WBHO

UNAUDITED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER

2022

CONTENTS

BASIS OF PREPARATION

The summary consolidated interim financial statements are prepared in accordance with the JSE Limited Listings Requirements, the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council, and at a minimum, contain the information required by IAS 34 Interim Financial Reporting and the requirements of the Companies Act of South Africa.

The accounting policies applied in the preparation of the summary consolidated financial statements are in terms of International Financial Reporting Standards and are consistent with the accounting policies applied in the preparation of the previous consolidated annual financial statements.

The summary consolidated interim financial statements have been compiled under the supervision of the Chief Financial Officer, Charles Henwood CA (SA) and were authorised by the Board on 27 February 2023.

The directors take full responsibility for the preparation of the summary report and that the financial information therein has been correctly extracted from the underlying annual consolidated financial statements.

The summary consolidated interim financial statements for the period ended 31 December 2022 have not been audited or reviewed by the Group's auditors, BDO South Africa Incorporated.

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

	Note	**Unaudited December 2022 R 000**	Re-presented Unaudited December 2021 R 000	Audited June 2022 R 000
Continuing operations				
Revenue		**10 330 483**	8 988 984	17 240 278
Operating costs		**(9 399 204)**	(8 169 913)	(15 599 757)
Administrative costs		**(477 851)**	(409 364)	(859 078)
Other income		**8 745**	10 606	32 756
Operating profit		**462 173**	420 313	814 199
Share of profits from interests in associates and joint ventures		**93 724**	39 499	100 456
Finance income		**69 064**	50 034	119 807
Finance costs		**(20 015)**	(12 421)	(30 429)
Profit before taxation		**604 946**	497 425	1 004 033
Income tax expense		**(150 084)**	(172 568)	(285 212)
Profit for the period from continuing operations		**454 862**	324 857	718 821
Discontinued operations				
Loss from discontinued operations and/or loss of control of subsidiaries	7	**(100 191)**	(1 828 342)	(2 993 120)
Profit/(loss) for the period from total operations		**354 671**	(1 503 485)	(2 274 299)
Other comprehensive income				
Items that will be reclassified to profit or loss:				
Currency effect of translation of foreign operations		**(30 876)**	178 728	131 104
Translation of foreign entities reclassified through profit or loss on derecognition		**–**	–	(460 253)
Translation of net investments in a foreign operation		**19 021**	29 143	(12 319)
Tax effect of above item		**(5 136)**	(8 160)	3 326
Share of associates' comprehensive income		**–**	25 728	23 324
		(16 991)	225 439	(314 818)
Total comprehensive profit/(loss) for the period		**337 680**	(1 278 046)	(2 589 117)
Profit for the period from continuing operations attributable to:				
Equity shareholders of Wilson Bayly Holmes-Ovcon Limited		**440 730**	317 024	692 992
Non-controlling interests		**14 132**	7 833	25 829
		454 862	324 857	718 821
Loss for the period from discontinued operations attributable to:				
Equity shareholders of Wilson Bayly Holmes-Ovcon Limited		**(100 191)**	(1 665 186)	(2 853 281)
Non-controlling interests		**–**	(163 156)	(139 839)
		(100 191)	(1 828 342)	(2 993 120)
Profit/(loss) for the period from total operations attributable to:				
Equity shareholders of Wilson Bayly Holmes-Ovcon Limited		**340 539**	(1 348 162)	(2 160 289)
Non-controlling interests		**14 132**	(155 323)	(114 010)
		354 671	(1 503 485)	(2 274 299)
Total comprehensive profit/(loss) for the period attributable to:				
Equity shareholders of Wilson Bayly Holmes-Ovcon Limited		**319 266**	(1 140 634)	(2 513 835)
Non-controlling interests		**18 415**	(137 412)	(75 282)
		337 680	(1 278 046)	(2 589 117)

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE AND OTHER COMPREHENSIVE INCOME CONTINUED

FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

	Note	**Unaudited December 2022 R 000**	Re-presented Unaudited December 2021 R 000	Audited June 2022 R 000
Earnings/(loss) per share (cents)				
Earnings/(loss) per share				
Continuing operations		**828.9**	596.1	1 303.1
Discontinued operations		**(188.4)**	(3 131.2)	(5 365.2)
Total operations		**640.5**	(2 535.1)	(4 062.1)
Diluted earnings/(loss) per share				
Continuing operations		**828.9**	595.3	1 303.1
Discontinued operations		**(188.4)**	(3 126.7)	(5 365.2)
Total operations		**640.5**	(2 531.4)	(4 062.1)
Headline earnings/(loss) per share				
Continuing operations		**818.5**	591.1	1 297.0
Discontinued operations		**(188.4)**	(2 204.4)	(4 990.3)
Total operations		**630.1**	(1 613.3)	(3 693.4)
Diluted headline earnings/(loss) per share				
Continuing operations		**818.5**	590.3	1 297.0
Discontinued operations		**(188.4)**	(2 201.2)	(4 990.3)
Total operations		**630.1**	(1 610.9)	(3 693.4)
Dividend per share (cents)		**–**	–	–

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

	Note	**Unaudited December 2022 R 000**	Unaudited December 2021 R 000	Audited June 2022 R 000
ASSETS				
Non-current assets				
Property, plant and equipment		**1 854 593**	1 812 737	1 562 606
Right-of-use assets		**149 784**	343 490	230 613
Goodwill		**532 408**	553 615	512 532
Interests in associates and joint ventures		**620 581**	1 035 937	660 253
Long-term receivables		**133 220**	246 375	152 645
Deferred taxation		**574 905**	396 797	550 223
Total		**3 865 491**	4 388 951	3 668 872
Current assets				
Inventories		**388 070**	391 127	420 918
Contract assets		**388 101**	998 927	281 448
Trade and other receivables		**4 080 312**	5 507 347	4 056 538
Taxation		**156 677**	199 166	99 941
Cash and cash equivalents	5	**3 263 714**	5 260 001	3 339 230
Total		**8 276 874**	12 356 568	8 198 075
Total Assets		**12 142 365**	16 745 519	11 866 947
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital		**28 565**	28 565	28 565
Reserves		**3 160 303**	4 248 786	2 826 474
Shareholders' equity		**3 188 868**	4 277 351	2 855 039
Non-controlling interests (NCI)		**99 669**	(47 168)	81 255
Total		**3 288 537**	4 230 183	2 936 294
Non-current liabilities				
Lease liabilities		**126 730**	260 519	193 550
Long-term liabilities		**556 219**	249 917	152 186
Deferred taxation		**26 600**	12 685	42 522
Total		**709 549**	523 121	388 258
Current liabilities				
Contract liabilities		**2 438 738**	2 985 769	1 908 312
Trade and other payables		**3 262 569**	6 751 392	4 137 375
Provisions		**2 398 734**	2 233 347	2 448 492
Taxation		**44 238**	21 707	48 216
Total		**8 144 279**	11 992 215	8 542 395
Total equity and liabilities		**12 142 365**	16 745 519	11 866 947

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

	Share capital R 000	Foreign currency translation reserve R 000	Non-distributable reserve R 000	Distributable reserve R 000	Shareholders' equity R 000
At 1 July 2021	28 565	216 779	35 346	5 248 089	5 528 779
	–	207 528	–	(1 348 162)	(1 140 634)
Profit for the period from continuing operations	–	–	–	317 024	317 024
Loss for the period from discontinued operations	–	–	–	(1 665 186)	(1 665 186)
Other comprehensive loss for the period	–	207 528	–	–	207 528
Dividend paid	–	–	–	(116 530)	(116 530)
Share-based payment expense	–	–	17 986	–	17 986
Share-based payment settlement	–	–	(12 250)	–	(12 250)
Balance at 31 December 2021	28 565	424 307	41 082	3 783 397	4 277 351
	–	(561 074)	–	(812 127)	(1 373 201)
Profit for the year from continuing operations	–	–	–	375 968	375 968
Loss for the year from discontinued operations	–	–	–	(1 188 095)	(1 188 095)
Other comprehensive loss for the period	–	(561 074)	–	–	(561 074)
Share-based payment expense	–	–	26 783	–	26 783
Share-based payment settlement	–	–	(1 212)	–	(1 212)
Acquisition of NCI without a change in control	–	–	–	(74 682)	(74 682)
Balance at 30 June 2022	**28 565**	**(136 767)**	**66 653**	**2 896 588**	**2 855 039**
	–	**(21 273)**	**–**	**340 539**	**319 266**
Profit for the year from continuing operations	**–**	**–**	**–**	**440 730**	**440 730**
Loss for the year from discontinued operations	**–**	**–**	**–**	**(100 191)**	**(100 191)**
Other comprehensive income for the period	**–**	**(21 273)**	**–**	**–**	**(21 273)**
Share-based payment expense	**–**	**–**	**20 215**	**–**	**20 215**
Share-based payment settlement	**–**	**–**	**(5 652)**	**–**	**(5 652)**
Balance at 31 December 2022	**28 565**	**(158 040)**	**81 216**	**3 237 127**	**3 188 868**

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

	Unaudited December 2022 R 000	Re-presented Unaudited December 2021 R 000	Audited June 2022 R 000
Cash flows from operating activities			
Operating profit before working capital requirements	**571 821**	505 194	1 094 202
Working capital changes	**65 466**	352 933	188 612
Cash generated from operating activities	**637 287**	858 127	1 282 814
Dividends received	**158 268**	30 611	88 959
Finance income	**57 818**	43 974	109 397
Finance costs	**(9 941)**	(7 464)	(21 989)
Income tax paid	**(237 531)**	(208 434)	(344 448)
Dividends paid	**–**	(116 530)	(157 711)
Operating cash flows associated with discontinued operations	**–**	(1 189 982)	(1 593 716)
Cash generated from/(utilised in) operating activities	**605 901**	(589 698)	(636 694)
Cash flows from investing activities			
Advance of long-term receivables	**–**	(6 517)	(6 961)
Receipts from the repayment of long-term receivables	**36 729**	16 315	73 162
Additional investment in associate	**–**	–	(18 801)
Loans advanced to associates and joint ventures	**(164 773)**	(127 675)	(202 838)
Loans repaid by associates and joint ventures	**81 861**	43 041	111 415
Repayment of investment in associate	**–**	29 199	29 199
Proceeds on disposal of property, plant and equipment	**29 647**	8 217	14 986
Purchase of property, plant and equipment	**(247 710)**	(57 721)	(102 103)
Cash disposed of on loss of control of subisidaries	**–**	–	(674 642)
Investing cash flows associated with discontinued operations	**(759 955)**	37 432	(824 999)
Cash flows from investing activities	**(1 024 201)**	(57 709)	(1 601 582)
Cash flows from financing activities			
Acquisition of NCI without a change in control	**–**	–	(130 393)
Repayment of loan from NCI	**–**	(658)	(2 292)
Bank loans repaid	**(2 700)**	(2 100)	(4 750)
Loans advanced from associate	**–**	–	25 000
Purchase of shares for equity-settled incentives	**(5 650)**	(10 679)	(14 958)
Payment of instalment sale liabilities	**(55 005)**	(15 862)	(57 520)
Payment of lease liabilities	**(29 315)**	(27 188)	(52 239)
Financing cash flows associated with discontinued operations	**350 000**	(35 343)	(21 928)
Cash flows from financing activities	**257 330**	(91 830)	(259 080)
Net decrease in cash and cash equivalents	**(160 970)**	(739 237)	(2 497 356)
Foreign currency translation effect	**85 454**	318 521	155 869
Cash and cash equivalents at the beginning of the period	**3 339 230**	5 680 717	5 680 717
Cash and cash equivalents at the end of the period	**3 263 714**	5 260 001	3 339 230

NOTES TO THE FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

1 SEGMENTAL INFORMATION

		Unaudited December 2022 R 000	Re-presented Unaudited December 2021 R 000	Audited June 2022 R 000
Revenue	% change			
Building and civil engineering	31.2	**4 914 984**	3 744 808	7 498 139
Roads and earthworks	3.5	**2 661 329**	2 570 831	4 712 677
United Kingdom	0.4	**2 231 664**	2 221 881	4 209 894
Total construction revenue	14.9	**9 807 977**	8 537 520	16 420 710
Property developments	(1.5)	**10 882**	11 048	16 717
Construction materials	16.2	**511 625**	440 416	802 851
Total revenue		**663 405**	548 274	1 126 707
Inter-segment revenue		**(151 780)**	(107 858)	(323 856)
Total revenue from continuing operations	14.9	**10 330 483**	8 988 984	17 240 278
Operating profit/(loss)	% margin			
Building and civil engineering	5.1	**248 366**	163 839	342 356
Roads and earthworks	6.3	**166 529**	181 427	322 092
United Kingdom	2.2	**49 951**	76 858	157 503
Total construction operating profit	4.7	**464 846**	422 124	821 951
Property developments		**8 474**	10 185	18 529
Construction materials	1.8	**9 068**	5 990	18 488
Total segment operating profit	4.7	**482 388**	438 299	858 968
Share-based payments expense		**(20 215)**	(17 986)	(44 769)
Operating profit from continuing operations		**462 173**	420 313	814 199
Geographical revenue	% change			
South Africa	21.9	**7 020 025**	5 758 195	11 055 600
Rest of Africa	6.9	**1 078 794**	1 008 908	1 974 784
United Kingdom	0.4	**2 231 664**	2 221 881	4 209 894
Total revenue from continuing operations		**10 330 483**	8 988 984	17 240 278
Geographical operating profit	% margin			
South Africa	5.0	**351 537**	244 424	525 050
Rest of Africa	7.5	**80 899**	117 017	176 415
United Kingdom	2.2	**49 951**	76 858	157 503
Segment operating profit	4.7	**482 388**	438 299	858 968
Share-based payments expense		**(20 215)**	(17 986)	(44 769)
Operating profit from continuing operations		**462 173**	420 313	814 199
Geographical non-current assets excluding deferred tax				
South Africa		**1 848 682**	1 643 474	1 752 265
Rest of Africa		**444 573**	552 452	520 419
United Kingdom		**997 332**	1 223 656	845 964
		3 290 587	3 419 582	3 118 648

2 DISAGGREGATION OF REVENUE

	% change	**Unaudited December 2022 R 000**	Re-presented Unaudited December 2021 R 000	Audited June 2022 R 000
South Africa	21.9	**7 020 025**	5 758 195	11 055 600
- Building and civil engineering		**4 773 337**	3 576 490	7 181 367
- Roads and earthworks		**1 553 585**	1 649 980	2 862 045
- Construction materials		**682 221**	520 677	995 471
- Property developments		**10 882**	11 048	16 717
Rest of Africa	6.9	**1 078 794**	1 008 908	1 974 784
- Building and civil engineering		**141 647**	168 319	316 772
- Roads and earthworks		**900 517**	815 962	1 626 084
- Construction materials		**36 630**	24 627	31 928
United Kingdom	0.4	**2 231 664**	2 221 881	4 209 894
- Building and civil engineering		**2 231 664**	2 221 881	4 209 894
Total revenue from continuing operations	14.9	**10 330 483**	8 988 984	17 240 278

Reportable segments reflect the operating structure of the Group and are identified both geographically and by the key markets which they serve. When disaggregating revenue, revenue is aggregated by giving cognizance to the transfer of differing goods and services. As a result, for the purpose of disaggregation of revenue the sale of asphalt and bitumen within the Roads and earthworks operating segment is included with the supply of construction materials.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

3 RECONCILIATION OF HEADLINE EARNINGS

	Unaudited December 2022 R 000	Re-presented Unaudited December 2021 R 000	Audited June 2022 R 000
Attributable profit	**440 730**	317 024	692 992
Adjusted for:			
Profit on disposal of property, plant and equipment	**(7 832)**	(4 011)	(4 779)
NCI	**799**	998	965
Tax effect	**1 744**	525	764
Interests in associates and joint ventures:			
Profit on disposal of property, plant and equipment	**(319)**	(236)	(265)
Tax effect	**89**	66	74
Headline earnings from continuing operations	**435 211**	314 367	689 751
Attributable loss	**(100 191)**	(1 665 186)	(2 853 281)
Adjusted for:			
Impairment of goodwill *	**–**	497 464	523 798
NCI	**–**	–	(50 312)
Loss of control of subsidiary	**–**	–	185 547
Translation of foreign entities reclassified through profit or loss	**–**	–	(460 253)
(Profit)/loss on disposal of property, plant and equipment	**–**	(7 309)	940
NCI	**–**	764	(98)
Tax effect	**–**	1 963	(252)
Headline loss from discontinued operations	**(100 191)**	(1 172 304)	(2 653 911)
Attributable profit	**340 539**	(1 348 162)	(2 160 289)
Adjusted for:			
Impairment of goodwill	**–**	497 464	523 798
NCI	**–**	–	(50 312)
Loss of control of subsidiary	**–**	–	185 547
FCTR recycled through OCI	**–**	–	(460 253)
Profit on disposal of property, plant and equipment	**(7 832)**	(11 320)	(3 839)
NCI	**799**	1 762	867
Tax effect	**1 744**	2 488	512
Interests in associates and joint ventures:			
Profit on disposal of property, plant and equipment	**(319)**	(236)	(265)
Tax effect	**89**	66	74
Headline loss from total operations	**335 020**	(857 938)	(1 964 160)

4 ORDINARY SHARES

Ordinary shares in issue ('000)	**59 890**	59 890	59 890
Weighted average number of shares ('000)	**53 172**	53 181	53 181
Diluted weighted average number of shares ('000)	**53 172**	53 257	53 181

5 CASH AND CASH EQUIVALENTS

	Unaudited December 2022 R 000	Re-presented Unaudited December 2021 R 000	Audited June 2022 R 000
South Africa			
Cash and cash equivalents	**1 771 880**	1 420 479	1 111 187
Restricted cash and cash equivalents	**–**	–	–
Total	**1 771 880**	1 420 479	1 111 187
Rest of Africa			
Cash and cash equivalents	**795 170**	1 170 376	1 003 876
Restricted cash and cash equivalents	**(245 054)**	–	–
Total	**550 116**	1 170 376	1 003 876
United Kingdom			
Cash and cash equivalents	**696 663**	1 554 609	1 224 167
Restricted cash and cash equivalents	**–**	–	–
Total	**696 663**	1 554 609	1 224 167
Australia			
Cash and cash equivalents	**–**	1 114 537	–
Restricted cash and cash equivalents	**–**	(617 340)	–
Total	**–**	497 197	–

Restricted cash balances: In the current reporting period, R245 million in respect of monies held in Mozambique which is pledged as security for the loan obtained from the Group's primary banker. In the prior period, R618 million related to monies held in trust on behalf of subcontractor retentions and performance and maintenance guarantees in issue to clients in Australia.

6 JUDGEMENTS AND ESTIMATES

In preparing these consolidated interim financial statements, management has made judgements and estimates in the application of the accounting policies that affect the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last consolidated annual financial statements.

7 DISCONTINUED OPERATIONS

The Australian operations of the Group entered administration in the previous reporting period at which time the Group lost control over the associated subsidiaries. In the second six months of the reporting period for the year ended 30 June 2022, the Australian operations were classified as discontinued operations and ultimately derecognised. As a result, the Statement of Financial Performance and Comprehensive Income and the Statement of Cash Flows for the comparative period to 31 December 2021 have been re-presented.

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

The WRU Settlement Agreement was signed on 22 December 2022 and the payments made under this agreement amount to A$29,75 million funded by a loan draw of R350 million. To conclude the matter, the Group agreed to a further payment to the client of A$2,25 million to achieve Maintenance Contractor acceptance of the WRU Settlement Agreement which was a requirement of the State. The conclusion of the DOCA and WRU Settlement Agreement has provided certainty of the expected costs to be incurred by the Group arising from its decision to exit the Australian construction market. Achieving these important milestones has resulted in increased costs of A$5,5 million which the Group has accounted for in the period plus currency fluctuations arising from a weakening of the Rand against the Australian dollar.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

7 DISCONTINUED OPERATIONS (CONTINUED)

	Unaudited December 2022 R 000	Re-presented Unaudited December 2021 R 000	Audited June 2022 R 000
7.1 RESULTS OF DISCONTINUED OPERATIONS			
Revenue	–	6 972 927	7 827 326
Operating costs	**(64 876)**	(7 605 651)	(8 418 152)
Administrative costs	**(35 315)**	(356 058)	(455 538)
Other income	–	384	785
Operating loss before impairment losses	**(100 191)**	(988 398)	(1 045 579)
Impairment of goodwill	–	(497 464)	(523 798)
Operating loss	**(100 191)**	(1 485 862)	(1 569 377)
Share of profits and losses from associates and joint ventures	–	12 392	12 434
Finance income	–	1 477	1 576
Finance costs	–	(2 616)	(2 912)
Loss before taxation	**(100 191)**	(1 474 609)	(1 558 279)
Taxation	–	(353 733)	(363 992)
Loss from discontinued operations	**(100 191)**	(1 828 342)	(1 922 271)
Loss on loss of control of subsidiary	–	–	(1 070 850)
Loss on disposal of discontinued operations	**(100 191)**	(1 828 342)	(2 993 120)
Other comprehensive income/(loss)			
Items that have been reclassified to profit or loss:			
Currency effect of translation of foreign operations	–	1 339	6 606
Translation of foreign entities reclassified through profit or loss on derecognition	–	–	(460 253)
	–	1 339	(453 647)
Total comprehensive loss for the period	**(100 191)**	(1 827 003)	(3 446 767)
Loss from discontinued operations attributable to:			
Equity shareholders of Wilson Bayly Holmes-Ovcon Limited	**(100 191)**	(1 665 185)	(2 853 281)
Non-controlling interests	–	(163 156)	(139 839)
	(100 191)	(1 828 342)	(2 993 120)
Total comprehensive loss from discontinued operations attributable to:			
Equity shareholders of Wilson Bayly Holmes-Ovcon Limited	**(100 191)**	(1 675 918)	(3 313 535)
Non-controlling interests	–	(151 085)	(133 232)
	(100 191)	(1 827 003)	(3 446 767)
7.2 CASH FLOWS ASSOCIATED WITH DISCONTINUED OPERATIONS			
Cash utilised in operating activities	–	(1 189 982)	(1 593 716)
Cash flows from investing activities	**(759 955)**	37 432	(824 999)
Cash flows from financing activities	**350 000**	(35 343)	(21 928)
Total	**(409 955)**	(1 187 893)	(2 440 643)

8 EVENTS AFTER THE REPORTING DATE

The Board is not aware of any other matter or circumstance arising since the end of the reporting period not otherwise dealt with in the consolidated financial statements, which could significantly affect the financial position of the Group at 31 December 2022 or the results of its operations or cash flows for the period then ended.

COMMENTARY

DISCONTINUED OPERATIONS

The Australian operations of the Group entered administration in the previous reporting period at which time the Group lost control over the associated subsidiaries. In the second six months of the reporting period for the year ended 30 June 2022, the Australian operations were classified as discontinued operations and ultimately derecognised. As a result, the Statement of Comprehensive Income and the Statement of Cash Flows for the comparative period to 31 December 2021 have been re-presented.

At the date the Australian operations entered administration, the South African operating company of the Group had provided a guarantee to the Commonwealth Bank of Australia (CBA) in support of issued guarantees amounting to A$119 million as well as a guarantee for the performance obligations of WBHO Infrastructure (Pty) Ltd on the Western Roads Upgrade (WRU) project.

On 30 June 2022, the creditors of the Australian subsidiaries approved the Deed of Company Arrangement (DOCA) presented to them by the Group and on 21 September 2022, all conditions precedent for the DOCA to take effect were completed. The DOCA effectively resolves all creditors' claims against the administration entities, eliminates any possible future claims and litigation against the Group and ultimately results in the entities being returned to the directors for deregistration.

In the current reporting period, the Group signed a settlement deed with the client in respect of WRU that allowed for the exit from the contract and the full release of the Group from its obligations under the parent company guarantee provided. The cost of obtaining the full release from the guarantee amounted to A$29 million for which the Group obtained, and has drawn against, a loan of R350 million from its primary banking institution.

Furthermore, all obligations under the guarantee provided to CBA have been fulfilled. At 31 December 2022, guarantees to the value of A$72.5 million had been called under the CBA facility. The Group has successfully negotiated the return of guarantees to the value of A$38 million, which results in a saving of A$16 million against the original exposure. Guarantees of A$8 million that have not been called by clients, but against which cash collateral has been provided, are expected to be recovered in the six months to 30 June 2023. In addition, there have been calls on guarantees under the CBA facility in relation to six projects amounting to A$24 million, that the Group believes are spurious and which it intends to pursue. The DOCA allows the Group to participate in the possible recoveries against these called guarantees.

The conclusion of the DOCA and WRU settlement deed together with the cash collateral provided against the remaining outstanding guarantees under the CBA facility, ends all exposures associated with the Group's decision in the previous reporting period to exit Australia. Finality of the maximum amount of the associated costs has also been obtained.

At 30 June 2022, the Group had provided for all known and expected costs in relation to the DOCA, the net payment of guarantees and the WRU settlement. During the six months to 31 December 2022, the provision was exceeded mainly due to an increased settlement amount of A$2.25 million in respect of WRU, A$1.3 million in unpaid usage fees in respect of the CBA facility and currency fluctuations arising from a weakening of the Rand against the Australian Dollar. As a result, additional costs amounting to R100 million have been recognised in the current reporting period. In the event the Group is able to recover any called guarantees, some or all of the additional costs incurred in the period to 31 December 2022 may be mitigated.

The focus by the Group to finalise its commitments and exposure in Australia within 12 months has required extensive time and effort, but brings to a close this difficult chapter in the Group's history.

Since discontinuing operations in Australia, the Australian construction industry continues to experience a difficult operating environment while the Group's continuing operations show exceptional promise, indicating that the decision to discontinue operations in Australia was correct.

CONTINUING OPERATIONS

The continuing operations of the Group enjoyed a stable six-month period in which the South African operations demonstrated positive growth as a consequence of strong order book levels at 30 June 2022, operations in the rest of Africa performed satisfactorily, and the businesses in the United Kingdom (UK) performed in line with expectations amid a difficult trading environment affected by ongoing economic and political pressures and a tumultuous global environment. Especially promising has been the growth in the order books of all divisions.

FINANCIAL REVIEW

REVENUE AND OPERATING PROFIT FROM CONTINUING OPERATIONS

Group revenue increased by 15% from R9 billion at 31 December 2021 to R10.3 billion in the current reporting period. Revenue growth was primarily driven by increased activity within the local Building and Projects divisions of the Group. Revenue from South Africa grew by 22% from R5.8 billion to R7 billion. Revenue generated from the rest of Africa remained in line with the comparative period at R1.1 billion and in the UK, activity levels were sustained at R2.2 billion.

The Group achieved growth in operating profit of 10% as the overall margin contracted from 4.7% to 4.5% due to lower margins of 2.2% (Dec FY21: 3.5%) achieved in the UK. The African operations performed well, increasing profitability by R71 million from R361 million to R432 million and maintaining a combined operating margin of above 5%.

EARNINGS/(LOSS) PER SHARE

Earnings per share from continuing operations increased by 39% to 829 cents per share compared to 596 cents per share at 31 December 2021.

The loss per share attributable to the discontinued Australian operations amounting to 3 131 cents at 31 December 2021, reduced to 188 cents per share in the current period. Consequently, earnings per share from total operations improved from a loss of 2 535 cents per share to earnings of 640 cents per share. The headline loss per share of 1 613 cents improved to earnings of 630 cents per share.

COMMENTARY CONTINUED

INTERESTS IN EQUITY-ACCOUNTED ASSOCIATES AND JOINT VENTURES

The table below provides information on the different types of investments in which the Group has significant influence but not control:

Entity	Industry	Country	Effective %	Carrying amount 31 Dec 2022 Rm	Carrying amount 30 June 2022 Rm	Share of after-tax profit/(loss) 31 Dec 2022 Rm	Share of after-tax profit/(loss) 31 Dec 2021 Rm	Share of after-tax profit/(loss) 30 June 2022 Rm
CONSTRUCTION:								
Edwin Construction	Infrastructure	South Africa	49%	**71.3**	67.1	**4.3**	2.9	7.5
CONCESSIONS:								
Dipalopalo	Serviced accommodation	South Africa	27.7%	**49.7**	52.0	**–**	–	–
DFMS Joint Venture	Serviced accommodation	South Africa	14.6%	**11.6**	11.3	**1.8**	1.7	3.5
Tshala Bese Uyavuna (RF)	Serviced accommodation	South Africa	32.5%	**36.4**	0.3	**–**	–	–
Gigajoule International Group	Gas and power supply	Mozambique	26.6%	**303.8**	371.0	**89.6**	32.8	82.3
PROPERTY DEVELOPMENTS								
Catchu	Residential	South Africa						
Phase 1			50%	**12.1**	24.3	**–**	–	–
Phase 2			50%	**30.6**	30.6	**–**	–	–
The Rubik	Residential	South Africa	20%	**23.3**	23.2	**–**	–	–
PROPERTY DEVELOPER:								
Russell Homes Limited	Residential schemes and house builder	United Kingdom	31.7%	**82.6**	81.3	**(1.9)**	2.1	7.2
Total				**621.4**	661.1	**93.8**	39.5	100.5
Expected credit loss				**(0.8)**	(0.8)	**–**	–	–
Total				**620.6**	660.3	**93.8**	39.5	100.5

The Gigajoule group of companies continues to deliver strong profitability for the Group, generating an after-tax profit of R90 million during the reporting period alongside a cash dividend of R157 million.

As activity levels within the road sector continue to improve, Edwin Construction increased profitability during the current period.

CASH AND CASH EQUIVALENTS

Cash balances decreased by R76 million in aggregate since 30 June 2022. This comprises an increase of R661 million in cash balances in South Africa, a decrease in cash of R209 million in the rest of Africa and R528 million in the UK. Strong cash generation from operations supported the increase in local cash balances, which was an admirable achievement when considering that R410 million was utilised to settle obligations in Australia. The acquisition of property and plant and equipment to the value of R224 million as part of the O'Keefes transaction discussed later in this report, was primarily behind the decrease in cash in the UK.

LONG-TERM LIABILITIES

Long-term liabilities have increased primarily due to the loan of R350 million drawn from the Group's primary banker in order to obtain a full release from its parent company guarantee provided in respect of the WRU project in Australia. In addition, capital expenditure has increased significantly over the period in order to meet the operational needs of the business and address the impact of reduced expenditure in 2021 and 2022 due to the uncertainty arising from Covid-19 and the Group's decision to exit Australia. Consequently, there has been an increase in asset-based finance to support this expenditure.

CONTRACT LIABILITIES

Contract liabilities increased over the comparative reporting period due to an increase in advance payments received on projects as well as the substantial growth experienced in the local Building division.

CONTINGENT LIABILITIES

Financial guarantees issued to third parties, amount to R5.4 billion compared to R5 billion in issue at 30 June 2022.

OPERATIONAL REVIEW

BUILDING AND CIVIL ENGINEERING

		31 December 2022 Rm	31 December 2021 Rm	30 June 2022 Rm
Revenue	31% increase	**4 915**	3 745	7 498
Operating profit	5.1% margin	**248**	164	342
Capital expenditure		**1**	10	21
Depreciation		**14**	10	23

Revenue from the Building and civil engineering division increased by 31% over the preceding period while operating profit increased by 51% at an operating margin of 5%.

BUILDING

Revenue from the Building division increased by 31% over the comparative period, reflecting 50% revenue growth in Gauteng and 19% growth from the coastal regions.

In Gauteng, the division has large-scale anchor projects across each of the industrial building and warehousing, commercial office and residential sectors. These sectors comprised the bulk of the work undertaken in the region. The industrial and warehousing sector contributed 32% (H1:FY2022 60%) of revenue generated, the commercial office sector contributed 45% (H1:FY2022 37%) and the residential sector contributed 15% (H1:FY2022 1%). Within the industrial and warehousing sector, construction of a new logistics and distribution centre for Fortress, with Pick n Pay as the tenant, was the largest single contributor toward revenue from the sector supported by ongoing construction for SAB InBev at its Rosslyn plant in Tshwane and a newly awarded contract for the construction of a manufacturing facility supplying automotive parts to BMW, also in Rosslyn. The construction phase of the public-private partnership (PPP) contract for the design, build, operation and maintenance of a new serviced working environment for the Department of Agriculture, Land Reform and Rural Development is nearing completion with service commencement due on 14 March 2023. The R2 billion extensions to the South African Reserve Bank building in Tshwane are well underway and this project alongside three projects from the sub-R250 million commercial office sector in which the division continues to maintain a presence, comprised the balance of work from the commercial office sector. The residential project at Steyn City comprising 462 units spread over 48 four-storey apartment blocks is progressing well and will continue into FY2025. Having secured a new data centre for African Data Centres at the beginning of the six-month reporting period, the division secured a further data centre for Teraco toward the end of the period, thus maintaining its presence in this new growth sector.

In the coastal regions, the division delivered solid growth in both KwaZulu-Natal (KZN) and the Western Cape. The industrial building and warehousing sector remains a strong source of activity in the KZN region where over 10 projects comprise 55% of revenue generated. The retail component of the large-scale, mixed-use Oceans development in Umhlanga and the near-completion of the Springfield Value Centre comprised the retail projects undertaken during the period. The retail sector contributed 37% toward revenue in the region. In the Western Cape, construction at three key anchor projects, namely the Harbour Arch and River Club mixed-use developments and new offices for Investec at the V&A Waterfront laid the foundation for 40% growth in activity. Commercial office and mixed-use developments comprised 70% of activity during the period with residential developments and data centres making up most of the remaining works. Major residential developments included two student accommodation in Stellenbosch that are substantially complete, and construction of a retirement village consisting of 250 apartments, 190 freestanding houses and a lifestyle centre at the secure Sitari Estate in Somerset West. Activity in the Eastern Cape is spread across the retail, industrial buildings, residential and education sectors. Significant projects under construction during the period comprised the now complete Boardwalk Mall, the Westbrook residential development at Riverdale in Gqeberha, an expansion of the SAB iBhayi brewery, and the commencement of a new luxury residential development in Plettenberg Bay.

In the rest of Africa, the division has completed its project in Botswana, while construction of residential housing and hotel and conferencing facilities at the Polihali Village in Lesotho is making good progress.

CIVIL ENGINEERING

Revenue from the Civil engineering division declined during the six-month period as new work procurement remained sluggish. Existing activity consisted of the construction of civil infrastructure at the Two Rivers Platinum mine, marine works at the Durban Harbour, ongoing works at the Kusile Power Station and the completion of the Vlakfontein reservoir. In South Africa, the mining and renewable energy sectors continue to offer opportunities. The division was awarded two new mining infrastructure projects and the civil works for a renewable energy project during the reporting period. Both mining projects are for Anglo American Platinum, one at the Der Brochen mine alongside the Group's Roads and earthworks division and the other at the Rustenburg Base Metals Refinery.

In the rest of Africa, activity in Zambia remains subdued, however, positive signs are emerging that activity on the suspended gas-infrastructure project in Mozambique may resume later in 2023.

The Group's Projects division has been particularly successful in the renewable energy sector, having secured EPC contracts for the delivery of a 30MW and 200MW solar farm, and more recently, a 140MW wind farm near Coles Kop in the Northern Cape. The Projects team is responsible for the overall delivery and electrical design, installation and output of the projects, with the Civil engineering and Roads and earthworks divisions assisting with the civil infrastructure works.

COMMENTARY CONTINUED

ROADS AND EARTHWORKS

		31 December 2022 Rm	31 December 2021 Rm	30 June 2022 Rm
Revenue	4% increase	**2 661**	2 571	4 713
Operating profit	6.3% margin	**167**	181	322
Capital expenditure		**183**	102	196
Depreciation		**59**	38	85
IFRS 16 right-of-use assets		**2**	0.2	0.8
IFRS 16 depreciation		**1**	1	2

Revenue from the Roads and earthworks division remained broadly in line with the comparative period. The split between revenue generated from South Africa and the rest of Africa across both reporting periods was also similar. Revenue from South Africa comprised 66% of total revenue and the rest of Africa 34%. The operating margin decreased from 7.1% to 6.3% due to a noticeable shift in the weighting of activity toward roadwork in South Africa and the outcome of the finalisation of claims related to the suspension of projects in Mozambique in the prior reporting period.

In the previous reporting period, infrastructure projects for the mining and energy sectors accounted for 50% of total revenue in South Africa, while roadwork accounted for 36%. Following the completion of various mining and energy infrastructure projects in the second six months of FY2022 and strong growth in roadwork in the current period, activity within these sectors has shifted to 33% in respect of mining and energy infrastructure related projects and 56% in respect of roadwork.

Despite the reduction in mining and energy infrastructure activity over the first six months of the reporting period, the division has a strong baseload of work from these sectors that extends well into FY2025. Following the award of a number of new projects late in the first half of FY2023, activity from these sectors for the full financial year is expected to remain in line with the prior year. Existing large-scale mining infrastructure projects for Harmony at Kareerand, Seriti Coal at its Kriel Colliery and Anglo American Platinum at the Der Brochen mine have been complemented with the award of additional works at Der Brochen and two new projects, one for Exxarro Coal at their Grootgeluk mine and a 1 000 000m^3 box cut and other civil infrastructure at the Elders Colliery near Mpumalanga. Within the energy infrastructure sector, ongoing work for Sasol has been supplemented by two new projects for Eskom at the Matimba and Majuba power stations. Local roadwork activity grew by 50% driven by a strong order book at 30 June 2022. Activity was centred on three large-scale projects in the Eastern Cape, supported by additional projects on the N4, two district roads in Mpumalanga and a BRT project in KZN. Roadspan, the division's road surfacing and asphalt and bitumen supply business, delivered exceptional growth with large surfacing projects along the N3 and N17 in Mpumalanga, supported by strong activity within the asphalt and bitumen supply businesses. Pipeline activity remains at low levels, but continues to support turnkey solutions for mining, energy and water infrastructure clients.

In the rest of Africa, revenue from Botswana decreased by 16%. The division has three active mining infrastructure projects under construction, each of which is due for completion in the second half of the financial year. The completion of these projects together with fewer near-term opportunities indicates a cyclical downturn in the region. In Mozambique, construction activity is focused on three projects for Sasol at the Temane gas fields. Toward the end of the six-month reporting period, the division was awarded a contract for the advance site infrastructure works related to the large-scale gas infrastructure for Total in northern Mozambique which may be a precursor to the resumption of the main works later in the year. The division has successfully re-entered Tanzania, having been awarded various crushing contracts alongside local partners during the period. Focus has now shifted toward securing larger contracts expected to materialise over the mid-term. Revenue from the West African region improved substantially over the period due to new awards at the Ahafo and Ashanti mines in Ghana over the second half of the 2022 financial year. The mining infrastructure project in Madagascar has turned around well in the current period and is nearing completion.

UNITED KINGDOM

		31 December 2022 Rm	31 December 2021 Rm	30 June 2022 Rm
Revenue	0% increase	**2 232**	2 222	4 210
Operating profit	2.2% margin	**50**	77	158
Capital expenditure		**224**	8	10
Depreciation		**17**	17	33
IFRS 16 right-of-use assets		**29**	2	2
IFRS 16 depreciation		**22**	22	43

Overall revenue from the UK remained constant with the prior year. Margins continue to be maintained on existing projects, however the overall operating margin decreased from 3.5% to 2.2% as fixed overheads are maintained within Russell WBHO in anticipation of an imminent upward shift in the Manchester construction market.

Overall revenue from the Byrne Group increased by 42% from £66 million to £93 million. While revenue from Byrne Bros declined, this decline was outweighed by good growth within Ellmers Construction and the acquisition of select contracts, assets and personnel from O'Keefes, which entered administration in 2022.

Byrne Bros. continues to navigate challenging market conditions where material prices remain volatile and can present risk if unmitigated. The results to date demonstrate a cautious approach to securing work with revenue of £30 million down by 23% over the previous reporting period of £39 million. This approach to risk and new work procurement is aimed at ensuring profitability during these tough trading conditions. Byrne Bros. currently operates across a diverse range of projects and clients including three heavy civil projects for the High Speed 2 (HS2) rail project, namely at the London Euston Station, the Victoria Road Crossover Box and SL8 Birmingham. The business continues to support the Atomic Weapons Establishment (AWE) with two projects at the Aldermaston facility. The residential sector, particularly "Buy to Let" schemes, remains strong and the Wembley development for Quintain is progressing well while the Elephant Park project nears completion.

Revenue from Ellmers Construction increased by 48% compared to December 2021 from £27 million to £40 million. Current projects include fit-out work at Google's new offices in Kings Cross, the fit-out of 18 luxury residential apartments at the Peninsula in Belgravia, main contract works at the 199 room Marylebone Lane Hotel and 15 high-end residential apartments in Vauxhall.

Revenue from Russell WBHO reduced in line with expectations from £43 million to £17 million for the six months to 31 December 2022, as UK construction markets grapple with the repercussions of Covid-19 and the impact of rising inflation. The business has focused on maintaining margins, ensuring the quality of delivery of live projects, exploring new markets through framework appointments, and investing in the capacity of the pre-construction department to manage a significant upturn in tender activity. The six months to 31 December 2022 saw continued progress on the £44 million Municipal project in Liverpool, a 179-bed luxury hotel expected to reach completion early in 2023. Late in the reporting period, the business received formal appointment on the £29 million Supercomputing centre for the Science and Technologies Facilities Council at Daresbury Laboratory in Cheshire, the first project won under the Crown Commercial Services framework. The team also recently commenced a £12 million industrial extension for the UK's largest pharmaceutical distributor in Doncaster, and a £2 million project is underway at Manchester's Smithfield Market, a scheme originally upon agreed prior to the pandemic and which is expected to predicate a substantial additional programme of works.

CONSTRUCTION MATERIALS

		31 December 2022 Rm	31 December 2021 Rm	30 June 2022 Rm
Revenue		**663**	548	1 127
Inter-company sales		**(152)**	(108)	(324)
Revenue to external customers	16.1% increase	**511**	440	803
Operating profit	1.8% margin	**9**	6	18
Capital expenditure		**1.6**	2	3
Depreciation		**3**	3	6
IFRS 16 right-of-use assets		**0.9**	–	6
IFRS 16 depreciation		**4**	3	8

Reinforced Mesh Solutions (RMS), the Group's steel supply business, continues to operate profitably amid challenging industry conditions characterised by highly competitive pricing on large-scale projects that is at times erratic. RMS continues to focus on increasing cash sales in order to support overall margins. Sales volumes increased by 20% over the comparative period on the back of improving conditions in the wider construction industry. Despite the low margin nature of the industry, RMS remains a strategic asset for the Group.

COMMENTARY CONTINUED

ORDER BOOK AND OUTLOOK

	%	At 31 December 2022	To 30 June 2023	Beyond 30 June 2023	%	At 30 June 2022
Order book by segment (Rm)						
Building and civil engineering	44	**11 743**	5 260	6 483	52	11 540
Roads and earthworks	37	**9 683**	3 243	6 440	29	6 400
United Kingdom	19	**5 080**	2 549	2 531	19	4 270
Total	100	**26 506**	11 052	15 454	100	22 210
Order book by geography (Rm)						
South Africa	66	**17 616**	7 081	10 535	71	15 786
Rest of Africa	15	**3 810**	1 422	2 388	10	2 154
United Kingdom	19	**5 080**	2 549	2 531	19	4 270
Total	100	**26 506**	11 052	15 454	100	22 210

The total order book increased by 19% from R22.2 billion to R26.5 billion demonstrating growth across all divisions and geographies. Order book growth was driven primarily by the Roads and earthworks division which achieved 51% growth, followed by the UK which achieved growth of 19%. The Roads and earthworks division has continued to secure sizeable new projects amounting to R5.7 billion since 31 December 2022. These awards comprise R4.8 billion in new roadwork projects from Sanral and a R0.5 billion dam for Umgeni Water in South Africa (with the larger projects to be executed as 50% joint ventures). A further R1.3 billion in mining and energy infrastructure projects has been secured in the rest of Africa. The Building and civil engineering division has secured R816 million since 31 December 2022.

Africa (including South Africa)

From an order book perspective, growth of 12% and 76% in the South African and rest of Africa order books respectively, has positioned the African operations of the Group well for the remainder of FY23 as well as FY24.

The forward-looking pipeline within local building markets remains positive in all regions. In Gauteng, the division has a strong baseload of work in key sectors with opportunities for sizeable new phases and additional works on a number of these projects. In addition, other near-term opportunities include new data centres on which the division's design and construct team have been awarded the contracts to commence with the designs, alongside commercial and residential developments in the sub-R250 million market. The division's order book in the Western Cape remains robust. The completion of several projects over the second half of the year should be sufficiently replaced by the award of potential new projects across the residential, education and data centre sectors. In KZN, the division has sufficient work on hand to sustain increased activity levels over the next 12 months. The industrial building and warehousing sector will likely remain the primary driver of activity, further supported by the recent award of a project at the new Brickworks industrial park development. Additional opportunities exist in the retail and healthcare sectors. Although activity in the Eastern Cape normalised in the current period, the pipeline of imminent larger-scale projects has improved. These include a large-scale logistics development in Gqeberha, a retail development in Grahamstown, residential schemes at George and Plettenburg Bay as well as additional phases on existing projects.

In the rest of Africa, the project in Lesotho will continue into FY2025 as the division pursues additional opportunities in Ghana, Kenya, Rwanda and Eswatini.

Order book levels within the Civil engineering division remain under pressure despite a reasonable pipeline of future work. The mining infrastructure and renewable energy sectors are expected to remain the key drivers of activity over the next 12 months. In addition to prospects aligned with the Group's Projects division, subsequent to the reporting period the Civil engineering division secured the award (in joint venture) for the manufacture of concrete towers for a windfarm in the Northern Cape with further opportunities for this type of work. Several opportunities continue to exist on the platinum mines with construction expected to commence in FY2024. In the rest of Africa, prospects in Zambia remain limited, however, the division is bidding on marine work in Madagascar and as previously mentioned, the gas-infrastructure project in Mozambique may resume later in 2023.

The Roads and Earthworks division experienced increased order book levels in South Africa and the rest of Africa, supplemented by further sizeable awards after the reporting period. The division is now well set for a growth trajectory over coming reporting periods. In South Africa, the mining and energy infrastructure sectors and road construction markets will continue to underpin activity with the sizeable projects on hand offering a healthy baseload of work spanning longer durations. Despite the volume of mining and energy infrastructure projects on hand also increasing, the heavier weighting toward roadwork will likely persist over the medium term based on the number and value of recent awards from this market. Although activity in Botswana will probably taper over the remainder of FY2023 and into FY2024, growth in other geographies will more than offset this decline. In East Africa, the current volumes of work in Mozambique and Tanzania are sufficient to sustain strong activity which may be further elevated should the gas-related infrastructure projects recommence later in the year. In West Africa, existing projects in Ghana will continue well into FY2024 with opportunities for additional phases. The division has also secured two new projects in Liberia with a combined value in excess of R1.3 billion that will support activity in the West African region into FY2025.

United Kingdom

The 19% growth in the order book of the UK operations is attributable to solid new work procurement within the Byrne Group that offset the decline in the order book of WBHO-Russells in Manchester. The Byrne Group saw order book growth across both Byrne Bros. and Ellmers Construction which was further supplemented by the addition of contracts from O'Keefe's construction and demolition businesses.

Byrne Bros being a specialist contractor and market leader in concrete structures, has the ability to play a prominent role in the wider delivery of the HS2 scheme. Significant focus will be placed on expanding our HS2 portfolio in the second six months of the year alongside securing additional work on existing contracts. The energy sector in the UK continues to flourish and the award of the North London Heat and Power Plant development for Acciona will further enhance the business's capability in this key sector.

Ellmers Construction has seen increased procurement activity, yet securing work at the right cost continues to be a challenge in the current economic environment. The secured order book includes the completion of the residential apartments at the Peninsula, the Marylebone Lane Hotel and the Vauxhall apartments. Work continues on the Google Headquarters and construction has commenced on a 149 bed hotel in Covent Garden as well as a 36 apartment residential development in Kensington. The London and South-East construction market remains the principal focus of the business, with continued opportunities in our core strength areas of high-end residential, hotel and leisure and commercial developments together with the ability to provide modular construction options when required.

The second half of the financial year has started well with Russell WBHO awarded a place on the North West Construction Hub framework as one of eight contractors in the £8 million to £25 million project category. The four-year framework is expected to be a strong source of future revenue. The business also has pre-construction services agreements in place for the £30 million Mere Hotel redevelopment in Cheshire, the £90 million Rylands heritage restoration scheme in the Manchester city centre and a new £10 million care home in Wilmslow. These projects are expected to commence over the course of the second six months of the reporting period.

OUTLOOK

Based on the current work on hand and near-term opportunities, the outlook for the African operations indicates a healthy growth phase, while the outlook for the UK operations remains positive. Global and local inflationary pressures are also beginning to stabilise with a corresponding end to the interest rate hiking cycle expected in the second half of 2023. Improved market sentiment in general, is translating into consistent new work procurement and a noticeable increase in available construction opportunities in several of the Group's key geographies.

SAFETY

The overall lost-time injury frequency rate increased marginally from 0.30 injuries per million man hours at 30 June 2022 to 0.36 at 31 December 2022. The safety statistics for the African operations remained in line with 30 June 2022 at 0.30 (FY2022: 0.29) while the statistics for the UK operations deteriorated following a lost-time injury in December.

On 4 July 2022, Mr Doctor Shabangu was fatally injured in a work-related incident in South Africa. The Board and management are deeply saddened by this tragic event and offer their sincere condolences to the family, friends and colleagues of Doctor for their tragic loss.

DIVIDEND DECLARATION

The Board has elected not to declare a dividend for period ending 31 December 2022 due to the sizeable cash outflows incurred to meet the Group's contractual obligations in Australia and to provide flexibility over the short-term to consider options with regard to the associated long-term debt obtained.

PRESENTATION OF THE FINANCIAL RESULTS AT 31 DECEMBER 2022

Shareholders and interested parties are advised that a virtual presentation of the Company's audited consolidated financial results for the period ended 31 December 2022 will be held on Wednesday, 1 March 2023. The presentation will also be made available on the Company's website at www.wbho.co.za.

WP Neff **CV Henwood** **EL Nel**

27 February 2023

Sponsor:
Investec Bank Limited

ADMINISTRATION

WILSON BAYLY HOLMES-OVCON LIMITED

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

REGISTERED OFFICE AND CONTACT DETAILS

53 Andries Street
Wynberg, Sandton, 2090

PO Box 531
Bergvlei 2012

Telephone: +27 11 321 7200
Fax: +27 11 887 4364

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

COMPANY SECRETARY

Donnafeg Msiska
CA(SA)

AUDITORS

BDO South Africa Incorporated

TRANSFER SECRETARIES

Computershare Investor Services Proprietary Limited
Rosebank Towers
15 Biermann Ave
Rosebank
Johannesburg 2196
South Africa
Telephone: +27 11 370 5000
Fax: +27 11 370 5271

SPONSOR

Investec Bank Limited

WWW.WBHO.CO.ZA