WBHO

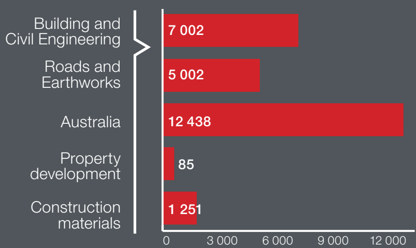
RESULTS 2014

AUDITED SUMMARY CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

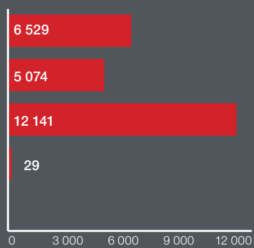
HIGHLIGHTS

REVENUE CONTRIBUTION BY SEGMENT continuing operations

2014: Total revenue R25 777m



2013: Total revenue R23 773m

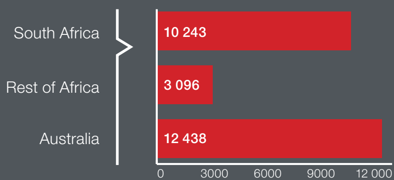


8,4% ↑

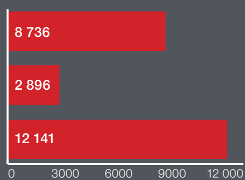
REVENUE

REVENUE CONTRIBUTION BY GEOGRAPHIC AREA continuing operations

2014: Total revenue R25 777m

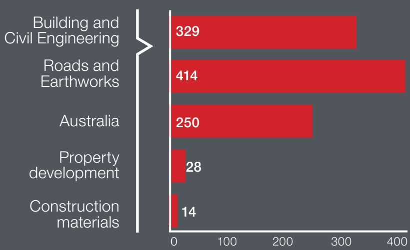


2013: Total revenue R23 773m

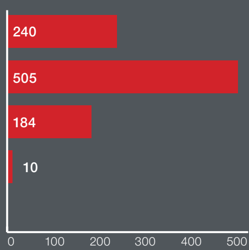


OPERATING PROFIT CONTRIBUTION BY SEGMENT continuing operations

2014: Total operating profit R1 035m



2013: Total operating profit R939m

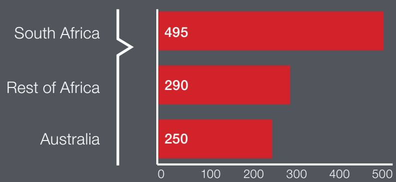


10,2% ↑

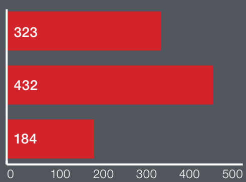
OPERATING PROFIT

OPERATING PROFIT CONTRIBUTION BY GEOGRAPHIC AREA continuing operations

2014: Total operating profit R1 035m



2013: Total operating profit R939m



CONTENTS

BASIS OF PREPARATION

for the year ended 30 June 2014

The summary consolidated financial statements for the year ended 30 June 2014 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"), the requirements of the International Accounting Standards ("IAS") 34, Interim Financial Reporting, 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.

The accounting policies used in the preparation of these results are in accordance with IFRS and are consistent in all material respects with those used in the audited annual financial statements for the year ended 30 June 2013.

The external auditor, BDO South Africa Inc., have issued an unmodified audit opinion on the group's consolidated financial statements and summary consolidated financial statements. These summary consolidated financial statements have been derived and are consistent in all material respects with the group's consolidated financial statements. A copy of the auditor's report on the group's consolidated financial statements are available for inspection at the Company's registered office, together with the financial statements identified in the auditor's report.

Mike Wylie
Chairman

Louwtjie Nel
Chief Executive Officer

Charles Henwood
Chief Financial Officer

29 August 2014

STATEMENT OF RESPONSIBILITY BY THE BOARD OF DIRECTORS

for the year ended 30 June 2014

The directors are responsible for the preparation, integrity and fair presentation of the summary consolidated financial statements of Wilson Bayly Holmes-Ovcon Limited and its subsidiaries. The summary 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"), the requirements of the International Accounting Standards ("IAS") 34, Interim Financial Reporting, 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 summary consolidated 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.

The going-concern basis has been adopted in preparing the audited summary consolidated 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 audited summary consolidated financial statements.

The preparation of the audited summary consolidated financial statements was supervised by the Chief Financial Officer, Charles Henwood CA(SA), and approved by the board of directors on 29 August 2014 and are signed on its behalf.

Mike Wylie
Chairman

Louwtjie Nel
Chief Executive Officer

29 August 2014

INDEPENDENT AUDITOR'S REPORT ON SUMMARY CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 June 2014

To the Shareholders of Wilson Bayly Holmes-Ovcon Limited

The summary consolidated financial statements of Wilson Bayly Holmes-Ovcon Limited, contained in the accompanying preliminary report, which comprise the summary consolidated statement of financial position as at 30 June 2014, the summary consolidated statements of financial performance and other comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of Wilson Bayly Holmes-Ovcon Limited for the year ended 30 June 2014. We expressed an unmodified audit opinion on those consolidated financial statements in our report dated 29 August 2014. Our auditor's report on the audited consolidated financial statements contained an Other Matter paragraph: Other reports required by the Companies Act (refer below).

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to annual financial statements. Reading the summary consolidated financial statements, therefore, is not a substitute for reading the audited consolidated financial statements.

Directors' Responsibility for the Summary Financial Statements

The directors are responsible for the preparation of the summary consolidated financial statements in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports, set out in basis of preparation note to the summary financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements, and for such internal control as the directors determine is necessary to enable the preparation of summary consolidated 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 the summary consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810, Engagements to Report on Summary Financial Statements.

Opinion

In our opinion, the summary consolidated financial statements derived from the audited consolidated financial statements of Wilson Bayly Holmes-Ovcon Limited for the year ended 30 June 2014 are consistent, in all material respects, with those consolidated financial statements, in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports, set out in the basis of preparation note to the summary financial statements and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

Other reports required by the Companies Act

The other reports required by the Companies Act paragraph in our audit report dated 29 August 2014 states that as part of our audit of the consolidated financial statements for the year ended 30 June 2014, 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 financial statements. These reports are the responsibility of the respective preparers. The paragraph states that, based on reading these reports, we have not identified material inconsistencies between these reports and the audited consolidated financial statements. The paragraph furthermore states that we have not audited these reports and accordingly do not express an opinion on these reports. The paragraph does not have an effect on the summary consolidated financial statements or our opinion thereon.

Other Matter

We have not audited future financial performance and expectations by management included in the accompanying summary consolidated financial statements and accordingly do not express any opinion thereon.

BDO South Africa Inc.

BDO South Africa Inc
Director: Stephen Shaw
Registered Auditor

22 Wellington Road, Parktown, 2193
29 August 2014

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE AND OTHER COMPREHENSIVE INCOME

for the year ended 30 June 2014

	% change	Audited June 2014 R'000	Audited June 2013 R'000
Revenue from continuing operations	8,4	25 776 907	23 773 481
Operating profit before non-trading items	10,2	1 034 852	939 191
Impairment of goodwill		(392)	(9 112)
Loss on deemed disposal of associate		(1 914)	–
Contingent consideration refunded		–	9 720
Fair value adjustments to investments		–	(6 429)
Impairment of property, plant and equipment		(15 340)	(536)
Share-based payment expense		(33 337)	(24 990)
Operating profit		983 869	907 844
Share of profit/(loss) from associate		11 168	(14 890)
Net finance income		113 202	115 623
Profit before taxation		1 108 239	1 008 577
Taxation		(332 972)	(333 672)
Profit from continuing operations	14,9	775 267	674 905
Loss from discontinued operations		(527 030)	–
Profit for the year		248 237	674 905
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss:			
Translation of foreign entities		(64 216)	125 374
Share of associates' comprehensive income		6 967	28 873
Total comprehensive income for the year		190 988	829 152
Total comprehensive income attributable to:			
Equity shareholders of Wilson Bayly Holmes-Ovcon Limited		401 252	765 992
Non-controlling interests		(210 264)	63 160
		190 988	829 152
Profit for the year attributable to:			
Equity shareholders of Wilson Bayly Holmes-Ovcon Limited		422 742	611 745
Non-controlling interests		(174 505)	63 160
		248 237	674 905
Basic earnings per share (cents)	(30,8)	763,8	1 104,3
Diluted earnings per share (cents)	(30,2)	762,6	1 093,3
Headline earnings per share (cents)	1,9	1 172,6	1 150,9
Dividend per share (cents)		368,0	368,0

	% change	Audited June 2014 R'000	Audited June 2013 R'000
Profit from continuing operations attributable to:			
Equity shareholders of Wilson Bayly Homes-Ovcon Limited		705 438	611 745
Non-controlling interests		69 829	63 160
		775 267	674 905
Basic earnings per share (cents)	15,4	1 274,5	1 104,3
Diluted earnings per share (cents)	16,4	1 272,5	1 093,3
Headline earnings per share (cents)	11,4	1 282,1	1 150.9

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2014

	Audited June 2014 R'000	Audited June 2013 R'000
Stated capital and reserves at the beginning of the year	4 423 257	4 110 338
Profit for the year	422 742	611 745
Translation of foreign entities	(21 490)	154 247
Dividend paid	(235 490)	(241 619)
Share-based payment expense	33 337	24 990
Share-based payment settlement	12 496	2 567
Changes in shareholding	(43 612)	(239 011)
Stated capital and reserves at the end of the year	4 591 240	4 423 257

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2014

	Audited June 2014 R'000	Audited June 2013 R'000
ASSETS		
Non-current assets		
Property, plant and equipment	2 163 442	1 949 689
Goodwill	644 936	582 509
Intangible assets	1 282	–
Investment in associates	97 847	442 123
Investments	96 997	43 624
Long-term receivables	292 345	166 064
Deferred taxation	365 903	200 825
Total non-current assets	3 662 752	3 384 834
Current assets		
Inventories	259 025	190 727
Amounts due by customers	929 688	718 566
Trade and other receivables	4 955 738	4 435 912
Taxation receivable	356 268	271 633
Cash and cash equivalents	2 756 700	3 335 559
Total current assets	9 257 419	8 952 397
Assets held-for-sale	477 642	–
Total assets	13 397 813	12 337 231
EQUITY AND LIABILITIES		
Capital and reserves		
Stated capital	28 625	28 625
Non-distributable reserves	578 873	556 084
Distributable reserves	3 983 742	3 838 548
Shareholder's equity	4 591 240	4 423 257
Non-controlling interests	273 776	152 108
Total equity	4 865 016	4 575 365
Non-current liabilities		
Borrowings	184 903	160 747
Deferred taxation	32 591	11 738
Total non-current assets	217 494	172 485
Current liabilities		
Excess billings over work done	1 417 028	1 630 676
Trade and other payables	4 697 296	4 195 987
Short-term portion of borrowings	149 645	136 343
Provisions	1 313 421	1 499 100
Taxation payable	66 552	127 275
Bank overdraft	115 605	–
Total current liabilities	7 759 547	7 589 381
Liabilities associated with disposal group held-for-sale	555 756	–
Total equity and liabilities	13 397 813	12 337 231

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June 2014

	Audited June 2014 R'000	Audited June 2013 R'000
Operating profit before working capital requirements	1 344 045	1 366 559
Working capital changes	(546 938)	217 669
Cash generated from operations	797 107	1 584 228
Net finance income	61 005	106 188
Taxation paid	(548 071)	(408 079)
Dividends paid	(265 089)	(282 357)
Cash retained from operations	44 952	999 980
Cash flow from investing activities		
Advance of long-term receivables	(211 166)	(18 027)
Additional investment in associates	(27 524)	–
Additions to investments	(53 547)	(39 829)
Contingent consideration refunded	–	9 720
Changes in shareholding of subsidiaries	(54 787)	(242 540)
Proceeds on disposal of plant and equipment	106 175	49 966
Repayment of receivable	15 753	–
Proceeds on disposal of operations	29 052	–
Purchase of property, plant and equipment		
– to maintain operations	(210 032)	(155 911)
– to expand operations	(92 111)	(279 000)
Net cash flow from investing activities	(498 187)	(675 621)
Cash flow from financing activities		
Repayment of borrowings	(22 565)	–
Instalments in respect of capitalised finance leases	(163 494)	(102 860)
Net cash flow from financing activities	(186 059)	(102 860)
Net (decrease)/increase in cash and cash equivalents	(639 294)	221 499
Cash and cash equivalents at the beginning of the year	3 335 559	3 068 884
Net overdraft acquired	(263 927)	–
Foreign currency translation effect	(59 693)	45 176
Net overdraft in respect of disposal group	268 450	–
Cash and cash equivalents at the end of the year	2 641 095	3 335 559

NOTES TO THE SUMMARY AUDITED FINANCIAL STATEMENTS

for the year ended 30 June 2014

1. DISCONTINUED OPERATION AND DISPOSAL GROUP HELD-FOR-SALE

During the year, four operations within the construction materials business segment were classified as discontinued operations. Symo Steel (a division of Capital Africa Steel) and Krost Shelving (Pty) Ltd were disposed of for a loss of R40 million. A sale agreement (pending certain conditions) has been concluded in respect of Dywidag Systems International (Pty) Ltd. Capital Africa Steel is engaging with a number of parties who have signed non-disclosure agreements and expressed an interest to purchase the Capital Star Steel business.

	Audited June 2014 R'000
Revenue	483 731
Cost of sales	(522 643)
Gross loss	(38 912)
Operating expenses	(27 021)
Operating loss before non-trading items	(65 933)
Impairment of property, plant and equipment	(360 014)
Loss on disposal of operations	(39 778)
Onerous contracts	(35 233)
Operating loss	(500 958)
Share of profits from associate	5 223
Net finance costs	(31 307)
Loss before tax	(527 042)
Taxation benefit	12
Loss from discontinued operations	(527 030)
Loss from discontinued operations attributable to:	
Equity shareholders of Wilson Bayly Holmes-Ovcon Limited	(282 696)
Non-controlling interests	(244 334)
	(527 030)
Assets classified as held-for-sale	
Disposal group held-for-sale	
Property, plant and equipment	178 000
Inventories	137 270
Trade and other receivables	44 722
Cash and cash equivalents	32 085
Assets of disposal group held-for-sale	392 077
Non-current asset held-for-sale	
Investment in associate	85 565
Assets classified as held-for-sale	477 642
Disposal group held-for-sale	
Trade and other payables	(213 108)
Provisions	(42 113)
Bank overdraft	(300 535)
Liabilities associated with assets of a disposal group held-for-sale	(555 756)

2. RECONCILIATION OF HEADLINE EARNINGS

	Audited June 2014 R'000	Audited June 2013 R'000
Headline earnings from continuing operations		
Attributable profit from continuing operations	705 438	611 745
Adjusted for:		
Group:		
Impairment of goodwill	392	9 112
Loss on deemed disposal of associate	1 914	–
Fair value adjustments to investments*	–	1 669
Impairment of property, plant and equipment*	14 825	536
Net (gain)/loss on disposal of property, plant and equipment	(12 213)	766
Tax effect	(731)	(523)
Associates:		
Loss on dilution of interest in associate	–	1 802
Impairment of goodwill	–	2 855
Loss on disposal of investments	–	9 055
Impairment of property, plant and equipment*	–	620
Tax effect	–	(87)
	709 625	637 550
Headline earnings from total operations		
Attributable profit from total operations	422 742	611 745
Adjusted for:		
Group:		
Impairment of goodwill	392	9 112
Loss on deemed disposal of associate	1 914	–
Fair value adjustments to investments*	–	1 669
Net loss on disposal of investment*	22 101	–
Impairment of property, plant and equipment*	214 849	536
Net (gain)/loss on disposal of property, plant and equipment	(12 213)	776
Tax effects	(731)	(523)
Associates:		
Loss on dilution of interest in associate	–	1 802
Impairment of goodwill	–	2 855
Loss on disposal of investments	–	9 055
Impairment of property, plant and equipment*	–	620
Tax effect	–	(87)
	649 054	637 550

* *Net of non-controlling interest*

3. ORDINARY SHARES

	Audited June 2014	Audited June 2013
Ordinary shares in issue ('000)	66 000	66 000
Weighted average number of shares ('000)	55 350	55 397
Diluted weighted average number of shares ('000)	55 436	55 956

4. BUSINESS COMBINATIONS

Deemed acquisition of a subsidiary

On 1 July 2013, Capital Africa Steel (CAS) acquired 10,0% of its share capital for an amount of R15,9 million through a share buy-back transaction with the result that the group's shareholding increased from 50,0% to 55,6%.

The CAS group contributed revenue of R1,3 billion, profit before tax of R4,2 million from continuing operations and an attributable loss of R283 million from discontinued operations during the year. The following summarises the deemed consideration transferred and received and the recognised amounts of identifiable assets acquired and liabilities assumed at the acquisition date.

	1 July 2013 R'000
Assets	
Property, plant and equipment	660 063
Intangible assets	2 093
Investments in associates	88 675
Long-term receivables	4 828
Deferred taxation	52 033
Inventory	397 411
Trade and other receivables	403 805
Cash and cash equivalents	70 489
	1 679 397
Liabilities	
Borrowings	132 546
Deferred taxation	159
Provisions	2 294
Contingent liability	15 900
Short-term portion of borrowings	14 435
Trade and other payables	465 180
Bank overdraft	341 693
	972 207
Identifiable net assets and liabilities	707 190
Fair value of previously held interest	379 226
Non-controlling interests recognised	337 089
Fair value of identifiable assets and liabilities	(707 190)
Goodwill	9 125

The following fair values have been determined:

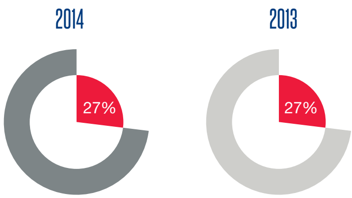
- The fair value of the investment in associate has been determined using the discounted cash flow method. A discount rate of 16,4% over a period of five years was used to discount the expected cash flows.
- The contingent liability of R15,9 million represented an obligation in respect of the buy back of shares.
- Deferred tax assets of R4,2 million not recognised by the CAS Group have been recognised as there is an expectation that the deferred tax asset will be utilised in the future. The carrying value of the remaining identifiable assets and liabilities approximates the fair values at the acquisition date.

NOTES TO THE SUMMARY AUDITED FINANCIAL STATEMENTS (continued)
for the year ended 30 June 2014

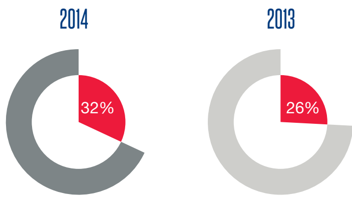
5. SEGMENTAL ANALYSIS

Building and civil engineering

Revenue



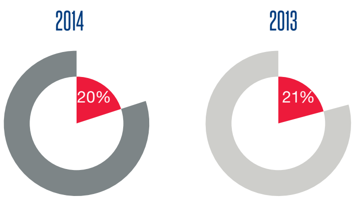
Operating profit



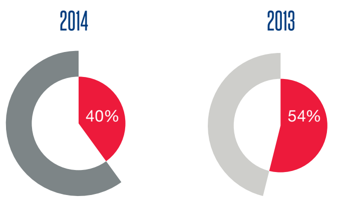
	2014 R'000	2013 R'000
Revenue – external customers	7 001 985	6 528 934
Operating profit before non-trading items	329 089	240 234
Additional items regularly reported to the executive committee:		
Impairment of goodwill	–	9 112
Depreciation and amortisation	51 862	39 999
Capital expenditure	53 614	49 459

Roads and earthworks

Revenue



Operating profit

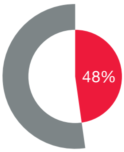


	2014 R'000	2013 R'000
Revenue – external customers	5 001 508	5 073 998
Operating profit before non-trading items	413 888	505 162
Additional items regularly reported to the executive committee:		
Impairment of property, plant and equipment	14 181	536
Depreciation and amortisation	165 639	171 214
Capital expenditure	151 969	312 886

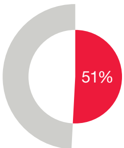
Australia

Revenue

2014



2013



Operating profit

2014

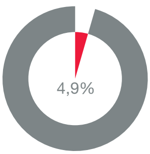
2013

	2014 R'000	2013 R'000
Revenue – external customers	12 437 970	12 141 346
Operating profit before non-trading items	250 040	184 202
Additional items regularly reported to the executive committee:		
Impairment of goodwill	392	–
Depreciation and amortisation	75 309	67 604
Capital expenditure	127 804	135 150

Construction materials*

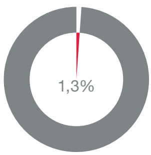
Revenue

2014



Operating profit

2014



	2014 R'000	2013 R'000
Continuing operations		
Revenue – external customers	1 250 844	–
Operating profit before non-trading items	13 778	–
Additional items regularly reported to the executive committee:		
Impairment of property, plant and equipment	1 159	–
Depreciation and amortisation	33 394	–
Capital expenditure	79 175	–
Loss on disposal of operations	1 639	–

NOTES TO THE SUMMARY AUDITED FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2014

	2014 R'000	2013 R'000
Discontinued operations		
Revenue – external customers	483 731	–
Operating loss before non-trading items	(65 934)	–
Additional items regularly reported to the executive committee:		
Depreciation and amortisation	29 127	–
Impairment of property, plant and equipment	360 014	–
Loss on disposal of operations	39 778	–

* *A segment for construction materials has been created following the consolidation of Capital Africa Steel, a group of companies supplying the construction sector. Four operations (including an associate) within the construction materials segment were discontinued in the current year.*

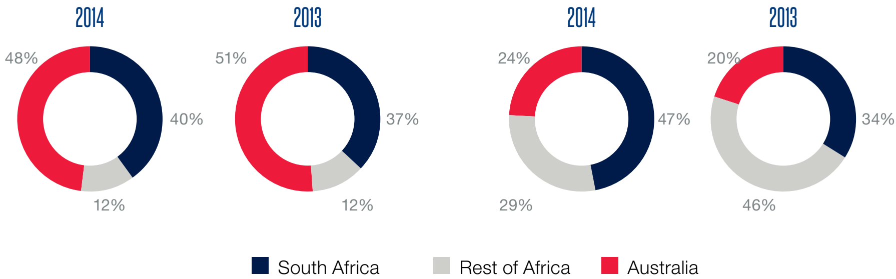
Property developments

	2014 R'000	2013 R'000
Revenue – external customers	84 601	29 203
Operating profit before non-trading items	28 057	9 593

Geographical area

Revenue

Operating profit



	2014 R'000	2013 R'000
Revenue – external customers		
South Africa	10 242 530	8 736 057
Rest of Africa	3 096 407	2 896 078
Australia	12 437 970	12 141 346
	25 776 907	23 773 481
Operating profit before non-trading items		
South Africa	495 022	323 240
Rest of Africa	289 790	431 749
Australia	250 040	184 202
	1 034 852	939 191

FINANCIAL REVIEW

Despite challenging conditions within certain sectors, the group's construction divisions have delivered a credible performance. However, the poor performance from the pipe factory in Mozambique, Capital Star Steel (CSS), has been of great concern and significantly affected the overall financial performance of the group. Reference to discontinued operations includes the trading results for CSS, Symo Steel and Krost (Pty) Ltd and the equity accounted income from Dywidag-Systems International (Pty) Ltd (DSI).

Continuing operations

Revenue from continuing operations increased by 8,4% during the year, however, approximately 3,2% relates to the full consolidation of Capital Africa Steel from 1 July 2013. Following strong growth of 24% in FY13, the Building and civil engineering division achieved moderate growth of 7,2% in the current year in what remains a buoyant private sector building market. The Roads and earthworks division has performed well to achieve revenue which is only marginally down (1,4% decrease) from the prior year, given the effect of very little activity in the mining sector both locally and in Africa. Revenue from the Australian businesses was essentially static in dollar terms (2,4% decrease) and this was primarily due to start-up delays on certain projects in the second half of the year. In rand terms, revenue increased by 2,4% after the effects of currency conversions. Revenue from continuing operations within the construction materials division amounted to R1,3 billion and relates to the rebar, ready-mix and aggregate businesses.

Operating profit from continuing operations before non-trading items increased by 10,2% to R1 billion at a margin of 4,0% compared to R939 million at 3,9% in FY13. Improvement in building margins in the second half of the year were unfortunately offset by declining margins in the Civil engineering and Roads and earthworks divisions due to the lack of work from the mining sector and strong competition in the road sector. The Australian construction margin returned to the 2,0% level in the current year. Margins in the materials businesses have been under severe pressure in the second half particularly in the rebar market and this is reflected in the disappointing margin achieved of 1,1%.

Discontinued operations

Subsequent to the business update released on SENS in June 2014 in which shareholders were advised of the effects of production constraints and poor trading conditions on the value of non-current assets within the pipe mill, CSS, as well as concerns over the future viability of the business, a decision was reached to dispose of Capital Star Steel. The trading losses within CSS amount to R65 million for the year and at 30 June FY14 the carrying amount of the factory was impaired by R360 million. The shelving and racking businesses, Symo (a division within CAS) and Krost (Pty) Ltd were both disposed of during the year and have also been disclosed as discontinued operations. The management of CAS have furthermore concluded a sale agreement in respect of DSI, a company supplying roof bolts to the mining sector, and the equity accounted earnings from this business are also included in discontinued operations. Assets to the value of R478 million net of the impairment of R360 million have been classified as held-for-sale. Associated liabilities amounted to R556 million and have also been reclassified. The investment amount in respect of DSI has also been classified as held-for-sale.

Earnings per share and headline earnings per share

The combined effect of the trading losses, impairment losses and disposal losses have resulted in a decrease in earnings per share of 30,8% from 1 104 cents per share in FY13 to 764 cents per share in FY14. Headline earnings per share which excludes the effect of the impairment and disposal losses increased by 1,9% to 1 173 cents per share from 1 151 cents per share. Earnings per share and headline earnings per share, in respect of continuing operations, have increased by 15,4% and 11,4% respectively over the comparative period.

Taxation

The effective tax rate of 30,1% is a result of foreign taxes raised in higher tax rate jurisdictions and withholding taxes levied on dividends repatriated during the period.

Cash

Cash generated from operations amounts to R797 million compared to R1 584 million generated in the comparative period. The decrease in cash balances of R695 million at 30 June FY14 is attributable to the consolidation of a net overdraft of R264 million within the CAS group of companies, the working capital utilisation of R547 million and taxation paid of R548 million. Capital expenditure during the period amounted to R413 million against an authorised budget of R430 million and depreciation amounted to R355 million (2013: R277 million)

Changes in shareholding

On 1 July 2013, CAS acquired 10,0% of its share capital for an amount of R15,9 million through a share buy-back transaction, with the result that the group's shareholding increased to 55,6%. In accordance with IFRS 3: Business combinations, a loss of R1,9 million has been recognised on the deemed disposal of the group's 50,0% share in CAS and goodwill of R9 million was accounted for on the re-acquisition of the 55,6% interest as a subsidiary.

Probuild repurchased equity from minority shareholders in the year under review resulting in an increase in the group's interest from 78,5% to 80,0% at a cost of R26 million. Debit amounts of R13 million were recognised in equity. Probuild also increased its interest from 60,0% to 84,0% within Monaco Hickey at a cost of R12,7 million. Debit amounts of R2,8 million were recognised in equity.

Contingent liabilities

Financial guarantees issued to third parties amount to R6,6 billion compared to R4,7 billion issued as at 30 June 2013.

OPERATIONAL REVIEW

Building and civil engineering

		FY14 Rm	FY13 Rm
Revenue	7,2% growth	7 002	6 529
Operating profit	4,7% margin	329	240

Building

The strengthening of the building market observed towards the end of FY13 has continued through FY14 and the division's work on-hand has grown steadily over the year. Margins have shown some improvement during the year, however, they remain competitive. The division continues to negotiate the large majority of its projects on the strength of its reputation for consistent reliable delivery demonstrated with a proven track record.

Despite the effects of difficult economic conditions on consumers' disposable income, the retail sector remains resilient particularly in Gauteng with new developments under construction in the major city areas of Tshwane, Midrand and Newtown in Johannesburg, as well as in the more outlying areas of Orange Farm, Heidelberg and Krugersdorp. Furthermore existing centres in Rosebank and Sandton have refurbishments and upgrades in progress. Various new offices for large corporates further supported the Gauteng market. In KwaZulu-Natal (KZN), development in and around Umhlanga and Ballito has grown steadily since the opening of the King Shaka Airport. New corporate offices have underpinned the KZN division's growth this year although the healthcare sector, both public and private, also contributed strongly towards performance. In the Western Cape, growth in tourism has supported demand for residential apartments as well as ongoing development within the V&A Waterfront, both of which have provided a strong source of projects for the Cape division along with the Kathu renewable energy project which is now nearing completion. The Eastern Cape division has had a challenging year with a significant decrease in activity in the region. This together with some under-performing contracts resulted in a poor performance however the order book of the division has shown improvement in the second half of FY14. The successful completion and handover of the FAW truck assembly plant was a highlight of the year.

The expansion of the division's geographical footprint into Africa continues to gain traction with the award of two additional shopping centres in Ghana during the year to replace the West Hills Mall development which is nearing completion.

Civil engineering

The Kusile Power Station continues to contribute strongly towards revenue for the Civil engineering division particularly in the context of persistent pressure on mining-related infrastructure projects during the current downward trend in activity from the mining sector. In Zambia the division completed the Ndola Brewery for SAB Miller during the year and has established various relationships with other clients which provide sufficient projects to retain a presence in the region in the short to medium term.

Roads and earthworks

		FY14 Rm	FY13 Rm
Revenue	(1,4)% growth	5 002	5 074
Operating profit	8,3% margin	414	505

Subdued activity within the global mining sector has resulted in fewer available mining projects and a heavier weighting of the work on-hand toward roadwork, mostly in South Africa, in recent years. The absence of an anchor mining project in West Africa together with the competitive nature of the roads market continues to affect the overall margin of the Roads and earthworks division which has dropped to 8,3% in FY14 (FY13: 9,9%).

Revenue from the South African businesses (including the SADC regions) was broadly in line with that of the previous year. Increased revenue from the ancillary works at the Kusile Power Station and the Husab Uranium mine in Namibia offset lower SA revenue from the Pipeline division. Increased revenue from the North South Carrier Pipeline contributed towards revenue from Botswana exceeding R1 billion in FY14. In our interim report we reported on delays affecting the NSC project caused by heavy flooding. The time lost due to the floods and the resulting repair work done in the second half of the year has placed the project behind programme which is affecting profitability, however, the mining and airport projects in Botswana performed well. In Mozambique revenue grew by 16,0% following the start of the EN4 road rehabilitation contract for Trans African Concessions (TRAC). This revenue growth in Botswana and Mozambique has substantially offset a sharp decline in revenue in West Africa which consisted mainly of ad hoc maintenance type work in FY14, with reduced teams in both Ghana and Sierra Leone. Both Edwin and Roadspan performed well during the year.

Australia

		FY14 Rm	FY13 Rm
Revenue	2,4% growth	12 438	12 141
Operating profit	2,0% margin	250	184

Probuild

Revenue from Probuild decreased by 7,3% in dollar terms, however, this is primarily due to secured projects starting later than anticipated in the latter half of the year rather than a decrease in activity. Demand within the Australian building market has been strengthening in recent years due to an increase in Asian developers investing in residential apartments while developers within the retail market have now also begun delivering large scale retail developments to the construction market. These buoyant conditions are reflected in the growth in activity levels of 29% in FY13 which have been maintained through FY14.

The revenue from each of the divisions within the business was comparable with that of the previous period with the marginal decline originating from Melbourne and Monaco Hickey. From a profitability perspective the FY14 performance improved significantly following the completion of the three loss-making projects reported on in FY13. Monaco Hickey which operates in the pharmaceutical market has however experienced a slow-down. A number of residential towers were completed during FY14 with three new towers now under construction. Construction on the Eastland, Chadstone and Werribee shopping centres is progressing well.

WBHO Civil

Revenue grew by 33,6% in FY14 supported by the $113 million anchor project at the Burrop Technical Ammonia Nitrate Facility in the Pilbara as revenue from mining related projects continued to taper. As part of a strategy to diversify away from a heavy reliance on mining work, WBHO Civil has started a roads and special projects division, however, penetration into these new markets has been slower than anticipated.

Property

	FY14 Rm	FY13 Rm
Revenue	85	29
Operating profit	28	10

All stands at the Simbithi Eco Estate near the King Shaka International Airport in KZN have now been sold with only a few stands remaining to be transferred in the FY15 year. Sales at the golf course development at St Francis in the Eastern Cape remain lacklustre and while no improvement is anticipated by management in the short-term.

Capital Africa Steel

	FY14 Rm	FY13* Rm
Continuing operations		
Revenue	1 251	814
Operating profit	14	63
Discontinued operations		
Revenue	484	835
Operating profit	(66)	(26)

* *Not consolidated in FY13, for comparative purposes only.*

Improvements within the building market have yet to filter through to the construction materials markets which supply into it. This combined with the effects from the stagnant mining sector, saw conditions actually deteriorate in the second six months of the year. Over-supply, declining margins and rising input costs over this period diluted what had been a promising first six months from these businesses. In respect of the pipe supply market, the slower growth of the Chinese economy in recent years has resulted in an over-supply of pipe within the global market which has driven prices down while steel prices increased and demand has decreased in the SA pipe market over the same period. A decision by the Capital Africa Steel board to sell CSS was reached.

ORDER BOOK AND PROSPECTS

	FY2014		FY2013	
	%	Rm	%	Rm
Order book by segment				
Building and civil engineering	23	8 207	33	7 253
Roads and earthworks	14	5 064	17	3 817
Australia	63	22 880	50	10 806
Total	100	36 151	100	21 876
Order book by geography				
South Africa	31	11 363	45	9 783
Rest of Africa	6	1 908	5	1 287
Australia	63	22 880	50	10 806
Total	100	36 151	100	21 876

The 65,3% increase in the order book at 30 June 2014 to R36,1 billion from R21,9 billion reflects a general improvement in the order books across each of the divisions within the group but is predominantly the result of a 111,7% increase in the Australian book. The strength of the Australian book has diluted the contribution from Africa (including South Africa) to 36,7% (2013: 50,6%).

South Africa and the rest of Africa

The current strength within the local building market is expected to persist in the short to medium term. With demand at these levels the Building division is able to be more selective in terms of the projects it undertakes. Margins have however reached industry norms and the scope for further enhancement is limited. Looming saturation within local markets together with a demand for retail infrastructure in other African countries has resulted in local developers expanding their geographical footprint in recent years. This trend is expected to continue and the African Building team is pursuing various opportunities in this regard.

It is pleasing that the Roads and earthworks division has secured over R1 billion of bus rapid transport contracts in the current year. Subdued mining activity throughout Africa is impacting both the civil engineering and roads and earthworks divisions. Both divisions have been awarded further work for Glencore Coal at the colliery in Tweefontein during the second six months. It was with disappointment that we were formally advised by Exxarro of the termination of the Mayoko project in the Congo in July 2014, for which the division was the preferred contractor. Projects in Ghana remain of a smaller nature yet are sufficient to retain a full-time presence in-country. The West African team continues to pursue opportunities in various countries. New projects have not received the necessary support from financial institutions.

The group's Projects team recently reached financial close on two concessions incorporating design and construct projects; the first being serviced accommodation for the Department of Statistics (Stats SA) in Tshwane and the second a gas-fired power station in Mozambique. The Stats SA contract will be executed by the group's building division in joint venture with local empowerment contractors while the civil works for the power station will be executed by the Roads and earthworks division.

Australia

Probuild has secured all three of the large scale retail projects brought to the Victorian (Melbourne) market in the last 12 months, two of which are in excess of $350 million. These projects will generate strong revenue streams for Probuild over the next two years. Furthermore, Probuild is the preferred contractor on a number of residential towers, one of which is 77 stories. During the year Probuild identified an opportunity to enter the Queensland (Brisbane) market and in a relatively short period of time has secured projects to the value $334 million, $298 million of which was awarded post 30 June 2014 and is not included in the order book above. Market conditions in the New South Wales (Sydney) market have also improved in the second half of FY14 and Probuild have concentrated their efforts on raising the profile of their brand with the financial institutions and developers there in order to negotiate larger scale projects.

The outlook for WBHO Civil has deteriorated in the second half of FY14. As in Africa, the lack of mining activity has impacted the work on-hand, while the scarcity of large scale projects has seen margin contraction on what work is available. However, the company continues to secure ongoing maintenance type projects in its traditional markets on various industrial plants. Diversification into the roads market as well as other markets will remain a strategic focus looking forward.

SAFETY

The group's LTIFR has shown significant improvement in FY14 decreasing from 1,35 at 30 June 2013 to 0,94 at 30 June 2014. This is within the group's target of less than one and is largely attributable to a significant improvement in Australia where the LTIFR decreased from 5,31 to 1,60 during the year after a focused drive from the management team. We regret to report that two work-related fatalities occurred during the year and we extend our sincere condolences to the families, friends and colleagues of these employees.

CHANGES TO THE BOARD

Subsequent to the resignation of Mr JP Botha and the appointment of Mr R Gardiner reported upon in our interim results in February, there have been no further changes to the board during the year.

APPRECIATION

The directors and management would like to thank all stakeholders especially our employees for their continuous commitment, hardwork and loyalty in what has been a particularly challenging year.

DIVIDEND DECLARATION

Notice is hereby given that the directors have declared a final gross dividend of 233 cents per share (2013: 233 cents) payable to all shareholders recorded in the register on 17 October 2014.

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 198,05 cents per share. The company has no STC credits to be utilised.

The number of shares in issue at date of declaration amount to 66 000 000 (55 350 001 exclusive of treasury shares) and the company's tax reference number is 9999597710.

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

Last date to trade cum dividend	Friday, 10 October 2014
Trading ex dividend commences	Monday, 13 October 2014
Record date	Friday, 17 October 2014
Payment date	Monday, 20 October 2014

Shares may not be dematerialised or rematerialised between Monday, 13 October 2014 and Friday, 17 October 2014, both dates inclusive.

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29 August 2014

NOTES

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