FOUNDATIONS FOR **THE FUTURE**

Group Five Limited

2001

During this year, we have rebuilt the company to deliver

sustainable future growth.

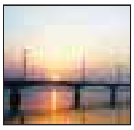
We collapsed our pyramid shareholding structure to unlock value and ensure a more investor-friendly Group. We flattened operational structures and new appointments were made in key positions throughout the organisation. The board has been strengthened. We have now created a solid foundation on which to build our business. In this report we explain how we plan to achieve growth and create shareholder value.

OUR FOUNDATIONS ARE STRONG

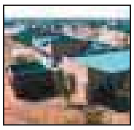
INTERNATIONAL AND **BUSINESS ACTIVITIES**

28% of total turnover is generated outside South Africa. The map indicates the most important cross-border locations in which the group operates, and outlines the main projects undertaken this year.

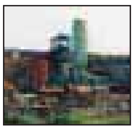
1. ANGOLA – Luanda. Group Five Housing & Projects is using the Group's patented industrialised building system – Goldflex 800.to construct 2 448 residential units in Luanda to house Angolan military and civil works personnel



2. BANGLADESH – Intertoll manages the Jamuna Bridge facility under a five-year contract for the Bangladesh Government. The Bridge spans the Jamuna River and connects the east and west of Bangladesh.

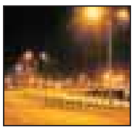


3. BOTSWANA – Mahalapye. The prison staff training college at Mahalapye and a luxury safari lodge at Chobe Chilwero join an impressive portfolio of projects completed by Group Five Housing & Projects in Botswana.

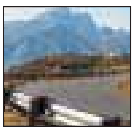


4. GHANA – Ashanti Gold Mine. Group Five Projects has been operating in Ghana since 1996 when the company was awarded its first contract at the Ashanti Gold Fields Company.

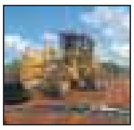
5. HUNGARY – Magyar Intertoll operates and maintains the M5 motorway. The concession period extends to 2029.



6. INDIA – Intertoll operates and maintains the Delhi-Noida Toll Bridge spanning the Yamuna River and connecting New Delhi with Noida. This is under a long-term contract to the concession company (28 years).



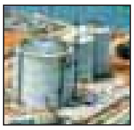
7. LESOTHO – Maseru & Butha-Buthe to Oxbow. Group Five Roads is currently involved in the Kingsway Relief Road in Maseru and is rehabilitating the road between Butha-Buthe and Oxbow.



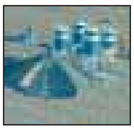
8. MALAWI – Group Five maintains a high profile in Malawi, with contracts from roads and earthworks to hotel refurbishment and the development of a new shopping centre.

9. MALI – Yatela Gold Mine. Group Five Projects undertook the construction of steelwork, platework, mechanicals and pipe for the new Heap Leach Gold Plant at the Yatela Gold Project.

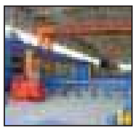
10. MAURITIUS – Group Five Civils SA is working on a joint venture contract with General Construction Mauritius for extensions to the existing sewage treatment works at St Martin.



11. MOZAMBIQUE – Gorongosa & Mozal Projects. The rehabilitation of a 241 kilometre stretch of road and bridges damaged during the civil war. On the Mozal Project we supplied batched concrete constructed silos, installed mechanical equipment and electrical reticulation.

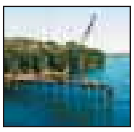


12. NAMIBIA – Skorpion Mine. Group Five has been awarded a number of contracts at the Skorpion Mine Project in Rosh Pinah, Namibia, including the supply of all batched concrete to the site and the Mine Shift Workers Village.



13. SAUDI ARABIA – Group Five Pipe has built a facility in Dammam in Saudi Arabia to manufacture large diameter steel pipes for the Saudi Arabian market. The factory was commissioned earlier in the year and has a current capacity of 75 000 tons per annum.

14. SWAZILAND – Piggs Peak. Group Five Roads Africa forms part of the Komati Dam Joint Venture, completing the Maguga Dam which will provide water for the 11 000 square kilometre Komati Drainage Basin.



15. ZAMBIA – Chirundu. Group Five, in conjunction with Kajima Corporation of Japan, is building the 400-metre long, 10-metre wide balanced cantilever pre-stressed concrete border post bridge over the Zambezi River.

BOARD OF **DIRECTORS**

1. **George Thomas (69)** has been on the board for 5 years. He is a Chartered Accountant with considerable business experience and is the current Chairman of Group Five.

2. **Mike Lomas (53)** has been with the Group for 24 years and was appointed to the board in 1993. He is a Civil Engineer and has been Chief Executive of the Group since 1997.

3. **Howard Turner (58)** has been on the board for 8 years. He is a Chartered Accountant and is Group Five's Financial Director.

4. **Dennis Paizes (65)** has been a non-executive director of Group Five for 5 years. He holds a BCom degree and has extensive financial services experience.

5. **George M Negota (49)** was appointed to the board in 1999. He is a practising attorney and an advisor to the Minister of Transport.

6. **Baroness Chalker of Wallasey (59)** joined the board this year. She is an independent advisor on African development to a number of business concerns and the World Bank.

7. **Frik Venter (48)** was appointed to the board this year. He is an Engineer and has worked for the Group for 25 years. He is currently the MD of Group Five Roads Africa.

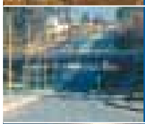
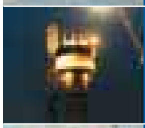
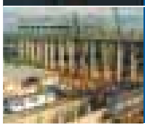
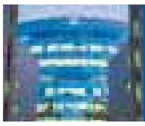
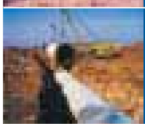
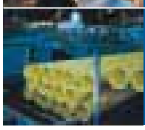
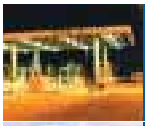
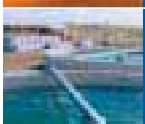
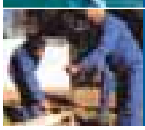
8. **Piet du Preez (51)** was appointed to the board in 1998. He has a degree in business economics and is the Group's Human Resources Director.

9. **Barry van Wyk (35)** was appointed to the board this year. He is a Chartered Accountant and has been with the Group for 7 years. He is currently the MD of Infrastructural Development Services.

10. **Paul Le Sueur (44)** was appointed to the board this year after 17 years of service with Group Five. He is a quantity surveyor and is currently MD of Group Five Building North and South.

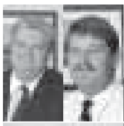
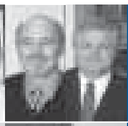
11. **Harold Banton (58)** has been with the Group for 13 years. He was the Managing Director of the Group's Building Activities and is currently an executive director.

GROUP AT A **GLANCE**

			BUSINESS PROFILE
CONSTRUCTION		**BUILDING**	Major builder of commercial and industrial premises, clinics, hospitals, schools, shopping centres, public buildings and housing for the private and public sectors.
CONSTRUCTION		**ROADS**	Involved in the construction of roads, bridges, railways, earthworks, dams, canals, pipelines, airports, installation of township services, operation of quarries and mobile crushers.
CONSTRUCTION		**CIVILS**	A major force in the construction of power plants, mine surface works, water treatment plants, labour-intensive infrastructure projects and piled foundations.
CONSTRUCTION		**ENGINEERING**	Focused on structural, mechanical and electrical construction and the design and building of industrial projects.
IDS		**INFRASTRUCTURAL DEVELOPMENT SERVICES**	Provides Infrastructural Development Services and related financial structuring for Construction and Build Operate & Transfer ("BOT") projects throughout Africa.
MANUFACTURING		**EVERITE BUILDING PRODUCTS**	Manufactures ceilings, partition boards, roofing sheets, vertical cladding boards and a range of hand-moulded garden products.
MANUFACTURING		**VAAL SANITARYWARE**	Produces domestic and industrial vitreous china and fireclay sanitary ware.
MANUFACTURING		**AC PIPES**	Manufactures large diameter fibre-cement pressure and sewer pipes.
MANUFACTURING		**GROUP FIVE PIPE**	Manufactures large diameter spiral-welded steel pipes.
MANUFACTURING		**DPI PLASTICS**	Manufactures and supplies plastic piping systems for the building, civil, construction, agricultural, mining and industrial markets.
OPERATIONS AND MAINTENANCE		**INTERTOLL**	Intertoll is a toll operator with a global presence in the development, operation and maintenance of toll facilities and highways.
OPERATIONS AND MAINTENANCE		**WATER & SANITATION SERVICES**	Invests in, and operates, water and sanitation infrastructure projects for governments, local authorities and public utilities.
OPERATIONS AND MAINTENANCE		**KBR GROUP FIVE INDUSTRIAL SERVICES**	Offers a full service, from maintenance turnaround planning to full maintenance services for industrial facilities.

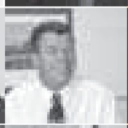
OPERATIONAL MANAGEMENT

CONSTRUCTION

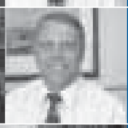
PETER RIDL (58)
PAUL LE SUEUR (44)
FRANK ENSLIN (44)
PIETER MARTINS (48)

Peter Ridl has been the MD of Building East for 13 years and has been involved in the construction industry for over 30 years. **Paul Le Sueur** is the MD for Building North and South. He has been involved in the industry for 17 years. **Frank Enslin** is the MD of Housing & Projects and has 11 years of experience in the construction industry. **Pieter Martins** is the MD of Group Five Angola and has been with the Group for 14 years.

FRIK VENTER (48)
RICHARD SMITH (42)

Frik Venter is the MD of Roads Africa. He has 25 years of experience in the industry. **Richard Smith** was appointed as the MD of Roads North in April 2001 and has over 20 years of engineering experience in the construction industry.

PETER KEENAN (44)
EUGENE DU TOIT (46)

Peter Keenan is the MD of Civils Industrial and has been with Group Five since 1976. **Eugene du Toit** has been the MD of Civils Infrastructure since 1999. He is a qualified Civil Engineer with more than 20 years of experience in the construction industry.

WAYNE GODFREY (51)

Wayne Godfrey is the MD of Engineering and has 27 years of experience in the construction industry.

IDS

BARRY VAN WYK (35)

Barry van Wyk is the MD of Infrastructural Development Services. He is a Chartered Accountant and has been with the Group for 7 years.

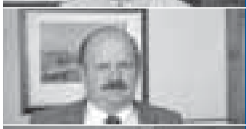
MANUFACTURING

ROBERT STÖHR (64)

Robert Stöhr has held senior positions in Everite for over 30 years and is currently managing Everite Building Products.

KOBUS PRINSLOO (42)

Kobus Prinsloo was appointed the MD of AC Pipes in June 2001. He holds a BSc degree and has 18 years of industrial experience.



JOHAN DE WITT (43)

Johan de Witt was appointed the MD of Vaal Sanitaryware on 1 January 2001 and has considerable experience at senior level in the manufacturing industry.

BILL ROBINSON (56)

Bill Robinson is the MD of Group Five Pipe and has 34 years of engineering experience.

GLENN GELDENHUIS (45)

Glenn Geldenhuis has been the MD of DPI Holdings and DPI Plastics since 1998.

OPERATIONS AND MAINTENANCE

TIMOTHY WOODHEAD (41)

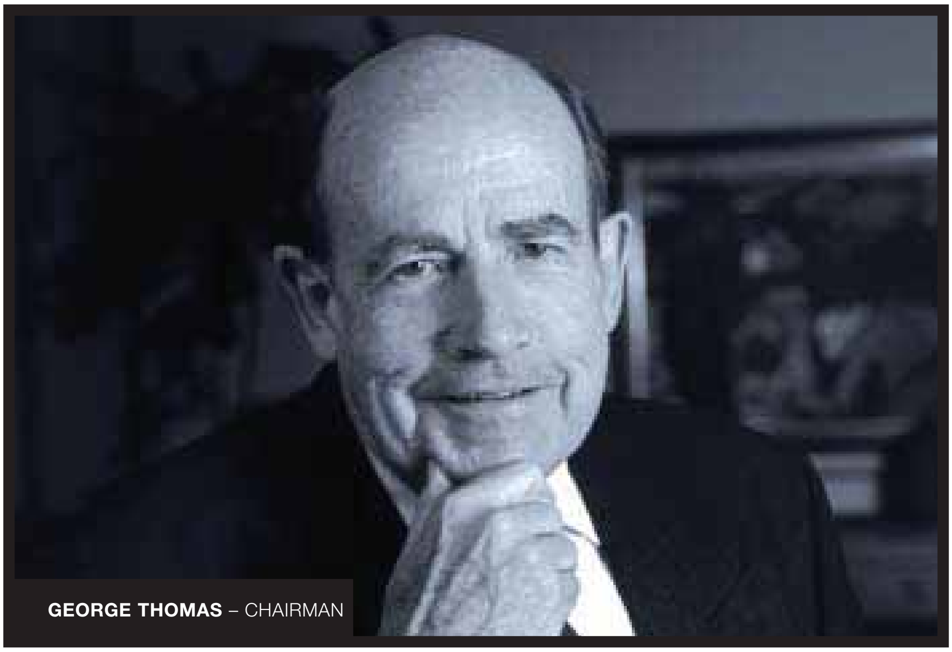
Timothy Woodhead is a qualified Civil Engineer and is the MD of Intertoll, a position he has held since 1997.

PATRICK AYOUB (40)

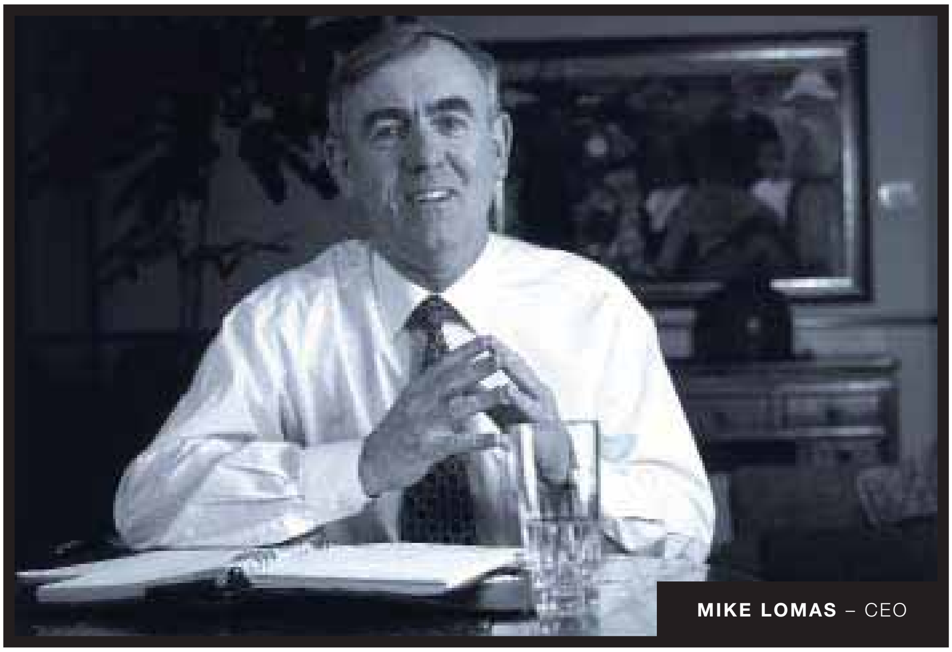
Patrick Ayoub was appointed CEO of WSSA in 2000. He gained considerable experience as a senior manager in the Suez Group.

PADDY DENYSSEN (57)

Paddy Denyssen is the General Manager of the Brown & Root/Group Five Industrial Services joint venture, which he joined in 1999.



GEORGE THOMAS – CHAIRMAN



MIKE LOMAS – CEO

The restructuring of the Group has honed our operational focus and invigorated teams across the business.

CHAIRMAN AND CEO **ON CHANGE**

CREATING CHANGE

The year under review has been one of change and delivery for Group Five. We have simplified our structure to become a leaner and more efficient organisation, as we indicated we would in our last report.

Collapsing the pyramid control structure has allowed us to begin realising the shareholder value that has been locked within the Group.

Flattening the operational structures has resulted in a highly committed team and significant cost savings and has placed us in a strong position to drive the Group forward.

These bold steps by management and the board have translated into improved results.

Revenue improved by 11% to R3,2 billion, profit before tax was up 98% to R77 million, and earnings per share increased by 85% to 75,7 cents per share. Cash generated from operations increased from R26 million to R398 million. This was mainly due to the positive cash flow from trading activities and more effective management of working capital on local and offshore contracts.

The Group's balance sheet remains strong with cash net of borrowings totalling R112 million.

During the year the Accounting Policy in relation to company occupied property and investment property was changed from recording company occupied property at valuation to recording it at historical cost less depreciation. This is in accordance with the benchmark treatment of AC 123 as regards company occupied property and fair value as regards investment property which is in line with ED 134. The major effect has been to reduce both fixed assets and capital and reserves by some R96 million.

CONTEXTUALISING DELIVERY

These improved results were achieved despite the fact that the expected investment in infrastructure, outlined in the Budget speech this year, has yet to come to fruition. As a direct consequence, the industry in general and Group Five in particular, has had to increase its efforts to secure work outside South Africa.

Our cross-border work now represents 28% of our revenue.

If successful, the government's Millennium Africa Plan (MAP), together with current peace initiatives, will provide the platform for further expansion across the continent. Group Five, as a company operating in a labour-intensive industry, remains steadfastly committed to investing in this country and playing a constructive role in its future. Little progress can, however, be made without the impetus generated by proactive government initiatives focused on creating employment and improving the general economy.

Workable solutions to address these concerns must be found and implemented without delay to empower the construction industry to attract and retain young, talented people. It is imperative that the current outflow of skills be stemmed to ensure we uphold South Africa's reputation as a country with construction capability of the highest standard.

SETTING FOUNDATIONS

The restructuring of the Group has honed our operational focus and invigorated teams across the business.

The impressive growth and increasing contribution by our Infrastructural Development Services, which offer resources and facilities to successfully complete development projects, is proof of our ability to find innovative and workable solutions for our clients.

Construction

Overall our Construction activities performed well and produced excellent results.

Building was our star performer having more than doubled its profit, increased its order book and further strengthened its cash generating ability.

Roads showed strong growth in Africa, but has room for improvement in the South African operations. The restructuring of one of the business units is complete, with a new management team in place from March 2001. The new team is already successfully turning its unit around.

Civils has improved both its profitability and order book and has re-established itself in Mauritius with the R220 million contract for extensions to a sewage treatment works in St Martin.

Engineering has regained profitability, but has not yet achieved the levels we believe it is capable of. The focus for Engineering going forward will be on increasing dollar-based income, offering a wider range of services and improving key personnel and customer relationships.

Manufacturing

The formidable task of turning around the fortunes of certain of our Manufacturing activities is proving more difficult, time consuming and costly than had been anticipated.

While the objective of consolidating manufacturing to a single site has been achieved at ***Everite Building Products,*** delays in the commissioning of machines resulted in an inability to meet some of our customers' demands.

The management team is being strengthened and, together with outside consultants, the major issues in achieving satisfactory levels of profitability and efficiencies in the production process are being tackled. It is still expected that considerable benefits will flow, although somewhat later than originally envisaged.

We have halted the losses at ***Vaal Sanitaryware*** by improving efficiency levels at the factory and the thrust is now towards regaining market share.

A new MD is in place at ***AC Pipes,*** and is concentrating on streamlining the product range and reducing the high stock levels. The product continues to enjoy wide support in the markets for which it is designed.

DPI Plastics holds satisfactory market share and has been a strong performer in a difficult market.

Operations and Maintenance

Our Operations and Maintenance activities achieved real growth during the year, mainly due to Intertoll.

Intertoll has had a successful year. A major new project secured in the reported period was the $1,5 million per annum tolling contract for the long-term operation and maintenance of the DND Flyway in New Delhi, India.

Water & Sanitation Services had a satisfactory year. In consortium with its overseas partners and a local empowerment group, it was awarded the contract to manage Johannesburg's six municipal water and waste water structures for five years.

KBR/Group Five Industrial Services had a disappointing year but continued to enjoy the support of its two major customers.

CREATING THE RIGHT ENVIRONMENT

Our total number of employees increased by 1 224, the majority of whom are employed outside of South Africa.

Restructuring the local business operations had a negative impact on our employment equity programme but concerted efforts are being made to meet our long-term objectives.

The purpose of our social responsibility programmes is the improvement of the quality of life of all our employees as well as those people in the communities where we operate.

Our Group recognises that HIV and AIDS present a major health problem for our employees. We have accordingly intensified our AIDS awareness and education campaign.

More emphasis will be placed on health and safety in the workplace with a view of achieving a minimum of a three star NOSA rating on all our job sites.

We will continue to assess the environmental impact of all our operations. It is our stated intention to meet the requirements of ISO 14000 and, in this regard, to secure the appropriate accreditation.

We will continue to support joint ventures and suppliers from the previously disadvantaged communities.

SUSTAINING FOCUS

In the past year we have built a solid platform for sustainable growth. In the coming year our focus areas will be:

- Restoring manufacturing to acceptable levels of profitability.
- Increasing our international revenue by establishing operations in the Middle East, North and West Africa.
- Strengthening relationships with our key customers to properly understand their future needs.
- Further developing best practices in all areas of operation.
- Implementing new world-class management information systems.
- Continuing to help our people reach their full potential.

FUTURE PROSPECTS

The Group has started the new financial year with a strong balance sheet and an encouraging order book of over R2,5 billion. Our leaner operating structure has now settled down and we will reap the benefit in the coming year. Furthermore, the problems experienced in Manufacturing should largely be resolved within the foreseeable future and a turnaround can be expected.

On a macro scale, the fall in interest rates, the expected lower level of inflation and the prospect of more government infrastructure expenditure are positive factors.

A meaningful improvement in earnings for the coming financial year is therefore expected.

APPRECIATION

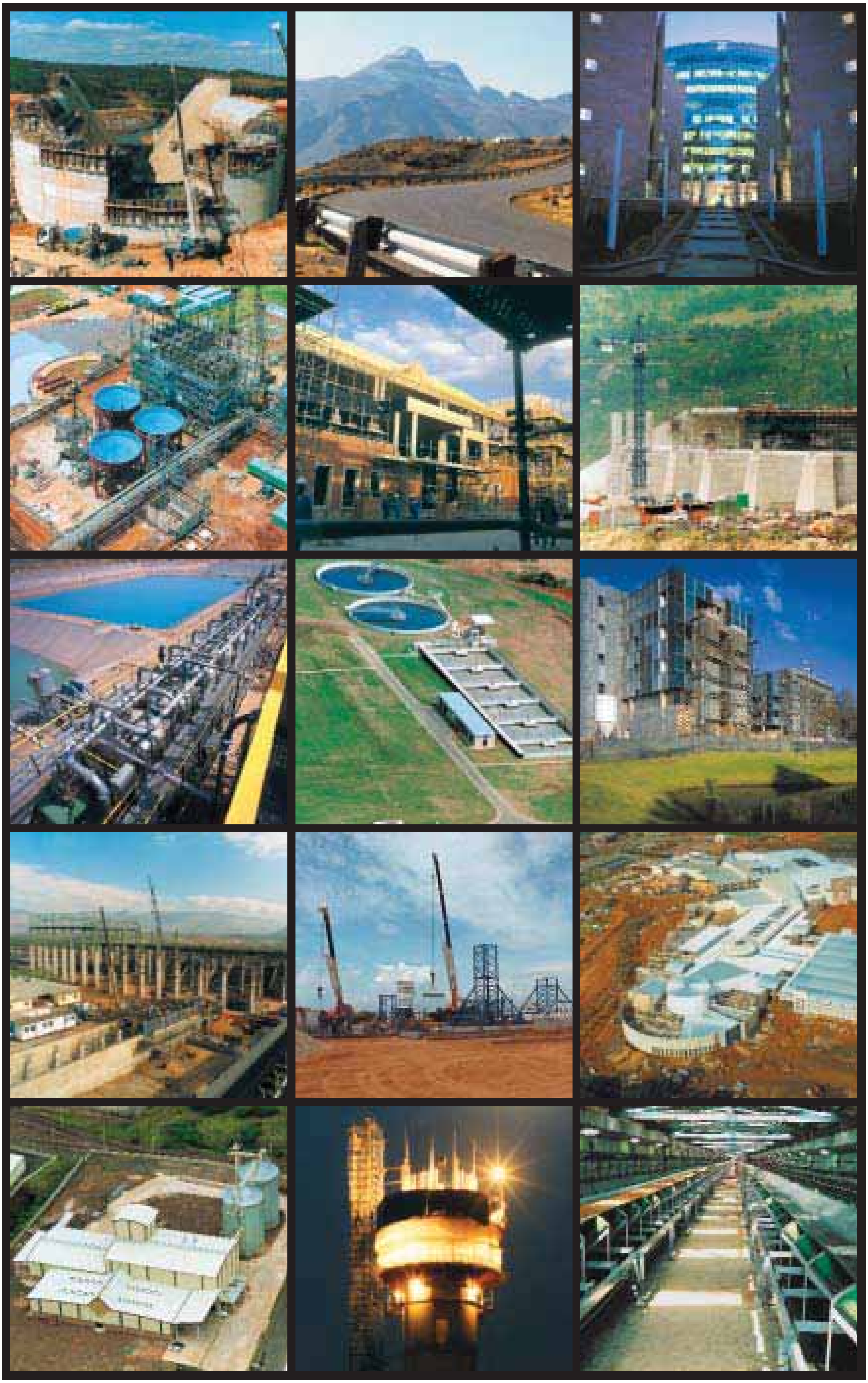
We strive to satisfy our customers' needs and appreciate the loyalty and levels of support we have experienced in this past year.

We would like to thank the entire Group Five team for its steadfast commitment during a time of substantial change. Your input has been invaluable in the turnaround of our Group.

Our sincere appreciation goes to our board members for their contribution and wise counsel. We remain committed to strengthening the non-executive representation on our board and welcome the appointment of Baroness Chalker of Wallasey as a non-executive director. Baroness Chalker brings a wealth of experience to the Group Five board. Her experience and knowledge of Africa will open up opportunities for the Group and we look forward to working closely with her to develop our African business.

We extend our thanks to executive director, Mike Lawson, for his contribution to the Group over a lifetime of service and wish him all the best in his retirement.

Our congratulations to the new executive directors appointed to the board, Paul Le Sueur, Barry van Wyk and Frik Venter. We look forward to working closely with you to build on our successes into the future.



CONSTRUCTION **REBUILDING THE BUSINESS**

Construction consists of four major business activities – Building, Roads, Civils and Engineering. The unit had a very successful year with revenue increasing from R2,1 billion to R2,3 billion and operating profit increasing from R30,3 million to R59,8 million.

BUILDING

Group Five's building activities are one of the three largest building operations in South Africa and extend throughout Southern Africa, Angola, Malawi and Tanzania.

Our building companies are involved in a wide range of projects, including:

Commercial and office developments – Hotel and leisure – Retail – Residential – Industrial – Healthcare – Educational – Mass housing – Public sector developments.

Major achievements

- Revenue increased by 28%
- Profits more than doubled

Major projects:

- Vodacom Phase III (Midrand) – R190 million
- Dimension Data Campus (Sandton) – R540 million
- Louis Trichardt Prison (Northern Province) – R345 million
- Nova Vida housing project (Luanda, Angola) – US$80 million
- Ga-Pila Village, Potgietersrus (Northern Province) – R100 million
- Menlyn Park Shopping Centre (Pretoria) – R500 million

Building has been successful in an extremely competitive market. We have entrenched our reputation of delivering quality products on time and within budget.

One of the major challenges facing the country is the provision of affordable housing. Together with our black empowerment partner, Transafrica, we have become the major low-cost housing supplier in KwaZulu-Natal.

We have managed to improve on our previously low-tender margins by securing a cross-border quality order book and avoiding loss-making projects through effective project management.

Many of our customers are looking to the modernisation of buildings in prime locations in order to meet their space requirements. This trend has led to us growing our share of the large building refurbishment market.

Focus going forward:

- To continue improving our share of the local market
- To further develop our cross-border initiatives
- To be more proactive in understanding the needs of our clients
- To steadily increase turnover, whilst maintaining current margins

ROADS

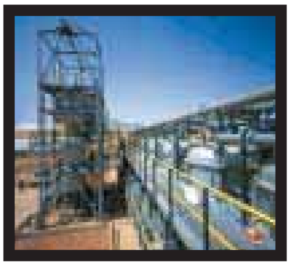
Group Five Roads operates in South Africa, Botswana, Namibia, Swaziland, Lesotho, Zambia, Tanzania, Mozambique, Malawi and Ghana. Our focus is the construction of major road projects, but our competencies extend to all earthworks and related sectors such as mining, dams, canals, airports and railways.

Major achievements:

- Securing 67% of order book outside South Africa
- Successfully designing and building the Kings Highway Relief Road in Lesotho
- Achieving ISO 9000 accreditation throughout the operations

Major projects:

- Chirundu Bridge over the Zambezi, connecting Zambia with Zimbabwe. The contract is undertaken on behalf of a major Japanese Corporation – US$14,5 million
- Siteki Roads construction project in Swaziland – R80 million
- Gaborone CBD infrastructure project for Ministry of Local Government, Botswana – R71 million
- Maguga dam project – a joint venture in Swaziland – R500 million




Revenue for Roads increased by 15%, most of which was secured outside South Africa. Operating profit was, however, significantly lower than the previous year due to one business unit suffering losses in Malawi and on certain local contracts. The contracts in question were completed during this financial year.

A number of senior management changes have taken place and the focus is now on more sizeable contracts at improved margins. This will have a positive impact on the bottom-line in the forthcoming year.

Our ventures outside South Africa have provided us with the opportunity to undertake mining, infrastructure construction and broaden our scope of services to terracing and open pit excavation. Following the successful completion of Bulyanhulu Mine in Tanzania, work has commenced on the recently awarded Skorpion Project in Namibia.

Focus going forward:

- Secure more work in North and West Africa
- Consolidate two plant departments into one company to ensure more effective use of equipment
- Increase work on mines outside South Africa
- Identify new markets for our road rehabilitation skills and equipment
- Maintain existing level of revenue at improved margins

CIVILS

Group Five Civils operates throughout South Africa, Botswana, Swaziland, Mozambique, Mauritius and Tanzania. Civils has established itself as a leading civil engineering contractor to the mining and industrial sectors and is involved in the development, design and construction of infrastructural water and effluent treatment plants, silos and marine works.

Major achievements:

- Revenue increased by 20%
- Profits increased significantly
- 50% of order book secured outside South Africa
- Concrete Society Fulton Award for Richards Bay Jetty and Mozal project

Major projects:

- Anglo Platinum Waterval UG2 Plant (South Africa) – R53 million
- Mozal Phase 2 concrete supply and silos (Mozambique) – US$17,5 million
- Anglo Platinum infrastructure, concentrator unit and building work (South Africa) – R105 million
- St Martin's Sewage Works design and building (Mauritius) – R220 million
- Skorpion Zinc Mine and Smelter (Namibia) – R100 million
- Iscor Heavy Minerals, Empangeni (South Africa) – R50 million

Civils enjoyed strong growth during the current year and has secured a healthy forward order book. The present expansion in the resource and industrial process sector is impacting positively on the business.

Whilst servicing the demands of the current expansion, we will continue to focus on our traditional customers outside the mining environment.

Civils has placed considerable emphasis on safety, quality and delivery, as these form the basis for repeat business in this sector.

One of the challenges we face is the shortage of skilled people. Our human resource effort will be intensified in the areas of training, development and recruitment of staff.

Focus going forward:

- Increase cross-border revenue
- Secure ISO 9000 listing for the business units
- Be more proactive in understanding customer needs
- Expand our activities in marine and related work
- Increase revenue in real terms at satisfactory margins

ENGINEERING

Engineering includes the detailing, fabrication, supply and erection of structural steel and piping for process plants, as well as the supply and installation of mechanical equipment, electrical and instrumentation reticulation.

Major achievements:

- Returned to profitability
- Completed R60 million lump sum turnkey project for Iscor Heavy Minerals Separation Plant at Empangeni

The increase in capital expenditure in the mining sector throughout Southern Africa will provide ample opportunity for revenue growth in the forthcoming year.

Emphasis will be placed on securing a quality order book and delivering projects within time and to quality requirements.

One of the major challenges in the year was the successful completion of the structural steel, mechanical and piping contract for Yatela Gold Mine in Mali. Timeous delivery of the project, despite logistical difficulties, has led to new opportunities in the region.

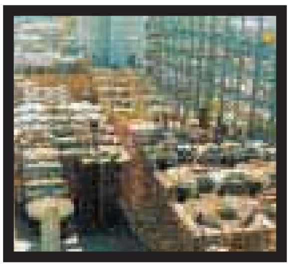
Engineering successfully completed the design, fabrication and construction of the Woodchip Link at Richards Bay for Portnet, allowing Portnet to export their first consignment of 45 000 tons of woodchips on time.

Major projects:

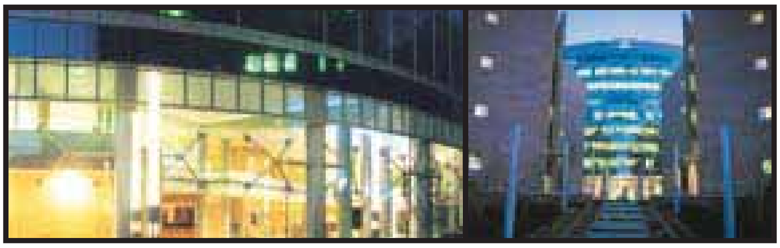
- Debswana Orapa Crusher project – R35 million
- Ghana Bauxite project – R21 million
- De Beers, Kimberley expansion – R27 million

Focus going forward:

- Secure ISO 9000 listing
- Reposition and restructure the business to expand the range of services to allow turnkey solutions by including upfront engineering and project management
- Strengthen the management of the electrical and instrumentation business to capitalise on market opportunities
- Continue to strengthen general management throughout the business unit
- Substantially increase revenue at improved margins



INFRASTRUCTURAL DEVELOPMENT **SERVICES**



We provide Infrastructural Development Services and related financial structuring for Construction and Build Operate & Transfer ("BOT") projects throughout Africa. The unit works in close, but not exclusive, co-operation with our Construction business activities.

Major achievements:

- Completion and hand-over of the Exchange Square development in Sandton
- The recent award of a housing development project for Anglo Platinum at a value of R350 million
- South African Property Owners Association Award for Innovative Excellence in Property Development

Major projects:

- JSE, ABN-AMRO and Deutsche Bank Securities Buildings – R350 million
- Chichiri Shopping Centre, Malawi – R37,5 million

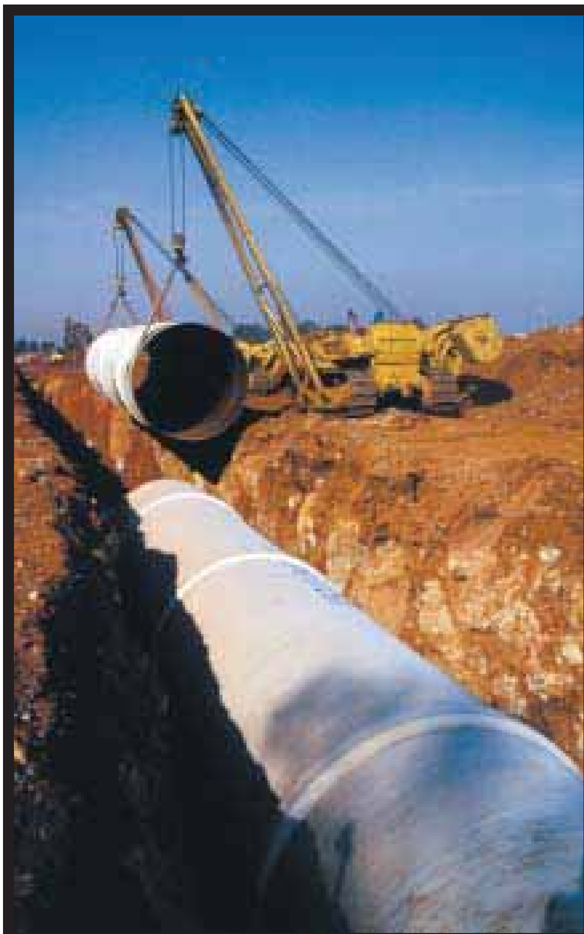
Infrastructural Development Services had a successful year and has continued to entrench itself as one of the leading providers of tenant solutions. The unit's focus is to identify and develop low-risk opportunities that will produce long-term revenue streams.

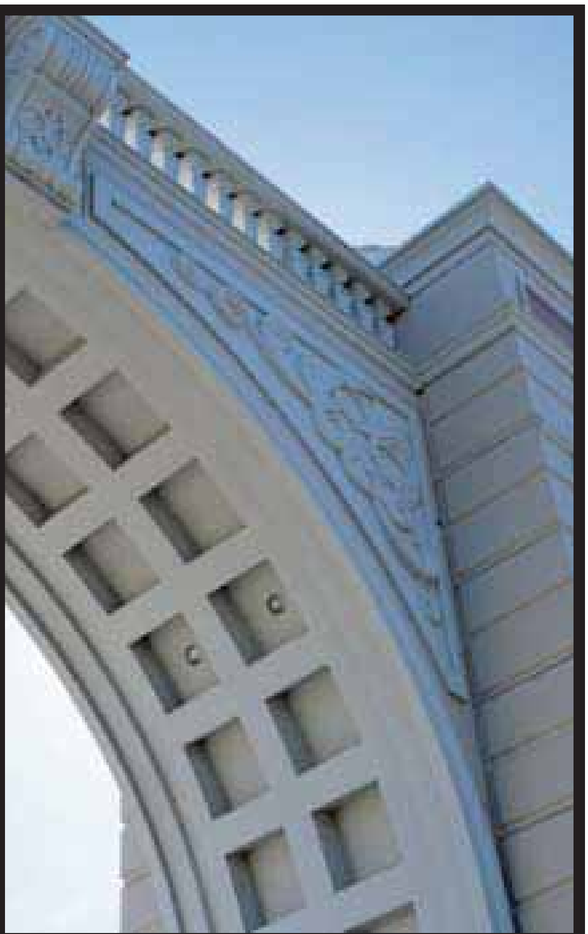
Work has continued on the three unsolicited road bids for the National Roads Agency, with the most advanced being the R2,5 billion N1/N2 between Botrivier-Worcester-Cape Town.

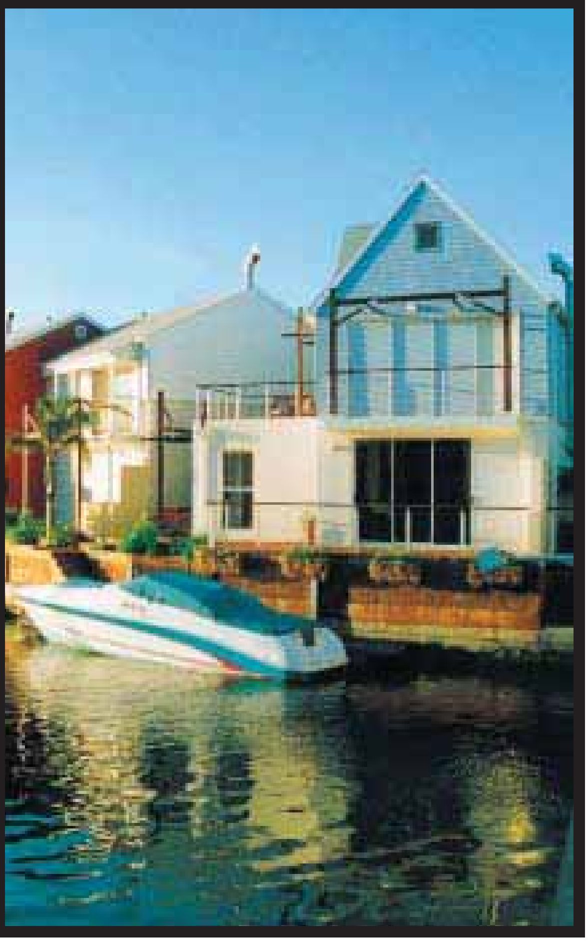
Opportunities outside our borders are being explored and retail development work has been secured in Malawi and Zambia.

Focus going forward:

- Expand the unit to meet market demand for our services
- Convert existing proposals to firm contracts
- Focus on large blue-chip clients with the objective of providing innovative solutions to their construction-related development requirements
- Increase revenue and sustainable long-term profitability







MANUFACTURING **IMPLEMENTING CHANGE**

Manufacturing consists of five distinct operations – Everite Building Products, Vaal Sanitaryware, AC Pipes, Group Five Pipe and DPI Plastics. These provide products for the construction, agricultural and mining sectors. Overall, Manufacturing performed poorly with revenue increasing by 4% from R554 million to R585 million and operating profit decreasing from R4,6 million to R2,6 million.

EVERITE BUILDING PRODUCTS

Everite Building Products manufactures ceilings, partition boards, roofing sheets, roofing slates, vertical cladding and a range of hand-moulded garden products for the building and construction industry in Southern Africa, the Middle East, Far East and United Kingdom.

The process of converting Everite Building Products into a single-site manufacturing business has been achieved, although there have been delays in commissioning the equipment.

This, together with downstream logistical problems and inadequate maintenance policies, has led to the effective completion date of this project being delayed from June to October 2001.

Production levels have been inadequate to meet market demand and profitability has been adversely affected. In addition, exports have been curtailed to give preference to local demand.

FRM Strategies (Pty) Limited, a company which specialises in unlocking value in under-performing businesses, has been engaged to work with EBP's management team to restore the company to profitability.

The major challenge is to optimise production effectiveness and efficiency during the next six months by:

- Further strengthening the management team
- Using the project management and other skills of our international consultants to co-ordinate the activities to ensure plant effectiveness
- Engaging specialists in fibre cement technology from Australia to fine-tune the product mix and technical aspects of the production process

Our intention remains the elimination of asbestos from our manufacturing processes, but this will need to be balanced with market demand for selected products.

Focus going forward:

- Single-site consolidation
- Production optimisation
- Satisfying local market demands
- Increasing export revenues
- Increase revenue at improved margins

VAAL SANITARYWARE

Vaal Sanitaryware produces a range of domestic and industrial vitreous china and fireclay sanitaryware for a wide range of markets, mainly in South Africa.

During the first quarter of the financial year factory efficiencies dropped to an all-time low. Senior management changes were made and the current Managing Director started in January 2001.

Our operational focus during the last six months has been to regain control of the manufacturing process and to improve yields to acceptable levels. In addition, the business has been streamlined and unnecessary costs have been eliminated.

The new management team has stopped the losses and improved interaction with customers.

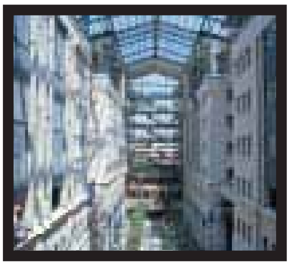
Major achievements:

- Improved production efficiencies
- Rationalised product range

Focus going forward:

- Pursue fireclay and terracotta products
- Grow exports
- Upgrade technological processes
- Grow revenue and profitability





AC PIPES

AC Pipes manufactures fibre cement pressure and sewer pipes for sale to government, local authorities, water boards, farmers, distributors, builders and developers.

Revenue decreased by 18% due to a further drop in volumes. Depressed market conditions during the last six months have been caused by the lack of infrastructural expenditure by local authorities.

Production decreased in line with revenue, resulting in an operating loss of 10% more than the previous year despite improved productivity and a reduced staff complement.

Major achievements:

- Change in manufacturing process to manufacture only against orders
- Strengthening the management team

Focus going forward:

- Reduction in stock levels
- Upgrading service levels to customers
- Cementing strategic partnerships in the supply chain
- Increasing revenue and significantly reducing operating losses

GROUP FIVE PIPE

Group Five Pipe is a joint venture which manufactures large diameter spiral welded steel pipes. It has pipe mills in South Africa and a joint venture in Saudi Arabia in partnership with the Al-Qahtani family.

While trading conditions within South Africa remain depressed, the decision to establish in a more buoyant market in Saudi Arabia has been justified.

Major achievements:

- Being awarded the American Petroleum Institute 5 L mark for pipe manufacturing

Focus going forward:

- Exploit market potential in Saudi Arabia
- Explore opportunities in West Africa
- Continue competing in the South African market
- Grow both revenue and profitability

DPI PLASTICS

DPI Plastics is 40% owned by Group Five and 60% by Sasol Polymers. This business manufactures and supplies plastic piping systems for the building, civil, construction, agricultural, mining and industrial markets. It operates in South Africa and other African countries, including Botswana, Zimbabwe and Tanzania.

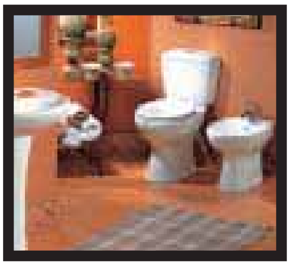
Major achievements:

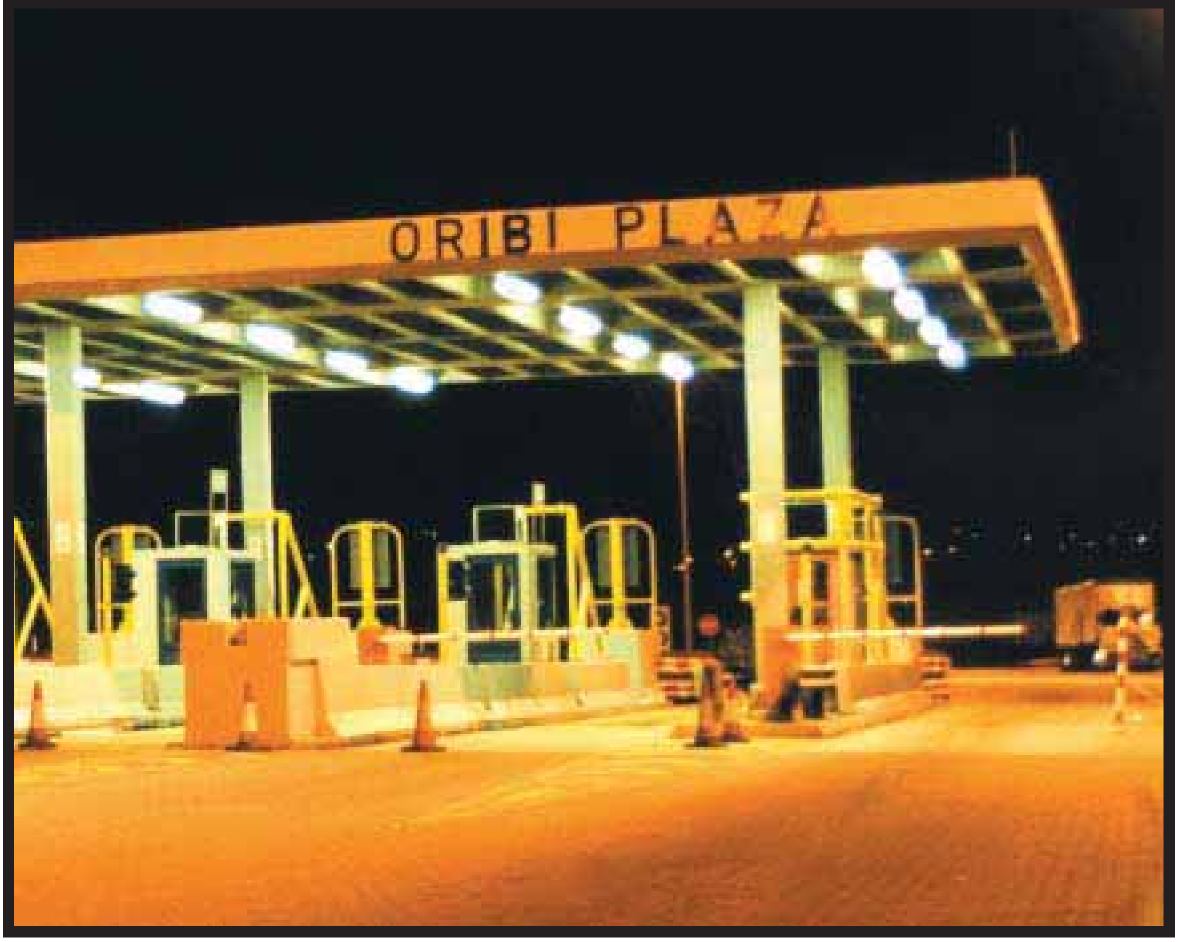
- The establishment of DPI Simba Limited, a joint venture manufacturing operation in Tanzania which has exceeded profit expectations since its inception on 1 April 2001
- An improvement in market share, whilst achieving an acceptable level of profitability in a severely over-traded and depressed market

The management team is highly motivated and remains confident that its growth strategy of focusing on new markets and new products will ensure that the business will continue to deliver annual earnings growth.

Focus going forward:

- Bedding down an exciting new PVC pipe technology to ensure more competitive products
- Identifying further African markets
- Achieving consistent real earnings growth




ORIBI PLAZA

OPERATIONS AND MAINTENANCE **INTO THE FUTURE**

Operations and Maintenance has three business units – Intertoll, Water & Sanitation Services and Kellogg Brown & Root/Group Five Industrial Services.

INTERTOLL

Intertoll is a toll road operator with a global presence in the development, operation and maintenance of toll facilities and highways. Intertoll's operations span South Africa, Hungary, India and Bangladesh.

Major achievements:

- DND flyway, New Delhi, India – US$1,5 million turnkey toll system and US$1,5 million per year contract for managing the flyway for 28 years
- An advisory mandate to the provincial administration for the rehabilitation of Chapman's Peak Drive in the Cape. This is Intertoll's first advisory mandate in South Africa
- A comprehensive eight year toll road Operations and Maintenance contract for the N2 KwaZulu-Natal South Coast
- Improved administration and cost controls

Intertoll had another very successful year with results ahead of budgeted targets.

While initial low levels of traffic are being experienced, the equipping and establishment of the Delhi Noida Toll Bridge, which was opened in January 2001, has been a major success.

Focus going forward:

- Bedding down contracts in India and South Africa
- Bidding on new contracts in South Africa, India and Europe
- Continuing to improve key areas of our business process
- Growing the project portfolio and securing quality long-term income

WATER & SANITATION SERVICES

Water & Sanitation Services is a joint venture with Ondeo Services which is part of Suez, a major international group. It manages, operates and maintains water and sewage systems in South Africa for over 2 million people.

Major achievements:

- The contract to manage the water and waste water services of Greater Johannesburg following a competitive international tender. Water & Sanitation's consortium consists of Northumbrian Water, Suez and empowerment partners trading in a special purpose company, Johannesburg Water Management (Pty) Limited (JOWAM)
- The granting of both ISO 9000 and ISO 14000 for our entire national operations

The market remains depressed and competitive and turnover and profitability are in line with the previous year. The water and sanitation services market is expected to open up to PPP (Public Private Partnerships) after the year 2000 moratorium.

We continue to focus on these potential markets and are capable of providing total solutions to water and waste water projects, but prospects in the short term are not favourable.

KELLOGG BROWN & ROOT (KBR)/GROUP FIVE INDUSTRIAL SERVICES

The joint venture had a disappointing year, but continued to enjoy the support of its two key customers, Engen and Sappi. The emphasis during the year was on maintenance work and plant shutdowns.

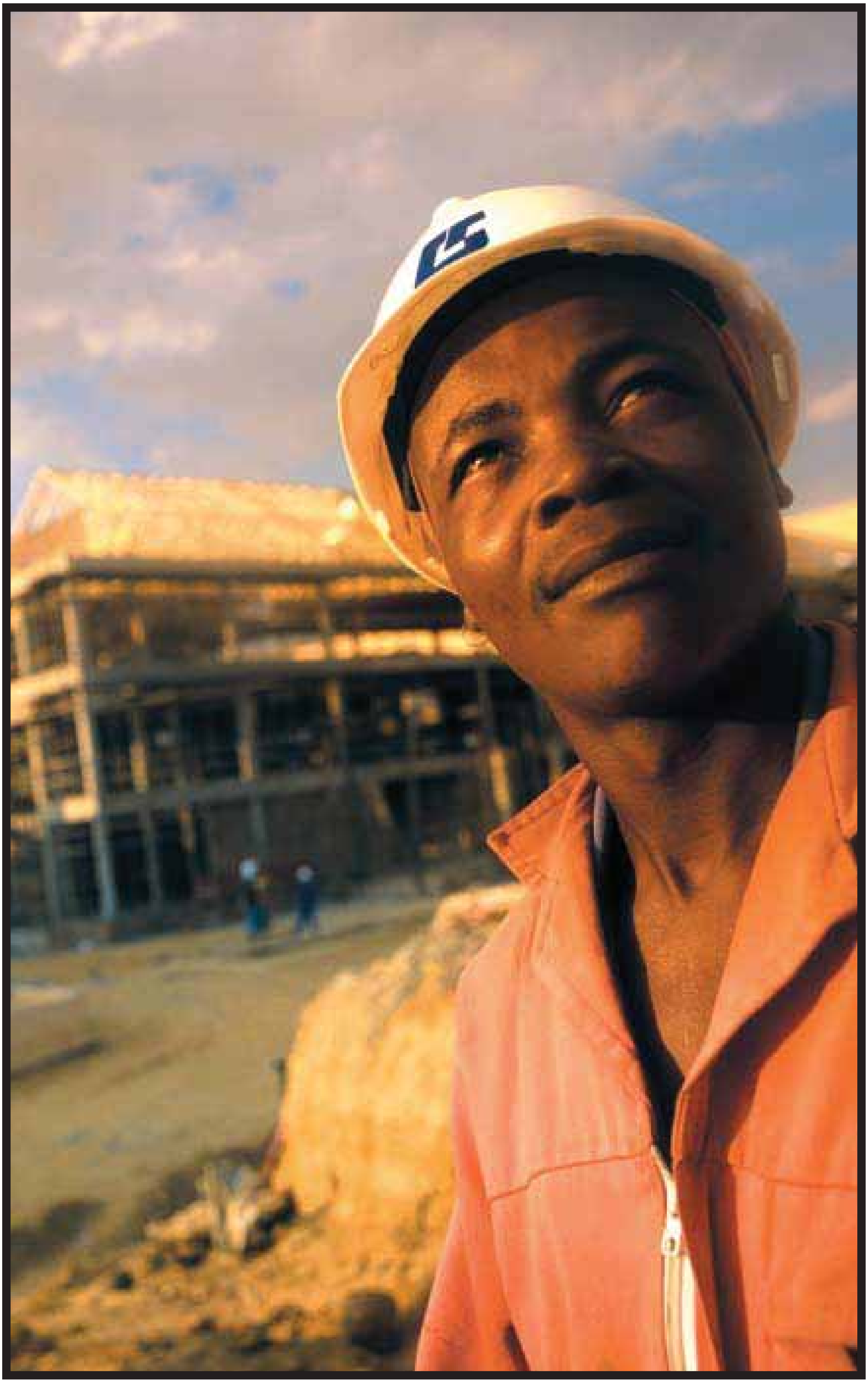
Major achievements:

- The best safety and productivity record of all contractors employed for the 2001 Engen Refinery shutdown

Following the recent re-organisation of KBR in the United States and the establishment of a unified global Operation and Maintenance unit with a focus on turnaround management services, further support will be given to the venture to expand our activities in the region.

Focus going forward:

- Expand turnaround management services using global best practices
- Provide Operation and Maintenance services to the emerging natural gas sector
- Increase both turnover and profitability significantly



Group Five is committed to investing in programmes for the development of future generations.

CORPORATE CITIZENSHIP **BUILDING TOGETHER**

The Group is working actively towards meeting internationally accepted standards of corporate citizenship and governance.

As part of our transformation, the Group is introducing initiatives to ensure that sound corporate governance is entrenched in the Group's operating philosophy.

EMPLOYEE WELL-BEING AND ASSISTANCE PROGRAMMES

The Group places heavy emphasis on managing occupational health and safety in line with the OHS Act. We are currently resetting our health and safety standards for all our operations. Priority has also been given to programmes aimed at preventing AIDS.

During this financial year the Group provided study assistance to the value of R663 000 (2000: R350 000) towards employees as part of our employee assistance programmes. A further R4,9 million (2000: R4,8 million) was provided for employee welfare and housing loans.

The closure of our manufacturing operations in Brackenfell resulted in the retrenchment of a large number of employees. As part of the closure, the intention is to convert the old company hostel into housing units for Everite employees and others. Building materials will be provided at discounted rates.

COMMUNITY INVOLVEMENT

Many of the construction projects include community involvement components such as:

- Transfer of basic construction knowledge and skills to local communities
- Donations of building materials
- Upgrading of infrastructure and facilities for local communities
- Sourcing labour from local communities

The Group has continued to place emphasis on providing bursaries to scholars and tertiary students for studies in engineering sciences.

COMMERCIAL EQUITY

In line with our broader employment equity objectives, we aim to provide commercial opportunities for members of the previously disadvantaged communities. This is done either through joint venture partnerships with historically disadvantaged contractors, as in the building of the Louis Trichardt prison, or through using SMMEs as suppliers of goods and services.

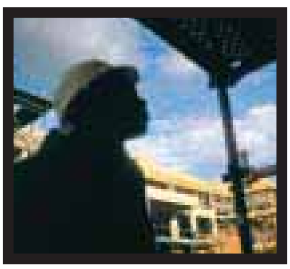
CORPORATE DONATIONS

Over and above the Group's community involvement projects, many requests are received for financial assistance from charities and community based Non-Profit Organisations (NPOs).

To this end a total amount of R460 000 (2000: R640 000) was donated over the last year.

ENVIRONMENTAL CARE

The Group is sensitive to the impact of its operations on the ecology. Where possible, care is taken to protect the environment from unnecessary damage prior to the commencement of construction. By way of example, old trees on the Dimension Data site were carefully excavated and are being cared for until they are replanted once construction has been completed.



Our focus during the year ahead will be on improving our managerial skills to implement change and support transformation.

HUMAN RESOURCES **BUILDING TOGETHER**

Following the introduction of the Group's new business model last year, we have reviewed the supportive human resources requirements and strategies to ensure the Group is able to position itself as an internationally competitive construction company.

The key challenges facing the Group in the human resources arena are:

1. To source the right calibre of people to meet the Group's growth needs within an industry that is experiencing a shortage of suitably skilled technical people.
2. To gear our operations towards managing employees across international boundaries as we expand our operations across Africa and other selected countries.

Ongoing attention is being given to meeting the requirements of the Employment Equity and Skills Development Acts. In the short term, the restructuring of Group Five has had a negative impact on our employment equity programme but concerted efforts are being made to meet our longer term objectives. This includes the setting of employment equity related performance objectives for all senior managers, the active recruitment of black scholars into the engineering disciplines, the investigation into more effective commercial empowerment structures, as well as the creation of a new shared work ethic.

MANPOWER PLANNING

A comprehensive profile has been drawn up of our entire senior management team and continuing attention is being given to more focused succession planning. The Group's Senior Management Development Programme has also been overhauled with a view to providing our executives with a greater strategic and international perspective.

Due to the shortage of skilled technical people, we are implementing a number of initiatives to recruit suitable technical personnel. Some of these initiatives should also effectively address our longer-term employment equity objectives. A strong effort is being made in conjunction with Rand Afrikaans University to attract black scholars into the engineering profession. This includes creating awareness amongst high school pupils about career paths in the construction industry and the provision of bursaries to talented black scholars.

ORGANISATIONAL SUPPORT

The increasing amount of work being generated in Africa and the Middle East has necessitated a complete overhaul of the Group's Human Resources Policies and Procedures regarding International Management. This will ensure that staff working across South African borders will receive equitable treatment and that international standards of corporate governance are upheld.

A new incentive scheme has been introduced to ensure that we remain competitive in the market. The incentive scheme focuses on the key drivers for business success and will measure contribution to both financial and strategic performance.

OTHER ORGANISATIONAL DEVELOPMENTS

The Group's industrial relations climate has generally been sound over the past year with no major conflict.

During the coming year we will enhance the skills required to implement change and support our transformation efforts.

The Group's human resources structures are now well positioned to support the new business strategy. Through a more centralised support structure, resources and knowledge are leveraged more effectively across the Group.

CONSTRUCTING SUSTAINABLE GROWTH

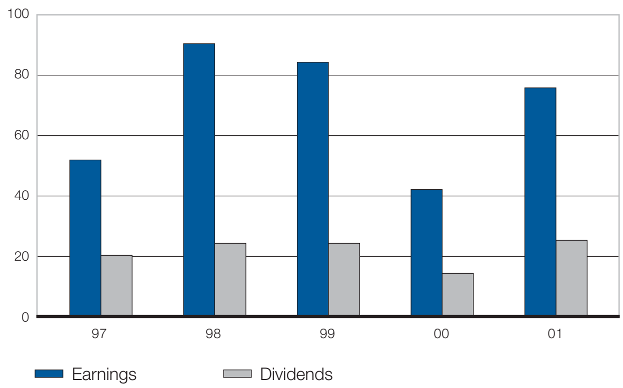
for the year ended 30 June 2001

for the year ended 30 June 2001

	2001	2000	1999	1998	1997
CONSOLIDATED BALANCE SHEETS (R'000)					
Equity and liabilities					
Shareholders' equity	372 775	338 854	325 125	289 358	270 097
Minority interest	3 882	1 228	5 182	89	395
Non-current liabilities	33 086	13 846	16 797	40 688	45 672
Current liabilities	1 233 241	1 124 177	1 000 810	1 063 870	966 500
	1 642 984	1 478 105	1 347 914	1 394 005	1 282 664
Assets					
Non-current assets	466 808	320 851	318 222	313 340	268 716
Current assets	1 176 176	1 157 254	1 029 692	1 080 665	1 013 948
	1 642 984	1 478 105	1 347 914	1 394 005	1 282 664
CONSOLIDATED INCOME STATEMENTS (R'000)					
Revenue	3 167 000	2 863 410	2 673 434	2 925 946	2 427 489
Operating profit and income from associates	85 455	47 386	89 879	103 101	72 452
Finance costs	(8 025)	(8 231)	(12 084)	(8 162)	(20 125)
Profit before taxation	77 430	39 155	77 795	94 939	52 327
Taxation	(21 444)	(10 675)	(19 777)	(32 647)	(15 772)
Profit after taxation	55 986	28 480	58 018	62 292	36 555
Minority interest	(3 672)	(205)	(1 014)	(1 848)	(853)
Attributable profit	52 314	28 275	57 004	60 444	35 702
SHARE CAPITAL ('000)	69 120	69 120	69 120	69 120	69 120
Issued shares	73 573	73 573	73 573	73 573	73 573
Less: Treasury shares	4 453	4 453	4 453	4 453	4 453

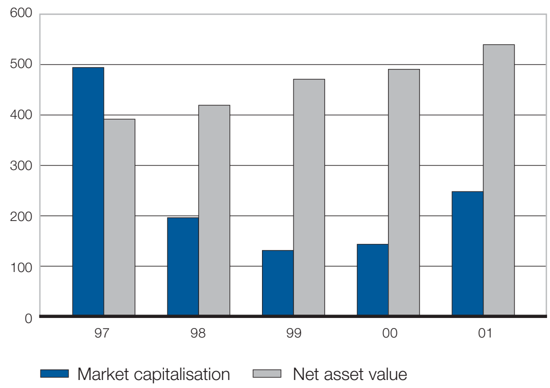
EARNINGS AND DIVIDENDS PER SHARE

Cents



MARKET CAPITALISATION AND NET ASSET VALUE PER SHARE

R millions



for the year ended 30 June 2001

	2001	2000	1999	1998	1997
STATISTICS					
Share statistics – cents per share					
Earnings	**75,7**	40,9	82,5	87,4	51,7
Dividends	**25,0**	14,0	24,0	24,0	20,0
Net asset value	**539,3**	490,2	470,4	418,6	390,8
STOCK EXCHANGE PERFORMANCE					
Market price – high	**301**	430	315	930	1 100
Market price – low	**175**	185	145	290	600
Market price – year-end	**335**	217	176	290	710
Market capitalisation (R million)	**246,5**	141,5	129,2	194,6	493,8
Value of shares traded (R'000)	**57 140**	37 162	51 474	78 760	37 018
Number traded ('000)	**23 070**	13 805	27 750	19 231	4 289
Percentage traded	**31,4%**	18,8%	37,7%	26,1%	5,8%
Market price/net asset value	**0,6**	0,4	0,4	0,7	1,8
Closing price/earnings ratio	**4,4**	5,3	2,1	3,3	13,7
Closing dividend yield	**7,5%**	6,5%	13,6%	8,3%	2,8%
BUSINESS PERFORMANCE					
Dividend cover	**3,0**	2,9	3,4	3,6	2,6
Current ratio	**1,0**	1,0	1,0	1,0	1,0
Return on ordinary shareholders' interest	**14,0%**	8,3%	17,5%	20,9%	13,2%
Return on total assets	**5,5%**	3,4%	6,6%	7,7%	11,3%
Asset turnover	**7,7**	8,1	7,7	8,9	7,7
Profit margin	**2,7%**	1,7%	3,4%	3,5%	3,0%
Net borrowings to shareholders' interest	**–**	14,6%	–	–	–
EMPLOYEE STATISTICS					
Number of employees	**12 242**	11 018	11 774	13 353	12 855
Revenue per employee (R'000)	**259**	260	227	219	189

DEFINITIONS

Earnings per share	refer note 6.
Net asset value per share	ordinary shareholders' interest divided by the number of shares in issue.
Closing price/earnings ratio	market value of shares at the end of the year divided by earnings.
Closing dividend yield	dividends per share as a percentage of market value per share at year-end.
Dividend cover	earnings divided by dividends.
Current ratio	current assets divided by current liabilities. A broad indicator of the Group's short term liquidity.
Return on ordinary shareholders' interest	attributable earnings as a percentage of ordinary shareholders' interest at year-end. An objective measure of the Group's profitability for shareholders, after allowing for financing.
Return on total assets	operating profit divided by average total assets. A measurement of the effectiveness with which management uses the assets at its disposal.
Asset turnover	ratio of revenue to total capital employed. A measure of the utilisation of assets.
Profit margin	operating profit as a percentage of revenue.
Net borrowings to shareholders' interest	total interest-bearing debt less cash as a percentage of total shareholders' interest. A measure of the principal means by which the Group has chosen to finance its operations.
Revenue per employee	revenue divided by average number of employees.

STATEMENT OF RESPONSIBILITY OF THE **BOARD OF DIRECTORS**

for the year ended 30 June 2001

The directors are responsible for the preparation, integrity and fair presentation of the financial statements of Group Five Limited and its subsidiaries. The financial statements, presented on pages 38 to 65 have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice and include amounts based on judgements and estimates made by management. The directors also prepared the other information included in the annual report and are responsible for both its accuracy and its consistency with the financial statements.

The going concern basis has been adopted in preparing the financial statements. The directors have no reason to believe that the Group will not be a going concern in the foreseeable future based on forecasts and available cash resources. The viability of the company and the Group are supported by the financial statements.

The financial statements have been audited by the independent accounting firm, PricewaterhouseCoopers Inc., who have been given unrestricted access to all financial records and related data, including minutes of all meetings of shareholders, the board of directors and committees of the board. The directors believe that all representations made to the independent auditors during their audit were valid and appropriate. PricewaterhouseCoopers Inc.'s audit report is presented on page 37.

The financial statements were approved by the board of directors on 22 August 2001 and are signed on its behalf by:

GM THOMAS **MH LOMAS**

STATEMENT OF COMPLIANCE BY THE **COMPANY SECRETARY**

for the year ended 30 June 2001

The company has lodged with the Registrar of Companies all such returns as are required of a public company in terms of the Companies Act 61 of 1973, and all such returns are true, correct and up to date.

GD MOTTRAM

for the year ended 30 June 2001

The directors endorse, and during the year under review, have applied in the main the Code of Corporate Practices and Conduct as set out in the King Report. In supporting the Code the directors recognise the need to conduct the business of the enterprise with integrity and in accordance with generally accepted corporate practices.

BOARD OF DIRECTORS

Group Five Limited exercises effective control over all other companies in the Group. Its board meets at least quarterly and decides on Group objectives, strategies and key appointments and monitors executive management.

The Chairman and the Chief Executive Officer have separate roles. The Chairman is one of four non-executive directors and the Chief Executive Officer is one of seven executive directors. Together they lead the board and ensure all relevant matters are deliberated by the directors.

COMPANY SECRETARY AND PROFESSIONAL ADVICE

The Company Secretary is suitably qualified and experienced, and is responsible for, amongst others, the duties stipulated in section 268G of the Companies Act and for the certificate to be signed in terms of sub-section (d) thereof.

All directors have access to the advice and services of the Company Secretary, who is responsible to the board for ensuring that board procedures are followed.

All directors are entitled to seek independent professional advice about the affairs of the Group at the Group's expense.

REMUNERATION COMMITTEE

The Remuneration Committee consists of the Chairman, the Chief Executive Officer, one executive director, one non-executive director as well as an independent external consultant. Its specific terms of reference include direct authority for, or consideration and recommendation to the boards of, matters relating to, inter alia, Group remuneration; philosophy and policy; bonus and incentive schemes and applications; share purchase and option schemes; executive remuneration and service agreements.

AUDIT COMMITTEE

The Audit Committee consists of the Chairman, the Chief Executive Officer, one executive director, and one non-executive director. Both the internal and external auditors have unrestricted access to the Audit Committee which ensures that their independence is in no way impaired. Meetings are held at least three times a year and are attended by the external and internal auditors. The Audit Committee operates in accordance with written terms of reference confirmed by the board which provide assistance and advice to the board with regard to:

- matters relating to financial and internal control, accounting policies, reporting and disclosure;
- internal and external audit policy;
- activities, scope, adequacy and effectiveness of the internal audit function and audit plans;
- review/approval of external audit plans, findings, problems, reports and fees; and
- compliance with the Code of Corporate Practices and Conduct.

INTERNAL CONTROL SYSTEMS

Group Five Limited and its subsidiaries maintain systems of internal control over financial reporting and over safeguarding of assets against unauthorised acquisitions, use or disposition, which are designed to provide reasonable assurance to the Group and each subsidiary's management and board of directors regarding the preparation of reliable published financial statements and the safeguarding of the Group's assets.

There are inherent limitations in the effectiveness of any system of internal control including the possibility of human error and the circumvention or overriding of controls. Accordingly, even an effective internal control system can provide only reasonable assurance with respect to financial statement preparation and safeguarding of assets. Furthermore, the effectiveness of an internal control system can change with circumstances.

Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of the controls has occurred during the year under review.

WORKER PARTICIPATION

The Group continues to make progress towards implementing a variety of participating structures and issues which affect employees directly and materially. An affirmative action programme forms part of the Group's training programme and business plan.

CODE OF ETHICS

The Group's code of ethics was revised during the year. The revised code will be communicated in the year ahead.

RISK MANAGEMENT

Risk Management in the Group is addressed in, but not limited to, the areas of financial risk, operational risk, and general business risk. The focus of the Group's Risk Management Policy is to anticipate, identify, assess, manage and mitigate all forms of risk within and around the Group's activities.

EMPLOYMENT EQUITY

The Group is in the process of executing Employment Equity Plans, which have been developed in consultation with elected Employment Equity Forums representative of all occupational categories, levels and designated groups in the Group. The Group's Employment Equity Plans focus on the promotion of equal opportunity, creation of a diverse workforce, affirmative action measures and the development and efficiency of the workforce. The Group's Employment Equity Plans comply with the objectives and requirements of Employment Equity Legislation.

ENVIRONMENT

The Group recognises its responsibility to protect and enhance the environment in which it operates. The Group has therefore adopted a philosophy of self-regulation, complying with local laws as a minimum, but taking into account international standards and the expressed opinion of our stakeholders.

REPORT OF THE **INDEPENDENT AUDITORS**

for the year ended 30 June 2001

TO THE MEMBERS OF GROUP FIVE LIMITED

We have audited the annual group financial statements of Group Five Limited set out on pages 38 to 65 for the year ended 30 June 2001. These financial statements are the responsibility of the company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

SCOPE

We conducted our audit in accordance with Statements of South African Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures included in the financial statements;
- assessing the accounting principles used and significant estimates made by management; and
- evaluating the overall financial statement presentation.

We believe that our audit provides a reasonable basis for our opinion.

AUDIT OPINION

In our opinion, the financial statements fairly present, in all material respects, the financial position of the group at 30 June 2001 and the results of its operations and cash flows for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice, and in the manner required by the Companies Act in South Africa.

PricewaterhouseCoopers Inc.

JOHANNESBURG
22 August 2001

PricewaterhouseCoopers Inc.
Registered Accountants and Auditors
Chartered Accountants (SA)

for the year ended 30 June 2001

NATURE OF BUSINESS

Group Five Limited is an investment holding company with interests in the construction, engineering, manufacturing and operations and maintenance industries. The company does not trade and all of its activities are undertaken through its subsidiaries, joint ventures and associates.

GROUP RESULTS

The consolidated income statement for the year is set out on page 40 and attention is drawn to the Chairman and Chief Executives' Report for comment thereon. Segmental information as approved by the directors relating to the business of the Group is set out on page 44. Company financial statements can be obtained from the registered office at no cost.

SHARE CAPITAL

Following the restructuring of the Group approved by the shareholders on 27 November 2000, the authorised and issued share capital has been reconstituted as follows:

Year ended 30 June 2000

Authorised:

50 000 000 ordinary shares of 50 cents each
34 750 000 'N' ordinary shares of 0,5 cents each

Issued:

41 812 438 ordinary shares of 50 cents each
31 760 585 'N' ordinary shares of 0,5 cents each

Year ended June 2001

Authorised:

150 000 000 ordinary shares of no par value

Issued:

73 573 023 ordinary shares of no par value

DIVIDENDS

Ordinary Shares

A final dividend of 15,0 cents per ordinary share (2000: 5,0 cents) has been declared and is payable to shareholders registered in the books of the company on 21 September 2001. Dividend cheques will be posted to shareholders on or about 5 October 2001. The final dividend together with the interim dividend paid of 10,0 cents per ordinary share (2000: 9,0 cents) amounts to a total of 25,0 cents per ordinary share for the year (2000: 14,0 cents).

DIRECTORS AND SECRETARY

The names of the directors appear on page 3 of this report. During the year Mr MD Lawson retired from the board of directors. Messrs P Le Sueur, FT Venter and BD van Wyk were appointed as executive directors of the board. Baroness L Chalker was also appointed as a non-executive director.

In terms of the articles of association of the company, Messrs GM Thomas and GM Negota retire as non-executive directors and Messrs MH Lomas and HC Turner retire as executive directors from the board at the forthcoming annual general meeting. Being eligible, they offer themselves for re-election. The name and registered office of the Company Secretary appears on the administration page.

DIRECTORS' SHAREHOLDINGS

At 30 June 2001 the number of ordinary shares held beneficially and non-beneficially by the current directors was 1 059 415 and nil respectively (2000: 808 165 and nil respectively). There has been no material change in their holdings between the year-end and the date of this report.

BORROWING POWERS

In terms of the articles of association the company has unlimited borrowing powers.

AUDITORS

PricewaterhouseCoopers Inc. will continue in office in accordance with section 270(2) of the Companies Act.

SHARE INCENTIVE SCHEME

The following movement took place during the year under review:

Options issued at 30 June 2000	6 141 500
Options issued during 2000/2001	3 342 000
Options reverting back during 2000/2001	(474 740)
Options issued at 30 June 2001	9 008 760
Options available at 30 June 2001	187 840
Total shares available for options	9 196 600

INCOME **STATEMENT**

for the year ended 30 June 2001

	Notes	GROUP 2001 R'000	GROUP 2000 R'000
Contract, property rental and development revenue		2 434 379	2 242 123
Other sales revenue		732 621	621 287
Total revenue	2	3 167 000	2 863 410
Total operating cost		(3 083 341)	(2 819 899)
Operating profit	3	83 659	43 511
Finance costs	4	(8 025)	(8 231)
Income from associates		1 796	3 875
Profit before taxation		77 430	39 155
Taxation	5	(21 444)	(10 675)
Profit after taxation		55 986	28 480
Minority interest		(3 672)	(205)
Attributable profit for the year		52 314	28 275
Earnings per share/fully diluted earnings per share (cents)	6	75,7	40,9
Headline earnings per share (cents)	6	71,8	37,7
Dividends per share (cents)	6	25,0	14,0

at 30 June 2001

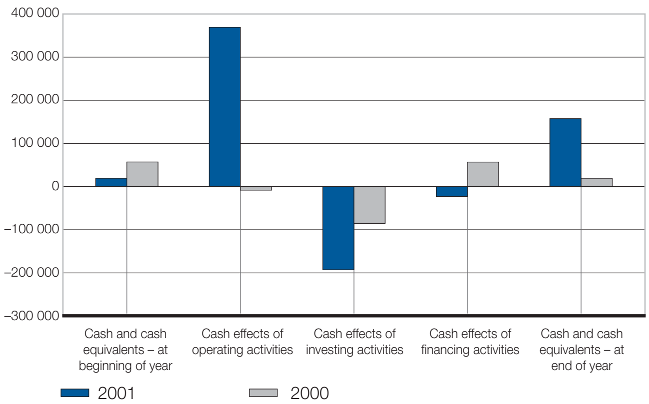
	Notes	GROUP 2001 R'000	2000 R'000
EQUITY AND LIABILITIES			
Capital and reserves			
Shareholders' equity		**372 775**	338 854
Minority interests in subsidiaries		**3 882**	1 228
Non-current liabilities			
Interest-bearing borrowings	7	**30 895**	9 205
Deferred taxation	8	**2 191**	4 641
		33 086	13 846
Current liabilities			
Accounts payable	9	**913 489**	724 356
Provisions for liabilities and charges	10	**180 955**	142 946
Taxation		**42 210**	41 727
Shareholders for dividend		**10 368**	3 454
Bank overdrafts and short-term borrowings	11	**86 219**	211 694
		1 233 241	1 124 177
Total equity and liabilities		**1 642 984**	1 478 105
ASSETS			
Non-current assets			
Fixed assets	13	**385 017**	258 153
Associates	14	**24 964**	13 019
Other investments	15	**56 827**	49 679
		466 808	320 851
Current assets			
Inventories	16	**139 271**	257 980
Contracts in progress	17	**82 669**	103 207
Accounts receivable	18	**725 420**	624 768
Bank balances and cash		**228 816**	171 299
		1 176 176	1 157 254
Total assets		**1 642 984**	1 478 105

CASH FLOW **STATEMENT**

for the year ended 30 June 2001

	Notes	GROUP 2001 R'000	GROUP 2000 R'000
CASH FLOW FROM OPERATING ACTIVITIES			
Operating profit before working capital changes	22	131 920	109 861
Working capital changes	23	265 737	(83 402)
CASH GENERATED FROM OPERATIONS		397 657	26 459
Finance costs		(8 025)	(8 231)
Taxation paid	24	(23 179)	(9 602)
		366 453	8 626
Dividends paid	25	(11 479)	(17 253)
		354 974	(8 627)
CASH FLOW UTILISED IN INVESTING ACTIVITIES			
Acquisition of fixed assets		(189 272)	(85 068)
Acquisition of investments		(18 638)	(28 691)
Advance to associate		(8 190)	–
Proceeds on disposal of fixed assets		13 428	26 785
Proceeds on disposal of investments		9 000	1 322
		(193 672)	(85 652)
CASH FLOW (UTILISED IN)/FROM FINANCING ACTIVITIES			
Project finance raised		(46 264)	46 234
Long-term borrowings repaid		23 382	10 273
		(22 882)	56 507
Net increase/(decrease) in cash and cash equivalents		138 420	(37 772)
Cash and cash equivalents at beginning of year		18 934	56 706
CASH AND CASH EQUIVALENTS AT END OF YEAR	26	157 354	18 934

CASH MOVEMENT PER CATEGORY
Cents



for the year ended 30 June 2001

	GROUP	
	2001	2000
	R'000	R'000
SHARE CAPITAL/STATED CAPITAL		
Opening balance	**14 781**	21 065
Conversion of shares to no par value	**271 464**	–
Unbundling of the Group	**–**	(6 284)
Closing balance (69 119 591 no par value shares)	**286 245**	14 781
SHARE PREMIUM		
Opening balance		
– Ordinary shares	**271 464**	271 464
Conversion of shares to no par value	**(271 464)**	–
Closing balance	**–**	271 464
OTHER RESERVES		
Opening balance	**–**	32 165
Prior year adjustment (note 1.2)	**–**	(32 165)
Opening and closing balance as restated	**–**	–
DISTRIBUTABLE RESERVES		
Opening balance	**52 609**	127 549
Prior year adjustment (note 1.2)	**–**	32 165
Prior year adjustment (note 1.12)	**–**	(93 434)
Adjustment due to unbundling	**–**	(26 820)
Goodwill arising on acquisition of interest in subsidiary	**–**	(4 825)
Retained earnings for the year	**52 314**	28 275
Dividends paid	**(18 393)**	(10 301)
Closing balance	**86 530**	52 609
SHAREHOLDERS' EQUITY	**372 775**	338 854

73 573 023 (2000: 7 176 977) ordinary shares have been placed under the control of the directors until the next annual general meeting of shareholders.

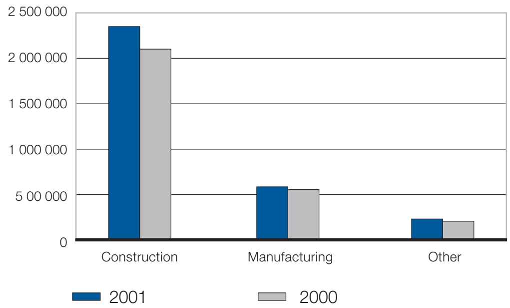
STATEMENT OF **SEGMENTAL ANALYSIS**

for the year ended 30 June 2001

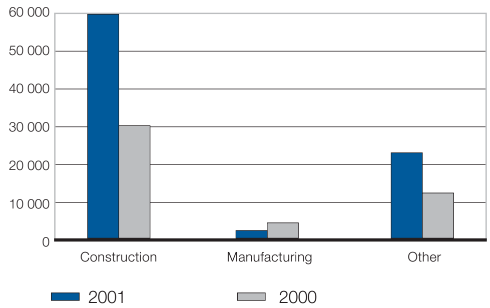
INDUSTRY SEGMENTS

For management purposes, the Group is organised on a worldwide basis into three major operating divisions being construction, manufacturing and other which includes operations and maintenance, infrastructural development services and other activities.

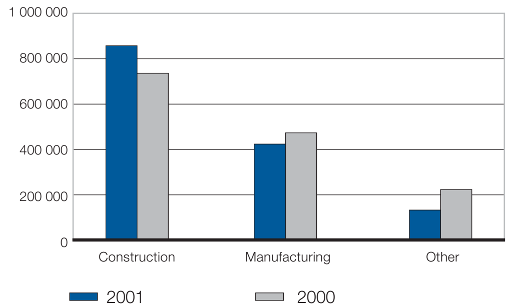
INDUSTRY SEGMENTS – REVENUE
R'000



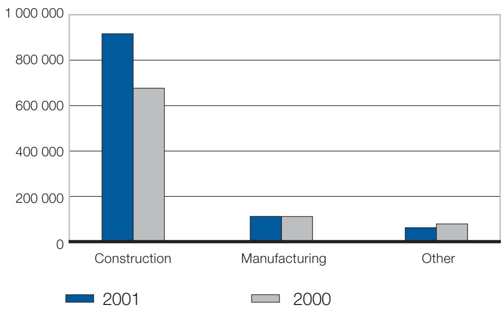
INDUSTRY SEGMENTS – OPERATING PROFIT
R'000



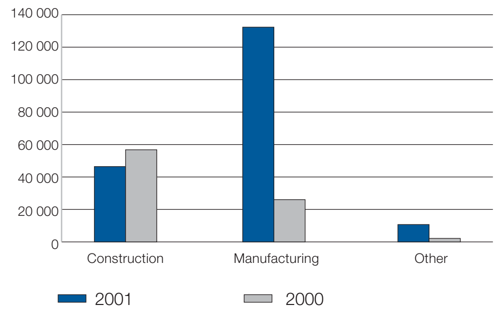
INDUSTRY SEGMENTS – TOTAL ASSETS
R'000



INDUSTRY SEGMENTS – TOTAL LIABILITIES
R'000

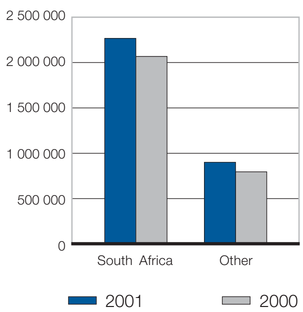


INDUSTRY SEGMENTS – CAPITAL EXPENDITURE
R'000

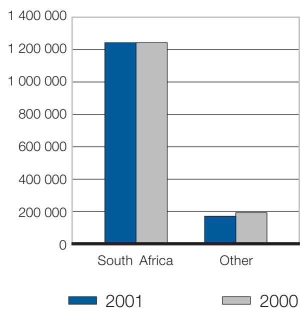


GEOGRAPHICAL SEGMENTS

GEOGRAPHICAL SEGMENTS – REVENUE
R'000



GEOGRAPHICAL SEGMENTS – TOTAL ASSETS
R'000



1. PRINCIPAL ACCOUNTING POLICIES

The financial statements are prepared on the historical cost basis. The following are the principal accounting policies used by the Group which are in conformity with South African Statements of Generally Accepted Accounting Practice and are consistent with those of the previous year except as noted in 1.2, 1.3, 1.12 and 1.23 below.

1.1 BASIS OF CONSOLIDATION

Subsidiaries

The consolidated financial statements include those of the holding company and its subsidiaries. The results of the subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition and up to the effective date of disposal. Intra-group profits are eliminated on consolidation.

Joint Ventures

Joint ventures are those investments in which the Group has joint control. The proportion of assets, liabilities, income and expenses and cash flows attributable to the interests of the Group in joint ventures has been incorporated in the consolidated financial statements under the appropriate headings. The results of joint ventures are included from the effective dates of acquisition and up to the effective dates of disposal.

1.2 ASSOCIATES

Associates are those investments in which the Group has a long term interest and over which it exercises significant influence, but not control. The Group's share of post-acquisition results of associates is included in the consolidated financial statements, using the equity accounting basis. Equity accounting involves recognising in the income statement the Group's share of the associate's profit or loss for the year. The Group's interest in the associate is carried in the balance sheet at an amount that reflects its share of the net assets of the associate.

Previously the equity retained profits and reserves were transferred to non-distributable reserves. The Group has changed its accounting policy in the current year to the benchmark treatment of AC 110 "Accounting for Investments in Associates" whereby this transfer is not effected. The effect of this change in accounting policy is reflected on page 49.

1.3 GOODWILL

With effect from 1 July 2000 in terms of AC 131 "Business Combinations" the premium or discount arising on the acquisition of subsidiaries, joint ventures and associates, being the difference between the purchase price and the fair value of their net tangible assets at date of acquisition, is amortised to the income statement over a period not exceeding 20 years. Prior to 1 July 2000 such premium or discount was charged or credited to Group distributable reserves and as allowed by AC 131 no adjustment to prior year figures has been effected.

1.4 FOREIGN ENTITIES

The assets and liabilities of foreign entities are translated to rands at rates of exchange ruling at the end of the financial year. The results of their operations are translated at an appropriate weighted average rate of exchange for the year and are included in operating profits. Gains or losses on translation of foreign subsidiaries are taken directly to other reserves.

1.5 FOREIGN OPERATIONS

The financial statements of foreign operations are translated to rands as follows:

- monetary assets and liabilities at rates of exchange ruling at the end of the financial year;
- non-monetary assets and liabilities at historic rates of exchange; and
- income statement items at the weighted average rates of exchange for the year.

Translation gains and losses are included in operating profit.

1.6 FOREIGN TRANSACTIONS

Transactions in foreign currencies are converted at the rates of exchange ruling at the dates of these transactions. Balances outstanding on unsettled foreign transactions at the end of the financial year, other than those which are covered by forward exchange contracts, are translated to rands at the approximate rates ruling at that date. Where forward exchange contracts have been entered into, balances are converted at contract rates.

1.7 DEFERRED TAXATION

Deferred income tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred income tax. The principal temporary differences arise from depreciation on property, plant and equipment, revaluations of certain non-current assets, various provisions, contracting allowances and tax losses carried forward. Deferred tax assets relating to the carry forward of unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

1.8 PROVISIONS

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

1.9 SEGMENTAL REPORTING

The Group's primary format for reporting segment information is business segments and its secondary format is geographical segments based on the location of its operations.

Inter-segment transfers: Segment revenue, segment expenses and segment results include transfers between business segments and between geographical segments. Such transfers are accounted for at competitive market prices charged to unaffiliated customers for similar goods. These transfers are eliminated on consolidation.

Segment revenue and expenses: All segment revenue and expenses are directly attributable to the segments.

Segment assets and liabilities: Segment assets include all operating assets used by a segment and consist principally of operating cash, inventories, contracts in progress, receivables and property, plant and equipment, net of allowances.

Segment liabilities include all operating liabilities and consist principally of accounts payable and provisions for liabilities and charges.

Segment assets and liabilities do not include income taxes.

1.10 LEASED ASSETS

Where assets are acquired under finance lease agreements that transfer to the Group substantially all the risks and rewards of ownership, their cash cost equivalent is capitalised. The capital element of the leasing commitment is disclosed under long-term liabilities. Lease rentals are treated as consisting of capital and interest elements, using the effective interest rate method.

1.11 OPERATING LEASES

Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

1.12 PROPERTIES

Properties consist of the following:

- company occupied property;
- investment property; and
- property held as inventory.

The accounting for each category is as follows:

- Company occupied property is carried at cost less accumulated depreciation; other than land, which is not depreciated, depreciation is calculated to write-off the cost of this property, over its expected useful life on a straight-line basis; generally buildings are depreciated over 50 years.
- Investment property, which is property held to generate independent cash flows through rental or capital appreciation, is carried at fair value with changes in fair value included in net profit or loss.
- Property held as inventory, which is property held for development and resale, is valued at the lower of cost and net realisable value and disclosed as inventory.

Previously, company occupied property and investment property were stated at valuation with adjustments in fair value accounted for directly as non-distributable reserves. The effect of this change in accounting policy is set out in 1.23 below. This change in accounting policy is in line with the benchmark treatment of AC 123 “Property, Plant and Equipment” and ED 134 “Investment Property”.

1.13 OTHER FIXED ASSETS

Other fixed assets are stated at cost. Depreciation is calculated to write-off the cost of other fixed assets, including capitalised leased assets, over their expected useful lives on a straight-line basis. The expected useful lives are generally as follows:

Plant	– 5 to 15 years
Vehicles	– 5 years
Furniture and other equipment	– 3 to 5 years

1.14 IMPAIRMENT OF LONG TERM ASSETS

The Group continually reviews its long term assets which includes properties, other fixed assets, goodwill and investments to assess recoverability from estimated future discounted cash flows. To the extent that the net carrying value of the long term assets exceeds future discounted cash flows, a provision for impairment is made.

1.15 INVESTMENTS

Investments consist of available-for-sale financial assets. Available-for-sale investments are carried at fair value with changes in fair value included in net profit or loss. Amounts advanced to the executive share trust are stated at cost unless there is a permanent diminution in value in the underlying assets to which the loan relates. Previously available-for-sale investments were accounted for at cost and written down only where there was a permanent diminution in value. The effect of this change in accounting policy which is in line with AC 133 “Financial Instruments: Recognition and Measurement” had no effect on the prior years.

1.16 FINANCIAL INSTRUMENTS

Financial instruments carried on the balance sheet include cash and bank balances, investments, accounts receivable, accounts payable, provisions and borrowings. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

1.17 INVENTORIES

Inventory is valued at the lower of cost and net realisable value. In general, cost is determined on a first-in-first-out basis. The cost of manufactured goods includes direct expenditure and an appropriate proportion of manufacturing overheads. Provision is made for slow moving, obsolete and defective inventory.

1.18 LONG-TERM CONTRACTS

Long-term contracts in progress are valued at cost, comprising direct expenditure and attributable overheads, together with a proportion of the estimated total profit earned on the work completed to date, less progress payments received and receivable. The amount by which revenue exceeds progress payments received and receivable is shown as contracts in progress net of provisions made for losses expected to arise on completion of individual contracts. Progress payments in excess of revenue on individual contracts are shown separately under accounts payable.

1.19 CASH AND CASH EQUIVALENTS

For the purpose of the cash flow statement, cash and cash equivalents comprise of bank balances and cash, including bank overdrafts and short-term borrowings. Cash and cash equivalents are reflected at year-end bank statement balance.

1.20 RETIREMENT BENEFITS

The Group participates in a number of defined benefit and defined contribution plans, some of which are Group plans and other which are industry plans. The pension plans are generally funded by payments from employees and by relevant Group companies, taking account of the recommendation of independent qualified actuaries. The Group's contributions to the defined contribution pension plans are charged to the income statement in the year to which they relate. For defined benefit plans, the pension accounting costs are assessed at least once every three years by a practicing actuary using the well established projected unit credit method. Under this method the cost to the company of providing pensions is charged to the income statement.

1.21 CAPITALISATION OF BORROWING COSTS

Borrowing costs, incurred in respect of project developments that require a substantial period to construct, are capitalised up to the date that the construction of the asset is substantially complete.

1.22 REVENUE RECOGNITION

Sales relating to long-term contracts are accounted for under the percentage of completion method; the stage of completion is measured by reference to the value of work performed. Property sales are recognised when agreements for the sale are signed. Other sales are recognised upon delivery of products and customer acceptance, if any, or performance of services, net of value added taxes and discounts, and after eliminating sales within the Group.

Other revenues earned by the Group are recognised on the following basis:

- Interest income – as it accrues (taking into account the effective yield on the asset) unless collectability is in doubt.
- Dividend income – when the shareholder's right to receive payment is established.

1.23 CHANGE IN ACCOUNTING POLICIES

The comparative income statement and balance sheet figures for the year ended 30 June 2000 have been restated as if the unbundling of the Group and the deregistration of SM Goldstein Limited and Group Five Holdings Limited had taken place on 1 July 1999. This change together with the changes in accounting policies noted in 1.2 and 1.12 has been effected on the prior year reported figures (net of tax) as follows:

		2000 R'000
a)	Attributable profit for the prior year – as previously reported	**30 990**
	– Depreciation charge due to the depreciation of company occupied property, excluding land	**(773)**
	– Adjustment to associate income due to unbundling	**(1 942)**
	Attributable profit for the prior year as currently reported	**28 275**
b)	Capital and reserves – as previously reported for the prior year	**468 070**
	– Write-off against reserves relating to restatement of company-occupied property to original cost	**(65 721)**
	– Accumulated depreciation due to the depreciation of company-occupied property, excluding land	**(35 909)**
	– Cumulative change in fair value of investment property	**5 518**
	– Adjustment to associate investment due to unbundling	**(33 104)**
	Capital and reserves as currently reported for the prior year	**338 854**

	GROUP 2001 R'000	GROUP 2000 R'000
2. REVENUE		
Revenue, excluding value added taxation, comprises:		
2.1 Measured value of work done on construction contracts		
2.2 Value of property sales according to signed agreements of sale		
2.3 Invoiced value of goods and services supplied		
3. OPERATING PROFIT		
Operating profit is stated after crediting:		
3.1 Income from associates		
– Attributable profit before taxation	**1 294**	1 424
– Dividends received and accrued	**502**	2 450
3.2 Foreign translation gains	**15 746**	13 672
3.3 Profit on disposal of fixed assets	**1 467**	2 319
3.4 Profit on disposal of freehold land and buildings	**1 080**	178
3.5 Surplus on disposal of investments	**1 222**	637
and after charging:		
3.6 Auditors' remuneration	**3 346**	3 191
Audit fees	**2 462**	2 408
Fees for other services	**884**	783
3.7 Depreciation and amortisation	**65 063**	67 033
Leasehold buildings	**2**	1
Owner occupied land and buildings	**958**	773
Plant, vehicles, furniture and other equipment		
– Purchased	**60 008**	64 217
– Leased	**4 095**	2 042
3.8 Directors' emoluments		
For management services excluding incentives	**6 408**	5 708
Performance and equity incentives	**4 523**	7 790
	10 931	13 498
As compensation for loss of office	**–**	1 500
	10 931	14 998
Paid by subsidiaries	**(10 931)**	(14 998)
	–	–
Non-executive directors' fees	**380**	184

	GROUP	
	2001	2000
	R'000	R'000
3. OPERATING PROFIT (continued)		
3.9 Rentals under operating leases	**12 516**	10 792
Land and buildings	**5 638**	7 475
Other equipment	**6 878**	3 317
3.10 Remuneration other than to employees	**8 157**	6 421
Management services	**4 623**	1 483
Technical services	**3 534**	4 938

4. FINANCE COSTS

	2001 R'000	2000 R'000
Interest received/(paid):		
Bank balances and cash	**25 249**	17 063
Bank overdrafts and short-term borrowings	**(32 656)**	(32 166)
Long-term liabilities	**(3 414)**	(231)
Other	**2 796**	7 103
	(8 025)	(8 231)

Interest to the value of R7 762 million (2000: R6 400 million) was capitalised to developments in progress.

5. TAXATION

	2001 R'000	2000 R'000
South African normal taxation		
Current taxation	**(970)**	(6 350)
– current year	**(754)**	(5 226)
– prior year underprovision	**(216)**	(1 124)
Deferred taxation	**1 296**	5 275
– current year	**4 436**	3 443
– prior year (under-)/overprovision	**(3 140)**	1 832
Foreign taxation		
Current taxation	**(22 693)**	(7 345)
– current year	**(22 586)**	(7 095)
– prior year underprovision	**(107)**	(250)
Deferred taxation	**1 154**	93
– current year	**1 154**	93
Withholding tax	**–**	(467)
Share of associates' taxation	**(231)**	(1 881)
Charged to profit	**(21 444)**	(10 675)

	GROUP	
	2001	2000
	R'000	R'000

5. TAXATION (continued)

RECONCILIATION OF NORMAL TAXATION RATE	**%**	%
South African normal taxation rate	**30,0**	30,0
Adjusted for:		
Capital items, exempt income and disallowed expenses	**(9,8)**	(3,6)
Foreign taxation	**1,8**	(0,8)
Tax losses not recognised/(use of tax losses not recognised)	**6,6**	(0,1)
Other adjustments	**(0,9)**	0,0
Net adjustments	**(2,3)**	(4,5)
Effective rate of taxation	**27,7**	25,5
	R'000	R'000
Estimated taxation losses, not accounted for in the reduction of deferred taxation carried forward but available for set-off against future taxable income	**32 496**	15 016
Potential taxation relief at current taxation rates	**9 748**	4 638

This is dependent on sufficient taxable income being earned in future by subsidiaries concerned.

6. EARNINGS AND DIVIDENDS PER SHARE

	R'000	Shares 000's	Earnings per share (cents)
a) Earnings per share/fully diluted earnings per share			
For the year ended 30 June 2001			
Basic/fully diluted earnings per share			
Shares outstanding 1 July 2000		69 120	
Weighted average number of shares issued during the period		–	
Income available to shareholders	52 314	69 120	**75,7**
For the year ended 30 June 2000			
Basic/fully diluted earnings per share			
Shares outstanding 1 July 1999		73 573	
Weighted average number of treasury shares due to unbundling		(4 453)	
Income available to shareholders	28 275	69 120	**40,9**

6. EARNINGS PER SHARE (continued)

b) Dividends per share

A final dividend of 15,0 cents per ordinary share (2000: 5,0 cents per ordinary share and "N" ordinary share) amounting to R11 035 953 (2000: R3 678 651) was declared. An interim dividend of 10,0 cents per ordinary share (2000: 9,0 cents per ordinary share and "N" ordinary share) amounting to R7 357 302 (2000: R6 621 572) was declared.

c) Headline earnings per share

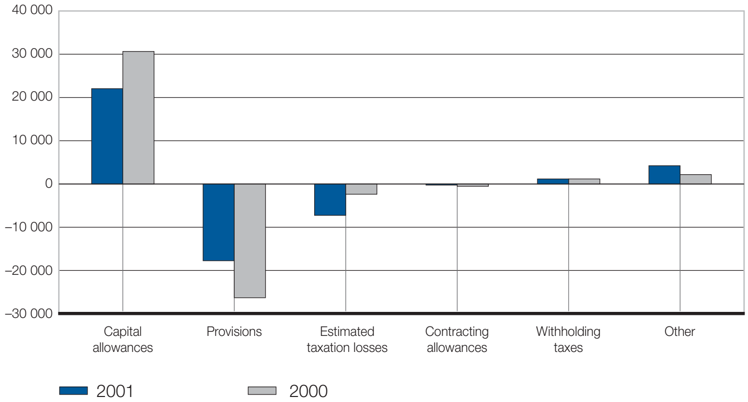
Headline earnings per share is calculated after adjusting for profit on disposal of assets and investments to the value of R3 769 000 (2000: R3 134 000).

	GROUP	
	2001 R'000	2000 R'000
7. INTEREST-BEARING BORROWINGS		
Secured loans bearing interest at rates ranging from 6,9 to 15,0% per annum.		
Repayable in annual instalments over five years	**35 705**	10 607
Unsecured loans bearing interest at rates ranging from 10,9 to 15,0% per annum.		
Repayable in monthly instalments over five years	**9 947**	11 693
	45 652	22 300
Less: Current portion included in short-term borrowings	**14 757**	13 095
	30 895	9 205
Secured loans are secured over property and vehicles with a net book value of	**24 371**	7 686
Repayable during the years ending 30 June		
2001		13 095
2002	**14 757**	2 498
2003	**12 656**	2 038
2004	**7 359**	3 043
2005	**7 853**	1 626
2006 and thereafter	**3 027**	–
	45 652	22 300

	GROUP	
	2001	2000
	R'000	R'000
8. DEFERRED TAXATION		
Balance at beginning of year	**4 641**	10 003
Prior year under/(over) provision	**3 140**	(1 832)
Movement during year attributable to:		
Timing differences	**(5 590)**	(3 536)
Other	**–**	6
Balance at end of year	**2 191**	4 641

DEFERRED TAXATION CLOSING BALANCE COMPONENTS

Cents



9. ACCOUNTS PAYABLE

	2001	2000
Accounts payable includes:		
– Excess billing over work done	**166 649**	128 499
– Amounts owing to joint ventures	**33 565**	2 076
– Trade and other creditors	**200 137**	238 220
– Accrued expenses	**88 913**	197 055
– Contract related creditors	**299 194**	111 351
– Other payables	**125 031**	47 155
	913 489	724 356

The carrying value of accounts payable approximates their fair value due to the short-term nature of these instruments.

10. PROVISIONS FOR LIABILITIES AND CHARGES

	Contract provisions	Rental guarantee	Payroll provisions	Sundry provisions	Total
Balance at 30 June 2000	31 346	6 528	85 623	19 449	**142 946**
Movement during the year	40 553	(4 333)	3 664	(1 875)	**38 009**
Balance at 30 June 2001	71 899	2 195	89 287	17 574	**180 955**

The carrying value of provisions approximates their fair value due to the short-term nature of these instruments. Provisions have been determined based on assessments and estimates by management. Actual results could differ from estimates and there is no certainty as to the timing of the cash flows relating to these provisions.

	GROUP	
	2001 R'000	2000 R'000

11. BANK OVERDRAFTS AND SHORT-TERM BORROWINGS

	2001 R'000	2000 R'000
Bank overdrafts	71 462	152 365
Project finance	–	46 234
Current portion of long-term borrowings	14 757	13 095
	86 219	211 694

12. BORROWING FACILITIES

	2001 R'000	2000 R'000
Borrowing facilities (excluding project finance)	215 000	236 200
Current utilisation (excluding project finance)	(48 300)	(111 700)
Borrowing facilities available	166 700	124 500
Project finance facilities	–	85 000
Project finance utilised	–	(46 300)
Project finance facilities available	–	38 700

13. FIXED ASSETS

	2001 R'000	2000 R'000
Owner occupied land and buildings		
Cost		
At the beginning of the year	68 809	66 307
Additions at cost	4 792	2 586
Disposal	(3 952)	(84)
At the end of the year	69 649	68 809
Amortisation		
At the beginning of the year	(35 910)	(35 137)
Disposals	1 347	–
Current year charge	(958)	(773)
At the end of the year	(35 521)	(35 910)
Net book value	34 128	32 899
Investment property		
Fair value at beginning of year	13 210	13 210
Additions	7 000	–
Fair value adjustment	13 535	–
Fair value at end of year	33 745	13 210

	GROUP	
	2001	2000
	R'000	R'000
13. FIXED ASSETS (continued)		
Leasehold buildings		
Cost		
At the beginning of the year	**18**	59
Additions	**–**	11
Disposals	**–**	(52)
At the end of the year	**18**	18
Amortisation		
At the beginning of the year	**(1)**	(4)
Disposals	**–**	4
Current year charge	**(2)**	(1)
At the end of the year	**(3)**	(1)
Net book value	**15**	17
Plant, vehicles, furniture and other equipment – Purchased		
Cost		
At the beginning of the year	**603 536**	582 291
Additions	**156 776**	74 776
Disposals	**(50 071)**	(53 531)
At the end of the year	**710 241**	603 536
Depreciation		
At the beginning of the year	**(399 195)**	(365 427)
Disposals	**41 720**	30 449
Current year charge	**(60 008)**	(64 217)
At the end of the year	**(417 483)**	(399 195)
Net book value	**292 758**	204 341

	GROUP	
	2001	2000
	R'000	R'000
13. FIXED ASSETS (continued)		
Plant, vehicles, furniture and other equipment – Leased		
Cost		
At the beginning of the year	**13 597**	11 710
Additions	**20 704**	7 768
Disposals	**2 253**	(5 881)
At the end of the year	**36 554**	13 597
Depreciation		
At the beginning of the year	**(5 911)**	(8 602)
Disposals	**(2 177)**	4 733
Current year charge	**(4 095)**	(2 042)
At the end of the year	**(12 183)**	(5 911)
Net book value	**24 371**	7 686
Carrying value	**385 017**	258 153

A full list of the Group's land and buildings is maintained at the registered office. The fair value of investment property has been calculated using either discounted cash flow analysis or market values.

14. ASSOCIATES

Unlisted associate	**24 964**	13 019
Shares at cost	**10 891**	2 640
Group's share of retained earnings and reserves	**3 240**	7 736
	14 131	10 376
Unsecured loans	**10 833**	2 643
	24 964	13 019
Directors' valuation of shares of unlisted associates	**14 131**	10 376

15. OTHER INVESTMENTS

Unlisted shares and investments at fair value	**646**	500
Foreign investments at fair value	**56 181**	49 179
	56 827	49 679

The fair value of other investments has been calculated using either discounted cash flow analysis or market values.

	GROUP	
	2001	2000
	R'000	R'000

16. INVENTORIES

Materials	**21 330**	24 010
Consumable stores	**16 506**	13 483
Work in progress	**13 790**	2 883
Finished goods	**51 415**	90 353
Properties and developments in progress	**36 230**	127 251
	139 271	257 980

17. CONTRACTS IN PROGRESS

Long-term contracts		**4 449 043**	4 157 600
Progress payments received and receivable		**(4 366 374)**	(4 054 393)
		82 669	103 207
These include:	Profits	**(137 389)**	(229 763)
	Losses	**18 594**	14 226
		(118 795)	(215 537)

18. ACCOUNTS RECEIVABLE

Accounts receivable includes:		
– Retention debtors	**56 753**	71 583
– Amounts owing by joint venture partners	**78 206**	51 167
– VAT refundable	**6 499**	16 089
– Prepayment	**7 593**	9 490
– Contract and trade debtors	**537 334**	419 847
– Other receivables	**39 035**	56 592
	725 420	624 767

The carrying value of accounts receivable approximates their fair value due to the short-term nature of these instruments.

	GROUP	
	2001	2000
	R'000	R'000

19. COMMITMENTS AND CONTINGENCIES

Commitments

Contracts placed	**66 233**	57 361
Contracts not placed at 30 June, approved by directors	**44 156**	55 112
	110 389	112 473

The above expenditure will be funded from existing resources and facilities.

Contingencies

Guarantees given on behalf of:		
Subsidiary companies		
– banking	**215 000**	320 000
– suppliers' and subcontractors' payments	**50 620**	98 077
– bonds	**999 900**	1 064 500
	1 265 520	1 482 577

The directors do not believe it is practicable to estimate the fair value of the performance guarantees and do not believe exposure to loss is likely.

The Group is from time to time involved in various claims and legal proceedings arising in the ordinary course of business. It does not believe that adverse decisions in any pending proceedings or claims against the company will have a material adverse effect on the financial condition or future of operations of the Group.

20. FINANCIAL INSTRUMENTS

Business and credit concentration

Financial instruments which potentially subject the Group to concentrations of credit risk are primarily cash and cash equivalents and trade receivables. As regards cash and cash equivalents the Group deals primarily with major financial institutions in South Africa.

The Group's customers are concentrated primarily in South Africa but also exist in the rest of Africa and Eastern Europe. The majority of the customers are concentrated in the mining, financial institution and governmental industries. The Group establishes an allowance for doubtful accounts based upon factors surrounding the credit risk of specific customers, historical trends and other information.

Foreign currency risk

The Group conducts its business in various foreign currencies. As a result, it is subject to the transaction exposure that arises from foreign exchange rate movements between the dates that foreign currency transactions are recorded (foreign sales and purchases) and the dates they are consummated (cash receipts and cash disbursements in foreign currencies). The Group does not currently hedge its foreign currency exposure for either purchase or sale transactions since foreign exchange income significantly exceeds foreign purchases. Foreign currency purchases are limited. Foreign currency denominated construction contracts entered into are primarily US dollars based and as a result of the weakening rand against the US dollar, the Group is currently not exposed to foreign currency losses provided the contracts are profitable.

Interest rate risk

The Group is exposed to interest rate risk through its cash and cash equivalents and financial lease liabilities. The Group does not hedge its interest exposure as its long-term debt is limited to finance leases entered into for underlying assets. Other than finance leases the Group is long-term debt-free. Short-term interest rate exposure is monitored and managed by corporate treasury.

	GROUP	
	2001	2000
	R'000	R'000

21. RETIREMENT BENEFIT FUNDS

The Group participates in a number of defined benefit and defined contribution plans, some of which are Group plans and other which are industry plans. Employees have the choice of joining either a defined benefit or a defined contribution plan. Generally the assets are held in trustee-administered investment portfolios. The Group's contributions to all retirement funds are charged against income in the year to which they relate. The Group contributed R7,710 million (2000: R7,432 million) to defined benefit plans and R31,307 million (2000: R21,686 million) to defined contribution plans for the financial year.

The Group's defined benefit plans are actuarially valued at intervals of not more than three years using the projected benefit method. Retirement benefits are based on salary and years of service. At the most recent valuation dates of the plans, the respective actuaries assumed market related returns on investments and market related salary increases. At the valuation date of the Group Five Pension Fund on 31 March 1998, and the Rock Pension Fund on 31 December 1998, both defined benefit plans were financially sound.

22. OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES

	2001 R'000	2000 R'000
Profit before taxation	**77 430**	39 155
Adjustments for:		
Depreciation and amortisation	**65 063**	67 033
Profit on disposal of fixed assets	**(2 547)**	(2 497)
Surplus on disposal of investments	**(1 222)**	(637)
Fair value adjustment	**(13 535)**	–
Share of associate income	**(1 294)**	(1 424)
Finance costs	**8 025**	8 231
	131 920	109 861

23. WORKING CAPITAL CHANGES

	2001 R'000	2000 R'000
Accounts payable	**189 133**	72 420
Accounts receivable	**(100 652)**	588
Provisions	**38 009**	(37 715)
Contracts in progress	**20 538**	(63 203)
Inventories	**118 709**	(55 492)
	265 737	(83 402)

	GROUP	
	2001 R'000	2000 R'000

24. RECONCILIATION OF TAXATION PAID

	2001 R'000	2000 R'000
Taxation owing at the beginning of the year	(41 727)	(37 173)
Charge per the income statement	(21 444)	(10 675)
Less: Relating to associates	231	1 881
Movement in deferred taxation	(2 449)	(5 362)
Taxation owing at the end of the year	42 210	41 727
Total paid during the year	(23 179)	(9 602)

25. RECONCILIATION OF DIVIDENDS PAID

	2001 R'000	2000 R'000
Amount owing at the beginning of the year	(3 454)	(10 406)
Charge per the statement of changes in equity	(18 393)	(10 301)
Amount owing at the end of the year	10 368	3 454
Total paid during the year	(11 479)	(17 253)

26. CASH AND CASH EQUIVALENTS AT END OF YEAR

	2001 R'000	2000 R'000
Bank balances and cash	228 816	171 299
Bank overdraft and short-term borrowings		
(Excluding current portion of long-term liabilities)	(71 462)	(152 365)
Cash and cash equivalents at end of year	157 354	18 934

INTEREST IN **SUBSIDIARIES**

at 30 June 2001

	Issued ordinary share capital 2001 Shares	2000 Shares	Percentage held 2001 %	2000 %	Shares at cost 2001 R'000	2000 R'000
Group Five Construction (Pty) Limited	**1 000 000**	1 000 000	**100,0**	100,0	**14 177**	14 177
Group Five International Limited	**1 000**	1 000	**100,0**	100,0	**27 985**	27 985
Everite Holdings Limited	**51 191 400**	51 191 400	**100,0**	100,0	**368 570**	368 570
					410 732	410 732

PRINCIPAL SUBSIDIARIES: Direct and indirect

Armitage Shanks (SA) (Proprietary) Limited
Everite AC Pipes (Proprietary) Limited
Everite Building Products (Proprietary) Limited
Everite Holdings Limited
Everite Limited
Goldstein Civils (Proprietary) Limited
Group Five (Botswana) (Proprietary) Limited
Group Five (Namibia) (Proprietary) Limited
Group Five (Zambia) Limited
Group Five Building (Proprietary) Limited
Group Five Building (South) (Proprietary) Limited
Group Five Building East (Proprietary) Limited
Group Five Building North (Proprietary) Limited
Group Five Civils (Proprietary) Limited
Group Five Civils Holdings (Proprietary) Limited
Group Five Civils SA (Proprietary) Limited
Group Five Construction Limited (Malawi)
Group Five Construction (Proprietary) Limited
Group Five Construction (UK) Limited
Group Five Construction Ghana Branch
Group Five Construction Uganda Branch
Group Five Contractors (Proprietary) Limited
Group Five Corporate and Business Services (Proprietary) Limited
Group Five Design and Planning (Proprietary) Limited
Group Five Developments (Proprietary) Limited
Group Five Engineering (Proprietary) Limited
Group Five Engineering Technologies (Proprietary) Limited
Group Five Housing & Projects (Proprietary) Limited
Group Five Infrastructure (Proprietary) Limited
Group Five Infrastructure Developments (Proprietary) Limited
Group Five International Limited (United Kingdom)
Group Five Kenya Limited
Group Five Mozambique LDA
Group Five Plant & Equipment (Proprietary) Limited
Group Five Projects (Proprietary) Limited
Group Five Projects (SA) (Proprietary) Limited
Group Five Properties (Proprietary) Limited
Group Five Roads & Earthworks (Proprietary) Limited
Group Five Roads (Africa) (Proprietary) Limited
Group Five Roads East (Proprietary) Limited
Group Five Roads North (Proprietary) Limited
Group Five Roads South (Proprietary) Limited
Group Five Swaziland (Proprietary) Limited
Group Five Tanzania Limited
Intertoll Holdings (Proprietary) Limited
Vaal Sanitaryware (Proprietary) Limited

Unless specified all companies are incorporated in South Africa.

The holding company's interest in the aggregate net profits earned by subsidiaries amounted to R31,7 million (2000: R7,7 million) respectively.

at 30 June 2001

The total percentage holdings by the Group in the equity of each joint venture are as follows:

Joint venture	Nature of business	Proportion of issued shares held
2G Joint Venture	Civil Engineering/Road Building	50%
3G Construction	Construction contracting	33%
Cape Tech	Construction contracting	65%
Century City Holiday Inn	Plumbing subcontract	80%
CGM Construction (Pty) Ltd	Construction contracting	17%
Concor Group Five Joint Venture	Civil Engineering	50%
Dura Piling (Pty) Ltd	Piling	15%
G2 Joint Venture	Civil Engineering/Road Building	50%
G2 Road/Umtambo Joint Venture	Civil Engineering/Road Building	50%
Gateway Construction Joint Venture	Construction contracting	33%
Gorongosa Joint Venture (Mozambique)	Road construction	33%
Grandwest City Lodge	Construction contracting	80%
Group Five and Italframe Ltd (Tanzania)	Construction contracting	50%
Group Five Batch Plant Joint Venture (Mauritius)	Supply of concrete	50%
Group Five Brydens & Qumo Property Developments (Pty) Ltd	Office Development	50%
Group Five Conform Silo Joint Venture (Mauritius)	Construction of harbour and coke silos	67%
Inforced Property	Construction contracting	50%
Joina Centre	Construction contracting	50%
Komati Dam Joint Venture (Swaziland)	Construction contracting	24%
Lagoon Beach Properties	Office development	74%
LGB Hullet Joint Venture	Civil Engineering	38%
Louis Trichardt Prison	Construction contracting	17%
LTA Group Five North-South Water Treatment Plant Joint Venture	North-South water project (Botswana)	50%
LTA/Maseru Bypass Joint Venture (Lesotho)	Construction contracting	50%
LTA/Mohale Joint Venture (Lesotho)	Construction contracting	33%
Makhosi Construction and Group Five Joint Venture	Construction contracting	70%
Makhosi Projects and Group Five Joint Venture	Construction contracting	75%
Makhosi Projects and Group Five Joint Venture	Construction contracting	50%
Masinya Construction Joint Venture	Construction contracting	35%
Menlyn Joint Venture	Construction contracting	50%
Mykonos Casino	Construction contracting	50%
OG5 Joint Venture	Civil Engineering/Road Building	50%
Portnet Finget Jetty Joint Venture	Civil Engineering	50%
Portnet Transfer Tower	Civil Engineering	50%
President Ridge	Construction contracting	33%
Project Management and Group Five Joint Venture	Development	67%
Rosh Pinah Joint Venture (Namibia)	Road construction	25%
Skorpion Crusher Joint Venture (Namibia)	Road construction	50%
Skorpion Earthworks Joint Venture (Namibia)	Road construction	25%
Skorpion Mine Joint Venture (Namibia)	Infrastructure	25%
Soleprops 192	Office development	45%
St Martins Sewage Joint Venture (Mauritius)	Sewage works	50%
The Glen Joint Venture	Construction contracting	25%
Umthubi and Group Five Joint Venture	Construction contracting	20%
Vodacom Phase III	Construction contracting	85%

ANNEXURE 1 – **INVESTMENT IN JOINT VENTURES**

at 30 June 2001

Aggregate financial information:

	2001 R'000	2000 R'000
BALANCE SHEET		
Group's proportionate share of assets and liabilities:		
Equity and liabilities		
Shareholders' interest	55 584	47 089
Non-current liabilities	2 736	3 061
Current liabilities	230 140	172 838
	288 460	222 988
Assets		
Non-current assets	73 341	69 706
Current assets	215 119	153 282
	288 460	222 988
INCOME STATEMENT		
Group's proportionate share of income and expenditure:		
Revenue	654 451	502 734
Profit before taxation	43 275	20 367
Taxation	(378)	3 077
Profit after taxation	42 897	23 444
Dividends received	–	1 417
SUMMARISED CASH FLOW STATEMENT		
Cash flow from operating activities	(13 733)	40 659
Cash flow from investing activities	(2 022)	(1 734)
Cash flow from financing activities	(29 042)	(8 683)
Net increase in cash and cash equivalents	(44 797)	30 242

ANNEXURE 2 – **INVESTMENT IN ASSOCIATES**

at 30 June 2001

The total percentage holdings by the Group in the equity of each associate are as follows:

Associate	Nature of business	Number of shares issued	Proportion of issued shares held
Unlisted			
Metsi Water and Sanitation Company (Pty) Ltd	Water supply	2 250 ordinary shares of R1 each	23%
Amanz' Abantu Services (Pty) Ltd	Water supply	100 ordinary shares of R1 each	45%
Equibuild (Pty) Ltd	Construction	50 ordinary shares of R1 each	50%
Dura Piling (Pty) Ltd	Piling	3 404 000 ordinary shares of R1 each	15%
Group Five Transafrica (Pty) Ltd	Construction	400 ordinary shares of R1 each	33%

ANNEXURE 2 – **INVESTMENT IN ASSOCIATES**

at 30 June 2001

Aggregate financial information:

	2001 R'000	2000 R'000
Unlisted		
BALANCE SHEET		
Equity and liabilities		
Shareholders' interest	18 775	28 803
Non-current liabilities	1 213	5 387
Current liabilities	61 088	73 624
	81 076	107 814
Assets		
Non-current assets	14 999	8 234
Current assets	66 077	99 580
	81 076	107 814
INCOME STATEMENT		
Revenue	157 613	414 168
Profit before taxation	4 614	12 285
Taxation	(1 404)	(2 014)
Profit after taxation	3 210	10 271
Dividends	759	1 811
SUMMARISED CASH FLOW STATEMENT		
Cash flow from operating activities	10 939	3 632
Cash flow from investing activities	(6 765)	(7 051)
Cash flow from financing activities	(4 174)	3 419
Net increase in cash and cash equivalents	–	–

ANALYSIS OF **SHAREHOLDERS**

at 30 June 2001

Description of shareholder	Number of shareholders	%	Number of shares	%
Directors	8	0,5	959 415	1,3
Corporate Entities	51	3,4	38 012 121	51,7
Nominees/Trusts/Trustees	67	4,5	25 431 731	34,6
Growth Funds/Unit Trusts	9	0,5	31 600	0,1
Individuals	1 348	91,0	4 684 724	6,3
Treasury shares	1	0,1	4 453 432	6,0
	1 484	**100**	**73 573 023**	**100**
Shareholding categories				
1 – 1 000	910	61,3	329 005	0,4
1 001 – 10 000	433	29,2	1 752 656	2,4
10 001 – 100 000	109	7,3	3 114 661	4,2
Over 100 000	32	2,2	68 376 701	93,0
	1 484	**100**	**73 573 023**	**100**

NOTICE OF **ANNUAL GENERAL MEETING**

for the year ended 30 June 2001

GROUP FIVE LIMITED

(Registration No 1969/000032/06)

and its subsidiaries

Notice is hereby given that the thirty first Annual General Meeting of the shareholders of Group Five Limited will be held in the Lapa, 371 Rivonia Boulevard, Rivonia, Sandton, on Friday, 19 October 2001 at 09:00, to transact the following business:

1. To receive the audited annual financial statements and the Group annual financial statements for the year ended 30 June 2001, including the directors' report and the report of the auditors thereon.
2. To re-elect directors. Messrs HC Turner, GM Thomas, GM Negota and MH Lomas, retiring in terms of Article 13.1 of the company's Articles of Association, but being eligible, offer themselves for re-election.
3. To ratify the aggregate sum of the directors' fees for services as directors for the year ended 30 June 2001.
4. To authorise the directors to determine the auditors' remuneration for the past year and appoint the auditors for the forthcoming year.
5. To place the unissued shares under the control of the directors.
6. To transact such other business as may be conducted at an Annual General Meeting.

Special Business

To pass, with or without modification, the following resolutions:

SPECIAL RESOLUTION NO 1

"Resolved that the company be and is hereby authorised to issue, from time to time, in accordance with the terms of the Group Five Limited ("Group Five") share incentive scheme, only to employees participating in the Group Five share incentive scheme, shares of no par value of a class already issued, not exceeding in aggregate number, 12 875 000 no par value shares of that class (but subject also to any applicable restrictions on the maximum number of shares permitted to be issued in respect of the Group Five Share Incentive Scheme), at a price lower than an amount arrived at by dividing that part of the stated capital contributed at the time of the relevant issue by the number of issued shares at that class at the time of the relevant issue."

This notice of Annual General Meeting is accompanied by a report by the directors of the company setting out the reasons for the Special Resolution. Such report can be found on page 67.

ORDINARY RESOLUTION NO 1

To resolve that the directors of the company be and are hereby authorised to procure the amendments set out below to the trust deed governing the Group Five share incentive scheme ("the share incentive trust") on behalf of the company and to do all such things and sign all such forms and documentation necessary and incidental thereto:

a) the deletion of the definition of "shares" in clause 1.1.21 of the share incentive trust and its replacement with a definition to read as follows:

   "1.1.21 "shares" – ordinary shares of no par value in the capital of Group Five Limited"

b) The deletion in clause 8.2.1 of the share incentive trust of the reference to "9 196 600 (nine million one hundred and ninety six thousand six hundred)" and its replacement with a reference to "12 875 000 (twelve million eight hundred and seventy five thousand)".

c) The deletion of the phrase below clause 8.2.3 of the share incentive trust, which reads:

"such 9 196 600 (nine million one hundred and ninety six thousand six hundred) ordinary shares in Group Five Limited, being approximately 12,5% (twelve comma five per cent) of Group Five Limited's present issued ordinary share capital".

and its replacement with the following:

"such 12 875 000 (twelve million eight hundred and seventy five thousand) ordinary shares in Group Five Limited, being 17,5% (seventeen comma five per cent) of Group Five Limited's present issued ordinary share capital".

d) the deletion of the current clause 8.3 of the share incentive trust deed and its replacement with a new clause 8.3 to read as follows:

"8.3 the aggregate number of shares that may be acquired by any one participant in terms of the scheme shall not exceed 1 500 000 (one million five hundred thousand) shares in Group Five Limited, being approximately 2% (two per cent) of the present issued ordinary share capital of Group Five Limited".

REPORT OF THE DIRECTORS IN TERMS OF SECTION 82(2)

In terms of the scheme of re-structuring approved by the shareholders on 27 November 2000, the listings of the Group Five Holdings and SM Goldstein as well as the "N" shares in Group Five Limited were terminated and the total issued share capital of Group Five Limited was converted to 73 573 023 ordinary shares of no par value

At the time that these transactions took place, it was not foreseen that the new structure would impact adversely on the Group share incentive scheme which was adopted on 27 October 1995, "the scheme".

The main purpose of the scheme is to incentivise employees by affording them the opportunity to participate in the future growth of Group Five and is an integral aspect of Group Five's strategy to attract and retain high calibre employees.

The adverse impacts of the new structure opposite the scheme are two-fold:

1. The conversion of the Group Five share capital to shares of no par value automatically invokes the provision of Section 82(2) of the Companies Act. This section effectively prohibits the issue of new shares at a price less than the net asset value per share without obtaining the consent of shareholders by means of a Special Resolution.

   In the past, the price at which employees have been offered shares in the scheme has been closely linked to the market price of Group Five shares as trading on the Johannesburg Securities Exchange at the time of the offer. Furthermore, and prior to the re-structuring, the Trustees of the scheme have offered share options to certain employees in terms of this scheme at pre-determined prices but also linked to the market price. Such employees who have still to exercise their options now risk being denied such right because of the effects of Section 82. The Trustees may also be precluded from issuing further Group Five shares in terms of the scheme should the market price of Group Five shares be lower than that determined under Section 82.

   In order for Group Five to continue to achieve the benefits of the scheme, a special resolution will be tabled for approval as contemplated in Section 82(1) of the Act, which would allow Group Five, where appropriate, to issue shares to employees from time to time at a price lower than that which would be permitted in terms of Section 82 of the Act, provided that the total number of shares issued in terms of the scheme shall not exceed 12 875 000.

2. In terms of the scheme, limitations were placed on the number of shares that could be issued to any individual in each of the three listed companies. The de-listing of Group Five Holdings and SM Goldstein has had the unforeseen effect of reducing the

aggregate number of shares that can be issued to any individual. The ordinary resolution to be tabled seeks to remedy this by increasing the number of Group Five shares that can be issued to any individual to 1 500 000 (ie approximately 2%) of the present issued capital of Group Five. The resolution also proposes to increase the total number of shares that may be issued in terms of the scheme from 12,5% to 17,5% of the issued capital of Group Five.

Note

A member entitled to attend and vote at the meeting may appoint one or more proxies to attend, vote, speak and act in his stead. A proxy need not be a member of the company. If required, forms of proxy are available from the transfer secretaries in Johannesburg and is also attached in the body of this Annual Report.

Attention is drawn to the fact that, if it is to be effective, a completed proxy form must be deposited at the registered office of the company at least 48 hours, excluding Saturdays, Sundays and public holidays, before the time appointed for the holding of the meeting.

GD MOTTRAM

Company Secretary

22 August 2001

GROUP FIVE LIMITED

Incorporated in the Republic of South Africa

(Registration Number 1969/000032/06)

I/We

of

being the holder/s of ordinary shares in the above company, hereby appoint:

of

or, failing him,

of

or, failing him, the chairman of the meeting as my/our proxy, to attend and speak and vote on a show of hands or on a poll, for me/us and on my/our behalf, at the annual general meeting of the company, to be held on 19 October 2001 and at any adjournment thereof, in the following manner:

Proposed ordinary resolutions	In favour	Against	Abstain
1. *Resolution No 1* Adoption of the annual financial statements for the year ended 30 June 2001.			
2. *Resolution No 2* Re-election of directors.			
3. *Resolution No 3* Ratify directors' fees for year ended 30 June 2001.			
4. *Resolution No 4* Directors authorised to determine auditors' remuneration and appoint auditors.			
5. *Resolution No 5* Placing the unissued shares under the control of the directors.			
6. *Special resolution No 1* Share incentive scheme.			
7. *Ordinary resolution No 1* **a)** the amendment of the definition of "shares" **b)** the amendment of clause 8.2.1 of the share incentive trust **c)** the amendment of the phrase below clause 8.2.3 of the share incentive trust **d)** the amendment of clause 8.3 of the share incentive trust deed			

A member entitled to attend and vote at the meeting may appoint one or more proxies to attend, vote, speak and act in his stead. A proxy need not be a member of the company.

Signed at on 2001

Signature

Full name of signatory if signing in a representative capacity (see note 2).

Please use block letters.

NOTES TO **PROXY**

Notes

1. If two or more proxies attend the meeting, then that person attending the meeting whose name appears first on the proxy form, and whose name is not deleted, shall be regarded as the validly appointed proxy.
2. The authority of a person signing a proxy in a representative capacity must be attached to the proxy unless that authority has already been recorded by the company.
3. In order to be effective, proxy forms must reach the registered office of the company at least 48 hours before the time appointed for holding the meeting.
4. If this proxy form is returned without any indication as to how the proxy should vote, the proxy will be entitled to vote or abstain from voting as he thinks fit.
5. The delivery of the duly completed proxy form shall not preclude any member or his duly authorised representative from attending the meeting, speaking and voting instead of such duly appointed proxy.

Registered office

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Sandton

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