GROUP FIVE

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INCORPORATED IN THE REPUBLIC OF SOUTH AFRICA
REG. NO. 1969/000032/06 JSE CODE: GRF ISIN: ZAE 000027405

> AUDITED GROUP RESULTS

FOR THE YEAR ENDED 30 JUNE 2008

CONDENSED INCOME STATEMENT

> FOR THE YEAR ENDED 30 JUNE 2008

	2008 – 2007	AUDITED	
(R'000)	% change	2008	2007
Revenue	16	**8 899 578**	7 689 168
Operating profit before fair value adjustments	62	**635 660**	391 624
Fair value adjustment relating to investment properties		**–**	9 393
Fair value adjustment relating to investments in service concessions		**111 464**	14 227
Income from associates		**140**	–
Operating profit	80	**747 264**	415 244
Finance costs – net	95	**(81 727)**	(41 953)
Profit before taxation	78	**665 537**	373 291
Taxation	61	**(208 041)**	(129 560)
Profit after taxation from continuing operations	88	**457 496**	243 731
Loss for the year from discontinued operations		**(28 207)**	(1 129)
Profit for the year	77	**429 289**	242 602
Allocated as follows:			
Equity shareholders of Group Five Limited		**418 507**	234 879
Minority interest		**10 782**	7 723
		429 289	242 602
Determination of headline earnings:			
Attributable profit		**418 507**	234 879
Deduct after tax effect of			
– fair value increase in investment property		**–**	(6 669)
– profit on sale of investment property		**(7 328)**	–
– Losses on disposal of discontinued operations		**28 207**	–
Headline earnings	93	**439 386**	228 210

STATISTICS

> AS AT 30 JUNE 2008

	AUDITED	
	2008	2007
Number of ordinary shares	**93 740 418**	92 421 101
Shares in issue	**119 165 241**	118 446 901
Less: Shares held by share trusts	**(25 424 823)**	(26 025 800)
Weighted average shares ('000s)	**93 545**	80 672
Fully diluted weighted average shares ('000s)	**110 527**	98 056
Earnings per share – R	**4,47**	2,91
Earnings per share from continuing operations – R	**4,78**	2,93
Headline earnings per share – R	**4,70**	2,83
Headline earnings per share from continuing operations – R	**4,70**	2,84
Fully diluted earnings per share – R	**3,79**	2,40
Fully diluted earnings per share from continuing operations – R	**4,04**	2,41
Fully diluted headline earnings per share – R	**3,98**	2,33
Fully diluted headline earnings per share from continuing operations – R	**3,98**	2,34
Dividend cover (based on earnings per share)	**4,3**	4,0
Dividends per share (cents)	**105,0**	72,0
Interim	**45,0**	30,0
Final	**60,0**	42,0
Net asset value per share – R	**21,41**	17,45
Net debt to equity ratio	**–**	36,9
Current ratio	**1**	1

ESTIMATES AND CONTINGENCIES

The group makes estimates and judgements concerning the future, particularly with regards to construction contract profit taking, provisions, arbitrations and claims and various fair value accounting policies. The resulting accounting estimates and judgements can, by definition, only approximate the actual results. Estimates and judgements 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.

Total financial institution guarantees given to third parties on behalf of subsidiary companies amounted to R6,428 million as at 30 June 2008 (2007: R2,375 million). The directors do not believe any exposure to loss is likely.

DIVIDEND DECLARATION

The directors have declared a final dividend number 61 of 60 cents per ordinary share (2007: 42 cents) payable to shareholders.

To comply with the requirements of Strate the relevant details are:

Event	Date
Last day to trade (cum-dividend)	Friday, 26 September 2008
Shares to commence trading (ex-dividend)	Monday, 29 September 2008
Record date (date shareholders recorded in books)	Friday, 3 October 2008
Payment date	Monday, 6 October 2008
No share certificates may be dematerialised or rematerialised between	Monday, 29 September 2008 and Friday, 3 October 2008, both dates inclusive.

ACCOUNTING POLICIES

These consolidated condensed financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), IAS 34 – Interim Reporting, and Schedule 4 of the South African Companies Act. The accounting policies are consistent with those used in the prior year other than as set out below:

The adoption of IFRS 7 Financial Instruments: Disclosures which is effective for annual reporting periods beginning on or after 1 January 2007 and the consequential amendments to IAS 1 Presentation of Financial Statements. Restatement of comparatives was not required as these statements deal with disclosure requirements.

These results have been audited by PricewaterhouseCoopers Inc., Registered Auditors. Their unqualified audit opinion is available for inspection at the company's registered office.

CONDENSED BALANCE SHEET

> AS AT 30 JUNE 2008

	AUDITED	
(R'000)	2008	2007
ASSETS		
Non-current assets		
Property, plant and equipment and investment property	**2 256 584**	1 836 073
Goodwill	**24 859**	–
Investments – service concessions	**135 070**	73 928
Other non-current assets	**152 448**	188 215
	2 568 961	2 098 216
Current assets		
Other current assets	**4 709 212**	3 955 084
Bank balances and cash	**1 835 813**	670 507
	6 545 025	4 625 591
Non-current assets classified as held for sale	**135 760**	163 967
Total assets	**9 249 746**	6 887 774
EQUITY AND LIABILITIES		
Capital and reserves		
Equity attributable to equity holders of the parent	**2 006 664**	1 612 587
Minority interest	**16 517**	9 335
	2 023 181	1 621 922
Non-current liabilities		
Interest bearing borrowings	**1 023 737**	902 475
Other non-current liabilities	**149 212**	94 147
	1 172 949	996 622
Current liabilities		
Other current liabilities	**6 042 017**	4 227 456
Bank overdrafts	**11 599**	41 774
	6 053 616	4 269 230
Liabilities directly associated with non-current assets classified as held for sale	**–**	–
Total liabilities	**7 226 565**	5 265 852
Total equity and liabilities	**9 249 746**	6 887 774

CONDENSED STATEMENT OF CHANGES IN EQUITY

> FOR THE YEAR ENDED 30 JUNE 2008

	AUDITED	
(R'000)	2008	2007
Balance at 1 July	**1 621 922**	683 019
Translation differences arising from foreign operations	**25 907**	(6 475)
Share options and BEE ownership transaction costs	**31 196**	7 879
Issue of shares	**–**	750 000
Attributable profit for the year	**429 289**	242 602
Distribution to minorities	**(3 600)**	(150)
Dividends paid	**(81 533)**	(54 953)
Balance at 30 June	**2 023 181**	1 621 922

SEGMENTAL ANALYSIS – PRIMARY

> FOR THE YEAR ENDED 30 JUNE 2008

		2008 – 2007	AUDITED	
(R'000)		% change	2008	2007
REVENUE				
Infrastructure Concessions		44	**326 554**	226 016
Property Developments		(17)	**255 131**	307 784
Manufacturing		6	**554 656**	523 768
Construction Materials		198	**689 220**	231 081
Construction		11	**7 074 017**	6 400 519
Building and Housing		(9)	**2 848 795**	3 121 921
Civil Engineering		19	**2 964 184**	2 484 293
Engineering Projects		59	**1 261 038**	794 305
Total revenue		16	**8 899 578**	7 689 168
OPERATING PROFIT	**2008 Margin %**			
Infrastructure Concessions	9	71	**30 735**	17 927
Property Developments	9	(10)	**22 747**	25 164
Manufacturing	10	(15)	**56 211**	66 519
Construction Materials	21	212	**141 946**	45 531
Construction	5	62	**384 021**	236 483
Building and Housing	5	66	**140 294**	84 276
Civil Engineering	5	36	**142 857**	105 037
Engineering Projects	8	114	**100 870**	47 170
Total operating profit	7	62	**635 660**	391 624

CONDENSED CASH FLOW STATEMENT

> FOR THE YEAR ENDED 30 JUNE 2008

	AUDITED	
(R'000)	2008	2007
Cash flow from operating activities		
Cash from operations	**798 985**	487 195
Working capital changes	**1 018 269**	(388 685)
Cash generated from operations	**1 817 254**	98 510
Finance costs - net	**(81 727)**	(41 953)
Taxation and dividends paid	**(275 787)**	(164 270)
Net cash generated by/(utilised in) operating activities	**1 459 740**	(107 713)
Property, plant and equipment and investment property (net)	**(72 550)**	(112 003)
Investments (net)	**(65 828)**	(42 849)
Net cash utilised in investing activities	**(138 378)**	(154 852)
Net cash (utilised in)/generated from financing activities	**(125 881)**	295 733
Net cash generated by discontinued operations	**–**	26 415
Net increase in cash and cash equivalents	**1 195 481**	59 583

CAPITAL EXPENDITURE AND DEPRECIATION

> FOR THE YEAR ENDED 30 JUNE 2008

	AUDITED	
(R'000)	2008	2007
• Capital expenditure for the year	**449 341**	374 214
• Capital expenditure committed or authorised for the next year	**301 644**	234 585
• Depreciation for the year	**150 791**	105 261

COMMENTARY

OVERVIEW

The group is pleased to announce another year of excellent growth where management has concentrated on extracting improved performances from the substantial asset base. Fully diluted earnings per share increased by 58% from R2,40 to R3,79 and fully diluted headline earnings per share increased by 71% from R2,33 to R3,98.

Group revenue increased by 16% from R7 689 million to R8 900 million, showing a pleasing acceleration in the rate of trading in the second half. Operating profit before fair value adjustments increased by 62% from R392 million to R636 million. The most significant highlight of the year's result was that the group exceeded its short term group operating profit margin goal of 5% by recording a margin of 7.1% (2007: 5.1%). For comparative purposes we continue to calculate operating margins after the allocation of all costs. Going forward, we will continue to focus on improving group margins, having set targets of 7-9% over the next two to three years.

In addition to the pleasing operating margin achieved, fair value upward adjustments of R111,4 million (2007: R23,6 million) were recorded during the year, relating primarily to the group's interests in Eastern European service concessions, enhanced by the group's disposal of its interest in the M5 motorway in Hungary. This investment, reflected in F2007 at a carrying value of R48 million, realised cash of R134 million during the year, demonstrating the inherent value accessible from these investments. It also demonstrates the success of our strategy of diversification and further investment in concessions to enhance shareholder returns.

During the year, an amount of R28,2 million was charged to the income statement, mainly as a result of a change in managements view on the valuation of the claim due to the group associated with the previously reported discontinued operations in India.

In addition a surplus on the company pension fund of R23 million was recorded in the year. This had an 0.3 positive effect on group margin.

In line with expectations, finance costs increased from R41,9 million to R81,7 million. This number includes a full year of interest on the bond raised in March 2007, compared to three months in the prior reporting year.

The effective tax rate of 31.3% is higher than the South African statutory tax rate of 28% due to the effect of secondary tax on companies paid and the effect of the corporate tax rate change on the group's deferred taxation assets. The group operates in a number of tax jurisdictions with differing taxation rates. The taxation benefits arising from areas with lower taxation rates have been largely offset by those countries with higher rates.

The final dividend of 60 cents per share (2007: 42 cents) brings the total dividend for the year to 105 cents per share (2006: 72 cents), an increase for the year of 46%. The board has decided that, for F2008, the approximately four times EPS dividend cover philosophy should be maintained due to the high growth phase in which the group is operating.

The group generated R1,8 billion cash from operations during the period under review. This represents a marked improvement over the last year.

The improvement was as a result of continued working capital focus within all business areas, reflected in an increase in the levels of advanced payments received during the year as well as a decrease in work-in-progress.

BUSINESS COMBINATIONS

Our Strategy continues to move the group from the role of contractor to that of a diversified construction services, materials and investment group, providing both product and geographic diversification. In support of the construction materials component of this strategy the following transactions were concluded during the year under review:

- > With effect from 9 July 2007 the group acquired Sky Sands, a plaster and washed sand products supply business, for R134 million. The business supplies building materials merchants in the building industry and the precast products industry.
- > With effect from 1 October 2007 Bernoberg Millings was acquired for R32 million. Bernoberg Milings is a niche manufacturer of cement extenders and further diversifies our business portfolio in the construction materials supply sector.

In addition:

- > The group acquired a 33% share of Jozi Power for R7 million, a niche company focused on supplying between 1 – 10 megawatt standby power and power rental solutions to mining and industrial customers.

40.3%	62.3%		57.9%	70.8%
OPERATING MARGIN (%)	**OPERATING PROFITS BEFORE FAIR VALUE ADJUSTMENTS** (R'000)	**CASH AND CASH EQUIVALENTS** (R'000)	**FULLY DILUTED EARNINGS PER SHARE** (Cents)	**FULLY DILUTED HEADLINE EARNINGS PER SHARE** (Cents)
'08	**'08**	**'08**	**'08**	**'08**
7.14%	635 660	1 824 214	379	398
'07	**'07**	**'07**	**'07**	**'07**
5.09%	391 624	628 733	240	233

- > The group received R134 million on the disposal of its 3.47% equity interest in its investment in the M5 motorway in Hungary and reinvested R77 million to acquire 10% of the M6 Phase 3 motorway in Hungary.

The group will continue to review its current businesses, as well as further opportunities to:

- > Align itself to and diversify itself along the infrastructure value chain.
- > Enhance profit margins and cash generation.
- > Expand strategic interests in concessions to include public infrastructure and power.
- > Entrench itself as a turnkey construction business.

OPERATIONAL REVIEW

Group Five's reporting structure remains largely unchanged from the prior year. However, Construction Materials and Manufacturing are now separately reported as the two business areas operate as separate businesses. The four areas of business are detailed below:

INVESTMENTS AND CONCESSIONS

Investments and Concessions consists of Infrastructure Concessions and Property Developments. Infrastructure Concessions includes toll road concession contract developments. Property Developments creates quality Group Five branded property assets generating operating and investment returns. Investments and Concessions contributed 6.5% (2007: 6.9%) to group revenue.

Infrastructure Concessions

The business currently consists of toll road operations and maintenance services, including toll system design, procurement, implementation and operation and routine road maintenance services, together with equity interests in selected toll road service concessions.

The business enjoyed an excellent year, with Intertoll Europe rolling out new contracts in Poland and Hungary.

Revenue, which consists primarily of fees for the operation and maintenance of toll roads, increased by 44% from R226 million to R326,5 million, primarily due to the growth of the operations in Poland and Hungary.

The operating profit margin increased to 9.4% (2007: 7.9%), with operating profit improving by 71% to R30,7 million (2007: R17,9 million). Over and above this operating profit increase, the business recorded R111,4 million (2007: R14,2 million) fair value increases relating to investments in its Eastern Europe concession businesses, enhanced by the sale of its investment in the M5 motorway concession in Hungary. We achieved financial close on the R12 billion M6 Phase III contract in Hungary where Intertoll acquired a 10% investment in the concession company.

Property Developments

As expected, in the year under review, Property Developments' revenue decreased by 17% from R307,8 million in F2007 to R255,1 million. Operating profit remained largely unchanged at R22,7 million (2007: 25,2 million). No fair value adjustments on investment properties have been reported this year (2007: R9,4 million).

The business continued to realign its portfolio by way of selective divestment within its old asset portfolio, particularly in the residential sector. It also continued to focus on the development of A-grade property opportunities within Southern Africa that are aligned to core group interests in Construction, Manufacturing and Construction Materials.

The business has now successfully re-positioned itself to take advantage of the new investment opportunities in both the commercial and retail markets. As stated at interim stage, whilst medium to long term prospects for the business are promising, new developments will take time to realise and a decline in revenue and profitability is therefore forecast over the next few years.

MANUFACTURING

Manufacturing contributed 6.2% (2007: 6.8%) to group revenue. After a 50% decline in operating profit in the first half of the year, conditions improved in the second half of the year as the steel operations increased their contribution and, as planned, Everite benefitted from firmer pricing and better volumes. The decrease in operating profit was therefore limited to 15,4% to R56,2 million (2007: R66,5 million) and the overall operating profit margin percentage decreased to 10.1% (2007: 12.7%).

This business was refocused during the year and structured along the two businesses of Everite and Steel.

Group Five Steel comprises a 50% share in Barnes Reinforcing Industries, a 50% share in Group Five Pipe and the wholly-owned formwork and structural steel entities that have been moved from the Plant and Equipment business into a focused steel fabrication entity. Group Five Pipe had a quiet year, as expected large water projects were delayed to F2009, and showed a slight decrease in operating profit. Start-up business, BRI, performed well, while the group will benefit from the start-up steel fabrication business in F2009.

BRI and fabrication of steel will benefit from the groups record order book and Group Five Pipe is well placed to benefit from large water projects in F2009/10.

The business of Everite manufactures fibre cement roofing, cladding, building materials and supplies into the wider market and a growing internal market in the building and low cost and temporary housing sectors.

The first half-year proved to be challenging for Everite, with a significant percentage of revenue aligned to the buildware merchant market which slowed in the second quarter.

Against this background Everite focused on winning business back from competing materials such as steel and bricks, as well as growing the product range to serve the government's drive to deliver low-cost housing units. The business recovered in the second half and prospects for continued improved performance in F2009 are strong, with government sponsored mass and temporary housing demand accelerating.

CONSTRUCTION MATERIALS

In its first full year of contribution Construction Materials contributed 7.7% (2007: 3.0%) to group revenue. Operating profit increased by 221.7% to R141,9 million (2007: R45,5 million). The overall operating profit margin increased to a satisfactory 20.6% (2007: 19.7%). The group has benefited from this new higher margin business stream which is part of the group's strategy of diversification.

Construction Materials consists of businesses concerned with mining, crushing, milling, aggregates, powders and readymix concrete.

Strong market conditions were experienced for the Gauteng operations in the first half as the local building boom continued unabated. In the second half of the year heavy rains dampened sales initially and, in the last quarter, weaker market conditions were felt as the interest rate cycle and other local market factors impacted negatively on building market clients. Major infrastructure projects, however, continued to provide base loading to the operations overall.

Part of the Construction Materials acquisition rationale was the convenient location of quarries in Gauteng, closely aligned to the coming roads developments that are now becoming a reality. It is a higher technology business than many of its competitors, which will be a differentiator in the infrastructure to be built in the region. Future growth will be also aligned towards contract mining services and high specification concrete materials in the Civils market as we grow our number of strategic locations.

CONSTRUCTION

The group's largest contributor at 79.5% of revenue, has reduced its contribution from last year (2007: 83.3%), in line with the group's progress towards a more balanced portfolio of businesses. It continues its strong growth and remains well positioned for future growth both locally and internationally.

Overall construction revenue increased by 10,5% from R6 401 million to R7 074 million and operating profit increased by a significant 62.4% from R236 million to R384 million, resulting in an overall operating profit margin percentage of 5.4% (2007: 3.7%).

The construction 1 year-order book as at 30 June 2008 stands at R8 514 million, up 76% compared to the prior year reported order book and reflects the groups strategic positioning in the Public infrastructure cycle with a mix of 65:35 in favour of Public works. In addition the group has restricted its reliance on the traditional domestic housing market (where high interest rates and the NCA have curbed spending) to a mere 6% of future construction revenues. The order book is rich in terms of over-border, mining and power market contract wins. The group's total order book of R14 billion has been maintained, despite an acceleration in trading in the second half.

The group has successfully built capacity and knowledge to win higher margin turnkey and large, multidisciplinary work, which positions Group Five for further infrastructure works in power, public concessions, oil and gas and mining.

Building and Housing revenue decreased by 9% from R3 122 million (73% local) to R2 849 million (91% local), while operating profit increased by 66% from R84,3 million to R140,2 million, resulting in the overall operating margin percentage increasing to 4.9% (2007: 2.7%). The secured one-year order book stands at R2,2 billion (100% local) (2007: R1,9 billion (100% local) and full secured work at R3,0 billion (100% local).

Power problems in South Africa's national power utility Eskom and interest rates have had a negative effect on both the private sector building and housing segment markets. We have successfully hedged our exposure to this through our ability to transfer skills to the public sector infrastructure market and redirected housing market strategy, with the forward order book weighted 80% in favour of public works.

Civil Engineering revenue increased by 19.3% from R2 484 million (33% local) to R2 964 million (49% local), while operating profit increased to R142,8 million from R105,0 million, resulting in an operating profit margin percentage increase to 4.8% (2007: 4.2%). Civil Engineering activity locally, in Africa and Dubai continues to improve with, many of the larger projects in the start-up phase. These returns will be realised as the projects mature. The secured one-year order book stands at R4,3 billion (60% local), compared to R2,2 billion (45% local) as at 30 June 2007. This is the largest order book of our construction businesses reflecting the increased activity in this sector.

The South African and Dubai forward work load is weighted 80% in favour of large public sector infrastructure works, balanced with a healthy exposure to the mining market in Africa.

During the year an agreement was reached with the group's sponsors in Dubai, Al Naboodah Construction Group, to form a new joint venture company to grow the current civil engineering business and set up an engineering projects business in the mechanical, electrical and piping market. The Middle East business is well placed for further growth.

Engineering Projects, the Groups Mechanical and Electrical construction cluster that operates in the mining, power and Oil and gas markets, had an impressive year. Revenue increased by 58.8% from R794 million (26% local) to R1 261 million (14% local) and operating profit more than doubled from R47,2 million to R100,9 million, with operating profit margin percentage improving to 8.0% (2007: 5.9%). Activity in the mining and power sectors in Africa remains buoyant. The secured one-year order book stands at R1 987 million (31% local) as compared to 30 June 2007 which reported R735 million secured work (27% local) Engineering Projects is well placed in key growth sectors for rapid growth in target territories.

PROSPECTS

The construction market, particularly in South Africa, is strong and likely to remain so for at least the foreseeable future in the key sectors in which Group Five has strategically positioned itself. The line of sight of opportunities in the record order book provide the group with the scope to choose higher-margin contracts, improve cash flow management, reduce risk exposure on new contracts and maximise its allocation of resources.

The group's primary international focus for F2009 will be around the buoyant African resources and power markets, as well as continued growth in the Middle East and Eastern Europe.

In South Africa, the group will continue to service its private sector customer base and has also committed resources to the nation's infrastructure building programme, with specific attention to housing, infrastructure PPP's, ACSA, Eskom, Transnet, SANRAL, DWAF and their technology partners.

With respect to the baseload power contracts, the group is bidding for various work packages directly to Eskom and as a civil engineering, electrical and mechanical construction partner to the main generating equipment suppliers. This applies to both the coal-fired and nuclear programmes.

Separately, the group sees potential in the secondary power market and is already contracting in partnership with equipment suppliers for engineering turnkey and alliancing construction projects for mainly gas or liquid-fired power plants.

The group has a clear strategy and has a balanced portfolio of business diversification aligned to the markets we serve.

Given the above, the group is expected to achieve further strong earnings growth in F2009.

BOARD AND EXCO CHANGES

During the year under review and subsequent to the year-end, the following changes were made to the board of directors:

- > Ms P Buthelezi was appointed to the Board on 4 July 2007 to take over as chairperson from Mr D Paizes who retired on 16 October 2007
- > Ms CMF Teixeira was appointed to the Board on 1 June 2008 as Chief Financial Officer

Over and above the new Executive Committee appointments in F2007, the group's Exco has been further strengthened in F2008 by the appointment of:

- > Ms CMF Teixeira as Chief Financial Officer
- > Mr J Allie as Head of Human Resources
- > Mr W Zeelie as Executive Director of Engineering Projects: Energy

On behalf of the board

P Buthelezi
Chairperson

MR Upton
Chief Executive Officer

6 August 2008

Board of Directors: P Buthelezi* (chairperson), MR Upton (CEO), CMF Teixeira, L Chalker*†, WV Mavimbela*, SG Morris*, KK Mpinga*•, Dr MSV Gantsho*
** (Non-executive director) † (British) • (DRC)*

Transfer secretaries: Computershare Investor Services 2004 (Pty) Limited, 70 Marshall Street Johannesburg 2001

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