WBHO

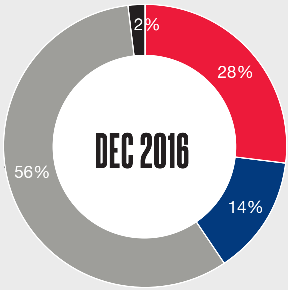
UNAUDITED RESULTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2016

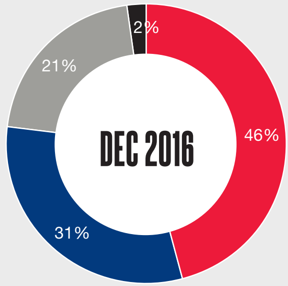
HIGHLIGHTS

Contribution by Segment

REVENUE



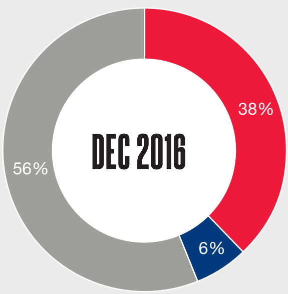
OPERATING PROFIT



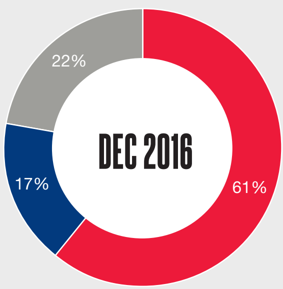
- Building and civil engineering (including property developments)
- Road and earthworks
- Australia
- Construction materials

Contribution by Geography

REVENUE



OPERATING PROFIT



- South Africa
- Rest of Africa
- Australia

Revenue ↑

0,9% to R15,4 billion

2015: R15,3 billion restated

Operating profit ↓

4,7% to R471 million

2015: R495 million

HEPS ↓

Continuing operations

38,3% to 398 cents

2015: 645 cents

Dividend ↑

11,1% to 150 cents

2015: 135 cents

WILSON BAYLY HOLMES-OVCON LIMITED
Building and civil engineering contractor
(Registration number: 1982/011014/06)
ISIN number: ZAE 000009932 Share code: WBO

UNAUDITED SUMMARY CONSOLIDATED INTERIM FINANCIAL STATEMENTS
for the six months ended 31 December 2016

CONTENTS

BASIS OF PREPARATION

The consolidated interim 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 these financial statements are in terms of International Financial Reporting Standards (IFRS) and are consistent with the accounting policies applied in the preparation of the previous consolidated annual financial statements.

The consolidated interim financial statements have been compiled under the supervision of the Chief Financial Officer, Charles Henwood CA (SA) and were authorised by the board on 24 February 2017.

The consolidated interim financial statements for the period ended 31 December 2016 have not been audited or reviewed by the group's auditors, BDO South Africa Inc.

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE AND OTHER COMPREHENSIVE INCOME

for the six months ended 31 December 2016

	% change	**Unaudited December 2016 R'000**	Restated Unaudited December 2015 R'000	Audited June 2016 R'000
Revenue	0,9	**15 415 743**	15 276 509	30 650 309
Operating profit before non-trading items	(4,7)	**471 352**	494 515	1 004 557
Socio-economic fund contribution		**(170 274)**	–	–
Profit on disposal of property		**–**	–	29 166
Profit on disposal of investment		**12 111**	–	–
Share-based payment expense		**(24 012)**	(25 386)	(42 481)
Operating profit		**289 177**	469 129	991 242
Share of profits from associates		**18 608**	20 081	45 659
Net finance income		**115 980**	69 537	203 014
Profit before taxation		**423 765**	558 747	1 239 915
Taxation		**(181 165)**	(170 307)	(395 715)
Profit from continuing operations	(37,5)	**242 600**	388 440	844 200
Loss from discontinued operations		**(3 613)**	(12 016)	(122 350)
Profit for the period		**238 987**	376 424	721 850
Other comprehensive income				
Items that may be reclassified to profit or loss:				
Translation of foreign entities		**(194 195)**	238 719	101 651
Share of associates' comprehensive income		**(3 070)**	–	28 618
Recycling of translation of foreign operations		**–**	–	284 086
Total comprehensive income for the period		**41 722**	615 143	1 136 205
Profit from total operations attributable to:				
Equity shareholders of Wilson Bayly Holmes-Ovcon Limited		**214 898**	348 353	725 533
Non-controlling interests		**24 089**	28 071	(3 683)
		238 987	376 424	721 850
Total comprehensive income attributable to:				
Equity shareholders of Wilson Bayly Holmes-Ovcon Limited		**17 633**	591 536	1 081 409
Non-controlling interests		**24 089**	23 607	54 796
		41 722	615 143	1 136 205
Earnings per share (cents)				
Basic earnings per share	(37,9)	**393,8**	634,1	1 322,3
Diluted earnings per share	(38,1)	**392,8**	634,1	1 322,3
Headline earnings per share	(37,5)	**395,3**	632,1	1 293,6
Dividend per share (cents)	11,1	**150,0**	135,0	448,0

	% change	**Unaudited December 2016 R'000**	Restated Unaudited December 2015 R'000	Audited June 2016 R'000
Profit from continuing operations attributable to:				
Equity shareholders of Wilson Bayly Holmes-Ovcon Limited		**216 905**	355 292	766 031
Non-controlling interests		**25 695**	33 148	78 169
		242 600	388 440	844 200
Earnings per share – continuing operations (cents)				
Basic earnings per share	(38,5)	**397,5**	646,7	1 396,1
Diluted earnings per share	(38,7)	**396,4**	646,7	1 396,1
Headline earnings per share	(38,3)	**398,1**	644,7	1 342,9

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the six months ended 31 December 2016

	Unaudited December 2016 R'000	Unaudited December 2015 R'000	Audited June 2016 R'000
Shareholders' equity at the beginning of the period	**5 428 429**	4 612 718	4 565 742
Profit for the period	**214 898**	348 353	725 533
Other comprehensive income	**(197 265)**	243 183	355 876
Dividend paid	**(189 700)**	(160 975)	(242 864)
Share buy-back	**–**	(28)	(28)
Derecognition of non-controlling interest	**–**	–	(10 639)
Treasury shares acquired	**(279 015)**	–	–
Share-based payment expense	**24 012**	25 386	43 845
Share-based payment settlement	**3 188**	6 261	5 472
Transactions with owners	**(31 962)**	(14 564)	(14 508)
Shareholders' equity at the end of the period	**4 972 585**	5 060 334	5 428 429

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2016

	Unaudited December 2016 R'000	Unaudited December 2015 R'000	Audited June 2016 R'000
ASSETS			
Non-current assets			
Property, plant and equipment	**1 657 235**	2 002 385	1 710 358
Goodwill	**520 818**	585 405	572 102
Investment in associates	**344 483**	283 699	347 171
Investments	**47 533**	193 666	201 942
Long-term receivables	**42 817**	113 216	96 193
Deferred taxation	**491 883**	460 363	558 840
Total	**3 104 769**	3 638 734	3 486 606
Current assets			
Inventories	**216 445**	201 063	210 314
Amounts due by customers	**546 285**	420 047	514 438
Trade and other receivables	**3 787 918**	4 963 585	5 111 251
Taxation receivable	**229 366**	429 128	294 687
Cash and cash equivalents	**5 161 208**	4 688 009	5 773 369
Total	**9 941 222**	10 701 832	11 904 059
Assets held-for-sale	**–**	283 338	–
Total assets	**13 045 991**	14 623 904	15 390 665
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	**28 597**	28 597	28 597
Non-distributable reserves	**253 432**	569 710	702 514
Distributable reserves	**4 690 556**	4 462 027	4 697 318
Shareholders' equity	**4 972 585**	5 060 334	5 428 429
Non-controlling interests	**195 408**	247 505	258 421
Total	**5 167 993**	5 307 839	5 686 850
Non-current liabilities			
Cash-settled share scheme liability	**17 571**	22 246	17 571
Borrowings	**56 884**	45 506	17 010
Other payables	**150 829**	–	–
Deferred taxation	**22 772**	57 958	24 253
Total	**248 056**	125 710	58 834
Current liabilities			
Excess billings over work done	**1 815 538**	1 988 825	1 917 491
Trade and other payables	**3 988 467**	4 714 642	5 508 209
Borrowings	**37 090**	135 685	87 355
Provisions	**1 746 406**	1 788 306	2 059 645
Taxation payable	**32 178**	7 939	51 106
Bank overdraft	**10 263**	4 710	21 175
Total	**7 629 942**	8 640 107	9 644 981
Liabilities associated with disposal group held-for-sale	**–**	550 248	–
Total equity and liabilities	**13 045 991**	14 623 904	15 390 665

CONSOLIDATED STATEMENT OF CASH FLOWS
for the six months ended 31 December 2016

	Unaudited December 2016 R'000	Unaudited December 2015 R'000	Audited June 2016 R'000
Operating profit before working capital requirements	**289 091**	821 212	1 681 906
Working capital changes	**(153 185)**	131 511	312 949
Cash generated from operations	**135 906**	952 723	1 994 855
Net finance income	**142 515**	115 291	141 641
Taxation paid	**(79 061)**	(272 117)	(487 234)
Dividends paid	**(200 450)**	(183 384)	(273 873)
Cash (utilised in)/retained from operations	**(1 090)**	612 513	1 375 389
Cash flow from investing activities			
Advances of loans and receivables	**(1 299)**	(88 662)	(14 000)
Repayment of loans and receivables	**9 346**	11 379	500 284
Additions to investments	**–**	(7 241)	(27 874)
Repayment of investments	**138 816**	–	–
Loans advanced to associates	**–**	(57 086)	(68 353)
Proceeds on disposal of businesses	**112 111**	–	–
Restructuring of debt	**–**	–	(65 114)
Proceeds on disposal of property, plant and equipment	**11 525**	53 492	213 168
Purchase of property, plant and equipment	**(80 816)**	(33 788)	(116 206)
	189 683	(121 906)	421 905
Cash flow from financing activities			
Repayment of borrowings	**(9 530)**	(5 250)	(141 272)
Transactions with owners	**(100 459)**	(28 267)	(41 720)
Purchase of treasury shares	**(279 015)**	–	(28)
Cash portion of socio-economic fund contribution	**(5 313)**	–	–
Instalments in respect of capitalised finance leases	**(39 199)**	(88 228)	(139 302)
	(433 516)	(121 745)	(322 322)
Net (decrease)/increase in cash and cash equivalents	**(244 923)**	368 862	1 474 972
Foreign currency translation effect	**(356 326)**	231 697	259 212
Overdraft in respect of disposal group at the beginning of the period	**–**	(332 180)	(332 180)
Cash and cash equivalents at the beginning of the period	**5 752 194**	3 995 089	3 995 089
Overdraft disposed of	**–**	–	355 101
Overdraft in respect of disposal group at the end of the period	**–**	419 831	–
Cash and cash equivalents at the end of the period	**5 150 945**	4 683 299	5 752 194

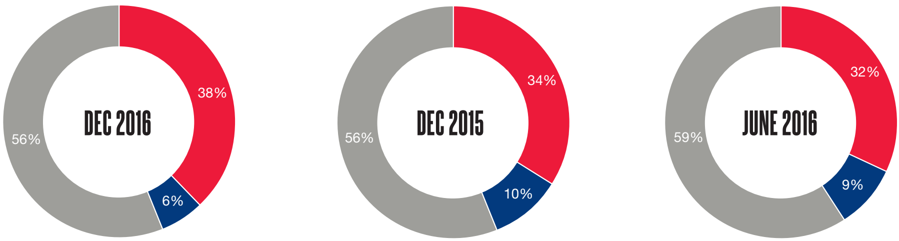
NOTES TO THE SUMMARY CONSOLIDATED INTERIM FINANCIAL STATEMENTS

for the six months ended 31 December 2016

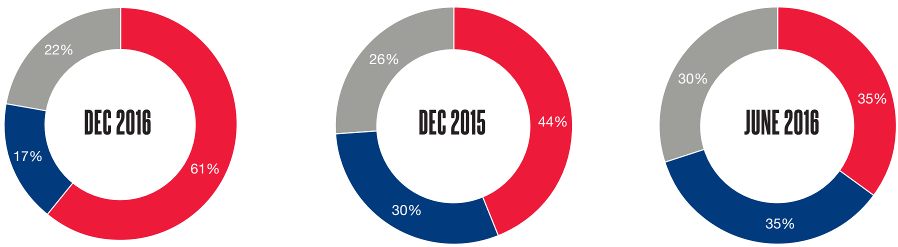
		Unaudited December 2016 R'000	Restated Unaudited December 2015 R'000	Audited June 2016 R'000
1. SEGMENTAL INFORMATION				
Continuing operations				
Segment revenue	% change			
Building and civil engineering	11,3	**4 332 227**	3 893 871	7 536 471
Roads and earthworks	(10,3)	**2 118 529**	2 362 034	4 333 788
Australia	(0,7)	**8 624 997**	8 683 576	18 112 931
Total construction revenue	0,9	**15 075 753**	14 939 481	29 983 190
Property developments	(91,5)	**1 551**	18 239	18 880
Construction materials	6,2	**338 439**	318 789	648 239
Total revenue		**15 415 743**	15 276 509	30 650 309
Segment operating profit	% margin			
Building and civil engineering	5,0	**217 233**	185 889	369 585
Roads and earthworks	6,8	**143 966**	149 302	283 422
Australia	1,2	**100 603**	127 671	300 392
Total construction operating profit	3,1	**461 802**	462 862	953 399
Property developments	4,8	**74**	14 998	14 656
Construction materials	2,8	**9 476**	16 655	36 502
Total operating profit	3,1	**471 352**	494 515	1 004 557
Geographical revenue	% change			
South Africa	16,1	**5 921 113**	5 099 141	9 739 222
Rest of Africa	(41,8)	**869 633**	1 493 792	2 798 156
Australia	(0,7)	**8 624 997**	8 683 576	18 112 931
		15 415 743	15 276 509	30 650 309
Geographical operating profit	% margin			
South Africa	4,9	**289 224**	217 527	346 354
Rest of Africa	9,4	**81 525**	149 317	357 811
Australia	1,2	**100 603**	127 671	300 392
	3,1	**471 352**	494 515	1 004 557

GEOGRAPHICAL ANALYSIS

REVENUE



OPERATING PROFIT



- South Africa
- Rest of Africa
- Australia

NOTES TO THE SUMMARY CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)
for the six months ended 31 December 2016

	Unaudited December 2016 R'000	Unaudited December 2015 R'000	Audited June 2016 R'000
2. RECONCILIATION OF HEADLINE EARNINGS			
Continuing operations			
Attributable profit	**216 905**	355 292	766 031
Adjusted for:			
Profit on disposal of investment*	**(6 729)**	–	–
Loss/(profit) on disposal of property, plant and equipment*	**10 117**	(1 523)	(41 215)
Tax effect	**(3 051)**	427	12 038
Headline earnings from continuing operations	**217 242**	354 196	736 854
Total operations			
Attributable profit	**214 898**	348 353	725 533
Adjusted for:			
Profit on disposal of investment*	**(6 729)**	–	–
Loss/(profit) on disposal of property, plant and equipment*	**10 784**	(1 523)	(41 755)
Profit on disposal of operations*	**–**	–	13 939
Tax effect	**(3 238)**	427	12 125
Headline earnings	**215 715**	347 257	709 842

** Net of non-controlling interests*

3. ORDINARY SHARES			
Ordinary shares in issue (R'000)	**63 190**	63 190	63 190
Weighted average number of shares ('000)	**54 572**	54 939	54 870
Diluted weighted average number of shares ('000)	**54 716**	54 939	54 870

	Unaudited December 2016 R'000	Unaudited December 2015 R'000	Audited June 2016 R'000
4. DISCONTINUED OPERATIONS AND DISPOSAL GROUP HELD-FOR-SALE			
Revenue	**–**	224 130	289 235
Operating loss before non-trading items	**(3 613)**	(3 667)	(11 831)
Loss on disposal of operations	**–**	–	(71 548)
Profit on sale of property	**–**	–	1 217
Onerous contracts	**–**	–	(14 753)
Impairment of loans	**–**	–	(2 683)
Operating loss	**(3 613)**	(3 667)	(99 598)
Net finance costs	**–**	(8 349)	(13 520)
Loss before tax	**(3 613)**	(12 016)	(113 118)
Taxation	**–**	–	(9 232)
Loss for the period	**(3 613)**	(12 016)	(122 350)
Loss attributable to:			
Equity shareholders of Wilson Bayly Holmes-Ovcon Limited	**(2 008)**	(6 939)	(40 498)
Non-controlling interests	**(1 605)**	5 077	(81 852)
	(3 613)	(12 016)	(122 350)
Disposal group held-for-sale			
Property, plant and equipment	**–**	260 704	–
Trade and other receivables	**–**	404	–
Cash and cash equivalents	**–**	22 230	–
Total assets	**–**	283 338	–
Short-term borrowings	**–**	(108 187)	–
Bank overdraft	**–**	(442 061)	–
Total liabilities	**–**	(550 248)	–

5. PRIOR PERIOD ERROR

At 30 June 2016, the group became aware that inter-company revenue from Capital Africa Steel (Pty Ltd had not been eliminated. This error also impacts the six-month period to 31 December 2015 and as a result, the group has restated these figures. The impact of the error is disclosed below:

Statement of financial performance and other comprehensive income

	Revenue R'000	Profit for the period R'000
As previously reported at 31 December 2015	15 405 407	376 424
Elimination of inter-company revenue	(128 898)	–
	15 276 509	376 424

There was no impact on earnings or headline earnings per share

There was no impact on the statement of cash flows or statement of financial position.

COMMENTARY

FINANCIAL REVIEW

REVENUE AND OPERATING PROFIT

Revenue from continuing operations amounting to R15,4 billion was in line with the revenue achieved in the comparative period. Revenue growth from the group's Building division offset lower revenue derived from the Civil engineering and Roads and earthworks divisions. The growth in revenue from the local Building divisions together with a heavier weighting of local work within the Roads and earthworks division resulted in an increase of 16% in revenue derived from South Africa. The lack of mining activity in the rest of Africa continues to impact revenue streams from the region which decreased by 42% over the comparative period. Australian revenue in rands remained largely flat.

Revenue from construction materials, which now consists only of the reinforcing business within Capital Africa Steel (Pty) Ltd (CAS), increased by 6%.

Operating profit before non-trading items decreased by 4,7% to R471 million from R495 million at 31 December 2015. The impact of lower profitability from Australia, hampered by one loss-making project and unrealised currency losses arising from the strengthening of the rand since 30 June 2016, was partially offset by improved profitability from the Building and civil engineering division due to the increase in revenue as well as an improvement in margin from 4,8% to 5,0%. While profitability from the Roads and earthworks division decreased by 4%, this was mitigated to some extent by an improvement in the margin from 6,3% to 6,8%. The overall margin for the group decreased minimally from 3,2% at 31 December 2015 to 3,1% in the current period.

NON-TRADING ITEMS

Included in non-trading items is an amount of R170 million in respect of the group's obligation arising from the agreement signed with the Government of South Africa (Settlement Agreement). WBHO will make annual contributions of R21,5 million over a 12 year period to a fund established for the purpose of developing and enhancing the construction industry with a particular focus on supporting the industry's transformation objectives. In terms of IFRS the present value of the full liability is recognised in the period in which the obligation is incurred.

The share-based payment expense of R24 million recognised in the period relates to the WBHO Share Plan for executive management, the existing broad-based share scheme and the management share schemes in place.

During the period, the WBHO Management Trust acquired 1 893 000 treasury shares at a cost of R279 million.

EARNINGS PER SHARE AND HEADLINE EARNINGS PER SHARE – CONTINUING OPERATIONS

The effect of the liability recognised in terms of the Settlement Agreement resulted in earnings per share from continuing operations decreasing by 39% from 647 cents per share at 31 December 2015 to 398 cents per share at 31 December 2016 and headline earnings per share decreasing by 38% to 398 cents per share from 645 cents per share. Adjusting the group's earnings for this once-off liability, earnings per share and headline earnings per share would have increased by approximately 10% as reflected in the table below.

	% change	**Unaudited December 2016**	Unaudited December 2015
Adjusted earnings per share – continuing operations (cents)			
Basic earnings per share	9,7	**709,5**	646,7
Diluted earnings per share	9,4	**707,6**	646,7
Headline earnings per share	10,1	**710,1**	644,7

ASSOCIATED COMPANIES

The group has an 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, a concession company responsible for providing serviced accommodation to the Department of Statistics.

Total equity invested within the concession companies amounts to R162 million.

Income from associate of R18 million 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 as the company has only recently begun the operational phase of the concession. During the period the group received a dividend of R20 million from Gigajoule International.

INVESTMENTS

Investments have decreased by R154 million since June 2016 following a capital repayment of AU$14 million from the Caulfield development in Australia.

WORKING CAPITAL

The completion of major projects and delays to the construction start of new projects in Australia resulted in working capital utilisation over the period.

CASH

Cash balances decreased by R601 million since 30 June 2016 to R5,2 billion largely due a stronger currency, share transactions in Australia and the purchase of additional treasury shares during the period. Cash generated from operations amounted to R136 million compared to R953 million generated in the comparative period. Capital expenditure during the period amounted to R139 million, of which R81 million was acquired for cash and R58 million was financed. Depreciation amounted to R115 million (2015: R128 million).

CHANGES IN SHAREHOLDING

In terms of the shareholder agreements, Probuild Constructions (Probuild) acquired a further 1,8% interest from minority shareholders during the period at a cost AU$3,6 million. In addition, WBHO Australia acquired a further 0,8% from minority shareholders at a cost of AU$1,4 million. Together these transactions increased the group's interest in Probuild from 83,02% to 85,6%. The remaining 17,5% in Renniks Construction was also acquired during the period at a cost of R3,8 million.

CONTINGENT LIABILITIES

Financial guarantees issued to third parties amount to R11 billion compared to R9,5 billion in issue at 30 June 2016.

OPERATIONAL REVIEW

BUILDING AND CIVIL ENGINEERING

		December 2016 Rm	December 2015 Rm
Revenue	11,3% growth	**4 332**	3 894
Operating profit	5,0% margin	**217**	186
Capital expenditure		**22**	10
Depreciation		**23**	22

BUILDING

Having begun the year with a healthy order book, the group's building division delivered strong results over the six month period particularly in South Africa which saw revenue growth of 28%. Both the Gauteng and Kwa-Zulu Natal (KZN) regions delivered growth while the Cape and Eastern Cape regions maintained activity levels consistent with those of the previous period.

The retail, commercial office and entertainment sectors continue to drive the growth in activity levels. Retail activity consisted largely of the Menlyn Maine Central Square project in Tshwane, the Thavhani Mall in Limpopo, the Ballito and Cornubia shopping centres in KZN and the Green acres shopping centre in the Eastern Cape. A large number of major projects within the commercial office sector which grew by 30% over the period, further supported activity levels. These projects consisted of the ongoing construction of new offices for Discovery and phase 3 of the Alice Lane precinct in Sandton, iconic new offices for PriceWaterhouse Coopers in Midrand, a development at Loftus in Tshwane and various projects at the V&A Waterfront in Cape Town (most notably the conversion of the grain silos precinct into a hotel, the Zeits Museum of Contemporary Art Africa (MOCAA), a mixed use development and parking). Construction of the Times Square Casino opposite the Menlyn Maine precinct also contributed strongly toward activity levels.

In Ghana activity levels were sustained as construction of the Kumasi City Mall progressed well and, having reached financial close, construction of the new offices for Standard Chartered Bank, a design and construct contract, has now commenced.

CIVIL ENGINEERING

Revenue from the Civil engineering division declined over the period due to a severely strained order intake and persistently weak mining activity, as well as delays to various contract start dates. Activity consisted largely of the re-access works at the Kusile Power Station, construction of a furnace for Northam Platinum, a stacker and reclaimer for Exarro at the Grootegeluk mine in Limpopo and the completion of the mill at the Cullinan mine for Petra Diamonds.

The division continues to secure various smaller-scale projects in Zambia within the mining, industrial and agricultural sectors.

ROADS AND EARTHWORKS

		December 2016 Rm	December 2015 Rm
Revenue	10,3% decline	**2 119**	2 362
Operating profit	6,8% margin	**144**	149
Capital expenditure		**86**	15
Depreciation		**53**	54

While the Roads and earthworks division experienced solid growth of 23% locally following strong activity within the roadwork sector, it was insufficient to mitigate the impact of the prevailing reduction in mining activity in the rest of Africa, particularly in Mozambique. As a result overall revenue decreased by 10% over the comparable period.

Overall, roadwork comprised 50% of the division's revenue, the majority of which consisted of local projects. Key projects consisted of the R24 near Rustenburg, improvements to the M1 near Oxford Road in Johannesburg, ongoing construction of various bus-rapid transport projects in Durban and Johannesburg (including the cable stay bridge over the M1 near Sandton), the N2 near Grahamstown and the N4 near Waterval Boven. Roadspan has also benefited from the increase in activity within the roadwork sector with the surfacing division achieving significant growth. Edwin Construction which relies on the provincial road sector, experienced a slow start to the year but did secure a number of projects in the second quarter. Construction of the N5 near Harrismith is progressing well.

Although there are a number of projects available within the pipeline market, competition within the sector is aggressive and the order intake remained low. Activity over the period consisted of the Nekartal dam pipeline in Namibia, an LPG terminal and the early works for the crude oil terminal facility, both at Saldanha, supported by various smaller contracts.

In Botswana, the impact of declining mining activity and the economy at large continues to stifle the number of available projects within both the mining and infrastructure sectors. However, the division recently secured construction of a pump station along the North South Carrier Pipeline which together with a number of smaller yet profitable mining projects supported activity in the first half of the year.

Mozambique was the single largest contributor to declining revenue from the rest of Africa where, following the completion of the gas-fired power station and the EN4 in the previous year and lower activity on the coal mines, revenue decreased substantially. However additional work secured on existing mining projects as well as a new section of the EN4 will assist activity levels in the second half of the year.

In West Africa, activity was limited to the construction of a new tailings dam at Ahafo in Ghana and various other small works contracts. Replacement of existing work remained difficult and revenue was again down from the comparative period.

AUSTRALIA

		December 2016 Rm	December 2015 Rm
Revenue	0,7% decline	**8 625**	8 684
Operating profit	1,2% margin	**101**	128
Capital expenditure		**29**	4
Depreciation		**33**	26

BUILDING

Despite having been successful in securing new projects over the six-month period, the Building business's revenue reduced by 11% due to delays in the construction start of projects. These delays were the result of longer than expected client planning requirements and financier approvals. Profitability for the period was impacted by a single loss-making residential project as well as unrealised exchange losses arising from a strengthening of the rand since 30 June 2016.

Strategic diversification of the workbook across all key states in Australia is proving to be successful as lower revenue from Victoria has been countered by increased activity in Queensland, Western Australia, New South Wales and Monaco Hickey.

Victoria remains the dominant market for Probuild with key projects under construction including extensions to the Melbourne Convention Centre as well as 6 high-rise residential towers, including the iconic 88 storey Aurora Tower which will be the second tallest building in Melbourne on completion.

In Western Australia, where activity levels have been subdued for a period of time, the division was awarded the construction of the Towers and six-star Ritz-Carlton Hotel at the Queen Elizabeth Quay in Perth. This AU$400m design and construct project involves the development of separate hotel and residential apartment towers which sit over a common podium and basement car parking adjacent to the Swan river and will contribute toward revenue over the coming period.

In Queensland, the last stage of the Toowoomba shopping centre is on programme for completion in April 2017 and the Jupiters six-star hotel tower on the Gold Coast is progressing well (ahead of the Commonwealth Games in April 2018). In New South Wales, Probuild has secured its largest project yet, the AU$340 Greenland Centre in Sydney, a 235 metre residential skyscraper (the tallest residential tower in Sydney) consisting of luxury apartments and penthouses which complements the existing portfolio of projects and further strengthens Probuild's presence in the region. Probuild's successful relationship with Greenland led to the award of a further project in Sydney in January 2017, a AU$100m residential development commencing in April.

INFRASTRUCTURE AND CIVIL ENGINEERING

The Infrastructure business achieved commendable growth of 25% over the previous six month period and now comprises approximately 10% of the Australian operation's total revenue, up from 7% in the comparative period. As revenue from the Western region was broadly in line with the prior period, the growth was derived from two new projects secured in the Eastern region toward the end of the last financial year. Both of these projects are progressing in line with expectations.

CONSTRUCTION MATERIALS

		December 2016 Rm	December 2015 Rm
Continuing operations			
Revenue	6,2% growth	**338**	319
Operating profit	2,8% margin	**9**	17
Capital expenditure		**2**	12
Depreciation		**5**	4
Discontinued operations			
Revenue		**–**	224
Operating loss		**(4)**	(12)

CONTINUING OPERATIONS

Although revenue from the steel business within CAS has shown some growth in the current six months trading conditions are difficult, particularly in Gauteng, the North West and KZN. Profitability has been affected by rising input costs in a market where pricing remains keen as well as a problematic contract in KZN.

ORDER BOOK AND OUTLOOK

	%	**31 December 2016**	%	30 June 2016
Order book by segment (Rm)				
Building and civil engineering	20	**8 090**	20	8 683
Roads and earthworks	15	**5 839**	8	3 041
Australia	65	**26 224**	72	30 976
Total	**100**	**40 153**	**100**	**42 700**
Order book by geography (Rm)				
South Africa	30	**12 004**	25	10 532
Rest of Africa	5	**1 925**	3	1 192
Australia	65	**26 224**	72	30 976
Total	**100**	**40 153**	**100**	**42 700**

The group's total order book at 31 December 2016 decreased by 6% to R40,2 billion from R42,7 billion at 30 June 2016. The decrease comprises a 15% decrease in the Australian order book and a 7% decrease in the Building and civil engineering order book, while the Roads and earthworks order book improved significantly by 92% to R5,8 billion from R3 billion at 30 June 2016.

AFRICA (INCLUDING SOUTH AFRICA)

While the local order book for building work remains healthy across all sectors and regions over the short-term, as predicted we are beginning to experience some softening in the project pipeline and a slightly slower order intake. That said, the local book did show improvement in the second quarter of the year.

Significant new awards for the Building division over the past six months include the Rosebank Link, a 15 storey office park with retail and basement parking opposite the Gautrain station, the expansion of the Gateway shopping centre in KZN and in Cape Town, the new Yacht Club development which consists of commercial space, residential apartments and a hotel component.

Further projects in the residential, hotel and commercial office sectors are being targeted over the short term.

In Ghana, the Kumasi City Mall will be completed in the second half of the year, while construction of the new offices for Standard Chartered Bank will continue into next year.

The Civil engineering division's order book has been significantly bolstered by the award of the commercial crude oil terminal facility at Saldanha as well as the expansion of a manufacturing plant for Twinsaver. Civil engineering opportunities are also being explored in the KZN, Eastern Cape and Western Cape markets as well as marine construction.

Following the strong order book growth within the Roads and earthworks division, we anticipate improved activity levels in the second half of the year. As with the Civil engineering division, the Roads and earthworks division's local order book also benefited from the award of the commercial crude oil terminal facility. Other major projects awarded include a contract for the construction of a new box-cut platform and road at Booysendal for Northam Platinum to accommodate an extension to the mine, bulk earthworks, infrastructure and access roads at the Clairwood logistics Park in KZN, and construction of a return water dam, haul road and service corridor for an ash dam for Sasol.

In West Africa, the division secured various projects late in the second quarter, these include projects for the Guinea Aluminia Corporation and Alufer Mining Limited, both in Guinea and a project on the Natougou gold project in Burkina Faso. These awards, which all have the potential for additional phases, will strengthen activity levels in the second six months and into the new financial year.

AUSTRALIA

The Australian building market remains strong and Probuild continues to maintain sound relationships with key clients resulting in repeat contracts. The Australian Building business has established a strong order book, with close to R11 billion in new work secured since 1 January 2017 across the retail, commercial and residential markets.

While a further softening of demand for residential projects is expected to continue throughout the 2017 calendar year, particularly at the budget and low-end of the market, Probuild continues to experience good volumes of work in the high-end, luxury residential space, a primary focus area for many of our existing blue-chip clients.

Lower activity in the residential sector is being offset by increased volumes within the commercial building space, a relatively new area of success for the Australian operations, and follows ongoing success in retail and hotel construction. The successful appointment of Probuild following a competitive tender for the site enabling and demolition for the Destination Brisbane project at Queens Wharf is also exciting. With landmark projects now in each of the key states of Queensland, New South Wales and Western Australia, the business is well positioned for future growth in those states, adding to the significant number of projects in the stronghold state of Victoria.

The Infrastructure and civil engineering order book in Australia has improved by 37% since 30 June 2016. While continuing to pursue key mining projects the division aims to reduce its reliance on this sector in the Western Region and secure projects from the infrastructure and telecommunication sectors during the first half of the 2017 calendar year.

In the Eastern region, the division was awarded the Yaloak windfarm in Victoria, a contract totalling AU$18m as well as a AU$28 million upgrade to the Bruce Highway in Queensland. Further projects in the road and renewable energy sectors are currently being targeted.

INDUSTRY MATTERS

SETTLEMENT AGREEMENT

On 11 October 2016, seven major listed construction companies signed a Settlement Agreement with the Government of South Africa. The primary purpose of the agreement is to achieve meaningful transformation within the construction sector. In addition to the socio-economic contributions made to the fund, companies may elect to either dispose of a significant portion of their businesses to black persons, or mentor existing black construction companies and grow their turnover to 25% of the individual listed company's qualifying South African turnover over a 7 year period.

WBHO has elected the second option and has identified 3 existing black construction companies whom we will work together with over the coming years.

COMPETITION COMMISSION

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 claim received from the City of Cape Town.

SAFETY

The group's LTIFR at 31 December 2016 improved to 0,93 injuries per million man hours from 0,94 at 30 June 2016. Regrettably the employee of a subcontractor was fatally injured on a project in Australia. WBHO extends its sincere condolences to the family and colleagues.

APPRECIATION

The directors extend their sincere appreciation to our many loyal clients for their continued belief in our ability to meet their expectations and deliver quality products on their behalf, none of which would be possible without the full commitment of our dedicated employees both in Africa and Australia. We acknowledge and thank them whole-heartedly for continuously giving their best.

DIVIDEND PAID AND DECLARED

The final gross dividend of 313 cents per share in respect of the year ended 30 June 2016 was paid to shareholders on 24 October 2016.

Notice is hereby given that the directors have declared an interim gross dividend of 150 cents per share (2015: 135 cents) payable to all shareholders recorded in the register on 21 April 2017.

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 20% which results in a net dividend of 120 cents per share. The company has no STC credits to be utilised.

The number of shares in issue at date of declaration amount to 63 190 064 (52 967 514 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 April 2017
Trading ex dividend commences:	Wednesday 19 April 2017
Record date:	Friday 21 April 2017
Payment date:	Monday 24 April 2017

Shares may not be dematerialised or re-materialised between Wednesday, 19 April and Friday 21 April 2017, both dates inclusive.

Shareholders and interested parties are advised that a presentation of the Company's unaudited interim financial results for the six months ended 31 December 2016 will be held at Investec's offices in Sandton on Wednesday, 1 March 2017 at 10:00. The presentation will also be made available on the Company's website at www.wbho.co.za.

EL Nel **CV Henwood** **MS Wylie**

24 February 2017

Sponsor:
Investec Bank Limited

NOTES

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