WBHO

SEPARATE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

WILSON BAYLY HOLMES-OVCON LIMITED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

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Level of assurance:

The Company financial statements have been audited in compliance with the section 30(2)(a) of the Companies Act of South Africa. The preparation of the internally prepared Company annual financial statements was supervised by the Chief Financial Officer, Charles Henwood CA (SA).

The consolidated financial statements (Group) that includes the relevant information are available on the website of the Company, at the registered office of the Company or on request from the company secretary.

Published: 12 September 2023

STATEMENT OF RESPONSIBILITY BY THE BOARD OF DIRECTORS
FOR THE YEAR ENDED 30 JUNE 2023

The directors are responsible for the preparation, integrity and fair presentation of the annual financial statements of Wilson Bayly Homes – Ovcon Limited (WBHO). The annual financial statements have been prepared in compliance with International Financial Reporting Standards (IFRS) and the Companies Act of South Africa and are supported by reasonable and prudent judgements and estimates.

The directors acknowledge that, ultimately, they are responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The 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 company and all employees are required to maintain the highest ethical standards in ensuring the Company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is to identify, assess and monitor all known forms of risk across the Company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

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

The financial statements have been audited by the independent auditors, BDO South Africa Incorporated who were given unrestricted access to all financial records and the related data, including minutes of all meetings of shareholders, the board of directors and committees of the board. The directors believe that all representations made to the independent auditors during their audit were valid and appropriate. The unqualified audit report of BDO South Africa Incorporated is presented on pages 4 to 5.

The annual financial statements were approved by the board of directors on 8 September 2023 and are signed on its behalf.

Louwtjie Nel | **Wolfgang Neff**

Chairman | *Chief Executive Officer*

12 September 2023

STATEMENT OF COMPLIANCE BY THE AUDIT COMMITTEE
FOR THE YEAR ENDED 30 JUNE 2023

MEMBERS

AJ Bester (Chairman)
RW Gardiner
KM Forbay
NN Sonqushu (appointed 5 December 2022)
SN Maziya (resigned 23 November 2022)

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.

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

- monitoring the effectiveness and implementation of internal financial controls and the adequacy of financial reporting;
- ensured that the financial reporting of the group comply 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

DIRECTOR'S REPORT
FOR THE YEAR ENDED 30 JUNE 2023

The directors present their annual report, which does not form part of the audited financial statements of Wilson Bayly Holmes-Ovcon Limited (Company), for the year ended 30 June 2023.

NATURE OF BUSINESS

The Company is domiciled in South Africa and listed on the securities exchange operated by JSE Limited and is the investment holding company of a number of subsidiary companies principally engaged in civil engineering and building contracting activities in Africa and the United Kingdom. The consolidated financial statements of the Group are available at the Company's registered address or on its website.

SHARE CAPITAL

The Company has 71 018 425 ordinary shares in issue (2022: 59 890 514).

Subject to the regulations of the JSE, 5% of the unissued ordinary shares are under the control of the directors until the annual general meeting (AGM) to be held on 23 November 2023 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 Company declares dividends dependent upon profits earned and the availability of cash. There was no dividend declared for the 2023 or 2022 financial years..

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 financial statements.

Ms SN Maziya resigned from the Board on 23 November 2022 and Ms N Songushu was appointed on 5 December 2023. In terms of the memorandum of incorporation, Mr RW Gardiner and Mr H Ntene retire by rotation and offer themselves for re-election.

The direct and indirect interests of the directors are disclosed in note 5 of the financial statements.

RELATED PARTY TRANSACTIONS

Related party transactions are disclosed under note 5.

AGENT ACCOUNTING

In the current reporting period, the Company established a black economic empowerment initiative to replace the previous scheme, Akani Investment Holdings (Pty) Ltd. Under the new initiative, the Company created structured entities with whom it has entered into contractual agreements to establish the broad-based black economic empowerment transaction (B-BBEE transaction). Refer to note 7.

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 financial statements, which significantly affects the financial position of the Company as at 30 June 2023 or the results of its operations or cash flows for the year then ended.

GOING CONCERN

The directors are satisfied that the Company has access to adequate resources through its main operating subsidiary, WBHO Construction (Pty) Ltd, to continue in operational existence for the foreseeable future. The going concern basis has been applied in preparing these Company financial statements.

AUDITORS

PriceWaterhouseCoopers Incorporated (PWC) 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.

SPECIAL RESOLUTIONS

The following special resolutions were passed at the 2022 AGM:

SPECIAL RESOLUTION NUMBER 1

Approval of non-executive directors' fees for the 2023 financial year.

SPECIAL RESOLUTION NUMBER 2

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

SPECIAL RESOLUTION NUMBER 3

General authority to repurchase company shares.

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 SEPARATE FINANCIAL STATEMENTS

Opinion

We have audited the separate financial statements of Wilson Bayly Holmes- Ovcon Limited (the company) set out on pages 6 to 21, which comprise the separate statement of financial position as at 30 June 2023, and the separate statement of profit or loss and other comprehensive income, the separate statement of changes in equity and the separate statement of cash flows for the year then ended, and notes to the separate financial statements, including a summary of significant accounting policies.

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

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 Separate Financial Statements* section of our report. We are independent of the company 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 separate financial statements of the current period.

We have determined that there are no key audit matters in respect of the separate financial statements to include in our report.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Wilson Bayly Holmes- Ovcon Limited Annual Financial Statements for the year ended 30 June 2023" and the document titled "WBHO Group 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 separate financial statements and our auditor's reports thereon.

Our opinion on the separate 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 separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate 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 SEPARATE FINANCIAL STATEMENTS

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

In preparing the separate financial statements, the directors are responsible for assessing the company'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 company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE SEPARATE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the separate 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 separate 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 separate 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 company'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 company'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 separate 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 company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 separate 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

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2023

	Notes	2023 R	2022 R
ASSETS			
Non-current assets			
Investments in subsidiaries and special purpose entities	1	**42 737 628**	42 748 249
Total		**42 737 628**	42 748 249
Current assets			
Loan to group companies	2	**236 795 630**	236 790 376
Interest receivable		**104 626**	86
Inter-company receivable		**111 509**	–
Value-added tax		**39 355**	–
Current tax assets		**2 602 114**	–
Cash and cash equivalents		**14 586 048**	3 522 285
Total		**254 239 282**	240 312 747
Total assets		**296 976 910**	283 060 996
EQUITY			
Capital and reserves			
Share capital		**30 251 109**	31 113 714
Retained earnings		**151 920 152**	139 918 441
Total		**182 171 261**	171 032 155
LIABILITIES			
Current liabilities			
Loans from group companies	2	**113 276 759**	110 750 787
Unclaimed dividends		**1 273 219**	1 278 047
Accruals		**255 664**	–
Taxation		**7**	7
Total		**114 805 649**	112 028 841
Total equity and liabilities		**296 976 910**	283 060 996

STATEMENT OF FINANCIAL PERFORMANCE AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2023

	Notes	2023 R	2022 R
Dividends received		–	123 795 578
Non-executive director fees and reporting costs		(4 425 790)	(4 779 071)
Bank charges		(7 516)	(2 432)
Consulting fees		(1 178 165)	–
Student costs		(43 908)	–
Other costs		(3 665)	–
Payroll costs		(158 827)	–
Operating (loss)/profit		(5 817 871)	119 014 075
Finance income		400 015	285
(Loss)/profit before tax		(5 417 856)	119 014 360
Income tax expense	4	(62 302)	–
(Loss)/profit for the year		(5 480 158)	119 014 360

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2023

	Number of ordinary shares issued	Share capital R	Retained earnings R	Total equity R
Balance at 30 June 2021	59 890 514	31 113 714	143 679 635	174 793 349
Profit for the year	–	–	119 014 360	119 014 360
Dividend paid (note 4)	–		(122 775 554)	(122 775 554)
Balance at 30 June 2022	**59 890 514**	**31 113 714**	**139 918 441**	**171 032 155**
Shares issued	**14 511 669**	**145 117**	**–**	**145 117**
Share buy-back	**(3 383 758)**	**(33 838)**	**–**	**(33 838)**
Treasury shares	**–**	**(973 884)**	**–**	**(973 884)**
Recognition of reserves within the Broad-based Share Trust (BBESI)^	**–**	**–**	**17 481 869**	**17 481 869**
Loss for the year	**–**	**–**	**(5 480 158)**	**(5 480 158)**
Balance at 30 June 2023	**71 018 425**	**30 251 109**	**151 920 152**	**182 171 261**

The company has 100 000 000 authorised ordinary shares of 1 cent each and redeemable preference shares of 5 cents each

^ arising from agency accounting treatment applied at 1 June 2023; refer to note 7

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2023

	Notes	2023 R	2022 R
Cash flow from operating activities			
(Loss)/profit before tax		**(5 417 856)**	119 014 360
Adjust for non-cash items:			
Dividends received		**–**	(1 017 641)
Interest received		**(208 283)**	–
(Decrease)/increase in loans to/(from) group companies		**(24 857)**	(52 384)
Operating (loss)/income before working capital changes		**(5 650 996)**	117 944 335
Working capital movements:			
(Decrease)/increase in unclaimed dividends		**(4 829)**	48 756
Decrease/(increase) in inter-company receivables		**16 468**	3 471 368
(Increase)/decrease in value-added tax and interest receivable		**(143 829)**	(76)
Increase in accruals		**255 664**	–
(Decrease)/increase in loans from group companies		**2 495 860**	4 614 702
Cash generated from operations		**(3 031 662)**	126 079 085
Income tax (paid)/received		**(1 098 853)**	603
Interest received		**218 332**	–
Dividend paid	4	**–**	(122 775 554)
Net cash flow from operating activities		**(3 912 183)**	3 304 133
Cash flow from financing activities			
Recognition of cash balance in BBESI		**14 975 946**	–
Net cash flow from financing activities		**14 975 946**	–
Increase in cash and cash equivalents for the year		**11 063 763**	3 304 133
Cash and cash equivalents at the beginning of the year		**3 522 285**	218 152
Cash and cash equivalents at the end of the year		**14 586 048**	3 522 285
Restricted cash and cash equivalents in BBESI		**14 329 057**	–

^ arising from agency accounting treatment applied at 1 June 2023; refer to note 7.

SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

Wilson Bayly Holmes-Ovcon Limited is a company domiciled in South Africa. The address of the Company is 53 Andries Street, Wynberg, Sandton, 2090. The Company is an investment holding Company and does not contribute to the financial performance of the Group. The Group is principally engaged in civil engineering and building construction activities in Africa and the United Kingdom as well as owning a number of subsidiary companies and participating in joint arrangements engaged in similar activities both locally and internationally. The consolidated financial statements of the Group are available at the Company's registered address or on its website.

STATEMENT OF COMPLIANCE

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) Interpretations issued by the IFRS interpretations Committee (IFRS-IC), the South Africa Institute of Chartered Accountants (SAICA) financial reporting guides as issued by the Accounting Practice Committee, the SAICA Headline Earnings Circular 1/2023, the SA Financial Requirements as per section 8.60 of 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 accounting policies adopted have been consistently applied to all the periods presented. The financial statements have been prepared on the going concern basis.

These financial statements are separate financial statements.

The financial statements are presented in South African Rands, which is the functional currency of the Company.

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 Company'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. There have not been any significant estimates applied to the financial statements.

AGENCY ACCOUNTING

The Company has applied its judgement to treat the special purpose entities formed specifically for the fulfilment of the Group's black economic empowerment initiative 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 the special purpose entities, are treated as treasury shares.

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.

INVESTMENT IN SUBSIDIARIES

Subsidiaries are entities controlled by the Company. The Company 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. These investments are carried at cost less accumulated impairment.

FINANCIAL INSTRUMENTS

RECOGNITION AND INITIAL MEASUREMENT

Financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss, transaction costs that are directly attributable to its acquisition or issue.

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 principle and interest, the Company 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 Company 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 Company are classified as measured at amortised cost.

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

Impairment of financial assets

The Company recognises loss allowances for expected credit losses (ECLs) 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

Historic ECL percentages are calculated using the probability of default (PD) and loss-given default (LGD) of a 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 Company 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. The maximum period considered when estimating ECLs is the maximum contractual period over which the Company 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.

Derecognition

Financial assets or a portion thereof are derecognised when the Company's rights to the cash flows expire, when the Company transfers all the risks and rewards related to the financial asset or when the Company loses control of the financial asset.

Financial liabilities or a portion thereof are derecognised when the obligations specified in the contract are discharged, cancelled or expire. 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.

DIVIDEND, FINANCE AND OTHER INCOME

The Company recognises dividend income when the right to receive payment is established and can be estimated reliably.

Finance income is recognised using the effective interest method.

Other income is recognised when the outcome of a transaction involving the rendering of services can estimated reliably. Other income associated with the transaction is recognised when the related expense is recognised and is therefore recoverable.

INCOME TAX

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 assets and liabilities are offset only if certain criteria are met.

Dividend tax is withheld at a rate of 20% on all shareholders registered unless a shareholder qualifies for an exemption or at a lower rate in terms of double taxation agreements.

SIGNIFICANT ACCOUNTING POLICIES CONTINUED

FINANCIAL INSTRUMENTS (continued)

DEFERRED TAX

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

Deferred tax is not recognised on temporary differences relating to:

- temporary differences on the initial recognition of an asset or liability in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and
- temporary differences relating to investments in subsidiaries to the extent they will probably not reverse in the foreseeable future.

A deferred tax asset is recognised to the extent that it is probable that future taxable income will be generated against which any available tax losses and deductible temporary differences can be utilised.

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, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any. Deferred tax assets and liabilities are offset only if certain criteria are met.

STANDARDS AND INTERPRETATIONS

There have been no new standards applied in the current reporting period.

NEW AND REVISED IFRS IN ISSUE BUT NOT YET EFFECTIVE

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 Company. The following standards and amendments are significant to the Company:

Classification of Liabilities as Current or Non-Current
Amendments to IAS 1 **1 January 2024**

The IASB issued amendments to IAS 1 Presentation of Financial Statements which clarifies 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 12 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.

The classification of liabilities by the Company is currently aligned with this amendment. Therefore, the amendment will not have a material impact.

Disclosure of Accounting Policies
IAS 1 **1 January 2023**

The amendments require companies to disclose their material accounting policy information rather than their significant accounting policies, with additional guidance added to the Standard to explain how an entity can identify material accounting policy information with examples of when accounting policy information is likely to be material.

All current accounting policies are considered as being material but an assessment will be made in the period in which this amendment becomes effective.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

		2023 R	2022 R
1	**INVESTMENTS IN SUBSIDIARIES**		
	Shares at cost less accumulated impairment losses	**42 737 628**	42 748 249
	A list of investments in subsidiaries is set out in Annexure 1.		
2	**AMOUNTS OWING BY/(TO) GROUP COMPANIES**		
	Amounts owing by group companies		
	WBHO Management Trust	**236 795 630**	236 790 376
		236 795 630	236 790 376
	The loan is unsecured, bears no interest and has no fixed terms of repayment.		
	The Company has advanced loans to share trusts in order to facilitate employee share schemes within the group. Repayment of the loan is dependant on dividend declarations and the vesting of allocated shares. Vesting only occurs under pre-determined conditions therefore the timing and amount of repayment remains uncertain.		
	Amounts owing to group companies		
	WBHO Construction (Pty) Ltd	**109 948 207**	107 445 452
	Loans from special purpose entities (annexure 1)	**3 328 552**	3 305 335
		113 276 759	110 750 787
	The loans are unsecured, bear no interest and have no fixed terms of repayment.		
3	**DIVIDEND PAID**		
	Final dividend in respect of the year ended 30 June 2022: nil (30 June 2021: 205 cents).	**–**	122 775 554
			122 775 554
4	**INCOME TAX EXPENSE**		
	South African normal tax		
	Current taxation		
	Current year	**62 302**	–
	Prior year under provision	**–**	–
	Deferred taxation		
	Current year	**–**	–
	Prior year over provision	**–**	–
	Total tax charge	**62 302**	–
	Reconciliation of tax rate:		
	South African normal tax rate	**27.00%**	28.00%
	Adjusted for:		
	Non-taxable dividends received	**–**	(29.1%)
	Non-deductible expenses in the production of non-taxable income	**–**	1.1%
	Deferred tax asset not recognised	**(27.7%)**	–
	Change in tax rate	**(0.5%)**	–
	Effective tax rate	**(1.1%)**	0.0%

There is R6 331 286 in tax losses available for set-off against future taxable income (2022: R775 266).

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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FOR THE YEAR ENDED 30 JUNE 2023

5 RELATED PARTIES

5.1 IDENTIFICATION OF RELATED PARTIES

The Company has related party relationships with its subsidiaries (annexure 1) and directors and executive officers.

5.2 RELATED PARTY TRANSACTIONS AND BALANCES

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

	2023 R	2022 R
Amounts owed by related parties		
Akani Investment Holdings (Pty) Ltd	111 509	–
Dividends received		
Wholly- owned subsdiary		
WBHO Construction (Pty) Ltd	–	123 000 000
Structured entities		
Akani Investment Holdings (Pty) Ltd	–	795 578
Dividends paid		
Structured entities		
Akani Investment Holdings (Pty) Ltd	–	7 042 904
WBHO Management Trust	–	5 380 259
WBHO Share Trust	–	69 495
BBESI	–	2 705 747

5.3 DIRECTORS' EMOLUMENTS

The remuneration of the executive directors and prescribed officers are paid by subsidiaries of the Company.

	Directors' fees R	Salaries R	Short-term benefits R	Short-term Incentives R	Post-employment benefits R	Total emoluments R
2023						
Executive						
EL Nel	–	1 492 000	502 755	9 860 000	593 050	12 447 805
WP Neff	–	2 709 600	492 945	15 120 000	724 838	19 047 383
CV Henwood	–	2 628 000	565 306	15 006 000	714 384	18 913 690
	–	6 829 600	1 561 006	39 986 000	2 032 272	50 408 878
Non-executive						
SN Maziya*	401 638	–	–	–	–	401 638
AJ Bester	880 427	–	–	–	–	880 427
RW Gardiner	1 267 784	–	–	–	–	1 267 784
KM Forbay	645 036	–	–	–	–	645 036
H Ntene	657 130	–	–	–	–	657 130
NN Sonqushu^	296 425	–	–	–	–	296 425
	4 148 440	–	–	–	–	4 148 440
Total	4 148 440	6 829 600	1 561 005	39 986 000	2 032 272	54 557 440

** Resigned 23 November 2022*

^ Appointed 5 December 2022

5 RELATED PARTIES (CONTINUED)

5.3 DIRECTORS' EMOLUMENTS (CONTINUED)

	Directors' fees	Salaries	Short-term benefits	Short-term Incentives	Post-employment benefits	Total emoluments
	R	R	R	R	R	R
2022						
Executive						
EL Nel	–	1 755 000	561 476	5 468 000	593 050	8 376 526
WP Neff	–	2 454 000	600 468	6 972 000	657 360	10 682 828
CV Henwood	–	2 398 000	642 000	6 878 000	653 664	10 571 664
	–	6 607 000	1 803 944	19 318 000	1 904 074	29 631 018
Non-executive						
SN Maziya	979 829	–	–	–	–	979 829
AJ Bester	843 174	–	–	–	–	843 174
RW Gardiner	1 043 150	–	–	–	–	1 043 150
KM Forbay	564 375	–	–	–	–	564 375
H Ntene	642 975	–	–	–	–	642 975
	4 073 503	–	–	–	–	4 073 503
Total	4 073 503	6 607 000	1 803 944	19 318 000	1 904 074	33 706 520

5.4 DIRECTORS' SHAREHOLDING

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

	2023			2022		
Number of ordinary shares	**Direct**	**Indirect**	**Total**	Direct	Indirect	Total
EL Nel	**300 200**	**1 000**	**301 200**	320 635	600	321 235
WP Neff	**90 626**	**14 260**	**104 886**	83 626	14 260	97 886
CV Henwood	**110 064**	**–**	**110 064**	106 289	–	106 289
SN Maziya*	**–**	**–**	**–**	15 000	243 897	258 897
	500 890	**15 260**	**516 150**	525 550	258 757	784 307

**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.*

	2023	2022	2023			2022		
Long-term incentive scheme (LTIs)	**Share-based payment expense**		**Share appreciation rights**	**Performance shares**	**Total**	Share appreciation rights	Performance shares	Total
	R	R						
EL Nel	**451 000**	1 205 851	**–**	**22 500**	**22 500**	–	40 500	40 500
WP Neff	**2 987 000**	2 048 251	**–**	**148 500**	**148 500**	–	116 500	116 500
CV Henwood	**2 890 000**	2 030 523	**–**	**144 500**	**144 500**	–	111 500	111 500
	6 328 000	5 284 624	**–**	**315 500**	**315 500**	–	268 500	268 500

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

CONTINUED

FOR THE YEAR ENDED 30 JUNE 2023

5 RELATED PARTIES (CONTINUED)

5.5 PRESCRIBED OFFICERS

	Salaries R	Short-term benefits R	Short-term incentives R	Post-employment benefits R	Total emoluments R
2023					
PJ Foley"	**7 965 278**	**2 199 905**	**7 000 000**	**650 496**	**17 815 679**
SN Gumede	**2 142 000**	**495 191**	**5 000 000**	**528 396**	**8 165 587**
AF De Necker	**2 396 000**	**433 427**	**10 000 000**	**642 048**	**13 471 475**
CA Jessop	**2 554 000**	**512 326**	**10 000 000**	**435 270**	**13 501 596**
	15 057 278	**3 640 848**	**32 000 000**	**2 256 210**	**52 954 336**
2022					
PJ Foley"	7 044 677	2 253 226	5 400 000	598 921	15 296 824
EA Mashishi[#]	306 000	65 408	–	82 368	453 776
SN Gumede	2 006 000	426 681	3 100 000	427 614	5 960 295
AF De Necker	2 209 000	494 085	6 000 000	592 680	9 295 765
CA Jessop	2 356 000	541 394	6 200 000	402 600	9 499 994
	13 921 677	3 779 794	20 700 000	2 105 183	40 506 654

resigned 15 July 2021

5.6 PRESCRIBED OFFICERS' SHAREHOLDING

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

	2023			2022		
Number of ordinary shares ('000)	**Direct**	**Indirect**	**Total**	Direct	Indirect	Total
PJ Foley	**50 000**	**–**	**50 000**	50 000	–	50 000
AF De Necker	**55 203**	**–**	**55 203**	51 428	–	51 428
CA Jessop	**47 169**	**24 549**	**71 718**	43 394	24 549	67 943
	152 372	**24 549**	**176 921**	143 822	24 549	169 371

Long-term incentive scheme	**2023** Share-based payment expense R	2022 Share-based payment expense R	**2023** Share appreciation rights	**2023** Performance shares	**2023** Total	2022 Share appreciation rights	2022 Performance shares	2022 Total
PJ Foley	**2 533 000**	1 939 446	**–**	**125 000**	**125 000**	–	104 000	104 000
SN Gumede	**1 472 000**	930 573	**–**	**75 000**	**75 000**	–	57 000	57 000
AF De Necker	**2 660 000**	1 858 384	**–**	**132 000**	**132 000**	–	104 000	104 000
CA Jessop	**2 660 000**	1 858 384	**–**	**132 000**	**132 000**	–	104 000	104 000
	9 325 000	6 586 787	**–**	**464 000**	**464 000**	–	369 000	369 000

The long-term incentives are part of the WBHO share plan, details of which are disclosed in note 7.

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.

6 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

OVERVIEW

The Company's activities expose it to limited credit risk. The Company's strategy remains the same as in the prior period and there has been no change to its risk profile.

	2023 R	2022 R
Financial instruments at amortised cost		
Loan to group company (note 2)	**236 795 630**	236 790 376
Inter-company receivable	**111 509**	–
Cash and cash equivalents	**14 586 048**	3 522 285
	251 493 187	240 312 661
Loans from group companies (note 2)	**(113 276 759)**	(110 750 787)
Unclaimed dividends	**(1 273 219)**	(1 278 047)
Total carrying value	**136 943 209**	128 283 826

MATURITY ANALYSIS

All financial assets and liabilities are expected to realise in the next 12 months except the loans to/from Group companies as per note 2.

FAIR VALUE

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

CREDIT RISK

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the company's long-term receivables and cash and cash equivalents maintained with financial institutions.

Allowances for expected credit losses (ECL)

The Company establishes a loss allowance that represents its estimate of expected credit losses in respect of financial assets held at amortised cost. The allowance comprises individually significant exposures as well as exposure to a general portfolio of customers where the nature of customers, overdue accounts and collateral held are taken into account. This was assessed as a low credit risk.

ECL assessment of inter-company loans

The Company is exposed to credit risk through loans advanced to special purpose entities. As the settlement of these loans is managed and controlled by the Company, specific expected credit losses are recognised only when there are clear forward-looking indicators of impairment. ECLs on these loans are considered to have a low credit risk, therefore no ECL is recognised.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

CONTINUED

FOR THE YEAR ENDED 30 JUNE 2023

7 EMPLOYEE BENEFITS

7.1 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.

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	Number of awards vested and/or forfeited	Issue date	Issue price (cents)	Vesting period	Share-based payment expense	Future expense to be recognised
Performance shares							
2019	197 000	66 000	18/11/2019	14 485	3 years	1 852 210	–
2020	336 500	–	18/11/2020	14 328	3 years	7 656 194	3 190 081
2021	534 500	–	25/11/2021	11 027	3 years	9 986 970	14 148 208
2022	418 000	–	24/11/2022	9 907	3 years	7 940 088	32 894 652
Total						27 435 463	50 232 940

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 (%)	-	-	-	-

7 EMPLOYEE BENEFITS CONTINUED

7.2 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)	145.0	114.0	119.1
Exercise price (ZAR	110.4	109.5	109.5
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

7.3 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 7.5). 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	2 197 000	–	–
Allocations/issues in the current year	–	–	–
Vested in the current year	–	–	1 376
Shares bought back	–	(700 000)	(2 683 758)
Dividend shares transferred to participants	–	31 752	25 459
Total options allocated	1 083 646	–	–
Share-based payment expense recognised in profit or loss	10 077 958	–	5 994 500
Future share-based payment expense	26 672 606	–	–

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

CONTINUED

FOR THE YEAR ENDED 30 JUNE 2023

7 EMPLOYEE BENEFITS CONTINUED

7.4 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)	104.5
Strike price (ZAR)	79.5
Risk-free rate (%)	8.8
Dividend yield (%)	2.0
Volatility (%)	41.0
Attrition rate(%)	7.5

7.5 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 Company has elected to treat Akani 2 and the Trusts as its agents 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 entities act only on the Company's instruction;
- 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.

8 GOING CONCERN

The directors are satisfied that the Company has access to adequate resources to continue in operational existence for the foreseeable future. The going concern basis has been applied in preparing the Company financial statements.

9 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 financial statements, which significantly affects the financial position of the Company as at 30 June 2023 or the results of its operations or cash flows for the year then ended.

ANNEXURE 1 – INVESTMENTS IN SUBSIDIARIES

FOR THE YEAR ENDED 30 JUNE 2023

	Issued capital	Effective holding		Shares at cost		Amounts owing by/(to) subsidiaries	
		2023 %	2022 %	2023 R	2022 R	2023 R	2022 R
Held directly							
WBHO Construction (Pty) Ltd	R 900,000	**100**	100	**42 737 628**	42 737 628	**(109 948 207)**	(107 445 452)
WBHO Industrial Holdings (Pty) Ltd	R 1	**100**	100	**–**	–	**–**	–
Special purpose entities							
WBHO Management Trust		**–**	–	**–**	–	**236 795 630**	236 790 376
WBHO Share Trust		**–**	–	**–**	–	**(3 270 306)**	(3 270 306)
Akani Investment Holdings (Pty) Ltd		**–**	31	**–**	10 621	**(58 246)**	(35 029)
				42 737 628	42 748 250	**123 518 871**	126 039 589

All the entities listed above are incorporated in South Africa.

ADMINISTRATION

WILSON BAYLY HOLMES-OVCON LIMITED

Incorporated in the Republic of South Africa
Registration number 1982/011014/06
Share code: WBO
ISIN: ZAE00009932
(WBHO)

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