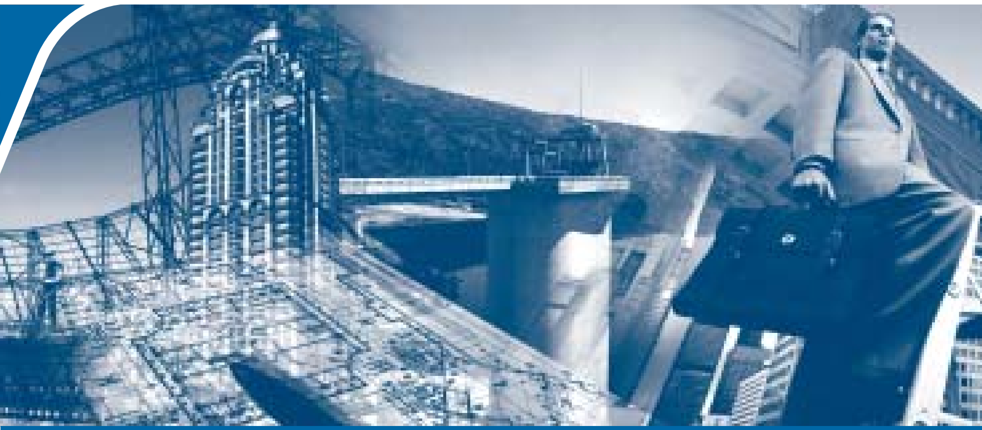
GROUP FIVE

Positioned for growth

>> Customer focused >> Innovative solutions
>> Co-operative approach >> Quality & safety



Unaudited interim results for the six months ended 31 December 2004

SALIENT FEATURES

	Change	2004	2003
Revenue – R000's	13%	**2 322 578**	2 052 427
Headline earnings per share – cents	19,5%	**53,3**	44,6
Net cash generated/ (utilised) – R000's	326%	**68 256**	(30 158)
Earnings per share – cents	8,5%	**70,4**	64,9
Dividend per share – cents	13%	**17,0**	15,0

CONDENSED GROUP INCOME STATEMENT (R'000)

	UNAUDITED Six months ended 31 Dec 2004	UNAUDITED Six months ended 31 Dec 2003	AUDITED Year ended 30 June 2004
Revenue	**2 322 578**	2 052 427	**4 252 175**
Operating profit	**78 300**	71 989	**179 121**
Finance costs	**(12 936)**	(17 008)	**(34 085)**
Profit before taxation	**65 364**	54 981	**145 036**
Taxation	**(14 380)**	(10 996)	**(27 012)**
Profit after taxation	**50 984**	43 985	**118 024**
Minority interest	**(2 561)**	(250)	**(2 600)**
Net profit	**48 423**	43 735	**115 424**
Determination of headline earnings:			
Net profit	**48 423**	43 735	**115 424**
Deduct after tax effect of:			
– Fair value increase in investment property	**(5 088)**	(3 587)	**(5 491)**
– Profit on disposal of property, plant and equipment	**(6 679)**	(10 098)	**(18 562)**
Headline earnings	**36 656**	30 050	**91 371**
Operating profit is stated after (charging)/crediting:			
Income/(loss) from associates	**2 340**	(2 768)	**(6 026)**
Fair value increase in investments – net	**–**	–	**48 465**
Depreciation and amortisation	**(42 382)**	(49 251)	**(97 144)**
Foreign exchange gains/(losses)	**577**	(18 274)	**(33 517)**

CONDENSED GROUP BALANCE SHEET (R'000)

	2004	2003	2004
ASSETS			
Non-current assets			
Property, plant and equipment	**551 864**	524 824	**576 436**
Investment – concessions	**75 787**	82 061	**101 443**
Other non-current assets	**45 099**	6 040	**49 855**
	672 750	612 925	**727 734**
Current assets			
Other current assets	**1 404 550**	1 149 808	**1 365 410**
Bank balances and cash	**216 683**	199 200	**275 902**
	1 621 233	1 349 008	**1 641 312**
Total assets	**2 293 983**	1 961 933	**2 369 046**
EQUITY AND LIABILITIES			
Capital and reserves			
Ordinary shareholders' interest	**572 060**	473 793	**536 923**
Minority interest	**13 714**	10 149	**11 447**
	585 774	483 942	**548 370**
Non-current liabilities			
Interest-bearing borrowings	**142 069**	113 890	**130 175**
Provision for post-employment obligations	**38 288**	44 443	**41 515**
	180 357	158 333	**171 690**
Current liabilities			
Other current liabilities	**1 463 260**	1 117 749	**1 456 922**
Bank overdrafts	**64 592**	201 909	**192 064**
	1 527 852	1 319 658	**1 648 986**
Total liabilities	**1 708 209**	1 477 991	**1 820 676**
Total equity and liabilities	**2 293 983**	1 961 933	**2 369 046**

CONDENSED CASH FLOW STATEMENT (R'000)

	UNAUDITED Six months ended 31 Dec 2004	2003	AUDITED Year ended 30 June 2004
Cash flow from operating activities			
Cash from operations	**119 124**	108 102	**199 836**
Working capital changes	**(17 660)**	(95 107)	**(21 131)**
Cash generated from operations	**101 464**	12 995	**178 705**
Finance costs	**(12 936)**	(17 008)	**(34 085)**
Taxation and dividends paid	**(49 709)**	(32 541)	**(54 007)**
Net cash generated by/(utilised in) operating activities	**38 819**	(36 554)	**90 613**
Fixed assets (net)	**(19 305)**	(50 545)	**(102 674)**
Investments (net)	**40 075**	5 639	**24 263**
Net cash generated by/(utilised in) investing activities	**20 770**	(44 906)	**(78 411)**
Net cash from financing activities	**8 667**	51 302	**44 193**
Net increase/(decrease) in cash and cash equivalents	**68 256**	(30 158)	**56 395**

CONDENSED STATEMENT OF CHANGES IN EQUITY (R'000)

Balance on 1 July – as previously reported	**536 923**	455 080	**444 767**
Adjusted for change in accounting for share trust	**–**	(10 313)	**–**
Attributable profit for the period	**48 423**	43 735	**115 424**
Issue of shares from share trust to employees	**6 759**	1 189	**2 999**
Dividend paid	**(20 045)**	(15 898)	**(26 267)**
Balance at end of period	**572 060**	473 793	**536 923**

SEGMENTAL ANALYSIS (R'MILLION) – PRIMARY

	UNAUDITED Six months ended 31 Dec 2004	2003 as restated	Six months ended 30 June 2004	AUDITED Year ended 30 June 2004
Revenue				
Construction	**1 773**	1 531	1 651	**3 182**
Manufacturing	**412**	359	361	**720**
Operations and Maintenance	**122**	147	148	**295**
Property Development Services	**16**	15	40	**55**
Total revenue	**2 323**	2 052	2 200	**4 252**
Operating profit				
Construction	**31**	28	19	**47**
Manufacturing	**39**	35	30	**65**
Operations and Maintenance	**5**	8	51	**59**
Property Development Services	**3**	1	7	**8**
Total operating profit	**78**	72	107	**179**

CAPITAL EXPENDITURE (R'000)

Capital and investment expenditure for the period	**35 214**	75 106	**165 613**
Capital expenditure committed/authorised	**79 532**	37 486	**18 715**

CONTINGENCIES

There are no legal or arbitration proceedings including any that are pending or that the Group is aware of or any obligations relating thereto, that may have, in the opinion of the directors, a material effect on the Group's financial position and accordingly no contingencies or provisions have been raised.

Total financial institution backed guarantees given to third parties on behalf of subsidiary companies amounted to R904 million as at 31 December 2004 as compared to R862 million at 30 June 2004. The directors do not believe any exposure to loss is likely.

STATISTICS

	UNAUDITED Six months ended 31 Dec 2004	2003 as restated	AUDITED Year ended 30 June 2004
Number of ordinary shares	**71 701 218**	67 795 093	**68 560 468**
Shares in issue	**73 573 023**	73 573 023	**73 573 023**
Less: Treasury shares	**–**	4 453 432	**4 453 432**
Less: Shares held by share trust	**1 871 805**	1 324 498	**559 123**
Headline earnings per share – cents	**53,3**	44,6	**135,1**
Earnings per share – cents	**70,4**	64,9	**170,7**
Fully diluted earnings per share – cents	**68,4**	63,7	**169,8**
Dividend cover	**4,1**	4,3	**3,9**
Dividend per share – cents	**17**	15,0	**44,0**
Interim	**17**	15,0	**15,0**
Final	**–**	–	**29,0**
Net asset value per share – cents	**797,8**	698,9	**783,1**
Current ratio	**1**	1	**1**

ACCOUNTING POLICIES

These consolidated condensed interim financial statements are prepared in accordance with South African Statements of Generally Accepted Accounting Practice, and Schedule 4 of the South African Companies Act. The accounting policies used are consistent with those used in the annual financial statements for the year ended 30 June 2004. Certain 2003 comparatives have been restated as a result of the consolidation of the Group Five Share Incentive Trust. There was no effect on net profit previously reported.

Income tax expense is recognised based on the best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the first half of the 2005 financial year was 22% (2004: 20%).

From a dividend per share point of view disclosure has been provided based on the period to which the dividends relate. Basic earnings per share is calculated by dividing net profit by the weighted average number of ordinary shares in issue (000s) during the period of 68 823 (2003: 67 365). Headline earnings per share is calculated by dividing headline earnings by the weighted average number of ordinary shares in issue during the period. In both calculations, treasury and share trust shares are excluded. Fully diluted earnings per share takes into account the dilutive effect of shares held by the share trust. In terms of a general meeting held on 24 November 2004, the treasury shares were issued to the share trust.

COMMENTS

Overview

A solid improvement in earnings was achieved for the fifth interim period in succession. Headline earnings were up 19,5% to 53,3 cents (2003: 44,6 cents) and earnings per share grew by 8,5% to 70,4 cents (2003: 64,9 cents).

Revenue increased by 13% to R2,3 billion (2003: R2,1 billion) with cross-border revenue contribution decreasing to 30% (Year to 30 June 2004: 36%) as a result of the continued strengthening of the Rand.

As promised at year-end, continued efforts in managing working capital effected a significant improvement in the Group’s cash position from the comparative six-month period. Cash generated improved by R98,4 million to R68,2 million (2003: R30,2 million utilised). This resulted in a R4 million decrease in the Group’s interest bill and a reduction in the net gearing ratio from 23% at 30 June 2004 to 15% (31 December 2003: 36%).

The results are especially pleasing in light of a strengthening Rand that negatively affected cross-border work, a continued depressed local civils market and a delay in the start up of secured work in the building and housing sectors.

Overall margins decreased slightly to 3,4% (31 December 2003: 3,5%) primarily as a result of a reduction in higher margin cross-border construction revenue from 40% of total construction revenue to 36% and production problems at DPI following an explosion at Sasol’s Secunda plant.

Foreign exchange losses, which arise solely from the translation and settlement of net foreign current assets, decreased by R18,9 million. This was mainly due to the settlement of a large amount of outstanding net working capital on the Group's Angolan housing contract during the period and the focused management of exposure to net foreign current assets.

The interim dividend has been increased by 13% to 17 cents per share (2003: 15 cents), which is in line with the current policy of four times covered.

Operational review

Property Development Services

As noted in the annual report for the year ended 30 June 2004, Property Development Services was refocused into residential, commercial and retail property development and a number of exciting projects are currently being negotiated. Benefits are expected to flow through during the next 18 months.

Manufacturing

Once again all Manufacturing businesses showed solid growth which resulted in revenue increasing by 14,8% to R412 million (2003: R359 million) and operating profit by 11,4% to R39 million (2003: R35 million). Manufacturing contributed 17,7% to Group revenue.

Despite the strong Rand and subsequent threat of imports, Everite Building Products improved both revenue and operating margins. The solid results were achieved following increased manufacturing capacity utilisation due to an improvement in local housing expenditure and the management of customer loyalty programmes.

Whilst imported products continued to impact the local market, Vaal Sanitaryware maintained its position and delivered good results.

Margins in DPI Plastics, the Group's joint venture with Sasol, were negatively impacted following an explosion at Sasol's Secunda plant which resulted in the import of raw material at higher costs. This position has now returned to normality.

Construction

Construction, which contributed 76% to Group revenue, increased revenue by 16% to R1,8 billion (2003: R1,5 billion). A strategic reduction in Road's revenue and a negative R103 million effect on cross-border revenue, as a result of a strong Rand, were more than offset by growth in both Engineering and Building revenues.

Operating profit improved by 10,7% to R31 million (2003: R28 million). When compared to operating profit of R19 million for the six months ended 30 June 2004, it improved by 63,2%. This was achieved primarily due to the significant improvement in Engineering and the turnaround at Roads.

Building contributed 42,8% of Group turnover, although margins were reduced following the completion of an exceptional Angolan housing project at the end of the previous financial year. Delays of approximately R150 million in the start up of secured projects in the period negatively affected performance. Building, however, have secured a strong order book for the year ended 30 June 2005 of R2,2 billion.

Focus in the Engineering business on cross-border mining opportunities together with projects in the power, oil and gas sector resulted in very strong growth, with revenue increasing by 181% and margins more than doubling.

Following the efforts in the six months to 30 June 2004 and the introduction of a new managing director, the turnaround in Roads was successfully completed. As expected, revenue was down 33,1% compared with the six-month period to 31 December 2003. The forecast tail-end of unrecovered overheads was incurred in the current period. Roads is on track to achieve its targeted secured revenue of approximately R400 million (R380 million secured to date) and to break even for the year ended 30 June 2005.

Civils results were disappointing as the business continued to experience the deferral of expenditure in the local resource sector and the low levels of infrastructure expenditure by government. Margins were affected as the business secured short-term projects at lower margins to maintain capacity for the expected upturn. However, the business is focused on pursuing more profitable cross-border opportunities to match skills base.

Operations and Maintenance

Operations and Maintenance revenue and margins were down due to the strengthening Rand and disappointing results from the Indian operations. The concession contracts in Poland and Hungary are proceeding well, with final closure expected in the next six months. WSSA performed well and improved its operating profit.

Prospects

The Group starts the second six months with a secured construction order book to 30 June 2005 of R3,7 billion (30 June 2004: R3,0 billion) of which 36% is cross-border. Forecasts have been prepared using an exchange rate of R6:$1 and any improvements on this should have a positive effect on results. The depressed local Civils market and delay in government expenditure on infrastructure remain a concern. The Group continues to focus on cross-border opportunities to buffer work shortages in the local market.

Manufacturing growth is anticipated, particularly with the continuance of housing and property related expenditure. A fair value upward adjustment is expected on the final closure of the Polish concession although it is not expected to have a material effect on the results for the year. Cash management will continue to be a major focus area.

Group Five's second half is historically stronger than the first and the Group is on track to achieve its target of improved annual earnings for the fifth consecutive year.

Cautionary Announcement

The Group is also pleased to announce that it has commenced its BEE ownership initiatives and is currently engaged in discussions with various parties in this regard. The Board will communicate further details to the market at the appropriate time. Shareholders are therefore advised to exercise caution when trading in the Group's shares.

By order of the Board

GM Thomas
Chairman

MH Lomas
Chief Executive Officer

15 February 2005

DIVIDEND DECLARATION

The directors have declared an interim dividend number 54 of 17 cents per ordinary share (2003: 15 cents) payable to shareholders.

In order to comply with the requirements of STRATE the relevant details are:

Event	**Date**
Last day to trade (cum-dividend)	Thursday, 21 April 2005
Shares to commence trading (ex-dividend)	Friday, 22 April 2005
Record date (date shareholders recorded in books)	Friday, 29 April 2005
Payment date	Tuesday, 3 May 2005

No share certificates may be dematerialised or rematerialised between Friday, 22 April 2005 and Friday, 29 April 2005, both dates inclusive.

GROUP FIVE

Incorporated in the Republic of South Africa
Registration number: 1969/000032/06
Share code: GRF ISIN: ZAE 000027405

Directors
G Thomas* *(Chairman)*, M Lomas *(Chief Executive Officer)*,
P O'Flaherty, L Chalker*, R Maruma*, K Mpinga*, D Paizes*
**(Non-executive director)*

Registered office
371 Rivonia Boulevard, Rivonia
PO Box 5016, Rivonia 2128, South Africa
Tel +27 11 806 0111
Fax +27 11 806 0187
Email info@g5.co.za
Website www.g5.co.za

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