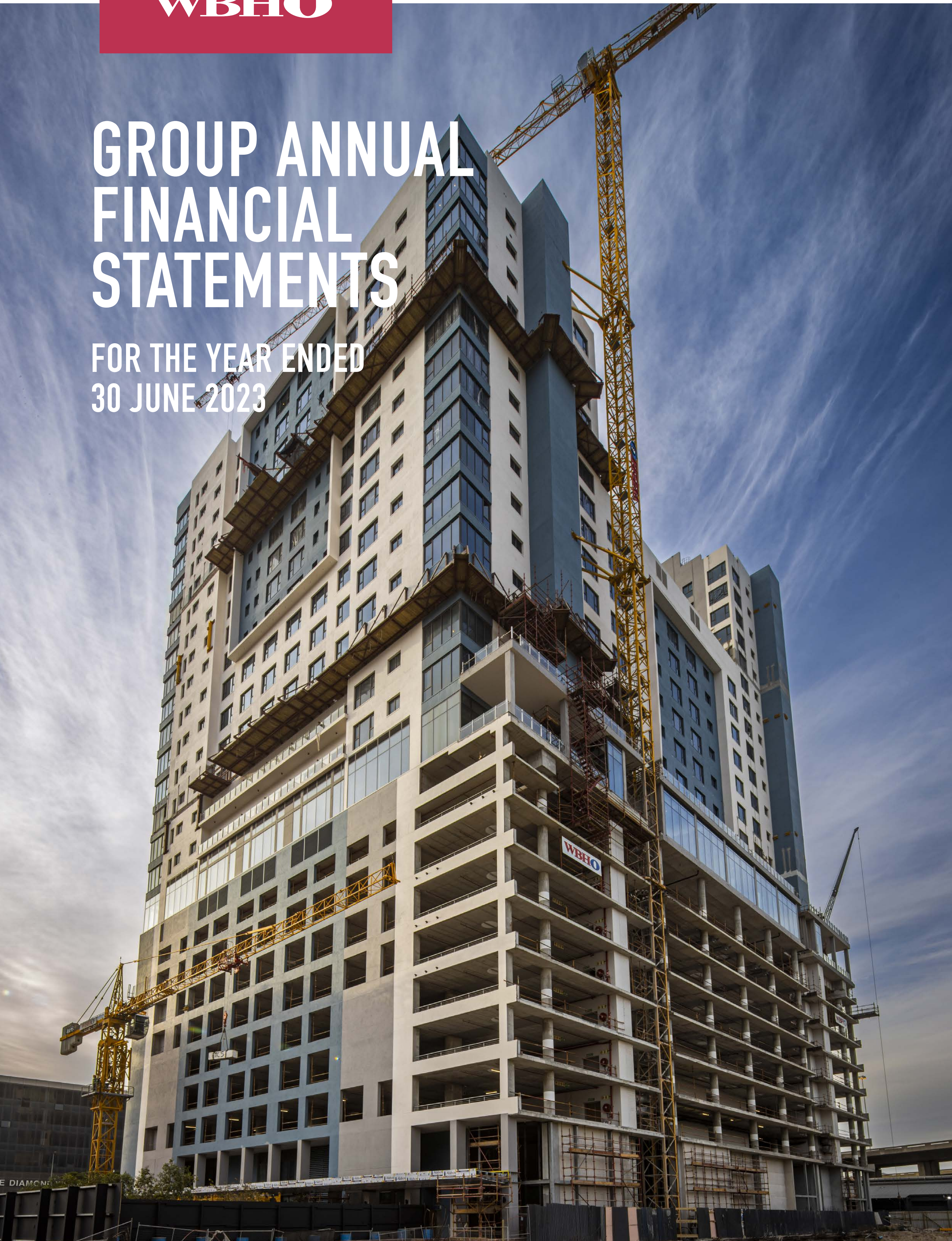
WBHO

GROUP ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023



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STATUTORY INFORMATION

WILSON BAYLY HOLMES-OVCON LIMITED

(Incorporated in the Republic of South Africa)
(Registration number 1982/011014/06)
JSE and A2X Share code: WBO
ISIN: ZAE000009932
(WBHO)

REGISTERED OFFICE AND CONTACT DETAILS

53 Andries Street
Wynberg, Sandton, 2090
PO Box 531
Bergvlei, 2012
Telephone: +27 11 321 7200
Fax: +27 11 887 4364
Website: www.wbho.co.za
Email: wbhoho@wbho.co.za

COMPANY SECRETARY

Donnafeg Msiska
CA (SA)

AUDITORS

BDO South Africa Incorporated

TRANSFER SECRETARIES

Computershare Investor Services (Pty) Limited
Rosebank Towers
15 Biermann Avenue
Rosebank
Johannesburg 2196
South Africa
Telephone: +27 11 370 5000
Fax: +27 11 370 5271

SPONSOR

Investec Bank Limited

LEVEL OF ASSURANCE:

These consolidated financial statements have been audited in compliance with section 30(2)(a) of the Companies Act of South Africa. The consolidated financial statements were internally prepared under the supervision of the Chief Financial Officer, Charles Henwood CA(SA).

Published: 12 September 2023

STATEMENT OF RESPONSIBILITY BY THE BOARD

FOR THE YEAR ENDED 30 JUNE 2023

STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and comply with the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the JSE Listings Requirements and the requirements of the Companies Act of South Africa. 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 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 of Directors ("Board") sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. These standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Group and all employees are required to maintain the highest ethical standards in ensuring that the business of the Group is conducted in a manner which, in all reasonable circumstances, is above reproach. The focus of risk management within the Group is to identify, assess and monitor all known forms of risk across the Group. While operating risk cannot be fully eliminated, the Group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

The going concern basis has been applied in preparing the consolidated financial statements based on budgets and forecast cash flows for the period up to September 2024. The directors have no reason to believe that the Group will not be a going concern in the foreseeable future. The viability of the Group is supported by the consolidated financial statements.

The consolidated financial statements have been audited by the independent auditor, BDO South Africa Incorporated, who was given unrestricted access to all financial records and the related data, including minutes of all meetings of shareholders, the Board and committees of the Board. The directors believe that all representations made to the independent auditors during their audit were valid and appropriate. The unqualified audit report of BDO South Africa Incorporated is presented on pages 5 to 9.

The preparation of the consolidated financial statements was supervised by the Chief Financial Officer, Charles Henwood CA(SA) and approved by the Board on 8 September 2023 and are signed on its behalf.

Louwtjie Nel
Chairman
12 September 2023

Wolfgang Neff
Chief Executive Officer

CHIEF EXECUTIVE OFFICER'S AND CHIEF FINANCIAL OFFICER'S RESPONSIBILITY STATEMENT

FOR THE YEAR ENDED 30 JUNE 2023

Each of the directors, whose names are stated below, hereby confirm that:

(a) the consolidated financial statements set out on pages 10 to 76, fairly present in all material respects the financial position, financial performance and cash flows of Wilson Bayly Holmes-Ovcon Limited in terms of IFRS;

(b) to the best of our knowledge and belief, no facts have been omitted, or untrue statements made that would make the annual financial statements false or misleading;

(c) internal financial controls have been put in place to ensure that material information relating to Wilson Bayly Holmes-Ovcon Limited and its consolidated subsidiaries have been provided to effectively prepare the annual financial statements of Wilson Bayly Holmes-Ovcon Limited;

(d) the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function as executive directors with primary responsibility for implementation and execution of controls;

(e) where we are not satisfied, we have disclosed to the audit committee and the auditors any deficiencies in design and operational effectiveness of the internal financial controls and have taken steps to remedy the deficiencies; and

(f) we are not aware of any fraud involving the directors.

Wolfgang Neff
Chief Executive Officer
12 September 2023

Charles Henwood
Chief Financial Officer

STATEMENT OF COMPLIANCE BY THE AUDIT COMMITTEE

FOR THE YEAR ENDED 30 JUNE 2023

MEMBERS

AJ Bester (Chairman)
KM Forbay
RW Gardiner
N Songushu

Each of the members of the Audit Committee are independent non-executive directors. The committee meets at least four times a year to fulfil its mandate. The internal and external auditors as well as certain members of the executive and senior management attend committee meetings by invitation.

The Audit Committee has executed its duties and responsibilities in accordance with its terms of reference which are informed by the Companies Act, paragraph 3.84(g) of the JSE Listings Requirements and King IV and are approved by the Board of Directors.

The committee performed certain statutory and other duties during the reporting period including:

- monitoring the effectiveness and implementation of internal financial controls and the adequacy of financial reporting;
- ensured that the financial reporting of the Group complies with International Financial Reporting Standards and Companies Act of South Africa;
- considered the effectiveness of the Chief Financial Officer and financial function;
- considered and reviewed the independence of the external auditor and the extent of non-audit services provided;
- reviewed the audit plans for internal and external audit; and
- reviewed the key audit matters and work performed thereon by the external auditors.

Cobus Bester
Audit Committee Chairman
12 September 2023

STATEMENT OF COMPLIANCE BY THE COMPANY SECRETARY

FOR THE YEAR ENDED 30 JUNE 2023

I confirm that the Company has lodged with the Registrar of Companies all returns that are required to be lodged by a public company in terms of the Companies Act of South Africa in respect of the year ended 30 June 2023 and that all such returns are true, correct and up to date.

Donnafeg Msiska
Company Secretary
12 September 2023

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2023

NATURE OF BUSINESS

The Company is listed on the securities exchange operated by the JSE Limited and is the holding company of a number of subsidiary companies principally engaged in civil engineering and building construction activities in Africa and the United Kingdom.

COMMENTARY

The Group delivered strong growth this year following a compelling performance from the African operations and good growth from the United Kingdom over the second six months of the financial year. The overall operating margin remains healthy at 4.5%. At the same time, the Group continued to grow its order book levels.

The most significant event affecting the performance of the Group in 2022 was the decision taken by the Board to withdraw further funding of the Australian operations. This culminated in the results from Australian operations being classified as discontinued operations.

At 30 June 2023, all known and expected costs in respect of the Group's obligations to third parties in Australia have been settled or provided for.

On 21 September 2022, all conditions precedent for the Deed of Company Arrangement (DOCA) to take effect were completed. The DOCA effectively resolves all creditors' claims against the administration entities, eliminates any possible future claims and litigation against the Group and ultimately results in the entities being returned to the directors for deregistration. The administration period, previously expected to be complete by July 2023, has been extended to resolve a potential insurance claim and litigation against the administrator with regard to a debtor recovery.

In December 2022, the Group signed a settlement deed with the client in respect of Western Roads Upgrade project (WRU) that allowed for the exit from the contract and the full release of the Group from its obligations under the parent company guarantee provided.

All obligations under the parent company guarantee provided to the Commonwealth Bank of Australia (CBA) have also been fulfilled.

GROUP RESULTS

CONTINUING OPERATIONS

Group revenue from continuing operations increased by 38% from R17 billion in FY2022 to R24 billion in the current period. Revenue from South Africa increased by 45% from R11 billion to R16 billion while revenue from the rest of Africa increased by 56% from R2 billion to R3 billion. The strong growth in South Africa reflects the high levels of work procured over the second half of FY2022 and first half of FY2023. The resurgence in activity in the rest of Africa was underpinned by renewed activity in Mozambique and the award of two sizeable projects in Liberia. Revenue from the UK operations increased by 19% from R4.2 billion to R5 billion, where Ellmers Construction within the Byrne Group delivered healthy growth.

Operating profit from continuing operations increased by 29.8% from R859 million in FY2022 to R1.1 billion at 30 June 2023 primarily due to higher activity levels in South Africa. Operating profit from the African operations increased from R701 million to R995 million at a combined operating margin of 5.3%. The operating profit from the UK decreased from R158 million to R117 million at a margin of 2.3% compared to 3.7% in the prior reporting period.

The consolidated financial statements set out on pages 10 to 76 provide full details of the financial position, results of operations and cash flows for the year ended 30 June 2023.

LOSS FROM DISCONTINUED OPERATIONS

The loss from discontinued operations comprises an increased settlement amount of A$2.25 million in respect of Western Road Upgrade Project, A$1.3 million in unpaid usage fees in respect of the CBA facility and currency fluctuations arising from a weakening of the Rand against the Australian dollar. No further costs have been provided for at 30 June 2023. The loss from discontinued operations for the current period amounts to costs of R64.9 million (A$5.6 million) and foreign exchange losses of R35.3 million.

Full details of the loss from discontinued operations are included in note 20 of the consolidated financial statements.

ATTRIBUTABLE EARNINGS

Earnings attributable to equity shareholders from continuing operations amounted to R890 million (2022: R700 million). The total profit attributable to the equity shareholders of the Group amounted to R790 million (2022: loss of R2,1 billion) and the headline earnings attributable to equity shareholders from continuing operations amounted to R904 million (2022: R690 million). A reconciliation between earnings and headline earnings has been disclosed in note 21 of the consolidated financial statements.

SUBSIDIARIES

Details of significant subsidiary companies have been included in Annexure 1. A full list of subsidiary companies is available on request from the Company Secretary.

The holding company is an investment company and consequently, all profits recognised in the consolidated profit or loss were earned by subsidiary companies.

On 14 July 2022, the Group acquired certain assets, the employees, and the right to negotiate the continuance of certain contracts of O'Keefe Construction in the United Kingdom for a consideration of £10 million (R209 million). On 6 April 2023, the Group acquired the non-controlling shareholder's 20% interest in St Francis Golf Links (Pty) Ltd for a consideration of R10 million. The Group's shareholding increased from 80% to 100%. A true-up of £9 thousand (R187 thousand) was paid in respect of the final put option relating to WBHO-Russells Limited.

Details of these transactions have been included in note 12 and note 30 of the consolidated financial statements.

LOSSES IN SUBSIDIARIES

Included in the Group's profit before tax from continuing operations of R1,3 billion are pre-tax losses from the following subsidiaries:

Subsidiary	Country of incorporation	Amount of loss
WBHO Namibia (Pty) Ltd	Namibia	R3.4 million
WBHO Tanzania (Pty) Ltd	Tanzania	R30.3 million
WBHO Zambia Ltd	Zambia	R24.9 million

SHARE CAPITAL

The Company has 71 018 425 ordinary shares in issue. During the year, the Company bought back and cancelled 3 383 758 shares related to the Akani broad-based empowerment scheme and issued 14 511 669 shares in respect of Akani 2.

DIRECTORS' REPORT CONTINUED
FOR THE YEAR ENDED 30 JUNE 2023

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

DIVIDENDS

The Group declares dividends from cash reserves dependent upon profits earned and the availability of cash. Having given due consideration to the sizeable cash outflows incurred over the first six months of the reporting period to meet the Group's contractual obligations in Australia, the re-strengthening of the financial position of the Group necessary to optimize strategic and targeted opportunities, the Board elected not to declare a dividend during the reporting period ending 30 June 2023.

SHARE SCHEMES

Details of transactions undertaken by the share trusts and empowerment vehicles have been disclosed in note 27 of the consolidated financial statements.

On 6 June 2023, the Akani broad-based empowerment scheme was terminated and replaced by a new scheme, referred to as Akani 2 (note 27). Akani Investments (Pty) Ltd will be deregistered in terms of the scheme rules. Broad-Based Employee Share Incentive Trust will be incorporated within the new Akani 2 empowerment scheme. Akani 2 and the associated Trusts are considered agents of the Company in terms of accounting principles and the look-through approach is applied when accounting for these entities in preparing the consolidated financial statements.

Following the approval of Akani 2, at a general meeting on 6 June 2023, two new trusts, Akani Share Incentive (ASI) Trust and Akani Defined Beneficiary (ADB) Trust were added. The trustees of these trusts are Samuel Gumede and Louwtjie Nel. The WBHO Share Trust trustees were changed during the year and the new trustees are Wolfgang Neff and Louwtjie Nel.

BORROWING POWERS

In terms of the memorandum of incorporation the Company has unlimited borrowing powers.

DIRECTORATE

Details of the Company's directors are available online at www.wbho.co.za. The business physical address, postal address and Company Secretary details are set out on the first page of the consolidated financial statements.

Ms SN Maziya resigned from the Board on 23 November 2022. The directors thank Ms Maziya for her contributions to the success of the Group. Ms N Songushu was appointed on 5 December 2023. The directors wish Ms Songushu well in her new role.

In terms of the memorandum of incorporation, Mr RW Gardiner and Mr H Ntene retire by rotation and offer themselves for re-election.

DIRECTORS' SHAREHOLDING

The direct and indirect interests of the Directors have been disclosed in note 24 of the consolidated financial statements.

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

RELATED PARTY TRANSACTIONS

Related party transactions have been disclosed in note 24 of the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Full details of the property, plant and equipment have been disclosed in note 2 of the consolidated financial statements.

SPECIAL RESOLUTIONS

The following special resolutions were passed at the 2022 AGM:

SPECIAL RESOLUTION NUMBER 1

Approval of non-executive directors' fees for the 2022 reporting period.

SPECIAL RESOLUTION NUMBER 2

Financial assistance to directors, prescribed officers, employee share scheme beneficiaries and related or inter-related companies and corporations.

SPECIAL RESOLUTION NUMBER 3

General authority to repurchase company shares.

AUDITORS

PriceWaterhouseCoopers (PWC) Incorporated was appointed by the Board in accordance with the mandatory audit firm rotation policy implemented by the Independent Regulatory Board for Auditors. PWC will be the Group's auditors for the 2024 financial year. The directors look forward to working with the PWC teams in Africa and in the United Kingdom.

The directors thank BDO South Africa Incorporated for their service to the Group over the past 37 years.

GOING CONCERN

The directors have assessed the going concern of the Group over the next 12 months and are satisfied that the Group has access to adequate resources to continue in operational existence for the foreseeable future.

As such, the going concern basis has been applied in preparing the financial statements. Stakeholders are referred to note 32 of the consolidated financial statements for details of the going concern assessment.

EVENTS AFTER THE REPORTING DATE

The Board is not aware of any matter or circumstance arising since the reporting date, not otherwise dealt with in the consolidated financial statements, which significantly affects the financial position of the Group at 30 June 2023 or the results of its operations or cash flows for the year then ended.

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 30 JUNE 2023

TO THE SHAREHOLDERS OF WILSON BAYLY HOLMES-OVCON LIMITED

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Wilson Bayly Holmes-Ovcon Limited and its subsidiaries ("the Group") set out on pages 10 to 76, which comprise the consolidated statement of financial position as at 30 June 2023, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Wilson Bayly Holmes-Ovcon Limited and its subsidiaries as at 30 June 2023, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT CONTINUED

FOR THE YEAR ENDED 30 JUNE 2023

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>

Recognition of contract revenue, contract assets and contract liabilities:
The construction industry is characterised by contract risk with significant judgements and estimates involved in the assessment of both current and future contractual financial performance.

IFRS 15: Revenue from Contracts with Customers ('IFRS 15') is recognised over time, measured at the fair value of the consideration received or receivable and includes variations and claims. The output method, being surveys of work performed, is used to determine the progress towards the satisfaction of the performance obligation under long-term contracts with customers. Contract assets and liabilities may arise because of the assessment of performance obligations.

Contract modifications and contractual claims to existing performance obligations are considered when measuring the revenue over time.

The status of contracts is updated on a regular basis. In doing so, management is required to exercise significant judgement when recognising the revenue over time, which involves assessing the progress made towards completing the specific performance obligation and their assessment of the valuation of contract variations and claims. Dependent on the level of judgement and estimates involved, the result of measurement on each contract can be individually significant (Construction contracts Revenue accounting policy note on page 40). In addition, changes in these judgements, and the related estimates as contracts progress, can result in material adjustments to revenue and margin, which can be either positive and negative.

The significance of revenue and the possible impact of changes to revenue recognition, together with the significant judgement and estimates involved when recognising contract revenue has resulted in this area being regarded as a matter of most significance to the current year audit of the consolidated financial statements. Refer to the significant judgements and critical accounting estimates (C) of the accounting policies note on page 15 and notes 8 and 15 to the consolidated financial statements for relevant disclosures applicable to this matter.

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Our procedures included amongst other:

- We evaluated and tested the operating effectiveness of the relevant internal and automated IT system controls over the accuracy and timing of revenue recognised in the consolidated financial statements;
- For a sample of contracts, we performed the following procedures:
  - Construction contracts were assessed against the revenue recognition criteria of *IFRS 15*, focusing on contract classification, allocation of income and cost to performance obligations and timing of transfer of control. Where a contract contained multiple elements, management's judgements were considered as to whether they comprised performance obligations that should be recognised separately, and, in such cases, the judgements made in the allocation of the consideration to each performance obligation were assessed against the contract obligations;
  - Obtained an understanding of the performance and status of the contracts through enquiries with management and contract directors who have oversight over the various contracts;
  - Tested the contract status through the examination of externally generated evidence, such as approved variations and customer correspondence;
  - Analysed, through inspection of contract documentation, the estimates for total forecast revenue and costs to complete, in order to perform a reasonability test of the estimate made by management of the progress made towards completion of the performance obligation. This included considering the historical accuracy of such estimates;
  - In assessing management's estimate of progress, independently calculated an estimate of the progress made towards completion of the performance obligation, based on the input method and compared it to the survey of work performed which was used to quantify the contract assets and contract liabilities recognised on the output method;
  - Agreed the recognised construction revenue amounts to the externally approved and signed off revenue certificates;
  - Critically assessed management's recognised provisions for loss making contracts to determine whether these appropriately reflect the expected contractual positions; and
  - Evaluated the recoverability of contract assets and the related receivables.
- We assessed the adequacy of the disclosure made in the consolidated financial statements with reference to the disclosure requirements of *IFRS 15*.

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Impairment assessment of goodwill:
IAS 36: Impairment of Assets ('IAS 36') requires management to carry out an annual impairment test on recognised goodwill. The assessment, based on value-in-use calculations, is complex and requires significant management judgement and estimates which includes assumptions regarding the estimated cash flows and future profitability for the related businesses against which appropriate long-term growth rates and discount rates must be applied.

The significance of the balance, together with the significant judgement and estimates involved when testing for the impairment of goodwill has resulted in this area being regarded as a matter of most significance to the current year audit of the consolidated financial statements.

Refer to the significant judgements and critical accounting estimates (A) of the accounting policies note on page 15 and note 4 to the consolidated financial statements for selected disclosures applicable to this matter.

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Our procedures included amongst other:

- We obtained management's value in use calculations to determine the recoverable amount of each cash-generating unit to which goodwill is allocated, evaluated the appropriateness of the models used against the requirements of *IAS 36* and industry standards and tested the arithmetical accuracy of the models and related calculations;
- We challenged the assumptions underpinning the models, including the discount rates used, long-term growth rates and cash flow forecasts. This was achieved through:
  - Enquiries with management;
  - Assessment of the reasonableness of forecast future cash flows by comparison to historical performance and future outlook;
  - Assessment of the reasonability of the discount rates by comparison against relevant market information. This was achieved by making use of our internal valuation's expert; and
  - Compared prior year forecasts against current year actual results to assess management's ability to prepare credible forecasts.
- We furthermore assessed whether the significant assumptions have been determined and applied consistently year on year and across the Group; and
- We assessed the adequacy of the disclosure made in the consolidated financial statements with reference to the disclosure requirements of *IAS 36*.

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<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
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Completeness and adequacy of closed contract- and other provisions:

The Group has recognised claims and construction related provisions that have arisen, or that may arise based on prior experience, after the completion of certain contracts, as well as in relation to other matters of litigation, including current legal disputes. Provisions are recognised in terms of IAS 37: Provisions, Contingent Liabilities and Contingent assets ('IAS 37').

The determination and valuation of provisions is judgemental by its nature and requires a high degree of estimation and judgement by contract directors and management.

The significant judgement involved when estimating the amount and timing of the provision has resulted in this area being regarded as a matter of most significance to the current year audit of the consolidated financial statements.

Refer to the significant judgements and critical accounting estimates (B) of the accounting policies note on page 15 and note 14 to the consolidated financial statements for disclosures applicable to this matter.
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Our procedures included amongst other:

• We enquired from contract directors and management and inspected board minutes for actual and potential claims which arose during the year to assess completeness;
• For a sample of closed contract- and other provisions recognised, we tested the calculation of the provision for mathematical accuracy and assessed reasonability through input testing;
• In respect of open matters of litigation, we had discussions with the Group's internal legal counsel, obtained confirmations from the Group's external legal advisors and inspected correspondence in respect of these matters;
• We assessed each provision and open litigation matters against the recognition and measurement requirements of IAS 37; and
• We assessed the adequacy of the disclosure made in the consolidated financial statements with reference to the disclosure requirements IAS 37.
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Business Combination

The Group accounts for business combinations, using the acquisition method, when the acquired set of activities and assets meet the definition of a business and control is transferred to the Group. Business combinations are accounted for in terms of IFRS 3 Business Combinations and control is assessed in terms of IFRS 10 Consolidated Financial Statements.

During the financial year, the Group completed the purchase of property, plant and equipment from the O'Keefe group of companies, which had entered administration. As part of the agreement, the Group acquired the right to renegotiate certain of the existing contracts, as well as taking over the liabilities pertaining to it. The personnel of O'Keefe were transferred to Byrne with all employment rights preserved.

The business combination was assessed as a matter of most significance to the current year audit of the consolidated financial statements, due to the transaction being outside the normal course of business; the significant amount of judgement involved in establishing the fair values of the assets and liabilities, the purchase price allocation, and the goodwill calculation at acquisition date.

Refer to the accounting policies note on page 16 and note 30 to the consolidated financial statements for relevant disclosures applicable to this matter.
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Our procedures included amongst other:

• Group audit instructions addressing the significant audit areas were sent to component auditors. We held various planning, execution and completion meetings and discussions with the component auditor and senior management throughout the engagement;
• We assessed the competence, knowledge and experience of the audit team and performed a review of the procedures listed below to assess the adequacy of the work performed in respect of the business combination;
• We held discussions with our local IFRS technical team on the assessment of the UK IFRS technical opinion and assessed the conclusion from a group audit perspective;
• The following procedures, amongst others, were performed by the component auditors:
– Obtained the signed agreements in relation to the transactions and:
○ Evaluated the effective date of the transaction against the terms and conditions of the contract;
○ Assessed the transactions in line with the requirements of IFRS 3;
– Obtained a technical opinion on the transactions as a single business combination from a group perspective;
– Challenged management assumptions in the purchase price allocation (PPA);
– Evaluated the assumptions, judgements, fair value assessments, and goodwill calculation;
– Challenged management on the identification of possible intangible assets;
– Agreed the purchase price consideration stipulated in the agreements to bank statements;
– Verified customer contracts taken over/renegotiated at acquisition date to external Quantity Surveyor reports and cash received after take on; and
– Verified creditors at acquisition date to supporting documents.
• We assessed the adequacy of the disclosure made in the consolidated financial statements with reference to the requirements in IFRS 3.
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INDEPENDENT AUDITOR'S REPORT CONTINUED

FOR THE YEAR ENDED 30 JUNE 2023

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "WBHO Group Annual Financial Statements for the year ended 30 June 2023 and in the document titled "Wilson Bayly Holmes-Ovcon Limited Annual Financial Statements for the year ended 30 June 2023, which includes the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate as required by the Companies Act of South Africa, which we obtained prior to the date of this report, and the Integrated Report, which is expected to be made available to us after that date. The other information does not include the consolidated or the separate financial statements and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that BDO South Africa Incorporated has been the auditor of Wilson Bayly Holmes-Ovcon Limited for 37 years.

BDO South Africa Inc.

BDO South Africa Incorporated
Registered Auditors

J. Schoeman
Director
Registered Auditor

12 September 2023

Wanderers Office Park
52 Corlett Drive
Illovo, 2196

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2023

	Notes	2023 R 000	2022 R 000
ASSETS			
Non-current assets			
Property, plant and equipment	2	**2 111 201**	1 562 606
Right-of-use assets	3	**158 688**	230 613
Goodwill	4	**602 317**	512 532
Interests in associates and joint ventures	5	**702 715**	660 253
Long-term receivables	6	**39 755**	152 645
Deferred tax	11	**478 474**	550 223
Total		**4 093 150**	3 668 872
Current assets			
Inventories	7	**430 462**	420 918
Contract assets	8	**776 031**	281 448
Trade and other receivables	9	**5 435 850**	4 056 538
Current tax assets		**226 241**	99 941
Cash and cash equivalents	29.6	**3 684 687**	3 339 230
Total		**10 553 271**	8 198 075
Total assets		**14 646 421**	11 866 947
EQUITY			
Capital and reserves			
Share capital		**27 702**	28 565
Reserves		**172 139**	(70 114)
Retained income		**3 664 564**	2 896 588
Shareholder's equity		**3 864 405**	2 855 039
Non-controlling interests	12	**136 506**	81 255
Total		**4 000 911**	2 936 294
LIABILITIES			
Non-current liabilities			
Long-term liabilities	10	**327 157**	152 186
Lease liabilities	3	**131 617**	193 550
Deferred tax	11	**33 197**	42 522
Total		**491 971**	388 258
Current liabilities			
Contract liabilities	8	**2 426 624**	1 908 312
Trade and other payables	13	**5 043 441**	4 137 375
Provisions	14	**2 650 533**	2 448 492
Current tax liabilities		**32 941**	48 216
Total		**10 153 539**	8 542 395
Total equity and liabilities		**14 646 421**	11 866 947

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2023

	Notes	2023 R 000	2022 R 000
Continuing operations			
Revenue	15	**23 768 747**	17 240 278
Operating costs		**(21 725 999)**	(15 599 757)
Administrative expenses		**(1 015 824)**	(859 078)
Other income		**31 070**	32 756
Operating profit	16	**1 057 994**	814 199
Share of profits from associates and joint ventures	5	**130 870**	100 456
Loss on disposal of associate	5	**(19 762)**	–
Finance income	17	**188 866**	119 807
Finance costs	17	**(63 643)**	(30 429)
Profit before taxation		**1 294 325**	1 004 033
Income tax expense	18	**(360 418)**	(285 212)
Profit for the year from continuing operations		**933 907**	718 821
Discontinued operations			
Loss from discontinued operations and loss of control of subsidiaries	20.1	**(100 191)**	(2 993 120)
Profit/(loss) for the year		**833 716**	(2 274 299)
Other comprehensive income			
Items that will be reclassified to profit or loss			
Currency effect from the translation of foreign operations		**124 890**	131 104
Translation of foreign operations reclassified to profit and loss on derecognition	20.1	**–**	(460 253)
Translation of net investment in a foreign operation		**174 525**	(12 319)
Tax effect of above items		**(47 122)**	3 326
Share of other comprehensive income from associates, net of tax		**40 502**	23 324
Other comprehensive income/(loss)		**292 795**	(314 818)
Total comprehensive income/(loss) for the year		**1 126 511**	(2 589 117)
Profit from continuing operations attributable to:			
Wilson Bayly Holmes-Ovcon Limited		**890 374**	692 992
Non-controlling interests		**43 533**	25 829
Profit for the year		**933 907**	718 821
Loss from discontinued operations attributable to:			
Equity shareholders of Wilson Bayly Holmes-Ovcon Limited		**(100 191)**	(2 853 281)
Non-controlling interests		**–**	(139 839)
Loss for the year		**(100 191)**	(2 993 120)
Profit/(loss) from total operations attributable to:			
Wilson Bayly Holmes-Ovcon Limited		**790 183**	(2 160 289)
Non-controlling interests		**43 533**	(114 010)
Profit/(loss) for the year from total operations		**833 716**	(2 274 299)
Total comprehensive income/(loss) attributable to:			
Wilson Bayly Holmes-Ovcon Limited		**1 065 480**	(2 513 835)
Non-controlling interests		**61 031**	(75 282)
Total comprehensive income/(loss) for the year		**1 126 511**	(2 589 117)
Earnings/(loss) per share (cents)	21		
Basic and diluted earnings/(loss) per share			
Continuing		**1 678.6**	1 303.1
Discontinued		**(188.9)**	(5 365.2)
Total operations		**1 489.7**	(4 062.1)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2023

	Note	Number of ordinary shares issued	Number of shares held by share trusts	Net shares issued to the public
Balance at 30 June 2021		59 890 514	6 693 597	53 196 917
Total comprehensive income for the year		–	–	–
Profit for the year from continuing operations		–	–	–
Loss for the year from discontinued operations		–	–	–
Other comprehensive loss for the year		–	–	–
Dividend paid		–	–	–
Share-based payments expense		–	–	–
Share-based payment settlement		–	–	–
Decrease in equity loan from NCI		–	–	–
Acquisition of NCI without a change in control	12	–	–	–
Derecognition of NCI on loss of control of subsidiary	20.1	–	–	–
Balance at 30 June 2022		**59 890 514**	**6 693 597**	**53 196 917**
Share issue in respect of Akani 2	27.5	**14 511 669**	**14 511 669**	**–**
Treasury shares acquired		**–**	**828 767**	**(828 767)**
Share buy-back in respect of Akani	27.3	**(3 383 758)**	**(3 383 758)**	**–**
Transfer of reserves in trusts relating to Akani		**–**	**–**	**–**
Total comprehensive income for the year		**–**	**–**	**–**
Profit for the year from continuing operations		**–**	**–**	**–**
Loss for the year from discontinued operations		**–**	**–**	**–**
Other comprehensive income for the year		**–**	**–**	**–**
Share-based payments expense		**–**	**–**	**–**
Share-based payment settlement		**–**	**–**	**–**
Decrease in equity loan from NCI		**–**	**–**	**–**
Acquisition of NCI without a change in control	12	**–**	**–**	**–**
Balance at 30 June 2023		**71 018 425**	**18 650 275**	**52 368 150**
Authorised share capital				
Ordinary shares of no par value		100 000 000		
Redeemable preference shares of no par value		20 000 000		

There were no changes to the authorised share capital during the current year.

Share capital R 000	Foreign currency translation reserve R 000	Non-distributable reserve R 000	Distributable reserves R 000	Shareholders' equity R 000	Non-controlling interests R 000	Total equity R 000
28 565	216 779	35 346	5 248 089	5 528 780	96 456	5 625 235
–	(353 546)	–	(2 160 289)	(2 513 835)	(75 281)	(2 589 115)
–	–	–	692 992	692 992	25 829	718 821
–	–	–	(2 853 278)	(2 853 278)	(139 838)	(2 993 120)
–	(353 546)	–	–	(353 546)	38 728	(314 818)
–	–	–	(116 530)	(116 530)	(45 694)	(162 224)
–	–	44 769	–	44 769	–	44 769
–	–	(13 462)	–	(13 462)	–	(13 462)
–	–	–	–	–	(2 428)	(2 428)
–	–	–	(74 682)	(74 682)	(77 344)	(152 026)
–	–	–	–	–	185 547	185 547
28 565	(136 767)	66 653	2 896 588	2 855 039	81 255	2 936 294
145	–	–	–	145	–	145
(974)	–	–	–	(974)	–	(974)
(34)	–	–	–	(34)	–	(34)
–	–	(68 861)	(17 796)	(86 657)	–	(86 657)
–	275 297	–	790 183	1 065 480	61 031	1 126 511
–	–	–	890 374	890 374	43 533	933 907
–	–	–	(100 191)	(100 191)	–	(100 191)
–	275 297	–	–	275 297	17 498	292 795
–	–	43 508	–	43 508	–	43 508
–	–	(7 691)	–	(7 691)	–	(7 691)
–	–	–	–		(6 810)	(6 810)
–	–	–	(4 411)	(4 411)	1 030	(3 381)
27 702	138 530	33 609	3 664 564	3 864 405	136 506	4 000 911

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023

	Notes	2023 R 000	2022 R 000
Cash flows from operating activities			
Operating profit from continuing operations before working capital requirements		**1 239 112**	1 094 202
Working capital changes		**322 847**	188 612
Cash generated from operations	29.1	**1 561 959**	1 282 814
Adjusted for:			
Finance income		**163 507**	109 397
Dividends received		**164 109**	88 959
Finance costs		**(65 531)**	(21 989)
Income tax paid	29.2	**(483 905)**	(344 448)
Dividend paid		**–**	(157 711)
Cash utilised in operating activities from discontinued operations		**–**	(1 593 716)
Net cash flow from/(utilised in) operating activities		**1 340 140**	(636 694)
Cash flow from investing activities			
Advances of long-term receivables		**–**	(6 961)
Receipts from repayments of long-term receivables		**71 140**	73 162
Net cash outflow from business combination	30	**(209 392)**	–
Investment in associates and joint ventures		**–**	(18 801)
Loans advanced to associates and joint ventures		**(353 437)**	(202 838)
Loans repaid by associates and joint ventures		**285 367**	111 415
Repayment of investment in associates and joint ventures		**–**	29 199
Proceeds on disposal of associate		**6 688**	–
Short-term loans advanced		**(21 700)**	–
Short-term loans repaid		**14 200**	–
Proceeds on disposal of property, plant and equipment		**47 033**	14 986
Acquisition of property, plant and equipment		**(191 567)**	(102 103)
Payment to settle obligations in Australia		**(782 114)**	(853 551)
Proceeds on loss of control of subisidary, net of cash		**–**	(674 642)
Net cash flow from investing activities by discontinued operations		**–**	28 552
Net cash flow utilised in investing activities		**(1 133 782)**	(1 601 582)
Cash flow from financing activities			
Acquisition of NCI without a change in control	12	**(6 810)**	(130 393)
Loan repaid to NCI	12	**(3 190)**	(2 292)
Bank loans advanced	29.5	**350 000**	–
Bank loans repaid	29.5	**(184 050)**	(4 750)
Loan advanced from related parties	29.5	**–**	25 000
Loan repaid to related parties	29.5	**(9 908)**	–
Purchase of shares for equity-settled incentives		**(5 253)**	(14 958)
Treasury shares acquired		**(89 901)**	–
Payments in respect of instalment sale agreements	29.3	**(133 908)**	(57 520)
Payments in respect of lease liabilities	29.4	**(46 877)**	(52 239)
Net cash flow from financing activities by discontinued operations		**–**	(21 928)
Net cash flow utilised in financing activities		**(129 897)**	(259 080)
Increase/(decrease) in cash and cash equivalents for the year		**76 460**	(2 497 356)
Foreign currency translation effect on cash balances		**268 997**	155 869
Cash and cash equivalents at the beginning of the year		**3 339 230**	5 680 717
Cash and cash equivalents at the end of the year	29.6	**3 684 687**	3 339 230

SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2023

REPORTING ENTITY

Wilson Bayly Holmes-Ovcon Limited (the Company) is a company domiciled in South Africa. The address of the Company is 53 Andries Street, Wynberg, Sandton, 2090. The consolidated financial statements of the Company as at and for the period ended 30 June 2023 comprise the Company, its subsidiaries, joint arrangements and associates (together referred to as the Group). The Group is principally engaged in civil engineering and building construction activities in Africa and the United Kingdom.

STATEMENT OF COMPLIANCE

The consolidated financial statements (financial statements) are prepared in accordance with International Financial Reporting Standards (IFRS) interpretations issued by the IFRS interpretations Committee (IFRS-IC), the SAICA Headline Earnings Circular 1/2023, the Financial Pronouncements as issued by the Financial Reporting Standards Council, the JSE Listing Requirements and the requirements of the Companies Act of South Africa.

BASIS OF PREPARATION

The financial statements have been prepared on the historical cost basis. The expenses recognised in operating and administrative costs in profit or loss are classified based on their function within the Group. The accounting policies adopted have been consistently applied throughout the Group to all the periods presented. The financial statements have been prepared on the going concern basis.

The financial statements are presented in South African Rands, which is the functional currency of the holding company of the Group. The Company separate financial statements are available at the Company's registered address and on the Company's website.

SIGNIFICANT JUDGEMENTS AND CRITICAL ACCOUNTING ESTIMATES

In preparing the financial statements, management is required to make estimates and assumptions that affect the application of the Group's accounting policies and recognised amounts of assets, liabilities, income and expenses. Judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. Significant judgements and estimates include:

(A) IMPAIRMENT OF GOODWILL

Estimates are made in determining the recoverable amounts of cash-generating units (CGUs), based on the greater of value-in-use and fair value less costs to sell calculations. The estimates used have been disclosed in note 4.

(B) PROVISIONS

Estimates are made of the expected cash outflow taking into account that the exact amount and timing of the outflow is uncertain. These have been disclosed in note 14.

(C) REVENUE RECOGNITION: DETERMINING THE TRANSACTION PRICE OF CONSTRUCTION CONTRACTS

When determining the transaction price of a contract, management is required to make estimates of the value of unapproved variations and claims as well as the probability that they will not be reversed. Estimates in respect of unapproved variations and contractual claims are determined by applying the contractual rates agreed between the parties to the time taken, activities performed and materials supplied in performing the obligations that relate to such variation orders and contractual claims. Management assesses the probability that any revenue associated with unapproved variations and contractual claims will not be reversed in accordance with the Group's rights under the contract, correspondence between the parties and the progress of any negotiations or dispute resolution processes implemented between the parties. The accounting policy relating to construction contracts and revenue is disclosed in note 15.

(D) EXPECTED CREDIT LOSS

The Group utilises statistical modelling when calculating probabilities of default and loss-given ratios. These, together with forward-looking macro-economic factors, are applied when determining expected credit losses as disclosed in notes 5, 6, 8 and 9. Estimates and assumptions are required when determining certain inputs to be used in the model as well as the future impact of forward-looking macro-economic factors on receivables balances. Details of these assumptions and estimates are disclosed in note 25.

(E) LEASES

Judgement is applied in determining the lease term for lease contracts in which the Group is a lessee, including whether the Group is reasonably certain to exercise renewal or termination options. Refer to note 3.

(F) AGENCY ACCOUNTING

The Group applied judgement when determining the accounting treatment of the entities established for the purpose of the Akani 2 employee share scheme. These judgements have been disclosed in note 27.5.

SIGNIFICANT ACCOUNTING POLICIES CONTINUED

FOR THE YEAR ENDED 30 JUNE 2023

BASIS OF CONSOLIDATION

BUSINESS COMBINATIONS

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses at a minimum, an input and substantive process and whether the acquired set has the ability to contribute to the creation of outputs. The Group has the option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The consideration transferred in the acquisition is measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment or whenever there is an indicator of impairment. Any gain on a bargain purchase is recognised immediately in profit or loss. Transaction costs are expensed in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition and remeasured at fair value at each reporting date. Subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

SUBSIDIARIES

Subsidiaries are entities controlled by the Group. The Group obtains control of a subsidiary when it becomes exposed to, or gains rights to, variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. The accounting policies of subsidiaries have been changed where necessary to ensure consistency with the Group's accounting policies.

CHANGES IN SHAREHOLDING

Changes in shareholding that do not result in a loss of control are accounted for as equity transactions. The non-controlling interest is adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between this amount and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the parent.

LOSS OF CONTROL

When the Group loses control over a subsidiary the carrying amount of the subsidiary's assets and liabilities are derecognised together with any associated non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss.

JOINT OPERATIONS

Joint operations are arrangements where the parties have joint control of the assets as well as the obligations in respect of liabilities as they pertain to the arrangement. The financial and operating decisions in respect of joint operations require the unanimous consent of all the parties. The Group, as a joint operator, recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

TRANSACTIONS ELIMINATED ON CONSOLIDATION

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

FOREIGN CURRENCY

FOREIGN OPERATIONS

The assets and liabilities of foreign operations are translated into the functional currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the functional currency at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve, except to the extent that the translation difference is allocated to non-controlling interest.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint arrangement while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions are translated into the functional currency using the exchange rates at the transaction dates.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

Foreign currency differences are recognised in profit or loss.

On disposal of a foreign operation, the cumulative exchange differences recognised in the foreign exchange reserve relating to that operation up to the date of disposal are transferred to the consolidated statement of financial performance and other comprehensive income as part of the profit or loss on disposals.

SHARE CAPITAL

ORDINARY SHARES

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

TREASURY SHARES

Where subsidiaries or special purpose entities (share trusts) hold ordinary shares in the parent, these shares are treated as treasury shares. The consideration paid to acquire those shares, including attributable incremental costs, is deducted from shareholders' equity and presented separately as treasury shares.

Such shares are held by special purpose entities for the various employment schemes of the Group. When treasury shares for the equity-settled shares are subsequently sold or reissued, the amount received is recognised as an increase in equity and the resulting surplus or deficit on the transaction is presented in the equity-settled share-based payments reserve. Shares issued to or held by share incentive plans within the group are treated as treasury shares until such time as the participants pay for and take delivery of such shares or a share buy-back occurs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

1. STANDARDS AND INTERPRETATIONS

The Group has applied the following standards for the first time in the current reporting period:

Standard	Effective date for annual periods commencing on or after:	Description
Business combinations (Amendments to IFRS 3)	1 January 2022	Reference to the conceptual framework: The amendment updates a reference in IFRS 3 to refer to the 2018 Conceptual Framework instead of the 1998 Framework. A requirement has also been added to IFRS 3 for obligations within the scope of IAS 37 to be accounted for per IAS 37 (instead of the Conceptual Framework), when identifying liabilities assumed in a business combination.
Provisions, Contingent Liabilities and Contingent Assets (Amendments to IAS 37)	1 January 2022	The IASB issued amendments relating to onerous contracts, which specify that the 'cost of fulfilling' a contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts.

At the date of authorisation of these financial statements, there are a number of new standards, amendments and interpretations which will only be effective after 30 June 2023 and have not been early adopted by the Group. The adoption of the standards, amendments and interpretations below are not expected to have a material impact on the Group in the future reporting periods.

Standard	Effective date for annual periods commencing on or after:	Description
Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)	1 January 2024	The amendments clarify that the classification of liabilities as current or non-current is based on whether an entity has a right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. It further states that classification is unaffected by an entity's intention to exercise its right to defer settlement of a liability. The amendment further clarifies the definition of a settlement to be a transfer to the counterparty that results in the extinguishment of the liability.
Disclosure of Accounting Policies (Amendment to IAS 1)	1 January 2023	The amendment replaces the disclosure requirements with respect to accounting policies from 'significant accounting policies' to 'material accounting policy information. The amendment provides guidance on when accounting policy information is considered material.
Definition of Accounting Estimates (Amendment to IAS 8)	1 January 2023	The amendment clarifies the distinction between changes in accounting estimates and changes in accounting policies by replacing the definition of a change in accounting estimates with a new definition of accounting estimates.
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)	1 January 2024	The amendments clarify that the initial recognition exemption set out in IAS 12.15 does not apply to certain transactions that result in both an asset and a liability being recognised simultaneously, such as IFRS 16 leases and similar transactions. The amendment thus requires an entity to recognise deferred tax on these transactions which will give rise to equal amounts of taxable and deductible temporary differences on initial recognition.

2 PROPERTY, PLANT AND EQUIPMENT

ACCOUNTING POLICY

Measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Land is measured at costs less accumulated impairment losses.

Subsequent costs

Subsequent costs are capitalised only when it is probable that the future economic benefits associated with the item will flow to the Group and these costs can be measured reliably.

Depreciation

Items of property, plant and equipment are depreciated to their estimated residual values over their expected useful lives. Depreciation is recognised in profit or loss unless it is capitalised to the cost of another asset. Land is not depreciated. The depreciation methods, estimated useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

The depreciation rates applied are set out below:

Aircraft	Variable rates based on flying hours
Buildings	50 years straight-line
Plant and vehicles	Variable based on expected production units
Equipment	3 years straight-line
Office and computer equipment	3 to 10 years straight-line

Impairment

Property, plant and equipment is assessed annually for indicators of impairment.

Derecognition

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

NOTE

	Land and buildings R 000	Aircraft R 000	Plant, vehicles and equipment R 000	Office and computer equipment R 000	Total R 000
Cost					
At 1 July 2022	315 515	61 214	2 987 112	95 167	3 459 008
Additions	3 348	–	497 083	9 799	510 230
Acquisition through business combination (note 30)	201 336	–	8 055	–	209 391
Disposals	(21 593)	–	(134 565)	(7 054)	(163 212)
Exchange rate effect	48 229	–	103 256	4 475	155 960
At 30 June 2023	546 835	61 214	3 460 941	102 387	4 171 377
Accumulated depreciation and impairment losses					
At 1 July 2022	90 255	4 338	1 730 129	71 679	1 896 401
Depreciation - continuing operations	10 432	1 122	182 246	8 628	202 428
Disposals	(18 035)	–	(100 608)	(6 651)	(125 294)
Exchange rate effect	6 809	–	76 239	3 593	86 641
At 30 June 2023	89 461	5 460	1 888 006	77 249	2 060 176
Carrying amount at 30 June 2023	457 374	55 754	1 572 935	25 138	2 111 201

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

FOR THE YEAR ENDED 30 JUNE 2023

2 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Land and buildings R 000	Aircraft R 000	Plant, vehicles and equipment R 000	Office and computer equipment R 000	Total R 000
Cost					
At 1 July 2021	428 961	61 214	3 313 178	235 630	4 038 983
Additions	5 970	–	217 987	17 420	241 377
Disposals	(2 500)	–	(74 307)	(11 373)	(88 180)
Exchange rate effect	35 170	–	31 558	2 834	69 562
Derecognised on loss of control of subsidiary (note 30)	(152 086)	–	(501 304)	(149 345)	(802 735)
At 30 June 2022	315 515	61 214	2 987 112	95 167	3 459 008
Accumulated depreciation and impairment losses					
At 1 July 2021	124 355	3 826	1 977 092	170 171	2 275 444
Depreciation - continuing operations	9 919	512	126 865	8 316	145 612
Depreciation - discontinued operations	2 099	–	22 268	11 761	36 128
Disposals	–	–	(65 986)	(11 046)	(77 033)
Exchange rate effect	34 691	–	21 712	1 855	58 258
Derecognised on loss of control of subsidiary (note 30)	(80 809)	–	(351 822)	(109 378)	(542 009)
At 30 June 2022	90 255	4 338	1 730 129	71 679	1 896 401
Carrying amount at 30 June 2022	225 259	56 876	1 256 983	23 489	1 562 606

The carrying amount of land and buildings comprises:

	2023 R 000	2022 R 000
Land	**239 611**	53 804
Buildings	**217 763**	171 455
	457 374	225 259

Plant, vehicles and equipment with a carrying amount of R368 million (2022: R127 million) are encumbered by instalment sale agreements (note 10).

3 LEASES

ACCOUNTING POLICY

At inception of the contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As lessee

The Group recognises a right-of-use asset and the corresponding lease liability at the commencement date of the lease. The recognition exemptions for leases of low value assets and short-term leases have been applied whereby the lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The lease liability is initially measured at the present value of the contractual lease payments due to the lessor over the lease term, discounted using the rate implicit in the lease, or if this rate cannot be readily determined, using the incremental borrowing rate of the Group. Generally, the Group uses its incremental borrowing rate as the discount rate, obtained from various external financing sources, which is specific to each geographical region.

Lease payments consist of:

- fixed lease payments less any lease incentives;
- variable lease payments, that depend on an index or a rate, initially measured using the index or rate as at the commencement date; and
- penalties for terminating a lease agreement, if the Group is reasonably certain to exercise termination options.

The lease term is determined as the non-cancellable period of a lease, which includes optional periods where the Group is reasonably certain to exercise lease extensions or reasonably certain not to exercise termination options.

Subsequently, the lease liability is measured at amortised cost using the effective interest method. A lease liability is remeasured when:

- there is a change in the lease term;
- there is a change in the Group's assessment of whether it will exercise an extension or termination option;
- the future lease payments change due to a change in an index or rate used to determine the lease payments; or
- a lease contract is modified and the lease modification is not accounted for as a separate lease.

When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset or is recognised in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

A right-of-use asset is initially measured at cost, comprising the initial measurement of the lease liability, adjusted for any lease payments made at, or before the commencement date, plus any initial direct costs incurred and less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of their estimated useful life and the lease term. In addition, right-of-use assets are adjusted for certain remeasurements of the lease liability and assessed for impairment whenever there is an indicator of impairment.

The Group presents right-of-use assets and the non-current portion of lease liabilities as separate line items in the statement of financial position. The current portion of lease liabilities is included in trade and other payables.

NOTE

Nature of leasing activities

The Group enters into leases in respect of buildings and vehicles. Leases for site accommodation are negotiated based on terms and conditions specific to a project and are subject to IFRS 16's recognition exemptions, either being low-value assets or short-term leases. The Group does not expect a change in the portfolio of short-term leases in future periods. Short-term and low-value lease expenses have been disclosed in note 16.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Judgement is applied when determining whether to exercise options relating to extensions and terminations as a result of uncertainties in project completion dates. Lease terms for vehicles are for a period of 3 years. The lease terms for buildings vary in length, and range from month-to-month agreements up to 15 years. Month-to-month lease agreements relate to site accommodation.

The incremental borrowing rates used by the Group in the measurement of lease liabilities vary depending on the geographical regions in which the leases are entered into and take into account the duration of the lease and the value of the right-of-use asset. All future cash flows to which the Group is exposed have been included in the measurement of lease liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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FOR THE YEAR ENDED 30 JUNE 2023

3 LEASES (CONTINUED)

The Group has remeasured certain lease liabilities and the relating right-of-use assets as a result of extension options being exercised which were not previously included in the determination of the lease terms, as well as changes in future lease payments resulting from a market rent review. These remeasurements have been disclosed under the reassessments below.

A lessor exercised a termination option for a lease held with the Byrne Group. The lease liability and relating right of use asset was derecognised on 1 January 2023. Prior to the lease termination the remaining lease term was five years. The effect of the lease termination on the carrying amounts of the right-of-use assets and the lease liabilities have been disclosed below.

Right-of-use assets

	Buildings R 000	Vehicles R 000	Total R 000
Cost			
At 1 July 2022	**369 416**	**8 719**	**378 135**
Additions	**33 452**	**3 688**	**37 140**
Reassessments	**4 315**	**–**	**4 315**
Derecognition relating to expired leases	**(7 343)**	**(2 423)**	**(9 766)**
Derecognition relating to terminated leases	**(174 739)**	**–**	**(174 739)**
Exchange rate effects	**47 513**	**1 910**	**49 423**
At 30 June 2023	**272 614**	**11 894**	**284 508**
Accumulated depreciation			
At 1 July 2022	**142 726**	**4 796**	**147 522**
Depreciation - continuing operations	**42 593**	**3 027**	**45 620**
Derecognition relating to expired leases	**(7 343)**	**(2 423)**	**(9 766)**
Derecognition relating to terminated leases	**(76 448)**	**–**	**(76 448)**
Exchange rate effects	**17 852**	**1 040**	**18 892**
At 30 June 2023	**119 380**	**6 440**	**125 820**
Carrying amount at 30 June 2023	**153 234**	**5 454**	**158 688**
Cost			
At 1 July 2021	456 525	10 473	466 998
Additions	–	2 018	2 018
Reassessments	6 572	–	6 572
Derecognition relating to expired leases	(27 884)	(3 722)	(31 606)
Derecognised on loss of control of subsidiary	(64 168)	–	(64 168)
Exchange rate effects	(1 629)	(50)	(1 679)
At 30 June 2022	369 416	8 719	378 135
Accumulated depreciation			
At 1 July 2021	141 441	4 919	146 360
Depreciation - continuing operations	49 420	3 641	53 061
Depreciation - discontinued operations	12 207	–	12 207
Derecognition relating to expired leases	(27 884)	(3 722)	(31 606)
Derecognised on loss of control of subsidiary	(31 401)	–	(31 401)
Exchange rate effects	(1 057)	(42)	(1 100)
At 30 June 2022	142 726	4 796	147 522
Carrying amount at 30 June 2022	226 690	3 923	230 613

3 LEASES (CONTINUED)

Lease liabilities

	2023 R 000	2022 R 000
At 1 July	**242 932**	344 776
Additions	**37 145**	2 016
Finance costs on lease liabilities	**6 180**	10 751
Lease payments	**(53 057)**	(78 776)
Reassessments	**4 315**	6 569
Lease terminations	**(100 748)**	–
Derecognised on loss of control of subsidiary	**–**	(42 413)
Foreign exchange movements	**31 300**	8
Lease liabilities at 30 June	**168 067**	242 932
Less: Current portion (note 13)	**(36 450)**	(49 382)
Non-current portion	**131 617**	193 550
Maturity analysis of lease liabilities		
Due within one year	**41 947**	57 226
Due between two and five years	**109 947**	195 719
Due between six and eight years	**15 979**	12 791
Due between nine and ten years	**4 734**	1 309
Due between eleven and twenty years	**21 303**	–
	193 910	267 045
Less: Future finance costs	**(25 843)**	(24 113)
	168 067	242 932

4 GOODWILL

ACCOUNTING POLICY

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree, over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirers' previously held interest in the acquiree, the excess is recognised immediately in profit or loss as a gain on bargain purchase.

At each reporting date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it may be impaired.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units (CGUs). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis. An impairment loss in respect of goodwill is not reversed.

Goodwill arising on the acquisition of associates or joint ventures is included in the investment.

On disposal of a subsidiary, the attributable goodwill is included in the determination of the profit or loss on disposal.

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FOR THE YEAR ENDED 30 JUNE 2023

4 GOODWILL (CONTINUED)

NOTE

		2023 R 000	2022 R 000
Cost		**684 918**	1 173 866
Accumulated impairment		**(20 635)**	(544 433)
Exchange rate effects		**(61 966)**	(116 901)
Carrying amount		**602 317**	512 532
The carrying amount of goodwill is reconciled as follows:			
Carrying amount at 1 July		**512 532**	1 005 631
Impairment of goodwill		**–**	(523 798)
Exchange rate effects		**89 785**	30 699
Carrying amount at 30 June		**602 317**	512 532
Business segment:	Cash generating unit:		
Roads and earthworks	WBHO Pipelines division	**70 545**	70 545
United Kingdom	Russell-WBHO	**531 772**	441 987
		602 317	512 532

Impairment of goodwill assessment

The recoverable amount of each identified CGU has been determined using the value in use methodology incorporating discounted cash flows.

Discount rates are pre-tax measures based upon risk-free government bonds of the same tenure as the valuation period. The rates are adjusted for risk factors inherent to the market or sector in which the CGU operates, risk factors unique to the CGU as well as the volatility of the CGU to material movement.

For each CGU, cash flow projections take in to account the following:

- current order book levels;
- the number and availability of projects in the forward-looking pipeline;
- the 12-month budget for the following reporting period, with growth projections over a five-year period; and
- the existing and future expected cost base of the CGU.

The growth rates used in the valuation of the recoverable amounts represent management's assessment of future trends relevant to each CGU taking into accounts the input above and using published industry data where available.

RUSSELL-WBHO

Based on current levels of secured work and imminent prospects, activity within Russell-WBHO is forecast to grow by 169% in FY2024. The high growth reflects normalised activity levels following a recovery in procurement activity within the North West construction market in the United Kingdom during FY2023. In the following year, further growth of 10% is expected as projects secured in FY2024 reach peak activity levels. The results for the current reporting period were significantly impacted by the delayed award of projects, a single large targeted project not reaching contract finalisation and geopolitical issues impacting procurement activity in FY2022. Growth rates in line with expected economic activity and industry norms have been applied to the remaining forecast period.

4 GOODWILL (CONTINUED)

PIPELINES

During FY2019, the Group was awarded a R1 billion contract for the construction of a pipeline in KZN. In FY2020, the project was suspended due to community unrest. The contract has not been terminated and the Group continues to perform care and maintenance duties. Although recommencement was expected in FY2023, this did not materialise. The client remains confident that significant progress has been made with the community issues and the project is nearing commencement. The Group has adopted a conservative view and forecast commencement in FY2025 with completion in FY2026. The Group was also the lowest bidder on a R4 billion project expected to commence in FY2025.

The table below illustrates the growth and discount rates used in determining the recoverable amounts as well as the amount by which the assumptions would need to change individually for the estimated recoverable amount to be equal to the carrying amount:

	Russells-WBHO Limited	WBHO Pipelines division
2023		
R 000		
Carrying amount	**531 772**	**70 545**
Recoverable amount	**1 478 225**	**76 472**
Amount by which the recoverable amount exceeds the carrying amount	**946 453**	**5 927**
Growth rate range (%)	**7.5 to 169.4**	**(4.8) to 81.2**
Average growth rate over 5-year period (%)	**41**	**28**
Terminal growth rate (%)	**2**	**5**
Change in growth rate resulting in recoverable amount being equal to the carrying amount (%)	**(15)**	**(7)**
Pre-tax discount rate (%)	**15**	**28**
Change in pre-tax discount rate resulting in recoverable amount being equal to the carrying amount (%)	**21**	**10**
2022		
R 000		
Carrying amount	441 987	70 545
Recoverable amount	1 120 508	127 623
Amount by which the recoverable amount exceeds the carrying amount	678 521	57 078
Growth rate range (%)	9.1 to 26.5	(32.1) to 240.4
Average growth rate over 5-year period (%)	15	37
Terminal growth rate (%)	2	5
Change in growth rate resulting in recoverable amount being equal to the carrying amount (%)	(5)	(41)
Pre-tax discount rate (%)	13	25
Change in pre-tax discount rate resulting in recoverable amount being equal to the carrying amount (%)	27	4

PROBUILD

During the previous reporting period, Probuild Constructions (Aust.) Pty Ltd (Probuild) incurred material operating losses relating to two loss-making projects and the impact of Covid-19 regulations. The impairment indicators which existed at 31 December 2021 included material losses incurred and reduced project delivery capability; low levels of new work procurement and difficulty in obtaining guarantees, which had to be secured by cash. Accordingly, at 31 December goodwill amounting to $45 million (R524 million) was impaired. The goodwill was subsequently derecognised on 23 February 2022 (note 20), the date on which the Group lost control of the business.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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FOR THE YEAR ENDED 30 JUNE 2023

5 INTERESTS IN ASSOCIATES AND JOINT VENTURES

ACCOUNTING POLICY

An associate is an entity over which the Group has the ability to exercise significant influence. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and joint ventures are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the financial statements include the Group's share of the profit or loss and other comprehensive income of associates and joint ventures, up until the date on which significant influence or joint control ceases.

The carrying amounts of interests in associates and joint ventures are assessed annually for impairment.

Loans to associates and joint ventures which form part of the net investment of the entity or arrangement are recognised at amortised cost and are impaired in accordance with IFRS 9 as disclosed in note 25.

The Group loses significant influence over an investee when it loses the power to participate in the financial and operating policy decisions of that investee. The associate is derecognised and the difference between the proceeds received and the carrying amount of the investment in the associate is recognised in profit or loss on the date when significant influence was lost.

NOTE

	2023 R 000	2022 R 000
Investment at cost	**135 550**	220 274
Additional equity contributions	**113 693**	115 910
Equity investment	**249 243**	336 184
Attributable post-acquisition profits and losses	**305 183**	268 037
	554 426	604 221
Loans to associates and joint ventures	**448 194**	299 057
	1 002 620	903 278
Less: current portion of loans to associates and joint ventures (note 9)	**(299 905)**	(243 026)
	702 715	660 253
The interest in associates and joint ventures is reconciled as follows:		
At 1 July	**903 278**	885 410
Additions	**–**	18 801
Share of profits and losses from continuing operations	**130 870**	100 456
Share of profits and losses from discontinued operations (note 20)	**–**	12 434
Share of other comprehensive income	**40 502**	23 324
Dividends received	**(179 201)**	(88 959)
Repayment of equity contributions	**(2 217)**	(27 562)
Impairment	**–**	(3 821)
Disposal of associate	**(56 248)**	–
Derecognised on loss of control of subsidiary	**–**	(122 437)
Loans advanced	**93 700**	99 802
Loss allowance movement	**(860)**	67
Exchange rate effects	**72 796**	5 763
At 30 June	**1 002 620**	903 278

5 INTERESTS IN ASSOCIATES AND JOINT VENTURES (CONTINUED)

Investments at cost	Country of incorporation	EFFECTIVE INTEREST 2023 %	EFFECTIVE INTEREST 2022 %	CARRYING AMOUNT 2023 R 000	CARRYING AMOUNT 2022 R 000
Associates					
Gigajoule International (Pty) Ltd#	South Africa	**26.6**	26.6	**31 835**	31 835
Gigajoule Power (Pty) Ltd#	South Africa	**13.0**	13.0	**7 657**	7 657
Ilembe Airport Construction Services (Pty) Ltd^	South Africa	**29.3**	29.3	**3**	3
Tshala Bese Uyavuna (RF) (Pty) Ltd*	South Africa	**32.5**	32.5	**325**	325
Dipalopalo Concession (RF) (Pty) Ltd*	South Africa	**27.7**	27.7	**–**	–
Dipalopalo FM Solutions (RF) (Pty) Ltd*	South Africa	**14.6**	14.6	**–**	–
Edwin Construction (Pty) Ltd^	South Africa	**–**	49.0	**–**	97 713
19 on Loop (Pty) Ltd†	South Africa	**20.0**	20.0	**18 801**	18 801
Russell Homes Limited†	England	**31.7**	31.7	**76 928**	63 940
Joint ventures					
Catchu Trading (Pty) Ltd†	South Africa	**50.0**	50.0	**1**	–
				135 550	220 274

	2023 R 000	2022 R 000
Loans		
Dipalopalo Concession (RF) (Pty) Ltd	**49 329**	51 999
Russell Homes Limited	**300 657**	243 513
Tshala Bese Uyavuna (RF) (Pty) Ltd	**97 924**	–
19 on Loop (Pty) Ltd	**1 951**	4 352
Less: Loss allowance (note 25)	**(1 667)**	(807)
	448 194	299 057
Less: current portion of loans to associated and joint ventures (note 9)	**(299 905)**	(243 026)
	148 289	56 031
Equity contributions		
Gigajoule Power (Pty) Ltd	**83 633**	83 633
Catchu Trading (Pty) Ltd	**30 060**	32 277
	113 693	115 910

The Group has significant influence over Gigajoule Power (Pty) Ltd and Dipalopalo FM Solutions (RF) (Pty) Ltd through its investments in Gigajoule International (Pty) Ltd and Dipalopalo Concession (RF) (Pty) Ltd respectively.

Loans to associates and joint ventures will not be repaid within the next 12 months in terms of the loan agreements and bear interest between 0% and 15% per annum. The loan to Russell Homes has been classified as current as the loan facility is renewable annually.

The entities listed above are involved in:
^ construction
# power generation
* serviced accommodation
† property development

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

FOR THE YEAR ENDED 30 JUNE 2023

5 INTERESTS IN ASSOCIATES AND JOINT VENTURES (CONTINUED)

A reconciliation of significant interests in associates and joint ventures is disclosed below:

	Gigajoule International Group R 000	Edwin Construction (Pty) Ltd R 000	Tshala Bese Uyavuna (RF) (Pty) Ltd R 000	Dipalopalo Concession (RF) (Pty) Ltd R 000	Russell Homes Limited R 000	Catchu Trading (Pty) Ltd R 000	Other R 000	Total R 000
2023								
Investment at cost	**39 492**	**–**	**325**	**–**	**76 929**	**–**	**18 804**	**135 550**
Equity contributions	**83 633**	**–**	**–**	**–**	**–**	**30 060**	**–**	**113 693**
Equity investment	**123 125**	**–**	**325**	**–**	**76 929**	**30 060**	**18 804**	**249 243**
Post-acquisition gains less dividends received	**262 070**	**–**	**–**	**–**	**20 835**	**9 484**	**12 794**	**305 183**
Carrying amount at 30 June	**385 195**	**–**	**325**	**–**	**97 764**	**39 544**	**31 598**	**554 426**
Loans to associates and joint ventures	**–**	**–**	**97 312**	**49 026**	**299 905**	**–**	**1 951**	**448 194**
	385 195	**–**	**97 637**	**49 026**	**397 669**	**39 544**	**33 549**	**1 002 620**
Share of profits/(losses)	**136 297**	**4 276**	**–**	**–**	**467**	**(13 132)**	**2 962**	**130 870**
Dividends received	**(162 610)**	**(15 092)**	**–**	**–**	**–**	**–**	**(1 499)**	**(179 201)**
2022								
Investment at cost	39 492	97 713	325	–	63 940	–	18 804	220 274
Equity contributions	83 633	–	–	–	–	32 277	–	115 910
Equity investment	123 125	97 713	325	–	63 940	32 277	18 804	336 184
Post-acquisition gains/(losses) less dividends received	247 881	(30 649)	–	–	16 887	22 617	11 301	268 037
Carrying amount at 30 June	371 005	67 064	325	–	80 827	54 894	30 105	604 221
Loans to associates and joint ventures	–	–	–	51 679	243 026	–	4 352	299 057
	371 005	67 064	325	51 679	323 853	54 894	34 457	903 278
Share of profits/(losses) from continuing operations	82 278	7 482	–	–	7 172	–	3 523	100 456
Share of profits/(losses) from discontinued operations	–	–	–	–	–	–	12 434	12 434
Dividends received	(64 459)	(24 500)	–	–	–	–	–	(88 959)

5 INTERESTS IN ASSOCIATES AND JOINT VENTURES (CONTINUED)

The summary financial information for material associates and joint ventures is disclosed as follows:

	Gigajoule International Group R 000	Tshala Bese Uyavuna (RF) (Pty) Ltd R 000	Dipalopalo Concession (RF) (Pty) Ltd R 000	Russell Homes Limited R 000	Catchu Trading (Pty) Ltd R 000
2023					
Non-current assets	**2 574 051**	**1 501 564**	**939 225**	**50 998**	**574**
Current assets	**2 207 881**	**168 020**	**201 165**	**539 296**	**83 034**
Total assets	**4 781 932**	**1 669 584**	**1 140 390**	**590 294**	**83 608**
Shareholders' equity	**1 369 813**	**(166 549)**	**49 901**	**105 612**	**18 970**
Non-controlling interest	**1 124 980**	**–**	**–**	**–**	**–**
Non-current liabilities	**1 700 838**	**1 836 019**	**1 084 723**	**101 481**	**–**
Current liabilities	**586 301**	**114**	**5 766**	**383 202**	**64 638**
Total equity and liabilities	**4 781 932**	**1 669 584**	**1 140 390**	**590 295**	**83 608**
Revenue	**4 630 927**	**1 166 172**	**298 631**	**411 144**	**4 463**
Profit/(loss) for the year	**558 719**	**(79 728)**	**43 503**	**1 473**	**(8 109)**
Other comprehensive income	**107 803**	**–**	**–**	**–**	**–**
Total comprehensive income/(loss) for the year	**666 522**	**(79 728)**	**43 503**	**1 473**	**(8 109)**

	Gigajoule International Group R 000	Tshala Bese Uyavuna (RF) (Pty) Ltd R 000	Dipalopalo Concession (RF) (Pty) Ltd R 000	Russell Homes Limited R 000	Catchu Trading (Pty) Ltd R 000	Edwin Construction (Pty) Ltd R 000
2022						
Non-current assets	2 348 340	463 973	934 891	30 155	280	77 752
Current assets	1 654 177	618 679	173 720	522 384	96 953	198 391
Total assets	4 002 517	1 082 652	1 108 610	552 539	97 233	276 143
Shareholders' equity	1 287 131	(92 234)	19 816	86 422	21 978	125 388
Non-controlling interest	1 278 620	–	–	–	–	–
Non-current liabilities	1 070 623	1 174 878	984 320	–	–	13 520
Current liabilities	366 143	8	104 474	466 117	75 255	137 235
Total equity and liabilities	4 002 517	1 082 652	1 108 610	552 539	97 233	276 143
Revenue	2 196 685	228 387	–	455 398	28 090	431 237
Profit/(loss) for the year	466 858	(17 912)	–	22 625	–	15 270
Other comprehensive income	92 344	–	–	–	–	–
Total comprehensive income/(loss) for the year	559 202	(17 912)	–	22 625	–	15 270

The current liabilities for Catchu Trading (Pty) Ltd, excluding trade payables and provisions amounts to R60 million (2022: R65 million) which represent shareholder loans.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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FOR THE YEAR ENDED 30 JUNE 2023

5 INTERESTS IN ASSOCIATES AND JOINT VENTURES (CONTINUED)

Disposal of investment in associate

On 1 January 2023, the Group disposed of its 49% interest in Edwin Construction (Pty) Ltd for a consideration of R36,5 million. The consideration was partially settled in cash amounting to R6.6 million and a loan receivable (note 6) has been recognised in respect of the balance. The loss on disposal amounted to R19.8 million and has been disclosed in profit and loss.

The aggregate summary financial information for individually immaterial associates is as follows:

	2023 R 000	2022 R 000
Net asset value	**58 621**	(41 416)
Profit for the year	**26 521**	5 802
Total comprehensive income for the year	**26 521**	5 802

The information above is presented at 30 June where the reporting dates of associates and joint ventures are different to the Group. The operations of Gigajoule International and Gigajoule Power are located in Mozambique and have a 31 December year-end.

6 LONG-TERM RECEIVABLES

ACCOUNTING POLICY

Long-term receivables are initially measured at fair value plus transaction costs that are directly attributable to acquisition. Long-term receivables are classified and subsequently measured as financial assets at amortised cost. The classification criteria for financial assets as well as the Group's impairment policies are disclosed in note 25.

NOTE

	Note	**2023 R 000**	2022 R 000
At amortised cost:			
Mezzanine financing arrangements	1	**159 257**	229 184
Other long-term receivables		**511**	579
Consideration receivable	2	**29 828**	–
		189 596	229 763
Less: Loss allowance (note 25)		**(154)**	(569)
Less: Current portion (note 9)		**(149 687)**	(76 549)
		39 755	152 645

[1] The Group has concluded three mezzanine financing arrangements which are secured by third party guarantees, listed company shares or title to land and a personal suretyship. The loans bear interest at prime linked rates plus 1% and 2%. Repayments are at terms agreed with each entity and range between July 2023 and May 2025.

[2] Consideration receivable in respect of the sale of the Group's 49% interest in Edwin Construction (Pty) Ltd (note 5). The consideration bears interest at prime less 2.5% compounded annually from 1 January 2023. The loan is repayable on or before 30 June 2029 from dividends paid by Edwin Construction (Pty) Ltd to the new shareholder. The amount disclosed represents the present value of the loan.

The fair value of long-term receivables is disclosed in note 25.

7 INVENTORIES

ACCOUNTING POLICY

Inventories are measured at the lower of cost or net realisable value. The cost of materials on site, raw materials and consumable stores is determined using the weighted-average basis. Costs for developed properties are assigned by specific identification and include the cost of acquisition, the cost of conversion and all other costs that are incurred to prepare developed properties for their intended use.

NOTE

	2023 R 000	2022 R 000
Raw materials	**232 050**	210 546
Consumable stores and finished goods	**53 903**	51 484
Properties for development	**6 404**	20 783
Developed properties (note 10)	**138 105**	138 105
	430 462	420 918

8 CONTRACTS IN PROGRESS

ACCOUNTING POLICY

Where performance under a contract exceeds the payment received to date, a contract asset is recognised. Uncertified work, unapproved variation orders and the Group's assessment of the outcome of contractual claims are recognised as contract assets. Contract assets and construction contract revenue are recognised as a trade receivable once the contractual right to consideration is unconditional, subject only to the passage of time. Where payment is received for excess billings arising from the measure of progress in respect of construction work yet to be performed, the revenue attributed thereto is not recognised but accounted for as a contract liability. Advance payments received from customers are also included in contract liabilities. Contract liabilities are released to revenue as and when the associated performance obligations are satisfied.

NOTE

	2023 R 000	2022 R 000
Contract assets		
Carrying amount at 1 July	**281 448**	1 054 546
Amounts transferred to contract receivables	**(253 687)**	(418 753)
Uncertified amounts recognised from the measure of progress	**751 110**	279 258
Derecognised on loss of control of subsidiaries	**–**	(631 884)
Less: Loss allowance (note 25)	**(2 840)**	(1 719)
Carrying amount at 30 June	**776 031**	281 448
Contract liabilities		
Carrying amount at 1 July	**1 908 312**	2 490 026
Amounts recognised as construction revenue	**(1 386 242)**	(2 129 969)
Advances from customers recognised as construction revenue	**(696 988)**	(551 556)
Acquisitions through business combinations (note 30)	**35 362**	–
Excess billings over work done arising from the measure of progress	**1 916 266**	2 457 557
Advances from customers recognised during the year	**649 914**	402 412
Derecognised on loss of control of subsidiaries	**–**	(760 158)
Carrying amount at 30 June	**2 426 624**	1 908 312

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FOR THE YEAR ENDED 30 JUNE 2023

9 TRADE AND OTHER RECEIVABLES

ACCOUNTING POLICY

Trade and other receivables are recognised when they originate and are initially measured at transaction price. Trade and other receivables that are classified as financial assets are subsequently measured at amortised cost using the effective interest rate method, less any loss allowance. The classification criteria for financial assets as well as the Group's impairment policies are disclosed in note 25.

NOTE

	2023 R 000	2022 R 000
Contract receivables	**3 283 866**	2 477 099
Contract retentions	**789 181**	694 459
Trade receivables	**281 295**	198 262
Receivables due from joint operators	**287 690**	196 328
Loans advanced to joint operators	**28 006**	52 879
Receivable in respect of cash-collaterised Australia guarantees [1]	**42 529**	–
Current portion of loans to associates and joint ventures (note 5)	**300 657**	243 513
Current portion of long-term receivables (note 6)	**149 687**	76 549
	5 162 911	3 939 088
Less: Specific loss allowance (note 25)	**(119 019)**	(88 458)
Less: General loss allowance (note 25)	**(16 960)**	(22 019)
	5 026 932	3 828 611
Prepayments	**270 483**	147 630
Value-added tax receivable	**138 435**	80 298
	5 435 850	4 056 538

[1] All obligations under the parent company guarantee provided to the Commonwealth Bank of Australia (CBA) have been fulfilled which included cash collaterising uncalled guarantees in Australia. The process of recovering uncalled guarantees, against which cash collateral has been provided, is expected to be completed in the 2024 financial year.

10 LONG-TERM LIABILITIES

ACCOUNTING POLICY

Long-term liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument. Long-term liabilities are classified and measured at amortised cost.

Instalment sale agreements

Assets acquired through instalment sale agreements, where the risks and rewards of ownership are transferred to the Group at the end of the agreement, are capitalised as property, plant and equipment. These assets are initially recognised at cost and depreciated over their useful lives. The capital portion of the instalment sale agreements is included as part of long-term liabilities with the current portion included in trade and other payables in the statement of financial position. Finance costs are recognised in profit or loss.

NOTE

	2023 R 000	2022 R 000
At amortised cost:		
Secured		
Instalment sale agreements (effective interest rates between 7.75% and 10.5%)	**277 388**	103 597
Bank loans (effective interest rates between 8.25% and 11.75%)	**271 443**	105 493
Other long-term liabilities	**2 091**	2 091
Unsecured		
Loan from Edwin Construction (Pty) Ltd	**–**	25 289
Cash-settled share scheme liability	**11 054**	–
Settlement agreement liabilities	**110 394**	111 058
	672 370	347 528
Less: current portion of liabilities (note 13)	**(345 213)**	(195 342)
	327 157	152 186

10 LONG-TERM LIABILITIES (CONTINUED)

Instalment sale agreements

Instalment sale agreements are for periods up to 48 months and are secured by the plant, vehicles and equipment to which they relate (note 2).

Bank loans

1) A loan agreement was entered into by the Group with Absa Bank Limited (Absa) for an amount of R110 million to finance the development of a student accommodation building (note 7). The loan bears interest linked to the prime lending rate in South Africa. Security provided on the loan includes:
   a) The registration of a continuing covering mortgage bond over the Group's 50% undivided share in Erf 827, Hatfield amounting to R110 million, and an additional amount to secure interest and costs, charges and disbursements due to Absa if it exercises any right under the mortgage bond;
   b) A cession of security by the Group of right, title and interest in and to its 50% undivided share in:
      - Leases and rentals in respect of the property;
      - Proceeds in respect of the sale or transfer of the property including, without limitation, any sale proceeds and expropriation proceeds; and
      - Insurance policies and proceeds in respect of the insurance claims relating to the property.
2) A loan agreement was entered into with Standard Bank to support working capital requirements following substantial cash out flows to meet contractual obligations in Australia. The loan bears interest at the prime lending rate in South Africa with a 36-month tenor. The Group pledged a Mozambican bank account funded in the amount of USD 14,4 million as security. Withdrawal of funds from this account required mandatory prepayment of the loan with the equivalent rand value. At 30 June 2023, the pledged amount was R87 million.

Loan from Edwin Construction

The loan from Edwin Construction beared interest linked to the South African prime lending rate less 2.5%. The loan was settled in the current reporting period.

Cash-settled share scheme liability

The Group implemented a cash bonus incentive scheme through which qualifying employees are granted notional shares, the value of which is linked to the value of the Company's share price. The cash bonus will be paid to employees upon vesting of the notional shares and is measured based on the increase in market price of the linked share. The notional shares have a vesting period of three years, and only to the extent that the share price growth exceeds the allocated share price over the intervening period. The incentive scheme relating to these shares has been disclosed in note 27.4.

Settlement agreement liabilities

In 2017, the Group signed a settlement agreement with the Government of South Africa in terms of which annual amounts of R22 million are payable to the Tirisono Trust over a period of 12 years. A discount rate of 8.7% has been applied in determining the present value.

In 2022, the Group concluded a settlement with the City of Cape Town in terms of which R10 million is payable annually over a 3 year period from November 2022. A discount rate of 8.25% has been applied in determining the present value.

The contractual maturity of long-term liabilities is disclosed in note 25.5.

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11 DEFERRED TAX

ACCOUNTING POLICY

A deferred tax asset is recognised for all deductible temporary differences, including those arising from investments in subsidiaries, branches and associates, and interests in joint arrangements, to the extent that, and only to the extent that it is probable that future taxable income will be generated against which any available tax losses and deductible temporary differences can be utilised. Future taxable profits are generated from future trading activities and the reversal of relevant taxable temporary differences.

Deferred tax is not recognised on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit or loss. Deferred tax liabilities are not recognised on the initial recognition of goodwill.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Such reductions are reversed when the probability of future taxable profits improves. Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse or when they are settled, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any.

The deferred tax asset on the face of the Statement of Financial Position represents a consolidation of the net deferred tax assets within various statutory entities within the Group and the deferred tax liability on the face of the Statement of Financial Position represents a consolidation of the net deferred tax liabilities within various statutory entities within the Group. Where the deferred tax balance changes from a net asset to a net liability or vice versa within a specific statutory entity, it is necessary to transfer the balance from one net carrying amount to the other. Deferred tax assets and liabilities are offset only if there is a legally enforceable right to offset current tax assets against current tax liabilities and if the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority.

NOTE

	2023 R 000	2022 R 000
Deferred tax assets		
The deferred tax asset balance is reconciled as follows:		
At 1 July	**550 223**	797 094
Recognised in profit or loss (note 18)	**5 523**	117 450
Change in United Kingdom tax rate (2022: South Africa) (note 18)	**(9 537)**	(20 816)
Tax effect of other comprehensive items	**(47 122)**	3 326
Derecognised on loss of control of subsidiaries	**–**	(363 992)
Transfer to deferred tax liability	**(25 631)**	–
Exchange rate effects	**5 018**	17 161
At 30 June	**478 474**	550 223
Comprising of:		
Construction allowances		
Future expenditure allowance	**(389 042)**	(223 746)
Prepayments	**(5 111)**	(6 996)
Advances from customers	**458 240**	318 613
Amounts due from customers	**(201 234)**	(136 906)
Stock adjustment	**15 460**	16 956
Unrealised forex gain and loss	**(62 454)**	6 715
Settlement agreement liabilities	**43 989**	41 183
Adjustments to the loss allowance	**2 318**	3 503
Capital allowances	**(175 464)**	(145 619)
Provisions and accruals	**738 344**	633 197
Tax losses	**53 428**	43 324
Carrying amount at 30 June	**478 474**	550 223

11 DEFERRED TAX (CONTINUED)

	2023 R 000	2022 R 000
Deferred tax liabilities		
The deferred tax liability balance is reconciled as follows:		
At 1 July	**(42 522)**	(29 447)
Recognised in profit or loss (note 18)	**(14 074)**	(16 423)
Change in tax rate (note 18)	**–**	808
Transfer from deferred tax asset	**25 631**	–
Exchange rate effects	**(2 232)**	2 540
At 30 June	**(33 197)**	(42 522)
Comprising of:		
Construction allowances		
Prepayments	**(935)**	–
Advances from customers	**657**	8 754
Amounts due from customers	**(29 782)**	(8 402)
Unrealised forex gain and loss	**(117)**	(8 245)
Adjustments to the loss allowance	**84**	273
Capital allowances	**(23 634)**	(41 562)
Provisions and accruals	**3 802**	6 093
Tax losses	**16 728**	567
Carrying amount at 30 June	**(33 197)**	(42 522)

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

Deferred tax assets have not been recognised on tax losses in subsidiaries amounting to R140 million (2022: R137 million). Tax losses amounting to R59 million do not have an expiry period. Tax losses amounting to R81 million have an expiry period of 2 to 5 years.

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12 NON-CONTROLLING INTEREST (NCI)

ACCOUNTING POLICY

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

NOTE

		2023 R 000	2022 R 000
Carrying amount of NCI			
Subsidiary:	Principle place of business:		
Byrne Group Limited	United Kingdom	117 423	76 177
WBHO Quantum LC Company Limited	Ghana	20 519	–
WBHO Mining & Civil Limited	Tanzania	(3 238)	–
WBHO SC Limited	Liberia	1 802	–
St Francis Golf Links (Pty) Ltd	South Africa	–	5 078
		136 506	81 255

The operations in Ghana and Tanzania reflected above were entered into with locally-owned businesses. Although the Group holds less than 51% in these companies, control is retained through directorship on the Board and contribution to the operations.

The table below summarises the information relating to each of the Group's subsidiaries that has a material NCI before any intra-group eliminations.

	Byrne Group Limited	WBHO Quantum LC Company Limited	WBHO Mining & Civil Limited	WBHO SC Limited
2023				
Ownership interest held by NCI	20.0%	51.0%	51.0%	10.0%
	R 000	R 000	R 000	R 000
Summarised statement of financial position				
Non-current assets	470 187	6 886	–	55 456
Current assets	1 544 956	303 119	6 023	118 858
Total assets	2 015 143	310 005	6 023	174 314
Non-current liabilities	97 189	–	–	7 561
Current liabilities	1 264 306	259 182	12 235	147 478
Total liabilities	1 361 495	259 182	12 235	155 039
Summarised statement of financial performance and other comprehensive income				
Revenue	4 081 712	582 199	28 371	242 269
Profit/(loss) for the year	118 739	40 234	(6 349)	25 019
Total comprehensive income/(loss)	118 739	40 234	(6 349)	25 019
Profit/(loss) for the year attributable to NCI	23 748	20 519	(3 238)	1 802
Summarised statement of cash flows				
Cash flows from operating activities	(255 988)	120 202	1 559	96 771
Cash flows from investing activities	(236 045)	–	–	(92 601)
Cash flows from financing activities	(32 561)	(809)	–	43 544
Net (decrease)/increase in cash and cash equivalents	(524 594)	119 393	1 559	47 714

12 NON-CONTROLLING INTEREST (NCI) (CONTINUED)

	Byrne Group Limited
2022	
Ownership interest held by NCI	20.0%
	R 000
Summarised statement of financial position	
Non-current assets	291 172
Current assets	1 674 445
Total assets	1 965 617
Non-current liabilities	155 589
Current liabilities	1 376 235
Total liabilities	1 531 824
Summarised statement of financial performance and other comprehensive income	
Revenue	3 091 447
Profit for the year	103 027
Total comprehensive income	103 027
Profit for the year attributable to NCI	20 605
Dividends paid to NCI	41 181
Summarised statement of cash flows	
Cash flows from operating activities	386 685
Cash flows utilised in from investing activities	(1 677)
Cash flows utilised in financing activities	(37 672)
Net increase in cash and cash equivalents	347 336

The table below details the acquisition of NCI during the reporting period:

	Date acquired	Transaction	Percentage acquired %	Effective interest held after transaction %	Purchase consideration paid R 000
2023					
St Francis Golf Links (Pty) Ltd	06-Apr-23	Acquisition	**20.00**	**100.00**	**10 000**
Net cash outflow					**10 000**
Aggregate amounts recognised in equity					**4 224**
2022					
Russells Limited	14-Jan-22	Put option	10.00	100.00	127 870
Net cash outflow					127 870
Aggregate amounts recognised in equity					74 316

A true-up of £9 thousand (R187 thousand) was paid in January 2023 on the final put option exercised in Russell-WBHO Limited in January 2022.

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FOR THE YEAR ENDED 30 JUNE 2023

13 TRADE AND OTHER PAYABLES

ACCOUNTING POLICY

Trade and other payables are initially recognised when the Group becomes a party to the contractual provisions of the instrument. Trade and other payables that are classified as financial liabilities are subsequently measured at amortised cost using the effective interest rate method.

NOTE

	2023 R 000	2022 R 000
Trade payables	**870 780**	487 036
Subcontractor creditors	**821 160**	930 190
Subcontractor retentions	**542 265**	431 447
Contract accruals	**1 703 443**	1 433 912
Payroll accruals	**396 771**	295 010
Dividend payable	**1 308**	1 367
Amounts owing to joint operators	**204 172**	96 866
Current portion of lease liabilities (note 3)	**36 450**	49 382
Current portion of long-term liabilities (note 10)	**345 213**	195 342
	4 921 562	3 920 552
Value-added tax payable	**121 879**	216 823
	5 043 441	4 137 375

14 PROVISIONS

ACCOUNTING POLICY

A provision is recognised when there is a present legal or constructive obligation as a result of a past event for which it is more likely than not that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Onerous contracts

A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

NOTE

	Contracting provision R 000	Short-term incentive provision R 000	Insurance provision R 000	Total R 000
At 1 July 2021	1 874 788	376 466	29 938	2 281 192
Recognised	1 844 124	372 528	29 351	2 246 003
Utilised	(1 120 895)	(347 673)	(26 434)	(1 495 002)
Unutilised amounts reversed	(392 409)	–	(4)	(392 413)
Derecognised on loss of control of subsidiaries	(189 635)	(34 776)	–	(224 411)
Exchange rate effects	33 190	(77)	10	33 123
Carrying amount at 30 June 2022	**2 049 163**	**366 467**	**32 862**	**2 448 492**
Recognised	**2 208 879**	**395 774**	**74 065**	**2 678 718**
Acquisition through business combination (note 30)	**4 692**	**–**	**–**	**4 692**
Utilised	**(1 865 891)**	**(326 510)**	**(54 685)**	**(2 247 086)**
Unutilised amounts reversed	**(300 175)**	**(27)**	**(651)**	**(300 853)**
Exchange rate effects	**58 749**	**7 554**	**267**	**66 570**
Carrying amount at 30 June 2023	**2 155 417**	**443 258**	**51 858**	**2 650 533**

Contracting provision

Contracting provisions represent estimated amounts arising from obligations to third parties at the reporting date. The provisions will be utilised as and when the claims are finalised and settled within a period of 12 months.

Short-term incentive provision

The short-term incentive provision arises from a constructive obligation to employees, where an annual bonus based on the performance of the Group are calculated and retention bonus awards have been allocated to retain staff. The actual bonus is not guaranteed and must be approved by the Board of directors. The bonuses are finalised and settled within a period of twelve months.

Insurance provision

The balance represents provisions for potential insurance premiums payable based on past claims history. The provisions are utilised within 12 months, once the claims for the current year are finalised.

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FOR THE YEAR ENDED 30 JUNE 2023

15 REVENUE

ACCOUNTING POLICY

The Group recognises revenue from the following major sources:

- Construction contracts for the construction of buildings, roads and other infrastructure;
- Supply of construction materials including asphalt, bitumen and long-steel products; and
- Sale of properties.

Revenue comprises the consideration received or receivable on contracts entered into with customers in the ordinary course of the Group's activities and is shown net of amounts collected on behalf of third parties. The amount of revenue recognised is the value of the transaction price allocated to each completed or partially completed performance obligation depicting the consideration the entity is entitled to, in exchange for transferring the goods and services promised within the contract to the customer.

The Group has not entered into any contracts where the period between the transfer of the goods or services to the customer and payment by the customer exceeds one year. Therefore, no significant element of financing is present and no adjustment for the time value of money is made to the Group's transaction prices.

The operating cycle relating to construction assets and construction liabilities is considered to be greater than 12 months. As these assets and liabilities are continually recycled through working capital (thereby distinguishing them from the assets and liabilities utilised in the long-term operations of the Group), they are accordingly classified as current assets and liabilities.

Construction contracts

The Group provides construction services embodying single performance obligations under long-term contracts with customers. Revenue is recognised over a period of time where the customer controls the work-in-progress as the asset is constructed, or where the asset being constructed has no alternative use and the Group has an enforceable right to payment for work done to date.

Contract modifications and contractual claims, representing variable revenue, are common within the construction industry. The transaction price is adjusted for approved variations and claims in full. The transaction price for unapproved variations and claims is adjusted only to the extent it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur, at the time when the uncertainty associated to the variability is resolved.

Construction contracts regularly contain penalty provisions for late completion. The transaction price is adjusted for penalties on a contract-by-contract basis, only when it is highly probable that penalties will be implemented.

The output method, incorporating surveys of work performed, is applied to measure performance based on the value of goods and services delivered relative to those undelivered. This method best represents the fair value of the construction works performed and the transfer of control of the goods and services to the customer.

Revenue recognised in accordance with the measure of performance is not necessarily aligned with the payment terms of the contract. Payment terms vary between 30 and 60 days from the date on which the measure of work performed is agreed and certified, but can extend to 90 days under certain contracts. In limited circumstances, the Group may agree to milestone payments under a contract, whereby payment becomes due only on completion of a specified portion of the works to be delivered. In these instances, the duration between milestones is not expected to be greater than 60 days. Project durations are generally between 12 and 18 months but can extend to between 24 and 36 months on larger projects. On contracts requiring substantial mobilisation or with a significant material component, advance payments are often agreed upon. Amounts are often withheld from payment by customers as a contract retention until the defects liability period for the contract has expired. These amounts are recognised as a financial asset under trade and other receivables.

Where performance under the contract exceeds the payment received to date, a contract asset is recognised. Uncertified work, unapproved variation orders and the Group's assessment of the outcome of contractual claims are recognised as contract assets. Contract assets and construction contract revenue are recognised as a trade receivable once the contractual right to consideration is unconditional, subject only to the passage of time. Where payment is received for excess billings arising from the measure of progress in respect of construction work yet to be performed, the revenue attributed thereto is not recognised but accounted for as a contract liability. Advance payments received from customers are also included in contract liabilities. Contract liabilities are released to revenue as and when the associated performance obligations are satisfied.

Sale of construction materials

The Group recognises revenue at a point in time, being when the customer takes possession of the goods, usually on delivery or collection thereof. Invoices are generated and revenue is recognised at that point in time. Invoices are usually payable within 30 days.

Sale of properties

Revenue from property sales is recognised at a point in time once legal ownership of the property has transferred to the customer. Payment is due immediately at that point in time.

15 REVENUE (CONTINUED)

NOTE

	2023 R 000	2022 R 000
Recognised over time:		
Construction revenue	**22 454 298**	16 196 162
Recognised at a point in time:		
Sale of construction materials	**1 289 901**	1 027 399
Sale of properties	**24 548**	16 717
	23 768 747	17 240 278

Disaggregation of revenue

Information in respect of the geographies and sectors from which revenue is recognised is as follows:

	South Africa R 000	**Rest of Africa R 000**	**United Kingdom R 000**	**Total R 000**
2023				
Construction revenue:				
Building and civil engineering	**10 734 930**	**245 946**	**4 987 904**	**15 968 780**
Roads, earthworks and infrastructure	**3 728 706**	**2 756 813**	**–**	**6 485 519**
Sale of construction materials	**1 212 307**	**77 593**	**–**	**1 289 900**
Sale of properties	**24 548**	**–**	**–**	**24 548**
	15 700 491	**3 080 352**	**4 987 904**	**23 768 747**
2022				
Construction revenue:				
Building and civil engineering	7 181 367	316 772	4 209 894	11 708 033
Roads, earthworks and infrastructure	2 862 045	1 626 084	–	4 488 129
Sale of construction materials	995 471	31 928	–	1 027 399
Sale of properties	16 717	–	–	16 717
	11 055 600	1 974 784	4 209 894	17 240 278

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15 REVENUE (CONTINUED)

Remaining transaction price allocated to unsatisfied performance obligations

The following table presents construction revenue expected to be recognised in the future which relates to performance obligations that are unsatisfied or partially unsatisfied at the reporting date.

	2024 R 000	2025 R 000	2026 R 000	Total R 000
2023				
Africa:				
Building and civil engineering	**9 839 239**	**2 824 864**	**283 158**	**12 947 261**
Roads and earthworks	**6 140 283**	**6 642 439**	**2 005 816**	**14 788 538**
United Kingdom:				
Building and civil engineering	**4 184 140**	**630 380**	**–**	**4 814 521**
	20 163 662	**10 097 683**	**2 288 974**	**32 550 319**

	2023 R 000	2024 R 000	2025 R 000	Total R 000
2022				
Africa:				
Building and civil engineering	7 803 996	3 401 587	334 226	11 539 809
Roads and earthworks	3 819 628	2 167 465	412 369	6 399 462
United Kingdom:				
Building and civil engineering	4 250 452	19 557	–	4 270 009
	15 874 076	5 588 609	746 595	22 209 280

		2023 R 000	2022 R 000
16	**OPERATING PROFIT**		
	Operating profit includes the following:		
	Depreciation - property, plant and equipment (note 2)	**202 428**	145 612
	Depreciation - right-of-use asset (note 3)	**45 620**	53 061
	Expenses relating to short-term leases	**30 096**	23 665
	Expenses relating to low-value assets	**12 829**	9 175
	Profit on disposal of property, plant and equipment	**9 115**	4 779
	Profit on derecognition of leases	**2 458**	–
	Share-based payments expense (note 28)	**54 562**	44 769
	Auditors' remuneration		
	Audit fees	**23 490**	19 784
	Other services	**1 215**	222
		24 705	20 006
	Net foreign exchange gains/(losses)		
	Realised	**(144 895)**	36 196
	Unrealised	**135 840**	5 396
		(9 055)	41 592
	Short-term employee benefits		
	Salaries and wages	**3 429 127**	2 657 214
	Defined benefit contribution expenses	**191 337**	183 035
	Medical aid	**6 006**	8 582
	Other contributions	**41 349**	29 247
	SETA training levy	**19 073**	18 238
	Workmens' compensation levy	**17 400**	20 151
		3 704 292	2 916 467
	Other income		
	Rental income	**13 977**	18 361
	Rebates and insurance claims	**17 093**	14 396
		31 070	32 757

		2023 R 000	2022 R 000
17	**FINANCE INCOME AND FINANCE COSTS**		
	Finance income		
	Cash and cash equivalents	**127 843**	64 961
	Loans to associates and joint ventures	**30 528**	15 141
	Loans to mezzanine financing arrangements	**23 012**	23 822
	Interest from tax authorities and trade receivables	**7 483**	15 883
		188 866	119 807
	Finance costs		
	Bank loans	**29 616**	7 988
	Lease liabilities	**6 732**	9 523
	Instalment sale agreements	**15 915**	3 269
	Settlement agreement liabilities	**9 335**	8 943
	Interest paid to tax authorities and related parties	**2 045**	706
		63 643	30 429

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FOR THE YEAR ENDED 30 JUNE 2023

18 TAX

ACCOUNTING POLICY

Income tax for the period comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination or items directly recognised in equity or in other comprehensive income.

Current tax

Current tax comprises the expected tax payable on the taxable income for the year using substantively enacted tax rates and includes any adjustments to tax payable in respect of prior years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. Current tax also includes any tax arising from foreign dividends. Current tax assets and liabilities are offset only if there is a legally enforceable right to offset current tax assets against current tax liabilities and the Group has the intention to settle a net amount, or to recognise the asset and liability simultaneously.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts for financial reporting purposes and the tax base used for tax purposes.

NOTE

	Africa R 000	United Kingdom R 000	2023 R 000
Normal tax			
Current tax			
Current year	133 189	–	133 189
Prior year under provision	5 721	–	5 721
Deferred tax			
Current year (note 11)	91 713	–	91 713
Prior year under provision (note 11)	9 209	–	9 209
	239 832	–	239 832
Foreign taxation (including withholding tax)			
Current tax			
Current year	145 252	26 525	171 777
Prior year under/(over) provision	16 646	(1 783)	14 863
Deferred tax			
Current year (note 11)	(79 343)	12 535	(66 808)
Change in tax rate (note 11)	–	(9 537)	(9 537)
Prior year over provision (note 11)	(5 562)	(927)	(6 489)
	76 993	26 813	103 806
Dividend tax	16 780	–	16 780
Total tax charge	333 605	26 813	360 418
Profit before tax	1 144 878	149 447	1 294 325

18 TAX (CONTINUED)

	Africa	United Kingdom	2023
Reconciliation of tax rate:			
South African normal tax rate	27.0%	25.0%	27.0%
Adjusted for:			
Capital and non-taxable items			
Capital gains tax	(0.2%)	(2.0%)	(0.4%)
Non-taxable vesting of shares	(0.1%)	–	(0.1%)
Non taxable share of profits from associates and joint ventures	(3.1%)	(0.1%)	(2.7%)
Non-deductible expenses			
Capital expenditure	0.3%	1.3%	0.4%
Loss on sale of associate	1.2%	–	1.1%
Share-based payment expense	1.0%	–	0.9%
Branch losses	0.3%	–	0.2%
Translation of net investment in foreign operations	(0.2%)	0.2%	(0.2%)
Tax losses utilised	(1.2%)	–	(1.1%)
Prior year under/(over) provision	2.3%	(1.8%)	1.8%
Foreign withholding taxes	1.4%	–	1.4%
Change in tax rates	–	(5.8%)	(0.7%)
Deferred tax assets not recognised in respect of losses	0.2%	1.1%	0.3%
Effective tax rate	**28.9%**	**17.9%**	**27.9%**

	R 000
Estimated tax losses available for utilisation against future taxable income	259 379
Potential tax relief at current tax rates.	70 156

The income tax rate in the United Kingdom has been increased to 25% for years of assessment on or after 1 April 2023. United Kingdom taxation is calculated at 19% for the first nine months of the financial year and at 25% for the last three months (2022: 19%) of the taxable income of the year. United Kingdom deferred tax assets and liabilities are measured at 25%, being the tax rate that is expected to apply to the period when the asset is realised or the liability is settled.

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FOR THE YEAR ENDED 30 JUNE 2023

18 TAX (CONTINUED)

	Africa R 000	United Kingdom R 000	2022 R 000
Normal tax			
Current tax			
Current year	195 955	–	195 955
Prior year under provision	8 095	–	8 095
Deferred tax			
Current year (note 11)	(109 968)	–	(109 968)
Change in tax rate	19 987	–	19 987
Prior year over provision	(4 684)	–	(4 684)
	109 385	–	109 385
Foreign tax (including withholding tax)			
Current tax			
Current year	107 354	33 718	141 072
Prior year under/(over) provision	22 288	(5 973)	16 315
Deferred tax			
Current year (note 11)	12 311	1 212	13 523
Change in tax rate	58	(37)	21
Prior year (over)/under provision	(1 139)	1 242	103
	140 872	30 162	171 034
Dividend tax	4 793	–	4 793
Total tax charge	255 050	30 162	285 212
Profit before tax	834 012	170 021	1 004 033
Reconciliation of tax rate :			
South African normal tax rate	28.0%	19.0%	28.0%
Adjusted for:			
Capital and non-taxable items			
Capital and non-taxable items			
Vesting of shares	(0.5%)	–	(0.4%)
Dividends received	(0.1%)	–	(0.1%)
Unrealised gains on translation of loans	(0.5%)	–	(0.4%)
Share of profits from associates and joint ventures	(3.1%)	(0.8%)	(2.7%)
Non-deductible expenses			
Capital expenditure	1.0%	1.4%	1.1%
Share-based payment expense	1.5%	–	1.2%
Translation of net investment in foreign operations	1.2%	–	(0.5%)
Tax losses utilised	(1.8%)	(0.1%)	(1.5%)
Prior year (over)/under provision	0.9%	(2.9%)	1.0%
Foreign withholding taxes	0.6%	–	0.5%
Change in tax rate	2.4%	–	2.0%
Deferred tax assets not recognised in respect of losses	0.1%	1.1%	0.2%
Effective tax rate	29.7%	17.7%	28.4%

	R 000
Estimated tax losses available for utilisation against future taxable income	171 009
Potential tax relief at current tax rates	41 739

		2023 R 000	2022 R 000
19	**DIVIDEND PAID**		
	Final dividend in respect of the period ended 30 June 2022: nil (30 June 2021: 205 cents)	–	116 530
		–	116 530

There was no dividend declared in the current or previous reporting period.

20 DISCONTINUED OPERATIONS

ACCOUNTING POLICY

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations and cash flows which can be clearly distinguished from the rest of Group and is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations. Classification of a discontinued operation occurs at the date of loss of control of component.

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

Discontinued operations are excluded from the results of continuing operations and the after-tax profit or loss of the discontinued operation are presented as a single amount in the statement of financial performance and other comprehensive income.

NOTE

The Australian operations of the Group entered administration in the previous reporting period at which time the Group lost control over the associated subsidiaries. In the second six months of the financial year ended 30 June 2022, the Australian operations were classified as discontinued operations and ultimately derecognised on 23 February 2022. Due to limited access to financial information after the period ending 31 January 2022, the Group was unable to obtain accurate information for the period to 23 February 2022 and the results of the discontinued operations at 31 January 2022 were included.

During the six months to 31 December 2022, the Deed of Company Arrangement (DOCA) conditions precedent relating to the consent by the indemnifying parties and the Commonwealth Bank of Australia (CBA) under the DOCA was fulfilled. Unanticipated unpaid usage fees to the value of A$1,3 million were paid to achieve the conditions precedent. The DOCA eliminates any possible future claims and litigation against the Group had the Australian companies entered into liquidation. The DOCA allowed the Group to participate in possible recoveries from the CBA guarantees which have been called to the value of A$24 million on 6 projects which the Group believes were spurious.

The WRU Settlement Agreement was signed on 22 December 2022 and the payments made under this agreement amount to A$29,75 million. To conclude the matter, the Group agreed to a further payment to the client of A$2,25 million to achieve Maintenance Contractor acceptance of the WRU Settlement Agreement which was a requirement of the State. The conclusion of the DOCA and WRU Settlement Agreement has provided certainty of the expected costs to be incurred by the Group arising from its decision to exit the Australian construction market. Achieving these important milestones has resulted in increased costs of A$5,5 million plus currency fluctuations arising from a weakening of the Rand against the Australian dollar, both of which the Group has accounted for in the period. These costs are disclosed in operating costs and administrative costs below.

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FOR THE YEAR ENDED 30 JUNE 2023

20 DISCONTINUED OPERATIONS (CONTINUED)

	Year ended 30 June 2023 R 000	Period ended 31 January 2022 R 000
20.1 RESULTS OF DISCONTINUED OPERATIONS		
Revenue	–	7 827 326
Operating costs	**(64 876)**	(8 418 152)
Administrative costs	**(35 315)**	(455 538)
Other income	–	785
Operating loss before impairment losses	**(100 191)**	(1 045 579)
Impairment of goodwill	–	(523 798)
Operating loss	**(100 191)**	(1 569 377)
Share of profits and losses from associates and joint ventures	–	12 434
Finance income	–	1 576
Finance costs	–	(2 912)
Loss before taxation	**(100 191)**	(1 558 279)
Taxation	–	(363 992)
Loss from discontinued operations	**(100 191)**	(1 922 271)
Loss on loss of control of subsidiary	–	(1 070 849)
	(100 191)	(2 993 120)
Other comprehensive income/(loss)		
Items that may be or have been reclassified to profit or loss:		
Translation of foreign entities classified as discontinued operations	–	6 606
Translation of foreign entities reclassified through profit or loss on derecognition	–	(460 253)
Total comprehensive loss for the period	**(100 191)**	(3 446 767)
Loss from discontinued operations attributable to:		
Equity shareholders of Wilson Bayly Holmes-Ovcon Limited	**(100 191)**	(2 853 281)
Non-controlling interests	–	(139 839)
	(100 191)	(2 993 120)
Total comprehensive (loss)/income from discontinued operations attributable to:		
Equity shareholders of Wilson Bayly Holmes-Ovcon Limited	**(100 191)**	(3 313 535)
Non-controlling interests	–	(133 232)
	(100 191)	(3 446 767)
20.2 CASH FLOWS FROM DISCONTINUED OPERATIONS		
Cash flow from operating activities	–	(1 593 716)
Cash flow from investing activities	**(782 114)**	(824 999)
Cash flow from financing activities	–	(21 928)
Net cash flow from discontinued operations	**(782 114)**	(2 440 643)
20.3 LOSS FROM DISCONTINUED OPERATIONS AND THE LOSS OF CONTROL OF SUBSIDIARIES		
The loss arising from the loss of control in the prior year was made up as follows:		
Loss from discontinued operations	**(100 191)**	(1 922 271)
Net liabilities lost	–	139 445
Translation of foreign entities reclassified through profit or loss on derecognition	–	460 253
Loss on disposal of subsidiary	**(100 191)**	599 698
Derecognition of non-controlling interests	–	(185 547)
	(100 191)	(1 508 120)
Parent company cost to settle guarantee commitments	–	(1 485 000)
	(100 191)	(2 993 120)

		2023 R 000	2022 R 000
21	**EARNINGS PER SHARE AND HEADLINE EARNINGS PER SHARE**		
	Earnings attributable to equity shareholders	**890 374**	692 992
	Weighted average number of shares ('000)		
	Shares in issue at 1 July	**53 181**	53 181
	Treasury shares acquired	**(161)**	(71)
	Performance shares vested	**23**	71
	Weighted average ordinary shares in issue at 30 June	**53 043**	53 181
	Diluted weighted average number of shares	**53 043**	53 181
	Earnings/(loss) per share (cents)		
	Basic		
	Continuing operations	**1 678.6**	1 303.1
	Discontinued operations	**(188.9)**	(5 365.2)
	Total operations	**1 489.7**	(4 062.1)
	Diluted		
	Continuing operations	**1 678.6**	1 303.1
	Discontinued operations	**(188.9)**	(5 365.2)
	Total operations	**1 489.7**	(4 062.1)
	Headline earnings/(loss) per share (cents)		
	Basic		
	Continuing operations	**1 703.4**	1 297.0
	Discontinued operations	**(188.9)**	(4 990.3)
	Total operations	**1 514.5**	(3 693.3)
	Diluted		
	Continuing operations	**1 703.4**	1 297.0
	Discontinued operations	**(188.9)**	(4 990.3)
	Total operations	**1 514.5**	(3 693.3)

	2023		2022	
	Gross R 000	Net R 000	Gross R 000	Net R 000
Headline earnings/(loss)				
Attributable earnings from continuing operations		**890 374**		692 992
Adjusted for:				
Loss on disposal of associate	**19 762**	**19 762**	–	–
Impairment of investment in subsidiaries	**81**	**81**	–	–
Profit on disposal of property, plant and equipment				
Subsidiaries	**(9 115)**	**(6 432)**	(4 779)	(3 050)
Interests in associates and joint ventures	**(319)**	**(230)**	(265)	(191)
		903 556		689 751
Attributable earnings from discontinued operations		**(100 191)**		(2 853 281)
Adjusted for:				
Impairment of goodwill	**–**	**–**	523 798	473 486
Loss on loss of control of subsidiary	**–**	**–**	185 547	185 547
Translation of foreign operation reclassified to profit or loss on loss of control	**–**	**–**	(460 253)	(460 253)
Loss on disposal of property, plant and equipment				
Subsidiaries	**–**	**–**	940	590
		(100 191)		(2 653 911)

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CONTINUED

FOR THE YEAR ENDED 30 JUNE 2023

21 EARNINGS PER SHARE AND HEADLINE EARNINGS PER SHARE (CONTINUED)

	2023		2022	
	Gross R 000	Net R 000	Gross R 000	Net R 000
Attributable earnings from total operations	–	790 183	–	(2 160 289)
Adjusted for:				
Impairment of goodwill	–	–	523 798	473 486
Loss on loss of control of subsidiary	–	–	185 547	185 547
Loss on disposal of associate	19 762	19 762	–	–
Impairment of investment in subsidiaries	81	81	–	–
Translation of foreign operation reclassified to profit or loss on loss of control	–	–	(460 253)	(460 253)
Profit on disposal of property, plant and equipment				
Subsidiaries	(9 115)	(6 432)	(3 839)	(2 460)
Interests in associates and joint ventures	(319)	(230)	(265)	(191)
		803 365		(1 964 160)

	2023 R 000	2022 R 000
22 GUARANTEES AND CONTINGENT LIABILITIES		
Guarantees issued for the due performance of contracts on behalf of:		
Company and subsidiaries	4 581 548	3 316 579
Associates and joint arrangements	2 147 674	1 688 860
Third parties	138 507	–
	6 867 729	5 005 439

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

Contingent liabilities

There are no contingent liabilities to which the Group is exposed at the reporting date.

	2023 R 000	2022 R 000
23 CAPITAL COMMITMENTS		
Capital commitments include expenditure relating to property, plant and equipment for which specific Board approval has been obtained.		
Authorised and contracted for	80 505	44 947
Authorised but not yet contracted for	490 634	331 705
	571 139	376 652

Expenditure on estimated commitments will occur within the next reporting period. Capital commitments will be funded from internal cash resources and existing finance facilities.

24 RELATED PARTIES

24.1 IDENTIFICATION OF RELATED PARTIES

The Group has identified its related parties as subsidiaries (annexure 1), interests in associates and joint ventures (note 5), joint operations (annexure 2) and directors and prescribed officers.

24.2 RELATED PARTY TRANSACTIONS AND BALANCES

During the reporting period, group companies entered into various inter-group sales and purchase transactions in the ordinary course of business. These transactions are on terms no more favourable than those with third parties. Transactions and balances between group companies have been eliminated on consolidation and are not disclosed.

Details of transactions and balances with related parties are as follows:

	2023 R 000	2022 R 000
Amounts owed by related parties		
Loans and equity contributions owed by associates and joint ventures (note 5)	**261 982**	171 941
Amounts owed by joint operators (note 9)	**315 696**	249 207
Amounts owed by associates (note 9)	**–**	190 454
This includes Rnil (2022: R190 million) owed by Tshala Bese Uyavuna (RF) (Pty) Ltd.		
Amounts owed to related parties		
Amounts owed to associates and joint ventures (note 13)	**–**	25 289
Amounts owed to joint operators (note 13)	**204 172**	96 866
The amounts owing to/by joint operators are unsecured, interest-free and have no fixed terms of repayment.		
Transactions with related parties		
Revenue from contracts with associates and joint ventures	**741 022**	659 836
Dividends received from associates and joint ventures (note 5)	**179 201**	88 959
Finance income received from associates (note 17)	**11 547**	6 801

24.3 DIRECTORS' EMOLUMENTS

Short-term benefits to directors and prescribed officers include travel, site and sundry allowances and medical aid contributions. Short-term incentives are annual bonuses approved by the Group's remuneration committee. Post-employment benefits are provident fund contributions. Prescribed officers are key management personnel.

	Directors' fees R 000	Salaries R 000	Short-term benefits R 000	Short-term Incentives R 000	Post-employment benefits R 000	Total emoluments R 000
2023						
Executive						
EL Nel	–	1 492	503	9 860	593	12 448
WP Neff	–	2 710	493	15 120	725	19 048
CV Henwood	–	2 628	565	15 006	714	18 913
	–	6 830	1 561	39 986	2 032	50 409
Non-executive						
SN Maziya*	402	–	–	–	–	402
AJ Bester	880	–	–	–	–	880
RW Gardiner	1 268	–	–	–	–	1 268
KM Forbay	645	–	–	–	–	645
H Ntene	657	–	–	–	–	657
NN Songqushu^	296	–	–	–	–	296
	4 148	–	–	–	–	4 148
Total	4 148	6 830	1 561	39 986	2 032	54 557

** Resigned 23 November 2022*

^ Appointed 5 December 2022

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FOR THE YEAR ENDED 30 JUNE 2023

24 RELATED PARTIES (CONTINUED)

24.3 DIRECTORS' EMOLUMENTS (CONTINUED)

	Directors' fees R 000	Salaries R 000	Short-term benefits R 000	Short-term Incentives R 000	Post-employment benefits R 000	Total emoluments R 000
2022						
Executive						
EL Nel	–	1 755	561	5 468	593	8 377
WP Neff	–	2 454	600	6 972	657	10 683
CV Henwood	–	2 398	642	6 878	654	10 572
	–	6 607	1 803	19 318	1 904	29 632
Non-executive						
SN Maziya	980	–	–	–	–	980
AJ Bester	843	–	–	–	–	843
RW Gardiner	1 043	–	–	–	–	1 043
KM Forbay	564	–	–	–	–	564
H Ntene	643	–	–	–	–	643
	4 073	–	–	–	–	4 073
Total	4 073	6 607	1 803	19 318	1 904	33 705

24.4 DIRECTORS' SHAREHOLDING

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

Number of ordinary shares ('000)	**2023** Direct	**2023** Indirect	**2023** Total	2022 Direct	2022 Indirect	2022 Total
EL Nel	**300**	**1**	**301**	320	1	321
WP Neff	**91**	**14**	**105**	84	14	98
CV Henwood	**110**	**–**	**110**	106	–	106
SN Maziya*	**–**	**–**	**–**	15	244	259
	501	**15**	**516**	525	259	784

**Indirect shares disclosed in the above table represent allocated shares in respect of the empowerment initiative of the Group and do not represent the number of shares likely to vest upon fulfilment of the vesting conditions. The number of Company shares that will ultimately vest is dependent on the market value of the shares on the vesting date, based on a pre-determined threshold. Using the share price at 30 June 2022, the director would receive no shares in terms of the formula.*

Long-term incentive scheme (LTIs)	**2023** Share-based payment expense R 000	2022 Share-based payment expense R 000	**2023** Share appreciation rights ('000)	**2023** Performance shares ('000)	**2023** Total ('000)	2022 Share appreciation rights ('000)	2022 Performance shares ('000)	2022 Total ('000)
EL Nel	**451**	1 206	**–**	**23**	**23**	–	41	41
WP Neff	**2 987**	2 048	**–**	**149**	**149**	–	117	117
CV Henwood	**2 890**	2 031	**–**	**145**	**145**	–	112	112
	6 328	5 285	**–**	**317**	**317**	–	270	270

24 RELATED PARTIES (CONTINUED)

24.5 PRESCRIBED OFFICERS

	Salaries R 000	Short-term benefits R 000	Short-term incentives R 000	Post-employment benefits R 000	Total emoluments R 000
2023					
PJ Foley"	**7 965**	**2 200**	**7 000**	**650**	**17 815**
SN Gumede	**2 142**	**495**	**5 000**	**528**	**8 165**
AF De Necker	**2 396**	**433**	**10 000**	**642**	**13 471**
CA Jessop	**2 554**	**512**	**10 000**	**435**	**13 501**
	15 057	**3 640**	**32 000**	**2 255**	**52 952**
2022					
PJ Foley"	7 045	2 253	5 400	599	15 297
EA Mashishi^	306	65	–	82	453
SN Gumede	2 006	427	3 100	428	5 961
AF De Necker	2 209	494	6 000	593	9 296
CA Jessop	2 356	541	6 200	403	9 500
	13 922	3 780	20 700	2 105	40 507

" *paid in Pound/Sterling*
^ *resigned 15 July 2021*

24.6 PRESCRIBED OFFICERS' SHAREHOLDING

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

Number of ordinary shares ('000)	2023 Direct	2023 Indirect	2023 Total	2022 Direct	2022 Indirect	2022 Total
PJ Foley	**50**	**–**	**50**	50	–	50
AF De Necker	**55**	**–**	**55**	51	–	51
CA Jessop	**47**	**25**	**72**	43	25	68
	152	**25**	**177**	144	25	169

Long-term incentive scheme	Share-based payment expense 2023 R 000	Share-based payment expense 2022 R 000	2023 Share appreciation rights ('000)	2023 Performance shares ('000)	2023 Total ('000)	2022 Share appreciation rights ('000)	2022 Performance shares ('000)	2022 Total ('000)
PJ Foley	**2 533**	1 939	**–**	**125**	**125**	–	104	104
SN Gumede	**1 472**	931	**–**	**75**	**75**	–	57	57
AF De Necker	**2 660**	1 858	**–**	**132**	**132**	–	104	104
CA Jessop	**2 660**	1 858	**–**	**132**	**132**	–	104	104
	9 325	6 586	**–**	**464**	**464**	–	369	369

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

There were no other transactions with directors or prescribed officers or entities in which directors or prescribed officers have a material interest. There have been no changes to directors' shareholdings between the reporting date and the date of this report.

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25 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

ACCOUNTING POLICY

Recognition and initial measurement

The recognition and initial measurement of financial instruments is disclosed in notes relating to that instrument.

Classification and subsequent measurement

Financial assets

Financial assets that meet the following conditions are classified and subsequently measured at amortised cost:

- the financial asset is held within a business model where the objective is to hold the financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers contingent events that would change the amount or timing of cash flows and terms that may adjust the amount to be repaid.

All financial assets of the Group are classified as measured at amortised cost.

Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

The “effective interest rate” is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired).

Financial liabilities

Financial liabilities of the Group are classified as measured at amortised cost. Financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense is recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Impairment of financial assets

The Group recognises loss allowances for expected credit losses for financial assets that are measured at amortised cost.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the financial assets.

Measurement of expected credit losses (ECL)

Historic ECL percentages are calculated using the probability of default (PD) and loss-given default (LGD) of financial assets. The PD and LGD represent the likelihood of the occurrence of a default and the quantum of any losses arising from that default. The Group considers a default to have occurred when a financial asset is more than 90 days past due.

The PD and LGD are derived from a statistical analysis of historical data (where available). The historic ECL is adjusted after taking into account relevant quantitative and qualitative forward-looking information. The exposure to default represents the gross carrying amount of a financial asset or portfolio of financial assets at the reporting date.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are measured at the present value of cash shortfalls arising from a credit default event, discounted at the effective interest rate of the financial asset.

25 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

ACCOUNTING POLICY (CONTINUED)

Contract assets, contract receivables and trade and other receivables

The Group recognises lifetime ECLs for contract assets and trade and other receivables that reflect changes to the credit risk profile of either an individual financial asset or a portfolio of financial assets (as appropriate) at each reporting date.

The ECL is measured on a collective basis using the simplified approach.

Financial assets exhibiting similar credit risks and behaviour are grouped together by geography and into the public and private sectors.

The PD and LGD ratios are calculated from the average rate of default and actual losses incurred per category over a period of 36 months.

The Group considers a trade receivable to be credit-impaired when one or more detrimental events have occurred such as:

- Significant financial difficulty of the customer;
- Liquidation, business rescue proceedings or other forms of financial reorganisation are implemented; or
- Any other event where the likelihood of full settlement is remote.

In instances where the Group determines a receivable to be credit-impaired, the receivable is excluded from the portfolio for the purposes of calculating an ECL and a specific credit loss is recognised. A specific credit loss is recognised when a financial asset is more than 120 days past due and based on an assessment of the individual circumstances relating to the default event.

The gross carrying amount of a financial asset is written off in profit or loss when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group expects no significant recovery from amounts written off, however, it remains the intention of the Group to recover these amounts.

Long-term receivables and loans to associates and joint arrangements

The Group recognises ECLs on long-term receivables and loans to associates and joint arrangements that reflect changes to the individual credit risk profile of each financial asset at the reporting date.

The PD and LGD ratios, as well as the conversion to account for forward-looking information for these financial assets, are determined using models that take into account payment history, security held, underlying financial information where available, external credit ratings (if applicable), forward-looking macro-economic indicators and the industry and country in which the counterparty operates.

Derecognition

Financial assets or a portion thereof are derecognised when the Group`s rights to the cash flows expire, when the Group transfers all the risks and rewards related to the financial asset or when the Group loses significant influence over an associate.

Financial liabilities or a portion thereof are derecognised when the obligations specified in the contract are discharged, cancelled or expire. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

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25 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

NOTE

25.1 OVERVIEW

The risk management programme of the Group focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on financial performance.

The Group has exposure to the following risks arising from its use of financial instruments:

- credit risk
- market risk
- liquidity risk

Information is presented on the Group's exposure to each of the above risks, the objectives, policies and processes for measuring and managing risk and the management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board has overall responsibility for the establishment and oversight of the risk management framework. Risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor adherence to limits. Risk management policies and systems are regularly reviewed to reflect changes in market conditions and the Group's activities. Through its training and management standards and procedures, the Group aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Risk committee meets on a regular basis to review the management and implementation of risk strategies. The internal audit department undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee. The treasury function monitors and manages liquidity risk on a day-to-day basis.

The Group's strategy with regards to the management of the risk remains the same as in prior reporting periods and there have been no significant changes to the risk profile of the Group.

A summary of financial instruments by category is as follows:

Financial instruments by category

R 000	Note	Carrying amount	Financial liabilities at amortised cost	Financial assets at amortised cost
2023				
Lease liabilities	3	**(131 617)**	**(131 617)**	**–**
Loans to associates and joint ventures	5	**446 243**	**–**	**446 243**
Long-term receivables	6	**39 755**	**–**	**39 755**
Trade and other receivables	9	**5 026 932**	**–**	**5 026 932**
Long-term liabilities	10	**(338 211)**	**(338 211)**	**–**
Trade and other payables	13	**(4 921 562)**	**(4 921 562)**	**–**
Cash and cash equivalents	29.6	**3 684 687**	**–**	**3 684 687**
		3 806 227	**(5 391 390)**	**9 197 617**
2022				
Lease liabilities	3	(193 550)	(193 550)	–
Loans to associates and joint ventures	5	294 705	–	294 705
Long-term receivables	6	152 645	–	152 645
Trade and other receivables	9	3 828 610	–	3 828 610
Long-term liabilities	10	(152 186)	(152 186)	–
Trade and other payables	13	(3 920 552)	(3 920 552)	–
Cash and cash equivalents	29.6	3 339 230	–	3 339 230
		3 348 902	(4 266 288)	7 615 190

The carrying amount of loans to associates and joint ventures is recognised at amortised cost. The carrying amount of long-term receivables approximate the fair value thereof as these loans attract market-related interest rates.

25 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

25.2 CREDIT RISK

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's exposure to long-term receivables, contract assets and trade and other receivables.

TRADE AND OTHER RECEIVABLES AND CONTRACT ASSETS

The Group's exposure to credit risk is influenced by the individual characteristics of each customer and the inherent risk within the industry and country in which customers operate.

The Group either negotiates for, or tenders upon, the construction contracts to which it becomes a contractual party. As a result, the Group is able to evaluate the credit worthiness of prospective clients prior to the commencement of any project. Additionally, for contracts other than those concluded with entities from within the public sector, the Group insists on receipt of a payment guarantee equal to a proportion of the contract price. Any relaxation of this policy must be approved by the Credit committee. Where no guarantee has been obtained, the Group generally has a lien over the work performed.

Where the Group sells goods or materials to customers on credit terms, the Group performs a credit worthiness assessment to determine an appropriate credit limit. The Group employs the services of credit ratings agencies and consultants when performing financial reviews and evaluating prospective customers' credit worthiness. Credit limits are ultimately approved by the senior financial and operational management of the respective businesses. Any increases to credit limits on transactions resulting in limits being exceeded require the prior approval of the financial and managing directors. In addition, the asphalt and bitumen supply businesses obtain credit insurance over all customers that obtain credit terms.

The Group does not recognise a loss allowance on working capital funding to joint operations in excess of its proportionate share, where the funding is expected to be settled from the future cash flows of the underlying project for which the joint operation was created. In the event that the underlying project had incurred losses that have been funded by the Group in excess of its proportionate share, the Group first assesses whether it has any set off rights against other joint operations before determining whether a loss allowance is required.

ECL assessment

Trade receivables and contract assets exhibiting similar credit risks and behaviour are grouped together by geography and into the public and private sectors.

The Group retrospectively analyses the aging of its contract and other receivables and contract assets as well as the rate of default and actual losses incurred over a 36-month period. This period represents the average lifespan of a contract including the defects liability period.

From this analysis, the Group determines a historical PD and LGD. Macro-economic forecasts incorporating sovereign credit ratings, gross domestic product (GDP) growth, inflation rates, interest rates, commodity prices where appropriate, any relevant exchange rate effects and debt-to-GDP ratios in respect of public sector entities, if applicable, are then evaluated for each geography to establish a forward-looking ECL. Judgement is required when assessing the future impact of these forecasts on the customer base of the Group.

The nature of construction projects undertaken by the Group usually constitutes large capital expenditure by customers for which the necessary funding has either been externally obtained, or provided for internally as part of the investment decision. For this reason, PDs and LGDs are historically low and in some cases zero. In Africa, the highest PDs and LGDs are usually experienced within the public and mining sectors. These are also the sectors from which the Group is least likely to obtain any collateral, however, the risk of non-payment remains low.

Despite the rising inflation and interest rates, the Group did not experience any noticeable deterioration in the collection of receivables over the reporting period.

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25 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

25.2 CREDIT RISK (CONTINUED)

CONTRACT RECEIVABLES AND CONTRACT ASSETS

The following table provides information about the exposure to credit risk and ECLs for contract receivables and contract assets at 30 June:

R 000	Contract receivables and retentions	Contract assets	Total	Specific loss allowance on contract receivables and retentions	Loss allowance on contract receivables and retentions	Loss allowance on contract assets	Total loss allowance	Net carrying amount
2023								
South Africa	**2 349 924**	**437 258**	**2 787 182**	**75 062**	**7 771**	**905**	**83 738**	**2 703 444**
Rest of Africa	**628 675**	**310 706**	**939 381**	**–**	**4 851**	**1 835**	**6 686**	**932 695**
United Kingdom	**1 094 448**	**30 907**	**1 125 355**	**39 566**	**2 040**	**100**	**41 706**	**1 083 649**
Total	**4 073 047**	**778 871**	**4 851 918**	**114 628**	**14 662**	**2 840**	**132 130**	**4 719 788**
2022								
South Africa	1 981 088	154 567	2 135 654	83 748	13 077	1 397	98 221	2 037 433
Rest of Africa	374 445	115 566	490 011	–	4 231	296	4 527	485 484
United Kingdom	816 025	13 034	829 059	–	1 553	26	1 579	827 480
Total	3 171 558	283 167	3 454 725	83 748	18 860	1 719	104 327	3 350 398

TRADE RECEIVABLES

The following table provides information about the exposure to credit risk and ECLs for trade receivables at 30 June:

R 000	Trade receivables	Specific loss allowance	Loss allowance	Total loss allowance	Net carrying amount
2023					
South Africa	**56 490**	**4 391**	**1 025**	**5 416**	**51 074**
Rest of Africa	**12 835**	**–**	**514**	**514**	**12 321**
United Kingdom	**3 922**	**–**	**8**	**8**	**3 914**
Total	**73 247**	**4 391**	**1 547**	**5 938**	**67 309**
2022					
South Africa	78 181	4 710	1 704	6 414	71 767
Rest of Africa	56 708	–	968	968	55 740
Total	134 889	4 710	2 672	7 382	127 507

25 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

25.2 CREDIT RISK (CONTINUED)

The following table illustrates the ranges in the metrics utilised to determine the ECL for contract receivables, contract assets, and sundry receivables by country:

	PD %	*LGD %	Historic ECL %	Conversion to forward-looking ECL	Final ECL % 2023	Final ECL % 2022
South Africa	1.95 - 26.29	1.5 -10	0.03 - 2.63	1 - 5	0.03 - 2.63	0.05 - 8.91
Namibia	6.52	5.00	0.33	1.00	0.33	4.26
Mozambique	12.11	5.00	0.61	1.00	0.61	0.99
Ghana	5.9 - 81.77	5.00	0.3 - 4.09	1 - 3	0.3 - 12.27	0.21 - 7.33
Zambia	21.62 - 48.18	5.00	1.08 - 2.41	1.50	1.62 - 3.61	1.34 - 4.95
Madagascar	3.38	5.00	0.17	1.00	0.17	0.47
Liberia	3.88 - 4.07	5.00	0.19 - 0.20	1.50	0.29 - 0.31	–
Tanzania	12.11	5.00	0.61	1.50	0.91	–
Lesotho	0.98	1.50	0.01	1.00	0.01	0.03
Botswana	1.05	5.00	0.05	1.00	0.05	0.05
United Kingdom	18.64	–	–	0.22	0.22	0.20

Where the LGD for a specific category of receivables is nil, the Group applies a deemed LGD of between 1.5% and 10% based on industry norms.

LOANS TO ASSOCIATES AND JOINT VENTURES

The Group is exposed to credit risk through loans advanced to certain entities in which it has a strategic interest. The Group mitigates these risks by conducting credit assessments of entities to whom advances are made. Loans of this nature are approved by the Credit committee. The Group also owns an equity interest in these entities and is able to influence the decision-making.

ECLs on loans to associates and joint ventures, that form part of the net investment and are recognised at amortised cost, are determined prior to applying impairment testing in respect of non-financial assets.

In determining the PDs and LGDs in respect of long-term receivables, the Group considers past payment history, historical financial information and any collateral held (including the liquidity thereof). The Group considers geographic and market conditions specific to the counterparty as well as macro-economic forecasts, including GDP growth rates, interest and inflation rates as well as debt-to-GDP ratios where appropriate when determining forward-looking ECLs. Judgement is applied when assessing the potential impact of macro-economic forecasts on each individual credit risk profile.

The table below provides information about the exposure to credit risk and ECLs for loans to joint ventures and associates at 30 June:

R 000	Gross carrying amount	Historic ECL %	Forward-looking adjustment	Forward-looking ECL %	ECL	Net carrying amount
2023						
Property developments/developer	300 657	–	0.25	0.25	752	299 905
Investments in concessions	147 253	0.63	1.00	0.63	915	146 338
Total	**447 910**				**1 667**	**446 243**
2022						
Property developments/developer	243 513	–	–	0.20	487	243 026
Investments in concessions	51 999	0.63	1.00	0.63	320	51 679
Total	295 512				807	294 705

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25 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

25.2 CREDIT RISK (CONTINUED)

LONG-TERM RECEIVABLES

The Group is exposed to additional credit risk through loans advanced to third parties and employees. The Group mitigates this risk through careful deliberation by the Credit committee as to which entities loans are made available and by obtaining sufficient security to be able to extinguish the debt in the event of default. Loans to employees are predominantly for shares sold or issued in terms of various share schemes and the shares are held as security over the loans advanced.

In determining the PDs and LGDs in respect of long-term receivables, the Group considers past payment history, historical financial information and any collateral held (including the liquidity thereof). The Group considers geographic and market conditions specific to the counterparty as well as macro-economic forecasts, including GDP growth rates, interest and inflation rates, debt-to-GDP ratios and sovereign ratings where appropriate when determining forward-looking ECLs. Judgement is applied when assessing the potential impact of macro-economic forecasts on each individual credit risk profile.

The following table provides information about the exposure to credit risk and ECLs for long-term receivables at 30 June:

R 000	Gross carrying amount	Historic ECL %	Forward-looking adjustment	Forward-looking ECL %	Loss allowance	Net carrying amount
2023						
Mezzanine financing arrangements						
Private	**160 660**	**0.33 - 1.5**	**1.00**	**0.33 - 1.86**	**136**	**160 524**
Public	**28 425**	**0.06**	**1.00**	**0.06**	**18**	**28 407**
Total	**189 085**				**154**	**188 931**
2022						
Mezzanine financing arrangements						
Private	144 275	1 - 1.88	0.33 - 2	0.33 - 3.75	489	143 786
Public	84 909	0.06	1.50	0.09	80	84 830
Total	229 184				569	228 616

RECONCILIATION OF THE LOSS ALLOWANCE RECOGNISED

The movement in the loss allowance in respect of financial assets during the reporting period is reconciled as follows:

	Credit-impaired contract and trade receivables and retentions R 000	Non credit-impaired contract and trade receivables and retentions R 000	Contract assets R 000	Long-term receivables R 000	Loans to associates R 000	Total R 000
Loss allowance at 1 July 2022	61 535	31 691	2 665	1 159	874	97 924
Movement in loss allowance	(878)	(6 472)	39	(590)	(63)	(7 965)
Specific credit losses recognised	40 761	–	–	–	–	40 761
Specific credit losses recovered	(5 879)	–	–	–	–	(5 879)
Uncollectable amounts written off	(7 620)	–	–	–	–	(7 620)
Derecognition on loss of control of subsidiary	–	(3 288)	(1 031)	–	–	(4 319)
Exchange rate effects	539	(397)	45	–	(4)	183
Balance at 30 June 2022	88 458	21 533	1 718	569	807	113 085
Movement in loss allowance	**–**	**(5 226)**	**988**	**(415)**	**745**	**(3 908)**
Specific credit losses recognised	**38 796**	**–**	**–**	**–**	**–**	**38 796**
Specific credit losses recovered	**(13 139)**	**–**	**–**	**–**	**–**	**(13 139)**
Uncollectable amounts written off	**1 001**	**–**	**–**	**–**	**–**	**1 001**
Exchange rate effects	**3 903**	**(99)**	**134**	**–**	**115**	**4 053**
Balance at 30 June 2023	**119 019**	**16 208**	**2 840**	**154**	**1 667**	**139 888**

25 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

25.3 MARKET RISK (CURRENCY RISK)

Transactions in a foreign currency settled in that foreign currency

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

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

	2023					
R 000	**US Dollar**	**UK Pound Sterling**	**Botswana Pula**	**Ghana Cedi**	**Mozambique Meticais**	**Australian Dollar**
Trade and other receivables	**19 204**	**44 779**	**58 479**	**44 427**	**531 346**	**42 529**
Cash and cash equivalents	**59 171**	**34 510**	**52 127**	**24 158**	**216 961**	**32**
Trade and other payables	**(8 198)**	**(55 214)**	**(22 697)**	**(11 217)**	**(464 454)**	**–**
	70 177	**24 075**	**87 909**	**57 368**	**283 853**	**42 561**
Closing rate	**18.77**	**23.67**	**1.40**	**1.64**	**0.29**	**12.42**
Average rate	**17.72**	**21.34**	**1.36**	**1.59**	**0.28**	**11.93**

	2022					
R 000	US Dollar	UK Pound Sterling	Botswana Pula	Ghana Cedi	Mozambique Meticais	Australian Dollar
Trade and other receivables	17 112	41 453	137 174	60 579	419 860	–
Cash and cash equivalents	49 545	62 223	64 810	7 288	86 308	–
Trade and other payables	(6 425)	(57 445)	(38 783)	(53 646)	(225 419)	(631 449)
	60 232	46 231	163 201	14 221	280 749	(631 449)
Closing rate	16.22	19.67	1.32	2.03	0.25	11.16
Average rate	15.19	20.24	1.32	2.32	0.24	11.03

Total cash and cash equivalents held by foreign subsidiaries amounts to R1.7 billion (2022: R2.2 billion).

Sensitivity analysis

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

	2023					
R 000	**US Dollar**	**UK Pound Sterling**	**Botswana Pula**	**Ghana Cedi**	**Mozambique Meticais**	**Australian Dollar**
Sensitivity percentage	**10%**	**10%**	**5%**	**20%**	**10%**	**10%**
Trade and other receivables	**1 920**	**4 478**	**2 924**	**8 885**	**53 135**	**4 253**
Cash and cash equivalents	**5 917**	**3 451**	**2 606**	**4 832**	**21 696**	**3**
Trade and other payables	**(820)**	**(5 521)**	**(1 135)**	**(2 243)**	**(46 445)**	**–**
	7 017	**2 408**	**4 395**	**11 474**	**28 386**	**4 256**

	2022					
R 000	US Dollar	UK Pound Sterling	Botswana Pula	Ghana Cedi	Mozambique Meticais	Australian Dollar
Sensitivity percentage	10%	5%	5%	20%	10%	10%
Trade and other receivables	1 711	2 073	6 859	12 116	41 986	–
Cash and cash equivalents	4 954	3 111	3 241	1 458	8 631	–
Trade and other payables	(643)	(2 872)	(1 939)	(10 729)	(22 542)	(63 145)
	6 022	2 312	8 161	2 845	28 075	(63 145)

A strengthening of the Rand against the above currencies at 30 June would have had the equal but opposite effect to the amount shown above, on the basis that all other variables remain constant.

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25 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

25.4 MARKET RISK (INTEREST RATE RISK)

The Group has adopted a policy where exposure to interest rate risk is on a floating rate basis linked to market rates on interest bearing bank deposits, borrowings and loans advanced.

At the reporting date, the interest rate profile of the Group's financial instruments was as follows:

R 000	Carrying amount	Interest bearing Variable rate	Fixed rate	Interest free
2023				
Loans to associates and joint ventures	**446 243**	**299 905**	**146 338**	**–**
Long-term receivables	**39 755**	**39 244**	**–**	**511**
Trade and other receivables	**5 026 932**	**149 687**	**–**	**4 877 245**
Long-term liabilities	**(338 211)**	**(259 287)**	**(65 779)**	**(13 145)**
Trade and other payables	**(4 885 112)**	**(300 599)**	**(44 615)**	**(4 539 898)**
Cash and cash equivalents	**3 684 687**	**3 684 687**	**–**	**–**
	3 974 294	**3 613 637**	**35 944**	**324 713**
2022				
Loans to associates and joint ventures	294 705	243 026	51 679	–
Long-term receivables	152 645	152 067	–	578
Trade and other receivables	3 828 610	76 549	–	3 752 061
Long-term liabilities	(152 186)	(62 008)	(88 087)	(2 091)
Trade and other payables	(3 871 170)	(172 371)	(22 971)	(3 675 828)
Cash and cash equivalents	3 339 230	3 339 230	–	–
	3 591 834	3 576 493	(59 379)	74 720

Fixed rate long-term liabilities relate to the settlement liabilities disclosed in note 12 where a fixed discount rate has been applied to determine the present value of the liabilities.

Sensitivity analysis

While global economies remain in an interest rate hiking cycle as inflation is expected to soften over the next 12 months. As such an increase of 100 (2022: 200) basis points in interest rates at the reporting date would have increased or decreased profit for the reporting period by the amounts shown below. This analysis assumes that all other variables remain constant and is based on closing balances compounded monthly.

	2023 R 000	2022 R 000
Long-term receivables	**392**	3 041
Trade and other receivables	**1 497**	1 531
Cash and cash equivalents	**36 847**	66 785
Long-term liabilities	**(2 593)**	(1 240)
Trade and other payables	**(3 006)**	(3 447)
	33 137	66 670

A 100 (2022: 200) basis points decrease in interest rates at 30 June would have had the equal but opposite effect to the amount shown above, on the basis that all other variables remain constant.

25 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

25.5 LIQUIDITY RISK

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group's approach when managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Cash flow forecasting within the Group typically ensures that it has sufficient cash available, as well as lines of credit, to meet expected operational expenses including the servicing of financial obligations. The potential impacts of extreme circumstances that cannot reasonably be predicted such as major catastrophes like property damage, business interruption, public liability and political riot are covered by short-term insurance policies.

The table below sets out the remaining contractual maturities of the financial liabilities. The amounts are gross and undiscounted, and include contractual interest payments:

R 000	< 1 years	2 - 5 years	> 5 Years	Total
Liabilities measured at amortised cost				
2023				
Trade and other payables	**4 921 562**	**–**	**–**	**4 921 562**
Instalment sale agreements*	**201 633**	**98 084**	**–**	**299 717**
Bank loans*	**126 960**	**172 807**	**–**	**299 767**
Settlement agreement liabilities*	**52 500**	**95 000**	**–**	**147 500**
Other long-term borrowings	**–**	**2 091**	**–**	**2 091**
	5 302 655	**367 982**	**–**	**5 670 637**
2022				
Trade and other payables	3 920 174	–	–	3 920 174
Instalment sale agreements*	66 589	37 009	–	103 597
Bank loans*	113 291	–	–	113 291
Settlement agreement liability*	31 250	105 000	21 250	157 500
Other long-term borrowings	–	2 091	–	2 091
	4 131 304	144 100	21 250	4 296 654

*The present value of the instruments above is R664 million (2022: R351 million).

The contractual maturities of lease liabilities are disclosed in note 3.

The Group expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets, as well as from current cash reserves (note 29.6) held at various financial institutions.

Apart from asset specific finance agreements, the Group also negotiated a R350 million working capital loan facility (note 10).

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FOR THE YEAR ENDED 30 JUNE 2023

26 CAPITAL MANAGEMENT

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital, as well as the level of dividends paid to ordinary shareholders.

Capital comprises shareholders' equity, including capital and reserves. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The amount of dividends paid by the Group is determined with reference to the liquidity and solvency of the Group giving consideration to budgets and forecasts.

The Group adopts a conservative approach when managing its financial position, assuming low levels of debt and maintaining substantial cash balances. Given the cyclical and often unpredictable nature of the construction environment, this approach is appropriate in providing flexibility during challenging environments and in protecting shareholder value.

In terms of the loan facility over a student accommodation development the gross debt of the Group less lease and settlement agreement liabilities shall not exceed earnings before interest, tax and depreciation plus profit before tax from associates and joint ventures by more than 1.5 times.

The working capital loan has the following financial covenants which need to be met quarterly on a rolling annual basis:

- Debt Service Cover Ratio equal to or greater than [1.2x]
- Total Interest Cover Ratio equal to or greater than [7x]
- Total Debt to EBITDA Ratio of no more than 2x

The Group has met the covenants for both of these loans in the current reporting period.

	2023	2022
Debt/equity ratio (%)	**20.67**	11.21
Debt/income ratio	**0.51**	0.19

This measure has been adjusted to represent the total capitalised interest-bearing liabilities as a percentage of average shareholders' interest.

27 EMPLOYEE BENEFITS

ACCOUNTING POLICY

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present or legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Defined contribution benefits

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

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

Equity-settled share-based payment arrangements

The Group grants share options, share appreciation rights (SARs) and performance shares (PSs) to its employees through a number of special purpose vehicles. In terms of the WBHO Share Plan, approved by shareholders, the Group has the right to determine the vesting requirements and, in some instances, how the share-based schemes will be settled. The Group's practice is to settle vested allocations by issuing shares. The Group recognises an employee benefit expense in the statement of financial performance that represents the fair value of the share options, SARS and PSs granted. A corresponding entry to equity is raised for equity-settled plans.

The fair value of options, SARs and PSs at the date of grant is recognised as an expense over the relevant vesting periods and subsequently adjusted to reflect actual and expected levels of vesting.

The acquisition of shares for the settlement of the equity plans is accounted for as a separate transaction in equity. The cash outflow to acquire these shares is disclosed as a financing activity in the consolidated statement of cash flows.

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

Cash-settled share scheme

The Group introduced a phantom share scheme to qualifying employees during the year. The gain in the share price will be settled in cash (net of any tax payable) on vesting date.

Over the period of the allocation the fair value of the estimated amount payable to employees in respect of the phantom shares is recognised as an employee benefit expense in the statement of financial performance and a corresponding liability is recognised reflecting the fair value due to the employees at each reporting date. The fair value of the phantom shares granted is measured using generally accepted valuation techniques, taking into account the terms and conditions at which the phantom shares were granted. In the event that an employee resigns or is dismissed, the estimated share-based payment expense is adjusted such that on a cumulative basis, no expense is recognised in respect of that employee.

NOTE

27.1 EQUITY-SETTLED SHARE INCENTIVE SCHEMES

The WBHO Share Plan

Share Appreciation Rights (SARs)

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

The performance target threshold comprises the average growth in headline earnings per share (HEPS) compared to the average CPI plus 3%, calculated annually in three-year cycles.

During the year under review, no share appreciation rights were issued. All allocated SARs were forfeited in the prior year. The effect of the forfeiture was not material.

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FOR THE YEAR ENDED 30 JUNE 2023

27.1 EQUITY-SETTLED SHARE INCENTIVE SCHEMES

Performance Shares (PS)

Performance shares are awarded by the Remuneration Committee annually to participants for no consideration. Vesting commences on the 3rd anniversary of the award to the extent that the Group has met the specified performance criteria. Being a full value share element without a strike price, the number of shares that vest depend on the performance of the Group over the three year period.

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

Actual performance against the criteria at 30 June 2022 (Offer 2019) and 30 June 2023 (remaining offers):

	Offer 2019 PS	Offer 2020 PS	Offer 2021 PS	Offer 2022 PS
Return on capital employed	(31.0%)	24.2%	30.4%	37.1%
Relative total shareholder return	6th	7th	4th	2nd

Of the 197 000 performance shares that were awarded in 2019, 65 662 shares vested in December 2022. The award exceeded threshold for TSR with a ranking of sixth against the peer grouping but did not achieve threshold for ROCE. As a result 33% of the allocation vested.

	Number of conditional awards '000	Number of awards vested and/or forfeited 000	Issue date	Issue price (cents)	Vesting period	Share-based payment expense R 000	Future expense to be recognised R 000
Performance shares							
2019	197	66	18/11/2019	14 485	3 years	1 852	–
2020	337	–	18/11/2020	14 328	3 years	7 656	3 190
2021	535	–	25/11/2021	11 027	3 years	9 987	14 148
2022	418	–	24/11/2022	9 907	3 years	7 940	32 895
Total						27 435	50 233

In calculating the share-based payment expense, valuations were performed using the Binomial model. To calculate the future share price the Geometric Brownian model was used and a three-year rolling volatility applied.

The following assumptions were made in determining the share-based payment expense:

	Offer 2022	Offer 2021	Offer 2020	Offer 2019
Volatility (%) (Volatility has been calculated using the historical WBHO share prices over the vesting periods)	37.68	35.5	37.2	34.59
Risk-free rate (%)	7.0 - 7.7	5.3 - 6.2	4.5 - 5.3	6.1 - 6.9
Dividend yield (%)	1.02	1.28	2.54	1.83
Attrition rate (%)	–	–	–	–

27 EMPLOYEE BENEFITS CONTINUED

27.2 THE WBHO MANAGEMENT TRUST

The trust is a structured entity through which options are offered to qualifying employees with the aim of retaining existing talent within the Group. The share options are equity-settled and are valued using the Binomial model. The following estimates and assumptions were used in the calculation of the share-based payment expense:

	Share options 2016	Share options 2020	Share options 2021
Grant date share price (ZAR)	145.00	114.02	119.10
Exercise price (ZAR	110.40	109.45	109.51
Volatility (%) (Calculated using historical WBHO share prices over the vesting periods)	25.0	33.9	35.5
Risk-free rate (%)	8.5	7.5	7.3
Dividend yield (%)	2.5	2.5	2.6
Attrition rate (%)	5.0	7.5	7.5

27.3 AKANI INVESTMENT HOLDINGS (PTY) LTD (Akani) AND THE BROAD-BASED EMPLOYEE SHARE INCENTIVE TRUST (BBESI)

In 2006, Akani and BBESI were structured entities created to give effect to the Group's Black Economic Empowerment initiative, aimed at sourcing strategic black partners and rewarding employees who have been in the service of the Group for more than five years.

The Akani scheme had a share price growth hurdle in addition to ten and five-year lock-in periods for black partners and employees respectively.

The hurdle rate was defined as being the nominal annual growth rate compounded annually. For the partners the rate was 8,33% and for employees it is determined by the Board at the time of each allocation of shares.

Over the lock-in periods the shares attracted dividends. In respect of directors, one third of the dividend was paid out in cash and two-thirds was utilised to purchase WBHO shares. In respect of employees, the full dividend was utilised to purchase WBHO shares.

In calculating the share-based payment expense applicable to the black partners and the BBESI it was necessary to estimate the number of shares that may vest at the end of the lock-in and allocation periods respectively. The following assumptions and judgements were used in arriving at the share-based payment expense:

	BBE Trust	Black partners
Hurdle rate (%)	Variable	8.3
Weighted average expected volatility (%)	24-26.2	24.0
Weighted average dividend yield (%)	2.7	2.7
Weighted average risk-free interest rate (%)	7.5	8.8
Vesting period (years)	5.0	10.0

On 6 June 2023, the Akani scheme was terminated and replaced by a new scheme, referred to as Akani 2 (see note 27.5). As a result all of the allocated shares were bought back and shares vested to the participants of the Akani scheme in terms of the formulae. Akani will be deregistered in terms of the Akani scheme rules and BBESI will form part of Akani 2.

The table below provides details of the long-term incentives awarded to employees other than directors and prescribed officers:

	WBHO Management Trust	Black Partners	Employees
Total options allocated ('000)	2 197	–	–
Allocations/issues in the current year ('000)	–	–	–
Vested in the current year ('000)	–	–	1
Shares bought back (000)	–	(700)	(2 684)
Dividend shares transferred to participants ('000)	–	32	25
Total options allocated ('000)	1 084	–	–
Share-based payment expense recognised in profit or loss (R 000)	10 078	–	5 994
Future share-based payment expense (R 000)	26 673	–	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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27 EMPLOYEE BENEFITS CONTINUED

27.4 CASH-SETTLED SHARE INCENTIVE SCHEME

PHANTOM SHARE SCHEME

A retention scheme in which key qualifying individuals are allocated phantom shares and must remain in the employment of the Group for three years from the date of award. Employees will receive the cash equivalent of the growth in the linked share price, namely the WBHO share price, from the date of allocation to the date of vesting.

On 1 July 2022, 913 000 phantom shares were issued to 71 employees for R79.50. At 30 June 2023, 899 000 phantom shares remained.

In calculating the share-based payment expense of R11 million for 30 June 2023, the Black Scholes model was used to perform the valuation. An annual valuation is performed to determine the value of the liability at year end. Accordingly, the assumptions made at 30 June 2023 are:

	30 June 2023
Share price on valuation date (ZAR)	104.48
Strike price (ZAR)	79.50
Risk-free rate (%)	8.8
Dividend yield (%)	2.0
Volatility (%)	41.0
Attrition rate(%)	7.5

27.5 AKANI 2 EMPLOYEE SHARE INCENTIVE SCHEME

In the current reporting period, the Group established a black economic empowerment initiative to replace the previous scheme described in note 27.3. Under the new initiative, the Group created structured entities with whom the Group has entered into contractual agreements to establish the broad-based black economic empowerment transaction (B-BBEE transaction).

Akani 2 Holdings (Pty) Ltd (Akani 2) was established and the Company issued subscription shares to Akani 2. The class B shares of Akani 2 were issued to the following entities:

- 90% to the WBHO Broad Based Employees Share Incentive Trust (BBESI Trust);
- 8% to the Akani Share Incentive Trust (ASI Trust); and
- 2% to the Akani Defined Beneficiary Trust (ADB Trust).

The BBESI Trust and ASI Trusts operate for the benefit of employees who meet certain minimum qualifying criteria which include having been employed within the Group for a minimum of five years.

Akani 2 will participate in dividends declared by the Company, and in turn will distribute dividends to the trusts. The trusts mentioned above will make a distribution to the ultimate beneficiaries, being the qualifying employees of the Group.

The ADB Trust operates for the benefit of black women, youth and black people living in rural and under developed areas, and is aimed at creating social development in these areas.

The Group has elected to treat Akani 2 and the Trusts as agents of the Company and to apply a look-through approach when accounting for these entities. On this basis, these entities are treated as if they are an extension of the Company and the assets and liabilities of these entities are accounted for as assets and liabilities of the Company. The shares of the Company held by Akani 2 are treated as treasury shares and have been disclosed in the Statement of Changes in Equity.

When determining that these entities act as an agent on behalf of the Company, consideration has been given to the following:

- the entities have been established solely for the purpose of fulfilling the black economic empowerment initiative of the Group;
- the only party with whom the entities engage is the Company; and
- the beneficiaries of the black economic empowerment initiative are the employees of the Group.

28 SEGMENT ANALYSIS

Reportable segments reflect the operating management structure of the Group and are identified both geographically and by the key markets which they serve.

The segments are regularly reviewed by the Group's chief operating decision maker, defined as the Executive Committee, in order to allocate resources and assess the performance of the segments.

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

Non-current assets by geographic segment are disclosed net of deferred tax.

The Group has five reportable segments. The activities of each segment are noted below:

BUILDING AND CIVIL ENGINEERING

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

ROADS AND EARTHWORKS

Activities include infrastructure and water and gas pipelines and other large infrastructure projects.

UNITED KINGDOM

Construction of retail, residential and commercial buildings for the private building sector as well as building refurbishments and fit-out projects.

PROPERTY DEVELOPMENTS

Acquisition of land or the rights to land and the development of schemes with a view to build and sell.

CONSTRUCTION MATERIALS

Sales and manufacture of long-steel products.

Reportable segments

	Continuing operations						Discontinued operations	Total operations
	Building and civil engineering R 000	Roads and earthworks R 000	United Kingdom R 000	Property developments R 000	Construction materials R 000	Total R 000	Australia R 000	Total R 000
2023								
Revenue	11 046 161	6 871 300	4 987 904	24 548	1 263 180	24 193 093	–	24 193 093
Inter-segment revenue	(65 286)	(14 500)	–	–	(344 560)	(424 346)	–	(424 346)
Revenue - external customers	10 980 875	6 856 800	4 987 904	24 548	918 620	23 768 747	–	23 768 747
Operating profit/(loss) by segment	504 401	449 561	117 453	18 297	22 844	1 112 556	(100 191)	1 012 365
Share-based payments expense						(54 562)	–	(54 562)
Operating profit						1 057 994	(100 191)	957 803
Items regularly reported to the Executive committee:								
Depreciation	9 832	157 407	65 823	–	14 986	248 048	–	248 048
Right-of-use asset capitalised	–	3 428	33 122	–	4 905	41 455	–	41 455
Capital expenditure	5 476	471 769	238 533	–	3 843	719 621	–	719 621

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28 SEGMENT ANALYSIS (CONTINUED)

	Continuing operations						Discontinued operations	Total operations
	Building and civil engineering R 000	Roads and earthworks R 000	United Kingdom R 000	Property developments R 000	Construction materials R 000	Total R 000	Australia R 000	Total R 000
2022								
Revenue	7 498 139	4 730 097	4 209 894	16 717	1 126 707	17 581 554	7 827 326	25 408 880
Inter-segment revenue	–	(17 420)	–	–	(323 856)	(341 276)	–	(341 276)
Revenue - external customers	7 498 139	4 712 677	4 209 894	16 717	802 851	17 240 278	7 827 326	25 067 604
Operating profit/(loss) by segment	342 356	322 092	157 503	18 529	18 488	858 968	(1 045 579)	(186 611)
Share-based payments expense						(44 769)	–	(44 769)
Goodwill impairment						–	(523 798)	(523 798)
Operating profit						814 199	(1 569 377)	(755 178)
Items regularly reported to the Executive committee:								
Depreciation	22 803	84 595	76 348	–	14 917	198 663	48 309	246 972
Right-of-use asset capitalised	–	769	2 016	–	5 803	8 588	–	8 588
Capital expenditure	21 444	195 132	9 733	–	4 255	230 564	10 813	241 378

Geographic segments	**2023 R 000**	2022 R 000
Revenue from continuing operations		
South Africa	**15 700 491**	11 055 600
Rest of Africa	**3 080 352**	1 974 784
United Kingdom	**4 987 904**	4 209 894
	23 768 747	17 240 278
Revenue from discontinued operations (Australia)	**–**	7 827 326
	23 768 747	25 067 604
Operating profit from continuing operations		
South Africa	**772 423**	525 050
Rest of Africa	**222 680**	176 415
United Kingdom	**117 453**	157 503
	1 112 556	858 968
Share-based payments expense	**(54 562)**	(44 769)
	1 057 994	814 199
Operating loss from discontinued operations (Australia)	**(100 191)**	(1 045 579)
Impairment of goodwill	**–**	(523 798)
	(100 191)	(1 569 377)
	957 803	(755 178)
Non-current assets		
South Africa	**1 954 686**	1 752 265
Rest of Africa	**521 273**	520 419
United Kingdom	**1 138 717**	845 964
	3 614 676	3 118 648

		2023 R 000	2022 R 000
29	**CASH FLOW INFORMATION**		
29.1	**CASH GENERATED BY OPERATIONS**		
	Operating profit from continuing operations	**1 057 994**	814 199
	Adjusted for non-cash items:		
	Share-based payment expense	**54 562**	44 769
	Impairment of investments	**–**	3 815
	Settlement agreement expense (note 10)	**–**	27 770
	Unrealised foreign exchange translation gains	**(135 840)**	(5 396)
	Depreciation	**248 048**	198 663
	Increase in credit loss allowance	**25 921**	15 161
	Profit on termination of lease liability	**(2 458)**	–
	Profit from disposal of property, plant and equipment	**(9 115)**	(4 779)
	Operating income before working capital changes:	**1 239 112**	1 094 202
	Working capital changes:		
	Increase in inventories	**(6 268)**	(13 077)
	(Increase)/decrease in contract assets	**(325 550)**	90 610
	Increase/(decrease) in contract liabilities	**317 175**	(56 417)
	(Increase)/decrease in trade and other receivables	**(674 754)**	108 076
	Increase/(decrease) in trade and other payables	**889 558**	(232 791)
	Payments in respect of settlement agreement liabilities	**(10 000)**	(42 500)
	Movement in provisions	**132 686**	334 711
	Cash generated from operations	**1 561 959**	1 282 814
29.2	**INCOME TAX**		
	Net tax receivable at 1 July	**51 725**	73 508
	Current tax expense	**(342 330)**	(366 231)
	Net tax receivable at 30 June	**(193 300)**	(51 725)
	Income tax paid	**(483 905)**	(344 448)
29.3	**INSTALMENT SALE AGREEMENTS**		
	Liabilities outstanding at 1 July	**103 563**	32 759
	Additions	**318 664**	128 446
	Finance costs	**16 440**	2 994
	Foreign currency effect	**563**	–
	Liabilities outstanding at 30 June	**(277 388)**	(103 563)
	Installments liabilities paid	**161 842**	60 635
	Consisting of		
	Capital	**133 908**	57 520
	Interest	**27 934**	3 115

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FOR THE YEAR ENDED 30 JUNE 2023

29 CASH FLOW INFORMATION (CONTINUED)

	2023 R 000	2022 R 000
29.4 LEASE LIABILITIES		
Liabilities outstanding at 1 July	242 932	287 885
Additions	41 460	8 604
Liability derecognised	(100 748)	–
Finance costs	6 180	9 523
Foreign currency effect	31 301	(1 318)
Liabilities outstanding at 30 June	(168 068)	(242 932)
Lease liabilities paid	53 057	61 762
Consisting of		
Capital	46 877	52 239
Interest	6 180	9 523
29.5 LONG-TERM LIABILITIES		
Liability outstanding at the beginning of the year	130 782	110 913
Additions	350 000	25 000
Interest accrued	31 559	8 259
Non-cash settlement	(15 092)	–
Liability outstanding at the end of year	(271 443)	(130 782)
Long-term liabilities paid	225 806	13 390
Consisting of		
Capital	193 958	4 750
Interest	31 848	8 640
29.6 CASH AND CASH EQUIVALENTS		
Current and call accounts	3 684 687	3 339 230
South Africa		
Cash and cash equivalents	2 029 643	1 111 187
Restricted cash and cash equivalents	(14 183)	–
Total	2 015 460	1 111 187
Rest of Africa		
Cash and cash equivalents	838 177	1 003 876
Restricted cash and cash equivalents	(86 710)	–
Total	751 467	1 003 876
United Kingdom		
Cash and cash equivalents	816 867	1 224 167
Total	816 867	1 224 167

Restricted cash balances: R87 million in respect of monies held in Mozambique which are pledged as security for a loan obtained from the Group's primary banker. R14 million in South Africa relates to the Group's share incentive scheme.

30 BUSINESS COMBINATIONS

On 14 July 2022, Byrne Group Limited (Byrne) completed the purchase of property, plant and equipment from the O'Keefe group of companies (O'Keefe) which had entered administration. In addition, Byrne acquired the right to renegotiate certain of the existing contracts with the clients of O'Keefe. The personnel of O'Keefe were transferred to Byrne with all employment rights preserved. The primary objective of the transaction was to acquire the existing properties of O'Keefe which comprised a substantial plant yard to be used to accommodate Byrne's plant operations. Through the renegotiation of contracts, acquisition of plant and equipment and the transfer of personnel of O'Keefe, Byrne aims to broaden its construction capabilities to incorporate demolition, soil stabilisation and ground works and thereby enhance its presence in the UK construction market over time.

The following table summarises the consideration paid by the group, the fair value of the assets acquired and the liabilities assumed at the acquisition date:

	R 000
Non-current assets	
Property, plant and equipment	209 392
Total assets	**209 392**
Current assets	
Debtors	66 375
Total	**66 375**
Total assets	**275 767**
Current liabilities	
Contract liabilities	35 362
Trade payables	21 749
Subcontractors	1 833
Payroll accruals	7 431
Total liabilities	**66 375**
Fair value of identifiable net assets acquired	**209 392**
Consideration paid	209 392
Goodwill on acquisition	**–**
The following is included in the Group's statement of financial performance and other comprehensive income for the current reporting period:	
Revenue	968 939
Contracting costs	(840 593)
Administrative costs	(66 923)
Bad debts written off	(40 872)
Operating profit	20 551

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FOR THE YEAR ENDED 30 JUNE 2023

31 EVENTS AFTER THE REPORTING DATE

The Board is not aware of any other matter or circumstance arising since the end of the reporting period not otherwise dealt with in the consolidated financial statements, which could significantly affect the financial position of the Group at 30 June 2023 or the results of its operations or cash flows for the period then ended.

32. GOING CONCERN

In assessing going concern the directors have considered the following information:

- The budgets and the forecast cash flows to 30 June 2024.
- Order book levels of secured work to be executed at 30 June 2023.
- New order intake between the end of the current reporting period and the date of authorisation of these financial statements.
- Imminent project awards expected within three months of the date of these financial statements.
- The number and availability of short- and mid-term projects in the forward-looking pipeline.
- The existing cost base of the Group.
- Available financial facilities and existing cash reserves.

At 30 June 2023, the order book levels of the Group increased by 47% from R22 billion to R33 billion. Order book levels within the Roads and earthworks division increased by 131% while the Building and civil engineering division increased order book levels by 13%. The order book in the UK improved by 13% following 58% growth over the course of FY2022. The record order book levels achieved within the African operations, an improving construction outlook in the UK and a healthy forward-looking project pipeline have created a solid platform for growth over the short to medium term.

The volatility within global markets appears to be stabilising. Furthermore, the growth in commercial renewable energy solutions creates a source of work for the Group and supports domestic economic activity.

Despite having utilised R782 million to settle obligations in Australia in the first half of FY2023, cash balances had grown by 11% from R3.3 billion to R3.7 billion at 30 June 2023. Cash generated from continuing operations amounted R1.6 billion.

The Group has maintained its strong relationships with guarantee providers who have demonstrated their ongoing support by providing additional guarantee facilities to the value of R1.8 billion subsequent to 30 June 2023. Furthermore, the Group has access to the necessary facilities to fund capital expenditure when required.

Having given due consideration to the above information, the directors are satisfied that the Group has access to adequate resources to continue in operational existence for the foreseeable future. As such, the going concern basis has been applied in preparing the financial statements.

ANNEXURE 1

INVESTMENTS IN SUBSIDIARIES

FOR THE YEAR ENDED 30 JUNE 2023

	Country of Incorporation	Issued capital	**Effective holding 2023 %**	Effective holding 2022 %
Held directly				
WBHO Construction (Pty) Ltd	South Africa	R900 000	**100**	100
WBHO Industrial Holdings (Pty) Ltd	South Africa	R1	**100**	100
Special purpose entities				
WBHO Management Trust	South Africa	–	**–**	–
WBHO Share Trust	South Africa	–	**–**	–
WBHO Broad-based Employee Share Incentive Trust	South Africa	–	**–**	–
Akani Investment Holdings (Pty) Ltd	South Africa	–	**–**	31
Held indirectly				
Roadspan Surfaces (Pty) Ltd	South Africa	R10 000	**100**	100
St Francis Golf Links (Pty) Ltd	South Africa	R100	**100**	80
Capital Africa Steel (Pty) Ltd	South Africa	R650 834 562	**100**	100
Tekfalt Binders (Pty) Ltd	South Africa	R100	**100**	100
Balmoral Crushers (Pty) Ltd	South Africa	R120	**100**	100
WBHO Mozambique Projectos Limitada	Mozambique	MZN 10 000 000	**100**	100
WBHO Namibia (Pty) Ltd	Namibia	N$ 1	**100**	100
WBHO Construction Zambia Limited	Zambia	ZMW 10 000	**100**	100
Kalcon (Pty) Ltd	Botswana	P 2	**100**	100
WBHO Ghana (Pty) Ltd	Ghana	$ 500 000	**100**	100
WBHO Madagascar SARL	Madagascar	MGA 14 399 200 000	**100**	100
WBHO Tanzania (Pty) Ltd	Tanzania	-	**100**	-
WBHO SC Limited	Liberia	$ 10 000	**90**	-
WBHO UK Limited	England	GBP 100	**100**	100
Byrne Group Limited	England	GBP 1 137 400	**80**	80
WBHO-Russells Limited	England	GBP 750	**100**	100

Investments in dormant subsidiaries are not disclosed.

ANNEXURE 2

INTERESTS IN JOINT OPERATIONS

FOR THE YEAR ENDED 30 JUNE 2023

All of the joint operations listed below are involved in construction activities.

Investments in significant non-statutory entities	Country of operation	2023 %	2022 %
Kusile Civils Joint Venture	South Africa	**50**	50
DRD D&C Joint Venture	South Africa	**85**	85
WBHO/Makali Joint Venture	South Africa	**60**	60
WBHO/Motheo Joint Venture	South Africa	**62**	62
WBHO/Pandev Joint Venture	South Africa	**85**	85
Mdubane Joint Venture	South Africa	**60**	60
JNB11 Joint Venture	South Africa	**70**	70
Montrose Interchange Joint Venture	South Africa	**75**	75
WBHO Vlakfontein Civils Joint Venture	South Africa	**71**	71
WBHO Sola Harmony EPC Joint Venture	South Africa	**50**	–
WBHO Sola Tronox Joint Venture	South Africa	**80**	–
WBHO Sola Arm EPC Joint Venture	South Africa	**80**	–
Siloam Joint Venture	South Africa	**40**	–
Barlow Park Joint Venture	South Africa	**70**	–
YFPO Joint Venture	South Africa	**50**	–
WTP Canelands Shoprite Joint Venture	South Africa	**65**	–
WT DSV Riverhorse Valley Joint Venture	South Africa	**70**	–
WBHO-Ghana Alexiboam Joint Venture	Ghana	**70**	70
WBHO-Ghana Quantam Joint Venture	Ghana	**49**	49
WBHO/LSP Joint Venture	Lesotho	**60**	60

ANNEXURE 3

SHAREHOLDER ANALYSIS

FOR THE YEAR ENDED 30 JUNE 2023

Shareholder spread	No of Shareholdings	%	No of Shares	%
1 - 1,000 shares	2 785	77.17	449 462	0.63
1,001 - 10,000 shares	515	14.27	1 826 014	2.57
10,001 - 100,000 shares	225	6.23	7 186 303	10.12
100,001 - 1,000,000 shares	74	2.05	24 781 041	34.89
1,000,001 shares and over	10	0.28	36 775 605	51.78
Total	**3 609**	**100.00**	**71 018 425**	**100.00**

Distribution of shareholders	No of Shareholdings	%	No of Shares	%
Banks/Brokers	56	1.55	4 042 864	5.69
Close Corporations	14	0.39	11 568	0.02
Empowerment vehicles	2	0.06	15 340 436	21.60
Endowment Funds	19	0.53	98 052	0.14
Individuals	2 711	75.12	3 269 322	4.60
Insurance Companies	35	0.97	5 910 713	8.32
Investment Companies	1	0.03	225 490	0.32
Medical Schemes	19	0.53	372 244	0.52
Mutual Funds	201	5.57	21 705 974	30.56
Other Corporations	15	0.42	3 076	0.00
Private Companies	45	1.25	395 465	0.56
Public Companies	3	0.08	383	0.00
Retirement Funds	275	7.62	14 507 974	20.43
Share Schemes	2	0.06	3 323 021	4.68
Trusts	211	5.85	1 811 843	2.55
Total	**3 609**	**100.00**	**71 018 425**	**100.00**

Public/non-public shareholders	No of Shareholdings	%	No of Shares	%
Non - Public Shareholders	**16**	**0.44**	**19 360 015**	**27.26**
Directors and Associates	8	0.22	515 550	0.73
Prescribed officers	4	0.11	181 008	0.25
Empowerment	2	0.06	15 340 436	21.60
WBHO Share and Management Trusts	2	0.06	3 323 021	4.68
Public Shareholders	**3 593**	**99.56**	**51 658 410**	**72.74**
Total	**3 609**	**100.00**	**71 018 425**	**100.00**

Beneficial shareholders holding 3% or more	No of Shares	%
Akani 2 Investment Holdings (Pty) Ltd	14 511 669	20.43
Old Mutual	10 343 966	14.57
Government Employees Pension Fund	9 148 446	12.88
PSG Konsult	4 167 023	5.87
WBHO Management Trust	3 280 646	4.62
Vanguard	2 025 886	2.85
Total	**43 477 636**	**61.22**

Geographical Breakdown	No of Shareholdings	%	No of Shares	%
South Africa	3 417	94.68	64 204 376	90.41
United States of America and Canada	21	0.58	4 834 776	6.81
Rest of the World	129	3.57	691 407	0.97
United Kingdom	25	0.69	1 187 179	1.67
Europe	17	0.47	100 687	0.14
Total	**3 609**	**100.00**	**71 018 425**	**100.00**

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