audited group results

for the year ended 30 June 2009

GROUP FIVE
structured ingenuity

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Incorporated in the Republic of South Africa
Reg. no. 1969/000032/06 JSE code: GRF ISIN: ZAE 000027405

Condensed income statement
for the year ended 30 June 2009

(R'000)	2009 – 2008 % change	AUDITED 2009	2008
Revenue	36	12 090 236	8 899 578
Operating profit before fair value adjustments	25	797 182	635 660
Fair value adjustment relating to investments in service concessions		15 718	111 464
(Loss)/income from associates		(69)	140
Operating profit	9	812 831	747 264
Finance costs – net		(30 820)	(81 727)
Profit before taxation	18	782 011	665 537
Taxation		(224 567)	(208 041)
Profit after taxation from continuing operations	22	557 444	457 496
Loss for the year from discontinued operations		(22 890)	(28 207)
Profit for the year	25	534 554	429 289
Allocated as follows:			
Equity shareholders of Group Five Limited		514 733	418 507
Minority interest		19 821	10 782
		534 554	429 289
Determination of headline earnings:			
Attributable profit		514 733	418 507
Deduct after tax effect of		22 909	20 879
– Loss/ (profit) on sale of investment property		19	(7 328)
– Losses on disposal of discontinued operations		22 890	28 207
Headline earnings	22	537 642	439 386

Condensed balance sheet
as at 30 June 2009

(R'000)	AUDITED 2009	2008
ASSETS		
Non-current assets		
Property, plant and equipment and investment property	2 444 837	2 256 584
Goodwill	24 859	24 859
Investments – service concessions	186 482	135 070
Investments – property developments	120 000	-
Other non-current assets	63 364	152 448
	2 839 542	2 568 961
Current assets		
Other current assets	4 654 112	4 709 212
Bank balances and cash	2 798 046	1 835 813
	7 452 158	6 545 025
Non-current assets classified as held for sale	81 170	135 760
Total assets	10 372 870	9 249 746
EQUITY AND LIABILITIES		
Capital and reserves		
Equity attributable to equity holders of the parent	2 373 477	2 006 664
Minority interest	34 366	16 517
	2 407 843	2 023 181
Non-current liabilities		
Interest bearing borrowings	897 867	1 023 737
Other non-current liabilities	62 069	149 212
	959 936	1 172 949
Current liabilities		
Other current liabilities	6 985 469	6 042 017
Bank overdrafts	19 622	11 599
	7 005 091	6 053 616
Total liabilities	7 965 027	7 226 565
Total equity and liabilities	10 372 870	9 249 746

Condensed cash flow statement
for the year ended 30 June 2009

(R'000)	AUDITED 2009	2008
Cash flow from operating activities		
Cash from operations	1 117 273	760 830
Working capital changes	682 226	1 056 424
Cash generated from operations	1 799 499	1 817 254
Finance costs – net	(30 820)	(81 727)
Taxation and dividends paid	(222 194)	(275 787)
Net cash generated by operating activities	1 546 485	1 459 740
Property, plant and equipment and investment property (net)	(213 018)	(72 550)
Investments (net)	(191 906)	(65 828)
Net cash utilised in investing activities	(404 924)	(138 378)
Net cash utilised in financing activities	(219 051)	(125 881)
Net cash generated by discontinued operations	31 700	–
Net increase in cash and cash equivalents	954 210	1 195 481

Statistics
as at 30 June 2009

	AUDITED 2009	2008
Number of ordinary shares	94 614 042	93 740 418
Shares in issue	120 093 047	119 165 241
Less: Shares held by share trusts	(25 479 005)	(25 424 823)
Weighted average shares ('000s)	94 670	93 545
Fully diluted weighted average shares ('000s)	105 804	110 527
Earnings per share – R	5,44	4,47
Headline earnings per share – R	5,68	4,70
Fully diluted earnings per share – R	4,86	3,79
Fully diluted headline earnings per share – R	5,08	3,98
Dividend cover (based on earnings per share)	4,2	4,3
Dividends per share (cents)	130,0	105,0
Interim	58,0	45,0
Final	72,0	60,0
Net asset value per share – R	25,09	21,41
Net debt to equity ratio	–	–
Current ratio	1	1

Condensed statement of changes in equity
for the year ended 30 June 2009

(R'000)	AUDITED 2009	2008
Balance at 1 July	2 023 181	1 621 922
Translation differences arising from foreign operations	(78 006)	25 907
Share options and BEE ownership transaction costs	41 916	31 196
Attributable profit for the year	534 554	429 289
Distribution to minorities	(1 972)	(3 600)
Dividends paid	(111 830)	(81 533)
Balance at 30 June	2 407 843	2 023 181

Segmental analysis – primary
for the year ended 30 June 2009

(R'000)	2009 Margin %	2009 – 2008 % change	AUDITED 2009	2008
Revenue				
Investments and Concessions		8	626 795	581 685
Infrastructure Concessions		62	527 938	326 554
Property Developments		(61)	98 857	255 131
Manufacturing		47	816 132	554 656
Construction Materials		(3)	671 317	689 220
Construction		41	9 975 992	7 074 017
Building and Housing		2	2 899 773	2 848 795
Civil Engineering		56	4 633 259	2 964 184
Engineering Projects		94	2 442 960	1 261 038
Total revenue		36	12 090 236	8 899 578
Operating profit				
Investments and Concessions	13.1	53	81 887	53 482
Infrastructure Concessions	15.1	159	79 636	30 735
Property Developments	2.3	(90)	2 251	22 747
Manufacturing	10.5	53	85 964	56 211
Construction Materials	8.3	(61)	55 835	141 946
Construction	5.7	49	573 496	384 021
Building and Housing	4.9	1	141 032	140 294
Civil Engineering	4.9	58	225 733	142 857
Engineering Projects	8.5	105	206 731	100 870
Total operating profit	6.6	25	797 182	635 660

Capital expenditure and depreciation
for the year ended 30 June 2009

(R'000)	AUDITED 2009	2008
• Capital expenditure for the year	429 511	449 341
• Capital expenditure committed or authorised for the next year	139 561	301 644
• Depreciation for the year	258 370	150 791

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 R6,268 million as at 30 June 2009 (2008: R6,428 million).

DIVIDEND DECLARATION

The directors have declared a final dividend number 63 of 72 cents per ordinary share (2008: 60 cents) payable to shareholders.

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

Event	Date
Last day to trade (cum-dividend)	Friday, 25 September 2009
Shares to commence trading (ex-dividend)	Monday, 28 September 2009
Record date (date shareholders recorded in books)	Friday, 2 October 2009
Payment date	Monday, 5 October 2009
No share certificates may be dematerialised or rematerialised between	Monday, 28 September 2009 and Friday, 2 October 2009, both dates inclusive.

BASIS OF PREPARATION

These consolidated condensed financial statements for the year ended 30 June 2009 have been prepared in accordance with IAS 34, "Interim Financial Reporting" and in the manner required by the Companies Act of South Africa. The consolidated condensed financial statements should be read in conjunction with the annual financial statements for the year ended 30 June 2009 which have been prepared in accordance with International Financial Reporting Standards (IFRS). The accounting policies are consistent with those used in the prior year.

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

Commentary

FINANCIAL OVERVIEW

The group is pleased to announce another year of strong growth. This pleasing performance was mainly due to the resilience of the group's diversified strategy and its strong positioning in key growth markets such as selected resources, public works programmes and infrastructure associated with the 2010 soccer world cup.

These results were achieved despite a R4 billion cancellation in the Dubai order book, the decline in the Construction Materials market and the slowdown in mining and private real estate.

Fully diluted earnings per share increased by 28% from R3,79 to R4,86 and fully diluted headline earnings per share increased by 28% from R3,98 to R5,08.

Group revenue increased by 36% from R8,9 billion to R12,1 billion, showing a pleasing acceleration in the rate of trading.

Operating profit before fair value adjustments increased by 25% from R636 million to R797 million.

The group's operating profit margin is 6.6% (2008: 7.1%). The decrease is directly attributable to the weaker results from the Construction Materials cluster, as well as moderate profit recognition on the ongoing commercial closure of the two cancelled contracts in Dubai. Furthermore, a deficit on the group's pension fund surplus of R11,5 million was recorded in the year. All of the group's businesses, with the exception of Construction Materials, posted an improved operating margin over last year.

Fair value net upward adjustments of R15,7 million (2007: R111,4 million) were recorded during the year, mainly relating to the group's interests in Eastern European service concessions. The large fair value adjustment in the prior year was mainly due to the group's disposal of its interest in the M5 motorway in Hungary.

During the year, an amount of R22,9 million (2008: R28,2 million) was charged to the income statement, mainly as a result of a change in management's view on the amount due from India, carried as a discontinued operation.

In line with expectations, finance costs decreased from R81,7 million to R30.8 million. This was assisted by decreases in interest rates, as well as an increase in cash and cash equivalents in the second half of the financial year.

The group generated R954 million in cash and R1,8 billion cash from operations during the period under review. The improvement was as a result of continued working capital focus, as well as an increase in excess billings over work performed. Advanced payments on hand decreased by R523 million in line with expectations, as large contracts progressed to completion.

The effective tax rate of 29% was higher than the South African statutory tax rate of 28% due to the effect of secondary tax on companies paid. 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 72 cents per share (2008: 60 cents) brings the total dividend for the year to 130 cents per share (2008: 105 cents), an increase for the year of 24%. This is in line with the group's adopted policy of approximately four times basic earnings per share dividend cover.

Business combinations

The following transactions were concluded during the year under review:

- An investment of R120 million on 1 November 2008 to acquire a 15% interest in the Waterfall Development Company (WDC). WDC indirectly, through its 22% investment in Atterbury Investment Holdings, holds the development rights for approximately 1,4 million square meters of a new, mainly commercial development to be built between Johannesburg and Midrand. This long term investment will also result in opportunities for construction and materials supply to the development. The construction opportunities are expected to realise from as early as H1 2010.
- In light of the expanding infrastructure works in Gauteng and the current shortage of building sand in the region, the group expanded its Construction Materials portfolio by investing in BGM, a higher margin sand supply business in the East Rand. The ownership of supply is an essential strategic advantage as it supports an integrated business from quarry to concrete delivery. The investment is reflected at a fair value of R71 million and was funded with an initial cash outflow of R31 million and an exchange of assets to the value of R12,6 million in the period under review. The remainder of the funding is linked to the rate of tonnages of material extracted.
- The group invested R3 million for a 51% stake in an energy efficiency business, Kayema Energy Solutions. This business designs and manufactures solar water heating systems aligned to the group's interests in large-scale energy efficient housing contracts and other solar power developments. The investment was made at fair value to the assets acquired.

OPERATIONAL OVERVIEW

Group

For comparative purposes, we provide both the group's reported operating margins and those net of the non-core/operational transactions of profit/loss on sale of assets, pension fund surpluses and deficits, fair value adjustments and profit/loss on sale of investment properties. We refer to this as the core operating margin. The group's operating margins are reflected below.

	Year ended 30 June 2009	Year ended 30 June 2008
Revenue – (R'000)	**12 090 236**	8 899 578
Reported Operating Margin %	**6.6**	7.1
Core Operating Margin %	**6.7**	6.8

Note:
1. Reported operating margin % is defined as operating profit before fair value adjustments as a % of revenue
2. All head office costs are allocated pro-rata across the various business segments
3. Core operating margin % is defined as reported operating margin % adjusted for the non-core transactions listed above

36%

Revenue
(R'000)

09 // 12 090 236
08 // 8 899 578

25%

Net profit for the year
(R'000)

09 // 534 554
08 // 429 289

52%

Bank balances and cash
(R'000)

09 // 2 778 424
08 // 1 824 214

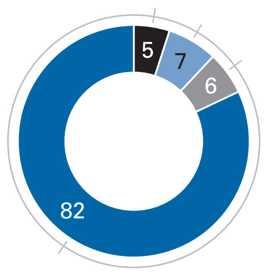
28%

Fully diluted headline earnings per share
(Cents)

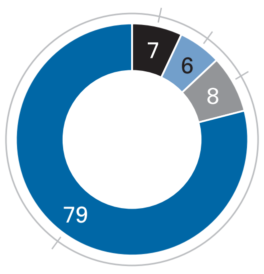
09 // 508
08 // 398

Cluster contribution to group revenue and operating profit

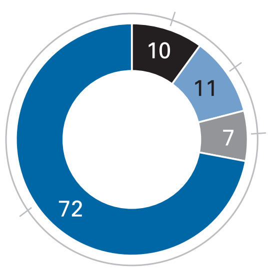
Revenue F2009 – % of group



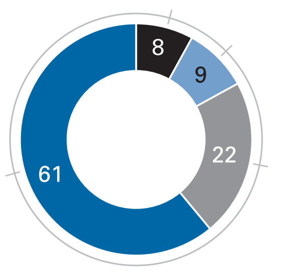
Revenue F2008 – % of group



Operating profit F2009 – % of group



Operating profit F2008 – % of group



INVESTMENTS AND CONCESSIONS

(including Infrastructure Concessions and Property Developments)	**Year ended 30 June 2009**	Year ended 30 June 2008
Revenue – (R'000)	**626 795**	581 685
Reported Operating Margin %	**13.1**	9.2
Core Operating Margin %	**13.2**	7.1

Investments and Concessions consists of Infrastructure Concessions and Property Developments. This cluster contributed 5.2% (2008: 6.5%) to group revenue.

Infrastructure Concessions

The business enjoyed an excellent year, with Intertoll Europe achieving an early start date to operations on the A1 Phase I contract (Poland), achieving financial close of the A1 Phase II contract (Poland) and reaching commercial close of the D.1 contract (Slovakia). Intertoll Africa was awarded the N2 North Coast CTROM contract valid to 2017.

Revenue, which consists primarily of fees for the operation and maintenance of toll roads, increased by 62% from R326,5 million to R527,9 million.

The operating profit margin increased to 15.1% (2008: 9.4%), with operating profit more than doubling to R79,6 million (2008: R30,7 million). The cluster also recorded fair value adjustments as described above.

Property Developments

Property Developments continued to realign its portfolio through selective divestment from its old residential portfolio in favour of the development of A-grade property opportunities that are aligned to core group interests in Construction, Manufacturing and Construction Materials.

Therefore, as expected, Property Developments' revenue decreased by 61% from R255,1 million in F2008 to R98,9 million. Operating profit decreased to R2,3 million (2008: 22,7 million). No fair value adjustments on investment properties have been reported this year or in the prior year.

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 slight decline in revenue and profitability is therefore forecast over the next two years.

MANUFACTURING

	Year ended 30 June 2009	Year ended 30 June 2008
Revenue – (R'000)	**816 132**	554 656
Reported Operating Margin %	**10.5**	10.1
Core Operating Margin %	**10.6**	9.9

Manufacturing contributed 6.8% (2008: 6.2%) to group revenue. This cluster has posted excellent results, despite tough market conditions with the operating profit increasing from R56,2 million to R86,0 million and the overall operating profit margin percentage increased to 10.5% (2008: 10.1%).

Everite grew volumes, revenue and earnings significantly in a depressed traditional housing market as it strategically increased its presence in the public housing market, which continues to grow robustly.

Group Five Pipe expanded in the year and maintains a healthy order book due to the need for improved delivery of potable water and the maintenance of existing infrastructure within South Africa.

The effect of steel price volatility was mitigated in the Steel business unit through natural hedges, previously put in place. Barnes Reinforcing Industries and fabrication of steel will benefit from the group's future construction order book.

CONSTRUCTION MATERIALS

	Year ended 30 June 2009	Year ended 30 June 2008
Revenue – (R'000)	**671 317**	689 220
Reported Operating Margin %	**8.3**	20.6
Core Operating Margin %	**8.4**	20.3

Construction Materials contributed 5.6% (2008: 7.7%) to group revenue. Operating profit decreased by 61% to R55,8 million (2008: R141,9 million) and the overall operating profit margin decreased to 8.3% (2008: 20.6%).

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

Although South Africa is spending on infrastructure due to the 2010 World Cup impetus and a backlog in transport and energy infrastructure, private sector building has remained extremely depressed. The year under review was affected by demand dropping more sharply than anticipated, as well as the slow pick up of certain infrastructure contracts, and severe summer rains impacted contract delivery and plant output.

To address the non-performance, the business was restructured to operate profitably in weaker markets.

The currently muted market conditions are anticipated to progressively return to more buoyant levels over the next 24 months. In the short term, activity will focus on the Gauteng roads programme and the expanding infrastructure in the region. The tight technical specifications and high peak capacity requirements involved are expected to favour our Quarry Cats and Afrimix business units.

CONSTRUCTION

Construction comprises the business segments of Building and Housing, Civil Engineering and Engineering Projects.

	Year ended 30 June 2009	Year ended 30 June 2008
Revenue – (R'000)	**9 975 992**	7 074 017
Reported Operating Margin %	**5.7**	5.4
Core Operating Margin %	**5.8**	5.2

Construction contributed 82.5% of group revenue in the period under review (2008: 79.5%).

Construction revenue increased by 41% from R7,1 billion to R9,9 billion and operating profit increased by 49% from R384 million to R573 million. This resulted, in an overall operating profit margin percentage of 5.7% (2008: 5.4%).

Building and Housing

	Year ended 30 June 2009	Year ended 30 June 2008
Revenue – (R'000)	**2 899 773**	2 848 795
Reported Operating Margin %	**4.9**	4.9
Core Operating Margin %	**5.0**	4.6

Building and Housing did well to maintain revenue and earnings in a difficult market. Revenue increased from R2,8 billion (91% local) to R2,9 billion (98% local). The segment reported similar operating profit to that of the prior year, with operating profit increasing from R140,3 million to R141,0 million, resulting in the overall operating margin percentage remaining at 4.9%.

The secured one-year order book stands at R3,5 billion (90% local) (2008: R2,2 billion and 100% local) and full secured work at R4,6 billion (81% local).

We have successfully hedged our exposure to the private sector building market through the transfer of capacity to the public sector infrastructure and social housing market. The one-year forward order book is weighted 81% in favour of public works and the group is well placed as a pre-qualified contractor for the government's roll out of PPP building contracts.

Civil Engineering

	Year ended 30 June 2009	Year ended 30 June 2008
Revenue – (R'000)	**4 633 259**	2 964 184
Reported Operating Margin %	**4.9**	4.8
Core Operating Margin %	**4.9**	4.6

Civil Engineering achieved substantial growth, with revenue increasing by 56.3% from R2,9 billion (49% local) to R4,6 billion (60% local), while operating profit increased to R225,7 million from R142,8 million. This resulted in an operating profit margin percentage increase to 4.9% (2008: 4.8%).

Civil Engineering activity in South Africa remained strong and the mix of work continued to shift towards the public sector.

Signs of activity have recommenced since year end in the mining sector in the rest of Africa and the group is also pursuing regional infrastructure contracts related to power and transport.

In the Middle East, the Group's business was right sized and continues to trade profitably. The focus has moved from Dubai to other areas in the region, where economic growth remains strong. Activities in Abu Dhabi have gone well and we have managed to secure a further six contracts, as well as the extension of current contracts in Jordan. Conclusion of the close out of the two cancelled contracts in Dubai is progressing in an orderly fashion.

Civils secured one-year order book stands at R4,2 billion (86% local), compared to R4,3 billion (60% local) as at 30 June 2008. The full order book is at R5,6 billion (61% local). This is the largest order book of our construction businesses, reflecting a currently satisfactory level of activity in this sector. However, certain of the next round of public sector contract awards in SA are slow to come to market.

Engineering Projects

	Year ended 30 June 2009	Year ended 30 June 2008
Revenue – (R'000)	**2 442 960**	1 261 038
Reported Operating Margin %	**8.5**	8.0
Core Operating Margin %	**8.6**	7.7

Engineering Projects had an excellent year with revenue increasing by 93.7% from R1,3 billion (14% local) to R2,4 billion (12% local) and operating profit more than doubled from R100,9 million to R206,7 million. The operating profit margin percentage improved to 8.5% (2008: 8.0%).

The global economic crisis had a negative impact on the African mining sector where this business has established a strong presence. Uranium, coal and gold are still in demand and new opportunities are now presenting themselves in this sector. Tendering activity picked up in the last quarter of F2009, and some curtailed African mining projects have resurfaced for re-tender.

Private power continues to be a growing market and, during the year, the group expanded its footprint into the southern African power and energy market, with orders received for power station contracts in South Africa and Botswana.

The secured one-year order book stands at R921 million (49% local) as compared to 30 June 2008 which reported R1 987 million secured work (31% local). The full secured order book stands at R1 056 million (43% local). The Groups target project pipeline for mining and energy related engineering contracts stands at R32 billion, thus providing some guidance for the continued growth potential in this sector as it recovers.

PROSPECTS

The group continues to be strategically well positioned in active market sectors, as detailed above. The Construction 1 year order book as at 30 June 2009 stands at R8,6 billion (2008: R8,5 billion), and reflects the group's strategic positioning in the public infrastructure cycle, with a mix of 78%:22% in favour of public works. The group's total secured construction order book stands at R11,6 billion (2008: R14,2 billion).

During H2 2009, the national utilities slowed down their rate of order placement, pending project re-prioritisation and fund raising activities. We expect this situation to ease in H1 2010, but this process has not aided accurate short term forecasting. The group commenced disclosing its target project pipeline at the interim report period. The Pipeline value as at 30 June 2009 stood at R72 billion, up from R56 billion in February 2009, which supports an expectation of order book replacement opportunities in the new financial year. Construction Materials, however, has stabilised, but is likely to remain under pressure in the short term.

Management expects the group to achieve further earnings growth in F2010.

Group Five remains well placed to benefit from:

- Long term drivers in the form of stimulus packages and PPPs as well as its exposure to defensive SA public sector infrastructure investment when that takes place
- Its competitive advantage in the African power and mining markets
- Its less cyclical, annuity-based infrastructure concession income and its competitive advantage in tendering for concessions
- Its variety of income streams which provide some margin protection.

BOARD AND EXCO CHANGES

During the year under review, the following changes were made to the board of directors as non-executive directors:

- Ms LE Bakoro was appointed to the Board on 1 November 2008
- Dr JL Job was appointed to the Board on 1 November 2008
- Mr WV Mavimbela resigned from the Board on 17 June 2009
- Mr Z Mtshotshisa was appointed to the Board on 18 June 2009

During the year under review, the following changes were made to the Executive Committee:

- Mr TJ Woodhead resigned as Executive Director of Construction Materials

ACKNOWLEDGMENTS

The group wishes to recognise the hard work and commitment of its employees, without whom these results would not have been achieved.

On behalf of the board

P Buthelezi
Chairperson
6 August 2009

MR Upton
Chief Executive Officer

Board of Directors: P Buthelezi* (chairperson), MR Upton (CEO), CMF Teixeira (CFO), L Chalker*†, Z Mtshotshisa*, SG Morris*, KK Mpinga*•, Dr MSV Gantsho*, LE Bakoro, Dr JL Job*
(Non-executive director) † (British) • (DRC)

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

for further information please visit our website: www.groupfive.co.za

STUDIO 5