GROUP FIVE

since 1974

annual report | 05

Contents

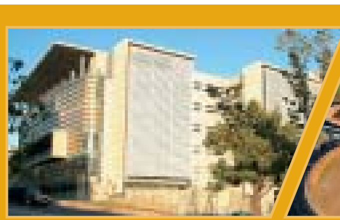
Over the past twelve months, Group Five Limited ("Group Five") has refocused its strategic efforts. A firm foundation and clear strategic direction have been established, which will enable the group to balance strong growth with good financial returns. This year it has achieved its fifth year of improved annual earnings.

In line with current international trends, Group Five has aimed to provide fuller disclosure and greater depth of reporting. This report seeks to encapsulate the three traditional spheres of sustainability, namely economic, social and environmental concerns, whilst maintaining the standard of quality disclosure in the group's financial reporting.

The group has introduced a feedback forum to stakeholders and would welcome your comments on this report.

Please email us on feedback@g5.co.za

In addition, stakeholders are encouraged to register for electronic Group Five information in the interests of the environment and for more efficient communication. To take advantage of this new service, or for more information, please type "Group Five electronic delivery" in your email title line and send to webmaster@quickreport.co.za



Development services

PROPERTY DEVELOPMENTS / INFRASTRUCTURAL DEVELOPMENTS

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.

Manufacturing

EVERITE BUILDING PROJECTS / VAAL SANITARYWARE / DPI PLASTICS / G5 PIPE

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.

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.

Construction

BUILDINGS/HOUSING / CIVIL ENGINEERING

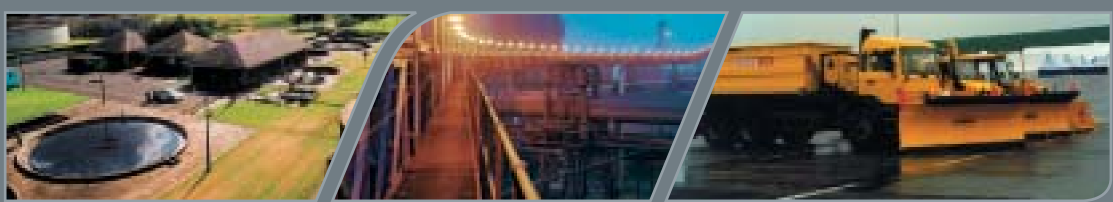
ROADS AND EARTHWORKS / ENGINEERING PROJECTS

The group's construction activities encompass Buildings/Housing, Civil Engineering, Roads and Earthworks and Engineering Projects. 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.

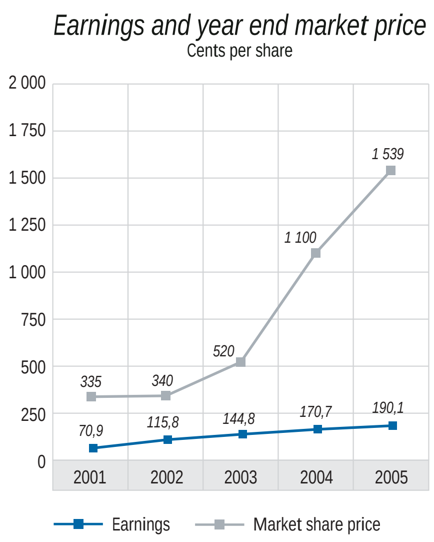
Operations and maintenance

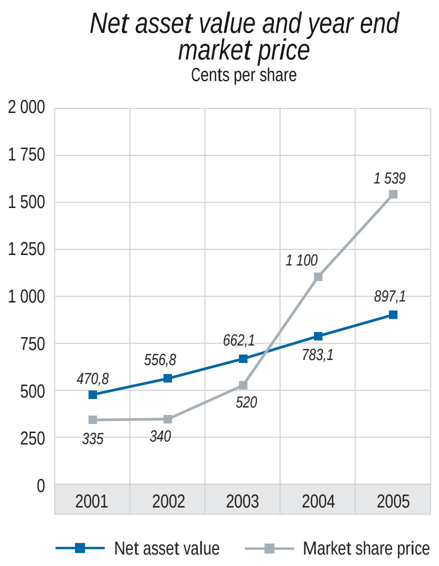
INTERTOLL / WSSA / KBR/G5 INDUSTRIAL SERVICES

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.



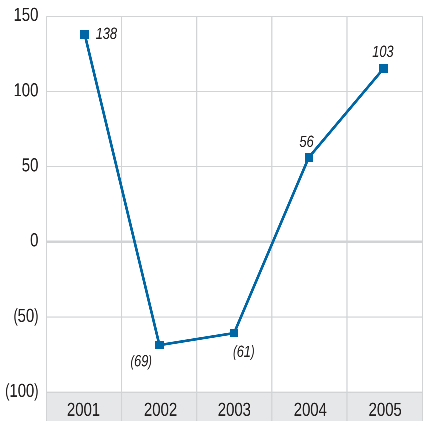
	2005	2004	2003	2002	2001
BALANCE SHEETS (R'000)					
Equity and liabilities					
Shareholders' equity	**644 955**	536 923	444 767	370 315	312 618
Minority interests	**4 306**	11 447	9 899	5 949	3 882
Non-current liabilities	**172 586**	171 690	107 031	106 099	94 432
Current liabilities	**2 044 914**	1 648 986	1 521 143	1 779 095	1 221 895
	2 866 761	2 369 046	2 082 840	2 261 458	1 632 827
Assets					
Non-current assets	**796 370**	727 734	604 132	544 922	466 808
Current assets	**2 070 391**	1 641 312	1 478 708	1 716 536	1 166 019
	2 866 761	2 369 046	2 082 840	2 261 458	1 632 827
INCOME STATEMENTS (R'000)					
Revenue	**4 938 838**	4 252 175	4 100 361	4 020 756	3 167 000
Operating profit	**197 720**	179 121	160 127	124 573	80 136
Finance costs	**(31 399)**	(34 085)	(28 530)	(26 397)	(8 025)
Profit before taxation	**166 321**	145 036	131 597	98 176	72 111
Taxation	**(30 723)**	(27 012)	(30 463)	(19 821)	(21 378)
Profit after taxation	**135 598**	118 024	101 134	78 355	50 733
Minority interests	**(1 898)**	(2 600)	(4 366)	(1 346)	(3 672)
Attributable profit	**133 700**	115 424	96 768	77 009	47 061
SHARE CAPITAL – SHARES ('000)	**71 896**	68 560	67 178	66 507	66 404
Issued shares	**73 573**	73 573	73 573	73 573	73 573
Less: Treasury shares	**–**	(4 453)	(4 453)	(4 453)	(4 453)
Less: Shares held by share incentive trust	**(1 677)**	(560)	(1 942)	(2 613)	(2 716)
Weighted average number of shares	**70 329**	67 625	66 846	66 507	66 404



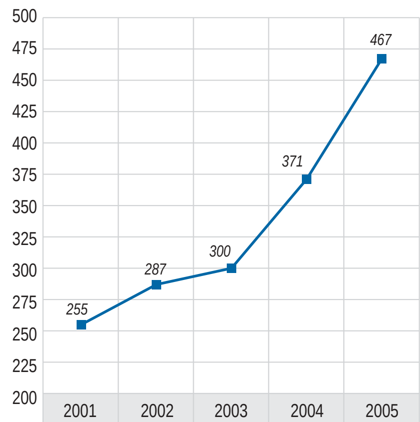


	2005	2004	2003	2002	2001
STATISTICS – cents per share					
Earnings	**190,1**	170,7	144,8	115,8	70.9
Dividends (based on the years to which they relate)	**49,0**	44,0	37,0	31,0	25,0
Net asset value	**897,1**	783,1	662,1	556,8	470,8
STOCK EXCHANGE/MARKET PERFORMANCE					
Market price – high (cents)	**1 700**	1 100	771	525	301
Market price – low (cents)	**1 000**	495	340	310	175
Market price – year-end (cents)	**1 539**	1 100	520	340	335
Market capitalisation – year-end (R million)	**1 132,3**	809,3	382,6	250,1	246,5
Value of shares traded (R'000)	**536 994**	229 924	199 495	80 616	57 140
Number traded ('000)	**39 950**	28 038	34 456	20 751	23 070
Percentage traded (%)	**54.3**	38.1	46.8	28.2	31.4
Closing price/net asset value	**1.7**	1.4	0.8	0.6	0.7
Closing price/earnings ratio	**8.1**	6.4	3.6	2.9	4.7
Closing dividend yield (%) (based on the years to which they relate)	**3.2**	4.0	7.1	9	7.5
Year end R/$ exchange rate	**6,71**	6,27	7,70	9,80	8,04
Average R/$ exchange rate	**6,15**	6,97	9,62	9,84	7,58
BUSINESS PERFORMANCE					
Dividend cover (based on the years to which they relate)	**3.9**	3.9	3.9	3.7	2.8
Current ratio	**1.0**	1.0	1.0	1.0	1.0
Return on ordinary shareholders' interest (%)	**20.7**	21.5	21.8	20.8	15.1
Profit margin (%)	**4.0**	4.2	3.9	3.1	2.5
Debt to equity ratio (%)	**6.3**	23.2	11.8	–	–
Interest cover	**6.3**	5.3	5.6	4.7	10.0
Twelve month secured order book (as at the end of the financial year) (R million)	**4 000**	3 000	3 500	3 000	2 500
Cash generated/(utilised) (R'000)	**102 892**	56 395	(61 003)	(68 908)	138 420
EMPLOYEE STATISTICS					
Number of employees	**10 565**	11 476	13 682	14 020	12 424
Revenue per employee (R'000)	**467**	371	300	287	255

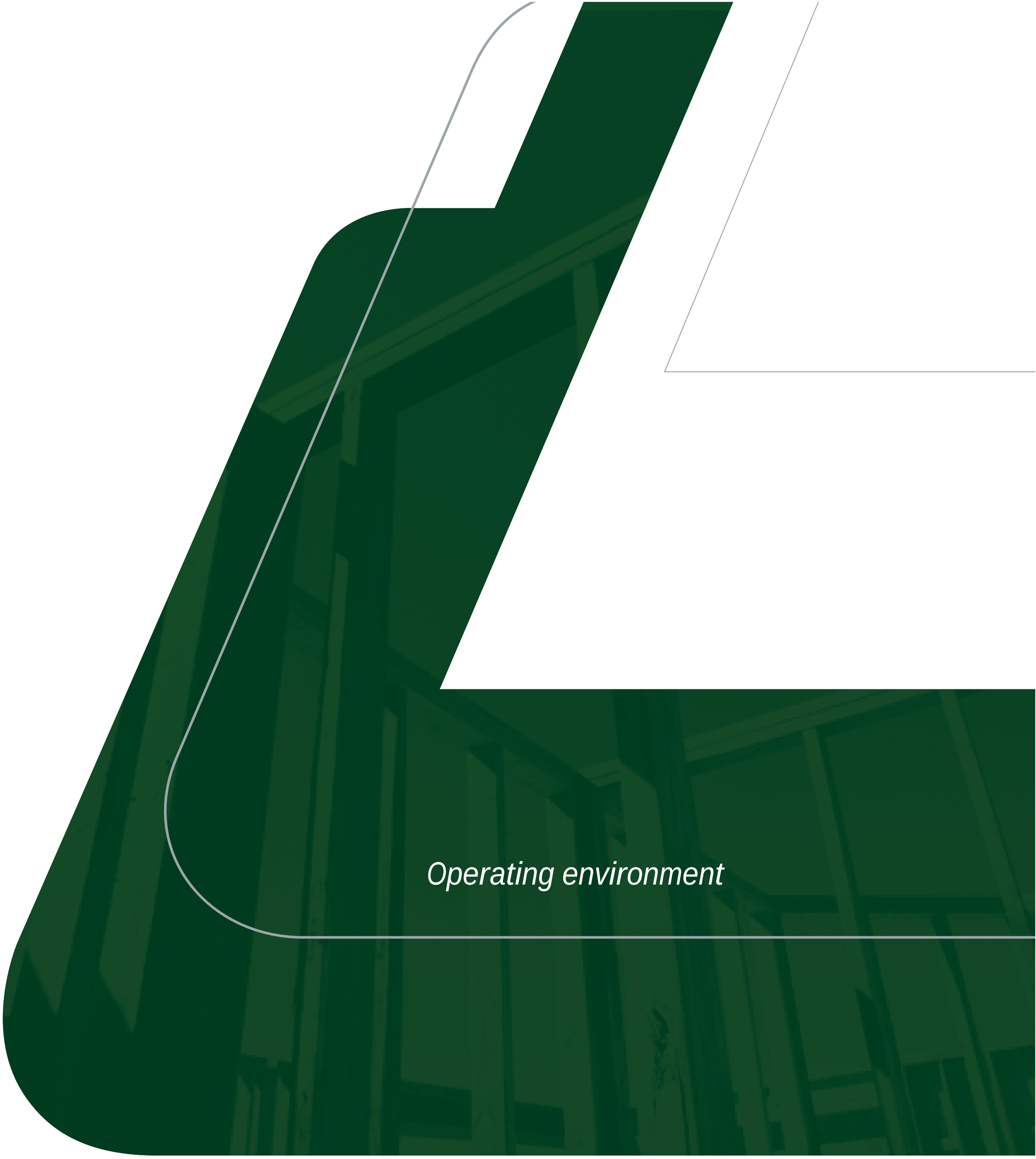
Cash generated/(utilised)
R million



Revenue per employee
R'000



DEFINITIONS	
Earnings per share	Refer to note 6 of the annual financial statements
Net asset value per share	Ordinary shareholders’ interest divided by the number of shares in issue
Closing price/net asset value	Market value of shares at the end of the year divided by shareholders’ equity
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
Profit margin (%)	Operating profit as a percentage of revenue
Debt to equity ratio (%)	Total net long-term and short-term interest-bearing borrowings as a percentage of shareholders’ equity
Interest cover	Operating profit divided by finance costs
Revenue per employee	Revenue divided by average number of employees



Operating environment

ECONOMIC REVIEW
SECTOR REVIEW
REGULATORY REVIEW

The economy in South Africa is more favourable in terms of fixed investment than what has been seen in decades. The formal construction industry is expected to generate approximately R90 billion in activity during 2005. The industry, together with building materials and infrastructure, is set to directly and indirectly contribute as much as 7% to GDP.

Economic review

International economy

Emerging markets

The strong performers of the global economic scene in the past couple of years have been emerging markets, which have been averaging growth of more than 5%. Leading amongst these has been China with its sustained growth rate in excess of 9%. The growth in demand for many materials and products from China is now so significant that it is having a major impact on the overall global economy.

Expectation of mild slowdown

There has been a moderate cooling off in the pace of economic growth over the past nine months, brought about by a combination of two factors:

Firstly, having held short-term interest rates at their lowest levels in half a century at 1% for an extended period of a few years, the US Federal Reserve Board has been raising US interest rates on a regular basis by 0.25% at a time to their present level of 3.25%. Interest-rate increases from their lowest levels have also been seen in a number of other developed economies.

Secondly, international crude oil prices have increased sharply over the past year to a level double that of two years ago. Even though in real terms oil prices are still below their levels of the 1970s, the rise in oil prices has been sufficient to erode some of the earlier growth in disposable income. There are fears that, following the relative dearth of new oilfield developments during the 1980s and 1990s as a result of a sustained period of low oil prices, the persistence of high levels of demand for oil associated with the relatively brisk pace of global economic growth, especially in China, cannot be accommodated sufficiently by modest increases in production. At present, there seems little to negate the continuation of these trends and accordingly the consensus expectation is that of a further gradual slowdown in the pace of international economic growth over the next 18 months. There is also no dominant view that such growth is about to slump to low or recessionary levels. Commodity prices, which have risen very sharply in line with the recovery of the world economy between 2002 and 2004, have been significantly more hesitant in 2005, on the whole making little further progress. Nevertheless, it is far from clear that the bull run in commodity prices is over from a longer-term perspective.

New opportunities opening up in Africa and the Middle East

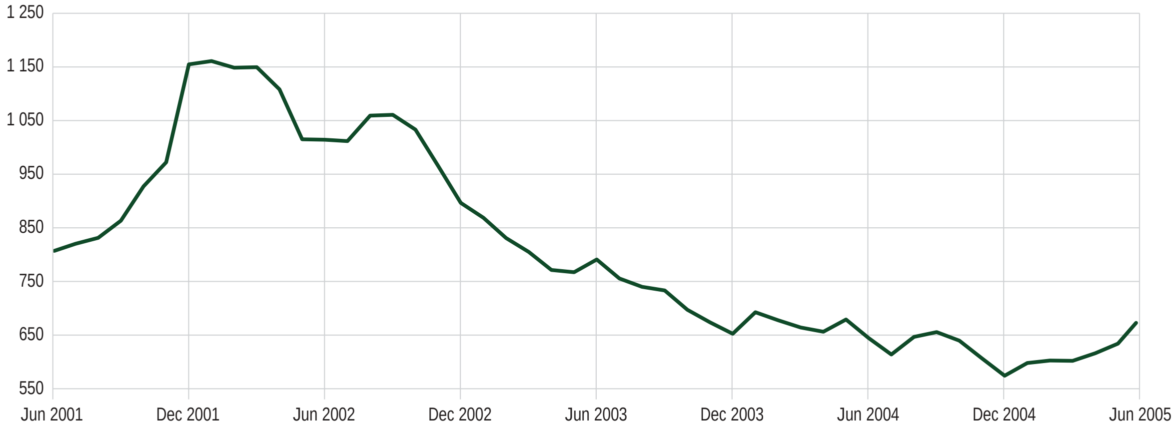
The African continent experienced economic growth in excess of 5% in 2004 and this pace of growth is expected to be sustained through 2005 and possibly into 2006.

Similar comments can be made with regard to sub-Saharan Africa, although at a slightly lower level of growth than for the overall continent. Both in Africa and the Middle East, oil-producing countries have benefited significantly from the rise in international crude oil prices.

Improvements in fiscal and monetary management, together with greater political stability and higher commodity prices, have encouraged substantial industrial and infrastructural development in some of the lowest growth economies of the region. In turn, this is providing significant growth opportunities to companies involved in construction and civil engineering. With the South African economy continuing its path of moderately high growth, the maintenance of relatively high growth in Africa and in the sub-Saharan region specifically will be underpinned.

Exchange rates (US Dollar and SA Rand)

SA cents per US$



Source: SA Reserve Bank and Bureau for Economic Research, Stellenbosch – June 2005

Domestic economy

Slight slackening off of growth

Given the relatively close correlation between the South African and international economy, it is not surprising to note that the growth of the South African economy has lost some of the exuberant momentum it experienced in the third quarter of 2004. On a quarter on quarter seasonally adjusted annualised basis, growth in GDP has slowed from 5.6% in the third quarter of 2004 to 4.0% in the fourth quarter and down to 3.5% in the first quarter of 2005. This slackening of domestic economic growth has arisen out of higher oil prices, a slight weakening of commodity prices and a slowdown in the growth of exports associated with weaker global economic growth. However, the Rand has once again been playing its role as shock absorber for the real economy.

When global economic growth weakened sharply in 2000 and 2001, the collapse of the Rand boosted exports and in so doing helped to prevent a more severe downturn in the domestic economy. Conversely, the recovery in global economic activity between 2002 and 2004 saw the Rand's associated appreciation neutralising many of the benefits of the improved global economic environment and the domestic economy.

Since the new year, however, in response to softer global economic conditions and a slight downturn in commodity prices, the Rand has once again lost ground. With international economic activity likely to see growth relenting a little further, the Rand is vulnerable to further depreciation that will help to insulate the domestic economy from more sharp declines in growth. Ironically, because of the substantial fluctuations in the Rand, South Africa's real economy has now assumed the mantle of being one of the most stable in the world in terms of the consistency of its growth, albeit at a modest pace.

Restoration of balance in the economy

The 10%-odd real Rand depreciation experienced since the beginning of the year could not have come sooner as a means of restoring the rather unbalanced nature of the South African economy over the past couple of years. Although business confidence is at its highest in several years and consumer spending has been growing extremely rapidly, the boom time experience of many players in the economy has not been an all embracing one. Although the strong Rand of recent years has resulted in inflation and interest rates falling to their lowest levels in several decades, the productive side of the economy has been taking strain. A number of the indicators relating to the productive side of the economy may well have recorded moderate growth, but such growth has been lagging well behind that of the expenditure side of the economy. The strength of the Rand has eroded the competitiveness of South African exports and encouraged consumers and businesses alike to import goods rather than to buy domestically.

Since 2003, retail sales have risen by over 20% in volume terms, whilst manufacturing production has risen by only 3%. The balance has been largely accounted for by a surge in imports and a marked deterioration in the country's trade and current-account balances.

A large current-account deficit has not proved to be an impediment to the maintenance of currency strength until recently. This is because other factors have supported the Rand. These include a falling Dollar, rising commodity prices, South Africa's high interest rate relative to those in other countries that have attracted money into Rand deposits and a reduction in risk aversion towards emerging markets in line with the improvement in global economic performance. However, all these factors appear to be in the process of turning around. Accordingly, it is far from certain that the capital inflows that have sustained the Rand at higher levels in the face of a large current-account deficit, will persist. The Rand has been the weakest of all currencies since the new year and this suggests that the market is now adjusting the currency downwards.

A further moderate depreciation in the Rand of about 10%, on top of its 10%-odd trade weighted depreciation against all main currencies since the new year, would therefore be helpful to domestic growth. With the depreciation that has already occurred and with further depreciation possible over the remainder of the year, the imbalances between surging spending and struggling production are likely to dissipate. The mining and manufacturing sectors are likely to be given a reprieve as exports recover. The growth in consumer spending is set to slow from exceptionally high levels due to the fact that interest rates in such an environment are unlikely to decline further. However, whilst consumer spending might grow a little more slowly, export oriented sectors should begin to perform better.

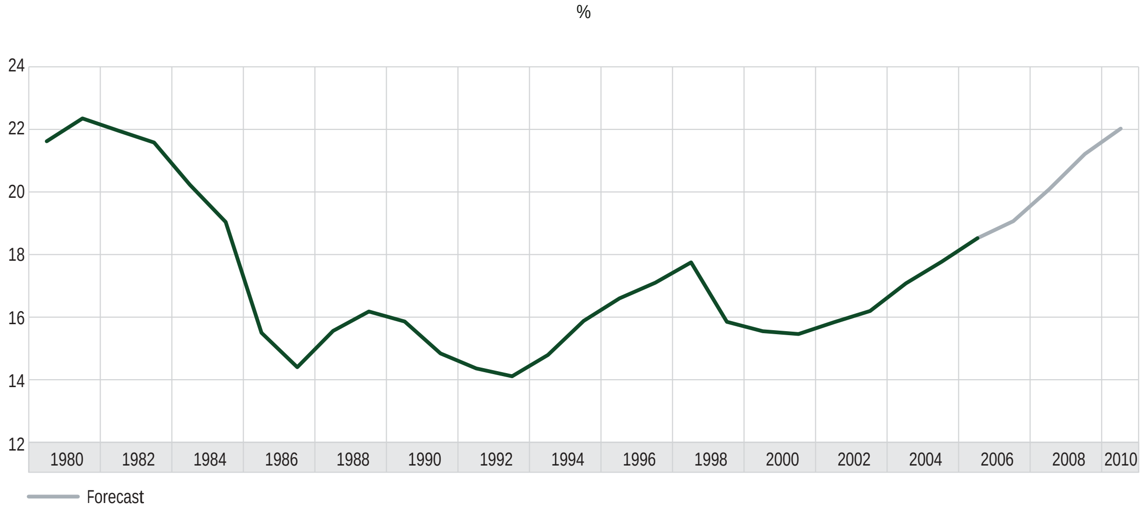
Main driver of economic growth to be fixed investment

Nevertheless, the main driver of growth in the coming couple of years will be fixed investment. During the final decade of apartheid in the 1980s and early 1990s, fixed investment was allowed to contract in the face of negligible economic growth. Although this improved somewhat following the first democratic elections in the country in 1994, the capital stock was not replenished sufficiently to accommodate the gradual improvement in the country's long-term economic growth rate. With growth having continued to accelerate in recent years, substantial bottlenecks in infrastructure have appeared in many sectors. Principal amongst these have been the energy, transport and water sectors. Accordingly, government and its associated parastatal corporations are planning a R180 billion infrastructural investment programme over the next five years to create capacity to sustain higher growth.

Already, the past three years have seen fixed investment accelerating to an average growth rate of 7.3% per annum.

This pace is likely to be sustained at the very least. This is expected to contribute towards pushing up the overall growth rate of the economy to around 4% annually over the next few years. This is a pace of growth not seen in almost 30 years.

Gross domestic fixed investment as percentage of gross domestic product



Source: SA Reserve Bank and Bureau for Economic Research, Stellenbosch – June 2005

Constraints on higher growth in fixed investment and overall economy

There has been much talk about the economy moving to a much higher growth plane of 6% to 7%, raising the ratio of fixed investment to GDP to 25% from its current 16.5% level over the next ten years and halving unemployment over this period.

Unfortunately, there are some major impediments to such excessive optimism and some important challenges to overcome. Chief amongst these is the shortage of skills, both managerial and technical, especially within the public sector. This poses an enormous challenge to attract the private sector to become more involved in partnering the public sector, both in respect of the provision of finance and technical expertise.

With regard to the proposed fixed investment programmes specifically, government has intimated that much of the finance required for the programmes will be generated internally by raising user charges at a rate in excess of inflation. This poses an additional challenge to the maintenance of inflation within the 3% to 6% inflation target. In addition, much of the equipment involved in the infrastructural programmes is likely to be imported, putting a further strain on the current account. This could exacerbate currency weakness, thereby raising the cost of such investment.

On a more general level, other key impediments to higher economic growth include the high and growing incidence of HIV/AIDS, labour market rigidities, excessive regulation of small business activity and foreign exchange controls. Although the government has mooted addressing some of these impediments to higher growth, it will be several years before decisions will be taken in this regard, let alone see their implementation. In spite of this scepticism, however, one is looking at a more favourable fixed investment (including infrastructural spend) and economic picture in South Africa to what has been seen in decades. One can only hope that the global economy can hold out a pace of moderate growth sufficiently to accommodate the favourable domestic economic scenario.

"With acknowledgement to Dr Azar Jammine – Economist"

Sector review

In 2005, the formal domestic construction industry is expected to generate approximately R90 billion in activity, with the informal sector possibly generating R10 billion. A realistic estimate suggests that the building materials sector is likely to generate an additional R30 billion in activity.

Although official data suggests that the value added by the construction industry is a mere 2% of GDP, if one takes the construction economy together with building materials and infrastructure equipment, the effective direct and indirect contribution to GDP could be as much as 7%. A 20-year bear market has unequivocally ended. A strategy of "managed decline" by construction groups therefore needs to be replaced by one of "managed recovery".

However, South African companies do not have the domestic market necessarily all to themselves. Competitor activity is getting ever keener in an open economy. In the international construction market for the top 225 companies, southern and central Africa constitute only 5% of the total. Only one South African-based company makes it into the top ten in Africa. Ranked on international work and ranked globally to include "home" country work, only two South African-based companies make it into the lower rungs of the top 50 and top 100, respectively. Moreover, building materials import competition is fierce and the situation is unlikely to improve significantly.

The bear market for construction activity in South Africa has spurred a search for regional and international diversification. This has made contractors much more savvy and inculcated a strategic objective to balance risk across operational activity and geography. Non-South African order books are now typically about 30% to 40% of the total. In civil engineering specifically, over border turnover is 20% of local turnover, with roads and bridges dominating activity. In manufacturing, close domestic distribution relationships, quality and reliability through local knowledge are key weapons against loss of market share.

South African companies have also had to be cautious in their outreach – both due to financial reasons and skills constraints. This in turn has meant it is not necessary to be in the top rungs of the tier 1 construction market to prosper.

The global construction market is worth an estimated $4 trillion – with South Africa accounting for less than 0.4% of that global market.

However, based on return on equity and operating margin, leading listed South African construction companies tend to rank in the top quartile internationally.

A growth in domestic activity is likely to result in redeployment of skills and equipment, although unlikely to result in a retreat from diversification. Flexibility is a crucial competitive asset in a cyclical industry and a number of leading South African contractors have risen to this challenge, thereby ensuring a sustainability of performance that flies in the face of perceptions that earnings and cash flows are destined to be erratic. These companies are finessing their risk management.

Companies with building materials exposure have benefited most from the domestic upsurge in sector interest and capital values. With some notable

Real prime rate*

%

Source: Independent Analyst

*Adjusted for inflation

exceptions, the economic benefits that stem from traditional building and construction activity have remained elusive, although this is changing.

Residential building, in which recorded capital formation is up approximately 75% since 2000, has provided a disproportionately positive benefit for building materials producers and merchants – notably since 2003. The market share of residential buildings completed versus all other forms of building has risen to approximately 65% from 45%. Residential transfer duty alone was up around 50% in 2004.

The catalyst here has been monetary – a 650 basis point reduction in interest rates since June 2003 has reduced debt servicing by 38%. Since October 1998 when interest rates peaked at 25.5%, debt-servicing costs have halved to approximately 6% of disposable income. The consumer economy has had direct linkages through to the construction economy, with retail sales and durable goods sales in particular up strongly.

This coalition of positive stimulatory forces, currency strength and rising household affordability at a time of decreasing nominal interest rates and price inflation, is now moderating. It is feasible to expect a re-balancing – with civil engineering and public infrastructure coming to the fore.

Commercial building has been adjusting to a period of over investment in the mid-to-late 1990s and civil engineering has been in contraction during 2004. In the commercial sector, office demand is low, although vacancy rates are falling sharply to close to an equilibrium 10% level – a spur for new investment. Industrial and warehousing demand is rising, whilst retail demand has been strong, although the market is now tightening.

Official government data on building plans passed and completed and numbers reported by the South African Reserve Bank need to be treated with some circumspection, but cement sales data is the most accurate and timely barometer of real activity in the broad construction economy.

Domestic cement volume growth has accelerated from 0% in 2000, 1.8% in 2001, 5.9% in 2002, 7% in 2003, and 17.4% in 2004. It is likely to be around 9% higher in 2005, giving a compound annual growth of 7% – unprecedented in recent history and well above the long term mean of around 2.5%.

At present, there is a rising tide of building activity. Gross fixed capital formation is growing at an annualised real rate of 10% per annum, having improved steadily from recent lows in 2002.

There is a significant pipeline of infrastructure capex on the drawing board – although specific projects are less relevant than the total quantum of work available and the category of spend. "Big ticket" possibilities of about R200 billion in both the public and private sectors have been identified. In the context of a R90 billion industry, such numbers are significant.

In this context, professional membership of the Federation of Civil Engineering Contractors is only at 40% of its level 20 years ago, with a significant artisan shortage. Whilst upskilling is taking place across the board and the repatriation of skills and the marshalling of retired professionals are feasible, one is drawn to the conclusion that the timeframe for delivery is likely to stretch beyond the envisaged five years with total spend possibly lower. However, even a conservative growth estimate for the industry of 6% to 7% in real terms (compared with 2.5% growth in the previous decade) would see the construction industry double in ten years.

Realistic estimates suggest that 8% real growth is feasible in civil engineering over the coming five years, with commercial sector growth of 3% and residential growth slowing to 3% from an abnormal and unsustainable 20%. This would imply compound growth of around 6.5% for the industry as a whole.

Construction is a long cycle industry – the consumer orientation of the recovery has yet to be matched in the civil engineering sector. Evidence of sizeable activity is still elusive, although contractors are positioned to shift resources into civils. Corporate activity in building materials and construction has in fact increased lately, as companies position for advantage. Civil engineering contract awards by value are currently rising at an annual 20%, indicating that the trend in confidence is upward. Building materials price inflation is accelerating and in civils it is running at double CPI annually. Constraints exist – be it human capital, production capacity, inflation, transport, or energy – but as economic history shows, where demand exists, supply tends to rise to meet that demand.

From a sector perspective, the construction industry is at its most favourable juncture for over two decades.

"With acknowledgement to an Independent Analyst"

left: A model of the mega cargo terminal, Dubai
right: Kansanshi copper mine, Zambia

Regulatory review

The businesses of the group are regulated by extensive government laws and regulations in all of the countries in which they operate. In particular, as a construction focused company, it is subject to numerous stringent regulations regarding employee health and safety, environmental protection and consumer and public safety protection.

Monitoring and conformance to regulatory and statutory requirements by group operations is paramount, as failure to comply could result in the application of penalties, fees, expenses and disruption of operations.

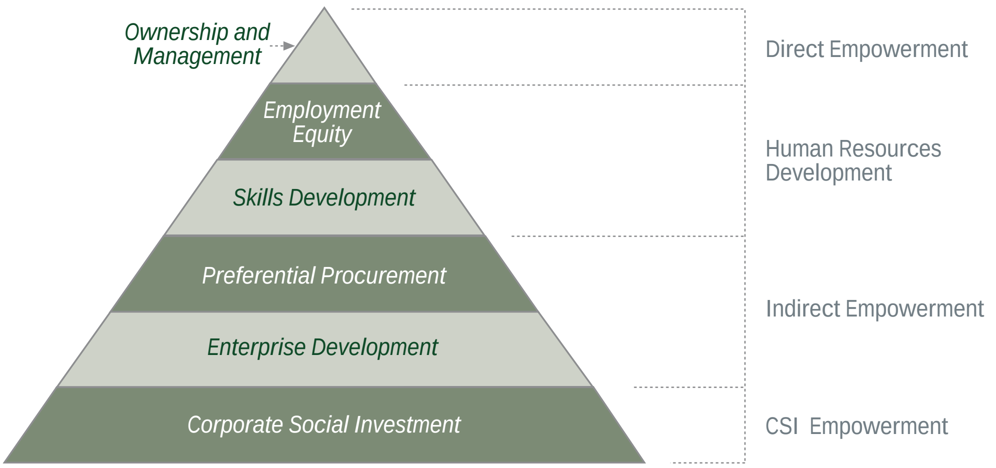
In addition, the group is, from time to time, involved in various contractual claims arising in the ordinary course of business.

The directors do not believe that the group is currently exposed to any material adverse effects on the financial condition or future of operations of the group arising from the above.

A recent significant development in South Africa has been the Broad-Based Black Economic Empowerment Act which was promulgated in 2003 to address inequalities resulting from the systematic exclusion of the majority of South Africans from meaningful participation in the economy. The Department of Trade and Industry ("dti") has published Codes of Good Practice to assist and advise both public and private sectors in their implementation of the Act.

The Construction Charter, which will govern the industry in this regard, is currently being formulated and is expected to be published later this year. Group Five has played an active leadership role in the development of this charter.

The group's initiatives regarding Black Economic Empowerment ("BEE") are set out on pages 98 to 105 of this report.



The elements of BEE

Strategic review

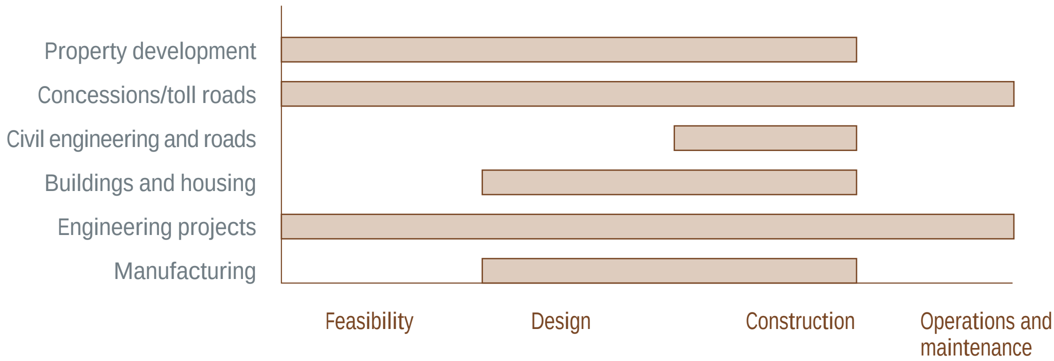
STRATEGY
OPERATING REGIONS
OPERATING STRUCTURE
SHAREHOLDING
RISK

Group Five aims to be the preferred partner within the built environment. It delivers quality solutions, products and services through an ongoing commitment to visionary business, excellent client and partner relationships and world-class standards.

Strategy

Group Five is one of the top three construction and materials manufacturing companies in Southern Africa. The group has an integrated business model across a range of infrastructure offerings.

Group Five value chain



Positioning statement

Group Five strives to harness the opportunities and meet the challenges created by the evolving South African economy. The group delivers quality and value to the built environment with its integrated solutions, products and services. Through its team of committed experts, it aims to be the industry's partner of choice. It strives to offer consistent shareholder value by generating strong cash and consistently moving operating margins up the margin curve through being customer-centric and delivering superior technical and business solutions.

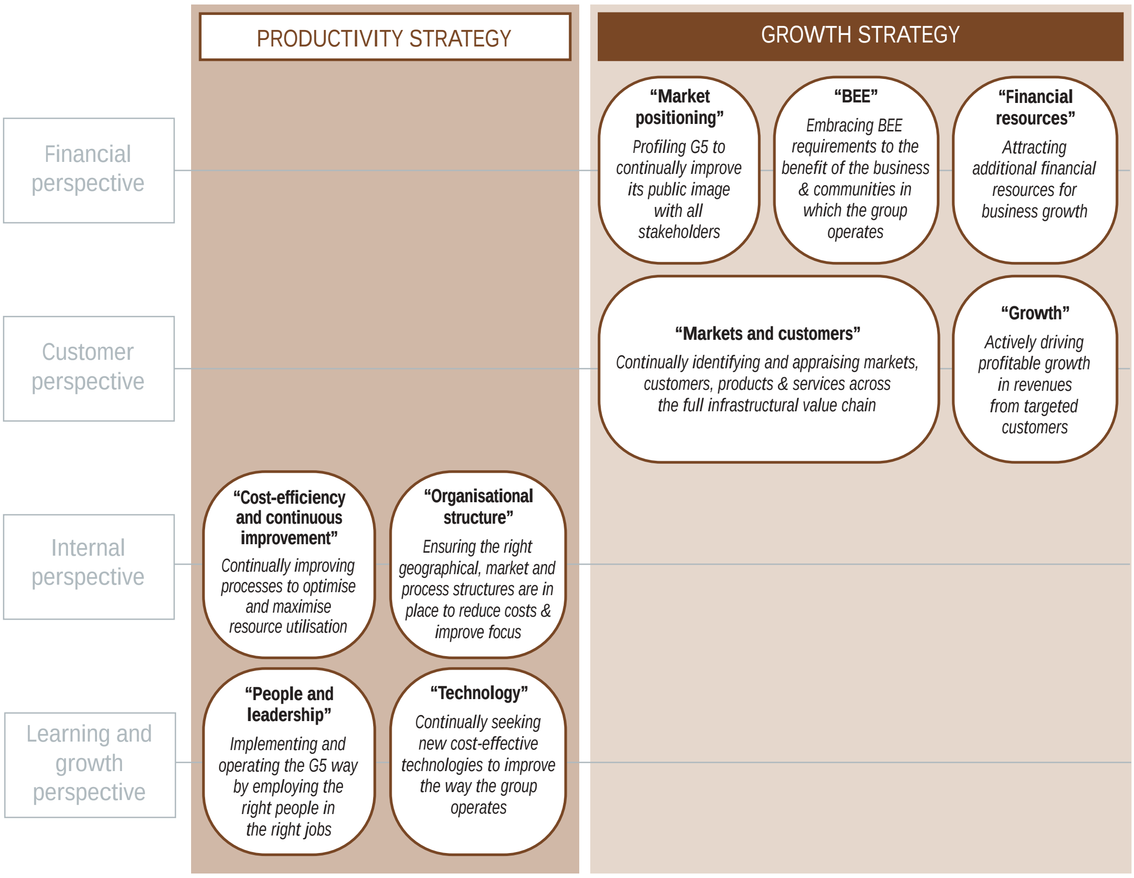
Approach to strategy

Over the past 12 months, Group Five has embarked on an intensive process of refocusing its strategic efforts. As part of the process, the group conducted a number of executive workshops with the leadership team of each of its business units. Using an internal balanced scorecard, the group has developed a strategic framework that centres on nine key focus areas for the group and its business units.

These focus areas centre on:

- People and leadership
- Technology
- Cost-efficiency and continuous improvement
- Organisational structure
- Markets and customers
- Growth
- Market positioning
- BEE
- Financial resources

Group Five balanced scorecard



Focus on profitable, cash-positive growth (markets, customers, growth and financial resources)

The emphasis of the group is on profitable cash-positive growth, both locally and over border.

In 2004, the group entered the Middle East and opened an office in Dubai, setting the platform for the next phase of the group's over border growth. To date, the group has secured contracts of more than R1 billion in Dubai. It now operates in 16 countries over border.

To ensure the continued success of the group's over border growth strategy, Group Five conducted an in-depth country and risk analysis during the year, to define its focus on construction in the developing markets of Africa and the Middle East. This has enabled it to strategically select sustainable growth markets. The philosophy of this selection process was to:

- choose areas with sustainable and higher margin construction markets (size and growth)
- follow major clients (customer-focused)
- identify areas which are compatible with Group Five (culture and skills, language, logistics, type of projects, previous experience)
- understand risks (contractual, payment, tax)
- reduce short-term "parachuting" strategies

The results of this geographical review are set out on page 23.

The potential for growth in Group Five's local market, South Africa, is also positive, with low interest rates and drivers such as the 2010 World Cup, major transport projects and the expanded public works programme. However, while government spending is pending, the group is pro-actively pursuing avenues over border to continue driving its secured and profitable order book.

To ensure continued sustainable growth, Group Five has created super-ordinate goals to focus the efforts of each of its business units. The goals have been targeted over a period of 18 months to two years and include:

- 50% – 70% of revenue earned outside of South Africa
- total construction order book (12 months and beyond) equal to 1,5 times annual construction revenue
- return on shareholders' funds of 25%
- earnings per share growth of 5% to 10% in real terms per annum
- 30% of revenues from annuity stream business
- top three of market share in each segment of the South African market in which Group Five operates
- gearing never to exceed 33% of equity
- cash generated equal to or greater than attributable profit
- operating margin of more than 5%

Leadership and structure (people, leadership and organisational structure)

Group Five achieves operational performance across its businesses through entrenching a culture of excellence, investing in leadership and building teams with world-class expertise.

Key to the group's future success is the emphasis on employing the right people in the right jobs and further increasing the current depth of management.

In 2000, Group Five embarked on a successful three-year restructuring process to remove its cumbersome divisional make-up and refocus and flatten its management structure. To further reduce operational costs and improve focus, the group continually reviews its organisational structures to ensure the optimal geographical and market focus. The group's current operating structures are included on page 24.

Technology, efficiency and performance

Through global research initiatives, the group has identified a continuous improvement methodology, Six Sigma, which it will roll out in the next year. The Six Sigma methodology makes use of a rigorous set of tools, methodologies and statistics to eliminate errors in all processes. Use of this methodology has one purpose – to produce dramatic enhancements in work quality, profitability, customer and employee satisfaction and the leadership of business units.

In the Manufacturing business, the group is already implementing new cost-effective factory technologies. This is aimed at further moving up the technology curve and differentiating itself from competitors. The Construction business is focusing on profitability and cash flows through being more selective about what work to take on, improving estimating skills, strengthening construction management and ensuring on-time delivery. Partnering with clients and other project stakeholders throughout the construction process is also part of the way Group Five conducts its business. The strengthening of the Property Developments and Infrastructural Developments (concessions) businesses will also maximise annuity revenues for the group and allow selective leveraging of the balance sheet for superior investment returns.

Three years ago the group identified business information as a key driver in its growth strategy. Since then R65 million has been spent on implementing world-class information technology hardware and software across all aspects of its business. To date, 95% connectivity has been achieved throughout the group's operations worldwide, which allows it to make use of a standardised enterprise-wide information technology platform. The group views this as a competitive advantage in ensuring business information is credible, reliable, accurate, timeous and available from sites and factories to the corporate office.

Stakeholder communication

Group Five is continuously seeking ways to improve its public image with all its stakeholders. Through its core values of quality, customer orientation, honesty, teamwork and performance, the group motivates its staff to always deliver quality.

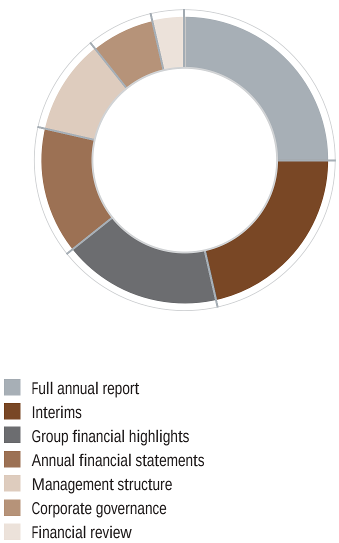
During the year, the group has placed greater emphasis on actively looking at the way it interacts with stakeholders and how it is perceived in the market. It has appointed a new local business development director who is also responsible for marketing. Core stakeholders, who include government, customers, investors and analysts, media, employees, the business community and broader communities, have been identified, with action plans to improve the group's communication to these audiences. Uniform corporate identity and quality standards on sites are also being implemented.

The charts below show the main menu choices of users accessing the investor page of the group's website (www.g5.co.za).

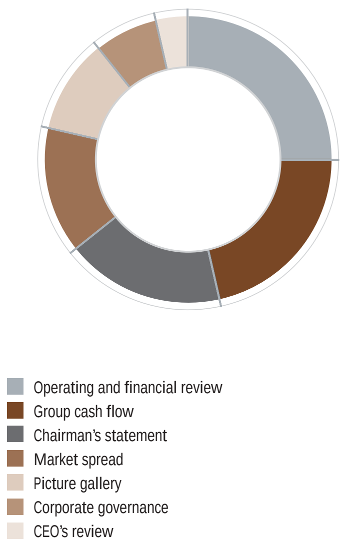
Black economic empowerment

The group recognises the importance of BEE in the South African context. As such, it will comply with both the *letter and spirit* of the Construction Charter. The group's BEE strategy is to embrace transformation requirements to the benefit of the business, focusing especially on employment equity, affirmative procurement and enterprise development. A detailed review of the group's transformation initiatives can be found on pages 98 to 105.

Group Five website – pages most downloaded



Group Five website – pages most frequently accessed

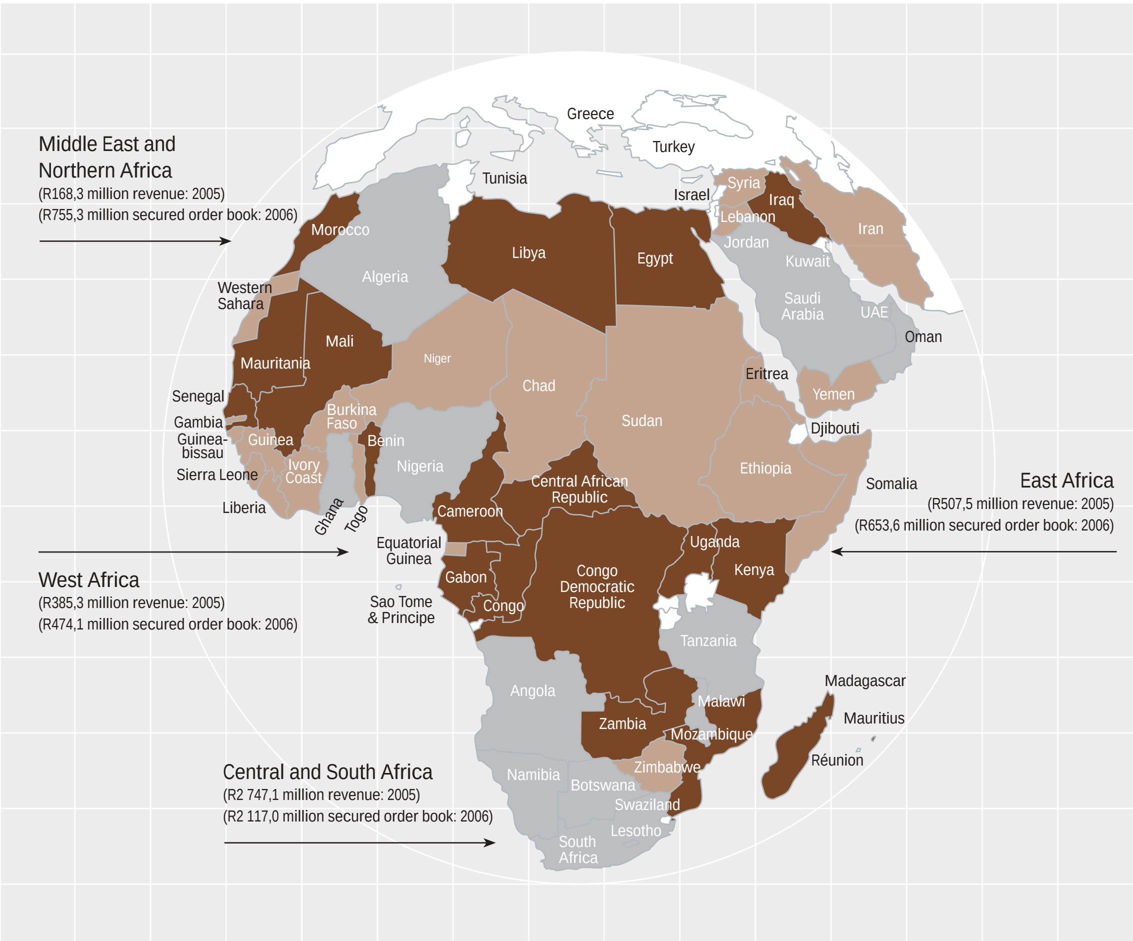


Operating regions

Set out below is a summary of the results of the group's review of which regions construction should operate in. The selection process followed is detailed on pages 20 and 21. The map also indicates the construction revenue achieved in each major geographical area for the year ended 30 June 2005 together with the current secured order book for the 2006 financial year.

In addition, the Infrastructural Developments and Operations and Maintenance businesses currently have and continue to pursue service concession (and related business) opportunities in Europe (currently Hungary and Poland). Operations and Maintenance also has operations in India, although this area is not considered of strategic importance over the medium term.

Currently, 31% of the group's total revenue is achieved outside of South Africa, including 41% of the group's construction revenue. The strategy is to increase this to over 50% in the next two years and this can already be seen in the 2006 secured construction order book which includes 53% over border work.



Definite markets Markets with scope Entrance under exceptional circumstances

Operating structure – business units

Group Five operates in four business areas through 17 business units and a Corporate and Shared Services function.

GROUP CORPORATE	SENIOR EXECUTIVE TEAM	SHARED SERVICES (PLANT & EQUIPMENT; FINANCE ADMIN; SUPPLY CHAIN; PAYROLL AND HR ADMIN)

DEVELOPMENT SERVICES	MANUFACTURING	CONSTRUCTION	OPERATIONS AND MAINTENANCE
Property Developments	*Everite Building Products*	*Buildings (local and East/North Africa)*	*Intertoll*
Infrastructural Developments (concessions)	*Vaal Sanitaryware*	*Housing (Angola and West Africa)*	*KBR/G5 Industrial Services*
	DPI Plastics	*Housing (local)*	*WSSA*
	Group Five Pipe	*Civil Engineering (local and Africa)*	
		Civil Engineering (Dubai)	
		Engineering Projects (local and Africa)	
		Roads and Earthworks (southern Africa)	
		KwaZulu Natal region (buildings, housing, civil engineering, roads and earthworks)	

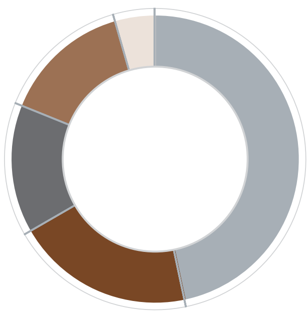
Operating structure – management

Board	*Refer to the role of the board on page 73*
Executive Committee (“Exco”)	*Responsible for formulating and driving the overall strategic direction of the group, capacity building, succession planning and transformation*
Management Committee (“Manco”)	*Responsible for driving the execution of the strategy and related initiatives into the business; also responsible for ensuring the alignment and maximum use of resources throughout the group, whilst maintaining focus on business unit performance*
Business Unit Management	*Responsible for ensuring the strategy is operationalised and executed*

PROOF 4

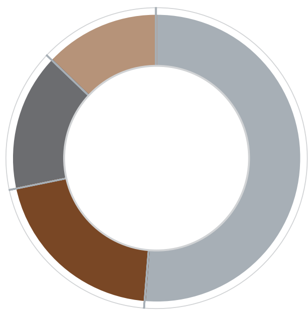
Shareholding

Largest five shareholder types
% of shares held at 30 June 2005



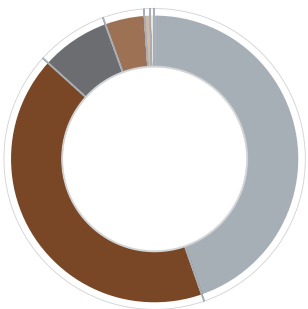
- 42% Mutual funds
- 18% Insurance companies
- 13% Individuals
- 13% Pension funds
- 4% Investment companies

Beneficial shareholders with an interest of 5% or more
% of shares held at 30 June 2005



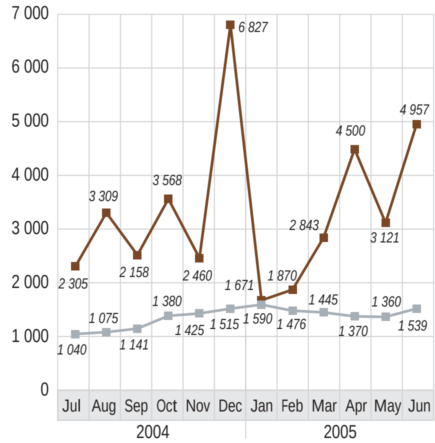
- 20% Old Mutual Group
- 8% Rand Merchant Bank
- 6% Nedbank Group
- 5% Sanlam

Shareholder spread
number of shareholders at 30 June 2005



1 418	1 – 1 000 shares
1 337	1 001 – 10 000 shares
246	10 001 – 50 000 shares
141	50 001 – 500 000 shares
17	500 001 – 1 000 000 shares
11	1 000 001 and over shares

Volume of shares traded ('000) versus closing price (cents per share)
– per month



- Number of shares ('000)
- Closing share price

Risk

Philosophy

To achieve the financial expectations of shareholders, the group believes it must pursue opportunities involving some degree of risk.

The group's risk philosophy gives full and due consideration to the balance between risk and reward to ensure the optimisation of the rewards gained from each business unit's activity.

Structure

The group has always looked at risk management in a holistic way to address risk inherent in strategy, operations, reporting and compliance. To date, there have been various initiatives throughout the group at different levels. Due to the size and diversity of the group, these initiatives were not always implemented uniformly to a group standard. As a result, during the year under review, the group appointed a Group Risk Officer to co-ordinate, align and drive the risk management processes across the group. This appointment is an Executive Committee appointment, demonstrating management's commitment to pro-active risk management.

Notwithstanding the above appointment, the board remains ultimately accountable for risk management and the system of internal control. The four levels of responsibility for risk within the group are summarised below:

(a) The board

- provides governance, guidance and insight by:
  - being aware of the extent to which management has established an effective enterprise-wide risk management framework
  - being informed of and concurring with the organisation's risk appetite
  - reviewing the portfolio view of risks and considering it against the organisation's risk appetite
  - being apprised of the most significant risks and whether management is responding appropriately

Risk management responsibilities are delegated to appropriate committees or persons, outlined below.

(b) The board risk committee

- approves and reviews the policy framework and processes for risk management, promotes and implements the risk strategy and policy through enhancing the level of risk awareness within the organisation and through the development of appropriate procedures and commitment of resources
- provides guidance on the management of risk and monitors progress of any major risk mitigation strategies, including status of risk assessments for major projects. In so doing, the risk committee maintains an enterprise-wide view of risk and supports management in the monitoring of risks across the organisation. This committee reports to the board on the adequacy of systems and controls for managing risk

(c) The group risk officer

- develops the policy framework and processes for risk management to gain acceptance for consistent risk management practices
- plans and co-ordinates activities to achieve ongoing risk management reporting cycles on a business unit or operational level within Group Five

- arranges and facilitates risk meetings, presentations and workshops involving staff across the business, at all levels
- organises resources across the business, providing risk management training and development, where required
- categorises and prioritises risk information into report formats and decides on where information can add value
- assimilates information from varied sources and makes effective business-based decisions on risk priorities and actions required
- provides guidance on the framework used for risk assessment

(d) Management and staff

- management and staff are expected to support the group risk philosophy and to manage risk in their spheres of responsibility. They do this through being aware of and raising risks/concerns to an appropriate level in a timeous manner by ensuring controls are operating effectively
- this holistic approach provides reasonable assurance that, to the best of its ability, the group and all its business units are identifying, assessing and, where possible, mitigating risks that could materially impact on its performance towards stated objectives

Framework

The Group Risk Officer has been tasked with developing an enterprise-wide risk management framework which complies with global best practice. The recommendations of enterprise risk management proposed by the Committee of Sponsoring Organisations of the Treadway Commission ("COSO") have been adopted by the board risk committee and are currently being rolled out.

This framework is linked to, and driven by, the strategic objectives that are identified by management. Risk is not only viewed from a negative perspective. The process also identifies areas of opportunity that could result in a competitive advantage. These opportunities are then fed back into the objective-setting process.

Identified risks are assessed and rated, with appropriate responses and control activities determined. The Internal Audit function plays a key role in monitoring the framework to ensure compliance at all levels across the group.

left: Central utilities complex-6, Dubai airport
right: Discovery Health building, Sandton

Strategic risks

The decentralised and multi-disciplinary nature of the group naturally spreads the concentration of risk, thereby reducing the overall risk facing the group from any one event or sector.

The process of identifying and rating risks in respect of strategic objectives at both a group level and the individual business units has commenced, and in some cases is already complete.

Material risks of a strategic nature identified at a group and business unit level are set out below:

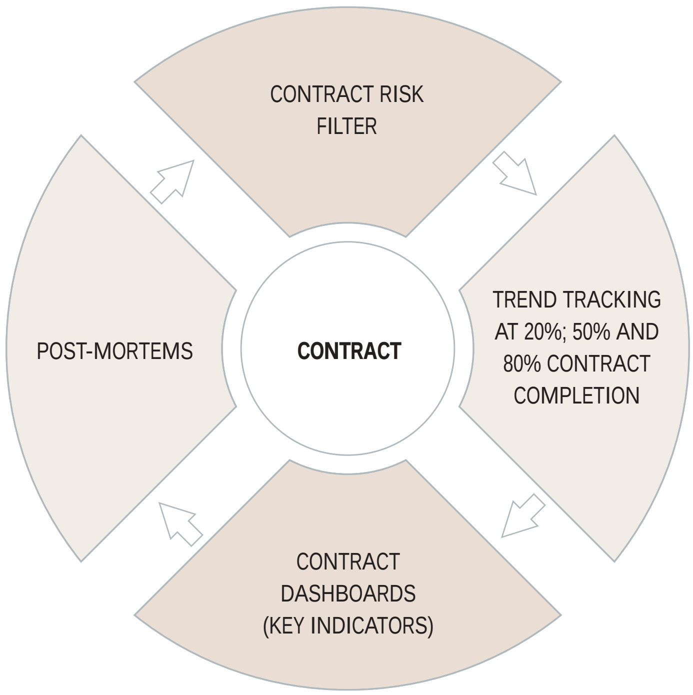
Material strategic risk	Current initiatives
◻ Lack of defined indices to measure strategic success	◻ Introduction of balanced scorecard approach to strategy
◻ Lack of focus on all aspects of BEE	◻ Group BEE strategy committee formed – refer initiatives beginning on page 98 of report; business units report quarterly on a BEE scorecard
◻ Ineffective working capital management	◻ Developed and implemented a short-term cash forecasting tool across the group; working capital improved by R101 million for the year ended 30 June 2005
◻ Inadequate research on new products and services	◻ Sub-committee formed to review opportunities across the infrastructural value chain
◻ Inadequate and inappropriate selection of clients and partners	◻ Tool kit being developed relating to partner and client selection
◻ Inadequate information systems to support business development	◻ CRM tools being reviewed for selection and implementation
◻ Shortage of skills	◻ Refer to Human Resources report beginning on page 106
◻ Inadequate disaster recovery and business continuity facilities	◻ Group facility is currently being constructed at Kliprivier factory
◻ Inadequate skills training	◻ Refer to Human Resources report beginning on page 106
◻ Impact of HIV/AIDS on the group	◻ Refer to HIV/AIDS report beginning on page 93

In all of the above, as well as other potential risks, actions and controls have been implemented to reduce such risks.

Operational risks

The single largest operational risk facing the group is found in the numerous construction contracts that the group undertakes. In recognition of this, management has for some years now made use of a contract risk filter. All potential contracts are subjected to this filter to establish their viability in terms of risk and reward. The guide is upgraded continuously through performing rigorous post-mortems on each completed contract to ensure that the group maximises its learning curve from contract to contract.

A set of dashboards and contract trend trackers are currently being developed to ensure pertinent information is fed to management in a timeous manner during the course of the contract itself.



The group states on page 21 that one of its objectives is to generate 50 to 70% of its revenue from over border activities. A certain amount of this over border activity will take place in Africa, a continent well known for its risks, particularly in the field of construction.

During the year under review, the group subscribed to a world-class information website which gives in-depth insight into all African countries in respect of their economies, political status, foreign funding, legal system, corruption index, etc. The information is updated daily and tailored with the group's own experiences, allowing management to make informed decisions in a timeous manner.

A country risk analysis toolkit has also been developed which allows business units to assess the viability of potential contracts in Africa and the Middle East at the pre-bid stage. The results of this analysis can be found on page 23 of this report.

Insurance

Considering the inherent risks facing a large multi-disciplinary organisation such as Group Five, management have always deemed it prudent to transfer a certain amount of risk to reputable insurance organisations. This ensures that it is adequately covered in areas such as plant and equipment, public liability, contract works, professional indemnity, personal accident, travel and fidelity cover.

Trends in claims are tracked monthly and a system of rewarding performing business units is being introduced through weighting the share of the group's total premiums payable to business units recording excessive claims. As a result of this system of accountability, as well as other control and tracking measures, the group has seen a 20% decrease in the value of claims reported compared to the previous year.

SHEQ

The issues of safety, health, environment and quality ("SHEQ") have been recognised by management as potential material risks if not managed properly. As such, the board risk committee's charter has been amended to also make these areas the responsibility of the committee. The reporting of these functions to the committee will be mandatory and co-ordinated by the Group Risk Officer. Further details are provided in the SHEQ report beginning on page 82.

Message to stakeholders

CHAIRMAN'S STATEMENT

CEO'S REVIEW

BOARD AND MANAGEMENT STRUCTURE

OPERATIONAL AND FINANCIAL REVIEW

Despite tough trading conditions, Group Five produced a pleasing improvement in earnings for the fifth consecutive year. Its robust strategy of building a portfolio of integrated businesses that service the built environment both locally and over border, delivered solid results.

Dennis Paizes

"We have entered the new financial year with a record secured order book for the next 12 months of R4 billion. This consists of 47% local and 53% over border. It is our strategy to maintain the over border contribution at above 50% over the next 18 – 24 months."

Chairman's statement

Results

Despite tough trading conditions and the volatility of the Rand, Group Five produced a pleasing improvement in earnings for the fifth consecutive year.

Our robust strategy of building a portfolio of integrated businesses that service the built environment both locally and over border delivered solid results.

Earnings per share at R1,90 grew by 11.4% and headline earnings at R1,52 by 12.2% compared with the previous year.

Revenues increased by 16% in line with stated objectives and the group's cash position further strengthened by R102,9 million during the period. The spread of group activities and the proactive redeployment of resources assisted in partially offsetting the negative impact of low levels of local government infrastructure local mining industry spend, thereby allowing the benefits of a buoyant property market to flow through.

Implementation of stringent cash management reduced group finance costs to R31,4 million from R34,1 million in the prior year. Gearing at year end was well within the group target of 33%.

The final dividend of 32 cents per share increases shareholder annual distributions to 49 cents per share, well ahead of last year's 44 cents.

Operating environment

Macro-economic environment

The growth of the South African economy lost some of the exuberant momentum experienced in the middle of 2004. On a quarter on quarter seasonally adjusted annualised basis, growth in GDP reduced from 5.6% in the third quarter of 2004 to 4.0% in the fourth quarter and down to 3.5% in the first quarter of 2005. This slackening in domestic economic growth has arisen mainly as a result of higher oil prices, a softening of commodity prices and a slowdown in exports associated with weaker global economic growth. This moderate slowdown reflected itself in a tough operating environment for the group's activities.

Going forward, after two decades of decline, fixed investment is set to become the driver of South Africa's growth and job creation. Government's planned R180 billion five-year infrastructure programme should stimulate real growth in construction. Even a conservative growth estimate for the industry of 6% to 7% in real terms (compared with 2.5% growth in the previous decade) would see the construction industry double in ten years.

Whilst demand in the residential sector may soften in the next year, government's stated commitment to the affordable housing initiative will underpin demand for building material supplies and skills in the sector.

The write-off of African countries' debt burden, coupled with global demand for the continent's oil, gas and minerals wealth, augers well for sustained development in the region.

As outlined in the Sector review beginning on page 13, we believe that from a sector perspective, the industry is at its most favourable juncture for over two decades.

Transformation

Group Five is committed to South Africa's transformation and welcomes the introduction of the Department of Trade and Industry ("dti") codes of good practice on BEE.

The construction industry is currently engaged in the development of the Construction Charter, which is due for release late 2005. A Group Five committee has been established to drive internal initiatives, measure progress toward compliance and foster a spirit of transformation throughout the organisation.

As will be announced with our results' release on 10 August 2005, negotiations have been concluded with a black consortium to acquire a shareholding in Group Five. The proposal is for the consortium together with employees to take an approximate 26% stake in Group Five, with voting and economic rights immediately secured. The proposed structure is a zero finance mechanism, which reduces the burden to the consortium and facilitates the sustainability of the transaction. In line with expectations from current shareholders, the dilution will be between 5% and 6% of the group's market capitalisation.

An extremely vigorous process was followed with submissions received from more than twenty consortiums. The iLima Consortium was chosen as a new entrant into the BEE ownership arena with industry-specific skills and experience. Group Five has worked with them on construction projects in the past and have found them to have added substantial value. Mvelephanda Group Limited, was selected as a strategic partner, with clear value to be added through their comprehensive African network in Group Five's targeted industries of oil, gas and mining. These two entities have formed a consortium, iLimaMvela which will acquire 21% of Group Five's shares with previously disadvantaged employees acquiring the other 5%.

A circular will be issued shortly to shareholders in respect of the transaction, with voting due to take place in late September.

Corporate governance

In line with current international practice, the group has committed itself to improved stakeholder communication and more detailed disclosure. Accordingly, the disclosure throughout the report has been enhanced and a sustainability section included for the first time. The group has now embarked on a process that will ultimately culminate in reporting in accordance with Global Reporting Initiative ("GRI") standards.

I am pleased to advise that Mr Stuart Morris, a qualified chartered accountant, has joined the board with effect from 1 July as a non-executive director and chairman of the audit committee. Stuart has 40 years' professional experience in the area of accounting and finance and his skills will add significant value to the group. The board now consists of five independent non-executive directors and two executive directors.

The appointment of the Group Risk Officer, the publication of a Code of Ethics and the complete overhaul of policies and procedures within Group Five during the last 18 months demonstrate the group's commitment to substantive compliance with governance principles. More detail on all our initiatives during the year can be found beginnning on page 73.

Prospects

The group has entered the new financial year with a record secured construction order book for the next twelve months of R4 billion. This consists of 47% local and 53% over border. As outlined in the CEO's report and strategic review, it is the group's intention to increase the contribution from our over border business.

To ensure we meet this objective, the business units have been refocused and strategically positioned in growth markets throughout the continent and Middle East. Under the established management team, the group is set to achieve a further strong performance in earnings and cash generation in the forthcoming year.

Acknowledgement

On behalf of the board, I wish to extend our gratitude and good wishes to George Thomas who retired on 30 June 2005 after serving for more than eleven years as a non-executive director of the group with the last six years as chairman. During his term of office, George guided the organisation through significant change, which established Group Five's strong market position and substantial potential for future growth.

On behalf of my board colleagues, I would also like to thank Mike Lomas and his management team for delivering solid results in trying conditions.

In conclusion, we thank our customers and suppliers for their loyal support this last year and look forward to building closer relationships in the year ahead.

left: Skills transfer on site
middle: Steel dome, Michelangelo Towers, Sandton
right: Everite Nutec, Knysna, Western Cape

"The group is now well positioned and focused to benefit from the favourable market conditions and exciting prospects. We therefore expect to report a sixth consecutive year of earnings improvements, strong cash generation and improved margins."

CEO's review

Strategic Overview

The 31st year of Group Five's existence was both challenging and rewarding. Despite the Rand/Dollar exchange rate fluctuations, a shortage of local infrastructure work and cheap imports threatening local manufacturing demand, operating profit increased by 10,4% to R197,7 million (2004: R179,1 million).

We focused on making Group Five a stronger company during the year, whilst maintaining 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 cancellation and deferment of government infrastructure and mining work. This ability to mitigate potential negative impacts and ensure growth bodes well for sustainable delivery of shareholder value into the future.

We judge the success of our business model on two areas:

- Broad-based financial contribution, which is measured by double-digit growth in earnings
- Continuous improvement in execution, which is measured by cash flow growth and balance sheet strength

We believe our business model of building a diverse portfolio of businesses with growth options in the built environment, both locally and internationally, has again been validated this year, with earnings increasing for the fifth successive year.

International strategy

Notwithstanding the volatility of the Rand within the reporting period, the group continued to focus on select over border opportunities in our aim of securing higher margin business and continued positive cash flows.

Two specific strategies are adopted to procure international work, which now represents 31% of group revenues and 41% of construction revenues. Firstly, we focus on establishing country-specific sustainable enterprises with established local partners. The group's skills, coupled with local knowledge, minimises risk and improves margins. This model is best exemplified with our current partner, Al Naboodah Contracting, in Dubai. The second approach is to identify niche opportunities for the establishment of a project specific team within a country for a limited duration.

The total construction market of the Gulf States and African continent exceeds R300 billion per annum. Nepad initiatives and the ongoing peace processes seen in the African region, bolstered by support from the recent G8 Summit, auger well for sustainable development on the continent. The group will therefore continue to pursue long-term over border initiatives, as well as opportunistic projects as a vehicle to deliver top and bottom line growth.

Increasing efficiencies

Intrinsic to the execution of our group strategy is the development of common operating systems and processes throughout the group. This has been achieved through the successful implementation of PeopleSoft (JD Edwards). The IT platform delivers timeous, accurate information across all business streams, which allows management to make decisions without compromising on risk issues.

Logistics and supply chain management is also central to all group operations and provides an immediate opportunity for cost reduction, increased productivity and speedier service delivery to customers. We have set demanding targets for procurement cost savings through stronger vendor relationships, bulk purchasing and consolidation of the number of suppliers. We have appointed a senior supply chain director and established a logistics centre, with its first task in streamlining over border supply chain processes.

Risk management

Group Five operates in an entrepreneurial environment, which implies risk. The group is therefore obliged to rigorously identify, monitor and manage risk. The most fundamental mechanism for managing risk is the presence, in every business unit, of strong, competent leadership, accountable for all aspects of performance.

Key to delivering on this strategy is our emphasis on employing, developing and promoting the right people in the right jobs. We implemented a targeted programme three years ago to ensure depth of leadership with market feel and knowledge, strong customer relationships and technical understanding. This year, a further four senior appointments were made.

Operational review

As predicted, Property Development Services benefited from the substantive preparatory work undertaken by this unit during 2004. Operating profit increased by 89%. The management team was significantly strengthened, with the appointment of a managing director with extensive property development experience. The unit has expanded its activities both geographically and in terms of service offering. The business unit has secured strong forward prospects, which will lead to good growth in 2006.

Manufacturing, which contributed 16% to group revenue, produced a slight decline in operating profit as a result of a disappointing performance by DPI Plastics.

Everite Building Products had another successful year, increasing operating profit by 47.4% and generating strong positive cash flows. Everite continues to build on its three-pillar strategy of technology, factory efficiency and innovative new products. Sales of Vermont side cladding, decorative interior finishes and fibre cement building columns have soared due to the buoyant residential property market. Going forward, government's renewed focus on affordable housing will bolster Everite sales of roofing systems.

Vaal Sanitaryware performed well in tough trading conditions. Encouraged by the strong Rand, imported products flooded the local market, which depressed sales prices. The delayed introduction of new robotic technology led to a decrease in yields early in the financial year. Yields are now currently approaching benchmarked levels. Vaal Sanitaryware's strategy of customer service, improved factory efficiencies and the introduction of new products, will be key drivers for the year ahead.

DPI Plastics had a disappointing performance. The explosion at Sasol's Secunda Plant in November

2004 interrupted polymer supply and increased raw material cost, which eroded margins. In addition, the declining civils market negatively impacted this business. Recent tender activity will lead to improved market conditions at the end of the first quarter. Increased factory efficiency and sustained sales efforts through established BEE distributorships will lead to growth in the new year.

The Group Five Pipe factory at Meyerton was re-commissioned 18 months ago to supply Rand Water Board projects. The factory operated profitably and is now strategically well positioned to take advantage of government infrastructure spend.

Construction revenues, which represent 77% of group revenue, increased by 20% to R3 808 million (2004: R3 182 million). A significant improvement in the construction business units resulted in operating profit increasing 56.4% to R73,3 million.

Building and Housing operations, which contributed 60% of construction revenue, produced good results, but did not achieve prior year profit levels. Margins were adversely affected following the completion of an exceptional Angolan housing project in 2004. In addition, over border margins were depressed due to the strengthened currency. East African operations have again performed well and the unit is well entrenched in the region. Within South Africa, coastal building operations have enjoyed significant growth, specifically in the residential and retail markets.

Inland activities have seen tighter margins, although niche housing projects outside of metropolitan areas are yielding better returns.

The business commences the new financial year with a robust order book of R2,4 billion and strong future prospects. Going forward, our focus will be on the continued delivery of quality projects on time.

As predicted, Engineering Projects enjoyed an outstanding year, with revenue increasing by 75.7% and operating profit by 66%. The strategic focus on over border mining opportunities, power generation projects and petro-chemical work created a new platform for growth.

Strong demand from clients for total project management, technical and construction solutions that fast-track delivery is providing an exciting avenue of growth. To meet this challenge, processes have been implemented to strengthen upfront engineering and planning skills.

A significant downturn in government infrastructure and local mining spend depressed margins in the civil sector. To mitigate the impact, the group's Civils Mining and Industrial and Civil Engineering business units were amalgamated. This, however, did not prevent operating losses being incurred through unrecovered overhead costs. The combined unit has secured a strong forward order book at improved margins and will return to profitability in the year ahead.

The Dubai operation generated a profitable contribution in the current year. Two major projects, worth R1 billion, have been secured in the international airport.

Although revenues declined, as planned, Road and Earthworks achieved breakeven at operating level. The turnaround resulted from leadership changes, rationalisation and implementation of continuous improvement processes. Management is confident that the unit's capacity is matched to market and a competent team is in place. Profitable growth is anticipated in the year ahead.

Operations and Maintenance activities decreased revenue and operating profit contribution in the current year, principally as a result of Intertoll's performance. Concession investments in Hungary and Poland gave rise to R35,7 million fair value adjustment. Operating profit was negatively effected by disputes on two Indian highways. Management is working on resolving these

left: Commissioning the Cimangola cement mill, Angola
right: Manufacturing of steel pipes

outstanding issues. In line with our strategy, Intertoll has been rationalised and refocused on the growing European and South African markets.

Sustainable Development

The group recognises the importance of sustainable development and the efficient use of resources at our disposal.

This annual report represents a new era in reporting for Group Five. We have incorporated an expanded review of sustainable development issues, increased disclosure of operations and demonstrated our commitment to enhanced corporate governance. Refer to the Sustainability Section of this report for detailed information.

Black Economic Empowerment (BEE)

As outlined in the Chairman's Review, a BEE transaction has been announced with iLima Mvelephanda consortium taking a 21.6% share of Group Five . In line with the concept of Broad Based Black Economic Empowerment (BBBEE), a trust will be established to house a further 4.5% of the 26% for distribution to current and future black management and broad-based employees. Full details can be found in our Stock Exchange announcement of 10 August 2005. Shareholders will vote on the transaction in September.

Progress has been made towards meeting the targets we set for preferential procurement, as outlined in the Transformation Report. However, employment equity targets at senior and middle management levels have not been met. The group has strived to provide opportunities for previously disadvantaged individuals and will continue to focus on this.

Using the draft Construction Charter as a guideline, the group is in the process of formalising its enterprise development ventures. An enterprise development initiative has been included in our BEE transaction.

During the year, a Group Five Corporate Social Investment committee has been established under the chairmanship of Baroness Lynda Chalker. To address skills shortages in the sector, the major portion of the CSI allocation is being used for a skills development programme called "People at the Gate".

HIV/AIDS

Group Five, the Construction Education and Training Authority (CETA) and Wits University formed a partnership to launch a "Know Your Status" campaign. Widespread prevalence testing was undertaken to determine the extent of risk facing the business and the construction industry as a whole. Voluntary Counselling and Testing (VCT) found acceptance within the group and the campaign is being supported by peer educators.

Safety

The effort over the preceding 24 months has resulted in a dramatic improvement in safety statistics. The disabling injury frequency rate (DIFR) has decreased to 0,8, which is well below the industry norm. In the interest of creating a safe working environment, the group's target remains less than one DIFR.

Prospects

In South Africa, investment in residential, commercial and retail property development is currently underpinned by strong consumer confidence and low interest rates. Whilst demand for new inland residential properties is showing a slight slowdown compared to the previous year, coastal developments are continuing unabated. Strong demand exists for suitable industrial land close to metropolitan areas and development opportunities exist for the group to meet these requirements. Whilst it is anticipated that the residential market may slow down further, the commitment by financial institutions in line with the financial sector charter to provide R42 billion for affordable housing finance, will lift the sector. This environment will continue to support strong demand for building supplies and construction skills.

Project enquiries to service the civil engineering sector have increased markedly in the last few months and the rapid strengthening of the secured order book augers well for the new year.

Whilst central and provincial government expenditure on the country's road networks remains flat, recent increase in tender activity indicates that the market is set to improve.

The establishment by the President of a senior ministerial task team mandated to drive growth to 6% will have a major positive effect on job creation and the construction sector.

Significant opportunities are being created on the African continent due to global demand for base metals, natural gas and petroleum products. Resurgence of mining and mineral beneficiation is creating growth in southern Africa and oil and gas prospects are leading developments on the west coast. Group Five is currently engaged in the provision of construction services in these regions and expects to expand its activities over the next three to five years.

Prospects in the power generation and distribution sector, especially for industrial users in South Africa and elsewhere on the continent, will provide opportunities for large turnkey projects. The group has developed core competencies and fostered strong relationships with financial institutions and gas turbine suppliers to service this exciting and growing sector.

The group is now established and well positioned in Dubai, where the construction market exceeds US$25 billion and enjoys growth in excess of 11%. Opportunities far exceed our capacity and we will therefore focus on growth based on our ability to deliver.

Growth prospects in our local and over border markets are reaching levels unseen for more than a decade. Without doubt, the most daunting challenge facing management is the ability to secure engineering competence and skilled resources necessary to undertake the work. The group has started to build capacity and to strengthen operational management to address this challenge.

The group is now well positioned and focused to benefit from the favourable market conditions and exciting prospects. We therefore expect to report a sixth consecutive year of earnings improvements, strong cash generation and improved margins.

Appreciation

On 30 June 2005, George Thomas retired as chairman of the board. On a personal note, I wish to express my sincere appreciation to George for his wise counsel and unfailing support in a period of immense change for the group. On behalf of the board and executive team, we wish him well and trust that he will enjoy a well-earned rest and healthy retirement.

Dennis Paizes, who has been associated with the group for 9 years as a non-executive director, has been appointed as non-executive chairman with effect from 1 July 2005. We congratulate Dennis and wish him all success in his new role.

We are also pleased to announce the appointment of Stuart Morris to the board as a non-executive director and chairman of the audit committee, effective 1 July 2005. We look forward to his involvement and contribution.

On behalf of the executive team, we thank the board for their support and continued contribution to the group's well being.

I wish to thank my colleagues on the Executive and Management Committees for their diligent focus and support in producing good results in a tough and demanding year.

I also wish to extend my appreciation to the staff and families of Group Five who have continued to take the business from strength to strength.

Finally, to all our stakeholders, we thank you for your support and assure you of our commitment to the continued creation of value.


Mike Lomas


Paul O'Flaherty

Group Five Limited
Board of directors

Executive directors

Non-executive directors


Dennis Paizes


Baroness Chalker of Wallasey


Kalaa Mpinga


Stuart Morris


Rufus Maruma

- Property development services
- Manufacturing
- Construction
- Operations and maintenance
- Group

Executive committee


Guy Mottram
Group Risk Officer


John Wallace
Manufacturing


Paul le Sueur
Buildings (local and Africa) & Housing (local)

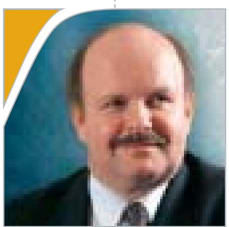

Michael Upton
Engineering Projects


Glenn Geldenhuis
Civil Engineering (local and Africa), KwaZulu Natal, Plant

Management committee


Frank Enslin
Housing (local)


Craig Jessop
KwaZulu Natal region


Johan de Witt
Roads and Earthworks

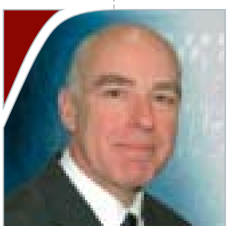

Piet Martins
Housing (Angola and West Africa)


Andrew McJannet
Civil Engineering (local and Africa)


Peter Keenan
Civil Engineering (Dubai)


Patrick Ayoub
WSSA


Tim Woodhead
Infrastructural Developments and Intertoll


Peter Sherwen
Property Developments


Hans Schmid
DPI Plastics


Malcolm Farrell
Group Supply Chain Director


Matt Nkala
Local Business Development Director

Executive directors

Mike Lomas (57)
Chief executive officer

Appointed a director in 1992. Mike, a Chartered Engineer, holds degrees in Civil, Structural and Water Engineering. He is a member of the Institution of Civil Engineers. From 1978 to 1997 he held various executive positions, including Managing Director of Engineering Projects, as well as of the Roads and Earthworks activities in southern Africa. Appointed Chief Executive Officer in 1997.

Paul O'Flaherty (42)
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.

Non-executive directors

Dennis Paizes (69)
Independent chairman

Was appointed independent non-executive chairman in 2005 having been a non-executive director of Group Five since 1996. He holds a BCom degree and his career was in the financial services and investment management industry. He retired as managing director of Fedsure Asset Management Company in 1996 and is currently a director of several companies.

Baroness Chalker of Wallasey (63)
Independent non-executive director

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 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 Limited. 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 worldwide and for African and Commonwealth affairs.

Kalaa Mpinga (44)
Independent non-executive director

Appointed 2002. He holds a BSc in Agricultural Economics and an 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 the 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.

Stuart Morris (59)
Independent non-executive director

Appointed 1 July 2005. Stuart is a BCom, CA(SA) and practiced with KPMG for over 30 years. He became senior partner of KPMG South Africa, chairman of KPMG Africa and served on the KPMG International Executive & Board. He joined Nedcor from 1999 to 2004 as group finance director and, following its merger with BoE, was responsible on the Nedcor Executive Committee for the Finance, Risk, Taxation, Human Resources and Management Services portfolios. Stuart was president of the Johannesburg Chamber of Commerce & Industry, a SACOB board member and a public investment commissioner. He currently serves on the Council of the University of the Witwatersrand, is chairman of the Wits Donald Gordon Medical Centre and is an independent non–executive director and chairman of the Audit Committee of SA Eagle Insurance Company Limited.

Rufus Maruma (46)
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 executive chairman of George Scott & Company. He is chairman of Stewart Scott International; Palabora Mining Company Ltd; Bohlweki Environmental (Pty) Ltd; Bakwena Concession Company; Hansen & Genwest; Gem Projects; Gem Contracting and Roymec.

Management

Guy Mottram (39)
Exco Director: Group Risk Officer

Joined 1 April 2001 as Company Secretary and Legal Advisor. B.Com, LLB. Appointed to the Group Executive Committee 15 February 2005. Holds position of Group Risk Officer and heads up development of commercial procedures throughout the group.

John Wallace (47)
Exco director: Manufacturing businesses

Joined 1 April 2002. BCom. Appointed to Group Executive Committee on 1 July 2004. John has extensive experience in the manufacturing industry. Both Everite Building Products and Vaal Sanitaryware report through to him. Recently, established and resourced group supply chain initiative. John led the turnaround in Everite Building Products.

Paul le Sueur (48)
Exco director: Buildings and Housing businesses

Joined 1 September 1984. BSc, QS, MAQS, RQS, MSc Building Management. Appointed to Group Executive Committee 1 July 2004. Has 25 years construction industry experience. Served on the Inter Ministerial Task Committee responsible for the formation of the CIDB. Acts as private sector representative on Faculty of Engineering and Built Environment board at the University of the Witwatersrand. Paul led the group's alliancing initiatives.

Michael Upton (51)
Exco director: Engineering Projects and KBR/G5 Industrial services businesses

Joined 1 September 2002 BSc Eng (Electrical), Management Development Programme (MDP), Pr Eng SAIEE. .Appointed to Group Executive Committee 1 July 2004. Mike has extensive experience in the power industry and implementation of turnkey projects. He is

Management (continued)

currently leading over border mining projects and the group's expansion into oil, gas and power.

Glenn Geldenhuis (49)
Exco director: Civil Engineering Kwa Zulu Natal Operations and WSSA

Joined 1 May 1998. BEng (Electronics) (Hons), MBL. Appointed to Group Executive Committee 1 July 2004. Glenn joined the group as Managing Director of DPI Plastics. He has extensive experience in manufacturing and just-in-time production having spent many years in the automotive industry. Glenn initiated BEE distributorships for DPI and expanded the business to incorporate development and sales of complete water supply solutions. He moved into the management of construction activities on 1 July 2004.

Frank Enslin (49)
Managing director: Housing (local)

Joined 1 March 1996. BSc (Building Science), P.CM, FCIOB. Frank serves on the Group Management Committee and has extensive experience in the building and housing industry. He has been responsible for the successful development of the local residential sector business.

Craig Jessop (38)
Managing director: KwaZulu Natal region

Joined 1 November 2003. BSc Quantity Surveying, Member of the Association of Quantity Surveyors. Craig serves on the Group Management Committee. He has extensive experience as a Quantity Surveyor and Commercial Manager. Prior to joining the group, he ran Craig Jessop & Associates. He was appointed initially as Commercial Manager for KwaZulu Natal and took over as Managing Director on 1 March 2005.

Johan de Witt (47)
Managing director: Roads and Earthworks

Joined 1 January 2001. Advanced Diploma in Business Studies, Executive Management Programme, Management Development Programme. Johan serves on the Group Management Committee. He was appointed as the Managing Director of Vaal Sanitaryware and was instrumental in turning the business around. Johan was appointed as Managing Director of Roads and Earthworks in September 2004 and has put the business on a firm footing going forward.

Piet Martins (52)
Managing director: Housing (Angola and West Africa)

Joined 1 October 1984. National Diploma Civil Engineering. Piet serves on the Group Management Committee. He has 30 years experience in the building and construction industry. Piet established the pre-cast housing system to service the residential market and delivered several major projects using the product. Past President of the Master Builders Association and served in setting up black empowerment initiatives in the industry. Currently driving housing and low-rise projects in West Africa.

Andrew McJannet (42)
Managing director: Civil Engineering (local and Africa)

Joined 9 January 1987. BSc Eng (Civil), BA (PPE), MA (Oxon), Pr Eng, MSAICE. Andrew serves on the Group Management Committee. He was appointed as the Managing Director of Civil Engineering in 2002. He has extensive experience of complex civil engineering structures. From the 1 July 2005 he became responsible for the Mining and Industrial Civil sector in the new expanded civil business unit.

Peter Keenan (48)
Managing director: Civil Engineering (Dubai)

Joined 1 October 1985. Higher National Diploma Civil Engineering, attended Wits and UCT Executive Development Programmes. Peter serves on the Group Management Committee. He was appointed as the Managing Director of Civils Mining and Industrial in October 1990. Peter spearheaded various civil engineering construction opportunities in southern Africa. In May 2004 he was appointed as Managing Director of the Dubai civil engineering and building operations.

Patrick Ayoub (44)
Managing director: WSSA

Transferred to South Africa from Suez 1 January 2000. MBA, General Management Programme CEDEP (INSEAD). He was appointed Managing Director of WSSA on 1 January 2000. Patrick has extensive experience in water operation and maintenance systems and customer management. He secured the Johannesburg Water Management contract and is a participant on various industry bodies.

Tim Woodhead (45)
Managing director: Intertoll

Joined 24 August 1992. BSc Eng (Civil) Pr Eng MBA. Tim serves on the Group Management Committee. He was appointed as the Managing Director of the group's Readymix operation in 1996. He was appointed as the Managing Director of Intertoll in 1999. He controls the group's road concession interest and operations and maintenance activities in South Africa, India, Hungary and Poland.

Peter Sherwen (51)
Managing director: Property Developments

Joined 1 November 2004. ABP Technikon Natal. Peter serves on the Group Management Committee. He has extensive nationwide property development experience. Peter has worked in the life assurance and construction side of developments, including PPP/concessions and infrastructure projects. On joining the group, Peter took over as Managing Director of Property Development Services Company.

Hans Schmid (42)
Managing director: DPI Plastics

Joined 1 February 2005. BSc Electrical Engineering, BCom. Hans serves on the Group Management Committee. He has extensive industry experience at a management level. Hans joined the group to take up his current position as Managing Director. His experience in manufacturing and distribution is being applied to the changing market conditions in DPI.

Malcolm Farrell (41)
Group supply chain director

Joined 1 April 2005. BComm, MBA. Malcolm serves on the Group Management Committee. His expertise is in the field of supply chain and procurement management with mining houses and the construction industry. Malcolm's appointment was made to facilitate a group-wide strategy on purchasing, remove waste from supply chain and initiate savings through the group.

Mathathias (Matt) Nkala (47)
Business development executive – South Africa

Joined 1 September 2002. BSc Eng (Electrical), MBL, Matt serves on the Group Management Committee He joined the group as Managing Director of the KwaZulu Natal operation where he successfully built the operation into a strong viable business. Matt took on the role of Business Development Executive for South Africa on 1 March 2005 to take advantage of the increased infrastructure spend in RSA.

Overview

Property Development Services
Manufacturing
Construction
Operations and Maintenance

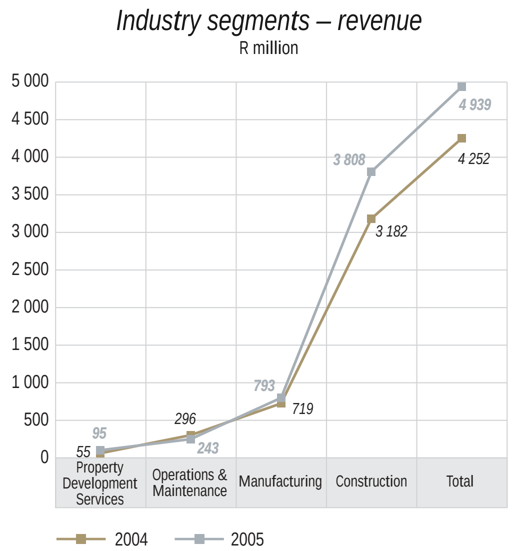
Group Five is pleased to announce its fifth consecutive year of earnings growth and a second consecutive year of improved cash generation, bearing testimony to the success of a strategy which focuses on profitable, cash-positive growth.

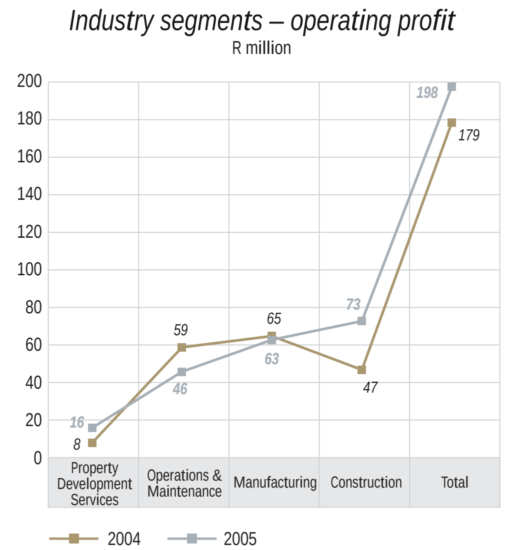
Revenue increased during the year by 16.2% to R4 939 million (2004: R4 252 million) and operating profits increased by 10.4% to R197,7 million from R179,1 million. However, the Rand, which strengthened on average during the year by approximately 11.8% against the US Dollar, negatively affected the contribution of revenue from over border work, which is generally secured at higher margins.

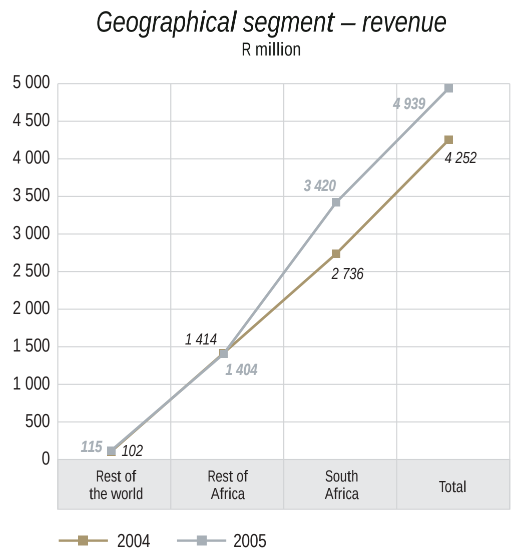
The group remains committed to securing work over border which is supported by the Rand's recent weakening against the US Dollar and other major currencies and which is expected to depreciate further over the next twelve to eighteen months.

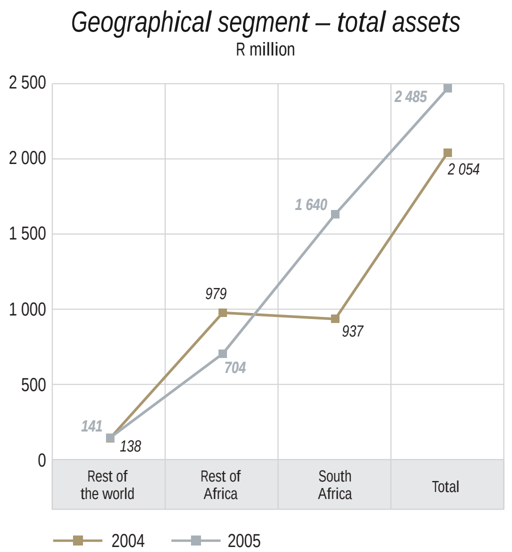
Earnings per share improved by 11.4% to R1,90 from R1,71 and headline earnings by 12.2% to R1,52 from R1,35. Overall, profit margins were down slightly from 4.2% to 4.0% due to the depressed local civils market, which had a significant impact on the Civil Engineering and DPI Plastics businesses. Margins were also impacted by a lower fair value adjustment arising on the investments in service concessions of R35,7 million compared to R48,5 million during 2004. Sustainable profit margin improvement, together with positive cash generation, remains one of the fundamental priorities over the next twelve to eighteen months.

Finance costs decreased by 7.9% to R31,4 million (2004: R34,1 million) and reflect the continued focus on improving cash collection. The effective tax rate of 18.5% is in line with the prior year of 18.6%. This reflects profits earned in jurisdictions with lower tax rates than South Africa and the utilisation of tax losses in South Africa for which no deferred tax was previously provided.


Industry segments – revenue
R million
5 000
4 500
4 000
3 500
3 000
2 500
2 000
1 500
1 000
500
0
95
55
296
243
793
719
3 808
3 182
4 939
4 252
Property Development Services
Operations & Maintenance
Manufacturing
Construction
Total
2004
2005


Industry segments – operating profit
R million
200
180
160
140
120
100
80
60
40
20
0
16
8
59
46
65
63
73
47
198
179
Property Development Services
Operations & Maintenance
Manufacturing
Construction
Total
2004
2005


Geographical segment – revenue
R million
5 000
4 500
4 000
3 500
3 000
2 500
2 000
1 500
1 000
500
0
115
102
1 414
1 404
3 420
2 736
4 939
4 252
Rest of the world
Rest of Africa
South Africa
Total
2004
2005


Geographical segment – total assets
R million
2 500
2 000
1 500
1 000
500
0
141
138
979
704
1 640
937
2 485
2 054
Rest of the world
Rest of Africa
South Africa
Total
2004
2005

The results of the primary segments for the year were:

	Year ended 30 June 2005			Year ended 30 June 2004		
	Revenue R'000	**Operating profit R'000**	**% Margin**	Revenue R'000	Operating profit R'000	% Margin
Property Development Services	**94 773**	**15 780**	**16.6**	55 145	8 349	15.1
Manufacturing	**793 359**	**63 048**	**7.9**	719 498	64 823	9.0
Construction	**3 808 221**	**73 281**	**1.9**	3 182 096	46 859	1.5
Operations and Maintenance (including results of Infrastructural Developments)	**242 485**	**45 611**	**18.8**	295 436	59 090	20.0
Total	**4 938 838**	**197 720**	**4.0**	4 252 175	179 121	4.2

The revenue by major geographical segment were:

	Year ended 30 June 2005	Year ended 30 June 2004
	Revenue R'000	Revenue R'000
South Africa	**3 419 716**	2 736 198
Rest of Africa	**1 404 105**	1 414 406
Rest of the world	**115 017**	101 571
Total	**4 938 838**	4 252 175

The group's construction order book (which is defined as work secured/performed in a 12-month period) is (all figures R'm):

	Total	Buildings/ Housing	Civil Engineering	Roads and Earthworks	Engineering Projects
12 months to 30 June 2004 (actuals)	3 182	1 918	558	428	278
12 months to 30 June 2005 (actuals)	3 808	2 269	695	356	488
12 months to 30 June 2006 (as at 31 July 2005)	4 000	2 380	1 100	270	250
Estimated capacity (as at 31 July 2005)	5 450	3 000	1 350	450	650

As outlined in the Strategic Review, the group identified super-ordinate financial goals during this year. The achievement thus far is:

Medium term super-ordinate goals	Achievement to date
◻ > 50% of revenue earned outside of South Africa	◻ Currently 31%; construction order book for 2006 consists of 53% over border
◻ Total construction order book (12 months and beyond) equal to 1,5 times annual construction revenue	◻ Currently 1,2
◻ Return on shareholders' funds of 25%	◻ Currently 20.7%
◻ Earnings per share growth of 5% to 10% in real terms per annum	◻ Real growth of approximately 8% for the year ended 30 June 2005
◻ 30% of revenues from annuity stream business	◻ Currently 21%
◻ Gearing never to exceed 33% of equity	◻ Currently 6%
◻ Cash generated equal or greater than net profit	◻ 77% of net profit for the year ended 30 June 2005
◻ Operating margin $\geq$ 5%	◻ Currently 4.0%

Liquidity and capital resources

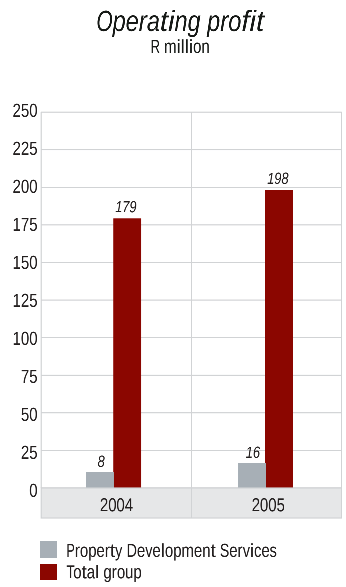
Funding and treasury policies are managed centrally by the group. Stringent cash control measures were implemented in January 2004, which resulted in cash generated of R86,6 million for the six months ended 30 June 2004, R68,3 million for the six months ended 31 December 2004 and a further R34,6 million for the six months ended 30 June 2005. For the full year cash generated of R102,9 million was achieved (2004: R56,4 million).

A decrease in working capital of R100,7 million (2004: increase of R21,1 million) resulted from the aforementioned strict cash controls, improved contract billings, payments of overdue amounts on foreign contracts and the cessation of cash outflows associated with the losses suffered by the Roads business during 2004.

Fixed asset additions decreased to R113,6 million (2004: R155,6 million) due to the downsizing of the plant fleet during the latter half of 2004. A net outflow of cash of R46,3 million (2004: inflow of R44,2 million) relating to finance activities resulted from less financial leases entered into as a result of a decrease in fixed asset additions.

The above conditions resulted in finance costs decreasing to R31,4 million (2004: R34,1 million).

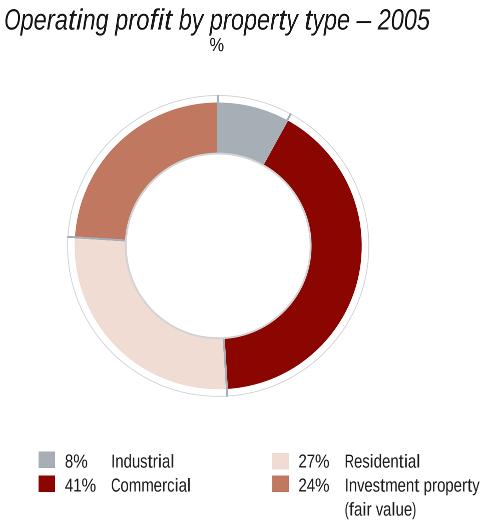
The group was successful in securing additional financial institution guarantee facilities. As at 30 June 2005, total financial institution-backed guarantees provided to third parties on behalf of subsidiary companies amounted to R1,337 million (2004: R862 million) out of total facilities of R2,365 million (2004: R1,060 million). The increase in guarantees issued is a reflection of the increase in construction revenue and tender activity.

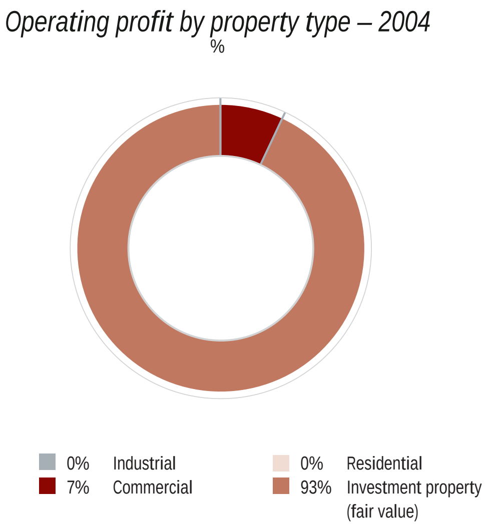


Property Development Services HIGHLIGHTS:

- Operating profit increased by 89%
- Over 50 project opportunities currenty being reviewed

Operating profit contribution was made up as follows:





Performance

Property Development Services performed strongly increasing operating profit by 89% to R15,8 million from R8,3 million. This performance was due to the focus towards specific core commercial, industrial, retail and residential projects. Although the residential market demand has shown signs of decreasing in certain areas in South Africa, other residential areas are expected to grow along with commercial, industrial and retail demand.

The year's success also reflects the application of a formalised risk approach to all projects throughout the project lifecycle. From initiation and pre-development to handover, risks are continuously assessed and managed. Details of investment properties held are set out in note 7 to the financial statements.

Focus and challenges for the year ahead

The business unit is currently reviewing 50 project opportunities. The focus going forward will be on:

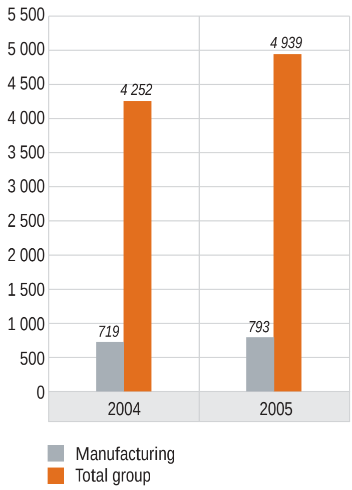
- moving from a reactive to pro-active approach by more aggressively pursuing opportunities through extensive market research and through the utilisation of the Group Five brand
- expanding to more opportunities in South Africa outside of Gauteng
- implementing a formalised customer relationship management programme which will focus on management time
- identifying and evaluating additional longer-term property investment annuity income opportunities

top: Overview of the Jackal Creek Golf Estate, northwest of Johannesburg, being developed by Group Five in joint venture
bottom: Proposed value retail showrooms north of Johannesburg

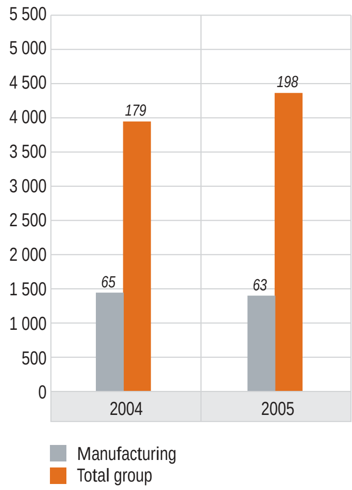
Manufacturing
HIGHLIGHTS:

- Tough market due to threat of imports and downturn in civils projects
- Revenue increased 10.3%
- Operating profit almost maintained

Manufacturing – revenue
R million



Manufacturing – operating profit
R million



The split of operating performance by business unit was as follows:

	Year ended 30 June 2005	Year ended 30 June 2004	12 to 18 months target (average)
Business unit	**Revenue R'000**	Revenue R'000	Operating margin %
Everite Building Products	**431 776**	358 296	10 to 12
Vaal Sanitaryware	**101 310**	100 880	20 to 25
DPI Plastics (40% proportionately consolidated)	**245 741**	260 322	8 to 10
G5 Pipe (50% proportionately consolidated)	**14 532**	–	10 to 15
Total	**793 359**	719 498	

Note: due to market sensitivities actual margins are not disclosed

Manufacturing operations

Everite Building Products

Everite Building Products supplies building materials throughout South Africa and services the commercial, industrial, retail and residential markets.

Factory performance was as follows:

	Year ended 30 June	
	2005 m²v ('000)	2004 m²v ('000)
Actual production	**14 073**	12 728
Total sales	**14 339**	12 651

In addition, approximately 8% of revenue is achieved from the sale of associated trading goods.

Performance

The business unit had another successful year with revenue increasing by 20.5% to R431,8 million (2004: R358,3 million) and profit margin percentage increasing by 1.4%. For the first time in many years the factory regularly operated at full capacity.

The performance is particularly pleasing given the threat of imports due to the strengthening Rand which resulted in overall price increases of only 7% year on year. These increases were achieved through a focused development of the value added range of products as commodity price adjustments remained under threat. Volume growth of 13% was experienced, with strong performances in the Cape, KwaZulu Natal and Eastern Cape regions. Affordable housing projects now account for approximately 30% of sales volumes and are expected to increase in the short to medium term as government housing programmes roll out.

Focus and challenges for the year ahead

In order to further improve profitability, will be to:

- fully exploit the existing market through developing new value added products which will improve factory recoveries and leverage profitability
- employ import and technology strategies to increase sales volume capacity to satisfy market demand and sustain the business unit's dominant market position

Vaal Sanitaryware

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

Factory performance was as follows:

	Year ended 30 June	
	2005 pieces ('000)	2004 pieces ('000)
Actual production	**430**	476
Total sales	**453**	471

In addition, approximately 10% of revenue is achieved from the sale of associated trading goods.

Performance

Vaal performed well in tough trading conditions, with revenue remaining constant at approximately R101 million. The overall profit margin percentage decreased by approximately 3.8% due to import and competitor strength, which resulted in virtually no sales price increases in the current year.

In addition, yield/recovery problems experienced in the factory during the first quarter of the 2005 calendar year, primarily due to the delayed commissioning of robotic technology, resulted in under-recoveries in the factory and a subsequent negative effect on margins. This has subsequently been rectified and yield percentages are currently approaching benchmarked levels.

Focus and challenges for the year ahead

Focus will be on:

- continually investing in technology, as was done with robotics, to improve factory yields
- fast-tracking new product development to penetrate higher margin markets
- reinvigorating and formalising a customer relationship management programme

DPI Plastics ("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 BEE initiatives, DPI operates a number of joint venture companies in the engineering merchant markets.

Total Southern African factory performance in the current year were as follows:

	Year ended 30 June	
	2005 tons	2004 tons
Actual production	**34 500**	33 100
Total sales	**32 599**	34 533

In addition, approximately 20% of revenue is achieved from the sale of associated engineering products.

Performance

DPI had a poor performance. Over and above the negative impact from November 2004 to January 2005 following the explosion at Sasol's Secunda plant and the subsequent higher cost of raw materials, revenue and margins were severely affected by a significant decline in civils projects in South Africa and new entrants into the market. Production problems in the South African factories, due to labour unrest, further aggravated the performance.

As a result, revenue decreased by 5.6% to R245,7 million (2004: R260,3 million) and the overall profit margin percentage decreased by 3.8%. The factories are currently operating at less than full capacity.

Focus and challenges for the year ahead

Given the current status, the next 12 months will be focused on:

- improving factory efficiency and productivity
- enhancing the capability of joint venture operations and implementing tighter control measures
- developing new products and markets to grow revenue

Group Five Pipe

Group Five Pipe's business consists of two operations:

Saudi Arabia

The group has a 25% interest in an associated company, Group Five Pipe Saudi, with the Al-Qathani family. 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 and opportunities are being pursued.

South Africa

Group Five Pipe South Africa, in which the group has a 50% interest, has operated since 1991 with factories in both Cape Town and Meyerton. These factories, which also manufacture large diameter spiral welded pipes, have effectively been mothballed since 2002.

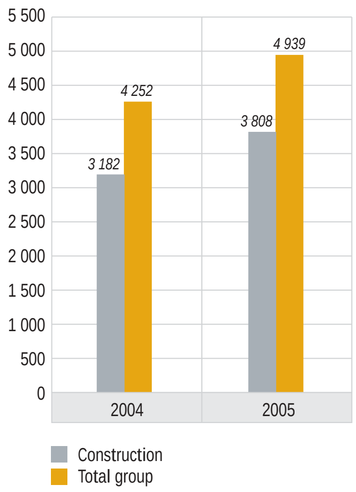
The Group Five Pipe factory at Meyerton was recommissioned 18 months ago to supply spiral weld steel pipes to three Rand Water Board contracts. Since then the factory has milled 11 500 tons, being sufficient loading to ensure continuity of work and a profitable operation. Revenue of R14,5 million was achieved in the current year, together with a profit margin percentage of more than 10%.

The prospects going forward look encouraging as quasi-governmental expenditure on large water schemes incorporating steel pipelines is set to increase. Two major projects are currently out to bid and the company is well positioned to benefit from these. An increase in both revenue and profitability is anticipated in the year ahead.

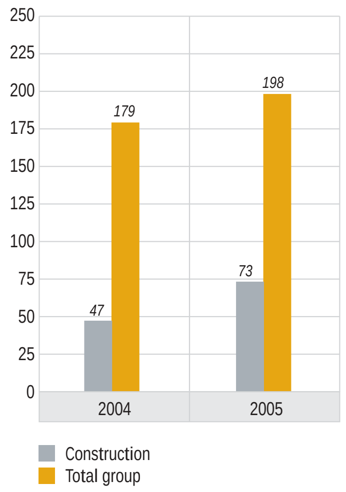
Construction
HIGHLIGHTS:

- Revenue increased by 20%
- Operating profit increased by 56.5%
- Lack of local mining and government infrastructural spend
- Civil Engineering Dubai office formed with total R1 billion order book secured
- Total 12-month order book of R4 billion secured for 2006

Construction – revenue
R million



Construction – operating profit
R million



The split of revenue and operating performance by the major business sector was as follows:

	Year ended 30 June 2005	Year ended 30 June 2004	12 to 18 months target (average)
	Revenue R'000	Revenue R'000	Operating margin %
Buildings/Housing	**2 269**	1 918	2 to 4
Civil Engineering	**695**	558	3 to 5
Roads and Earthworks	**356**	428	2 to 3
Projects	**488**	278	3 to 6
Total	**3 808**	3 182	

Note: due to market sensitivity actual margins are not disclosed

Installation of materials handling system at the Cimangola cement mill, Angola

Buildings/housing

Buildings/Housing is involved in the construction of various projects, including mass-scale residential housing, office blocks and towers, residential apartments, commercial shopping/retail centres, industrial premises, educational and healthcare facilities, and hotels and leisure facilities. Current operations range from Algeria, Tanzania, Zanzibar, Angola and Cameroon to South Africa.

Significant projects conducted in the current year (with total 2005 revenue contribution and % completion) were:

			Year ended 30 June 2005	
Project	Description	Place	**R'm revenue**	**% Completion (cumulative)**
Bank of Tanzania	Building of head office	Dar Es Salaam, Tanzania	**360**	**50**
Lagoon Beach	Residential apartments and hotel	Cape Town	**154**	**95**
Uppark	Alterations and extensions to office block	Sandton	**89**	**95**
Burgersfort Housing	Residential houses for platinum mine	Burgersfort	**84**	**75**
Nova Vida	Residential houses for Angolan Government	Luanda, Angola	**62**	**100**
Trade Routes	Shopping centre	Lenasia	**69**	**30**
Michelangelo Towers	Mixed development, including residential apartments	Sandton	**70**	**95**
Harbour Edge	Residential apartments and retail centre	Cape Town	**67**	**90**
Vangate Mall	Shopping centre	Cape Town	**72**	**50**
Bank of Zanzibar	Building of branch office	Zanzibar, Tanzania	**56**	**30**
The Grand Floridian	Residential apartments	KwaZulu Natal	**52**	**80**
Algiers Sports Complex	Sports complex	Algiers, Algeria	**58**	**40**
Malongo Tank Farm	Structures for oil storage tanks	Cabinda, Angola	**78**	**80**

Performance

Revenue increased by 18.3% to R2,269 million (2004: R1,918 million). Overall profit margin percentage declined by approximately 1.4% primarily due to the adverse effect following the virtual completion of an exceptional Angolan housing project in the prior year as we cautioned at interim stage, and the effect of a lower contribution from higher margin over border contracts, due to the year on year strengthening of the Rand.

The business currently has a secured order book for the next financial year of approximately R2,4 billion. Improvement of profit margin percentages remains a short-term priority.

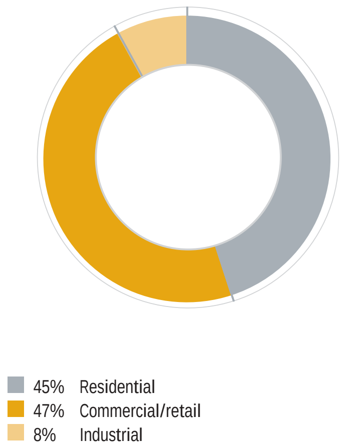
Focus and challenges for the year ahead

Key focus areas for next year are:

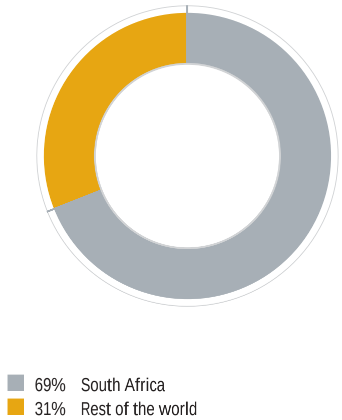
- recruiting and retaining skilled people to combat the skills shortage which is likely to develop as activity picks up
- improving profit margins through improving the efficiency and effectiveness in two key contract activities, namely mobilisation and contract completion
- securing higher margin work through more selective tendering and pursuing over border work

A split of projects by type of industry and geographical location is set out below:

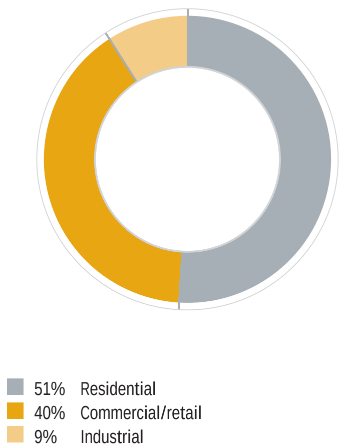
Buildings/Housing construction revenue by industry type – 2005
%



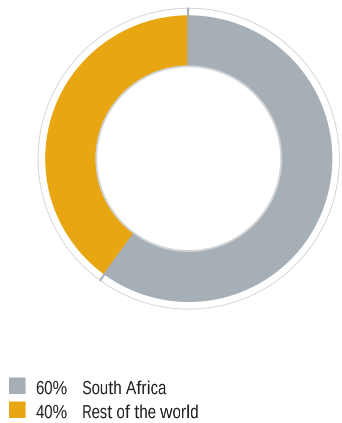
Buildings/Housing construction revenue by geographical location – 2005
%



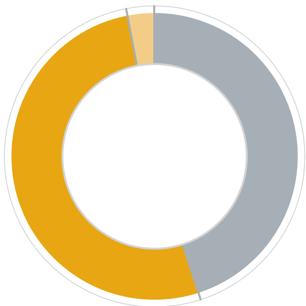
Buildings/Housing construction revenue by industry type – 2004
%



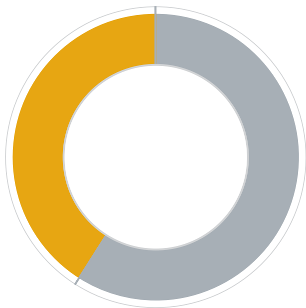
Buildings/Housing construction revenue by geographical location – 2004
%



Buildings/Housing secured construction order book by industry type – 2006
%



Buildings/Housing secured construction order book by geographical location – 2006
%



Civil engineering

Civil Engineering delivers contracts for both private and public sectors, including all infrastructural concrete works and structures, ports and harbours and water and sanitation facilities. This business currently operates in Dubai, Tanzania, Ghana, Angola, Zambia and South Africa.

Significant projects conducted in the current year (with total 2005 revenue contribution and % completion) were:

			Year ended 30 June 2005	
Project	Description	Place	**R'm revenue**	**% Completion cumulative**
Bank of Tanzania	Head office – structural work	Dar Es Salaam, Tanzania	**78**	**50**
Kansanshi	Structural work for plant at copper mine	Kansanshi, Zambia	**70**	**95**
PP2 Technical Building	Structure for Sasol plant building	Sasolburg	**40**	**95**
Mittal	Various small works at plant	Vanderbijlpark	**56**	**95**
Central Utilities Complex	Cooling system structure	Dubai airport, Dubai	**37**	**25**

Performance

Revenue increased by 24% to R695,2 million (2004: R558,8 million) although an overall operating loss was incurred due to a significant downturn in local government infrastructural spend and local mining spend resulting in overhead under-recoveries.

In order to mitigate the effect of the above, the group's local and African Civils Mining and Industrial business was amalgamated with the Civil Engineering business in order to reduce costs and over border opportunities were pursued. This amalgamation was carried out and completed over a period of two months and the combined business is expected to be profitable in the next year.

During the last quarter of the 2004 financial year, following the successful conclusion of a contract in the Middle East, a decision was taken to set up a civils business in Dubai in partnership with the Al Naboodah contracting, one of the largest contractors in Dubai. This has proved extremely successful, with an operating profit contribution being achieved in the current year and an order book of approximately R680 million being secured for the next financial year at good margins.

The current total Civil Engineering order book for the next financial year is R1,1 billion and is expected to increase further with the planned government infrastructural spend in South Africa.

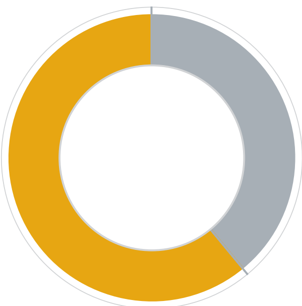
Focus and challenges for the year ahead

The focus of this business in the next year is to:

- ensure secured work in Dubai is delivered on time and profitably, given that the group is new to the region
- continually work with the public sector in South Africa to ensure projects are rolled out
- identify and secure higher margin work where a higher level of technical skills are required

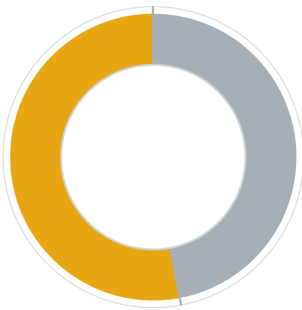
A split of projects by type of industry and geographical location is set out below:

Civil Engineering construction revenue by industry type – 2005
%



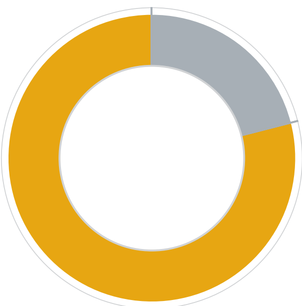
38% Public works
62% Private works

Civil Engineering construction revenue by geographical location – 2005
%



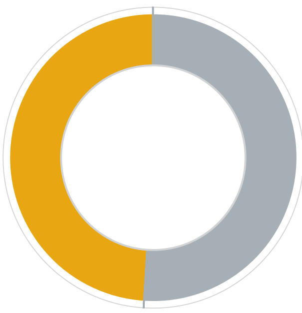
47% South Africa
53% Rest of the world

Civil Engineering construction revenue by industry type – 2004
%



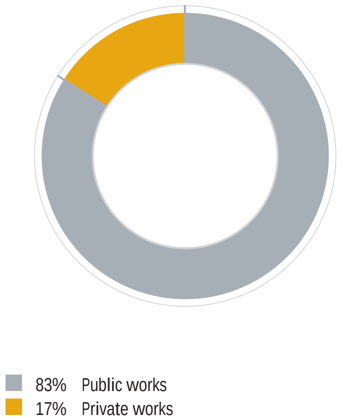
21% Public works
79% Private works

Civil Engineering construction revenue by geographical location – 2004
%

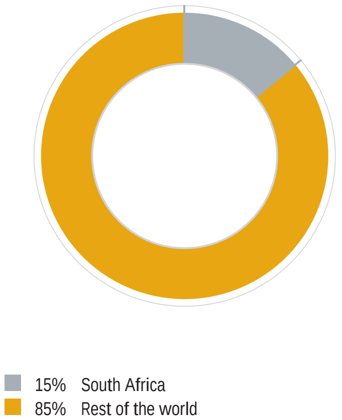


51% South Africa
49% Rest of the world

Civil Engineering secured construction order book by industry type – 2006
%



Civil Engineering secured construction order book by geographical location – 2006
%



Roads and earthworks

Roads and Earthworks operates primarily in Southern Africa in the construction of roads, dams, bridges and town infrastructure primarily for the public sector.

Significant projects conducted in the current year (with total 2005 revenue contribution and % completion) were:

			Year ended 30 June 2005	
Project	Description	Country	**R'm revenue**	**% Completion (cumulative)**
Monkey Bay	Road construction	Malawi	**63**	**70**
Sterkspruit/Telle Bridge	Road construction	Eastern Cape	**48**	**100**
Oshikango/Ondangwa	Road construction	Namibia	**49**	**70**

Performance

Following the efforts implemented in the last six months of the 2004 financial year and the introduction of a new managing director, the turnaround at Roads was successfully completed.

Although revenue achieved of R356,5 million was 16.7% less than the R428 million achieved in the prior year and below the targeted revenue of approximately R420 million, due to competitive market conditions, break-even was achieved at the operating profit line compared to an operating loss in the prior year.

The current secured order book for the next financial year is R270 million and the business is expected to return to profitability.

Focus and challenges for the year ahead

The business will focus on the following over the next 12 months:

- securing additional profitable work in Southern Africa but limiting the order book to approximately R440 million
- implementing a formalised focused customer relationship management programme to assist in securing additional work
- pursuing other allied work opportunities outside of the traditional road construction market

Engineering projects

Engineering Projects offers one-stop construction solutions, including SMEIP, civils and procurement and logistics. Industries serviced include oil and gas, power, mining and heavy industry. Projects range from Ghana, Nigeria, Angola, Zambia and the DRC to South Africa.

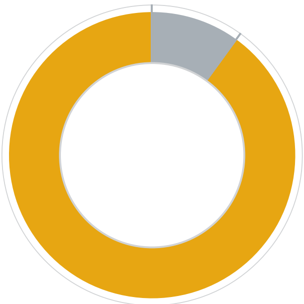
Significant projects conducted in the current year (with total 2005 revenue contribution and % completion) were:

			Year ended 30 June 2005	
Project	Description	Country	**R'm revenue**	**% Completion (cumulative)**
Kansanshi plant	Engineering work for plant at copper mine	Kansanshi, Zambia	**92**	**95**
Etoile copper/cobalt plant	Engineering and procurement work for copper/cobalt plant	Lumbumbashi, DRC	**75**	**100**
Malongo Tank Farm	Engineering work for oil tanks	Cabinda, Angola	**48**	**50**
Mittal PCI project	Engineering work for Mittal plant	Newcastle	**44**	**100**

left: Multi-disciplinary installations, Mittal Steel, Newcastle
right: Edward Nathan & Friedland building, Sandton

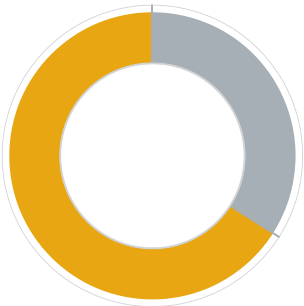
A split of projects by type of industry and geographical location is set out below:

Engineering Projects construction revenue by industry type – 2005
%



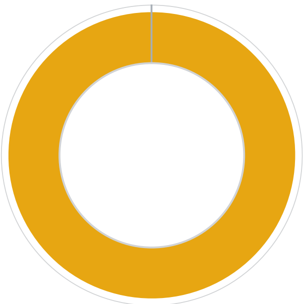
10% Oil, gas and power
90% Mining and industrial

Engineering Projects construction revenue by geographical location – 2005
%



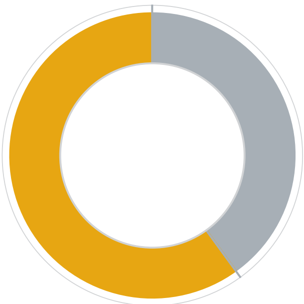
34% South Africa
66% Rest of the world

Engineering Projects construction revenue by industry type – 2004
%



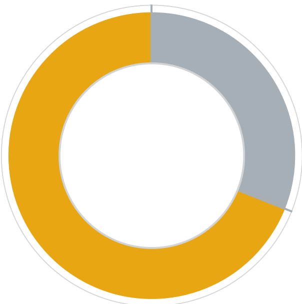
0% Oil, gas and power
100% Mining and industrial

Engineering Projects construction revenue by geographical location – 2004
%



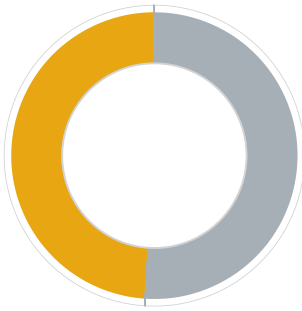
40% South Africa
60% Rest of the world

Engineering Projects secured construction order book by type – 2006
%



32%	Oil, gas and power
68%	Mining and industrial

Engineering Projects secured construction order book by geographical location – 2006
%



51%	South Africa
49%	Rest of the world

Performance

Engineering Projects had an outstanding year, with revenue increasing by 75.6% to R487,9 million (2004: R277,7 million) and overall profit margin percentage remaining in line with the prior year.

The focus on over border mining opportunities, together with projects in the heavy industrial, power, oil and gas sectors have proved successful and will be continued. The secured order book for the next financial year is currently R250 million.

Focus and challenges for the year ahead

Key focus areas are to:

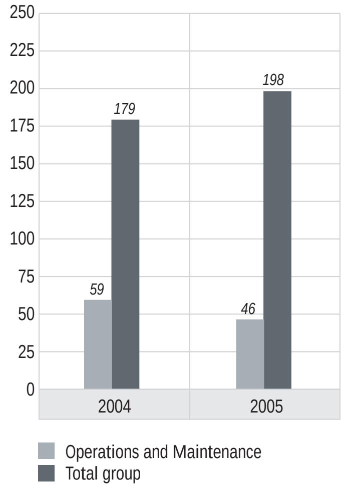
- pursue additional partnering/alliancing relationships with key customers
- broaden the range of over border technology partners
- pursue a construction solution strategy offering engineering, procurement, construction ("EPC") solutions in the selected markets
- recruit and retain skilled staff

far left: Pipe racks, Sapref Lion Project, KwaZulu Natal
left: Berg River Dam, Western Cape
middle: Nova Vida housing, Angola
right: Discovery Health building, Sandton

Operations and maintenance
HIGHLIGHTS:

- Polish concession agreement for A1 toll road signed
- Fair value adjustments of R35,7 million recorded on service concessions

Operations and Maintenance – operating profit
R million



Intertoll

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

Details of toll roads currently operated by Intertoll are:

Name	Country	Kms	Duration of contract
N1 North	South Africa	359.5	March 2010
N1 South	South Africa	396.3	March 2010
Marianhill Toll Plaza	South Africa	0	May 2007
N2 South	South Africa	72	June 2006
Magalies	South Africa	22.2	April 2009
M5 Hungary	Hungary	96	December 2009
NH-8 (Delhi-Jaipur Section)	India	206.4	March 2011
NH-2 (Delhi-Agra Section) and NH-24 Moradabad Bypass	India	179.2	March 2011
Ahmedabad-Mehasana Toll Road	India	51.6	March 2033
Delhi-Noida Flyway	India	7.4	January 2029

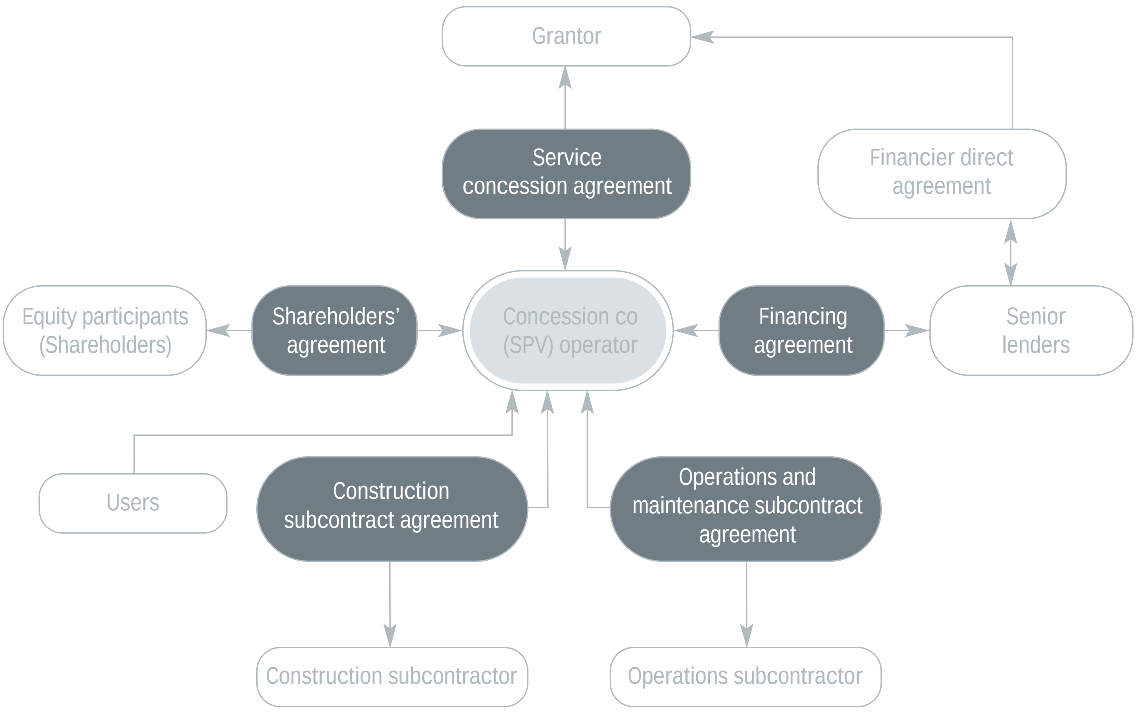
Operation and maintenance of refineries and industrial plants (KBR/G5 Industrial services)

The business also holds equity interests in certain road concessions. It is actively pursuing build, operate and transfer ("BOT") schemes relating to public, private partnerships ("PPP") in the transportation, energy and property environments, both locally and over border.

The purpose of this business is to pursue infra-structural development opportunities where profit and cash can be realised by the group through:

- equity participation in service concessions
- construction opportunities for services concessions
- operations and maintenance opportunities for service concessions

In order to provide an improved understanding of service concessions, set out below is an explanation of how they generally operate in practice:



- The grantor will enter into a concession agreement with a Special Purpose Vehicle ("SPV"), who is the operator and is a company established solely for the purpose of executing the project
- Agreements exist between shareholders and the SPV who expect to derive reasonable investment returns from their investments. The shareholders' investment would be in the form of shares in and shareholder loans to the SPV
- The SPV will enter into a construction contract with a construction entity to design and construct the facility
- The operation and maintenance of the project, for say a 25-year operational term, will be sub-contracted by the SPV to a service provider. This will be effected by means of a contract between the SPV and the subcontractor, under which responsibility for the aspects of the output specifications, which relates to the operation and

maintenance of the project will be undertaken by the subcontractor

- The SPV may procure a large portion of the funding from senior lenders, providing the cash flow of the project as security. Senior lenders would typically have step-in rights and/or substitution rights in the event of non-performance by the SPV. A financier direct agreement between the senior lenders and grantor may be in place which would facilitate the step-in rights and/or substitution rights. The financier direct agreement is intended to facilitate a climate conducive to lender interest, by providing latitude for the senior lender, in the case of default or potential default by the SPV, to exercise a range of contractual rights and remedies aimed at restoring the service, or replacing the current service provider with one acceptable to the grantor, thereby securing the future flow of revenue and the future service of the debt in question
- Parent company and/or performance guarantees are anticipated to be provided in favour of the SPV by the major equity participants and ceded to lenders. They serve to provide security for the obligations of the SPV, likely to be a newly established company without a track record other than the skills possessed by the different consortium members
- The structure of the deal is such that it contains adequate mechanisms to ensure that the risks and benefits are allocated appropriately between the parties involved and that the cash flow of the project is ringfenced for purposes of operations, debt service and dividends

Current equity interests, excluding loans, in road service concessions consist of:

						Value 30 June	
Name	Country	Kms	% interest	Concession period	Current status	**2005 R'000**	2004 R'000
M5	Hungary	96	3.5	25 years	Construction complete; operational	**59 403**	25 443
A1	Poland	98	15	30 years	In final negotiation; construction to commence	**22 965**	10 338
Noida/Delhi	India	7.4	8.7	28 years	Operational	**16 185**	16 185
Total						**98 553**	51 966

Performance

Operations and Maintenance

Intertoll's operation and maintenance business had a disappointing year with revenue declining by 22.7% to R157,3 million (2004: R203,4 million) and operating profit declining compared to the prior year. Revenue and operating profit was adversely affected by the ongoing contractual dispute on three Indian operations and maintenance toll road contracts. Focused attention with the partners and client is currently being given to this and resolution is expected by late 2005.

This business has undergone a rationalisation in the current year with focus being driven towards the South African and European markets. As a result rationalisation costs were incurred in reducing head office staff and closing the Brazilian operations.

Concessions

A total upward fair value adjustment of R35,7 million (2004: R48,5 million) arose in the current year including R3,1 million (2004: Rnil) relating to the investment in the Polish toll road concession and R32,6 million (2004: R48,5 million) relating to the Hungarian toll road concession. The investment in the Noida Toll Bridge Company Limited, a listed company in India, which holds the Delhi to Noida bridge concession, has continued to be carried at cost due to the current illiquid nature of the shares.

Focus and challenges for the year ahead

Key focus areas include:

- concentration and restructuring around the two core geographic areas of South Africa and Europe
- resolution of contractual disputes in India

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 waste water systems throughout South Africa.

Both revenue and operating profit increased by more than 15%.

KBR/G5 Industrial services

The joint venture with Kellogg Brown & Root offers specialist core maintenance and shutdown services to key customers in the petro-chemical and paper industries. Subsequent to year end, Kellogg Brown & Root's share of the operation was purchased by Group Five for approximately R3,4 million.

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

Sustainability report

Over the last few years, sustainable development has become much more of a priority at Group Five. The group has focused on putting the correct structures in place to operate in a responsible way and to ensure accountability for its actions as a company. This year is the first year it has started to report meaningfully on sustainability issues. The group would welcome your feedback on feedback@g5.co.za.

Corporate governance

Introduction

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.

Corporate governance encompasses Group Five’s systems, structures and culture of acting responsibly. It ensures that we treat all the stakeholders we interact with and the environment in which we operate with respect.

Principles of Corporate Governance and Structures

The board of Group Five supports the principles of the Code of Corporate Practices and Conduct as set out in the King Report on Corporate Governance II (“King II”). We continuously benchmark ourselves against the recommendations of King II and comply to the extent considered practical. If and when areas of non-compliance are discovered, they are pro-actively addressed.

The board affirms its commitment to the principles of discipline, transparency, independence, accountability, responsibility, fairness and social responsibility, as endorsed by King II. The board is further committed to timeous, relevant and meaningful reporting to all stakeholders. It ensures that the group’s business is conducted in accordance with high standards of corporate governance, and with local and internationally accepted corporate practice. These standards are entrenched in the group’s system of internal controls through its procedures and policies governing corporate conduct.

The principles contained in King II are reflected in the group’s corporate governance structures, which are reviewed from time to time to take into account organisational changes and international developments in the field of corporate governance. The board and management actively review and enhance the systems of control and governance on a continuous basis to ensure that the group's business is managed ethically and within prudently determined risk parameters.

The board of directors

Responsibilities

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 stakeholders.

While the executive directors are involved with the day-to-day management of the group, the non-executive directors are not, nor are they full-time salaried employees.

Composition and appointment of the board

The board currently consists of two executive directors and five independent non-executive directors. None of these directors have contracts with the group in excess of three years. There is a clear division of responsibility at board level. This ensures a balance of power and authority, preventing unfettered decision-making authority by any one individual. 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 42 and 44 of the annual report.

In line with the recommendations of King II and as outlined in the JSE Listing Rules, 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.

The performance of the executive directors is evaluated by the Remuneration Committee. The performance of the non-executives is evaluated by the chairman, in consultation with the CEO.

There is currently no formally constituted Nomination Committee for the election of directors. This function has been dealt with by the Remuneration Committee and details of any proposed candidate have previously been distributed to all directors for consideration before any appointment was made by the full board. The board has, however, recognised the need for such a committee and a Nomination Committee will be established during the forthcoming year.

All directors, in accordance with the company's Articles of Association, are subject to retirement by rotation and re-election by shareholders. The names of the directors submitted for re-election are accompanied by sufficient biographical details in the notice of the forthcoming Annual General Meeting to enable shareholders to make an informed decision in respect of their re-election.

All of the directors bring a wide range of expertise to the board, as well as significant financial, commercial and technical experience and, in the case of non-executive directors, independent perspectives and judgement.

During the year under review, Messrs JH Banton, P du Preez and HC Turner retired as executive directors on 19 October 2004, 3 September 2004 and 19 October 2004, respectively. The chairman, Mr GM Thomas, retired from the board on 30 June 2005, after eleven years as non-executive director including six years as non-executive chairman. He is succeeded as chairman of the board by Mr D Paizes. Mr SG Morris was appointed as non-executive director on 1 July 2005. Full CVs of these directors can be found on page 44 of this report.

Board charter

During the year under review, the board has adopted a formal board charter, which sets out its mission, role, duties and responsibilities and, in particular, important aspects concerning the following:

- The directors' fiduciary responsibilities
- Leadership of the board
- Board appointments
- Induction of new directors
- Evaluation of directors
- Remuneration
- Board meetings and procedures
- Dealings and securities
- Directors' and officers' insurance
- The terms of reference for the various board sub-committees

In terms of the board charter, the directors have a responsibility to become acquainted with all of their duties, as well as the issues pertaining to the operations and business of the group, to enable them to fulfil their duties.

Board meetings

The board meets quarterly and on an ad hoc basis, as is deemed necessary. In fulfilling their duties to both the group and its stakeholders, the directors aim to act impartially and independently when considering matters of strategy, performance, allocation of resources and 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 the defined Terms of Reference.

An agenda and supporting papers are distributed to all directors prior to each board meeting. Appropriate explanations and motivations are provided for items of business requiring resolution at the meeting. This ensures that relevant facts and circumstances are brought to the attention of directors. In terms of good governance, the directors can conduct unrestricted inspections of all company property, information and records.

Members of the board are required to disclose any conflicts of interest at the quarterly board meetings.

Attendance Register – Quarterly Board Meetings

	17 Aug 04	17 Nov 04	15 Feb 05	25 May 05
Executive directors				
MH Lomas	√	√	√	√
JH Banton (retired 19 Oct 04)	√	n/a	n/a	n/a
P du Preez (retired 3 Sept 04)	x	n/a	n/a	n/a
PS O'Flaherty	√	√	√	√
HC Turner (retired 19 Oct 04)	√	n/a	n/a	n/a
Non-executive directors				
GM Thomas	√	√	√	√
L Chalker	√	√	√	√
MR Maruma	√	√	√	√
KK Mpinga	√	√	√	√
D Paizes	√	√	√	√

Board committees

The board has established a number of sub-committees to enable it to properly discharge its duties and responsibilities and to effectively fulfil its decision-making process. Each committee acts within the written Terms of Reference that have been approved as part of the board charter and under which specific functions of the board are delegated. Each committee has defined purposes, membership requirements, duties and reporting procedures.

The board currently has four formalised sub-committees. The composition and activities of these committees are set out below.

(a) *Corporate Social Investment (“CSI”) committee*

The CSI Committee consists of two non-executive directors and a number of co-opted committee members from within the group. These members are not board members. At least one member of the CSI Committee must be a non-executive director on the Audit Committee. The committee had its inaugural meeting on 14 February 2005, during which Mr KK Mpinga was elected to join the CSI Committee.

Group Five acknowledges that it must act responsibly towards its stakeholders, which include its employees, the communities in which it operates and the environment. The group aims to be a respected corporate citizen by contributing, within its means, to the country’s transformation and development and by subscribing to the concepts of self-help and capacity building. The CSI Committee was established to give effect to these aims and to provide strategic CSI direction for the group.

The main functions of the committee include the identification of CSI projects that are in line with the group’s CSI key focus areas and strategy, and the development of guidelines for the implementation thereof. The committee will further be responsible for the centralising of requests for donations and/or assistance and for setting the criteria for the allocation of assistance. The committee will manage the monies allocated for CSI initiatives and evaluate the effectiveness of CSI interventions. Special emphasis will be given to educational assistance and HIV/AIDS programmes. 1% of group profit after tax has been allocated on an annual basis to fund the identified CSI projects.

Attendance register – CSI committee meetings

	14 Feb 05	24 May 05
Non-executive directors		
L Chalker	√	√
KK Mpinga	n/a	√

(b) *Risk Committee*

The Risk Committee consists of the chairman, CEO, CFO and two non-executive directors. The Group Risk Officer is invited to attend all meetings.

The Risk Committee’s 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 towards higher-level strategic issues affecting the group.

The Risk Committee’s responsibilities have been expanded to include Safety, Health, Environment and Quality and the committee will therefore in future be called the SHREQ Committee.

Mr GM Thomas retired as chairman of the Risk Committee on 30 June 2005. A replacement has not been nominated as yet.

Attendance register – risk committee meetings

	16 Nov 05	24 May 05
Executive directors		
MH Lomas	√	√
PS O'Flaherty	√	√
Non-executive directors		
GM Thomas	√	√
KK Mpinga	√	√
L Chalker	√	√

(c) *Audit committee*

The Audit Committee consists of the chairman, CEO, CFO and two non-executive directors. The chairman of the committee is an independent non-executive director. Both the internal and external auditors have unrestricted access to the 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

	13 Aug 04	11 Feb 05	20 May 05
Executive directors			
MH Lomas	√	√	√
PS O'Flaherty	√	√	√
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 the use of the external auditors for non-audit services, 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 be engaged for any non-auditing services on an exceptional basis only.

Mr GM Thomas retired as chairman of the Audit Committee on 30 June 2005. He has been succeeded by Mr SG Morris who was appointed on 1 July 2005.

(d) *Remuneration committee*

The Remuneration Committee consists of the chairman, the CEO and two non-executive directors. Its specific terms of reference as delegated by the board embrace recommendations with regards to the group remuneration policy, approval of remuneration packages for executive directors and senior officials, bonus and incentive schemes and their applications, non-executive directors' fees, share option schemes and service agreements.

Mr GM Thomas retired as chairman of the Remuneration Committee on 30 June 2005. A replacement has not been nominated as yet.

Attendance register – remuneration committee meetings

	22 Nov 04	24 Jan 05
Executive directors		
MH Lomas	√	√
Non-executive directors		
GM Thomas	√	√
MR Maruma	√	√
D Paizes	√	√

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	
	2005	2004	**2005**	2004	**2005**	2004	**2005**	2004	**2005**	2004
MH Lomas	**1 856**	1 687	**314**	281	**3 400**	2 924	**15**	15	**5 585**	4 907
HC Turner (retired 19 October 2004)	**1 236**	1 310	**122**	219	**2 632**	2 078	**17**	29	**4 007**	3 636
P du Preez (retired 3 September 2004)	**1 507**	841	**187**	197	**1 681**	1 414	**31**	39	**3 406**	2 491
JH Banton (retired 19 October 2004)	**1 166**	1 025	**102**	184	**2 271**	1 692	**14**	26	**3 553**	2 927
PS O'Flaherty (appointed 1 October 2003)	**995**	682	**191**	121	**1 045**	201	**26**	24	**2 257**	1 028
	6 760	5 545	**916**	1 002	**11 029**	8 309	**103**	133	**18 808**	14 989

Non-executive directors

	Total 30 June 2005 R'000	Total 30 June 2004 R'000
GM Thomas (retired 30 June 2005)	**365**	273
L Chalker – fees and services	**218**	240
L Chalker – expenses	**37**	92
D Paizes	**127**	90
KK Mpinga	**113**	71
MR Maruma	**85**	275
	945	1 041

DETAILS OF DIRECTORS' SHARE OPTIONS

Name of director	Options granted and accepted Opening balance	During the year	Strike price	Options exercised and paid	Total options granted and accepted closing balance	Strike price	Options vested closing balance
2005							
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	480 000
	220 000		3,83		220 000	3,83	165 000
	–	200 000	12,55		200 000	12,55	–
HC Turner							
(retired 19 October 2004)	420 000		1,80	(420 000)			
	100 000		1,70	(100 000)			
	480 000		2,38	(480 000)			
	150 000		3,83	(150 000)			
JH Banton							
(retired 19 October 2004)	420 000		1,80	(420 000)			
	100 000		1,70	(100 000)			
	130 000		2,38	(130 000)			
	150 000		3,83	(150 000)			
P du Preez							
(retired 3 September 2004)	420 000		1,80	(420 000)			
	100 000		1,70	(100 000)			
	280 000		2,38	(280 000)			
PS O'Flaherty	250 000		3,83	(87 500)	162 500	3,83	100 000
	325 000		5,95		325 000	5,95	187 500
	–	125 000	12,55		125 000	12,55	–
	4 545 000	200 000		(2 837 500)	1 907 500		1 452 500
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

Note: The mechanisms of the share option scheme are set out on page 123, note 1.21(d).

Company secretary

The company secretary is appointed by the board. The company secretary's statement of compliance is set out on page 110 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 compliance with procedures and regulations of a statutory nature. All directors are entitled to seek independent professional advice concerning the affairs of the group at the group's expense, should they believe it would be in the best interest of the group.

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.

During the year under review, Mr GD Mottram resigned as company secretary to take up his role as Group Risk Officer. He has been succeeded by Ms AI Townsend.

Annual financial statements

The directors acknowledge that they are required by the South African Companies Act, 1973, to maintain adequate accounting records and are responsible for the preparation of the annual financial statements which fairly represent the state of affairs of the group at the end of the financial year, and the results of operations and cash flows for the year, in accordance with South African Statements of Generally Accepted Accounting Practice ("SA GAAP").

The directors further acknowledge their responsibility in assessing the going concern of the group and are satisfied, in light of the current financial position and existing borrowing facilities, that the group is in fact a going concern and has adequate resources available to ensure its continued operational existence. A statement to this regard is set out on page 110 of the financial statements.

Business practices

(a) Insider trading

No employee may deal directly or indirectly in Group Five ordinary shares on the basis of unpublished price-sensitive information regarding its business or affairs. Similarly, no director or officer may trade in shares of the company during a closed period determined by the board. The group's closed periods are between the reporting period date and the date of publication of results for the period. Where appropriate, a closed period is also operated during periods where major transactions are being negotiated and a public announcement is imminent.

(b) Code of ethics

The group is committed to the highest standards of integrity and ethical conduct in its dealing with stakeholders. In line with this commitment and in line with King II, it has adopted a Code of Ethics that forms the basis of the group's relationship with all its stakeholders. The salient features of the Code of Ethics are set out below.

- *General business principles*
  The Group and its employees will generate business through the application of knowledge of its markets, timeous delivery of quality products and services and by building sound client relationships. The group undertakes to always act in good faith and to operate within the laws, statutory codes, customs and standards of South Africa and any other country where it does business. The group further undertakes to keep accurate and reliable records that fairly reflect all business transactions, in line with SA GAAP.

  The employees undertake not to resort to bribery or to pursue any private business interests that will conflict with those of the group. All conflicts of interest that may arise, including employment of family members and any business with related parties, must be declared. Employees further undertake not to operate for any personal ulterior or improper motive, such as personal gain.

Employees will not divulge confidential information about the group's operations without prior approval.

- *The group and its customers*
  The group and its employees will be professional in all their business dealings and strive to be the preferred supplier of construction goods and services. It will endeavour to form good business relationships with customers and will meet and exceed the agreed customer requirements.
- *The group and its employees*
  The group's policies and procedures will be adhered to and applied fairly throughout the organisation. All employees will operate within an agreed "Framework of Authority and Operating Guidelines", and working practices will conform to strict safety, health, environmental and quality standards. The group will continue to pursue its employment equity objectives and will invest in the development of its employees and reward their performance. All the group's employees undertake to act in a professional manner with each other and to respect each other's religious, ethnic and cultural backgrounds.
- *The group and its business partners*
  The group will maintain professional working relationships with all its business partners and ensure that all the business partners fully understand the group's performance standards and requirements. The group may appoint agents to assist in country establishment and work procurement. These agents will be approved by the group Executive Committee.
- *The group and its suppliers*
  The group will maintain professional working relationships with all its suppliers and ensure that all suppliers fully understand the group's performance standards and requirements.

  No confidential information about the group's business strategies will be divulged to suppliers.
- *The group and the community*
  The group will respect the values, culture and beliefs of the communities in which it operates and undertakes to consult with the communities on matters that may affect them.
- *The group and the environment*
  The group and its employees undertake to respect and care for all living beings and to protect soil, water and air from damage caused by the group's operations. The group will control emissions from its operations, manage waste disposal under strict constraints and rehabilitate to the best of its ability.

  The Code of Ethics has been disseminated to all levels of employees and any contravention of the Code is regarded as a serious matter.

(c) Tip-offs anonymous

A secure and accessible channel through which "whistle-blowing" can take place in confidence and without risk of reprisal, is provided for by the Tip-offs Anonymous report line. Any employee/person who becomes aware of any wrongdoing or unlawful activity in the workplace, such as theft, fraud, bribery, corruption, abuse of company property or highly sensitive and serious issues such as discrimination, sexual harassment or blackmail, can contact Tip-offs Anonymous 24 hours a day, 365 days a year and lodge a complaint. The information is screened and when the reports are fed back to the designated persons within the group, there is no trace of who made the call. Tip-offs Anonymous will never reveal the identity of the caller to ensure complete anonymity and to prevent discrimination as a result of the tip-off.

The toll-free number for Tip-offs in South Africa is 0800 00 4811. The international dial in is 09 27 31 571 5350.

Safety, health, environment and quality (“SHEQ”)

Group Five is committed to Occupational Health & Safety complying with OHSAS 18001 specifications, Environmental requirements complying to ISO14001 and Quality Assurance complying with ISO 9001-2000.

Policy statements reflect management’s commitment to controlling all activities of production for the benefit of its employees, clients and stakeholders who may be affected by its operations. To this end, it is committed to following a process that will endorse continued improvement of systems, processes and products. The management team is committed to ensuring that systems, processes and products are continually reviewed to ensure that risks are contained to below acceptable levels and that its clients are supplied with products that are within health, safety and environmental requirements.

SAFETY, HEALTH AND ENVIRONMENT (“SHE”)

SHE policy

The achievement of safety, health and environmental best practice at all levels is a key driver within the Group Five SHE policy, which was introduced in 2002. All employees are encouraged to actively embrace implementing the Group Five SHE system, which aims to make achieving SHE targets a way of life.

Key drivers within the policy include:

- all business units will comply with the Group Five SHE management system as a minimum, unless over border regulatory requirements exceed these standards
- every business unit and their operations will strive to obtain OHSAS 18001 and ISO 14001 certifications by the end of the 2006 calendar year
- occupational and environmental hazards will be continuously identified and assessed with a view to implementing measures to mitigate or control these elements
- ongoing communication and training programmes to increase individual awareness levels of safety, health and environmental issues, responsibilities and accountabilities will be regularly updated
- responsible actions to exercise care in conserving the natural environment are promoted. Where unavoidable disturbances are made, rehabilitation is undertaken to ecological standards specified by landowners and legislation
- internal and external audits are performed on the business units and their operations to ensure stated performance levels are achieved and maintained
- requirements are laid down to ensure that subcontractors and service providers to Group Five conform to the group’s SHE management system
- adequate financial and physical resources are provided to achieve SHE management objectives in an effective and productive manner

Corporate SHE objectives

Based on the key drivers contained in the Group Five SHE policy and national and internationally established performance criteria, the corporate office has established minimum measurable objectives, which include:

- business units complying with the Group Five SHE management system and as a minimum achieving a Bronze Group Five SHE rating when audited by the corporate office
- business units achieving and maintaining a Disabling Injury Frequency Rate of less than 1
- establishing hazard identification and risk assessment programmes on all sites, factories and premises under the control of Group Five. All tasks must be considered and assessments completed within a set period, depending on the specific type of industry and relevant legislative requirements
- implementing training programmes to increase individual awareness levels of safety, health and environmental issues, responsibilities and accountabilities. At least 25% of the workforce must receive some formal SHE training over any given period of 12 months
- promoting responsible actions to exercise care in conserving the natural environment. Where unavoidable disturbances are made, rehabilitation must be undertaken to ecological standards specified by landowners and legislation as a minimum
- conducting six-monthly internal and annual external audits on the business units to ensure stated performance levels are achieved and maintained

far left: On-site training
left: Adherence to safety regulations has earned the group a 5-star safety rating on all Sasol sites
right: The Group Five Pipe business complies with ISO 9001/2000

- implementing monitoring mechanisms regarding subcontractors and service providers to ensure they conform with accepted SHE standards in line with the principles of Group Five's SHE management system

SHE management system support

The Group Five corporate office provides support to the business units by providing access to a SHE programme which is used to establish internal SHE programmes adapted to the specific needs of the business unit. The corporate SHE support programme consists of the following:

- identification of hazards consistent with OHSAS 18001, ISO14001 and relevant SHE regulations that will support the implementation of the group SHE policy
- classification of significant hazards and guidance on the physical and technological controls required to mitigate the effects of the risks prevalent to those hazards
- provision of suitable resources, such as people and financial, to ensure implementation and continual improvement of SHE operating standards
- continuous updating of programmes to ensure control systems are communicated to affected and interested parties
- provision of performance criteria that can be audited and measured to ensure a level of performance compatible with the best practice standards
- ensuring that in the event of an unplanned event, effective contingency plans are in place

SHE legal register

In line with certification criteria for both OHSAS 18001 and ISO 14001 and to further enhance the effectiveness of support structures for business units, Group Five corporate, in conjunction with a specialist legal firm, is in the process of developing a SHE Legal Register. This register, which includes details on legislation, will be accessible through the Group Five intranet and will be available to all business units. Commentary will be attached for ease of interpretation. The appointed legal service provider will ensure the register is updated as legislation is amended.

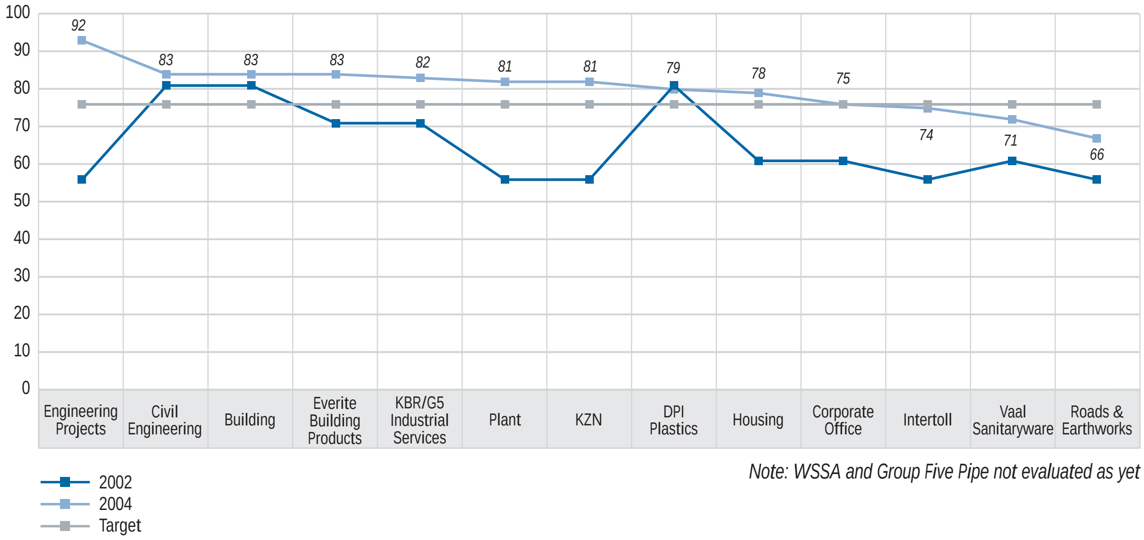
Corporate SHE audits

All business units undertake the implementation and monitoring of compliance levels internally, with the corporate office performing an annual audit to determine compliance levels. An independent body performs the audit and comprehensive reports are issued to the business units' management teams.

Comparisons between 2002 and 2004 amongst the group's South African business units/operations indicate an overall SHE compliance improvement within the group, with only one business unit showing a decline. This was mainly due to a change in personnel in key positions which affected the administrative controls of the SHE programme.

A number of business units displayed improvements of over 20%.

Group Five SHE compliance performance comparisons 2002 vs 2004 – South African operations only



Note: WSSA and Group Five Pipe not evaluated as yet

Business unit SHE compliance

Over the preceding 18 months, all business units have been working towards aligning their SHE programmes and systems with the Group Five corporate SHE system. The group have currently achieved an average of 85% implementation and compliance. It is envisaged that by the end of 2005, 90% of the Group Five business units would have achieved an OHSAS 18001 certification, with the remaining 10% following by June 2006.

Every business unit strives to employ a person in a full-time capacity, responsible for the coordination and implementation of SHE management systems.

Occupational health

The objective of occupational health is to ensure that the wellbeing of workers are not affected by circumstances at work and that where ill health does develop as a consequence of exposure, that the worker receives the necessary medical care and compensation. The minimum legal requirement in terms of the Occupational Health and Safety Act and the Mines' Health and Safety Act is that all medical surveillance is risk based. This means that a continuous risk assessment is conducted on work activities and that the relevant medical examinations and biological monitoring is conducted to identify hazards.

Risk-based medical surveillance

The business units are currently in the process of conducting risk assessments to establish what hazards are present. Once these are completed, risk-based medical surveillance programmes will be developed to monitor the health of employees. The challenge of implementing the medical examinations over a diverse geographical area is being addressed through the appointment of an ISO-rated national service provider.

The objective is to ensure that all medical testing is implemented in line with a uniform national standard. Having one national service provider will eliminate the need for unnecessary examinations, with workers who are transferred from one work area to another not requiring additional medical testing, as records will be on hand.

Expatriate workers

The health of workers expatriated to regions over South African borders is managed according to South African legislated requirements and those of the host country. All workers receive appropriate immunisations and medical examinations. Workers are also thoroughly assessed for suitability before deployment to the host country.

Marburg outbreak in Angola

The Marburg outbreak in Angola received comprehensive media attention. Group Five took pro-active steps to ensure the wellbeing of its workers. Actions implemented to protect expatriated workers in the area included regular communication between Netcare Travel Clinics, the South African Health Authorities and the South African Embassy in Angola. Provision was made for emergency mass evacuations, should the need have arisen. The status of the outbreak was monitored consistently and the group is pleased to announce that no workers were affected.

Noise induced hearing loss (“NIHL”)

The promulgation of the NIHL Regulations in March 2003, together with Instruction 171 for the compensation of noise induced hearing loss from the Compensation Commissioner’s office, has created one of the most important new challenges for the South African industry. As of 16 November 2003, all workers were required to have a baseline audiogram performed. There are numerous ramifications of this legislation.

The challenge to the group is the following:

- where no baseline has been performed on a worker in terms of Instruction 171, the first audiogram with a 10% hearing loss or more may be compensatable
- it is anticipated that there will be an increase in the number of claims submitted to the Compensation Commissioner for compensation for noise induced hearing loss

All business units aim to implement adequate controls as outlined in the NIHL Regulations to ensure that the amount of NIHL does not escalate. A major focus area in the next year will be the conducting of audiograms within the allotted timeframe to ensure the group is protected.

Training

Along with ensuring compliance with legislative requirements, Group Five develops employees and subcontractors by providing training and support on SHE. Ongoing training programmes are established to promote a level of competence that will reduce risk exposure by ensuring persons exposed to the hazards are capable of operating within acceptable safety practices.

Course material has been developed to align with the Group Five system and OHSAS 18001 requirements. The materials will be submitted to the Construction SETA (“CETA”) and be registered for use within the group for the core competency training of managers. The group estimates the time frame around this to be six months.

Internal training requirements within the organisation are the responsibility of each business unit. The following people have been trained over an extended period:

- Health and safety representatives – 72
- Legal liability and responsibility on all levels – 1 381

- First aid – 226
- Scaffolding – 227
- SHE induction employees – 7 113
- SHE induction contractors – approximately 10 079
- Fire fighting – 21
- Task specific – 921, (including welding, torch cutting and use of breathing apparatus)

Most business units have development programmes to assist in the advancement of subcontractors. Intertoll, in particular, has achieved 95% awareness training for all levels of employees and sub-contractors.

Information gathering

Over the past 12 months, the task of improving SHE reporting systems was targeted. Gathering accurate statistical information from all business units and associated projects, particularly from subcontractors, proved more challenging than anticipated.

However, through focusing on the collection of the basic information first, the Group Five business units and their projects achieved a vastly improved level of reporting. This has provided a substantial database of meaningful injury analysis. This will be used to identify trends and direct positive interventions to areas where it is most needed and focusing our efforts on reducing injury experience to the group's targets of a less than 1 DIFR. To ensure sub-contractors fully embrace the Group Five standards, the group will concentrate on their training and development in the new financial year.

Achievements

Several Group Five business units have been honoured with numerous recognition awards during the year ended 30 June 2005 for exceptional SHE performance, both in South Africa and over border:

Over border

- *Middle East*
  - Dubai Aluminium
    - Two certificates of achievement – 1,5 million man hours worked without a "classified injury"
- *Zambia*
  - Kansanshi Mine – Zambia
    - 1,5 million man hours worked without a disabling injury
- *Angola*
  - GTIA Malongo, Cabinda Project
    - 500 000 man hours worked without a disabling injury

South Africa

- *Civil Mining & Industrial*
  - 5 Star Nosa Grading – Secunda 2004
  - 5 Star Nosa Grading – Sasol 1 – 2004
  - 4 Star Nosa Grading – Iscor – Vanderbijlpark
  - Sasol Coal Mine – 1 000 accident free man days (9 500 man hours) – 2005
  - Certificate of achievement – 500 000 accident free man hours – Secunda – 2005
- *Projects*
  - Completed Mittal Newcastle PCI plant without a lost time injury – 614 125 man hours
  - Completed Mondi, Richards Bay contract without a lost time injury – 264 048 man hours
  - Completed Mondi Richards Bay phase 1 E&I contract without a lost time injury – 136 355 man hours
  - Completed Mondi Meerbank phase 1 E&I contract without a lost time injury – 57 104 man hours
- *KRB/G5 Industrial Services*
  - FEM excellence award
- *KwaZulu Natal achieved excellent results in the national MBA safety competition*

  R50 million to R200 million value bracket
  - Grand Floridian – 2nd place
  - Oyster shells – Highly commended

  R20 million to R50 million value bracket
  - Oyster Quays – Highly commended

  R10 million to R20 million value bracket
  - Oyster Pearls – Highly commended

Business overview

In the key focus areas of fatalities, DIFR, occupational diseases and environmental incidents, the following results were achieved during the year:

Division	Fatalities	DIFR	Occupational diseases	Environmental incidents
Construction	0	0.80	49	32
Manufacturing	0	1.06	11	–
Operations and Maintenance	2	1.26	–	163
Total	2	0.89	60	195

Construction

For the year from 1 July 2004 to 30 June 2005									
Business unit	Man hours	Site inspections	First aid	Non-lost time injury	Lost time injury	Fatal	DIFR	Occ diseases	Environ incidents
Corporate	346 416	8	1	0	2	0	1.15	0	0
Housing (Angola and West Africa)	1 570 337	4	393	0	2	0	0.25	1	0
Buildings	2 244 362	255	234	18	6	0	0.53	0	2
KBR/G5 Industrial Services	787 404	4	14	11	0	0	0.00	0	0
Civil Engineering (local and Africa)	1 056 380	8	13	6	6	0	1.14	0	2
Civil M&I (unit now merged with Civil Engineering above)	2 848 256	130	48	18	5	0	0.35	8	7
Housing (local)	688 214	273	15	6	2	0	0.58	0	2
KwaZulu Natal	1 121 366	56	71	20	12	0	2.14	0	0
Civil Engineering (Dubai)	802 486	2	16	6	0	0	0.00	0	0
Plant Yard	556 806	3	1	3	5	0	1.80	0	0
Projects	3 251 752	40	87	30	7	0	0.43	19	0
Roads and Earthworks	3 505 736	21	48	15	28	0	1.60	21	19
Total	18 779 515	804	941	133	75	0	0.80	49	32

(a) *DIFR*

Current statistics for the construction businesses indicate a disabling/lost time frequency rate ("DIFR") (calculated on the internationally accepted standard of a factor of 200 000) of well below the industry average.

No fatal injuries were experienced in construction during the reporting period. DIFRs of greater than 1.50 were reported from Roads and Earthworks KwaZulu Natal and the Plant Yard. The injuries were of a broad nature, ranging from finger to back injuries.

These business units/operations have embarked on a targeted drive to provide intervention strategies to reduce the number of disabling/lost time injuries.

From next year, Group Five will be able to report injuries in more detail due to the implementation of an upgraded reporting system.

(b) *Occupational health*

There were 49 occupational diseases reported during the period, which equals 0.5% of the average monthly workforce employed. Of these, 38.3% were malaria cases reported by Projects on over border construction sites in Zambia, Mozambique and Angola.

The 21 cases reported by Roads and Earthworks include noise induced hearing losses and alleged silicosis. Respiratory diseases that have been reported to the Compensation Commissioner are pending at this stage and the group is not in a position to provide more information until finalisation of this process. These cases were reported as the workers allegedly have pulmonary tuberculosis and a record of long-term exposure to silica dust. The workers have to date not been through a National Institute of Occupational Health medical examination which is required before they can be confirmed as cases of occupational respiratory disease.

804 formal inspections and site audits were carried out across construction.

(c) *Environmental incidents*

At present, accurate and consistent reporting of environmental incidents has not reached an acceptable level. Although the Group Five SHE system provides for the implementation of environmental control, the major focus during 2004 was on safety and health. The emphasis during 2005/2006 will be to ensure that all three aspects, namely safety, health and environment, receive equal attention to allow for the integration of the systems.

All business units are encouraged to report environmentally related incidents. The recorded incidents during the year ended 30 June 2005 reflect spillages of construction materials and affected the immediate environment only. No reported incident had a significant impact on the environment.

Where projects are undertaken in environmentally sensitive areas, site management work in close collaboration with representatives from the Department of Environment to ensure disturbances are managed and rehabilitation programmes implemented.

Manufacturing

For the year from 1 July 2004 to 30 June 2005									
Business unit	Man hours	Site inspections	First aid	Non-lost time injury	Lost time injury	Fatal	DIFR	Occ diseases	Environ incidents
DPI Plastics	1 147 188	3	66	13	7	0	1.22	0	0
Vaal Sanitaryware	757 466	2	71	1	9	0	2.38	1	0
Everite Building Products	1 856 409	29	49	28	4	0	0.43	10	0
Total	3 761 063	34	186	42	20	0	1.06	11	0

Note: Group Five Pipe not evaluated

(a) *DIFR*

Manufacturing did not experience any fatal injuries in the period under review, although it reported 20 disabling/lost time injuries, resulting in a DIFR of 1.06 which is higher than the group's target. Lack of formal change management controls contributed to this condition. Both DPI and Vaal Sanitaryware have embarked on extensive intervention programmes. Resources have been strengthened to deal with the poor injury experience records. These include additional and improved training programmes for all levels of employees, direct management interventions in the form of physical contact and inspections, internal competitions and information campaigns.

(b) *Occupational health*

The reported occupational diseases at manufacturing reflect 30% asbestos related ailments and 70% noise induced hearing loss.

(c) *Environmental incidents*

No environmental incidents were reported. Business units have earmarked ISO 14001 certification as a strategic objective for the 2005/2006 financial year.

Everite Building Products

DIFR's at the Kliprivier plant have shown a positive trend over the past three years, improving from 2.23 to 0.43. Accordingly, the previous internal target of less than 1 has been adjusted to less than 0.5.

The asbestos related occupational disease cases are from asbestos use before 2003 and do not relate to current employees. (See **Managing the asbestos legacy** on page 90).

Everite's dust control and monitoring programme complied with or improved upon the strictest international standards from approximately 1980. The Everite Environmental Control Laboratory, which enjoys the elite status of an SABS Approved Inspection Authority, continues to monitor a wide range of potential occupational exposures at the Kliprivier manufacturing plant in Gauteng. These include dust and fibres, vapours and gasses, noise, illumination, temperature, vibration, ventilation and ergonomic stressors.

Findings are evaluated against prescribed standards and corrective actions are implemented, as appropriate.

Comprehensive toxicological assessments and continued workplace monitoring have demonstrated conclusively that the alternative fibres that replaced asbestos in the company's products (namely cellulose and polyvinyl alcohol) present no measurable risk to workers or end users.

Vaal Sanitaryware

A full-time SHEQ manager was appointed at Vaal, effective 18 April 2005.

Previously, Vaal operated without the services of dedicated, full-time SHE personnel. Managers without formal SHE training or qualifications managed these portfolios on a part-time basis.

This is evidenced by the current DIFR of 2.38. The immediate target is to reduce this figure to less than 1. The development of a formalised SHE Management System, including clear and definitive standards and supporting documentation, is nearing completion and will be formally implemented, with appropriate training at all levels from 1 July 2005.

Synergy with Everite Building Products is a key requirement of the SHE Management System, especially with regard to the management of occupational hygiene related risks for which the services of Everite's Environmental Control Laboratory will be used. This will receive focus during this year.

Silica is inherent in the clay used as a raw material at Vaal. Environmental control personnel conducted a comprehensive survey and a measuring exercise has been carried out. As a result, the following management interventions have been put in place:

- an ongoing programme of engineering revision to reduce and control the levels of dust generated during the manufacturing process
- a concerted effort to improve internal housekeeping standards
- an aggressive Personal Protective Equipment ("PPE") programme to provide appropriate respiratory protection and to ensure the correct wearing of PPE through education and enforcement
- annual medical examinations for all employees
- routine X-rays at three-yearly intervals for all employees with less than 20 years' service
- routine X-rays every two years for all employees with more than 20 years' service

DPI Plastics

DPI retained its NOSA 4 Star rating following the external audit conducted by NOSA.

For a period of five months, DPI operated without a full-time SHE manager, with a consultant employed on a part-time basis. Towards the end of 2004, DPI employed a full-time SHE manager and embarked on implementing various SHE management intervention projects. This project included mapping organisational processes at different levels, identifying critical health and safety hazards, conducting health and safety risk assessments, the introduction of a legal compliance audit and safety leading indicators, formalised SHE training courses, formalising a SHE management system and the writing of a safe working instruction manual. This project will be fully implemented by November 2006.

An interim audit has shown significant improvements as a result of the above interventions.

The current DIFR is 1.22 and the immediate plan is to reduce it to less than 1.

Managing the asbestos legacy

Although Everite ceased using asbestos as a raw material in December 2002, it continues to manage the legacy associated with the use of asbestos since 1942.

These include:

Health surveillance and compensation

All former employees are encouraged to report for an annual medical. Those who show signs of an asbestos related disease are referred to the Compensation Commissioner in terms of the Compensation for Occupational Injuries and Diseases Act. Everite runs its own clinics across the country to cater for these medical evaluations. Costs of approximately R2,4 million are spent on this on an annual basis.

In terms of a Constitutional Court ruling, the Commissioner has relieved the company of any further legal liability to the affected employees. Group Five does, however, supplement the pension paid to employees, who have a set level of asbestos related disease, on a voluntary basis. Given the occupational exposure profile for different kinds of asbestos at the company's plants and the latency period associated with various asbestos related diseases, the company anticipates that the incidence of reportable asbestos related disease amongst current and former employees is currently at its peak (with a total of 551 cases) and will start to decline within a few years. The long-term maximum financial exposure associated with the company's voluntary disability pension policy has been currently actuarially valued at R27 million and provided for in full.

Plant closures

Closure certificates have been acquired for former Everite plants in GaRankuwa, Durban, Rosslyn and Bloemfontein. The decontamination of the former Brackenfell plant is nearing completion and the relevant authorities should sign a closure certificate within the next reporting period.

Dump closures

The closure of the asbestos dump at the Brackenfell plant is almost complete. A closure permit will be sought from the relevant authorities as soon as the factory clean up is complete and there is no further need for the dump.

An Environmental Impact Assessment for the proposed closure of the asbestos dump at the Kliprivier plant is under way. No significant adverse impacts have been identified and the intention is to close this dump by 2008, after which production waste will be sent to a permitted landfill site.

Everite will shortly start rehabilitation of an asbestos dumpsite at the Kliprivier plant that was closed well before current legislation took effect, which means it does not require a permit. The rehabilitation is being done in close consultation with the relevant provincial and national authorities at an estimated cost of R5 million.

Disposal of asbestos containing product waste

The Department of Environmental Affairs and Tourism announced during 2004 that the continued manufacture and installation of asbestos containing materials would be prohibited during 2005. The department indicated that asbestos cement building materials already in place were not considered a risk and would not be affected.

Nonetheless, Everite has received numerous calls from building owners and contractors who have decided to replace asbestos cement building materials with non-asbestos alternatives. As they have reported difficulties with the disposal of asbestos containing waste, Everite has worked closely with the relevant authorities to ensure that selected waste disposal sites throughout the country are permitted to accept asbestos containing product waste.

Operations and maintenance

For the year from 1 July 2004 to 30 June 2005									
Business unit	Man hours	Site inspections	First aid	Non-lost time injury	Lost time injury	Fatal	DIFR	Occ diseases	Environ incidents
WSSA	1 975 442	66	28	14	11	1	1.21	0	0
Intertoll	876 741	28	19	2	5	1	1.37	0	163
Total	2 852 183	94	47	16	16	2	1.26	0	163

Note: KBR/G5 Industrial Services reported under construction

(a) *DIFR*

Sadly, this sector experienced two fatalities with an overall DIFR of 1.26. WSSA's case is currently under review. Although the employee died on the work premises, the actual cause of death is being investigated, as autopsy results were inconclusive. A decision is awaited from the Compensation Commissioner.

In the second incident, an Intertoll route patrol officer died as a result of injuries sustained in a motor vehicle accident while performing his duties.

(b) *Occupational health*

No occupational diseases were reported.

Occupational surveys were conducted at all WSSA plants by an approved inspection authority to determine the levels of exposure to all identified hazards. The survey results were analysed by an independent occupational health consultant, who developed a risk-based medical surveillance programme for these plants. The risk levels at these plants have been established to be very similar and at a low to medium risk level. A national service provider is being contracted to implement the medical surveillance programme at all plants.

(c) *Environmental incidents*

The 163 reported incidents do not involve or were not caused by Intertoll operations but were neutralised and cleaned up by Intertoll and their route maintenance subcontractors. Intertoll maintains the routes and manages environmental incidents in line with contractual agreements with the road agency.

WSSA has received full ISO 14001 certification and are striving to run a fully integrated SHE Management System.

QUALITY ASSURANCE

Group Five implemented a quality policy eighteen months ago. It is the group's intention to ensure that all business units are ISO 9001/2000 compliant by June 2006. Most business units have been certified and have Quality Assurance managers in place.

Going forward, the group is looking at the possible appointment of a group technical manager who will be responsible for driving the implementation of the group's quality assurance policy.

Below is Group Five's current Quality ISO 9001/ 2000 implementation status:

Business unit	**Status**
Buildings	In development
KBR/G5 Industrial Services	Procedures 50% complete – Current operations require compliance to petro-chemical standards
Civil Engineering (local and Africa)	100% listed
KwaZulu Natal	100% listed
Housing (local)	In development
Roads and Earthworks	Suspended
Housing (Angola and West Africa)	In development
Engineering Projects	In development
DPI Plastics	100% listed
Everite Building Products	100% listed
Vaal Sanitaryware	Voluntary six-month suspension as quality not considered to be at right levels
Group Five Pipe (Meyerton)	100% listed
WSSA	100% listed
Intertoll	100% listed

Although Roads and Earthworks has been ISO certified, internal systems have not fully adhered to the required ISO standards following the departure of this business' Quality Assurance manager. Roads and Earthworks is in the process of finding a suitable replacement to address the current issues and are targeting a listing by December 2005.

A new Quality Assurance manager has been appointed at Vaal Sanitaryware. He will be concentrating on ensuring compliance by the end of June 2006.

Buildings, Housing and Engineering Projects are currently working on implementation plans. They are expected to be fully compliant by June 2006.

left: Qualified peer educators visit a home for HIV/AIDS orphans
middle: Voluntary counselling and testing is offered throughout the group
right: Themba Dlamini, CEO of CETA, Prof Elizabeth Pienaar, Head of Construction Economics and Management for the Faculty of Engineering at Wits University and Group Five CEO, Mike Lomas

Tackling HIV/AIDS

below: Candlelight commemoration, World AIDS Day

INTRODUCTION

Around the world, about 40 million people are currently living with HIV/AIDS. The pandemic is a crisis of tragic proportions and the impact on our operations could have major implications. However, with active interventions and appropriate therapies, the spread can be slowed and the suffering lessened. In the past year, Group Five has made major changes to the way in which it approaches HIV/AIDS. It has been recognised as a critical business risk and the group has appointed a dedicated resource to drive the HIV/AIDS programme through the organisation.

In 2003, Group Five commissioned Medscheme Life to conduct an impact assessment for the group. The findings indicated that the company had a relatively high exposure in respect of HIV/AIDS. The prevalence rate in 2003 was estimated to be 16.9%, which would peak at 17.2% in 2005. The current Group Five HIV/AIDS campaign will provide up-to-date statistics and will be used to verify the previous findings.

Group Five/CETA/WITS Partnership

The Master Builders SA, formerly the Building Industry Federation of SA ("BIFSA"), estimates that 22% of the construction sector's 600 000 workers – or 132 000 people – are infected with HIV/AIDS.

Group Five and the Construction Education and Training Authority ("CETA") launched a Group Five HIV/AIDS programme on 6 October 2004 to strive towards combating the spread of HIV/AIDS within the company's employees. The programme involves extensive national awareness and education campaigns, counselling, testing, peer education and crisis care. It extends over a period of 18 months at a total cost of more than R4 million. The CETA awarded more than R1,6 million towards the programme from the CETA's special Aids fund.

The Group Five/CETA partnership was extended to include Wits University, represented by Prof Elizabeth Pienaar, Head of the School of Construction Economics and Management. This department is widely recognised as a leader in HIV/AIDS research in South Africa. The University will collect and analyse the information obtained from the Group Five programme to establish the HIV/AIDS prevalence rate within the group and to produce reports that could be used by other organisations in the construction sector.

Know your status campaign

Group Five recognises the value of its employees and aims to promote a non-discriminatory and supportive environment for those who become HIV positive. For this reason, in 2004 Group Five launched the "Know Your Status" internal campaign. The campaign was aimed at permanent employees, limited duration contract employees and sub-contractors, and was rolled throughout the business over a period of 18 months. Through a strong focus on education and awareness, the number of employees who participated in the programme and who volunteered to be tested by far exceeded expectations. Employees who tested positive were advised on how to take responsibility for their lives and their sexual safety. Those who tested negative were encouraged to maintain their negative status and assisted in creating a supportive and caring environment for their HIV positive peers.

AIDS InSite

In February 2005 the AIDS InSite programme was launched to coincide with the internationally recognised STI/Condom week campaign. The programme forms part of the "Know Your Status" campaign and is a comprehensive HIV/AIDS management programme that incorporates a range of media, including a web portal, e-mail, print and face-to-face initiatives.

Employees receive an AIDS Byte electronic communication on a weekly basis. The Byte is a synopsis of a relevant topic and is linked to a comprehensive website where relevant information and resources can be found.

Peer educator programme

The Peer Educator programme is the backbone of Group Five's HIV/AIDS campaign. At every education and awareness session, a call is made for volunteers to come forward and be trained as peer educators. It is essential to have sufficient people trained to reach employees at all levels and to ensure that interventions stay relevant through regular and structured training modules. Peer educators are also invaluable in providing the support structure to those infected and affected by the virus.

The peer educator programme is based on training volunteer employees from each business unit to share information within the workplace. The volunteers initially undergo an intensive five-day training course followed by constant refresher courses. To date, 104 peer educators have been trained.

The way forward

Group Five's HIV/AIDS programmes are fully supported by the Executive Committee and the policy statement has been signed by every managing director in the group. This commitment resulted in approximately 65% of employees participating in prevalence testing. The Rapid Test method was used and employees had immediate access to their HIV test results.

Group Five medical aid members are provided with information and encouraged to register on the company's Aid for AIDS programme. Non-medical aid employees are assisted in registering for a government-funded programme. Professional post-test counselling is provided on an ongoing basis to employees and their spouses/partners.

Samples have been obtained from all grades and the workforce has been categorised into permanent, limited duration and subcontractor. All provinces were covered in the exercise, with results expected by late August 2005.

The programme is fully supported by the CETA and the formal partnership with Wits University will produce statistics and information that will be of immense value to the company and the construction industry as a whole.

Some of the challenges that remain are:

- addressing employees' concerns regarding confidentiality. There has been no confidentiality breach to date but work still has to be done to increase the levels of trust in the process. Peer educators have been trained to address these concerns

- the programme has to be extended to include expatriated employees working over border and local employees in host countries. This will form part of Phase Two of the programme
- addressing myths and confusion around HIV/AIDS. When ambiguous statements are made by senior government officials, it increases the reluctance of employees to recognise the hazards posed by the pandemic. This is addressed during Group Five's training sessions by providing clear and unambiguous facts to counter the myths
- many managers still see the disease as something outside their sphere of influence. This is being addressed through management training where facts and figures are provided on how the pandemic will impact on the business and how interventions like that of Group Five can influence the situation
- non-medical aid employees have no access to the Aid for AIDS programme. This has been addressed through procedures to assist affected employees and link them to a government-funded facility
- medical aid members who have the opportunity to register on the Aid for AIDS programme are not using the facility. Constant communication has been stepped up around the issue of confidentiality. Messages are also included in the medical aid brochures and pamphlets
- funds have to be made available to continue with the programme and repeat the testing on a regular basis. A proposal will be submitted to the CETA and Wits University to continue the partnership
- the cyclical nature of the industry leads to an itinerant workforce, making it difficult to measure the impact of our campaign. However, the statistics that will be made available by Wits University will provide information that could be used as a benchmark for future programmes
- the peer educators keep the programme alive. To keep the peer educators updated on new developments and ensure regular refresher courses requires huge effort. However, high levels of motivation and passion are being maintained through structured training and communication strategies

The table that follows is the group's HIV/AIDS "Roadmap". It is a description of how the group addresses the elements of its HIV/AIDS programme.

HIV/AIDS ROADMAP

Indicator	Description	Measurement	Current status
Policy statement	A policy statement endorsing the company's commitment in respect of HIV/AIDS, for distribution to all business units where it is to be displayed alongside the group's Safety and Quality policies	Formally adopted by Manco in 2004. Signed by managing directors and displayed	Policy statement signed by all managing directors and displayed
Group HIV/AIDS steering committee	Committee to focus on strategic issues and to co-ordinate group initiatives	Committee set up and functioning as detailed in HIV/AIDS policy and procedures guidelines	Created and functioning
Communication structure	Implementation of communication process	News and information disseminated to all employees	In place
Management training	Training of business units' senior management teams	Training addresses the impact of the disease on the business, legal compliance, how to deal with HIV+ employees, etc	Ongoing
Business unit task team	The task team is responsible for the implementation of the HIV/AIDS policy and procedure	Set up in accordance with HIV/AIDS policy and headed by a senior line manager	Implemented
Legal compliance & administration	Policies and procedures to ensure legal compliance. Recording of absenteeism. Submission of disability and death claims	Policies and procedures available	Ongoing
Awareness and information	Posters, newsclips on notice boards. Pamphlets distributed. Messages on pay slips. Observing commemoration days	Posters displayed. Pamphlets available. Messages printed. Participation at all levels	Ongoing
Condom distribution	Procedure in place for condom distribution on all sites. Refilling of dispensers on ongoing basis	Dispensers kept full. Condoms available to all employees	Ongoing
Training programmes	Training sessions conducted by service providers. To reach all employees – permanent, limited duration contract and subcontractors	Training conducted according to plan. Training registers to be maintained. Quarterly statistics to be provided at business unit board meetings	Ongoing

HIV/AIDS ROADMAP (CONTINUED)

Indicator	Description	Measurement	Current status
Knowledge, Attitude and Practices (“KAP”) survey	KAP programme conducted as part of every education and awareness session	Documented data to be used for training and research purposes	Ongoing – part of training initiative
Prevalence testing	Prevalence testing in selected business units/sites	Documentation of risk analysis. Estimated prevalence rate in group	Sampling completed. Results will be available in late August 2005
Peer group educator programme	Volunteer selection and training. Updating and re-training of educators	Plan and conduct training. Provide support in workplace. Educators to be trained and re-trained	Ongoing
Voluntary Counselling and Testing (“VCT”)	Information campaign – stressing confidentiality. VCT Programme. Providing “Knowledge Packs” with contact details for crisis handling	Maintain absolute confidentiality. Voluntary, but employee participation encouraged. Benchmark for provision of nutritional supplements	Successfully completed for the year. To be repeated in 18 months’ time
Provision of nutritional supplements (wellness programme)	Provide appropriate immune-boosting nutritional supplements. Provide information relating to wellness programme	To source in bulk, make available to all employees, distribute to sites and provide free of charge to relevant employees	Undertaking feasibility survey
Management of CETA Project	Implementation of a project plan	Provide reports and feedback to CETA. Meet milestone dates	Ongoing
Management of service providers	Project plan and deliverables. Meet agreed objectives	Audit and monitor service providers	Ongoing
Audit and feedback	Meeting milestone dates and deliverables	Report to management. Provide statistics. Measure impact of programme on business	Ongoing

Transformation

Group Five is committed to transformation in South Africa, both at a shareholder level, in its communities and throughout its business.

The group welcomes and embraces the introduction of the dti's strategy for Broad-Based Black Economic Empowerment to ensure that transformation in this country becomes more inclusive.

The group believes the renewed focus on BEE will:

- accelerate industry transformation in a structured and uniform manner
- expand transformation to also include sustainability issues of both the established and emerging sectors
- provide a level playing field for competition by eliminating diverse contract requirements
- ensure that foreign entrants into the sector participate meaningfully and on an equal footing in the transformation and development of the economy

To this end, through Group Five's CEO, the group is a significant participant in the current development of the construction charter.

Internally, it has established a group committee to measure progress towards conformance and to entrench transformation principles across the business units. The committee has three sub-committees, with the following areas of focus (Corporate Social Investment is driven by the Board as set out on page 76):

– Ownership and Control

– Employment Equity and Skills Development

– Procurement and Enterprise Development

top: The group supports bridging programmes at various universities

left: Bringing clean water to rural communities

right: Motshauwa Manufacturing, a BEE partner at Everite Building Products

Ownership and control

The Group embarked on a BEE ownership process during May 2004. Over 20 potential consortiums were identified from which detailed information was requested. Four potential partners were then selected for presentations and question and answer sessions.

The fundamental selection criteria for the partners were:

- construction/infrastructural development must be a part of their core focus
- must be proven business persons with networking ability
- organisations must be stable, have a good track record, good future potential and be broad based
- must have ability to add value
- chemistry must be compatible with Group Five
- must have a goal to transform the whole of Group Five

The group is pleased to note that an announcement regarding the finalisation of the selected partners, which includes previously disadvantaged employees, together with the proposed structure will be released at the time of the results announcement. Shareholders will be requested to vote on 29 September 2005.

Corporate social investment

CSI policy

Corporate Social Investment ("CSI") is a strategic business principle and an issue that is driven at the highest level. The group's focus is around skills development and education and it has established a CSI Committee that represents the diversity of the organisation and involves senior board and executive team members.

In line with its values and guiding principles, Group Five will:

- develop appropriate CSI policies and criteria for investment at corporate and business unit level that will provide information and guidance to donors and beneficiaries
- become involved in programmes in a responsible manner, based on the principle of mutual advantage and benefit for the group and the communities in which it operates
- concentrate its efforts in areas of its operations, in response to the needs and circumstances of the local communities
- develop a range of responses to accommodate a variety of CSI projects. These include:
  - Cash donations
  - Education
  - Rural development
  - Community partnerships
  - Skills development and job creation
  - HIV/AIDS
- measure and evaluate the impact of the CSI projects through individual project evaluation, measured against agreed project goals and objectives, and acting on the results

The CSI committee

The CSI Committee consists of two non-executive directors and a number of co-opted committee members from within the group. Baroness L Chalker is the chairperson of the committee and brings extensive international experience in managing CSI initiatives. Mr KK Mpinga, another non-executive director, contributes in-depth knowledge of South African business, government and the not for profit sector. Exco and Manco members Messrs M Nkala, M Upton and G Geldenhuis also serve on the committee and provide valuable input from a business unit perspective. From time to time, external consultants are invited to attend meetings to provide guidance and information and to assist with the programmes.

Separate CSI programmes are also managed at business unit level and are targeted to the circumstances of each company and the community in which it operates.

Functions of the CSI committee

- to have an in-depth knowledge of the norms and standards of CSI practices in the South African corporate environment
- to set the CSI policy for the group
- to agree funding for group initiatives
- to review expenditure annually and make recommendations to the group's executive committee
- to evaluate large CSI projects
- to ensure appropriate communication of CSI projects and expenditure

Funding

The allocation of funds for CSI activities at corporate level is decided on an annual basis by the Group Five board, on the recommendation of the Group Five CSI Committee. The overall target is 1% of profit after tax. Over and above the group funding, each business unit allocates funds for CSI projects in their areas of operation and in line with their strategic plans.

Allocation of funds

For the year under review, the CSI Committee agreed to apportion the available funds as follows:

(a) *People at the Gate project*

According to a Statistics South Africa survey in 2004, the unemployment rate across the country stands at 28.2%. As a truly South African business, Group Five believes it has a duty to address poverty alleviation and job creation. For that reason, it has revisited the way in which it deals with corporate social investment. The group believes CSI is not merely about handing out cheques or building infrastructure, but about assisting communities with capacity building to ensure sustainability. It therefore recently launched an initiative that is set to transform skills development in the construction sector, namely People at the Gate.

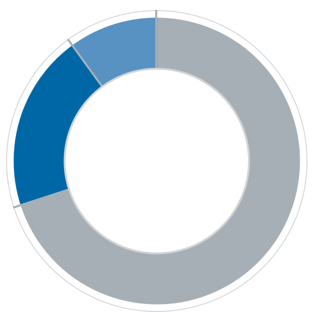
People at the Gate is aimed at unemployed individuals, selected from local communities in the groups areas of operation. It will target those individuals who present themselves at sites looking for possible employment and who are unable to be accommodated. Training will be conducted according to the requirements of the Construction Education and Training Authority ("CETA") and learners will be formally accredited on successful completion of the skills programme. On completion of the contract, the trainees are left with skills acquired from the programme as well as a basic tool kit that will enable them to pursue other employment or subcontracting opportunities.

The pilot project was launched in May 2005 in Burgersfort, Mpumalanga, where the Housing business unit is building 300 houses for Anglo American. A needs analysis was conducted and it was established that the following skills were needed on the project:

- bricklaying
- painting
- plastering
- finishing hand

Forty local unemployed residents were recruited and trained in groups of 20. An additional 40 will still be recruited and trained. During training, the learners are provided with transport and a daily allowance. Each skills programme is conducted over a period of 20 days. Successful candidates will be offered the opportunity of being employed by Group

Corporate social investments
Funding allocation %



Five or any of the local subcontractors working on the project.

Two additional projects have been identified for People at the Gate. One is situated in the Alberton area, and built around the extension of a sewage and water purification plant for the local municipality. The other project is the construction of a mine in Rustenburg for Anglo Platinum. The aim is to extend "People at the Gate" to all Group Five construction projects as contracts are awarded.

(b) *Mathematics and science bridging programmes*

The group has recognised a desperate need for engineers in the industry. Group Five's bridging programmes will focus on providing a second chance to learners who wish to study engineering at a University or Universities of Technology (Technikons), but are unable to do so because their grade 12 Maths and Science marks do not meet the entrance requirements of these institutions.

The bridging programmes, sponsored by Group Five, are specialised and designed to prepare learners for the first year of mainstream engineering courses. Under the tuition of expert instructors, the programmes are a combination of theoretical knowledge and practical experience. The course material is regularly reviewed to ensure quality and relevance and the instructors are selected from industry, as well as the universities.

The selection process aims to identify learners from previously disadvantaged communities who have the ambition to study engineering. On successful completion of the programme, they are considered for inclusion on the group's student management programme for further studies at an institution of higher learning. (See Other Educational Initiatives).

The group is currently in partnership with four Universities of Technology. These institutions were selected due to the quality of their bridging programmes and to ensure geographical representation:

- Tshwane University of Technology
- Vaal University of Technology
- Durban Institute of Technology
- Border Technikon

(c) *Donations to charities*

Applications for donations are received continuously. As every charity is seen to be deserving, the selection process is stringent. The criteria agreed to by the CSI committee include visits to the shortlisted charities to ensure compliance. To encourage employee participation, proximity to business units is a criteria, with others being a sound track record, adequate financial controls and records and legal compliance. After a comprehensive selection process, the following charities were identified:

- St Francis Care Centre – Aids Hospice

  R70 000 donated to the centre in Boksburg on the East Rand to provide antiretroviral treatment to HIV/AIDS adults and children

- Cluny Farm – Home for Mentally Disabled

  R70 000 donated for the completion and equipment of the metal work workshop

- Roundabout Playpumps – Bringing water to a rural community

  R70 000 donated for the installation of a borehole and the erection of a roundabout that pumps water to a rural community in Bushbuckridge in Northern Province

- Chubby Chums

  R35 000 donated for the re-establishment of a soup kitchen to feed the hungry and destitute in Malvern, Johannesburg

- Strathyre Home for Girls

  R35 000 donated to the home, situated in Kensington in Johannesburg, for the upgrading of the kitchen

Other educational initiatives

Group Five recognises the importance of involvement with and sponsorships for education in South Africa. The group's other education sponsorships centre on a student management programme. The student management programme is funded from additional funds on top of the core CSI funds.

Group Five has sponsored and supported a student management programme over many years. It focuses on providing opportunities to students from previously disadvantaged communities. A range of senior managers in Group Five, in academia and other businesses have come through the Group Five student management programme over the years.

The group balances the intake of students to promote human resources and equity plans. It also ensures that the intake reflects the business needs, has a good mix between Universities and Universities of Technology and the different engineering disciplines. The group currently has 24 students at the University of Johannesburg, University of Witwatersrand, University of Natal, University of Pretoria and the University of Cape Town. It also has 60 students registered at Universities of Technology across the country.

A shortage of quantity surveyors in Group Five has been identified. As a result, the group went on a recruitment drive for quantity surveyors in different years of study. Effort is also being made to encourage female engineering students onto the programme. The group currently has 18 females – six at Universities and 12 at Universities of Technology. It has also identified a shortage of foremen and created a foreman development programme on a pilot project in the Vaal area.

In the last year, the policy was revised to create a structure through which University students are managed at corporate level and University of Technology students at business unit level. Historically, Group Five focused on recruiting mainly technicians and it is only in the last year that the decision was made to increase our number of University students. With this in mind, a dedicated resource was appointed to drive the group's student management programme.

The group has implemented a "buddy system", which encourages students to form relationships with Group Five students at other institutions. It encourages students to share information and to support each other and to recognise that they are part of the future of the business.

The group has started what it hope will become an annual event – a students' day. University and University of Technology students are brought together, with site visits arranged. Senior managers have the opportunity to interface with the students and the group CEO addresses them. University dignitaries are invited to attend. Students are encouraged during the day to identify a "buddy" and to start a communication and relationship building process with that person.

University students

University students are regarded as a group resource. From this pool, students are allocated to business units for vacation work and for employment on completion of their studies. University students are funded from additional monies allocated by the group for this purpose. For the year under review, R1 million has been spent on University students.

University of technology students

Each business unit develops structures to support students during their period of academic study and experiential practical training. For the year under review, R3,3 million has been spent on University of Technology students. The number of students, disciplines and levels are determined by the business units' strategic, human resources and employment equity plans.

The current disciplines of study are civil, industrial, mechanical, construction management and quantity surveying.

During the period of experiential training on site, the students are put through a mentorship programme and are regularly evaluated.

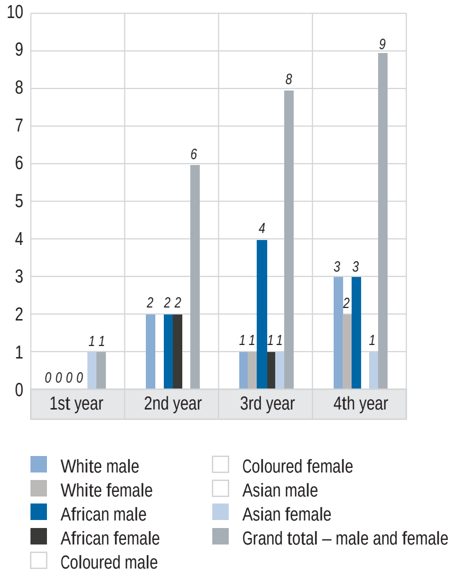
RAUCALL

Group Five has been supporting the Metropolitan RAUCALL/University of Johannesburg partnership since 2002. Rand Afrikaans University (as it was known before 2005) established RAUCALL (RAU College for the Advancement of Learning and Leadership) in 1992. It was created to educate children with academic potential from disadvantaged communities. It aims to give them the opportunity to obtain a sound secondary education and access to tertiary education, particularly in the fields of mathematics and science, which remain the main criteria for University admission.

RAUCALL has graduated five sets of matriculants with 100% pass rates and all subjects written on higher grade. The group currently has nine students who have graduated from RAUCALL – six civil and three mechanical engineering students. They are currently studying at the University of Johannesburg. The first intake of students is now in their fourth year of study.

Group Five also sponsors RAUCALL's Engineering Week and Technolab Workshops.

Contractual bursaries – university



Employment equity and skills development

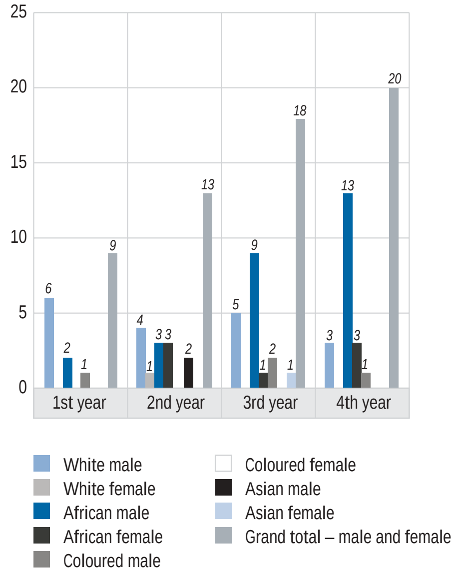
Employment equity

Group Five is committed to promoting equity and diversity, especially in its South African operations where it is working towards increasing the percentage of management from previously disadvantaged groups.

All business units have Employment Equity Forums in place. In the last year, the group has focused on combining the Employment Equity and Workplace Skills Forums throughout the group. Employee representatives have been trained to understand their roles and to monitor the progress in achieving the group's Employment Equity ("EE") targets.

The group's EE targets at senior and middle management levels have not been met, although the group has strived to provide opportunities for previously disadvantaged individuals. As an example, the group appointed a previously disadvantaged individual as a managing director of a business unit and subsequently promoted him to Local Business Development Director.

Contractual bursaries – university of technology (technikon)



EE targets at the lower levels have either been met or, in some instances, exceeded.

The following measures have been implemented to address the lack of delivery at senior and management levels:

- a dedicated resource has been appointed at corporate level to interface with the business units and to ensure that measures are in place to address difficulties and barriers to progress
- EE is a standard agenda item at management meetings and business unit quarterly board meetings
- business units have to report quarterly to the group's Exco on progress made or table reasons for lack of progress
- Employment Equity Forum members have been trained to monitor and question progress

A group steering committee has also been established to lead and direct the process of compliance with the Construction Charter. This will be a core focus during this year to ensure that the group remains competitive in the local market.

Skills development

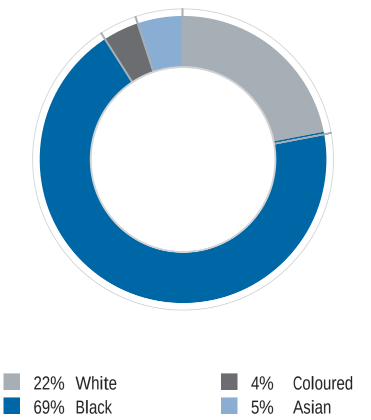
Group Five recognises that the current skills shortage experienced in the construction industry is a major inhibiting factor in the infrastructural development of the country. It has committed itself to supporting and providing resources for projects that enhance and contribute to the company's skills development programmes.

In this context, the group has appointed a Group Skills Development Manager to ensure its momentum is both maintained and enhanced.

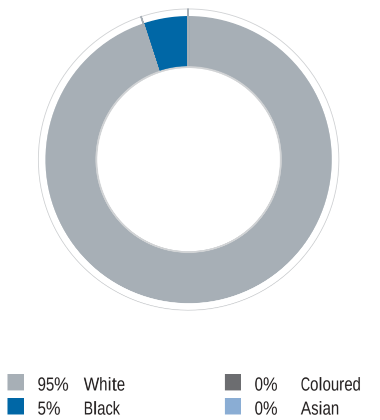
Over the past financial year, Group Five has invested in excess of R5 million on skills development and training initiatives throughout the group's operations, over and above the R3 million claimed through the Sectoral Education Training Authority ("SETA") processes. This investment includes in-house technical training, training in the core competencies required to run a construction site, SETA skills accredited training, building leadership capacity and student scholarships.

The charts below reflect the percentage of employees from designated groups:

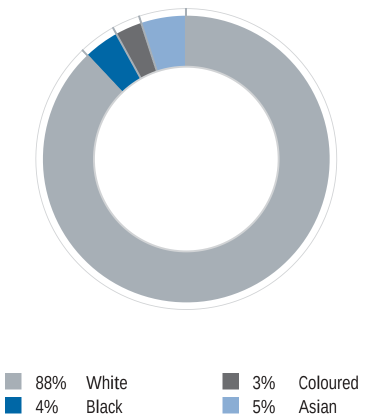
Total workforce
%



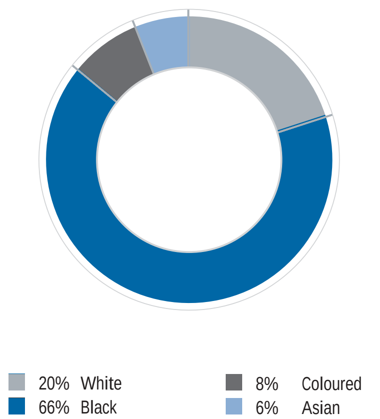
Exco and Manco
%



Senior and middle management
%



Other employees
%



Business units have implemented numerous SETA accredited programmes in line with their workplace skills plans and their operational requirements.

Below are some of the SETA accredited initiatives undertaken by business units:

Trainee foremen	39
Apprentices	20
Learnerships	27
Skills programmes	285

In an effort to combat the low levels of literacy in the group's previously disadvantaged employees, the group is currently piloting an Adult Basic Education and Training ("ABET") programme. To date, 50 employees have registered on these programmes.

Group Five once again had a significant presence at the bi-annual Construction Management Programme which took place at the University of Stellenbosch in June/July 2005. The programme is aimed at management within the construction sector and is one of the most highly rated programmes in the industry.

As the group is particularly committed to developing the skills that will be required to service the anticipated infrastructural development that will take place in South Africa over the next few years, it has committed a major portion of its CSI funding to a skills development project, called People at the Gate. This project is described in detail in the CSI report beginning on page 99.

Procurement and enterprise development

Procurement

Group Five has developed an electronic scorecard, currently in circulation amongst its top 500 suppliers to establish their BEE profile. These suppliers represent 75% of all the group's procurement by value. This information will form the basis of the strategy to:

- enhance the BEE profile of strategic suppliers
- target those suppliers with the most suitable profile

Suppliers are categorised within the group's integrated information system to provide automated information at the touch of a button for collection into the scorecard at both group and individual business unit level. The suppliers are categorised according to the requirements of the construction sector scorecard.

Enterprise development

Group Five considers the model for Enterprise Development, formulated by the industry body, the South African Federation of Civil Engineering Contractors ("SAFCEC"), to come closest to delivering the objectives required in terms of the BEE initiatives. Group Five has used this model as a starting point in the development of its own programme.

Each of the business units will identify emerging enterprises in their specific area of expertise for the development programmes. They will apply the principles contained in the group's generic Enterprise Development Agreement, which will ensure:

- a uniform approach, allowing emerging enterprises to move between business units to enhance sustainability
- exclusivity and the protection of Group Five's intellectual property, whilst accelerating the development of emerging enterprises
- simplicity in the audit and verification process

The first formal enterprise development arrangement will be announced together with the results on 10 August 2005 as it involves one of the proposed partners to the BEE ownership consortium.

Advancement of women

The advancement and empowerment of women in the construction industry is an issue that requires urgent attention. At Group Five, this is taken seriously and a dedicated senior resource has been appointed to drive empowerment programmes, which includes the empowerment of women.

Focus during this year and the coming year will be on making sure that women are included in the group's graduate programme and its People at the Gate project. More detail can be found on these projects on pages 100 to 103.

In the last year, the group has specifically encouraged female engineering students onto its graduate programme and currently has 18 females in the programme – six at Universities and 12 at Universities of Technology.

The second intake of people for the People at the Gate project included 11 females in a group of 15.

Human resources

Business ethics

The Group Five Code of Ethics was published during the reporting period and communicated to all employees. Refer to pages 80 and 81 for a summary of the group's Code of Ethics.

Group Five is committed to living its values and following a set of guiding principles and corporate policies. These principles and policies serve as a guide for its actions and ensures that it acts responsibly in the market place, that it understands and respects all laws, values and cultures and that it contributes positively to the communities in which it operates.

Group Five aspires to be an employer of choice and will continue striving to maintain a safe, productive and equitable workplace. The group is currently looking for a Human Resources ("HR") executive director to lead the HR team and the group's initiatives. In the meantime, the group CEO currently chairs the HR committee.

Human rights

Group Five is committed to complying with all legal requirements in the countries in which it operates and applying the Code of Ethics throughout the countries in which it works.

The group's guiding principles respect the freedom, equality and dignity of all people without distinction, such as race, colour, gender or religion. The group pledges equal pay for equal work and fair remuneration and the elimination of any form of discrimination.

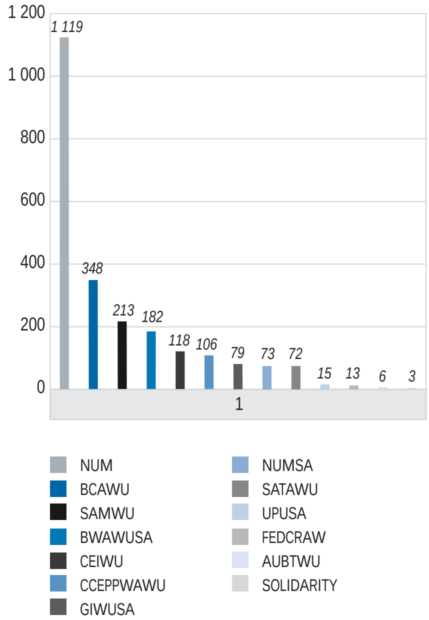
Furthermore, the group recognises the right to freedom of association, the right to collective bargaining and ensures that its activities comply with internationally acceptable standards. The group concluded collective agreements with local trade unions in Tanzania and Zambia and is currently negotiating with local unions in host countries where there is a need for such an agreement.

top: The group offers development opportunities
left: "People at the Gate" offers training to local communities
right: Voluntary staff donations are distributed to needy communities

Worker participation and trade union relations

The group maintains constructive relationships with all representative trade unions throughout its operations. Where applicable, representative unions enjoy organisational rights and have consultative and negotiation powers on issues of mutual interest. In operations with no union representation, relevant consultative structures have been implemented. Both permanent and temporary employees have the right to belong to trade unions of their choice and participate in its affairs.

Union representation – South Africa



Industrial action

During the year under review, the group's operations lost approximately 109 469 man hours due to both protected and unprotected industrial action. This amounted to 0.43% of all hours worked.

Labour and industrial relations issues are included in the contract risk filter document, outlined in the Risk report beginning on page 26. This ensures that due consideration is given to these issues when tendering for new work.

Industrial relations

Group Five's approach to employee relations is driven by a commitment to employees' continuous improvement and development, personal growth and wellbeing, and business prosperity for the group and its stakeholders.

Procedures and structures are introduced and regularly reviewed to entrench employee relations in a mutually satisfactory way. Education and training programmes are presented to management and supervisory levels to equip senior employees with the necessary competencies to fulfil their roles more effectively. During the year under review, Group Five had a number of wrongful terminations and unfair labour practice claims, as well as compulsory arbitration matters referred to the Commission for Conciliation, Mediation and Arbitration ("CCMA"). In only one case was Group Five at fault. A review of all potential claims is conducted regularly to ensure speedy and effective resolutions.

Collective bargaining

Collective bargaining takes place both at operational and industry level. Joint forums with worker representation have been established at operational level to discuss and consult on various issues, including productivity, health and safety and accommodation. The group has representation on industry bodies such as the Steel and Engineering Industries Federation of South Africa ("SEIFSA"), South African Federation of Civil Engineering Contractors ("SAFCEC") and the Civil Industry Education Training Services ("CIETS").

Human resources management system

The PeopleSoft HRMS system is currently being implemented and will be fully functional by June 2006. Once finalised, HR administration tasks will decrease considerably and up to date employee data and information will be available with little effort.

Performance management system

The Performance Management System was implemented two years ago, but is not successful in some areas due to rationalisation of business units and changes in the management structures. Renewed attention will be given to this in the new year and performance of all employees will be monitored through a selection of agreed key performance indicators. Managers will be retrained to undertake the assessments with their staff.

Remuneration and conditions of employment

Group Five participates in the relevant industry salary surveys and ensures that its remuneration packages are competitive and in line with current trends.

As will be announced on 10 August 2005 and as detailed on page 39 of this report, approximately 5% of the share capital of Group Five will be issued to previously disadvantaged employees.

Recruitment and selection

Due to the shortage of skills in the industry, the group is addressing its long-term needs through its University development programmes. However, its immediate staffing requirements remain a problem. The group is including discussions around skills issues in the business unit human resources process to identify the skills shortages and address these needs through skills plans.

Identifying candidates that will contribute to our employment equity targets is also a challenge. Senior appointments that are not from designated groups as defined by the Employment Equity Act are reported to group senior management. This creates awareness and focuses attention on the seriousness of the matter.

All staff vacancies are advertised internally before any attempts are made to source externally. The group is selective in appointing its recruitment service providers. Preference is given to those who have a database of candidates from employment equity designated groups.

Internal communication

Over the past year, effort has been made to improve communication structures through various methods:

- attaching the group's internal magazine to every payslip to ensure that all employees are informed
- group resources have been dedicated to drive internal communications
- e-platforms have been created to disseminate information
- newsflashes are regularly sent to all employees

Contents

Financial statements

Statement of responsibility by the board of directors

for the year ended 30 June 2005

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 112 to 143 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 111.

The financial statements were approved by the board of directors on 8 August 2005 and are signed on its behalf by:

D Paizes | **MH Lomas**

Statement of compliance by the company secretary

for the year ended 30 June 2005

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.

AI Townsend

8 August 2005

Report of the independent auditors

for the year ended 30 June 2005

TO THE MEMBERS OF GROUP FIVE LIMITED

We have audited the company and group financial statements set out on pages 112 to 143 for the year ended 30 June 2005. 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 2005 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
8 August 2005

Directors' report

for the year ended 30 June 2005

NATURE OF BUSINESS

Group Five Limited is an investment holding company with interests in the property and infrastructural 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 114 and attention is drawn to the reports of the chairman, chief executive officer and operational 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 118.

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 nil ordinary shares (2004: 4 453 432) held as treasury stock and 1 677 305 (2004: 559 123) held by the share incentive trust.

DIVIDENDS

On 8 August 2005, the directors declared a final dividend of 32 cents per ordinary share (2004: 29 cents).This brings the total dividend for the year to 49 cents (2004: 44 cents). In order to comply with the requirements of STRATE the relevant details are:

Event	Date
Last day to trade (cum-dividend)	Friday, 23 September 2005
Shares to commence trading (ex-dividend)	Monday, 26 September 2005
Record date (date shareholders recorded in books)	Friday, 30 September 2005
Payment date	Monday, 3 October 2005

No share certificates may be dematerialised or rematerialised between Monday, 26 September 2005 and Friday, 30 September 2005, both dates inclusive.

DIRECTORS AND SECRETARY

The names of the directors appear on pages 42 and 44 of this report.

In terms of the articles of association of the company, Messrs MR Maruma and KK Mpinga retire as non-executive directors and Mr MH Lomas retires as executive director from the Board at the forthcoming annual general meeting. Being eligible, they offer themselves for re-election.

Mr P du Preez retired on 3 September 2004 and Messrs HC Turner and JH Banton on 19 October 2004. Mr GH Thomas retired from the Board on 30 June 2005 and Mr D Paizes was elected as Chairman in his place on 1 July 2005. Mr SG Morris was appointed as non-executive director on 1 July 2005.
Mr GD Mottram resigned as company secretary with effect from 31 March 2005 and Ms AI Townsend was appointed as company secretary on 1 April 2005. The name and registered office of the company appear in the back cover of this report.

DIRECTORS' SHAREHOLDINGS

At 30 June 2005, the number of ordinary shares held beneficially and non-beneficially by the current directors was 69 005 and nil respectively (2004: 877 015 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 79.

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.

POST BALANCE SHEET EVENT

A proposed BEE ownership transaction is being announced on 10 August 2005 with shareholder approval required on 29 September 2005.

Group income statement

for the year ended 30 June 2005

(R'000)	Notes	Group 2005	Group 2004
Contract, property rental and development revenue		**3 902 994**	3 237 241
Other revenue		**1 035 844**	1 014 934
Total revenue	2	**4 938 838**	4 252 175
Contract, property rental and development costs		**3 842 902**	3 209 338
Costs relating to other revenue		**974 905**	939 486
Total costs		**4 817 807**	4 148 824
Gross profit		**121 031**	103 351
Other income	3	**73 785**	81 796
Income/(loss) from associates before tax		**2 904**	(6 026)
Operating profit	3	**197 720**	179 121
Finance costs	4	**(31 399)**	(34 085)
Profit before taxation		**166 321**	145 036
Taxation	5	**(30 723)**	(27 012)
Profit after taxation		**135 598**	118 024
Minority interests		**(1 898)**	(2 600)
Net profit for the year		**133 700**	115 424
Earnings per share (cents)	6.1	**190,1**	170,7
Fully diluted earnings per share (cents)	6.2	**183,1**	169,8
Headline earnings per share (cents)	6.3	**151,6**	135,1
Dividends per share (cents)			
– based on years to which they relate		**49,0**	44,0

Group balance sheet

at 30 June 2005

(R'000)	Notes	Group 2005	Group 2004
ASSETS			
Non-current assets			
Property, plant and equipment	7	**616 940**	576 436
Associates	8	**13 746**	11 046
Investments in service concessions	9	**119 079**	101 443
Deferred taxation	14	**46 605**	38 809
		796 370	727 734
Current assets			
Inventories	10	**235 350**	234 021
Contracts in progress	11	**404 291**	148 866
Trade and other receivables	12	**1 095 404**	982 523
Bank balances and cash	23	**335 346**	275 902
		2 070 391	1 641 312
Total assets		**2 866 761**	2 369 046
EQUITY AND LIABILITIES			
Shareholders' equity		**644 955**	536 923
Minority interests in subsidiaries		**4 306**	11 447
Non-current liabilities			
Interest-bearing borrowings	13	**132 144**	130 175
Provision for employment obligations	19	**40 442**	41 515
		172 586	171 690
Current liabilities			
Trade and other payables	15	**1 759 198**	1 276 734
Provisions for liabilities and charges	16	**113 151**	124 245
Taxation		**23 949**	55 943
Bank overdrafts and short-term borrowings	13, 23	**148 616**	192 064
		2 044 914	1 648 986
Total liabilities		**2 217 500**	1 820 676
Total equity and liabilities		**2 866 761**	2 369 046

Group cash flow statement

for the year ended 30 June 2005

(R'000)	Notes	Group 2005	Group 2004
CASH FLOW FROM OPERATING ACTIVITIES			
Operating profit before working capital changes	20	**217 509**	199 836
Working capital changes	21	**100 662**	(21 131)
Cash generated from operations		**318 171**	178 705
Finance costs		**(31 399)**	(34 085)
Taxation paid	22	**(70 513)**	(27 740)
Dividends paid		**(32 552)**	(26 267)
Cash effects of operating activities		**183 707**	90 613
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of fixed assets		**(113 596)**	(155 607)
Acquisition of investments		**(24 070)**	–
Advances to associates		**(754)**	(2 807)
Proceeds on disposal of fixed assets		**70 797**	52 933
Proceeds on disposal of investments		**33 097**	27 070
Cash effects of investing activities		**(34 526)**	(78 411)
CASH FLOW FROM FINANCING ACTIVITIES			
Long-term borrowings raised		**21 013**	60 465
Long-term borrowings repaid		**(74 186)**	(19 271)
Issue of shares to employees from share trust		**6 884**	2 999
Cash effects of financing activities		**(46 289)**	44 193
Net increase in cash and cash equivalents		**102 892**	56 395
Cash and cash equivalents at beginning of year		**83 838**	27 443
Cash and cash equivalents at end of year	23	**186 730**	83 838

Group statement of changes in equity

for the year ended 30 June 2005

	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 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**
Transfer of shares from treasury stock to share trust	–	4 453 432	(4 453 432)	–	–	–	–
Issue of shares from share trust to employees	–	–	3 335 250	3 335 250	6 884	–	6 884
Net profit for the year	–	–	–	–	–	133 700	133 700
Dividends paid	–	–	–	–	–	(32 552)	(32 552)
Balance 30 June 2005	**73 573 023**	**–**	**(1 677 305)**	**71 895 718**	**285 815**	**359 140**	**644 955**

Group segmental analysis

for the year ended 30 June 2005

INDUSTRY SEGMENTS

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

Operation	Revenue		Operating profit		Capital expenditure	
	2005	2004	**2005**	2004	**2005**	2004
(R'000)	**R'000**	R'000	**R'000**	R'000	**R'000**	R'000
Property Development Services	**94 773**	55 145	**15 780**	8 349	**15 523**	7 106
Manufacturing	**793 359**	719 498	**63 048**	64 823	**30 954**	43 046
Construction	**3 808 221**	3 182 096	**73 281**	46 859	**121 075**	113 317
Operations and Maintenance (including the results of Infrastructural Development Services)	**242 485**	295 436	**45 611**	59 090	**1 186**	2 144
Total	**4 938 838**	4 252 175	**197 720**	179 121	**168 738**	165 613

Operation	Depreciation		Total assets		Total liabilities	
	2005	2004	**2005**	2004	**2005**	2004
	R'000	R'000	**R'000**	R'000	**R'000**	R'000
Property Development Services	**5**	80	**224 869**	221 480	**54 814**	82 567
Manufacturing	**34 293**	34 898	**511 304**	469 667	**200 958**	149 732
Construction	**58 371**	58 314	**1 543 218**	1 177 411	**1 722 012**	1 243 899
Operations and Maintenance (including the results of Infrastructural Development Services)	**2 851**	3 852	**205 419**	185 777	**67 151**	96 471
Total	**95 520**	97 144	**2 484 810**	2 054 335	**2 044 935**	1 572 669

GEOGRAPHICAL SEGMENTS

The group's segments operate in three principal geographical areas of the world, as set out below:

	Revenue		Capital expenditure		Total assets	
	2005	2004	**2005**	2004	**2005**	2004
	R'000	R'000	**R'000**	R'000	**R'000**	R'000
South Africa	**3 419 716**	2 736 198	**130 559**	154 308	**1 640 280**	937 304
Rest of Africa	**1 404 105**	1 414 406	**30 965**	11 305	**703 569**	979 279
Rest of the world	**115 017**	101 571	**7 214**	–	**140 961**	137 752
	4 938 838	4 252 175	**168 738**	165 613	**2 484 810**	2 054 335

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.

Corporate related costs are charged to business segments based on size of revenue and profitability.

Accounting policies

1. PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice.

The financial statements are prepared on the historical cost basis as modified by the revaluation of investments in service concessions and investment properties. Set out below are the principal accounting policies used by the group.

The group will be adopting International Financial Reporting Standards ("IFRS") in the next financial year in line with the requirements of the South African Institute of Chartered Accountants and the JSE Limited. Significant changes are expected in the areas of presentation and disclosure, property, plant and equipment and foreign exchange accounting.

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 entities 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.

Accounting policies (continued)

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

1.6 Revenue recognition

Revenues relating to long-term contracts are accounted for using 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 transfer takes place. 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 costs of plant and equipment, including capitalised leased assets, over their expected useful lives on a straight-line basis.

The expected useful lives are generally as follows:

Plant	– 5 to 15 years
Vehicles	– 5 years
Furniture and 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 development of the asset is substantially complete.

1.12 Investments in service concessions

Investments consist of interests in service concession companies over which it has neither control nor significant influence. These investments are recognised as available-for-sale financial assets as it is unlikely the group will hold its interest to the end of the service concession period. These 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. Contract 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 percentage of completion method. The percentage of completion is measured by reference to the relationship that contract costs incurred for work perfomed at balance sheet date bears 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 contracts 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 contracts in progress. Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is shown as excess billings over work done, under trade and other payables.

Accounting policies (continued)

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 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 can only be excercised 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. 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 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 2005

(R'000)	Group 2005	Group 2004
2. REVENUE		
Revenue, excluding value added taxation, comprises primarily:		
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 property, plant and equipment	**31 393**	26 517
3.2 Fair value adjustment relating to investment properties	**6 690**	6 814
3.3 Fair value adjustment relating to investments in service concessions	**35 702**	48 465
Other income	**73 785**	81 796
and after charging:		
3.4 Foreign exchange (gains)/losses – net	**(3 484)**	33 517
3.5 Loss on sale of associate	**–**	394
3.6 Auditors' remuneration	**5 126**	3 929
Audit fees	**3 798**	2 970
Fees for other services	**1 328**	959
3.7 Depreciation and amortisation	**95 520**	97 144
Owner occupied land and buildings	**773**	942
Plant, vehicles, furniture and other equipment		
– Purchased	**67 811**	89 547
– Leased	**26 936**	6 655
3.8 Directors' emoluments		
Executive directors		
For management services excluding incentives	**7 779**	6 680
Performance and equity incentives	**11 029**	8 309
	18 808	14 989
Paid by subsidiaries	**(18 808)**	(14 989)
	–	–
Non-executive directors		
Directors' fees	**800**	535
Other fees and expenses	**145**	506
Paid by subsidiaries	**(945)**	(1 041)
	–	–

(R'000)	Group 2005	2004
3. OPERATING PROFIT (CONTINUED)		
3.9 Rentals under operating leases	**17 814**	15 700
Land and buildings	**11 123**	9 879
Other equipment	**6 691**	5 821
3.10 Remuneration other than to employees	**3 870**	7 229
Management services	**278**	2 335
Technical services	**3 592**	4 894
4. FINANCE COSTS		
Interest paid:		
Bank and short-term borrowings	**(31 399)**	(34 085)

Interest to the value of R3.5 million (2004: R6.8 million) was capitalised to developments in progress.

	2005	2004
5. TAXATION		
South African normal taxation		
Current taxation	**(5 229)**	(12 519)
– current year	**(5 229)**	(12 519)
Deferred taxation	**7 796**	38 809
– current year	**7 796**	38 809
Foreign taxation (including withholding tax)		
Current taxation	**(32 332)**	(53 302)
– current year	**(32 332)**	(53 302)
Share of associates' taxation	**(958)**	–
	(30 723)	(27 012)
Reconciliation of normal taxation rate	**%**	%
South African normal taxation rate	**30.0**	30.0
Adjusted for:		
– Decrease in opening deferred tax due to reduction in South African normal taxation rate	**0.7**	–
– Tax at rates in lower tax jurisdictions	**(7.5)**	(11.4)
– Use of tax losses not recognised	**(4.7)**	–
Effective rate of taxation	**18.5**	18.6

Notes to the financial statements (continued)

for the year ended 30 June 2005

(R'000)	Group 2005	2004

5. TAXATION (CONTINUED)

	R'000	R'000
Estimated taxation losses available for set-off against future taxable income	**671 058**	616 859
Potential taxation relief at current taxation rates	**194 607**	185 058

This is dependent on sufficient taxable income being earned in future by subsidiaries concerned. R57 674 (2004: R1 534) of potential tax losses have been utilised in the calculation of deferred tax (refer note 14).

(R'000)	Attributable profit R'000	Shares '000	**Earnings per share (cents)**

6. EARNINGS PER SHARE

6.1 Earnings per share – basic

	Attributable profit R'000	Shares '000	Earnings per share (cents)
For the year ended 30 June 2005			
Shares outstanding 1 July 2004		68 560	
Weighted average number of shares issued during the year		1 769	
Income available to shareholders	**133 700**	**70 329**	**190,1**
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

6.2 Fully diluted earnings per share

	2005 R'000	2004 R'000
Income available to shareholders (R'000)	**133 700**	115 424
Weighted average number of shares issued during the year (as per basic earnings per share calculation) ('000)	**70 329**	67 625
Adjusted for:		
– Inclusion of dilutive shares held by share trust ('000)	**2 676**	362
Adjusted weighted average number of shares ('000)	**73 005**	67 987
Fully diluted earnings per share (cents)	**183,1**	169,8

	2005 R'000	2004 R'000
6. EARNINGS PER SHARE (CONTINUED)		
6.3 Headline earnings per share		
Attributable profit	**133 700**	115 424
Adjusted for:		
– Profit on disposal of property, plant and equipment (after tax)	**(21 975)**	(18 562)
– Fair value adjustment relating to investment property (after tax)	**(5 088)**	(5 491)
Headline profit	**106 637**	91 371
Weighted average number of shares ('000)	**70 329**	67 625
Headline earnings per share (cents)	**151,6**	135,1

(R'000)	Group 2005	Group 2004
7. PROPERTY, PLANT AND EQUIPMENT		
Total property, plant and equipment		
Cost		
At the beginning of the year	**1 094 411**	1 014 319
Additions	**168 738**	165 613
Gross up of investment properties and long-term liabilities	**–**	18 142
Fair value adjustment to investment properties	**6 690**	6 815
Disposals	**(83 587)**	(110 478)
At the end of the year	**1 186 252**	1 094 411
Depreciation and amortisation		
At the beginning of the year	**(517 975)**	(504 894)
Current year charge	**(95 520)**	(97 144)
Disposals	**44 183**	84 063
At the end of the year	**(569 312)**	(517 975)
Net book value	**616 940**	576 436

Notes to the financial statements (continued)

for the year ended 30 June 2005

(R'000)	Group 2005	Group 2004
7. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)		
Comprising:		
Owner occupied land and buildings		
Cost		
At the beginning of the year	**64 664**	67 801
Additions at cost	**–**	832
Disposals	**(27 178)**	(3 969)
At the end of the year	**37 486**	64 664
Amortisation		
At the beginning of the year	**(23 269)**	(22 941)
Current year charge	**(773)**	(942)
Disposals	**1 839**	614
At the end of the year	**(22 203)**	(23 269)
Net book value	**15 283**	41 395
Investment properties		
Net fair value at beginning of year	**89 615**	57 581
Gross up of investment properties and long-term liabilities	**–**	18 142
Additions	**15 247**	7 077
Fair value adjustment	**6 690**	6 815
Fair value at end of year	**111 552**	89 615
Plant, vehicles, furniture and office equipment – purchased		
Cost		
At the beginning of the year	**810 842**	840 350
Transferred to leased assets	**(45 407)**	(79 414)
Additions	**98 349**	154 513
Disposals	**(50 550)**	(104 607)
At the end of the year	**813 234**	810 842
Depreciation		
At the beginning of the year	**(426 955)**	(457 622)
Transferred to leased assets	**27 621**	36 794
Current year charge	**(67 811)**	(89 547)
Disposals	**38 553**	83 420
At the end of the year	**(428 592)**	(426 955)
Net book value	**384 642**	383 887

(R'000)	Group 2005	2004
7. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)		
Plant, vehicles, furniture and office equipment – leased		
Cost		
At the beginning of the year	**129 291**	48 587
Additions	**55 142**	10 007
Purchased assets financed	**45 407**	79 414
Disposals	**(5 859)**	(8 717)
At the end of the year	**223 981**	129 291
Depreciation		
At the beginning of the year	**(67 751)**	(24 330)
Purchased assets financed	**(27 621)**	(36 794)
Current year charge	**(26 936)**	(6 655)
Disposals	**3 790**	28
At the end of the year	**(118 518)**	(67 751)
Net book value	**105 463**	61 540

Investment properties held on the balance sheet at 30 June 2005 consist of the following:

Name	Description	Last valuation	30 June 2005 R'000	30 June 2004 R'000
JSE Building	Hold 83.3% of bare dominium in Block A and 98% in Block B and C of JSE building in Sandton; bare dominium rights revert in 2015 and 2012 respectively	June 2005	**80 932**	71 013
Brackenfell	100% owner of lettable industrial and office park	Cost approximates fair value	**25 278**	13 260
Peter Place	100% owner of lettable office park in Sandton	Cost approximates fair value	**5 342**	5 342
Total			**111 552**	89 615

The JSE building was 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.

	2005	2004
8. ASSOCIATES		
Unlisted associates		
Shares at cost	**9 770**	9 770
Group's share of retained losses – net of dividends received	**(924)**	(2 825)
	8 846	6 945
Unsecured loans	**4 900**	4 101
	13 746	11 046
Directors' valuation of shares of unlisted associates	**13 746**	11 046

Notes to the financial statements (continued)

for the year ended 30 June 2005

(R'000)	Group 2005	2004
9. INVESTMENTS IN SERVICE CONCESSIONS		
At fair value	**119 079**	101 443

The investments consist of the group's interest in foreign toll road concessions.

Details of the investments are as follows:

Name	Country	Kms	% interest	Concession period	Current status	2005	2004
M5	Hungary	96	3.5	25 years	Construction complete; operational		
– investment						**59 403**	25 443
– loan						**–**	33 097
A1	Poland	98	15	30 years	Construction to commence		
– investment						**22 965**	10 338
– loan						**6 526**	2 380
Noida/Delhi	India	7.4	8.7	28 years	Operational		
– investment						**16 185**	16 185
– loan						**14 000**	14 000
						119 079	101 443

The Hungarian and Polish concessions are valued at fair value using discounted cash flow models based on traffic estimates, current and forecasted operating costs and using market related exchange rates, discount rates and inflation rates. The Indian concession is valued by reference to the share price it trades at.

(R'000)	Group 2005	2004
10. INVENTORIES		
Manufacturing materials	**25 694**	23 506
Manufacturing work in progress	**14 476**	9 111
Manufacturing finished goods	**57 825**	64 696
Consumable stores	**58 058**	31 483
Property developments in progress	**79 297**	105 225
	235 350	234 021
11. CONTRACTS IN PROGRESS		
Long-term contract costs incurred (life to date)	**4 982 469**	4 596 652
Contract expenses recognised (life to date)	**(4 578 178)**	(4 447 786)
	404 291	148 866

(R'000)	Group 2005	Group 2004
12. TRADE AND OTHER RECEIVABLES		
Accounts receivable include:		
– Retention debtors	**36 866**	42 107
– Amounts owing by joint venture partners	**7 077**	74 413
– VAT refundable	**–**	5 988
– Prepayments	**16 257**	15 108
– Contract and trade debtors	**927 229**	767 498
– Other receivables	**107 975**	77 409
	1 095 404	982 523

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

13. BORROWINGS

13.1 Interest-bearing borrowings

(R'000)	Group 2005	Group 2004
Secured loans bearing interest at rates ranging from 8.5% to 15% per annum	**177 830**	206 595
Unsecured loans bearing interest at rates ranging from 10% to 11% per annum	**49 806**	1 706
	227 636	208 301
Less: Current portion included in trade and other payables	**(95 492)**	(78 126)
	132 144	130 175
Secured loans are secured over:		
Property, plant and equipment with a net book value of	**136 199**	61 540
Other assets with a net book value of	**21 572**	53 693
Repayable during the years ending 30 June		
2005	**–**	78 126
2006	**95 492**	45 069
2007	**70 846**	31 217
2008	**37 080**	21 816
2009	**16 518**	11 143
2010	**3 092**	20 930
2011 and thereafter	**4 608**	–
	227 636	208 301

13.2 Bank overdrafts and short-term borrowings

(R'000)	Group 2005	Group 2004
Bank overdrafts – local	**43 158**	143 412
Project finance facilities – short-term	**105 458**	48 652
	148 616	192 064

13.3 Borrowing facilities

(R'000)	Group 2005	Group 2004
Borrowing facilities – local	**295 000**	214 000
Current utilisation	**(43 158)**	(143 413)
Borrowing facilities available	**251 842**	70 587

The carrying amounts of all borrowings approximate their fair values.

Notes to the financial statements (continued)

for the year ended 30 June 2005

13. BORROWINGS (CONTINUED)

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 was financed by Nedbank Limited ("Nedbank") in terms of a R414 million project finance facility. As the houses were completed they were leased by the group to a subsidiary of Anglo Plats and the capital portion of the project finance facility was 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 R414 million at 30 June 2005 and the amount due to Nedbank of R414 million at 30 June 2005 have thus been offset for disclosure purposes. This is in accordance with AC 125 "Financial Instruments – Presentation and Disclosure" as there is a legally enforceable right to offset the amounts and it is the group's intention to settle any amounts due to Nedbank on a net basis, or to sell the houses and settle the liability simultaneously.

	Group	
(R'000)	**2005**	2004
14. DEFERRED TAXATION		
Balance at beginning of year	**38 809**	–
Credited to income	**7 796**	38 809
Balance at end of year	**46 605**	38 809
The closing balance deferred taxation asset is attributable to the following items:		
Capital allowances	**(24 081)**	(30 418)
Provisions	**25 615**	30 060
Other allowances	**(12 603)**	43 310
Sundry	**–**	(5 677)
Estimated tax losses (net of valuation allowances)	**57 674**	1 534
	46 605	38 809
15. TRADE AND OTHER PAYABLES		
Accounts payable include:		
– Advance payments received	**195 349**	272 106
– Trade and other creditors	**271 088**	240 952
– Accrued expenses	**538 163**	513 658
– Subcontractor creditors	**74 171**	48 621
– Retention creditors	**71 924**	41 128
– Current portion of long-term borrowings	**95 492**	78 126
– Excess billing over work done	**513 011**	82 143
	1 759 198	1 276 734

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 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**
Utilised during the year	(9 672)	(1 660)	(89 165)	(9 556)	**(110 053)**
Charged to income statement	10 711	–	80 609	7 639	**98 959**
Balance at 30 June 2005	10 711	–	94 801	7 639	**113 151**

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

	Group	
(R'000)	**2005**	2004

17. COMMITMENTS AND CONTINGENCIES

Fixed asset commitments

Contracts placed	**23 354**	13 882
Capital expenditure approved by directors but not placed at 30 June	**139 628**	4 833
	162 982	18 715

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	**26 750**	12 516
Later than 1 year and not later than 5 years	**113 891**	49 199
Later than 5 years	**87 407**	44 068
	228 048	105 783

Guarantees

Total financial institution backed guarantees provided to third parties on behalf of subsidiary companies amounted to R1 337 million (2004: R862 million). The directors do not believe any exposure to loss is likely. Total facilities in this regard amount to R2 365 million (2004: R1 060 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 operations of the group.

Notes to the financial statements (continued)

for the year ended 30 June 2005

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 over border.

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 industrial, resource, 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 in terms of revenue and cost 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.

	Group	
(R'000)	**2005**	2004
19. EMPLOYEE BENEFITS		
19.1 Staff costs		
Wages and salaries	**938 169**	758 123
Pension costs – defined contribution plans (including industry plans)	**49 954**	37 738
Pension costs – defined benefit plan (primarily service cost)	**11 448**	7 430
	999 571	803 291
Average number of persons employed by the group during the year:	**Number**	Number
Full-time	**7 824**	5 517
Part-time	**2 741**	5 959
	10 565	11 476
South Africa	**7 149**	6 341
Over border	**3 416**	5 135
	10 565	11 476

19. EMPLOYEE BENEFITS (CONTINUED)

19.2 Pension scheme

The latest actuarial valuation of the group's defined benefit plan was carried out in June 2005 and was considered by the actuaries to be in a sound financial condition.

A summary of the valuation is presented below:	R'000	R'000
Present value of funded obligations	**(794 723)**	(689 773)
Fair value of plan assets	**968 357**	844 215
Surplus	**173 634**	154 442
	%	%
The principal assumptions used for accounting purposes were as follows:		
Discount rate	**8.25**	10.0
Expected return on assets	**8.25**	10.0
Future salary increases	**5.50**	7.0
Future pension increases	**3.60**	5.0

The surplus apportionment exercise was carried out at 1 March 2004. None of the surplus is due to the group and neither does it have any funding obligations.

In terms of the pension fund rules any surplus arising since 1 March 2004 is for the benefit of the group. The amount is not considered material at this stage.

19.3 Post-employment obligations

19.3 Post-employment obligations	**40 442**	41 515

The group's accrual for post-employment medical obligations of R27,6 million (2004: R31,6 million), included in the total, 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. The main actuarial assumption is a long-term increase in health costs of 5% per annum (2004: 5%).

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, 2 652 225 shares have vested.

Share option activity was as follows:

	Eligible for allocation	Granted and accepted	Average price	Net available
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
Options granted	–	1 858 250	12,42	(1 858 250)
Options paid for/lapsed	–	(3 335 250)	2,22	3 335 250
Balance as at 30 June 2005	12 875 000	5 009 100	5,94	7 865 900

Notes to the financial statements (continued)

for the year ended 30 June 2005

(R'000)	Group 2005	Group 2004
20. OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		
Profit before taxation	**166 321**	145 036
Adjustments for:		
Depreciation and amortisation	**95 520**	97 144
Fair value adjustments	**(42 392)**	(55 280)
Profit on disposal of fixed assets	**(31 393)**	(26 517)
Share of associates' (income)/loss – net of tax	**(1 946)**	6 026
Finance costs	**31 399**	34 085
Other	**–**	(658)
	217 509	199 836
21. WORKING CAPITAL CHANGES		
Trade and other payables	**482 464**	134 385
Trade and other receivables	**(112 881)**	(177 994)
Provisions	**(11 094)**	(512)
Contracts in progress	**(255 425)**	47 957
Inventories	**(1 329)**	(20 283)
Post-employment obligations	**(1 073)**	(4 684)
	100 662	(21 131)
22. TAXATION PAID		
Taxation owing at the beginning of the year	**(55 943)**	(17 862)
Charge per the income statement	**(30 723)**	(27 012)
Movement in deferred taxation	**(7 796)**	(38 809)
Taxation owing at the end of the year	**23 949**	55 943
Total paid during the year	**(70 513)**	(27 740)
23. CASH AND CASH EQUIVALENTS AT END OF YEAR		
Bank balances and cash	**335 346**	275 902
Bank overdraft and short-term borrowings	**(148 616)**	(192 064)
Cash and cash equivalents at end of year	**186 730**	83 838

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

Excluded from the cash flow statement are additions to fixed assets amounting to R55 142 (2004: R28 149) which were funded by finance leases.

Annexure 1 – Company financial statements

at 30 June 2005

INCOME STATEMENT (REFER NOTES THAT FOLLOW)

(R'000)	2005	2004
Dividends received from subsidiary	–	79 981
Taxation	–	–
Net profit	–	79 981

BALANCE SHEET (REFER NOTES THAT FOLLOW)

	2005	2004
Assets		
Investment in subsidiaries	334 702	360 370
Other investments	500	500
	335 202	360 870
Equity and liabilities		
Stated capital	285 815	278 931
Distributable reserves	49 387	81 939
	335 202	360 870

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 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**
Transfer of shares from treasury stock to share trust	–	4 453 432	(4 453 432)	–	–	–	–
Issue of shares from share trust to employees	–	–	3 335 250	3 335 250	6 884	–	6 884
Net profit	–	–	–	–	–	–	–
Dividends paid	–	–	–	–	–	(32 552)	(32 552)
Balance 30 June 2005	**73 573 023**	**–**	**(1 677 305)**	**71 895 718**	**285 815**	**49 387**	**335 202**

Annexure 1 – Company financial statements (continued)

at 30 June 2005

NOTES TO THE FINANCIAL STATEMENTS

(R'000)	2005	2004
1. Principal accounting policies		
These financial statements should be read together with the group financial statements set out on pages 112 to 136. The accounting policies adopted are set out on pages 119 to 123.		
2. Investment in subsidiaries		
Shares at cost	**411 232**	411 232
Amounts owing to subsidiaries	**(76 530)**	(50 862)
	334 702	360 370

3. Taxation

No taxation has been provided as no income was earned.

4. Cash flow statement

No cash flow statement has been prepared as there was 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.

GROUP FIVE

Annexure 2 – Interest in subsidiaries

at 30 June 2005

	Issued ordinary share capital		Percentage held		Shares at cost		Amounts owing (to)/by subsidiaries	
	2005	2004	**2005**	2004	**2005**	2004	**2005**	2004
	Shares	Shares	**%**	%	**R'000**	R'000	**R'000**	R'000
Group Five Construction (Proprietary) Limited	**1 000 000**	1 000 000	**100**	100	**14 177**	14 177	**(156 511)**	(130 843)
Group Five International Limited (Mauritius)	**1 000**	1 000	**100**	100	**27 985**	27 985	**–**	–
Everite Limited	**51 191 400**	51 191 400	**100**	100	**368 570**	368 570	**–**	–
Group Five Construction (UK) Limited	**100**	100	**100**	100	**500**	500	**79 981**	79 981
					411 232	411 232	**(76 530)**	(50 862)

PRINCIPAL SUBSIDIARIES: Direct and indirect

Everite Building Products (Proprietary) Limited
Everite Limited
Group Five (Botswana) (Proprietary) Limited
Group Five (Zambia) (Proprietary) Limited
Group Five Building (Proprietary) Limited
Group Five Civil Engineering (Proprietary) Limited
Group Five Construction (Proprietary) Limited
Group Five Construction (UK) Limited (Ghana, Malawi, Mauritius and Dubai)
Group Five Contractors (Namibia) (Proprietary) Limited
Group Five International (Proprietary) Limited (Tanzania branch)
Group Five Housing (Proprietary) Limited
Group Five Property Development Services (Proprietary) Limited
Group Five International Limited (Mauritius, Angola and Algeria)
Group Five KwaZulu Natal (Proprietary) Limited
Group Five Plant & Equipment (Proprietary) Limited
Group Five Projects (Proprietary) Limited
Group Five Roads & Earthworks (Proprietary) 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 and joint ventures amounted to R131,7 million (2004: R121,4 million) respectively.

Annexure 3 – Interest in joint ventures

at 30 June 2005

The total percentage holding by the group in the equity of each significant jointly controlled entity is as follows:

Joint venture	Nature of business	Proportion of issued shares held (%)
St Martins Sewage Joint Venture (Mauritius)	Sewage works	50
DPI Holdings (Proprietary) Limited	Pipe manufacturing	40
Water and Sanitation Services South Africa (Proprietary) Limited	Sewage and water works	50
Michelangelo Towers Joint Venture	Construction	50
Group Five – GCC Bank of Mauritius Joint Venture (Mauritius)	Construction	50
Berg River Project Joint Venture	Construction	24
G5 – Masinya Consortium Venture (South Africa)	Construction	25
Group Five Pipe (South Africa) (Proprietary) Limited	Pipe manufacturing	50

(R'000)	Group 2005	Group 2004
AGGREGATE FINANCIAL INFORMATION:		
Balance sheet		
Group's proportionate share of assets and liabilities:		
Assets		
Non-current assets	**48 729**	48 217
Current assets	**150 912**	168 811
	199 641	217 028
Equity and liabilities		
Shareholders' equity	**80 087**	67 638
Non-current liabilities	**16 481**	26 926
Current liabilities	**103 073**	122 464
	199 641	217 028
Income statement		
Group's proportionate share of income and expenditure:		
Revenue	**507 529**	526 325
Profit before taxation	**12 288**	16 494
Taxation	**(2 988)**	(8 426)
Profit after taxation	**9 300**	8 068
Dividends received	**7 000**	–
Summarised cash flow statement		
Cash flow from operating activities	**(3 971)**	(65 001)
Cash flow from investing activities	**(512)**	(3 326)
Cash flow from financing activities	**(10 444)**	5 639
Net decrease in cash and cash equivalents	**(14 927)**	(62 688)

Annexure 4 – Investment in associates

at 30 June 2005

The total percentage holding by the group in the equity of significant associates is 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

	Group	
(R'000)	**2005**	2004
AGGREGATE FINANCIAL INFORMATION: UNLISTED		
Balance sheet		
Group's share of assets and liabilities:		
Assets		
Non-current assets	**2 378**	2 351
Current assets	**27 602**	17 559
	29 980	19 910
Equity and liabilities		
Shareholders' interest	**18 871**	16 843
Non-current liabilities	**438**	1 500
Current liabilities	**10 671**	1 567
	29 980	19 910
Income statement		
Group's share of income and expenditure:		
Revenue	**37 778**	27 677
Profit/(loss) before taxation	**2 904**	(6 026)
Taxation	**(958)**	–
Profit/(loss) after taxation	**1 946**	(6 026)
Dividends received	**2 870**	3 635
Summarised cash flow statement		
Cash flow from operating activities	**(4 009)**	1 985
Cash flow from investing activities	**(26)**	899
Cash flow from financing activities	**(1 062)**	355
Net (decrease)/increase in cash and cash equivalents	**(5 097)**	3 239

Annexure 5 – Analysis of shareholders

at 30 June 2005

	Number of shareholders	%	Number of shares	%
Shareholder spread				
1 – 1 000 shares	1 418	44.73	686 507	0.93
1 001 – 10 000 shares	1 337	42.18	4 862 233	6.61
10 001 – 50 000 shares	246	7.76	5 899 257	8.02
50 001 – 500 000 shares	141	4.45	23 271 953	31.63
500 001 – 1 000 000 shares	17	0.53	11 432 205	15.54
1 000 001 and over shares	11	0.35	27 420 868	37.27
	3 170	**100.0**	**73 573 023**	**100.0**
Distribution of shareholders				
Banks	26	0.82	962 517	1.31
Close corporations	48	1.52	339 474	0.46
Endowment funds	19	0.60	531 168	0.72
Individuals	2 463	77.70	9 517 699	12.94
Insurance companies	22	0.69	13 032 643	17.71
Investment companies	13	0.41	2 688 777	3.66
Mutual funds	123	3.88	30 549 467	41.52
Nominees and trusts	259	8.17	1 491 532	2.03
Other corporations	43	1.36	766 475	1.04
Pension funds	73	2.30	9 734 176	13.23
Private companies	73	2.30	2 217 739	3.01
Public companies	7	0.22	64 051	0.09
Share incentive scheme	1	0.03	1 677 305	2.28
	3 170	**100.0**	**73 573 023**	**100.0**

	Number of shareholders	%	Number of shares	%
Public/non-public shareholders				
Non-public shareholders	**3**	**0.09**	**1 746 310**	**2.37**
Directors	2	0.06	69 005	0.09
Share incentive scheme	1	0.03	1 677 305	2.28
Public shareholders	**3 167**	**99.91**	**71 826 713**	**97.63**
	3 170	**100.0**	**73 573 023**	**100.0**
Beneficial shareholders with an interest of 5% or more in shares				
Old Mutual Group			14 921 046	20.28
Rand Merchant Bank			6 086 923	8.27
Nedbank Group			4 045 500	5.50
Sanlam			3 776 240	5.13
			28 829 709	39.18

Annexure 5 – Analysis of shareholders (continued)

at 30 June 2005

2005	Direct	%
Directors' shareholdings		
MH Lomas	**39 005**	**0.05**
D Paizes	**30 000**	**0.04**
	69 005	**0.09**

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

Rank	Name of shareholder	Shares	%
1	Old Mutual Group	14 873 691	20.22
2	Rand Merchant Bank	6 053 404	8.23
3	Nedbank Group	4 027 489	5.47
4	Sanlam	3 761 940	5.11
5	Investment Solutions	2 922 820	3.97
6	Eskom Pension & Provident Fund	2 780 015	3.78
7	Momentum	1 936 178	2.63
8	m Cubed	1 721 571	2.34
9	Share Incentive Scheme	1 677 305	2.28
10	Fraters Asset Management	1 654 923	2.25
11	Ellerine Brothers	1 562 500	2.12
12	Stanlib Funds	1 407 160	1.91
13	Transnet Pension Fund	1 334 800	1.82
14	Futuregrowth	1 041 657	1.42
15	Telkom Retirement Fund	1 036 334	1.41
16	Rand Mutual Assurance Company	1 014 123	1.38
17	Public Investment Company	854 777	1.16
18	Absa	630 015	0.86
19	Golden Hind Partnership	610 000	0.83
20	Decillion	589 646	0.80
Total		51 490 348	69.99

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

Notice of annual general meeting

at 30 June 2005

Notice is hereby given that the annual general meeting of shareholders of the company will be held at the registered office of Group Five, 371 Rivonia Boulevard, Rivonia, on Thursday, 29 September 2005 at 12h00, for the purpose of considering, and if deemed fit, passing with or without modification, the following resolutions:

ORDINARY BUSINESS

1. To receive and consider the annual financial statements of the group for the year ended 30 June 2005, together with the directors' and independent auditors' reports.
2. To re-elect by separate resolutions Messrs MH Lomas, MR Maruma and KK Mpinga as directors of the company, who retire by rotation in terms of the company's Articles of Association and who are eligible and offer themselves for re-election.

   A brief CV in respect of each director standing for re-election appears on page 44 of this annual report.
3. To ratify the remuneration paid to directors for the past financial year.
4. To re-appoint PricewaterhouseCoopers Inc. as independent auditors of the company.

SPECIAL BUSINESS

ORDINARY RESOLUTION NUMBER 1: Control of authorised but unissued shares

"RESOLVED THAT the authorised but unissued shares in the capital of the company be and are hereby placed under the control and authority of the directors of the company and that the directors of the company be and are hereby authorised and empowered to allot, issue and otherwise dispose of such shares to such person or persons on such terms and conditions and at such times as the directors of the company may from time to time and in their discretion deem fit, subject to the provisions of the Companies Act (Act 61 of 1973) as amended ("the Act"), the Articles of Association of the company and the Listings Requirements of JSE Limited ("JSE"), when applicable. This authority is restricted to 10% of the ordinary shares in issue as at 30 June 2005 and will remain in place until the next annual general meeting of Group Five ordinary shareholders."

ORDINARY RESOLUTION NUMBER 2: General authority to issue shares for cash

"RESOLVED THAT the directors of the company be and they are hereby authorised by way of a general authority, to issue the authorised but unissued shares in the capital of the company for cash, as and when they in their discretion deem fit, subject to the Act, the Articles of Association of the company, the JSE Listings Requirements, when applicable, and the following limitations, namely that:

- the equity securities which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such securities or rights that are convertible into a class already in issue; [5.52 (a)]
- any such issue will only be made to "public shareholders" as defined in the JSE Listings Requirements JSE and not related parties, unless the JSE otherwise agrees; [5.52 (b)]
- the number of shares issued for cash shall not in the aggregate in the current financial year exceed 10% (ten per cent) of the company's issued share capital of ordinary shares. The number of ordinary shares which may be issued shall be based on the number of ordinary shares in issue at the date of such application less

Notice of annual general meeting (continued)

at 30 June 2005

any ordinary shares issued during the current financial year, provided that any ordinary shares to be issued pursuant to a rights issue (announced and irrevocable and underwritten) or acquisition (concluded up to the date of application) may be included as though they were shares in issue at the date of application; [5.52 (c) (i) and (iii)]

- this authority is valid until the company's next annual general meeting, provided that it shall not extend beyond 15 (fifteen) months from the date that this authority is given; [5.50 (b)]
- a paid press announcement giving full details, including the impact on the net asset value and earnings per share, will be published at the time of any issue representing, on a cumulative basis within 1 (one) financial year, 5% (five per cent) or more of the number of shares in issue prior to the issue; and [11.22]
- in determining the price at which an issue of shares may be made in terms of this authority post the listing of the company, the maximum discount permitted will be 10% (ten per cent) of the weighted average traded price on the JSE of those shares over the 30 (thirty) business days prior to the date that the price of the issue is determined or agreed by the directors of the company. [5.52 (d)]

This ordinary resolution is required, under the JSE Listings Requirements, to be passed by achieving a 75% majority of the votes cast in favour of such resolution by all members present or represented by proxy and entitled to vote, at the general meeting."

SPECIAL RESOLUTION NUMBER 1: General authority to repurchase shares

"RESOLVED THAT, subject to compliance with the JSE Listings Requirements, the Act 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; [5.68]
- this 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; [5.72(a)]
- 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 [5.72(c)]
- 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. [5.72(d)]

The reason for and effect of 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.

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.

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; [5.69(c) (i)] [11.26(d) (i)]
- 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 the group for a period of 12 months after the date of this notice; [5.69(c)(ii)] [11.26(d)(ii)]

- the ordinary capital and reserves 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; [5.69(c)(iii)] [11.26(d)(iii)]
- 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; [5.69(c) (iv)] [11.26(d) (iv)]
- after such repurchase the company will still comply with paragraphs 3.37 to 3.41 of the JSE Listings Requirements concerning shareholder spread requirements; [5.69(g)]
- the company or the group will not repurchase securities during a prohibited period as defined in paragraph 3.67 of the JSE Listings Requirements; [5.72(g)]
- 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; [11.27]
- the company only appoints one agent to effect any repurchase(s) on its behalf; and [5.72(e)]
- the company undertaking that it will not enter the market to repurchase the company's securities until the company's sponsor has provided written confirmation to the JSE regarding the adequacy of the company's working capital in accordance with Schedule 25 of the JSE Listings Requirements.

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

- directors (page 42); [7.B.1]
- major shareholders (page 143); [7.A.27]
- directors' interests in securities (page 144); and [7.B.20]
- share capital of the company (page 117). [7.B.4] [7.A.5]

MATERIAL CHANGES

There have been no material changes in the affairs or financial position of Group Five and its subsidiaries since 30 June 2005. [11.26(b) (iii)]

LITIGATION STATEMENT

In terms of section 11.26 of the JSE Listings Requirements, the directors, whose names are given on page 44 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. [11.26(b) (vii)]

DIRECTORS' RESPONSIBILITY STATEMENT

The directors whose names appear on page 42 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. [11.26(b) (vi)]

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.

Notice of annual general meeting (continued)

at 30 June 2005

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 own 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 12h00 on Tuesday, 27 September 2005.

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

AI Townsend

Company secretary

8 August 2005

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

studiofive

Group Five Limited

(Registration number 1969/000032/06) (Incorporated in the Republic of South Africa) JSE code: GRF ISIN: 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 Thursday, 29 September 2005 ("the annual general meeting") at 12h00.

Group Five shareholders who have dematerialised their Group Five shares through a CSDP or broker must not complete this form of proxy and must provide their CSDP or broker with their voting instructions, except for Group Five shareholders who have elected own name registration in the sub-register through a CSDP or 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 or 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
ORDINARY BUSINESS			
1. Resolution number 1 Receive and consider the annual financial statements for the year ended 30 June 2005			
2. Resolution number 2 Re-election of directors 2.1 MH Lomas 2.2 MR Maruma 2.3 KK Mpinga			
3. Resolution number 3 Ratify directors' fees for year ended 30 June 2005			
4. Resolution number 4 Re-appointment of auditors			
SPECIAL BUSINESS			
5. Ordinary Resolution number 1 Control of authorised but unissued shares			
6. Ordinary Resolution number 2 General authority to issue shares for cash			
7. 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 2005

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" registrations.
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.
4. 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.
5. 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.
6. 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 shareholders (for that purpose seniority will be determined by the order in which the names of 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 shareholder(s).

Registered office

371 Rivonia Boulevard
Rivonia
Sandton
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 2006

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
The Standard Bank of South Africa Limited

AUDITORS

PricewaterhouseCoopers Inc.

SECRETARY

AI Townsend

REGISTERED OFFICE

Registration number 1969/000032/06
JSE code: GRF ISIN: ZAE 000027405
371 Rivonia Boulevard, Rivonia 2128
PO Box 5016, Rivonia 2128
Tel: (011) 806 0111
Fax: (011) 803 5520

RISK COMMITTEE

KK Mpinga (non-executive)
L Chalker (non-executive)
MH Lomas
PS O'Flaherty

AUDIT COMMITTEE

SG Morris (non-executive) (appointed 1 July 2005)
KK Mpinga (non-executive)
D Paizes (non-executive)
MH Lomas
PS O'Flaherty

REMUNERATION COMMITTEE

MR Maruma (non-executive)
D Paizes (non-executive)
MH Lomas

CORPORATE FINANCE SPONSOR

Nedbank Corporate

Shareholders' diary

for the year ended 30 June 2006

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

371 Rivonia Boulevard, Rivonia I PO Box 5016, Rivonia 2128, South Africa
Tel: +27 11 806 0111 I 0860 55 55 56 I Fax: +27 11 803 5520 I email: info@g5.co.za

GROUP FIVE

website: www.g5.co.za