GROUP FIVE

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

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

SALIENT FEATURES

	Change	2005	2004
Revenue *(R000's)*	↑ 34,8%	**3 131 347**	2 322 578
Headline earnings per share *(cents)*	↑ 35,8%	**69,4**	51,1
Earnings per share *(cents)*	↑ 18,8%	**81,0**	68,2
Dividend per share *(cents)*	↑ 17,6%	**20,0**	17,0
Net cash generated *(R000's)*	↑ 101,3%	**137 419**	68 256

Unaudited interim results for the six months ended 31 December 2005

Condensed Group Income Statement (R'000)

	UNAUDITED Six months ended 31 December 2005	UNAUDITED As restated 2004	UNAUDITED Original 2004	UNAUDITED Year ended 30 June As restated 2005	AUDITED Original 2005
Revenue	**3 131 347**	2 322 578	2 322 578	**4 938 838**	**4 938 838**
Operating profit	**92 563**	76 390	78 300	**193 694**	**197 720**
Finance costs	**(17 807)**	(12 936)	(12 936)	**(31 399)**	**(31 399)**
Profit before taxation	**74 756**	63 454	65 364	**162 295**	**166 321**
Taxation	**(14 951)**	(13 946)	(14 380)	**(29 962)**	**(30 723)**
Profit after taxation	**59 805**	49 508	50 984	**132 333**	**135 598**
Minority interest	**(940)**	(2 561)	(2 561)	**(1 898)**	**(1 898)**
Net profit	**58 864**	46 947	48 423	**130 435**	**133 700**
Determination of headline earnings:					
Attributable profit	**58 864**	46 947	48 423	**130 435**	**133 700**
Deduct after tax effect of					
– Fair value increase in investment property	**(8 412)**	(5 088)	(5 088)	**(5 088)**	**(5 088)**
– Profit on disposal of fixed assets	**–**	(6 679)	(6 679)	**(21 975)**	**(21 975)**
Headline earnings	**50 452**	35 180	36 656	**103 372**	**106 637**
Operating profit is stated after (charging)/crediting:					
(Loss)/income from associates	**(1 301)**	2 340	2 340	**2 904**	**2 904**
Fair value increase in investments – net	**2 100**	–	–	**35 702**	**35 702**
Depreciation and amortisation	**(51 715)**	(43 532)	(42 382)	**(97 928)**	**(95 520)**
Expense relating to issue of shares in terms of Broad-Based Scheme	**(6 420)**	–	–	**–**	**–**

Condensed Group Balance Sheet (R'000)

	UNAUDITED Six months ended 31 December 2005	UNAUDITED As restated 2004	UNAUDITED Original 2004	UNAUDITED Year ended 30 June As restated 2005	AUDITED Original 2005
ASSETS					
Non-current assets					
Property, plant and equipment	**600 599**	503 132	551 864	**566 976**	**616 940**
Investment – concessions	**133 762**	75 787	75 787	**119 079**	**119 079**
Other non-current assets	**151 512**	63 861	45 099	**84 924**	**60 351**
	885 873	642 780	672 750	**770 979**	**796 370**
Current assets					
Other current assets	**1 859 680**	1 404 550	1 404 550	**1 735 045**	**1 735 045**
Bank balances and cash	**526 284**	216 683	216 683	**335 346**	**335 346**
	2 385 964	1 621 233	1 621 233	**2 070 391**	**2 070 391**
Total assets	**3 271 837**	2 264 013	2 293 983	**2 841 370**	**2 866 761**
EQUITY AND LIABILITIES					
Capital and reserves					
Ordinary shareholders' interest	**599 017**	508 171	572 060	**584 793**	**644 955**
Minority interest	**5 168**	13 714	13 714	**4 306**	**4 306**
	604 185	521 885	585 774	**589 099**	**649 261**
Non-current liabilities					
Interest bearing borrowings	**135 302**	142 069	142 069	**132 144**	**132 144**
Provision for employment obligations	**42 431**	39 485	38 288	**42 431**	**40 442**
	177 733	181 554	180 357	**174 575**	**172 586**
Current liabilities					
Other current liabilities	**2 287 784**	1 495 982	1 463 260	**1 929 080**	**1 896 298**
Bank overdrafts	**202 135**	64 592	64 592	**148 616**	**148 616**
	2 489 919	1 560 574	1 527 852	**2 077 696**	**2 044 914**
Total liabilities	**2 667 652**	1 742 128	1 708 209	**2 252 271**	**2 217 500**
Total equity and liabilities	**3 271 837**	2 264 013	2 293 983	**2 841 370**	**2 866 761**

Condensed Group Cash Flow Statement (R'000)

	UNAUDITED Six months ended 31 December 2005	UNAUDITED As restated 2004	UNAUDITED Original 2004	UNAUDITED Year ended 30 June As restated 2005	AUDITED Original 2005
Cash flow from operating activities					
Cash from operations	**117 763**	116 402	119 124	**214 727**	**217 509**
Working capital changes	**179 638**	(14 938)	(17 660)	**103 444**	**100 662**
Cash generated from operations	**297 401**	101 464	101 464	**318 171**	**318 171**
Finance costs	**(17 807)**	(12 936)	(12 936)	**(31 399)**	**(31 399)**
Taxation and dividends paid	**(30 173)**	(49 709)	(49 709)	**(103 065)**	**(103 065)**
Net cash generated by operating activities	**249 421**	38 819	38 819	**183 707**	**183 707**
Fixed assets (net)	**(26 163)**	(19 305)	(19 305)	**(42 799)**	**(42 799)**
Investments (net)	**(14 645)**	40 075	40 075	**8 273**	**8 273**
Net cash (utilised in)/generated by investing activities	**(40 808)**	20 770	20 770	**(34 526)**	**(34 526)**
Net cash (utilised in)/generated by financing activities	**(71 194)**	8 667	8 667	**(46 289)**	**(46 289)**
Net increase in cash and cash equivalents	**137 419**	68 256	68 256	**102 892**	**102 892**

Statistics

	UNAUDITED Six months ended 31 December 2005	UNAUDITED As restated 2004	UNAUDITED Previous 2004	UNAUDITED Year ended 30 June As restated 2005	AUDITED Previous 2005
Number of ordinary shares	**73 891 218**	71 701 218	71 701 218	**71 895 718**	**71 895 718**
Shares in issue	**99 248 956**	73 573 023	73 573 023	**73 573 023**	**73 573 023**
Less: Shares held by share trusts	**(25 357 738)**	(1 871 805)	(1 871 805)	**(1 677 305)**	**(1 677 305)**
Weighted average shares ('000s)	**72 677**	68 823	68 823	**70 329**	**70 329**
Fully diluted weighted average shares ('000s)	**81 912**	70 744	70 744	**73 005**	**73 005**
Headline earnings per share – cents	**69,4**	51,1	53,3	**147,0**	**151,6**
Earnings per share – cents	**81,0**	68,2	70,4	**185,5**	**190,1**
Fully diluted earnings per share – cents	**71,9**	66,3	68,4	**178,7**	**183,1**
Fully diluted headline earnings per share – cents	**61,6**	49,7	51,8	**141,6**	**146,1**
Dividend cover	**4,1**	4,0	4,1	**3,8**	**3,9**
Dividends per share	**20**	17	17	**49**	**49**
Interim	**20**	17	17	**17**	**17**
Final	**–**	–	–	**32**	**32**
Net asset value per share (cents)	**810,7**	708,7	797,8	**813,4**	**897,1**
Current ratio	**1**	1	1	**1**	**1**

Condensed Group Statement of Changes in Equity (R'000)

	UNAUDITED Six months ended 31 December 2005	UNAUDITED As restated 2004	UNAUDITED Original 2004	UNAUDITED Year ended 30 June As restated 2005	AUDITED Original 2005
Balance on 1 July – as previously reported	**584 793**	536 923	536 923	**536 923**	**536 923**
Adjusted for change in accounting policies as a result of the adoption of IFRS	**–**	(62 413)	–	**(56 897)**	**–**
• Adjustment arising as a result of using fair-value-as-deemed cost for mobile plant and equipment	**(10 001)**	–	–	**–**	**–**
• Cumulative translation differences arising from foreign operations	**(10 851)**	–	–	**–**	**–**
Attributable profit for the year	**58 864**	46 947	48 423	**130 435**	**133 700**
Issue of shares in terms of share schemes and BEE ownership transaction	**4 299**	6 759	6 759	**6 884**	**6 884**
Costs related to BEE ownership transaction	**(4 544)**	–	–	**–**	**–**
Dividends paid	**(23 543)**	(20 045)	(20 045)	**(32 552)**	**(32 552)**
Balance at end of period	**599 017**	508 171	572 060	**584 793**	**644 955**

Segmental Analysis (R million) – Primary

	UNAUDITED Six months ended 31 December 2005	UNAUDITED As restated 2004	UNAUDITED Original 2004	UNAUDITED Year ended 30 June As restated 2005	AUDITED Original 2005
Revenue					
Property Development Services	**45**	16	16	**95**	**95**
Manufacturing	**429**	412	412	**793**	**793**
Everite Building Products	**234**	222	222	**432**	**432**
Vaal Sanitaryware	**52**	48	48	**101**	**101**
Piping	**143**	142	142	**260**	**260**
Construction	**2 527**	1 773	1 773	**3 808**	**3 808**
Building and Housing	**1 525**	993	993	**2 269**	**2 269**
Civils, Roads and Earthworks	**718**	490	490	**1 051**	**1 051**
Engineering Projects	**284**	290	290	**488**	**488**
Concessions/O & M	**130**	122	122	**242**	**242**
	3 131	2 323	2 323	**4 938**	**4 938**
Operating profit					
Property Development Services	**14**	3	3	**16**	**16**
Manufacturing	**29**	38	39	**60**	**63**
Everite Building Products	**25**	15	16	**31**	**32**
Vaal Sanitaryware	**5**	15	15	**20**	**21**
Piping	**(1)**	8	8	**9**	**10**
Construction	**46**	30	31	**72**	**73**
Building and Housing	**36**	17	18	**55**	**56**
Civils, Roads and Earthworks	**6**	(2)	(2)	**(10)**	**(10)**
Engineering Projects	**4**	15	15	**27**	**27**
Concessions/O & M	**4**	5	5	**46**	**46**
	93	76	78	**194**	**198**

Capital Expenditure (R'000)

	UNAUDITED Six months ended 31 December 2005	UNAUDITED 2004	AUDITED Year ended 30 June 2005
• Capital and investment expenditure for the period	**113 490**	35 214	**168 738**
• Future capital expenditure committed or authorised at period end	**111 474**	79 532	**162 982**

Estimates and Contingencies

The Group makes estimates and assumptions concerning the future, particularly as regards construction contract profit taking, provisions, arbitrations and claims. The resulting accounting estimates 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 R1 599 million as at 31 December 2005 as compared to R986 million at 31 December 2004. The directors do not believe any exposure to loss is likely.

Dividend Declaration

The directors have declared an interim dividend number 56 of 20 cents per ordinary share (2004: 17 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, 20 April 2006
Shares to commence trading (ex-dividend)	Friday, 21 April 2006
Record date (date shareholders recorded in books)	Friday, 28 April 2006
Payment date	Tuesday, 2 May 2006

No share certificates may be dematerialised or rematerialised between Friday, 21 April 2006 and Friday, 28 April 2006, both dates inclusive.

Accounting Policies

With effect from 1 July 2005, the Group adopted International Financial Reporting Standards (IFRS) using certain exemptions allowed under IFRS 1 "First-time Adoption of IFRS". These consolidated condensed interim financial statements are thus prepared in accordance with IFRS, specifically in terms of IAS 34 "Interim Financial Reporting" and Schedule 4 of the South African Companies Act. The pre-tax effect resulting from the adoption of IFRS on comparative reporting periods is set out below:

	Pre-tax effect Six months ended 31 December 2004 R'000	**Year ended 30 June 2005 R'000**
• Expensing of share options granted to employees over their vesting period (IFRS 2 "Share-Based Payments"), for all options granted after 7 Nov 2002 that had not vested by 1 July 2005 (previously this cost was accounted for through equity)	700	**1 492**
• Increase in depreciation as a result of the adoption of IAS 16 "Property, Plant and Equipment" which now requires depreciation of items of property, plant and equipment by major component as well as an annual reassessment of residual values (in adopting this policy an exemption under IFRS 1 was used whereby fair value was used as deemed cost at 1 July 2005 for mobile plant and equipment)	1 210	**2 534**
	1 910	**4 026**

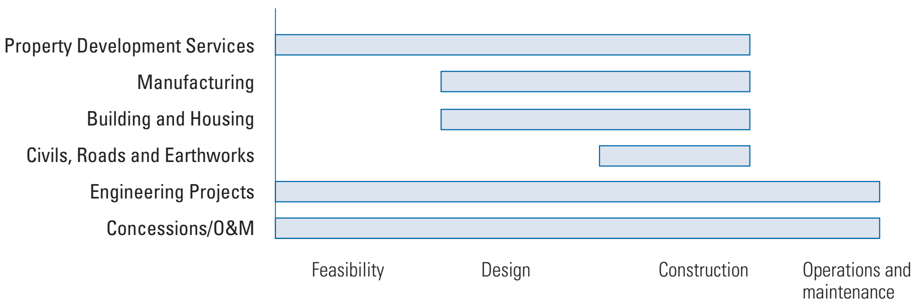
It should be noted that when adopting IAS 21 "The Effects of Changes in Foreign Exchange Rates", the IFRS 1 exemption was used, whereby IAS 21 is applied prospectively and cumulative translation gains at 30 June 2005 are set at zero.

On 29 September 2005, shareholders approved an issue of shares amounting to approximately 26% of the issued share capital, after such issue, in terms of a Black Economic Empowerment (BEE) ownership transaction. Shares issued to employees in terms of the BEE ownership transaction are accounted for in terms of IFRS 2.

The discount of R51 million arising on the issue of the shares to the external BEE ownership consortium has been accounted for through equity in terms of the Group's current accounting policies. However, IFRIC 8 "Scope of IFRS 2", issued in January 2006 and applicable for all financial years beginning on or after 1 May 2006, has concluded that these types of share issues fall within the scope of IFRS 2.

As a result of IFRIC 8, guidance on the accounting treatment of the external BEE ownership consortium share issue discount is being awaited from the South African Institute of Chartered Accountants. Such accounting guidance will, however, only be effective for financial years beginning on or after 1 May 2006 with retrospective application.

Group Five Value Chain



Commentary

OVERVIEW

Group Five is pleased to announce a 35,8% increase in headline earnings per share and an 18,8% increase in earnings per share for the six months ended 31 December 2005. These results were achieved against challenging current market conditions in certain businesses.

Revenue increased by 34,8% to R3 131 million (2004: R2 323 million), with over-border revenue activity increasing by 61,4% to R1 112 million (2004: R689 million).

Operating profit increased by 21,2% to R92,6 million (2004: R76,4 million), with overall margins decreasing from 3,3% to 3,0%, primarily due to a decrease in margins in the manufacturing operations from 9,2% to 6,8%. This was as a result of the continued competitive environment and lack of civils projects affecting DPI Plastics.

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Net cash generated more than doubled to R137,4 million (2004: R68,3 million). Finance costs were R17,8 million (2004: R12,9 million). This is however more comparable with the direct preceding six months to 30 June 2005 where R18,5 million was incurred. This change is in line with the strategy implemented 18 months previously to fund long-term assets with long-term borrowings.

The effective tax rate of 20% has increased over the 18,5% achieved for the year to 30 June 2005 but remains lower than the South African statutory tax rate of 29% due to contributions from operations in lower tax jurisdictions, together with tax losses previously not raised now being utilised. The effective tax rate is expected to approximate 23% to 25% for the full year to 30 June 2006.

The interim dividend has been increased by 17,6% to 20 cents (2004: 17 cents), congruent with the current policy of approximately four times covered.

In line with the Group's desire to further enhance its financial reporting and as a result of the focused reorganisation of the businesses, as noted in the annual financial statements for the year ended 30 June 2005, improved segmental disclosure has been provided.

OPERATIONAL REVIEW

Property Development Services

As expected and noted in the year ended 30 June 2005, Property Development Services has continued its strong growth, with operating profit increasing significantly to R14 million (2004: R3 million). Project opportunities continue to grow in the commercial, industrial, retail and residential markets and further growth in operating profit in the next six months is expected.

Manufacturing

Revenue increased slightly by 4,1% to R429 million (2004: R412 million), restrained by a decrease in DPI Plastics' revenue, where strong competition and low civils activity was experienced. As a result, a loss was incurred at DPI in the six months, compared to a profit in the comparative six-month period. Despite the continuation of strong results from Everite, the margin pressure at Vaal, due to strong competition and market oversupply in the first quarter and the operating loss at DPI, resulted in a reduced operating profit in manufacturing to R29 million (2004: R38 million).

Revenues at Everite increased by 5,4% despite flat prices. Operating margins increased to 10,7% (2004: 6,8%), bringing the increase in operating profit of 66,7% to R25 million (2004: R15 million). The Everite factory is operating at full capacity, encouraged by a strong residential building market. The business has also deftly met the threat of imports through strategic initiatives. Everite has committed to invest in an expanded capacity programme over the next eighteen months of approximately R40 million to take advantage of the anticipated future increases in housing initiatives. This is expected to result in a 25% increase in capacity. Margins are expected to be maintained in the second six months.

Revenue and operating margins at Vaal and DPI are expected to improve in the second half. The Group is currently reviewing the overall strategic positioning of its manufacturing operations and is considering ways to realise value from certain of its operations.

Construction

The Group's largest contributor continued its strong growth and continues to be well positioned for growth in this sector. Construction revenue increased by 42,5% to R2 527 million (2004: R1 773 million), operating profit by 53,3% to R46 million (2004: R30 million) and overall margin improved from 1,7% to 1,8%. Over-border work contributed 41,2% (2004: 36,3%) to construction revenue.

Buildings and Housing revenue increased by 53,6% to R1 525 million (2004: R993 million), with operating profit more than doubling to R36 million (2004: R17 million). Overall margins improved to 2,4% from 1,7%. This margin is expected to decrease slightly in the next six months.

The Civils and Roads and Earthworks businesses were merged during the period to improve efficiencies and lower the overhead base of the businesses. A problem roads contract in Malawi was terminated with all known losses being accounted for in prior periods. Revenue of the combined business increased by 46,5% to R718 million (2004: R490 million) and an operating profit of R6 million (0,8% margin) (2004: operating loss R2 million) was achieved. Civils project tender activity locally has started to show signs of increasing and the contribution from the Dubai business continues to increase as its order book unfolds. Roads and Earthworks contributed an operating loss due to unrecovered overheads, which should improve going forward due to the merging of the business with Civils during the six months. Overall margins are expected to improve in the next six months due to increased activity both locally and in Dubai.

As expected, Engineering Projects had a slow start to the year, with revenue in line with 2004 and operating profit decreasing to R4 million (2004: R15 million). The business began the year with a lower than targeted order book and, combined with further project delays and two underperforming contracts, operating profit was negatively affected. The underperforming contracts have been addressed. A meaningful improvement is expected in the second six months due to the current strong order book in the mining, heavy industry and power sectors.

Concessions/Operations and Maintenance

Revenue increased by 6,6% to R130 million (2004: R122 million), with operating profit remaining in line with the comparative period. Subsequent to 31 December 2005, the Group has decided to exit all Indian operations over the next six months and has terminated certain of its operations and maintenance contracts. The Indian operations incurred a break-even for the period with all known losses being accounted for in prior periods. The Polish concession is proceeding favourably towards the construction phase and further opportunities in the road concession market are being pursued in Europe.

PROSPECTS

The business is well positioned to take advantage of the anticipated upswing in infrastructural spend in South Africa. The construction secured and completed order book to 30 June 2006 is at a record R5,3 billion (Buildings/Housing R2,9 billion; Civils/Roads and Earthworks R1,8 billion; Engineering Projects R600 million) and the secured one year order book to 31 December 2006 is at R4,4 billion (with a similar split by business sectors). Approximately 45% of the order book is over-border.

Continued improvement in the local Civils market, as well as growth in over-border construction markets, together with an expected second half improvement at manufacturing and property development services, should lead to good earnings growth for the full year to 30 June 2006.

On behalf of the board

D Paizes
Chairman

M Lomas
Chief Executive Officer

14 February 2006

Board of Directors:
D Paizes* (Chairman), M Lomas† (Chief Executive Officer), P O'Flaherty, L Chalker*†, R Maruma*, K Mpinga*•, S Morris* *(Non-executive director) †(British) •(DRC)*

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