



INTEGRATED **REPORT** 2011

ABOUT THIS REPORT

The objective of this report is to provide our stakeholders with an integrated view of our economic, social and environmental performance for the financial year 1 July 2010 to 30 June 2011. Our previous report covered the reporting period 1 July 2009 to 30 June 2010.

WBHO welcomes the opportunity that integrated reporting, as recommended in the King Code of Governance Principles (the Code), provides to demonstrate the group's commitment to integrity, transparency and accountability. What constitutes an integrated report is the subject of debate internationally. We have chosen to be guided by the Code, what typically has constituted annual reporting best practice and the assistance of the Global Reporting Initiative's (GRI) G3 Reporting Guidelines and the International Financial Reporting Standards (IFRS). While we have not sought external assurance for this report it is something we will consider in the future.

DETERMINING WHAT IS MATERIAL

It is our aim to provide a complete and balanced view of our performance, both the challenges and the successes. We are committed to being accountable to our stakeholders. The way we engage with and respond to our stakeholders is described under the Stakeholder engagement section of this report on page 3.

The nature of our business means that economic, social, environmental and ethical issues are material to our future success. We concentrate on the issues that are material to our delivering against our strategy and which are of most interest or concern to our stakeholders.

Our determination of materiality is based on a wide range of factors, including developments in public policy, regulations, technology and stakeholder relations. In making our assessment of materiality we reviewed the:

- Results of our business risk assessment process
- King Code of Corporate Practice and Conduct
- Performance of WBHO against the key performance indicators it has identified for the business
- Topics and challenges reported by our peers or raised by industry associations and
- External initiatives and best practice guidelines, including the GRI G3 Guidelines and the Construction Charter.

The issues that we currently regard as most material to our business are discussed on pages 12 and 13.

Data is measured according to specific indicators throughout the report, particularly with reference to tables and graphs. Where we found GRI G3 indicators to be not applicable we have made reference to this within the GRI G3 Content Index table. Data is evaluated according to the policies, procedures, codes and guidelines that WBHO has developed to meet international best practice. Where possible, data measurement is implicitly defined via units of measure. Additional information is available on request. There are no restatements or changes to information included in earlier reports.

AUDIENCE

The stakeholders for whom we have prepared this report include existing and prospective shareholders, investment analysts, government (local, provincial and national), industry organisations, trade unions, employees and their families, subcontractors, non-governmental organisations (NGOs), suppliers, customers, joint venture partners, business partners and the media.

FEEDBACK

WBHO welcomes feedback on any aspect of its performance or reporting. If you would like to provide feedback or additional information, please complete the feedback form at the end of the report or alternatively contact Shereen_Vally-Kara@wbho.co.za



WHO WE ARE

**WBHO IS ONE OF THE
LARGEST CONSTRUCTION
GROUPS LISTED ON THE
JSE LIMITED.**

**ESTABLISHED OVER 40
YEARS AGO, WE ARE
A MULTI-DISCIPLINED
CONSTRUCTION GROUP
PRIMARILY ENGAGED IN
BUILDING CONSTRUCTION,
CIVIL ENGINEERING AND
ROADS AND EARTHWORKS.**

**OUR GROUP DERIVES ITS
STRENGTH FROM THE
WEALTH OF EXPERIENCE
CONTAINED WITHIN OUR**



**MANAGEMENT TEAM
WHOSE MEMBERS HAVE
A COMBINED AVERAGE
SERVICE OF MORE THAN
20 YEARS.**

**OUR ABILITY TO CREATE
LONG-TERM SUSTAINABLE
CLIENT RELATIONSHIPS IS
ACHIEVED BY CONSISTENTLY
DELIVERING AGAINST
EXPECTATIONS. RELIABILITY
IS AT THE CORE OF THE
GROUP'S BRAND AND
CULTURE AND IS AN
INTEGRAL PART OF OUR
DAILY OPERATIONS.**

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XR = Further information/cross-reference

(is an instance within a document which refers to related or synonymous information elsewhere, usually within the same work. The term "cross-reference" is often abbreviated as x-ref, xref or XR)

OUR INTEGRATED REPORTING JOURNEY

THIS YEAR WBHO STARTED ON ITS INTEGRATED REPORTING JOURNEY. WE HAVE FOLLOWED THE GUIDANCE CONTAINED IN KING III AS WELL AS THE INTEGRATED REPORTING FRAMEWORK DISCUSSION PAPER ISSUED BY THE INTEGRATED REPORTING COMMITTEE (IRC).

WHAT WE DID

- We identified our material issues
- We identified our key performance indicators
- We set interim targets

WHAT IS STILL TO DO

- Further develop the management information system to facilitate collection of a wider range of data against which to measure the group
- Measure actual results against a broader spectrum of performance indicators
- Adjust targets if necessary
- Improve stakeholder engagement
- Obtain assurance for our report

Data is measured according to specific indicators throughout the report, particularly with reference to tables and graphs. We have chosen to report the safety, health and environmental data of our Australian operations separately, as their operating environment and legal compliance requirements differ to our operations managed from South Africa.

As we continue on our journey we will be consulting our stakeholders and getting their input into what they would like us to report on. We also plan to seek assurance for our report in the future.

OUR STAKEHOLDERS

OUR STAKEHOLDER ENGAGEMENT CONTINUES TO FOCUS ON BUILDING MUTUALLY BENEFICIAL RELATIONSHIPS WITH OUR MOST MATERIAL STAKEHOLDERS WHOM WE DEFINE AS THOSE MOST AFFECTED BY, OR MOST LIKELY TO INFLUENCE OUR BUSINESS. OUR STAKEHOLDERS INCLUDE, OUR EMPLOYEES, SHAREHOLDERS, CLIENTS, SUPPLIERS, COMMUNITIES AND GOVERNMENT.

OUR STAKEHOLDERS

EMPLOYEES

We communicate with our employees through face-to-face communication, electronic media, a quarterly newsletter and notice boards. Our employees receive ongoing and relevant training and education which will provide them with opportunities for growth and ensure the sustainability of the group.

SHAREHOLDERS

WBHO communicates with the investment community through SENS announcements, printed and electronic media releases, the publication of its financial results and at the group's annual general meeting. We aim to provide our shareholders with returns that exceed the real growth in the economy and the construction sector in particular.

CLIENTS

WBHO understands that consistently satisfying our clients with the delivery of quality products and services is critical to the ongoing success of the group. We endeavour to develop relationships with new clients and strengthen our relationships with our existing clients through clear, honest and regular communication throughout all the phases of a project.

SUPPLIERS AND SUBCONTRACTORS

The ability of suppliers and subcontractors to deliver can have a major impact on our projects. Through regular supplier audits the group helps suppliers achieve the levels of quality we require.

COMMUNITIES

WBHO recognises its obligation to society and has chosen to channel its efforts to meet these obligations into improving education and health. The group communicates with the communities in which it operates on environmental concerns relating to our activities. We also communicate with these communities in order to understand their needs and determine an appropriate social investment.

GOVERNMENT

While the group contributes towards the infrastructure of various countries through our operations, as a corporate citizen we also generate statutory revenues for those countries' governments through income tax, sales tax as well as other tariffs and duties.

WHAT WE DO



BUILDING AND CIVIL ENGINEERING

INTRODUCTION

WBHO's building division is recognised as a leader in the South African building industry. Having established a reputation for quality, reliability and delivering against budget the division regularly exceeds client expectations. The division is able to negotiate a number of projects every year as a result. The Civil Engineering division adds diversity to the division's margin streams and strengthens the overall earnings.

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ROADS AND EARTHWORKS

The Roads and Earthworks division which operates across multiple traditional civil engineering disciplines, has through strategic acquisitions gained exposure to a number of additional specialist disciplines. The division has a particular strength when operating in Africa and has developed a successful formula for trading in the region. The division differentiates itself with its modern fleet of plant and effective teams who are encouraged to work together with consultants and clients to the mutual benefit of all parties.

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STRATEGY

- Continue to leverage established relationships to procure future projects.
- Specific focus on quality and delivery against budget to enhance reputation and brand and to foster new relationships.
- Selective procurement of foreign projects to broaden African footprint.
- Continued strengthening of foreign revenue and margin streams.
- Selective procurement of projects locally, only committing resources to profitable projects.
- Further development of subsidiary businesses to gain additional market share.

SKILL SET

Building

- Airports
- Shopping centres
- Commercial offices
- Stadiums
- Hotels
- Hospitals

Civil Engineering

- Power stations
- Dams
- Reservoirs and dams
- Bridges
- Reinforced structures
- Mining civil infrastructure

Roads and Earthworks

- Provincial roads
- Toll roads
- Bridges
- Asphalt plants
- Road surfacing
- Bulk earthworks

Mining infrastructure

- Water and tailings storage facilities
- Terracing
- Haul roads

Specialist disciplines

- Water, gas and petroleum pipelines
- Bulk services
- Rural housing
- Dams
- Rail
- Golf course infrastructure

MARKET PENETRATION

- South Africa
- Botswana
- Zimbabwe
- Zambia
- Mauritius
- Ethiopia
- South Africa
- Botswana
- Zimbabwe
- Zambia
- DRC
- Mozambique
- Lesotho
- Ghana
- Sierra Leone
- Namibia
- Tanzania



AUSTRALIA

WBHO entered the Australian market in 2001 after acquiring an initial 40% interest in Probuild Constructions. A decade later, with WBHO's support, Probuild has developed into a tier one contractor having shown consistent yet controlled growth throughout the period. Key to the success of this relationship has been the similar nature of the values, culture and attitudes of management.

The group is currently expanding into the civils market in Australia.

XR 40

- Integrate recent acquisitions into the existing business.
- Meaningful expansion of footprint in Western Australia by capitalising on mining infrastructure opportunities.



OTHER OPERATIONS

The overriding purpose of WBHO's other operations is to expose the group to a range of diversified margin streams within the boundaries of the construction environment, in order to provide a stable earnings platform for the group's shareholders. These markets include private public partnerships, concession arrangements and turnkey projects as well as construction materials and property investments.

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- **Projects:** To harness the core competencies of the group together with those of our technical, financial and legal partners to deliver effective turnkey projects which add value to all stakeholders.
- **Property:** The division will continue to exercise a conservative approach to prospective property investments while supporting existing developments until the market recovers.
- **Associates:** Introduction of new management in key positions to drive costs down, opportunity to increase market share as the industry capacity has reduced following difficult market conditions, strategic geographical positioning to service key markets.

Building

- Retail and entertainment
- Commercial
- Industrial
- Health facilities
- Sports and leisure
- Residential apartments
- Educational and institutional facilities

Mining infrastructure

- Terracing
- Rail
- Haul roads

Roads and Earthworks

- Road construction
- Road rehabilitation
- Bulk earthworks
- Tailings dams
- Bridges
- Wharves
- Landfills

- Victoria
- Western Australia
- New South Wales
- Queensland
- Tasmania

Projects

Concessions, turnkey projects and design and build projects for:

- Prisons
- Serviced accommodation
- Gas infrastructure
- Toll roads
- Airports
- Hospitals

Property

- Golf estates
- Eco estates

Associates

- Long steel products
- Shelving and racking
- ERW pipe
- Gas supply
- Construction materials
- Mining roof bolts

- South Africa
- Botswana
- Mozambique

WHERE WE ARE

2011 Key Projects



Tonkilili, Sierra Leone



Tete, Mozambique



Standard Bank offices, Rosebank



Africa

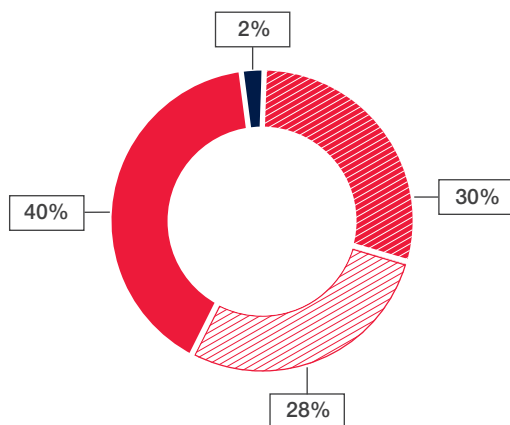
OUR PERFORMANCE

SEGMENTAL ANALYSIS

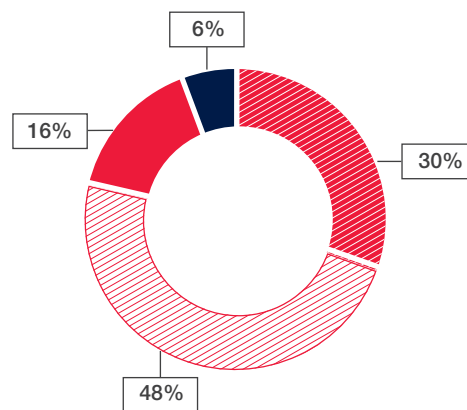
		REVENUE		OPERATING PROFIT BEFORE NON-TRADING ITEMS	
		2011 R'000	2010 R'000	2011 R'000	2010 R'000
	Building and Civil Engineering	4 377 474	5 469 684	332 810	430 024
	Roads and Earthworks	4 110 792	4 609 889	524 569	629 779
	Australia	5 972 874	4 534 442	171 200	152 241
	Other operations	305 491	587 080	61 470	62 130
		14 766 631	15 201 095	1 090 049	1 274 174



REVENUE



OPERATING PROFIT BEFORE NON-TRADING ITEMS



Building and Civil Engineering

Roads and Earthworks

Australia

Other operations

OUR PERFORMANCE

CONTINUED

SEVEN YEAR REVIEW	YEAR ENDED 30 JUNE						
	2005 R'000	2006 R'000	2007 R'000	2008 R'000	2009 R'000	2010 R'000	2011 R'000
CONSOLIDATED STATEMENTS OF FINANCIAL PERFORMANCE							
REVENUE	4 765 342	5 795 118	8 127 793	10 783 651	14 768 807	15 201 095	14 766 631
Operating profit before non-trading items	186 747	261 839	415 877	904 828	1 048 716	1 274 174	1 090 049
Impairment of goodwill/negative goodwill realised	(9 341)	(4 928)	(10 731)	(18 994)	2 101	(219)	(36 266)
Share-based payments expense	–	–	(34 610)	(23 860)	(22 974)	(8 922)	(32 418)
Profit/(loss) on disposal of investments	–	–	–	93 408	–	(5 682)	57 921
Impairment of loans to associates	–	–	–	–	–	–	(65 867)
Fair value adjustments	–	18 130	5 689	3 657	4 653	2 583	97
Operating profit	177 406	275 041	376 225	959 039	1 032 496	1 261 934	1 013 516
Net finance income	18 717	22 385	55 399	142 406	296 857	262 487	206 638
Share of profits and losses from associates	1 749	7 188	14 679	(20 710)	31 480	(30 386)	(51 388)
Operating income	197 872	304 614	446 303	1 080 735	1 360 833	1 494 035	1 168 766
Taxation	(40 126)	(75 343)	(127 999)	(318 211)	(398 033)	(466 524)	(380 000)
Net profit	157 746	229 271	318 304	762 524	962 800	1 027 511	788 766
Non-controlling interests	(20 684)	(31 603)	(42 124)	(46 355)	(72 873)	(66 026)	55 291
Profit attributable to equity shareholders of Wilson Bayly Holmes-Ovcon Limited	137 062	197 668	276 180	716 169	889 927	961 485	733 475
Headline earnings	139 256	195 159	282 612	694 156	882 497	964 719	774 773
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION							
ASSETS							
Property, plant and equipment	387 332	513 177	752 137	1 041 071	1 113 672	1 203 768	1 433 063
Goodwill	38 874	76 220	86 421	160 579	206 261	293 057	390 467
Investments	23 852	45 160	133 293	318 877	464 345	415 773	401 116
Other non-current assets	63 046	37 410	92 822	285 143	377 829	286 050	247 684
Other current assets	1 223 381	1 698 000	1 914 640	3 370 770	3 412 412	3 268 406	4 136 646
Cash and cash equivalents	554 694	638 322	1 269 015	2 781 521	4 033 309	3 891 039	2 882 272
Total assets	2 291 179	3 008 289	4 248 328	7 957 961	9 607 828	9 358 093	9 491 748
EQUITY AND LIABILITIES							
Shareholders' equity	522 155	702 467	1 002 702	1 731 904	2 384 550	3 031 919	3 371 904
Non-controlling interests	40 619	60 311	78 702	145 408	195 443	196 326	258 305
Long-term financial liabilities	50 503	157 736	117 232	141 942	21 768	24 946	90 526
Other non-current liabilities	60 533	33 596	–	122 856	355 119	57 102	41 000
Other current liabilities	1 602 008	2 041 860	3 049 128	5 811 254	6 649 902	6 047 800	5 713 620
Bank overdrafts	15 361	12 319	564	4 597	1 046	–	16 393
Total equity and liabilities	2 291 179	3 008 289	4 248 328	7 957 961	9 607 828	9 358 093	9 491 748
CONSOLIDATED STATEMENTS OF CASH FLOWS							
Cash generated from operations	285 211	239 965	1 239 405	2 239 493	2 287 500	1 064 789	345 276
Net finance income	18 717	22 385	55 399	142 406	296 857	262 487	206 638
Taxation paid	(38 572)	(55 218)	(80 275)	(224 994)	(527 739)	(608 154)	(650 624)
Dividend paid	(30 520)	(38 288)	(59 400)	(88 110)	(172 589)	(193 974)	(224 562)
Cash retained from operations	234 836	168 844	1 155 129	2 068 795	1 884 029	525 148	(323 272)
Net cash flow from investing activities	(46 747)	(194 009)	(442 567)	(530 556)	(505 434)	(611 738)	(660 148)
Net cash flow from financing activities	27 823	111 835	(70 112)	(29 766)	(123 256)	(54 634)	(41 240)
Net increase/(decrease) in cash and cash equivalents	215 912	86 670	642 450	1 508 473	1 255 339	(141 224)	(1 024 660)

YEAR ENDED 30 JUNE							
	2005	2006	2007	2008	2009	2010	2011
STATISTICS							
SHARE IN ISSUE							
Number of shares in issue (000)	54 595	54 595	66 000	66 000	66 000	66 000	66 000
Weighted average number of shares (000)	54 595	54 595	55 190	54 956	54 787	54 791	54 727
Diluted weighted average number of shares (000)	54 595	54 595	55 190	55 118	54 973	54 987	55 237
SHARE PERFORMANCE							
Basic earnings per share (cents)	251,1	362,1	500,4	1 303,2	1 624,3	1 754,8	1 340,2
Headline earnings per share (cents)	255,1	357,5	563,5	1 263,1	1 610,8	1 760,7	1 415,7
Diluted headline earnings per share (cents)	–	–	–	1 259,4	1 605,3	1 745,4	1 402,4
Dividend per share (cents)	63	81	121	242	300	330	330
Dividend cover (times)	4,0	4,5	4,1	5,4	5,4	5,3	4,1
Closing share price (cents)	2 980	5 200	10 335	11 050	10 620	11 600	10 948
RATIOS AND STATISTICS							
Return on total assets (%)	8,7	10,4	10,7	13,9	14,9	13,5	10,7
Return on ordinary shareholders' interest (%)	26,7	27,8	31,0	41,4	37,2	31,7	21,8
Current ratio (times)	1,1	1,1	1,0	1,1	1,1	1,2	1,2
Debt/equity ratio (%)	12,8	30,3	19,9	15,7	4,8	1,7	1,9
Operating profit margin (before non-trading items) (%)	3,9	4,5	5,1	8,3	7,1	8,3	7,4
Net profit margin (%)	3,3	4,0	3,9	7,1	6,5	6,8	5,3
Effective tax rate	20,3	24,7	28,7	29,4	29,2	31,2	32,5
Market capitalisation (R'000)	1 626 916	2 838 914	6 821 100	7 293 000	7 009 200	7 656 000	7 225 680
EXCHANGE RATES							
US Dollar (closing)	6,68	7,25	7,09	7,83	7,88	7,68	6,80
Australian Dollar (closing)	5,09	5,30	6,03	7,49	6,34	6,53	7,27

DEFINITIONS

Headline earnings per share:	Headline earnings divided by the weighted average number of shares in issue.
Basic earnings per share:	Attributable earnings divided by the weighted average number of shares in issue.
Diluted earnings per share:	Attributable earnings divided by the diluted weighted average number of shares in issue.
Dividend per share:	Ordinary dividends divided by the weighted average number of shares in issue.
Dividend cover:	Earnings divided by ordinary dividends.
Net tangible asset value per ordinary share:	Ordinary shareholders' interest less goodwill divided by the weighted average number of shares in issue.
Current ratio:	Current assets divided by current liabilities.
Debt/equity ratio:	Total interest-bearing financial liabilities as a percentage of total shareholders' interest.
Return on total assets:	Profit before interest paid and taxation as a percentage of total assets.
Return on ordinary shareholders' interest:	Headline earnings as a percentage of average ordinary shareholders' interest.
Operating profit margin:	Operating profit as a percentage of revenue.
Net profit margin:	Net profit as a percentage of revenue.
Market capitalisation:	Number of shares in issue multiplied by the closing share price.

HOW WE MEASURE OURSELVES

	PERFORMANCE INDICATORS	TARGET	RESULT		
ECONOMIC	Revenue growth XR 66	Real growth of 10% per annum	X	-3%	
	Margin XR 66	Between 5% and 6%	✓	7,4%	
	Return on ordinary shareholders' equity	20%	✓	21,8%	
SOCIAL	Safety XR 52	LTIFR of less than one	✓	0,9	
	Safety XR 52	Zero fatalities	X	2	
	Health XR 54	100% of HIV +ve employees who know their status onto ARV programmes	X	22%	
	Transformation XR 62	Level 2 contributor	✓	Level 2	
ENVIRONMENTAL	CO ₂ emissions XR 58	To be advised	n/a		
	Environmental incidents XR 58	One	X	1	
	ISO 14000 compliance XR 58	All divisions	X	1 of 15	

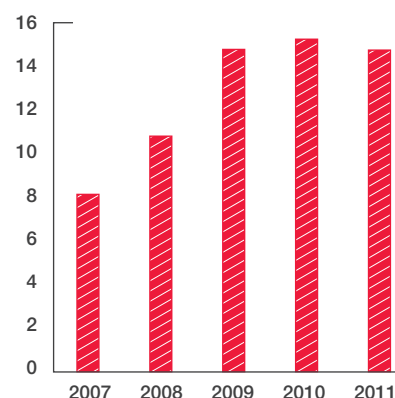
	COMMENTS
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	Over the last 5 years revenue growth has fluctuated between +ve 37% and -ve 3% as markets have swung from boom to recession. We believe that 10% real growth is an appropriate mid to long-term target
	Margins have been particularly high over the last 5 years, margins of between 5% and 6% are more sustainable in the future
	If we can achieve 10% real top-line growth per annum together with margins within the target range we believe we can deliver returns to shareholders in excess of 20%

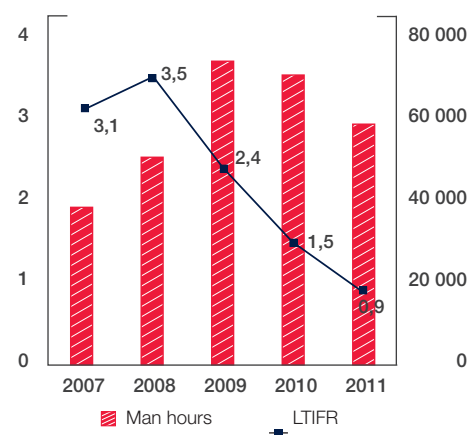
	While we will always aim for zero harm a target of less than one is realistic
	We will always strive for zero
	Approximately 18% of the group's South African workforce are HIV+ve, of which 22% are receiving ARV treatment. Through ongoing initiatives our wish is that all our people receive appropriate care
	As a level 2 contributor the group has made good strides toward empowerment

	Once sufficient data is available, appropriate targets will be set
	The group received a directive from the Dept of Water Affairs to rectify the sedimentation of the Liesbeeck River
	This year the Cape building division achieved compliance, the remaining coastal regions are currently in progress

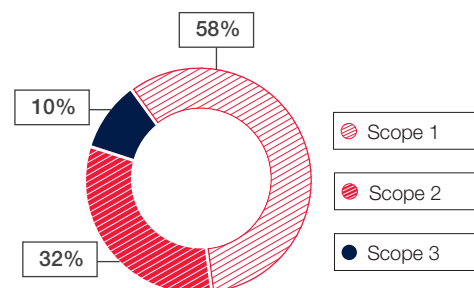
REVENUE (Rbn)



SAFETY



ENVIRONMENT



WHAT ARE OUR MATERIAL ISSUES?

		STAKEHOLDERS	DESCRIPTION	
EARNINGS AND GROWTH	Market conditions	Shareholders and investors/suppliers/ clients	- GFC impact on private spending locally and in Australia - Decrease in local public sector spending - Completion of 2010 major projects - Strengthening of commodity prices - Flood relief programmes in Australia	
	XR 32 XR 36 XR 40 Exposure to construction materials sector XR 44	Shareholders and investors	- Exposure through Capital Africa Steel group of companies - Volatile steel prices - Margin pressures - Unutilised capacity - Exposure to international pipe market - Foreign currency fluctuation	
HUMAN CAPITAL	Labour	Employees	- Non-unionised workforce caused 18 strikes in South Africa during the year - Lack of understanding of labour law by both employees and site management	
	XR 46 Health and safety XR 52	Employees/shareholders/ clients	- Inherent industry risks to the safety of employees - Moral obligation for the health and safety of employees - Accountability and responsibility for the safety of employees and subcontractors - Legislative obligations toward employees and subcontractors for their safety	
	XR 46 Skills retention	Employees/shareholders	Critical to the sustainability and success of the group	
TRANSFORMATION	Black economic empowerment and the construction scorecard	Shareholders/employees/ government/ communities	Moral obligation to redress the wrongs of past inequitable practices	
	XR 62 Development and retention of skilled black employees XR 46	Employees/government	- Limited pool of appropriately experienced black engineers suitable for management positions - Extensive learning curve and timeframe required to equip graduates with management capabilities - Loss of talent to the market through seemingly more lucrative opportunities	
ENVIRONMENT	Hydro-carbon spillage and CO ₂ emissions	Communities/clients/ shareholders	- Moral obligation to protect those areas of the environment where the group has an impact for existing and future generations - Hydro-carbon spillages and CO₂ emissions are areas where the group's activities have a significant impact	
GOVERNANCE	Competition Commission	Employees/shareholders/ government	- Investigation by the Competition Commission into the construction sector upon allegations of uncompetitive behaviour - Participation by the group in the 'Fast-track settlement process' - Findings expected to be made available at the beginning of 2012	
	XR 29			

	IMPACT	RESPONSE
	Economic - Increased competition - Orderbook reduction and subsequent recovery - Margin pressure - Decrease in earnings - Strengthening of demand for mining infrastructure locally, in Africa and in Western Australia - Opportunities created	- Leverage on established relationships and reputation to procure sufficient projects to maintain core capacity - Innovative procurement strategies including mezzanine financing arrangements - Refocusing of resources into mining infrastructure projects - Strengthening of international revenue streams - Exposure to new building markets in Australia through strategic acquisitions - Expansion of civil footprint in Australia through strategic acquisitions
	Economic - Adverse effect on group financial performance - Impairment of investment - Funding obligations - Smaller market with less competitors - Well positioned branch networks	- Planned restructuring of balance sheet to support trading and alignment of shareholders - Structuring of a consolidated focused steel group - Focus on internal operations - Appointment of new CEO - Growing market share - Synergies between group companies
	Economic/Social 96 049 man-hours lost to strike action - Hindered productivity and ability to deliver projects timeously - Management involvement	- Senior executive participation in, and leadership of, industry negotiating bodies - Implementation of initiatives to open dialogue and create communication channels with labour and their representatives - Regular discussion and communication with union officials - Training initiatives implemented to raise awareness and knowledge
	Economic/Social 51 lost time injuries (2010: 86) - Zero employee fatalities (2010: 2) 2 subcontractor fatalities (2010: 1) - Improvement in LTIFR to 0,93 (2010: 1,5) - A poor safety record would preclude the group from certain tender markets and clients 22% of HIV+ve employees on ARV treatment	- Continuous search for, and adoption and implementation of, industry best practices - Trend analysis and subsequent communication of high risk activities and mitigation measures - ISO18000 compliance - Zero fatality targets - Regular health education and awareness initiatives - Voluntary counselling and testing programmes - Anti-retroviral treatment programmes
	Economic/Social - Management continuity - Entrenchment of the group's culture in a loyal employee base - Core capacity maintained	"Family business" culture within a corporate environment - Training spend not compromised despite trading conditions - Work-life balance programmes
	Economic/Social - Equality for, and upliftment of, previously disadvantaged racial groups and communities - Enhanced or compromised competitiveness dependent on BEE status - Creation of an empowered group of companies	- The Chairman of the group assumed a leading role in the development of the industry charter in 2006 - Management commitment to the creation of focused procurement strategies, training initiatives and management development programmes - The group has achieved a level 2 status when measured against the Construction Charter
	Economic/Social - Non-adherence to the group's employment equity plan - Possible sanctions from the Department of Labour - Dissatisfied young black talent group	- Introduction of an outcomes-based management development programme - Discussion forums for young black talent to voice their opinions and give feedback to management - Training and development
	Environmental - Contamination of rivers and water reticulation systems - Effects on climate change - Waste recycling and reuse	- Introduction of washbays, silt traps and oil separators on sites with plant workshops - Introduction of waste separation areas on selected new sites - Participation in the JSE's Carbon Disclosure Project - Further development of the management information system to gather and report on relevant information with which to highlight risk areas and enhance decision-making - ISO 14000 compliance
	Economic/Social - Reputational damage for the group and construction sector as a whole - Possible imposition of an administrative penalty	- Extensive examination of past and present practices within the group - Full co-operation with, and disclosure of transgressions to the Commission - Education and awareness interventions initiated for senior employees

ETHOS

We undertake to conduct our activities and dealings with all stakeholders and employees embracing a culture of integrity, accountability, reliability and respect.



GOVERNANCE

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CHAIRMAN'S REPORT



As chairman of WBHO I am pleased to introduce our first integrated report, the objective of which is to provide our stakeholders with an integrated view of our economic, social and environmental performance of the Group.

Our inclusion of our sustainability reporting with our financial reporting since 2008 reflects our commitment to providing our stakeholders with the information they need to make an informed assessment of our group's sustainability.

Last year I advised that I would be gradually reducing my input into the business over the next three years. This year I have reduced my input to approximately 60% and have concentrated primarily on our Australian business. At the same time, having a bit more space in my life and not being involved in the daily operations has allowed me to gain a better perspective on what WBHO's about, which has been helpful in advising and mentoring our management team.

It's been a challenging year, but then, with the exception of the recent boom in our industry between 2007 and 2010, the construction sector has always been a competitive environment. The period of increased prosperity allowed the group to significantly increase its capacity and we now have the advantage of being able to operate from a much stronger base, both financially and from a client perspective. The group's reputation has certainly aided our procurement in these difficult conditions and, while margins are low, the business is in good health.

CORPORATE GOVERNANCE

Good governance is essentially about effective leadership, which is characterised by upholding ethical standards and being responsible, accountable, fair and transparent. I believe that is essentially what the leadership culture at WBHO embodies. The average term of service of divisional directors is over 20 years and for many members of the senior management team this is the only job they have ever had. This wealth of experience has served the business well in the current trading environment.

During the year we co-operated with the Competition Commission's investigation into the construction industry. After an extensive examination of past and present projects we participated in the "Fast Track settlement process" and expect the outcome in 2012.

We continually revisit our board charter to ensure that the group conducts itself as a responsible corporate citizen. There has been very little change in the membership of our board over the past five years and as a result, our non-executive directors have developed a thorough understanding of our business, which has contributed to effective and efficient decision-making.

We have expended large amounts of time and energy this year on understanding and adopting integrated reporting and the new Companies Act. I am very pleased at how smoothly they are being incorporated into our management systems and I believe the business is in better shape for it.

THE FUTURE

The uncertainty prevailing in global markets makes it particularly difficult to predict when these singularly competitive and tough trading conditions will end. While a strengthening in commodity prices resulted in an increase in available mining infrastructure projects, concerns surrounding a double-dip recession in the European and American economies pose a significant threat to the continued recovery of economies globally. While WBHO has capitalised on these growth opportunities as they have presented themselves, we remain alert to the possibility of changing market conditions and will be focusing on developing alternative strategies that will allow us to address these changes should they arise. Our ability to switch disciplines rapidly will allow us to implement new strategies within the shortest possible timeframes.

ACKNOWLEDGEMENT

I would like to thank our board members for their valued contributions and pay tribute to our loyal and hardworking employees. Their sense of duty and the extraordinary efforts of our people at all levels of the organisation make me very proud and the resilience of our financial results is a testament to this.

A handwritten signature in black ink, appearing to read 'Mike Wylie'.

Mike Wylie
Chairman



BOARD OF DIRECTORS



1. MICHAEL (MIKE) STANLEY WYLIE (61)
CHAIRMAN Pr Eng, BSc (Eng), BCom (Hons)
Mike joined WBHO three years after graduating from the University of Cape Town in 1975. He was appointed managing director of the Building and Civil Engineering division in 1988 and assumed the role of chairman in 2002.



4. JOHN WELLS ABBOTT (60)
BSc (TRP), BCom, BCompt (Hons), CA(SA)
After qualifying in Town and Regional Planning, John worked in town planning in Zimbabwe until 1977. He spent some time in the auditing profession until 1985, and then joined the finance department of WBHO in 1989. He was appointed as group CFO and to the board of Wilson Bayly Holmes-Ovcon Limited in 2005.



2. ELIA LOUW (LOUWTJIE) NEL (50)
CEO BSc (Eng)
Louwtjie joined WBHO in 1987 after graduating from RAU with a BSc in Civil Engineering and completing his national service. He was appointed as managing director of the Building and Civil Engineering division in 2001 and then as group CEO and to the board of Wilson Bayly Holmes-Ovcon Limited in 2008.



5. JAMES MATINGI NGOBENI** (59)
BA (Hons) Geography, MCRP
James obtained his masters degree in city and regional planning from the University of Cape Town and a diploma/certificate in housing finance at Harvard University, Massachusetts (USA).
He is currently managing director of Matingi and Associates, a town planning, transport planning and project and construction management company, where he is responsible for the co-ordination and management of finance and operations.
James is currently on the boards of MAMOET Southern Africa (Pty) Limited, Rand Airport (Germiston), Matingi & Associates CC, Ilembe Consortium.



3. MALCOLM WILLIAM MCCULLOCH* (57)
CA(SA)
Malcolm has occupied a senior executive position within the construction industry for many years. He participated in the Advanced Management Programme at the Wharton School of Business, University of Pennsylvania, and is currently on the boards of a number of companies, including Wilderness Safaris Limited and The Kelly Group Limited. He has been a board member since 2003.



6. NONHLANHLA SYLVIA MJOLI-MNCUBE (52)**
BA, MCRP

Nonhlanhla obtained a BA from the University of Fort Hare, an MSc in urban and regional planning from the University of Cape Town and a certificate in technology from Warwick University (UK). In addition, she is a SPURS (Special Programme in Urban and Regional Studies) fellow from MIT (Massachusetts Institute of Technology) (USA) and also obtained a senior executive programme certificate from Harvard (USA).

She is a past economic advisor to ex deputy president Phumzile Mlambo-Ngcuka focusing on Accelerated and Shared Growth Initiative of South Africa (ASGISA) and Joint Initiative for Priority Skills Acquisition (JIPSA) and currently runs her own company.



9. JACOBUS (KOBIE) PETRUS BOTHA (59)
PR Eng BSc Eng

Kobie graduated from the University of Pretoria and joined WBHO in 1981 after working for government, consultants and contractors. He worked on various contracts within the Roads and Earthworks division and was appointed as a director in 1987, in 2001 he was appointed as group managing director of the Road and Earthworks division. In 2009 he was appointed as an executive director to the board of Wilson Bayly Holmes-Ovcon Limited and chairperson of the Operational Risk Committee.



7. SAVANNAH NONHLANHLA MAZIYA* (43)
BCom (Hons), MBA

Savannah is the group CEO of Bunengi Holdings, a company with mining, infrastructure, healthcare and agricultural divisions. She previously occupied the position of CEO of African Broadcast Network (a large TV network in Africa with over 120 million viewers).

Savannah currently serves on the board of Rand Water.



10. SHEREEN VALLY-KARA (50)
COMPANY SECRETARY ACIS

Shereen joined WBHO on 1 June 2007 and was appointed as company secretary to the Wilson Bayly Holmes-Ovcon Limited board on 24 October 2007. In addition to obtaining a certificate as a chartered secretary in 1994, she has completed the Management Advancement Programme at Wits Business School in 1996 and received a certificate in corporate governance from the University of Johannesburg.



8. NOMGANDO NOMALUNGELO ANGELINA MATYUMZA (46)**
LEAD INDEPENDENT DIRECTOR BCom, BCompt (Hons), CA(SA), LLB

Rev Nomgando Matyumza is an ordained Minister of the African Methodist Episcopal Church and Pastor of Umlazi in the Natal Conference. Gando qualified in 1993 as a chartered accountant and obtained an LLB degree from the University of Natal.

She is currently serving on the boards of Cadiz Limited, Hulamin Limited and KZN Growth Fund Managers.

* Non-executive

** Independent non-executive

CORPORATE GOVERNANCE

INTRODUCTION

Changes in international governance trends and the new Companies Act No 71 of 2008 prompted the third report on corporate governance in South Africa, the King Code of Governance Principles for South Africa (King III), which came into effect on 1 March 2010. South Africa has, as with King I and King II, endeavoured to be at the forefront of governance internationally, hence its focus on reporting annually in an integrated manner. Integrated reporting allows stakeholders to make a more informed assessment of a company's economic performance in the context of its social and environmental impact and to evaluate its business ethics.

The philosophy of King III revolves around leadership, sustainability and corporate citizenship. It highlights that good governance is essentially about effective leadership, which is characterised by upholding ethical standards and being responsible, accountable, fair and transparent. Responsible leadership develops and implements strategies intended to achieve sustainable economic, social and environmental performance.

WBHO's inclusion of its sustainability reporting with its financial reporting since 2008 reflects its commitment to best practice corporate governance.

GOVERNANCE AND MANAGEMENT SYSTEMS

WBHO recognises that good corporate governance is key to the integrity of the organisation and its ability to manage risk and perform at optimum levels. It is for this reason that WBHO is committed to the highest levels of ethical and accountable business conduct in compliance with the King III Code of Corporate Practices and Conduct.

The directors endorse the Code of Corporate Practices and Conduct (the Code), set out in King III. In an ongoing effort to improve WBHO's governance standards, the board has reviewed the recommendations contained in the revised Code and is committed to taking the necessary steps to ensure that they are applied throughout the group.

The new Companies Act requirements have also been addressed.

BOARD BALANCE AND INDEPENDENCE

- The majority of our board members are non-executive directors and three of the five non-executive directors are independent.*
- There is a clear separation of the responsibilities between the Chairman and the Chief Executive Officer.
- As we have an Executive Chairman we have appointed a lead independent non-executive director, Nomgando Matyumza. The board considers the Chairman's experience in the industry invaluable to the group and requested that he remain in that role.
- The board's diversity is reflected in its racial and gender composition: 44% of board members are black and 33% of board members are black women.

* WBHO employs the definition of an independent non-executive director as defined in King III:

A non-executive director who:

- is not a representative of a major shareholder who can control or significantly influence management or the board;
- does not have a material direct or indirect interest in the company/group which:
 - is greater than 5% of the group's total number of shares in issue; and
 - is less than 5% of the group's total number of shares in issue, but is material to his/her personal wealth.
- has not been employed by the group or appointed as designated auditor or partner in the group's external audit firm, or senior legal adviser in the previous three financial years; and
- is not related (immediate family) to someone who has been employed by the group in an executive capacity in the previous three financial years.

While the board acts as the custodian of corporate governance within the organisation, a clear allocation of responsibilities among the directors of the company ensures a balance of power and authority. As recommended by the Code, no independent non-executive director has been with the company for longer than 10 years and there are no fixed term contracts with directors. The independence of these directors is assessed annually.

BOARD PERFORMANCE

During FY2011 board members completed self-evaluation questionnaires on the performance of the board, individual directors, the chairman and the company secretary. The evaluations included the following criteria:

- Strategic thought and specific skills, knowledge and experience brought to the board
- The directors understanding of the terms of reference of the respective charters
- The ability to understand the business and apply objectivity, independence and judgement when required.

The Board plan's in future to commission an external evaluation of its performance every third year.

BOARD INDUCTION AND TRAINING

A formal induction programme is in place for new board appointees, which includes a pack of the recent annual and interim reports, board minutes of meetings conducted over two years and a timetable of upcoming board meetings. The inductees are introduced to key management and are taken on various site visits. The company secretary, in consultation with the chief executive officer, will arrange specific training for directors to keep abreast of new regulatory changes. A presentation by our sponsor on the JSE Listings Requirements has been arranged for the board's November meeting.

The board encourages the directors to update and enhance their skills and knowledge through training and constructive engagement. In addition, they are kept abreast of changes and trends in the construction industry with particular emphasis on the group's interests and involvements.

During the year all board members attended a half day of risk training which gave them insight into the processes for deciding on key company risks. James Ngobeni requested and received additional financial skills training and two of our non-executive directors, Nonhlanhla Mjoli-Mncube and Savannah Maziya, visited our Australian operations in February 2011.

THE BOARD'S CORPORATE GOVERNANCE ROLE

Good governance is effectively about strong leadership. It is the role of the WBHO board to direct, govern and be in effective control of the company.

The Board Charter commits the board to ensuring the group is a responsible corporate citizen. The Charter and the company's Code of Conduct define the roles, responsibilities and behaviours of the board in ensuring a successful, ethical and sustainable business. The board is required to make decisions on matters of a material and significant nature, including the company's financial and operating results, major acquisitions and disposals, considerable capital expenditure and the strategic direction of the business.

Accountability rests with the board for ensuring financial and legislative compliance, as well as the timeous identification and management of risk and opportunity.

In line with King III the board has accepted the responsibility of formalising its information technological (IT) governance. To date IT has reported to the audit committee with regard to the findings of both the internal audit department and the external auditors.

At present the IT department is headed up by an experienced IT manager who reports back to management via the computer steering committee, membership of which includes the CFO, senior operations managers, hardware and software specialists and other key employees in the business. Where appropriate executive directors are invited to attend the meeting and are consulted on any matters that require their expertise.

The steering committee sits once a quarter where all matters concerning the operations of the IT department are debated. Plans, enhancements to the system, disaster strategies, resources – both human and capital, integrity of information and other issues pertinent to IT, are discussed in this forum.

The day-to-day system development, maintenance and operations are the subject of weekly meetings at which all items raised are discussed and dealt with in order of priority.

This year the board began formalising the strategy, structure, policies and procedures of the IT department.

BOARD EXPERTISE

It is imperative that the board has the appropriate balance of skills and experience within its ranks to fulfil its mandate. The members of the WBHO board have a wide range of skills and financial, technical and commercial expertise which can guide the decision-making of the board. CVs of the board members can be found on pages 18 and 19.

THE COMPANY SECRETARY

The company secretary plays a pivotal role in guiding and assisting the board on the delivery of its mandate and it is expected that she is available to the Chairman and individual board members at all times. The company secretary is responsible for ensuring compliance with all statutory requirements, including the JSE Listings Requirements, and administers and records the business of the directorate. It is also her responsibility to ensure that the Board Charter and the terms of reference of board committees are kept up to date and relevant and that proper procedure is followed for the appointment and induction of new directors.

Attendance of directors at board and committee meetings in FY2011

DIRECTORS	BOARD	AUDIT COMMITTEE	REMCO	FIRST APPOINTED
Independent non-executive directors				
NNA Matyumza	4/4	4/4 [#]	n/a	23 February 2009
NS Mjoli-Mcube	3/4 [*]	4/4	n/a	23 February 2009
JM Ngobeni	4/4	4/4	n/a	25 October 2006
Non-executive directors				
NS Maziya	3/4	n/a	2/2 [#]	25 October 2006
MW McCulloch	3/4	1/2 [*]	2/2	15 September 2003
Executive directors				
MS Wylie (Chairman)	4/4 [#]	n/a	2/2	11 July 1994
JW Abbott (CFO)	4/4	4/4	2/2	26 October 2005
EL Nel (CEO)	4/4	2/4 [*]	2/2	1 August 2008
JP Botha	4/4	n/a	n/a	23 February 2009

[#] Chairperson

^{*} Apologies submitted

CORPORATE GOVERNANCE CONTINUED

BOARD LEVEL PROCESSES FOR IDENTIFYING, MANAGING AND OVERSEEING ECONOMIC, SOCIAL AND ENVIRONMENT RISKS AND OPPORTUNITIES

In terms of King III certain functions can be delegated to appropriately constituted committees which operate according to specific terms of reference which are renewed annually.

WBHO has a number of committees that guide and report to the board on key business issues. The committees meet in accordance with the requirements of King III and more often if necessary. The roles and responsibilities of these committees are detailed below, including those of the executive committee.

BOARD SUBCOMMITTEES

The remuneration committee and the audit and risk committee are chaired by non-executive directors and independent non-executive directors respectively.

In light of King III the role of the audit and risk committee has been extended beyond financial reporting to include a critical role in the oversight and assurance of the companies integrated financial and sustainability reporting. This required a reassessment of the skill set of the committee members to ensure they have the necessary experience and understanding of the relevant standards, regulations and guidelines that will ensure WBHO achieves the highest standards in its reporting. The independent non-executive directors nominated to the audit committee were formally elected at WBHO's annual general meeting in 2010. In future shareholders will be required to endorse the election of audit and risk committee members at the annual general meeting. The board is currently considering the appropriate formation of a social and ethics committee. It was agreed at the board meeting on 2 September 2011 that the nomination committee will be constituted and formalised at the board's meeting in November 2011.

Existing board committee structure as at 30 June 2011

BOARD				
BOARD COMMITTEES		MANAGEMENT COMMITTEES		
AUDIT COMMITTEE	REMUNERATION COMMITTEE	EXECUTIVE COMMITTEE	STRATEGIC RISK COMMITTEE	OPERATIONAL RISK COMMITTEE

Board committee structure as at 31 August 2011

BOARD				
BOARD COMMITTEES		MANAGEMENT COMMITTEES		
AUDIT COMMITTEE AND RISK COMMITTEE	REMUNERATION COMMITTEE	EXECUTIVE COMMITTEE	OPERATIONAL RISK COMMITTEE	SUSTAINABLE DEVELOPMENT

COMMITTEE ROLES AND RESPONSIBILITIES

EXECUTIVE COMMITTEE	The executive committee, which appears on pages 30 and 31 of this report meets monthly, except in the months when the main board meets. The purpose of the committee is to assist the chief executive officer in managing the group. It recommends policies and strategies, monitors and co-ordinates implementation, deals with all executive management business; and is responsible for all material matters that are not the responsibility of the board.
AUDIT AND RISK COMMITTEE	The audit committee comprises three independent non-executive directors Nomgando Matyumza (chairperson), Nonhlanhla Mjoli-Mncube and James Ngobeni. Malcolm McCulloch resigned from the committee in February 2011. The board thanks him for the valuable contribution he has made during his membership of the committee. The audit committee: • monitors the adequacy of financial controls and reporting; reviews the audit plans of the external auditors and adherence to these plans • reviews the group's internal controls and operating procedures to suit changing circumstances • reviews and recommends for adoption by the board such financial information as is publicly disclosed, which includes the interim report and the annual financial statements • considers the extent of non-audit services undertaken by external auditors and ensures that financial reporting complies with IFRS and the Companies Act of South Africa • reviews and recommends on all financial matters. In line with King III it is now also the responsibility of the audit committee to oversee the integrated reporting process. The internal audit manager has unrestricted access to both the chief executive officer and the chairman of this committee. The chief executive officer, chief financial officer, head of internal audit, external audit and other senior managers attend committee meetings by invitation. The chairman of the group is not a member of the committee. In accordance with corporate governance best practice the board is responsible for overseeing the group's risk management processes. This was achieved through the risk committee, which comprised two executive directors, Kobie Botha (chairman) and John Abbott, plus operational directors Terry Armstrong and Paul Foley. The committee received feedback from the operational risk committee and considered the group's strategy on risk and the management of that risk. This committee reported to the board, setting out its initial evaluation of the risks faced by the group and the recommended strategies for mitigating the impact of these risks to the group. Responsibility for risk identification, evaluation and management remains with the board. On 31 August 2011 the risk mandate was included with the audit committee in accordance with King III recommendations and is governed by a charter which outlines its primary objectives namely to: • Establish and maintain a common understanding of the risk universe, which needs to be addressed in order to meet corporate objectives • Ensure that a proper business risk assessment is carried out and that a risk profile is compiled by management • Monitor the group's risk management and assurance efforts • Satisfy the corporate governance reporting requirements. The operational risk committee comprises members of the group's senior management. The members include the group managing directors of operations, the chief financial officer, the group procurement director and the group legal representative. Other members of senior management are invited to the meeting as and when necessary.

CORPORATE GOVERNANCE CONTINUED

REMUNERATION COMMITTEE	The remuneration committee consists of two non-executive directors, Savannah Maziya, the chairman and Malcolm McCulloch. Members of the executive are invited to attend these meetings. Responsibilities of the remuneration committee include: • Informally evaluating the performance of the executive directors • Determining the remuneration packages and conditions of employment of the group executive directors • Reviewing the group's retirement funding policies • Ratifying allocations in terms of the group's share schemes • Reviewing the annual bonuses • Recommending the appointment of new directors through a formal and transparent procedure • Maintaining a long-term succession plan and making recommendations to the board on the appointment of executive and non-executive directors The group's philosophy is to remunerate its directors, executives and staff by paying them competitively structured packages. In addition to paying annual bonuses based on both individual and group performance, the group offers share incentive schemes to senior management and to staff who the group has identified as future leaders. The fees payable to the non-executive directors for 2010 remain in place for the next year with the exception of the audit committee chairperson, whose fee has been increased to R180 000 per annum effective 1 January 2011, in light of the additional responsibilities set out in the King III Report. The fees were authorised by special resolution at a special general meeting convened on 2 September 2011.
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INTERNAL AUDIT

The internal audit department provides an independent, objective assurance and consulting service designed to add value and improve the group's operations. The department follows a systematic and disciplined approach, so it can evaluate and improve the effectiveness of risk management, control systems and governance processes. The department employs appropriately qualified and experienced audit staff.

The purpose, authority and responsibility of the internal audit function are defined in an internal audit charter that is recommended by the audit committee and approved by the board.

During the year internal audit changed its focus from a compliance-based audit approach to one based on risk assessment. The internal audit plan is submitted to, and approved by the audit committee and is updated quarterly to reflect any significant changes in the risk profile that may have arisen from changes in the group's business operations, changes in customer needs or changes to regulatory requirements. The department evaluates the risk exposures relating to the group's governance, operations and information systems regarding the:

- Reliability and integrity of financial and operational information
- Effectiveness and efficiency of operations
- Safeguarding of assets
- Compliance with laws, regulations and contracts.

The internal audit department uses audit programmes and data interrogation technologies which are designed and selected to provide audit assurance regarding the adequacy and effectiveness of systems and controls. In addition to providing this assurance, the department applies its knowledge and understanding to advise management

and the audit committee on processes and controls that should be implemented to improve the overall effectiveness and efficiency of the business.

Each internal audit assignment is followed by a detailed report to management, including recommendations on areas requiring improvement. The head of internal audit reports on the department's activities at each audit committee meeting.

The internal auditors are independent from the activities they audit and can perform their work freely, objectively and without hindrance.

STRATEGY

Not only does the board direct the development of the company strategy but it is incumbent upon its members to assess the short and long-term impacts of the strategy on all stakeholders. The board discusses strategy once a year to determine the group's direction and to consider plans proposed by management.

NON-EXECUTIVE DIRECTORS' FEES

The board, its subcommittee members and their respective chairmen, are paid a flat fee per annum, as recommended by the executive committee and approved by the shareholders in terms of the group's articles of association.

An analysis of directors' remuneration, share options and shareholding is disclosed under note 26 on page 36 of the annual financial statements included on the CD.

COMMUNICATION WITH STAKEHOLDERS

WBHO is committed to a process of continuing dialogue with its investors. The chairman, CEO and CFO are available to answer questions from stakeholders, including industry analysts and scheduled interviews are arranged with the media to ensure transparent and effective reporting. WBHO is proactive in the distribution of information to relevant parties through the JSE SENS communication system, printed and electronic media releases and the statutory publication of its financial results. We regularly communicate with all of our stakeholders.

The group has a comprehensive website on which up-to-date information is available to all shareholders, potential investors and other interested parties. It is accessible at www.wbho.co.za.

The annual general meeting provides an opportunity to communicate directly with shareholders and the group encourages shareholders to attend and voice their opinions.

CONFLICTS OF INTEREST

The board stipulates that directors must disclose any potential conflict of interest and any other directorships held by them. Directors are obliged to recuse themselves from discussion and voting upon any matter in which they may have an interest.

DEALING IN SECURITIES

Directors and senior staff are prohibited from dealing in the group's shares during closed periods which in any year extend from 1 January to the day the interim results are announced and from 1 July to the day the annual results are announced. In addition, directors cannot trade during any period where they have access to price-sensitive information. Before dealing in the shares of the group, directors and senior management are obliged to inform and obtain the consent of the chairman.

VISION

To be the leading construction company wherever we operate, delivering quality solutions consistently and a pleasure to do business with.



OPERATIONS

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CHIEF EXECUTIVE OFFICER'S REPORT



Following a decrease in order books towards the end of FY2010 and without the cushioning effects of World Cup revenue and margin streams, we expected to feel the full the impact of the global financial crisis in our industry this year.

This proved to be the case and, together with delays in government infrastructure spending, resulted in a particularly competitive 12 months for the local construction sector.

This was offset to some extent when the strengthening of commodity prices during the year prompted an increase in infrastructure projects in the mining sector, both locally, in Africa and Australia.

Consequently, our group has, for the first time, derived more than 50% of its revenue from our foreign operations.

This year is also the first time since listing in 1996 that WBHO has not shown a growth in profit. However, we were pleased to be able to maintain our core capacity with a decline in revenue of only 3%. This year, more than ever before, we have benefited from our ability to establish long-term, sustainable relationships with our clients who have rewarded us with new projects when there were few opportunities in the marketplace.

Having accumulated sizeable cash reserves over the last few years, we reciprocated their support by providing mezzanine finance to certain select clients, which also secured additional projects for the group.

OPERATIONS

We always knew it was going to be a challenge for our Building and Civil Engineering division to match its previous performance, once it had completed its World Cup projects. Despite being awarded a number of prominent projects during the year and achieving some growth in the civils market, the division showed a decline in activity levels, which is an indication of just how severe market conditions have been during this period.

The local roads and earthworks market was particularly adversely affected and rather than procure local projects at extremely low margins our Roads and Earthworks division elected to focus on strengthening foreign revenue streams. The division has a long track record in a number of African countries where it has developed a proven business model. Our strong quality, environmental, safety and administrative systems and well-developed logistics capability allow us to operate effectively in these harsh and often remote regions.

The Australian market has shown resilience aided by the government's stimulus spending and while this is drawing to a close there are new infrastructure development opportunities in Western Australia's mining sector. The group is also engaged in the rebuilding of the road infrastructure in Queensland as part of the flood relief programme. Our group has now had a market presence in Australia for 11 years and we have shown growth in revenue and profit in each of these years. We have gained exposure to a number of new markets through our

recent acquisitions, which now need to be integrated with existing businesses.

Our Projects division's capabilities are ideally suited to private-public partnerships (PPPs), engineer, procure and construct contracts and design and build contracts which, in one form or another, facilitate the construction of toll roads, airports, hospitals, government serviced accommodation and power infrastructure. The division is currently, the preferred bidder for the design and construct contract for the upgrade of the Beit Bridge Border Post in Zimbabwe and serviced accommodation for the Department of Rural Development in Tswane.

Capital Africa Steel's trading results were again heavily influenced by sustained pressure within the steel and construction materials industries. These results, together with an impairment of the group's loan to the company, had a material effect on the group's performance. While volatility is still prevalent in this industry we believe that the recent strengthening of the steel price together with new appointments in key management positions in the company, sees the company well positioned for future expansion and growth.

SAFETY

We continue to focus on achieving zero harm to our workforce. I am very pleased that in South Africa we achieved a lost-time injury frequency rate (LTIFR) of 0,93 which is below our target of less than one set at the beginning of the year. The safety performance in Australia was also pleasing. However, I deeply regret the death of two South African subcontractors, and my condolences go to the affected families and colleagues. We are determined to achieve our target of zero harm and will be working hard in FY2012 to do so.

OUR PEOPLE

A significant factor in WBHO's success is the attitude and culture of our employees towards their work. At WBHO we have built up a strong management team who, because they've been together for a long time, trust and understand each other. It is only through this management continuity that we have been able to nurture this culture in successive generations of WBHO employees and it is something of which I am truly proud to be part of.

The depth in our management team and the relationships we share, mean that we do not work in silos, are flexible and we work for one organisation. We will always find the solution that is best for the business.

TRANSFORMATION

Employment equity remains a challenge for the group. However, we are very pleased to have achieved level 2 contributor status in terms of the construction charter and to have been placed 14th overall in the Financial Mail's Top Empowerment Company Survey.

The demand for historically disadvantaged South African (HDSA) engineering graduates within the marketplace has created challenges in retaining and developing these individuals. In an attempt to do so, this year we have invested in an extensive, structured internal management development programme and we have already received very positive feedback on this initiative.

Our commitment to the upliftment of the communities in which we work is a further source of pride for me. Every year each division is allocated a budget and encouraged to find worthwhile projects in which to participate. This year the group invested R19,7 million in a number of projects mostly educational and healthcare facilities.

THE ENVIRONMENT

This year we also strengthened our environmental department in order to proactively deal with researching and implementing best practice, understanding legislative compliance and executing client requirements in this area. We introduced waste separation and recycling on a number of sites and continue to implement washbays, spill trays and oil separators on all plant intensive sites.

COMPETITION COMMISSION

On 1 February 2011, as part of its investigation into the Construction sector, the Competition Commission published details of a "Fast track settlement process". WBHO has submitted a detailed application as part of this process.

Once the Commission has assessed our submission it may impose an administrative penalty. We expect to be advised of the outcome of the process early in FY2012.

PROSPECTS

While the growth in our local order books in recent months is a positive indication of a possible recovery, margin pressures still persist and are likely to remain with us in the short to medium term. The group will continue to seek growth in both Africa and Australia and the values of these order books are already substantially higher than at 30 June 2010.

ACKNOWLEDGEMENT

Finally, on behalf of our management team I would like to extend our thanks to our employees for their commitment and loyalty and for going the extra mile to deliver on every deadline. In addition I would like to extend a special word of thanks to John Abbott the group's chief financial officer who, having turned 60 this year, will be retiring at the forthcoming annual general meeting. We are fortunate in that John's 20 years of experience will not be lost to the group as he will be staying on in a consultative role.



Louwtjie Nel
Chief executive officer

EXECUTIVE COMMITTEE

1. TERRY ARMSTRONG (54)
PROCUREMENT DIRECTOR
BSc Eng (Civil)

Terry joined WBHO in 1979 after graduating from the University of the Witwatersrand and spent several years on various contracts. He was appointed as group procurement director in 2005 and serves on the board of WBHO Construction (Pty) Ltd.

2. WAYNE REDDIE (51)
GROUP HUMAN RESOURCES DIVISIONAL DIRECTOR

Wayne started his career as an architectural draughtsman before developing an interest in human resources. He joined Stocks in 1997 and after its subsequent acquisition by WBHO in 2001 he was appointed the group human resource divisional director bringing with him 27 years of HR experience.

3. ADELAIDE RANAPE (35)
GROUP LEGAL ADVISOR
(BProc) LL.M (Commercial and Tax Law)

Adelaide joined WBHO and was appointed as the group legal adviser in 2008, bringing with her extensive experience in commercial law. She was previously employed with the South African Reserve Bank as a senior legal consultant in financial and monetary law.

4. EDDIE MAILA (39)
DIRECTOR
BSc (Eng) (Mining) M Eng CEO of Edwin Construction (Pty) Limited

Eddie started his career with Iscor at the Sishen Mine in the Northern Cape in 1993 and then formed Edwin Construction (Pty) Ltd in 1997. He has been involved with SANRAL, the National Department of Public Works and has worked for various provincial road and transport departments throughout the country. He was appointed to the board of WBHO Construction (Pty) Ltd in 2009.

5. PAUL FOLEY (44)
GROUP MANAGING DIRECTOR
BSc Eng (Civil)

Paul joined WBHO in 1989 after graduating from the University of the Witwatersrand. He spent many years working on civil and building contracts throughout South Africa and Botswana which included large shopping centres and office blocks. He was appointed as Group Managing Director of the Building and Civil Engineering division and to the board of WBHO Construction (Pty) Ltd in 2008.



6. FERNANDO MONTEIRO (56)

DIVISIONAL DIRECTOR

BSc Eng (Diploma in Civil and Building)

Fernando joined WBHO in 1975 after graduating from the University of Rwanda and has accumulated vast experience in the construction of mega-buildings including major shopping centres and airports. He was appointed as a divisional director in 1983.

7. DANIEL RANOKO (37)

DIVISIONAL DIRECTOR

National Diploma in Civil Eng

Daniel joined WBHO in 2000 as a site engineer after completing his diploma in civil engineering with the Technikon Northern Gauteng. He was promoted to a contract manager in 2006 and then appointed as a director of the Civil Engineering division in 2007.

8. CHARLES HENWOOD (48)

DIRECTOR

CA (SA)

Charles joined WBHO in June 2010 as the financial director of WBHO Construction (Pty) Limited. His career started at Deloitte & Touche after graduating from the University of South Africa in 1986. In 1991 he joined Murray & Roberts as a financial manager and enjoyed a number of directorships during his time there.

9. PETER TAYLOR (59)

DIVISIONAL MANAGING DIRECTOR

BSc Eng (Civil)

Peter joined WBHO in 1994 as a contract manager. He was appointed as a divisional director of the Roads and Earthworks North division in 2000 and was involved in major toll road contracts and platinum mine projects. In 2004 he was appointed as the divisional managing director.

10. MICHAEL SPROTT (57)

DIVISIONAL MANAGING DIRECTOR

BSc (Eng)

Mike joined WBHO in 1983 through the acquisition of Peter Bayly Construction (Pty) Ltd. He subsequently left WBHO and joined Stocks. In 2001 when WBHO acquired Stocks he was appointed as a director of the Roads and Earthworks division where he was involved in major contracts in Ghana, Zambia, Tanzania and Australia. In 2005 he was appointed as managing director of Roads and Earthworks International.

11. DUNCAN BARRY (62)

MANAGING DIRECTOR

Pr Eng BSc Eng(Rand) PMD Harvard

Duncan joined WBHO in 2003 and is currently the managing director of WBHO's Projects division. He has 40 years experience within the construction industry and has played a leading role in bidding for and executing concessions and PPP's including the N4 Platinum Corridor Toll Road, the dti Campus PPP and the Matola Gas Pipeline in Mozambique. More recently Duncan was the project director for the R8 billion design and construct contract for the greenfields King Shaka International Airport.



OPERATIONAL REVIEW

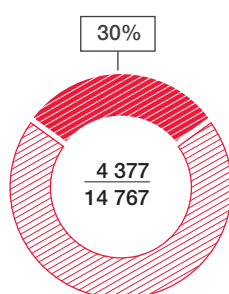
BUILDING AND CIVIL ENGINEERING

BUILDING AND CIVIL ENGINEERING

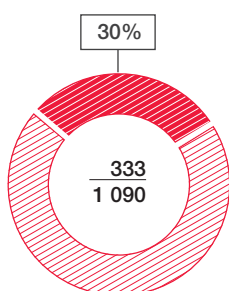
GROUP MANAGING DIRECTOR: Paul Foley

		2011 R'000	2010 R'000
	Revenue	4 377 474	5 469 684
	Operating profit before non-trading items	332 810	430 024
	Margin	7,6%	7,9%

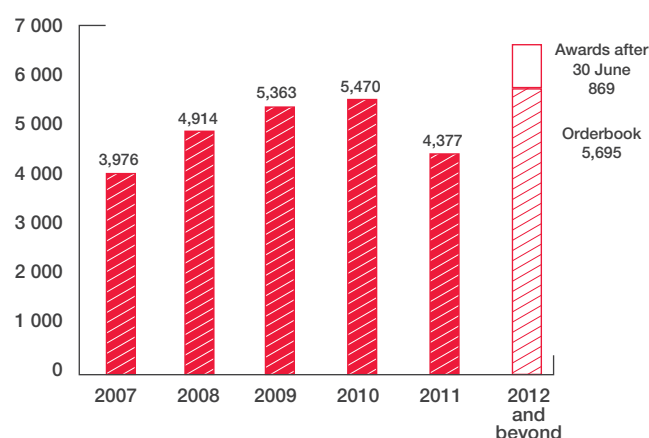
REVENUE CONTRIBUTION (Rm)



OPERATING PROFIT CONTRIBUTION (Rm)



REVENUE (Rm)



OVERVIEW

Two of the biggest challenges the division faced this year were firstly, the procurement of new projects following the simultaneous completion of a number of major projects at the end of FY2010 and secondly, containing costs in a low margin environment.

Given the current trading environment we are pleased with the activity levels achieved during the year having been able to secure a number of prestigious contracts and a significant portion of the available building work in the marketplace. Cost control has always been a primary objective for the division, however during the super cycle between 2007 and 2009 where margins were high inefficiencies could go unnoticed. In the current climate projects do not have this luxury, costly errors can erode margins entirely. The division's management has placed particular focus both on creating awareness within the operational teams as well as examining projects closely for unnecessary expenditure.

In Gauteng, construction of the new Standard Bank office block in Rosebank and the expansion of Sandton City continued while the new offices for Alexander Forbes in Sandton began in February 2011. The award of two new shopping centres, one on William Nicol Drive in Sandton and the other in Middelburg allowed us to move our teams from the recently completed Mall of the North shopping centre in Polokwane directly onto these projects. At the beginning of the year we completed the Lynnwood Precinct in Pretoria and have replaced this project with three new commercial buildings in Menlyn.

With little activity in the coastal regions of South Africa and an absence of large projects to keep their resources fully utilised the regions have tendered on a number of smaller projects. During the latter half of the year there were some signs of improvement, particularly in KwaZulu-Natal, where the region procured a number of contracts, including the Empangeni Hospital. The Western Cape region is working on a mixed use development in Mauritius and works at the Cape Town Harbour will continue until FY2013. The Eastern Cape region has recently secured the Queenstown Shopping Centre and Hemingways Casino in East London.

The Civil Engineering division has benefited from the strength in the resources sector. In South Africa we secured work with Sasol and were awarded Phase II of Project Lion for Xstrata, having completed the construction of the first phase in 2006. In the rest of Africa the division is undertaking civil work on a diamond mine in Botswana and a copper mine in Zambia. The division's contract on the Kusile Power Station will provide it with a solid revenue stream through to 2013.

On 30 June 2011 the division acquired a 60% interest in Renniks Construction, a civil contracting company, specialising in sliding. Renniks Construction was responsible for a number of the 120m high columns at the Kusile Power Station.

FINANCIAL PERFORMANCE

This year the division achieved revenue of R4,4 billion versus R5,5 billion achieved in FY2010. This decrease was slightly lower than expectations at the outset of the year, partly due to the difficulty in replacing projects in the coastal regions and partly due to slow or delayed starts on new projects. Operating profit decreased from R430 million in FY2010 to R333 million in the current year. However we are satisfied that a margin in excess of 7% was maintained. The division contributed 30% towards both the group's revenue and operating profits.

The North Building division, the largest of the building divisions, successfully maintained revenue at the levels achieved in 2010. However, as anticipated, revenues from the coastal divisions continued to decline most noticeably in the Eastern Cape. The Civil Engineering division has shown revenue growth of 18% in the current year following increased activity in the mining sector.

MARKET

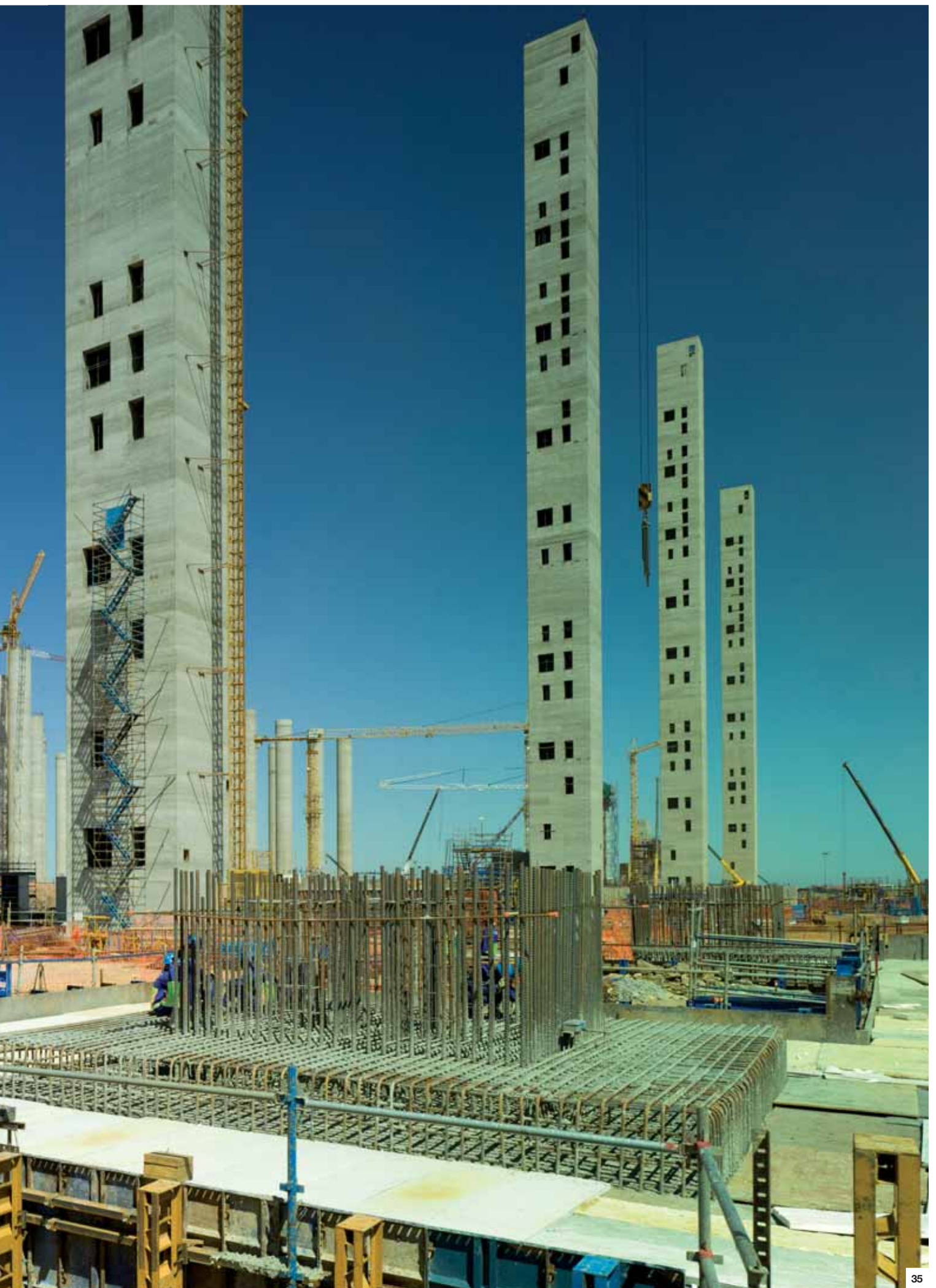
The building tender market remains hugely competitive with aggressive pricing necessary to secure new projects. There has been very little by way of public tender and the division's awards this year have been predominantly from the private sector. The available projects within the market remain insufficient to fill the capacity which in turn keeps pressure on margins. With current growth levels of less than 4% in the South African economy it is difficult to predict when conditions will become more favourable.

The civil engineering market remains resilient, it is however heavily dependent on the strength of commodity prices. Developments within American and European economies can have significant effects on these prices and hence continue to pose a possible threat to growth in this sector. Chinese demand for iron ore is a further factor affecting commodity prices although the Chinese economy seems relatively stable in the short to medium term.

PROSPECTS

The increase in the orderbook to R5,7 billion (2010: R4,3 billion) is evidence that there has been some improvement in the market and while the division continues to negotiate a significant portion of its work, margins on both tendered and negotiated projects remain low. In South Africa margins are unlikely to improve in the short term and hence the division has placed some focus on securing projects in Africa to provide some additional strength to the division's profits. Contracts will however, only be undertaken for the right client at the right price and not just for the sake of growth itself. Recently the group was announced as the preferred bidder for the R500 million design and construct contract to upgrade the Beit Bridge Border Post in Zimbabwe. The Building division will execute the contract together with the group's Roads and Earthworks division.





OPERATIONAL REVIEW

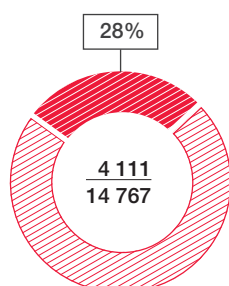
ROADS AND EARTHWORKS

ROADS AND EARTHWORKS

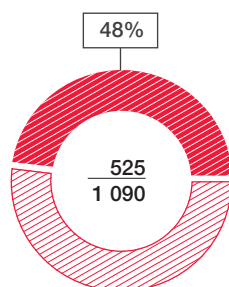
GROUP MANAGING DIRECTOR: Kobie Botha

		2011 R'000	2010 R'000
	Revenue	4 110 792	4 609 889
	Operating profit before non-trading items	524 569	629 779
	Margin	12,7%	13,7%

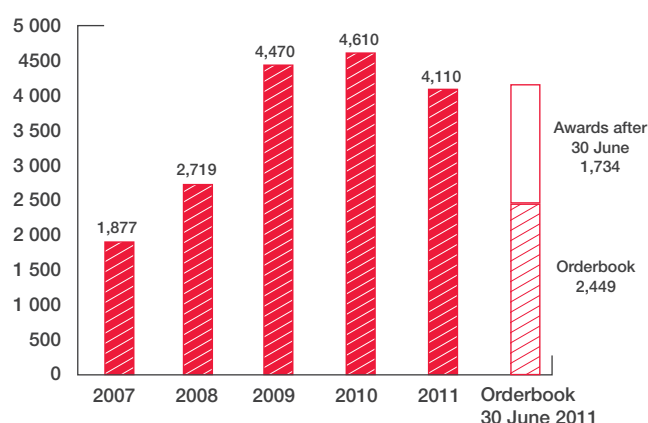
REVENUE CONTRIBUTION (Rm)



OPERATING PROFIT CONTRIBUTION (Rm)



REVENUE (Rm)



OVERVIEW

This year work was in short supply in the South African roads and earthworks sector, where recessionary effects seem to have had their greatest impact. As a result, competition in the market has been fierce and we believe a number of contracts have been won at prices less than cost. While we continue to tender on all major South African projects in order to maintain a presence within our local markets, we chose instead to focus specifically on private sector mining infrastructure projects in the rest of Africa.

Following very little activity in coastal markets we have transferred some of these teams to our international business in order to facilitate the expected growth.

In Mozambique we secured a number of mining infrastructure projects on the Moatize coal fields, one of the largest greenfield coal fields in the world. We were also contracted to raise a dam wall in Mozambique, a project funded by the Millennium Fund.

In Botswana the division has mining infrastructure work at Jwaneng for Debswana, which is ongoing as well as at the AK6 Boteti Mine where additional work to the value of R700 million was recently secured. During the year we completed the lengthening of the runway and construction of taxi ways and aprons at the Sir Seretse Khama Airport.

In Ghana we began construction of a tailings facility at the Iduapriem Mine and have secured further additional work for FY2012.

In Sierra Leone the construction of 40km of railway line providing access to an iron ore deposit in a remote, mountainous region of the country has progressed well. The remoteness of the location together with limited infrastructure in Sierra Leone presented numerous logistical challenges in getting the required plant and equipment onto site.

We have, over the last number of years developed a successful business approach for such projects in Africa which has earned the international business its reputation for reliability.

Locally, the northern region successfully completed the Bedford and Braamhoek dams which are part of Eskom's Ingula Pumped Storage scheme that will provide hydro-electricity during peak demand periods. Toward the end of FY2010 we secured the Free State Roads Projects, which are being managed by the division's central Division in joint venture with group subsidiary, Edwin Construction. This project, worth R1,2 billion includes six individual road projects. It has progressed well this year with a number of the roads due to be completed ahead of schedule at the end of FY2011 and the balance scheduled for completion in March of next year.

As a result of very little activity in the coastal region, particularly road and civil engineering projects, we have secured three significant low-cost housing projects in KwaZulu-Natal to keep resources productive.

FINANCIAL PERFORMANCE

While the division's revenue for the period decreased by 10,8% to R4,1 billion (2010: R4,6 billion), most of the individual business units were able to maintain activity at levels between 85% and 90% of the prior period, with the exception of the Coastal region which struggled to replace revenue streams generated from the King Shaka International Airport. The international businesses have shown good growth during the year which reflects management's focus on securing foreign projects at acceptable margins. These margins are evident in the division's earnings where an overall margin of 12,7% has been maintained.

SUBSIDIARIES

Edwin Construction whose primary revenue stream is derived from road upgrade and rehabilitation contracts has also maintained its activity levels this year and following a number of recent awards is in a strong position to achieve good growth in FY2012.

During the year WBHO acquired the remaining 30% interest in both Roadspan Holdings and Insitu Pipelines. Roadspan has achieved some revenue growth during the year which together with the strengthening of the operational teams and the upgrading and modernising of their plant over the past 12 months resulted in an improvement in both production and profits. Following strong growth since the acquisition of the division's initial interest in Insitu Pipelines, this year revenue remained relatively flat. As there is essentially no golf course construction activity in South Africa, WBHO Golf has down-sized its operations to cater for local golf course refurbishment while continuing to investigate opportunities in the rest of Africa.

MARKET

With very little roadwork in the current orderbook, the division is mostly exposed to mining infrastructure projects both in South Africa and the rest of Africa. Capital expenditure programmes on the mines fluctuate with commodity prices which have shown some strength over the last 12 months. While there are certain real threats to continued price strength, these may or may not materialise following which demand for resources could well remain stable in the medium term.

PROSPECTS AND ORDERBOOK

While the division's orderbook stood at R2,4 billion at 30 June 2011 (2010: R3,8 billion), we have since secured a further R1,7 billion worth of work which leaves us well placed for the year ahead. Until market conditions improve locally we will continue to concentrate our efforts on mining projects in Africa. Our proven track record over a sustained period has allowed the division to develop sound relationships with a number of foreign clients who value reliability in an environment where mistakes are costly. The division has been appointed as the preferred bidder on a joint venture known as the North South Carrier project in Botswana, the value of which is R1,2 billion and is currently negotiating further work in both Ghana and Sierra Leone. In addition to these projects the division is investigating opportunities in a number of new countries.



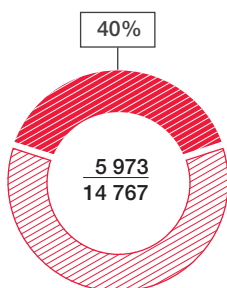


OPERATIONAL REVIEW

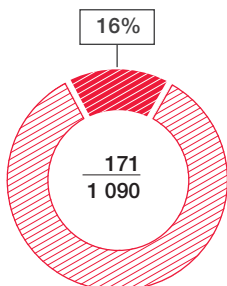
AUSTRALIA

AUSTRALIA			
		2011 R'000	2010 R'000
	Revenue	5 972 874	4 534 442
	Operating profit	171 204	152 241
	Margin	2,9%	3,6%

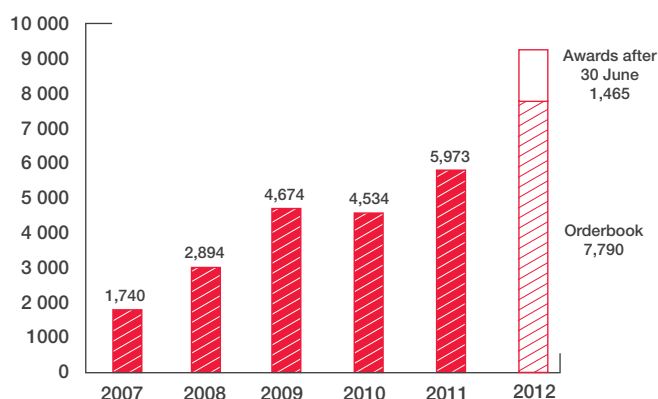
REVENUE CONTRIBUTION (Rm)



OPERATING PROFIT CONTRIBUTION (Rm)



REVENUE (Rm)



OVERVIEW

The building market was very competitive in Australia, however Probuild was able to achieve results consistent with FY2010 excluding the acquisitions.

The year was probably most notable for a number of acquisitions made. At the beginning of the year Probuild acquired a 60% interest in Monaco Hickey. Monaco Hickey operates within the health and medical sector specialising in the construction of laboratories and medical facilities. Their specialist expertise together with Probuild's tier one building capabilities complement one another. As a result the group is able to tender on larger medical projects and secured the R820 million Monash New Horizons Research Centre during the year. Furthermore the Australian health sector is a growing sector and the acquisition of Monaco Hickey provides Probuild with immediate entry into this market. Mid-year Probuild acquired a 50,01% interest in Contexx who have extensive experience in the high rise residential market. This market is currently showing signs of strength. The Contexx management are extremely well respected within this segment and Contexx is well positioned to grow.

Highlights this year include the successful completion of the R1,6 billion Myer Shopping Centre redevelopment as well as the R1,4 billion Bourke Street mixed use development in Melbourne.

In Perth, we secured our second public-private partner (PPP) design and construct project, the QEII Medical Centre car park valued at R800 million and in Queensland we secured the group's first tier one Civil roads and earthworks project as part of the flood restoration initiative valued at R500 million.

The resource sector in Australia showed significant growth during the year and it was for this reason that the third acquisition, in Australia, of a 51% interest in CARR Civil Contracting was made by WBHO Australia. The company was subsequently rebranded as WBHO-CARR. WBHO-CARR has seen rapid growth since its acquisition on 1 July 2011, with revenue increasing by 81% over the prior period which illustrates the strength within this sector.

FINANCIAL PERFORMANCE

The 30% growth in the companies' revenue during the year was largely a result of the additional subsidiaries acquired.

In Probuild itself the individual regions in general maintained activity levels in line with FY2010 with the exception of Perth where delays to the start of a major project had a negative impact on the revenue result.

During the year C.E.C.K. was rebranded as WBHO Civils. WBHO Civils consistently performs well and delivered results better than forecast.

Monaco Hickey performed better than expectations and delivered good results.

A number of projects within Contexx experienced delays as residential projects often only commence once the developer has sold a required percentage of the available apartments. This impacted the results in the current year, these revenue streams will however materialise in FY2012.

WBHO-CARR's performance, while showing considerable growth over the prior year, was in line with expectations from a revenue perspective. The revenue growth was not fully translated to the bottom line following various logistical challenges relating to people, plant and materials that occur as a result of the remoteness of the areas in which the company operates. The implementation of WBHO's systems during the year will mitigate these issues in the future.

MARKETS

Due to its proximity to the mines in Western Australia, the building market in Perth is benefiting from the strength in the resources sector and Probuild recently secured a number of projects in Perth. The building market in Australia remains very competitive.

The Western Australian government has forecast that an additional 240 000 new jobs are expected to be created in Western Australian by 2017. The resource mining companies such as BHP Billiton and Rio Tinto are investing in major expansion programmes and new developments which will further increase the number and size of construction opportunities.

PROSPECTS

Australia begins the new financial year with significant growth in its order book which stands at R7,7 billion (2010: R4,1 billion). This represents 140% of the revenue they achieved in FY2011.

SAFETY

Probuild's safety record has shown a consistent 20% improvement year on year since 2007. Probuild operates predominantly as a head contractor with large volumes of subcontractors on site. The group has found it challenging in getting subcontractors to apply the same safety standards set by Probuild. During the year, in an effort to improve standards, Probuild ran various safety training days for their subcontractors, with between 70 and 80 subcontractors attending each day. The aim of the training was to improve the subcontractors' safety standards and to raise awareness. Probuild also works closely with clients on new safety initiatives and together continually try to improve safety levels on their sites.

WBHO- CARR has only had one lost time injury in the past five years.

HUMAN RESOURCES

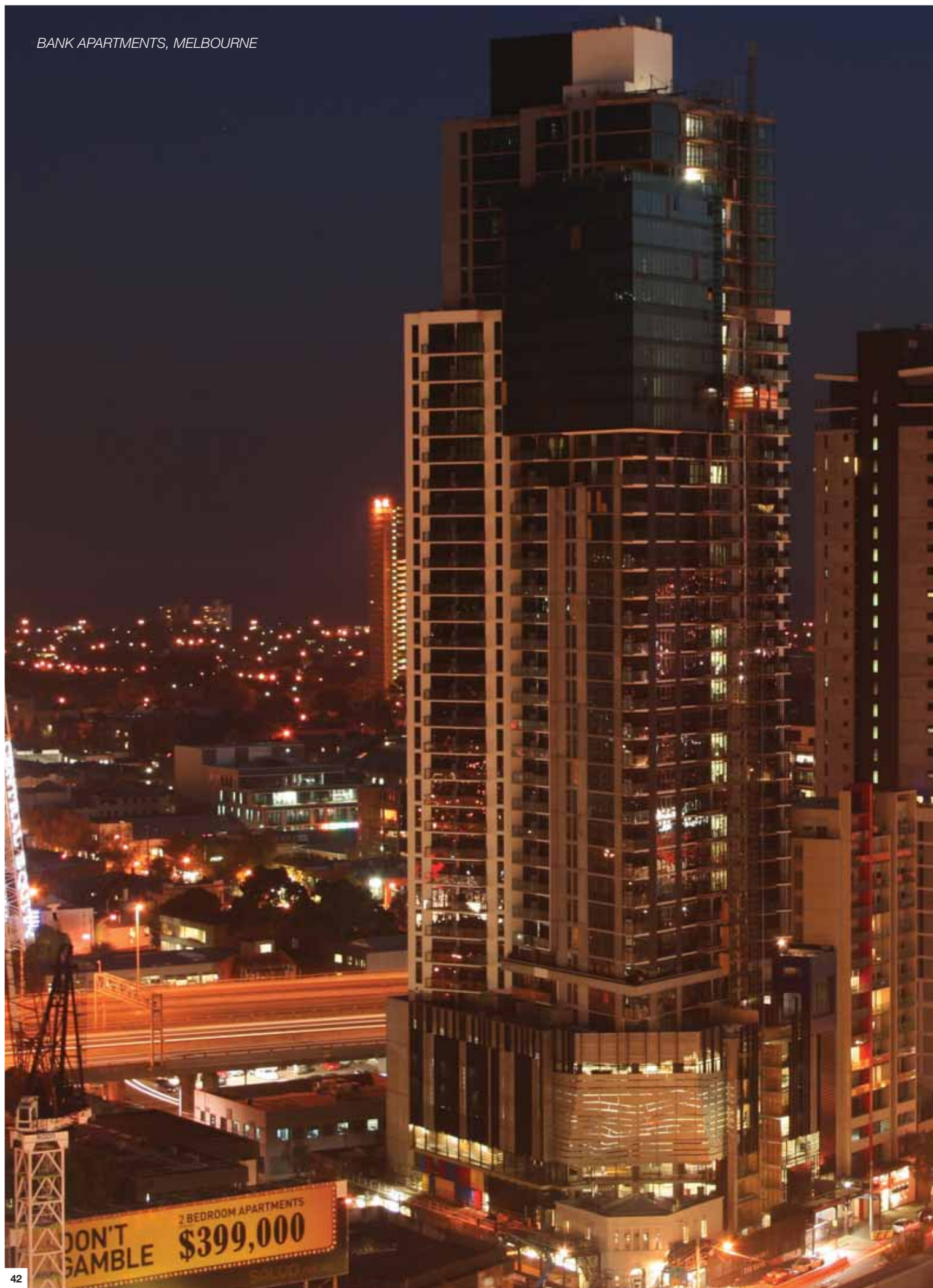
Probuild together with its subsidiaries employs approximately 700 people. The group works tirelessly to be the employer of choice within the construction industry. Probuild runs a graduate programme as part of its policy of training and growing people from within. The business also took on nine apprentices during the year as part of its apprenticeship programme which is designed to secure new talent for the group. To meet the changing needs of its workforce and retain skills in an industry where there is a skills shortage, Probuild was given a grant from the Australian government to explore the opportunities that exist within the construction industry for work-life-balance and have now put together a programme that has won the Australian Government's Department of Education, Employment and Workplace Relations 2009/2010 National Work-Life-Balance Award.

Following a marked increase in demand for qualified people in Western Australia, WBHO-CARR is finding the recruitment of employees challenging. In differentiating themselves from other similar companies they are developing an in-house training programme within a registered training organisation to facilitate employees' growth.

THE ENVIRONMENT

During the year Probuild's major environmental challenge was the removal of asbestos during the redevelopment of the Myer Shopping Centre. The original allowance for the removal of asbestos from the building was approximately R5 million. This eventually escalated to a cost of R150 million as the volume of asbestos in the centre increased dramatically. Exclusion zones had to set up where the asbestos was being removed, this was then bagged, sealed and removed in 44 gallon drums and then disposed of in a facility specially designed for this purpose. On site Probuild had to provide decontamination cells in which workmen who wore personal protective equipment especially designed to prevent them from having contact with or inhaling the fumes of the asbestos were washed down before they could enter clean air areas again.

In Western Australia WBHO-CARR received a commendation for installing spill trays on all its plant, which prevented hydrocarbon spills from polluting the environment.



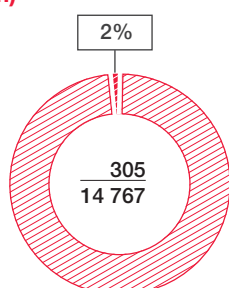


OPERATIONAL REVIEW

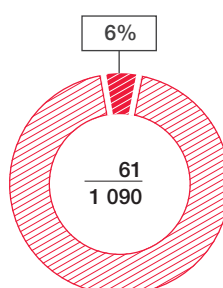
OTHER OPERATIONS

OTHER OPERATIONS			
		2011 R'000	2010 R'000
	Revenue	305 491	587 080
	Operating profit before non-trading items	61 470	62 130
	Margin	20,1%	10,6%

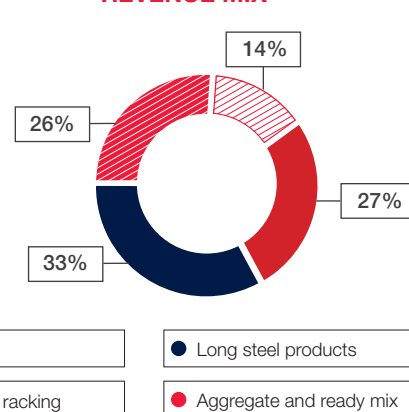
**REVENUE CONTRIBUTION
(Rm)**



**OPERATING PROFIT CONTRIBUTION
(Rm)**



**CAPITAL AFRICA STEEL
REVENUE MIX**



PROJECTS

The majority of the Project division's revenue for the year was derived from its Engineering, Procurement and Construction (EPC) management of the King Shaka International Airport where it was responsible for the management of the building, civils and specialised mechanical systems for the airport. The division focuses on the procurement of large-scale contracts for the group, which usually include design and construction elements. Its engineering, procurement and construction capabilities are ideally suited to private-public partnerships (PPPs), the construction of toll roads, airports, hospitals, gas infrastructure and power stations.

The division is currently the preferred bidder for the design and construct contract for the upgrade of the Beit Bridge Border post in Zimbabwe and the serviced accommodation for the Department of Rural Development in Tswane. Both projects are close to financial closure. It is also in the process of negotiating a contract for the civil works and procurement of turbines for a gas-fired power station in Mozambique.

PROPERTY

The sale of properties in the Simbithi Eco Estate continue as people choose to move their primary residences further up the KwaZulu-Natal coast and commute into Durban. The opening of the nearby King Shaka International Airport further supported sales. While the majority of the properties at St Francis Links have been sold there has been little sales activity for some time now as the development continues to be affected by market conditions. Both developments are in sound financial health and do not require any funding from the group.

CAPITAL AFRICA STEEL

As anticipated Capital Africa Steel's (CAS) performance was influenced by sustained pressure within the steel and construction materials industry. This was the first full year of operations for its pipe mill in Matola, Mozambique. The mill is designed to service markets in the United States and Africa. Current economic conditions resulted in very little activity in the United States. However, demand from the African market saw the factory make a profit in its first year of operation.

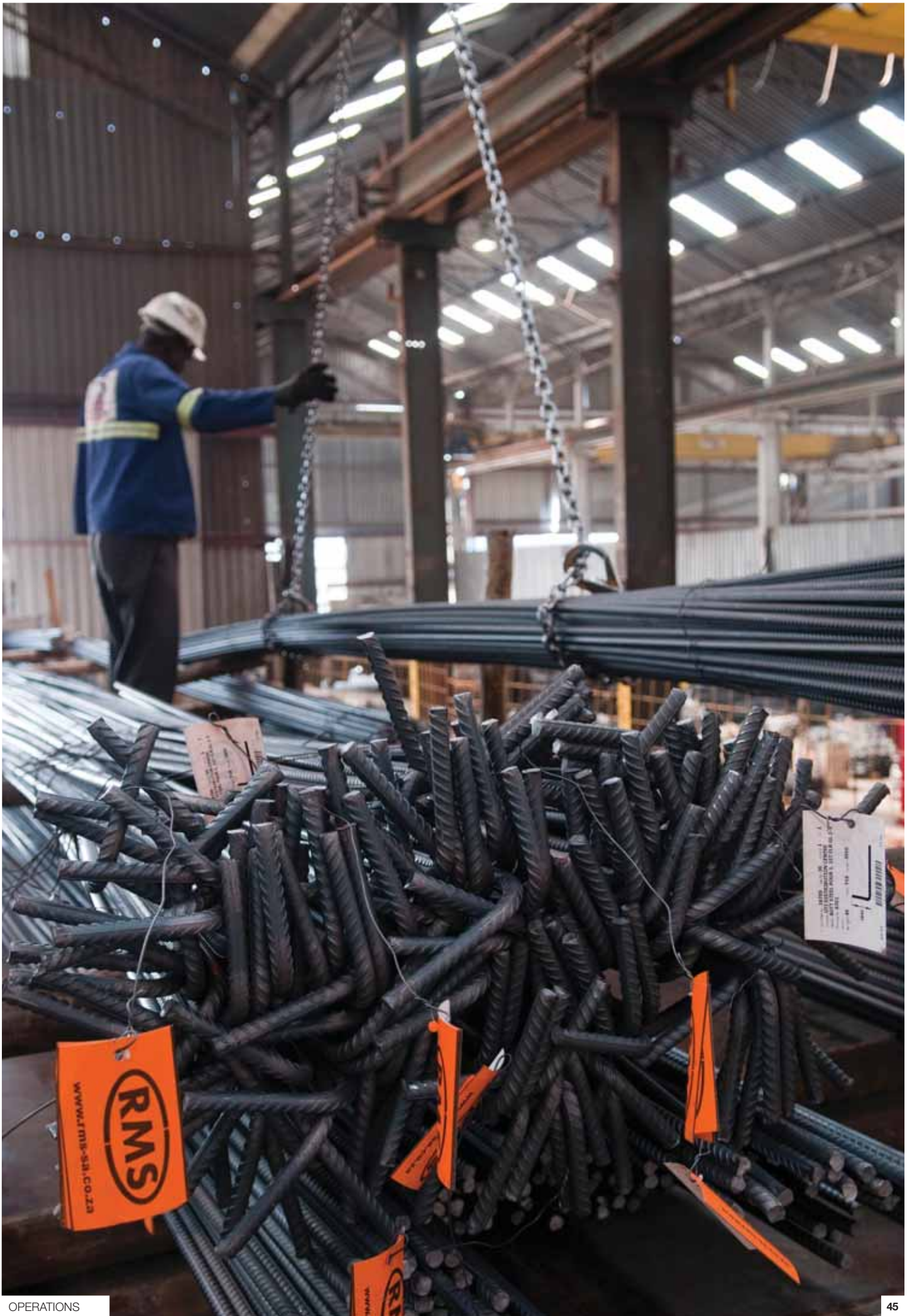
While the market for long steel products remained very competitive, this business was profitable in FY2011. We anticipate that conditions will remain difficult in the next financial year but are confident we will be able to improve on this year's performance.

CAS is in the process of acquiring an additional interest in Alert Steel which retails steel and steel related products and services. Alert Steel increases CAS's ability to gain long steel products market share. A loss-making supply contract on the Kusile Power Station impacted badly on the financial performance of the concrete and aggregates business. Conditions in this sector are likely to remain difficult in the year ahead.

CAS will be seeking growth opportunities in the rest of Africa during FY2012, where activity in the mining sector presents a number of opportunities.

GIGAJOULE INTERNATIONAL

The Matola Gas Company performed well in the current financial year and a number of gas supply opportunities are being developed that should improve performance in the medium term.



HUMAN RESOURCES

OUR APPROACH

- We are committed to providing a workplace based on mutual respect, fairness, integrity, non-discrimination, equal opportunity at all levels and open two-way engagement with our employees and their representatives
- We value diversity in the workplace and support the aims of the Construction Charter
- We uphold the rights of our employees to freedom of association and we do not tolerate any form of discrimination
- We follow local and international employment guidelines and employment legislation, including the South African Basic Conditions of Employment Act (1997) and the International Labour Organisation's guidelines

CHALLENGES

- Achieving employment equity
- Engaging with our employees and the trade unions through open communication to achieve labour peace

- Providing a workplace that is free of discrimination
- Maximising local employment
- Providing development and training opportunities for HDSAs that will allow them to further their careers
- Identifying, developing and retaining high potential employees
- Effective training that addresses risk-tolerant or ingrained behaviours that impact negatively on safety in our operations

PROGRESS

- In terms of the Construction Charter's generic contractor scorecard
 - 15% of our top management is black
 - 23% of our senior management is black
 - 87% of our middle management is black
 - 72% of our junior management is black
- Implementing a new management development programme
- 203 learners, 101 learnerships, 76 bursars and 26 mentees on various programmes during FY2011

EMPLOYMENT EQUITY AND EMPOWERMENT

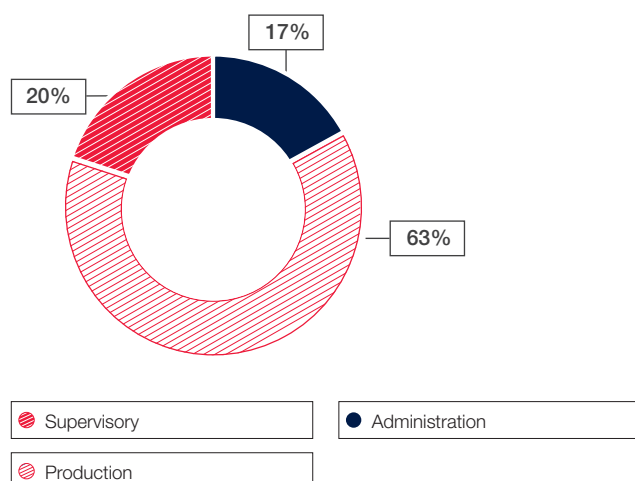
The table below reflects the demographics of WBHO Construction employees as at 30 June 2011*

OCCUPATIONAL LEVELS	DESIGNATED							NON-DESIGNATED			T
	MALE			FEMALE				MALE	FOREIGN NATIONALS		
	A	C	I	A	C	I	W	W	M	F	
Top management	5	1	5	1	0	1	0	67	0	0	80
Senior management	5	1	4	0	0	0	7	61	0	0	78
Professionally qualified and experienced specialists and mid-management	113	44	20	41	4	9	22	249	8	0	502
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	527	55	14	14	12	5	45	166	6	0	838
Semi-skilled and discretionary decision-making	1214	93	11	66	23	7	49	13	6	2	1 476
Unskilled and defined decision-making	3 593	77	2	203	10	0	1	16	20	0	3 902
Total permanent	3 677	219	51	240	42	21	117	525	27	2	4 892
Non-permanent employees	1 799	73	7	111	18	3	14	68	13	0	2 093
Grand total	5 476	292	58	351	60	24	131	593	40	2	6 985

* Excludes subsidiaries

EMPLOYEES BY ACTIVITY (excluding subsidiaries)

EMPLOYEES BY ACTIVITY



WBHO's employment policies and procedures support the principles of employee rights as set out in the South African Constitution. It is our aim to attract and retain the best people at every level of our business. We provide industry leading career development opportunities and employ people on merit and identified potential.

EMPLOYEE RELATIONS

We acknowledge the right of our employees to freedom of association and we actively participate in various national and industry level bargaining forums.

WBHO has recognition agreements in place with both the National Union of Mineworkers and the Building Construction and Allied Workers Union. However, within the group the level of union representation is relatively low with fewer than 25% of our employees having union representation. Negotiations on substantive matters take place at industry level with the employer body, the South African Federation of Civil Engineering Contractors (SAFCEC), and the representative unions. While this industry agreement covers the majority of our hourly-paid employees, the balance is covered by various bargaining council and voluntary bargaining forum agreements.

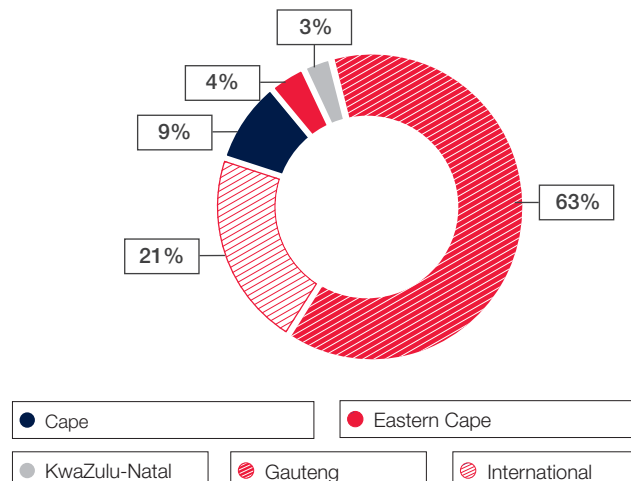
INDUSTRIAL ACTION

WBHO was affected by a number of strikes during the year, the most serious being a project-wide strike, exceeding one week, which affected all contractors working on the Kusile Power Station project for Eskom.

EMPLOYEE BENEFITS

The benefits that we provide our full-time employees, over and above the legally mandated employment benefits, include retirement funding and medical scheme benefits.

EMPLOYEES BY REGION



HIRING POLICIES

When hiring employees WBHO, where possible, gives preference to members of the local community and, in some cases, offers training opportunities to community members that will allow them to develop the skills they need to be employed by the group.

REMUNERATION

WBHO provides fair and competitive remuneration and offers an equal rate of pay to male and female employees of equal experience.

DIVERSITY AND EQUAL OPPORTUNITY

Our employment equity policies provide all potential and existing employees with equal opportunities in terms of recruitment, promotion, transfer, employee benefits, training and conditions of service.

DEVELOPMENT AND TRAINING

The long-term sustainability of our group depends on our ability to attract and retain the best people and to transform our workforce. We identify employees at every level and are committed to providing them with the support and tools they need to develop into our future senior management team. All employees who receive training have undergone a training and development review and these individuals are monitored by their managers and training co-ordinators.

Our training focuses on developing management, supervisors and skilled employees. In the future our emphasis will be on preparing skilled employees by developing their interpersonal competencies and ensuring they are certified competent.

WBHO's skills development spend amounts to R34,6 million (R15,8 million of which was spent on external skills development training). Over and above the skills development budget we spent an additional R2 million on health and safety training.

HUMAN RESOURCES CONTINUED

Our investment in skills development

	FY2009	FY2010	FY2011
Total spend (R'000)	35 676	37 896	34 623
Number of learners*	249	264	203
Number of learnerships	72	113	101
Number of bursars	99	54	76
Number of mentees	39	32	26

* These learners include PR Eng candidates, apprentices, in-service training, vacation work. The number of black female learners trained this year increased to 144.

WOMEN IN CONSTRUCTION

Ingrid Campbell of WBHO, who was the first woman to be registered as a Professional Technologist in Structural Engineering, recently won the 2011 National Competition for Excellence in the Engineering and Built Environment for women professionals. The purpose of the competition is to acknowledge, recognise and celebrate the contribution women are making in engineering and the built environment. WBHO entered Ingrid in the competition in recognition of the excellence she has displayed in the group and in particular for her input into the implementation of systems for preferential procurement on the King Shaka Airport project.



WBHO has long had a culture of investing and supporting the development of its people as well as promoting from within. This has allowed us to provide the skills we need from within the group. We also spend time and effort supporting government and industry education initiatives. WBHO is involved in the construction industry partnership with the Department of Education's Further Education Training (FET) colleges in developing centres of excellence. These colleges provide candidates for apprenticeship programmes which are crucial to the development of artisans. Currently, there is a shortage of artisans throughout South Africa.

We emphasise the importance of getting PR Eng candidates registered and registering PR Engs as mentors with the Engineering Council of South Africa (ECSA).

LEARNERSHIPS

The learnerships we have registered include construction supervisors and the learners include employees and unemployed candidates. This year our first African female learner completed her NQF 2. We currently have 101 learnerships underway and another 20 are scheduled to commence in October 2011. In future we will also be running business administration learnerships for site clerks and clerical staff.

Where potential learners have difficulty achieving the entry level requirements for learnerships we are running an ABET bridging programme to assist them in achieving this level.

BURSARY STUDENTS

WBHO currently sponsors the studies of 30 Bachelor of Science students and 31 National Diploma students. We are also providing in-service experiential training to a further 33 National Diploma students. Our bursary students also receive training at WBHO during their mid-year vacations which includes soft skills, technical understanding and training in our systems, procedures, culture and values.

During FY2011 25 of our employees received bursaries to fund their part-time studies.

Go for Gold scholars are sponsored by WBHO in the Cape province. This initiative is for scholars who show potential in mathematics and science and an interest in our industry. Once they have completed school they undergo practical training before being considered for a further bursary.

MANAGEMENT DEVELOPMENT PROGRAMME

Participants in our management development programme are guided in technical, managerial and experiential development, in line with the group succession plan. The main focus of the programme is knowledge sharing and building a repository of WBHO's intellectual capital that will be accessible to WBHO's employees.

The structured mentorship programme further facilitates the retention and accelerated development of talent in WBHO. Before participating in the programme potential future leaders undergo a stringent selection process. 30 members of management were trained in mentoring skills which included knowledge transfer and inter/intra-personal skills.

Learnerships/apprenticeships: 1 July 2010 – 30 June 2011

TRAINING/LEARNING PROGRAMME DESCRIPTION	AFRICAN	COLOURED	INDIAN	WHITE	GRAND TOTAL
Apprenticeship – Boilermaker	1				1
Apprenticeship – Diesel	1	2			3
Apprenticeship – Electric		1		5	6
Apprenticeship – Fitter and turner				1	1
Apprenticeships – Carpenters and bricklayers and plasterers	8	9			17
Go for Gold		3			3
Go for Gold (H&S)	1	2			3
Learnership		1			1
Learnership: NQF 2	10				10
Learnership: NQF 4 supervision of construction process	19	1	2	11	33
Learnerships: Building	2	2		1	5
National Certificate: Maintenance mechanic	3			1	4
National Certificate: Supervision of construction processes	10			17	27
National Certificate: Surveying	2			1	3
NQF 4 learnership	7	9		2	18
Grand total	64	30	2	39	135

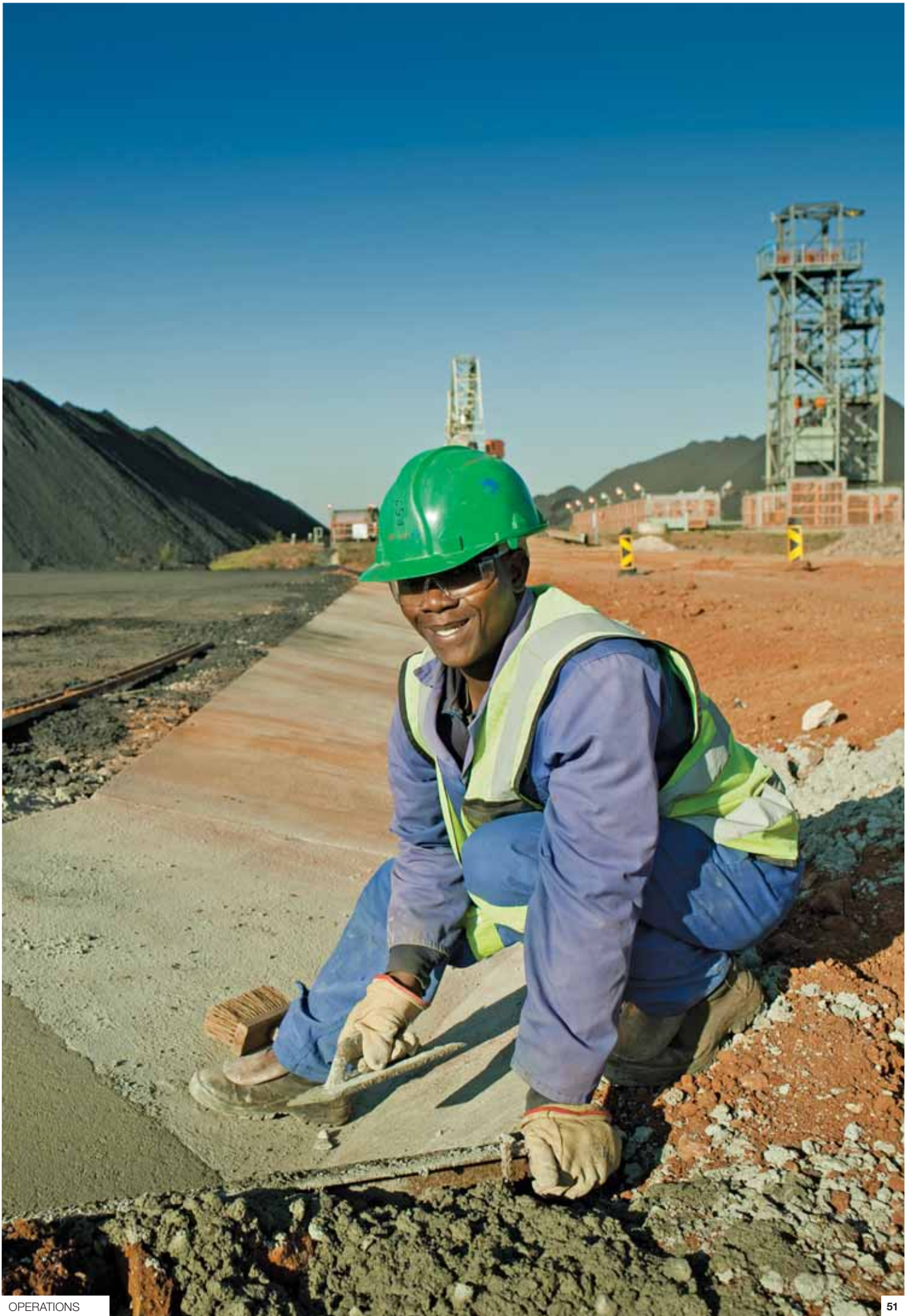
HUMAN RESOURCES CONTINUED

Summary of training programmes

TRAINING/LEARNING PROGRAMME DESCRIPTION	AFRICAN	COLOURED	INDIAN	WHITE	GRAND TOTAL
Apprenticeship	11	17	0	6	34
Learnership	53	13	2	33	101
Grand total	64	30	2	39	135

Racial breakdown

TRAINING/LEARNING PROGRAMME DESCRIPTION	AFRICAN	WHITE	GRAND TOTAL
Apprenticeship	28	6	34
Learnership	68	33	101
Grand total	96	39	135
			FY2011
Number of employees who received training			1 772
Number of training interventions completed			3 403
Average hours of training per employee			24 hours
Average training spend per employee			R3 384



HEALTH AND SAFETY

OUR APPROACH

- We aim to operate a safe and healthy workplace, based on mutual respect, fairness and integrity
- We aim to achieve zero harm by operating with no fatalities or injuries
- We believe that every work-related illness and injury is preventable

CHALLENGES

- Eliminating fatalities and serious injuries
- Understanding the root causes of near misses and actual incidents and using the lessons learnt to prevent fatalities and serious injuries
- Continuing to reduce the frequency of injuries, particularly where we have already achieved low-injury frequency rates

PROGRESS

- We achieved our target of reducing our lost-time injury frequency rate (LTIFR) to below 1,0 when we achieved 0,93 this year (2010: 1,24)
- Our recordable case rate (RCR) dropped to 0,62 from 0,95 in 2010

As valued stakeholders, the safety of our employees, contractors and the communities in which we operate is of the highest concern to the group.

The board assumes overall responsibility for the safety of our stakeholders. However, each operational manager assumes responsibility for the implementation of the safety management system within their individual business units. The group understands that policies and procedures alone do not create a safe environment and strives to create a culture in which our employees assume equal responsibility for their own safety.

In creating our safety culture we recognised the need to expand the safety programme to our employees beyond the workplace. Therefore we have provided employees with information on how to implement basic safety standards within their homes. Training and awareness play a huge role in employees' behaviour and through this initiative we hope to cultivate a safety mindset that persists throughout an employee's day. WBHO also trains members of local communities employed on projects in their areas and equips them with a variety of skills including first aid training. These skills then remain with the community when we leave.

The group maintains an OSHAS 18001 certified safety management system (SMS) which has the following key objectives:

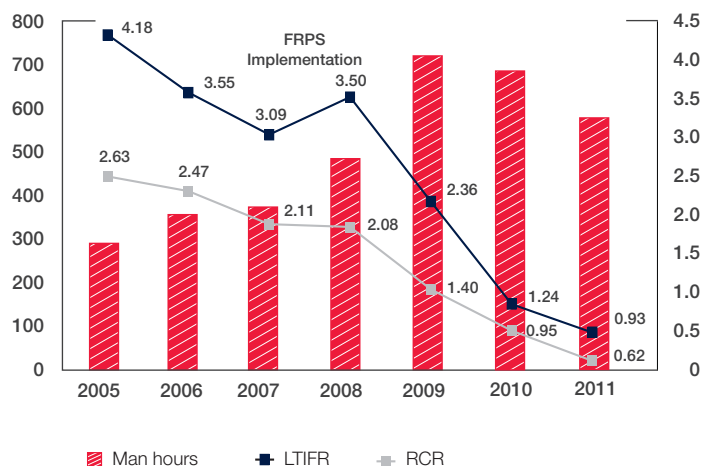
- to achieve and maintain the highest practicable level of safety control in all areas of the group's operations
- to identify, manage and monitor hazardous risks
- to meet and where possible exceed legal and other requirements
- to facilitate the training of both operational and safety personnel
- to ensure compliance to safety standards

TARGETS AND PROGRESS

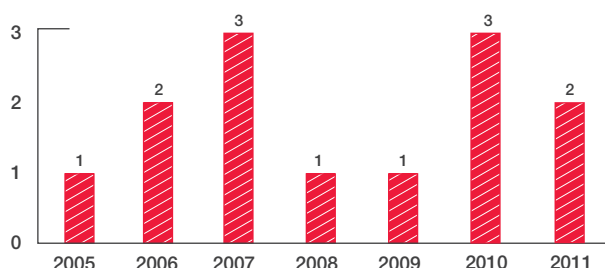
TARGETS SET IN 2010 – 2011	ACTUAL RESULTS FOR 2010 – 2011	TARGETS FOR 2011 – 2012
LTIFR 1 or below	LTIFR 0,93	LTIFR 1 or below
RCR 0,5 or below	RCR 0,7	RCR 0,5 or below
Zero fatalities	2	Zero fatalities

NEW INITIATIVES	ACTUAL RESULTS FOR 2010 -2011	NEW TARGETS FOR 2011 - 2012
Injury severity rate	None for period	ISR 10 or below

WBHO, JV PARTNERS AND CONTRACTORS MAN HOURS VS LTIFR AND RCR 2005 – 2011



NUMBER OF FATALITIES 2005 – 2011



WBHO's ultimate objective is to operate with zero fatalities and injuries. Our employees engage in various hazardous activities inherent to the construction industry. It is only through strict compliance with the SMS that the group can ensure the safety of its employees and safety officers have the necessary authority to intervene and stop any high risk, unsafe act or condition.

The safety management system is continuously reviewed and monitored for effectiveness against the targets set for the year. Data from the system is regularly examined to identify concerning trends and corrective measures are implemented to prevent serious accidents from occurring. Each accident is viewed as serious and awareness campaigns are sent to each project notifying them of the accident and what should be done to prevent this type of accident from recurring.

As part of the group's baseline risk assessment, a set of Fatal Risk Protocol Standards (FRPS) were developed in line with the requirements of our clients. The FRPS cover the following activities which were identified as being high risk: working at heights, light delivery vehicles, plant and machinery, lifting equipment, excavations, power tools, cell phone use and edge barricading. The introduction of these standards has drastically reduced the number of serious accidents caused by these activities. The introduction of the cell phone use FRPS last year, has reduced related accidents from two serious accidents and numerous near misses to zero in the current year. Materials handling was also identified as a high risk last year and this year we developed a specific FRPS standard for this activity which is currently being implemented.

The frequency of traffic accidents involving light delivery vehicles (LDV's) are also of concern to the group. WBHO has a system for recording and managing these accidents which measures the frequency thereof over one million driving kilometres. Using this frequency rate, known as the LDVAR, the group monitors the prevalence and nature of accidents. The group adopts a proactive approach toward improving the driving skills of its employees and defensive driving courses are compulsory for employees involved in accidents. A punitive approach toward negligence is strictly applied to ensure the safety of employees and the public alike.

The table below illustrates the frequency of accidents over the current and prior reporting periods.

LDV ACCIDENTS PER MILLION KM TRAVELLED

YEAR	KM R'000	CLAIMS	LDVAR
2010	18 475	107	5,79
2011	22 055	118	5,35

In our endeavour to achieve zero harm we manage safety against the highest possible standards which include those imposed by our clients, legislation and OHSAS 18001 as well as best practice.

The consistent reduction over time of the group's lost-time injury frequency rate, recordable case rate as well as the introduction of new measures like the injury severity rate is evidence of the importance placed on safety at all levels within the group.

SAFETY AWARDS AND CERTIFICATION

The Civil Engineering and Roads and Earthworks divisions both achieved OHSAS 18001 registration during the year. Registration will be extended to include the Building division in FY2012.

The WBHO-Tiber Joint Venture won the Gauteng Master Builders Association's top award in the GMBA annual Regional Safety Competition with a score of 97,98%. The Joint Venture received the FEM Super League Trophy for projects valued at over R500 million for its site safety and health achievements on the 115 West Street office block in Sandown.

WBHO received a special mention award for achieving a 5-star health and safety rating with an audit score of 99,3% at its Grootegeluk Mine Medupi loadout area.

WBHO's Cape division achieved a total score of 97,88% for their plant yard, which gained them a second place in this category.

HEALTH AND SAFETY CONTINUED

HEALTH

CHRONIC ILLNESS

WBHO insists that before employees can begin work they must be medically fit to do so. Medicals are conducted annually and have resulted in a vast improvement in the management of high risk medical conditions such as high blood pressure, epilepsy and lung diseases. Early treatment has decreased the prevalence of these illnesses significantly. As a result the workforce is, in general, healthier.

The graph below illustrates the improvement in the treatment and control of chronic illnesses over the last three years.

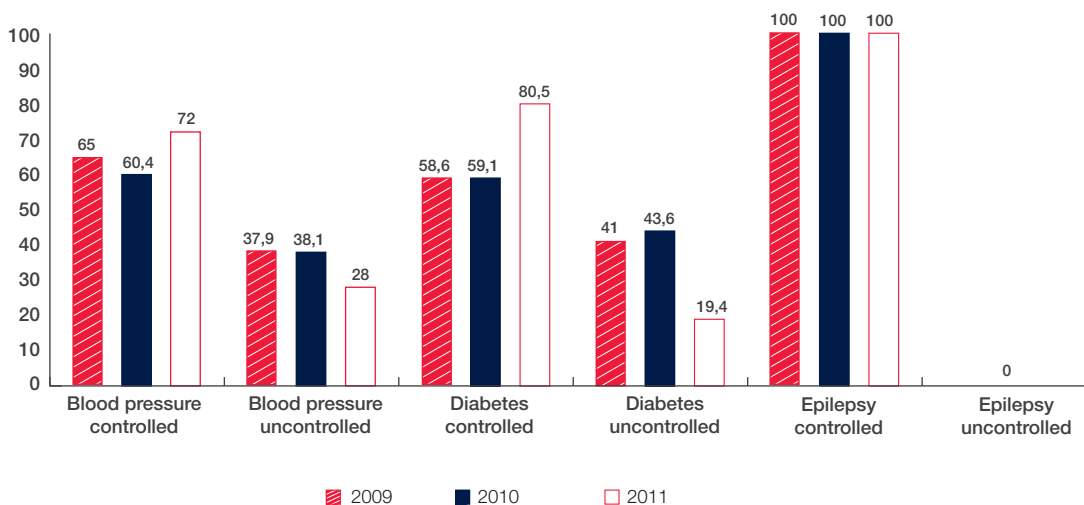
HIV/AIDS

Every year the group conducts HIV awareness initiatives, counselling and voluntary testing (ACT) through a managed care service provider. Further education is facilitated on site through toolbox talks and awareness posters which are distributed to sites and regional offices.

Employees that have medical cover are registered on a scheme-specific anti-retroviral (ARV) programme while permanent employees not on medical aid qualify for ARVs from the managed care service provider. Non-permanent employees receive five free counselling sessions and are then referred to government facilities.

While the group has been successful in getting over 95% of its employees to know their status, there has been some reluctance to enrol onto the ARV programmes. It is anticipated that only 22% of infected employees are on ARV treatment. In order to combat this, the group has appointed dedicated persons to close the uptake gap. While enrolment is low we have shown a 60% increase in the number of members registered on the programme in the last year.

WBHO CHRONIC ILLNESS (%)





QUALITY MANAGEMENT

SCORECARD

ITEM	2011	2010
Client satisfaction surveys	86	90
Internal audits conducted	116	84
Findings per audit (internal)	3,2	2,3
Supplier audit conducted	69	82

Quality represents a degree of excellence. WBHO has built its brand and reputation on achieving excellence and a high level of client satisfaction.

We have developed an ISO 9001 certified quality management system, which is implemented throughout the group, to measure our performance and the degree of satisfaction of our clients. Recently we have focused on simplifying the quality system within the boundaries of the ISO standards and our objectives. We have steered away from the lengthy conventional layout for quality procedures and have instead developed user friendly, easy-to-follow visual diagrams and flow charts. During the year we spent significant time standardising all our processes to ensure consistency between different sites. This had the added benefit of increasing buy-in from the project teams who are responsible for maintaining the quality system as part of their daily duties.

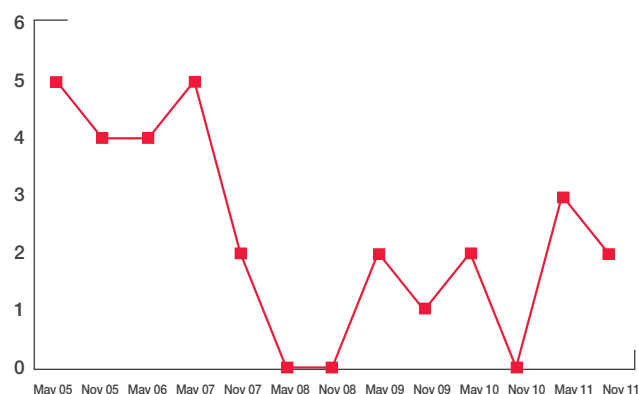
The Mall of the North contract in Polokwane was a testament to the value a well-managed quality system can add to a project and to the client. The project was well rated across a number of quality indicators, both by the group's internal quality auditors as well as by the architect and client for whom WBHO has undertaken numerous contracts.

Implementing and maintaining our quality system on a project allows us to permanently solve recurring problems. The identification of processes or products that do not conform to the required standards highlights concerning trends and possible cost implications. Corrective measures can be implemented and the training of employees is focused on these areas to prevent recurrence.

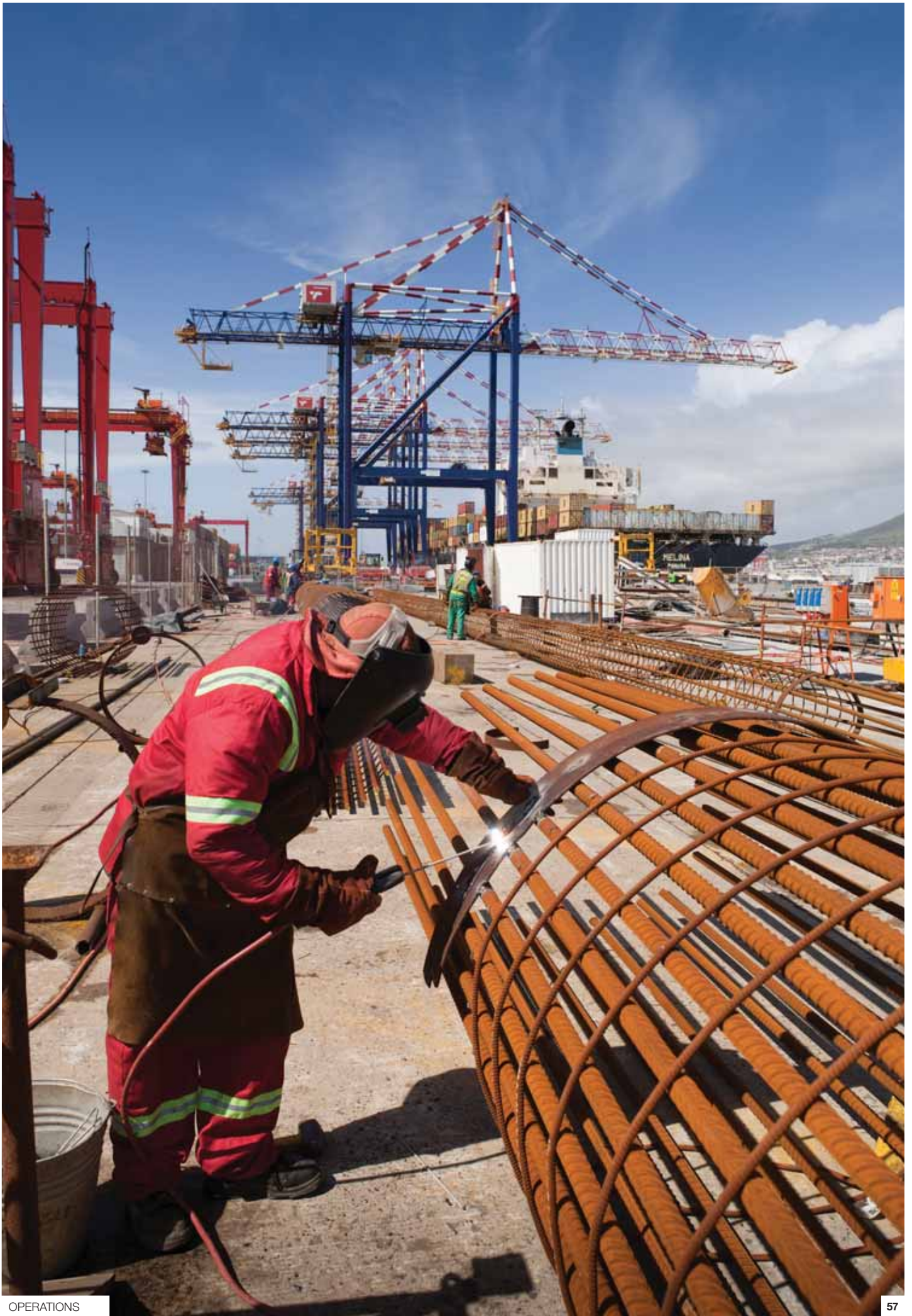
This year the system identified supplier and subcontractor quality as being the most significant contributor to poor quality on site. In response we have improved our supplier evaluation system which is entered into a subcontractor database available to operational staff which assists them in supplier selection ahead of time. In addition we conduct in-process inspections of prefabricated materials to identify possible problems in production before materials are delivered to site. The quality department identified various substandard products following the implementation of this process. Together these new processes aim to improve quality throughout the supply chain and create mutually beneficial relationships between WBHO and its suppliers.

The South African Bureau of Standards (SABS) plays an important role in the improvement of the quality management system. The SABS undertook system verification audits in November 2010 and May 2011. These were conducted by a newly-appointed auditor who was able to identify areas for improvement by using a new and different approach. The audit included a number of divisions including the plant department. All previous audit findings were successfully closed and five new findings were recorded. The graphs below indicates that the effectiveness of the quality system with a positive downward trend. Surveillance audits will continue to take place while the SABS is involved in the improvement of the system.

SABS AUDIT FINDINGS



The most valuable outcome of a quality management system is continuous improvement, which will remain the focus for the group in the year ahead. Emphasis continues to be on planning, prevention and improvement rather than measuring, inspecting and reworking, in this way the group strives to drive down the cost of repairing poor quality workmanship and improve overall profitability for the group.



THE ENVIRONMENT

OUR APPROACH

At WBHO the protection of our environment is becoming as important as the safety of our employees. We have implemented a management system in line with ISO 14001:2004 through which we will manage the environmental risks and impacts of our operations. Each division tailors its approach to environmental management to fit with its operational and business management processes. However, the approach of each division remains consistent with the commitments and specifications of our group environmental policies and procedures.

CHALLENGES

- Implement a management system in line with ISO 14001:2004
- Legal compliance
- Maximising WBHO's carbon disclosure to achieve a baseline and increase our report rating
- Increased rainfall intensity and extreme weather events
- Hydrocarbon spillage and CO₂ emissions

SUCCESSSES

- Environmental management system implemented
- ISO 14001 certification of Cape Building division
- Legal compliance
- Progress towards establishing carbon footprint baseline

During the past year WBHO's environmental department has grown rapidly, which is evidence of our commitment to monitoring and mitigating our environmental footprint.

Some of the objectives and targets that we set ourselves for the year were achieved, while others are still in the progress. The table below illustrates our achievements as well as our objectives for the year ahead.

TARGETS AND OBJECTIVES

TARGETS AND OBJECTIVES FOR 2011	PROGRESS	TARGETS AND OBJECTIVES FOR 2012
Implement, document and maintain an Environmental Management System	Achieved	Improve the Environmental Management System (review)
Obtain ISO 14001 certification for all divisions	Partially achieved, Cape Building division has been certified while the KZN and Eastern Cape divisions are pending	Obtain ISO 14001 certification for North Divisions (Building, Civil, Roads and Earthworks)
Compliance with all applicable environmental legislation	Achieved	Maintain compliance with all applicable environmental legislation
Maximise carbon and water disclosure to achieve a proper baseline and improve our rating among listed companies	Partially achieved	Change and adapt data capturing systems to include quantities and volumes to improve carbon disclosure and water disclosure reporting

CARBON DISCLOSURE

WBHO, having voluntarily participated in the Carbon Disclosure Project (CDP) and publicly disclosed our performance for the third consecutive year, is investing in carbon management processes. While we are still in the early stages of this process, the engagement of consulting services has helped us to get started.

In order to measure our carbon footprint more accurately we are addressing the carbon management processes that will allow us to record, measure and report carbon emissions data, and identify the risks and opportunities presented by climate change. Emissions targets will then be set, based on more comprehensive data and information, making our future targets realistic and appropriate.

WBHO has implemented a system to measure and monitor electricity usage in our corporate office, with the aim of controlling our electricity consumption. All light bulbs in the building are being replaced with energy saving globes, which will result in a considerable reduction in energy consumption and costs. Furthermore, the centralised air conditioning system at our corporate office works on timers. In order to further reduce our carbon footprint, where possible we avoid air travel and hold meetings by means of conference calls, particularly in relation to Australia.

CARBON DISCLOSURE PER SCOPE

The 2011 CDP results will only be formally released towards the end of the year. As a result we are including the results of our 2010 submission in this report.

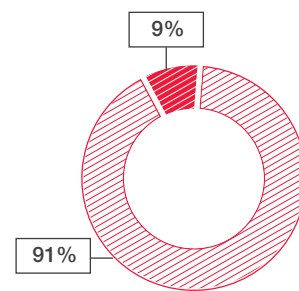
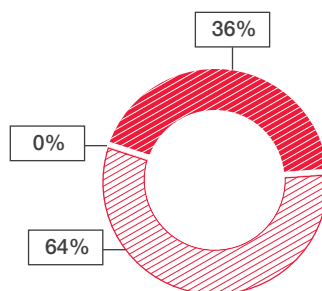
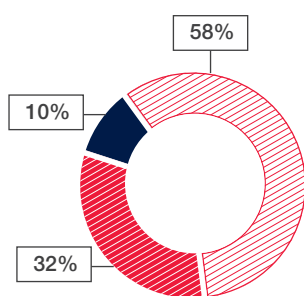
SCOPE 1				SCOPE 2		SCOPE 3			TOTAL (METRIC TONNES CO ₂ E)
BUSINESS DIVISION	DIESEL	JET KEROSENE (AVGAS)	TOTAL (METRIC TONNES CO ₂ E)	ELECTRICITY	TOTAL (METRIC TONNES CO ₂ E)	BUSINESS ROAD TRAVEL (PETROL)	BUSINESS AIR TRAVEL (COMMERCIAL)	TOTAL (METRIC TONNES CO ₂ E)	
Admin	468,55	170,97	639,52	7 726,85	7 726,85	–	–	–	8 366,37
Contract	57 384,60	–	57 384,60	25 010,26	25 010,26	–	–	–	82 394,86
General	–	–	–	–	–	9 615,00	357,40	9 972,40	9 972,40
Total	57 853,15	170,97	58 024,12	32 737,11	32 737,11	9 615,00	357,40	9 972,40	100 733,63

(Excluding subsidiaries)

TOTAL EMISSIONS

SCOPE 1 AND 2 SOURCES

DIVISIONS – SCOPE 1 AND 2



RISKS AND OPPORTUNITIES RELATING TO CLIMATE CHANGE

The carbon disclosure process has allowed the group to identify a number of risks and opportunities relating to climate change.

The African continent is vulnerable to climate variability and change due to multiple stresses and low adaptive capacity. We have identified the following risks, impacts and opportunities climate change could present:

RISKS

- Increased rainfall intensity and extreme weather events**

Rainfall intensity has resulted in increasing erosion of construction platforms. Erosion control of these platforms has increased costs and delays the start of construction.

Rainfall intensity and the frequency of extreme weather events cause damage to the works. In a design and construct contracts these events influence location, building materials and the design of a building.

- Coastal systems and low-lying areas**

An increase in sea levels and coastal erosion could damage infrastructure, impact on site location, construction materials and design.

- Health**

The health of our employees is essential to the sustainability of the group. Extreme weather events could result in heat stroke, dehydration and possible safety risks for employees, increased absenteeism and decreased productivity.

OPPORTUNITIES

- Carbon tax**

The introduction of carbon tax and its impact on concrete and steel prices presents an opportunity for WBHO to investigate the production and application of green building materials made from renewable plant materials, such as straw and timber.

- Waste management**

Recycling building rubble helps the group reduce its carbon footprint. Currently we recycle rubble on our bigger projects where it is crushed and used as backfill. This avoids emissions from the transportation of both the rubble and the backfill. Additional space is necessary on site for a small crusher and an area to stockpile the rubble until it is used.

- Green buildings**

The Green Building Council of South Africa has launched the Green Star, a rating tool to determine the impact of a building on the environment. The Green Star is not legislated, but awareness is rapidly growing around green buildings.

THE ENVIRONMENT CONTINUED

WBHO has some experience working with green materials and is currently constructing various Green Star rated buildings. Green buildings make use of insulation, natural lighting and solar heating to reduce their carbon footprint. By remaining abreast of technological innovations the group can establish itself as an expert in this rapidly developing field of construction.

- **Renewable energy**

The National Energy Regulator of South Africa has recently published the renewable energy feed-in tariffs. These tariffs encourage independent power producers to develop renewable energy projects, specifically wind and solar energy. These projects will be a source of work for the group in the future.

- **Energy efficiency in buildings**

Energy efficiency in buildings is in the process of being drafted into legislation. South Africa has drafted an energy standard (SANS 204) which will deal with energy consumption, energy consumption control and alternative sources of energy. The legislation of energy efficiency standards provides WBHO with an opportunity to be involved in the construction and refurbishment of buildings in order to achieve compliance to such legislation.

WATER DISCLOSURE

This year WBHO elected to disclose its water consumption as part of the Carbon Disclosure Project. This disclosure has helped us recognise the need to address the very important challenges and opportunities presented by a diminishing resource which not only plays a vital role in our industry, but also sustains life.

We have identified the following water conservation targets:

- Collect additional information regarding our water usage
- Ensure that the method of data capture makes the disclosure of water consumption easier
- Use a consultant to transfer the necessary skills that will give us the capability to prepare our own Water Disclosure Project (WDP) information.

MANAGEMENT OF WATER QUALITY AND WETLANDS

During the year WBHO constructed the SNI Pipeline between the Sasol plants in Secunda and Sasolburg. The pipeline had to cross a total of 12 rivers and/or streams and 48 wetlands. Due to the sensitivity of these areas management took special care to ensure that all environmental considerations were taken into account.

All wetlands were demarcated before any construction activities took place and they were classified according to the following criteria, which in turn dictated when and how the crossing would take place:

- Wetlands that were dry at the time that construction needed to take place
- Channelled wetlands/streams
- Wetlands that were water logged throughout the year
- River crossings.

This demarcation ensured that no undue damage was caused as a result of the indiscriminate clearing of vegetation. Regular water quality tests were carried out in areas where construction activities were taking place and ground protection measures were used to prevent hydrocarbons from entering the water courses. WBHO was commended by the client for the input and level of care taken.

GREEN BUILDINGS

WBHO is currently involved in the construction of various projects that are designed to be energy and resource efficient. All of the projects plan to obtain a 4 Green Star rating which is an indication of the application of best practice. These projects include:

Sandton	Standard Bank Alexander Forbes (Joint Venture with Tiber)
Pretoria	Menlyn Maine: Falcon Building Menlyn Maine: Epsilon Building
Durban	Mayfair

WBHO was also involved in the construction of the new Valpré plant in Heidelberg, which was awarded Leadership in Energy and Environmental Design (LEED) Gold certification by the Green Building Councils which reports in over 40 countries.

On the Standard Bank project we have proudly achieved a waste separation and recycle/reuse rate of 97% and on the Alexander Forbes project we have achieved a rate of 93%.

WORKSHOPS AND MAINTENANCE

Some of the group's construction activities are heavily plant intensive and we are well aware that this equipment is also our biggest carbon emitter. We aim to control our emissions by regularly servicing and maintaining our fleet to run at optimum engine performance which is inherently more efficient and emits less carbon. WBHO constantly improves its workshop designs to ensure environmental compliance. By implementing and auditing a set standard, we aim to mitigate possible environmental impacts on both our local and cross-border contracts.





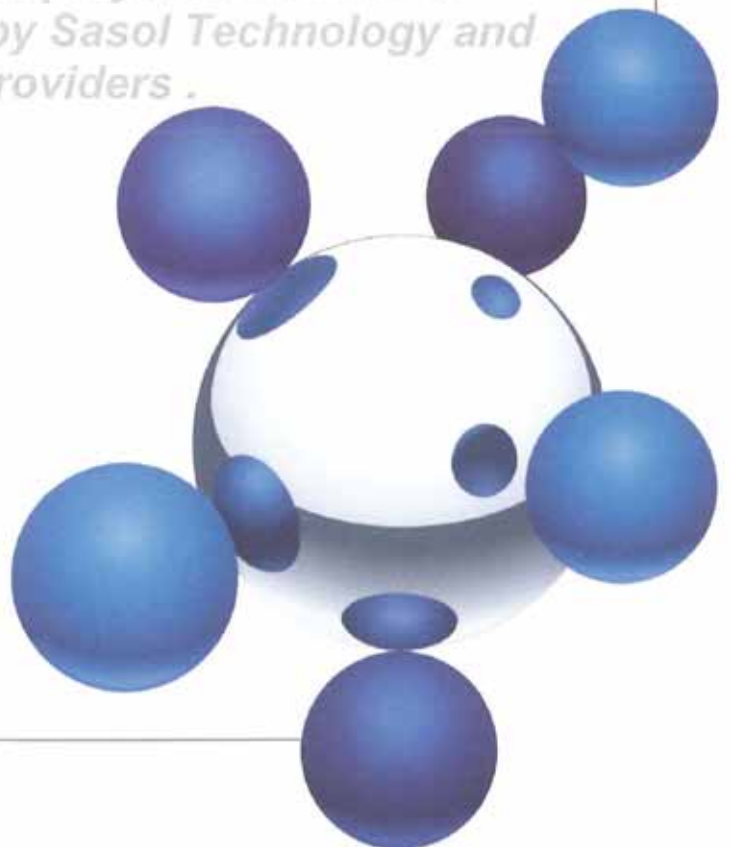
Environmental Recognition

Presented to

Bruce Jonker

For the implementation of an efficient water pollution prevention initiative as part of the Secunda-Natref integration project on behalf of Sasol Oil and supported by Sasol Technology and their appointed Service Providers .


CC Scholtz
Regional Manager
Environmental Services



TRANSFORMATION

TRANSFORMATION

The 2011 audit of WBHO against the Broad-Based Black Economic Empowerment Construction Charter evaluated the group as a level 2 contributor with the added classification of being a value added vendor. As a result the recognition of client procurement with the group has increased from 110% to 156%. We have worked hard over the last three years to move from being a level 6 contributor in 2007 to our current level 2 contributor status and are extremely proud of this achievement.

Our transformation progress was also recognised in this year's Financial Mail Top Empowerment Companies Survey which assesses the empowerment levels of listed companies in terms of ownership, management, employment equity, skills development, preferential procurement, enterprise development and socio-economic development. WBHO was placed 14th out of the top 100 companies listed on the JSE. The *Financial Mail* commented by saying "Training, development and promoting people from within the group has earned this firm major points for skills development."

The transformation committee, which is made up of executive committee members, monitors the entire group's transformation performance on a quarterly basis.

TRANSFORMATION ACHIEVEMENTS

Ownership: 3 175 WBHO employees have been allocated shares under the Akani share scheme, which was introduced in 2006. Akani Investment Holdings was established as a special-purpose black economic empowerment (BEE) vehicle. Its shares are linked on a one-for-one basis with WBHO shares. Using this vehicle the group has allocated shares to our black partners and employees. Currently, 21,85% of the group's equity is held by the previously disadvantaged, which when applied to our South African operations equates to approximately 35% black ownership. Dividends earned from the shares are used to purchase additional shares on the open market. These shares are transferred to each partner/employee when ownership vests in 10 and 5 years, respectively. In addition the partner/employee additional shares may be awarded on the vesting date dependent the performance of the share price does on the Johannesburg Stock Exchange.

Skills development and training: 1 736 black employees received training in FY2011 of which 140 were black women and there are currently 203 previously disadvantaged South African participating in our learnership programme.

Preferential procurement: WBHO developed software to monitor and report on all aspects of our preferential procurement and control systems which have been implemented throughout the group. The benefit of these systems is evident in our achievement of a Level 2 preferential procurement score this year.

Enterprise development: WBHO, which now has 14 construction-related businesses on its enterprise development programme, achieved full points for this programme. The aim of our enterprise development programme is to develop emerging businesses into successful independent businesses. To achieve this we provide structured mentoring and training.

CORPORATE SOCIAL INVESTMENT

In 2011 WBHO spent R19,7 million (2010: R15 million) on corporate social investment which is in excess of the prescribed scorecard spend.

Breakdown of measured corporate social investment spend for FY2011

CATEGORY	% SPLIT	2011 R'000
Education	65	12 807
Health and HIV/Aids programmes	9	1 773
Arts, cultural and sport	5	985
Community training and care/assistance	10	1 970
Social development/ upliftment	11	2 167
Total	100	19 703

WBHO views its investment in socio-economic development as a moral responsibility rather than a legislative requirement. As a result, corporate social investment is an integral part of our commitment to sustainable development. Our investment focuses on:

- Education
- Health
- Sport
- Social development and upliftment
- Special programmes.

EDUCATION

The group is in the fourth year of its partnership with TRAC, a national programme which deploys travelling science laboratories to 280 underprivileged schools across South Africa with the aim of improving the science education of both learners and educators. A review of the effectiveness of this programme has shown a 70% improvement in the pass rate in 195 of these schools with 202 of the pupils from these schools registered in tertiary institutions for engineering degrees or diplomas in 2011. WBHO supports the TRAC programme at five schools in Alexander township where over 1 500 learners and their educators have received this additional science tuition.

We continue to sponsor the Umlambo Foundation through which two headmasters from Limpopo have attended a management programme at the University of Johannesburg. In addition, we provided financial support for the building of a library at both schools. We have also given educational support in rural KwaZulu-Natal where we have constructed and equipped the science laboratories and libraries in five schools, together with construction-related support in various rural schools and creches.

WBHO also assists various tertiary educational institutions and colleges with advice on engineering-related curricula and financial assistance.

HEALTH AND HIV/AIDS

WBHO donated a vehicle and medical equipment to Khanya Africa, which sends health professionals to rural communities to provide much needed healthcare.

We also helped finance the Umvoti Aids Centre and the Umuzi Wethemba Aids care initiative in KwaZulu-Natal, as well as providing assistance to various other HIV/Aids centres throughout the country.

SPORT

The group has provided support to black soccer and basketball clubs. We have also rebuilt the Rotanda soccer stadium which has proved to be of great benefit to the community of Lesedi and have provided support to the Martin Dreyer "Change a Life Academy" that enables black youth from the Valley of a Thousand Hills to participate in canoeing and other sports.

COMMUNITY CARE ASSISTANCE/ SOCIAL DEVELOPMENT AND UPLIFTMENT

As a construction company we have the capability and ability to assist the communities in which we work. Not only do we draw employees from these communities we also assist with the construction and renovation of buildings and the provision of infrastructure.

During the past year it has become apparent that community assistance benefits more people than focussing on specialised projects. This year

we have therefore concentrated more of our support on community initiatives such as the building of three houses for the I-Care programme that houses streetchildren and a trauma and victim support centre for abused women and children.

Additionally, we have supported the LoveLife programme that councils and trains youth in disadvantaged communities as well as two community centres that provide care for the elderly. We have also supported the Sisonke Organisation and the Waterloo Community Centre which provide facilities for women to engage in sewing and crafts and earn an income for their families from the sale of the items they make.

SPECIAL PROGRAMMES

We are continuing with our support of the National Agricultural Marketing Council's Umzimvubu Red Meat Project, which is intended to uplift the local farming community in the Eastern Cape district of Mount Frere, by providing its members with education in animal husbandry.

Our support of the Jan Kaminski Bursary student at the Cape Town Opera House also continues.

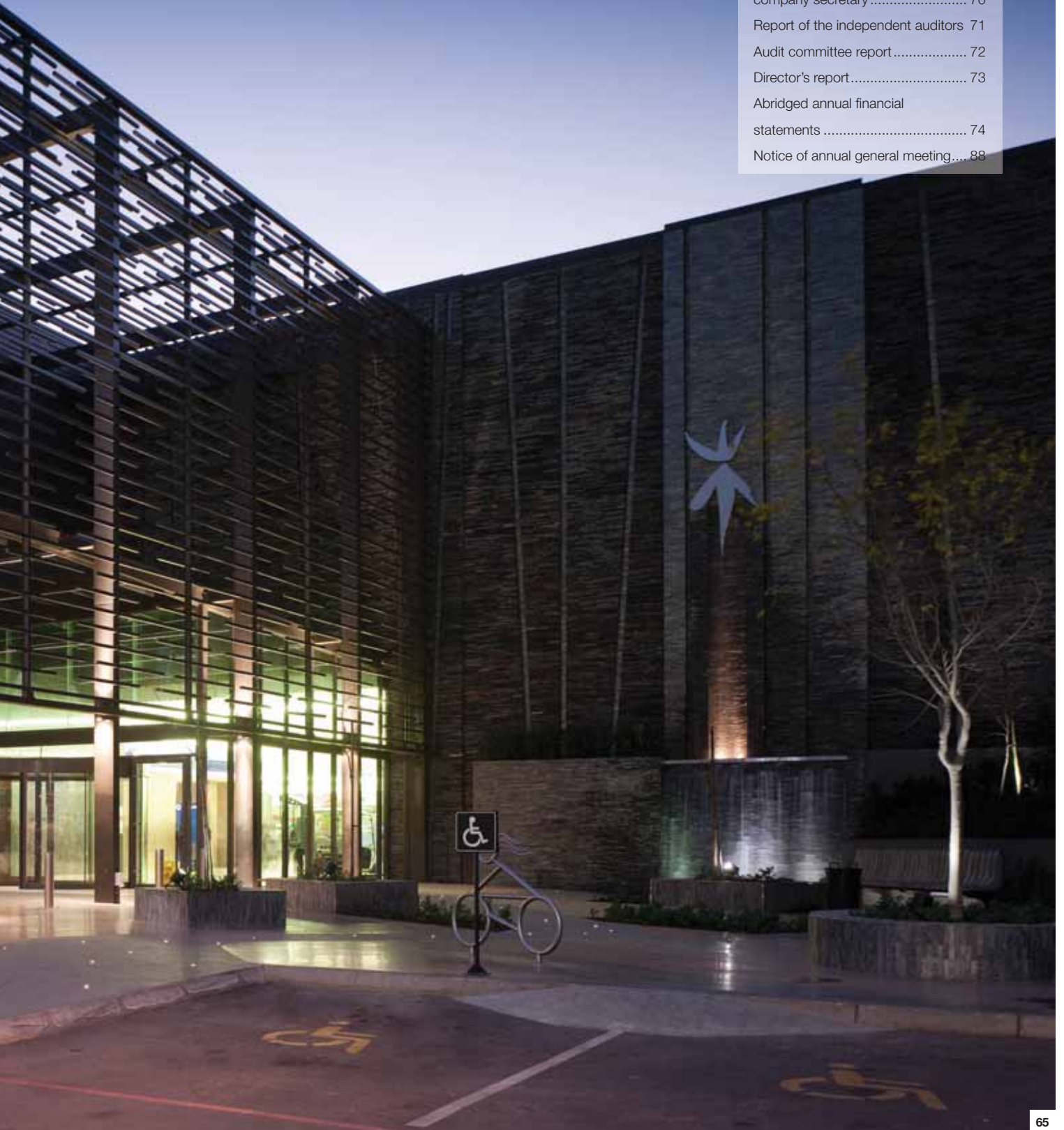
Our efforts in different sectors over the past few years have shown gratifying results and the combined list of organisations supported is extensive. We are confident that our investment made in social upliftment cannot be measured in monetary terms, but rather in the difference that we have made in enhancing thousands of lives.





FINANCIAL OVERVIEW

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CHIEF FINANCIAL OFFICER'S REPORT



This year the group performed well to maintain its revenue at R14,8 billion which is only 2,9% down year-on-year from R15,2 billion in FY2010. Margin pressures within the industry resulted in a decrease in operating profit before non-trading items of 14,5%.

However, we still consider this to be a solid result when compared with the achievement of FY2010. Earnings per share, which decreased by 23,6%, were further negatively impacted by the effects of impairments and a decrease in investment income.

ACQUISITIONS

Following resilience within Australian markets, together with specific growth in the mining sector in Western Australia, the group has made three further acquisitions of Australian subsidiaries, which include a 51% interest in Carr Civils ("CARR"), a civil engineering construction enterprise based in Karratha in North West Australia; a 60% interest in Monaco Hickey, a building company specialising in the construction of laboratory and medical research facilities in Melbourne; and a 50% interest in Contexx, a company primarily involved in high-rise apartment block developments, also in Melbourne. Each acquisition has provided the group with exposure to new markets and together they have contributed revenue of R1,2 billion to the group's total turnover.

Locally, the group acquired a 60% interest in Renniks (Pty) Limited, a specialist sliding and civil engineering company. As the acquisition was effective 30 June 2011 it had no effect on FY2011 results.

WBHO further increased its shareholding in both CECK and Probuild Constructions during the year as well as acquiring the remaining share capital in Roadspan Holdings and Insitu Holdings. The total cost of these acquisitions, as well as the transactions with non-controlling interests, amounted to R297 million. Goodwill of R99 million was recognised in the statement of financial position, while goodwill of R169 million was recognised in the statement of changes in equity.

CAPITAL EXPENDITURE

At the beginning of the financial year the group allowed for capital expenditure of R401 million. Once those items of plant that required replacement in terms of the group's policy had been purchased, additional plant was approved on a project by project basis with the result that only R289 million was expended for the year. The board has approved capital expenditure of R437 million for the 2012 financial year, of which R182 million has been committed.

CASH RESERVES

The group utilised R1,1 billion of its cash reserves during the year, with cash balances declining to R2,8 billion (2010: R3,9 billion). Working capital demands, in particular the reduction in excess billing over work done, together with the acquisitions, capital expenditure and some short-term contract financing for selected clients, were the predominant reasons for this decline. A 19% decrease in investment income is indicative of the significant reductions in interest rates, both locally and internationally.

IMPAIRMENTS AND ASSOCIATES

In December 2010, having assessed Capital Africa Steel's (CAS) performance up to that date and considered the outlook for the steel and construction materials industries, the group determined it prudent to impair its loan to the company in the amount of R66 million. Both the outlook and the company's performance have improved in the six months to June and CAS was profitable at EBIT for the year, consequently no further impairment was necessary at 30 June 2011.

The interest burden from the sizeable shareholder loans advanced for the construction of the pipe factory in Mozambique resulted in losses before tax. These loans are essentially capital in nature and the intention is to restructure these in the current financial year. We have also evaluated the carrying value of the goodwill recognised on the acquisition of the initial 30% interest in Roadspan. While the measures introduced to improve productivity and profitability within the company have shown success in the current year we have made conservative estimates of future cash flows, resulting in an impairment of R36 million.

TAXATION

The effective tax rate of 32% (2010: 31%) is a result of an under provision in the prior year, along with a larger proportion of the group's profits being earned both in Australia and the rest of Africa, where the tax rates are higher than in South Africa.

DIVIDEND

The board declared a final dividend of 220 cents per share (2010: 220 cents) which together with the interim dividend of 110 cents per share, amounts to a total dividend of 330 cents per share (2010: 330 cents). The group's healthy cash position meant that the dividend could be maintained at the same level as FY2010 despite a decrease in earnings.

OUTLOOK AND ORDERBOOK

Uncertainty within European and American economies continues to hinder any real recovery within private sector commercial and retail markets, although we have seen some orderbook growth in recent months. While government's unclear stance with regard to nationalisation is of concern to the mining sector, nonetheless strengthening commodity prices has resulted in an increase in capital expenditure. Government's promised infrastructure spending could provide a much needed stimulus to the slow-economic environment

that persists, as well as creating employment within the sector. However, very little has made its way to the tender market to date. In Australia the resource sector in Western Australia is experiencing phenomenal growth and the recent acquisition of CARR presents the WBHO with exciting opportunities in this region. While retail and commercial markets in Melbourne are currently subdued, the market in Perth is benefiting from the growth in Western Australia.

Encouragingly, our orderbook at 30 June 2011 has increased by 31,7% over the prior period to R16,2 billion, albeit at tight margins. This amounts to approximately 109% of the group's FY2011 revenue. Subsequent to 30 June 2011 WBHO secured additional projects to the value of R4,1 billion.

ADMINISTRATION PROJECTS

This year we have successfully implemented our inhouse accounting platform and management information system in three of our Australian subsidiaries and plan to roll it out to the remainder in the next financial year. I would like to thank all our staff, both from South Africa and Australia, who have been involved with the process for their hard work and dedication to ensure success.

SUCCESSION

As part of our succession planning Charles Henwood joined WBHO in June 2010. He is now an integral member of the team and ready to assume the position of chief financial officer of WBHO. We wish him everything of the best in the future. I will not be leaving WBHO, but will remain on to assist with systems and administrative matters.



John Abbott
Chief financial officer

VALUE ADDED STATEMENT

FOR THE YEAR ENDED 30 JUNE 2011

	2011 %	2011 R'000	2010 %	2010 R'000
Revenue		14 766 631		15 201 095
Cost of materials, services and subcontractors		(10 920 984)		(11 117 218)
Value added by operations		3 845 647		4 083 877
Finance income		224 727		279 505
Wealth created		4 070 374		4 363 382
Distributed as follows:				
Share capital		660		660
Share premium		27 965		27 965
Employees				
Payroll costs	60,9	2 478 594	57,8	2 523 763
Share-based expense	0,8	32 418	0,2	8 922
Providers of equity				
Dividend paid to shareholders	5,2	209 721	4,4	193 974
Providers of finance				
Interest and finance charges	1,9	18 089	1,8	17 018
Lease costs	0,2	10 012	0,2	7 711
Government				
Company taxation	9,3	380 000	10,7	466 524
Reinvested within the group				
Reserves available to ordinary shareholders	18,0	733 475	22,0	961 485
Depreciation	5,1	208 065	4,2	183 985
	23,1	941 540	26,2	1 145 470
Wealth distribution	100,0	4 070 374	100,0	4 363 382



STATEMENT OF RESPONSIBILITY OF THE BOARD OF DIRECTORS

The directors are responsible for the preparation, integrity and fair presentation of the financial statements of Wilson Bayly Holmes-Ovcon Limited and its subsidiaries. The abridged financial statements, presented on pages 75 to 87, have been prepared in accordance with International Financial Reporting Standards (IFRS) and the Companies Act of South Africa and include amounts based on judgements and estimates made by management. The directors have also prepared any other information included in the annual report and are responsible for both its accuracy and its consistency with the financial statements.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the group and place considerable importance on maintaining a strong control environment. To enable 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. 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 the group's business is conducted in a manner that 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. Whilst 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.

The directors are of the opinion, based on information and explanations given by management and the internal auditors, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the 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. The directors have no reason to believe that the company or the group will not be going concerns in the foreseeable future based on forecasts and available cash resources. The viability of the company and the group is supported by the financial statements.

The financial statements have been audited by the independent auditors, BDO South Africa Inc., 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. BDO South Africa Inc's unqualified audit report is presented on page 71.

The financial statements were approved by the board of directors on 2 September 2011 and are signed on its behalf.



Mike Wylie
Chairman

2 September 2011



Louwtjie Nel
Chief Executive Officer

STATEMENT OF COMPLIANCE BY THE COMPANY SECRETARY

I confirm that the company has lodged with the Registrar of Companies in respect of the year ended 30 June 2011 all returns which are required to be lodged by a public company in terms of the Companies Act, as amended, and that all such returns are true, correct and up to date.



Mrs S Vally-Kara
Company secretary

2 September 2011

REPORT OF THE INDEPENDENT AUDITORS

TO THE MEMBERS OF WILSON BAYLY HOLMES-OVCON LIMITED

We have audited the group annual financial statements and annual financial statements of Wilson Bayly Holmes-Ovcon Limited, which comprise the consolidated and company statements of financial position as at 30 June 2011, the consolidated and company statements of financial performance and statements of other comprehensive income, the consolidated and company statements of changes in equity and consolidated and company statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, and the directors' report. The abridged financial statements are set out on pages 73 to 87.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The group's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the

entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, these financial statements present fairly, in all material respects, the consolidated and company financial position of Wilson Bayly Holmes-Ovcon Limited as at 30 June 2011, and its consolidated and company financial performance and consolidated and company cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa.



BDO South Africa Incorporated

Registered Auditor
Per SD Shaw

13 Wellington Road
Parktown
2193

2 September 2011

AUDIT COMMITTEE REPORT

FOR THE YEAR ENDED 30 JUNE 2011

The audit committee report has been prepared in terms of section 94(7) (f) of the Companies Act No 71 of 2008, as amended.

The audit committee has complied with the requirements of the King III Report and has conducted its work in accordance with the terms of reference which has been approved by the board and is recorded in the Corporate Governance Report for the financial year ended 30 June 2011.

Audit committee members and attendance at meetings:

The committee comprises of Ms Nomgando Matyumza, the chairperson, Ms Nonhlanhla Mjoli-Mncube and Mr James Ngoben, all independent non-executive board members. Mr Malcolm McCulloch resigned from the committee effective 16 February 2011.

A table setting out the attendance at the audit committee meetings appears on page 21. Their CVs appear on pages 18 and 19.

The CEO, CFO, the partner in charge of external audit, the manager responsible for internal audit and other senior managers attend the audit committee meetings by invitation.

The committee discharges all audit committee responsibilities of all the subsidiary companies within the group. The committee performed the following activities during the year:

INTERNAL CONTROLS

During the financial year under the review, the audit committee considered the effectiveness of the internal audit procedures and approved the one year operational internal audit work plan. The committee also monitored the adherence of the internal audit department to its annual plan.

Both the internal and external audit management reports concerning the effectiveness of the internal control environment, the systems adopted and processes conducted were reviewed and assessed.

The committee dealt with all matters raised in the reports of both internal and external auditors requesting appropriate responses and actions from management.

Furthermore, the audit committee reviewed the processes in place for reporting matters of concern relating to accounting practices, internal audit procedures and practices, the adequacy of the auditing of the group's financial statements, the internal controls of the company and any related matters.

During the year the audit committee made appropriate recommendations to the board regarding the corrective actions that had to be adopted as a consequence of the audit findings.

The group's fraud policy was reviewed by the committee and they satisfied themselves that any instances of whistle-blowing were appropriately resolved.

The ethical conduct of the group, its executives and senior management was found to be acceptable during the year.

STATUTORY DUTIES

In terms of the audit committee's statutory duties, the committee ensured that any extra or non-audit services that were provided by the external auditors were such that their independence would not be impaired and were approved and ratified by the board. The audit charter together with the audit committee working plan was approved by the board.

The committee was satisfied and reported to the board that the group was operating as a going concern. It had also been satisfied that the group has reported in terms of International Financial Reporting Standards. The audit committee was also satisfied that the group had complied with the JSE Listings requirements.

The committee ensured that both the internal and external audit functions were conducted independently and held separate meetings with both the internal audit department and the external auditors, BDO South Africa Incorporated ("BDO") during the year.

The committee had ensured that in agreeing the audit fee for the year, that the audit environment would not be curtailed in any way and the appropriate level of scope be adopted.

The committee reviewed the performance, appropriateness and expertise of the chief financial officer and confirms his suitability for appointment as financial director in terms of the JSE Listings Requirements.

The committee confirmed that it is satisfied with the independence of the group's external auditors and the respective audit partners.

The audit committee reviewed the performance and independence of the external auditor, BDO South Africa Inc. and nominated their appointment and further approval at the annual general meeting, as well as accepting Mr S Shaw as the designated audit partner for the 2012 financial year.

The audit committee is therefore satisfied that the group has adhered and complied with all the statutory requirements for the year ended 30 June 2011.



NNA Matyumza
Audit committee chairman

2 September 2011

DIRECTORS' REPORT

NATURE OF BUSINESS

The company is listed on the securities exchange operated by JSE Ltd and is the holding company of a number of subsidiary companies principally engaged in civil engineering and building contracting activities in the Republic of South Africa and internationally.

GROUP RESULTS

Revenue decreased by 2,9% to R14,8 billion (2010: R15,2 billion) while operating profit before non-trading items decreased to R1,1 billion (2010: R1,3 billion). Headline earnings attributable to shareholders amounted to R733 million (2010: R961 million). The consolidated statement of financial performance provides further details.

INTERESTS IN SUBSIDIARIES

Details of the group's principal subsidiary companies are 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 within the consolidated statement of financial performance were earned by subsidiary companies.

On 30 June 2011, the group acquired 60% of the issued share capital of Renniks Construction (Pty) Ltd (Renniks) at a cost of R32,5 million. Renniks' activities consist of civil contracting and sliding processes. A 51% interest in Carr Civil Contracting Pty Ltd was acquired by WBHO Australia on 1 July 2010 at a cost of R41,3 million. Through its Australian subsidiary, Probuild Constructions (Australia) Pty Ltd, the group acquired a 60% interest in Monaco Hickey Pty Ltd on 1 July 2010 and a 50% interest in Contexx Holdings Pty Ltd on 1 November 2010 for R23,2 million and R37 million respectively.

The group has furthermore increased its shareholding in Roadspan Holdings (Pty) Ltd and Insitu Pipelines (Pty) Ltd to 100% and its shareholding in Probuild Constructions (Australia) Pty Ltd from 69,4% to 75,19%.

LOSSES IN SUBSIDIARIES

Included in the group's profit before tax of R1,2 billion are pre-tax losses from the following subsidiaries:

- WBHO Construction Zambia Ltd R2,2 million
- CARR Civil Contracting Pty Ltd R2,3 million
- Contexx Holdings Pty Ltd R9,1 million

DIVIDENDS

Dependent upon profits earned and the availability of cash, the policy of the group is to pay an interim dividend in April and a final dividend in October of each year. The final dividend is approximately twice the value of the interim dividend. A final dividend of 220 cents per share in respect of the 2011 year was declared on 2 September 2011 which together with the interim dividend of 110 cents per share results in a total payment to shareholders for the year of 330 cents per share (2010: 330 cents).

SHARE CAPITAL

The company's issued share capital is 66 000 000 ordinary shares.

Subject to the regulations of the JSE, 10% of the unissued ordinary shares are under the control of the directors, until the next annual general meeting (AGM) to be held on 9 November 2011. At this meeting, shareholders will be requested to grant the directors the same authority until the next annual general meeting in 2012.

SHARE SCHEMES

A summary of transactions undertaken by the WBHO Share Trust, the WBHO Management Trust, Akani Investment Holdings (Pty) Ltd and the Broad-Based Employee Share Incentive Trust during the year appear in note 28 of the financial statements included on the CD.

In terms of the trust deeds a further 5 548 750 shares could be issued to eligible employees.

There have been no changes to the trustees of the share schemes for the year under review.

Participants in the schemes were advanced interest-free loans by the trust to enable them to purchase the shares offered.

The trusts are consolidated for the purposes of the consolidated annual financial statements.

BORROWING POWERS

The articles of association place no restrictions on the directors concerning the amount of money the company may borrow.

DIRECTORATE

Details concerning the company's directors, secretary, business and postal addresses are set out at the end of the annual report.

In terms of the company's articles of association, Messrs Wylie, Matyumza and Nel retire at the forthcoming annual general meeting and are eligible for re-election. Mr Abbott retires from the board and will not make himself available for re-election. Mr Henwood will be appointed in his place.

DIRECTORS' REPORT

CONTINUED

DIRECTORS' SHAREHOLDING

The interests of the directors and those of their families appear under note 26 of the financial statements included on the CD.

There have been no material changes to directors' shareholdings between the balance sheet date and the date of this report. The composition of the board is disclosed in the annual report.

RELATED PARTY TRANSACTIONS

Related party transactions are disclosed under note 26 of the financial statements included on the CD.

PROPERTY, PLANT AND EQUIPMENT

Full details of the property, plant and equipment are reflected under note 2.

SUBSEQUENT EVENTS

There were no subsequent events at the time of going to press.

SPECIAL RESOLUTIONS

There were no special resolutions passed during the year. However, on 2 September 2011, the following special resolution was passed:

AUTHORITY TO PROVIDE FINANCIAL ASSISTANCE TO ANY GROUP COMPANY

It was resolved that, in accordance with section 45 of the Companies Act, No 71 of 2008, as amended (the "Companies Act"), the provision of any financial assistance by the company to any company or corporation which is related or inter-related to the company (as defined in the Companies Act), on the terms and conditions which the directors may determine be and is hereby approved.

ABRIDGED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2011

	NOTES	2011 R'000	2010 R'000
ASSETS			
Property, plant and equipment	2	1 433 063	1 203 768
Intangibles	3	390 467	293 057
Deferred taxation	14	92 712	154 615
Investment in associates	4	401 116	415 773
Non-current assets held-for-sale	5	11 020	–
Other financial assets	6	143 952	131 435
Total non-current assets		2 472 330	2 198 648
Inventories	7	230 313	263 558
Amounts due by customers	8	549 241	196 660
Trade and other receivables	9	3 052 884	2 807 135
Derivative financial instruments	10	–	1 053
Taxation		304 208	–
Cash and cash equivalents	30.5	2 882 772	3 891 039
Total current assets		7 019 418	7 159 445
Total assets		9 491 748	9 358 093
EQUITY			
Share capital and share premium	11	28 625	28 625
Retained earnings and other components of equity		3 343 279	3 003 294
Attributable to equity holders of the group		3 371 904	3 031 919
Non-controlling interests	12	258 305	196 326
Total equity		3 630 209	3 228 245
LIABILITIES			
Interest-bearing borrowings	13	66 410	24 946
Other long-term financial liabilities	13	24 116	–
Deferred taxation	14	41 000	57 102
Total non-current liabilities		131 526	82 048
Excess billings over work done	8	1 237 105	2 002 420
Trade and other payables	15	2 731 160	2 236 112
Derivative financial instruments	10	–	1 707
Short-term portion of interest bearing borrowings	13	39 870	24 545
Other short-term financial liabilities	13	9 553	–
Provisions	16	1 611 849	1 694 244
Taxation		84 083	88 772
Bank overdrafts	30.5	16 393	–
Total current liabilities		5 730 013	6 047 800
Total equity and liabilities		9 491 748	9 358 093

ABRIDGED CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2011

	NOTES	2011 R'000	2010 R'000
Revenue	17	14 766 631	15 201 095
Operating costs		(12 815 172)	(13 088 158)
Administrative costs		(861 410)	(838 763)
Operating profit before non-trading items		1 090 049	1 274 174
Impairment of goodwill/negative goodwill realised	3	(36 266)	(219)
Share-based payment expense	28	(32 418)	(8 922)
Profit/(loss) on disposal of investment		57 921	(5 682)
Impairment of loans to associates	4	(65 867)	–
Fair value adjustments to financial assets		97	2 583
Operating profit	18	1 013 516	1 261 934
Investment income	19	224 727	279 505
Finance costs	20	(18 089)	(17 018)
Share of profits and losses from associates	4	(51 388)	(30 386)
Profit before taxation		1 168 766	1 494 035
Taxation	21	(380 000)	(466 524)
Profit for the year		788 766	1 027 511
Profit attributable to:			
Equity shareholders of Wilson Bayly Holmes-Ovcon Limited		733 475	961 485
Non-controlling interests	12	55 291	66 026
Profit for the year		788 766	1 027 511
Weighted average number of shares (000)	22	54 727	54 791
Diluted weighted average number of shares (000)	22	55 237	54 987
Earnings per share (cents)	22	1 340,2	1 754,8
Diluted earnings per share (cents)	22	1 327,9	1 748,6
Dividend per share (cents)		330,0	330,0

ABRIDGED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2011

	2011 R'000	2010 R'000
Profit for the year	788 766	1 027 511
Translation of foreign entities	17 005	(36 585)
Share of associate companies' comprehensive loss	(17 922)	(25 978)
Total comprehensive income for the year	787 849	964 948
Total comprehensive income attributable to:		
Equity shareholders of Wilson Bayly Holmes-Ovcon Limited	723 980	910 068
Non-controlling interests	63 869	54 880
Total comprehensive income for the year	787 849	964 948

ABRIDGED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2011

	ORDINARY SHARES ISSUED R'000	TREASURY SHARES R'000	SHARE PREMIUM R'000	GOODWILL R'000	
Balance at 30 June 2009	547	113	27 965	–	
Profit for the year	–	–	–	–	
Other comprehensive income	–	–	–	–	
Share of movement in associates' equity	–	–	–	–	
Dividend paid	–	–	–	–	
Treasury shares acquired	(2)	2	–	–	
Share-based payments expense	–	–	–	–	
Recognised on acquisition of subsidiaries	–	–	–	–	
Change in shareholding of subsidiaries	–	–	–	–	
Goodwill recognised in equity	–	–	–	(63 170)	
Equity loans advanced by non-controlling interests	–	–	–	–	
Balance at 30 June 2010	545	115	27 965	(63 170)	
Profit for the year	–	–	–	–	
Other comprehensive income	–	–	–	–	
Share of movement in associates' equity	–	–	–	–	
Dividend paid	–	–	–	–	
Treasury shares acquired	(3)	3	–	–	
Cash-settled equity instruments raised	–	–	–	–	
Share-based payments expense	–	–	–	–	
Recognised on acquisition of subsidiaries	–	–	–	–	
Change in shareholding of subsidiaries	–	–	–	–	
Goodwill recognised in equity	–	–	–	(169 745)	
Equity loans advanced by non-controlling interests	–	–	–	–	
Balance at 30 June 2011	542	118	27 965	(232 915)	

	NON-DISTRIBUTABLE RESERVES			DISTRIBUTABLE RESERVES R'000	SHAREHOLDERS' EQUITY R'000	NON- CONTROLLING INTERESTS R'000	TOTAL EQUITY R'000
	FOREIGN CURRENCY TRANSLATION RESERVE R'000	EMPLOYEE SHARE- SCHEME RESERVE R'000	OTHER RESERVES R'000				
	82 971	73 883	–	2 199 071	2 384 550	195 443	2 579 993
	–	–	–	961 485	961 485	66 026	1 027 511
	(36 585)	–	(25 978)	–	(62 563)	(11 146)	(73 709)
	–	–	(6 918)	–	(6 918)	–	(6 918)
	–	–	–	(193 974)	(193 974)	(18 280)	(212 254)
	–	3 587	–	–	3 587	–	3 587
	–	8 922	–	–	8 922	–	8 922
	–	–	–	–	–	–	–
	–	–	–	–	–	(49 217)	(49 217)
	–	–	–	–	(63 170)	–	(63 170)
	–	–	–	–	–	13 500	13 500
	46 386	86 392	(32 896)	2 966 582	3 031 919	196 326	3 228 245
	–	–	–	733 475	733 475	55 291	788 766
	17 005	–	(17 922)	–	(917)	8 578	7 661
	–	–	(24 812)	–	(24 812)	–	(24 812)
	–	–	–	(209 721)	(209 721)	(14 841)	(224 562)
	–	–	–	–	–	–	–
	–	(1 632)	–	–	(1 632)	–	(1 632)
	–	13 337	–	–	13 337	–	13 337
	–	–	–	–	–	61 202	61 202
	–	–	–	–	–	(60 352)	(60 352)
	–	–	–	–	(169 745)	–	(169 745)
	–	–	–	–	–	12 101	12 101
	63 391	98 097	(75 630)	3 490 336	3 371 904	258 305	3 630 209

ABRIDGED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2011

	NOTES	2011 R'000	2010 R'000
Cash flow from operating activities			
Cash generated from operations	30.1	345 276	1 064 789
Adjustments for:			
Investment income	19	224 727	279 505
Finance costs	20	(18 089)	(17 018)
Taxation paid	30.2	(650 624)	(608 154)
Dividend paid		(224 562)	(193 974)
Net cash flow from operating activities		(323 272)	525 148
Cash flow from investing activities			
Increase in other financial assets		(99 034)	(133 743)
Proceeds from sale of financial assets		86 516	–
Acquisitions net of cash acquired	31.3	(296 841)	(180 561)
Acquisition of associates		–	(5 000)
Increase in advances to associates		(104 404)	(79 005)
Proceeds on disposal of plant and equipment		42 842	42 981
Purchase of property, plant and equipment			
– to maintain operations		(85 030)	(138 866)
– to expand operations		(204 197)	(117 544)
Net cash flow from investing activities		(660 148)	(611 738)
Cash flow from financing activities			
Decrease in long-term financial liabilities		(53 341)	(68 134)
Increase in equity loans from non-controlling interests		12 101	13 500
Net cash flow from financing activities	30.4	(41 240)	(54 634)
Decrease in cash and cash equivalents for the year		(1 024 660)	(141 224)
Cash and cash equivalents at beginning of year		3 891 039	4 032 263
Cash and cash equivalents at the end of year	30.5	2 866 379	3 891 039

ABRIDGED PRINCIPAL ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2011

STATEMENT OF COMPLIANCE

The consolidated and company financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and the interpretations adopted by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee of the IASB.

BASIS OF PREPARATION

The consolidated and company financial statements have been prepared on the historical cost basis, except for specific financial assets and derivative financial instruments which are measured at fair value through profit and loss. The accounting policies adopted have been consistently applied throughout the group to all the periods presented.

SIGNIFICANT JUDGEMENTS AND ESTIMATES

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. 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 in the future could differ from these estimates, which may be material to the financial statements.

ABRIDGED NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2011

	2011 R'000	2010 R'000
1. CASH FLOW INFORMATION		
1.1 Cash generated by operations		
Operating profit before non-trading items:	1 090 049	1 274 174
Adjusted for non-cash items:		
Depreciation	208 065	183 985
Movement in provisions	(88 220)	691 501
Net unrealised foreign exchange gains and losses	6 914	24 713
(Profit)/loss from disposal of property, plant and equipment	(2 502)	3 703
Profit on share issue	(3 053)	–
Provision for recoverable debts	4 893	–
Translation of foreign entities (note 30.3)	17 005	(36 585)
Operating income before working capital changes:	1 233 151	2 141 491
Working capital changes:		
Decrease/(increase) in inventories	51 162	(11 989)
Decrease in net excess billings over work done	(1 148 536)	(698 227)
(Increase)/decrease in trade and other receivables	(97 419)	119 627
Increase/(decrease) in short-term financial liabilities	306 918	(486 113)
	(887 875)	(1 076 702)
Cash generated from operations	345 276	1 064 789
1.2 Taxation paid		
Outstanding at beginning of the year	(88 772)	(138 758)
Expense for the year	(291 406)	(466 524)
Change in deferred tax	(47 424)	(103 066)
Acquisition of subsidiaries	(2 897)	11 422
Outstanding at end of year	(220 125)	88 772
Net taxation paid	(650 624)	(608 154)

	2011 R'000	2010 R'000
1. CASH FLOW INFORMATION CONTINUED		
1.3 Foreign currency translation reserve		
Property, plant and equipment	27 059	(1 971)
Intangibles	29 405	5 325
Inventories	(1 144)	(2 555)
Contracts in progress	5 033	39 799
Investments and receivables	(20 271)	(32 531)
Cash and cash equivalents	(14 237)	(47 424)
Long-term financial liabilities	(330)	242
Deferred tax	2 688	(1 145)
Provisions	2 411	(7 974)
Short-term financial liabilities	(21 769)	21 934
Taxation	(418)	861
Non-controlling interests and joint ventures	8 578	(11 146)
	17 005	(36 585)
1.4 Long-term financial liabilities and equity loans from non-controlling interests		
Outstanding at beginning of year	(24 946)	(21 768)
Acquisition of subsidiaries	(82 704)	(57 812)
Outstanding at end of year	66 410	24 946
Cash outflow for the year	(41 240)	(54 634)
1.5 Cash and cash equivalents		
Cash and cash equivalents	2 882 772	3 891 039
Bank overdrafts	(16 393)	–
	2 866 379	3 891 039

ABRIDGED NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2011

	2011 R'000
2. ACQUISITIONS	
2.1 Business combinations	
CARR Civil Contracting Pty Ltd (WBHO-CARR)	
On 1 July 2010, WBHO Australia acquired a 51% interest in CARR Civil Contracting Pty Ltd. The company was consolidated into the group's results from the acquisition date. Included in the group's results is revenue of R576 million and a loss before tax of R0,8 million.	
The fair value of assets and liabilities at the acquisition date were as follows:	
Property, plant and equipment	79 544
Inventory	5 076
Trade and other receivables	70 332
Long-term financial liabilities	(37 081)
Trade and other payables	(93 220)
Taxation and deferred taxation	(1 395)
Goodwill	1 614
Cash and cash equivalents	31 967
Equity value	56 837
Equity value attributable to non-controlling interests	(27 850)
Share of the equity value attributable to the group	28 987
Goodwill	12 310
Purchase price	41 297
Monaco Hickey Pty Ltd	
On 1 July 2010, Probuild Constructions Australia acquired a 60% interest in Monaco Hickey Pty Ltd. The company was consolidated into the group's results from the acquisition date. Included in the group's results is revenue of R255 million and a profit before tax of R12,4 million.	
The fair value of assets and liabilities at the acquisition date were as follows:	
Property, plant and equipment	1 259
Investments and guarantees	6
Inventory	39
Trade and other receivables	9 048
Long-term financial liabilities	(1 104)
Trade and other payables	(13 116)
Taxation and deferred taxation	504
Goodwill	38 748
Cash and cash equivalents	3 365
Equity value	38 749
Equity value attributable to non-controlling interests	(15 499)
Share of the equity value attributable to the group	23 250
Goodwill	–
Purchase price	23 250

	2011 R'000
2. ACQUISITIONS CONTINUED	
2.1 Business combinations continued	
North Coast Holdings Pty Ltd	
On 1 July 2010, CARR Civil Contracting Pty Ltd acquired a 100% interest in North Coast Holdings Pty Ltd. The company was consolidated into the group's results from the acquisition date. Included in the group's results is revenue of R74 million and a loss before tax of R4,7 million.	
Property, plant and equipment	72 413
Trade and other receivables	65 245
Inventory	471
Trade and other payables	(66 452)
Equity value	71 677
Goodwill	–
Purchase price	71 677
Contexx Holdings Pty Ltd	
On 1 November 2010, Probuild Constructions Australia Pty Ltd acquired a 50% interest in Contexx Holdings Pty Ltd. The company was consolidated into the group's results as from the acquisition date. Included in the group's results is revenue of R347 million and a loss before tax of R6,8 million.	
The fair value of assets and liabilities at the acquisition date were as follows:	
Property, plant and equipment	1 404
Trade and other receivables	55 992
Inventory	3 248
Trade and other payables	(127 317)
Taxation and deferred taxation	(2 753)
Cash and cash equivalents	83 940
Equity value	14 514
Equity value attributable to non-controlling interests	(7 256)
Share of the equity value attributable to the group	7 258
Goodwill	29 887
Purchase price	37 145

ABRIDGED NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2011

	2011 R'000
2. ACQUISITIONS CONTINUED	
2.1 Business combinations continued	
Renniks Construction (Pty) Ltd	
On 30 June 2011 the group acquired a 60% interest in Renniks Construction (Pty) Ltd and as a result, only the statement of financial position has been consolidated.	
The fair value of assets and liabilities at the acquisition date were as follows:	
Property, plant and equipment	6 794
Loans receivable	2 382
Trade and other receivables	13 042
Long-term financial liabilities	(628)
Trade and other payables	(4 958)
Taxation and deferred taxation	(1 455)
Cash and cash equivalents	11 317
Equity value	26 494
Equity value attributable to non-controlling interests	(10 598)
Share of the equity value attributable to the group	15 896
Goodwill	16 609
Purchase price	32 505

	PURCHASE CONSIDERATION R'000
2.2 Non-controlling interests	
During the year the group acquired an additional shareholding in the following subsidiaries from the non-controlling shareholders:	
Insitu Pipelines (Pty) Ltd	61 078
On 1 July 2010, WBHO Construction (Pty) Ltd acquired the remaining 30% interest in Insitu Pipelines (Pty) Ltd.	
Probuild Civils (QLD) Pty Ltd	2 995
On 1 July 2010, Probuild Constructions (Australia) Pty Ltd acquired 2,5% of the issued share capital from a non-controlling shareholder increasing its interest in the company to 90%.	
Probuild Constructions (Australia) Pty Ltd	
On 22 July 2010, WBHO Australia Pty Ltd acquired 1,12% of the issued share capital from a non-controlling shareholder increasing its interest in the company to 70,55%.	8 586
On 22 September 2010, WBHO Australia Pty Ltd acquired 0,47% of the issued share capital from a non-controlling shareholder increasing its interest in the company to 71,02%.	3 636
Following a share buy-back within the company on 30 September 2010, the group increased its interest in the company by 4,46% to 76,6%.	77 484
In terms of the 2009 share buy-back, an adjustment was made to the acquisition.	42 053
C.E.C.K. Pty Ltd (WBHO Civils)	19 374
On 6 July 2010, the group acquired 16,67% of the issued share capital from a non-controlling shareholder increasing its effective interest in the company to 92,5%.	

	PURCHASE CONSIDERATION R'000
2. ACQUISITIONS CONTINUED	
2.2 Non-controlling interests continued	
Roadspan Holdings (Pty) Ltd	6 350
On 1 April 2011, WBHO Construction (Pty) Ltd acquired the remaining 30% interest in Roadspan Holdings (Pty) Ltd.	
The aggregate effect of the acquisitions of non-controlling interests on goodwill recognised in equity amounts to:	169 745
2.3 Cash flow on acquisitions	
Comprising:	
Acquisition of businesses	205 874
Acquisition of non-controlling interests	221 556
Cash acquired	(130 589)
	296 841

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 29th annual general meeting of shareholders of Wilson Bayly Holmes-Ovcon Limited ("the company") will be held in the boardroom, ground floor, 53 Andries Street Wynberg, Sandton at 11:00 am on Wednesday, 9 November 2011.

The purpose of the annual general meeting is for the following business to be transacted and for the following special and ordinary resolutions to be proposed:

1. ORDINARY RESOLUTION NUMBER 1

APPROVAL OF ANNUAL FINANCIAL STATEMENTS

In terms of item 2(7) of Schedule 5 of the 2008 Companies Act, the annual financial statements of the company and its subsidiaries for the year ended 30 June 2011, are hereby adopted.

The minimum percentage of voting rights that is required for this resolution to be adopted is 50% (fifty percent) of the voting rights plus 1 (one) vote to be cast on the resolution.

2. ORDINARY RESOLUTION NUMBER 2

APPOINTMENT OF AUDITORS

"RESOLVED AS AN ORDINARY RESOLUTION that BDO South Africa Inc. are hereby reappointed as the auditors of the company, and Mr S Shaw is hereby reappointed as the designated auditor to hold office for the ensuing year."

Note that the Audit committee has recommended the reappointment of BDO South Africa Inc as auditors of the company with Mr S Shaw as designated auditor.

The minimum percentage of voting rights that is required for this resolution to be adopted is 50% (fifty percent) of the voting rights plus 1 (one) vote to be cast on the resolution.

3. ORDINARY RESOLUTION NUMBER 3

REAPPOINTMENT AND APPOINTMENT OF DIRECTORS

Messrs MS Wylie, EL Nel, JW Abbott and Ms NA Matyumza retire in accordance with the company's Articles of Association, and, being eligible, offer themselves for re-election with the exception of Mr JW Abbott.

A brief CV of these directors are set out on pages 18 and 19.

Accordingly, to consider and, if deemed fit, to re-elect those directors by way of passing the separate ordinary resolutions set out below:

ORDINARY RESOLUTION NUMBER 3.1

Appointment of Michael Stanley Wylie as chairman

"Resolved that Mr MS Wylie be and is hereby elected as chairman of the company."

ORDINARY RESOLUTION NUMBER 3.2

Appointment of Nomalungelo Angelina Matyumza as director

"Resolved that Ms NA Matyumza be and is hereby elected as a director of the company."

ORDINARY RESOLUTION NUMBER 3.3

Appointment of Elia Louw Nel as director

"Resolved that Mr EL Nel be and is hereby elected as a director of the company."

The minimum percentage of voting rights that is required for each of resolutions 3.1 to 3.3 to be adopted is 50% (fifty percent) of the voting rights plus 1 (one) vote to be cast on each resolution.

4. ORDINARY RESOLUTION NUMBER 4

APPOINTMENT OF AUDIT COMMITTEE MEMBERS FOR THE YEAR ENDING 30 JUNE 2012.

"RESOLVED AS AN ORDINARY RESOLUTION that Ms NA Matyumza (Chairperson), Ms NS Mjoli-Mncube and Mr JM Ngobeni be appointed by way of separate resolutions as the company's audit committee members, all of whom are independent non-executive directors for the year ending 30 June 2012."

A brief CV of these directors are set out on pages 18 and 19.

The minimum percentage of voting rights that is required for this resolution to be adopted is 50% (fifty percent) of the voting rights plus 1 (one) vote to be cast on the resolution.

5. SPECIAL RESOLUTION NUMBER 1

DIRECTORS' FEES FOR THE YEAR ENDING 30 JUNE 2012

RESOLVED AS A SPECIAL RESOLUTION that the directors' fees, to be paid to the directors in their capacity as directors only, for the year ending 30 June 2012 be as follows:

	2010/2011 R'000	2011/2012 R'000
Non-executive directors	120 000	130 000
Chairman of audit committee	180 000	200 000
Chairman of remuneration committee	40 000	43 000
Committee members (per meeting)	18 000	18 000

REASON FOR THE SPECIAL RESOLUTION

The new Companies Act requires shareholder approval of directors' fees in advance by way of special resolution.

The minimum percentage of voting rights that is required for this resolution to be adopted is 75% (seventy-five percent) of the voting rights to be cast on the resolution.

6. SPECIAL RESOLUTION NUMBER 2

GENERAL APPROVAL TO REPURCHASE COMPANY SHARES

"RESOLVED AS A SPECIAL RESOLUTION that the company hereby approves, as a general approval, the acquisition by the company or any of its subsidiaries from time to time of the issued shares of the company, upon such terms and conditions and in such amounts as the directors of the company may from time to time determine, but subject to the Memorandum of Incorporation of the company, the provisions of the Companies Act No 71 of 2008, as amended, and the JSE Limited ("JSE") Listings Requirements ("JSE Listings Requirements") as presently constituted and which may be amended from time to time, and provided that acquisitions by the company and its subsidiaries of shares in the capital of the company may not, in the aggregate, exceed in any one financial year 5% (five percent) of the company's issued share capital of the class of shares acquired from the date of the grant of this general approval.

ADDITIONAL REQUIREMENTS IMPOSED BY THE JSE LISTINGS REQUIREMENTS

It is recorded that the company or its subsidiaries may only make a general acquisition of shares if the following JSE Listings Requirements are met:

- a. any such acquisition of shares shall be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the company or its subsidiaries and the counterparty or other manner approved by the JSE;
- b. the general approval shall only be valid until the company's next annual general meeting or for 15 (fifteen) months from the date of passing of this special resolution, whichever period is shorter;
- c. a paid press announcement will be published as soon as the company and/or its subsidiaries has/have acquired shares in terms of this authority constituting, on a cumulative basis, 3% (three percent) of the number of shares of the class of shares acquired in issue at the time of granting of this general approval and for each 3% (three percent) in aggregate of the initial number of that class of shares acquired thereafter, which announcement shall contain full details of such acquisitions as required by paragraph 11.27 of the JSE Listings Requirements;
- d. in determining the price at which the company's shares are acquired by the company or its subsidiaries in terms of this general approval, the maximum price at which such shares may be acquired may not be greater than 10% (ten percent) above the weighted average of the market value at which such shares are traded on the JSE, as determined over the 5 (five) business days immediately preceding the date of the acquisition of such shares by the company or its subsidiaries;

- e. in the case of a derivative (as contemplated in the JSE Listings Requirements), the price of the derivative shall be subject to the limitations set out in paragraph 5.84(a) of the JSE Listings Requirements;
- f. a resolution by the board of directors of the company that they authorised the repurchase, that the company passed the solvency and liquidity test and that since the test was done there have been no material changes to the financial position of the company; and
- g. the company and/or its subsidiaries may not repurchase any shares in terms of this authority during a prohibited period, as defined in the JSE Listings Requirements, unless the company and/or its subsidiaries has in place a repurchase programme, where dates and quantities of shares to be traded during the prohibited period are fixed and full details of the programme have been disclosed in an announcement over SENS prior to the commencement of the prohibited period.

STATEMENT BY THE BOARD OF DIRECTORS OF THE COMPANY

Pursuant to, and in terms of, the JSE Listings Requirements, the board of directors of the company hereby state that:

- a. the intention of the directors of the company is to utilise the general authority to acquire shares in the capital of the company if at some future date the cash resources of the company are in excess of its requirements or there are other good grounds for doing so. In this regard the directors will take account of, inter alia, an appropriate capitalisation structure for the company, the long-term cash needs of the company and the interests of the company;
- b. in determining the method by which the company intends to repurchase its securities, the maximum number of securities to be repurchased and the date on which such repurchase will take place, the directors of the company will only make repurchases if at the time of the repurchase they are of the opinion that:
 - b.1 The company and its subsidiaries will, after the repurchase, be able to pay their debts as they become due in the ordinary course of business for the 12 (twelve) month period following the date of this notice of the annual general meeting;

NOTICE OF ANNUAL GENERAL MEETING CONTINUED

- b.2 the consolidated assets of the company and its subsidiaries, fairly valued and recognised and measured in accordance with the accounting policies used in the latest audited financial statements, will, after the repurchase, be in excess of the consolidated liabilities of the company and its subsidiaries for the 12- (twelve) month period following the date of this notice of the annual general meeting;
- b.3 the issued share capital and reserves of the company and its subsidiaries will, after the repurchase, be adequate for the ordinary business purposes of the company and its subsidiaries for the 12- (twelve) month period following the date of this notice of the annual general meeting; and
- b.4 the working capital available to the company and its subsidiaries will, after the repurchase, be adequate for the ordinary business requirements of the company and its subsidiaries for the 12- (twelve) month period following the date of this notice of the annual general meeting.

REASON AND EFFECT OF SPECIAL RESOLUTION NUMBER 2

The reason for special resolution number 2 is to grant the company a general authority in terms of the JSE Listings Requirements for the acquisition by the company or any of its subsidiaries of shares issued by the company, which authority shall be valid until the earlier of the next annual general meeting of the company or the variation or revocation of such general authority by special resolution by any subsequent general meeting of the company, provided that the general authority shall only be valid until the company's next annual general meeting, or for 15 (fifteen) months from the date of passing of this special resolution, whichever period is shorter. The passing and filing of this special resolution will have the effect of authorising the company and/or any of its subsidiaries to acquire shares issued by the company.

The minimum percentage of voting rights that is required for this resolution to be adopted is 75% (seventy-five percent) of the voting rights to be cast on the resolution.

7. ORDINARY RESOLUTION NUMBER 5

GENERAL AUTHORITY OVER UNISSUED SHARES

"Resolved that after providing for the shares reserved for the purpose of the company's share scheme, the balance of unissued ordinary shares be placed under the control of the directors, who are hereby authorised to allot and issue these shares at such times and on such terms as they may decide, subject to the JSE Listings Requirements and provided that any shares issued in terms of this authority shall not exceed 10% of the company's issued share capital prior to such issue".

The minimum percentage of voting rights that is required for each of resolutions 3.1 to 3.3 to be adopted is 50% (fifty percent) of the voting rights plus 1 (one) vote to be cast on each resolution.

8. ORDINARY RESOLUTION NUMBER 6

DIRECTORS' AUTHORITY TO IMPLEMENT SPECIAL AND ORDINARY RESOLUTIONS

"RESOLVED AS AN ORDINARY RESOLUTION that each and every director of the company be and is hereby authorised to do all such things and sign all such documents as may be necessary for or incidental to the implementation of the resolutions passed at this meeting."

The minimum percentage of voting rights that is required for this resolution to be adopted is 50% (fifty percent) of the voting rights plus 1 (one) vote to be cast on the resolution.

9. TO TRANSACT SUCH OTHER BUSINESS THAT MAY BE TRANSACTED AT AN ANNUAL GENERAL MEETING

GENERAL INSTRUCTIONS AND INFORMATION

The Integrated Report to which this notice of annual general meeting is attached provides details of:

- the directors of the company on pages 18 and 19;
- an analysis of the shareholders of the company are found on page 67 of the CD;
- the directors' shareholding in the company under note 26 of the financial statements included on the CD; and
- the share capital of the company under note 10 of the financial statements included on the CD.

There are no material changes to the company's financial or trading position, other than the investigation by the Competition Commission nor are there any material, legal or arbitration proceedings (pending or threatened) that may affect the financial position of the company.

The directors, whose names are given on pages 18 and 19 of the integrated report, collectively and individually accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the annual report and this notice contains all information required by law and the JSE Listings Requirements.

All shareholders are encouraged to attend, speak and vote at the annual general meeting.

ENTITLEMENT TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IN PERSON OR BY PROXY

If you hold certificated shares (ie have not dematerialised your shares in the company) or are registered as an own name dematerialised shareholder (ie have specifically instructed your Central Securities Depository Participant ("CSDP") to hold your shares in your own name on the company's subregister) then:

you may attend and vote at the annual general meeting; alternatively you may appoint a proxy (who need not also be a shareholder of the company) to attend, participate in and speak and vote in your place at the annual general meeting by completing the attached form of proxy and returning it to the registered office of the company or to the transfer secretaries, Computershare Investor Services (Pty) Ltd, the details of which are set out on page 92 of the integrated report, by no later than 11:00 on Monday, 7 November 2011 being 48 (forty-eight) hours prior to the time appointed for the holding of the annual general meeting. Please note that your proxy may delegate his/her authority to act on your behalf to another person, subject to the restrictions set out in the attached form of proxy. Please also note that the attached form of proxy must be delivered to the registered office of the company or to the transfer secretaries, Computershare Investor Services (Pty) Ltd as aforesaid, before your proxy may exercise any of your rights as a shareholder at the annual general meeting.

Please note that any shareholder of the company that is a company may authorise any person to act as its representative at the annual general meeting. Please also note that section 63(1) of the 2008 Companies Act, requires that persons wishing to participate in the annual general meeting (including the aforementioned representative) provide satisfactory identification before they may so participate.

Please note that if you are the owner of dematerialised shares (ie have replaced the paper share certificates representing the shares with electronic records of ownership under the JSE's electronic settlement system, Share Transactions Totally Electronic (STRATE) held through a CSDP or broker and are not registered as an "own name dematerialised shareholder", then you are not a registered shareholder of the company, but your CSDP or broker (or their nominee) would be.

Accordingly, in these circumstances, subject to the mandate between yourself and your CSDP or broker (or their nominee), as the case may be:

if you wish to attend the annual general meeting you must contact your CSDP or broker (or their nominee), as the case may be, and obtain the relevant letter of representation from it; alternatively

if you are unable to attend the annual general meeting but wish to be represented at the meeting, you must contact your CSDP or broker (or their nominee), as the case may be, and furnish it with your voting instructions in respect of the annual general meeting and/or request it to appoint a proxy. You should not complete the attached form of proxy. The instructions must be provided in

accordance with the mandate between yourself and your CSDP or broker, as the case may be, within the time period required by your CSDP or broker, as the case may be.

CSDPs, brokers or their nominees, as the case may be, recorded in the company's subregister as holders of dematerialised shares held on behalf of an investor/beneficial owner in terms of STRATE should, when authorised in terms of their mandate or instructed to do so by the owner on behalf of whom they hold dematerialised shares in the company, vote by either appointing a duly authorised representative to attend and vote at the annual general meeting or by completing the attached form of proxy in accordance with the instructions thereon and returning it to the registered office of the company or to the transfer secretaries, Computershare Investor Services (Pty) Ltd, the details of which are set out here of the Integrated Report, by no later than 11h00 on Monday, 7 November 2011, being 48 (forty-eight) hours prior to the time appointed for the holding of the annual general meeting.

Shareholders of the company that wish to participate in the annual general meeting should note that any shareholder of the company that is a company may authorise any person to act as its representative at the annual general meeting. Please also note that section 63(1) of the 2008 Companies Act, requires that person wishing to participate in the annual general meeting (including the aforementioned representative) must provide satisfactory identification before they may so participate.

By order of the board



S Vally-Kara
Company secretary

ADMINISTRATION

WILSON BAYLY HOLMES-OVCON LIMITED

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

REGISTERED OFFICE AND CONTACT DETAILS

53 Andries Street
Wynberg, Sandton 2090
PO Box 531
Bergvlei 2012

Telephone: (011) 321 7200
Fax: 011 887 4364

Website: www.wbho.co.za
Email: wbhoho@wbho.co.za

COMPANY SECRETARY

S Vally-Kara
ACIS

AUDITORS

BDO South Africa Inc.
13 Wellington Road
Parktown 2193
Private Bag X60
Houghton 2041

TRANSFER SECRETARIES

Computershare Investor Services (Pty) Ltd
70 Marshall Street
Johannesburg 2001
PO Box 61051
Marshalltown 2107

Telephone: 011 370 5000
Fax: 011 370 5271

SPONSOR

Investec Bank Limited
100 Grayston Drive
Sandton 2196
PO Box 785700
Sandton 2146

SHAREHOLDERS' DIARY

Financial year-end	30 June
Preliminary announcement	4 September 2012
Annual report posted*	9 October 2012
Interim results announced	20 February 2012

SHAREHOLDERS' PAYMENTS

INTERIM PAYMENT

Approved	17 February 2012
Payable	16 April 2012

FINAL PAYMENT

Approved	31 August 2012
Payable	22 October 2012

* Please note that these are approximate dates.

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STATEMENT OF RESPONSIBILITY BY THE BOARD OF DIRECTORS

The directors are responsible for the preparation, integrity and fair presentation of the financial statements of Wilson Bayly Holmes-Ovcon Limited and its subsidiaries. The financial statements, presented on pages 7 to 66, have been prepared in accordance with International Financial Reporting Standards (IFRS) and the Companies Act of South Africa and include amounts based on judgements and estimates made by management. The directors have also prepared any other information included in the annual report and are responsible for both its accuracy and its consistency with the financial statements.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the group and place considerable importance on maintaining a strong control environment. To enable 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. 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 the group's business is conducted in a manner that 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. Whilst 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.

The directors are of the opinion, based on information and explanations given by management and the internal auditors, that the system of internal control provides reasonable

assurance that the financial records may be relied on for the preparation of the 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. The directors have no reason to believe that the company or the group will not be going concerns in the foreseeable future based on forecasts and available cash resources. The viability of the company and the group is supported by the financial statements.

The financial statements have been audited by the independent auditors, BDO South Africa Inc., 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. BDO South Africa Inc's unqualified audit report is presented on page 3.

The financial statements were approved by the board of directors on 2 September 2011 and are signed on its behalf.



Mike Wylie
Chairman

2 September 2011



Louwtjie Nel
Chief Executive Officer

STATEMENT OF COMPLIANCE BY THE COMPANY SECRETARY

I confirm that the company has lodged with the Registrar of Companies in respect of the year ended 30 June 2011 all returns which are required to be lodged by a public company in terms of the Companies Act, as amended, and that all such returns are true, correct and up to date.



Mrs S Vally-Kara
Company secretary

2 September 2011

REPORT OF INDEPENDENT AUDITORS

TO THE MEMBERS OF WILSON BAYLY HOLMES-OVCON LIMITED

We have audited the group annual financial statements and annual financial statements of Wilson Bayly Holmes-Ovcon Limited, which comprise the consolidated and company statements of financial position as at 30 June 2011, the consolidated and company statements of financial performance and statements of other comprehensive income, the consolidated and company statements of changes in equity and consolidated and company statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, and the directors' report, as set out on pages 5 to 66.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The group's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

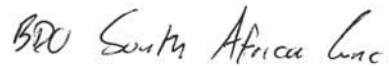
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the

auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, these financial statements present fairly, in all material respects, the consolidated and company financial position of Wilson Bayly Holmes-Ovcon Limited as at 30 June 2011, and its consolidated and company financial performance and consolidated and company cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa.



BDO South Africa Incorporated

Registered Auditor
Per SD Shaw

13 Wellington Road
Parktown
2193

2 September 2011

AUDIT COMMITTEE REPORT

FOR THE YEAR ENDED 30 JUNE 2011

The audit committee report has been prepared in terms of section 94(7)(f) of the Companies Act No 71 of 2008, as amended.

The audit committee has complied with the requirements of the King III Report and has conducted its work in accordance with the terms of reference which has been approved by the board and is recorded in the Corporate Governance Report for the financial year ended 30 June 2011.

Audit committee members and attendance at meetings:

The committee comprises of Ms Nomgando Matyumza, the chairperson, Ms Nonhlanhla Mjoli-Mncube and Mr James Ngobeni, all independent non-executive board members. Mr Malcolm McCulloch resigned from the committee effective 16 February 2011.

A table setting out the attendance at the audit committee meetings appears on page 21 of the Integrated Report. Their CVs appear on pages 18 and 19.

The CEO, CFO, the partner in charge of external audit, the manager responsible for internal audit and other senior managers attend the audit committee meetings by invitation.

The committee discharges all audit committee responsibilities of all the subsidiary companies within the group. The committee performed the following activities during the year:

INTERNAL CONTROLS

During the financial year under the review, the audit committee considered the effectiveness of the internal audit procedures and approved the one year operational internal audit work plan. The committee also monitored the adherence of the internal audit department to its annual plan.

Both the internal and external audit management reports concerning the effectiveness of the internal control environment, the systems adopted and processes conducted were reviewed and assessed.

The committee dealt with all matters raised in the reports of both internal and external auditors requesting appropriate responses and actions from management.

Furthermore, the audit committee reviewed the processes in place for reporting matters of concern relating to accounting practices, internal audit procedures and practices, the adequacy of the auditing of the group's financial statements, the internal controls of the company and any related matters.

During the year the audit committee made appropriate recommendations to the board regarding the corrective actions that had to be adopted as a consequence of the audit findings.

The group's fraud policy was reviewed by the committee and they satisfied themselves that any instances of whistle-blowing were appropriately resolved.

The ethical conduct of the group, its executives and senior management was found to be acceptable during the year.

STATUTORY DUTIES

In terms of the audit committee's statutory duties, the committee ensured that any extra or non-audit services that were provided by the external auditors were such that their independence would not be impaired and were approved and ratified by the board. The audit charter together with the audit committee working plan was approved by the board.

The committee was satisfied and reported to the board that the group was operating as a going concern. It had also been satisfied that the group has reported in terms of International Financial Reporting Standards. The audit committee was also satisfied that the group had complied with the JSE Listings requirements.

The committee ensured that both the internal and external audit functions were conducted independently and held separate meetings with both the internal audit department and the external auditors, BDO South Africa Incorporated ("BDO") during the year.

The committee had ensured that in agreeing the audit fee for the year, that the audit environment would not be curtailed in any way and the appropriate level of scope be adopted.

The committee reviewed the performance, appropriateness and expertise of the chief financial officer and confirms his suitability for appointment as financial director in terms of the JSE Listings Requirements.

The committee confirmed that it is satisfied with the independence of the group's external auditors and the respective audit partners.

The audit committee reviewed the performance and independence of the external auditor, BDO South Africa Inc. and nominated their appointment and further approval at the annual general meeting, as well as accepting Mr S Shaw as the designated audit partner for the 2012 financial year.

The audit committee is therefore satisfied that the group has adhered and complied with all the statutory requirements for the year ended 30 June 2011.



NNA Matyumza
Audit committee chairman

2 September 2011

DIRECTORS' REPORT

NATURE OF BUSINESS

The company is listed on the securities exchange operated by JSE Limited and is the holding company of a number of subsidiary companies principally engaged in civil engineering and building contracting activities in the Republic of South Africa and internationally.

GROUP RESULTS

Revenue decreased by 2,9% to R14,8 billion (2010: R15,2 billion) while operating profit before non-trading items decreased to R1,1 billion (2010: R1,3 billion). Headline earnings attributable to shareholders amounted to R733 million (2010: R961 million). The consolidated statement of financial performance provides further details.

INTERESTS IN SUBSIDIARIES

Details of the group's principal subsidiary companies are 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 within the consolidated statement of financial performance were earned by subsidiary companies.

On 30 June 2011, the group acquired 60% of the issued share capital of Renniks Construction (Pty) Ltd (Renniks) at a cost of R32,5 million. Renniks' activities consist of civil contracting and sliding processes. A 51% interest in CARR Civil Contracting Pty Ltd was acquired by WBHO Australia on 1 July 2010 at a cost of R41,3 million. Through its Australian subsidiary, Probuild Constructions (Australia) Pty Ltd, the group acquired a 60% interest in Monaco Hickey Pty Ltd on 1 July 2010 and a 50% interest in Contextx Holdings Pty Ltd on 1 November 2010 for R23,2 million and R37 million respectively.

The group has furthermore increased its shareholding in Roadspan Holdings (Pty) Ltd and Insitu Pipelines (Pty) Ltd to 100% and its shareholding in Probuild Constructions (Australia) Pty Ltd from 69,4% to 75,19%.

LOSSES IN SUBSIDIARIES

Included in the group's profit before tax of R1,2 billion are pre-tax losses from the following subsidiaries:

- WBHO Construction Zambia Ltd R2,2 million
- CARR Civil Contracting Pty Ltd R2,3 million
- Contextx Holdings Pty Ltd R9,1 million

DIVIDENDS

Dependent upon profits earned and the availability of cash, the policy of the group is to pay an interim dividend in April and

a final dividend in October of each year. The final dividend is approximately twice the value of the interim dividend. A final dividend of 220 cents per share in respect of the 2011 year was declared on 2 September 2011 which together with the interim dividend of 110 cents per share results in a total payment to shareholders for the year of 330 cents per share (2010: 330 cents).

SHARE CAPITAL

The company's issued share capital is 66 000 000 ordinary shares.

Subject to the regulations of the JSE, 10% of the unissued ordinary shares are under the control of the directors, until the next annual general meeting (AGM) to be held on 9 November 2011. At this meeting, shareholders will be requested to grant the directors the same authority until the next annual general meeting in 2012.

SHARE SCHEMES

A summary of transactions undertaken by the WBHO Share Trust, the WBHO Management Trust, Akani Investment Holdings (Pty) Ltd and the Broad-Based Employee Share Incentive Trust during the year appear in note 28.

In terms of the trust deeds a further 5 548 750 shares could be issued to eligible employees.

There have been no changes to the trustees of the share schemes for the year under review.

Participants in the schemes were advanced interest-free loans by the trust to enable them to purchase the shares offered.

The trusts are consolidated for the purposes of the consolidated annual financial statements.

BORROWING POWERS

The articles of association place no restrictions on the directors concerning the amount of money the company may borrow.

DIRECTORATE

Details concerning the company's directors, secretary, business and postal addresses are set out at the end of the annual report.

In terms of the company's articles of association, Messrs Wylie, Matyumza and Nel retire at the forthcoming annual general meeting and are eligible for re-election. Mr Abbott retires from the board and will not make himself available for re-election. Mr Henwood will be appointed in his place.

DIRECTORS' REPORT

CONTINUED

DIRECTORS' SHAREHOLDING

The interests of the directors and those of their families appear under note 26.

There have been no material changes to directors' shareholdings between the balance sheet date and the date of this report. The composition of the board is disclosed in the annual report.

RELATED PARTY TRANSACTIONS

Related party transactions are disclosed under note 26.

PROPERTY, PLANT AND EQUIPMENT

Full details of the property, plant and equipment are reflected under note 2.

SUBSEQUENT EVENTS

There were no subsequent events at the time of going to press.

SPECIAL RESOLUTIONS

There were no special resolutions passed during the year. However, on 2 September 2011, the following special resolution was passed:

AUTHORITY TO PROVIDE FINANCIAL ASSISTANCE TO ANY GROUP COMPANY

It was resolved that, in accordance with section 45 of the Companies Act, No 71 of 2008, as amended (the "Companies Act"), the provision of any financial assistance by the company to any company or corporation which is related or inter-related to the company (as defined in the Companies Act), on the terms and conditions which the directors may determine be and is hereby approved.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2011

	NOTES	2011 R'000	2010 R'000
ASSETS			
Property, plant and equipment	2	1 433 063	1 203 768
Intangibles	3	390 467	293 057
Deferred taxation	14	92 712	154 615
Investment in associates	4	401 116	415 773
Non-current assets held-for-sale	5	11 020	–
Other financial assets	6	143 952	131 435
Total non-current assets		2 472 330	2 198 648
Inventories	7	230 313	263 558
Amounts due by customers	8	549 241	196 660
Trade and other receivables	9	3 052 884	2 807 135
Derivative financial instruments	10	–	1 053
Taxation		304 208	–
Cash and cash equivalents	30.5	2 882 772	3 891 039
Total current assets		7 019 418	7 159 445
Total assets		9 491 748	9 358 093
EQUITY			
Share capital and share premium	11	28 625	28 625
Retained earnings and other components of equity		3 343 279	3 003 294
Attributable to equity holders of the group		3 371 904	3 031 919
Non-controlling interests	12	258 305	196 326
Total equity		3 630 209	3 228 245
LIABILITIES			
Interest-bearing borrowings	13	66 410	24 946
Other long-term financial liabilities	13	24 116	–
Deferred taxation	14	41 000	57 102
Total non-current liabilities		131 526	82 048
Excess billings over work done	8	1 237 105	2 002 420
Trade and other payables	15	2 731 160	2 236 112
Derivative financial instruments	10	–	1 707
Short-term portion of interest bearing borrowings	13	39 870	24 545
Other short-term financial liabilities	13	9 553	–
Provisions	16	1 611 849	1 694 244
Taxation		84 083	88 772
Bank overdrafts	30.5	16 393	–
Total current liabilities		5 730 013	6 047 800
Total equity and liabilities		9 491 748	9 358 093

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2011

	NOTES	2011 R'000	2010 R'000
Revenue	17	14 766 631	15 201 095
Operating costs		(12 815 172)	(13 088 158)
Administrative costs		(861 410)	(838 763)
Operating profit before non-trading items		1 090 049	1 274 174
Impairment of goodwill/negative goodwill realised	3	(36 266)	(219)
Share-based payment expense	28	(32 418)	(8 922)
Profit/(loss) on disposal of investment		57 921	(5 682)
Impairment of loans to associates	4	(65 867)	–
Fair value adjustments to financial assets		97	2 583
Operating profit	18	1 013 516	1 261 934
Investment income	19	224 727	279 505
Finance costs	20	(18 089)	(17 018)
Share of profits and losses from associates	4	(51 388)	(30 386)
Profit before taxation		1 168 766	1 494 035
Taxation	21	(380 000)	(466 524)
Profit for the year		788 766	1 027 511
Profit attributable to:			
Equity shareholders of Wilson Bayly Holmes-Ovcon Limited		733 475	961 485
Non-controlling interests	12	55 291	66 026
Profit for the year		788 766	1 027 511
Weighted average number of shares (000)	22	54 727	54 791
Diluted weighted average number of shares (000)	22	55 237	54 987
Earnings per share (cents)	22	1 340,2	1 754,8
Diluted earnings per share (cents)	22	1 327,9	1 748,6
Dividend per share (cents)		330,0	330,0

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2011

	2011 R'000	2010 R'000
Profit for the year	788 766	1 027 511
Translation of foreign entities	17 005	(36 585)
Share of associate companies' comprehensive loss	(17 922)	(25 978)
Total comprehensive income for the year	787 849	964 948
Total comprehensive income attributable to:		
Equity shareholders of Wilson Bayly Holmes-Ovcon Limited	723 980	910 068
Non-controlling interests	63 869	54 880
Total comprehensive income for the year	787 849	964 948

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2011

	ORDINARY SHARES ISSUED R'000	TREASURY SHARES R'000	SHARE PREMIUM R'000	GOODWILL R'000
Balance at 30 June 2009	547	113	27 965	–
Profit for the year	–	–	–	–
Other comprehensive income	–	–	–	–
Share of movement in associates' equity	–	–	–	–
Dividend paid	–	–	–	–
Treasury shares acquired	(2)	2	–	–
Share-based payments expense	–	–	–	–
Recognised on acquisition of subsidiaries	–	–	–	–
Change in shareholding of subsidiaries	–	–	–	–
Goodwill recognised in equity	–	–	–	(63 170)
Equity loans advanced by non-controlling interests	–	–	–	–
Balance at 30 June 2010	545	115	27 965	(63 170)
Profit for the year	–	–	–	–
Other comprehensive income	–	–	–	–
Share of movement in associates' equity	–	–	–	–
Dividend paid	–	–	–	–
Treasury shares acquired	(3)	3	–	–
Cash-settled equity instruments raised	–	–	–	–
Share-based payments expense	–	–	–	–
Recognised on acquisition of subsidiaries	–	–	–	–
Change in shareholding of subsidiaries	–	–	–	–
Goodwill recognised in equity	–	–	–	(169 745)
Equity loans advanced by non-controlling interests	–	–	–	–
Balance at 30 June 2011	542	118	27 965	(232 915)

NON-DISTRIBUTABLE RESERVES			DISTRIBUTABLE RESERVES R'000	SHAREHOLDERS' EQUITY R'000	NON- CONTROLLING INTERESTS R'000	TOTAL EQUITY R'000
FOREIGN CURRENCY TRANSLATION RESERVE R'000	EMPLOYEE SHARE- SCHEME RESERVE R'000	OTHER RESERVES R'000				
82 971	73 883	–	2 199 071	2 384 550	195 443	2 579 993
–	–	–	961 485	961 485	66 026	1 027 511
(36 585)	–	(25 978)	–	(62 563)	(11 146)	(73 709)
–	–	(6 918)	–	(6 918)	–	(6 918)
–	–	–	(193 974)	(193 974)	(18 280)	(212 254)
–	3 587	–	–	3 587	–	3 587
–	8 922	–	–	8 922	–	8 922
–	–	–	–	–	–	–
–	–	–	–	–	(49 217)	(49 217)
–	–	–	–	(63 170)	–	(63 170)
–	–	–	–	–	13 500	13 500
46 386	86 392	(32 896)	2 966 582	3 031 919	196 326	3 228 245
–	–	–	733 475	733 475	55 291	788 766
17 005	–	(17 922)	–	(917)	8 578	7 661
–	–	(24 812)	–	(24 812)	–	(24 812)
–	–	–	(209 721)	(209 721)	(14 841)	(224 562)
–	–	–	–	–	–	–
–	(1 632)	–	–	(1 632)	–	(1 632)
–	13 337	–	–	13 337	–	13 337
–	–	–	–	–	61 202	61 202
–	–	–	–	–	(60 352)	(60 352)
–	–	–	–	(169 745)	–	(169 745)
–	–	–	–	–	12 101	12 101
63 391	98 097	(75 630)	3 490 336	3 371 904	258 305	3 630 209

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2011

	NOTES	2011 R'000	2010 R'000
Cash flow from operating activities			
Cash generated from operations	30.1	345 276	1 064 789
Adjustments for:			
Investment income	19	224 727	279 505
Finance costs	20	(18 089)	(17 018)
Taxation paid	30.2	(650 624)	(608 154)
Dividend paid		(224 562)	(193 974)
Net cash flow from operating activities		(323 272)	525 148
Cash flow from investing activities			
Increase in other financial assets		(99 034)	(133 743)
Proceeds from sale of financial assets		86 516	–
Acquisitions net of cash acquired	31.3	(296 841)	(180 561)
Acquisition of associates		–	(5 000)
Increase in advances to associates		(104 404)	(79 005)
Proceeds on disposal of plant and equipment		42 842	42 981
Purchase of property, plant and equipment			
– to maintain operations		(85 030)	(138 866)
– to expand operations		(204 197)	(117 544)
Net cash flow from investing activities		(660 148)	(611 738)
Cash flow from financing activities			
Decrease in long-term financial liabilities		(53 341)	(68 134)
Increase in equity loans from non-controlling interests		12 101	13 500
Net cash flow from financing activities	30.4	(41 240)	(54 634)
Decrease in cash and cash equivalents for the year		(1 024 660)	(141 224)
Cash and cash equivalents at beginning of year		3 891 039	4 032 263
Cash and cash equivalents at the end of year	30.5	2 866 379	3 891 039

PRINCIPAL ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2011

STATEMENT OF COMPLIANCE

The consolidated and company financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and the interpretations adopted by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee of the IASB.

BASIS OF PREPARATION

The consolidated and company financial statements have been prepared on the historical cost basis, except for specific financial assets and derivative financial instruments which are measured at fair value through profit and loss. The accounting policies adopted have been consistently applied throughout the group to all the periods presented.

SIGNIFICANT JUDGEMENTS AND ESTIMATES

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. 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 in the future could differ from these estimates, which may be material to the financial statements. Significant estimates include:

IMPAIRMENT OF TRADE AND OTHER RECEIVABLES

Estimates based on management's assessment of the likelihood of collecting receivables outstanding for longer than 120 days.

INVENTORIES

Where inventories are recognised at net realisable value, estimates are made of the expected selling price, cost of completion and marketing, selling and distribution costs.

PROPERTY, PLANT AND EQUIPMENT

Management uses the best available information to make estimates of the residual values and useful lives of items of property, plant and equipment.

IMPAIRMENT OF ASSETS

In determining the recoverable amount of an asset, estimates are made of suitable discount rates, growth rates and working capital requirements in order to calculate present value as well as the future cash flows expected to arise from a specific asset or cash-generating unit.

FAIR VALUE OF ASSETS ACQUIRED IN BUSINESS COMBINATIONS

On the acquisition of a company, fair values are attributed to the identifiable assets (including intangibles), liabilities, and contingent liabilities acquired. Fair values are determined by reference to active market value or, if unavailable, by reference

to the current market price of similar assets or obligations, or by discounting expected future cash flows to their present values.

PROVISIONS

Provisions are recognised when deemed necessary by management and are based on the estimate of expected outflows using the relevant information available.

CONTRACTING PROFIT OR LOSS RECOGNITION

Estimates are made of the total expected costs of individual contracts when applying the stage of completion method. In certain instances management are required to exercise judgement to determine whether the outcome of a contract can be reliably estimated.

TAXATION

The group is subject to taxes in numerous jurisdictions. Judgement is required in determining the provision for taxes as the tax liability and treatment thereof cannot be finally determined until a formal assessment has been made by the relevant tax authority.

BUSINESS COMBINATIONS

SUBSIDIARIES

Subsidiaries are entities in which the group has an interest of more than half of the voting rights or the power to govern the financial and operating policies relevant to the entity. Subsidiaries are incorporated into the consolidated financial statements from the date control is obtained until it is classified as held for sale, at which time it is accounted for in accordance with IFRS 5 "Non-current Assets Held-for-Sale and Discontinued Operations", or any other date where there is a change in shareholding such that there is no longer control.

The cost of an acquisition is measured as the fair value of assets transferred (including intangibles), equity instruments issued and liabilities (including contingent liabilities) incurred or assumed. Non-controlling interests are determined as the non-controlling shareholders' proportionate share of the fair value of the net assets of subsidiaries at the acquisition date and their further interest in the subsidiary company's equity from the date of acquisition.

Changes in the shareholding of a subsidiary that do not result in a loss of control are accounted for as equity transactions (ie transactions with owners in their capacity as owners). After adjusting the non-controlling interests to reflect the changes in their relative interests in the subsidiary any difference between the amounts by which the non-controlling interests are adjusted and the fair value of the consideration paid or received shall be recognised directly in equity and attributed to the owners of the parent.

ASSOCIATES

An associate company is an entity over which the group has the ability to exercise significant influence, but not control. Investments in associates are initially recognised at cost.

PRINCIPAL ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2011

The group's share of the post-acquisition earnings and reserves of its associates are incorporated in the financial statements using the equity method of accounting, from the effective dates of their acquisition until the effective dates of their disposal or any other date where there is a change in shareholding or control such that the entity becomes or ceases to be classified as an associate. The group's share of post-acquisition losses are recognised until such time as the carrying amount of the investment including any post-acquisition losses, are written down to nil. Post-acquisition losses in excess of the group's interest in an associate are not recognised unless there is an obligation to make good those losses.

In the company's separate annual financial statements, investments in associates are carried at cost less any accumulated impairment.

JOINT VENTURES

Joint ventures are contractual agreements where the group and third parties undertake an economic activity that is subject to joint control and usually take the form of jointly-controlled entities. The financial and operational decisions surrounding the activities require the unanimous consent of all parties.

Interests in joint ventures are accounted for using the proportionate consolidation method where the group aggregates its share of the assets and liabilities, revenues and expenses, and cash flows on a line-by-line basis with similar items within its own financial statements.

GOODWILL

The purchase method is used when an entity is acquired. On the acquisition date, fair values are attributed to the identifiable assets, liabilities, and contingent liabilities. Fair values of the identifiable assets and liabilities and contingent liabilities, are determined by reference to market values of those or similar items, where available, or by discounting expected future cash flows to achieve present values. Assets which are held-for-sale in accordance with IFRS 5 are measured at fair value less costs to sell.

The excess of the cost of acquisition over the fair value of the group's share of the net identifiable assets is recorded as goodwill on the acquisition date.

Goodwill is subject to an annual impairment test and any impairment is recognised immediately in the statement of financial performance and is not subsequently reversed. To the extent that the fair value of the net identifiable assets of the entity acquired exceeds the cost of acquisition, the excess is recognised in the consolidated statement of financial performance at the acquisition date.

Goodwill recognised on the acquisition of a subsidiary or a joint venture is included in intangible assets. Goodwill recognised on the acquisition of an associate company is included in investment in associates. On disposal of a subsidiary the attributable goodwill is included in the determination of the profit or loss on disposal. The same principle is applicable for partial disposals, where a portion of the attributable goodwill is recognised as part of the cost of the disposed assets.

BASIS OF CONSOLIDATION

The consolidated financial statements include the financial position, financial performance and cash flow information of the holding company, its subsidiaries, joint ventures and associates. All financial results are consolidated with similar items on a line-by-line basis with the exception of investments in associates.

Where subsidiaries, associates or joint ventures use accounting policies other than those adopted in the consolidated financial statements, appropriate adjustments are made in preparing the consolidated financial statements.

Inter-company and inter-segment transactions and balances as well as unrealised gains and losses between entities are eliminated on consolidation.

Unrealised gains and losses in respect of associates are eliminated against the investment in the associate to the extent of the group's interest in these entities.

Gains and losses on transactions between the group and jointly-controlled entities are recognised only to the extent of unrelated investors' interest in the joint venture. The parent's share in the jointly-controlled entity's profits and losses resulting from these transactions is eliminated against the asset or liability of the jointly-controlled entity arising on the transaction.

Special-purpose entities are consolidated on a line-for-line basis where the group is deemed to have control over the entity.

SEGMENTAL REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-makers, identified as the executive directors. The group's reportable segments represent strategic business units that offer the main services of the group.

FINANCIAL INSTRUMENTS

Financial instruments are recognised when the entity becomes a party to the contractual provisions of the instruments. Financial instruments are derecognised when substantially all risks and rewards of ownership have been transferred.

Financial instruments are recognised initially on transaction date at fair value. For financial instruments carried at fair value through profit and loss, transaction costs are either added to or deducted from the fair value on recognition.

The group classifies its financial instruments into the following categories depending on the purpose for which the instrument was acquired. Management determines the classification at the time of initial recognition.

The group's categories are as follows:

- Financial assets and liabilities at fair value through profit and loss
- Loans and receivables
- Financial liabilities held at amortised cost

FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS

These instruments include trading investments, non-trading investments and derivative financial instruments and are measured at fair value. Changes in fair value are recognised annually in the statement of financial performance.

The fair value of instruments that are actively traded in organised financial markets are determined by reference to quoted market prices at the close of business on the statement of financial position date. For instruments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions, referencing to the current market value of another instrument which is substantially the same or discounted cash flow analysis.

Financial assets and liabilities at fair value on the face of the consolidated statement of financial position include:

Concessions

These investments are revalued based on the present value of expected future cash flows and are carried as non-current assets on the face of the consolidated statement of financial position.

Listed share investments

The value of these investments varies according to the share price as traded on the Johannesburg Stock Exchange (JSE). These assets are represented as non-current assets on the face of the consolidated statement of financial position.

Derivatives

Derivative financial assets and liabilities are financial instruments whose value changes in response to underlying conditions and require little or no initial investment. Derivatives are separated between their current and non-current portions on the face of the statement of financial position depending on their expected maturity dates.

LOANS AND RECEIVABLES

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Amortised cost is calculated using the effective interest rate method.

Gains and losses are recognised in the statement of financial performance when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

The recoverable amount of the group's loans and receivables is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (ie the effective interest rate computed at initial recognition of these financial assets).

An impairment loss in respect of loans and receivables carried at amortised cost is reversed if the subsequent increase in the recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

Loans and receivables on the face of the consolidated statement of financial position include:

Trade and other receivables

Trade and other receivables are measured at cost less provision for impairment. An impairment arises when there is objective evidence that the group will be unable to collect the balance owed in respect of the receivable's trade terms. The provision is recognised in the consolidated statement of financial performance.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held on call with banks, investments in money market instruments and bank overdrafts. Cash on hand is measured at fair value.

Loans receivable

Loans are recognised at amortised cost and include accrued interest (where applicable). Loans are classified as current assets in terms of the loan agreements.

FINANCIAL LIABILITIES HELD AT AMORTISED COST

These instruments include trade payables, accruals and amounts owed for assets held under finance lease agreements and are carried at amortised cost. Financial liabilities shown on the face of the consolidated statement of financial position include:

Trade and other payables

These instruments are recognised at amortised cost using the effective interest rate method. The obligation arising is expected to be settled within 12 months of the statement of financial position date.

Interest-bearing borrowings

Borrowings are recognised at amortised cost net of finance costs. Borrowings are subdivided between current and non-current portions on the consolidated statement of financial position depending on when the obligation will fall due.

PROPERTY, PLANT AND EQUIPMENT MEASUREMENT

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment. Land is not depreciated. Cost includes all qualifying expenditure that is directly attributable to the acquisition of the item.

SUBSEQUENT COSTS

Subsequent costs are included in an asset's carrying value 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.

SITE RESTORATION AND DISMANTLING COSTS

Where there is an obligation to dismantle items of property, plant and equipment and to restore a site to its original condition before those assets were placed there, a provision

PRINCIPAL ACCOUNTING POLICIES CONTINUED

FOR THE YEAR ENDED 30 JUNE 2011

is recognised. The cost of the item of property, plant and equipment includes the estimated present value of any future unavoidable costs of dismantling and removing the assets.

Any changes in the estimated costs of dismantling and site restoration are added to, or deducted from, the cost of the related asset in the current period or in the statement of financial performance if the cost adjustment exceeds the carrying value of the asset. If the adjusted cost results in an addition to the cost of the asset, management should consider if the new carrying amount of that asset is fully recoverable. If not, an impairment test should be carried out and any resulting loss recognised in the statement of financial performance.

REVALUATIONS

Property, plant and equipment are not revalued.

COMPONENTS

Where plant and equipment comprises major components with different useful lives, such components are accounted for and depreciated as separate items. Expenditure incurred to replace or modify a significant component is capitalised and any remaining book value of the component replaced is written off in the consolidated statement of financial performance.

DEPRECIATION

Property, plant and equipment is depreciated to its estimated residual values over its expected useful life. The depreciation methods, estimated remaining useful lives and residual values are reviewed at least annually. The depreciation methods and average depreciation periods are set out in note 2.

INTANGIBLES

Certain companies within the group hold intangible assets in the form of mining rights. These assets are held at cost and assessed for impairment annually. Once the asset comes into use, it will be amortised over its useful life.

CONTRACTS IN PROGRESS

Profits or losses in respect of long-term contracts are recognised on an individual contract basis using the stage of completion method. Where the outcome of a construction contract can be estimated reliably, the stage of completion is determined on the basis of actual costs incurred at the statement of financial position date compared to the estimated total costs of the contract. Anticipated losses on incomplete contracts are fully provided for as soon as the loss is foreseen and includes any loss related to future work on the contract. Contracts in progress are stated at cost plus profit taken to date less cash received or receivable less any provision for losses. On contracts where the outcome cannot be reliably estimated, revenue is recognised to the extent that the recoverability of costs incurred is probable.

INVENTORIES

Inventories are valued at the lower of cost or net realisable value.

Cost is determined on the following basis:

- materials on site, consumable stores and trading stock are valued at cost on the weighted-average basis; and
- property for development is stated at cost together with development expenditure incurred during the development stage, unless the capitalisation of such expenditure would result in the value of the property exceeding the value which, in the opinion of the directors, would be realised when sold.

Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

NON-CURRENT ASSETS HELD-FOR-SALE

Non-current assets are classified as held-for-sale if their carrying value will be recovered through a sale transaction rather than through continuing use. This condition is regarded as being met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Non-current assets held-for-sale are stated at the lower of the carrying amount and fair value less costs to sell.

IMPAIRMENT OF ASSETS

Impairment tests are undertaken bi-annually at each reporting period or whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Where the carrying amount of an asset exceeds its recoverable amount (being the higher of value in use or fair value less costs to sell), the asset is impaired accordingly.

The recoverable amount is the greater of an asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are 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. For an asset that does not generate cash inflows largely independent of those from other assets (including goodwill), the recoverable amount is determined for the cash-generating unit to which the asset relates. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to such cash-generating units and thereafter, to reduce the carrying amounts of the other assets in the unit on a pro rata basis.

Impairment charges are shown on the face of the consolidated statement of financial performance. An impairment loss recognised for goodwill is not reversed.

In respect of other assets an impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount. However, the amount of the impairment reversed cannot result in the final balance exceeding the carrying amount that would have been determined (net of depreciation or amortisation), had no impairment loss been recognised in previous years.

LEASED ASSETS

FINANCE LEASES

Assets held under finance leases which will result in substantially all the risks and rewards of ownership are capitalised as property, plant and equipment. Finance lease assets are initially recognised at an amount equal to their fair value and depreciated over their useful lives. The capital portion of the lease is included under liabilities (current or non-current as appropriate) in the statement of financial position. The interest portion is expensed in the consolidated statement of financial performance over the lease term to reflect the remaining obligation for the financial period.

OPERATING LEASES

Leases of assets under which all the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Operating lease rentals are charged against operating profit on a straight-line basis over the period of the lease. The difference between the amount recognised as an expense and the contractual payment is recognised as an operating lease liability. This liability is not discounted.

PROVISIONS

Provisions are recognised when there is a present legal or constructive obligation resulting from past events, where the settlement of such obligation will result in the probable outflow of resources from the group and a reliable estimate can be made of the amount of the obligation. If a present obligation does not exist or the amount cannot be reliably measured, the provision is not recognised but rather disclosed as a contingent liability.

Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at year-end and are discounted to present value if the effect is material.

Provisions for future expenses are not raised, unless supported by an onerous contract, being a contract in which unavoidable costs will be incurred in meeting contract obligations in excess of the economic benefits expected to be received from the contract.

BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use.

The amount of borrowing costs eligible for capitalisation is determined as follows:

- actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any income earned from any temporary investment of these borrowings;
- weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset; and
- borrowing costs capitalised may not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when:

- expenditures for the asset are being incurred;
- borrowing costs have been incurred; and
- activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalisation ceases when construction of the qualifying asset is interrupted for an extended period or when the asset is substantially complete. Any further borrowing costs are recognised in the statement of financial performance.

REVENUE AND REVENUE RECOGNITION

Revenue is recognised when it can be reliably measured and it is probable that the economic benefits associated with the transaction will flow to the entity.

CONTRACT REVENUE

Where the outcome of a construction contract can be reliably estimated, contract revenue is recognised based on the fair value of measured work done including variations on claims, taking into account the stage of completion of each contract.

PROPERTY REVENUE

Revenue arising from property sales is recognised when the significant risks and rewards of ownership have been transferred to the purchaser.

OTHER INCOME

Other income earned by the group which is not included in revenue, is recognised on the following basis:

- Interest income is recognised in the consolidated statement of financial performance using the effective interest rate method; and
- Dividend income is recognised in the consolidated statement of financial performance when the right to receive payment has been established.

FOREIGN CURRENCY TRANSLATION

PRESENTATION CURRENCY

The consolidated financial statements are presented in Rands which is the presentation currency and functional currency of the majority of the operations within the group.

FOREIGN OPERATIONS

Items included in each of the group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The results and financial position of all the group entities that have a functional currency different from that of the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing rate;
- income and expenses are translated at average exchange rates; and
- all resulting exchange differences are recognised as a separate component of equity until such foreign entity

PRINCIPAL ACCOUNTING POLICIES CONTINUED

FOR THE YEAR ENDED 30 JUNE 2011

is disposed of at which time such translation difference is recognised in the consolidated statement of financial performance.

TRANSACTIONS AND BALANCES

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the transaction dates. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of financial performance.

Goodwill and fair value adjustments arising on the acquisition of foreign entities are treated as assets of the foreign entity and translated at the closing rate.

TAXATION

CURRENT TAXATION

The current tax charge is the calculated 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.

DEFERRED TAXATION

Deferred taxation is provided using the liability method to calculate all temporary differences between the carrying amounts for financial reporting purposes and the amounts used for taxation purposes.

No deferred tax is provided on temporary differences relating to:

- goodwill;
- the initial recognition of an asset or liability to the extent that neither accounting nor taxable profit is affected on acquisition; and
- 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 profits will be available against which the unused tax losses and deductible temporary differences can be utilised. Enacted or substantively enacted tax rates that are expected to apply when the asset is realised or liability settled, are used to determine the deferred taxation provision at statement of financial position date.

SECONDARY TAXATION ON COMPANIES (STC)

STC is recognised as a component of the current tax charge in the statement of financial performance when the related dividend is declared. When dividends received in the current year can be offset against future dividend payments to reduce the STC liability, a deferred tax asset is recognised to the extent of the future reduction in STC.

EMPLOYEE BENEFITS

DEFINED CONTRIBUTION BENEFITS

Under defined contribution plans the group's legal or constructive obligation is limited to the amount that it agrees

to contribute 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 service in a particular period are recognised as an expense in that period.

DEFINED BENEFIT FUNDS

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit actuarial valuation method. Actuarial gains and losses are recognised as income or expense when the net cumulative unrecognised actuarial gains and losses for each individual plan at the end of the previous reporting period exceeded 10% of the higher of the defined benefit obligation and the fair value of plan assets at that date (the corridor method).

These gains or losses are recognised over the expected average remaining working lives of the employees participating in the plan.

The past service cost is recognised as an expense on a straight line basis over the average period until the benefits vest. If the benefits have already vested immediately following the introduction of, or changes to a pension plan, past service cost is recognised immediately.

The defined benefit asset or liability comprises the present value of the defined benefit obligation less past service cost not yet recognised and less the fair value of plan assets out of which the obligations are to be settled directly. The value of any asset is restricted to the sum of any past service cost not yet recognised and the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

LEAVE PAY

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the liability for annual leave, as a result of services by employees, up to the statement of financial position date.

BONUS PLANS

A liability for employee benefits in the form of bonus plans is recognised as a provision as past practice has created a valid expectation by employees that they will receive a bonus and amounts can be determined before the time of issuing the financial statements.

SHARE-BASED COMPENSATION

The group operates both equity-settled and cash-settled share based schemes.

Equity-settled

The fair value of shares and deferred delivery shares granted to employees is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date taking into account the structure of the grant, and expensed over the period during which the employees are

required to provide services in order to become unconditionally entitled to the equity instruments and allowing for an estimate of the shares that will eventually vest. 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 from the scheme, the estimated share based payment expense is adjusted such that on a cumulative basis, no expense is recognised in respect of that employee.

Where goods or services are received by the group in return for the equity compensation benefits, the fair value of the equity instrument provided, determined using valuation techniques, is expensed on receipt of goods or, in the case of services, on a straight-line basis over their vesting periods. Where no goods or services can be determined to be received by the group the net cost of shares, as calculated above, is expensed in the consolidated statement of financial performance immediately.

Cash-settled

The fair value of the amount payable to employees in respect of share appreciation rights is recognised as an expense with a corresponding increase in liabilities. The liability is remeasured at each statement of financial position date or any settlement dates to fair value. The fair value of the instruments granted is measured by reference to quoted prices in active markets.

TREASURY SHARES

Shares held by the various share trusts are treated as treasury shares. The shares are treated as a deduction from the issued and weighted average number of shares and the cost price of the shares is deducted from the share capital and share premium in the statement of financial position on consolidation. Dividends received on treasury shares are eliminated on consolidation. No profit or loss is recognised in the statement of financial performance on the purchase, sale, issue or cancellation of the group's own equity instruments.

STANDARDS AND INTERPRETATIONS

STANDARDS AND INTERPRETATIONS ADOPTED IN THE CURRENT YEAR

The group and company adopted the following statements and interpretations during the financial year with no significant financial impact:

Annual improvements to IFRS (2010)

This consists of amendments to International Financial Reporting Standards through the annual improvements project.

IFRS 2 Share-based Payments – amendments relating to group cash-settled share-based payment transactions

This amendment states that goods or services received through an equity-settled or cash-settled share-based payment transaction must be accounted for no matter which entity in the group settles the transaction.

IAS 32 – Financial Instruments: Presentation

The amendment for accounting for rights issues denominated in a currency other than the functional currency of the issuer.

IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments

This interpretation clarifies the accounting treatment when an entity renegotiates the terms of its debt whereby the liability is extinguished through the debtor issuing its own equity instruments to the entity.

Significant standards and interpretations in issue but not yet effective

At the date of authorisation of these financial statements, the following new and amended standards and interpretations were in issue but not yet adopted.

- IFRS 7 – Financial Instruments: disclosures (effective 1 July 2011)
- IFRS 9 – Financial Instruments (effective 1 January 2013)
- IFRS 10 – Consolidated Financial Statements (effective 1 January 2013)
- IFRS 11 – Joint Arrangements (effective 1 January 2013)
- IFRS 12 – Disclosure of Interests in Other Entities (effective 1 January 2013)
- IFRS 13 – Fair Value Measurement (effective 1 January 2013)
- Annual improvements to IFRS (2011) (effective 1 January 2012)
- IAS 1 – Presentation of Financial Statements (effective 1 July 2012)
- IAS 12 – Income Taxes (effective 1 January 2012)
- IAS 19 – Employee Benefits (effective 1 January 2013)
- IAS 24 – Related Parties (effective 1 January 2011)
- IAS 27 – Consolidated and Separate Financial Statements – consequential amendments resulting from the issue of IFRS 10, 11 and 12 (effective 1 January 2013)
- IAS 28 – Investments in Associates and Joint Ventures (effective 1 January 2013)
- IFRIC 14 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (effective 1 January 2011)

The directors believe that neither the new nor the revised statements and interpretations will have a significant impact on the group's accounting policies.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2011

	LAND AND BUILDINGS R'000	AIRCRAFT R'000	PLANT, VEHICLES AND EQUIPMENT R'000	OFFICE AND COMPUTER EQUIPMENT R'000	TOTAL R'000
2. PROPERTY, PLANT AND EQUIPMENT					
2011					
Cost					
At 30 June 2010	212 708	28 645	1 740 916	70 996	2 053 265
Additions	26 595	–	247 778	14 854	289 227
Acquisition of subsidiaries	22 086	–	216 315	1 840	240 241
Disposals	–	–	(114 594)	(7 195)	(121 789)
Translation of foreign entities	11 895	–	27 315	3 593	42 803
At 30 June 2011	273 284	28 645	2 117 730	84 088	2 503 747
Accumulated depreciation					
At 30 June 2010	14 655	5 140	775 188	54 514	849 497
Depreciation	2 942	557	195 524	9 042	208 065
Disposals	–	–	(74 793)	(6 656)	(81 449)
Acquisition of subsidiaries	–	–	77 578	1 249	78 827
Translation of foreign entities	511	–	12 830	2 403	15 744
At 30 June 2011	18 108	5 697	986 327	60 552	1 070 684
Net book value at 30 June 2011	255 176	22 948	1 131 403	23 536	1 433 063
2010					
Cost					
At 30 June 2009	193 466	28 645	1 540 050	66 969	1 829 130
Additions	17 384	–	234 005	5 055	256 444
Acquisition of subsidiaries	–	–	70 184	1 803	71 987
Disposals	–	–	(99 748)	(3 476)	(103 224)
Translation of foreign entities	1 858	–	(3 575)	645	(1 072)
At 30 June 2010	212 708	28 645	1 740 916	70 996	2 053 265
Accumulated depreciation					
At 30 June 2009	9 216	3 801	655 387	47 054	715 458
Depreciation	5 445	1 339	168 546	8 655	183 985
Disposals	(5)	–	(61 750)	(2 190)	(63 945)
Acquisition of subsidiaries	–	–	14 295	603	14 898
Translation of foreign entities	(1)	–	(1 290)	392	(899)
At 30 June 2010	14 655	5 140	775 188	54 514	849 497
Net book value at 30 June 2010	198 053	23 505	965 728	16 482	1 203 768

	2011 R'000	2010 R'000
2. PROPERTY, PLANT AND EQUIPMENT CONTINUED		
The net book value of land and buildings comprise:		
Land	44 567	19 194
Buildings	210 609	178 859
	255 176	198 053

The depreciation rates applied are set out below:

Aircraft	Variable rates based on flying hours
Land	Nil
Buildings	2% straight line
Plant and vehicles	Variable rates based on expected production units
Equipment	33,3% straight line
Office equipment and computers	10% – 33,3% straight line

Details of the freehold land and buildings are recorded in a register in terms of Schedule 4 of the Companies Act of South Africa which is available for inspection at the group's registered office.

Plant, vehicles and equipment with a book value of R139 million (2010: R26 million) are subject to instalment sale agreements (note 13).

	2011 R'000	2010 R'000
3. INTANGIBLES		
Goodwill		
Cost	470 447	341 874
Accumulated impairment	(85 457)	(48 817)
Carrying value	384 990	293 057
The carrying value of goodwill is reconciled as follows:		
Carrying value at beginning of year	293 057	206 261
Arising from business combinations	99 168	81 690
Impairments	(36 640)	(219)
Translation of foreign entities	29 405	5 325
Carrying value at end of year	384 990	293 057
Recognised in consolidated statement of financial performance:		
Impairment of existing goodwill	(36 640)	(219)
Negative goodwill realised on acquisition of subsidiaries	374	–
	(36 266)	(219)
Business segmentation		
Roads and Earthworks	71 519	108 159
Building and Civil Engineering	16 609	–
Australia	296 862	184 898
	384 990	293 057

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2011

	2011 R'000	2010 R'000
3. INTANGIBLES CONTINUED		
Impairment of goodwill		
The recoverable amount of a cash-generating unit is determined based on value-in-use calculations. The calculations use discounted cash flow projections based on financial forecasts over a five-year period. The discount rates used in the cash flow models are between 10% and 18% (2010: 11% and 15%).		
These estimates are pre-tax discount rates that reflect the current market assessments of the time value of money and specific risk to the cash-generating unit.		
The discount rates are arrived at after taking into account the following factors:		
• fluctuations in operating conditions • fluctuations in estimated growth rates; and • expected working capital requirements.		
The growth rates used in forecasting cash flows are at a constant 10% (2010: 10%).		
Other intangible assets		
Cost		
Rights, owned by CARR Civils Contracting Pty Ltd, an Australian subsidiary, to source up to 800 000 tons of soil at the rate of AU\$1 per ton. The asset is carried at cost and will be amortised on a systematic basis over the 800 000 tons, as and when the soil is sourced. To date, no soil has been sourced.	5 477	–
Total intangible assets	390 467	293 057
4. INVESTMENTS IN ASSOCIATES		
Unlisted		
Investment at cost	97 335	104 335
Attributable post-acquisition gains, losses and equity movements	(159 217)	(62 205)
Loans advanced	462 998	373 643
	401 116	415 773
The carrying value of investments in associates is reconciled as follows:		
Carrying value at the beginning of the year	415 773	428 502
Changes in shareholding	–	(25 430)
Share of profits and losses	(51 388)	(30 386)
Share of comprehensive loss and equity movements	(42 734)	(32 896)
Dividends received	(2 889)	(3 022)
Loans advanced	170 271	79 005
Impairment of loans	(65 867)	–
Fair value adjustments	(11 030)	–
Transfer to non-current assets held-for-sale (note 5)	(11 020)	–
Carrying value at the end of the year	401 116	415 773

4. INVESTMENTS IN ASSOCIATES CONTINUED

Investments in associates include:

	COUNTRY OF INCORPORATION	EFFECTIVE INTEREST		INVESTMENTS AT COST		LOANS ADVANCED	
		2011 %	2010 %	2011 R'000	2010 R'000	2011 R'000	2010 R'000
Gigajoule International (Pty) Ltd	South Africa	26,6	26,6	7 770	7 770	20 384	18 254
Capital Africa Steel (Pty) Ltd	South Africa	50,0	50,0	89 562	89 562	442 612	351 489
Ilembe Airport Construction Services (Pty) Ltd	South Africa	28,3	28,3	3	3	2	–
Bunengi Mining Services (Pty) Ltd	South Africa	–	21,3	–	7 000	–	3 900
				97 335	104 335	462 998	373 643

The group has elected to dispose of its interest in Bunengi Mining Services (Pty) Ltd and has transferred the asset to non-current assets held for sale (note 5).

The aggregate assets and liabilities and the aggregate results from operations of associates are summarised as follows:

	2011 R'000	2010 R'000
Non-current assets	822 211	904 223
Current assets	658 162	800 524
Total assets	1 480 373	1 704 747
Shareholders' equity	(277 668)	(178 010)
Non-current liabilities	1 310 556	1 340 855
Current liabilities	447 485	541 902
Total equity and liabilities	1 480 373	1 704 747
Revenue	1 390 752	3 714 087
Operating loss	(15 617)	(96 046)
The group's share of profit and losses in associates for the year.	(51 388)	(30 386)

The loans are unsecured and will not be repaid within the next 12 months in terms of the loan agreements.

The loan with Gigajoule International (Pty) Ltd bears interest at prime.

The loan with Capital Africa Steel (Pty) Ltd bears interest at prime plus 2%.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2011

	2011 R'000	2010 R'000
5. NON-CURRENT ASSETS HELD-FOR-SALE		
Bunengi Mining Services (Pty) Ltd		
The group has a 21,3% interest in Bunengi Mining Services (Pty) Ltd which, in turn, owns the mining rights for coal mines in the Yzermyn area. During the year, the group elected to dispose of its interest in the company and has entered into a binding sale agreement with a prospective purchaser. All conditions precedent to the agreement have been fulfilled barring ratification of the sale by the Department of Trade and Industry.		
The carrying value of the investment consists of:		
Investment at cost	7 000	–
Loans	4 020	–
	11 020	–
The loan is interest free, unsecured and will be repaid once the asset has been sold.		
6. OTHER FINANCIAL ASSETS		
6.1 Financial assets at fair value through profit and loss		
Investments		
<i>Listed investments</i>		
At cost	176	176
Accumulated fair value adjustments	603	509
Fair value	779	685
<i>Unlisted investments</i>		
<i>Investments in concessions</i>		
At cost	482	482
Disposed of during the year	(202)	–
Accumulated fair value adjustments	–	28 394
Fair value	280	28 876
<i>Other investments</i>		
At cost	19 698	19 698
Acquired during the year	13	–
Disposed of during the year	(1 201)	–
Accumulated fair value adjustments	447	(888)
Fair value	18 957	18 810
Total investments	20 016	48 371

	2011 R'000	2010 R'000
6. OTHER FINANCIAL ASSETS CONTINUED		
6.1 Financial assets classified as fair value through profit and loss continued A register of listed investments is available for inspection at the registered office of the group in terms of section 113 of the Companies Act of South Africa. Investments in concessions These investments comprise a 2,5% interest in the Department of Trade and Industry office campus and the group's 3,6% interest in the Bakwena Plantinum Corridor Concession Company (Pty) Ltd which was disposed of during the year. Other investments These investments consist of investments in Australia and South Africa. The Australian investments include a 50% interest in a headlease, a 40% interest in Rhombus Investments and a 100% interest in Monaco Hickey (NZ) Pty Ltd and Plumber's Supplies Co-operative Ltd. A 4,8% interest in the Victorian Opportunity Fund was disposed of during the year. The South African investment is a 2,5% interest in Savana Property (Pty) Ltd.		
6.2 Financial assets carried at amortised cost Long-term receivables <i>Secured loans</i> ¹ Interest-bearing between 10% and 20% – Property development loans 155 755 52 441 Less: Short-term portion (note 9) (54 504) – ² Interest-bearing at 16% – Concession investment loans 2 594 2 644 ³ Interest-free loans to employees for shares 56 223 27 979 ⁴ Less: Short-term portion (note 9) (40 287) – ⁴ Interest-bearing at prime less 2% – Property development loan 4 155 – Total long-term receivables 123 936 83 064 ¹ Property development loans are secured by second mortgage bonds over property and rank either ahead of the developer or have no fixed terms of repayment. ² The loan to concession investments is secured through an option to exercise rights in terms of the preference share terms and has no fixed terms of repayment. ³ Loans to employees are secured by shares received in terms of the share scheme and are repayable five years from the date of sale of the shares (note 28). ⁴ The property development loan is secured by a lien and will be repaid at the end of the contract in July 2012. Total other financial assets 143 952 131 435		
7. INVENTORIES Consumable stores 45 715 41 320 Properties for development 173 398 211 038 Trading stock 11 200 11 200 230 313 263 558		

Properties for development with a carrying value of R170 million (2010: R149 million) are secured by mortgage bonds as described in notes 13 and 15.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2011

	2011 R'000	2010 R'000
8. CONTRACTS IN PROGRESS		
Costs incurred to date	41 377 071	38 556 381
<i>Plus:</i> Profit recognised to date	4 783 043	4 463 383
	46 160 114	43 019 764
<i>Less:</i> Work certified to date	(46 932 896)	(44 915 650)
Net amounts due to customers	(772 782)	(1 895 886)
Payments received in advance (note 15)	84 918	90 126
Excess billings over work done	1 237 105	2 002 420
Amounts due by customers	549 241	196 660
9. TRADE AND OTHER RECEIVABLES		
Contract debtors	2 117 542	2 215 516
Provisions for irrecoverable debts	(48 993)	(43 789)
Contract retentions	222 864	242 754
Other trade debtors	136 478	–
Dividend receivable	75 007	–
Prepayments	33 149	17 508
Amounts owing by joint venture partners (note 26)	163 340	165 909
Staff debtors	697	1 493
Staff debtors for shares (note 6)	40 287	–
Short-term loans	4 438	10 100
Short-term portion of property development loans (note 6)	54 504	–
Value added taxation	97 737	101 328
Debtor for repayment of purchase consideration on business combination	37 252	–
Other receivables	118 582	96 316
	3 052 884	2 807 135
The carrying values of these receivables approximate their fair values due to the short-term nature of the instruments.		
10. DERIVATIVE FINANCIAL INSTRUMENTS		
Current assets		
Forward exchange contracts	–	1 053
Current liabilities		
Forward exchange contracts	–	1 707
Details in respect of derivative financial instruments and the group's financial risk policy are set out in note 27.		

	2011 R'000	2010 R'000
11. SHARE CAPITAL		
Authorised		
100 000 000 ordinary shares of 1 cent each	1 000	1 000
20 000 000 redeemable preference shares of 5 cents each	1 000	1 000
	2 000	2 000
Issued		
To the public:		
2011: 54 199 456 (2010: 54 498 966) fully paid-up ordinary shares of 1 cent each	542	545
To share trusts and BEE vehicles:		
2011: 11 800 544 (2010: 11 501 034) fully paid-up ordinary shares of 1 cent each	118	115
	660	660
Share premium	27 965	27 965
Balance at the end of the year	28 625	28 625
The directors are authorised, by resolution of the shareholders until the forthcoming annual general meeting, to issue shares reserved for the share schemes and to dispose of the unissued shares for any purpose and upon such terms and conditions as they see fit.		
Less than 20% of the issued share capital of the group has been issued to employees in terms of share incentive schemes.		
12. NON-CONTROLLING INTERESTS		
The non-controlling interest balance can be reconciled as follows:		
Interest in reserves		
Balance at the beginning of the year	161 494	174 111
Share of attributable earnings	55 291	66 026
Dividends declared and paid	(14 841)	(18 280)
Non-controlling interests arising from business combinations	61 202	–
Transactions with owners	(60 352)	(49 217)
Translation of foreign entities	8 578	(11 146)
Balance at the end of the year	211 372	161 494
Equity loans		
Balance at the beginning of the year	34 832	21 332
Net loans advanced/repaid	12 101	13 500
Balance at the end of the year	46 933	34 832
Total non-controlling interests	258 305	196 326

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2011

	2011 R'000	2010 R'000
13. FINANCIAL LIABILITIES AT AMORTISED COST		
Interest-bearing borrowings		
<i>Secured</i>		
– Capitalised finance leases (priced at market-related interest rates linked to prime)	77 576	36 924
– Property development loan (priced at prime less 1%)	18 424	1 809
	96 000	38 733
<i>Less: Current portion of capitalised finance leases</i>	(39 870)	(24 545)
	56 130	14 188
<i>Unsecured</i>		
Loans (priced between prime less 0,5% and prime less 2%)	10 280	10 758
Total interest-bearing borrowings	66 410	24 946
Capitalised finance leases are for periods up to 48 months and are secured by certain plant, vehicles and equipment reflected in note 2. The property development loan is secured by a mortgage over the land (note 7).		
The present value of future minimum payments on capitalised finance lease agreements is as follows:		
Due:		
Within 1 year	39 975	26 735
Within 2 – 5 years	42 216	14 587
Total capitalised finance lease obligation	82 191	41 322
<i>Less: Future finance costs</i>	(4 615)	(4 398)
Present value of finance lease obligations	77 576	36 924
Other financial liabilities		
Cash-settled portion of share trust liability (note 28)	24 116	–
Deferred consideration arising from business combinations (due within 12 months)	9 553	–
	33 669	–
<i>Current portion of other financial liabilities</i>	(9 553)	–
Total other financial liabilities	24 116	–

	2011 R'000	2010 R'000
14. DEFERRED TAXATION		
Deferred taxation assets		
The balance of the deferred taxation asset can be reconciled as follows:		
At beginning of year	154 615	338 830
Acquisition of business	–	11 881
Translation of foreign entities	2 688	(546)
Transfer to deferred taxation liability	(17 051)	(296 944)
Charge to the statement of financial performance	(47 540)	101 394
At end of year	92 712	154 615
Comprising:		
Construction allowances	(231 568)	(293 863)
Capital allowances	(116 690)	(5 128)
Provisions	406 264	438 929
Tax losses	23 335	23 110
Other	11 371	(8 433)
	92 712	154 615
Deferred taxation liabilities		
The balance of the deferred taxation liability can be reconciled as follows:		
At beginning of year	(57 102)	(355 119)
Acquisition of business	(1 065)	–
Translation of foreign entities	–	(599)
Transfer from deferred taxation asset	17 051	296 944
Charge to the statement of financial performance	116	1 672
At end of year	(41 000)	(57 102)
Comprising:		
Construction allowances	(54 500)	94 502
Capital allowances	(10 424)	(163 481)
Provisions	23 931	26 037
Other	(7)	(14 160)
	(41 000)	(57 102)

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2011

	2011 R'000	2010 R'000
15. TRADE AND OTHER PAYABLES		
Trade creditors	1 226 476	1 008 696
Subcontractor creditors	463 318	427 779
Subcontractor retentions	340 739	204 357
Contract and other accruals	195 381	233 061
Payroll accruals	204 375	100 872
Income received in advance	84 918	90 126
Amounts owing to joint ventures (note 26)	83 808	5 076
Value-added taxation	36 100	166 145
Amounts owing to employees for shares	6 868	–
Dividend payable	72 672	–
Short-term loans	16 505	–
	2 731 160	2 236 112

The carrying values of these financial liabilities approximate their fair values due to the short-term nature of the instruments.

Short-term loans are interest free, unsecured and will be repaid within the next 12 months.

Other payables include loans which are secured by mortgage bonds over properties for development (note 7).

	CONTRACTING PROVISIONS	BONUS PROVISION	ACCIDENT CLAIMS PROVISION	TOTAL
16. PROVISIONS				
Balance at 30 June 2009	485 936	510 436	6 373	1 002 745
Provisions raised	1 033 587	496 884	12 306	1 542 777
Acquisition of subsidiaries	1 409	164	–	1 573
Amounts utilised	(477 394)	(327 733)	(1 243)	(806 370)
Unutilised amounts reversed	(20 395)	(7 937)	(10 175)	(38 507)
Translation of foreign entities	(8 033)	59	–	(7 974)
Balance at 30 June 2010	1 015 110	671 873	7 261	1 694 244
Provisions raised	773 127	397 601	11 888	1 182 616
Acquisition of subsidiaries	–	8 054	–	8 054
Amounts utilised	(762 131)	(395 118)	(12 243)	(1 169 492)
Unutilised amounts reversed	(89 912)	(16 072)	–	(105 984)
Translation of foreign entities	(782)	3 193	–	2 411
Balance at 30 June 2011	935 412	669 531	6 906	1 611 849

	2011 R'000	2010 R'000
16. PROVISIONS CONTINUED		
Contracting provisions		
The balance represents estimated amounts relating to obligations to third parties at the statement of financial position date including provisions for estimated claims arising on contracts. The provisions will be utilised as and when investigations into the claims are finalised and settled.		
Bonus provision		
The bonus provision arises from a constructive obligation to staff members, where an annual bonus based on the performance of the group is calculated. The actual bonus is approved by the board of directors.		
Accident claims provision		
The balance represents provisions for probable claims relating to past motor vehicle accidents. The provisions are utilised within twelve months, once investigations into the claims are expected to be finalised.		
The carrying values of these provisions approximate their fair values due to their short-term nature.		
17. REVENUE		
Contract revenue	14 702 441	15 102 364
Property revenue	58 886	21 912
Sundry income	5 304	76 819
	14 766 631	15 201 095
18. OPERATING PROFIT		
Operating profit is arrived at after taking into account the following:		
Auditors' remuneration	12 836	6 903
Audit fees	12 573	6 784
Advisory services	263	119
Irrecoverable debts	10 097	21 157
Irrecoverable debts written off	4 893	13 451
Provision for irrecoverable debts	5 204	7 706
Consulting and technical fees	11 703	17 193
Depreciation (note 2)	208 065	183 985
Aircraft	557	1 339
Buildings	2 942	5 445
Plant, vehicles and equipment	195 524	168 546
Office and computer equipment	9 042	8 655
Employee benefits (note 28)	2 478 594	2 523 763
Net foreign exchange gains/(losses)	2 790	(39 237)
Realised	9 704	(14 524)
Unrealised	(6 914)	(24 141)
Forward exchange contracts	–	(572)
Operating lease rentals	10 012	7 712
Land and buildings	9 176	7 712
Plant, vehicles and equipment	836	–
Profit on disposal of property, plant and equipment	2 502	3 702

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2011

	2011 R'000	2010 R'000
19. INVESTMENT INCOME		
Interest received		
– Bank accounts	165 119	227 304
– Unlisted investments	34 202	11 135
– Other	15 745	7 715
Dividends received	9 661	33 351
	224 727	279 505
20. FINANCE COSTS		
Bank overdrafts	14 636	4 980
Long-term financial liabilities	–	2 163
Instalment sale agreements	2 700	4 603
Other	753	5 272
	18 089	17 018
21. TAXATION		
South African normal tax		
Current taxation		
– Current year	227 630	483 547
– Prior year under/(over)provision	3 963	(5 145)
Deferred taxation		
– Current year (note 14)	54 722	(103 122)
– Prior year under/(over)provision	23	(253)
	286 338	375 027
Foreign taxation (including withholding tax)		
Current taxation		
– Current year	101 085	78 039
– Prior year (over)/underprovision	(2 225)	8 579
Deferred taxation		
– Current year (note 14)	(7 321)	(13 891)
– Prior year under/(over)provision	–	14 200
	91 539	86 927
Secondary tax on companies (STC)	2 123	4 570
Total tax charge	380 000	466 524

	2011	2010
21. TAXATION CONTINUED		
Reconciliation of tax rate:		
South African normal tax rate (%)	28,0	28,0
Adjusted for:		
Capital and non-taxable items (%)	(2,8)	2,3
Non deductible expenses (%)	3,0	–
Foreign tax rate differential (%)	0,8	0,9
Tax losses utilised (%)	–	–
Prior year adjustments (%)	3,2	(0,9)
STC (%)	0,3	0,1
Other (%)	–	0,7
Effective tax rate (%)	32,5	31,2
Estimated tax losses available for set-off against future taxable income (R'000)	83 341	82 538
Potential tax relief at current taxation rates (R'000)	23 335	23 111
Dependent on sufficient future taxable income being generated, deferred tax assets on the potential tax losses have been fully accounted for (note 14).		
22. EARNINGS PER SHARE AND HEADLINE EARNINGS PER SHARE		
Earnings per share is calculated by dividing attributable earnings by the weighted average number of shares in issue. Appropriate adjustments are made in calculating headline earnings per share.		
Diluted earnings per share reflect the potential dilution that could occur if all the outstanding treasury shares of the group are issued.		
Earnings (R'000)		
Attributable earnings	733 475	961 485
Number of shares (000)		
Weighted average number of shares		
Shares in issue at the beginning of the year	66 000	66 000
Less: Treasury shares under the control of the directors	(3 417)	(3 417)
Linked shares	(6 500)	(6 500)
Unallocated shares in the trusts	(1 356)	(1 292)
Weighted average number of shares	54 727	54 791
Dilutive adjustment attributable to the BEE scheme	510	196
Diluted weighted average number of shares at the end of the year	55 237	54 987
Earnings per share (cents)		
– Basic	1 340,2	1 754,8
– Diluted	1 327,9	1 748,6

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2011

	2011 R'000	2010 R'000
22. EARNINGS PER SHARE AND HEADLINE EARNINGS PER SHARE CONTINUED		
Headline earnings		
Attributable earnings basis	733 475	961 485
Adjusted for:		
Impairment of goodwill/negative goodwill realised	36 266	219
Impairment of loan to associate	65 867	
(Profit)/loss on disposal of investment	(57 921)	5 682
Profit from the disposal of property, plant and equipment	(2 502)	(3 703)
Tax effect thereof	(412)	1 036
Headline earnings	774 773	964 719
Headline earnings per share (cents)		
– Basic	1 415,7	1 760,7
– Diluted	1 402,4	1 754,4
23. GUARANTEES AND CONTINGENT LIABILITIES		
Guarantees issued in respect of due performance of contracts by:		
Subsidiaries	1 532 744	2 154 544
Associates and joint ventures	1 526 320	1 433 661
Third parties	782 096	711
	3 841 160	3 588 916
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		
On 1 February 2011, as part of its investigation into the Construction sector, the Competition Commission published details of a "Fast track settlement process". The group submitted a detailed application as part of this process.		
The outcome of the Commission's assessment of the group's application will possibly result in an administrative penalty. The quantum of such a penalty cannot be reliably measured at the financial position date and hence no provision has been made.		
The group is subject to various pending litigations. These are not material in nature and it is expected that these litigations will be successfully defended. In aggregate, the total estimated claim amounts to R10 million.		
Secondary tax on companies (STC)		
Undistributed earnings subject to STC	3 490 336	2 941 749
Tax effect if distributed	317 303	267 432

	2011 R'000	2010 R'000
24. CAPITAL COMMITMENTS		
Capital commitments include expenditure relating to property, plant and equipment for which specific board approval has been obtained.		
Authorised and contracted for	181 937	68 441
Authorised but not yet contracted for	254 922	333 142
	436 859	401 583
Expenditure on estimated commitments will occur within one year. Capital commitments will be funded from internal cash resources and existing facilities.		
25. COMMITMENTS UNDER OPERATING LEASES		
The minimum lease rentals to be paid under non-cancellable leases at 30 June 2011 are as follows:		
Buildings		
Due within 1 year	10 591	8 466
Due later than 1 year but less than 5 years	15 413	12 414
Greater than 5 years	–	775
	26 004	21 655
Plant and equipment		
Due within 1 year	–	780
Due later than 1 year but less than 5 years	–	46
	–	826
26. RELATED PARTY TRANSACTIONS		
26.1 Identification of related parties		
The group has a related party relationship with its subsidiaries (annexure 1), associates (note 4), joint ventures (annexure 2) and directors and executive officers.		
26.2 Related party transactions and balances		
During the year, group companies, in the ordinary course of business, entered into various inter-group sale and purchase transactions.		
These transactions are no less favourable than those arranged with third parties.		
Transactions and balances between the group companies have, where appropriate, been eliminated on consolidation and are not disclosed. Details of transactions and balances with other related parties are set out below.		
Amounts owed by related parties		
Amounts owed by associate companies are disclosed under (note 4 and note 5).	467 018	373 643
Amounts owed by joint ventures (note 9)	163 340	165 909

The amounts are unsecured, interest free and have no fixed terms of repayment.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2011

	2011 R'000	2010 R'000
26. RELATED PARTY TRANSACTIONS CONTINUED		
26.2 Related party transactions and balances continued		
Amounts owing to related parties		
Amounts owing to joint ventures (note 15)	83 808	5 076
The amounts are unsecured, interest free and have no fixed terms of repayment		
Transactions with related parties		
Sales and purchase transactions with associated companies	107 781	167 499
Uneliminated portion of sale and purchase transactions with joint ventures	41 845	43 657
Interest and dividends received from related parties	59 608	46 619
	209 234	257 775

Directors' emoluments

	DIRECTORS' FEES R'000	SALARIES R'000	INCENTIVE BONUSES R'000	RETIREMENT AND MEDICAL R'000	OTHER BENEFITS R'000	TOTAL EMOLUMENTS R'000
2011						
Executive						
MS Wylie	–	802	12 615	409	156	13 982
EL Nel	–	968	8 413	298	224	9 903
JW Abbott	–	907	4 933	273	251	6 364
JP Botha	–	915	8 965	294	189	10 363
	–	3 592	34 926	1 274	820	40 612
Non-executive						
MW McCulloch	197	–	–	–	–	197
NS Maziya	194	–	–	–	–	194
NS Mjoli-Mncube	203	–	–	–	–	203
NNA Matyumza	264	–	–	–	–	264
JM Ngobeni	288	–	–	–	–	288
	1 146	–	–	–	–	1 146
Total	1 146	3 592	34 926	1 274	820	41 758

26. RELATED PARTY TRANSACTIONS CONTINUED

26.2 Related party transactions and balances continued

Directors' emoluments continued

	DIRECTORS' FEES R'000	SALARIES R'000	INCENTIVE BONUSES R'000	RETIREMENT AND MEDICAL R'000	OTHER BENEFITS R'000	TOTAL EMOLUMENTS R'000
2010						
Executive						
MS Wylie	–	1 298	9 000	399	183	10 880
EL Nel	–	936	8 028	287	216	9 467
JW Abbott	–	880	4 861	264	206	6 211
JP Botha	–	880	8 800	281	217	10 178
	–	3 994	30 689	1 231	822	36 736
Non-executive						
MW McCulloch	249	–	–	–	–	249
NS Maziya	273	–	–	–	–	273
NS Mjoli-Mncube	285	–	–	–	–	285
NNA Matyumza	360	–	–	–	–	360
JM Ngobeni	342	–	–	–	–	342
	1 509	–	–	–	–	1 509
Total	1 509	3 994	30 689	1 231	822	38 245

Directors' shareholding

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

Number of shares ('000)

ORDINARY SHARES	DIRECT	INDIRECT	2011 TOTAL	DIRECT	INDIRECT	2010 TOTAL
MS Wylie	121	600	721	286	600	886
EL Nel	–	–	–	261	–	261
JW Abbott	394	–	394	394	–	394
JP Botha	184	326	510	184	368	552
NS Maziya	–	669	669	–	657	657
NS Mjoli-Mncube	–	669	669	–	657	657
JM Ngobeni	–	669	669	–	657	657
	699	2 933	3 632	1 125	2 939	4 064

Key management personnel

In terms of the Companies Act of South Africa, prescribed officers are considered to be key management personnel.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2011

26. RELATED PARTY TRANSACTIONS CONTINUED

26.2 Related party transactions and balances continued

Prescribed officers

	SALARIES R'000	INCENTIVE BONUSES R'000	RETIREMENT AND MEDICAL R'000	OTHER BENEFITS R'000	TOTAL EMOLUMENTS R'000
2011					
Prescribed officer 1	890	4 075	277	197	5 439
Prescribed officer 2	872	7 231	274	189	8 566
Prescribed officer 3	946	1 250	226	338	2 760
Prescribed officer 4	641	281	140	120	1 182
	3 349	12 837	917	844	17 947
2010					
Prescribed officer 1	868	3 600	269	181	4 918
Prescribed officer 2	828	5 523	261	198	6 810
Prescribed officer 3	76	500	18	63	657
Prescribed officer 4	626	263	135	119	1 143
	2 398	9 886	683	561	13 528

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 shares ('000)

ORDINARY SHARES	DIRECT	INDIRECT	2011 TOTAL	2010 TOTAL
Prescribed officer 1	13	564	577	578
Prescribed officer 2	112	–	112	222
Prescribed officer 3	–	100	100	–
Prescribed officer 4	–	–	–	–
	125	664	789	800

Other material transactions with directors

Mr MW McCulloch has a 50% interest in Carlmac Holdings (Pty) Ltd, a company which has a 10% interest in Capital Africa Steel (Pty) Ltd, of which the group is also a shareholder. Mr McCulloch is also a director of Capital Africa Steel (Pty) Ltd.

Ms NS Maziya is a director, and has a 78,7% interest, in Bunengi Mining Services (Pty) Ltd, a company in which the group holds a 21,3% interest. The asset is currently held-for-sale (note 5).

There were no other transactions with directors or entities in which directors have a material interest.

27. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Overview

The group's activities expose it to a variety of financial risks, including the effects of foreign currency exchange rates and interest rates. The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the group. Where appropriate, the group uses derivative financial instruments such as foreign exchange contracts to hedge expected exposures.

The group has exposure to the following risks through its use of financial instruments:

- credit risk;
- market risk; and
- liquidity risk.

This note presents information about the group's exposure to each of the above risks, the group's objectives, policies and processes for measuring and managing risk and the group's management of capital. Further quantitative disclosures are included throughout these financial statements.

The board of directors have overall responsibility for the establishment and oversight of the group's risk management framework and are required to comply with group policies and guidelines.

The group's 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 risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the group's activities. The group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The risk committee monitors and controls these risks on a day-to-day basis. The risk committee meets on a regular basis to review the group's management and implementation of risk strategies. The group's internal audit department undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the group audit committee.

FINANCIAL INSTRUMENTS BY CATEGORY

	TOTAL CARRYING VALUE R'000	AT FAIR VALUE THROUGH PROFIT OR LOSS R'000	FINANCIAL LIABILITIES HELD AT AMORTISED COST R'000	LOANS AND RECEIVABLES AT AMORTISED COST R'000
2011				
Investments	20 016	20 016	-	-
Long-term receivables (including loans advanced to associate companies)	590 954	-	-	590 954
Trade receivables	2 291 413	-	-	2 291 413
Other receivables	462 807	-	-	462 807
Prepayments	33 149	-	-	33 149
Amounts owing by joint venture partners	163 340	-	-	163 340
Other short-term receivables	4 438	-	-	4 438
Cash and cash equivalents	2 866 379	-	-	2 866 379
Interest-bearing borrowings	(106 280)	-	(106 280)	-
Other financial liabilities	(33 669)	-	(33 669)	-
Income received in advance	(84 918)	-	(84 918)	-
Trade and other payables	(2 526 334)	-	(2 526 334)	-
Amounts owing to joint venture partners	(83 808)	-	(83 808)	-
	3 597 487	20 016	(2 835 009)	6 412 480

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2011

27. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT CONTINUED

	TOTAL CARRYING VALUE R'000	AT FAIR VALUE THROUGH PROFIT OR LOSS R'000	FINANCIAL LIABILITIES HELD AT AMORTISED COST R'000	LOANS AND RECEIVABLES AT AMORTISED COST R'000
2010				
Investments	48 371	48 371	–	–
FEC assets	1 053	1 053	–	–
Long-term receivables (including loans advanced to associate companies)	456 707	–	–	456 707
Trade receivables	2 414 481	–	–	2 414 481
Other receivables	97 809	–	–	97 809
Prepayments	17 508	–	–	17 508
Amounts owing by joint venture partners	165 909	–	–	165 909
Other short-term receivables	10 100	–	–	10 100
Cash and cash equivalents	3 891 039	–	–	3 891 039
Interest-bearing borrowings	(24 946)	–	(24 946)	–
FEC liability	(1 707)	(1 707)	–	–
Income received in advance	(90 126)	–	(90 126)	–
Trade and other payables	(1 999 310)	–	(1 999 310)	–
Amounts owing to joint venture partners	(5 076)	–	(5 076)	–
	4 981 812	47 717	(2 119 458)	7 053 553

Fair value measurement hierarchy

IFRS 7 requires certain disclosures which require the classification of financial assets and financial liabilities measured at fair value using a fair value measurement hierarchy that reflects the significance of the inputs used in making their fair value measurement.

The fair value hierarchy has the following levels:

- level 1: quoted prices in active markets for identical assets and liabilities;
- level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly; and
- level 3: inputs for the assets and liabilities that are not based on observable market data

The level in the fair value hierarchy within which the financial asset or financial liability is categorised is determined on the basis of the lowest level input that is significant to the fair value measurement. Financial assets and liabilities are classified in their entirety into one of the three levels.

27. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT CONTINUED

	LEVEL 1 R'000	LEVEL 2 R'000	LEVEL 3 R'000	TOTAL R'000
2011				
Financial assets at fair value through profit and loss				
Investments	779	–	19 237	20 016
2010				
Financial assets at fair value through profit and loss				
Investments	685	–	47 686	48 371
Derivative financial assets	–	1 053	–	1 053
	685	1 053	47 686	49 424
Financial liabilities at fair value through profit and loss				
Derivative financial liabilities	–	(1 707)	–	(1 707)

Reconciliation of level 3 financial assets

The table below sets out the reconciliation of financial assets that are measured at fair value based on inputs that are not based on observable market data (level 3)

	OPENING BALANCE R'000	FAIR VALUE ADJUSTMENT (PROFIT OR LOSS) R'000	ACQUISITIONS R'000	DISPOSALS R'000	BALANCE AT YEAR END R'000
2011					
Investments	47 686	1 335	13	(29 797)	19 237
	47 686	1 335	13	(29 797)	19 237
2010					
Investments	35 319	4 166	9 056	(855)	47 686
	35 319	4 166	9 056	(855)	47 686

27.1 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 receivables from customers, investments in debt securities and cash and cash equivalents maintained with financial institutions.

Trade and other receivables

The group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the group's customer base, including the default risk of the industry and country, in which customers operate, has less of an influence on credit risk.

A credit policy has been established under which new customers are analysed individually for creditworthiness before the group's standard payment and delivery terms and conditions are offered. The group's review includes external ratings, where available, and in some cases bank references. Collateral is obtained in the form of suretyships and guarantees. Notarial bonds are secured where considered appropriate and possible.

The group establishes an allowance for impairment that represents its estimate of anticipated losses in respect of trade and other receivables. The main component of this allowance relates to individually significant exposures where the nature of customers, overdue accounts and collateral held are taken into account.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2011

27. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT CONTINUED

27.1 Credit risk continued

Cash and cash equivalents

The group limits its exposure to credit risk by only investing in liquid securities and only with reputable financial institutions.

Past due analysis and allowance for impairment:

	CARRYING AMOUNT R'000	NOT PAST DUE R'000	PAST DUE 1-30 DAYS R'000	PAST DUE 31-120 DAYS R'000	PAST DUE > 120 DAYS R'000	IMPAIRMENT ALLOWANCE R'000
2011						
Accounts receivable	2 068 549	1 904 985	71 930	27 397	113 230	(48 993)
Cash and cash equivalents	2 882 772	2 882 772	–	–	–	–
Forward exchange contracts at fair value	–	–	–	–	–	–
	4 951 321	4 787 757	71 930	27 397	113 230	(48 993)
2010						
Accounts receivable	2 171 727	1 859 555	156 779	191 795	7 387	(43 789)
Cash and cash equivalents	3 891 039	3 891 039	–	–	–	–
Forward exchange contracts at fair value	1 053	1 053	–	–	–	–
	6 063 819	5 751 647	156 779	191 795	7 387	(43 789)

Impairment allowance movement analysis:

	ACCOUNTS RECEIVABLE R'000
2011	
Balance at beginning of the year	43 789
Impairment losses recognised	5 204
Amounts written off	–
Balance at end of the year	48 993
2010	
Balance at beginning of the year	36 083
Impairment losses recognised/(reversed)	9 927
Amounts written off	(2 221)
Balance at end of the year	43 789

The allowance account is used to record the anticipated impairment losses within the group. When management is satisfied that no recovery of the amount is possible, the amount considered irrecoverable is written off directly to the statement of comprehensive income.

27. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT CONTINUED

27.2 Market risk (Currency risk)

The group's transactions occur in various foreign currencies and consequently, are exposed to exchange rate fluctuations that have an impact on cash flows and financing activities. These transactions are predominantly entered into in the respective functional currencies of the individual operations. The group mitigates this risk by maintaining cash balances in the various currencies utilised. Some operations are exposed to foreign currency risk in connection with contracted payments in currencies not in their individual functional currencies. The group manages this risk through the selective use of forward exchange contracts and cross currency swaps.

Forward exchange contracts are used primarily to reduce foreign currency exposure relating to imports into South Africa.

The group's exposure to significant currency risk was as follows:

	US DOLLAR R'000	MOZAMBIQUE METICALS R'000	AUSTRALIAN DOLLAR R'000	BOTSWANA PULA R'000	ZAMBIA KWACHA R'000	GHANAIN CEDI R'000	MAURITIAN RUPEE R'000
2011							
Trade and other receivables	82 031	13 445	1 177 787	109 497	11 369	57 870	(733)
Cash and cash equivalents	527 240	35 764	882 787	57 528	3 752	7 072	21 021
Trade and other payables	(298 086)	(20 473)	(1 395 240)	(55 114)	(4 311)	(26 796)	(13 945)
Long-term liabilities	–	–	41 810	–	–	–	–
	311 185	28 736	707 144	111 911	10 810	38 146	6 343
Closing rate	6,80	0,24	7,27	1,03	0,0014	4,49	0,25
Average rate	7,01	0,21	6,91	1,05	0,0015	4,75	0,24
2010							
Trade and other receivables	248 002	14 172	453 952	77 232	16 425	54 411	–
Cash and cash equivalents	161 779	23 641	857 916	80 644	61 670	9 194	–
Trade and other payables	(216 826)	(10 604)	(727 044)	(52 229)	(83 795)	(19 836)	–
Long-term liabilities	–	–	(1 508)	–	–	–	–
	192 955	27 209	583 316	105 647	(5 700)	43 769	–
Closing rate	7,68	0,23	6,53	1,07	0,0014	5,266	–
Average rate	7,59	0,25	6,68	1,11	0,0016	5,410	–

Forward exchange contracts

The group closed out its existing forward exchange contracts during the year and no further contracts have been entered into.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2011

27. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT CONTINUED

27.2 Market risk (Currency risk) continued

The following forward exchange contracts and cross currency swaps were closed out during the year:

	FOREIGN CURRENCY AMOUNT FC'000	RAND EQUIVALENT AMOUNT R'000	AVERAGE RATE OF EXCHANGE (CALCULATED)	ACTUAL/ ESTIMATED FAIR VALUE GAIN/(LOSS) R'000
2011				
<i>Relating to transactions which have already occurred:</i>				
US Dollar	7 435	56 902	7,7	948
Euro	960	10 628	11,1	(1 521)
2010				
<i>Relating to transactions which have already occurred:</i>				
US Dollar	17 396	154 194	8,9	11 091
Euro	23 036	266 276	11,6	(36 453)
Deutch Kroner	15 180	27 924	1,8	(5 765)
Pound Sterling	112	1 489	13,3	(66)
<i>Related to future commitments</i>				
US Dollar	7 435	56 902	7,7	948
Euro	960	10 628	11,1	(1 521)

A 10% strengthening of the Rand against the following currencies at 30 June would have increased or decreased profit by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant and is applied against the gross statement of financial position exposure and forward exchange contracts at statement of financial position date.

	US DOLLAR R'000	MOZAMBIQUE METICALS R'000	AUSTRALIAN DOLLAR R'000	BOTSWANA PULA R'000	ZAMBIA KWACHA R'000	GHANAIN CEDI R'000	MAURITIAN RUPEE R'000
2011							
Trade and other receivables	8 203	1 344	117 777	10 949	1 136	5 787	(73)
Cash and cash equivalents	52 724	3 576	88 278	5 752	375	707	2 102
Trade and other payables	(29 808)	(2 047)	(139 524)	(5 511)	(431)	(2 679)	(1 394)
Long-term liabilities	-	-	4 181	-	-	-	-
Forward exchange contracts	-	-	-	-	-	-	-
Total	31 119	2 873	70 712	11 190	1 080	3 815	635

27. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT CONTINUED

27.2 Market risk (Currency risk) continued

	US DOLLAR R'000	MOZAMBIQUE METICALS R'000	AUSTRALIAN DOLLAR R'000	BOTSWANA PULA R'000	ZAMBIA KWACHA R'000	GHANAIN CEDI R'000	MAURITIAN RUPEE R'000
2010							
Trade and other receivables	24 800	1 417	45 395	7 723	1 614	5 440	–
Cash and cash equivalents	16 178	2 364	85 792	8 064	6 166	918	–
Trade and other payables	(21 683)	(1 060)	(72 704)	(5 223)	(8 378)	(1 982)	–
Long-term liabilities	–	–	(151)	–	–	–	–
Forward exchange contracts	5 690	–	–	–	–	–	–
Total	24 985	2 721	58 332	10 564	(598)	4 376	–

A 10% weakening 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.

27.3 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 and borrowings, loans advanced and investments.

At the reporting date the interest rate profile of the group's financial instruments was:

	CARRYING AMOUNT R'000	INTEREST- BEARING LINKED TO PRIME R'000	FIXED RATE R'000	INTEREST FREE R'000
2011				
Investments	20 016	–	–	20 016
Trade and other receivables	2 791 807	–	54 504	2 737 303
Amounts owing by joint venture partners	163 340	–	–	163 340
Loans to associate companies	467 018	467 018	–	–
Cash and cash equivalents	2 866 379	2 866 379	–	–
Long-term receivables	123 936	–	113 618	10 318
Amounts owing to joint venture partners	(83 808)	–	–	(83 808)
Interest-bearing borrowings	(139 950)	(139 950)	–	–
Trade and other payables	(2 695 060)	–	–	(2 695 060)
	3 513 678	3 193 447	168 122	152 109

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2011

27. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT CONTINUED

27.3 Market risk (Interest rate risk) continued

	CARRYING AMOUNT R'000	INTEREST BEARING LINKED TO PRIME R'000	FIXED RATE R'000	INTEREST FREE R'000
2010				
Investments	48 371	–	–	48 371
Trade and other receivables	2 540 951	–	–	2 540 951
Amounts owing by joint venture partners	165 909	–	–	165 909
Loans to associate companies	373 643	373 643	–	–
Cash and cash equivalents	3 891 039	3 891 039	–	–
Long-term receivables	83 064	–	55 085	27 979
Amounts owing to joint venture partners	(5 076)	–	–	(5 076)
Interest-bearing borrowings	(49 491)	(49 491)	–	–
Trade and other payables	(2 066 598)	(1 809)	–	(2 064 789)
	4 981 812	4 213 382	55 085	713 345

Sensitivity analysis

A change of 150 basis points in interest rates at the reporting date would have increased or decreased profit for the following year by the amounts shown below. This analysis assumes that all other variables remain constant and is based on closing balances compounded monthly.

	PROFIT/(LOSS) 150 BASIS POINT INCREASE R'000	PROFIT/(LOSS) 150 BASIS POINT DECREASE R'000
2011	48 146	(48 146)
2010	63 246	(63 246)

Fixed rate instruments are measured at amortised cost and accordingly a change in interest rate would have no effect on profit or loss.

Investment income and finance costs

	2011 R'000	2010 R'000
Recognised in profit and loss		
<i>Investment income</i>	224 727	279 505
Interest received	215 066	246 154
Preference dividend received	9 661	33 351
<i>Finance costs</i>	(18 090)	(17 018)
Interest paid	(18 090)	(17 018)
Net foreign exchange gain/(loss)	2 790	(39 237)
	209 427	223 250

Fixed rate instruments are measured at amortised cost and accordingly a change in interest rate would have no effect on profit or loss.

27. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT CONTINUED

27.4 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 to 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.

Typically the group 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 local and group short term insurance.

The following are the contractual maturities of financial liabilities, including interest payments.

Fixed rate instruments are measured at amortised cost and accordingly a change in interest rate would have no effect on profit or loss.

	TOTAL R'000	< 1 YEARS R'000	2 – 5 YEARS R'000	> 5 YEARS R'000
2011				
<i>Non-derivative liabilities measured at amortised cost</i>				
Bank overdraft	16 393	16 393	–	–
Interest-bearing liabilities	106 280	39 870	66 410	–
Other financial liabilities	1 924 672	1 924 672	–	–
Subcontractor liabilities	804 057	804 057	–	–
<i>Derivative financial liabilities at fair value</i>				
Forward exchange contracts	–	–	–	–
	2 851 402	2 784 992	66 410	–
2010				
<i>Non-derivative liabilities measured at amortised cost</i>				
Interest-bearing liabilities	49 491	24 545	24 946	–
Other financial liabilities	1 460 566	1 460 566	–	–
Subcontractor liabilities	632 136	632 136	–	–
<i>Derivative financial liabilities at fair value</i>				
Forward exchange contracts	654	654	–	–
	2 142 847	2 117 901	24 946	–

Derivatives

The fair value of exchange contracts is based on their listed market price, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2011

	2011 R'000	2010 R'000
27. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT CONTINUED		
27.4 Capital risk management		
To provide returns for shareholders and benefits for other stakeholders and to maintain optimal structure to reduce the cost of capital, the group policy maintains an adequate capital base.		
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 level of dividends paid by the group is determined with reference to the liquidity and solvency of the group as well as consideration of budgets and forecasts.		
The group monitors capital on the basis of a gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total interest-bearing borrowings less cash and cash equivalents.		
Total interest-bearing borrowings including overdrafts	(122 673)	(49 491)
Cash on hand	2 882 772	3 891 039
Net debt	2 760 099	3 841 548
Total equity	3 371 904	3 057 769
Debt/equity ratio	N/A	N/A
There were no changes in the group's approach to capital management during the year. The group is not subject to any externally imposed capital requirements.		
28. EMPLOYEE BENEFITS		
28.1 Staff costs		
Wages and salaries	2 273 885	2 414 099
Pension cost – defined benefit fund	759	935
Provident cost – defined contribution funds	119 108	72 901
Medical aid	18 143	14 440
Other contributions	66 699	21 388
	2 478 594	2 523 763
28.2 Defined benefit fund		
Present value of obligation	41 274	41 513
Fair value of fund assets	(42 616)	(39 544)
Funded status	(1 342)	1 969
Net unrecognised actuarial loss	1 342	(1 969)
Liability recognised	–	–
<i>Defined benefit obligation</i>		
Opening balance	41 513	37 868
Service cost	577	553
Interest cost	3 788	3 552
Members' contributions	167	205
Actuarial loss	1 821	2 207
Benefits paid	(6 542)	(2 779)
Risk premiums	(50)	(93)
Closing balance	41 274	41 513

	2011 R'000	2010 R'000
28. EMPLOYEE BENEFITS CONTINUED		
28.2 Defined benefit fund continued		
<i>Fair value of fund assets</i>		
Opening balance	39 544	33 994
Expected return on assets	3 774	2 415
Contributions	7 557	890
Risk premiums	(50)	(93)
Benefits paid	(6 542)	(2 779)
Actuarial (loss)/gain	(1 667)	5 117
Closing balance	42 616	39 544
The composition of fund assets is made up as follows:	%	%
Cash	42,9	51,7
Equity	20,9	20,0
Bonds	7,6	4,2
Property and other	4,0	3,9
International	24,6	20,2
	100,0	100,0
The principal actuarial assumptions used as at the statement of financial position date were as follows:		
Discount rate	9,3	9,3
Inflation rate	5,8	5,8
Salary increase rate	7,8	7,8
Expected rate of return on assets	8,8	9,8
Pension increase allowance	4,3	4,3

The fund's expected long-term return is a function of the expected long-term returns on equities, cash and bonds. In setting these assumptions the fund administrators made use of the asset split as at 31 May 2011.

The expected long-term rate implies a yield on government bonds at 8,75% per annum. The expected long-term rate of return on equities was set at a level of 3% above the bond rate, whilst the expected long-term rate of return on cost was set at a level of 1% below the bond rate. Adjustments were made to reflect the effect of expenses.

These assumptions have been based on the requirements of the reporting standard and are typically less conservative than those used by the valuator for funding purposes. All other assumptions adopted in the funding valuation were left unchanged.

The WBHO Pension Fund, which is governed by the Pension Funds Act of 1956 (as amended), is closed to new entrants. The fund is a final emolument pension fund and 0,47% of employees are members of the fund. Actuarial valuations are made annually and the most recent valuation was made on 30 June 2011. The actuary is of the opinion that the fund is in a sound financial position.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2011

28. EMPLOYEE BENEFITS CONTINUED

28.3 Defined contribution funds

WBHO Staff Provident Fund

The fund is open to all full-time monthly paid employees of the company.

WBHO Provident Fund

The fund is open to membership by any hourly paid employee, employed full-time by the company, who has completed at least 12 months' continuous service.

28.4 Equity compensation benefits

The WBHO Share Trust

The trust is a special purpose vehicle through which the group sells shares to employees with the aim of retaining existing talent within the group. The group issues shares to the trust at the discretion of the directors. The shares are sold to employees at market value at the date of issue. At the time of the sale, a loan equal to the value of the shares sold, is raised for each identified employee. The employee is required to pledge the shares to the trust as security against the loan.

The loan must be repaid after, but not before, a period of five years. Any dividends earned by the shares during that period are set off against the balance of the loan. The trustees are entitled to buy back from the employee sufficient shares to settle any amount outstanding on the loan once the five-year period has elapsed. Should a scheme member leave the employ of the company before the five-year period has elapsed, the member is obligated to sell the shares back to the trust at the same price at which they were purchased. Details relating to the number of shares issued to the trust, the selling prices to employees and the accompanying share-based expense are set out in the following table:

	NUMBER OF SHARES (000)	AVERAGE SELLING PRICE PER SHARE (CENTS)	CUMULATIVE SHARE-BASED PAYMENT EXPENSE R'000	FUTURE EXPENSE TO BE RECOGNISED R'000
Shares sold to employees in prior periods where the loan period has not yet expired	50	10 000	20	50
Shares vested during the current period	468	10 889	2 618	–
Shares sold during the current period	–	–	–	–
Shares repurchased during the current period	7	4 154	n/a	n/a
Unsold treasury shares	42	n/a	n/a	n/a

The WBHO Management Trust

The trust is a special-purpose vehicle through which shares are sold to employees with the aim of retaining existing talent within the group. In order to further this aim the trust has the option to acquire shares from certain employee shareholders at a discounted price.

Shares sold to employees out of the trust match those shares sold out of the WBHO Share Trust on a one-for-one basis. However, as the options described above allow the trust to acquire shares at a discount to the market price, the trust is able to sell such shares to the identified members of staff at a similar discount.

The terms and conditions relating to the sale of shares by the trust in terms of the scheme, any loans raised or settled, the duration of the loan, securities pledged and repurchasing of shares by the trust before the prescribed period are the same as for the WBHO Share Trust described above.

28. EMPLOYEE BENEFITS CONTINUED

28.4 Equity compensation benefits continued

The WBHO Management Trust

Details relating to the number of shares purchased and sold by the trust, the respective share prices, and the accompanying share base payment expense are set out in the following table.

	NUMBER OF SHARES (000)	AVERAGE SELLING PRICE (CENTS)	CUMULATIVE SHARE-BASED PAYMENT EXPENSE R'000	FUTURE EXPENSE TO BE RECOGNISED R'000
Shares sold to employees in prior periods where the loan period has not yet expired	50	5 000	728	1 842
Shares vested during the current period	468	10 889	18 472	–
Options exercised in the current period	–	–	–	–
Shares sold during the current period	–	–	–	–
Shares repurchased during the current period	7	2 089	–	–
Unallocated share stock	1 314	n/a	n/a	n/a

Akani Investment Holdings (Pty) Ltd and the Broad-Based Employee Share Incentive Trust

The company and trust are special purpose vehicles created to give effect to the group's black economic empowerment initiative, aimed to source strategic black partners and reward black employees who have been in the service of the group for more than five years.

Akani Investment Holdings (Pty) Ltd (Akani) has been incorporated and will have as its main business and object the subscription for and holding of Wilson Bayly Holmes-Ovcon Limited (WBHO) shares. The shareholders of Akani at the issue date comprise the Broad-Based Employee Share Incentive Trust (BBE Trust), three black partners and WBHO. On 16 October 2006, WBHO issued shares to Akani and Akani issued an equal number of shares to the shareholders, the effect being that each Akani share held by the shareholders is linked to one WBHO share (linked shares).

Black partners:

The black partners subscribed for the Akani shares at par value, in cash on the issue date. In terms of the BEE agreement, the black partners may not dispose of the Akani shares held by them for a period of 10 years from the issue date (the lock-up period).

The last day of the lock-up period is determined to be the date of repurchase. On the date of repurchase, WBHO will purchase from Akani (with Akani immediately repurchasing an equal number of Akani shares from the relevant black partners) so many of the WBHO shares, at their par value, based on the repurchase formula. The repurchase formula is calculated as follows:

$$A = [(B+D)/C] \times E$$

Where:

A = number of WBHO shares to be repurchased

B = notional initial amount being the 15 trading days VWAP (volume weighted average price) of a WBHO share for the period preceding the issue date

C = market value of a WBHO share on the date of repurchase

D = an amount determined by applying the hurdle rate to the notional initial amount less the subscription price paid for the subscription share for the period from the issue date until the date of repurchase

E = original number of WBHO shares subscribed for by the black partner in question

The hurdle rate is defined as being the nominal annual growth rate of 8,33% compounded annually.

In terms of the BEE agreement a reinvestment obligation is imposed on the black partners whereby they are obliged to utilise two-thirds of the proceeds from all cash distributions received during the lock-up period for the subscription for shares in Akani to purchase WBHO shares on the open market. Any shares acquired by the black partners arising from the reinvestment obligation will also be subject to the lock-up period and two-thirds of any distributions received will be subject to the reinvestment obligation.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2011

28. EMPLOYEE BENEFITS CONTINUED

28.4 Equity compensation benefits continued

The WBHO Management Trust continued

The Broad-Based Employee Share Incentive Trust (BBE Trust)

The BBE Trust subscribed for the Akani shares at par value, in cash at the issue date. Allocations of the Akani shares subscribed for are granted to eligible employees meeting the qualification criteria as set out by the board of directors. To date, 2 310 employees have been allocated shares. Each allocation will be for a period of five years from the date of issue of the allocation (the allocation period).

In terms of the BEE agreement a reinvestment obligation is imposed on participants similar to that imposed on the black partners above with the exception that the full proceeds from any cash distributions shall be applied for the subscription of shares in Akani for the purchase, by Akani of WBHO shares on the open market.

WBHO

WBHO subscribed for the Akani shares at par value, in cash at the issue date. WBHO is entitled to transfer the Akani shares for which it has subscribed to black people identified by WBHO from time-to-time. WBHO holds 2 777 000 shares for future allocation to new or existing black partners.

Details of shares issued by Akani and the accompanying share-based payments expense recognised are set out in the table below.

Akani Investment Holdings (Pty) Ltd (Akani)

	NUMBER OF SHARES (000)	SELLING PRICE (CENTS)	CUMULATIVE SHARE-BASED PAYMENT EXPENSE R'000	FUTURE EXPENSE TO BE RECOGNISED R'000
WBHO shares issued to Akani in terms of the BEE agreement	9 989	1	n/a	n/a
Akani shares issued to the black partners	2 000	1	41 741	nil
Akani shares issued to the BBE Trust				
– Allocated	2 763	1	35 186	13 736
– For future allocation	1 737	1	n/a	n/a
Akani shares issued to WBHO				
– For future transfer to new or existing black partners	2 777	1	n/a	n/a
– Sold to a black partner	72			
– Allocated to employees	640	1	n/a	n/a
WBHO shares purchased in terms of the reinvestment obligation				
– Black partners	111	n/a	n/a	n/a
– The BBE Trust	210	n/a	n/a	n/a
– WBHO	33	n/a	n/a	n/a

28. EMPLOYEE BENEFITS CONTINUED

28.4 Equity compensation benefits continued

Akani Investment Holdings (Pty) Ltd (Akani) continued

In calculating the share-based payments expense applicable to the black partners and the BBE trust it was necessary to estimate the number of shares that could vest at the end of the lock-up period and allocation period respectively. The following assumptions and judgements were used in arriving at the estimate:

	BBE TRUST	BLACK PARTNERS
Hurdle rate (%)	8,3	8,3
Weighted average expected volatility (%)	24,0	24,0
Weighted average dividend yield (%)	2,7	2,7
Weighted average risk-free interest rate (%)	8,8	8,8
Vesting period (years)	5,0	10,0

28.5 Cash-settled compensation benefits

Edwin Construction Employee Share Incentive Trust (Edwin Trust)

The trust is a special purpose vehicle through which Edwin Construction (Pty) Ltd aims to retain existing talent within the company. The company issues Edwin Construction shares to the trust at the discretion of the directors. The shares are allocated to employees in the form of units at market value at the date of issue. A loan equal to the value of the units acquired, is raised for each identified employee and the units may not be disposed of prior to the five-year vesting period without the explicit approval of the trustees. The employee is required to pledge the units to the trust as security for the loan. Any dividends earned by the units during that period are set off against the balance of the loan. The loan must be repaid no later than the date on which the employee disposes of all his units. Should a scheme member leave the employ of the company during the five-year vesting period, the member has an obligation to offer the units back to the trust at either the deemed value or the higher of R1 and the outstanding balance of the loan. Should the employee leave the company after the five-year vesting period, the member has an obligation to offer the units back to the trust at either the deemed value or the higher of the original cost and 50% of the deemed value. The deemed value is calculated as the higher of five times the profit after tax or the tangible net asset value as disclosed in the company's most recent annual financial statements.

Details relating to the number of shares issued to the trust, the selling price to employees and the accompanying share-based expense are set out in the following table:

	NUMBER OF UNITS (000)	SELLING PRICE (CENTS)	CUMULATIVE SHARE-BASED PAYMENTS EXPENSE R'000
Edwin Construction shares issued to the trust in terms of the BEE agreement	600	n/a	n/a
Units issued	333	1512	19 080
Units remaining to be issued	267	n/a	n/a

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2011

29. SEGMENTAL ANALYSIS

Operating segments reflect the management structure of the group and are identified both geographically and by the key markets which they serve. The operating segments are regularly reviewed by the group's chief operating decision makers, defined as the executive committee, in order to allocate resources and assess the performance of the segments.

The performance of operating segments is assessed by the executive committee based on revenue and operating profit and further consideration is given to the capital expenditure incurred per segment. Included in operating profit are the impairment of trade receivables and goodwill as well as any fair value adjustments. Any other impairments are excluded.

The group has four reportable operating segments:	Revenue within each segment is derived from the following activities:
Building and civil engineering	- through the building market from the construction of retail shopping centres, commercial buildings, hotels, hospitals and other infrastructure; and - through the mining sector from civil engineering related infrastructure.
Roads and earthworks	through a number of civil engineering disciplines, mainly in the roads and mining sectors.
Australia	through the construction of retail, residential and commercial buildings for the private building sector.
Other operations	through service concession investments and property development sales.

The accounting policies of the segments are the same as those applied in the group. Inter-segment sales are at arm's length and are eliminated on consolidation. The accounting policies of the segments are the same as those applied in the group. Inter-segment sales are at arm's length and are eliminated on consolidation.

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

Operating segments

	BUILDING AND CIVIL ENGINEERING R'000	ROADS AND EARTHWORKS R'000	AUSTRALIA R'000	OTHER OPERATIONS R'000	TOTAL R'000
At 30 June 2011					
Total revenue	4 397 872	4 335 404	5 972 874	524 669	15 230 819
Revenue – internal	(20 398)	(224 612)	–	(219 178)	(464 188)
Revenue – external	4 377 474	4 110 792	5 972 874	305 491	14 766 631
Operating profit before non-trading items	332 810	524 569	171 200	61 470	1 090 049
Additional items regularly reported to the executive committee:					
Impairment of goodwill/negative goodwill realised	–	(36 266)	–	–	(36 266)
Impairment of investments/loans	–	–	–	(65 867)	(65 867)
Segment assets	3 337 918	3 426 754	2 492 700	234 376	9 491 748
Segment liabilities	1 688 843	1 971 668	1 975 088	225 940	5 861 539
Share of profits and losses from associates	–	–	–	(51 388)	(51 388)
Depreciation	41 252	124 848	41 965	–	208 065
Capital expenditure	17 386	234 926	36 915	–	289 227

29. SEGMENTAL ANALYSIS CONTINUED

Operating segments continued

	BUILDING AND CIVIL ENGINEERING R'000	ROADS AND EARTHWORKS R'000	AUSTRALIA R'000	OTHER OPERATIONS R'000	TOTAL R'000
At 30 June 2010					
Total revenue	5 493 448	4 712 416	4 534 442	1 170 076	15 910 382
Revenue – internal	(23 764)	(102 527)	–	(582 996)	(709 287)
Revenue – external	5 469 684	4 609 889	4 534 442	587 080	15 201 095
Operating profit before non-trading items	430 024	629 779	152 241	62 130	1 274 174
Additional items regularly reported to the executive committee:					
Impairment of goodwill/ negative goodwill realised	–	(219)	–	–	(219)
Segment assets	3 683 516	3 357 256	1 547 029	770 292	9 358 093
Segment liabilities	(2 226 718)	(2 135 523)	(1 172 952)	(594 655)	(6 129 848)
Share of profits and losses from associates	–	172	–	(30 558)	(30 386)
Depreciation	64 496	101 635	17 763	91	183 985
Capital expenditure	52 935	176 988	26 521	–	256 444

	2011 R'000	2010 R'000
30. CASH FLOW INFORMATION		
30.1 Cash generated by operations		
Operating profit before non-trading items:	1 090 049	1 274 174
Adjusted for non-cash items:		
Depreciation	208 065	183 985
Movement in provisions	(88 220)	691 501
Net unrealised foreign exchange gains and losses	6 914	24 713
(Profit)/loss from disposal of property, plant and equipment	(2 502)	3 703
Profit on share issue	(3 053)	–
Provision for recoverable debts	4 893	–
Translation of foreign entities (note 30.3)	17 005	(36 585)
Operating income before working capital changes	1 233 151	2 141 491
Working capital changes:		
Decrease/(increase) in inventories	51 162	(11 989)
Decrease in net excess billings over work done	(1 148 536)	(698 227)
(Increase)/decrease in trade and other receivables	(97 419)	119 627
Increase/(decrease) in short-term financial liabilities	306 918	(486 113)
	(887 875)	(1 076 702)
Cash generated from operations	345 276	1 064 789

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2011

	2011 R'000	2010 R'000
30. CASH FLOW INFORMATION CONTINUED		
30.2 Taxation paid		
Outstanding at beginning of the year	(88 772)	(138 758)
Expense for the year	(291 406)	(466 524)
Change in deferred tax	(47 424)	(103 066)
Acquisition of subsidiaries	(2 897)	11 422
Outstanding at end of year	(220 125)	88 772
Net taxation paid	(650 624)	(608 154)
30.3 Foreign currency translation reserve movements		
Property, plant and equipment	27 059	(1 971)
Intangibles	29 405	5 325
Inventories	(1 144)	(2 555)
Contracts in progress	5 033	39 799
Investments and receivables	(20 271)	(32 531)
Cash and cash equivalents	(14 237)	(47 424)
Long-term financial liabilities	(330)	242
Deferred tax	2 688	(1 145)
Provisions	2 411	(7 974)
Short-term financial liabilities	(21 769)	21 934
Taxation	(418)	861
Non-controlling interests and joint ventures	8 578	(11 146)
	17 005	(36 585)
30.4 Long-term financial liabilities and equity loans from non-controlling interests		
Outstanding at beginning of year	(24 946)	(21 768)
Acquisition of subsidiaries	(82 704)	(57 812)
Outstanding at end of year	66 410	24 946
Cash outflow for the year	(41 240)	(54 634)
30.5 Cash and cash equivalents		
Cash and cash equivalents	2 882 772	3 891 039
Bank overdrafts	(16 393)	–
	2 866 379	3 891 039

	2011 R'000
31. ACQUISITIONS	
31.1 Business combinations	
CARR Civil Contracting Pty Ltd	
On 1 July 2010, WBHO Australia acquired a 51% interest in CARR Civil Contracting Pty Ltd. The company was consolidated into the group's results from the acquisition date. Included in the group's results is revenue of R576 million and a loss before tax of R0,8 million.	
The fair value of assets and liabilities at the acquisition date were as follows:	
Property, plant and equipment	79 544
Inventory	5 076
Trade and other receivables	70 332
Long-term financial liabilities	(37 081)
Trade and other payables	(93 220)
Taxation and deferred taxation	(1 395)
Goodwill	1 614
Cash and cash equivalents	31 967
Equity value	56 837
Equity value attributable to non-controlling interests	(27 850)
Share of the equity value attributable to the group	28 987
Goodwill	12 310
Purchase price	41 297
Monaco Hickey Pty Ltd	
On 1 July 2010, Probuild Constructions Australia acquired a 60% interest in Monaco Hickey Pty Ltd. The company was consolidated into the group's results from the acquisition date. Included in the group's results is revenue of R255 million and a profit before tax of R12,4 million.	
The fair value of assets and liabilities at the acquisition date were as follows:	
Property, plant and equipment	1 259
Investments and guarantees	6
Inventory	39
Trade and other receivables	9 048
Long-term financial liabilities	(1 104)
Trade and other payables	(13 116)
Taxation and deferred taxation	504
Goodwill	38 748
Cash and cash equivalents	3 365
Equity value	38 749
Equity value attributable to non-controlling interests	(15 499)
Share of the equity value attributable to the group	23 250
Goodwill	–
Purchase price	23 250

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2011

	2011 R'000
31. ACQUISITIONS CONTINUED	
31.1 Business combinations continued	
North Coast Holdings Pty Ltd	
On 1 July 2010, CARR Civil Contracting Pty Ltd acquired a 100% interest in North Coast Holdings Pty Ltd. The company was consolidated into the group's results from the acquisition date. Included in the group's results is revenue of R74 million and a loss before tax of R4,7 million.	
Property, plant and equipment	72 413
Trade and other receivables	65 245
Inventory	471
Trade and other payables	(66 452)
Equity value	71 677
Goodwill	–
Purchase price	71 677
Contexx Holdings Pty Ltd	
On 1 November 2010, Probuild Constructions Australia Pty Ltd acquired a 50% interest in Contexx Holdings Pty Ltd. The company was consolidated into the group's results as from the acquisition date. Included in the group's results is revenue of R347 million and a loss before tax of R6,8 million.	
The fair value of assets and liabilities at the acquisition date were as follows:	
Property, plant and equipment	1 404
Trade and other receivables	55 992
Inventory	3 248
Trade and other payables	(127 317)
Taxation and deferred taxation	(2 753)
Cash and cash equivalents	83 940
Equity value	14 514
Equity value attributable to non-controlling interests	(7 256)
Share of the equity value attributable to the group	7 258
Goodwill	29 887
Purchase price	37 145

	2011 R'000
31. ACQUISITIONS CONTINUED	
31.1 Business combinations continued	
Renniks Construction (Pty) Ltd	
On 30 June 2011 the group acquired a 60% interest in Renniks Construction (Pty) Ltd and as a result, only the statement of financial position has been consolidated.	
The fair value of assets and liabilities at the acquisition date were as follows:	
Property, plant and equipment	6 794
Loans receivable	2 382
Trade and other receivables	13 042
Long-term financial liabilities	(628)
Trade and other payables	(4 958)
Taxation and deferred taxation	(1 455)
Cash and cash equivalents	11 317
Equity value	26 494
Equity value attributable to non-controlling interests	(10 598)
Share of the equity value attributable to the group	15 896
Goodwill	16 609
Purchase price	32 505

	PURCHASE CONSIDERATION R'000
31.2 Non-controlling interests	
During the year the group acquired an additional shareholding in the following subsidiaries from the non-controlling shareholders:	
Insitu Pipelines (Pty) Ltd	61 078
On 1 July 2010, WBHO Construction (Pty) Ltd acquired the remaining 30% interest in Insitu Pipelines (Pty) Ltd.	
Probuild Civils (QLD) Pty Ltd	2 995
On 1 July 2010, Probuild Constructions (Australia) Pty Ltd acquired 2,5% of the issued share capital from a non-controlling shareholder increasing its interest in the company to 90%.	
Probuild Constructions (Australia) Pty Ltd	
On 22 July 2010, WBHO Australia Pty Ltd acquired 1,12% of the issued share capital from a non-controlling shareholder increasing its interest in the company to 70,55%.	8 586
On 22 September 2010, WBHO Australia Pty Ltd acquired 0,47% of the issued share capital from a non-controlling shareholder increasing its interest in the company to 71,02%.	3 636
Following a share buy-back within the company on 30 September 2010, the group increased its interest in the company by 4,46% to 76,6%.	77 484
In terms of the 2009 share buy-back, an adjustment was made to the acquisition.	42 053
C.E.C.K. Pty Ltd	19 374
On 6 July 2010, the group acquired 16,67% of the issued share capital from a non-controlling shareholder increasing its effective interest in the company to 92,5%.	

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2011

	PURCHASE CONSIDERATION R'000
31. ACQUISITIONS CONTINUED	
31.2 Non-controlling interests continued	
Roadspan Holdings (Pty) Ltd	6 350
On 1 April 2011, WBHO Construction (Pty) Ltd acquired the remaining 30% interest in Roadspan Holdings (Pty) Ltd.	
The aggregate effect of the acquisitions of non-controlling interests on goodwill recognised in equity amounts to:	169 745
31.3 Cash flow on acquisitions	
Comprising:	
Acquisition of businesses	205 874
Acquisition of non-controlling interests	221 556
Cash acquired	(130 589)
	296 841
	2010 R'000
31.4 Business combinations	
Roadspan Holdings (Pty) Ltd	
On 31 October 2009 the group acquired an additional 40% interest in Roadspan Holdings increasing its total interest to 70%. Roadspan was equity accounted for until the acquisition date and then subsequently consolidated into the group's results. Included in the group's results is revenue of R439 million and a loss before tax of R45 million.	
The fair value of assets and liabilities at the acquisition date were as follows:	
Property, plant and equipment	57 123
Trade and other receivables	89 119
Inventory	6 717
Long-term financial liabilities	(57 813)
Trade and other payables	(71 895)
Taxation and deferred taxation	11 422
Goodwill	3 702
Non-controlling interests	(13 650)
Cash and cash equivalents	9 088
Equity value	33 813
Equity value attributable to non-controlling interests	7 388
Share of the equity value attributable to the group	41 201
Goodwill	29 139
Purchase price	70 340
30% reacquired at fair value	5 100
40% acquisition	65 240

	PURCHASE CONSIDERATION R'000
31. ACQUISITIONS CONTINUED	
31.5 Non-controlling interests continued	
The following changes to the non-controlling interests occurred during the year	
Probuild Constructions (Australia) Pty Ltd	89 392
Following a share buy-back within the company on 30 September 2009, the group increased its interest in the company by 6,1% to 68,73%.	
On 31 October 2009, the company acquired 0,7% of the issued share capital from a non-controlling shareholder increasing its interest in the company to 69,43%.	17 230
Roadspan Holdings (Pty) Ltd	2 318
On 31 October 2009, Roadspan Holdings acquired the remaining non-controlling shareholder's interests in Roadspan Surfaces (Pty) Ltd and Roadspan Asphalt (Pty) Ltd.	
Probuild Civils Pty Ltd	10 369
On 1 July 2009, Probuild Constructions acquired a further 7,5% interest in Probuild Civil increasing its shareholding to 87,5%.	
The aggregate effect of the acquisitions of non-controlling interests on goodwill recognised in equity amounts to:	63 170
31.6 Cash flow on acquisitions	
Comprising:	
Acquisition of businesses	70 340
Acquisition of non-controlling interests	119 309
Cash acquired	(9 088)
	180 561
32. EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE	
No events took place after the statement of financial position date.	

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2011

	NOTES	2011 R'000	2010 R'000
ASSETS			
Investments in subsidiaries and special-purpose entities	1	42 772	44 086
Other financial assets	2	186 266	216 594
Total non-current assets		229 038	260 680
Cash and cash equivalents		615	180
Total current assets		615	180
Total assets		229 653	260 860
EQUITY			
Share capital and share premium		31 175	31 175
Retained earnings		16 628	118 706
Total equity attributable to equity holders of the company		47 803	149 881
Liabilities			
Long-term financial liabilities	3	181 224	110 550
Total non-current liabilities		181 224	110 550
Short-term financial liabilities	4	626	429
Total current liabilities		626	429
Total liabilities		181 850	110 979
Total equity and liabilities		229 653	260 860

COMPANY STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2011

	NOTES	2011 R'000	2010 R'000
Investment income	5	107 555	145 694
Other income		8 472	–
Other direct costs		(306)	–
Loan from subsidiary written off		–	9 968
Net profit for the year		115 721	155 662
Attributable to:			
Equity shareholders of Wilson Bayly Holmes-Ovcon Limited		115 721	155 662

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2011

	ORDINARY SHARES ISSUED R'000	SHARE PREMIUM R'000	DISTRIBUTABLE RESERVES R'000	TOTAL EQUITY R'000
Balance at 30 June 2009	660	30 515	167 644	198 819
Net profit for the year	–	–	155 662	155 662
Dividend paid	–	–	(204 600)	(204 600)
Balance at 30 June 2010	660	30 515	118 706	149 881
Net profit for the year	–	–	115 721	115 721
Dividend paid	–	–	(217 799)	(217 799)
Balance at 30 June 2011	660	30 515	16 628	47 803

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2011

	2011 R'000	2010 R'000
Cash flow from operating activities		
Cash generated from operations	8 364	10 120
Investment income	107 555	145 694
Dividend paid	(217 799)	(204 600)
Net cash flow from operating activities	(101 880)	(48 786)
Decrease/(increase) in investments	1 314	(1 305)
Decrease in other financial assets	30 327	3 371
Net cash flow from investing activities	31 641	2 066
Increase in long-term financial liabilities	70 674	46 810
Net cash flow from financing activities	70 674	46 810
Increase in cash and cash equivalents for the year	435	90
Cash and cash equivalents at beginning of year	180	90
Cash and cash equivalents at the end of year	615	180

NOTES TO THE COMPANY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2011

	2011 R'000	2010 R'000
1. INVESTMENTS IN SUBSIDIARIES		
Shares at cost less impairment losses	42 772	44 086
A complete list of investments in subsidiaries is set out in annexure 1.		
2. OTHER FINANCIAL ASSETS		
Loans to subsidiaries	184 308	184 308
Loans to share trusts	1 958	32 286
	186 266	216 594
The loans are unsecured, bear no interest and will not be repaid within the next 12 months.		
3. LONG-TERM FINANCIAL LIABILITIES		
Loans from subsidiaries (annexure 1)	181 175	102 078
Loans from share trusts	49	8 472
	181 224	110 550
The loans are unsecured, bear no interest and will not be repaid within the next 12 months.		
4. SHORT-TERM FINANCIAL LIABILITIES		
Dividends payable	626	429
5. INVESTMENT INCOME		
Dividends received from subsidiaries	107 549	145 694
Interest received from financial institutions	6	–
	107 555	145 694
6. STATEMENT OF OTHER COMPREHENSIVE INCOME		
No statement of other comprehensive income has been prepared as there is none.		

ANNEXURE 1

INVESTMENT IN SUBSIDIARIES

FOR THE YEAR ENDED 30 JUNE 2011

	COUNTRY OF INCORPORATION	ISSUED CAPITAL	EFFECTIVE HOLDING %	SHARES AT COST		AMOUNTS OWING BY/(TO) SUBSIDIARIES	
				2011 R'000	2010 R'000	2011 R'000	2010 R'000
Held directly							
Akani Investment Holdings (Pty) Ltd	South Africa	R103 438	34	34	1 348	(41)	(736)
WBHO Construction (Pty) Ltd	South Africa	R900 000	100	42 738	42 738	(181 134)	(101 342)
WBHO Industrial Holdings (Pty) Ltd	South Africa	R100	100	–	–	184 308	184 308
Held indirectly							
CARR Civil Contracting Pty Ltd	Australia	AUS\$4,650	51				
C.E.C.K. Civil Construction Pty Ltd	Australia	AUS\$600	82				
Contexx Holdings Pty Ltd	Australia	AUS\$10,177	38,3				
Edwin Construction (Pty) Ltd	South Africa	R100	57				
Insitu Pipelines (Pty) Ltd	South Africa	R100	100				
Kalcon (Pty) Ltd	Botswana	P2	100				
Matkovich & Hayes (Pty) Ltd	South Africa	R10 000	51				
Monaco Hickey Pty Ltd	Australia	AUS\$6 000	46,0				
Probuild Civil (QLD) Pty Ltd	Australia	AUS\$140 004	68,9				
Probuild Constructions (Australia) Pty Ltd	Australia	AUS\$37 946 003	76,6				
Renniks Construction (Pty) Ltd	South Africa	R405 600	60				
Roadspan Holdings (Pty) Ltd	South Africa	R9 900	100				
Simbithi Eco Estate (Pty) Ltd	South Africa	R100	100				
St Francis Links (Pty) Ltd	South Africa	R100	80				
WBHO Australia (Pty) Ltd	Australia	AUS\$26 400 000	100				
WBHO Construc�ao Mozambique Limitada	Mozambique	US\$403 910	100				
WBHO Construction Sierra Leone Ltd	Sierra Leone	Le100 000	100				
WBHO Ghana (Pty) Ltd	Ghana	\$500 000	100				
WBHO Mozambique Projectos Limitada	Mozambique	Mt10 000 000	100				
WBHO Properties Pty Ltd	Australia	AUS\$12	100				
WBHO Construction Zambia Ltd	Zambia	ZMK100 000	100				
				42 772	44 086	3 133	82 230

Investments in dormant subsidiaries have been omitted.

WBHO Construc ao Mozambique Limitada and WBHO Mozambique Projectos Limitada have 31 December reporting dates. Changes to the reporting dates are not permitted per Mozambique's legislation. Management information for the period to 30 June 2011, which has been reviewed, has been consolidated.

ANNEXURE 2

INTERESTS IN JOINT VENTURES

FOR THE YEAR ENDED 30 JUNE 2011

	2011 %	2010 %
Investments in significant joint ventures		
Statutory entities		
Manda Hill Joint Venture*	–	80,0
WBHO/BCE Ltd Joint Venture	80,0	–
Murphy Street Developments (Pty) Ltd (Australia)	50,0	50,0
Non-statutory entities		
Civil and Coastal Joint Venture	60,0	60,0
Gauteng Freeway Improvement Project Joint Venture*	–	60,0
Ilembe EPC Joint Venture	38,5	38,5
Ilembe Civils Joint Venture	35,0	35,0
Ilembe Building Joint Venture	34,5	34,5
Ingula Dam Joint Venture	40,0	40,0
Remote Apron Stand Joint Venture	75,0	75,0
WBHO/CTB Joint Venture*	–	83,0
WBHO/Insitu Pipes JV	70,0	70,0
Mall of the North Joint Venture	88,0	88,0
Sandton Joint Venture	50,0	50,0
Kusile Civils Joint Venture	25,0	25,0
Kusile Silos Joint Venture	33,3	–
WBHO/Trencon Joint Venture	50,0	–
WBHO/Tiber Joint Venture	50,0	–
WBHO/Rainbow Tygervalley Joint Venture	70,0	–

* The joint venture has been consolidated at 100% from the date on which the group assumed 100% of the risks and rewards for the execution of the contract from the joint venture partners.

	2011 R'000	2010 R'000
The group's proportionate share of the assets, liabilities, results of operations and cash flows as incorporated in the financial statements are summarised below:		
Non-current assets	26 489	21 276
Current assets	3 696 621	4 185 562
Total assets	3 723 110	4 206 838
Shareholders' equity	2 610 429	2 263 299
Current liabilities	1 112 681	1 943 539
Total equity and liabilities	3 723 110	4 206 838
Revenue	3 051 988	5 317 495
Profit before taxation	692 043	958 086

SHAREHOLDER ANALYSIS

	NO OF SHARE HOLDINGS	%	NO OF SHARES	%
SHAREHOLDER SPREAD				
1 – 1 000 shares	6 001	75,31	2 326 325	3,52
1 001 – 10 000 shares	1 627	20,42	4 757 890	7,21
10 001 – 100 000 shares	254	3,19	7 896 375	11,96
100 001 – 1 000 000 shares	78	0,98	23 266 133	35,25
1 000 001 shares and over	8	0,10	27 753 277	42,06
Total	7 968	100,00	66 000 000	100,00
DISTRIBUTION OF SHAREHOLDERS				
Banks and brokers	69	0,87	9 179 909	13,91
Close corporations	81	1,02	58 465	0,09
Endowment funds	100	1,26	385 934	0,58
Individuals	5 319	66,75	9 357 721	14,18
Insurance companies	31	0,39	2 964 343	4,49
Investment companies	18	0,23	3 942 812	5,97
Medical schemes	17	0,21	89 609	0,14
Mutual funds	170	2,13	9 285 890	14,07
Nominees and trusts	1 771	22,23	5 894 584	8,93
Other corporations	56	0,70	47 806	0,07
Private companies	177	2,22	11 218 450	17,00
Public companies	8	0,10	4 736	0,01
Retirement funds	150	1,88	10 797 737	16,36
Share trust	1	0,01	2 772 004	4,20
Total	7 968	100,00	66 000 000	100,00
PUBLIC/NON-PUBLIC SHAREHOLDERS				
Non-public shareholders	61	0,77	19 671 611	29,81
Directors and associates	9	0,11	3 892 218	5,90
Holding more than 10%	1	0,01	10 343 775	15,67
WBHO share syndicate	1	0,01	2 772 004	4,20
WBHO employees with more than 5 000 shares	50	0,64	2 663 614	4,04
Public shareholders	7 907	99,23	46 328 389	70,19
Total	7 968	100,00	66 000 000	100,00
BENEFICIAL SHAREHOLDERS HOLDING 3% OR MORE				
Akani Investment Holdings (Pty) Ltd			10 343 775	15,67
Government Employees Pension Fund			6 865 620	10,40
State Street Bank and Trust Co (Custodian)			4 220 818	6,40
Old Mutual Group			3 069 205	4,65
WBHO Share Syndicate			2 772 004	4,20
JPMorgan (Custodian)			2 283 221	3,46
GMO			2 002 502	3,03
Total			31 557 145	47,81

SHAREHOLDER ANALYSIS CONTINUED

	NO OF SHARE HOLDINGS	%	NO OF SHARES	%
GEOGRAPHICAL BREAKDOWN				
South Africa			50 886 595	77,10
United States of America and Canada			9 734 659	14,75
United Kingdom			2 715 373	4,11
Rest of Europe			2 324 015	3,52
Rest of the world			339 358	0,52
Total			66 000 000	100,00

CONSTRUCTION & MINTERALS VS. WILSON BAYLY HLM-OVC ORD



GRI INDEX

Our integrated 2011 report provides details on our economic, environmental and social programs and performance for the period under review and identifies our material sustainable development challenges and opportunities for the future. in accordance with the Global Reporting Initiative (GRI) G3 guidelines we declare that this report is aligned with application level C.

Application level		C
STANDARD DISCLOSURES PART I: Profile disclosures		
Profile disclosure	Description	Page No
1. Strategy and analysis		
1.1	Statement from the most senior decision-maker of the organisation.	16
1.2	Description of key impacts, risks, and opportunities.	12 – 13
2. Organisational profile		
2.1	Name of the organization.	front cover
2.2	Primary brands, products, and/or services.	4 – 5
2.3	Operational structure of the organisation, including main divisions, operating companies, subsidiaries, and joint ventures.	4 – 5
2.4	Location of organisation's headquarters.	4 – 5
2.5	Number of countries where the organisation operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	4 – 7
2.6	Nature of ownership and legal form.	FS 2
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/ beneficiaries).	4 – 7, 32 – 33
2.8	Scale of the reporting organisation.	8 – 9, 46 – 47
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	16, 37, 66
2.10	Awards received in the reporting period.	53, 60, 61
3. Report parameters		
3.1	Reporting period (eg, fiscal/calendar year) for information provided.	ifc
3.2	Date of most recent previous report (if any).	ifc
3.3	Reporting cycle (annual, biennial, etc.)	ifc
3.4	Contact point for questions regarding the report or its contents.	ifc
3.5	Process for defining report content.	ifc, 12 – 13
3.6	Boundary of the report (eg, countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	4 – 7
3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).	4 – 7
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organisations.	4 – 7
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.	ifc
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (eg, mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	n/a
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	ifc, 2
3.12	Table identifying the location of the Standard Disclosures in the report.	
3.13	Policy and current practice with regard to seeking external assurance for the report.	ifc

GRI

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Profile disclosure	Description	Page No
4. Governance, commitments and engagement		
4.1	Governance structure of the organisation, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	20, 22
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	21
4.3	For organisations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	21
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	21, 25
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	24, 88
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	20 – 25
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	2, 26
4.9	Procedures of the highest governance body for overseeing the organisation's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	20
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	20
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	ifc
4.14	List of stakeholder groups engaged by the organisation.	3, 25
4.15	Basis for identification and selection of stakeholders with whom to engage.	3
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	25
Performance Indicator	Description	
Economic		
Economic performance		
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	68
EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change.	59
EC3	Coverage of the organization's defined benefit plan obligations.	47
EC4	Significant financial assistance received from government.	n/a
Market presence		
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	62
Indirect economic impacts		
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	68

Performance Indicator	Description	Page No
Environmental		
Energy		
EN3	Direct energy consumption by primary energy source.	59
EN4	Indirect energy consumption by primary source.	59, 60
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	60
Biodiversity		
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	60
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	58
Emissions, effluents and waste		
EN16	Total direct and indirect greenhouse gas emissions by weight.	59
EN17	Other relevant indirect greenhouse gas emissions by weight.	59
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	60
Products and services		
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	60
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	n/a
Compliance		
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	n/a
Social: Labor practices and decent work		
Employment		
LA1	Total workforce by employment type, employment contract, and region.	46 – 47
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	47
Labor/management relations		
LA4	Percentage of employees covered by collective bargaining agreements.	47
Occupational health and safety		
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	52 – 53
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.	52 – 53
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	52, 54
Training and education		
LA10	Average hours of training per year per employee by employee category.	50
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	49
Diversity and equal opportunity		
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	46
LA14	Ratio of basic salary of men to women by employee category.	47

GRI INDEX CONTINUED

Performance Indicator	Description	Page No
Social: society		
Anti-competitive behavior		
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	29
Compliance		
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	n/a
Social: product responsibility		
Customer health and safety		
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	56
Product and service labelling		
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	56
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	56
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	56

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 29th annual general meeting of shareholders of Wilson Bayly Holmes-Ovcon Limited ("the company") will be held in the boardroom, ground floor, 53 Andries Street Wynberg, Sandton at 11:00 am on Wednesday 9 November 2011.

The purpose of the annual general meeting is for the following business to be transacted and for the following special and ordinary resolutions to be proposed:

1. ORDINARY RESOLUTION NUMBER 1

APPROVAL OF ANNUAL FINANCIAL STATEMENTS

In terms of item 2(7) of Schedule 5 of the 2008 Companies Act, the annual financial statements of the company and its subsidiaries for the year ended 30 June 2011, are hereby adopted.

The minimum percentage of voting rights that is required for this resolution to be adopted is 50% (fifty percent) of the voting rights plus 1 (one) vote to be cast on the resolution.

2. ORDINARY RESOLUTION NUMBER 2

APPOINTMENT OF AUDITORS

"RESOLVED AS AN ORDINARY RESOLUTION that BDO South Africa Inc. are hereby reappointed as the auditors of the company, and Mr S Shaw is hereby reappointed as the designated auditor to hold office for the ensuing year."

Note that the audit committee has recommended the reappointment of BDO South Africa Inc as auditors of the company with Mr S Shaw as designated auditor.

The minimum percentage of voting rights that is required for this resolution to be adopted is 50% (fifty percent) of the voting rights plus 1 (one) vote to be cast on the resolution.

3. ORDINARY RESOLUTION NUMBER 3

REAPPOINTMENT AND APPOINTMENT OF DIRECTORS

Messrs MS Wylie, EL Nel, JW Abbott and Ms NA Matyumza retire in accordance with the company's articles of Association, and, being eligible, offer themselves for re-election with the exception of Mr JW Abbott.

A brief CV of these directors are set out on pages 18 and 19 of the Integrated Report.

Accordingly, to consider and, if deemed fit, to re-elect those directors by way of passing the separate ordinary resolutions set out below:

ORDINARY RESOLUTION NUMBER 3.1

Appointment of Michael Stanley Wylie as chairman

"Resolved that Mr MS Wylie be and is hereby elected as chairman of the company."

ORDINARY RESOLUTION NUMBER 3.2

Appointment of Nomalungelo Angelina Matyumza as director

"Resolved that Ms NA Matyumza be and is hereby elected as a director of the company."

ORDINARY RESOLUTION NUMBER 3.3

Appointment of Elia Louw Nel as director

"Resolved that Mr EL Nel be and is hereby elected as a director of the company."

The minimum percentage of voting rights that is required for each of resolutions 3.1 to 3.3 to be adopted is 50% (fifty percent) of the voting rights plus 1 (one) vote to be cast on each resolution.

4. ORDINARY RESOLUTION NUMBER 4

APPOINTMENT OF AUDIT COMMITTEE MEMBERS FOR THE YEAR ENDING 30 JUNE 2012.

"RESOLVED AS AN ORDINARY RESOLUTION that Ms NA Matyumza (Chairperson), Ms NS Mjoli-Mncube and Mr JM Ngobeni be appointed by way of separate resolutions as the company's audit committee members, all of whom are independent non-executive directors for the year ending 30 June 2012."

A brief CV of these directors are set out on pages 18 and 19 of the Integrated Report.

The minimum percentage of voting rights that is required for this resolution to be adopted is 50% (fifty percent) of the voting rights plus 1 (one) vote to be cast on the resolution.

5. SPECIAL RESOLUTION NUMBER 1

DIRECTORS' FEES FOR THE YEAR ENDING 30 JUNE 2012

RESOLVED AS A SPECIAL RESOLUTION that the directors' fees, to be paid to the directors in their capacity as directors only, for the year ending 30 June 2012 be as follows:

	2010/2011 R'000	2011/2012 R'000
Non-executive directors	120 000	130 000
Chairman of audit committee	180 000	200 000
Chairman of remuneration committee	40 000	43 000
Committee members (per meeting)	18 000	18 000

NOTICE OF ANNUAL GENERAL MEETING

CONTINUED

REASON FOR THE SPECIAL RESOLUTION

The new Companies Act requires shareholder approval of directors' fees in advance by way of special resolution.

The minimum percentage of voting rights that is required for this resolution to be adopted is 75% (seventy-five percent) of the voting rights to be cast on the resolution.

6. SPECIAL RESOLUTION NUMBER 2

GENERAL APPROVAL TO REPURCHASE COMPANY SHARES

"RESOLVED AS A SPECIAL RESOLUTION that the company hereby approves, as a general approval, the acquisition by the company or any of its subsidiaries from time to time of the issued shares of the company, upon such terms and conditions and in such amounts as the directors of the company may from time to time determine, but subject to the Memorandum of Incorporation of the company, the provisions of the Companies Act No 71 of 2008, as amended, and the JSE Limited ("JSE") Listings Requirements ("JSE Listings Requirements") as presently constituted and which may be amended from time to time, and provided that acquisitions by the company and its subsidiaries of shares in the capital of the company may not, in the aggregate, exceed in any one financial year 5% (five percent) of the company's issued share capital of the class of shares acquired from the date of the grant of this general approval.

ADDITIONAL REQUIREMENTS IMPOSED BY THE JSE LISTINGS REQUIREMENTS

It is recorded that the company or its subsidiaries may only make a general acquisition of shares if the following JSE Listings Requirements are met:

- a. any such acquisition of shares shall be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the company or its subsidiaries and the counterparty or other manner approved by the JSE;
- b. the general approval shall only be valid until the company's next annual general meeting or for 15 (fifteen) months from the date of passing of this special resolution, whichever period is shorter;
- c. a paid press announcement will be published as soon as the company and/or its subsidiaries has/have acquired shares in terms of this authority constituting, on a cumulative basis, 3% (three percent) of the number of shares of the class of shares acquired in issue at the time of granting of this general approval and for each 3% (three percent) in aggregate of the initial number of that class of shares acquired thereafter, which announcement shall contain full details of such acquisitions as required by paragraph 11.27 of the JSE Listings Requirements;

- d. in determining the price at which the company's shares are acquired by the company or its subsidiaries in terms of this general approval, the maximum price at which such shares may be acquired may not be greater than 10% (ten percent) above the weighted average of the market value at which such shares are traded on the JSE, as determined over the 5 (five) business days immediately preceding the date of the acquisition of such shares by the company or its subsidiaries;
- e. in the case of a derivative (as contemplated in the JSE Listings Requirements), the price of the derivative shall be subject to the limitations set out in paragraph 5.84(a) of the JSE Listings Requirements;
- f. a resolution by the board of directors of the company that they authorised the repurchase, that the company passed the solvency and liquidity test and that since the test was done there have been no material changes to the financial position of the group; and
- g. the company and/or its subsidiaries may not repurchase any shares in terms of this authority during a prohibited period, as defined in the JSE Listings Requirements, unless the company and/or its subsidiaries has in place a repurchase programme, where dates and quantities of shares to be traded during the prohibited period are fixed and full details of the programme have been disclosed in an announcement over SENS prior to the commencement of the prohibited period.

STATEMENT BY THE BOARD OF DIRECTORS OF THE COMPANY

Pursuant to, and in terms of, the JSE Listings Requirements, the board of directors of the company hereby state that:

- a. the intention of the directors of the company is to utilise the general authority to acquire shares in the capital of the company if at some future date the cash resources of the company are in excess of its requirements or there are other good grounds for doing so. In this regard the directors will take account of, inter alia, an appropriate capitalisation structure for the company, the long-term cash needs of the company and the interests of the company;
- b. in determining the method by which the company intends to repurchase its securities, the maximum number of securities to be repurchased and the date on which such repurchase will take place, the directors of the company will only make repurchases if at the time of the repurchase they are of the opinion that:
 - b.1 The company and its subsidiaries will, after the repurchase, be able to pay their debts as they become due in the ordinary course of business for the 12 (twelve) month period following the date of this notice of the annual general meeting;

- b.2 the consolidated assets of the company and its subsidiaries, fairly valued and recognised and measured in accordance with the accounting policies used in the latest audited financial statements, will, after the repurchase, be in excess of the consolidated liabilities of the company and its subsidiaries for the 12- (twelve) month period following the date of this notice of the annual general meeting;
- b.3 the issued share capital and reserves of the company and its subsidiaries will, after the repurchase, be adequate for the ordinary business purposes of the company and its subsidiaries for the 12 (twelve)- month period following the date of this notice of the annual general meeting; and
- b.4 the working capital available to the company and its subsidiaries will, after the repurchase, be adequate for the ordinary business requirements of the company and its subsidiaries for the 12 (twelve) month period following the date of this notice of the annual general meeting.

REASON AND EFFECT OF SPECIAL RESOLUTION NUMBER 2

The reason for special resolution number 2 is to grant the company a general authority in terms of the JSE Listings Requirements for the acquisition by the company or any of its subsidiaries of shares issued by the company, which authority shall be valid until the earlier of the next annual general meeting of the company or the variation or revocation of such general authority by special resolution by any subsequent general meeting of the company, provided that the general authority shall only be valid until the company's next annual general meeting, or for 15 (fifteen) months from the date of passing of this special resolution, whichever period is shorter. The passing and filing of this special resolution will have the effect of authorising the company and/or any of its subsidiaries to acquire shares issued by the company.

The minimum percentage of voting rights that is required for this resolution to be adopted is 75% (seventy-five percent) of the voting rights to be cast on the resolution.

7. ORDINARY RESOLUTION NUMBER 5

GENERAL AUTHORITY OVER UNISSUED SHARES

"Resolved that after providing for the shares reserved for the purpose of the company's share scheme, the balance of unissued ordinary shares be placed under the control of the directors, who are hereby authorised to allot and issue these shares at such times and on such terms as they may decide, subject to the JSE Listings Requirements and provided that any shares issued in terms of this authority shall not exceed 10% of the company's issued share capital prior to such issue".

The minimum percentage of voting rights that is required for each of resolutions 3.1 to 3.3 to be adopted is 50% (fifty

percent) of the voting rights plus 1 (one) vote to be cast on each resolution.

8. ORDINARY RESOLUTION NUMBER 6

DIRECTORS' AUTHORITY TO IMPLEMENT SPECIAL AND ORDINARY RESOLUTIONS

"RESOLVED AS AN ORDINARY RESOLUTION that each and every director of the company be and is hereby authorised to do all such things and sign all such documents as may be necessary for or incidental to the implementation of the resolutions passed at this meeting."

The minimum percentage of voting rights that is required for this resolution to be adopted is 50% (fifty percent) of the voting rights plus 1 (one) vote to be cast on the resolution.

9. TO TRANSACT SUCH OTHER BUSINESS THAT MAY BE TRANSACTED AT AN ANNUAL GENERAL MEETING

GENERAL INSTRUCTIONS AND INFORMATION

The Integrated Report to which this notice of annual general meeting is attached provides details of:

- the directors of the company on pages 18 and 19 of the Integrated Report;
- an analysis of the shareholders of the company are found on page 67;
- the directors' shareholding in the company under note 26; and
- the share capital of the company under note 10.

There are no material changes to the group's financial or trading position, other than the investigation by the Competition Commission nor are there any material, legal or arbitration proceedings (pending or threatened) that may affect the financial position of the group.

The directors, whose names are given on pages 18 and 19 of the Integrated Report, collectively and individually accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the annual report and this notice contains all information required by law and the JSE Listings Requirements.

All shareholders are encouraged to attend, speak and vote at the annual general meeting.

ENTITLEMENT TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IN PERSON OR BY PROXY

If you hold certificated shares (ie have not dematerialised your shares in the company) or are registered as an own name dematerialised shareholder (ie have specifically instructed your Central Securities Depository Participant ("CSDP") to hold your shares in your own name on the company's subregister) then:

NOTICE OF ANNUAL GENERAL MEETING CONTINUED

you may attend and vote at the annual general meeting; alternatively you may appoint a proxy (who need not also be a shareholder of the company) to attend, participate in and speak and vote in your place at the annual general meeting by completing the attached form of proxy and returning it to the registered office of the company or to the transfer secretaries, Computershare Investor Services (Pty) Ltd, the details of which are set out on page 74 of the Integrated Report, by no later than 11h00 on Monday, 7 November 2011 being 48 (forty-eight) hours prior to the time appointed for the holding of the annual general meeting. Please note that your proxy may delegate his/her authority to act on your behalf to another person, subject to the restrictions set out in the attached form of proxy. Please also note that the attached form of proxy must be delivered to the registered office of the company or to the transfer secretaries, Computershare Investor Services (Pty) Ltd as aforesaid, before your proxy may exercise any of your rights as a shareholder at the annual general meeting.

Please note that any shareholder of the company that is a company may authorise any person to act as its representative at the annual general meeting. Please also note that section 63(1) of the 2008 Companies Act, requires that persons wishing to participate in the annual general meeting (including the aforementioned representative) provide satisfactory identification before they may so participate.

Please note that if you are the owner of dematerialised shares (ie have replaced the paper share certificates representing the shares with electronic records of ownership under the JSE's electronic settlement system, Share Transactions Totally Electronic ("STRATE")) held through a CSDP or broker and are not registered as an "own name dematerialised shareholder", then you are not a registered shareholder of the Company, but your CSDP or broker (or their nominee) would be.

Accordingly, in these circumstances, subject to the mandate between yourself and your CSDP or broker (or their nominee), as the case may be:

if you wish to attend the annual general meeting you must contact your CSDP or broker (or their nominee), as the case may be, and obtain the relevant letter of representation from it; alternatively

if you are unable to attend the annual general meeting but wish to be represented at the meeting, you must contact your CSDP or broker (or their nominee), as the case may be, and furnish it with your voting instructions in respect of the annual general meeting and/or request it to appoint a proxy. You should not complete the attached form of proxy. The instructions must be provided in accordance with the mandate between yourself and your CSDP or broker, as the case may be, within the time period required by your CSDP or broker, as the case may be.

CSDPs, brokers or their nominees, as the case may be, recorded in the company's subregister as holders of dematerialised shares held on behalf of an investor/beneficial owner in terms of STRATE should, when authorised in terms of their mandate or instructed to do so by the owner on behalf of whom they hold dematerialised shares in the company, vote by either appointing a duly authorised representative to attend and vote at the annual general meeting or by completing the attached form of proxy in accordance with the instructions thereon and returning it to the registered office of the company or to the transfer secretaries, Computershare Investor Services (Pty) Ltd, the details of which are set out here of the Integrated Report, by no later than 11h00 on Monday, 7 November 2011, being 48 (forty-eight) hours prior to the time appointed for the holding of the annual general meeting.

Shareholders of the company that wish to participate in the annual general meeting should note that any shareholder of the company that is a company may authorise any person to act as its representative at the annual general meeting. Please also note that section 63(1) of the 2008 Companies Act, requires that person wishing to participate in the annual general meeting (including the aforementioned representative) must provide satisfactory identification before they may so participate.

By order of the board



S Vally-Kara
Company secretary

ADMINISTRATION

WILSON BAYLY HOLMES-OVCON LIMITED

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

REGISTERED OFFICE AND CONTACT DETAILS

53 Andries Street
Wynberg, Sandton 2090
PO Box 531
Bergvlei 2012

Telephone: 011 321 7200
Fax: 011 887 4364

Website: www.wbho.co.za
Email: wbhoho@wbho.co.za

COMPANY SECRETARY

S Vally-Kara
ACIS

AUDITORS

BDO South Africa Inc.
13 Wellington Road
Parktown 2193
Private Bag X60
Houghton 2041

TRANSFER SECRETARIES

Computershare Investor Services (Pty) Ltd
70 Marshall Street
Johannesburg 2001
PO Box 61051
Marshalltown 2107

Telephone: 011 370 5000
Fax: 011 370 5271

SPONSOR

Investec Bank Limited
100 Grayston Drive
Sandton 2196
PO Box 785700
Sandton 2146

SHAREHOLDERS' DIARY

Financial year-end	30 June
Preliminary announcement	4 September 2012
Annual report posted*	9 October 2012
Interim results announced	20 February 2012

SHAREHOLDERS' PAYMENTS

INTERIM PAYMENT

Approved	17 February 2012
Payable	16 April 2012

FINAL PAYMENT

Approved	31 August 2012
Payable	22 October 2012

* Please note that these are approximate dates.

FORM OF PROXY



WILSON BAYLY HOLMES-OVCON LIMITED

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

This form of proxy is not to be used by beneficial owners of shares who have dematerialised their shares ("dematerialised shares") through a Central Securities Depository Participant (CSDP) or broker, as the case may be, unless you are recorded on the subregister as an own name dematerialised shareholder. Generally, you will not be an own name dematerialised shareholder unless you have specifically requested your CSDP to record you as the holder of the shares in your own name in the company's subregister.

This form of proxy is only for use by certificated, own name dematerialised shareholders and CSDPs or brokers (or their nominees) registered in the company's subregister as the holder of dematerialised ordinary shares.

Each shareholder entitled to attend and vote at the annual general meeting is entitled to appoint a proxy (who need not be a shareholder of the company) to attend, participate in and speak and vote in place of that shareholder at the annual general meeting, and at any adjournment thereafter.

Please note the following:

- The appointment of your proxy may be suspended at any time to the extent that you choose to act directly and in person; the exercise of your rights as a shareholder at the annual general meeting;
- The appointment of the proxy is revocable; and
- You may revoke the proxy appointment by (i) cancelling it in writing, or making a later inconsistent appointment of a proxy; and (ii) delivering a copy of the revocation instrument to the proxy, and to the company.

Please note that any shareholder of the company that is a company may authorise any person to act as its representative at the annual general meeting. Please also note that section 63(1) of the 2008 Companies Act, requires that persons wishing to participate in the annual general meeting (including the aforementioned representative) provide satisfactory identification before they may so participate.

I/We (block letters)

Of

Telephone: Work

Telephone: Home

being the holder/s of

ordinary shares in the company, hereby appoint (refer to note 1)

1. _____ or failing him/her,
2. _____ or failing him/her,
3. the Chairman of the annual general meeting,

as my/our proxy to attend, speak, vote and act for me/us on my/our behalf at the annual general meeting which will be held for the purpose of considering and, if deemed fit, passing the resolutions to be proposed thereat and at any adjournment thereof and to vote for or against such resolutions or to abstain from voting in respect of the shares in the issued capital of the company registered in my/our name(s), in accordance with the following instructions (refer to note 2).

My/our proxy may delegate to another person his/her authority to act on my behalf at the annual general meeting, provided that my/our proxy:

- may only delegate his/her authority to act on my behalf at the general meeting to a director of the Company; and
- must provide written notification to the transfer secretaries of the Company, namely Computershare Investor Services (Pty) Ltd, of the delegation by my/our proxy of his/her authority to act on my behalf at the general meeting by no later than 11:00 on Monday, 7 November 2011, being 48 (forty-eight) hours before the general meeting to be held at 11:00 on Wednesday, 9 November 2011; and
- must provide to his/her delegee a copy of his/her authority to delegate his/her authority act on my behalf at the general meeting.

	Number of votes (one vote per ordinary share)		
	For	Against	Abstain
Ordinary resolution number 1: Approval of annual financial statements			
Ordinary resolution number 2: Appointment of the auditors			
Ordinary resolution number 3.1: Election of Mr MS Wylie as director			
Ordinary resolution number 3.2: Election of Ms NA Matyumza as director			
Ordinary resolution number 3.3: Election of Mr EL Nel as director			
Ordinary resolution number 4: Appointment of audit committee members			
Ordinary resolution number 4.1: Election of Ms NA Matyumza as audit committee member			
Ordinary resolution number 4.2: Election of Ms NS Mjoli-Mncube as audit committee member			
Ordinary resolution number 4.3: Election of Mr MJ Ngobeni as audit committee member			
Special resolution number 1: Approval of directors' fees for 2012 financial year			
Special resolution number 2: General authority to repurchase company shares			
Ordinary resolution number 5: Placing unissued shares under the control of the directors			
Ordinary resolution number 6: Directors' authority to implement company resolutions			

Insert an "X" in the relevant spaces above according to how you wish your votes to be cast. If you wish to cast your votes in respect of a lesser number of shares than you own in the company, insert the number of shares held in respect of which you desire to vote (see note 3).

Signed at _____ on _____ 2011

Signature _____
(Authority of signatory to be attached if applicable – see note 7)

Assisted by me (where applicable – see note 9) _____ Telephone number _____

Please also read the notes overleaf.

NOTES TO FORM OF PROXY

SUMMARY OF SHAREHOLDERS' RIGHTS IN RESPECT OF PROXY APPOINTMENTS AS CONTAINED IN SECTION 58 OF THE 2008 COMPANIES ACT

Please note that in terms of section 58 of the 2008 Companies Act:

- This proxy form must be dated and signed by the shareholder appointing the proxy;
- You may appoint an individual as a proxy, including an individual who is not a shareholder of the company, to participate in and speak and vote at a shareholders meeting on our behalf;
- Your proxy may delegate his/her authority to act on your behalf to another person, subject to any restriction set out in this proxy form;
- This proxy form must be delivered to the company, or to the transfer secretaries of the company, namely Computershare Investor Services (Pty) Ltd, before your proxy exercises any of your rights as a shareholder at the annual general meeting;
- The appointment of your proxy or proxies will be suspended at any time to the extent that you choose to act directly and in person in the exercise of any of your rights as a shareholder at the annual general meeting;
- The appointment of your proxy is revocable unless you expressly state otherwise in this proxy form;
- As the appointment of your proxy is revocable, you may revoke the proxy appointment by (i) cancelling it in writing, or making a later inconsistent appointment of a proxy and (ii) delivering a copy of the revocation instruments to the

NOTES

1. The person whose name stands first on the proxy form and who is present at the annual general meeting will be entitled to act as a proxy to the exclusion of those whose names follow thereafter.
2. If no proxy is inserted in the spaces provided, then the Chairperson shall be deemed to be appointed as the proxy to vote or abstain as the Chairperson deems fit.
3. A shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that shareholder in the appropriate box provided. If there is no clear indication as to the voting instructions to the proxy, the proxy form will be deemed to authorise the proxy to vote or to abstain from voting at the annual general meeting as he/she deems fit in respect of all the shareholder's votes exercisable thereat.
4. A shareholder or his/her proxy is not obliged to use all the votes exercisable by the shareholder or by his/her proxy, but the total of the votes cast and in respect of which abstention is recorded may not exceed the total of the votes exercisable by the shareholder or by his/her proxy. A proxy shall be entitled to demand that voting take place on a poll.

5. Proxy forms must be lodged at the registered office of the company, situated at 53 Andries Street, Wynberg or posted to the Company Secretary at PO Box 531 Bergvlei 2012, or lodged with or posted to the transfer secretaries, Computershare Investor Services (Pty) Ltd, Ground Floor, 70 proxy and to the company. Please note the revocation of a proxy appointment constitutes a complete and final cancellation of your proxy's authority to act on your behalf as of the later of (i) the date stated in the revocation instrument, if any, or the date on which the revocation instrument was delivered to the company and the proxy as aforesaid;
 - If this proxy form has been delivered to the company, as long as that appointment remains in effect, any Notice that is required by the 2008 Companies Act of the company's MOI to be delivered by the company to you or your proxy or proxies, if you have directed the company to do so, in writing and paid any reasonable fee charged by the company for doing so;
 - Your proxy is entitled to exercise, or abstain from exercising, any voting right of yours at the annual general meeting, but only as directed by you on this proxy form;
 - The appointment of your proxy remains valid only until the end of the annual general meeting or any adjournment or postponement thereof or for a period of six months, whichever is shortest, unless it is revoked by you before then on the basis set out above 70 Marshall Street Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107, South Africa).
6. Forms of proxy must be received or lodged by no later than 11:00 on Monday, 7 November 2011, being no later than 48 (forty-eight) hours before the annual general meeting to be held at 11:00 on Wednesday, 9 November 2011.
7. Documentary evidence establishing the authority of a person signing this proxy form in a representative capacity must be attached to this proxy form unless previously recorded by the Company Secretary or waived by the Chairperson of the annual general meeting. CSDP's or brokers registered in the company's subregister voting on instructions from beneficial owners of shares registered in the company's subregister, are requested that they identify the beneficial owner in the subregister on whose behalf they are voting and return a copy of the instruction from such owner to the Company Secretary or to the transfer secretaries, Computershare Investor Services (Pty) Ltd, Ground Floor, 70 Marshall Street, together with this form of proxy.
8. Any alteration or correction made to this proxy form must be initialled by the signatory/ies, but may not be accepted by the Chairperson.
9. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the Company secretary.

FEEDBACK FORM

We would be very grateful for any feedback that you may wish to provide on our Integrated Report 2011. The feedback form is available online at www.wbho.co.za, or it may be mailed to shereenv@wbho.co.za for the attention of Shereen Vally-Kara.

1. Personal details

Name:
Organisation:
Tel: Fax:
Email address:
Postal address:

2. What is the nature of your interest in/association with WBHO?

- | | | |
|---|-------------------------------------|---|
| ☐ Employee | ☐ Analyst | ☐ Shareholder |
| ☐ Journalist based | ☐ Government | ☐ Non-governmental or community- |
| ☐ Supplier or business partner | ☐ Student | organisation |

3. How did you become aware of our report?

- | | | |
|--|--|---------------------------------------|
| ☐ Delivered or posted to you (printed copy) | ☐ Through the media | ☐ Other source |
| ☐ Via the company's website | | |

4. In what format did you view the report?

- | | |
|---|---|
| ☐ The web-based version | ☐ Integrated report and financial statements on CD |
| ☐ Only integrated report | ☐ Only financial statements on CD |

5. How did you find the report/s?

- | | |
|--|--|
| Printed report | Web-based version |
| ☐ Too detailed | ☐ Too detailed |
| ☐ Not enough detail | ☐ Not enough detail |

6. How did you find the structure of the report?

- | | |
|-------------------------------------|---|
| ☐ Acceptable | ☐ Not acceptable |
|-------------------------------------|---|

If not acceptable – reason

7. Rate the following sections of the integrated report. 1 = Poor, 5 = Excellent

- | | | |
|-------------------------------------|--|---|
| ☐ Overview | ☐ Human resources | ☐ Transformation |
| ☐ Governance | ☐ Health and safety | ☐ Financial overview |
| ☐ Operations | ☐ Environment | |

Comment:

8. Were WBHO's values and business principles clearly articulated in the report?

- | | |
|------------------------------|-----------------------------|
| ☐ Yes | ☐ No |
|------------------------------|-----------------------------|

Comment:

9. Do you feel that you have a good/better understanding of the issues related to the group and how they are being dealt with?

- | | |
|------------------------------|-----------------------------|
| ☐ Yes | ☐ No |
|------------------------------|-----------------------------|

Comment:

10. Did you use the Global Reporting Initiative (GRI) index?

- | | |
|------------------------------|-----------------------------|
| ☐ Yes | ☐ No |
|------------------------------|-----------------------------|

11. How would you like your Integrated Report in the future?

- | | | |
|-------------------------------------|------------------------------------|------------------------------------|
| ☐ Electronic | ☐ Web-based | ☐ Hard copy |
|-------------------------------------|------------------------------------|------------------------------------|

Comment:

