GROUP FIVE

BROAD-BASED **SOLUTIONS**

ANNUAL REPORT 2003

After three years of **restructuring**, involving **tough decisions** and **significant change**, we now have a properly positioned, **broad-based portfolio of businesses** that enables the Group to offer **integrated, top-quality solutions** across the full **infrastructural value chain.**

A BROAD-**BASED OFFER**

Integrated products and services

Group Five's highly skilled and experienced teams facilitate the full scope of projects from their initial concept through to completion and the operational and maintenance management going forward.

EVERITE BUILDING PRODUCTS

INFRASTRUCTURAL DEVELOPMENT SERVICES

VAAL SANITARYWARE

DPI PLASTICS

INFRASTRUCTURAL DEVELOPMENT SERVICES (IDS)

The concept development of infrastructural projects is key to the successful delivery of the final product. The IDS team identifies the needs and deliverables of each project and develops the initial project concept. The concept is then translated into a detailed design specification and an appropriate financial structure to ensure the project's success. Delivery is ensured through the close liaison between the IDS team and the appointed in-house or external contractors.

MANUFACTURING

The Group's manufacturing facilities provide building products for a wide range of construction contracts. Group Five's manufacturing and construction businesses work closely together to ensure that the needs of customers are met on time, and with products of the highest quality .

across the infrastructure value chain

BUILDING

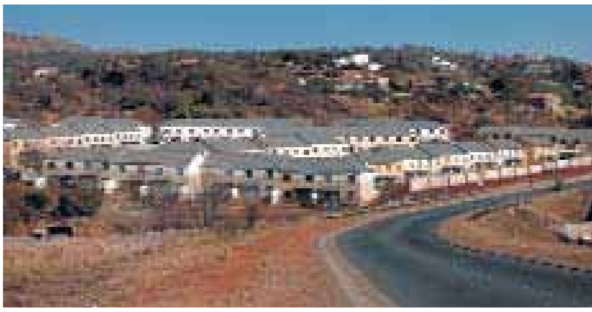
ROADS

CIVILS

ENGINEERING

CONSTRUCTION

The Group's construction activities encompass building, civils, roads and engineering. This enables Group Five to deliver on the broad infrastructural development needs created through the projects of IDS. The Group has also pioneered leading-edge products such as pre-cast housing systems, which offer unique and cost-effective construction solutions to a wide range of clients.



OASIS

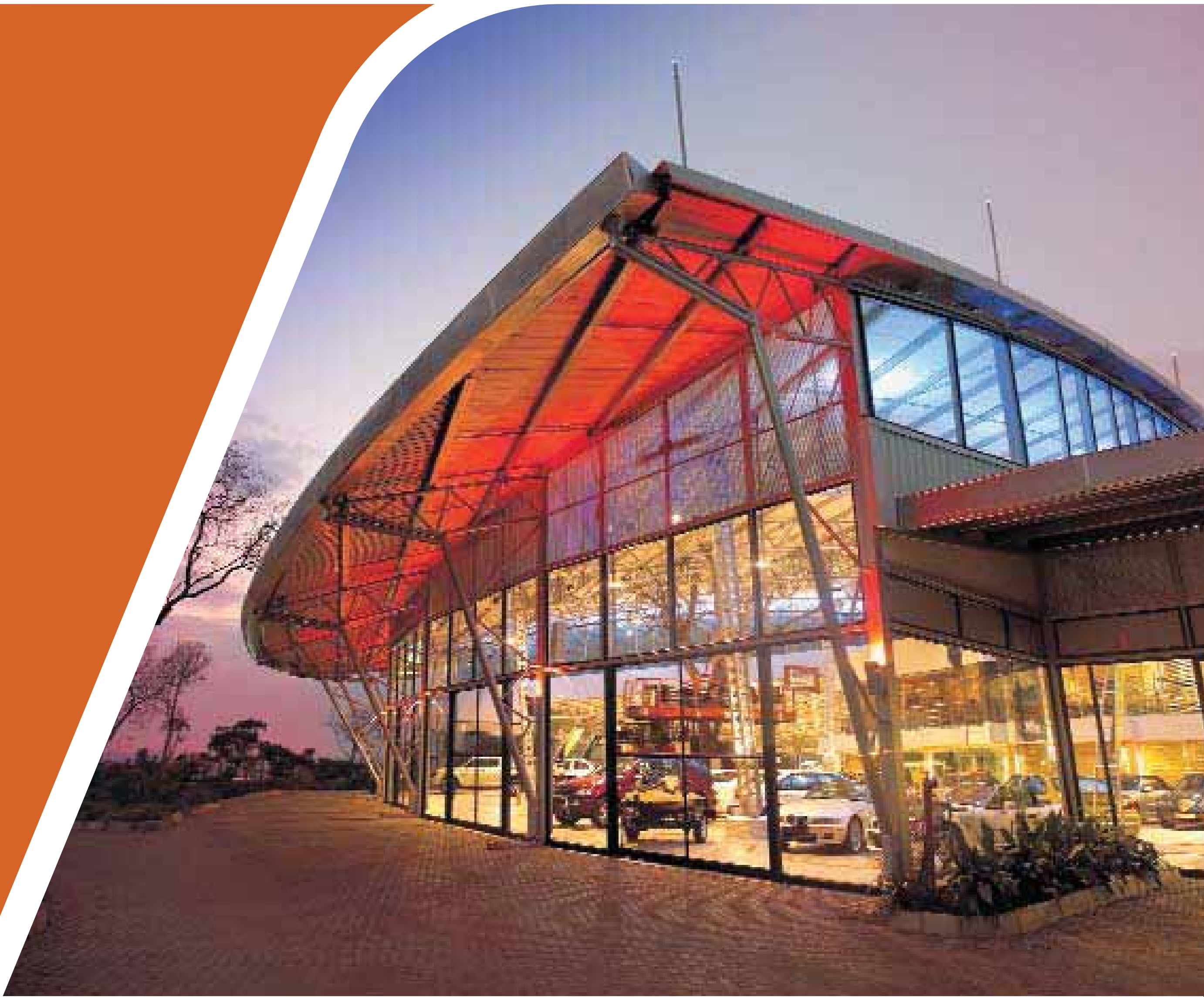
INTERTOLL

WATER & SANITATION SERVICES

KBR GROUP FIVE INDUSTRIAL SERVICES

OPERATIONS & MAINTENANCE

Operations and maintenance provides services that optimise and support the design and development of infrastructural projects, ensuring that the client's investment in infrastructural assets is well managed through efficient revenue collection and appropriate operations and maintenance.



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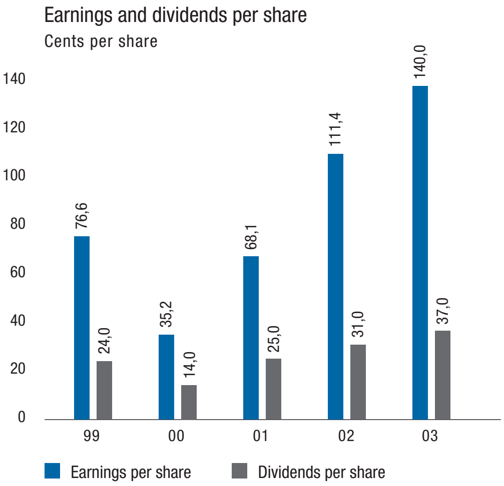
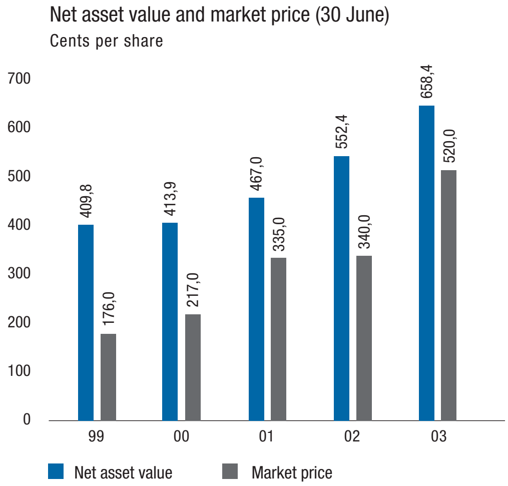
FINANCIAL **HIGHLIGHTS**

for the years ended 30 June

- **Average compound 3 year revenue growth of 12,7%**
- **Average compound 3 year operating profit growth of 54,6%**
- **Average compound 3 year EPS growth of 58,4%**

	2003	2002	2001	2000	1999
CONSOLIDATED BALANCE SHEETS (R'000)					
Equity and liabilities					
Shareholders' equity	**455 080**	381 813	322 775	286 082	283 233
Minority interest	**9 899**	5 949	3 882	1 228	5 182
Non-current liabilities	**107 031**	106 099	94 432	70 986	69 897
Current liabilities	**1 521 143**	1 779 095	1 221 895	1 119 809	989 602
	2 093 153	2 272 956	1 642 984	1 478 105	1 347 914
Assets					
Non-current assets	**604 132**	544 922	466 808	320 851	318 222
Current assets	**1 489 021**	1 728 034	1 176 176	1 157 254	1 029 692
	2 093 153	2 272 956	1 642 984	1 478 105	1 347 914
CONSOLIDATED INCOME STATEMENTS (R'000)					
Revenue	**4 100 361**	4 020 756	3 167 000	2 863 410	2 673 434
Operating profit	**160 127**	124 573	80 136	43 346	85 779
Finance costs	**(28 530)**	(26 397)	(8 025)	(8 231)	(12 084)
Profit before taxation	**131 597**	98 176	72 111	35 115	73 695
Taxation	**(30 463)**	(19 821)	(21 378)	(10 603)	(19 717)
Profit after taxation	**101 134**	78 355	50 733	24 512	53 978
Minority interest	**(4 366)**	(1 346)	(3 672)	(205)	(1 014)
Attributable profit	**96 768**	77 009	47 061	24 307	52 964
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





FINANCIAL **HIGHLIGHTS**

for the years ended 30 June

	2003	2002	2001	2000	1999
STATISTICS					
Share statistics – cents per share					
Earnings	**140,0**	111,4	68,1	35,2	76,6
Dividends (based on the years to which they relate)	**37,0**	31,0	25,0	14,0	24,0
Net asset value	**658,4**	552,4	467,0	413,9	409,8
STOCK EXCHANGE PERFORMANCE					
Market price – high	**771**	525	301	430	315
Market price – low	**340**	310	175	185	145
Market price – year-end	**520**	340	335	217	176
Market capitalisation – year-end (R million)	**382,6**	250,1	246,5	141,5	129,2
Value of shares traded (R'000)	**199 495**	80 616	57 140	37 162	51 474
Number traded ('000)	**34 456**	20 751	23 070	13 805	27 750
Percentage traded (%)	**46,8**	28,2	31,4	18,8	37,7
Closing price/net asset value	**0,8**	0,6	0,7	0,5	0,4
Closing price/earnings ratio	**3,7**	3,1	4,8	6,2	2,3
Closing dividend yield (%) (based on the years to which they relate)	**7,1**	9	7,5	6,5	13,6
BUSINESS PERFORMANCE					
Dividend cover (based on the years to which they relate)	**3,8**	3,6	2,7	2,5	3,2
Current ratio	**1,0**	1,0	1,0	1,0	1,0
Return on ordinary shareholders' interest (%)	**21,3**	20,2	14,6	8,5	18,7
Return on total assets (%)	**7,3**	5,5	4,9	3,1	6,3
Profit margin (%)	**3,9**	3,1	2,5	1,5	3,2
EMPLOYEE STATISTICS					
Number of employees	**13 682**	14 020	12 424	11 018	11 774
Revenue per employee (R'000)	**300**	287	255	260	227

DEFINITIONS

Earnings per share	refer note 6 to the annual financial statements.
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.
Revenue per employee	revenue divided by average number of employees.

THEN **AND NOW**

Group Five embarked on a restructuring programme three years ago, ending in July 2003. Below is an outline of deliverables and what was achieved.

What was needed

Eliminate pyramid structure and low voting shares.

Strengthen board.

Change inappropriate organisational structure.

Unify the Group to ensure a proactive and not reactive approach.

Strengthen leadership team and conduct a quality audit on staff.

Build a strong forward order book and solid growth prospects.

Grow international activities.

Phase out asbestos.

What was achieved

Now a single listed entity with one class of shares.
Share price more than doubled between 2000 and 2003.

Board reconstituted with additional non-executive directors.
Currently majority non-executive directors.

Divisions eliminated and business units reduced from 19 to 14, resulting in significant overhead cost savings and more effective lines of communication.

An integrated offer across the full value chain achieved, allowing the Group to deliver commercial solutions to customers. Average compound revenue and operating profit growth of 12,7% and 54,6% achieved over the three-year period.

New quality appointments made, with strong management driving each area of the business. Poor performers removed, enabling opportunities to promote talent.
These changes resulted in the improvement of overall performance.

Order book improved from 2000 to 2003 by R2 billion. Leading-edge products introduced, such as Nutec and biaxially orientated pipe technology to break into new markets.

International revenue increased from R800 million in 2000 to R1,4 billion in 2003.

Achieved in December 2002, ahead of legislative requirements.

AND NEXT... **CORE FOCUS AREAS FOR 2004**

The restructuring programme has created a platform for sustainable growth going forward. Highlighted below are core focus areas for 2004.

Focus area

- Pursue black economic empowerment Group level and accelerate progress on targeted employment equity levels.

- Elevate customer focus and retention in all business units by integrating CRM processes.

- Upgrade levels of risk management in each business unit through commercial appointments and training in newly developed risk and commercial methodologies.

- Grow the international base and expanding services across borders.

- Optimise newly implemented JD Edwards construction management system by December 2003.
- Implement JD Edwards manufacturing management system by June 2004.

- Optimise business unit productivity through adoption of best construction and manufacturing practices.

- Establish a full-time specialist turnkey project team for mega projects.

Expected outcome

- Achieve long-term sustainable growth.
- Contribute to social upliftment of previously disadvantaged groups.

- Increased levels of negotiated work.
- Better understanding of client needs, enabling speedier and improved project delivery.
- Improved secured order book, providing more effective project planning.

- Better margins.
- Improved cash flow.
- Reduced finance costs.

- Diversify further the Group's geographic position mitigating country risk.
- Expand global market share for the Group.

- Fully integrated management information systems providing immediate access to accurate and relevant information necessary for decision-making.
- Elimination of non value-added tasks and activities at all levels.
- Competitive advantage through the use of state of the art technology.

- Improved outputs.
- Reduced cost.
- Improved quality to customers.
- Quicker construction times, enabling project cost-savings.

- Identification and procurement of major multi-disciplinary projects.
- Long-term order book secured.

MARKET **SPREAD**

In 2004, Group Five will celebrate thirty years of operating in infrastructural markets. The Group is active in thirteen countries in Africa, India, the Middle East, Indian Ocean Islands and Europe. The South African operations contributed 67% (R2,7 billion) to revenues and cross-border work contributed 33% (R1,4 billion).

To meet growth objectives, the Group has continued its drive to expand international activities in selected countries, with cross-border revenue growing by 18% over the last three years.

Risk mitigation is key in entering new markets. Steps taken by the Group include an in-depth country assessment, the selection of the right local partner and a thorough contract risk evaluation process by the risk committee.

The majority of the cross-border revenues are generated from Angola, Botswana, Algeria, Tanzania, India and Mauritius. The Group's preferred target markets are those African countries that derives strong revenues from oil, gas, mining and industrial activities as income generated from these sectors provides for ongoing infrastructural development. The multi-disciplinary nature of the Group's activities, coupled with its ability to be flexible in its offerings, have allowed it to procure significant contracts over the years.

The decision to enter the **ANGOLAN** market was made in 2000 after the Group was awarded the Presidential contract, Nova Vida, for 2 480 housing units and associated infrastructure projects in Luanda.

The cessation of hostilities and the implementation of new government structures have had a very positive impact on the construction opportunities in this country, resulting in various projects, both in the private and public sectors. New contracts include the USD26 million turnkey contract for Cimangola for a 120 ton cement mill extension in Luanda. In the last two years, the Angolan operation has contributed R797 million to Group revenue.

The Group has been active for the last five years in **TANZANIA**, mainly in the provision of infrastructure for the mining sector in the Mwanza area. The more recent developments in Dar es Salaam have provided the opportunity for the establishment of the Group's building activities in the capital. The last year has seen the successful completion of the Law Reform Commission project for the Government of Tanzania, and the award of the USD75 million twin towers project for the Reserve Bank of Tanzania.

Group Five has gained a foothold in the USD11 billion North African construction market through an entry into **ALGERIA**, where two design and build contracts for pre-cast housing complexes and a sports stadium to the value of R250 million have recently been secured. It is anticipated that oil and gas revenues will continue to provide the basis for further infrastructural development.

A steady stream of infrastructural and mining expenditure has enabled the Group to work throughout **BOTSWANA** over several decades. Current contracts include the installation of services at Ghanzi, construction works at Jwaneng Diamond Mine and road building contracts at Jwaneng and Mathangwane.

The large road infrastructure development programme in **INDIA** has attracted international attention and created opportunities for the Group. Through the Group's subsidiary, Intertoll ICS, a 28-year contract for the operation and maintenance of the Delhi-Noida bridge, spanning the Yamuna River, has been secured. In addition, it has been awarded an eight-year project to operate two toll roads, one from Delhi to Jaipur and one from Delhi to Agra.

The Group has been involved in various building and civil engineering works in **MAURITIUS** for a number of years. Work is nearing completion on the R220 million joint venture St. Martin Sewage treatment plant at Port Louis.

The Group intends to expand its international activities where opportunities exist in cross-border niche markets as these projects tend to generate higher margins than work secured in South Africa.

CHAIRMAN'S **REVIEW**

The three-year restructuring plan introduced when the Group was unbundled at the end of 2000 is now complete and many of the objectives set at that time have been achieved. Earnings over the three-year period have increased fourfold, we have strong management in place, a clear set of deliverables in each business and a better understanding of our clients needs.

George Thomas – Chairman

Once again, I am pleased to report a significant improvement in attributable profit for the year. Earnings per share grew by 26% from 111,4 cents to 140,0 cents and headline earnings per share by 24% from 90,0 cents to 111,3 cents. Dividends for the year have been increased by 19%, with a marginal increase in dividend cover.

The three-year restructuring plan introduced when the Group was unbundled at the end of 2000 is now complete and many of the objectives set at that time have been achieved.

Earnings over the three-year period have increased fourfold and the share price has more than doubled in what has been an exceptionally difficult market for equities.

The operating environment in which the plan was introduced has by no means been an easy one. There have been some setbacks, but there have also been some major successes. The most notable achievements over the past three years have been:

- elimination of the Group's pyramid structure and low voting shares,
- strengthening of the board,
- changing the inappropriate operational structure, and
- unifying the Group and diversifying activities, both locally and internationally.

These actions have resulted in a focused, cohesive Group with clear strategies and the ability to deliver sustainable growth.

The restructuring has eliminated the causes of the Group's historical poor performance. We now have strong management in place, clear deliverables in each business and a better understanding of what our clients demand from us. Although the year under review saw the tail-end of the poor performance in Roads, Group Five's balanced portfolio of businesses resulted in a strong performance on a Group level for the third consecutive year.

The major achievement during the year has been the turnaround in the Manufacturing operations. Since Everite Building Products has only recently returned to profitability, a further improvement is expected in the current year, notwithstanding the low level of activity in affordable housing, Everite's traditional market.

If the distortion caused by the violent fluctuation in exchange rates is set aside, the underlying operating profit in Construction showed an 18% improvement compared to an exceptional 67% increase in the previous year. Building enjoyed an excellent year, with both Civils and Engineering trading at approximately the same level as in the previous year. The main problem area in Construction was Roads, where a number of major projects in Southern Africa recorded losses. These projects have now been completed and a major restructuring of the business has taken place. Going forward, the focus will be on creating a smaller, more cohesive unit concentrating on bottom-line profits rather than chasing revenue.

The results of Operations and Maintenance were also impacted by the strengthening of the Rand, notably those of Intertoll. Infrastructural Development Services exceeded profitability targets and the role this business unit performs in offering a full infrastructural service to clients continues to assume increasing importance.

A net cash outflow for the year was recorded mainly due to an increase in working capital of R88 million. However, the financial state of the Group remains strong, with borrowings, net of cash, at balance sheet date representing only 5% of shareholder's funds.

Although a core focus is growing the international base, this will not decrease the commitment to invest in South Africa and to play a constructive role in the country's future development.

The Group remains committed to pursuing the Government's June 2006 employment equity targets and the development, training and upliftment of the previously disadvantaged. The greatest challenge is undoubtedly meeting the required levels for senior and middle management and finding the necessary technical skills. While the requisite equity forums and procedures are in place, progress towards placing an increased number of previously disadvantaged individuals in management positions has been disappointing. The 2004 year will see an increased drive towards achieving our objectives through dedicated corporate support to business units to deal with employment equity and corporate social responsibility issues.

It is the intention to pursue black economic empowerment proactively at Group level and to accelerate initiatives to support and grow emerging black business, including the establishment of empowerment companies in conjunction with the business units. Examples of these initiatives are three empowerment distributorships established by DPI and owned by historically disadvantaged individuals. These commercially successful regional businesses benefit from the Group's technical skills input and the partners' local knowledge and market penetration. The Civils business units have also had success in forming ongoing joint partnerships with local communities to manufacture concrete and associated construction products. Affirmative procurement at all levels will continue to receive attention in the year ahead.

The threat posed by the HIV/AIDS pandemic to employees' health, productivity and the industry skills base presents a major challenge. The Group is currently reviewing its HIV/AIDS strategy following a benchmarking exercise against best practice.

The year saw yet another pleasing improvement in safety throughout operations. The disabling injury frequency rate (DIFR) improved by 32,5%, resulting in Construction and Manufacturing beating industry norms by 77% and 42% respectively. The Group has further demonstrated its commitment to safety with the launch of the OHSHS 18000-based Group Five Safety and Health System. Several Nosa 5 and 4-star ratings have been achieved on projects.

At the time of writing, the Construction order book was R3,5 billion and the Government's recent announcement of its plan to increase expenditure on infrastructure offers further encouragement. Manufacturing operations are now trading profitably and have clear growth targets for 2004. Given current trading conditions, management is confident that these should be achievable. In addition, the Group remains focused on improving operating efficiencies across the business. A further meaningful improvement in earnings for the coming financial year is therefore expected.

The achievements over the past three years would not have been possible but for the dedication and energy displayed by management and staff throughout the Group, led from the front by Mike Lomas and his executive colleagues. The Group is indebted to all of them. Finally, may I thank my co-directors for their continued support, wisdom and guidance.

CEO'S **REVIEW**

The restructuring has resulted in a Group that is able to service customers' requirements across the full infrastructure value chain. The diversified and yet inter-related nature of the business units, both locally and internationally, provides a balance to earnings. This balance allowed Group Five to again deliver strong results in the year under review, with operating profits increasing by 29%.

Mike Lomas – Chief Executive Officer

INTRODUCTION

As mentioned in the Chairman's Review, Group Five embarked on a challenging three-year restructuring programme during 2000. Our focus was to substantially and sustainably improve the performance of business units and to reposition our products and services to meet market and customer demands. Our objective during the three-year restructuring process was to grow returns to shareholders, whilst radically changing the shape and culture of the organisation. These objectives were achieved.

In the space of the three-year period, the Group delivered positive results, culminating in an increase in revenue of R1,2 billion from R2,9 billion to R4,1 billion, an increase in operating profit of R117 million from R43 million to R160 million and an increase in EPS from 35 cents to 140 cents.

Although the restructuring commenced off a low base due to the poor performance of many of the business units, all business units are now appropriately positioned to ensure sustainable growth going forward.

The refocusing of these business units has resulted in a Group that is able to service customers' requirements across the full infrastructure value chain. The diversified and yet inter-related nature of the business units, both locally and internationally, provides a balance to the Group's earnings, optimising returns, whilst minimising risks.

This balance allowed Group Five to again deliver strong results in the current year, with operating profits increasing by 29%.

OPERATIONAL REVIEW

The private sector's focus on outsourcing non-core requirements and the public sector's need for raising capital for the development of infrastructure has increased the demand for infrastructural solutions incorporating financial structuring.

This has allowed Infrastructural Development Services (IDS) to produce good results, with operating profit increasing by 27%. To take advantage of current opportunities, the management team will be further strengthened in the new year.

Procuring the N1/N2 Winelands and N2 Wild Coast unsolicited bids from the South African National Roads Agency Limited has taken longer than anticipated, principally due to the resolution of environmental issues. The process will soon gain momentum although the benefits will only become apparent in 2005.

Although the Manufacturing business units only contribute 15% to Group revenue, they provide an invaluable role in enabling the Group to deliver across the full infrastructure value chain.

One of the most outstanding achievements accruing from the three-year restructuring programme was returning Manufacturing to profitability. The Manufacturing business units generated an operating profit of R34 million, compared with a loss in the prior year of R52 million.

Vaal Sanitaryware had an outstanding year, significantly increasing operating profits. The business unit made a conscious decision to move away from high-volume, low-margin business to enhance profitability. The recent introduction of a high pressure casting system and the installation of computerised driers will improve productivity, reduce waste and lead to further factory efficiencies.

The DPI black economic empowerment strategy has gained momentum in the year and culminated in the establishment of three BEE companies. The growth strategy, coupled with the introduction of new technology, enabled the business unit to achieve record profitability.

Following significant interventions by management, Everite Building Products has been turned around, resulting in this business breaking even for the year and it is now trading profitably.

The use of asbestos in Manufacturing has ceased and has been replaced by PVA/Cellulose combinations. This, coupled with the introduction of the innovative value added range of Nutec products, has opened the door to export markets. The Group is carefully evaluating all opportunities.

The focus going forward for all the Group's Manufacturing business units will be to further improve service to customers, introduce new technology and products and achieve global standards throughout the operations.

The positive interaction now being achieved between the Group's IDS, Manufacturing, and Construction activities has led the way to the increased use of the Group's manufactured products on construction projects.

CEO'S **REVIEW CONTINUED**

Construction revenue, which remained constant due to the deferment of major projects by the mining companies and the strengthening of the Rand, represents 78% of the Group's revenue. Operating profit before exchange gains/losses increased by 18%. Exchange gains decreased by R60 million compared to the previous year, resulting in a reduction in operating profit from R137 million to R91 million.

The integration of building, civil and road activities in KwaZulu-Natal into a single multi-disciplinary unit was successfully completed within the year. This new unit enjoys the benefit of low overhead costs, coupled with flexibility to service local customers with a wide range of building and construction products.

The focus on delivery by Group Five Building, which ensures adherence to customers' time and quality standards, has resulted in 70% repeat business and negotiated work.

In spite of long lead times, the decision to secure large building projects in selected cross-border markets at better margins is having a positive impact on the business.

Civils and Engineering have performed well in a tough and competitive market. The deferment of projects by the mining houses following the strengthening of the Rand has negatively impacted local contractors that mainly rely on the mines as a source of work.

Civils and Engineering have focused on creating quality order books through strategic partners in the natural gas and energy sectors in North Africa. These opportunities should provide future benefits through long-term negotiated contracts.

Engineering work prospects typically follow the prospects for Civils. Current market conditions indicate that a quiet period for the business unit in the first quarter of the new financial year should be expected.

The consolidation and downsizing of the Roads business unit has been completed. A new managing director with 20 years' experience within the Group was appointed in December 2002 and the operational board and structures have been rationalised. Control over the business has been increased with a substantial reduction in the number of contracts being undertaken. The problematic joint venture contract in Gorongosa, Mozambique, was completed in May 2003. With 80% of projected revenue for 2004 already secured and the restructuring of the business unit completed, a positive result in Roads for 2004 is expected.

The trend in the public and private sectors to outsource the operations and maintenance of infrastructural assets is supporting the growth of the Group's business units. Services are currently supplied to the toll road, water and industrial sectors through Intertoll, WSSA and KBR Group Five Industrial Services. Oasis, a joint venture with an empowerment company, has been established to service our entry into the facilities management field with the award of a contract for a mining house in Rustenburg.

Whilst the underlying operations performed well, the strengthening of the Rand had a negative impact on offshore profits accruing from Intertoll.

MANAGEMENT

One of the core focus areas during the restructuring was to put the right structures in place to ensure the efficient delivery of Group strategy.

The Group's management has been focused around an executive and a management committee.

The Group executive committee consists of the CEO, CFO and the Group executive directors responsible for HR and business development. It is responsible for formulating and driving the overall strategic direction of the Group, capacity building, succession planning and transformation.

The Group management committee, which comprises executive committee members and all business unit managing directors, is responsible for driving the execution of strategy and related initiatives into the businesses. The purpose of the committee is to ensure the alignment and maximum use of resources throughout operations, whilst maintaining focus on business unit performance.

The Group management committee has been strengthened in the last year by the inclusion of three new members.

The new organisational structure has significantly improved communication in the Group and ensures that Group-wide goals are achieved. The interaction between the operational managing directors has increased cross-business unit opportunities and the sharing of operational best practices, resulting in a seamless offer to clients.

MARKET OUTLOOK

The Government's recent announcement of its intention to spend R67,5 billion to address the backlog in infrastructure will stimulate local industry.

Despite a global slowdown, world demand for precious metals is driving development and expansion of mines and industrial plants. Whilst the strengthening of the Rand has impacted on this expansion, it has been countered by strong cross-border opportunities.

Oil and natural gas field developments in Africa, coupled with pipe networks, will provide exciting associated infrastructural development opportunities in the medium to long term.

The advent of peace in Angola and the longer-term prospects of regional development through the New Economic Plan for Africa's Development (NEPAD) should impact positively on construction activities.

The recent and possible future interest rate cuts should benefit the mining, industrial and commercial markets.

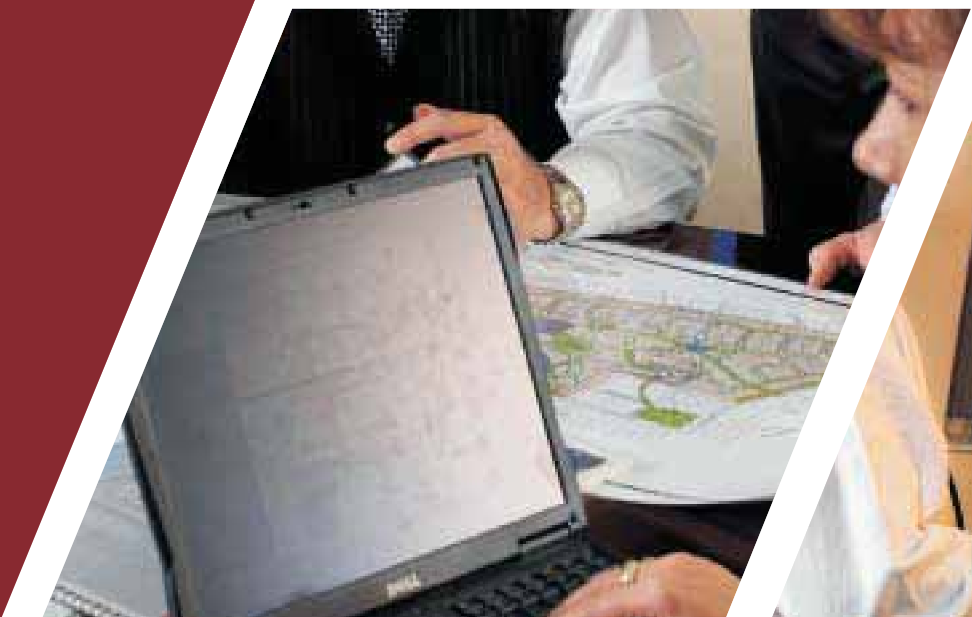
APPRECIATION

I wish to thank the board for their direction and support and my colleagues for their enthusiasm, sense of purpose and unwavering commitment, especially during the three-year period of immense change.

In 2004, the Group will celebrate thirty years as a listed company. I wish to extend my appreciation and gratitude to management and all members of staff and their families for making this milestone possible.

OPERATIONAL REVIEW – **IDS**

INFRASTRUCTURAL DEVELOPMENT SERVICES



Infrastructural Development Services (IDS) identifies the needs and deliverables of selected projects and develops the initial project concept. This concept is then translated into a detailed design specification and an appropriate financial structure to ensure the project's success.

The services are provided in close, but not exclusive, co-operation with the Group's construction business activities. These services are:

Project Structuring – legal and financial structuring to optimise returns, whilst mitigating risk.

Infrastructure Developments – concessions, build operate and transfer (BOT) schemes and public private partnership opportunities in the transportation, energy, service delivery and property environments.

Property Developments – low risk projects in the residential, commercial and retail environments. When possible, these developments are structured to provide the Group with sustainable long-term revenue streams through the vehicle of bare dominium investment properties.

Specialised Facility Management – focused on facility management services for niche residential and commercial properties.

The company exceeded its profitability targets this year.

During the year

- The operation and rollout of a R400 million residential development for Anglo Platinum in Rustenburg continued, where more than half of the required housing units were successfully handed over.

- A retirement village development in Durban North to the value of R60 million commenced.

- Activities on the following scheme developments under the unsolicited bid process of the South African National Roads Agency Limited continued:

  – N1/N2 Winelands (Cape Town to Viljoenshoop and De Doorns).

  – N2 Wild Coast (Durban to East London).

The year ahead

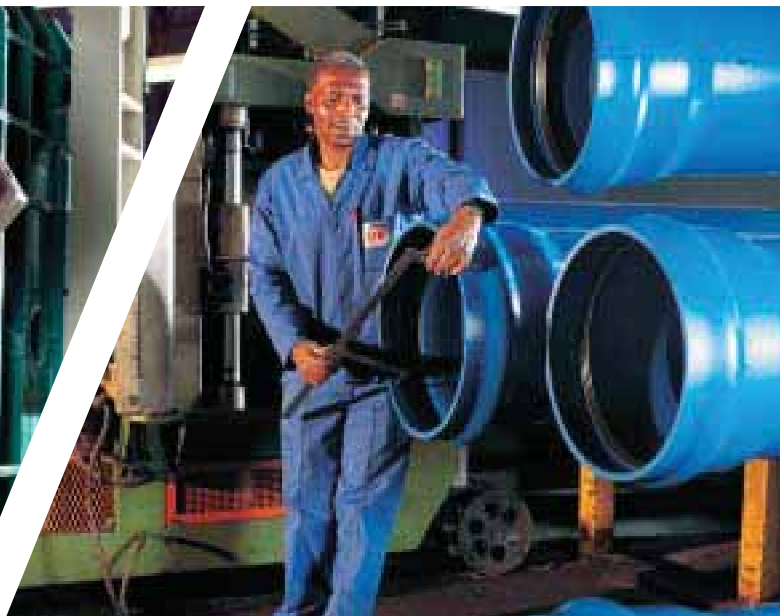
- Housing developments in the mining industry will be pursued to cater for mining companies expansion programmes following the Group's success in delivering similar projects in the current year.

- The Group will aim to secure the appointment as a concessionaire on one of the South African National Roads Agency Limited's scheme developments.

- IDS will continue the development of property opportunities in those African countries where market demand and funding exists.

- The management team will be expanded through the appointment of a senior commercial person with BOT experience.

OPERATIONAL REVIEW – **MANUFACTURING**



Manufacturing consists of Everite Building Products, Vaal Sanitaryware, DPI Plastics and a small investment in an associate company, Group Five Pipe Saudi. These businesses manufacture products for the construction, agricultural and mining sectors.

Manufacturing's results reflected a significant improvement compared to that of the previous year due to the elimination of large losses in Everite Building Products, substantial improvements in the results of both Vaal Sanitaryware and DPI Plastics and the downsizing of the AC Pipes operation.

Revenue increased by 3,1% to R631 million (2002: R612 million). Excluding the operations of AC Pipes, which were downsized in 2002, revenue increased by 10,8% to R620 million (2002: R559 million). An operating profit of R34 million was achieved, compared to an operating loss in the previous year of R52 million.

EVERITE BUILDING PRODUCTS

Everite Building Products supplies building materials throughout South Africa. It has established export markets in Australia, the Middle East, Far East and United States of America.

During the year

The successful turnaround strategy implemented in this business resulted in the elimination of the significant operating loss incurred in the prior year, allowing the company to break even for the year. The turnaround resulted in:

- A head count reduction of 25%.
- Plant efficiency gains through labour and material utilisation, as well as process control improvements, resulting in a R31 million saving.
- Average reject rates reducing from 16% to 6% and are now approaching world benchmarks.
- The full conversion of the plant from asbestos to PVA/Cellulose by December 2002.
- A reduction in transport costs.

The year ahead

The long-term sustainability of Everite Building Products will be achieved by:

- Reaching a level of sales equal to the plant capacity. This will be achieved through the Group's established position in South Africa that will enable it to aggressively promote its range of products into new applications.
- Meeting expected demand for low cost housing
- Pursuing export markets with specific distributors and contractors in selected countries.
- Developing new value added products are being developed for the existing South African and international markets and breaking into new international markets in the next financial year.
- Focusing on customers through export partnerships, brand awareness and product differentiation.

VAAL SANITARYWARE

Vaal produced excellent results, with revenue increasing by 8% and operating profit significantly increasing due to the introduction of upgraded technology and cost savings in the factory.

During the year

- The focus was to further increase factory efficiencies and satisfy customer needs.

- Factory technology was upgraded with the introduction of a high pressure casting system, the installation of computerised driers and a heat recuperation unit. The upgrade resulted in major productivity improvements in the last quarter of the financial year.

- Product developments have been accelerated and four new countertop basins were successfully launched.

- The Group moved away from high volume, low margin products due to fierce competition in the sanitaryware market.

- Low levels of working capital were maintained through effective management.

The year ahead

- Increased attention will be placed on customer relationships to ensure growth in an increasingly competitive market.

- The Group's new product development programme will be accelerated, with a view to launching a new range of sanitaryware.

- Efficiencies will continue to be improved through technology upgrades.

DPI

DPI manufactures plastic piping systems for a wide range of markets in South Africa, Namibia, Botswana, Tanzania, Zimbabwe and the Indian Ocean Islands.

A marked improvement in revenue and operating profit was achieved through stable market conditions and improved factory efficiencies.

During the year

- Specific attention to empowerment, customer relationships and product development resulted in the company's leadership position and market share being maintained in a highly competitive market.

- A major achievement was the successful commissioning of the new biaxially orientated uPvC pipe extrusion line and the introduction of Gemini-Biax to the local market during the last quarter of the financial year. This will result in substantial raw material savings and the penetration of new markets due to the superior performance of the product.

- In accordance with the business implementation of a black economic empowerment strategy, three black empowerment companies were established, leading to increased levels of business.

- New product developments and refinements of existing product ranges continued to receive attention and a number of new pipe and fittings systems were launched to meet specific customer needs.

The year ahead

To maintain its leadership position, the company will focus on:

- Full implementation of world class manufacturing practices in the South African manufacturing operations and introducing the procedures to the cross-border plants. This should result in further factory efficiency improvements.

- Capitalising on the potential of the black economic empowerment partnerships. Plans are in place to also establish an empowerment company in KwaZulu-Natal.

- Continued attention to the Group's cross-border strategy, with opportunities in sub-Saharan Africa and the Indian Ocean Islands are being pursued.

- Improving the performance of the joint venture company DPI-Simba in Tanzania.

GROUP FIVE PIPE SAUDI

The Group has a 25% interest in an associated company, Group Five Pipe Saudi, with Marine & Civil and the Al-Qahtani family in Damman, Saudi Arabia. The company manufactures large diameter spiral welded steel pipes for the water and gas industries in the Middle East.

Revenue for the year was insufficient to enable the company to achieve break-even as they did not secure any large contracts. A detailed review of the company's markets and its operations is being undertaken to restore operations to profitability.

OPERATIONAL REVIEW - **CONSTRUCTION**

Construction revenue remained constant at R3,2 billion compared with the exceptional improvement of 40% in the previous year. If the distortion caused by the violent fluctuations in exchange rates is set aside, the underlying profit in construction showed an improvement of 18%.

The order book for next year is healthy and with the completion of the restructuring of the Roads operations, all activities are expected to be profitable in the next financial year.

BUILDING

Group Five has maintained and enhanced its position as one of the largest commercial building operations in South Africa. In addition, major cross-border operations have been undertaken in Angola, Tanzania and Algeria, contributing strongly to turnover.

In KwaZulu-Natal the Group's building operations have been successfully integrated into a multi-disciplinary construction business, which includes civils and roads. The integration will allow the business to better meet market needs and has already resulted in significant overhead cost savings.

Building revenue remained constant, representing 45% of the Group's construction revenue. Operating profit before exchange gains/losses reflected a 29% increase over the previous year.

During the year

- The focus during the current and previous years on securing work in Tanzania and Algeria has paid off with the award of major contracts in both countries, totalling R850 million.
- A number of major projects were completed in South Africa, including the Dimension Data Campus in Bryanston, Vodacom Head Office Phase IV in Midrand and Nedcor Head Office Phase II in Sandton.
- The management focus given to the Western Cape, where the Group was not very successful in the past, has resulted in an improved profit contribution.
- The Group's housing activities were adversely affected by the deferral of housing projects for the mining sector which resulted in an under-recovery of overhead costs.

The year ahead

- Prospects for housing, both within and outside South Africa, are promising and are being vigorously pursued.
- It is encouraging to note that satisfied customers have negotiated a number of new building contracts for the year ahead, strongly boosting the Group's order book.
- The Angolan operations, which have mainly been involved with the public sector, are now also focusing on the fast growing private sector, allowing the Group to tap into a wider market in that country.
- Three new contracts to the value of R170 million for upmarket apartments at The Oysters in Umhlanga Rocks, KwaZulu-Natal, have been negotiated and are due to be completed by the end of June 2004.

ROADS

Group Five Roads operates throughout South Africa and selected African countries. Clients include the various national roads agencies in Africa, provincial and local authorities in South Africa, major international donor agencies and large mining groups.

Road's operating losses increased mainly due to a reduction in exchange gains compared to the previous year and, to a lesser extent, the run out on problematic contracts.

The restructuring of the operations that commenced more than a year ago is complete. The restructuring resulted in:

- The appointment in December 2002 of Eugene du Toit as managing director. Eugene was previously the managing director of Civils Infrastructure and has been with the Group for 23 years.
- Streamlining the organisation and reducing the management team from 20 to 11 people.
- A reduction in the number of active contracts from 40 to 15 and the downsizing of the business unit from a turnover of R737 million in the current year to a potential R450 million in the coming year. This action has been taken in order to ensure that focus is given to fewer contracts so as to achieve better margins.
- The optimisation of the plant fleet which has resulted in a smaller, more modern fleet which is more cost effective.

The year ahead

- The business unit has secured the major portion of its order book for the year ahead and any further contracts will only be entered into after undergoing strict commercial risk assessments to ensure that it will be profitable and cash positive.
- Concentration is being focused on reducing the capital employed in this business unit by R100 million by June 2004.
- Implementation of new management reporting and site systems on all contracts by December 2003 will ensure that relevant information is available on a timeous basis. This will enable management to more effectively manage the operations on a consistent basis.

CIVILS

Group Five Civils is one of the leading civils businesses in South Africa. It undertakes design and construction work for concrete support structures, silos, water retaining structures and associated works. It also operates in selected African countries and Mauritius.

Deferments of major projects by the resource sector in the latter half of the financial year following the strengthening of the SA Rand, impacted on a strong operational performance, resulting in a 17% decrease in revenue and a 10% decrease in operating profit.

During the year

- The business focused on continuing to successfully deliver all major projects.
- Partnerships were formed with General Electric for the provision of power generating plants throughout Africa and with Minproc from Australia for mining projects throughout Africa were formed, positioning the Group strongly for major future contracts.
- Ongoing work on the Build, Operate, Train and Transfer (BOTT) water projects in Limpopo and the Eastern Cape was successfully executed.
- The continuous servicing of major clients, such as Sasol and Iscor, provided a base load of work for Civils throughout the year.

The year ahead

- Improving our long-term planning and business intelligence to reduce response time to enquiries and the formation of strategic alliances with various partners will continue to receive attention.
- Customer focus will be improved through the implementation of an effective CRM strategy, resulting in an integrated approach to enhancing customer relationships.
- Cross-border opportunities in Angola and Mauritius appear promising and are being strongly evaluated. The Group is well represented in these countries, which has positioned it appropriately for securing upcoming projects.

ENGINEERING

Engineering, which operates as Group Five Projects, procures the majority of its work by supplying, constructing and upgrading industrial and mining process plants throughout Africa. Its most significant customers are those in the diamond, platinum, gold, steel and zinc sectors.

The performance of this business was strong despite of delays in finalising the commercial closure of a mining house contract, which adversely affected the operating result and led to higher levels of working capital.

Revenue increased whilst operating profit, before taking into account exchange translations, was in line with the previous year and met expectations.

During the year

- The management team was restructured, with several high-level appointments, to improve the electrical and instrumentation operations and the financial, commercial and logistical areas of the business.

- In line with our integrated strategy across the full infrastructure value chain, closer liaison with Civils on the detailed planning of projects resulted in improved market intelligence and the ability to secure work.

- The upgrade of risk management procedures commenced during the year and is continuing to receive special attention to ensure issues that can lead to adverse bottom line results are proactively addressed.

The year ahead

The strong management team now in place will focus on the issues that will enhance profitability through:

- Exploiting the benefits from the significant oil, gas and petrochemical developments planned for southern Africa. This will be done through the creation of a dedicated petrochemical business unit, using the technology and skills available through local and international partners.

- Optimising the recent implementation of the new JD Edwards system to improve site management and overall management information flow.

- Developing the commercial competence of key staff and the implementing of appropriate commercial systems and procedures to ensure that risk management from tender through to contract execution is improved.

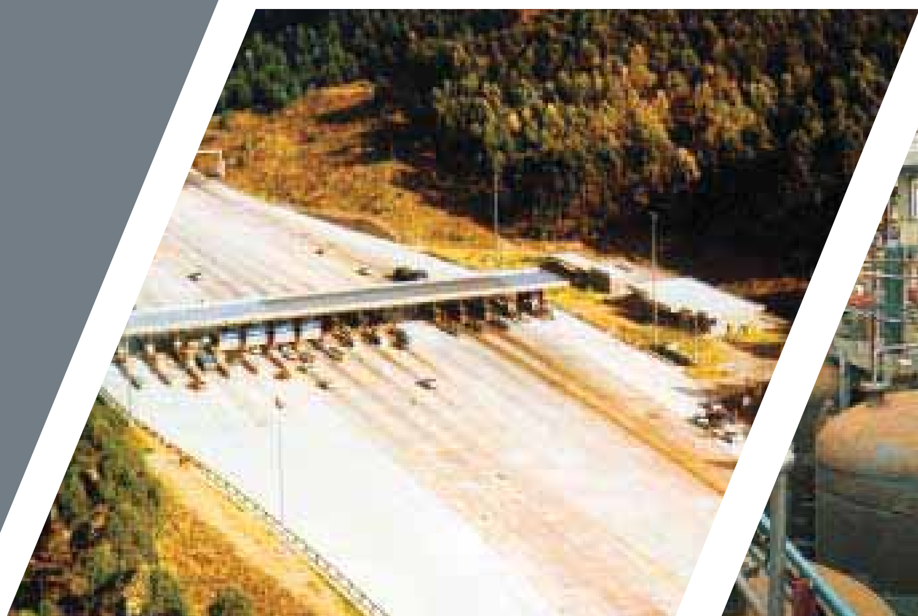
- Applying global best practice in the procurement supply chain which should lead to lower procurement costs and improved materials handling and availability.

GROUP FIVE

BROAD-BASED **SOLUTIONS**

OPERATIONAL REVIEW – **OPERATIONS AND MAINTENANCE**






Operations and Maintenance has four business units – Intertoll, Water & Sanitation Services (WSSA), KBR/Group Five Industrial Services and Oasis Facilities Management. As Oasis has only recently been formed no review of operations is included.

Revenue increased by 19% during the year, but the strengthening of the Rand led to a 34% decrease in operating profit.

INTERTOLL

Intertoll's activities include the design and development of toll and motorway facilities, the supply of toll and motorway management equipment and the operation and maintenance of toll roads.

The business performed in line with expectations. Although revenue grew by R29 million, operating profits declined due to the lower contribution of offshore profits as the Rand strengthened and, to a lesser extent, lower average margins following a five year renewal of a European contract.

During the year

- Intertoll grew its South African activities following the award of a Comprehensive Operations and Maintenance Contract (CTROM) for Mariannhill on the N3.
- The Uthungulu Consortium, of which Intertoll is a member, has been awarded preferred bidder status on the John Ross Highway Concession at Richards Bay.
- Two substantial eight-year joint venture projects in India were secured with a local construction partner in Delhi. However, these projects have not met expectations due to internal problems in the joint venture.
- The Noida Bridge Concession contract performed ahead of expectations due to good traffic growth at the facility.
- In the European market, the Hungarian Concession contract has continued to perform well.

The year ahead

- Focus will be given to resolving the issues affecting performance on the two National Highway contracts in Delhi.
- The Group's presence in Western Europe will be developed through targeting consulting work in Germany, Greece and UK and Operations and Maintenance projects in the Euro zone.
- The core South African business will be increased through the National Highway CTROM and Concession programmes.
- Project management resources and technical expertise will be improved in preparation for the future toll road programmes in South Africa, India and Western Europe.
- Opportunities in Brazil will be investigated where Intertoll has prior project experience.

WSSA

WSSA is a joint venture with Ondeo Services, part of the global services group, Suez. This business unit manages, operates and maintains water and wastewater systems in South Africa.

Revenue increased by approximately 10% and operating profit exceeded expectations.

During the year

- A major focus has been on the improvement of operational efficiencies which, coupled with recoveries of amounts provided for in previous years, led to improved profitability.

- Additional work previously managed by local municipalities was also awarded to the company.

- The Johannesburg Water management contract, aimed at forming and delivering a sustainable water and sanitation utility to the City of Johannesburg and its communities, is being implemented to the clients' satisfaction.

The year ahead

- Following the success of the productivity improvement programme, the company has launched a strategy to sustain its position as a market leader in South Africa with integrated systems at all levels aimed at optimising both operating and capital expenditure.

- Commercially tailored solutions are being sold to clients as opposed to concepts and more emphasis is being placed on performance management at all levels of the organisation.

- The BOTT programme, which provided sustainable water services to rural populations in the Eastern Cape and Limpopo provinces in partnership with the Department of Water Affairs and Local Government, is nearing completion with the transfer of services to District Municipalities. Nevertheless, a substantial backlog still needs to be addressed in both sanitation and water provision in these areas and the Group is well placed to service this need.

KBR/GROUP FIVE INDUSTRIAL SERVICES

The joint venture with Kellogg Brown & Root offers specialist core maintenance and shutdown services to key customers in the petrochemical and paper industries. The company performed well in the year exceeding both turnover and profitability targets.

Significant developments included reaching an agreement in-principle with Maziya Industries to form a new black economic empowerment joint venture that will support the black economic empowerment initiatives of our customers and provide a competitive advantage in the heavy industrial and petrochemical maintenance markets.

The year ahead

- The strategic positioning of the business in several new market sectors will be improved with joint venture partners holding established track records. Specialist maintenance systems and shutdown training and skills development initiatives are currently being developed to support this initiative.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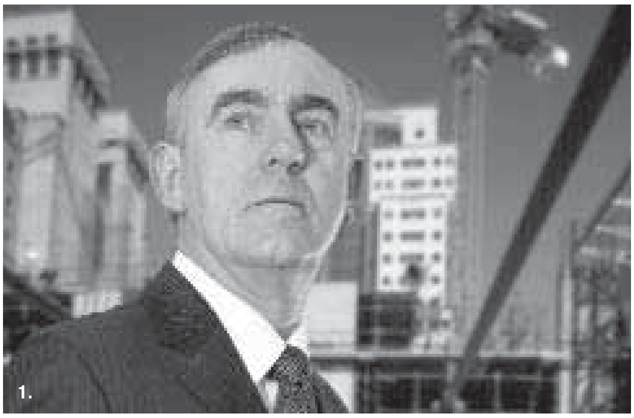
BOARD OF **DIRECTORS**

The composition of the Board meets the criteria set out in the King II report, with the majority being non-executives.



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1. **Mike Lomas** (55) Chief Executive Officer. Appointed a director in 1992. He has a BTech (Hons) Civil & Structural Engineering, BSc (Hons) Water Utilisation Engineering, PrEng. MSAICE, C.Eng.MICE, SEP (Stanford University) and is a Member of the Institute of Civil Engineers. From 1978 to 1997 he held various executive positions, including managing director of Group Five Engineering, chairman of the Group's granite factory and operations director for the roads and earthworks activities in southern Africa.

2. **George Thomas** (71) Non-executive Chairman. Appointed a director in 1996. George is a CA(SA). He is currently the non–executive chairman of AFC Limited, Property Fund Managers Limited and Capital Property Fund. He is also a non-executive director of Rex Trueform Clothing Company Limited, The New Housing Company, Queenspark (Pty) Ltd, African & Overseas Enterprises Ltd., and Biarritz Parktown Security Association. He previously served as executive chairman of Building Materials Suppliers of South Africa. George had 32 years experience at AECI where he was an executive director for 15 years.

3. **Howard Turner** (60) Chief Financial Officer. Joined the Group and appointed a director in 1993. He is a CA(SA). He has a Diploma in Business Information Processing and is a graduate of the Stanford Executive Programme. He was in public practice with Coopers & Lybrand from 1962 to 1992, ending his time there as Managing Partner and a member of the National Executive Committee. He was a Member of the Board of Directors of Johannesburg Chamber of Commerce and Industries and currently serves as a Member of the Board of Directors of The Automobile Association of South Africa and Iliad Africa Limited.

4. **Piet du Preez** (53) Executive Director: Human Resources. Joined the Group in 1979. Appointed a director in 1998. He holds a BA HBA degree and a PMD Diploma. He was the senior personnel officer of Iscor, after which he joined Everite where he was a personnel manager and group human resource manager. In March 1993, he was appointed as group human resources director for Group Five.

   Harold Banton (60) Executive Director: Business Development. Joined the Group in 1988. Appointed a director in 1994. He is a fellow of the British Chartered Institute of Building. He worked for the construction company John Laings in the UK for 24 years and spent a few years in the Middle East. He was previously a construction director of Ovcon and managing director of Goldstein Housing and Group Five Building.

5. **Baroness Chalker of Wallasey** (61) Non-executive Director. Appointed a director in 2001. She is an independent advisor to the World Bank and to a number of businesses in Britain and southern Africa. She is also the first female advisory director of Unilever Plc and chairman of their external affairs and corporate relations committees. She is also a non-executive director of Ashanti Goldfields Company Ltd. She was a UK Member of Parliament for Wallasey from 1974 to 1992 and also a Government Minister for 18 consecutive years. She was Minister of State for Transport for three years and the Minister of State for Africa at the Foreign & Commonwealth Office for 12 years. She was also Minister for Overseas Development from 1989 until 1997. During these eight years she was responsible for overseas development world wide and for African and Commonwealth affairs.

6. **Kalaa Mpinga** (42) Non-executive Director. Appointed in 2002. He holds a BSc in Agricultural Economics and a MSc in International Agricultural Development. Currently Chairman of Mwana Africa Holdings, a recently formed resource company and a Director of the Bindura Nickel Corporation in Zimbabwe. He previously served as a Director of LTA Limited, and an executive vice president and alternate director of the Anglo American Corporation where he contributed to the development of their cross-border activities. He was also an executive director of the African Business Round Table. He has been involved in financial, legal and commercial negotiations with the World Bank, IFC, MIGA and African Development Bank and a number of bilateral financial institutions. Kalaa brings with him a very broad experience in doing business throughout the African Continent.

7. **Dennis Paizes** (67) Non-executive Director. Appointed a director in 1996. He holds a BComm degree and has extensive financial services experience. He has held managerial positions with Union Acceptances, Manufacturers Life, Liberty Life, AA Mutual and Kirsh Properties. He retired in 1996 as managing director of Fedsure Asset Managers and is now a director of several companies and the chairman or trustee of various pension funds.


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   Rufus Maruma (44) Non-executive Director. Appointed in 2002. He has an STD (Dip), BSc PED, BA (Hons), MSc (Environmental Science) and several certificates in Environmental Studies. He is a world-respected tourism, conservation, environmental and waste management expert, has been a key member of many prestigious councils and international initiatives and has been head of the Department of Environmental Affairs and Tourism in the Limpopo Province. He was also a member of the National Parks Board. He is chairman of Stewart Scott International, Palabora Mining Company Ltd, Bohlweki Environmental (Pty) Ltd, is executive chairman of George Stott & Company, and is a director of Enviroserv Holdings Ltd, Bakwena Concession Company, Amafaun Faun and Pan African Shopfitters. He is a member of the advisory panel of the Limpopo Province.

OPERATIONAL **MANAGEMENT**

The Group executive team sets the Group's direction by formulating and driving strategy. The executive team is comprised of CEO, CFO, HR director and Group business development director. The management committee, which consists of the executive team and the MDs of the business units, manages the integration of strategy into the Group and builds culture through the synergy of efforts.

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1. **Frank Enslin** (47) MD: Housing. Appointed 1 March 1996. BSc (Building Science).

   Paul le Sueur (46) MD: Building. Appointed 1 September 1984. BSc, QS, MAQS, RQS, MSc Building Management.

   Roux Gerber (33) MD: Infrastructure Development Services. Appointed 3 July 2002. BEng (Civil), Executive Programme in Business Management.

2. **Mathathias (Matt) Nkala** (45) MD: KwaZulu-Natal. Appointed 1 September 2002. BSc Eng (Electrical), MBL.

3. **Andrew Mc Jannet** (40) MD Civils Engineering. Appointed 9 January 1987. BSc Eng (Civil), BA (PPE), MA (Oxon), Pr Eng, MSAICE.

   Patrick Ayoub (42) CEO: WSSA. Appointed 1 July 2000. MBA, General Management Programme CEDEP (INSEAD).

4. **Johan de Witt** (46) MD: Vaal Sanitaryware. Appointed 1 January 2001. Advanced Diploma in Business Studies, Executive Management Programme, Management Development Programme.

   Piet Martins (50) MD: Angola. Appointed 1 October 1984. National Diploma Civil Engineering.

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5. **Peter Keenan** (46) MD: Civils Mining and Industrial. Appointed 5 October 1990. Higher National Diploma Civil Engineering.

   Michael Upton (49) MD: Projects. Appointed 1 September 2002. BSc Eng (Electrical), Management Development Programme, Pr Eng, SAIEE.

6. **Eugene du Toit** (48) MD: Roads and Earthworks. Appointed 1 January 1980. BSc Eng (Civil), BEng (Hons), Construction/Project Management Diploma in Arbitration.

   Tim Woodhead (44) MD: Intertoll. Appointed 24 August 1992. BSc Eng (Civil), MBA.

7. **Glenn Geldenhuis** (47) MD: DPI Plastics. Appointed 1 May 1998. BEng (Electronics) (Hons), MBL.

   John Wallace (45) MD: Everite Building Products. Appointed 1 April 2002. BCom, Executive Programmes in Advanced Marketing and Executive Management.

8. **Paul O'Flaherty** (40) Group Financial Controller. Appointed 1 January 2002. BCom, BAcc, CA (SA).

CORPORATE **GOVERNANCE**

"Corporate Governance is concerned with holding the balance between economic and social goals and between individuals and communal goals… the aim is to align as nearly as possible the interests of individuals, corporations and society."

Sir Adrian Cadbury, Corporate Governance Overview, 1999 World Bank Report

INTRODUCTION

Essentially, corporate governance is the means of ensuring due and adequate control over the strategy and direction of an organisation and the management, use and disposition of its assets – both financial and non-financial – in achieving its key objectives.

The Board of Group Five Limited fully subscribes to the principles of discipline, transparency, independence, accountability, responsibility, fairness and social responsibility as endorsed by King II.

The Group continuously benchmarks itself against the recommendations of King II and complies to the extent considered practical. If and when areas of non-compliance are discovered, they are addressed.

BOARDS AND DIRECTORS

(A) THE BOARD

The board is responsible for the good governance of the Group, which encompasses driving strategic direction and taking responsibility for a range of key decisions affecting such strategy. This role, together with the monitoring of executive directors, board committees and management policies and decisions, ensures that the board retains effective control and acts as an independent representative for shareholders.

The board meets quarterly and at other times as is deemed necessary. In fulfilling their duties, both to the Group and its shareholders, the directors aim to act impartially and independently when considering matters of strategy, performance and allocation of resources, and to maintain the highest levels of conduct. The board has established a number of committees in which the non-executives play an active role and which operate within defined terms of reference as laid down by it.

(B) CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The posts of chairman and chief executive officer are separately held with a clear division of duties. The chairman's post is held by a non-executive director. The chairman's performance is evaluated annually at a board meeting.

(C) COMPOSITION OF THE BOARD

The board consists of four executive directors and five non-executive directors.

The performance of the former is evaluated by the remuneration committee and the latter by the chairman in consultation with the CEO and executive directors.

All the non-executive directors are considered independent in terms of the criteria of King II. Full details of the current directors are set out on page 30 – 31 of the financial statements.

There is no formally constituted nomination committee for the election of directors. The board considers that such a committee is not required as this function is dealt with by the remuneration committee and details of any proposed candidate are distributed to all directors for consideration before any appointment is made.

(D) BOARD COMMITTEES

Currently, the board has three formalised committees as set out below.

Risk committee

The risk committee consists of the chairman, CEO, CFO and one non-executive director.

The risk management process to date has been to manage the Group's business risks by safeguarding its assets and revenues, ensuring compliance with the numerous statutory laws and regulations affecting it, as well as insuring for those events beyond the control of management.

The risk committee, which was established in the previous year, is now fully functional and its specific terms of reference include providing a policy, framework and methodology for the Group to identify, analyse and manage risk, and to provide assurance to the board that the risk management policy and strategy set by the board is operating effectively. The committee is not responsible for risk management, but facilitates, challenges and drives the process.

Audit committee

The audit committee consists of the chairman, CEO, CFO and two non-executive directors. Both the internal and external auditors have unrestricted access to the audit committee. Meetings are held at least three times a year and are attended by the external and internal auditors. All directors have an open invitation to attend these meetings.

The audit committee operates in accordance with written terms of reference which include approving and evaluating the external

auditors and their audit plan (including fees), approving and evaluating the internal auditors and their audit plan, reviewing and approving the annual financial statements and interim report, and reviewing the significant findings and problems arising from both the external and internal audits.

The audit committee believes that both the external and internal auditors are independent.

Remuneration committee

The remuneration committee consists of the chairman, the CEO, one executive director, two non-executive directors and an independent external consultant. Its specific terms of reference as delegated by the board embrace recommendations with regards to Group remuneration policy, approval of remuneration packages for executive directors and senior officials, bonus and incentive schemes and applications, non-executive directors' fees, share purchase and option schemes and service agreements.

(E) DIRECTORS' REMUNERATION

Summary

	Year ended 30 June 2003 R'000	Year ended 30 June 2002 R'000
Executive directors		
• For management services, excluding incentives	**7 086**	8 612
• Performance and equity incentives	**3 946**	4 249
	11 032	12 861
Non-executive directors		
• Directors' and other fees	**1 316**	461
Total	**12 348**	13 322

DETAILS OF EMOLUMENTS PAID:

Executive directors

Name	Salary and car allowance		Retirement, medical and other contributions (R'000)		Performance and equity incentives (R'000)		Other (R'000)		Total (R'000)	
	30 June		30 June		30 June		30 June		30 June	
	2003	2002	**2003**	2002	**2003**	2002	**2003**	2002	**2003**	2002
M Lomas	**1 589**	1 367	**265**	225	**1 409**	1 261	**15**	92	**3 278**	2 945
H Turner	**1 121**	991	**190**	165	**949**	939	**28**	58	**2 288**	2 152
P du Preez	**811**	749	**182**	133	**680**	480	**40**	41	**1 713**	1 403
P Erasmus	**1 532**	434	**152**	75	**209**	–	**27**	28	**1 920**	537
H Banton	**930**	796	**170**	141	**699**	639	**34**	92	**1 833**	1 667
P Sneddon	**–**	528	**–**	84	**–**	–	**–**	63	**–**	675
P le Sueur	**–**	676	**–**	118	**–**	654	**–**	92	**–**	1 540
FT Venter	**–**	572	**–**	116	**–**	189	**–**	102	**–**	979
BD van Wyk	**–**	606	**–**	109	**–**	87	**–**	160	**–**	962
	5 983	6 719	**959**	1 166	**3 946**	4 249	**144**	728	**11 032**	12 861

Non-executive directors

	Total 30 June 2003 R'000	Total 30 June 2002 R'000
G Thomas	**293**	124
L Chalker	**447**	254
D Paizes	**84**	44
GM Negota	**–**	49
K Mpinga	**256**	–
M Maruma	**236**	–
	1 316	461

(F) COMPANY SECRETARY

The company secretary is appointed by the board. The company secretary's statement of compliance is set out on page 44 of the financial statements.

All directors have access to the advice and services of the company secretary, who is responsible to the board for ensuring board procedures are complied with. Notwithstanding, all directors are, however, entitled to seek independent professional advice about the affairs of the Group at the Group's expense.

A formal orientation programme for the induction of new directors as well as a re-orientation programme for existing directors is being implemented. The company secretary is also responsible for alerting directors to any relevant changes to the Companies Act, the Insider Trading Act and the JSE Listings Requirements.

(G) OTHER

The board acknowledges its responsibility for the preparation, integrity and fair presentation of the annual financial statements, as well as its responsibility in assessing the going concern of the Group. A statement in this regard is set out on page 44 of the financial statements.

The Group's new Code of Ethics will be introduced during the forthcoming year.

CORPORATE **GOVERNANCE CONTINUED**

RISK MANAGEMENT, INTERNAL AUDIT AND INTERNAL CONTROLS

The Group maintains systems of internal control over financial reporting and over safeguarding of assets, which are designed to provide reasonable assurance to the board of directors and the Group's senior management regarding the preparation of reliable published financial statements and the safeguarding of the Group's assets.

An internal audit team reports directly to the audit committee and its role includes an evaluation and assessment of the Group's compliance with its internal control procedures as described above.

A management sub-committee of the board risk committee is tasked to formally identify, rate and document the broad spectrum of high level risks in all areas of the Group on an ongoing basis, including strategic; operational; financial; human resource; safety; health; environment and quality; information technology; and marketing and business development. In a move away from a predominantly financial focus on risk, the Group has reviewed its information requirements in line with best practice processes and systems and is now in the process of implementing suitable hardware and software to assist management in its ability to identify, evaluate, monitor and report on all significant risks in an accurate, relevant and timeous manner.

SOCIAL UPLIFTMENT AND DEVELOPMENT

The Group continues to focus on providing bursaries to students from previously disadvantaged communities. In conjunction with Rand Afrikaans University progress was made in identifying and attracting talented black scholars into the engineering profession.

Corporate Social Investment activities revolved around community upliftment projects. Donations amounting to R404 000 (2002: R280 640) were made. Key focus areas for donations were for HIV/AIDS, education and projects aimed at improving the quality of life in communities.

The Group continues to implement various commercial equity initiatives in order to bring people from historically disadvantaged communities into mainstream economic opportunities. Examples of this are:

- The establishment of Dilokong (Pty) Ltd by the Civils Mining and Industrial business unit. Dilokong is 50% black owned and supplies concrete to all Eastern Limb Platinum Developments.

- DECTI, a specialist procurement verification company, in conjunction with various mining houses, is in the process of accrediting the Civils Mining and Industrial business unit as meeting their black empowerment criteria. Civils Mining and Industrial will then be listed with the "SA Mining Preferential Procurement Forum" as a preferred contractor.

- DPI has successfully established three black empowerment merchant trading companies which supply a complete range of civil and industrial products to various Southern African markets. These companies are DPI-Motown, Incledon-DPI and DPI-Phumela Trading. All three have performed exceptionally well.

Group Five continues to seek opportunities to establish black empowerment companies with historically disadvantaged community groups.

EMPLOYMENT EQUITY

The Group remains committed to pursuing its employment equity objectives. Where possible opportunities are sought to develop people from within. However, a shortage of skills at more senior levels and difficulty in attracting the right calibre of people into the industry at tertiary level means that progress is slower than anticipated.

The percentage of employees from designated groups (ie previously disadvantaged individuals) by occupational category is reflected in the table below:

	% EMPLOYEES FROM DESIGNATED GROUPS			
Category	**Actual June 2001**	**Actual June 2002**	**Actual June 2003**	**Target June 2006**
Senior Management (Peromnes 1 – 5)	7,1%	6,5%	8,8%	20%
Middle Management (Peromnes 6 – 7)	18,5%	19,9%	18,2%	35%
Specialised/Skilled (Peromnes 8 – 11)	56,6%	57,3%	56,4%	50%
Administration (Peromnes 12 – 13)	96,3%	96,7%	95,6%	60%
Semi Skilled/Lower (Peromnes 14 – 19)	99,6%	99,3%	99,1%	90%

HUMAN RESOURCES

The Group's human resources management priorities are:

- Manpower and succession planning
- Performance management
- Identification of talent and development of our people
- Application of best practice in people management processes
- Employment equity

The shortage of skills in both management and engineering/technical arenas continues to stretch existing resources. Identification and retention of talent in the organisation and developing the student pipeline from designated groups remain imperatives.

The Group's manpower and succession planning approach has been significantly revised during the past year and is in the process of being implemented throughout the business units. This should result in the right quality and quantity of skills being available at all levels in the future.

During the year under review the Group introduced a revised incentive scheme at senior management levels. The new scheme is aimed at improving shareholder value by focusing not only on financial but also on strategic objectives.

Employee assistance programmes are being revised to ensure appropriate support for employees and families working in African countries.

The Group continues to maintain sound industrial relationships with all stakeholders and was not negatively affected by industrial action during the year under review.

In the year ahead the focus will be on manpower and succession planning together with building managerial skills to deal with growth strategies.

SAFETY, HEALTH, ENVIRONMENT AND QUALITY (SHEQ)

The ability to effectively manage safety, health, environment and quality issues within all operations is of paramount importance to the success of the Group. Significant investments have been made in SHEQ initiatives and excellent progress achieved in implementing such initiatives. Outside expertise has assisted in transferring knowledge into the Group.

SAFETY

Based on a process of investigations and appraisals of existing market place safety and health management systems, the development of the Group Five Safety and Health system was completed. This management system was developed in line with the "Occupational Health and Safety Assessment Series 18001" (OHSAS 18001) management system standards. A major advantage of this management system, with external certification by the South African Bureau of Standards (SABS), is that it offers assurance to the Group's clients that the highest standards will be maintained by all operations. The objective is to attain full OHSAS 18001 certification in all business units.

The Group's initiatives in this regard resulted in notable external safety awards on the following projects:

- NOSA 4 Star Grading
  - Sasol 1
  - Silvacel Mondi
- NOSA 5 Star Grading
  - Marula Mine
  - SSF Secunda
  - Twickenham Mine
- MBA 5 Star Grading
  - Silvacel Mondi
  - Oyster Rock (Umhlanga Rocks)
  - Engen Refinery

CORPORATE **GOVERNANCE CONTINUED**

Group Five Housing received the “Best Construction Company” safety award from Anglo Plats Rustenburg on the Oasis housing project.

HEALTH

The Group’s Occupational Health programmes continued to focus on health risks in the working environments as well as the management of occupational health risks related to employees working in African countries. To this extent the Group is maintaining five Occupational Health Clinics to monitor occupational health trends.

The Group’s Executive Health Policy and Programme was revisited and a structured programme was introduced in the year under review.

Third party services were engaged to advise the Group on safety and health issues.

HIV/AIDS

The Group, in consultation with Medscheme completed a critical evaluation of processes and activities relating to the HIV/Aids pandemic and resultant impact on the Group’s activities.

Based on best practice both nationally and internationally, our policy and practices were reviewed resulting in a revised HIV/Aids strategy which is currently being implemented throughout the Group.

The outcome of an “actuarial modelling” exercise to assess the impact on risk benefit arrangements is still awaited.

ENVIRONMENT

The Group remains committed to the achievement of ISO 14000 certification by the end of 2004.

The focus from an environmental perspective remains on sustainability and minimising the environmental impact of all operations.

QUALITY MANAGEMENT

Certification of our business units in terms of ISO 9001 increased from 50% in the previous financial year to 86% at the end of June 2003. This achievement was mainly due to the leadership commitment in the Group’s business units to provide quality service to our customers.

We are confident that with the continued implementation of the Group’s integrated quality management system all business units will be certified by the end of the next financial year.

STAKEHOLDER COMMUNICATION

The Group is committed to a policy of effective communication with its stakeholders, in particular with the investment community. The policy is one of honest, open and timeous communication on both financial and non-financial matters.

The executive committee of the Group, which is chaired by the chief executive officer, together with the assistance of external consultants, monitors and evaluates on a monthly basis the effectiveness of the communication strategy. In addition to formal communications, matters considered of general interest to all shareholders are communicated on the Stock Exchange News Services (“SENS”). The board deems the annual general meeting to be a further forum for contact with shareholders and encourages their attendance and participation.

The Group has a corporate website (www.g5.co.za) and wishes to pursue the electronic communication and distribution of annual financial statements, interim reports and voting/proxies. To this end and to ensure the Group remains abreast with updates in the Companies Act and the JSE Listings Requirements, the Group’s Memorandum and Articles have been modified where necessary and shareholders will be asked to adopt them at the forthcoming Annual General Meeting.

CHIEF **FINANCIAL OFFICER'S REPORT**

FINANCIAL OVERVIEW

Revenue increased by 2% to R4,1 billion (2002: R4,0 billion), earnings per share by 26% to 140,0 cents (2002: 111,4 cents) and headline earnings per share by 24% to 111,3 cents (2002: 90,0 cents).

Total dividends of 37 cents relating to the year under review represent an increase of 19% over the previous year. The dividends are approximately 3,8 times covered, which is in line with the Group's policy of being between three and four times covered.

RESULTS OF OPERATIONS

The Group's overall performance for the year has been pleasing given the volatility experienced in the currency markets. The policy of limiting our foreign currency exposure by matching, to the extent possible, the currency in which revenues are received with the currency of related costs and repatriating all available foreign cash immediately, has minimised the adverse effect of the extreme currency fluctuations.

Due to the strengthening of the Rand revenue generated outside South Africa during the past year has decreased to 33% of the Group's turnover compared to 37% in the previous year.

Operating profit increased by 29% to R160,1 million (2002: R124,6 million). Included in operating profit are foreign exchange losses of R2,4 million in the current year compared to exchange gains of R64,2 million in the prior year, due to the strengthening of the Rand.

Reference should be made to the Segmental Analysis on page 52 and the Operational Review on pages 16 to 28 for a detailed explanation of the results.

Net finance costs increased from R26,4 million to R28,5 million due to higher average interest rates and increased levels of working capital.

The effective tax rate was 23,1% (2002: 20,2%) primarily due to the use of tax losses for which no deferred tax asset was previously raised.

The Group has tax losses of half a billion Rand available for set off against future taxable income.

LIQUIDITY AND CAPITAL RESOURCES

Funding and treasury policies are managed centrally by the Group. Included in cash and cash equivalents at 30 June 2003 is an amount of R137,8 million (2002: R120 million) relating to advance payments on foreign contracts which is only available to the Group when the last certificates on the relevant contracts are approved.

The Group's directors believe that working capital resources, by way of cash generated from operations, borrowing facilities and existing cash on hand are sufficient to meet the Group's future working capital needs.

CASH RESOURCES

Operations

Net cash generated from operations of R129 million was in line with the prior year amount of R132,2 million.

Investing

Net expenditure on fixed assets and investments of R118,4 million (2002: R132,7 million) was in line with budget. Plant in the Roads business unit considered excess to requirements was disposed of as part of the process of optimising plant to a smaller but more modern fleet.

CREDIT FACILITIES

The Group has a total local borrowing facility with major South African banks of R238 million of which R173 million was drawn down at 30 June 2003

CHIEF **FINANCIAL OFFICER'S REPORT CONTINUED**

(2002: R107 million). Total financial institution backed guarantees provided to third parties amounted to R1,1 billion which was at the limit of the total facilities provided.

The Group's investment in the finance leases relating to the Anglo Plats mining house employees project of R266,3 million at 30 June 2003 has been offset for disclosure purposes against a long-term loan due to Nedbank of the same amount. This is in accordance with AC 125 "Financial Instruments – Presentation and Disclosure" as there is a legally enforceable right to offset the amounts.

OTHER

THE YEAR AHEAD

In line with the overall Group strategy the financial function will be focused on the following objectives in the next year:

- Optimising the utilisation of the JD Edwards ERP software which was successfully implemented in the Construction and Infrastructure Development Services operations during the year;
- Streamlining and enhancing the performance of the recently formed financial and payroll shared services operation;
- Implementing the JD Edwards ERP software in the Manufacturing and Operations and Maintenance operations;
- Significantly improving working capital management through the setting of detailed objectives by business units, monitoring progress and taking corrective action where necessary; and
- Raising the standard of financial reporting and analysis of results to ensure that there is effective interpretation and monitoring as well as relevant and timeous management action.

LITIGATION AND CONTINGENCIES

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

Statement of Responsibility by the Board of Directors

for the year ended 30 June 2003

The directors are responsible for the maintenance of proper accounting records and the preparation, integrity and fair presentation of the financial statements of Group Five Limited and its subsidiaries. The financial statements, presented on pages 46 to 77 have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice and in the manner required by the Companies Act in South Africa 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 directors also have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and prevent and detect fraud and other irregularities. 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 Group is 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 unqualified audit report is presented on page 45.

The financial statements were approved by the board of directors on 20 August 2003 and are signed on its behalf by:

GM Thomas

MH Lomas

Statement of Compliance by the Company Secretary

for the year ended 30 June 2003

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

20 August 2003

Report of the Independent Auditors

for the year ended 30 June 2003

TO THE MEMBERS OF GROUP FIVE LIMITED

We have audited the company and Group financial statements set out on pages 46 to 77 for the year ended 30 June 2003. 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 company and Group at 30 June 2003 and the results of their 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.
Registered Accountants and Auditors
Chartered Accountants (SA)

Johannesburg
20 August 2003

Directors' Report

for the year ended 30 June 2003

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 48 and attention is drawn to the reports of the chairman, chief executive officer and chief financial officer for comment thereon. Segmental information as approved by the directors relating to the business of the Group is set out on page 52.

SHARE CAPITAL

The authorised and issued share capital is as follows:

Authorised:

150 000 000 ordinary shares of no par value.

Issued:

73 573 023 ordinary shares of no par value with 4 453 432 ordinary shares held as treasury stock.

DIVIDENDS

On 20 August 2003, the directors declared a final dividend of 23,0 cents per ordinary share (2002: 20,0 cents). In order to comply with the requirements of STRATE the relevant details are:

Event	Date
Last day to trade cum-dividend	17 October 2003
Shares to commence trading ex-dividend	20 October 2003
Record date (date shareholders recorded in books)	24 October 2003
Payment date	27 October 2003

No share certificates may be dematerialised or rematerialised between 20 October 2003 and 24 October 2003, both dates inclusive.

Directors' Report

for the year ended 30 June 2003

DIRECTORS AND SECRETARY

The names of the directors appear on page 30 and 31 of this report. Since the date of the last annual financial statements the following movement took place:

Name	Executive/ Non-executive	Resigned
PJ Erasmus	Executive	7 March 2003

In terms of the articles of association of the company, Messrs MR Maruma and KK Mpinga retire as non-executive directors and Mr MH Lomas retires as executive director 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 page 78 of this report.

DIRECTORS' SHAREHOLDINGS

At 30 June 2003 the number of ordinary shares held beneficially and non-beneficially by the current directors was 907 015 and nil respectively (2002: 932 215 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.

Income Statement

for the year ended 30 June 2003

	Notes	Group 2003 R'000	Group 2002 R'000
Contract, property rental and development revenue		**3 246 925**	3 240 272
Other sales revenue		**853 436**	780 484
Total revenue	2	**4 100 361**	4 020 756
Total operating cost		**(3 940 234)**	(3 896 183)
Operating profit	3	**160 127**	124 573
Finance costs	4	**(28 530)**	(26 397)
Profit before taxation		**131 597**	98 176
Taxation	5	**(30 463)**	(19 821)
Profit after taxation		**101 134**	78 355
Minority interest		**(4 366)**	(1 346)
Attributable profit for the year		**96 768**	77 009
Earnings per share/fully diluted earnings per share (cents)	6.1	**140,0**	111,4
Headline earnings per share (cents)	6.2	**111,3**	90,0
Dividends per share (cents) – based on years to which they relate		**37,0**	31,0

Balance Sheet

at 30 June 2003

	Notes	Group 2003 R'000	2002 R'000
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	7	**509 425**	449 477
Associates	8	**14 659**	16 652
Other investments	9	**80 048**	78 793
		604 132	544 922
CURRENT ASSETS			
Inventories	10	**213 738**	264 580
Contracts in progress	11	**196 823**	256 526
Accounts receivable	12	**814 842**	907 055
Bank balances and cash	13, 23	**263 618**	299 873
		1 489 021	1 728 034
Total assets		**2 093 153**	2 272 956
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Shareholders' equity		**455 080**	381 813
MINORITY INTERESTS IN SUBSIDIARIES		**9 899**	5 949
NON-CURRENT LIABILITIES			
Interest-bearing borrowings	13	**60 832**	50 803
Provision for post-employment obligations	19	**46 199**	55 296
Deferred taxation	14	**–**	–
		107 031	106 099
CURRENT LIABILITIES			
Accounts payable	15, 23	**1 142 349**	1 381 931
Provisions for liabilities and charges	16	**124 757**	166 659
Taxation		**17 862**	19 078
Bank overdrafts and short-term borrowings	13, 23	**236 175**	211 427
		1 521 143	1 779 095
Total liabilities		**1 628 174**	1 885 194
Total equity and liabilities		**2 093 153**	2 272 956

Cash Flow Statement

for the year ended 30 June 2003

	Notes	Group 2003 R'000	2002 R'000
CASH FLOW FROM OPERATING ACTIVITIES			
Operating profit before working capital changes	20	**216 803**	179 738
Working capital changes	21	**(87 823)**	(47 462)
Cash generated from operations		**128 980**	132 276
Finance costs		**(28 530)**	(26 397)
Taxation paid	22	**(29 630)**	(43 982)
Dividends paid		**(23 501)**	(17 971)
Cash effects of operating activities		**47 319**	43 926
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of fixed assets		**(161 569)**	(157 800)
Acquisition of investments		**(1 255)**	(14 245)
Repayments by associates		**4 302**	4 705
Proceeds on disposal of fixed assets		**40 171**	34 598
Cash effects of investing activities		**(118 351)**	(132 742)
CASH FLOW FROM FINANCING ACTIVITIES			
Long-term borrowings raised		**26 161**	34 665
Long-term borrowings repaid		**(16 132)**	(14 757)
Cash effects of financing activities		**10 029**	19 908
Net decrease in cash and cash equivalents		**(61 003)**	(68 908)
Cash and cash equivalents at beginning of year		**88 446**	157 354
Cash and cash equivalents at end of year	23	**27 443**	88 446

Statement of Changes in Equity

for the year ended 30 June 2003

	Group	
	2003 R'000	2002 R'000
STATED CAPITAL		
Opening and closing balance (69 119 591 no par value shares)	**286 245**	286 245
	286 245	286 245
DISTRIBUTABLE RESERVES		
Opening balance	**95 568**	36 530
Retained earnings for the year	**96 768**	77 009
Dividends paid	**(23 501)**	(17 971)
Closing balance	**168 835**	95 568
Shareholders' equity	**455 080**	381 813

73 573 023 (2002: 73 573 023) ordinary shares have been placed under the control of the directors until the next annual general meeting of shareholders. 4 453 432 (2002: 4 453 432) ordinary shares are held as treasury stock by the Group.

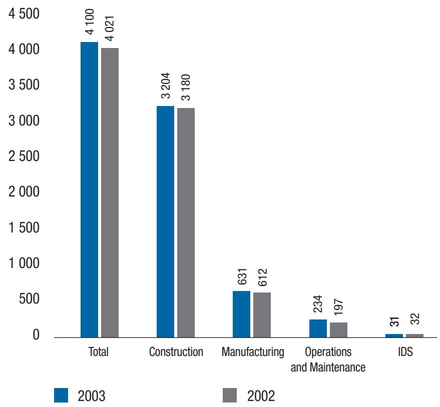
Segmental Analysis

for the year ended 30 June 2003

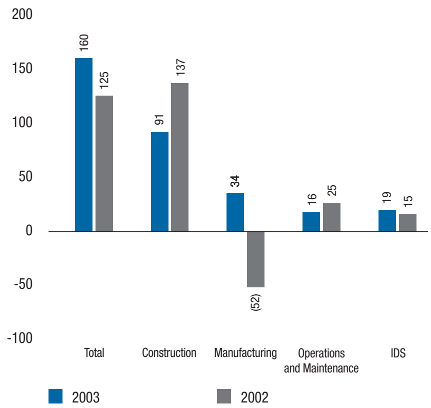
INDUSTRY SEGMENTS

For management purposes, the Group is organised on a worldwide basis into four major operating segments as depicted within the graphs below:

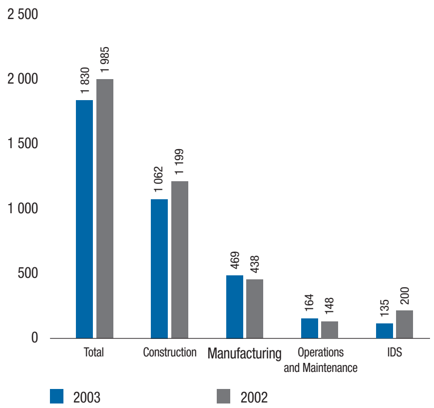
Industry Segments – Revenue
R millions



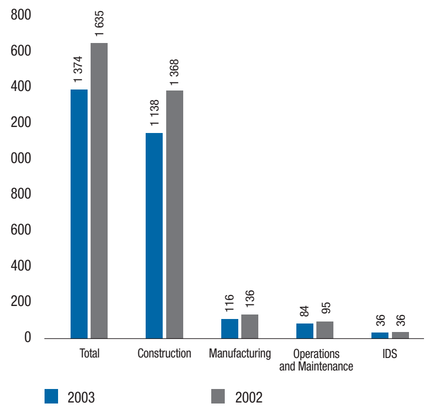
Industry Segments – Operating profit/(loss)
R millions



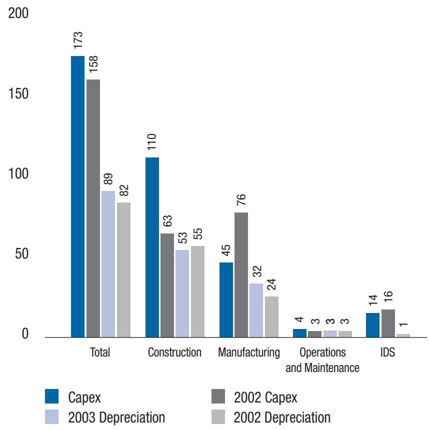
Industry Segments – Total assets
R millions



Industry Segments – Total liabilities
R millions



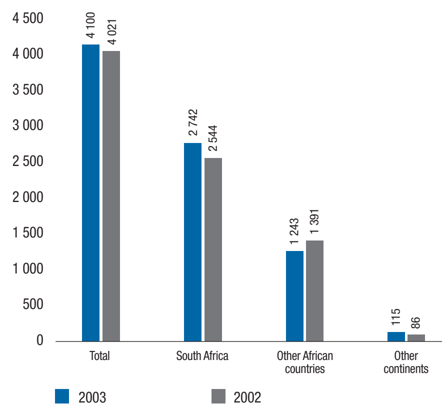
Industry Segments – Capital expenditure and deprecia
R millions



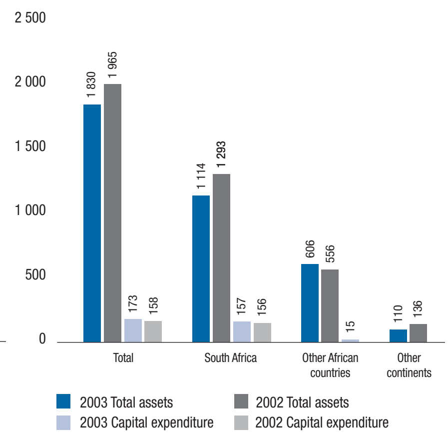
GEOGRAPHICAL SEGMENTS

The Group's segments are managed on a worldwide basis and operate in three principal geographical areas of the world.

Geographical Segments – Revenue
R millions



Geographical Segments – Total assets and capital expenditure R millions



1. PRINCIPAL ACCOUNTING POLICIES

The financial statements are prepared on the historical cost basis as modified by the revaluation of investments and investment property. 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, other than stated in note 1.25, are consistent with those of the previous year. Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

1.1 USE OF ESTIMATES

The preparation of the financial statements in conformity with South African Statements of Generally Accepted Accounting Practice requires the Group's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

1.2 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 entities 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 jointly controlled entities 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.

1.3 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.

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.

Accounting Policies

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

1.6 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 income earned by the Group is 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.

1.7 FOREIGN TRANSACTIONS

Transactions in foreign currencies are converted at the approximate rates of exchange ruling at the dates of these transactions. Balances outstanding on unsettled monetary foreign transactions at the end of the financial year, are translated to Rands at the approximate rates ruling at that date.

1.8 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 operating profit; and
- 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.

1.9 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. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

1.10 COMPUTER SOFTWARE DEVELOPMENT COSTS

Expenditure that enhances and extends the benefits of computer software programs is recognised as a capital improvement and added to the original cost of the software. Computer software development costs recognised as assets are disclosed as fixed assets and amortised using the straight-line method over their useful lives, not exceeding a period of three years.

1.11 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.

1.12 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.

1.13 IMPAIRMENT OF LONG-TERM ASSETS

The Group continually reviews its long-term assets which includes properties, other fixed assets 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.

1.14 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.

1.15 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.

1.16 INVENTORIES

Materials, consumable stores, work in progress and finished goods are 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.

1.17 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 certified progress payments received and receivable. Costs include expenditure relating to future activity together with provisions made for losses expected to arise on completion of individual contracts. Advance payments received on individual contracts are shown separately under accounts payable.

1.18 CASH AND CASH EQUIVALENTS

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

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

1.19 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, 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.

1.20 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.

1.21 EMPLOYEE BENEFITS

The accounting policies relating to employee benefits can be categorised into three areas, as follows:

a) Pension obligations

The Group participates in a Group defined benefit plan, a number of Group defined contribution plans and a number of multi-employer industry plans. The pension plans are funded by payments from employees and by relevant Group companies, taking account of the recommendations of independent qualified actuaries. All plans and their assets are managed in separate trustee-administered funds.

The Group's pension accounting costs for the defined contribution plans and multi-employer industry plans are limited to the annually determined contributions. For the defined benefit plan, the pension accounting costs are assessed using the projected unit credit method. Under this method, the cost of providing pensions is charged to the income statement so as to spread the regular cost over the service lives of employees in accordance with the advice of qualified actuaries who carry out a full valuation of the plans annually. The pension obligation is measured as the present value of the estimated future cash outflows. All actuarial gains and losses are spread forward over the average remaining service lives of employees.

b) Post-employment obligations

Some Group companies provide post-employment medical and pension costs for certain of their retirees. The expected costs of these benefits are accrued over the period of employment using a methodology similar to that of defined benefit plans. Valuations of these obligations are carried out on a periodic basis by professionally qualified independent actuaries. The post-employment obligations are not funded.

c) Leave pay

Employee entitlements to annual leave are recognised when they accrue to employees. Full provision is made for the estimated liability for annual leave, as a result of services by employees, up to the balance sheet date.

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

1.22 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 and are disclosed at the operating profit/(loss) level.

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

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 nor bank balances/overdrafts as the Group operates under a centralised cash management function.

1.23 FINANCIAL INSTRUMENTS

Financial instruments carried on the balance sheet include cash and cash equivalents (as defined), investments, accounts receivable, accounts payable, provisions and non-current liabilities (excluding deferred taxation). The particular recognition methods adopted are disclosed in the individual policy statements or notes associated with each item.

1.24 DIVIDENDS PAID

Dividends paid are recognised when declared by the board of directors.

1.25 EARNINGS PER SHARE

a) *Earnings per share* is based on attributable profit for the year divided by the weighted average number of ordinary shares (excluding treasury shares) in issue during the year. Fully diluted earnings per share is presented when the inclusion of potential ordinary shares has a dilutive effect on earnings per share.

b) *Headline earnings per share* is based on the same calculation as above except that attributable profit excludes items of a capital nature as defined in Circular 7/2002 "Interpretation of Statement of Investment Practice No 1: Headline Earnings" as issued by the South African Institute of Chartered Accountants in December 2002. The adjustment on headline earnings as previously reported is as follows:

	Currently reported 30 June 2002 R'000	**As previously reported 30 June 2002 R'000**
Attributable profit	77 009	77 009
Adjusted for:		
• profit on disposal of fixed assets (after tax)	(5 876)	(5 876)
• fair value adjustment relating to investment property (after tax)	(8 917)	–
Headline profit	62 216	71 133
Weighted average number of shares (000's)	69 120	69 120
Headline earnings per share (cents)	90,0	102,9

Notes to the Financial Statements

for the year ended 30 June 2003

		Group	
		2003	2002
		R'000	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; and

2.3 invoiced value of goods and services supplied.

3. OPERATING PROFIT

		2003 R'000	2002 R'000
	Operating profit is stated after crediting:		
3.1	Foreign exchange (loss)/gains – net	**(2 391)**	64 201
3.2	Profit on disposal of fixed assets	**15 603**	8 394
3.3	Fair value adjustment relating to investment property	**11 525**	13 936
3.4	Fair value adjustment relating to investments	**–**	7 000
3.5	Income/(loss) from associates	**4 774**	(3 423)
	and after charging:		
3.6	Auditors' remuneration	**3 917**	3 774
	Audit fees	**2 700**	2 780
	Fees for other services	**1 217**	994
3.7	Depreciation and amortisation	**88 578**	81 072
	Owner occupied land and buildings	**1 032**	1 003
	Plant, vehicles, furniture and other equipment		
	– Purchased	**79 701**	72 761
	– Leased	**7 845**	7 308
3.8	Directors' emoluments		
	Executive directors		
	For management services excluding incentives	**7 086**	8 612
	Performance and equity incentives	**3 946**	4 249
		11 032	12 861
	Paid by subsidiaries	**(11 032)**	(12 861)
		–	–
	Non-executive directors		
	Directors' fees	**545**	247
	Other fees	**771**	214
	Paid by subsidiaries	**(1 316)**	(461)
		–	–

		Group	
		2003	2002
		R'000	R'000
3.	**OPERATING PROFIT (CONTINUED)**		
3.9	Rentals under operating leases	**15 768**	7 980
	Land and buildings	**9 395**	5 675
	Other equipment	**6 373**	2 305
3.10	Remuneration other than to employees	**12 450**	8 133
	Management services	**395**	1 996
	Technical services	**12 055**	6 137

4. FINANCE COSTS

	2003 R'000	2002 R'000
Interest (paid)/received:		
Bank and short-term borrowings	**(28 530)**	(27 440)
Other	**–**	1 043
	(28 530)	(26 397)

Interest to the value of R4,3 million (2002: R5,5 million) was capitalised to developments in progress.

Notes to the Financial Statements

for the year ended 30 June 2003

	Group	
	2003	2002
	R'000	R'000
5. TAXATION		
SOUTH AFRICAN NORMAL TAXATION		
Current taxation	**(5 553)**	–
– current year	**(5 553)**	–
Deferred taxation	**–**	2 191
– current year	**–**	2 191
FOREIGN TAXATION (INCLUDING WITHHOLDING TAX)		
Current taxation	**(22 861)**	(21 828)
– current year	**(22 861)**	(21 828)
SHARE OF ASSOCIATES' TAXATION	**(2 049)**	(184)
	(30 463)	(19 821)
RECONCILIATION OF NORMAL TAXATION RATE	**%**	%
South African normal taxation rate	**30,0**	30,0
Adjusted for:		
Capital items and disallowed expenses	**1,0**	1,6
Tax losses not recognised/(use of tax losses not recognised) – net	**(7,9)**	(11,4)
Effective rate of taxation	**23,1**	20,2
	R'000	R'000
Estimated taxation losses available for set-off against future taxable income	**499 990**	413 318
Potential taxation relief at current taxation rates	**149 997**	123 995

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

Notes to the Financial Statements

for the year ended 30 June 2003

	Attributable profit R'000	Shares 000's	**Earnings per share (cents)**
6. EARNINGS PER SHARE			
6.1 EARNINGS PER SHARE/FULLY DILUTED EARNINGS PER SHARE			
For the year ended 30 June 2003			
Basic/fully diluted earnings per share			
Shares outstanding 1 July 2002		69 120	
Weighted average number of shares issued during the period		–	–
Income available to shareholders	96 768	69 120	140,0
For the year ended 30 June 2002			
Basic/fully diluted earnings per share			
Shares outstanding 1 July 2001		69 120	
Weighted average number of shares issued during the period		–	
Income available to shareholders	77 009	69 120	111,4

	2003 R'000	2002 R'000
6.2 HEADLINE EARNINGS PER SHARE		
A reconciliation is as follows:		
Attributable profit	**96 768**	77 009
Adjusted for:		
• profit on disposal of fixed assets (after tax)	**(10 922)**	(5 876)
• fair value adjustment relating to investment property (after tax)	**(8 925)**	(8 917)
Headline profit	**76 921**	62 216
Weighted average number of shares (000's)	**69 120**	69 120
Headline earnings per share (cents)	**111,3**	90,0

Notes to the Financial Statements

for the year ended 30 June 2003

	Group	
	2003	2002
	R'000	R'000
7. FIXED ASSETS		
TOTAL FIXED ASSETS		
Cost		
At the beginning of the year	**936 500**	850 207
Additions	**173 094**	171 736
Disposals	**(95 275)**	(85 443)
At the end of the year	**1 014 319**	936 500
Depreciation and amortisation		
At the beginning of the year	**487 023**	465 190
Current year charge	**88 578**	81 072
Disposals	**(70 707)**	(59 239)
At the end of the year	**504 894**	487 023
Net book value	**509 425**	449 477
OWNER OCCUPIED LAND AND BUILDINGS		
Cost		
At the beginning of the year	**66 720**	58 082
Additions at cost	**7 543**	3 437
(Disposals)/transfer	**(6 462)**	5 201
At the end of the year	**67 801**	66 720
Amortisation		
At the beginning of the year	**(25 535)**	(35 524)
Disposals	**3 626**	10 992
Current year charge	**(1 032)**	(1 003)
At the end of the year	**(22 941)**	(25 535)
Net book value	**44 860**	41 185
INVESTMENT PROPERTIES		
Fair value at beginning of year	**46 056**	33 745
(Disposals)/additions	**–**	(1 625)
Fair value adjustment	**11 525**	13 936
Fair value at end of year	**57 581**	46 056

Notes to the Financial Statements

for the year ended 30 June 2003

	Group 2003 R'000	Group 2002 R'000
7. FIXED ASSETS (CONTINUED)		
PLANT, VEHICLES, FURNITURE AND OTHER EQUIPMENT – PURCHASED		
Cost		
At the beginning of the year	**778 729**	721 826
Additions	**150 434**	142 112
Disposals	**(88 813)**	(85 209)
At the end of the year	**840 350**	778 729
Depreciation		
At the beginning of the year	**(445 003)**	(417 483)
Disposals	**67 082**	45 241
Current year charge	**(79 701)**	(72 761)
At the end of the year	**(457 622)**	(445 003)
Net book value	**382 728**	333 726
PLANT, VEHICLES, FURNITURE AND OTHER EQUIPMENT – LEASED		
Cost		
At the beginning of the year	**44 995**	36 554
Additions	**3 592**	12 251
Disposals	**–**	(3 810)
At the end of the year	**48 587**	44 995
Depreciation		
At the beginning of the year	**(16 485)**	(12 183)
Disposals	**–**	3 006
Current year charge	**(7 845)**	(7 308)
At the end of the year	**(24 330)**	(16 485)
Net book value	**24 257**	28 510

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

	Group 2003 R'000	Group 2002 R'000
8. ASSOCIATES		
UNLISTED ASSOCIATE		
Shares at cost	**10 143**	10 143
Group's share of retained earnings and reserves	**4 516**	(1 848)
	14 659	8 295
Unsecured loans	**–**	8 357
	14 659	16 652
Directors' valuation of shares of unlisted associates	**14 659**	8 295

Notes to the Financial Statements

for the year ended 30 June 2003

	Group 2003 R'000	2002 R'000
9. OTHER INVESTMENTS		
Unlisted shares and investments at fair value	**–**	2 948
Foreign investments at fair value	**80 048**	75 845
	80 048	78 793

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

	Group 2003 R'000	2002 R'000
10. INVENTORIES		
Manufacturing materials	**25 817**	23 082
Consumable stores	**27 256**	54 687
Manufacturing work in progress	**19 760**	7 769
Manufacturing finished goods	**61 253**	41 816
Properties and developments in progress	**79 652**	137 226
	213 738	264 580

	Group 2003 R'000	2002 R'000
11. CONTRACTS IN PROGRESS		
Long-term contracts	**5 384 503**	5 143 666
Certified payments received and receivable	**(5 187 680)**	(4 887 140)
	196 823	256 526
These include: Profits	**(429 492)**	(310 675)
Losses	**141 533**	158 844
	(287 959)	(151 831)

	Group 2003 R'000	2002 R'000
12. ACCOUNTS RECEIVABLE		
Accounts receivable includes:		
– Retention debtors	**32 931**	68 648
– Amounts owing by joint venture partners	**166 239**	112 866
– VAT refundable	**9 391**	18 404
– Prepayments	**13 275**	10 600
– Contract and trade debtors	**527 576**	607 841
– Other receivables	**65 430**	88 696
	814 842	907 055

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

	Group 2003 R'000	Group 2002 R'000
13. BORROWINGS		
13.1 INTEREST-BEARING BORROWINGS		
Secured loans bearing interest at rates ranging from 12,75% to 17,5% per annum		
Repayable in annual instalments over five years	**72 680**	56 376
Unsecured loans bearing interest at rates ranging from 6% to 15,5% per annum		
Repayable in monthly instalments over five years	**7 423**	10 559
	80 103	66 935
Less: Current portion included in short-term borrowings	**(19 271)**	(16 132)
	60 832	50 803
Secured loans are secured over property and vehicles with a net book value of	**74 732**	28 993
Repayable during the years ending 30 June		
2003	**–**	16 132
2004	**19 271**	10 283
2005	**17 635**	15 327
2006	**13 816**	7 937
2007	**11 296**	17 256
2008 and thereafter	**18 084**	–
	80 102	66 935
13.2 BANK OVERDRAFTS AND SHORT-TERM BORROWINGS		
Bank overdrafts	**173 115**	107 106
Project finance facilities – short-term	**63 060**	104 321
	236 175	211 427
13.3 BORROWING FACILITIES		
Borrowing facilities	**238 000**	201 000
Current utilisation	**(173 115)**	(107 106)
Borrowing facilities available	**64 885**	93 894

The carrying amounts of all borrowings approximate their fair values.

13.4 NEDBANK LIMITED LOAN AGREEMENT

During 2001 the Group entered into a contract to construct residential houses for the use of employees of Anglo American Platinum Corporation Limited ("Anglo Plats"). This construction is being financed by Nedbank Limited ("Nedbank") in terms of a R350 million project finance facility. As the houses are completed they are leased by the Group to a subsidiary of Anglo Plats and the capital portion of the project finance facility is transferred to a long-term interest bearing liability with Nedbank Limited.

The houses may be purchased by Anglo Plats employees during the lease at an amount equal to at least the original capital amount. At the end of the lease term all houses may be put to Anglo Plats at an amount equal to the outstanding capital. All lease payments are guaranteed by both Anglo Plats and its subsidiary, Rustenburg Platinum Mines Limited.

An agreement was reached between the Group and Nedbank whereby Nedbank acts as agent to collect all monies due to the Group, including the sale of houses.

The investment in the finance lease by the Group of R266,3 million at 30 June 2003 and the amount due to Nedbank of R266,3 million at 30 June 2003 have thus been offset for disclosure purposes. This is in accordance with AC 125 "Financial Instruments – Presentation and Disclosure" as there is a legally enforceable right to offset the amounts and it is the Group's intention to settle any amounts due to Nedbank on a net basis, or to sell the houses and settle the liability simultaneously.

	Group 2003 R'000	Group 2002 R'000
14. DEFERRED TAXATION		
Balance at beginning of year	**–**	2 191
Other	**–**	(2 191)
Balance at end of year	**–**	–
The closing balance deferred taxation liability is attributable to the following items:		
Capital allowances	**25 048**	18 742
Provisions	**(37 694)**	(28 327)
Other allowances	**67 941**	65 825
Sundry	**1 368**	1 324
Estimated tax losses (net of valuation allowances)	**(56 663)**	(57 564)
	–	–
15. ACCOUNTS PAYABLE		
Accounts payable includes:		
– Advance payments received	**254 496**	371 885
– Amounts owing to joint ventures	**–**	30 759
– Trade and other creditors	**290 631**	346 875
– Accrued expenses	**406 916**	389 947
– Subcontractor creditors	**137 717**	187 314
– Retention creditors	**33 318**	39 019
– Current portion of long-term borrowings	**19 271**	16 132
	1 142 349	1 381 931

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

16. PROVISIONS FOR LIABILITIES AND CHARGES

	Contract provisions	Rental guarantee	Payroll provisions	Sundry provisions	**Total**
Balance at 30 June 2001	71 899	2 195	89 287	17 574	**180 955**
Movement during the year	(47 190)	974	27 482	4 438	**(14 296)**
Balance at 30 June 2002	24 709	3 169	116 769	22 012	**166 659**
Movement during the year	(12 977)	(1 400)	(15 616)	(11 909)	**(41 902)**
Balance at 30 June 2003	11 732	1 769	101 153	10 103	**124 757**

The carrying value of provisions approximates their fair value due to the short-term nature of these instruments. The 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	
	2003	2002
	R'000	R'000

17. COMMITMENTS AND CONTINGENCIES

FIXED ASSET COMMITMENTS

Contracts placed	**31 292**	44 042
Contracts not placed at 30 June, approved by directors	**22 128**	33 261
	53 420	77 303

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

OPERATING LEASE COMMITMENTS

The future minimum lease payments under non-cancellable operating leases are as follows:

Not later than 1 year	**17 541**	15 768
Later than 1 year and not later than 5 years	**55 807**	61 837
Later than 5 years	**49 375**	60 886
	122 723	138 491

GUARANTEES

Total financial institution backed guarantees provided to third parties amounted to R1 115 million (2002: R1 267 million). The directors do not believe any exposure to loss is likely.

OTHER

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

18. 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 public sectors. 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 may, from time to time, hedge its foreign currency exposure for either purchase or sale transactions through the use of foreign currency forward exchange contracts. Foreign currency denominated construction contracts entered into are primarily US Dollar based and the Group's results are exposed to the financial effects of the fluctuating Rand against the US Dollar.

INTEREST RATE RISK

The Group is exposed to interest rate risk through its cash and cash equivalents and interest-bearing long-term liabilities. Short-term interest rate exposure is monitored and managed by corporate treasury and may be hedged from time to time through the use of interest rate swaps.

Notes to the Financial Statements

for the year ended 30 June 2003

	Group 2003 R'000	Group 2002 R'000
19. EMPLOYEE BENEFITS		
19.1 STAFF COSTS		
Wages and salaries	**870 906**	811 336
Pension costs – defined contribution plans (including industry plans)	**47 052**	42 968
Pension costs – defined benefit plan (primarily service cost)	**7 097**	6 481
Other post-employment benefits (primarily interest cost)	**–**	3 280
	925 055	864 065
Average number of persons employed by the Group during the year:	**Number**	Number
Full time	**5 939**	6 128
Part time	**7 743**	7 892
	13 682	14 020
South Africa	**7 304**	8 238
Overseas	**6 378**	5 782
	13 682	14 020

19.2 PENSION SCHEME

The latest actuarial valuation of the Group defined benefit plan was carried out in June 2003 and was considered by the actuaries to be in a sound financial condition. A summary of the valuation is presented below:

	R'000	R'000
Present value of funded obligations	**(661 017)**	(664 670)
Fair value of plan assets	**751 391**	787 432
Surplus	**90 374**	122 762

	%	%
The principal assumptions used for accounting purposes were as follows:		
Discount rate	**10,0**	12,0
Expected return on assets	**10,0**	11,5
Future salary increases	**7,0**	8,5
Future pension increases	**5,0**	6,7

Revised pension fund legislation stipulates that, in addition to the Group being entitled to a share of the surplus, past and current employees are also entitled to share in the distribution of the surplus. The Group has not recognised any portion of the surplus in its balance sheet as the impact of the revised legislation is still being evaluated.

19.3 POST-EMPLOYMENT OBLIGATIONS	**46 199**	55 296

The Group's accrual for post-employment medical and pension obligations is based on assumptions used by the independent actuaries which includes appropriate mortality tables, long-term estimates of increases in medical costs and appropriate discount rates. In addition to certain of the assumptions used for the pension scheme, the main actuarial assumption is a long-term increase in health costs of 7,5% per year (2002: 7,5%).

19. EMPLOYEE BENEFITS (CONTINUED)

19.4 SHARE OPTION SCHEME

The Group operates a Share Option Scheme for certain of its employees.

Share option activity was as follows:

	Eligible for allocation	Granted and accepted	Average price	Net available
Balance as at 30 June 2001	**9 196 600**	**8 176 850**	**–**	**1 019 750**
Amendment to the Share Option Scheme as approved at the Annual General Meeting	3 678 400	–	–	3 678 400
Options granted	–	1 225 000	3,66	(1 225 000)
Options paid for/lapsed	–	(447 450)	1,80	447 450
Balance as at 30 June 2002	**12 875 000**	**8 954 400**	**–**	**3 920 600**
Options granted	–	375 000	4,00	(375 000)
Options paid for/lapsed	–	(1 576 150)	2,00	1 576 150
Balance as at 30 June 2003	**12 875 000**	**7 753 250**	**–**	**5 121 750**

	Group	
	2003 R'000	2002 R'000
20. OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		
Profit before taxation	**131 597**	98 176
Adjustments for:		
Depreciation and amortisation	**88 578**	81 072
Fair value adjustments	**(11 525)**	(20 936)
Profit on disposal of fixed assets	**(15 603)**	(8 394)
Share of associate (income)/loss	**(4 774)**	3 423
Finance costs	**28 530**	26 397
	216 803	179 738
21. WORKING CAPITAL CHANGES		
Accounts payable	**(239 582)**	453 685
Accounts receivable	**92 213**	(181 635)
Provisions	**(41 902)**	(14 296)
Contracts in progress	**59 703**	(173 857)
Inventories	**50 842**	(125 309)
Post-employment obligations	**(9 097)**	(6 050)
	(87 823)	(47 462)

Notes to the Financial Statements

for the year ended 30 June 2003

	Group	
	2003	2002
	R'000	R'000
22. RECONCILIATION OF TAXATION PAID		
Taxation owing at the beginning of the year	**(19 078)**	41 048
Charge per the income statement (excluding associates)	**(28 414)**	(19 821)
Movement in deferred taxation	**–**	(2 191)
Taxation owing at the end of the year	**17 862**	19 078
Total paid during the year	**(29 630)**	(43 982)

23. CASH AND CASH EQUIVALENTS AT END OF YEAR		
Bank balances and cash	**263 618**	299 873
Bank overdraft and short-term borrowings	**(236 175)**	(211 427)
Cash and cash equivalents at end of year	**27 443**	88 446

Included in bank balances and cash are US$ denominated contract advance payments amounting to R137,8 million (2002: R120 million). This amount is available to the Group when the last certificates on the relevant contracts are approved.

Annexure 1
Company Balance Sheet

at 30 June 2003

	Notes	2003 R'000	2002 R'000
ASSETS			
Investment in subsidiaries		**313 970**	337 471
Other investments		**500**	500
		314 470	337 971
EQUITY AND LIABILITIES			
Stated capital – closing balance (69 119 591 no par value shares)		**286 245**	286 245
Distributable reserves – closing balance		**28 225**	51 726
Distributable reserves – opening balance		**51 726**	69 697
Dividends paid		**(23 501)**	(17 971)
		314 470	337 971

1. PRINCIPAL ACCOUNTING POLICIES

The financial statements are prepared on the historical cost basis. These financial statements should be read together with the Group financial statements set out on pages 46 to 77. The accounting policies adopted are set out on pages 53 to 57.

2. INVESTMENT IN SUBSIDIARIES

	2003 R'000	2002 R'000
Shares at cost	**410 732**	410 732
Amounts owing to subsidiaries	**(96 762)**	(73 261)
	313 970	337 471

3. INCOME STATEMENT AND CASH FLOW STATEMENT

Neither an income statement nor cash flow statement has been prepared as the company did not trade during the year. The dividends and directors' emoluments paid were funded by subsidiaries.

Annexure 2
Interest in Subsidiaries

at 30 June 2003

	Issued ordinary share capital 2003 Shares	2002 Shares	Percentage held 2003 %	2002 %	Shares at cost 2003 R'000	2002 R'000
Group Five Construction (Proprietary) 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 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 Building Products (Proprietary) Limited
Everite Limited
Group Five (Botswana) (Proprietary) Limited
Group Five (Zambia) (Proprietary) Limited
Group Five Building (Proprietary) Limited
Group Five Civils Mining and Industrial (Proprietary) Limited
Group Five Civil Engineering (Proprietary) Limited
Group Five Construction Limited (Malawi)
Group Five Construction (Proprietary) Limited
Group Five Construction (UK) Limited (UK, Ghana, Malawi, Mauritius)
Group Five Contractors (Namibia) (Proprietary) Limited
Group Five Angola LDA
Group Five Mali SARL
Group Five Buildings East (Proprietary) Limited (Tanzania branch)
Group Five Lesotho (Proprietary) Limited
Group Five Construction (Proprietary) Limited – (Ghana branch)
Group Five Design and Planning (Proprietary) Limited
Group Five Housing (Proprietary) Limited
Group Five Infrastructure Developments (Proprietary) Limited
Group Five International Limited (Mauritius, Angola, Algeria)
Group Five KwaZulu-Natal (Proprietary) Limited
Group Five Mozambique LDA
Group Five Plant & Equipment (Proprietary) Limited
Group Five Projects (Proprietary) Limited
Group Five Properties (Proprietary) Limited
Group Five Roads & Earthworks (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 R96,8 million (2002: R77,0 million) respectively.

Annexure 3
Investment in Joint Ventures

at 30 June 2003

The total percentage holdings by the Group in the equity of each significant jointly controlled entity are as follows:

Joint venture	Nature of business	Proportion of issued shares held (%)
CGM Construction (Proprietary) Limited	Construction contracting	33
Group Five Batch Plant Joint Venture (Mauritius)	Supply of concrete	50
LTA/Mohale Joint Venture (Lesotho)	Construction contracting	33
St Martins Sewage Joint Venture (Mauritius)	Sewage works	50
Group Five Gipila Joint Venture	Construction contracting	50
GLG Joint Venture	Road construction	50
DPI Holdings (Proprietary) Limited	Pipe manufacturing	40
Water and Sanitation Services South Africa (Proprietary) Limited	Sewage works	50
Livingstone Joint Venture (Zambia)	Construction contracting	50
Monkey Bay Joint Venture	Construction contracting	50
G5 – CMC Temane Joint Venture (Mozambique)	Construction contracting	50
Michelangelo Towers Joint Venture	Construction contracting	50

Annexure 3
Investment in Joint Ventures

at 30 June 2003

	2003 R'000	2002 R'000
AGGREGATE FINANCIAL INFORMATION:		
BALANCE SHEET		
Group's proportionate share of assets and liabilities:		
Assets		
Non-current assets	**46 131**	43 825
Current assets	**217 869**	123 821
	264 000	167 646
Equity and liabilities		
Shareholders' interest	**87 818**	76 908
Non-current liabilities	**18 489**	14 395
Current liabilities	**157 693**	76 343
	264 000	167 646
INCOME STATEMENT		
Group's proportionate share of income and expenditure:		
Revenue	**455 140**	404 189
Profit before taxation	**21 669**	45 594
Taxation	**(4 984)**	(9 119)
Profit after taxation	**16 685**	36 475
Dividends received	**1 456**	1 796
SUMMARISED CASH FLOW STATEMENT		
Cash flow from operating activities	**73 315**	(94 012)
Cash flow from investing activities	**(1 066)**	29 516
Cash flow from financing activities	**7 285**	11 049
Net increase/(decrease) in cash and cash equivalents	**79 534**	(53 447)

Annexure 4
Investment in Associates

at 30 June 2003

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 (Proprietary) Limited	Water supply	2 250 ordinary shares of R1 each	23
Amanz' Abantu Services (Proprietary) Limited	Water supply	100 ordinary shares of R1 each	45
Dura Piling (Proprietary) Limited	Piling	3 404 000 ordinary shares of R1 each	15
Group Five Pipe (Saudi) Limited	Pipe manufacturing	30 000 ordinary shares of SR1 each	25
Johannesburg Water Management (Proprietary) Limited	Water and waste management	100 ordinary shares of R1 each	14,5

	2003 R'000	2002 R'000
Aggregate financial information: Unlisted		
BALANCE SHEET		
Group's proportionate share of assets and liabilities:		
Assets		
Non-current assets	**1 453**	1 525
Current assets	**27 406**	37 510
	28 859	39 035
Equity and liabilities		
Shareholders' interest	**7 577**	5 945
Non-current liabilities	**1 855**	124
Current liabilities	**19 427**	32 966
	28 859	39 035
INCOME STATEMENT		
Group's proportionate share of income and expenditure:		
Revenue	**86 581**	88 409
Profit/(loss) before taxation	**4 774**	(3 423)
Taxation	**(2 049)**	–
Profit/(loss) after taxation	**2 725**	(3 423)
Dividends received	**1 215**	1 002
SUMMARISED CASH FLOW STATEMENT		
Cash flow from operating activities	**5 937**	(7 196)
Cash flow from investing activities	**(934)**	(114)
Cash flow from financing activities	**396**	(285)
Net increase in cash and cash equivalents	**5 399**	(7 595)

Annexure 5
Analysis of Shareholders

at 30 June 2003

	Number of shareholders	%	Number of shares	%
Shareholder spread				
1 – 1 000 shares	1 112	49,80	437 302	0,59
1 001 – 10 000 shares	819	36,68	3 284 142	4,46
10 001 – 50 000 shares	185	8,28	4 648 206	6,32
50 001 – 500 000 shares	88	3,94	13 357 120	18,15
500 001 – 1 000 000 shares	14	0,67	10 377,311	14,11
1 000 001 and over shares	14	0,63	41 468 942	56,37
	2 232	**100,00**	**73 573 023**	**100,00**
Distribution of shareholders				
Individuals	1 835	82,18	7 081 499	9,62
Limited Companies	12	0,54	41 313	0,06
Banks	22	0,99	925 396	1,26
Nominee Companies or Trusts	135	6,05	1 863 842	2,53
Growth Funds/Unit Trusts	74	3,31	25 244 646	34,31
Pty Companies	53	2,37	3 478 228	4,73
Close Corporations	37	1,66	196 816	0,27
Other Corporate Bodies	2	0,09	117 000	0,16
Investment Companies	21	0,94	19 687 529	26,76
Retirement Funds	29	1,30	6 973 359	9,48
Insurance Companies	3	0,13	654 600	0,89
Directors	6	0,31	913 965	1,24
Share Trust	2	0,09	1 941 398	2,64
Treasury Shares	1	0,04	4 453 432	6,05
	2 232	**100,00**	**73 573 023**	**100,00**

	Number of shareholders	%	Number of linked units	%
Public/non-public shareholders				
Non-public shareholders	**10**	**0,45**	**11 147 344**	**15,15**
Directors of the company	6	0,27	913 965	1,24
Normac Roofing Systems Pty Ltd (Treasury shares)	1	0,05	4 453 432	6,05
Share Trust	2	0,09	1 941 398	2,64
Nedcor Limited	1	0,05	3 838 549	5,22
Public shareholders	**2 223**	**99,55**	**62 425 679**	**84,85**
	2 233	100,00	73 573 023	100,00
Beneficial shareholders with an interest of 5% or more in shares				
Old Mutual Group			24 131 922	32,80
Normac Roofing Systems Pty Ltd (Treasury shares)			4 453 432	6,05
Nedcor Limited			3 838 549	5,22
			32 423 903	44,07

Annexure 5
Analysis of Shareholders

at 30 June 2003

2003	**Direct**	**%**
Directors' shareholdings		
Thomas, GM	**30 000**	**0,04**
Lomas, MH	**139 005**	**0,19**
Turner, HC	**400 000**	**0,54**
Du Preez, P	**139 005**	**0,19**
Banton, JH	**169 005**	**0,23**
Paizes, D	**30 000**	**0,04**
	907 015	**1,23**

2002	Direct	%
Directors' shareholdings		
Thomas, GM	30 000	0,04
Lomas, MH	139 005	0,19
Turner, HC	400 000	0,54
Du Preez, P	139 005	0,19
Banton, JH	169 005	0,23
Paizes, D	30 000	0,04
Le Sueur P	25 200	0,03
	932 215	1,26

Rank	**Name of shareholder**		**%**
1	Old Mutual Group	24 131 922	32,80
2	Normac Roofing Systems Pty Ltd (Treasury shares)	4 453 432	6,05
3	Nedcor Limited	3 838 549	5,22
4	Investment Solutions	2 676 281	3,64
5	African Harvest Limited	2 400 000	3,26
6	Eskom Pension Fund & Provident Fund	2 389 367	3,25
7	Prudential M & G	1 973 686	2,68
8	Rivonia Share Scheme Services Pty Ltd	1 941 398	2,64
9	M Cubed Holdings Limited	1 846 721	2,51
10	Ellerine Brothers (Pty) Limited	1 562 500	2,12
11	Rand Merchant Bank	1 192 253	1,62
12	Stripe Investments 78	991 300	1,35
13	Futuregrowth	886 657	1,21
14	BOE Bank	882 918	1,20
15	Frater Asset Management	837 054	1,14
16	RMA	715 390	0,97
17	Anglo American Platinum Corp Limited	689 600	0,94
18	Investec Limited	685 130	0,93
19	Coronation Capital	572 000	0,78
20	Sage	564 492	0,77
	Total	**55 230 650**	**75,08**

Administration

for the year ended 30 June 2003

TRANSFER SECRETARIES
Computershare Limited
11 Diagonal Street, Johannesburg 2001
Tel: (011) 370 5000
Fax: (011) 370 5271

BANKERS
ABSA Bank Limited
FNB Corporate, a division of FirstRand Bank Limited
Standard Corporate and Merchant Bank

AUDITORS
PricewaterhouseCoopers Inc.

SECRETARY
GD Mottram

REGISTERED OFFICE
Registration number 1969/000032/06
Share code: GRF ISIN: ZAE 000027405
371 Rivonia Boulevard, Rivonia 2128
PO Box 5016, Rivonia 2128
Tel: (011) 806 0111
Fax: (011) 803 1324

RISK COMMITTEE
GM Thomas
L Chalker
MH Lomas
HC Turner

AUDIT COMMITTEE
GM Thomas
MH Lomas
KK Mpinga
D Paizes
HC Turner

REMUNERATION COMMITTEE
GM Thomas
P du Preez
MH Lomas
MR Maruma
D Paizes
A van Zyl

CORPORATE FINANCE SPONSOR
Nedbank Corporate

Shareholders' Diary

FEBRUARY
Interim announcement
Interim dividend declared

APRIL
Interim dividend paid

JUNE
Financial year-end

AUGUST
Preliminary announcement
Final dividend declared
Annual report published

OCTOBER
Final dividend paid
Annual general meeting

Notice of Annual General Meeting

for the year ended 30 June 2003

GROUP FIVE LIMITED

(Registration number 1969/000032/06)
(Incorporated in the Republic of South Africa)
Share code: GRF ISIN Code:ZAE000027405
("Group Five" or "the company")

Notice is hereby given that the annual general meeting of shareholders of the company will be held at the offices of Group Five, 371 Rivonia Boulevard, Rivonia, on 21 October 2003 at 09h00 for the purpose of considering, and if deemed fit, passing with or without modification, the following resolutions:

1. To receive and consider the annual financial statements of the group for the year ended 30 June 2003, together with the directors' and independent auditors' reports.
2. 3.1, 3.2, 3.3 who, in terms of the Company's Articles of Association retire by rotation at the annual general meeting, but, being eligible, offer themselves for re-election. Such re-elections are to be voted on individually unless a resolution is agreed to by the meeting that a single resolution be used.
3. To re-elect Messrs Lomas, Maruma and Mpinga, as directors of the company, who retire by rotation in terms of the company's Articles of Association and who are eligible and offer themselves for re-election:

   3.1 Mr MH Lomas

   3.2 Mr MR Maruma

   3.3 Mr KK Mpinga

   A brief CV in respect of each director offering himself for re-election appears on page 30 and further of this annual report.
4. To ratify the remuneration paid to directors for the past financial year.
5. To re-appoint PricewaterhouseCoopers Inc. as independent auditors of the company.
6. To consider and if deemed fit to pass, with or without modification, the special resolution[s] listed below:

   SPECIAL RESOLUTION 1

   "RESOLVED THAT in terms of Section 62 of the Companies Act, 61 of 1973 ("Companies Act"), as amended, the existing Articles of Association of the company be and are hereby substituted with new Articles of Association, a copy of which has been tabled at this annual general meeting and signed by the Chairman for the purpose of identification, with effect from the date of passing of this resolution, regardless of the date of registration thereof."

   The reason for and effect of the passing of special resolution 1 is to enable the company to consolidate amendments made to the existing Articles of Association, which provide for recent changes in company law, and the interpretation thereof.

   The new Articles of Association are available for inspection by the shareholders of the company at the registered office of Group Five.
7. To consider and if deemed fit to pass, with or without modification, the ordinary resolutions listed below:

   ORDINARY RESOLUTION 1

   "RESOLVED THAT the entire authorised but unissued share capital of the company, from time to time, be placed under the control of the directors of the company until the next annual general meeting with the authority to allot and issue all or part thereof in their discretion, subject to Sections 221 (2) and 222 of the Companies Act as amended, and the JSE Securities Exchange South Africa ("JSE") Listings Requirements."

   ORDINARY RESOLUTION 2

   "RESOLVED THAT, pursuant to the Articles of Association of the company, the directors of the company be and are hereby authorised, until the next annual general meeting of the company (whereupon this authority shall lapse, unless it is renewed at the aforementioned annual general meeting, provided that it shall not extend beyond 15 months from the date of this annual general meeting), to allot and issue ordinary shares for cash subject to the JSE Listings Requirements and the Companies Act, as amended, on the following basis:

   1. the allotment and issue of ordinary shares for cash shall be made only to persons qualifying as public shareholders as defined in the Listings Requirements of the JSE, and not to related parties;

Notice of Annual General Meeting

for the year ended 30 June 2003

2. the number of ordinary shares issued for cash shall not in the aggregate in any one financial year of the company exceed 15% of the company's issued ordinary shares;
3. the maximum discount at which ordinary shares may be issued for cash is 10% of the weighted average traded price on the JSE of those ordinary shares over 30 days prior to the date that the price of the issue is determined or agreed by the directors of the company; and
4. after the company has issued ordinary shares for cash which represent, on a cumulative basis within a financial year, 5% or more of the number of ordinary shares in issue prior to that issue, the company shall publish an announcement containing full details of the issue, including the effect of the issue on the net asset value and earnings per share of the company."

NOTE

In terms of the Listings Requirements of the JSE, a 75% majority of the votes cast by shareholders present or represented by proxy at the annual general meeting must be cast in favour of ordinary resolution 2 for it to be approved.

VOTING AND PROXIES

A member entitled to attend and vote at the annual general meeting is entitled to appoint a proxy/proxies to attend, speak, and on a poll, vote in his/her stead. A proxy need not to be a member of the company.

A form of proxy is attached for the convenience of any certificated shareholder and own-name registered dematerialised shareholder who cannot attend the annual general meeting, but who wish to be represented thereat;

Certificated shareholders

Shareholders wishing to attend the annual general meeting have to ensure beforehand with the transfer secretaries of the Company that their shares are in fact registered in their name. Should this not be the case and the shares are registered in another name, or in the name of a nominee company, it is incumbent on shareholders attending the meeting to make the ncessary arrangements with that party to be able to attend and vote in their capacity.

Uncertificated shareholders

Shareholders who have dematerialised their shares who wish to attend the annual general meeting have to request their Central Securities Depository Participant ('CSDP') or broker to provide them with a Letter of Representation. Should shareholders who have dematerialised their ordinary shares wish to vote by proxy, they must provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between the dematerialised shareholders and their CSDP or broker.

PROXIES

The instrument appointing a proxy and the authority (if any) under which it is signed must reach the Transfer Secretary of the company at the address given below, by no later than 17 October 2003.

On a poll every shareholder of the company present in person or represented by proxy shall have one vote for every share held in the company by the shareholder.

By order of the Board

GD Mottram
Company secretary

20 August 2003

Registered office
Group Five Limited
371 Rivonia Boulevard
Rivonia
2128
PO Box 5016
Rivonia
2128

Transfer secretaries
Computershare Limited
Ground Floor, 70 Marshall Street
Johannesburg
2001
PO Box 61051
Marshalltown
2107

GROUP FIVE

Form of Proxy

(Registration number 1969/000032/06)
(Incorporated in the Republic of South Africa)
Share code: GRF ISIN Code:ZAE000027405
("Group Five" or "the company")

For use at the annual general meeting of the holders of ordinary shares in the company ("Group Five shareholders") to be held at the offices of Group Five, 371 Rivonia Boulevard, Rivonia on 21 October 2003 ("the annual general meeting") at 09h00.

Group Five shareholders who have dematerialised their Group Five shares through a CSDP/broker must not comlete this form of proxy and must provide their CSDP/broker with their voting instructions, except for Group Five shareholders who have elected own name registration in the sub-register through a CSDP/broker, which shareholders must complete this form of proxy and lodge it with the transfer secretaries. Holders of dematerialised Group Five shares wishing to attend the annual general meeting must inform their CSDP/broker of such intention and request their CSDP/broker to issue them with the relevant authorisation to attend.

I/We

of

being the registered holder/s of ordinary shares in the capital of the company, hereby appoint (See note 1):

1. or, failing him/her

2. or, failing him/her

3. or, failing him/her

the chairman of the annual general meeting

as my/our proxy to act for me/us at the annual general meeting for the purposes of considering and, if deemed fit, passing, with or without modification, the resolution to be proposed thereat and at each adjournment thereof and to vote for and/or against the resolutions and/or abstain from voting in respect of the ordinary shares registered in my/our name/s in accordance with the instructions/notes on the reverse side hereof.

Proposed ordinary/special resolutions	In favour	Against	Abstain
1. **RESOLUTION NUMBER 1** Adoption of the annual financial statements for the year ended 30 June 2003.			
2. **RESOLUTION NUMBER 2** Re-election of directors by a single resolution			
3. **RESOLUTION NUMBER 3** Re-election of directors.			
4. **RESOLUTION NUMBER 4** Ratify directors' fees for year ended 30 June 2003.			
5. **RESOLUTION NUMBER 5** Directors authorised to appoint auditors.			
6. **RESOLUTION NUMBER 6** Placing the unissued shares under the control of the directors.			
7. **RESOLUTION NUMBER 7** Directors authorised to allot and issue ordinary shares for cash			
8. **SPECIAL RESOLUTION NUMBER 1** Approve amendments to Articles of Association.			

A member entitled to attend and vote at the annual general 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 2003

Signature

assisted by me (where applicable)

(State capacity and full name) (see note 2).

Please use block letters.

Please read the notes on the reverse side hereof.

Notes to Proxy

NOTES

1. A Group Five shareholder may insert the name of a proxy or the names of two alternative proxies of his/her choice in the spaces provided, with or without deleting 'the chairman of the general meeting', but any such deletion must be initialled by the Group Five shareholder concerned.

   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's transfer secretaries or waived by the chairman of the annual general meeting.

3. In order to be effective, proxy forms must reach the registered office of the company or the company's transfer secretaries at least 48 hours before the time appointed for holding the meeting.

4. Any alteration or correction made to this form of proxy must be initialled by the signatory/(ies).

5. 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.

6. 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

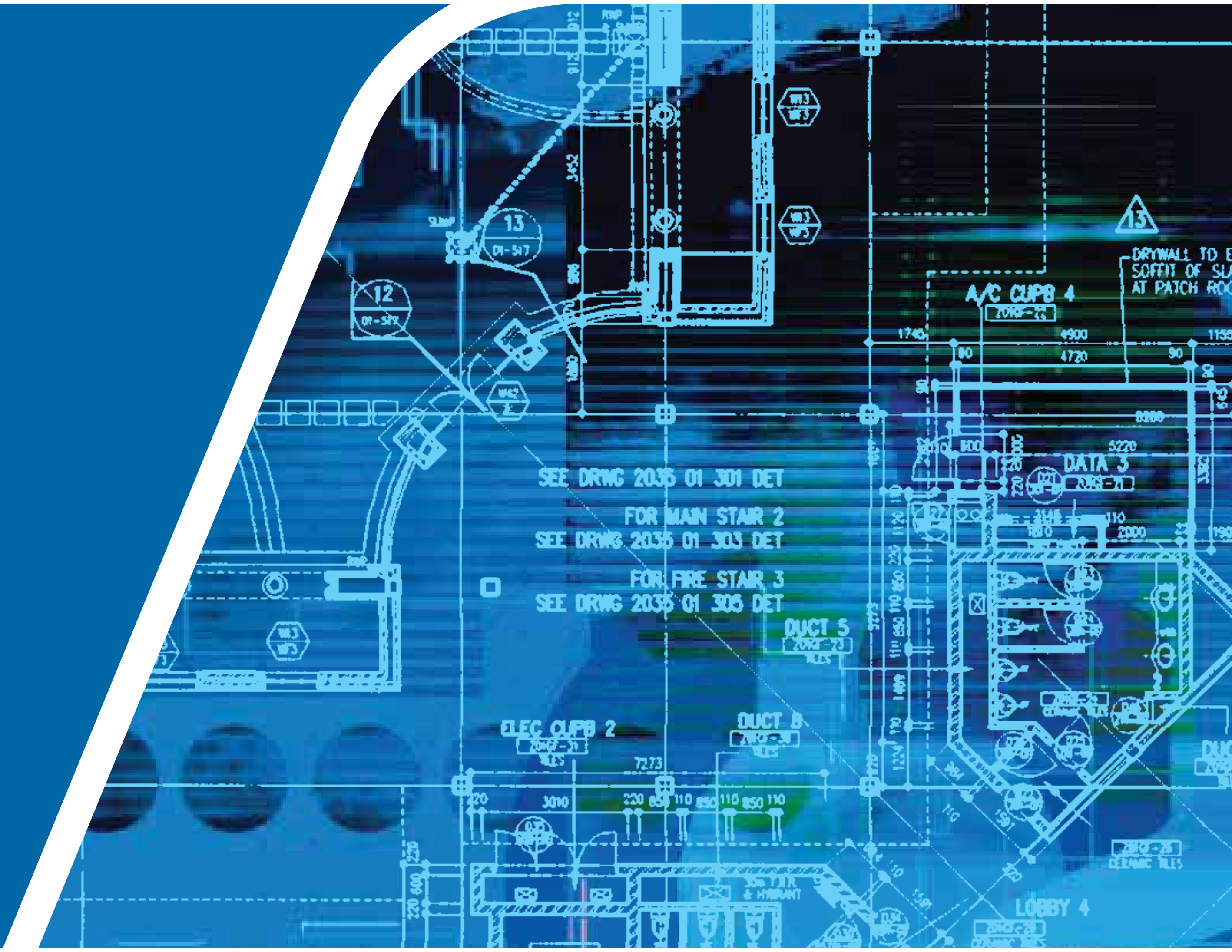
371 Rivonia Boulevard
Rivonia
Sandton
2128

PO Box 5016
Rivonia 2128

CONTACT DETAILS

PO Box 5016, Rivonia 2128 Tel: (011) 806 0111 Fax: (011) 803 1324

www.g5.co.za


A/C CUPB 4
DATA 3
FOR MAIN STAIR 2
FOR FIRE STAIR 3
DUCT 5
ELEC CUPB 2
DUCT B
LOBBY 4

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