audited group results
for the year ended 30 June 2010

GROUP FIVE
structured ingenuity

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JSE code: GRF / ISIN: ZAE 000027405

Revenue (R'000)
down 06%
Jun 10 ▶ 11 337 588
Jun 09 ▶ 12 090 236

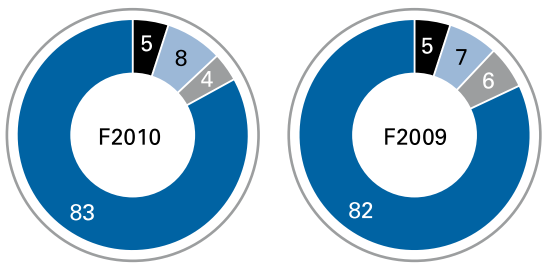
Operating profit before fair value adjustments and impairment adjustments (R'000)
up 10%
Jun 10 ▶ 876 895
Jun 09 ▶ 797 182

Cash and cash equivalents (R'm)
up 327 m
Jun 10 ▶ 3 105 817
Jun 09 ▶ 2 778 424

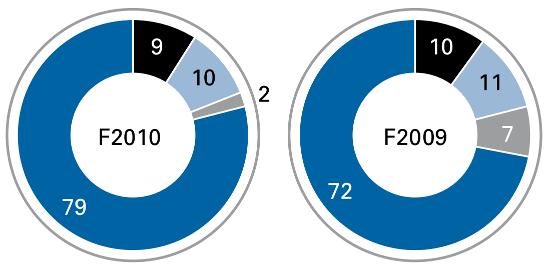
Earnings per share (cents)
down 48%
Jun 10 ▶ 280
Jun 09 ▶ 544

Fully diluted headline earnings per share (cents)
up 10%
Jun 10 ▶ 561
Jun 09 ▶ 508

Cluster contribution to group revenue and operating profit



Revenue – % of group
- Investments and Concessions
- Manufacturing
- Construction Materials
- Construction



Operating profit – % of group
- Investments and Concessions
- Manufacturing
- Construction Materials
- Construction

Consolidated condensed income statement
for the year ended 30 June 2010

(R'000)	Audited 2010	2009
Revenue	11 337 588	12 090 236
Operating profit before fair value adjustments and impairment adjustments	876 895	797 182
Fair value adjustment relating to Investments in service concessions	13 532	15 718
Impairment of property, plant and equipment	(325 569)	–
Operating profit	564 858	812 900
Share of profit/(loss) from associates	1 347	(69)
Finance income	143 303	137 173
Finance costs	(115 432)	(167 993)
Profit before taxation	594 076	782 011
Taxation	(258 297)	(224 567)
Profit after taxation from continuing operations	335 779	557 444
Loss for the year from discontinued operations	(22 102)	(22 890)
Profit for the year	313 677	534 554
Allocated as follows:		
Equity shareholders of Group Five Limited	267 377	514 733
Non controlling interest	46 300	19 821
	313 677	534 554
Earnings per share – R	2,80	5,44
Fully diluted earnings per share – R	2,56	4,86

Determination of headline earnings
for the year ended 30 June 2010

(R'000)	Audited 2010	2009
Attributable profit	267 377	514 733
Adjusted for (net of tax)	318 534	22 909
– (Profit)/loss on sale of property plant and equipment and investment property	(267)	19
– Loss on disposal of subsidiary	3 567	–
– Impairment of property, plant and equipment	293 132	–
– Losses on disposal of discontinued operations	22 102	22 890
Headline earnings	585 911	537 642

Consolidated statement of comprehensive income
for the year ended 30 June 2010

(R'000)	Audited 2010	2009
Profit for the year	313 677	534 554
Other comprehensive income for the year net of tax		
Exchange differences on translating foreign operations	(68 889)	(78 006)
Total comprehensive income for the year	244 788	456 548
Total comprehensive income for the year attributable to		
Equity shareholders of Group Five Limited	198 488	436 727
Non-controlling interest	46 300	19 821
Total comprehensive income for the year	244 788	456 548

Consolidated statement of cash flow
for the year ended 30 June 2010

(R'000)	Audited 2010	2009
Cash flow from operating activities		
Profit before working capital changes	1 132 993	1 124 512
Working capital changes	58 001	685 293
Cash generated from operations	1 190 994	1 809 805
Finance income/(costs) – net	27 871	(30 820)
Taxation and dividends paid	(284 241)	(222 194)
Net cash generated by operating activities	934 624	1 556 791
Property, plant and equipment and investment property (net)	(124 739)	(213 018)
Investments (net)	(46 901)	(191 906)
Net cash utilised in investing activities	(171 640)	(404 924)
Net cash utilised in financing activities	(398 601)	(219 051)
Effects of exchange rates on cash and cash equivalents	(36 990)	(10 306)
Net cash generated by discontinued operations	–	31 700
Net increase in cash and cash equivalents	327 393	954 210

Consolidated condensed statement of financial position
as at 30 June 2010

(R'000)	Audited 2010	2009
ASSETS		
Non-current assets		
Property, plant and equipment and investment property	2 106 573	2 444 837
Goodwill	24 859	24 859
Investments – service concessions	224 311	186 482
Investments – property developments	128 691	120 000
Other non-current assets	173 918	63 364
	2 658 352	2 839 542
Current assets		
Other current assets	4 096 899	4 654 112
Bank balances and cash	3 129 990	2 798 046
	7 226 889	7 452 158
Non-current assets classified as held for sale	65 153	81 170
Total assets	9 950 394	10 372 870
EQUITY AND LIABILITIES		
Capital and reserves		
Equity attributable to equity holders of the parent	2 486 357	2 373 477
Non-controlling interest	75 055	34 366
	2 561 412	2 407 843
Non-current liabilities		
Interest bearing borrowings	843 244	897 867
Other non-current liabilities	64 945	62 069
	908 189	959 936
Current liabilities		
Other current liabilities	6 456 620	6 985 469
Bank overdrafts	24 173	19 622
	6 480 793	7 005 091
Total liabilities	7 388 982	7 965 027
Total equity and liabilities	9 950 394	10 372 870

Consolidated condensed segmental analysis
for the year ended 30 June 2010

(R'000)		% change	Audited 2010	2009
Revenue				
Investments and Concessions		(6)	591 871	626 795
– Infrastructure Concessions		6	557 227	527 938
– Property Developments		(65)	34 644	98 857
Manufacturing		6	866 221	816 132
Construction Materials		(27)	491 860	671 317
Construction		(6)	9 387 636	9 975 992
– Building and Housing		10	3 186 142	2 899 773
– Civil Engineering		2	4 713 487	4 633 259
– Engineering Projects		(39)	1 488 007	2 442 960
Total revenue		(6)	11 337 588	12 090 236
Operating profit	2010 Core margin %			
Investments and Concessions	12.8	8	75 928	82 570
– Infrastructure Concessions	15.1	5	83 974	80 234
– Property Developments	(23.2)	(444)	(8 046)	2 336
Manufacturing	9.5	(5)	82 300	86 887
Construction Materials	3.6	(69)	17 624	56 261
Construction	6.9	11	649 967	582 933
– Building and Housing	6.9	52	220 022	144 314
– Civil Engineering	6.2	27	290 001	229 123
– Engineering Projects	9.4	(33)	139 944	209 496
Total core operating profit	7.3	2	825 819	808 651
Adjustment for non-operational transactions				
Pension fund valuation surplus			55 161	(11 469)
Loss on sale of subsidiary			(4 085)	–
Reported operating profit before fair value and impairment adjustments			876 895	797 182

Consolidated condensed statement of changes in equity
for the year ended 30 June 2010

(R'000)	Audited 2010	2009
Balance at 1 July	2 407 843	2 023 181
Net profit for the year	313 677	534 554
Other comprehensive income for the year	(68 889)	(78 006)
Share options expense	43 002	41 916
Distribution to non-controlling interest	(5 611)	(1 972)
Dividends paid	(128 610)	(111 830)
Balance at 30 June	2 561 412	2 407 843

Statistics
as at 30 June 2010

	Audited 2010	2009
Number of ordinary shares	95 335 170	94 614 042
Shares in issue	120 911 817	120 093 047
Less: Shares held by share trusts	(25 576 647)	(25 479 005)
Weighted average shares ('000s)	95 378	94 670
Fully diluted weighted average shares ('000s)	104 376	105 804
Earnings per share – R	2,80	5,44
Headline earnings per share – R	6,14	5,68
Fully diluted earnings per share – R	2,56	4,86
Fully diluted headline earnings per share – R	5,61	5,08
Dividend cover (based on earnings per share)	2,0	4,2
Dividends per share (cents)	137,0	130,0
Interim	63,0	58,0
Final	74,0	72,0
Net asset value per share – R	26,08	25,09
Net debt to equity ratio	–	–
Current ratio	1,1	1,1

Capital expenditure and depreciation
as at 30 June 2010

(R'000)	Audited 2010	2009
▶ Capital expenditure for the year	210 026	429 511
▶ Capital expenditure committed or authorised for the next year	209 577	139 561
▶ Depreciation for the year	245 235	258 370

Estimates and contingencies

The group makes estimates and judgments 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 judgments can, by definition, only approximate the actual results. Estimates and judgments 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 R5 062 million as at 30 June 2010 (2009: R6 268 million).

Dividend declaration

The directors have declared a final dividend number 65 of 74 cents per ordinary share (2009: 72 cents) payable to shareholders.

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

Event	Date
Last day to trade (cum-dividend)	Thursday, 23 September 2010
Shares to commence trading (ex-dividend)	Monday, 27 September 2010
Record date (date shareholders recorded in books)	Friday, 1 October 2010
Payment date	Monday, 4 October 2010
No share certificates may be dematerialised or rematerialised between	Monday, 27 September 2010, and Friday, 1 October 2010, both dates inclusive.

Basis of preparation

These consolidated condensed financial statements for the year ended 30 June 2010 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 2010 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

In the context of current economic conditions, the group is pleased to announce another year of robust performance. The results can be attributed to the group's geographic diversity and its strong positioning in key public sector and resources markets.

The group's contracts for the South African public works programmes in transport, power, and infrastructure associated with the 2010 Soccer World Cup contributed strongly, as well as African resources and energy contracts and Eastern European concessions.

Financial performance

Headline earnings per share increased by 8% from R5,68 to R6,14 and fully diluted headline earnings per share increased by 10% from R5,08 to R5,61. The group's earnings per share of R2,80 was 48% lower than that of the prior year of R5,44 per share, directly as a result of the Construction Materials impairment adjustment discussed below.

Group revenue decreased by 6% from R12,1 billion to R11,3 billion. This decrease was mainly due to a reduction in domestic construction materials volumes and in African resources markets.

Operating profit before fair value adjustments and impairment adjustments increased by 10% from R797 million to R877 million. Included within operating profit is a surplus on the group's pension fund of R55,2 million (2009: deficit of R11,5 million).

The group operating profit margin is 7.7% (2009: 6.6%), This strong result is attributable to the exceptional results from the SA heavy construction, which compensated for the decline in the Construction Materials market and the slowdown in African mining and South African private real estate.

Fair value net upward adjustments of R13,5 million (2009: R15,7 million) were recorded during the year, relating to the group's interests in Eastern European service concessions.

In line with expectations, net finance income of R27,9 million was recorded for the year compared to finance costs of R30,8 million in the prior year. This was assisted by decreases in interest rates, as well as an increase in cash and cash equivalents.

The effective tax rate of 43% was higher than the South African statutory tax rate of 28%, mainly due to the effect of the limited taxation deduction on the Construction Materials impairment adjustment and secondary tax on companies paid. The group operates in tax jurisdictions with differing taxation rates. The taxation benefits arising from areas with lower taxation rates have somewhat been largely offset by those countries with higher rates.

Financial position

Practice requires that the carrying values of non-current assets owned by the group, including property, plant and equipment and goodwill, are reviewed on an annual basis. The weakened market conditions applicable to the Construction Materials cluster therefore resulted in detailed impairment tests being conducted. As there is currently uncertainty around the timing of the recovery of construction materials markets, and a delay in contract roll out and awards in the public sector, management adopted a prudent consideration of the carrying value of these assets and processed an impairment of R326 million.

Furthermore, during the year, an amount of R22,1 million (2008: R22,9 million) was charged to the income statement, mainly as a result of a prudent treatment on the amount due from contract claims on a terminated Indian toll road contract, carried as a discontinued operation.

Cash flow

The group generated R327 million in net cash with R1,2 billion cash from operations during the year under review. The improvement was as a result of continued generation of cash profits as well as a focus on maintaining working capital levels. The year under review saw in increase in advance payments of R128 million while excess billings decreased by R756 million in line with expectations, as large contracts progressed to completion.

Dividends

The group's adopted dividend policy is approximately four times basic earnings per share dividend cover. In recognition of the group's headline performance, and the non-cash nature of the Construction Materials impairment adjustment, the board has approved a final dividend based on a cover of approximately four times earnings per share before recording of impairment adjustments and pension fund surplus of R5,50.

The final dividend of 74 cents per share (2009: 72 cents) brings the total dividend for the year to 137 cents per share (2009: 130 cents), an increase for the year of 5%.

Business combinations

There were no business combinations during the current financial year.

Operational overview

Group

For comparative purposes, we provide both the group's reported operating margins and those net of the non-core/headline 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, as it reflects the underlying operating performance. Both margins exclude the impairment on long-term assets adjustment.

The group's operating margins are reflected below.

	Year ended 30 June 2010	Year ended 30 June 2009
Revenue – (R'000)	11 337 588	12 090 236
Reported Operating Margin %	7.7	6.6
Core Operating Margin %	7.3	6.7

Notes:

- *Reported operating margin % is defined as operating profit before fair value adjustments and impairment adjustments as a % of revenue.*
- *Core operating margin % is defined as reported operating margin % adjusted for the non-core transactions listed above.*

Investments and Concessions

	Year ended 30 June 2010	Year ended 30 June 2009
Revenue – (R'000)	591 871	626 795
Reported Operating Margin %	12.7	13.1
Core Operating Margin %	12.8	13.2

Investments and Concessions consists of Infrastructure Concessions and Property Developments. This cluster contributed 5.2% (2009: 5.2%) to group revenue.

Infrastructure Concessions

This segment demonstrated an expected and consistent performance, with growth in both revenue and profit, despite the effects of the deep recession across the Eastern Europe region. Intertoll Europe achieved the successful completion of the M6 Phase III equipment supply contract, with operations commencing during the year.

Intertoll Africa was awarded 12-month contract extensions on some of its South African tolling contracts.

Revenue, which consists primarily of fees for the operation and maintenance of toll roads, increased by 6% from R527,9 million to R557,2 million. The core operating profit margin remained largely unchanged at 15.1% (2009: 15.2%), with reported operating profit increasing by 7.5% to R85,6 million (2009: R79,6 million). The cluster also recorded fair value adjustments of R13,5 million (2009: R15,7 million) as described above.

Property Developments

Although Property Developments did not generate positive returns during this financial year, its performance was in line with expectations, as the group progressed its strategy of disinvestment from the residential sector in favour of securing A-grade commercial and retail property development positions in South Africa.

Therefore, as expected, Property Developments' revenue decreased by 65% from R98,9 million in F2009 to R34,6 million. The business incurred a reported operating loss for the year of R10,7 million (2009: profit of R2,3 million). No fair value adjustments on investment properties have been reported this year or in the prior year.

The group anticipates a return to stronger results post F2011.

Manufacturing

	Year ended 30 June 2010	Year ended 30 June 2009
Revenue – (R'000)	866 221	816 132
Reported Operating Margin %	10.0	10.5
Core Operating Margin %	9.5	10.6

Manufacturing contributed 7.6% (2009: 6.8%) to group revenue.

The cluster produced resilient results in a market where both private and public sector conditions remained weak.

The Fibre Cement business unit achieved reasonable returns by establishing alternative income streams, whilst removing costs within the traditional business model. The group continued to build the Structural Steel business unit under new leadership in a market of volatile input costs and high levels of pricing pressure, as supply exceeded demand. Group Five Pipe benefited from increasing demand for bulk water transport systems.

Revenue increased by 6.1% from R816,1 million to R866,2 million. The reported operating profit repeated the prior year's delivery of R86,8 million (2009: R86,0 million) although the overall core operating profit margin percentage decreased to 9.5% (2009: 10.6%).

Construction Materials

	Year ended 30 June 2010	Year ended 30 June 2009
Revenue – (R'000)	491 860	671 317
Reported Operating Margin %	4.1	8.3
Core Operating Margin %	3.6	8.4

Construction Materials contributed 4.3% (2009: 5.6%) to group revenue.

This cluster experienced a particularly tough trading year, with volumes and prices depressed by the slow roll out of public infrastructure and current recessionary pressures in the residential property market.

Reported operating profit decreased by 64% to R20,2 million (2009: R55,8 million) and the overall core operating profit margin decreased to 3.6% (2009: 8.4%).

Against continued difficult markets, the cluster was re-engineered and right-sized to survive the downturn and to create improved returns as the market recovers.

Structural, management and operational changes were implemented and a detailed market validation and asset verification and valuation exercise undertaken. Process costs have been reduced and efficiencies gained to limit the margin impact from depressed volumes and prices. A gradual recovery is expected over the next 12 – 18 months.

Construction

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

	Year ended 30 June 2010	Year ended 30 June 2009
Revenue – (R'000)	9 387 636	9 975 992
Reported Operating Margin %	7.4	5.7
Core Operating Margin %	6.9	5.8

Construction contributed 82.8% of group revenue in the year under review (2009: 82.5%).

Construction revenue decreased by 6% from R9,9 billion to R9,4 billion and reported operating profit increased by 21% from R573 million to R695 million. This resulted in an overall core operating profit margin percentage of 6.9% (2009: 5.8%).

Building and housing

	Year ended 30 June 2010	Year ended 30 June 2009
Revenue – (R'000)	3 186 142	2 899 773
Reported Operating Margin %	7.4	4.9
Core Operating Margin %	6.9	5.0

Building and Housing achieved substantial growth, with revenue increasing from R2,9 billion (98% local) to R3,2 billion (94% local). The segment reported a 68% increase in reported operating profit over that of the prior year, with operating profit increasing from R141,0 million to R236,6 million, resulting in the overall core operating margin percentage increasing from 5.0% to 6.9%.

The strong results were achieved due to the timeous and very successful completion of large contracts, such as the Moses Mabhida Soccer Stadium and the King Shaka International Airport, as well as the timeous securing of new over-border contracts and domestic contracts in public buildings and the educational and healthcare sectors.

During the year, the private sector property market remained weak, which was coupled with the slowdown in government's promised infrastructure spend and delays in awards of certain PPP projects. A slow recovery over the next 12 – 18months is expected.

The secured one-year order book stands at R2,6 billion (78% local) (2009: R3,5 billion and 90% local) and secured work at R3,5 billion (77% local) (2009: R4,6 billion (81% local).

Civil Engineering

	Year ended 30 June 2010	Year ended 30 June 2009
Revenue – (R'000)	4 713 487	4 633 259
Reported Operating Margin %	6.6	4.9
Core Operating Margin %	6.2	4.9

Civil Engineering did well to maintain revenue levels considering the sizeable revenue base. Revenue increased by 1.7% from R4,6 billion (60% local) to R4,7 billion (83% local), while reported operating profit increased pleasingly by 38% to R310,7 million from R225,7 million. This resulted in a core operating profit margin percentage increase to 6.2% (2009: 4.9%).

A large order book, relatively strong demand for South African primary infrastructure (and good delivery supported the results.

In the Middle East, the group has been prudent in its treatment of the cancelled contracts that continue to progress to resolution.

Civil's secured one-year order book stands at R3,0 billion (85% local), compared to R4,2 billion (86% local) as at 30 June 2009. The full order book is at R3,8 billion (80% local) (2009: R5,9 billion (61% local)). This is the largest order book of our construction businesses.

Based on the group's tender pipeline, it expects material contract opportunities to realise over the next 12 to 18 months, both in terms of its target geographies and sectors. The group therefore remains cautiously optimistic about future prospects.

Engineering Projects

	Year ended 30 June 2010	Year ended 30 June 2009
Revenue – (R'000)	1 488 007	2 442 960
Reported Operating Margin %	9.9	8.5
Core Operating Margin %	9.4	8.6

Engineering Projects encountered a more difficult year, with many contracts in Africa and the Middle East postponed and delayed due to the financial constraints following the economic downturn. Revenue therefore decreased by 39.1% from R2,4 billion (12% local) to R1,5 billion (50% local) and reported operating profit decreased by 29% from R206,7 million to R147,7 million. However, the core operating profit margin percentage improved to 9.4% (2009: 8.6%).

During the second half of F2010, a recovery in enquiry levels from the sub-Saharan African mining markets was experienced, which resulted in some contract awards. This trend is expected to continue in certain minerals categories. There was also a significant progression in the South African power, energy and mining markets over the past six months, which augurs well for a recovery.

The secured one-year order book stands at R1,4 billion (51% local) as compared to 30 June 2009 which reported R921 million secured work (49% local). The full secured order book stands at R1,9 billion (64% local) (2009: R1,1 billion (43% local).

Prospects

The group continues to be strategically well positioned in active market sectors, as detailed above. The Construction one-year order book as at 30 June 2010 stands at R7,1 billion (2009: R8,6 billion). The group's total secured Construction order book stands at R9,2 billion (2009: R11,6 billion).

The value of the group's target pipeline as at 30 June 2010 stood at R119 billion, up from R115 billion in February 2010, with activity in all its markets.

The South African government's public works programme – specifically in the areas of power generation, transport, water and housing – has the potential to create growth opportunities within the South African construction sector.

The African outlook for private sector fixed investment and primary infrastructure has started to improve, but spending is likely to only come through slowly during the 2011 calendar year, with more certainty emerging from 2012.

In the Middle East, the group has moved into new territories outside of Dubai. These markets provide technically attractive opportunities aligned to the group's capabilities in infrastructure contracts related to industrial works, power, transport and water.

Group Five continues to grow its expertise and capacity in areas where it has developed a multi-disciplinary delivery capability, namely power, transport and water, mining and large infrastructure works, with a geographic expansionary stance.

In the year ahead, growth could well be slow. However, the group's current order book and its pipeline of opportunities support a generally positive outlook.

Board changes

During the year under review, the following changes were made to the Board of Directors as Non-executive directors:

- Dr MSV Gantsho resigned from the Board on 14 January 2010
- Mr Z Mtshotshisa resigned from the Board on 3 May 2010

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	**MR Upton**
Chairperson	Chief Executive Officer

5 August 2010

Transfer Secretaries: Computershare Investor Services (Pty) Ltd, 70 Marshall Street, Johannesburg 2001

Please visit our website: **www.groupfive.co.za**