Wilson Bayly Holmes-Ovcon Limited
(Incorporated in the Republic of South Africa)
(Registration number: 1982/011014/06)
Share code: WBO ISIN: ZAE000009932
("WBHO")

AUDITED SUMMARY CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

HIGHLIGHTS

Revenue
Up 6,3% to R30,7 billion
2015: R28,8 billion (restated)

Operating margin
Up to 3,3%
2015: 2,7% (restated)

HEPS
Continuing operations
Up 23,8% to 1 343 cents
2015: 1 085 cents (restated)

Cash
Up 44% to R5,8 billion
2015: R3,9 billion

ROCE
Up to 22,9%
2015: 18,0%

Dividend
Up 22% to 448 cents
2015: 368 cents

BASIS OF PREPARATION
for the year ended 30 June 2016

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

The accounting policies applied in the preparation of the annual consolidated financial statements, from which the summary consolidated financial statements were derived, are in terms of International Financial Reporting Standards and are consistent with the accounting policies applied in the preparation of the previous consolidated annual financial statements.

The summary consolidated financial statements have been compiled under the supervision of the Chief Financial Officer, Charles Henwood CA(SA) and were authorised by the board on 2 September 2016.

The directors take full responsibility for the preparation of the summary report and that the financial information has been correctly extracted from the underlying annual consolidated financial statements.

These summary consolidated financial statements for the year ended 30 June 2016 have been audited by BDO South Africa Inc., who expressed an unmodified opinion thereon. The auditor also expressed an unmodified opinion on the annual consolidated financial statements, a copy of which is available on the company's website at www.wbho.co.za, or for inspection at the company's registered office.

A copy of the auditor's report on the summary consolidated financial statements and of the auditor's report on the annual consolidated financial statements are available on the company's website at www.wbho.co.za, or for inspection at the company's registered office, together with the financial statements identified in the respective auditor's reports.

The auditor's report does not necessarily report on all of the information contained in this announcement. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of the auditor's report together with the accompanying financial information from the company's registered office or on the company's website at www.wbho.co.za.

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE AND OTHER COMPREHENSIVE INCOME
for the year ended 30 June 2016

	% change	Audited 2016 R'000	Restated Audited 2015 R'000
Revenue	6,3	30 650 309	28 823 384
Operating profit before non-trading items	30,7	1 004 557	768 417
Impairment of goodwill		–	(115 982)
Impairment of property, plant and equipment		–	(53 926)
Profit on disposal of property		29 166	14 813
Share-based payment expense		(42 481)	(36 235)
Operating profit		991 242	577 087
Share of profits from associate		45 659	46 189
Net finance income		203 014	115 942
Profit before taxation		1 239 915	739 218
Taxation		(395 715)	(244 572)
Profit from continuing operations	70,7	844 200	494 646
(Loss)/profit from discontinued operations		(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		284 086	-
Total comprehensive income for the year		1 136 205	341 301
Profit 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 - total operations			
Earnings per share (cents)	29,1	1 322,3	1 023,8
Diluted earnings per share (cents)	29,1	1 322,3	1 023,8
Headline earnings per share (cents)	10,6	1 293,6	1 169,5
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 - continuing operations			
Earnings per share (cents)	57,2	1 396,1	887,9
Diluted earnings per share (cents)	57,2	1 396,1	887,9
Headline earnings per share (cents)	23,8	1 342,9	1 085,0

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

	Notes	Audited 2016 R'000	Restated Audited 2015 R'000	Restated Audited 2014 R'000
Shareholders' equity at the beginning of the year		4 565 742	4 547 413	4 423 257
Impact of prior period error	5	-	-	(43 827)
Shareholders' equity as restated		4 565 742	4 547 413	4 379 430
Profit for the year		725 533	565 531	422 742
Other comprehensive income		355 876	(263 812)	(21 490)
Dividend paid		(242 864)	(215 171)	(235 490)
Share buy-back		(28)	-	-
Derecognition of non-controlling interest		(10 639)	-	-

Treasury shares acquired	-	(52 079)	-
Share-based payment expense	43 845	32 117	33 337
Share-based payment settlement	5 472	845	12 496
Transactions with owners	(14 508)	(49 102)	(43 612)
Shareholders’ equity at the end of the year	5 428 429	4 565 742	4 547 413

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 30 June 2016

	Audited 2016 R’000	Restated Audited 2015 R’000	Restated Audited 2014 R’000
ASSETS			
Non-current assets			
Property, plant and equipment	1 710 358	1 984 417	2 164 724
Goodwill	572 102	498 266	644 936
Investment in associates	347 171	203 923	97 847
Investments	201 942	148 465	96 997
Long-term receivables	96 193	118 943	292 345
Deferred taxation	558 840	462 279	365 903
Total	3 486 606	3 416 293	3 662 752
Current assets			
Inventories	210 314	215 108	259 025
Amounts due by customers	514 438	1 058 957	929 688
Trade and other receivables	5 111 251	5 090 207	4 955 738
Taxation	294 687	355 900	356 268
Cash and cash equivalents	5 773 369	3 995 089	2 756 700
Total	11 904 059	10 715 261	9 257 419
Assets held-for-sale	-	237 610	477 642
Total assets	15 390 665	14 369 164	13 397 813
EQUITY AND LIABILITIES			
Capital and reserves			
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	258 421	262 443	273 776
Total	5 686 850	4 828 185	4 821 189
Non-current liabilities			
Cash-settled share scheme liability	17 571	22 734	18 761
Borrowings	17 010	112 530	166 142
Deferred taxation	24 253	47 708	32 591
Total	58 834	182 972	217 494
Current liabilities			
Excess billings over work done	1 917 491	1 499 471	1 417 028

Trade and other payables	5 508 209	5 570 407	4 699 740
Borrowings	87 355	139 045	147 201
Provisions	2 059 645	1 619 749	1 313 421
Taxation	51 106	97 150	110 379
Bank overdraft	21 175	-	115 605
Total	9 644 981	8 925 822	7 803 374
Liabilities associated with disposal group held-for-sale	-	432 185	555 756
Total equity and liabilities	15 390 665	14 369 164	13 397 813

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

	Audited 2016 R'000	Audited 2015 R'000
Operating profit before working capital requirements	1 681 906	1 410 626
Working capital changes	312 949	1 142 304
Cash generated from operations	1 994 855	2 552 930
Net finance income	141 641	69 531
Taxation paid	(487 234)	(363 767)
Dividends paid	(273 873)	(251 593)
Cash retained from operations	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 associate	(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	(116 206)	(202 436)
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	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	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	5 752 194	3 995 089

NOTES TO THE AUDITED RESULTS
for the year ended 30 June 2016

1. RECONCILIATION OF HEADLINE EARNINGS

	Audited 2016 R'000	Restated Audited 2015 R'000
Continuing operations		
Attributable profit	766 031	490 456
Adjusted for:		
Impairment of goodwill	-	99 283
Impairment of property, plant and equipment*	-	49 953
Profit on disposal of property, plant and equipment*	(41 215)	(35 011)
Tax effect	12 038	(5 359)
Headline earnings from continuing operations	736 854	599 322
Total operations		
Attributable profit	725 533	565 531
Adjusted for:		
Impairment of goodwill	-	99 283
Impairment of property, plant and equipment*	-	49 953
Profit on disposal of property, plant and equipment*	(41 755)	(35 011)
Profit on disposal of associate*	-	(2 464)
Net loss/(profit) on disposal of operations*	13 939	(26 418)
Tax effect	12 125	(4 904)
Headline earnings	709 842	645 970

* Net of non-controlling interests

2. DISCONTINUED OPERATIONS AND NON-CURRENT ASSETS 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.

	Audited 2016 R'000	Restated Audited 2015 R'000
Revenue	289 235	601 006
Operating (loss)/profit before non-trading items	(11 831)	122 490
Profit on sale of associate	-	4 435
(Loss)/profit on disposal of operations	(71 548)	20 573
Profit on sale of property	1 217	-
Onerous contracts	(14 753)	-

Impairment of loans	(2 683)	-
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
(Loss)/profit attributable to:		
Equity shareholders of Wilson Bayly Holmes-Ovcon Limited	(40 498)	75 077
Non-controlling interests	(81 852)	34 414
	(122 350)	109 491
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
Total assets	–	237 610
Trade and other payables	–	(10 382)
Borrowings	–	(73 540)
Bank overdraft	–	(348 263)
Total liabilities	–	(432 185)

3. SEGMENTAL INFORMATION

Contribution by segment

	2016 R'000	Restated 2015 R'000
Revenue		
Building and civil engineering	7 536 471	7 385 199
Roads and earthworks	4 333 788	5 282 022
Australia	18 112 931	15 351 787
Construction materials	648 239	753 646
Property developments	18 880	50 730
	30 650 309	28 823 384
Operating profit before non-trading items		
Building and civil engineering	369 585	351 685
Roads and earthworks	283 422	380 260
Australia	300 392	10 612
Construction materials	36 502	12 542
Property developments	14 656	13 318
	1 004 557	768 417

Contribution by geography

	2016	Restated 2015

	R'000	R'000
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

4. ORDINARY SHARES

	Audited 2016	Audited 2015
Ordinary shares in issue ('000)	63 190	66 000
Weighted average number of shares ('000)	54 870	55 236
Diluted weighted average number of shares ('000)	54 870	55 236

5. 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 from Capital Africa Steel (Pty) Ltd had not been eliminated.

During the year, 3Q Mahuma Concrete Holdings (Pty) Ltd was also classified as a discontinued operation. The impact of the restatements are disclosed below:

Statement of financial position

	Retained earnings R'000	Taxation liability R'000
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	Contract costs
As previously reported at 30 June 2015	29 522 972	(27 376 407)
Reclassification of discounted operations	(468 780)	424 395

Elimination of inter-company revenue	(230 808)	230 808
	28 823 384	(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 total 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.

COMMENTARY

FINANCIAL REVIEW

Performance

Continuing operations

The group delivered strong financial results this year. Markets were once again characterised by strong Australian building markets and subdued civil engineering markets globally. While local building markets have begun to taper, the group has shown good growth from this sector as it continues to increase its market share.

Revenue from continuing operations increased by 6% to R30,7b for the year ended 30 June 2016 as further growth within the group's building divisions, both in Africa and Australia, continued to moderate the impact of lower activity levels within the mining and other civil engineering sectors.

The impact of these challenging conditions is evident within the group's African-based operations where revenue decreased by 7% following declines in revenue from both the Roads and earthworks and Civil engineering divisions. Revenue growth in Australia reflects real growth of 8% in Australian dollar terms but was assisted by a weaker rand, where currency effects amounting to R1,5b resulted in overall growth of 18%.

Operating profit before non-trading items increased by 31% to R1b from R768m. This reflects the healthy recovery in profitability in Australia from R11m to R300m, where in the previous year losses on four civil engineering projects were recognised. Profitability from Australia this year was further supported by R45m in unrealised exchange gains following the devaluation of the Rand. Profitability from African based operations declined by 7% in line with lower activity levels.

While the overall margin of 3,3% reflects an improvement over the margin of 2,7% achieved at 30 June 2015, the volume of Australian-based projects, increased local building activity and a heavier weighting toward roadwork within the Roads and earthworks division resulted in the margin being constrained towards the lower end of the group's targeted range of between 3% and 4,5%.

Share-based payment expense
A share-based payment expense of R42m was recognised for the year ended 30 June 2016, which relates to the WBHO Share Plan for executive management, Akani (the group's broad-based share scheme initiative) and various management share schemes in place.

The vesting period in respect of the black partners participating in the Akani scheme matures in October 2016. A new broad-based black economic scheme is being developed to align to the new Construction Sector Codes which are yet to be gazetted.

Discontinued operations
During the year, the conditions precedent to the finalisation of the sale agreement in respect of Capital Star Steel (CSS), the pipe factory in Mozambique, were fulfilled and the sale was effected on 22 April 2016. The loss on disposal amounting to R67m largely reflects the release of the foreign currency translation reserve to profit and loss upon disposal.

The conditions precedent and all agreements ancillary to the Assets for Shares Agreement in respect of 3Q Mahuma Concrete Holdings (Pty) Ltd (3Q), a subsidiary of Capital Africa Steel (CAS), were concluded on 30 June 2016. A loss on disposal amounting to R5m was recognised on the transaction.

The losses on disposal in respect of both sale transactions are disclosed within the total loss from discontinued operations in the current year. The results for the comparative period to 30 June 2015 have been restated in accordance with IFRS to reflect the classification of 3Q as a discontinued operation.

Earnings, headline earnings and dividend per share
Earnings per share from continuing operations increased by 57% from 888 cents per share to 1 396 cents per share at 30 June 2016 and reflects the improved operating performance from Australia, profit on the disposal of property in Australia and the absence of any non-trading impairments in the current year.

Headline earnings per share from continuing operations, which excludes the effects of any impairments and profits or losses on disposal of assets, increased by 24% from 1 085 cents per share to 1 343 cents per share.

Full earnings per share increased by 29% to 1 322 cents per share from 1 024 cents per share in the prior period and reflects the impact of the losses recognised on the disposal of businesses in respect of CSS which have been disclosed under discontinued operations. Full headline earnings per share increased by 11% over the comparative period.

The board declared a gross dividend of 448 cents per share, an increase of 22% over the prior period.

Property, plant and equipment
The lower activity levels experienced within the Roads and earthworks and Civil engineering divisions is further reflected in significantly lower capital expenditure of R127m in the current year (2015: R327m), which has been constrained to the purchase and replacement of key items of plant. Accordingly, depreciation decreased from R296m to R258m. The approved capital expenditure budget for FY17 amounts to R305m.

Associated companies

The group has a significant interest in three associated companies: Gigajoule International, a shareholder in the Matola Gas Company which sells and distributes gas in Mozambique; Gigawatt Power, a concession company providing electricity generated from a newly constructed gas-fired power station in Mozambique; and Dipalopalo, the company responsible for the construction of a new building for the Department of Statistics and provision of serviced accommodation over the term of the concession.

Equity of R27m and R43m was invested in Dipalopalo and Gigawatt Power respectively during the current year bringing the total equity investment in these companies to R162m. Construction of both the power station in Mozambique and the building for the Department of Statistics was essentially finished at 30 June 2016, however the final completion of both these engineer, procure, construct (EPC) projects, where the contractor assumes the risk in respect of delivering the specified output, has yet to be finalised.

Income from associate of R46m relates to the group’s share of income in respect of gas supplied by the Matola Gas Company and the sale of electricity by Gigawatt Power. No income has yet been recognised in respect of Dipalopalo.

Amounts due by customers

The substantial decrease of R545m in uncertified revenue, classified as amounts due by customers, relates primarily to the completion of the gas-fired power station in Mozambique and the North South Carrier pipeline in Botswana where payment was effected upon achieving certain project milestones which did not necessarily correlate with the actual work executed.

Cash

The group’s cash balances increased by a further R1,8b to R5,8b in the current year. The increase reflects strong cash generation from operations, the repayment of mezzanine financing in the amount of R500m and currency gains of R259m.

Changes in shareholding

During the year, members of Probuild’s management, who were party to the purchase of Contexx Pty Ltd by Probuild in FY13, exercised their put options resulting in the acquisition of a further 2.79% interest in Probuild. The shares were acquired at a cost of R37m and an amount of R17m was debited to equity. A further 12.5% interest in Renniks Construction was also acquired at a cost of R6m.

Provisions

The increase in provisions of R440m relates to provisions raised for costs to finalise EPC projects to the required specifications as well as an increase in the provision for annual bonuses due to improved profitability.

Guarantees

Financial guarantees issued to third parties amount to R9,5b compared to R6,2b issued as at 30 June 2015.

OPERATIONAL REVIEW

BUILDING AND CIVIL ENGINEERING

	2016 Rm	2015 Rm

Revenue (2% growth)	7 536	7 385
Operating profit (4,9% margin)	370	352

Building

The high levels of local building activity experienced in previous years were sustained in FY16 and building revenue from South Africa grew strongly by 26%. Although most of the growth was concentrated in Gauteng, revenue growth was also achieved in both the Western Cape and KZN while revenue from the Eastern Cape remained consistent with the previous year.

Activity within the commercial office sector saw an upswing in FY15 with the division securing contracts for new offices for Discovery and PricewaterhouseCoopers and a new office development at the Rosebank Towers. Progress on these projects gained traction this year, which together with the further construction of phase 3 at the Alice Lane precinct in Sandton and the new offices for the Department of Statistics in Tshwane, resulted in revenue from this sector increasing substantially. Despite a reduction in the number of available projects from the retail sector in Gauteng and the surrounding areas, the division's revenue from this sector remained stable in FY16 through the ongoing construction of the Mall of Africa at Waterfall, which successfully opened on time in April 2016, the Menlyn Main precinct in Tshwane and the award of the Thavhani Mall in Limpopo.

In the Western Cape, ongoing construction at the V&A Waterfront, the fit-out of a new hospital for Netcare and the completion of three residential apartment blocks were the main source of construction activity during the year. In KZN, having completed the remaining commercial offices on the Umhlanga Ridge in the first half of the year, revenue was underpinned by retail activity in FY16, derived mainly from construction of the Ballito Junction shopping centre awarded in FY15 and the newly awarded Cornubia shopping centre in Umhlanga in FY16. Revenue was further supported by a number of healthcare projects. Revenue from the Eastern Cape was generated from further extensions to the Greenacres shopping centre, ongoing construction of the new administration building for Transnet at COEGA and new offices for SANRAL in Baywest.

Building activity in Ghana was again centred on retail developments and following growth of 30% in FY15, revenue was sustained at these levels in FY16. In Accra, the refurbishment and extensions to the Accra mall as well as construction of the Achimota shopping centre were completed while in Kumasi, construction of a new mall is progressing well.

Civil engineering

The persistent commodity price 'slump' continues to curb the number of available projects from the mining sector. Due to its heavy reliance on this sector, the Civil engineering division has in recent years been particularly affected by the downturn with revenue decreasing by 40% in FY16. Having completed all existing mining projects during the current year, finding replacement work has been challenging and the continued right-sizing of the division has remained necessary. The extensions to the Cullinan Mill and a new parkade for Nedbank were completed in the second half of the year while the re-access works at Kusile Power Station are ongoing. Revenue from the rest of Africa once again decreased having completed the construction of a new gas-fired power station at Ressano Garcia, Mozambique, in conjunction with the group's Projects and Roads and earthworks divisions. The division continues to secure sufficient smaller-scale mining and industrial projects in Zambia to retain a presence in the region.

ROADS AND EARTHWORKS

	2016 Rm	2015 Rm
Revenue (18% decline)	4 334	5 282
Operating profit (6,5% margin)	283	380

Despite revenue from the group's Roads and earthworks division decreasing by 18% in FY16, following lower revenues generated from the energy and pipeline sectors, the division has delivered more than credible results given the current environment. The completion of the gas-fired power station in Mozambique together with lower revenue from projects at Kusile were behind the decrease in revenue from the energy sector, while within the pipeline sector, two targeted large-scale pipeline projects did not materialise. The Pipeline division completed the construction and commissioning of the Mooi Mgeni pipeline in KZN in the second half of FY16, while in Botswana commissioning of the North South Carrier Pipeline has commenced and trial operations will continue into FY17. Mining related activity in South Africa decreased substantially this year following the completion of existing projects, however the division performed well in replacing this work with mining projects in Mozambique, Botswana and West Africa. In Mozambique these projects consisted of civil works for a railway workshop facility at Nacala, loop lines on the Vale coal line at Nampula as well as a tailings facility for ICVL and coal handling for Vale, in Tete. The remaining mining activity consisted of a tailings dam and tailings treatment plant in Botswana and various smaller-scale projects in West Africa. The high volume of roadwork on hand persisted through FY16. Locally, construction consisted of the bus rapid transport projects in eThekwini and Sandton, including the iconic M1 bridge project in Marlboro, which together with a number of new SANRAL projects were the primary sources of activity. SANRAL projects include the R24 Rustenburg, N2 Grahamstown, N5 Harrismith executed by Edwin Construction and the N3 Cedara by Roadspan. Both Roadspan and Edwin Construction experienced lower revenue following lower spend from provincial government and extremely competitive pricing.

AUSTRALIA

	2016 Rm	2015 Rm
Revenue (18% growth)	18 113	15 352
Operating profit (1,7% margin)	300	11

Building

Following strong growth of 42% in FY15, Probuild's building divisions delivered further growth of 18% in FY16. Good growth was again achieved in Victoria where retail and residential activity were the main sources of work. The Eastland shopping centre was completed during the year while extensions to the Chadstone shopping centre will continue into FY17. Residential activity consisted of a number of residential towers secured toward the end of FY15, most notably the iconic Aurora apartments, as well as construction of the Caulfield Village development adjacent to the Melbourne Race Club. Entry into the Queensland market is now firmly entrenched and the business continues to perform well. Further growth was achieved this year following the award of two additional projects to the value of AU$360m which complemented the ongoing construction of the Grand Cental shopping centre in Toowoomba and now completed Iglu student accommodation. In New South Wales revenue growth was moderate with activity being centred around residential developments as three apartment blocks were completed during the year. In Western Australia building activity remained constrained owing to a subdued mining sector. Revenue from Monaco Hickey was again lower in FY16 in response to a declining health and pharmaceuticals market, however the business has successfully entered both the residential and commercial sectors during the year as part of the broader strategy to expand the business into the sub AU$50m general building market.

Civil Engineering
Revenue from WBHO Infrastructure, the group’s civil engineering business in Australia, decreased in FY16 as a result of the planned restructuring of the business. The Western Region has performed well in a declining market negatively affected by poor mining related activity and has returned to profitability. In line with the business’s strategic long-term focus on being a national player in the infrastructure market, various projects within the road, resources and telecommunications sectors in the Western region were secured while a number of projects in the eastern states of Victoria and New South Wales were also targeted. Two of these projects, both major transport infrastructure capital works, were successfully secured and construction commenced in the second half of the year. These projects combined with lower restructuring costs resulted in better than expected profitability.

CONSTRUCTION MATERIALS

	2016 Rm	2015 Rm
Continuing operations		
Revenue (14% decline)	648	754
Operating profit (5,7% margin)	37	13

Following the disposal of 3Q Mahuma Concrete Holdings (Pty) Ltd during the year, continuing operations now consist only of Reinforced Mesh Solutions where revenue decreased marginally in FY16 following strong growth in the prior period. Profitability improved significantly from R13m to R37m achieving a margin of 6%. Demand from the local building sector continues to support activity levels.

ORDER BOOK AND PROSPECTS

		2016		2015
Order book by segment %	%	Rm	%	Rm
Building and civil engineering	20	8 683	24	9 136
Roads and earthworks	8	3 041	10	3 789
Australia	72	30 976	66	24 507
Total	100	42 700	100	37 432

		2016		2015
Order book by geography %	%	Rm	%	Rm
South Africa	25	10 532	29	11 005
Rest of Africa	3	1 192	5	1 920
Australia	72	30 976	66	24 507
Total	100	42 700	100	37 432

The order book at 30 June 2016 has increased by 14% over the prior period and reflects a sharp increase in the order book of the Australian building divisions while the Building and civil engineering and Roads and earthworks order books have declined both locally as well as in the rest of Africa.

The Australian order book now comprises 72% of the total book while the African book has dropped to 28% compared to 34% at 30 June 2015. While the proportion of the book may seem heavily weighted toward

Australia, the Australian order book traditionally has a longer horizon. Only 64% of the Australian order book relates to FY17 whereas 79% of the African book relates to FY17.

Due to the increased activity in Australia and the continued heavy weighting toward lower margin building and roadwork, margins are likely to remain at the lower end of the group's targeted range over the short to medium term.

South Africa and the rest of Africa

The local building market continues to deliver sufficient major projects each year. The Building division's reputation for being the contractor of choice in South Africa has resulted in a significant increase in market share in recent years. With 78% of FY16 revenue already secured for FY17, activity levels and margins are expected to be sustained over the short to medium term.

In Gauteng, new contract awards in the second half of the year include Times Square at the Menlyn precinct, offices at Loftus Park in Tshwane and an office development at 92 Rivonia in Sandton. These projects together with ongoing construction of offices for Discovery in Sandton, PricewaterhouseCoopers in Waterfall, Midrand and the Thavani Mall in Limpopo will comprise the main source of activity in FY17.

In KZN, we expect strong activity in FY17, underpinned by the ongoing construction of two major shopping centres, Ballito Junction due for completion in FY17 and Cornubia shopping centre in Umhlanga due for completion in FY18. In the commercial office sector the division secured a project for the construction of new offices for ABSA late in FY16. Additional opportunities within the entertainment and healthcare sectors are also being pursued. In the Western Cape activity is expected to taper due to the completion of various projects at the V&A Waterfront in the first half of the year. A number of projects in the residential apartment and healthcare sectors are being targeted for the second half of the year.

In the rest of Africa, the Building division has secured its first commercial office development and is the preferred contractor on an additional retail development in Ghana while ongoing construction of the Kumasi Mall will continue into the second half of FY17.

While conditions within the civil engineering industry are considered to be at the lowest levels seen in many years, positive signs are beginning to emerge. A number of large infrastructure projects have recently been brought to the market and certain mining houses are again making enquiries in respect of budget prices with projects which had previously been shelved now seemingly being resurrected. In the year ahead the Civil engineering division will continue with the re-access works at the Kusile power station and construction of a new furnace for Northam Platinum. The Civil engineering division, in conjunction with the group's Roads and earthworks division, is also the preferred contractor for the construction of a world class commercial crude oil terminal facility at Saldanha in the Western Cape. Various potential mining projects are also being targeted for the second half of the year. In Zambia, future work will be centred at the Mopani copper mine with potential for further opportunities at the mine as well as opportunities from the agricultural sector.

The Roads and earthworks order book has decreased by 16% from FY15. Subsequent to the completion of the gas-fired power station and a number of mining related projects in Mozambique in FY16, it is expected that activity in the rest of Africa will decrease in FY17, however a significant portion of this work has been replaced with local projects. A further R480m has been secured post the financial year end. As mentioned above, the division is the preferred contractor for the construction of a commercial crude oil terminal facility in Saldanha which will provide a significant amount of work for the earthworks and pipeline businesses within the division. Additionally, the division is at an advanced stage of negotiations with the developer of a logistics park in KZN as well as further opportunities in the mining sector which is showing signs of recovery. Having secured a large number of roadwork projects in FY16, the weighting toward this sector will increase further in FY17, creating added margin pressure. Roadspan in particular has a robust order book while Edwin is also expecting increased activity in the year ahead. In Botswana, construction of a new pump station along the North South Carrier pipeline along with various smaller-scale mining related projects will support activity next year, while in Mozambique, work on the coal mines will continue through the first half of the year with the potential for additional packages to be secured. In addition to targeting a further section of the EN4, the division is exploring a number of opportunities in other East African countries. The order book in West Africa remains subdued, however the division is adept at securing sufficient ongoing short-term projects to retain a presence in the region.

Australia

The continued strength in Australian building markets is clearly reflected by the growth in Probuild’s order book. Probuild is considered to be one of two dominant builders in Melbourne, Victoria. This year the group has focused on strengthening its footprint in other states in order to decrease potential over-exposure to the Victorian market should demand begin to subside. As a result, at 30 June 2016 the order books of Queensland, New South Wales and Western Australia have shown exceptional growth, while the Victorian order book has decreased by 16%. In Victoria, completion of the Werribee shopping centre and extensions to the Chadstone shopping centre, the expansion of the Melbourne Convention and Exhibition Centre and broader South Wharf precinct and construction of six residential towers will drive activity in FY17. In New South Wales, the second phases of the Promenade and Shore apartments are the main source of work, while in Western Australia, the group was recently awarded a project for the construction of The Towers and Ritz Carlton at Elizabeth Quay, the $500 million centre piece of Perth’s most prestigious waterside precinct. Construction activity in Queensland for FY17 will largely comprise completion of the Toowoomba shopping centre, Cooparoo Square, a mixed-use development and the six-star Jupiter Hotel on the Gold Coast.

While retaining its presence in Western Australia, WBHO Infrastructure has emphasised pursuing infrastructure opportunities in Victoria and New South Wales this year, culminating in the award of two road projects in the second half of the year and increasing the civil engineering order book by 77%. Successful execution of these projects is key to building relationships and demonstrating capability in these markets in order to further the division’s strategy to be a significant player in the national infrastructure market. Additional opportunities are being pursued in the renewable energy, road, port and rail sectors. The Western Region has renewed a number of maintenance contracts in the mining and oil and gas sectors while successfully securing major capital works in the resources and road sectors, enabling the division to increase its order book by 30% compared with the prior period. It is particularly pleasing to note that the division has secured projects to the value of AU$107m subsequent to 30 June 2016.

INDUSTRY MATTERS

With regard to the two outstanding cases referred to the Competition Tribunal previously reported on, WBHO remains confident that it can defend these matters as well as the civil claims received from the City of Cape Town and South African National Roads Agency.

SAFETY

Following an increase in the group's LTIFR from 0.75 at 30 June 2015 to 1.0 at 31 December 2015, we have successfully reduced the LTIFR back to 0.94 in the second half of the year. Regrettably, one subcontractor work-related fatality was experienced during the year. We extend our heartfelt condolences to the affected family, friends and colleagues.

APPRECIATION

The directors and management once again thank our clients and other stakeholders for their ongoing support and loyalty and in particular thank our employees for their unwavering commitment which has culminated in a strong set of results under challenging conditions.

DIVIDEND DECLARATION

Notice is hereby given that the directors have declared a final gross dividend of 313 cents per share (2015: 258 cents) payable to all shareholders recorded in the register on 18 October 2016. In terms of the dividends tax legislation the following information is disclosed:

The dividend is made from income reserves and is subject to dividend withholding tax of 15% which results in a net dividend of 266.05 cents per share. The number of shares in issue at date of declaration amount to 63 190 064 (54 860 514 exclusive of treasury shares) and the company's tax reference number is 9999597710.

In order to comply with the requirements of Strate, the following details are relevant:

Last date to trade cum dividend:	Tuesday, 18 October 2016
Trading ex dividend commences:	Wednesday, 19 October 2016
Record date:	Friday, 21 October 2016
Payment date:	Monday, 24 October 2016

Shares may not be dematerialised or rematerialised between Wednesday, 19 October and Friday, 21 October 2016 both dates inclusive.

MS Wylie	EL Nel	CV Henwood
Chairman	Chief Executive Officer	Chief Financial Officer

6 September 2016
Johannesburg

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