) and a daily notional overdraft facility of R40 million.

26. 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 assuming low levels of 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.

	2016	2015
Debt/equity ratio (%)	2,2	5,9

This measure has been revised and recalculated to be total capitalised interest-bearing liabilities as a percentage of average shareholders' interest.

27. EMPLOYEE BENEFITS

	2016 R'000	2015 R'000
27.1 Staff costs		
Wages and salaries	4 158 066	3 702 224
Provident cost – defined contribution funds	132 867	140 073
Superannuation and provident expense	13 673	74 507
Medical aid	2 519	2 120
Other contributions	395 975	328 914
	4 703 100	4 247 838

27.2 Defined contribution funds

WBHO Staff Provident Fund

The fund is open to all full-time monthly paid employees of the company.

27.3 Equity compensation benefits

The WBHO Share Plan

This scheme was introduced to provide long-term incentives to executives and prescribed officers.

Share Appreciation Rights (SARS)

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

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

Performance Shares (PS)

Performance shares will be made annually to participants for which there will be no consideration payable. Vesting will commence on the 3rd anniversary of the award to the extent that the company has met the specified performance criteria over the vesting period. Being a full value share element, essentially without a strike price, the number of shares that vest will depend on the extent of the company performance over the three year vesting period.

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

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

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

	PS	SARS
Volatility (%)	N/A	22,1 – 22,6
– Volatility has been calculated using the historical WBHO share prices over the vesting periods		
Risk-free rate (%)	N/A	6,9 – 7,4
Dividend yield (%)	2,3	2,3 – 2,5
Attrition rate (%)	5,0	5,0

	Number of conditional awards '000	Issue date	Issue price (cents)	Exercise price (cents)	Vesting period	Share-based payment expense for the year	Future expense to be recognised
Performance shares							
2014	128	16/03/2015	10 795	N/A	3 years	7 141	14 515
2015	194	7/12/2015	11 175	N/A	3 years	6 916	28 651
SARS	137	16/03/2015	10 795	11 540	3 – 5 years	–	–
Total						14 057	43 166

At 30 june 2016, the share appreciation rights criteria had not been met as the share price had not appreciated at CPI+3%.

For performance shares the actual results for the 2016 financial year are as follows:

	Offer 2014 Performance shares	Offer 2015 Performance shares
Return on capital employed	20,5%	23,0%
Relative total shareholder return (TSR)	2nd	1st

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 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 obliged 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 expense are set out in the following table:

50 000 shares vested in the current year as the vesting condition had been met. The relevant number of shares were sold on the open market to settle the balance of the loan.

	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
Unsold treasury shares	42	n/a	n/a	n/a

27. EMPLOYEE BENEFITS (CONTINUED)

27.3 Equity compensation benefits (continued)

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.

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.

The trust entered into a long-term incentive scheme in the 2015 financial year in which eligible employees were offered options in the WBHO Management Trust subject to the employees remaining in the employ of the group for a period of five years.

As with the SARS and PS's mentioned above, the WBHO Share Option Plan was valued based on the equity-settled methodology and by using the Binomial model. The following estimates and assumptions were used in the calculation of the share-based payment expense:

Grant date share price	114,96
Exercise price (R')	83,06
Volatility (%)	23,40
– Volatility has been calculated using the historical WBHO share prices over the vesting periods	
Risk-free rate (%)	7,5
Dividend yield (%)	2,5
Attrition rate (%)	5,0

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 cents	Share-based payments expense for the year R'000	Future expense to be recognised R'000
Shares sold to employees in prior periods where the loan period has not yet expired.	618		3 850	3 840
– Offer 2010	–	–		
– Offer 2012	618	9 978		
WBHO Share Option Plan				
– Offer 2014	75	–	752	2 892
Share stock	1 319	n/a	n/a	n/a

50 000 shares vested in the current year as the vesting condition had been met. The relevant number of shares were sold on the open market to settle the balance of the loan.

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 Limited (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 the Akani shares held by them for a period of 10 years from the issue date (the lock-up period). The last day of the lock-up period determined to be the date of repurchase. 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: of the WBHO shares, at their par value, based on the repurchase formula.

The repurchase formula is calculated as follows:

A = [(B+D)/C] x 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 for the purchase, by Akani of WBHO shares on the open market.

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.

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 1 350 095 shares for future allocation to new or existing black partners.

Details of shares issued by Akani and the accompanying share-based payments 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
WBHO shares issued to Akani in terms of the BEE agreement	7 372	1	n/a	n/a
Akani shares issued to the black partners	2 287	1	–	Nil
– Allocated	2 000			
– Purchased in terms of the reinvestment obligation	287			
Akani shares issued to the BBE Trust	2 743			
– Allocated (1 244 employees)	1 866	1	25 186	48 389
– For future allocation	759	1	n/a	n/a
– Purchased in terms of the reinvestment obligation	154			
– Shares vested in terms of the repurchase formula – allocated	–			
– Shares vested in terms of the repurchase formula – reinvestment obligation	(36)			
Akani shares issued to WBHO	2 342	1	n/a	n/a
– Allocated (367 employees)	918	1	n/a	n/a
– For future allocation	1 350			
– Purchased in terms of the reinvestment obligation	91			
– Shares vested in terms of the repurchase formula – allocated	–			
– Shares vested in terms of the repurchase formula – reinvestment obligation	(17)			

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2016

27. EMPLOYEE BENEFITS (CONTINUED)

27.3 Equity compensation benefits (continued)

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

27.4 Cash-settled compensation benefits

Edwin Construction Employee Share Incentive Trust (Edwin Share 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 Edwin Construction 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 before 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 shares issued to the trust	600	n/a	n/a	n/a
Units issued (11 employees)	251	1 512	(1 364)	17 571
Units remaining to be issued	349	n/a	n/a	n/a

28. 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 group has five reportable operating segments from which it derives revenue. The activities associated with each segment are noted below:

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

Roads and earthworks
- Activities include infrastructure and water and gas pipelines and other large infrastructure projects.

Australia
- Construction of retail, residential and commercial buildings for the private building sector.
- Various engineering disciplines, servicing the road and mining sectors and telecommunications.

Property developments
- property development sales.

Construction materials
- Sales and manufacture of long-steel products.

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

	Building and civil engineering R'000	Roads and earthworks R'000	Australia R'000	Property developments R'000	Construction materials R'000	Total R'000
Operating segments						
2016						
Revenue	7 536 471	4 333 788	18 112 931	18 880	906 146	30 908 216
Inter-segment sales	–	–	–	–	(257 907)	(257 907)
Revenue – external customers	7 536 471	4 333 788	18 112 931	18 880	648 239	30 650 309
Operating profit before non-trading items	369 585	283 422	300 392	14 656	36 502	1 004 557
Profit on disposal of property	–	–	29 166	–	–	29 166
Depreciation	65 751	104 993	62 245	–	9 521	242 510
Capital expenditure	48 511	52 685	8 234	–	17 214	126 644
2015						
Revenue	7 385 199	5 282 022	15 351 787	50 730	984 454	29 054 192
Inter-segment sales	–	–	–	–	(230 808)	(230 808)
Revenue – external customers	7 385 199	5 282 022	15 351 787	50 730	753 646	28 823 384
Operating profit before non-trading items	351 685	380 260	10 612	13 318	12 542	768 417
Impairment of goodwill	–	–	106 857	–	9 125	115 982
Depreciation	57 662	133 037	76 438	–	13 070	280 207
Impairment of property, plant and equipment	–	–	53 926	–	–	53 926
Capital expenditure	74 804	188 218	44 936	–	19 017	326 975

	2016 R'000	Restated 2015 R'000
Geographical segments		
Revenue		
South Africa	9 739 222	9 796 003
Rest of Africa	2 798 156	3 675 594
Australia	18 112 931	15 351 787
	30 650 309	28 823 384
Operating profit before non-trading items		
South Africa	346 354	427 697
Rest of Africa	357 811	330 108
Australia	300 392	10 612
	1 004 557	768 417

NOTES TO THE
FINANCIAL STATEMENTS (continued)
for the year ended 30 June 2016

		2016 R'000	Restated 2015 R'000
29.	**CASH FLOW INFORMATION**		
29.1	**Cash generated from operations**		
	Operating profit before non-trading items:		
	From continuing operations	1 004 557	768 417
	From discontinued operations	(11 831)	122 490
		992 726	890 907
	Adjusted for non-cash items:		
	Depreciation	258 242	295 994
	Unrealised foreign currency movement from discontinued operations	–	(36 441)
	Other non-cash items	–	17 218
	Movement in provisions	449 683	264 216
	Profit from disposal of property, plant and equipment	(18 745)	(21 268)
		1 681 906	1 410 626
	Working capital changes:		
	(Increase)/decrease in inventories	(2 089)	176 188
	Increase in excess billings over work done	418 020	82 442
	Increase/(decrease) in contracts-in-progress	544 519	(129 269)
	(Increase)/decrease in trade and other receivables	(623 718)	288 921
	(Decrease)/increase in trade and other payables	(23 783)	724 022
	Cash generated from operations	1 994 855	2 552 930
29.2	**Taxation paid**		
	Asset outstanding at beginning of the year	305 726	289 716
	Current tax expense	(498 664)	(322 237)
	Effect of prior period error	(46 975)	–
	Interest accrued	(3 740)	(25 520)
	Asset outstanding at the end of the year	(243 581)	(305 726)
	Net taxation paid	(487 234)	(363 767)
29.3	**Cash and cash equivalents**		
	Cash and cash equivalents	5 773 369	3 995 089
	Bank overdraft	(21 175)	–
		5 752 194	3 995 089

30. ACQUISITION OF NON-CONTROLLING INTERESTS

Entity	Date acquired	Transaction	Percentage acquired %	Effective interest held after purchase %	Purchase consideration R'000
2016					
Renniks Construction (Pty) Ltd	01-Oct-15	Acquisition	12,50	82,50	6 040
Probuild Constructions (Aust) Pty Ltd	06-Oct-15	Acquisition	0,76	81,33	5 895
Probuild Constructions (Aust) Pty Ltd	30-Oct-15	Share buy-back	0,67	81,89	6 091
Probuild Constructions (Aust) Pty Ltd	16-May-16	Share buy-back	1,36	83,02	24 715
Cashflow on changes in shareholding					42 741
The aggregate effect of the acquisition of non-controlling interests on goodwill recognised in equity amounts to:					
Debit amounts					16 348
Bargain purchases					(818)
					15 530

Entity	Date acquired	Transaction	Percentage acquired %	Effective interest held after purchase %	Purchase consideration R'000
2015					
Probuild Constructions (Aust) Pty Ltd	31-Oct-14	Share buy-back	0,54	80,57	11 641
WBHO Infrastructure Pty Ltd	01-Jan-15	Share buy-back	1,35	95,14	4 320
Probuild Civils Pty Ltd	31-Dec-14	Acquisition	5,00	79,56	1 482
Probuild Civils Pty Ltd	28-Feb-15	Acquisition	1,25	80,57	1 673
Cashflow on changes in shareholding					19 116
The aggregate effect of the acquisition of non-controlling interests on goodwill recognised in equity amounts to:					
Debit amounts					7 993
Bargain purchases					(4 978)
					3 015

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2016

31. RESTATEMENT OF PRIOR YEAR FIGURES

During the year, the group became aware of errors made in calculating the secondary tax on companies (STC) for the 2009 and 2011 financial years. At year end it was also discovered that in the prior year inter-company revenue in Capital Africa Steel (Pty) Ltd had not been eliminated. During the year 3Q Mahuma Concrete Holdings (Pty) Ltd was classified as a discontinued operation. The impact of the restatements are disclosed below:

Statement of financial position

	R'000 Retained earnings	R'000 Taxation liability
Balance at 30 June 2014 as previously reported	3 983 742	66 552
Taxation and accrued interest	(40 886)	40 886
Accrued interest 2014	(2 941)	2 941
Restated balance at 30 June 2014	3 939 915	110 379
Balance at 30 June 2015 as previously reported	4 286 772	50 174
Taxation and accrued interest	(40 886)	40 886
Accrued interest 2014	(2 941)	2 941
Accrued interest 2015	(3 149)	3 149
Restated balance at 30 June 2015	4 239 796	97 150

Statement of financial performance and other comprehensive income

	Revenue
As previously reported at 30 June 2015	29 522 972
Adjusted for:	
Reclassification of discontinued operations	(468 780)
Inter-company revenue not eliminated	(230 808)
	28 823 384

	Contract costs
As previously reported at 30 June 2015	(27 376 407)
Adjusted for:	
Reclassification of discontinued operations	424 395
Inter-company revenue not eliminated	230 808
	(26 721 204)

	Profit for the year
As previously reported at 30 June 2015	607 286
Accrued interest 2015	(3 149)
	604 137

Earnings per share and headline earnings per share (cents)

	Earnings per share	Headline earnings per share
As previously reported at 30 June 2015	1 029,5	1 175,2
Impact of restatement	(5,7)	(5,7)
	1 023,8	1 169,5

There was no impact on the statement of cash flows.

32. EVENTS AFTER THE REPORTING DATE

There were no significant events after the reporting date to date of this report.

COMPANY STATEMENT OF FINANCIAL POSITION

as at 30 June 2016

	Notes	2016 R'000	2015 R'000
Assets			
Investments in subsidiaries and special purpose entities	1	42 761	42 769
Loans to group companies	2	186 170	186 162
Total non-current assets		228 931	228 931
Cash and cash equivalents		569	561
Value-added taxation		1	1
Total current assets		570	562
Total assets		229 501	229 493
Equity			
Share capital		31 147	31 175
Retained earnings		141 474	1 916
		172 621	33 091
Liabilities			
Loans from group companies	3	55 992	195 610
Unclaimed dividends		888	792
Total liabilities		56 880	196 402
Total equity and liabilities		229 501	229 493

COMPANY STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 30 June 2016

	Notes	2016 R'000	2015 R'000
Finance income and dividends received	4	395 232	198 377
Other direct costs		(1)	(1)
Profit for the year		395 231	198 376

COMPANY STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2016

	Share capital R'000	Retained earnings R'000	Total equity R'000
Balance at 30 June 2014	31 175	29 833	61 008
Profit for the year	–	198 376	198 376
Dividend paid	–	(226 293)	(226 293)
Balance at 30 June 2015	31 175	1 916	33 091
Share buy-back	(28)	–	(28)
Profit for the year	–	395 231	395 231
Dividend paid	–	(255 673)	(255 673)
Balance at 30 June 2016	31 147	141 474	172 621

COMPANY STATEMENT OF CASH FLOWS
for the year ended 30 June 2016

	Notes	2016 R000	2015 R000
Cash flow from operating activities			
Other direct costs		(1)	(1)
Increase in unclaimed dividends		95	41
Finance income and dividends received		395 232	198 377
Dividend paid		(255 673)	(226 293)
Net cash flow from operating activities		139 653	(27 876)
(Decrease)/increase in loans from group companies		(139 618)	27 915
Shares bought back		(28)	–
Increase in cash and cash equivalents for the year		7	39
Cash and cash equivalents at the beginning of the year		561	522
Cash and cash equivalents at the end of the year		568	561

NOTES TO THE COMPANY FINANCIAL STATEMENTS (continued)
for the year ended 30 June 2016

	2016	2015
1. INVESTMENTS IN SUBSIDIARIES ('000)		
Shares at cost less impairment losses	42 761	42 769
A complete list of investments in subsidiaries is set out in Annexure 1.		
2. LOANS TO GROUP COMPANIES		
Loans to subsidiaries (Annexure 1)	184 696	184 688
Loans to share trusts (Annexure 1)	1 474	1 474
	186 170	186 162
The loans are unsecured, bear no interest and will not be repaid within the next 12 months.		
3. LOANS FROM GROUP COMPANIES		
Loans from subsidiaries (Annexure 1)	50 911	190 529
Loans from share trusts	5 081	5 081
	55 992	195 610
The loans are unsecured, bear no interest and will not be repaid within the next 12 months.		
4. RELATED PARTY TRANSACTIONS		
Dividends received		
WBHO Construction (Pty) Ltd	387 200	190 100
Akani Investment Holdings (Pty) Ltd	8 032	8 277
	395 232	198 377
Dividends paid		
Akani Investment Holdings (Pty) Ltd	35 825	34 600
WBHO Management Trust	4 635	2 763
WBHO Share Trust	142	124
	40 602	37 487
Related party balances have been disclosed in notes 2 and 3.		
Related party transactions with directors are disclosed in note 24 of the group financial statements.		
5. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT		
Overview		
The company's activities expose it to credit risk. Further information about the management of financial risks within the group is disclosed in note 25 of the group financial statements. The group's strategy is applied by the company and remains the same as in prior period. There have been no changes to the risk profile of the company.		
Financial instruments by category		
Loans and receivables at amortised costs		
Loans to group companies	186 170	186 162
Cash and cash equivalents	569	561
	186 739	186 723
Financial liabilities held at amortised cost		
Loans from group companies	(55 992)	(195 610)
Total carrying value	130 747	(8 887)

Fair value

At 30 June 2016 the carrying amount of the all the financial instruments approximated their fair value unless otherwise disclosed. The company does not trade in financial instruments.

Credit risk

The company is exposed to credit risk through loans advanced to its subsidiaries and special purpose entities. These loans are unsecured so the company mitigates the risk of default by being able to exercise influence over the decision-making of these entities through equity interests in the subsidiaries or by appointing all or the majority of the trustees.

ANNEXURE 1
INVESTMENTS IN SUBSIDIARIES
for the year ended 30 June 2016

	Country of Incorporation	Issued capital	Effective holding 2016 %	Effective holding 2015 %	Shares at cost 2016 R000	Shares at cost 2015 R000	Amounts owing by/(to) subsidiaries 2016 R000	Amounts owing by/(to) subsidiaries 2015 R000
Held directly								
WBHO Construction (Pty) Ltd	South Africa	R900 000	100	100	42 738	42 738	(50 911)	(190 529)
WBHO Industrial Holdings (Pty) Ltd	South Africa	R1	100	100	–	–	184 308	184 308
Special purpose entities								
WBHO Management Trust	South Africa		–	–	–	–	(5 081)	(5 081)
WBHO Share Trust	South Africa		–	–	–	–	1 474	1 474
WBHO Broad-based Employee Share Incentive Trust	South Africa		–	–	–	–	–	–
Edwin Construction Employee Share Incentive Trust	South Africa		–	–	–	–	–	–
Akani Investment Holdings (Pty) Ltd	South Africa	R73 716	32	39	23	31	388	380
Held indirectly								
Edwin Construction (Pty) Ltd	South Africa	R100	57	57				
Renniks Construction (Pty) Ltd	South Africa	R405 600	82,5	70				
Roadspan Surfaces (Pty) Ltd	South Africa	R10 000	100	100				
St Francis Links (Pty) Ltd	South Africa	R100	80	80				
WBHO Construction Sierra Leone Limited	Sierra Leone	US$23 000	100	100				
WBHO Guinea (SA) Limited	Guinea	Fr100 000 000	100	100				
WBHO Mozambique Projectos Limitada	Mozambique	MZN10 000 000	100	100				
WBHO Namibia (Pty) Ltd	Namibia	N$1	100	100				
WBHO Construction Zambia Limited	Zambia	ZMW5 000	100	100				
Kalcon (Pty) Ltd	Botswana	P2	100	100				
WBHO Ghana (Pty) Ltd	Ghana	$500 000	100	100				
WBHO Australia Pty Ltd	Australia	AUS$26 400 000	100	100				
WBHO Infrastructure Pty Ltd*	Australia	AUS$16 560 228	95,8	95,1				
Monaco Hickey Pty Ltd	Australia	AUS$6 000 000	69,7	67,7				
Probuild Constructions (Aust) Pty Ltd	Australia	AUS$37 915 795	83,0	80,6				
Capital Africa Steel (Pty) Ltd	South Africa	R235 861	55,6	55,6				
Tekfalt Binders (Pty) Ltd	South Africa	R100	60	60				
Balmoral Crushers (Pty) Ltd	South Africa	R120	100	100				
					42 761	42 769	130 178	(9 448)

* *Previously WBHO Civils Pty Ltd*

Investments in dormant subsidiaries are not disclosed.

ANNEXURE 2
INTERESTS IN JOINT OPERATIONS
for the year ended 30 June 2016

Investments in significant joint operations	Country of operation	Principle activity	2016 %	2015 %
Sandton Joint Venture	South Africa	Retail shopping centre	50,0	50,0
Kusile Civils Joint Venture	South Africa	Power station	25,0	25,0
WBHO/Group 5 Mall of Africa Joint Venture	South Africa	Retail shopping centre	50,0	50,0
WBHO/Phayindani Joint Venture	South Africa	Public transport network	59,0	59,0
WBHO/Inanda Joint Venture	South Africa	Public transport network	59,0	59,0
WBHO/Stats SA Joint Venture	South Africa	Serviced accommodation	63,0	63,0
WBHO/Tiber Discovery JV	South Africa	Office building	50,0	50,0
WBHO/Tiber 140 West JV	South Africa	Office building	50,0	–
WBHO/WET Joint Venture	South Africa	Public transport network	70,0	–
WBHO/CCC Joint Venture	Botswana	Water infrastructure	50,0	50,0
WBHO/Parsons Brinckenhoff JV	Mozambique	Power station	70,0	70,0

The group's proportionate share of the assets, liabilities, results of operations and cash flows as incorporated in the financial statements are summarised below:

	2016 R'000	2015 R'000
Non-current assets	25 958	24 510
Current assets	1 263 701	1 802 701
Total assets	1 289 659	1 827 211
Shareholders' equity	121 869	10 101
Non-current liabilities	–	131 672
Current liabilities	1 167 790	1 685 438
Total equity and liabilities	1 289 659	1 827 211
Revenue	2 552 916	3 522 402
Contract costs	(2 222 362)	(3 288 026)
Overheads	(4 020)	(26 880)
Profit before taxation	395 805	238 423