GROUP FIVE

Positioned for growth

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

Annual Report **2004**

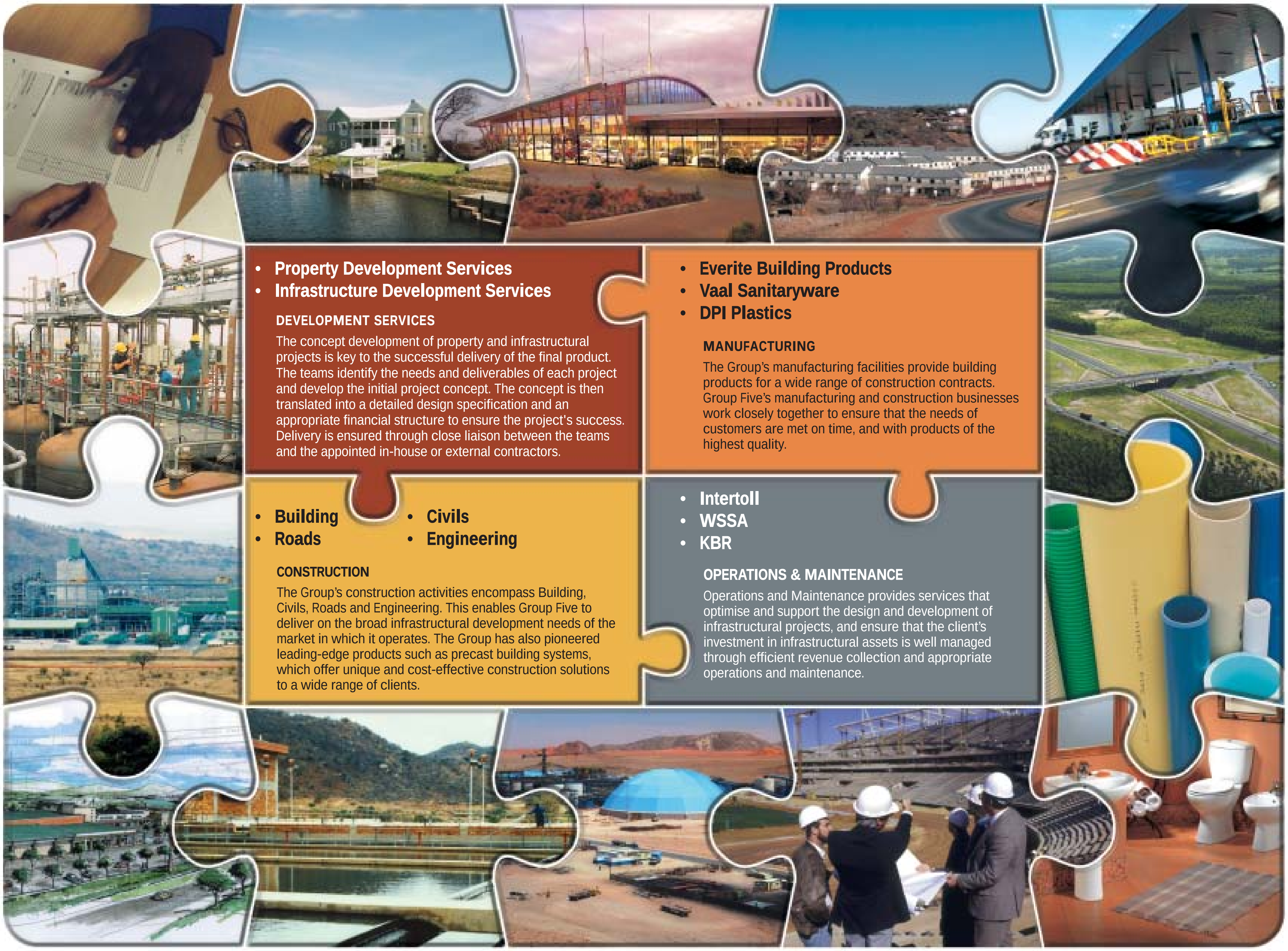
30 *years* *of creating value*

3M Office complex, Woodmead, Sandton

Contents

A broad-based offer

Group Five has the skills and experience to deliver any aspect of an infrastructural project, including concept development, manufacturing, construction and operations and maintenance. This integrated business model enables the Group to provide distinctive value to its customers, and positions it strongly for sustained growth going forward.



- **Property Development Services**
- **Infrastructure Development Services**

DEVELOPMENT SERVICES

The concept development of property and infrastructural projects is key to the successful delivery of the final product. The teams identify the needs and deliverables of each project and develop 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 close liaison between the teams and the appointed in-house or external contractors.

- **Everite Building Products**
- **Vaal Sanitaryware**
- **DPI Plastics**

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.

- **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 of the market in which it operates. The Group has also pioneered leading-edge products such as precast building systems, which offer unique and cost-effective construction solutions to a wide range of clients.

- **Intertoll**
- **WSSA**
- **KBR**

OPERATIONS & MAINTENANCE

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

The development of Group Five's business over the last 30 years has positioned it strongly for growth – as a provider of integrated infrastructural solutions.

The Group has strong operational experience in each of its businesses. It has extracted efficiencies by consolidating its interests into a broad-based and effective corporate structure. It has invested significantly in building teams with world-class expertise and entrenched a culture of excellence.

From this strong foundation, we look forward to creating value for all our stakeholders into the future.

30 years in the making

Highlights from Group Five's development

1st May,1974

Group Five Engineering launched as a public company from an amalgamation of CMGM, Peter Clogg Construction, MGC, McLaren & Eger and Basil Read

1982

A hostile asset stripping bid by Magnum Holdings, a group of investment companies, is foiled when Darling & Hodgson acquires 30% of Group Five

1986

Group Five is taken over by Gencor and later by Industrial Holding Company, Malbak

1989

SM Goldstein operations merged with those of Group Five

1992

Group Five enters manufacturing and expands its asset base through the acquisition of Everite, Vaal Sanitaryware and DPI Plastics

A subsidiary company, Group Five Projects, is formed to focus on mechanical and electrical engineering for the mining industry

1978

Group Five takes over all construction activities in Darling & Hodgson. Basil Read is acquired by its management who sever ties with Group Five

1984

A Group Five management consortium and SM Goldstein purchase a controlling interest in Group Five, following Malbak's proposal to sell control of the company to a large competitor

1987

1998

Group Five branding is achieved throughout all the construction-related activities

2002

Strategic growth in cross-border operations drives revenue contribution from outside South Africa to 28%

2004

Group Five secures work in the Middle East and opens an office in Dubai, setting the platform for the next phase of growth

Group Five expands international and highway concession activities through the purchase of Intertoll

1997

A three-year restructuring process is commenced which involves collapsing of the pyramid shareholding structure and flattening of operational structures

2000

The objectives of the three-year restructuring process have been achieved. The share price has more than doubled and radical changes have resulted in a focused, cohesive Group with the ability to deliver sustainable growth. Activities in sixteen countries in Africa, India, the Middle East, Europe and Indian Ocean Islands

2003

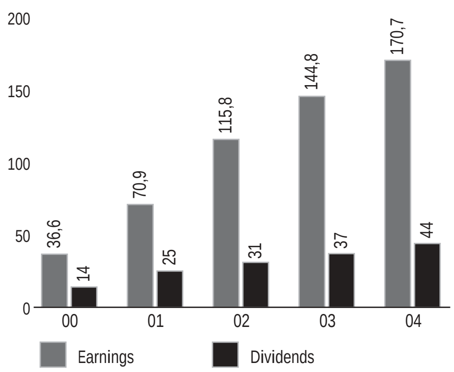
Group financial highlights

for the years ended 30 June

	2004	2003	2002	2001	2000
BALANCE SHEETS (R'000)					
Equity and liabilities					
Shareholders' equity	**536 923**	444 767	370 315	312 618	275 820
Minority interest	**11 447**	9 899	5 949	3 882	1 228
Non-current liabilities	**171 690**	107 031	106 099	94 432	70 986
Current liabilities	**1 648 986**	1 521 143	1 779 095	1 221 895	1 119 809
	2 369 046	2 082 840	2 261 458	1 632 827	1 467 843
Assets					
Non-current assets	**727 734**	604 132	544 922	466 808	320 851
Current assets	**1 641 312**	1 478 708	1 716 536	1 166 019	1 146 992
	2 369 046	2 082 840	2 261 458	1 632 827	1 467 843
INCOME STATEMENTS (R'000)					
Revenue	**4 252 175**	4 100 361	4 020 756	3 167 000	2 863 410
Operating profit	**179 121**	160 127	124 573	80 136	43 346
Finance costs	**(34 085)**	(28 530)	(26 397)	(8 025)	(8 231)
Profit before taxation	**145 036**	131 597	98 176	72 111	35 115
Taxation	**(27 012)**	(30 463)	(19 821)	(21 378)	(10 603)
Profit after taxation	**118 024**	101 134	78 355	50 733	24 512
Minority interest	**(2 600)**	(4 366)	(1 346)	(3 672)	(205)
Attributable profit	**115 424**	96 768	77 009	47 061	24 307
SHARE CAPITAL ('000)	**68 560**	67 178	66 507	66 404	66 416
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
Less: Shares held by share incentive trust	**560**	1 942	2 613	2 716	2 704

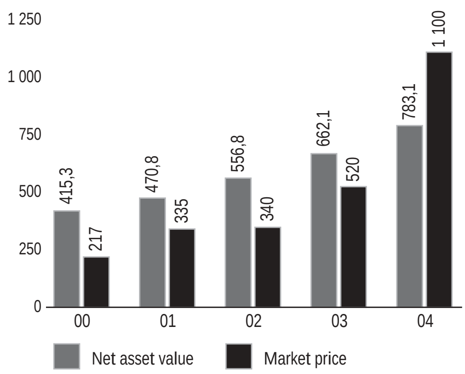
Earnings and dividends per share

Cents per share



Net asset value and market price

Cents per share



	2004	2003	2002	2001	2000
STATISTICS					
Share statistics – cents per share					
Earnings	**170,7**	144,8	115,8	70,9	36,6
Dividends (based on the years to which they relate)	**44,0**	37,0	31,0	25,0	14,0
Net asset value	**783,1**	662,1	556,8	470,8	415,3
STOCK EXCHANGE PERFORMANCE					
Market price – high (cents)	**1,100**	771	525	301	430
Market price – low (cents)	**495**	340	310	175	185
Market price – year-end (cents)	**1,100**	520	340	335	217
Market capitalisation – year-end (R million)	**809,3**	382,6	250,1	246,5	159,7
Value of shares traded (R'000)	**229 924**	199 495	80 616	57 140	37 162
Number traded ('000)	**28 038**	34 456	20 751	23 070	13 805
Percentage traded (%)	**38,1**	46,8	28,2	31,4	18,8
Closing price/net asset value	**1,4**	0,8	0,6	0,7	0,5
Closing price/earnings ratio	**6,4**	3,6	2,9	4,7	5,9
Closing dividend yield (%)					
(based on the years to which they relate)	**4,0**	7,1	9	7,5	6,5
BUSINESS PERFORMANCE					
Dividend cover (based on the years to which they relate)	**3,9**	3,9	3,7	2,8	2,6
Current ratio	**1,0**	1,0	1,0	1,0	1,0
Return on ordinary shareholders' interest (%)	**21,5**	21,8	20,8	15,1	8,8
Return on total assets (%)	**7,7**	7,3	5,5	4,9	3,1
Profit margin (%)	**4,2**	3,9	3,1	2,5	1,5
EMPLOYEE STATISTICS					
Number of employees	**11 476**	13 682	14 020	12 424	11 018
Revenue per employee (R'000)	**371**	300	287	255	260

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).
Profit margin	Operating profit as a percentage of revenue.
Revenue per employee	Revenue divided by average number of employees.

Note: Comparative figures have been updated to those previously reported to reflect the requirements of the JSE Securities Exchange as indicated in note 1 of the financial statements.

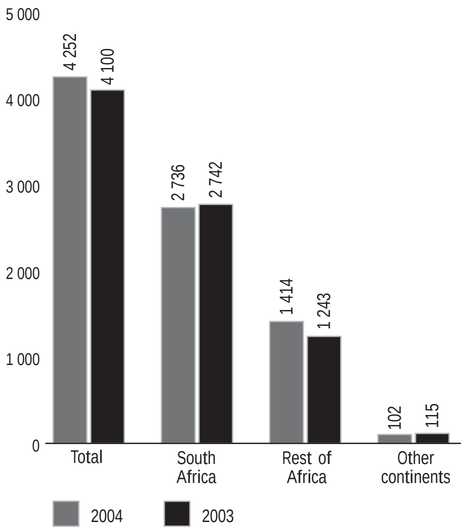
Market spread

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.

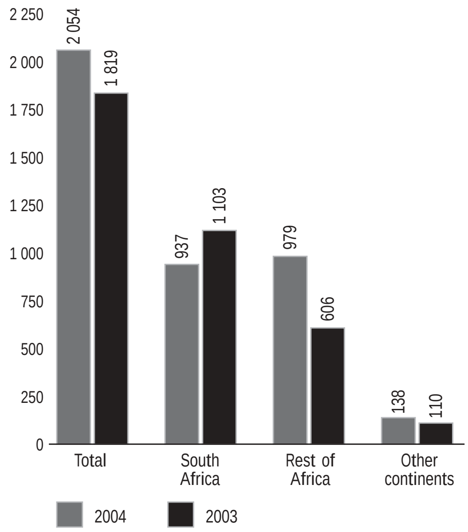
Market spread

global expansion

Geographical segments – revenue
R millions



Geographical segments – total assets
R millions



The Group is committed to long-term sustainable growth through global expansion of business activities. The rapid development of mining, minerals, oils, gas and power generation projects is creating opportunities for the Group to offer multi-disciplinary skills and services to an expanding customer base throughout Africa and the Middle East. Work outside of South Africa increased to 36%.

In order to mitigate the effects of a strong, volatile Rand, the Group ensures, to the extent possible, that foreign currency revenues are matched by foreign currency costs and higher margins are tendered for.

Current significant operations outside of South Africa include:

Algeria: Work is currently being performed on two design and build contracts for a pre-cast housing complex and sports stadium worth R250 million. A number of other opportunities across the construction sector exist.

Angola: The Group entered Angola in 2000 and will shortly complete the R820 million Nova Vida housing project. The Cimangola cement mill project (R200 million) and Malongo oil tank project (R200 million) were secured in the current year. Additional prospects are being pursued.

Botswana: Group Five has operated in Botswana for a number of decades, particularly in the mining-related sectors. Currently the installation of infrastructural services at Ghanzi is being completed.

Ghana: Since 1988, Engineering has been working at the Tarkwa Gold Mine in Ghana. In January 2004, Engineering was awarded a contract of R40 million relating to Phase 4 of the mine's expansion project. Ghana has a significant resource sector and other opportunities are being pursued.

India: The large road infrastructure development programme in India has created opportunities for the Group. Currently Intertoll has a 28 year contract for the operation and maintenance of the Delhi-Noida bridge as well as an eight year contract to operate two toll roads going from Delhi to Jaipur and Delhi to Agra.

Mauritius: The Group has had a presence in Mauritius for many years. A joint venture contract for the Bank of Mauritius building (R150 million) was secured in the current year.

Middle East: An office has been set up in Dubai to service the Middle East and a partnership agreement has been signed with a local UAE contractor. Small civils works of R33 million were completed in Iraq during the year.

Tanzania/Zanzibar: The Group has been operating in Tanzania for six years. Currently our Building business is constructing the Bank of Tanzania and Bank of Zanzibar buildings with a combined contract value of approximately R820 million.

Zambia: Civils and Engineering are currently working at the Kansanshi Copper Project with a total contract value of R134 million.

Chairman's review

George Thomas

Results

For the fourth year in succession, it is once again a pleasure to report a solid improvement in attributable profit for the year under review. Earnings per share at 170,7 cents grew by 17,9% and headline earnings at 135,1 cents by 17,4% compared with the previous year.

Since the Group was unbundled and restructured at the end of 2000, attributable profits have increased by a factor of 4,75, an exceptional performance by any standards.

Overall performance

The ability to provide integrated infrastructural solutions to the Group's customers, remains the cornerstone of the Group's operations.

A successful strategic development over the past year has been the decision to strengthen considerably the level of business undertaken outside the borders of the RSA.

Analysis of the operating results for the year, which is set out later in this report, clearly indicates the benefits of the integrated approach. Whereas profitability in construction was significantly worse than in the previous year, mainly because of the ongoing problems in Roads, this was more than offset by improved figures for manufacturing and for operations and maintenance.

The strengthening of the Rand over the year has had a negative impact in most areas of the Group's business and has resulted in exchange losses of R33 million compared with R2 million in the previous year.

During the latter half of the year, improved disciplines were implemented in the construction businesses which have resulted in the ability to manage the cash resources of the Group more effectively. Thus, notwithstanding delays on payments for work done on foreign contracts and the continued problems in Roads, the level of cash resources has grown over the past half year and a further improvement is expected in the months ahead. It has also been possible to achieve a better balance between long and short-term debt.

Following the introduction of an integrated management information system, it was possible to introduce a system of shared services through the majority of the Group's operations. This has already resulted in both administrative cost reductions and the provision of timeous and better information.

Corporate Governance

With the new structure now firmly in place, both the Board and senior management have been devoting effort to succession planning. In anticipation of the retirement of Howard Turner and Harold Banton at the end of the calendar year, the Executive Committee has been strengthened by the appointment of five senior managers from within the organisation. The experience which these individuals will be able to bring at the higher level will prove to be of great benefit to the Group as a whole.

Employment Equity remains a major challenge but is seen as a major priority in the year ahead. The year ahead should also see the introduction of an appropriate empowerment partner for the Group's South African business. A sub committee of the Board has been put in place to drive this process.

Prospects

Looking forward, the Group has entered the current year with an order book of R3,0 billion, with prospects of this growing further. All major operational problems have been addressed and the cash position is expected to improve. Thus a further strong performance is expected in the coming year.

Acknowledgement

As mentioned above, Howard Turner and Harold Banton, both having reached the normal retirement age, will leave the service of the Group at the end of December 2004 and, in anticipation of this, will retire from the Board at the Annual General Meeting in October.

Both of these gentlemen have been Executive Directors for more than a decade and each, in his own way, has made a significant contribution to the growth and improved prosperity of Group Five over those years. On behalf of the Board, may I thank them for what they have done, and wish each of them a long and happy retirement.

In conclusion, may I once again thank my Board colleagues and Mike Lomas and his management team for the support and loyalty which they have continued to show me.

CEO's review

Mike Lomas

Strategic overview

It is fitting that in our 30th year of existence, the Group stands poised for sustainable growth into the future. Our strategy of building a diverse portfolio of businesses to create growth options in the build environment, both locally and internationally, has again been validated by the Group's performance in the year to June 2004.

The Group posted increases in both revenue and earnings, notwithstanding a downturn in the local construction market as GDP growth rate dropped to 1,9%.

Profit margin has improved and now exceeds 4%.

This strong performance was achieved despite the year under review being one of mixed fortunes for the country, the construction sector and the Group.

The boom in the property market led to an unprecedented rise in demand for accommodation with resultant property price increases, both of which favourably impacted our building and manufacturing activities.

The continued strength of the rand adversely impacted exports and favoured imports. This resulted in a slowdown in the resources sector which negatively influenced our Civils and Engineering businesses. Furthermore, the threat from imports is of concern to our Manufacturing operations.

With cross-border activities representing 36% of revenues, the significant appreciation of the rand also negatively impacted the Group's construction results. However, the Group strategy remains focused on delivering long-term shareholder value through internationalisation. In the face of persistent rand strength, we will continue to manage our margins effectively by extracting all possible operational efficiencies while systematically strengthening our customer service differential.

The fair value adjustment to the long term investment in the M5 motorway concession in Hungary favourably impacted the results of Intertoll while the continued poor performance of the Roads and Earthworks business detracted from what would have been an outstanding performance by the Group.

In keeping with international best practice, all Group plant and equipment holdings have been consolidated into one unit under single leadership based at Spartan.

Overall, the Group managed to maintain its responsiveness and flexibility during a period of economic change. This was demonstrated by our ability to initiate new work and rapidly take up the slack created by the cancellation and deferment of local industrial and mining work. This ability to mitigate potential negative impacts and ensure growth in uncertain economic times bodes well for the sustainable delivery of shareholder value into the future.

Operational review

During the year the Infrastructural Development Services (IDS) business unit was restructured to form Property Development Services (PDS) with a focus on opportunities in the property market. The substantive groundwork undertaken by this unit in 2004 is expected to result in solid returns from 2005 onwards. The sustainability of this performance will be underpinned by stringent risk procedures now incorporated as operating practices within the business.

The N2 Wild Coast and N1/N2 Winelands unsolicited bids for the South African National Roads Agency have incurred further delays principally due to environmental issues and tolling concerns. It is not anticipated that these projects will commence before 2006.

As indicated, the Manufacturing business unit which contributes 17% to Group revenue, performed exceptionally well during the year, yielding a 90% increase in operating profit.

Everite Building Products continued to build on its three pillar strategy being technology, factory efficiency and innovative new products. The timeous launch of Vermont side cladding, together with decorative interior finishes and fibre-cement building columns, have created an exciting platform for new growth. Whilst the much anticipated pre-election spend on low-cost housing did not materialise, at the beginning of 2004, this market is growing as a result of increasing consumer spending in South Africa.

Vaal Sanitaryware had another excellent year. Quality improvements and financial benefits accruing from the installation of high pressure casting and drying systems flowed through to the results. The new found confidence in the unit's ability to professionally install and successfully commission state of the art equipment, encouraged the recent installation of an extension to the high pressure casting programme. This installation will allow Vaal to manufacture complete suites robotically. Customer service, new products and further cost reductions will be key drivers for growth in the year ahead.

DPI Plastics reported robust growth in sales volumes, revenues and profitability following the national Black Economic Empowerment ("BEE") distribution initiatives and

cross-border ventures. The distribution initiatives have resulted in the business being strategically repositioned, to meet customer demand for complete and integrated systems resulting in sales increasing by 26,6% during the year.

Construction revenues, which represent 75% of Group revenue, were marginally lower for the year, whilst operating profit decreased by R43,8 million. After adjusting for the effects of foreign exchange losses, operating profit decreased by 14% year-on-year.

Building had another successful year, achieving record levels in both revenue and operating profit. The business' enhanced profile and commitment to delivery, resulted in volumes of negotiated and design build work increasing to 70% of revenues. This strong growth has resulted in the recruitment and development of an additional 135 technicians and managerial staff to support future expansion. East African operations have performed well and the unit is well entrenched in the region. The business commences the new financial year with a robust order book and strong future prospects.

Engineering and Civils operating profits decreased by 18,9% and 46,4% respectively, compared with the prior year, as rand strength resulted in deferment and cancellation of local resource sector projects.

The repositioning of Civils to take advantage of opportunities in Zambia, Ghana and recent local chemical industry expansion, should lead to a substantial improvement in profitability in 2005.

The strategic focus on petrochemical work adopted in the prior year resulted in Engineering securing contracts from Chevron Texaco in the Cabinda Enclave (Malongo). This recent achievement, coupled with potential alliancing arrangements on large cross-border projects, will ensure good growth in the forthcoming year.

Strong demand from clients for total project management and construction solutions that fast-track delivery, is providing an exciting avenue of growth for the Group. To meet this challenge, strengthening of upfront engineering and planning skills will be essential and this change of emphasis will now take priority.

Roads and Earthworks incurred a disappointing loss following further consolidation and close-out of certain old projects. In this regard, two executive directors assumed hands-on responsibility for the unit. Leadership changes were effected, urgent rationalisation was undertaken and new continuous improvement processes were developed and implemented on sites.

Management is now confident that business unit capacity is matched to market, a competent team is in place, and profitable growth is anticipated in the year ahead. All costs associated with these sweeping changes and completion of outstanding projects have been absorbed in the year.

The award to a joint venture, incorporating Group Five, of the R550 million Berg River Dam near Franschoek will provide baseload work to Roads and Civils units for the next two years.

Operations and Maintenance activities increased revenues by 26,5% and operating profit by R42,5 million to R59,1 million, principally as a result of Intertoll's strong performance for the year. Whilst this outstanding performance is not likely to be matched in the year ahead, there are significant opportunities which Intertoll is well placed to pursue.

Water and Sanitation Services revenue was in line with prior years, but operating profit decreased following increased competition and slow payments from municipalities. It is expected that improved results will be posted for 2005.

Sustainable development

Group Five is committed to investing in South Africa and playing a constructive role in the country's future.

Black Economic Empowerment

The Construction Industry Sectoral Charter is currently being developed and will provide the framework to enable broad-based BEE. The Charter will help redress past imbalances by promoting development, empowerment and reduction of inequalities in the sector. Notwithstanding the anticipated adoption of the Charter in mid 2005, the Group is already actively pursuing the expected requirements.

Equity Ownership

- The overall indirect beneficial BEE component of Group Five's shareholding is currently 14%.
- A committee, led by the Group Chairman, has been established to actively address the Group's level of BEE shareholding and the structure relating thereto.

Management

- The Group currently has two black non-executive directors on the main board and one black business unit managing director.

Employment Equity and Skills Development

- Historically disadvantaged individuals comprise 16% of management.
- The Group fully supports and complies with the Skills Development Act.

Preferential Procurement

- Individual business units measure procurement to meet customers' requirements where required. The newly implemented MIS system will be used to monitor and report on Preferential Procurement of approved vendors.

- Senior management actively participate on the Industry Procurement Committee.

Joint Ventures

- The Group has entered into joint ventures with 26 BEE companies.

Corporate Social Investments ("CSI")

- The Group increased CSI spending by 79,6% to R725 686 in the year under review.
- A CSI Committee has been established with a mandate to spend up to 1% of PAT.

HIV/AIDS

The Group's HIV/AIDS policy has been relaunched with the focus on a "know your status" campaign. This development is supported by the Construction SETA, who will co-fund the project to R1,6 million. The major benefit of this campaign will be the provision of accurate data on which to forecast the impact of HIV/AIDS on the Group and assist those in need. Increased awareness is being driven through regular interventions in all business units.

Safety, Health and Environment

The Group Five Safety, Health and Environment (SHE) system was developed to provide a single benchmark in this regard throughout the Group. Good progress is being achieved in the implementation of the system and compliance by all units is expected by December 2004. Thirteen five and four-star gradings have been achieved in addition to several awards, including the Master Builders Association National Award. The Group's current disabling injury frequency rate is more than 15% better than the recorded industry average.

Market outlook

Africa's economic growth potential is improving considerably as a result of the rising prices of oil, gold, platinum and other resources. The continent's average growth rate projections are anticipated to outstrip growth rates for the global economy.

Significant opportunities are being created throughout the continent arising from the resurgence of mining and mineral benefication, plant construction and building of associated infrastructure. Large international petrochemical companies undertaking work in West Africa are seeking logistical, supply and construction support from South Africa. These demands will produce medium to long-term growth possibilities.

In South Africa, investment in residential, commercial and retail property developments is being underpinned by strong consumer confidence and low interest rates. This environment will continue to support strong demand for building supplies and construction skills.

The hosting of the 2010 Soccer World Cup tournament in South Africa will undoubtedly expedite provision of infrastructure by Government over the next five years. This prestigious event, which is forecast to attract approximately three million visitors, is set to generate increased demand for a range of construction and building projects, including facilities for event management, leisure and provision of hotels.

In line with strategy, the Group established a regional office in Dubai to service the buoyant market in the Gulf region. Our partner, Al Naboodah, is a well-known and respected business in the Emirates, with extensive construction expertise. Work has been secured at Dubai International Airport and Dubal (Dubai Aluminium), which is proceeding well. The Group's presence in the region has been well-received and considerable opportunity for growth exists.

Potential growth prospects in our local and other cross-border markets are exciting. Without doubt, the most daunting challenge facing industry in South Africa is the ability to get the management teams and skilled resources necessary to undertake the work. The Group has steadily been strengthening operational management to address this challenge. Group Five is well positioned to prosper from favourable market conditions and exciting prospects. We expect to report a fifth consecutive year of good strong growth.

Appreciation

This year the Group celebrated 30 years as a JSE-listed company. Our appreciation and gratitude is extended to all staff and families that made this milestone possible.

On a personal note, I wish to thank Howard Turner and Harold Banton for their unfailing support and wise counsel in a period of immense change for the Group. I trust they will enjoy a well-earned and healthy retirement.

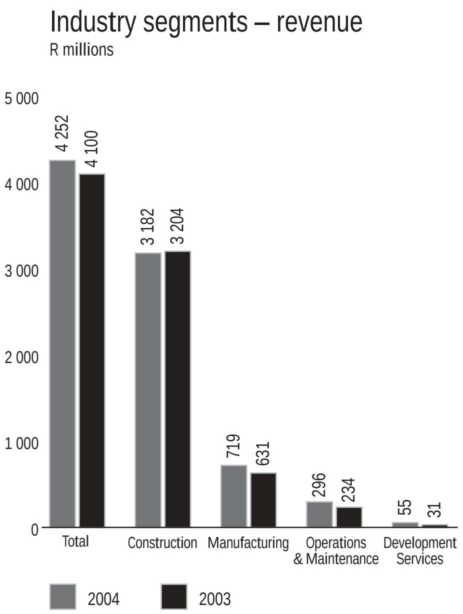
Paul O'Flaherty, who has been with the Group since January 2002, succeeded Howard Turner as Chief Financial Officer and was appointed to the Board and Executive Committee in October 2003. He has already made a material contribution to the Group's achievements.

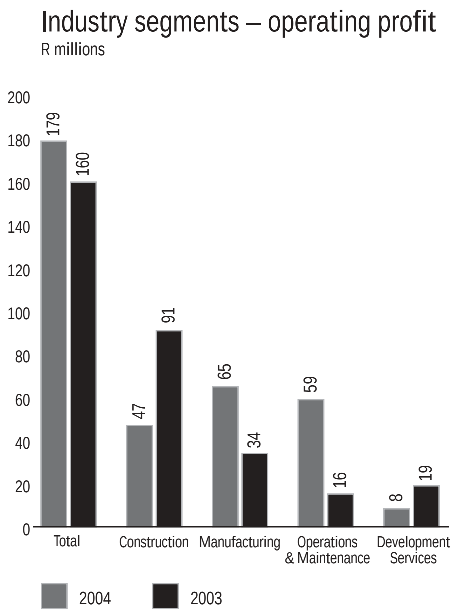
In June, 2004 we were pleased to announce the appointment of Glenn Geldenhuis, Paul le Sueur, Mike Upton and John Wallace to the Executive Committee. I look forward to their enthusiastic contribution in driving Group strategy and organisational alignment.

Finally, I wish to thank the Board for their guidance and support, and my colleagues for their enthusiasm, efforts and achievements in a challenging yet successful year.

Operating and financial review

Overview





Operating results

The Group's pleasing results for the year reflect the success of the Group's strategy to operate across a broad-based portfolio of businesses to shield against tough market conditions in any one sector.

Revenue increased during the year by 3,7% to R4,252 million (2003: R4,100 million) and operating profits increased by 11,9% from R160,1 million to R179,1 million. However, the strengthening Rand which improved by approximately 19% against the US Dollar during the year under review impacted negatively on the Group's results, adversely affected cross-border revenue by R600 million and also resulted in foreign exchange losses of R33 million (2003: R2 million).

Training and induction of high-tech computer systems, at Group Five head office, Rivonia, Sandton

Liquidity and capital resources

Funding and treasury policies are managed centrally by the Group. Included in cash and cash equivalents at 30 June 2004 is an amount of R109,2 million (2003: R137,8 million) relating to advance payments on foreign contracts which become available to the Group as certificates on the relevant contracts are approved.

For the eighteen month period from 1 July 2002 until 31 December 2003 the Group utilised cash and cash equivalents of R91,2 million. The main reason for the cash utilisation related to a decline in working capital following delays in payments on foreign contracts together with adverse conditions in the Roads business.

Improved disciplines were implemented in the Construction business during the latter half of the year which included detailed cash target setting and monitoring of such targets at the Group level. As a result, cash and cash equivalents improved by R86,6 million since 31 December 2003 (R56,4 million for the year) to R83,8 million. Long term borrowings increased to R130,2 million (2003: R60,8 million) due primarily to the financing of property, plant and equipment and as part of the strategy to convert short-term borrowings to long-term borrowings.

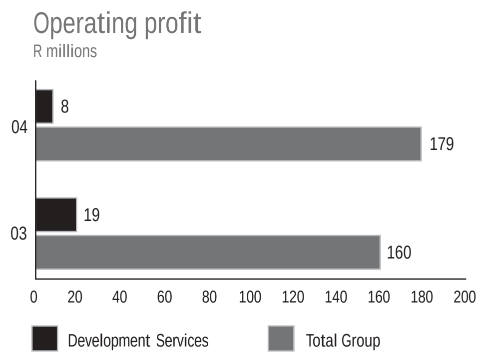
The above conditions resulted in finance costs of R34,1 million (2003: R28,5 million) for the year ended 30 June 2004.

The effective tax rate of 18,6% (2003: 23,1%) is lower than the statutory tax rate of 30% due to profits earned in jurisdictions with a lower tax rate.

Total financial institution backed guarantees provided to third parties on behalf of subsidiary companies amounted to R862 million (2003: R1,115 million) and reflect a concerted effort to cancel long outstanding guarantees.

A final dividend of 29 cents has been declared for the year bringing the total dividend to 44 cents (2003: 37,0 cents) which is in line with the Group's targeted annual dividend cover of approximately four times.

Development services



Following a strategic review of the Group's Development Services, the business unit was restructured into two core activities:

- Property developments – projects in the residential, commercial and retail environments.
- Concessions, build, operate and transfer (BOT) schemes – relating to the transportation, energy, service delivery and property environments.

The facility management operations were sold during the year enabling the business to focus on core competencies.

Operating profit decreased by R10,4 million to R8,3 million (2003: R18,7 million) primarily as a result of the deferment of projects in the mining sector. The property development business has subsequently focused on opportunities outside of the mining sector as noted above.

Highlights for the year

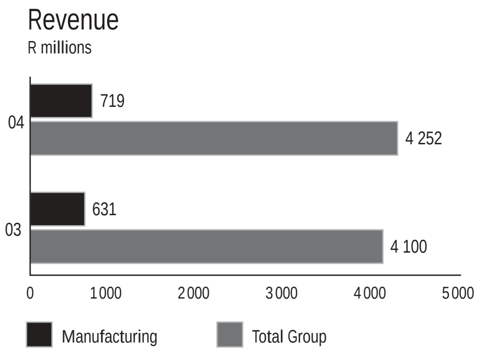
- Completion of sales of the retirement village development in Durban North at a value of R60 million.
- Successful completion of off-plan marketing launch of Carlswald residential development (project value R120 million).
- Finalisation of the scheme development work for the N1/N2 Winelands toll road and N2 Wild Coast toll road; however, these projects are awaiting decisions from the Minister on environmental objections.

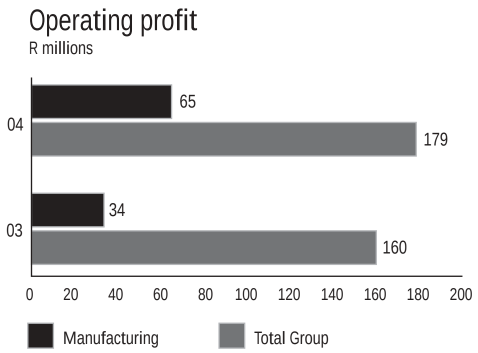
Focus and challenges for the year ahead

The change in focus in the current year has led to the identification of numerous projects which are currently being negotiated. Due to the lead times on projects of this nature being 12 to 18 months, benefits will only become evident in the next two years. Additionally, strategic partnerships have been formed with other developers and two new senior staff members have been appointed subsequent to the year end.

Top left: Assessment of client and strategic project implementation
Top right: Planning and implementation
Bottom: Realisation of the clients' vision.

Manufacturing





Manufacturing had an excellent year with revenue increasing 14% to R719,5 million (2003: R631,3 million). Operating profit increased by R30,6 million to R64,8 million (2003: R34,2 million) while operating margins improved from 5,4% to 9,0%.

The benefits of improved technology in the factories continue to have a positive impact on operating margins. However, due to the strengthening Rand, the threat from imports remains a concern. The growth in the building market experienced in the current year is expected to continue.

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.

Revenue increased by 16,1% over the prior year and operating performance showed a welcome return to profitability compared to break-even in the prior year.

Highlights for the year

The strong financial performance for the year was underpinned by the following activities:

- Implementing additional production improvements in the factory.
- Increasing sales volumes.
- Growing the Vermont building plank market.

Focus and challenges for the year ahead

The business plan for the coming year assumes the continued strengthening of the Rand. To counter this, focus will be on improving local customer loyalty through improved product and price offerings, marketing of newly introduced products and a continual review of product lines and factory efficiencies to optimise margin contribution.

VAAL SANITARYWARE

Vaal is a leading manufacturer and supplier of fireclay and vitreous china sanitaryware products to a broad spectrum of local end-user markets and selected export markets.

Revenue was flat compared to the prior year as a result of tough competition from imports and a depressed export market due to the strong Rand. Operating profit, however, increased by 26% due to further technological upgrades and efficiency improvements in the factory.

Highlights for the year

The business unit continued to focus on improving operating efficiencies through technology and product upgrades which included:

Vaal Sanitaryware - Robotic high-pressure casting technology

Top: Everite Vermont cladding - The versatile Nutec range of asbestos-free products can be used internally, and externally
Bottom: DPI Plastics - Providing industries as diverse as mining and agriculture, with high quality piping

- The successful implementation of the new high pressure casting pan machine; and
- The development of two new product suites.

Focus and challenges for the year ahead

Continued factory efficiencies through additional planned technological enhancements together with the development of new niche products, improving Vaal's visibility and brand as well as growth opportunities through customer alliances should result in further performance improvements from the business.

DPI

DPI operates as a joint venture with Sasol and manufactures plastic piping systems for a wide range of markets in South Africa, Namibia, Botswana, Tanzania and the Indian Ocean Islands. In addition, through its Black Economic Empowerment ("BEE") initiatives, DPI operates a number of joint venture companies in the engineering merchant markets.

Highlights for the year

DPI achieved significant growth, increasing turnover by 26,6% over the previous year and improving operating profit by 21,3%. This performance was underpinned by:

- Continued roll-out of the BEE distribution strategy.
- Substantial penetration of the complete pipe system solution market.
- Successful introduction of new products and fittings.

Focus and challenges for the year ahead

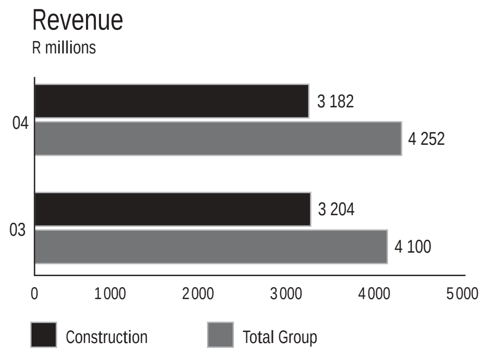
The business aims to improve performance through further roll out of its BEE strategy, the introduction of new technology products through alliances and co-operation agreements, pursuing opportunities in Africa and capitalising on the South African governments' commitment to increased infrastructure spend. In addition, further technological enhancements have been budgeted for to improve operational efficiencies.

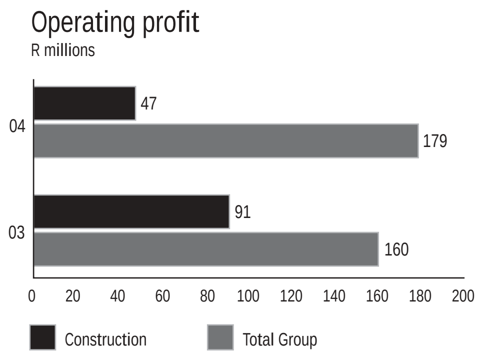
GROUP FIVE PIPE

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

Operational activity was minimal in the current year.

Construction





Construction revenue decreased marginally by 1% to R3,182 million (2003: R3,204 million) primarily as a result of an adverse impact from the strengthening Rand. Higher foreign exchange losses of R33 million (2003: R2 million) had a negative effect on operating profit which decreased to R46,9 million (2003: R90,7 million). If the effects of foreign exchange losses are excluded Construction operating profit would have decreased by 14% to R80 million (2003: R93 million). The extremely good performance of the Building business was mainly offset by the adverse result of the Roads business and to a lesser extent the Civils business.

The downsizing of Roads was completed during the latter half of the year and all known losses and costs were fully provided for. This business unit is expected to return to profitability in the year ahead.

The Civils and Engineering businesses, which are reliant on the resource sector, were affected by project deferments and cancellations.

The order book of R3,0 billion remains strong and the Group is pursuing opportunities in its traditional markets as well as in the Middle East and oil and gas industry.

BUILDING

The Group has continued to enhance its position as one of the largest commercial building operations in South Africa and also has significant operations in Angola, Algeria, Tanzania and Zanzibar.

Highlights for the year

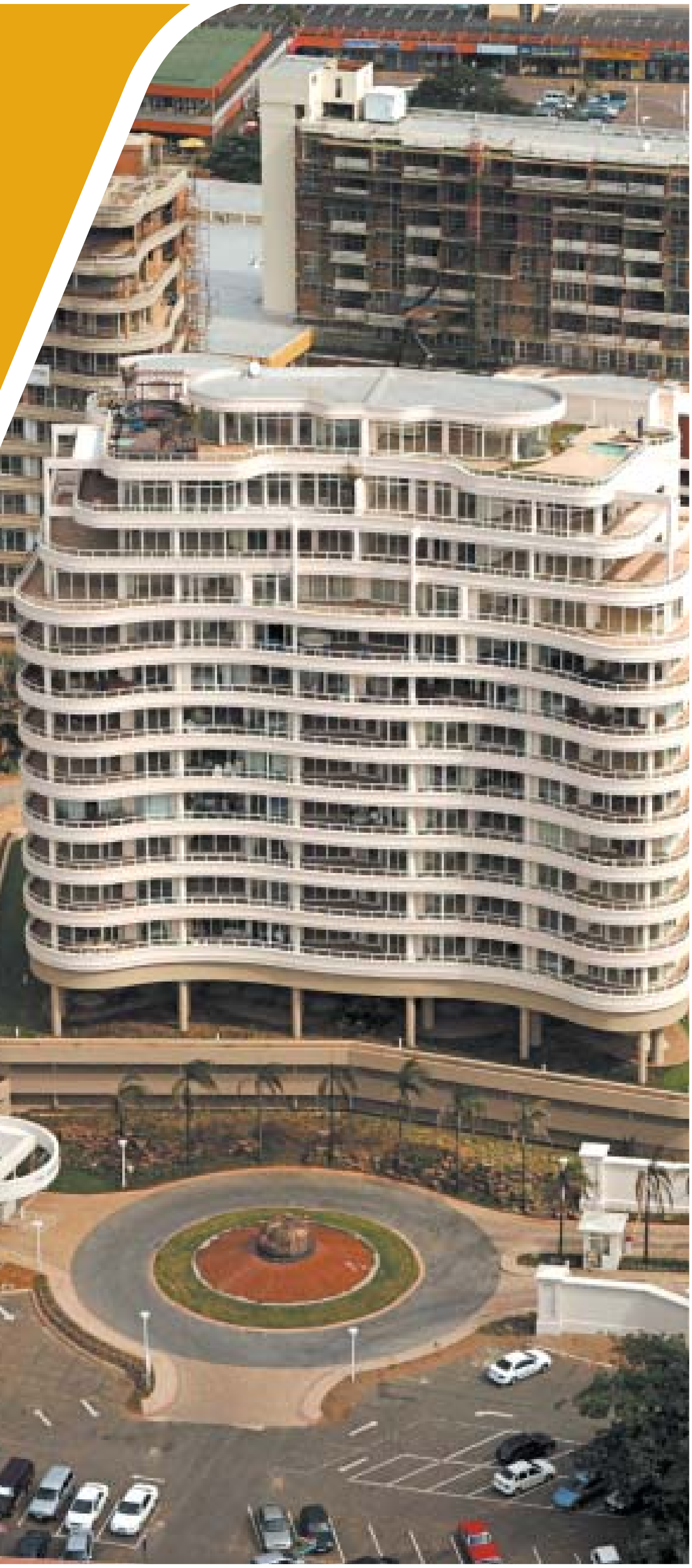
Building contributed 45% to Group revenue and its operating profits increased by 79% over the previous year.

Highlights for the year include:

- Ongoing development of The Oysters upmarket apartments in Umhlanga Rocks, KwaZulu-Natal, with a total contract value of R155 million.
- Construction of the Bank of Tanzania building and award of the development and building of the Bank of Zanzibar which have a combined total contract value of R820 million.
- Work performed in Algeria with total contract values of R250 million.
- Commencement of work on the Bank of Mauritius building for R150 million.
- Near completion of the Nova Vida project in Angola with a total contract value of R820 million.

Focus and challenges for the year ahead

The Building operations have virtually secured a full order book at improved margins and are currently looking at securing additional building work in Angola and other parts



Left: The Oysters luxury residential development at Umhlanga Rocks, KwaZulu-Natal
Right: Installation of digester at Mondi, Richards Bay, KwaZulu-Natal

of West Africa. Furthermore, activity in the residential sector in South Africa is expected to continue and the business is well placed to expand within this growing market segment.

The significant growth of the business has led to a full review of the internal systems and processes including human resource management. Improvements in these areas are planned for the next year.

ROADS

Group Five Roads operates in South Africa and selected African countries. The downsizing and plant rationalisation of the Roads business has been completed. A disappointing operating loss was incurred during the year which resulted from poor performing contracts and costs related to the downsizing and rationalisation.

Highlights for the year

The year was characterised by the impact of the downsizing and rationalisation of resources. Commercial and operational procedures were revisited and entrenched within the business. All eight operational sites have been put under tight budgetary control and are well managed by experienced teams focused on delivery of quality work to schedule. Capital employed has been reduced by approximately R70 million since June 2003.

Focus and challenges for the next year

Going forward, this business unit is focused on boosting its order book, continuing to improve cash management and returning to profitability for the year ahead. The year will also see the commencement of the Berg River joint venture project which was secured with a total contract value for the Group of R132 million.

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, including Mauritius, and recently in the Middle East.

Revenue was flat compared to the previous year and tough trading conditions, as a result of the resource sector downturn and the strengthening Rand, resulted in operating profit decreasing by 46,4%.

Highlights for the year

The year was characterised by cross-border opportunities and expansion and to this end the business enhanced the Group's current geographic position through:

- Setting up a business presence in Dubai and completing work in Iraq with a total contract value of R33 million.
- Securing contracts in Ghana and Zambia with a total contract value of R85 million.
- Securing the Cimangola cement mill contract in Angola (in conjunction with Engineering) with a total contract value of R200 million.

Focus and challenges for the next year

The business will continue to focus on identifying customers needs and improving relationships and more specifically increasing penetration into international markets by securing additional work in the Middle East. The intention is to improve performance through the appointment of additional experienced senior management.

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. It has also recently secured a major contract in the emerging West African oil and gas market.

The slowdown in the resource sector and the strengthening Rand had an adverse effect on the performance of the business. Revenue was significantly down and operating profit decreased by 18,9% from the prior year.

Highlights for the year

A number of new contracts were secured during the year, including:

- Cimangola cement mill project together with Civils.
- The civils, structural, mechanical, electrical, instrumentation and piping ("SMEIP") works for the Malongo Expansion Oil Project in Angola with a total contract value of R200 million.
- Phase 4 work at the Tarkwa Gold Mine in Ghana at a total contract value of R40 million.
- Together with Civils, R134 million contract work at Kansanshi Copper Mine in Zambia.

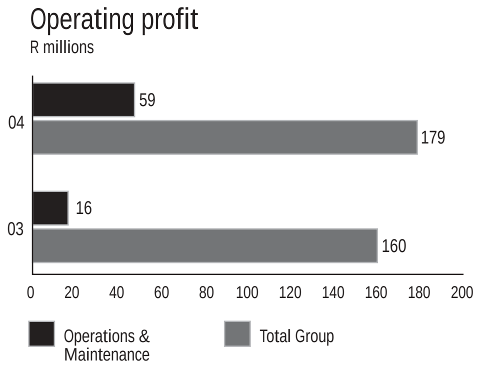
Focus and challenges for the year ahead

Significant opportunities exist in the African oil and gas market and the business has formed a dedicated petrochemical line of business which it intends growing in terms of resource in the next year.

The business has also identified multi-disciplinary engineering, procurement and construction ("EPC") opportunities and will pursue these through partnerships with customers and other engineering companies. Operational efficiencies will be increased through the introduction of technology and improvements to systems and processes.

Top: Midlands Mall Interchange, Pietermaritzburg, KwaZulu-Natal
Bottom: Phase V of the expansion of the Sebokeng sewage works, Sebokeng, Gauteng

Operations and Maintenance



Operations and maintenance reported an exceptional performance for the year with revenue increasing by 26% to R295,4 million in 2004 (2003: R233,5 million). This was mainly due to recording the revenue for a full year on contracts awarded during the course of the previous year.

Operating profit of R59,1 million was up substantially from the R16,6 million achieved in the prior year primarily due to the fair value adjustment to the shares held by Intertoll on the M5 concession. The valuation was determined from the price at which the Hungarian Government agreed to purchase a stake in the concession company.

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.

Highlights for the year

The years highlights include:

- The sale of a portion of the M5 Concession in Hungary.
- The resolution of issues that had previously affected performance on the two National Highway contracts in Delhi, India.
- The commissioning of two new toll plazas in South Africa.

Focus and challenges for the year ahead

Intertoll will focus on balancing short term revenue opportunities with longer term concession developments. There are significant opportunities in Brazil, Europe and India and Intertoll is well placed to pursue these. Scheme development work for the N1/N2 Winelands toll road and N2 Wild Coast toll road has been finalised. Intertoll will actively pursue opportunities in these schemes as they arise.

WSSA

WSSA is a joint venture with Suez Environment, a division of the global energy and environment services group, Suez. WSSA is a provider of sustainable water services solutions and manages water and wastewater systems throughout South Africa.

Revenue was in line with the prior year while operating profit was down due to the increasingly competitive market.

Highlights for the year

Despite tough market conditions, the year's highlights include:

- The successful migration from an ISO 9002 to an ISO 9001/2000 SABS nationwide certification.
- The continued success on the Johannesburg Water management contract.
- The creation of a dedicated BEE joint venture for the mining sector.

Focus and challenges for the year ahead

WSSA will continue to tender for municipal and industrial outsourcing contracts. Furthermore, a focus on operational and safety improvements will ensure an improved service offering.

KBR/GROUP FIVE INDUSTRIAL SERVICES

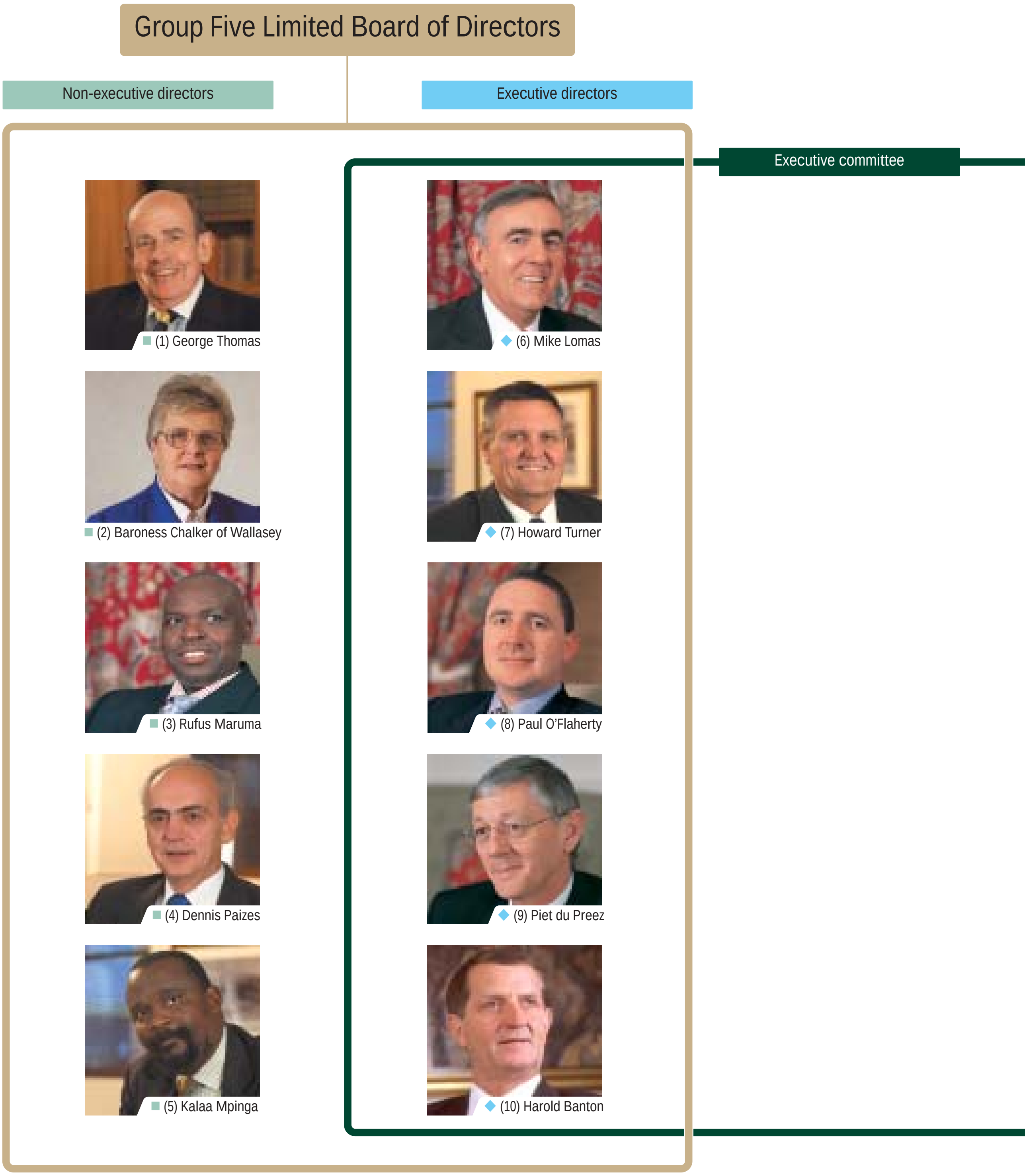
The joint venture with Kellogg Brown & Root offers specialist core maintenance and shutdown services to key customers in the petrochemical and paper industries.

Operating profit was down due to the adverse impact of a strong Rand on customers.

The focus for the next year is to create a BEE structure and to expand the base of core customers.

Top: Delhi-Noida Toll Bridge, Delhi, India
Bottom: The provision of clean running water to rural areas

Group Five Limited
Board and Management Structure

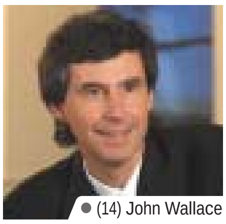


Operational Management


(11) Paul le Sueur


(12) Michael Upton


(13) Glenn Geldenhuis


(14) John Wallace


(15) Frank Enslin


(16) Mathathias (Matt) Nkala


(17) Andrew McJannet


(18) Patrick Ayoub


(19) Johan de Witt


(20) Piet Martins


(21) Peter Keenan


(22) Tim Woodhead

Group Five Limited Management structure

(1) **George Thomas** ■ (72) Independent Non-executive Chairman. Appointed a director in 1966. George is a CA(SA). He is currently the Non–executive chairman of AFC Ltd, African & Overseas Enterprises Ltd, Rex Trueform Clothing Co Ltd, Queenspark (Pty) Ltd and Biarritz Parktown Security Association. He is also a Non-executive director of the The New Housing Company and Property Fund Managers Limited. George previously served as chairman of Building Materials Suppliers of South Africa and has 32 years experience at AECI Ltd where he was an Executive Director for 15 years.

(2) **Baroness Chalker of Wallasey** ■ (62) Independent Non-executive Director. Appointed a director in 2001. She is an independent advisor to the World Bank and to a number of businesses in Europe and Africa. She is also the first female Non-Executive advisory director of Unilever Plc and chairman of their external affairs and corporate relations committee. Until April 2004 she was 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 twelve years. Baroness Chalker 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.

(3) **Rufus Maruma** ■ (45) Independent 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. Rufus was also a member of the National Parks Board and 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 Bakwena Concession Company, Amafaun Faun and Pan African Shopfitters. He is a member of the advisory panel of the Limpopo Province.

(4) **Dennis Paizes** ■ (68) Independent Non-executive Director. Appointed a director in 1996. Dennis 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.

(5) **Kalaa Mpinga** ■ (43) Independent 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. Kalaa 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.

(6) **Mike Lomas** ◆ (56) Chief Executive Officer. Appointed a director in 1992. Mike has a BTech (Hons) Civil & Structural Engineering, BSc (Hons) Water Utilisation Engineering, PrEng. MSAICE, CEng 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 Projects, as well as of the Roads and Earthworks activities in southern Africa.

(7) **Howard Turner** ◆ (61) Deputy Chief Executive Officer. Joined the Group and appointed a director in 1993. Howard is a CA(SA). Howard 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 of the Johannesburg Office 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.

(8) **Paul O'Flaherty** ◆ (41) Chief Financial Officer. Joined the Group in 2002 and appointed Chief Financial Officer on 1 October 2003. Paul holds BCom and BAcc degrees and is a CA(SA). He worked in public practice with PricewaterhouseCoopers from 1986 to 2001, seven years of which he was an audit partner. During this time, Paul headed up the Mining and Energy audit group and was a member of the Johannesburg Office management team. He is currently a member of the Accounting Practices Committee of the South African Institute of Chartered Accountants.

(9) **Piet du Preez** ◆ (54) Executive Director: Human Resources. Joined the Group in 1979. Appointed a Director in 1998. Piet 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.

(10) **Harold Banton** ◆ (61) Executive Director: Business Development. Joined the Group in 1988. Appointed a Director in 1994. Harold 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.

(11) **Paul le Sueur** ● (47) MD: Building. Joined 1 September 1984. BSc, QS, MAQS, RQS, MSc Building Management.

(12) **Michael Upton** ● (50) MD: Projects. Joined 1 September 2002. BSc Eng (Electrical), Management Development Programme, Pr Eng, SAIEE.

(13) **Glenn Geldenhuis** ● (48) MD: DPI Plastics. Joined 1 May 1998. BEng (Electronics) (Hons), MBL.

(14) **John Wallace** ● (46) MD: Everite Building Products. Joined 1 April 2002. BCom, Executive Programmes in Advanced Marketing and Executive Management.

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

(16) **Mathathias (Matt) Nkala** ● (46) MD: KwaZulu-Natal. Joined 1 September 2002. BSc Eng (Electrical), MBL.

(17) **Andrew Mc Jannet** ● (41) MD Civils Engineering. Joined 9 January 1987. BSc Eng (Civil), BA (PPE), MA (Oxon), Pr Eng, MSAICE.

(18) **Patrick Ayoub** ● (43) CEO: WSSA. Joined 1 July 2000. MBA, General Management Programme CEDEP (INSEAD).

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

(20) **Piet Martins** ● (51) MD: Angola. Joined 1 October 1984. National Diploma Civil Engineering.

(21) **Peter Keenan** ● (47) MD: Civils Mining and Industrial. Joined 5 October 1990. Higher National Diploma Civil Engineering.

(22) **Tim Woodhead** ● (44) MD: Intertoll. Joined 24 August 1992. BSc Eng (Civil), MBA.

Top: In-house HIV/AIDS awareness training forms part of the Group's responsibility to its employees
Bottom: On-site training to uplift local communities

Corporate Governance

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 regularly 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, management policies and decisions, operational performance of the business units and ensuring the integrity of the Group's risk management and internal controls, 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, allocation of resources, and in so doing ensuring 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.

Members of the Board are required to disclose any conflict of interest which they may have at the quarterly Board meetings. During the year under review no members of the Board were involved in any related party transactions with the Group.

ATTENDANCE REGISTER – QUARTERLY BOARD MEETINGS

	20 Aug 2003	12 Nov 2003	18 Feb 2004	20 May 2004	9 June 2004
Executive directors					
MH Lomas	√	√	√	√	√
JH Banton	√	√	√	√	X
P du Preez	√	√	X	√	√
PS O'Flaherty (appointed 1 October 2003)	n/a	√	√	√	√
HC Turner	√	√	√	√	√
Non-Executive directors					
GM Thomas	√	√	√	√	√
L Chalker	√	√	√	√	√
MR Maruma	√	√	√	√	√
KK Mpinga	√	√	√	√	X
D Paizes	√	√	√	√	√

(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 an independent non-executive director. The chairman's performance is evaluated annually at a Board meeting.

(c) **Composition of the Board**

The Board consists of five executive directors and five non- executive directors none of whom have contracts with the Group in excess of three years. There is a clear division of responsibility at Board level that ensures a balance of power and authority, such that no one individual has unfettered decision making authority. With effect from 1 October 2003, Mr HC Turner previously CFO, was appointed as deputy CEO and Mr PS O'Flaherty as CFO.

The performance of the executive directors is evaluated by the Remuneration Committee and the non executives 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 pages 28 and 31 of this report.

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 non-executive directors of 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, deputy CEO, CFO and two non-executive directors. This committee met once during the course of the year under review and all members were present.

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. As a result the committee has refocused its efforts toward higher level strategic issues affecting the Group.

It is the policy of the Group that in order to achieve the economic expectations of shareholders, the Group must pursue opportunities involving some degree of risk. This policy gives full and due consideration to the balance of risk and reward, as far as is practicable, to optimise the rewards gained from each business activity.

Audit Committee

The Audit Committee consists of the chairman, CEO, CFO and two non-executive directors. Mr PS O'Flaherty replaced Mr HC Turner on the Audit Committee with effect from 26 May 2004. The chairman of the committee is an independent non-executive director. 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.

ATTENDANCE REGISTER – AUDIT COMMITTEE MEETINGS

	15 Aug 2003	13 Feb 2004	20 May 2004
Executive directors			
MH Lomas	√	√	√
HC Turner	√	√	√
Non-Executive directors			
GM Thomas	√	√	√
KK Mpinga	√	X	√
D Paizes	√	√	√

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 and has a standing policy that the external auditor shall not be engaged for any non-auditing services other than taxation compliance work and advice.

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, nomination of Board members, bonus and incentive schemes and applications, non-executive directors' fees, share option allotments and service agreements.

ATTENDANCE REGISTER – REMUNERATION COMMITTEE MEETINGS

	17 Nov 2003	6 Feb 2004	3 Mar 2004
Executive directors			
MH Lomas	√	√	√
P du Preez	√	√	√
Non-Executive directors			
GM Thomas	√	√	√
MR Maruma	√	X	√
D Paizes	√	√	√

e) Directors' Remuneration

Summary

	Year ended 30 June 2004 R'000	Year ended 30 June 2003 R'000
Executive directors		
• For management services, excluding incentives	**6 680**	7 086
• Performance and equity incentives	**8 309**	3 946
	14 989	11 032
Non-executive directors		
• Directors' and other fees	**1 041**	1 316
Total	**16 030**	12 348

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	
	2004	2003	**2004**	2003	**2004**	2003	**2004**	2003	**2004**	2003
MH Lomas	**1 687**	1 589	**281**	265	**2 924**	1 409	**15**	15	**4 907**	3 278
HC Turner	**1 310**	1 121	**219**	190	**2 078**	949	**29**	28	**3 636**	2 288
P du Preez	**841**	811	**197**	182	**1 414**	680	**39**	40	**2 491**	1 713
P Erasmus (resigned 7 March 2003)	**–**	1 532	**–**	152	**–**	209	**–**	27	**–**	1 920
JH Banton	**1 025**	930	**184**	170	**1 692**	699	**26**	34	**2 927**	1 833
PS O'Flaherty (appointed 1 October 2003)	**682**	–	**121**	–	**201**	–	**24**	–	**1 028**	–
	5 545	5 983	**1 002**	959	**8 309**	3 946	**133**	144	**14 989**	11 032

Non-executive directors

	Total 30 June 2004 R'000	Total 30 June 2003 R'000
GM Thomas	**273**	293
L Chalker – Fees and services	**240**	357
L Chalker – Expenses	**92**	90
D Paizes	**90**	84
KK Mpinga	**71**	256
MR Maruma	**275**	236
	1 041	1 316

DETAILS OF DIRECTORS SHARE OPTIONS

Name of director	Options granted and accepted Opening balance	Options granted and accepted During the year	Strike price	Options exercised and paid	Total options granted and accepted closing balance	Strike price	Options Vested closing balance
2004							
MH Lomas	420 000		1,80		420 000	1,80	420 000
	100 000		1,70		100 000	1,70	100 000
	480 000		2,38		480 000	2,38	360 000
	220 000		3,83		220 000	3,83	110 000
HC Turner	420 000		1,80		420 000	1,80	420 000
	100 000		1,70		100 000	1,70	100 000
	480 000		2,38		480 000	2,38	360 000
	150 000		3,83		150 000	3,83	75 000
JH Banton	420 000		1,80		420 000	1,80	420 000
	100 000		1,70		100 000	1,70	100 000
	130 000		2,38		130 000	2,38	97 500
	150 000		3,83		150 000	3,83	75 000
P du Preez	420 000		1,80		420 000	1,80	420 000
	100 000		1,70		100 000	1,70	100 000
	280 000		2,38		280 000	2,38	210 000
PS O'Flaherty	250 000		3,83	(87 500)	162 500	3,83	37 500
	–	325 000	5,95		325 000	5,95	–
	4 220 000	325 000		(87 500)	4 457 500		3 405 000
2003							
MH Lomas	420 000		1,80		420 000	1,80	420 000
	100 000		1,70		100 000	1,70	75 000
	480 000		2,38		480 000	2,38	240 000
	220 000		3,83		220 000	3,83	–
HC Turner	420 000		1,80		420 000	1,80	420 000
	100 000		1,70		100 000	1,70	75 000
	480 000		2,38		480 000	2,38	240 000
	150 000		3,83		150 000	3,83	–
JH Banton	420 000		1,80		420 000	1,80	420 000
	100 000		1,70		100 000	1,70	75 000
	130 000		2,38		130 000	2,38	65 000
	150 000		3,83		150 000	3,83	–
P du Preez	420 000		1,80		420 000	1,80	420 000
	100 000		1,70		100 000	1,70	75 000
	280 000		2,38		280 000	2,38	140 000
	3 970 000				3 970 000		2 665 000

Note: The mechanisms of the share option scheme are set out on page 55, note 1.21(d).

(f) Company Secretary

The company secretary is appointed by the Board. The company secretary's statement of compliance is set out on page 42 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.

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 as well as any other statutory regulations or laws affecting them in their capacity as a director.

Risk Management, Internal Audit and Internal Controls

The Board is accountable for the process of risk management and the system of internal control. 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.

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 42 of the financial statements.

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 has been 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.

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, and risk management process as described above.

Sustainable Development

SOCIAL UPLIFTMENT AND DEVELOPMENT

The Group remains committed to social upliftment and sustainable development initiatives and during the year under review allocated a full time resource to drive and co-ordinate Corporate Social Investment and transformation initiatives from a corporate perspective.

The student management policy was revisited resulting in a more focused support programme for the 82 university and technikon students sponsored by the Group. The Group's partnership with Rand Afrikaans University and Metlife Raucall continued to deliver good results in attracting talented black scholars. Based on this highly successful initiative the Group is concluding a further agreement whereby we will participate in a bridging programme for previously disadvantaged students who wish to study engineering at another university.

Corporate Social Investment priorities revolved around the establishment of a Chairman's Fund and a committee to co-ordinate, prioritise and monitor our initiatives. The Group is targeting an annual spend of 1% of profit after tax in this regard.

Corporate giving amounted to R725 686 (2003: R404 000) during the past year focusing on projects aimed at education and the improvement of quality of life in the communities in which the Group operates.

EMPLOYMENT EQUITY

The Group's progress on meeting affirmative action targets at middle and senior management levels remains slow due to a shortage of appropriate skills at more senior levels. The Group is therefore reviewing its recruitment strategy as well as incentivisation in this regard to gain more momentum in the year ahead.

The table below reflects the percentage of employees from designated groups :

Category	**Actual June 2002**	**Actual June 2003**	**Actual June 2004**	**Target June 2006**
Senior Management (Peromnes 1 – 5)	6,5%	8,8%	9,8%	20%
Middle Management (Peromnes 6 – 7)	19,9%	18,2%	17,9%	35%
Specialised/Skilled (Peromnes 8 – 11)	57,3%	56,4%	45,2%	50%
Administration (Peromnes 12 – 13)	96,7%	96,6%	96,2%	90%
Semi Skilled/Lower (Peromnes 14 – 19)	99,3%	99,1%	99,5%	90%

HIV/AIDS AWARENESS

The Group has made the following achievements with respect to the HIV/AIDS awareness strategy:

- Completion of an actuarial modelling exercise.
- Re-launching the Group HIV/AIDS policy, with special focus on a "Know Your Status" campaign.
- Establishment of a management structure to assist in the implementation and monitoring of the HIV/AIDS programme.
- Obtaining co-funding for the programme from the Construction Seta.

Having recognised HIV/AIDS as a strategic business issue, the Group's priorities for the year ahead will be to encourage employees to know their HIV/AIDS status, create a supportive environment and de-stigmatise HIV/AIDS in the workplace. The Group will also put in place mechanisms to manage the business risk and financial impact resulting from the outcomes of the actuarial modelling exercise.

HUMAN RESOURCES

Human Resources remains focused on manpower planning and succession at senior levels in the organisation. A major achievement during the year was the integration of the manpower planning requirements into business plans by the individual business units.

The shortage of skills in the construction arena remains a matter of concern and the management of talent continues to be a major priority.

The Group continued to play a leading role in industry negotiations and was successful in maintaining sound industrial relations during the year under review.

Focus for the year ahead will include:

- Leadership development.
- Establishment of a performance orientated culture.
- Manpower and Succession Planning.
- Enhancing the human resources information system.

SAFETY, HEALTH, ENVIRONMENT AND QUALITY

Group Five has continued to invest significant resources into initiatives that will ensure the achievement of best practice levels in SHEQ performance. The objective remains to achieve certification by OHSAS 18001 and ISO 14001 accreditation bodies.

Safety

All business units have embraced the Group Five Safety, Health and Environment (SHE) system and implementation has been successfully rolled out during the year under review. Levels of readiness for certification by an accreditation body vary between 50% and 90%.

The implementation of the SHE system has resulted in an improved awareness of SHE objectives by all levels of management and employees. As in the past a number of notable safety awards were achieved covering the following:

Nosa 5 Star and 4 Star Grading

- Modikwe Mine
- Twickenham Mine
- Sasol 2 & 3 Secunda
- Iscor Vanderbijlpark
- Best 5 star contractor in Limpopo Province
- Silvacel

MBA 5 Star and 4 Star

- Silvacel
- ENGEN
- Edwin Swales
- Sappi JV project
- Oyster Rock – Won National MBA competition for its category.
- Michelangelo

Letters of recommendation were received from international construction project managers on excellent audit results as well as from Iscor Newcastle on the Safety, Health and Environment system implementation.

Health
Occupational Health issues remain high on the Group's agenda and macro developments on health related issues is closely monitored.

The Executive Health programme is adding real value in guiding senior management on risks in this regard.

Environment and Quality
The Group remains committed to the achievement of ISO 14000 certification.

Environmental Control Systems are now being further developed to ensure ISO 14000 expectations are achieved and fully integrated with OHSAS 18001 systems.

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 CEO, 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 all stakeholders are encouraged to make use thereof.

GROUP FIVE

Contents

Statement of Responsibility by the Board of Directors

for the year ended 30 June 2004

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 44 to 74 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 43.

The financial statements were approved by the board of directors on 17 August 2004 and are signed on its behalf by:

GM Thomas **MH Lomas**

Statement of Compliance by the Company Secretary

for the year ended 30 June 2004

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

17 August 2004

Report of the Independent Auditors

for the year ended 30 June 2004

TO THE MEMBERS OF GROUP FIVE LIMITED

We have audited the Company and Group financial statements set out on pages 44 to 74 for the year ended 30 June 2004. 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 2004 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
17 August 2004

Directors' Report

for the year ended 30 June 2004

NATURE OF BUSINESS

Group Five Limited is an investment holding company with interests in the development services, manufacturing, construction (including engineering) 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 46 and attention is drawn to the reports of the chairman, chief executive officer and operating and financial review for comment thereon. Segmental information as approved by the directors relating to the business of the Group is set out on page 50.

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 and 559 123 (2003: 1 941 398) held by the share incentive trust.

DIVIDENDS

On 17 August 2004, the directors declared a final dividend of 29 cents per ordinary share (2003: 23,0 cents). In order to comply with the requirements of STRATE the relevant details are:

Event	Date
Last day to trade cum-dividend	15 October 2004
Shares to commence trading ex-dividend	18 October 2004
Record date (date shareholders recorded in books)	22 October 2004
Payment date	25 October 2004

No share certificates may be dematerialised or rematerialised between 18 October 2004 and 22 October 2004, both dates inclusive.

DIRECTORS AND SECRETARY

The names of the directors appear on page 28 and 29 of this report. With effect from 1 October 2003, Mr HC Turner, previously CFO, was appointed as deputy CEO and Mr PS O'Flaherty as CFO.

In terms of the articles of association of the company, Messrs GM Thomas and D Paizes and Baroness Chalker of Wallasey retire as non-executive directors and Mr PS O'Flaherty retires as executive director from the Board at the forthcoming annual general meeting. Being eligible, they offer themselves for re-election.

In addition, Messrs HC Turner and JH Banton, who have reached retirement age and will be leaving the Group on 31 December 2004, accordingly retire themselves as executive directors at the forthcoming annual general meeting and do not offer themselves for re-election. The name and registered office of the company secretary appears on page 80 of this report.

DIRECTORS' SHAREHOLDINGS

At 30 June 2004, the number of ordinary shares held beneficially and non-beneficially by the current directors was 877 015 and nil respectively (2003: 907 015 and nil respectively). There has been no material change in their holdings between the year-end and the date of this report. Details of directors share options is set out on page 37.

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.

Group Income Statement

for the year ended 30 June 2004

(R'000)	Notes	Group 2004	Group 2003
Contract, property rental and development revenue		**3 237 241**	3 246 925
Other revenue		**1 014 934**	853 436
Total revenue	2	**4 252 175**	4 100 361
Contract, property and development costs		**3 209 338**	3 169 424
Costs relating to other revenue		**939 486**	802 712
Total costs		**4 148 824**	3 972 136
Gross profit		**103 351**	128 225
Other income	3	**81 796**	27 128
(Loss)/income from associates before tax		**(6 026)**	4 774
Operating profit	3	**179 121**	160 127
Finance costs	4	**(34 085)**	(28 530)
Profit before taxation		**145 036**	131 597
Taxation	5	**(27 012)**	(30 463)
Profit after taxation		**118 024**	101 134
Minority interests		**(2 600)**	(4 366)
Net profit for the year		**115 424**	96 768
Earnings per share (cents)	6.1	**170,7**	144,8
Fully diluted earnings per share (cents)	6.2	**169,8**	143,1
Headline earnings per share (cents)	6.3	**135,1**	115,1
Dividends per share (cents) – based on years to which they relate		**44,0**	37,0

Group Balance Sheet

at 30 June 2004

(R'000)	Notes	Group 2004	Group 2003
ASSETS			
Non-current assets			
Property, plant and equipment	7	**576 436**	509 425
Associates	8	**11 046**	14 659
Investments	9	**101 443**	80 048
Deferred taxation	14	**38 809**	–
		727 734	604 132
Current assets			
Inventories	10	**234 021**	213 738
Contracts in progress	11	**148 866**	196 823
Trade and other receivables	12	**982 523**	804 529
Bank balances and cash	23	**275 902**	263 618
		1 641 312	1 478 708
Total assets		**2 369 046**	2 082 840
EQUITY AND LIABILITIES			
Capital and reserves			
Shareholders' equity		**536 923**	444 767
Minority interests in subsidiaries		**11 447**	9 899
Non-current liabilities			
Interest-bearing borrowings	13	**130 175**	60 832
Provision for employment obligations	19	**41 515**	46 199
		171 690	107 031
Current liabilities			
Trade and other payables	15, 23	**1 276 734**	1 142 349
Provisions for liabilities and charges	16	**124 245**	124 757
Taxation		**55 943**	17 862
Bank overdrafts and short-term borrowings	13, 23	**192 064**	236 175
		1 648 986	1 521 143
Total liabilities		**1 820 676**	1 628 174
Total equity and liabilities		**2 369 046**	2 082 840

Group Cash Flow Statement

for the year ended 30 June 2004

(R'000)	Notes	Group 2004	Group 2003
CASH FLOW FROM OPERATING ACTIVITIES			
Operating profit before working capital changes	20	**199 836**	216 803
Working capital changes	21	**(21 131)**	(89 008)
Cash generated from operations		**178 705**	127 795
Finance costs		**(34 085)**	(28 530)
Taxation paid	22	**(27 740)**	(29 630)
Dividends paid		**(26 267)**	(23 501)
Cash effects of operating activities		**90 613**	46 134
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of fixed assets		**(155 607)**	(157 977)
Acquisition of investments		**–**	(1 255)
(Advances to)/repayments by associates		**(2 807)**	4 302
Proceeds on disposal of fixed assets		**52 933**	40 171
Proceeds on disposal of investments		**27 070**	–
Cash effects of investing activities		**(78 411)**	(114 759)
CASH FLOW FROM FINANCING ACTIVITIES			
Long-term borrowings raised		**60 465**	22 569
Long-term borrowings repaid		**(19 271)**	(16 132)
Issue of shares to employees from share trust		**2 999**	1 185
Cash effects of financing activities		**44 193**	7 622
Net increase/(decrease) in cash and cash equivalents		**56 395**	(61 003)
Cash and cash equivalents at beginning of year		**27 443**	88 446
Cash and cash equivalents at end of year	23	**83 838**	27 443

Group Statement of Changes in Equity

for the year ended 30 June 2004

	Number of ordinary shares issued	Number of shares held as treasury shares	Number of shares held by share trust	Net shares issued to public	Stated capital R'000	Distributable reserves R'000	Total shareholders' equity R'000
Balance 1 July 2002 – as previously reported	**73 573 023**	**(4 453 432)**	**–**	**69 119 591**	**286 245**	**95 568**	**381 813**
Adjustment required relating to consolidation of share trust (refer note 1)	–	–	(2 612 423)	(2 612 423)	(11 498)	–	(11 498)
Balance 1 July 2002 – as revised	**73 573 023**	**(4 453 432)**	**(2 612 423)**	**66 507 168**	**274 747**	**95 568**	**370 315**
Issue of shares from share trust to employees	–	–	671 025	671 025	1 185	–	1 185
Net profit for the year	–	–	–	–	–	96 768	96 768
Dividends paid	–	–	–	–	–	(23 501)	(23 501)
Balance 30 June 2003	**73 573 023**	**(4 453 432)**	**(1 941 398)**	**67 178 193**	**275 932**	**168 835**	**444 767**
Issue of shares from share trust to employees	–	–	1 382 275	1 382 275	2 999	–	2 999
Net profit for the year	–	–	–	–	–	115 424	115 424
Dividends paid	–	–	–	–	–	(26 267)	(26 267)
Balance 30 June 2004	**73 573 023**	**(4 453 432)**	**(559 123)**	**68 560 468**	**278 931**	**257 992**	**536 923**

Group Segmental Analysis

for the year ended 30 June 2004

INDUSTRY SEGMENTS

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

Operation	Revenue		Operating Profit		Capital Expenditure	
	2004	**2003**	**2004**	**2003**	**2004**	**2003**
(R'000)	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
Development Services	**55 145**	31 268	**8 349**	18 718	**7 106**	2 603
Manufacturing	**719 498**	631 258	**64 823**	34 168	**43 046**	44 750
Construction	**3 182 096**	3 204 297	**46 859**	90 685	**113 317**	109 956
Operations and Maintenance	**295 436**	233 538	**59 090**	16 556	**2 144**	4 260
Total	**4 252 175**	4 100 361	**179 121**	160 127	**165 613**	161 569

Operation	Depreciation		Total Assets		Total Liabilities	
	2004	**2003**	**2004**	**2003**	**2004**	**2003**
	R'000	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
Development Services	**80**	581	**221 480**	134 585	**82 567**	36 560
Manufacturing	**34 898**	31 897	**469 667**	469 488	**149 732**	115 647
Construction	**58 314**	52 899	**1 177 411**	1 051 592	**1 243 899**	1 138 042
Operations and Maintenance	**3 852**	3 201	**185 777**	163 557	**96 471**	83 888
Total	**97 144**	88 578	**2 054 335**	1 819 222	**1 572 669**	1 374 137

GEOGRAPHICAL SEGMENTS

The Group's segments are managed on a worldwide basis and operate in three principal geographical areas of the world, as set out below:

	Revenue		Capital Expenditure		Total Assets	
	2004	**2003**	**2004**	**2003**	**2004**	**2003**
	R'000	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
South Africa	**2 736 198**	2 741 961	**154 308**	145 644	**937 304**	1 103 277
Rest of Africa	**1 414 406**	1 243 538	**11 305**	14 457	**979 279**	606 467
Rest of World	**101 571**	114 862	**–**	1 468	**137 752**	109 478
	4 252 175	4 100 361	**165 613**	161 569	**2 054 335**	1 819 222

BASIS OF PRESENTATION

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 and in the information presented above.

Segment revenue and expenses: All segment revenue and expenses are directly attributable to the segments and are disclosed at the operating profit 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.

Accounting Policies

1. PRINCIPAL ACCOUNTING POLICIES

The financial statements are prepared on the historical cost basis as modified by the revaluation of investments and investment properties. 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, except as noted in the next sentence, are consistent with those of the previous year. The JSE Securities Exchange, South Africa issued a directive that requires the consolidation of share purchase trusts with effect from 16 February 2004. In order to comply with this directive, the Group results include the effects of consolidating the Group Five Share Incentive Scheme. The 2003 comparatives have been appropriately restated. Accounting policy 1.21(d) provides guidance as to the accounting for employee share options.

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, its subsidiaries and the share incentive trust. 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 associates' profit or loss for the year. The Group's interest in associates is carried in the balance sheet at an amount that reflects its share of the net assets of the associates.

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 monthly weighted average rate of exchange during 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 monthly weighted average rates of exchange during the year.

Translation gains and losses are included in operating profit.

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

1.6 Revenue recognition

Revenue relating to long-term contracts are accounted for under the percentage of completion method; the stage of completion is measured by reference to the relationship that contract costs incurred for work performed bear to the estimated total costs of the contract. Property sales are recognised when agreements for the sale are signed. Other revenue is recognised upon delivery of products and customer acceptance, if any, or performance of services, net of value added taxes and trade 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 these properties, over their expected useful life on a straight-line basis; generally buildings are depreciated over 50 years; these properties are disclosed under property, plant and equipment;
- 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; this property is disclosed under property, plant and equipment; 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 under inventory.

1.9 Plant and equipment

Plant and equipment is stated at cost. Depreciation is calculated to write-off the cost of plant and equipment, including capitalised leased assets, over its 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 office equipment	– 3 to 5 years

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 under plant and equipment and amortised using the straight-line method over their useful lives, not exceeding a period of three years.

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

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 property, plant and equipment 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 Construction contracts

A construction contract is a contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology, and functions, or their ultimate purpose or use.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred where it is probable those costs will be recovered. Contact costs are recognised when incurred.

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised by using the stage of completion method. The stage of completion is measured by reference to the relationship that contract costs incurred for work perfomed at balance sheet date bear to the estimated total costs for the contract. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Costs incurred in the year in connection with future activity on a contract are excluded and shown as contract work in progress. The aggregate of the costs incurred and the profit/loss recognised on each contract is compared against the progress billing up to the year-end. Where costs incurred and recognised profits (less recognised losses) exceed progress billings, the balance is also shown under contract work in progress. Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is shown as due to customers on construction contracts, under trade and other payables.

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

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 with original maturities of three months or less. Cash and cash equivalents are reflected at year-end bank statement balance.

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 five 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 plans are governed by the Pensions Fund Act.

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)

d) Equity compensation benefits

Share options are granted to management and key employees and must be accepted within fourteen days after grant. Options are granted at 85% of the market price of the shares on the date of the grant and are exercisable at that price. Once accepted, options must be exercised within eighteen months of grant date but can only be taken up and paid for in tranches over four years beginning two years from the date of grant. When the options are exercised, the proceeds received net of any transaction costs are credited to share capital (nominal value) and share premium.

Options exercised are fulfilled through an issue of shares from the share incentive scheme or through a repurchase and reissue of shares by the Group. Options are not settled through a new issue of shares. All such costs are accounted for through equity.

e) Profit sharing and bonus plans

A liability for employee benefits in the form of profit sharing and bonus plans is recognised in provisions when there is no realistic alternative but to settle the liability, and at least one of the following conditions is met:

- there is a formal plan and the amounts to be paid are determined before the time of issuing the financial statements; or
- past practice has created a valid expectation by employees that they will receive a bonus/profit sharing and amounts can be determined before the time of issuing the financial statements.

1.22 Financial instruments

Financial instruments carried on the balance sheet include cash and cash equivalents (as defined), investments, trade and other receivables, trade and other payables, 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.

1.23 Dividends paid

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

1.24 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.

Notes to the Financial Statements

for the year ended 30 June 2004

(R'000)		Group 2004	2003
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**		
	Operating profit is stated after crediting:		
3.1	Profit on disposal of fixed assets	**26 517**	15 603
3.2	Fair value adjustment relating to investment properties	**6 814**	11 525
3.3	Fair value adjustment relating to investments	**48 465**	–
	Other income	**81 796**	27 128
	and after charging:		
3.4	Foreign exchange losses – net	**33 517**	2 391
3.5	Loss on sale of associate	**394**	–
3.6	Auditors' remuneration	**3 929**	3 917
	Audit fees	**2 970**	2 700
	Fees for other services	**959**	1 217
3.7	Depreciation and amortisation	**97 144**	88 578
	Owner occupied land and buildings	**942**	1 032
	Plant, vehicles, furniture and other equipment		
	– Purchased	**89 547**	79 701
	– Leased	**6 655**	7 845
3.8	Directors' emoluments		
	Executive directors		
	For management services excluding incentives	**6 680**	7 086
	Performance and equity incentives	**8 309**	3 946
		14 989	11 032
	Paid by subsidiaries	**(14 989)**	(11 032)
		–	–
	Non-executive directors		
	Directors' fees	**535**	545
	Other fees and expenses	**506**	771
	Paid by subsidiaries	**(1 041)**	(1 316)
		–	–

(R'000)	Group 2004	Group 2003
3. OPERATING PROFIT (CONTINUED)		
3.9 Rentals under operating leases	**15 700**	15 768
Land and buildings	**9 879**	9 395
Other equipment	**5 821**	6 373
3.10 Remuneration other than to employees	**7 229**	12 450
Management services	**2 335**	395
Technical services	**4 894**	12 055
4. FINANCE COSTS		
Interest paid:		
Bank and short-term borrowings	**(34 085)**	(28 530)

Interest to the value of R6,8 million (2003: R4,3 million) was capitalised to developments in progress.

(R'000)	Group 2004	Group 2003
5. TAXATION		
South African normal taxation		
Current taxation	**(12 519)**	(5 553)
– current year	**(12 519)**	(5 553)
Deferred taxation	**38 809**	–
– current year	**38 809**	–
Foreign taxation (including withholding tax)		
Current taxation	**(53 302)**	(22 861)
– current year	**(53 302)**	(22 861)
Share of associates' taxation	**–**	(2 049)
	(27 012)	(30 463)
Reconciliation of normal taxation rate	**%**	%
South African normal taxation rate	**30,0**	30,0
Adjusted for:		
Capital items and disallowed expenses	**–**	1,0
Tax at rates in lower tax jurisdictions	**(11,4)**	–
Use of tax losses not recognised	**–**	(7,9)
Effective rate of taxation	**18,6**	23,1
	R'000	R'000
Estimated taxation losses available for set-off against future taxable income	**616 859**	499 990
Potential taxation relief at current taxation rates	**185 058**	149 997

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

(R'000)	Attributable profit R'000	Shares 000's	Earnings per share (cents)
6. EARNINGS PER SHARE			
6.1 Earnings per share – basic			
For the year ended 30 June 2004			
Shares outstanding 1 July 2003		67 178	
Weighted average number of shares issued during the year		447	
Income available to shareholders	115 424	67 625	170,7
For the year ended 30 June 2003			
Shares outstanding 1 July 2002		66 507	
Weighted average number of shares issued during the year		339	
Income available to shareholders	96 768	66 846	144,8

	2004 R'000	2003 R'000
6.2 Fully diluted earnings per share		
Income available to shareholders (R'000)	**115 424**	96 768
Weighted average number of shares issued during the year (as per basic earnings per share calculation) (000's)	**67 625**	66 846
Adjusted for: inclusion of dilutive shares held by share trust (000's)	**362**	800
Adjusted weighted average number of shares (000's)	**67 987**	67 646
Fully diluted earnings per share (cents)	**169,8**	143,1
6.3 Headline earnings per share		
A reconciliation is as follows:		
Attributable profit	**115 424**	96 768
Adjusted for:		
• profit on disposal of fixed assets (after tax)	**(18 562)**	(10 922)
• fair value adjustment relating to investment property (after tax)	**(5 491)**	(8 925)
Headline profit	**91 371**	76 921
Weighted average number of shares (000's)	**67 625**	66 846
Headline earnings per share (cents)	**135,1**	115,1

(R'000)	Group 2004	Group 2003
7. PROPERTY, PLANT AND EQUIPMENT		
Total property, plant and equipment		
Cost		
At the beginning of the year	**1 014 319**	936 500
Additions	**165 613**	161 569
Gross up of investment properties and long-term liabilities	**18 142**	–
Fair value adjustment to investment properties	**6 815**	11 525
Disposals	**(110 478)**	(95 275)
At the end of the year	**1 094 411**	1 014 319
Depreciation and amortisation		
At the beginning of the year	**(504 894)**	(487 023)
Current year charge	**(97 144)**	(88 578)
Disposals	**84 063**	70 707
At the end of the year	**(517 975)**	(504 894)
Net book value	**576 436**	509 425
Comprising:		
Owner occupied land and buildings		
Cost		
At the beginning of the year	**67 801**	66 720
Additions at cost	**832**	7 543
Disposals	**(3 969)**	(6 462)
At the end of the year	**64 664**	67 801
Amortisation		
At the beginning of the year	**(22 941)**	(25 535)
Current year charge	**(942)**	(1 032)
Disposals	**614**	3 626
At the end of the year	**(23 269)**	(22 941)
Net book value	**41 395**	44 860
Investment properties		
Net fair value at beginning of year	**57 581**	46 056
Gross up of investment properties and long-term liabilities	**18 142**	–
Additions	**7 077**	–
Fair value adjustment	**6 815**	11 525
Fair value at end of year	**89 615**	57 581

(R'000)	Group 2004	Group 2003
7. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)		
Plant, vehicles, furniture and office equipment – purchased		
Cost		
At the beginning of the year	**840 350**	778 729
Transferred to leased assets	**(79 414)**	–
Additions	**154 513**	150 434
Disposals	**(104 607)**	(88 813)
At the end of the year	**810 842**	840 350
Depreciation		
At the beginning of the year	**(457 622)**	(445 003)
Transferred to leased assets	**36 794**	–
Current year charge	**(89 547)**	(79 701)
Disposals	**83 420**	67 082
At the end of the year	**(426 955)**	(457 622)
Net book value	**383 887**	382 728
Plant, vehicles, furniture and office equipment – leased		
Cost		
At the beginning of the year	**48 587**	44 995
Additions	**10 007**	3 592
Purchased assets financed	**79 414**	–
Disposals	**(8 717)**	–
At the end of the year	**129 291**	48 587
Depreciation		
At the beginning of the year	**(24 330)**	(16 485)
Purchased assets financed	**(36 794)**	–
Current year charge	**(6 655)**	(7 845)
Disposals	**28**	–
At the end of the year	**(67 751)**	(24 330)
Net book value	**61 540**	24 257

Certain of the investment properties were valued by an independent valuator using a discounted cash flow model based on current market rentals and costs, assuming a vacancy percentage and using market related discount and inflation rates. The valuation was net of a long-term liability of R18 142. In order to improve presentation the property has been grossed up and the relevant liability separately disclosed under interest-bearing borrowings. The remainder of investment properties were valued based on offers from independent third parties.

(R'000)	Group 2004	Group 2003
8. ASSOCIATES		
Unlisted associates		
Shares at cost	**9 770**	10 143
Group's share of retained (losses)/earnings	**(2 825)**	4 516
	6 945	14 659
Unsecured loans	**4 101**	–
	11 046	14 659
Directors' valuation of shares of unlisted associates	**11 046**	14 659

Notes to the Financial Statements

for the year ended 30 June 2004

(R'000)	Group 2004	Group 2003
9. INVESTMENTS		
Foreign concessions at fair value	**101 443**	80 048

The investments consist of the Group's interest in foreign toll road concessions in which the Group holds operation and maintenance contracts. Two of the concessions are in operation over periods between ten and thirty years. The Group's interest ranges from 3,5% to 22,7%.
The concessions are valued at fair value using discounted cash flow models based on traffic estimates, current operating costs and using market related exchange rates, discount rates and inflation rates.

(R'000)	Group 2004	Group 2003
10. INVENTORIES		
Manufacturing materials	**23 506**	25 817
Manufacturing work in progress	**9 111**	19 760
Manufacturing finished goods	**64 696**	61 253
Consumable stores	**31 483**	27 256
Properties and developments in progress	**105 225**	79 652
	234 021	213 738
11. CONTRACTS IN PROGRESS		
Long-term contract costs incurred (life to date)	**4 596 652**	5 384 503
Contract expenses recognised (life to date)	**(4 447 786)**	(5 187 680)
	148 866	196 823
12. TRADE AND OTHER RECEIVABLES		
Accounts receivable include:		
– Retention debtors	**42 107**	32 931
– Amounts owing by joint venture partners	**74 413**	166 239
– VAT refundable	**5 988**	9 391
– Prepayments	**15 108**	13 275
– Contract and trade debtors	**767 498**	527 576
– Other receivables	**77 409**	55 117
	982 523	804 529

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

(R'000)	Group 2004	Group 2003
13. BORROWINGS		
13.1 Interest-bearing borrowings		
Secured loans bearing interest at rates ranging from 7,5% to 11% per annum		
Repayable in annual instalments over five years	**206 595**	72 680
Unsecured loans bearing interest at rates ranging from 10,25% to 11% per annum		
Repayable in monthly instalments over five years	**1 706**	7 423
	208 301	80 103
Less: Current portion included in trade and other payables	**(78 126)**	(19 271)
	130 175	60 832
Secured loans are secured over:		
Property, plant and equipment with a net book value of	**61 540**	24 257
Other assets with a net book value of	**53 693**	50 475
Repayable during the years ending 30 June		
2004	**–**	19 271
2005	**78 126**	17 635
2006	**45 069**	13 816
2007	**31 217**	11 296
2008	**21 816**	18 085
2009	**11 143**	–
2010 and thereafter	**20 930**	–
	208 301	80 103
13.2 Bank overdrafts and short-term borrowings		
Bank overdrafts	**143 412**	173 115
Project finance facilities – short-term	**48 652**	63 060
	192 064	236 175
13.3 Borrowing facilities		
Borrowing facilities	**214 000**	238 000
Current utilisation	**(143 413)**	(173 115)
Borrowing facilities available	**70 587**	64 885

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 R414 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 R368 million at 30 June 2004 and the amount due to Nedbank of R368 million at 30 June 2004 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.

(R'000)	Group 2004	Group 2003
14. DEFERRED TAXATION		
Balance at beginning of year	**–**	–
Credited to income	**38 809**	–
Balance at end of year	**38 809**	–
The closing balance deferred taxation liability is attributable to the following items:		
Capital allowances	**(30 418)**	(25 048)
Provisions	**30 060**	37 694
Other allowances	**43 310**	(67 941)
Sundry	**(5 677)**	(1 368)
Estimated tax losses (net of valuation allowances)	**1 534**	56 663
	38 809	–
15. TRADE AND OTHER PAYABLES		
Accounts payable include:		
– Advance payments received	**272 106**	254 496
– Trade and other creditors	**240 952**	290 631
– Accrued expenses	**513 658**	406 916
– Subcontractor creditors	**48 621**	137 717
– Retention creditors	**41 128**	33 318
– Current portion of long-term borrowings	**78 126**	19 271
– Excess billing over work done	**82 143**	–
	1 276 734	1 142 349

The carrying value of accounts payable approximates their 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 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**
Utilised during the year	(11 732)	(109)	(75 576)	(10 103)	**(97 520)**
Charged to income statement	9 672	–	77 780	9 556	**97 008**
Balance at 30 June 2004	9 672	1 660	103 357	9 556	**124 245**

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.

(R'000)	Group 2004	2003
17. COMMITMENTS AND CONTINGENCIES		
Fixed asset commitments		
Contracts placed	**13 882**	31 292
Contracts approved by directors but not placed at 30 June	**4 833**	22 128
	18 715	53 420
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	**12 516**	17 541
Later than 1 year and not later than 5 years	**49 199**	55 807
Later than 5 years	**44 068**	49 375
	105 783	122 723

Guarantees

Total financial institution backed guarantees provided to third parties on behalf of subsidiary companies amounted to R862 million (2003: R1 115 million). The directors do not believe any exposure to loss is likely. Total facilities in this regard amount to R1 060 million (2003: R1 115 million).

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 and abroad.

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 financial instruments.

(R'000)	Group 2004	Group 2003
19. EMPLOYEE BENEFITS		
19.1 Staff costs		
Wages and salaries	**758 123**	870 906
Pension costs – defined contribution plans (including industry plans)	**37 738**	47 052
Pension costs – defined benefit plan (primarily service cost)	**7 430**	7 097
	803 291	925 055
Average number of persons employed by the Group during the year:	**Number**	Number
Full time	**5 517**	5 939
Part time	**5 959**	7 743
	11 476	13 682
South Africa	**6 341**	7 304
Overseas	**5 135**	6 378
	11 476	13 682

19.2 Pension scheme

The latest actuarial valuation of the Group defined benefit plan was carried out in June 2004 and was considered by the actuaries to be in a sound financial condition. A summary of the valuation is presented below:

	2004	2003
	R'000	R'000
Present value of funded obligations	**(689 773)**	(661 017)
Fair value of plan assets	**844 215**	751 391
Surplus	**154 442**	90 374
	%	%
The principal assumptions used for accounting purposes were as follows:		
Discount rate	**10,0**	10,0
Expected return on assets	**10,0**	10,0
Future salary increases	**7,0**	7,0
Future pension increases	**5,0**	5,0

Revised pension fund legislation stipulates that, in addition to the Group being entitled to its 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 its share of the surplus in its balance sheet as the impact of the revised legislation is still being evaluated.

	2004	2003
19.3 Post-employment obligations	**41 515**	46 199

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 5% per year (2003: 7,5%).

19. EMPLOYEE BENEFITS (CONTINUED)

19.4 Share Option Scheme

The Group operates a Share Option Scheme for certain of its employees. Refer note 1.21 (d) for further details. Of the granted and accepted shares 4 955 100 shares have vested.

Share option activity was as follows:

	Eligible for allocation	Granted and accepted	Average price	Net available
Balance as at 30 June 2002	12 875 000	8 954 400	2,27	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	2,41	5 121 750
Options granted	–	325 000	5,95	(325 000)
Options paid for/lapsed	–	(1 592 150)	2,14	1 592 150
Balance as at 30 June 2004	12 875 000	6 486 100	2,65	6 388 900

(R'000)	Group 2004	Group 2003
20. OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		
Profit before taxation	**145 036**	131 597
Adjustments for:		
Depreciation and amortisation	**97 144**	88 578
Fair value adjustments	**(55 280)**	(11 525)
Profit on disposal of fixed assets	**(26 517)**	(15 603)
Share of associates' loss/(income)	**6 026**	(4 774)
Finance costs	**34 085**	28 530
Other	**(658)**	–
	199 836	216 803
21. WORKING CAPITAL CHANGES		
Trade and other payables	**134 385**	(239 582)
Trade and other receivables	**(177 994)**	91 028
Provisions	**(512)**	(41 902)
Contracts in progress	**47 957**	59 703
Inventories	**(20 283)**	50 842
Post-employment obligations	**(4 684)**	(9 097)
	(21 131)	(89 008)

(R'000)	Group 2004	Group 2003
22. TAXATION PAID		
Taxation owing at the beginning of the year	**(17 862)**	(19 078)
Charge per the income statement (excluding associates)	**(27 012)**	(28 414)
Movement in deferred taxation	**(38 809)**	–
Taxation owing at the end of the year	**55 943**	17 862
Total paid during the year	**(27 740)**	(29 630)
23. CASH AND CASH EQUIVALENTS AT END OF YEAR		
Bank balances and cash	**275 902**	263 618
Bank overdraft and short-term borrowings	**(192 064)**	(236 175)
Cash and cash equivalents at end of year	**83 838**	27 443

Included in bank balances and cash are USDollar denominated contract advance payments amounting to R109,2 million (2003: R137,8 million). These amounts become available to the Group as certificates on the relevant contracts are approved.

24. NON-CASH TRANSACTIONS (R'000) – CASH FLOW STATEMENT

Excluded from the cash flow statement are additions to fixed assets amounting to R28 149 (2003: R3 592) which were funded by finance leases and loans during the year.

Annexure 1 – Company Financial Statements

at 30 June 2004

INCOME STATEMENT (REFER NOTES THAT FOLLOW)

(R'000)	2004	2003
Dividends received from subsidiary	**79 981**	–
Taxation	**–**	–
Net profit	**79 981**	–

BALANCE SHEET (REFER NOTES THAT FOLLOW)

	2004	2003
Assets		
Investment in subsidiaries	**360 370**	303 657
Other investments	**500**	500
	360 870	304 157
Equity and liabilities		
Stated capital	**278 931**	275 932
Distributable reserves	**81 939**	28 225
	360 870	304 157

STATEMENT OF CHANGES IN EQUITY

	Number of ordinary shares issued	Number of shares held as treasury shares	Number of shares held by share trust	Net shares issued to public	Stated capital R'000	Distributable reserves R'000	Total shareholders' equity R'000
Balance 1 July 2002 – as previously reported	**73 573 023**	**(4 453 432)**	**–**	**69 119 591**	**286 245**	**51 726**	**337 971**
Adjustment required relating to consolidation of share trust (refer note 1)	–	–	(2 612 423)	(2 612 423)	(11 498)	–	(11 498)
Balance 1 July 2002 – as revised	**73 573 023**	**(4 453 432)**	**(2 612 423)**	**66 507 168**	**274 747**	**51 726**	**326 473**
Issue of shares from share trust to employees	–	–	671 025	671 025	1 185	–	1 185
Dividends paid	–	–	–	–	–	(23 501)	(23 501)
Balance 30 June 2003	**73 573 023**	**(4 453 432)**	**(1 941 398)**	**67 178 193**	**275 932**	**28 225**	**304 157**
Issue of shares from share trust to employees	–	–	1 382 275	1 382 275	2 999	–	2 999
Net profit	–	–	–	–	–	79 981	79 981
Dividends paid	–	–	–	–	–	(26 267)	(26 267)
Balance 30 June 2004	**73 573 023**	**(4 453 432)**	**(559 123)**	**68 560 468**	**278 931**	**81 939**	**360 870**

Annexure 1 – Company Financial Statements

at 30 June 2004

NOTES TO THE FINANCIAL STATEMENTS

(R'000)	2004	2003
1. Principal accounting policies		
These financial statements should be read together with the Group financial statements set out on pages 44 to 74. The accounting policies adopted are set out on pages 51 to 55.		
2. Investment in Subsidiaries		
Shares at cost	**411 232**	411 232
Amounts owing to subsidiaries	**(50 862)**	(107 575)
	360 370	303 657

3. Taxation

No taxation has been provided as the dividends are tax exempt.

4. Cash flow statement

No cash flow statement has been prepared as there were no flow of funds during the year. The dividends and directors' emoluments paid were funded by subsidiaries and the dividends received and the proceeds on issue of shares were received by subsidiaries.

Annexure 2 – Interest in Subsidiaries

at 30 June 2004

	Issued ordinary share capital		Percentage held		Shares at cost		Amounts owing (to)/by subsidiaries	
	2004 Shares	2003 Shares	**2004 %**	2003 %	**2004 R'000**	2003 R'000	**2004 R'000**	2003 R'000
Group Five Construction (Proprietary) Limited	**1 000 000**	1 000 000	**100,0**	100,0	**14 177**	14 177	**(130 843)**	(107 575)
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	**–**	–
Group Five Construction (UK) Limited	**100**	100	**100,0**	100,0	**500**	500	**79 981**	–
					411 232	411 232	**(50 862)**	(107 575)

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 and are all wholly owned.

The holding company's interest in the aggregate net profits earned by subsidiaries amounted to R113,4 million (2003: R96,8 million) respectively.

Annexure 3 – Investment in Joint Ventures

at 30 June 2004

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 (%)
St Martins Sewage Joint Venture (Mauritius)	Sewage works	50
GLG Joint Venture (Namibia)	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 (Malawi)	Construction contracting	50
G5 – CMC Temane Joint Venture (Mozambique)	Construction contracting	50
Michelangelo Towers Joint Venture	Construction contracting	50
Group Five/BR – Lima Joint Venture	Construction contracting	50
Group Five – GCC Bank of Mauritius Joint Venture (Mauritius)	Construction contracting	50
Berg River Project Joint Venture	Construction contracting	24

(R'000)	Group 2004	Group 2003
AGGREGATE FINANCIAL INFORMATION:		
Balance sheet		
Group's proportionate share of assets and liabilities:		
Assets		
Non-current assets	**48 217**	46 131
Current assets	**168 811**	217 869
	217 028	264 000
Equity and liabilities		
Shareholders' interest	**67 638**	87 818
Non-current liabilities	**26 926**	18 489
Current liabilities	**122 464**	157 693
	217 028	264 000
Income statement		
Group's proportionate share of income and expenditure:		
Revenue	**526 325**	455 140
Profit before taxation	**16 494**	21 669
Taxation	**(8 426)**	(4 984)
Profit after taxation	**8 068**	16 685
Dividends received	**–**	1 456
Summarised cash flow statement		
Cash flow from operating activities	**(65 001)**	73 315
Cash flow from investing activities	**(3 326)**	(1 066)
Cash flow from financing activities	**5 639**	7 285
Net (decrease)/increase in cash and cash equivalents	**(62 688)**	79 534

Annexure 4 – Investment in Associates

at 30 June 2004

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	15
Amanz' Abantu Services (Proprietary) Limited	Water supply	100 ordinary shares of R1 each	25,5
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

(R'000)	2004	2003
AGGREGATE FINANCIAL INFORMATION: UNLISTED		
Balance sheet		
Group's proportionate share of assets and liabilities:		
Assets		
Non-current assets	2 351	1 453
Current assets	17 559	27 406
	19 910	28 859
Equity and liabilities		
Shareholders' interest	16 843	7 577
Non-current liabilities	1 500	1 855
Current liabilities	1 567	19 427
	19 910	28 859
Income statement		
Group's proportionate share of income and expenditure:		
Revenue	27 677	86 581
(Loss)/profit before taxation	(6 026)	4 774
Taxation	–	(2 049)
(Loss)/profit after taxation	(6 026)	2 725
Dividends received	3 635	1 215
Summarised cash flow statement		
Cash flow from operating activities	1 985	5 937
Cash flow from investing activities	899	(934)
Cash flow from financing activities	355	396
Net increase in cash and cash equivalents	3 239	5 399

Annexure 5 – Analysis of Shareholders

at 30 June 2004

	Number of shareholders	%	Number of shares	%
Shareholder spread				
1 – 1 000 shares	1 080	49,11	440 200	0,60
1 001 – 10 000 shares	801	36,43	3 108 585	4,23
10 001 – 50 000 shares	182	8,28	4 542 774	6,17
50 001 – 500 000 shares	107	4,87	16 328 662	22,19
500 001 – 1 000 000 shares	16	0,73	10 898 520	14,81
1 000 001 and over shares	13	0,59	38 254 282	51,99
	2 199	**100,00**	**73 573 023**	**100,00**
Distribution of shareholders				
Banks	17	0,77	489 906	0,67
Close Corporations	27	1,23	87 568	0,12
Endowment Funds	5	0,23	367 486	0,50
Individuals	1 758	79,95	9 184 562	12,48
Insurance Companies	9	0,41	18 374 091	24,97
Investment Companies	8	0,36	1 774 090	2,41
Share Incentive Scheme	1	0,05	559 123	0,76
Mutual Funds	93	4,23	28 280 266	38,44
Nominees and Trusts	151	6,87	887 003	1,21
Other Corporations	28	1,27	111 009	0,15
Pension Funds	40	1,81	7 447 690	10,12
Private Companies	55	2,50	1 534 526	2,09
Public Companies	6	0,27	22 271	0,03
Treasury Shares	1	0,05	4 453 432	6,05
	2 199	**100,00**	**73 573 023**	**100,00**

	Number of shareholders	%	Number of linked units	%
Public/non-public shareholders				
Non-public shareholders	**8**	**0,37**	**5 919 570**	**8,04**
Directors of the company	6	0,27	907 015	1,23
Treasury shares	1	0,05	4 453 432	6,05
Share Incentive Scheme	1	0,05	559 123	0,76
Public shareholders	**2 191**	**99,63**	**67 653 453**	**91,96**
	2 199	**100,00**	**73 573 023**	**100,00**
Beneficial shareholders with an interest of 5% or more in shares				
Old Mutual Group			20 335 046	27,64
Treasury shares			4 453 432	6,05
Nedcor Limited			6 021 605	8,18
Rand Merchant Bank			3 856 252	5,24
Sanlam			3 850 296	5,23
			38 516 631	52,34

2004	Direct	%
Directors' shareholdings		
GM Thomas	**30 000**	**0,04**
MH Lomas	**139 005**	**0,19**
HC Turner	**400 000**	**0,54**
P Du Preez	**139 005**	**0,19**
JH Banton	**139 005**	**0,19**
D Paizes	**30 000**	**0,04**
	877 015	**1,19**

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

Rank	Name of shareholder		%
1	Old Mutual Group	20 335 046	27,64
2	Nedcor Affiliates	6 021 605	8,18
3	Treasury shares	4 453 432	6,05
4	Rand Merchant Bank Affiliates	3 856 252	5,24
5	Sanlam	3 850 296	5,23
6	Eskom Pension & Provident Fund	2 148 648	2.92
7	Prudential M&G Funds	1 980 236	2,69
8	Investment Solutions	1 977 611	2,69
9	m Cubed Funds	1 596 252	2,17
10	Ellerine Brothers	1 562 500	2,12
11	Frater Asset Management	1 512 035	2,06
12	Momentum	1 201 930	1,63
13	Shuttleworth	1 038 000	1,41
14	Absa Affiliates	983 139	1,34
15	Futuregrowth	816 657	1,11
16	Citadel	790 000	1,07
17	Stanlib Funds	651 582	0,89
18	RMA Life Funds	631 245	0,86
19	Share Incentive Scheme	559 123	0,76
20	Telkom Retirement Fund	553 484	0,75
Total		56 519 073	76,82

GROUP FIVE

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 of Annual General Meeting

at 30 June 2004

Notice is hereby given that the annual general meeting of shareholders of the company will be held at the registered offices of Group Five, 371 Rivonia Boulevard, Rivonia, on Tuesday, 19 October 2004 at 11h00 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 2004, together with the directors' and independent auditors' reports.
2. Messrs PS O'Flaherty, GM Thomas and D Paizes and Baroness Chalker of Wallasey 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 by a single resolution.
3. To re-elect Messrs O'Flaherty, Thomas and D Paizes and Baroness Chalker, 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 PS O'Flaherty

   3.2 Mr GM Thomas

   3.3 Mr D Paizes

   3.4 Baroness Chalker of Wallasey

   A brief CV in respect of each director standing for re-election appears on page 30 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 resolution listed below:

Special resolution number1 : general authority to repurchase shares

"RESOLVED THAT, subject to compliance with the requirements of the JSE Securities Exchange, South Africa ("the JSE") listing requirements, the Companies Act (Act 61 of 1973 as amended) and the articles of association of the company, the directors of the company be and are hereby authorised in their discretion to procure that the company or subsidiaries of the company acquire by repurchase on the JSE ordinary shares issued by the company provided that:

- the number of ordinary shares acquired in any one financial year shall not exceed 20% of the ordinary shares in issue at the date on which this resolution is passed;
- must be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the company and the counter party;
- this authority shall lapse on the earlier of the date of the next annual general meeting of the company or 15 months after the date on which this resolution is passed; and
- the price paid per ordinary share may not be greater than 10% above the weighted average of the market value of the ordinary shares for the 5 business days immediately preceding the date on which a purchase is made;

The reason for this special resolution is to authorise the directors, if they deem it appropriate in the interests of the company, to procure that the company or subsidiaries of the company acquire or repurchase ordinary shares issued by the company subject to the restrictions contained in the above resolution.

The effect of this special resolution will be to authorise the directors of the company to procure that the company or subsidiaries of the company acquire or repurchase shares issued by the company on the JSE.

At the present time the directors have no specific intention with regard to the utilisation of this authority which will only be used if the circumstances are appropriate.

Notice to members

for the year ended 30 June 2004

The directors, after considering the effect of a repurchase of up to 20% of the company's issued ordinary shares, are of the opinion that if such repurchase is implemented:

- the company and the Group will be able to pay their debts in the ordinary course of business for a period of 12 months after the date of this notice;
- recognised and measured in accordance with the accounting policies used in the latest audited annual Group financial statements, the assets of the company and the Group will exceed the liabilities of the company and its subsidiaries for a period of 12 months after the date of this notice;
- the ordinary capital and reserves of the company and the Group will be adequate for the purposes of the business of the company and its subsidiaries for a period of 12 months after the date of this notice;
- the working capital of the company and the Group will be adequate for the purposes of the business of the company and the Group for a period of 12 months after the date of this notice;
- after such repurchase the company will still comply with paragraphs 3.37 to 3.41 of the JSE Listings Requirements concerning shareholder spread requirements;
- the company or the Group will not repurchase securities during a prohibited period as defined in paragraph 3.67 of the JSE Listings Requirements;
- when the company has cumulatively repurchased 3% of the initial number of the relevant class of securities, and for each 3% in aggregate of the initial number of that class acquired thereafter, an announcement will be made; and
- the company only appoints one agent to effect any repurchase(s) on its behalf.

The company will ensure that its sponsor has complied with its responsibilities in terms of the JSE Listings Requirements, prior to the commencement of any purchase of the company's shares on the open market.

Other disclosure in terms of Section 11.26 of the JSE Listings Requirements:

- directors (page 28);
- major shareholders (page 76);
- directors' interests in securities (page 45); and
- share capital of the company (page 69)

There have been no material changes in the affairs or financial position of Group Five and its subsidiaries since 30 June 2004.

In terms of section 11.26 of the JSE Listings Requirements, the directors, whose names are given on page 28 of the annual report of which this notice forms part, are not aware of any legal or arbitration proceedings, including proceedings that are pending or threatened, that may have or have had in the recent past, being at least the previous 12 months, a material effect on the Group Five's financial position.

The directors whose names appear on page 28 to 31 of the annual report collectively and individually accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading and that all reasonable enquiries to ascertain such facts have been made and that this resolution and additional disclosure in terms of Section 11.26 of the JSE Listings Requirements pertaining thereto contains all information required by law and the JSE Listings Requirements.

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 and dematerialised shareholders with own name registration

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 necessary arrangements with that party to be able to attend and vote in their capacity.

Dematerialised shareholders

Shareholders who have dematerialised their shares and 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 secretaries of the company at the address given below, by no later than 09h00 on Friday 15 October 2004.

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

17 August 2004

Registered office

Group Five Limited
371 Rivonia Boulevard
Rivonia
2128

PO Box 5016
Rivonia
2128

Transfer secretaries

Computershare Investor Services 2004 (Pty) Limited
Ground Floor, 70 Marshall Street
Johannesburg
2001

PO Box 61051
Marshalltown
2107

Administration

for the year ended 30 June 2004

TRANSFER SECRETARIES

Computershare Investor Services 2004 (Pty) Limited
Ground Floor, 70 Marshall Street, Johannesburg 2001
PO Box 61051, Marshalltown 2107
Tel: (011) 370 5000 Fax: (011) 688 7727

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 (non-executive)
L Chalker (non-executive)
MH Lomas
HC Turner
PS O'Flaherty

AUDIT COMMITTEE

GM Thomas (non-executive)
KK Mpinga (non-executive)
D Paizes (non-executive)
MH Lomas
PS O'Flaherty

REMUNERATION COMMITTEE

GM Thomas (non-executive)
MR Maruma (non-executive)
D Paizes (non-executive)
MH Lomas
P du Preez
A van Zyl (independent advisor)

CORPORATE FINANCE SPONSOR

Nedbank Corporate

Shareholders' Diary

FEBRUARY

Interim announcement
Interim dividend declared

MAY

Interim dividend paid

JUNE

Financial year-end

AUGUST

Preliminary announcement
Final dividend declared
Annual report published

OCTOBER

Final dividend paid
Annual general meeting

GROUP FIVE

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")

Form of proxy

For use at the annual general meeting of the holders of ordinary shares in the company ("Group Five shareholders") to be held at the registered office of Group Five, 371 Rivonia Boulevard, Rivonia on Tuesday, 19 October 2004 ("the annual general meeting") at 11h00.

Group Five shareholders who have dematerialised their Group Five shares through a CSDP/broker must not complete 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 (address)

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 resolutions 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 Receive and consider the annual financial statements for the year ended 30 June 2004.			
2. RESOLUTION NUMBER 2 Re-election of directors by a single resolution.			
3. RESOLUTION NUMBER 3 Re-election of directors. 3.1 PS O'Flaherty			
3.2 GM Thomas			
3.3 D Paizes			
3.4 L Chalker			
4. RESOLUTION NUMBER 4 Ratify directors' fees for year ended 30 June 2004.			
5. RESOLUTION NUMBER 5 Re-appoint of auditors.			
6. SPECIAL RESOLUTION NUMBER 1 General authority to repurchase shares.			

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 2004

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

1. This form of proxy must only be used by certificated ordinary shareholders or dematerialised ordinary shareholders who hold dematerialised ordinary shares with "own name" deregistrations.
2. Dematerialised ordinary shareholders are reminded that the onus is on them to communicate with their CSDP or broker.
3. 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.
4. 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.
5. 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 (excluding Saturdays, Sundays and public holidays).
6. Any alteration or correction made to this form of proxy must be initialled by the signatory/(ies).
7. 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.
8. 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.
9. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the Company.
10. Where there are joint holders of any shares:
    - Any one holder may sign this form of proxy; and
    - the vote(s) of the senior shareholder(s) (For that purpose seniority will be determined by the order in which the names of the shareholders appear in the company's register of members) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint shareholders.

Registered office
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Sandton
2128

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Transfer secretaries
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PO Box 61051, Marshalltown 2107

Positioned for growth

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

GROUP FIVE

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