GROUP FIVE

>08

ANNUAL REPORT

GROUP FIVE

>08

ANNUAL REPORT

NOTE TO STAKEHOLDERS:

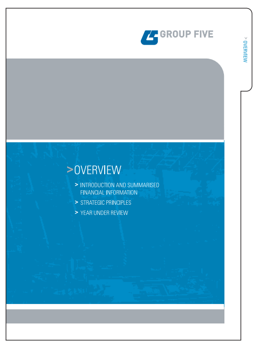
Group Five implemented a feedback forum in F2005. Its primary purpose was to establish a vehicle through which our stakeholders could provide us with their views on our Annual Report. Thank you for the feedback we have received to date.

In the prior year, some stakeholders indicated that they do not wish to receive a copy of the group's full report. This year, we therefore produced a summarised Annual Review in addition to the Annual Report. This review has been provided to the majority of stakeholders along with an electronic copy of the group's full Annual Report.

This pack contains the summarised Annual Review and the Annual Report. In the interest of preserving our environment, we limited the number of these packs.

If you wish to provide comments on this year's documents to ensure we continue to meet your communications needs, please contact us on feedback@g5.co.za or 011 806 0278.

Note: Abbreviations used in this report and compliance against Global Reporting Initiatives (GRI) can be found on page 253.

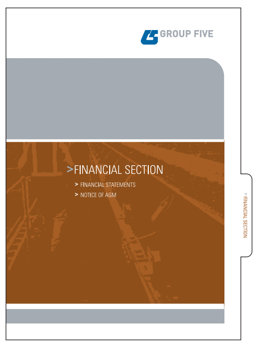


OVERVIEW

STRATEGIC PRINCIPLES

YEAR UNDER REVIEW

SUSTAINABLE DEVELOPMENT



FINANCIAL SECTION

NOTICE OF AGM

REFERENCE TOOLS

GROUP FIVE

> OVERVIEW

INTRODUCTION

> GROUP FIVE IS A DIVERSIFIED **CONSTRUCTION SERVICES, MATERIALS** AND **INFRASTRUCTURE INVESTMENT GROUP**

> THE GROUP **OPERATES IN SOUTH AFRICA, THE REST OF AFRICA**, THE **MIDDLE EAST** AND **EASTERN EUROPE**

> **66% OF THE GROUP'S REVENUE** IS **GENERATED IN** THE GROUP'S HOME COUNTRY, **SOUTH AFRICA**

> WE **EMPLOY 13 453 PEOPLE** IN **21 COUNTRIES**

KEY FINANCIAL HIGHLIGHTS

OPERATING PROFIT

62 %

Operating profit increased by 62% from R392 million to R636 million. The group posted a pleasing operating profit margin of 7.1% for the year compared to 5.1% in the prior year.

CASH AND CASH EQUIVALENTS

190 %

Cash on hand increased by 190% from R629 million to R1,8 billion.

FULLY DILUTED HEADLINE EARNINGS PER SHARE

70 %

Fully diluted headline earnings per share increased by 70% from R2,33 to R3,98.

FULLY DILUTED EARNINGS PER SHARE

58 %

Fully diluted earnings per share increased by 58% from R2,40 to R3,79.

DIVIDENDS PER SHARE

46 %

The final dividend of 60 cents per share brings the total dividend for the year to 105 cents, which is in line with the group's philosophy of being within the range of four times covered based on earnings per share.

KEY NON-FINANCIAL HIGHLIGHTS

The group constantly measures itself to establish whether we are meeting our financial and non-financial objectives. During the year under review, we believe we delivered on the following non-financial goals:

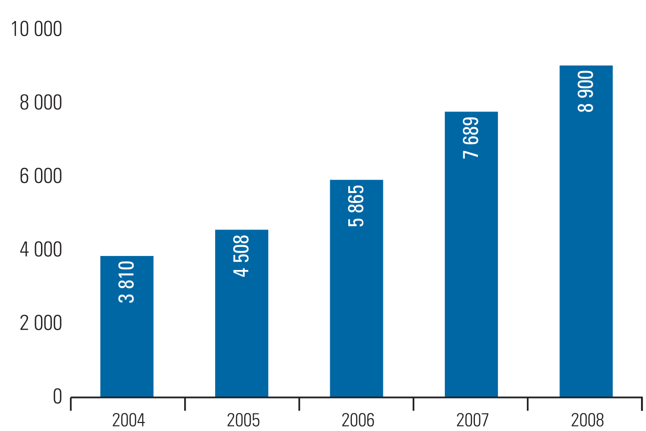
> **GROWING STRONGLY**	One-year secured order book up 76% to R8,5 billion
> **IMPROVING SAFETY**	Our 12-month disabling frequency rate (DIFR) improved by 24% to 0.5, which is among the best in the construction world
> **HEALTHY GEOGRAPHIC SPREAD**	66% South African revenue and 34% over-border in line with our strategy of a balanced product and geographic portfolio
> **STRIVING TO BE THE BEST**	13th position and a Royal Company in Sunday Times Top 100 Companies
> **BECOMING THE EMPLOYER OF CHOICE**	Ranked among the top 30 employers by science and engineering students across South Africa*
> **TRANSFORMING**	Group Five Construction improved from a level 5 to a level 4 on the Construction Charter Scorecard
> **ENSURING FINANCIAL SECURITY**	Global Credit Rating (GCR) awarded us a credit rating of A1 short term and A long term
> **BUILDING CAPACITY**	Almost 6 000 people trained in F2008
> **SUSTAINABLE**	One of only 14 JSE-listed companies recognised as "best performers" in the 2007 SRI index

** Magnet Communications Survey 2007*

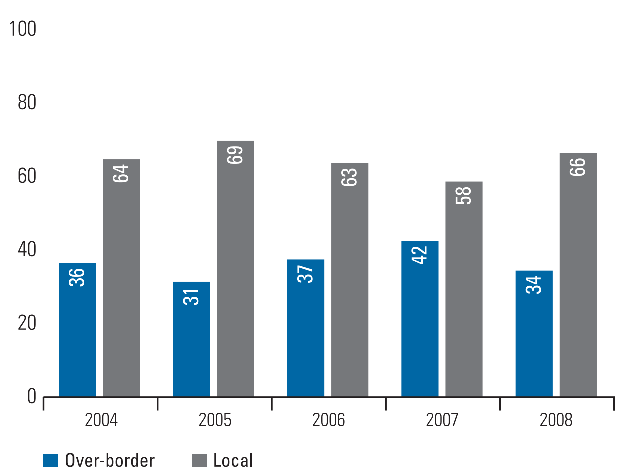
FIVE YEAR REVIEW

(R'000)
INCOME STATEMENT
Revenue
Operating profit
Other income – net
Share of profit from associates
Profit before finance costs and taxation
Finance costs
Profit before taxation
Taxation
Profit from continuing operations
BALANCE SHEET
Interest of equity holders of parent
Minority interests
Total equity
Long term liabilities
Liabilities directly associated with non-current assets classified as held for sale
Current liabilities
Total liabilities
Long term assets
Non-current assets classified as held for sale
Current assets
Total assets

TOTAL REVENUE (R million)

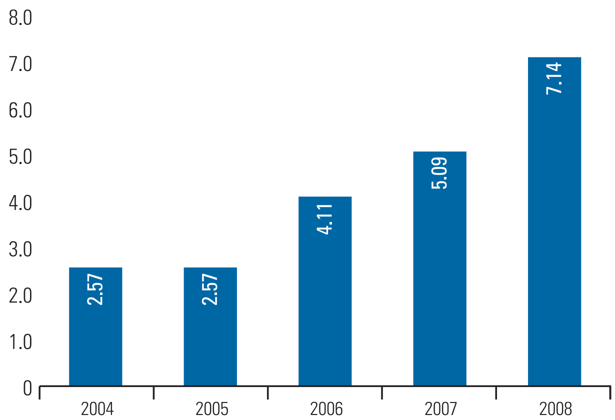


TOTAL REVENUE – OVER-BORDER VERSUS LOCAL (%)

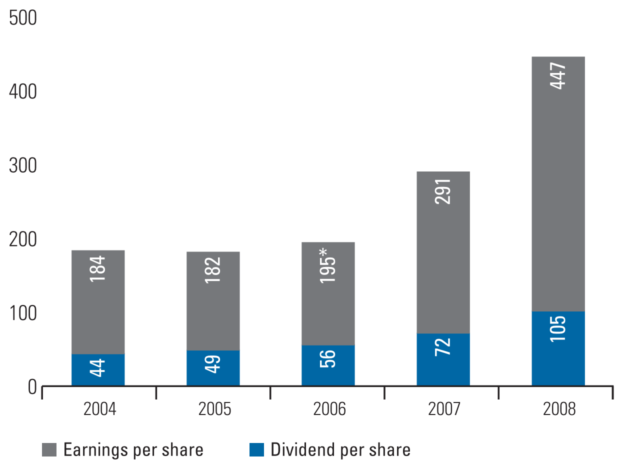


	2008	2007	2006	2005	2004
	8 899 578	7 689 168	5 864 721	4 508 285	3 809 917
	635 660	391 624	240 799	115 686	97 951
	111 464	23 620	(69 497)	44 032	49 552
	140	–	–	–	–
	747 264	415 244	171 302	159 718	147 503
	(81 727)	(41 953)	(30 329)	(25 922)	(29 780)
	665 537	373 291	140 973	133 796	117 723
	(208 041)	(129 560)	(62 754)	(26 199)	(22 294)
	457 496	243 731	78 219	107 597	95 429
	2 006 664	1 612 587	681 257	596 912	479 618
	16 517	9 335	1 762	4 306	11 447
	2 023 181	1 621 922	683 019	601 218	491 065
	1 172 949	996 622	161 669	148 634	139 927
	–	–	148 285	118 205	121 673
	6 053 616	4 269 230	3 911 429	1 983 247	1 591 731
	7 226 565	5 265 852	4 221 383	2 250 086	1 853 331
	2 568 961	2 098 216	792 634	675 667	588 973
	135 760	163 967	338 667	249 442	244 507
	6 545 025	4 625 591	3 773 101	1 926 195	1 510 916
	9 249 746	6 887 774	4 904 402	2 851 304	2 344 396

OPERATING PROFIT MARGIN (%)



PROFIT ATTRIBUTABLE TO SHAREHOLDERS (Cents)



** Before external BEE ownership expense*

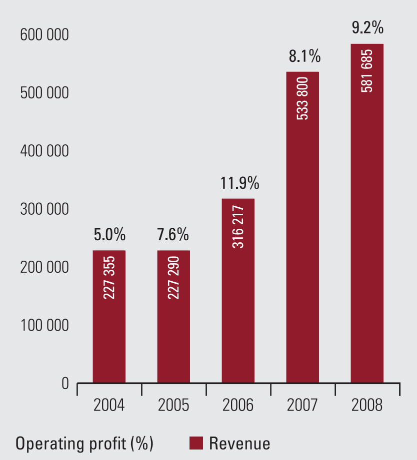
KEY MEASURES

GROUP PERFORMANCE INDICATORS

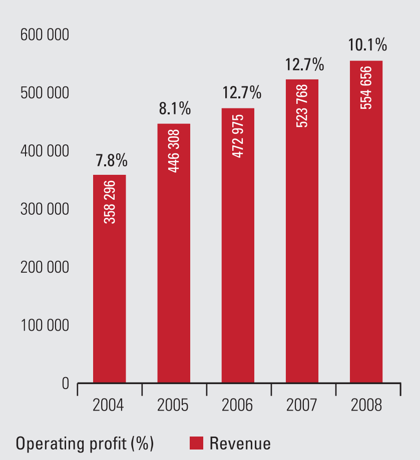
	2008 R'000	2007 R'000	2006 R'000	2005 R'000	2004 R'000
REVENUE					
Infrastructure Concessions	**326 554**	226 016	189 247	132 517	172 210
Property Developments	**255 131**	307 784	126 970	94 773	55 145
Manufacturing	**554 656**	523 768	472 975	446 308	358 296
Construction Materials	**689 220**	231 081	–	–	–
Construction	**7 074 017**	6 400 519	5 075 529	3 834 687	3 224 266
Building and Housing	**2 848 795**	3 121 921	2 788 466	2 268 610	1 917 554
Civil Engineering	**2 964 184**	2 484 293	1 662 700	1 051 679	986 836
Engineering Projects	**1 261 038**	794 305	624 363	514 398	319 876
Total revenue	**8 899 578**	7 689 168	5 864 721	4 508 285	3 809 917
OPERATING PROFIT					
Infrastructure Concessions	**30 735**	17 927	12 398	6 138	7 643
Property Developments	**22 747**	25 164	25 132	11 240	3 715
Manufacturing	**56 211**	66 519	60 205	36 157	27 969
Construction Materials	**141 946**	45 531	–	–	–
Construction	**384 021**	236 483	143 064	62 151	58 624
Building and Housing	**140 294**	84 276	78 903	44 158	74 581
Civil Engineering	**142 857**	105 037	50 169	(9 712)	(36 087)
Engineering Projects	**100 870**	47 170	13 992	27 705	20 131
Total operating profit	**635 660**	391 624	240 799	115 686	97 951
Overall operating profit margin (%)	**7.14**	5.09	4.11	2.57	2.57
Over-border revenue (%)	**34**	42	37	31	36
Cash generated – millions	**1 195**	60	391	111	49
SHAREHOLDER RETURNS					
Earnings per share (R)	**4,47**	2,91	0,72	1,82	1,84
Headline earnings per share (R)	**4,70**	2,83	0,69	1,43	1,48
Earnings per share (R) – before external BEE ownership expense	**4,47**	2,91	1,95*	1,82*	1,84*
Headline earnings per share (R) – before external BEE ownership expense	**4,70**	2,83	1,93*	1,43*	1,48*
Dividends per share (cents)	**105,0**	72,0	56,0	49,0	44,0
Net asset value per share (R)	**21,41**	17,45	9,22	8,30	7,00
MARKET INDICATORS					
Market price – high (R) per share	**73,80**	59,50	32,50	17,00	11,00
Market price – low (R) per share	**42,00**	27,26	15,20	10,00	4,95
Market price – year-end (R) per share	**44,90**	54,40	28,75	15,39	11,00
Market capitalisation – year-end (R'millions)	**5 350,5**	6 443,5	2 867,1	1 132,3	809,3
Value of shares traded (R'000)	**5 462 078**	3 124 034	1 373 898	536 994	229 924
Number traded ('000)	**103 436**	67 728	57 970	39 950	28 038

** Before external BEE ownership expense*

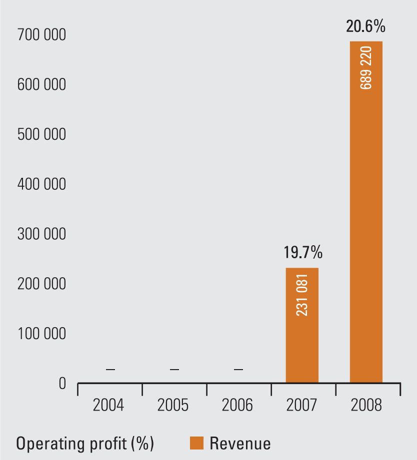
INVESTMENTS AND CONCESSIONS (R'000)



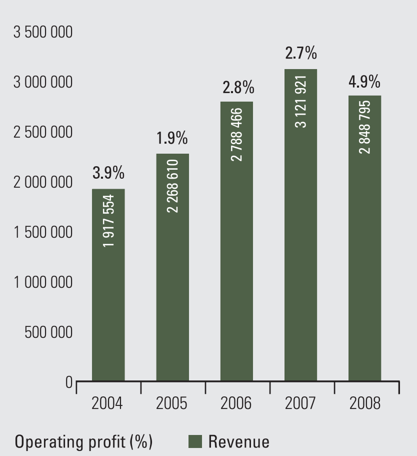
MANUFACTURING (R'000)



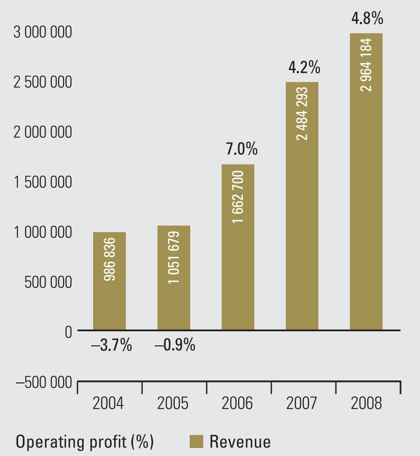
CONSTRUCTION MATERIALS (R'000)



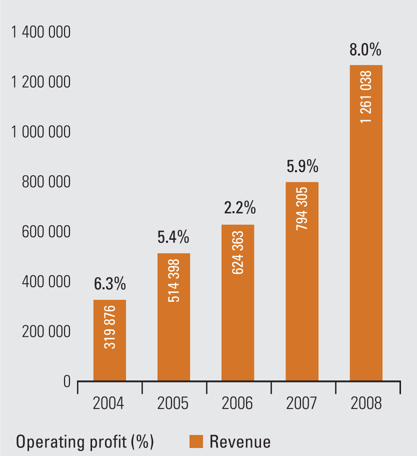
CONSTRUCTION – BUILDING AND HOUSING (R'000)



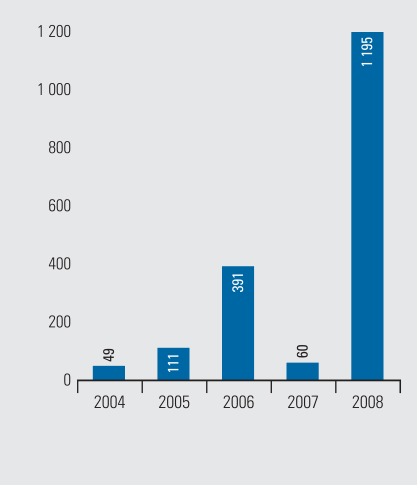
CONSTRUCTION – CIVIL ENGINEERING (R'000)



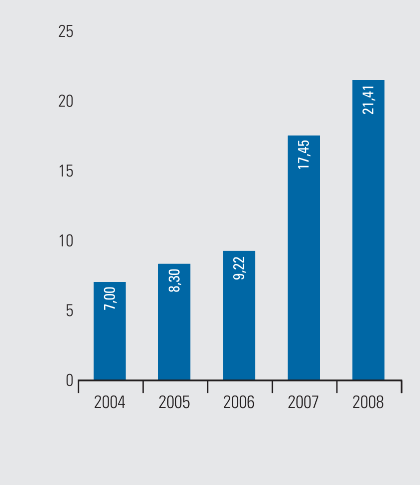
CONSTRUCTION – ENGINEERING PROJECTS (R'000)



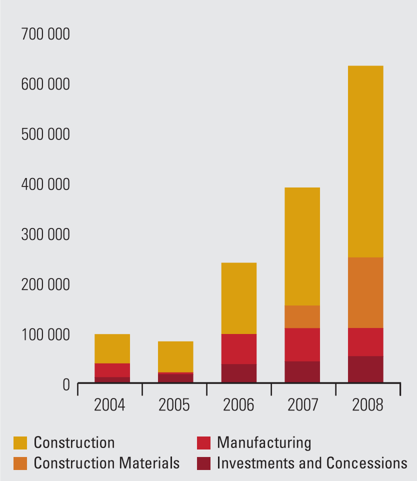
CASH GENERATED (R million)

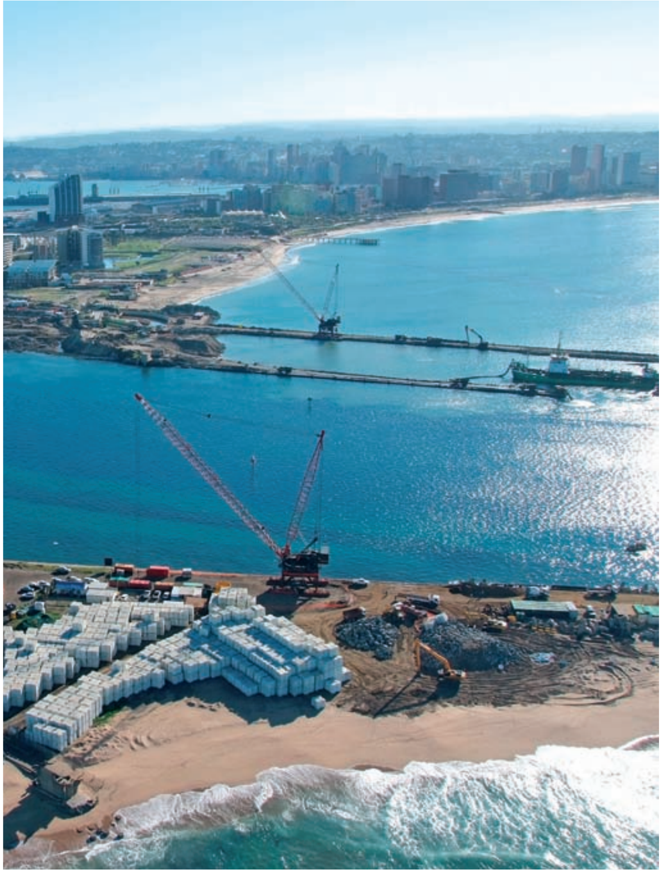


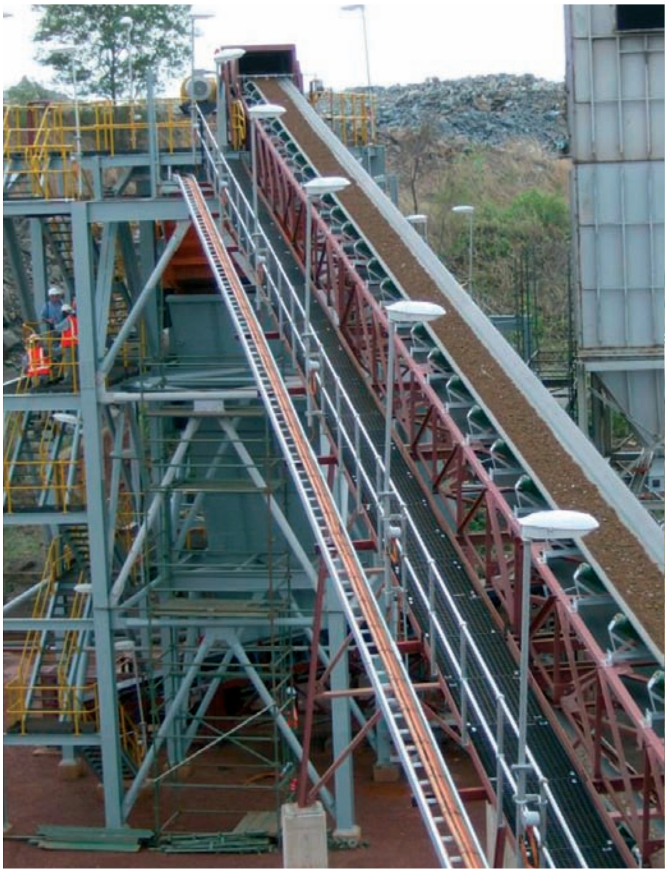
NET ASSET VALUE (R per share)



OPERATING PROFIT BY CLUSTER (R'000)







GROUP FIVE

> STRATEGIC PRINCIPLES

STRATEGY

The group has a clear strategy – a two-dimensional strategy of product and geographic diversification towards a balanced portfolio of businesses that provide a higher blended margin superior to that of a purely South African construction business.

OUR STRATEGY IS:

MOVING THE GROUP FROM A CONTRACTOR TO A DIVERSIFIED CONSTRUCTION SERVICES, MATERIALS AND INVESTMENT GROUP

WHY?

> To reduce earnings volatility within the infrastructure sector
> To capture multiple margin streams across the construction value chain
> To increase sustainable revenue and profit

HOW?

> Increase capability to secure and execute larger multi-disciplinary contracts
> Increase the contribution of Manufacturing and Construction Materials to the product portfolio
> Develop, invest in, and operate concessions and property assets

The group internalises its strategy through a programme called the Group Five Way. This was implemented in F2006 and aims to align behaviour and operational intent to ensure improved delivery and common goals and behaviour throughout the group.

THE GROUP FIVE WAY

> VISION

To be an exceptional provider of integrated building, infrastructure and engineering solutions.

> VALUES

Performance, excellence, transformation, customer focus, integrity, innovation and people wellbeing (PETCIIP.)

> NINE STRATEGIC OBJECTIVES

The group developed an internal balanced scorecard to categorise, focus and prioritise our strategic efforts. Nine focused strategic objectives, covering both productivity and growth considerations, were developed. (Refer to page 10)

> TEN SUPER-ORDINATE GOALS

The group has ten super-ordinate goals that act as a dashboard to monitor our delivery. (Refer to page 11.)

STRATEGY (CONTINUED)

INTERNAL BALANCED SCORECARD

Over the last few years, Group Five has consistently referred to the nine strategic pillars that form the foundation of our management planning. These disciplines remain unchanged, as they provide a tool for continuous review and improvement against the macro environment.

GROWTH STRATEGY

FINANCIAL PERSPECTIVE	**1 > MARKET POSITIONING** Profiling Group Five to continually improve its public image with all stakeholders	**2 > BBBEE** Embracing BBBEE requirements to the benefit of the business and communities in which Group Five operates	**3 > FINANCIAL RESOURCES** Attracting additional financial resources for business growth
CUSTOMER PERSPECTIVE	**4 > MARKETS AND CUSTOMERS** Identifying and appraising markets, customers, products and services		**5 > GROWTH** Actively driving profitable growth in revenues from targeted customers

PRODUCTIVITY STRATEGY

INTERNAL PERSPECTIVE	**6 > CONTINUOUS IMPROVEMENT** Improving processes to optimise and maximise resource utilisation	**7 > ORGANISATIONAL STRUCTURE** Ensuring the right geographical, market and process structures are in place to reduce costs and improve focus
LEARNING AND GROWTH PERSPECTIVE	**8 > PEOPLE AND LEADERSHIP** Implementing and operating the Group Five Way by employing the right people in the right positions	**9 > TECHNOLOGY** Continually seeking new cost-effective technologies to improve the way the group operates

In the table below, we outline how we have performed during the year against these nine strategic principles:

STRATEGIC PRINCIPLE	PERFORMANCE
Market positioning	> We won the Investment Analysts Society award for Best Reporting and Communications in our sector for the second year in a row > We were assessed as one of the top 30 employers among science and engineering students > We were ranked 13th and as a Royal Company in Sunday Times Top 100 Companies > We continued to increase our negotiated contract ratio
BBBEE	> A black female chairperson was appointed to the board, bringing black board representation to 50% > The total number of black directors within the group increased by 83%, with female black directors growing by 33% > Enterprise development initiatives led to the further involvement with iLima Projects and the creation of a new agreement with UMSO Construction > Preferential procurement spend up from 34% to 40% this year > At least 10% of total expenditure is procured through approximately 1 100 small and micro enterprises (SMEs) > Group Five Construction improved from a level 5 to a level 4 on the Construction Charter Scorecard
Financial resources	> The Global Credit Rating (GCR) agency accorded the group a long term credit rating of A and a short term rating of A1 > The group secured additional R1 billion guarantee facilities from offshore banks at favourable rates > We secured International Finance Corporation credit approval
Markets and customers	> We created diversity in products through acquisitions and investment in materials > New steel business created > New market entry into Abu Dhabi > Created a new business (Group Five Energy) to permanently service the growing power and oil and gas markets > Created Group Five Design and Project Management (D+PM) to execute large multi-disciplinary contracts
Growth	> Rapid growth in Engineering Projects as the focus on the African mining sector created repeat and negotiated work opportunities > Expansion in refinery services and oil and gas contracts on the back of our track record in these areas > Civil Engineering continued its international success, with R6 billion orders won in the Middle East > Success in alliance contracting resulted in negotiated contracts in the mining sector > Secured over R7 billion of additional South African public sector work after strategically repositioning the group for this new market > Secured new concession contracts in Eastern Europe
Continuous improvement	> Launched the contract lifecycle model as a disciplined framework for construction > Risk processes halved the loss contract ratio > Implemented a world-class contract risk system, Project STARS, as a technology-based risk management system > Re-engineered Group Five Plant and Steel interests to remove waste and generate cash > Supply chain initiatives led to material savings on large contracts > IT improvements increased connectivity to sites and functionality > Utilisation of HR transactional systems and processing modules expanded

STRATEGY (CONTINUED)

STRATEGIC PRINCIPLE	PERFORMANCE
Organisational structure	> Simplified the group structure into four business areas, each reporting to an exco member > Structured Engineering Projects to create a new business in Energy > Restructured the HR function to cover all HR, training, SED and organisational development under the new group HR director > Structure in Middle East expanded to cater for new business in MEP and building
People and leadership	> New strategic remuneration framework implemented > Group Five Academy delivered almost 6 000 training interventions > The second intake of PMD students and eight executive training assignments kicked off > Training spend increased from R18,6 million to R23,2 million > Construction schools launched > Culture change programme rolled out > Executive alignment and team profiling completed for exco and manco > Operational HR at corporate and in business units restructured to deliver human capital capacity growth, rather than only transactional duties
Technology	> Technology partners selected for Civil Engineering in specialist techniques in concrete structures > Built technical capability in power station engineering and contract execution with General Electric > New Everite S7 process line designed and delivered in-house > Further investment in IT systems to support operations > Heavy pre-cast capability re-established in Middle East and South Africa > Steel extruding and fabrication expertise gained through Barnes Reinforcing Industries > Created group turnkey contract delivery capability > Continued product development at Everite, including a roof tile from waste material and a modular housing solution

> *Paul le Sueur, Gwede Mantashe and Jay Naidoo at the opening of the Construction Skills Training Academy in Gauteng*

Additionally, as outlined in the Group Five Way on page 9, we set super-ordinate financial goals against which we benchmark ourselves to measure the success of our strategy. Our progress is outlined below:

SUPER-ORDINATE GOALS

The group set ten super-ordinate financial goals against which we benchmark ourselves to measure the success of our strategy.

GOAL F2008	PROGRESS	GOAL F2009
One third of revenue earned outside South Africa	34%	One third of revenue earned outside South Africa
Each financial year should open with two thirds secured construction order book for that year	80%	Each financial year should open with two thirds secured construction order book for that year
Return on shareholders' funds of 25% in the medium term	23%	Return on shareholders' funds of 25% in the medium term
HEPS growing at least 20% per annum after achieving R1,93 before external BEE expenditure in F2006	70% fully diluted HEPS growth	HEPS growing at least 20% per annum in real terms (ie CPIX +28%)
One third of earnings to be from non-construction business	40%	50% of earnings to be from non-construction business
Top three of market share in each segment of the market in which the group operates	The group believes this to be the case	Top three of market share in each segment of the market in which the group operates
Net gearing not to exceed one third of equity	Nil	Net gearing not to exceed one third of equity
Cash generated equal to net income	Cash generated > Profit	Strongly cash generative
Overall operating margin at a minimum of 5%	Achieved 7.1%	Overall operating margin at a minimum of 5%, with target of between 7% – 9% over 2 – 3 years
60% overall rating on Construction Charter Scorecard	Achieved 67%	60% overall rating on Construction Charter Scorecard

STRATEGY (CONTINUED)

PRODUCT STRATEGY

The group has structured its operations along four business areas that, when combined, deliver multiple profit streams in a single contract. Find below the group's products:




INVESTMENTS & CONCESSIONS	MANUFACTURING	CONSTRUCTION MATERIALS	CONSTRUCTION
INFRASTRUCTURE CONCESSIONS	BUILDING PRODUCTS	CONTRACT CRUSHING AND MINING SERVICES	BUILDING
	REINFORCING STEEL	CEMENT EXTENDERS	HOUSING
PROPERTY DEVELOPMENTS	ENGINEERED STEEL PRODUCTS	AGGREGATES	CIVIL ENGINEERING
	SPIRAL WELD STEEL PIPING	READYMIX CONCRETE	MINING AND INDUSTRIAL
			ENERGY

INFRASTRUCTURE DEVELOPMENT SERVICES AND D+PM

INVESTMENTS AND CONCESSIONS

Investments and Concessions consists of Infrastructure Concessions and Property Developments. Higher returns are sought through risk managed participation throughout the contract lifecycle, which generally includes development, financing and refinancing, construction and operations. The group's Concession business is currently based on toll road concessions. The group is pursuing further concession opportunities in infrastructure, specifically transport, power, and public buildings. Property Developments creates Group Five branded property assets generating operating and investment returns.

MANUFACTURING

This business area is crucial in terms of creating low-cost entities that supply high-quality beneficiated building materials. The creation of the steel cluster this year mitigates supply and cost risk in times when product availability is challenged. This strategy may be extended to our international interests in F2009.

CONSTRUCTION MATERIALS

This business area forms a core part of Group Five's strategy of diversification within the infrastructure markets. These businesses supply high specification construction materials and contract crushing and mining services to the resources industries – a concept that can be transported to other markets where the group has established operations. It is a higher-margin business and its creation is aligned with our strategy of having a third of earnings derived from non-construction business and creating strategic opportunities for multiple revenue streams on large contracts.

> THE CHALLENGE NOW IS TO OPTIMISE THE BUSINESS WE HAVE CREATED AND TO DRIVE THE VALUE INHERENT IN THE SYNERGIES OF OUR PORTFOLIO INTO THE MARKET THROUGH THE PURSUIT OF LARGER, MULTI-DISCIPLINARY, MULTI-YEAR CONTRACTS.

CONSTRUCTION

This continues to be the largest business area that contributes to building a strong brand for the group. In line with moving this business to the areas of strong growth in the market, we continue to shift skills from Building and Housing to large infrastructure contracts where higher-margin business is experienced. In Construction, Civil Engineering plays an important role as provider of heavy civils to the group's construction capability required for large infrastructure contracts. Engineering Projects is currently the spearhead of growth in the high growth resources and energy sectors, both in South Africa and Africa. This business unit has the ability to bid on, manage and execute multi-disciplinary engineering contracts using products, services and construction skills from all clusters within Group Five.

GEOGRAPHIC STRATEGY

The group's geographic strategy is based on those territories where our research and experience show that we can, without unduly increasing group risk:

1. Mitigate cyclical and territorial downturns by deploying dynamic resources to areas that generate sustainable and attractive returns
2. Exercise our controls, values and ethics
3. Contribute to the group's super-ordinate goals of growth, returns and cash generation

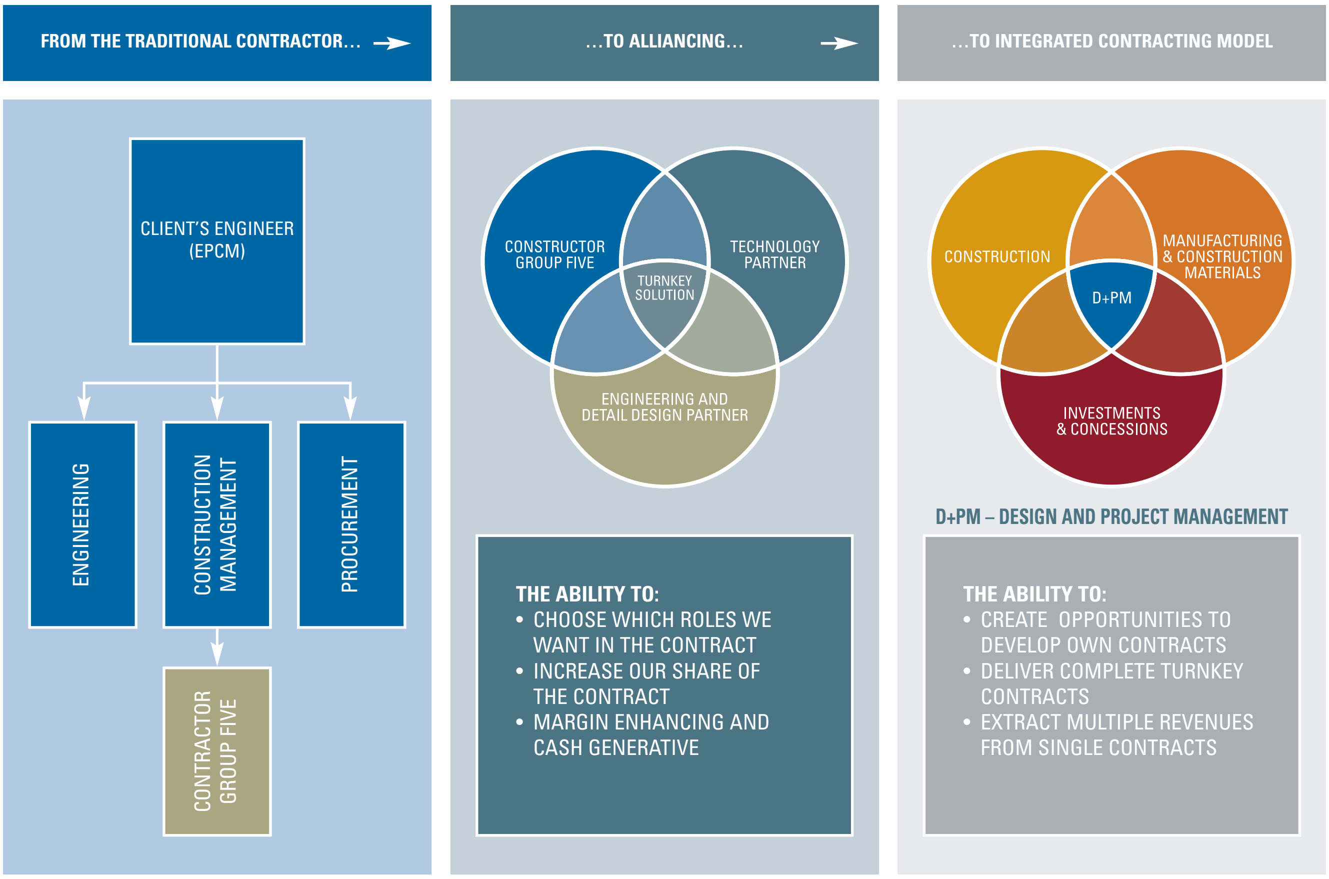
DELIVERING ON OUR STRATEGY

With our pleasing F2008 results, the group's leadership team regards the strategy of portfolio diversity in the group's product and service offering into our chosen markets as having delivered good value. The results indicate that we have moved from a pure contractor to a diversified and synergised construction services, materials and investment group.

This model evolved systematically as the market increasingly demanded total contract delivery. We therefore moved from working on one contract with one or more construction businesses, each with separate contracts, through to a highly effective partnering contract model.

This model matured into a full alliancing model during F2007 and was successfully applied in the mining and power sector in South and regional African contracts with technology, engineering and client partners such as General Electric (GE), GRD Minproc, Metorex and Anvil Mining. In Dubai, we continue to undertake multi-disciplinary contracts for the Department of Civil Aviation

MOVING UP THE CONSTRUCTION VALUE CHAIN (OVER A THREE-YEAR PERIOD)



STRATEGY (CONTINUED)

WITH OUR PLEASING F2008 RESULTS, THE GROUP'S LEADERSHIP TEAM REGARDS THE STRATEGY OF PORTFOLIO DIVERSITY IN THE GROUP'S PRODUCT AND SERVICE OFFERING INTO OUR CHOSEN MARKETS AS HAVING DELIVERED GOOD VALUE.

and industrial customers. Successful turnkey and alliance contracts include:

- Ibom, power contract, Nigeria (2007/2008)
- Ruashi mining complex, DRC (2007/2008)
- Kinsevere copper/cobalt contract, recently started in DRC
- Thos Begbie power contract, Middelburg, recently secured in South Africa (2008/2009)
- Mega cargo terminal – Dubai International Airport (2006 – 2008)

During the year under review, the alliancing model was further developed to that of an integrated contracting model, as depicted on page 15. This has already resulted in Group Five being the lead partner or contracting partner on several large infrastructure contracts, such as The Moses Mabhida Soccer Stadium and the King Shaka International Airport. It has also positioned us for private public partnership (PPP) and energy opportunities, such as the prisons programme in South Africa, the Mmamabula energy complex in Botswana and several new power, mining and infrastructure contracts in Africa and the Middle East.

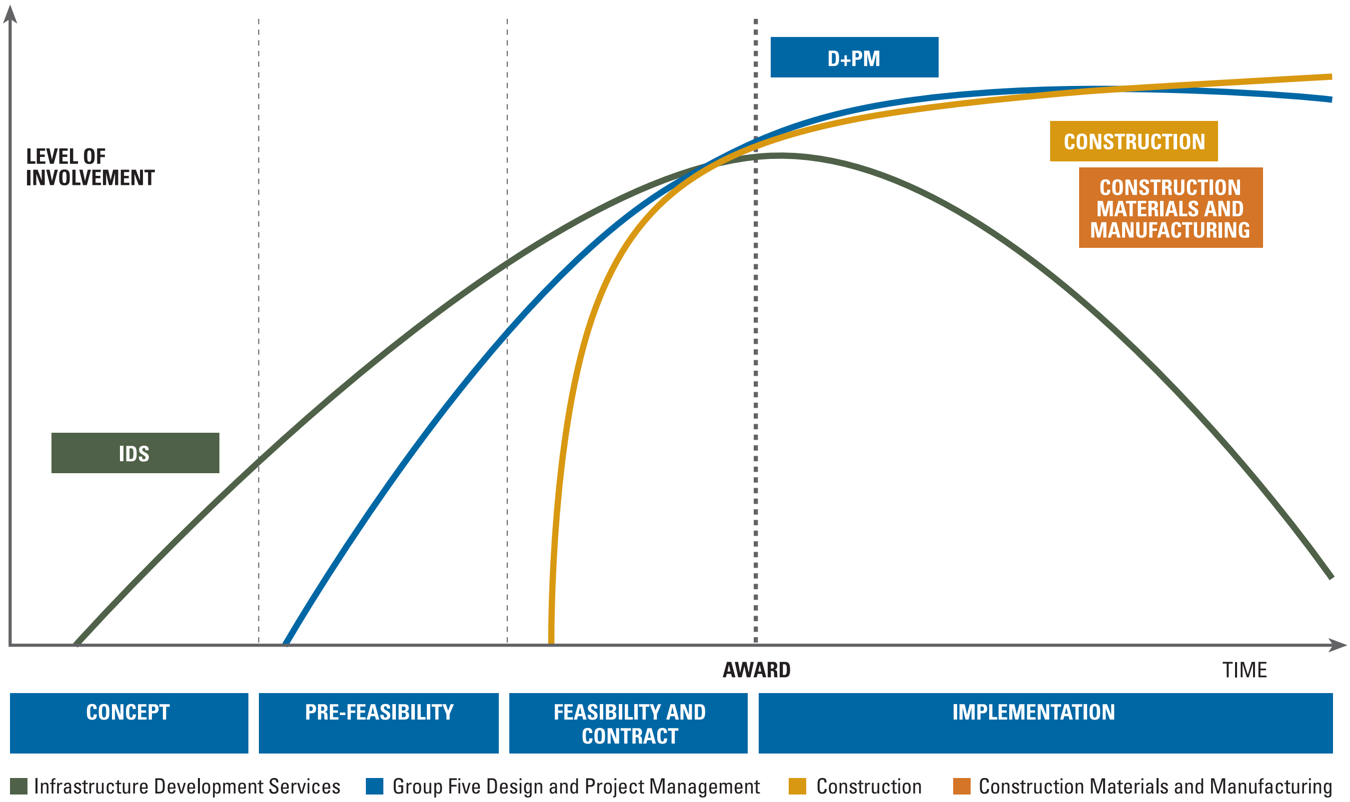
To ensure delivery, as the model progressed, we developed our support services to more effectively manage these large-scale contracts. Group Five has therefore built a professional commercial team supported by strong system deliverers and an industry-leading drive to achieve supply chain excellence. Each of these elements either mitigates risk or extracts and optimises value for our core contracting business – and as such, leverages margins. The model succinctly allows Group Five to maximise the economic effect of doing its usual business in a smarter way.

The full delivery model aims to extract value from all of Group Five's business areas.

The challenge now is to optimise the capability we have created and to drive the value inherent in the synergies of our portfolio into the market through the pursuit of larger, multi-disciplinary, multi-year contracts where Group Five can deliver its solutions across all its businesses.

The diagram below depicts the sequence of involvement by the group's business clusters in a mega contract.

MEGA CONTRACT LIFECYCLE



The development of our strategy was well timed. The market drivers are increasingly pointing towards infrastructure contracts in both the private and public sectors being packaged by the customer into larger multi-disciplinary contracts. In the South African market, indications are that growth is at the upper end of contract size.

Group Five is a founding sponsor of the globally recognised Engineering and Construction Risk Institute (ECRI). At a recent ECRI meeting in Sweden, this trend was verified as being in line with the global experiences of the members.

Thus, during this year, in considering our position as a competitor at the top end of the market for the development and execution of large contracts, we recognised that the business model had matured and that we required a permanent multi-disciplinary contract and engineering management business to lead us into the new era of infrastructure work.

Infrastructure Development Services (IDS), the group's business development function, will continue to lead the group's positioning for major multi-disciplinary construction contracts in infrastructure, specifically including transport, power, public building, mining and industrial contracts. However, upon successful contract award, the business will now hand over contract execution leadership to the newly formed Group Five Design and Project Management (D+PM) business. See diagram on page 16.

IDENTIFYING TARGET MARKETS

INTRODUCTION

Having addressed the product strategy and delivery philosophy, we purposely directed our skills towards defined market sectors. This allows us to deliver our expertise into certain geographical regions where there is a match of skills and demand.

The group's experience as an established contractor to the African region has led to a preference not to undertake public works in certain African regional territories. However, the group has developed a successful strategy and strong track record of working in the African private resources sector.

Furthermore, the group has exceptional growth opportunities in the Middle East through its joint venture entity in Dubai and in Eastern Europe through the Intertoll brand.

The table below outlines the key target sectors where the group has the required skills and expertise.

INTERNATIONALISING

Over the last few years, the group has internationalised its thinking and established a modus operandi in international territories.
As people are key to our success, our recruitment strategy has been one of a mix of permanent and limited duration employees and a balance between South African, local indigenous and expatriate employees recruited internationally.

Our defined international markets do not rely on many South African resources and therefore offer routes to growth that allow us to maintain and grow a strong home market business in South Africa, whilst being able to support a growing international business.

OUR PRIMARY INTERNATIONAL FOCUS FOR F2009/F2010 WILL BE AROUND THE AFRICAN RESOURCES AND POWER MARKET, THE MIDDLE EAST AND EASTERN EUROPE.

TARGET MARKETS

AFRICAN PRIVATE SECTOR	SOUTH AFRICAN PUBLIC SECTOR	SOUTH AFRICAN PRIVATE SECTOR	MIDDLE EAST AND EASTERN EUROPE
• POWER • MINING • OIL AND GAS	• POWER • WATER AND ENVIRONMENT • PUBLIC INFRASTRUCTURE • TRANSPORT, INCLUDING: – ROADS – AIRPORTS • CONCESSIONS	• POWER • MINING • INDUSTRIAL • REAL ESTATE • OIL AND GAS	• POWER • ROADS • AIRPORTS • INDUSTRIAL • CONCESSIONS

STRATEGY (CONTINUED)

This has resulted in a growing international employee base that can be deployed across regions in the event of cyclicality in markets.

Furthermore, the group has already established strong expertise in Africa in specific construction skills, with the innovative delivery models described in this report. This includes experience in large plant building, specifically mining plant and associated infrastructure in difficult locations and, with one of our partners, General Electric, for regional power solutions. These two areas of expertise can be executed almost anywhere within the group's risk guidelines. This has been demonstrated over the last five years in Africa and recently in the Middle East.

We therefore believe that our primary international focus for F2009/F2010 will be around the African resources and power market, territories where governments have seen the economic opportunity of growing private industrial and services hubs, and the Middle East and Eastern Europe.

We will further develop our presence in the Middle East over the next financial year, supported by the unprecedented capital expansion that continues in the region. The already very successful Dubai civils business will be expanded and could include building, engineering and manufacturing units in the near future.

The over-riding consideration to all these actions remains ensuring that all activity is aligned to our strategy, complies with our territorial and risk processes and meets our financial targets.

The group is focused on all four sectors of the power market in Africa.

KEY POWER FOCUS SECTORS

ESKOM

BASE LOAD, MID MERIT AND PEAKERS

- ACTIVELY PARTICIPATE IN ESKOM TENDERS
- ACTIVELY PARTICIPATE IN MAIN EQUIPMENT SUPPLY TENDERS

CO-GENERATION

BASE LOAD AND EMERGENCY

- ACTIVELY PARTICIPATE IN CONSORTIUM BIDS
- DEVELOPMENT OF OWN CONTRACTS

IPPs*

BASE LOAD AND MID MERIT

- DEVELOPMENT OF AND PARTICIPATION WITH DEVELOPERS IN INNOVATIVE INDEPENDENT POWER CONTRACTS

INDUSTRIAL

PRIVATE INDUSTRIAL POWER

- RENTAL POWER
- SUPPLY AND INSTALL

** Independent power projects*

OPTIMISING POWER

Group Five has been building its capacity and experience over the last few years in the power sector in the sub Saharan and Middle East regions. Through this experience, we are therefore now well positioned to play a leading role in supporting the South African initiatives of Eskom, local government and the private sector.

The 6%+ growth rate of economies in Africa, set to be sustainable based on improving levels of governance and economic management, coupled with the massive infrastructure backlog, means that basic human services like power, water and

OUR DEFINED MARKETS DO NOT RELY HEAVILY ON MANY SOUTH AFRICAN RESOURCES AND ALLOW US TO MAINTAIN AND GROW A STRONG HOME MARKET BUSINESS IN SOUTH AFRICA, WHILST BEING ABLE TO SUPPORT A GROWING INTERNATIONAL BUSINESS.

housing will have a positive influence on the group's opportunities, given its African footprint.

Power is a strong focus for the group following its success as an African mining and energy resources constructor. Engineering Projects, in particular, is forecast to grow by at least 25% per annum in the next few years.

In line with this, Group Five has committed resources to the Eskom base load power contracts in South Africa and is bidding for various work packages directly to Eskom and as a civil engineering, electrical and mechanical construction partner to the main generating equipment suppliers. This applies to both the coal-fired and nuclear programmes. Group Five's Civil Engineering and Engineering Projects clusters were major contractors to Eskom during its last major upgrade programme.

Separately, the group is aligned with GE and other equipment suppliers for certain technology offers. These include engineering turnkey and alliancing construction opportunities for gas or liquid-fired power plants and possible small hydro stations. Our experience in the construction of African power plants with GE will stand us in good stead.

PRIVATE POWER EXPERIENCE

Group Five has significant experience in power markets. See below the areas the group has been involved in.

> THE OVER-RIDING CONSIDERATION IN ALL OUR ACTIONS REMAINS ENSURING THAT ALL ACTIVITY IS ALIGNED TO OUR STRATEGY, COMPLIES WITH OUR TERRITORIAL AND RISK PROCESSES AND MEETS OUR FINANCIAL TARGETS.

CONCLUSION

Group Five's strategy of a balanced business portfolio that is founded on market-driven opportunities that support the group's financial targets, has been instrumental in delivering sustained growth. F2008 has been another year of high growth, coupled with a more aggressive positioning in key sectors and high growth markets.

Management's focus going into F2009 will be on continuing to drive the established portfolio and the integrated business model towards infrastructure and resource contracts in our home regions and specifically, but prudently, in those target international markets where we have an established base.

GROUP FIVE – RECENT EXPERIENCE IN POWER

The group has significant experience in the power and energy sectors.

The group's first power contract was in F2005 when General Electric requested assistance with the urgent installation of a gas turbine in the Middle East. From this, Group Five Energy emerged.

Over the last three and a half years, the group won power contracts worth over R1,5 billion. These have included:

- An 18 Megawatt (MW) emergency supply installation at Wassa gold mine in Ghana
- The Ibom power contract in Nigeria
  - This 180 MW contract, fuelled by natural gas, involved the engineering, supply and installation of three gas turbines
- The second design and construct turnkey Nigerian independent power project (IPP) from Geometric Power
  - The 120 MW Aba power contract in Nigeria consists of three gas turbines fuelled by natural gas from Shell Nigeria
- Following the awarding of this contract, the power crisis shifted to our home territory, South Africa, where power outages became a daily experience. In line with this, the group acted as founder anchor investor in Jozi Power, a niche company focused on supplying between 1 – 10 MW standby power and power rental solutions to mining and industrial customers

South African contracts include:

- A captive power contract from PowerAlt, a South African developer. This contract provides 11 MW of power using gas engines fuelled by "syngas" from Sasol Secunda
- The engineering and turnkey installation of 202 MW gas turbines at Sasol Synfuels' Secunda operation
- Thos Begbie power contract in Middelburg

At present, Group Five is working on further opportunities throughout South Africa, Africa and Eastern Europe.

RISK MANAGEMENT

MOST NOTEWORTHY ACHIEVEMENTS DURING PERIOD UNDER REVIEW:

> **Continuous reduction in loss-making contracts to below world norms**
> **The successful implementation of Phase I of the STARS risk management system, resulting in an increase in the formalisation of risk documentation**

In the F2007 Annual Report, the group outlined areas that required attention in terms of risk. Find below how these were addressed, as well as new challenges and how these will be addressed going forward:

F2007 CHALLENGES	F2008 DELIVERY	F2008 CHALLENGES	ACTIONS TO ADDRESS THESE
The value of loss-making contracts were high, despite being about 20% down on the previous year	Halving of our loss-making contract ratio through more formal systems to below world norms	Roll out and implementation of Phase II of contract lifecycle and STARS	Appointment of dedicated employees at corporate office and business units to drive the implementation Group training and workshops
Training employees to fully understand risk management	Various training initiatives have been run this year through the group risk department, The Group Five Academy and external institutions An internal Group Five risk awareness survey was conducted to establish current levels of understanding	To drive the risk awareness campaign below senior management levels	Presentations and workshops to middle management and site-based employees

INTRODUCTION

The group's risk management framework is holistic, covering the four key areas of strategic, operational, contract and compliance risk. To enhance the likelihood of success of any risk process adopted by the group, management strive to ensure that any group risk process or tool is:

- Value adding
- Robust
- User friendly
- Flexible
- Current

All entities face uncertainty, and the challenge to management is to determine how much uncertainty should be accepted in our drive to grow stakeholder value. Risk management enables management to effectively deal with uncertainty and the associated risks and opportunities flowing from these, thereby enhancing the capacity to build value in a sustainable manner.

Group Five's risk management encompasses the following:

- Aligning risk appetite and strategy – The management team considers the group's risk appetite and its risk bearing capacity in evaluating strategic alternatives, setting related objectives and developing mechanisms to manage related risks
- Enhancing risk response decisions – Risk management provides the rigour to identify and select between alternative risk responses – risk avoidance, reduction, sharing and acceptance
- Reducing operational surprises and losses – The group focuses on enhancing our ability to identify potential events and to establish responses, reducing surprise and associated costs or losses
- Identifying and managing multiple and cross-business risk – Risk management facilitates effective responses to the inter-related impacts and integrated responses to multiple risks
- Seizing opportunities – By considering a full range of potential events, management are positioned to identify and pro-actively realise opportunities
- Improving deployment of capital – Obtaining robust risk information allows management to effectively assess overall capital needs and enhance capital allocation

ROLES AND RESPONSIBILITIES

The overall group policies and appetite are established by exco, reviewed and approved by the board, and then communicated throughout the group. Employees promote compliance and manage risks within their spheres of responsibility through a formal authority policy.

BOARD OF DIRECTORS

- The board is ultimately responsible for risk management
- It is aware of, and concurs with, the group's risk appetite
- It reviews the portfolio view of risk and considers it against the risk appetite
- It is appraised of the most significant risks and whether management are responding appropriately

GROUP RISK OFFICER

- Monitors the group's entire risk profile, ensuring that major risks are identified, reported and monitored
- Assists the board in fulfilling its responsibilities
- Directs the execution of the risk management process
- Assists line management to implement the risk management architecture and ensures that it is updated regularly to address new elements of risk in the group

THE GROUP'S RISK MANAGEMENT FRAMEWORK IS HOLISTIC, COVERING THE FOUR KEY AREAS OF STRATEGIC, OPERATIONAL, CONTRACT AND COMPLIANCE RISK.

MANAGEMENT

- The CEO and exco are responsible for ensuring that all risk management policies and procedures are in place
- Senior managers in charge of business units have responsibility for managing risks related to their unit's objectives
- They guide the application of risk management, ensuring application is consistent with the group's risk tolerances
- Each manager is accountable to the next higher level for his portion of risk management, with the CEO ultimately accountable to the board

RESPONSIBILITY MATRIX

The matrix below indicates the relevant responsibilities in terms of risk management.

RESPONSIBILITY MATRIX

X = Only if extreme/material

RISK TYPE	BOARD	BOARD RISK COMMITTEE	EXCO	MANCO	BUSINESS UNIT MDs	BUSINESS UNIT RISK MANAGEMENT CO-ORDINATOR	BUSINESS UNIT DIRECTORS	DEPARTMENT MANAGERS	INTERNAL AUDIT	GROUP RISK OFFICER	RISK LEVEL
STRATEGIC	X	X	X	X	X					X	GROUP
OPERATIONAL	X	X	X	X	X	X	X	X	X	X	BUSINESS UNIT
CONTRACT	X +R500m contracts	X +R100m contracts over-border	X		X	X	X	X	X	X	SITE
COMPLIANCE					X	X	X	X	X	X	FUNCTIONAL/ DEPARTMENT

RISK MANAGEMENT (CONTINUED)

OTHER EMPLOYEES

- Risk management is an explicit or implicit part of each employee's job description
- Employees are informed of the group's risk management philosophy, policies and procedures
- Channels outside normal reporting lines are available to report improper activities

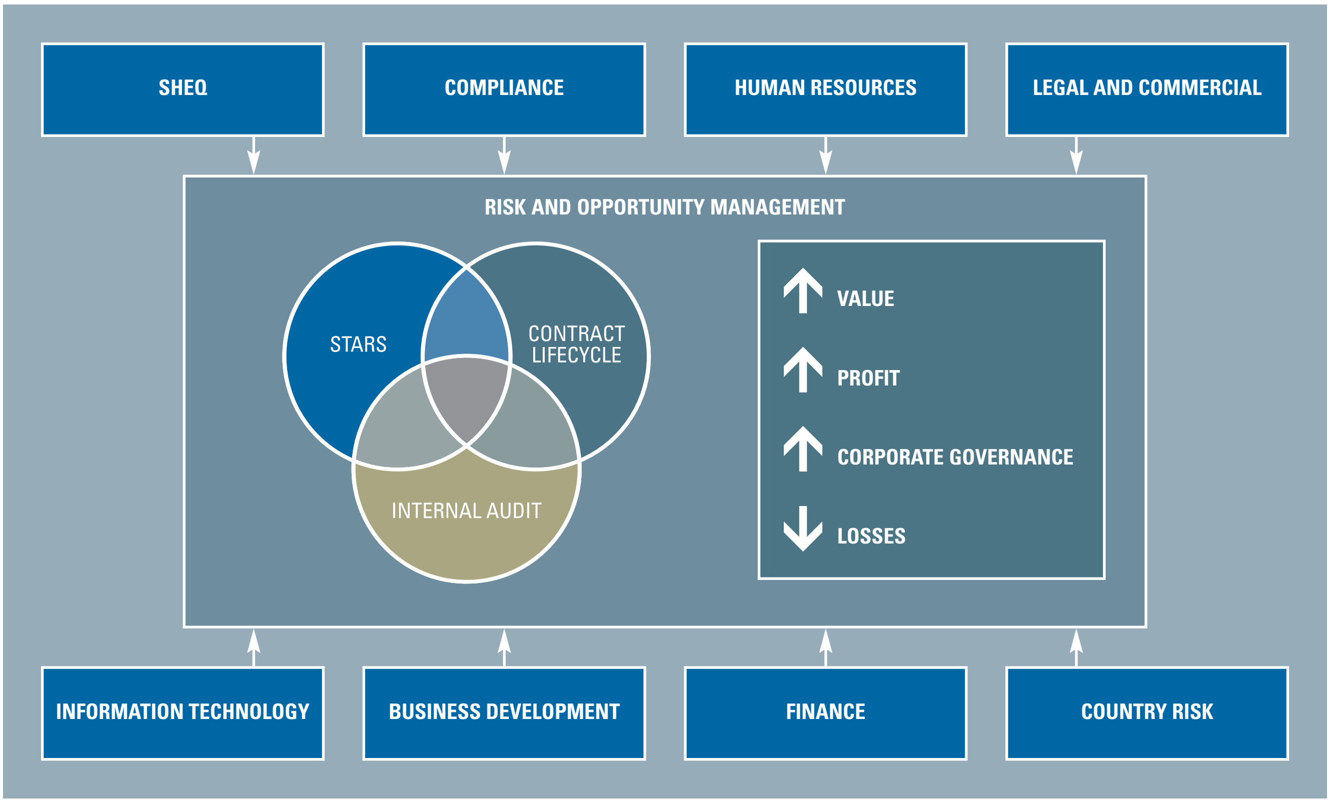
THIRD PARTIES INTERACTING WITH THE GROUP

- Mechanisms, such as the group's anonymous tip-offs line, are in place to receive complaints from parties interacting with the group
- Complaints are investigated and decisive action taken
- For outsourced activities, management implements formalised programmes to monitor these activities, such as specific service level agreements

INTERNAL AUDIT

- Internal audit does not assume the line functions or responsibility for systems and processes of risk management, but assists the audit committee and management in the monitoring of risk management in the group
- Internal audit also monitors, through its own assurance processes, the progress of business units in managing their risks in co-ordination with the group risk officer

RISK AND OPPORTUNITY MANAGEMENT INTEGRATION MODEL



SYSTEM OVERVIEW

STARS SYSTEM

Group Five is in the process of implementing a world-class risk management framework and system – the STARS system – to ensure that risks are formally:

- Identified and assessed
- Monitored, managed and mitigated
- Reviewed and reported

The new system builds on Group Five's already established risk management processes by providing a more formal and documented approach to identify, record and rank risks, as well as tracking and reviewing risks on an ongoing, real time basis.

During this year, Phase I was implemented and rolled out. It is updated quarterly. Phase I covered the identification and management of the group's operational risks. Strategic and contract specific risks will be covered in forthcoming phases.

The second phase of the STARS system implementation – contract risk – is currently under way. The implementation is being done in conjunction with the group's contract lifecycle (see page 24). The business development and estimating templates are due to be completed and implemented by the end of August 2008.

The general benefits of implementing the STARS system and approach will be:

- Greater structure and diligence in the way risk-related data is gathered, categorised and reported, which yields the following additional business impacts:
  - Reduce the risk of accidents, resulting in saved lives and money
  - Reduction and elimination of loss-making contracts
  - Reduction in penalties
  - Risk-based internal audits
  - A certain level of competitive advantage, such as better risk management, which lowers the probability of business failures
- Lower total cost of risk, such as the costs involved in securing the following:
  - The cost of securing business continuity (for example, minimal downtimes)
  - The cost of reducing slippage and wastage
  - The cost of forecasting and executing foreseeable risk exposures
  - The cost of insurance claims made each year, resulting in lower premiums
  - The cost of securing guarantees and loans that are based on business confidence
  - The cost of securing stakeholder confidence

> *Group Five is a sponsor of the International Engineering and Construction Risk Institute (ECRI)*

RISK MANAGEMENT (CONTINUED)

The contract lifecycle model defines those activities required at each phase of the six contract phases to successfully complete a contract. Also, through integration with the company's risk management model, it is ensured that the critical risk areas such as legal, commercial and financial issues are mitigated or managed effectively before advancing to the next phase of the lifecycle.

The contract lifecycle model is currently being implemented across all construction businesses. By providing consistent policies and procedures and by introducing a standard method of execution to ensure reliability and quality, the uncertainty in contract management is reduced, which subsequently results in cost savings.

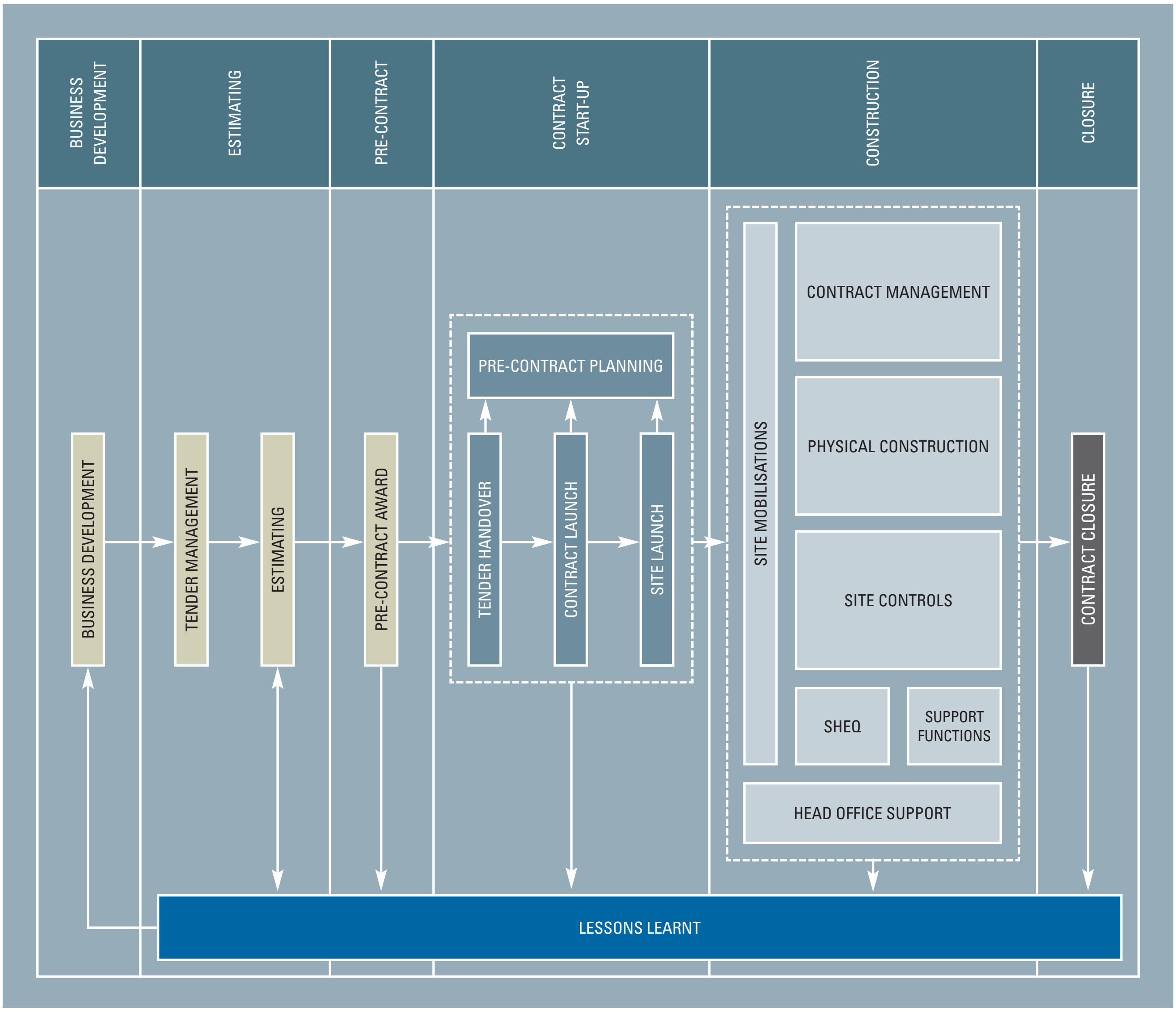
Going forward, audit outputs will be recorded and housed within a framework to ensure that pertinent and useful information is shared among all businesses.

The implementation process commenced in April 2008 and is due to be completed in November 2008.

CONTRACT LIFECYCLE

The contract lifecycle is the main stream of the risk and opportunity management integration model adopted by the group, alongside internal audit and STARS.

CONTRACT LIFECYCLE



RISK CULTURE

The successful implementation of the risk management system is reliant on a strong risk management culture. We have implemented various initiatives to raise the level of risk awareness throughout the group:

- Risk website on the intranet
- Risk news briefs
- Posters
- Presentations and risk workshops
- The risk slogan "Risk Management Starts with You" has been included in the group's "Stop for Safety" campaign

A risk culture survey was recently conducted to assess the level of risk awareness within the group. The results of the survey will be consolidated and published by the middle of August 2008 and will be used as a basis for enhancing our risk awareness campaigns. Surveys will be conducted on a six monthly/annual basis to assess the effectiveness of the risk management initiatives throughout the group.

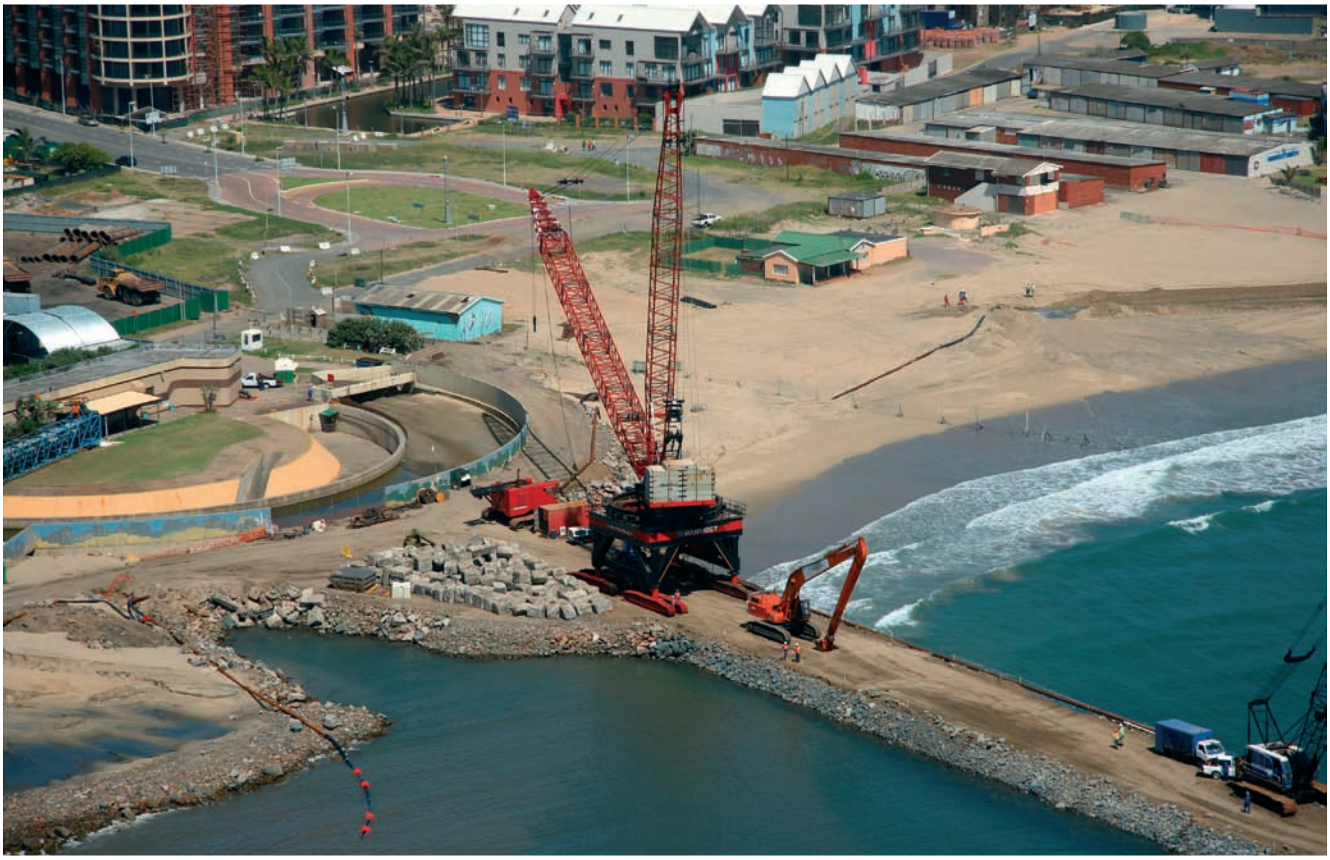
STRATEGIC RISK

Strategic risks include scenarios that would make a material difference to the group's ability to achieve its main objectives or to survive as a business.

SINCE IMPLEMENTING OUR FORMAL RISK PROCEDURES IN F2005, GROUP FIVE'S LOSS-MAKING CONTRACTS AS A PERCENTAGE OF TOTAL CONTRACTS HAS HALVED.

Although the board takes ownership of strategic risks, the risk committee, through the group risk officer, has responsibility for implementing the agreed strategies and action plans to manage the identified strategic risks.

Exco has embarked on an initiative to reaffirm the group's risk bearing capacity. Key elements assessed included the group's performance and the group's cash position and balance sheet, as these will indicate positive buoyancy in the group's ability to absorb risk-based events. Currently, the single largest drain on the group's risk-bearing capacity is the loss-making contracts that the group may be carrying at any one time, as these tend to absorb significant cash resources.



> *Contract lifecycle is the main stream of the risk and opportunity management integration model*

RISK MANAGEMENT (CONTINUED)

This model will be developed over the coming year and, once established, enable management to better assess its strategic risks and resultant decisions.

CURRENT STRATEGIC RISKS

RISKS	ACTIONS TO BE TAKEN
Delay of private sector opportunities due to power issues, interest rates and political uncertainty	> Expand geographical footprint within South Africa > Pursue private public partnership (PPP) opportunities > Pursue public sector work and design and construct opportunities > Pursue power station opportunities and associated infrastructure work > Expand Middle East operations and over-border mining construction work
Lack of transformation in senior management	> Identify and retain BEE candidates for attraction to the group or for internal development > Leverage the group black management shareholders' scheme > Roll out of transformation and culture change programme > Make transformation part of performance assessments at management levels
Joint venturing with our peers does not facilitate growth of emerging contractors	> Enterprise development plans with emerging contractors already in place > Expand the group's enterprise development partnerships
Increase in requirements for environmentally friendly buildings	> Technological research under way to implement improvements in processes > Pursue technology with specialist partners > Founding member of the Green Building Council of South Africa
South African residential market slowed	> Focus on government housing initiatives as a full development and construction partner to banks > Leverage size and experience to access mining, power station housing and construction camp market
Skills shortage and retention of staff	> Significant recruitment drive in place > The Group Five Academy is a retention opportunity > Skills are being developed internally through construction schools > Culture change programme in place and remuneration mix amended > Strategy involves increased focus on Construction Materials and Manufacturing, as well as mega contracts, all less labour intensive
Soaring commodity prices	> Procurement strategies will include bulk purchasing, fixing prices, letters of credit and upfront buying > Maximise synergies with the group's internal steel and materials supply businesses > Ensure all contracts have escalation provisions
Country compliance	> Secure local smart partners in each country > Compliance team for each country has been further strengthened
Potential Chinese invasion of the African SMEIP* market	> Embrace Chinese competitors with smart partnering initiatives
Political stability in South Africa and other African countries	> The group constantly monitors the situation through its risk processes for every tender
Buoyant Eastern European toll road market is attracting new competitors	> Establish ourselves as the technological partner of choice in that region > Strengthen working relationships and strategic alliances with existing partners
Deal flow on PPPs has slowed due to inflationary issues and complex funding arrangements	> Find new funding initiatives to enhance the likelihood of these contracts materialising

** Structural, mechanical, electrical, instrumentation and piping*

OPERATIONAL RISK

- For the most part, these risks affect, and are managed by, the operating business units across the group. Due to the diverse nature of Group Five's operations, these risks can vary significantly. However, the following is common to all business units:
  - A shortage of resources (both human capital and materials input)
  - Inflation
  - Commodity price volatility

CURRENT OPERATIONAL RISKS

RISKS	MITIGATION ACTIONS
> A shortage of resources	> Significant recruitment drive in place > The Group Five Academy is a retention opportunity > Skills being developed internally through construction schools > Culture change programme in place and remuneration mix amended > Strategy involves increased focus on Construction Materials and Manufacturing, as well as mega contracts, all less labour intensive
> Inflation	> The group has re-evaluated its hedging policy to protect not only against rising prices, but also against a volatile currency market
> Size and concentration of contracts – Large contracts over R1 billion is now the norm	> Pricing the perceived risk > Passing it back to the client through the terms and conditions of the contract > Implementing an alliancing or partnering model where risks are shared or passed to the party best able to manage these

POWER CRISIS IN SOUTH AFRICA

During the year, one of the major risks that faced the group in our South African operations was that of the unexpected national power shortage. The following is an executive summary of the impacts and actions:

IMPACT	MITIGATING ACTIONS
Manufacturing: > Potential negative impact due to interruption in manufacturing process	> Everite has a dedicated supply from Eskom and power cuts were minimal > Temporary power supply is installed to run critical parts of the plant
PDS and Building and Housing > Negative impact due to slowdown in economy and sector > Effects seen during the year with some contracts being put on hold > On the supply side, delays and possible price increases will be experienced > Downtime may cause contract delays	> Going forward, contracts will be tendered so that the risk of power shortages during construction will situate with the client > The group's property portfolio is mostly A-grade in secured urban areas > Moving capacity to infrastructure contracts
Civil Engineering > This is both a threat and an opportunity > With high volumes of materials such as cement, steel and bitumen, delays and cost increases can be amplified > However, we are very well placed in terms of Eskom's programme to build new power plants	> Fortunately, about 30% – 40% work is over-border and unaffected > In South Africa, current contracts have escalation clauses that allow some recovery of price escalations > See pages 18 and 95 for details on our power programmes
Engineering Projects > Engineering Projects is least affected as almost 100% is over-border work. For Group Five Energy the power crisis presents huge opportunity	> See pages 18 and 95 for details on our power programmes

RISK MANAGEMENT (CONTINUED)

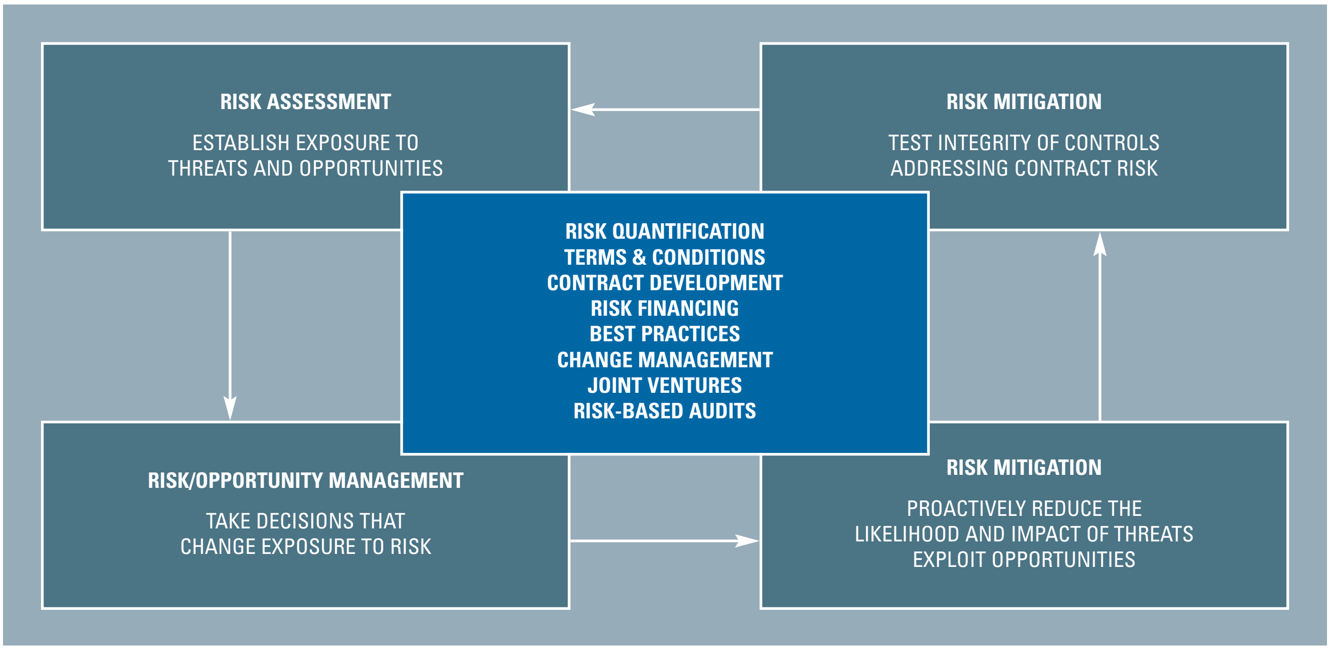
As part of the group's drive towards best practice, Group Five became a member of the Engineering and Construction Risk Institute (ECRI) in F2006. This institute is made up of more than 40 global construction companies and strives to optimise sound risk management in the engineering and construction industry. This is aimed at improving performance and predictability of construction contracts, enhancing the long term health of the engineering and construction sector and the value to its clients and other stakeholders.

Best practices are continually updated by the institute and Group Five adopts these processes as they are released.

ECRI RISK MODEL

The ECRI risk model strives to establish the best practice in each of the identified areas. The general standards set by the institute have been incorporated into Group Five's revised contract lifecycle, ensuring that risk management is practiced throughout the cycle of a contract.

ECRI RISK MODEL



According to the KPMG Global Construction Survey of 2008, the top causes of contracts that are over budget and/or schedule are:

- **Scope changes**
- **Inaccurate estimating**
- **Poor risk identification and management**
- **Unforeseen cost/price escalation**
- **Contract mismanagement**
- **Technology issues**
- **SHE issues**
- **Geo-technical/unforeseen ground conditions**
- **Weather**
- **Inappropriate/unqualified teams**
- **Inappropriate terms and conditions of contract**

At Group Five, we manage these risks in the following way:

RISKS	MITIGATING ACTIONS
Scope changes	> Manage client's professional team, ensuring that they are aware of the implications of scope changes > Ensure our site employees are aware of the terms and conditions of contracts pertaining to variations to protect our interests
Inaccurate estimating	> Continuous collection of data pertaining to cost > Programmes to ensure our estimates match actual performance on site
Poor risk identification and management	> Implementation of the STARS risk management system
Unforeseen cost/price escalation	> Terms and conditions of contracts that allow for payment of actual cost > Advance payments from the client that allow for early buying and other procurement initiatives that lock in prices going forward
Contract mismanagement	> Implementation of the contract lifecycle to ensure best practice on all our contracts > The Group Five Academy continuously runs construction management and leadership training programmes
SHE issues	> Adoption of OHSAS and ISO standards on all our sites > Dedicated safety employees on sites > Stop for safety campaign > Zero harm philosophy
Geo-technical/unforeseen ground conditions	> Transfer risk to client through terms and conditions of contact
Weather	> Transfer risk to client or price and programme the pre-determined risk
Inappropriate/unqualified teams	> Continuous training and selection of appropriately qualified staff to deliver contracts
Inappropriate terms and conditions of contract	> Offer standard terms of contracts to clients we are familiar with > Allow external specialists to evaluate unfamiliar conditions of contracts

RISK MANAGEMENT (CONTINUED)

CONTRACT RISK

Risk is inherent in all contracts. Each contract is unique in its size, type and location, which is very different from a typical manufacturing environment that operates in permanent facilities with long production runs.

The group's revenue is therefore dependent on the success of individual construction contracts where unmanaged risks can result in losses. Risks and opportunities in the construction industry are not symmetrical, as a well-executed contract can render margins of 1% or 2% above expectation, whereas a loss-making contract will usually result in a considerably larger negative deviation.

The group is proud of the fact that, since implementing its formal risk procedures in F2005, Group Five's loss-making contracts as a percentage of total contracts has halved. All contracts are put through a rigorous risk filter process and assessed by an independent risk committee of the board if above R500 million in value or to be executed outside of South Africa.

Risk management is undertaken on contracts through the implementation of five key processes within the six stages of a contract lifecycle:

- The identification of contract risks
- The logging and prioritising of contract risks
- The identification of risk mitigating actions
- The assignment and monitoring of risk mitigating actions
- The closure of contract risks

A risk strategy outlines potential contract risks and provides a set of actions to be taken to prevent the risks from occurring and to reduce the likely impact. This includes:

- A risk register of all the foreseeable risks during the contract
- A rating of the probability of the risks occurring
- A rating/valuation of the impact on the contract if each risk occurs
- A priority rating of the overall importance of each risk
- A set of preventative actions to reduce the probability of the risks occurring
- A set of contingent actions to reduce the impact if the risk should happen
- A process of managing risks throughout the contract lifecycle

Risks are identified at each phase of the contract lifecycle, starting with the business development phase and ending at the closure phase. The STARS system is used to capture both risks and critical contract information that is currently being completed manually on various documents. For example, the bid opportunity form is completed for management to determine whether to submit a tender/bid for the contract. The bid opportunity form is completed on STARS, which results in a consolidated database of all contract information with the initial risks being captured on the risk register. This document is then tabled before a formal review committee (and the board if the contract is over R500 million) for approval. The committee is entitled to amend the bid or reject it in its entirety.

As the contract moves through the various stages of the contract lifecycle, the risk register is updated with the following:

- New risks
- Progress on action plan
- Closure of completed risks

Analysis of loss-making contracts is key to the group's ability to improve its delivery going forward. As such, the post mortem phase of the contract lifecycle will receive renewed attention in the forthcoming year.

COUNTRY RISK MANAGEMENT

The main purpose of the country risk management function is to assist business areas, clusters, units and the group to manage non-operational risks inherent in all contracts and to ensure compliance in each country.

As part of the group's international strategy, the macro-economic, political and operating environments of each of the countries where operations are currently conducted or being considered, are evaluated on a regular basis.

These factors play a significant role in the decision to pursue or reject viable opportunities in such jurisdictions.

These reviews are performed using the unique country-risk rating system developed by Global Insight, an international organisation that monitors the stability of counties around the world. The system – under which the political, economic, legal, tax, operational and security environments are separately rated in each country – provides a comprehensive picture of the quality of conditions and level of stability encountered by investors in each country.

A country with a high risk rating is where businesses face continual threats to their operations, either from direct physical intervention or because of the poor underlying conditions and stability.

The group will only choose to operate in a high risk environment if the identified risks are deemed not relevant or can be adequately mitigated and if the threats are countered by an exceptional opportunity that has been independently assessed by the risk committee. Examples of these can be found in the DRC where we work for reputable private sector clients at favourable rates in selected lower risk territories.

Operational issues inherent to operating in most African countries include:

- Poor communications systems
- Sparse infrastructure
- Variable quality of labour force
- Energy deficits
- Bureaucracy and corruption

The group's strategies for mitigating these factors include:

- Satellite and other alternative communications systems
- Training programmes for local labour

- Employing expatriates in technical positions where local candidates are not available
- Self-sufficient energy generation (such as use of generators)
- Having a country risk team responsible for compliance with all regulatory requirements
- Formal and enforced Code of Ethics

Before any opportunity can be pursued outside of South Africa, a formal country risk review must take place to ensure the particular country fits the group's risk profile. The kind of questions that need to be answered in the operational field are for example:

- Are local sub-contractors readily available?
- What is the level of competition in the country?
- What are the logistics in securing materials/plant?
- Can we transport requirements to the site?
- What other South African companies are operating in the region?
- What is the record of contract implementation in this country?
- What is the implication of local weather patterns?
- Are there specific fire/explosive regulations which require special attention?
- Are bulk/collector services in place to support implementation of this contract?
- Is support to our employees sustainable over the contract period?
- Are there clear environmental regulations?
- Do contracts generally experience excessive delays in environmental approvals?

Day-to-day compliance with local laws and regulations is an integral part of our risk management process. During the year, two compliance managers were appointed to join the country risk director. The team addresses compliance requirements within each legislative environment in which we operate, as well as extract opportunities in these countries by focusing on issues such as inward investment schemes.

The compliance managers work closely with the country finance administrators, located in each country. They are responsible for legislative returns, making required monthly payments and highlighting any compliance-related issues.

A detailed pack is given to finance administration, setting out tax and other compliance obligations. These guidelines are distributed to the operational contract teams to assist with the execution of contract requirements.

The country risk director is actively involved in the pre-contracting phase of contracts. This entails:

- Providing information to exco to allow them to devise a strategy for investment in Africa and the Middle East, based on economic prospects, country risks and other relevant factors
- Evaluating political, economic, operational, tax, legal and security risks in countries where specific opportunities have been identified

THE MACRO-ECONOMIC, POLITICAL AND OPERATING ENVIRONMENTS IN EACH OF THE COUNTRIES WHERE WE OPERATE OR CONSIDER OPERATING, ARE EVALUATED ON A REGULAR BASIS.

- Researching and advising business units of the appropriate legal vehicles to be used for tendering and contracting purposes
- Advising on taxes and other relevant costs to be included in tender prices
- Advising on the tax-efficient structuring of contracts
- The ongoing monitoring of the implementation of the above

The country risk director and compliance managers visit the various countries on a regular basis, ensuring first-hand knowledge of local events and issues.

COUNTRY RISK DATABASE

A country risk database has been established on the Group Five intranet, which contains:

- Links to websites with country data
- Links to the group risk filter and procedures to the STARS risk management system
- A country risk section, containing:
  - A downloadable risk report, outlining political, economic, tax, legal, operational and security risks, as well as allocating a risk rating per category
  - A tax, legal and regulatory environment document containing detailed information on the relevant tax and other compliance requirements per country
  - A structuring sheet summarising registration and licence requirements and relevant taxes, identifying the most appropriate entity for purposes of tendering in the specific country and highlighting tax-saving opportunities
  - A labour regulatory environment document, addressing social security, medical aid, UIF and other labour requirements, as well as safety rules and labour legislation

The group has ten years' experience in Africa and has delivered numerous successful contracts. The group has therefore demonstrated over the years that we have mitigating actions in place to combat risks, which will enable us to maintain a sustainable presence in Africa.

We intend expanding our footprint in select African territories to take advantage of this lucrative market that continues to grow at 6% and more. More information on our strategy is on page 9.

RISK MANAGEMENT (CONTINUED)

SAFETY, HEALTH, ENVIRONMENT & QUALITY (SHEQ)

Group Five has formalised and standardised group safety and health policy standards and procedures with the objective of fully integrating safety, health and environmental management assurance into one SHE management system.

To date, integration of the safety, health and environment systems has been a great success. Quality assurance systems remain exclusive to business units due to the varying technical elements. However, during the year under review, progress was made in terms of the roll out of the contract lifecycle programme, resulting in the standardising of document presentation and document controls. The group objective remains to advance towards implementing a corporate management system that will provide a support system to address the entire spectrum of SHE controls.

The group decision to recommit to zero harm to ensure its business contributes to society through the consideration of health, safety, social, environmental, ethical and economic aspects in all company decisions and activities are evident in the results that Group Five achieved in F2007 – F2008.

A comprehensive SHEQ report on can be found on page 160.

FINANCIAL RISK

To ensure that financial risks associated with financial instruments to which the group is exposed to, both off and on balance sheet, are managed effectively, Group Five has established a comprehensive set of policies and procedures which are available on the group's intranet.

Financial risk is defined as the volatility relating to unexpected outcomes as a result of exposure to the change in the value of financial assets and financial liabilities. The four major areas of financial risk currently affecting Group Five are:

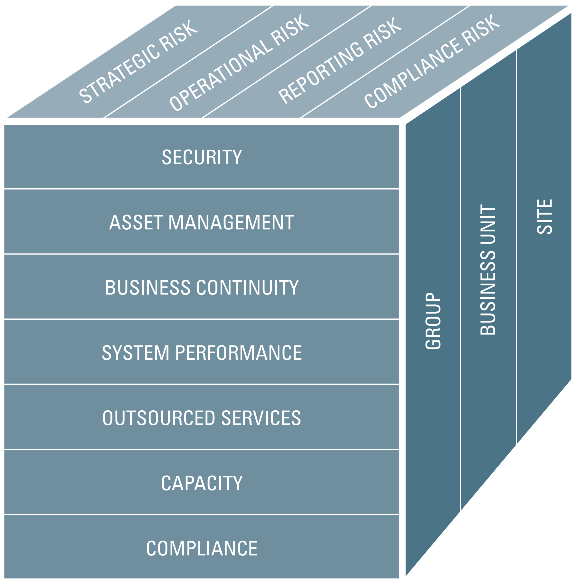
- **Currency risk:** the risk that the value of a financial instrument or proposed financial transaction will fluctuate due to changes in foreign exchange rates
- **Interest rate risk:** the risk that the value of a financial instrument will fluctuate due to changes in market interest rates
- **Credit risk:** the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss
- **Liquidity risk:** the risk that the group will encounter difficulty in raising funds to meet commitments associated with financial instruments

Further information on the financial risks to which the group is exposed to is disclosed in the annual financial statements of this annual report and discussed in the CFO Report on page 66.

INFORMATION TECHNOLOGY RISK FRAMEWORK

In the F2007 annual report it was communicated that IT operates within the following risk framework:

IT FRAMEWORK



The status of these material risk items remained unchanged in the F2008 year, with stringent internal controls being in place to mitigate these.

As part of our annual review of existing and new risks, the following existing risks that are now deemed as material are as follows:

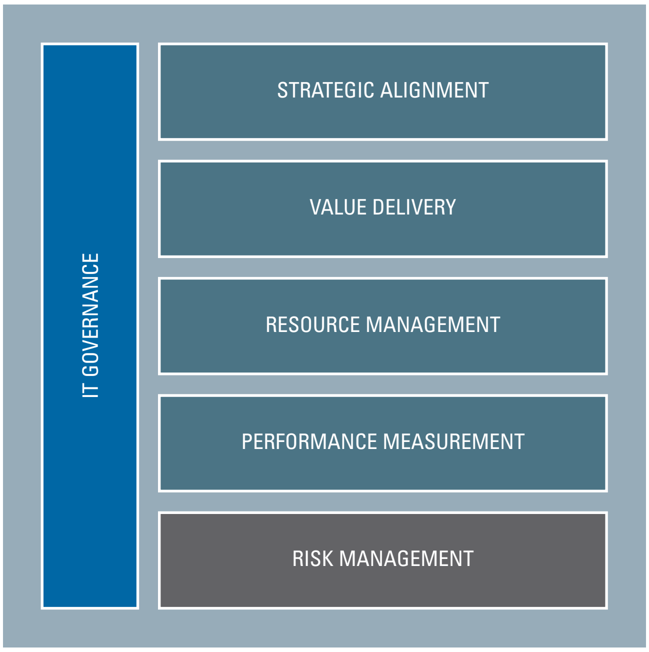
SECURITY

The past year has seen an increase in the number of available communications methods to connect to the group's network. Methods such as 3G and wireless are now freely available to network users and allow for easy access to the group's applications from multiple locations across Africa and Europe. With multiple access points to the group's network, there is a greater risk of a security failure than previously.

To address this risk, an increased emphasis has been placed on encryption standards and secure network tunnels into the group network. There were no security breaches in the current financial year.

RISK ENVIRONMENT

In further support of group IT's internal controls to mitigate risk, the Cobit framework was introduced into the IT environment. Cobit – Control Objectives for Information and Related Technology – is a set of best practices for IT management.



COBIT FOCUS AREAS

Cobit recognises five key IT governance focus areas, of which IT risk management is one. Cobit has provided group IT with a platform to define clear responsibilities and accountabilities and further refines IT risk management. Group IT is currently at a level three out of five maturity and would like to achieve a level of four in the following financial year.

INSURANCE

Considering the inherent risks facing a large multi-disciplinary organisation such as Group Five, the management team deems it prudent to transfer a certain amount of appropriate risk to reputable insurance organisations.

In line with sound risk management, Group Five only looks to our insurers for protection against losses which are, for the most part, catastrophic in nature.

In respect of physical construction risks, the group purchases works insurance in line with the risk and responsibility clauses within the specific contract conditions.

Aside from physical risks associated with contract works, the group also purchases a broad-form liability programme which is inclusive of professional indemnity for errors and commissions in design by Group Five and/or its sub-contractors.

Group Five continually benchmarks the limits of indemnity purchased against both local and international construction companies.

We are aware that our skills base is critical to the group's continued success. In line with the group's commitment to employees, Group Five annually reviews insurance covers relating to disability following injury, medical evacuation and medical aid for expatriates working outside South Africa. The group is committed to providing employee benefits that attract appropriate employees. We are considering proposals to introduce additional benefits into group life products that will provide a social benefit to beneficiaries.

Group Five combines its assets, plant and motor fleet insurance into one programme, underwritten by one of South Africa's leading insurance companies.

In the year under review, through increased focus and risk management, we have been able to reduce the number and quantum of claims under the majority of insurance classes. This has seen premium spend remain constant over the past three years, even though our turnover has doubled in the last year.

INTERNAL AUDIT

Internal audit reports directly to the group's board audit committee. The audit committee, together with the risk committee, strives to ensure that:

- The risk strategy reflects the views of the board
- The risk structure is appropriate to support the strategy
- Adequate controls exist in critical risk areas
- Risk registers are maintained, graded and reviewed from time to time

The board of directors is responsible for the group's systems of financial and operational internal control. To fulfil this responsibility, the executive directors ensure that management maintain accounting records and have developed, and continue to maintain, systems of internal control that are appropriate to the achievement of Group Five's business strategies.

The systems of internal control are founded on the basis that directors and employees are required to maintain the highest ethical standards, as outlined in the group's Code of Ethics, thereby ensuring that business practices are conducted in a manner which, in all reasonable circumstances, is beyond reproach. Refer to page 40 for the Code of Ethics.

Internal audit will also execute audits based on business unit and site risk evaluation and controls identified from the STARS risk system. The results of these audits are reported and reintroduced into the risk system to provide independent monitoring evidence on the controls implemented.

RISK MANAGEMENT (CONTINUED)

AS CAN BE SEEN FROM THE TABLE, THE VALUE OF OUR CLAIMS CONTINUES TO REDUCE YEAR ON YEAR DESPITE A SIGNIFICANT INCREASE IN TURNOVER, DEMONSTRATING THE EFFECTIVENESS OF OUR RISK MANAGEMENT PROCESSES.

CLAIMS ESTIMATED AND PAID FOR THE INSURANCE PERIODS F2005/F2006, F2006/F2007 AND F2007/F2008 PER CLASS OF INSURANCE:

CLASS OF INSURANCE	F2005/F2006 CLAIMS REPORTED		F2006/F2007 CLAIMS REPORTED		F2007/F2008 CLAIMS REPORTED	
	Number	Value R'000	Number	Value R'000	Number	Value R'000
Assets	17	1 961	24	862	24	2 407
Plant	19	2 511	13	5 343	9	928
Motor	68	1 942	57	2 194	56	1 703
Contract works	5	106	5	771	1	103
Personal accident	14	6 621	12	2 602	7	1 207
Fidelity guarantee	3	3 246	–	–	1	1 306
Public liability	19	269	17	921	12	100
Professional indemnity	–	–	–	–	–	–
Total	145	16 656	128	12 693	110	7 754

REGULATORY AND COMPLIANCE

MOST NOTEWORTHY ACHIEVEMENTS DURING PERIOD UNDER REVIEW:

- **Formulation and approval of a comprehensive compliance framework**
- **Formulation of a formal group Competition Law Policy**
- **All business units now comply with the Group Five SHE management system**

In the F2007 Annual Report, the group outlined areas that required attention in terms of regulatory/compliance. Find below how these were addressed, as well as new challenges and how these will be addressed going forward:

F2007 CHALLENGES	F2008 DELIVERY	F2008 CHALLENGES	ACTIONS TO ADDRESS THESE
The identification of which regulations the group needs to comply with, other than the obvious ones	Formulation and approval by exco of a comprehensive compliance framework which will enable the group to stay abreast of the regulatory framework and to ensure compliance The top ten critical pieces of legislation in each sector were identified Checklists in respect of the above legislation as a tool to aid awareness and assess compliance were formulated A formal group competition law policy was drafted	Effective roll out and implementation of the compliance framework throughout the business units	Appointment of compliance champions at a group and business unit level who will be responsible for driving compliance in a particular area Expanding the group commercial and legal forum to include compliance Training of employees through The Academy The compliance programme will form part of the STARS system and will be made available on the risk website through the intranet Conducting compliance audits Imposing a requirement for annual compliance certificates to be signed by the managing directors of the business units
Ensuring that sub-contractors comply with regulations	Standard requirements to be met by sub-contractors before engaging them	Consistency in monitoring compliance as sub-contractors are not Group Five employees	Making toolkits available to assist sub-contractors with compliance and the carrying out of compliance audits on sub-contractors

REGULATORY AND COMPLIANCE (CONTINUED)

INTRODUCTION

During the year, exco focused on ensuring that Group Five's local and international operations are compliant with an ever growing list of rules, regulations and legislation applicable to different aspects of the business.

FORMULATION AND APPROVAL OF A COMPREHENSIVE COMPLIANCE FRAMEWORK

The defined strategy to address this ongoing challenge, which was formulated and approved by exco during the year under review, can be summarised as follows:

- **Adoption of the overarching philosophy that compliance is the responsibility of each individual in the organisation**
  Exco recognised that, given the size and scope of the local and international regulatory framework with which the group is required to comply with, that effective compliance cannot be achieved by making one person in the group notionally responsible for compliance. Exco has committed to developing a culture where each person in the organisation is made aware through training programmes run by the group of:
  - The regulatory framework affecting the aspect of the business where the individual operates
  - The fact that it is the individual's responsibility to ensure compliance with the group's regulatory framework
- **Appointment of an overall group compliance champion to drive compliance**
  Although exco has accepted the principle that compliance is the responsibility of each individual in the organisation, it has also recognised the need for an overall group compliance champion to drive implementation. During the year, the group has decided that the group commercial and legal director is best placed to take on this additional responsibility. She will report to the board through the risk and audit committees on compliance throughout the group.
- **Division of responsibility for championing different sectors of compliance at group level and within the business units**
  In addition to the appointment of an overall group compliance champion, it has been agreed to appoint compliance champions at both group and business unit level for each sector of the business. This will include areas such as health and safety, quality, labour, finance, IT and environmental.
- **Categorisation of the compliance and regulatory framework**
  To assist in making compliance more manageable, it has been agreed to categorise the compliance and regulatory framework as follows:
  - Rules, regulations and legislation applicable only to the construction industry (local and international)
  - Rules, regulations and legislation applicable only to the manufacturing industry (local and international)
  - Other rules, regulations and legislation with which the construction and manufacturing industry must comply (local and international)
- **Identification of the ten most critical pieces of legislation in every sector**
  It has been agreed that as a first step, the top ten most critical pieces of legislation in every sector should be identified. Summaries of the key aspects of these pieces of legislation are to be prepared, together with compliance checklists. Formulation of formal policies regarding the legislation will be drafted where

It has been agreed to further sub-categorise the compliance and regulatory framework into the following sectors, each of which will have a compliance champion at both group and business unit level:

SECTORS	GROUP CHAMPIONS	BUSINESS UNIT CHAMPIONS
> Health and Safety	Group SHE manager	Business unit safety officers
> Quality	Group director – Quality	Quality systems managers
> Labour/human resources	Group HR director	HR directors
> Business/commercial – Corporate governance/ Company secretarial – Other	Company secretary (local) Group country risk director (international) Group commercial, legal and compliance director	Financial directors Directors
> Environmental	Group SHE manager	Business unit safety officers
> Operational	Respective chairpersons of Construction and Manufacturing opscos	Directors
> Information Technology	Chief information officer	Financial directors
> Finance, tax and insurance	Chief financial officer	Financial directors

this presently does not exist. As an example, see the formulation of the draft competition law policy on page 38.

Training to raise awareness and ensure compliance with these pieces of legislation will be rolled out through the group. In coming years, the list of legislation will be expanded.

- **The rating of the impact on the group of non-compliance with a particular provision**
  The legislation in each category will be rated as low, medium or high according to the impact of non-compliance with the particular piece of legislation.
- **Roll out of the compliance framework**
  Roll out of the compliance framework throughout the group will be driven by the group compliance champion through, among others:
  - The sector compliance champions at both group and business unit levels
  - The group commercial, legal and compliance forum
  - The construction and manufacturing opscos
  - The Group Five Academy
  - Training within the business units

Examples of local rules, guidelines, regulations and legislation in each sector against which compliance is seen to be critical, are as follows:

RELEVANT LEGISLATION

AREA	LEGISLATION
Health and safety	> Occupational Health and Safety Act and Regulations
Quality	> ISO 9001:2000 > ISO 14001:2004 > OHSAS 18001:2007
Labour/human resources	> Labour Relations Act > Employment Equity Act > Basic Conditions of Employment Act > Broad based black economic guidelines > Empowerment Act > Construction Sector Charter > Skills Development Levies Act > Skills Development Act > Compensation for Occupational Injuries and Diseases Act
Business/commercial Corporate governance/ Company secretarial Other	> Companies Act > Corporate Laws Amendment Act > King II Report on Corporate Governance > Competition Act > Public Finance Management Act > Preferential Procurement Policy Framework Act
Environmental	> Atmospheric Pollution Prevention Act > Environment Conservation Act > National Environmental Management Act
Operational	> National Building Standards and Building Regulations Act > Construction Industry Development Board Act
Information technology	> Electronic Communications and Transactions Act > Electronic Communications Act
Finance, tax and insurance	> International Financial Reporting Standards (IFRS) > Direct and indirect tax acts, including: – Income Tax Act – Value Added Tax Act – South African Revenue Services Act

REGULATORY AND COMPLIANCE (CONTINUED)

IN ADDITION TO THE APPOINTMENT OF AN OVERALL GROUP COMPLIANCE CHAMPION, IT HAS BEEN AGREED TO APPOINT COMPLIANCE CHAMPIONS AT BOTH GROUP AND BUSINESS UNIT LEVEL FOR EACH AREA OF THE BUSINESS.

The compliance programme will also form part of the group's internal risk system, the STARS system, and will be made available on the risk website through the intranet.

- Compliance audit
  To assist in the process of monitoring compliance, the group's internal audit will include legal compliance audits in their routine audits throughout the group.
- Compliance sign-off
  To monitor compliance, from the next financial year the managing directors of the business units will be required to complete annual compliance certificates. These will be submitted to the group commercial, legal and compliance manager who will report to the board through the audit and risk committees on the group's overall compliance with applicable legislation.
- Compliance website
  The group subscribes to a compliance website that provides monthly updates on South African legislation to assist the group in keeping abreast with new legislation.

FORMULATION OF FORMAL COMPETITION LAW POLICY

The Competition Act was identified as one of the key pieces of legislation with which the group needs to comply with, under the business/commercial (other) sector. The need for the formulation and roll-out of a formal group competition law policy was recognised, as this was not in place. A draft policy has been formulated and is expected to be formally approved and accepted by the group exco in August 2008.

The group competition law policy provides clear guidelines regarding both prohibited and acceptable business practices focusing particularly on the areas of pricing, tendering, market division, market dominance, relationships with competitors and suppliers. The policy also provides guidelines regarding the requirements for notification of and submission to the competition authorities of mergers and acquisitions.

The roll out of the group competition law policy will commence by way of a series of seminars attended by the directors and senior management teams of each of the business units. These seminars will serve to create an increased awareness and understanding of the provisions of this legislation and to provide clarity regarding the group's stance towards compliance with the competition law and the group's competition law policy.

The senior management of each business unit will be responsible for rolling out the policy within their respective business units. All employees will be required to familiarise themselves with the policy by viewing it on the group intranet.

Future induction training for new employees will include a section devoted to the competition law and the group policy. All future employment contracts will be amended to include a declaration that the employee agrees to adhere to and comply with all group policies, including compliance policies.

The group operates internationally and although the general principles of competition law across the globe are similar, the group competition law policy will need to be reviewed to ensure full compliance with competition legislation in foreign jurisdictions. This will be done in the next financial year.

The group's in-house training academy will annually present a one-day seminar comprising an introduction to competition law, the group competition law policy and relevant case studies. An abridged version of this seminar will be integrated into the Programme Management Development (PMD) course targeted at up and coming middle management.

A compliance audit schedule regarding competition law will be integrated into the annual compliance audit programme of all businesses conducted through group internal audit. The findings will be reviewed by the group audit committee. The group internal audit team will be trained in the particular application of this specific audit. This is envisaged to take place during the course of the next financial year.

JSE SRI INDEX

The group participates in the JSE Socially Responsible Investment (SRI) index. The index was launched by the JSE Limited to measure the performance of participating companies in relation to economic, environmental and social sustainability, as well as corporate governance. During the year under review, Group Five was assessed with about 40 other listed companies and came out as one of only 14 "best performers" in 2007.

SHEQ

During the year under review, the group obtained several SHEQ awards and all business units now comply with the group SHE management system. A dedicated quality officer has also been appointed.

BBBEE AUDIT

In the year under review, the group was audited for compliance against the BBBEE Scorecard contained in the Construction Charter.

ANTI-BRIBERY AND CORRUPTION MEASURES

In line with our Code of Ethics, we endorse and support a zero tolerance policy towards bribery and corruption. To this end, Group

Five is a signatory to the Partnering Against Corruption Initiative (PACI), an initiative of the World Economic Forum. The PACI encourages companies to develop and implement an effective programme to promote anti-bribery behaviour. In line with this, Group Five has formulated clear policies and procedures.

ANTI-FRAUD MEASURES

The group encourages each employee to take responsibility for reporting any dishonest activity witnessed. Such reporting can be done anonymously through Tip Offs Anonymous on 0800 00 48 11 or groupfive@ethics-line.com. The group has the necessary legal procedures in place to deal with dishonest and corrupt activities, such as disciplinary action, instituting civil action to recover losses, criminal prosecution and other legal routes.

ANTICIPATED STATUTORY AND REGULATORY DEVELOPMENTS

The most significant statutory and regulatory developments which will shortly affect the group are the new Companies Act, the promulgation into law of the Construction Charter, and the publication of the King III Report on Corporate Governance. The group is proactively preparing for the implementation of these.

TO MONITOR COMPLIANCE, FROM THE NEXT FINANCIAL YEAR THE MANAGING DIRECTORS OF THE BUSINESS UNITS WILL BE REQUIRED TO COMPLETE ANNUAL COMPLIANCE CERTIFICATES. THESE WILL BE SUBMITTED TO THE COMPANY SECRETARY WHO WILL REPORT TO THE BOARD THROUGH THE AUDIT AND RISK COMMITTEES.

REGULATORY AND COMPLIANCE (CONTINUED)

THE GROUP FIVE CODE OF ETHICS

GROUP FIVE'S CODE OF ETHICS RELATES TO OUR BUSINESS PRACTICES, AS WELL AS EXPECTED CONDUCT TOWARDS:

- OUR CUSTOMERS
- OUR EMPLOYEES
- OUR BUSINESS PARTNERS
- OUR SUPPLIERS
- OUR COMMUNITIES
- OUR ENVIRONMENT

GENERAL BUSINESS PRINCIPLES

- We will generate business through the application of knowledge of our markets, timeous delivery of quality products and services and by building sound client relationships
- We will act in good faith in the best interests of the group as a whole. This applies to both external and internal business dealings and working relationships
- We will operate within the laws of South Africa, codes of industry practice and standards laid down by statutory bodies
- We will operate within the laws and custom of any other country where we do business
- We will not resort to bribery to further our business interests
- We will keep accurate and reliable records, which fairly reflect all business transactions in keeping with South African GAAP
- No employee of the group is to pursue any private business interests that will conflict with those of Group Five either by way of competition or diverting attention from the business of the group
- We will declare any conflicts of interest that may arise, including employment of family members and any business with related parties
- We will not divulge confidential information about our business without prior approval
- We will act with disregard for any personal ulterior or improper motive, such as personal gain

OUR CUSTOMERS

- We will be professional in all our business dealings to maximise our reputation as the preferred supplier of construction goods and services
- We will meet and exceed our agreed-upon customer requirements
- We will strive to form constructive business relationships with our customers

OUR EMPLOYEES

- We will adhere to the group's policies and procedures and apply them fairly throughout the organisation
- We will continue to pursue the group's transformation objectives
- All employees will operate within an agreed framework of authority and operating guidelines
- We will ensure that our working practices conform to strict safety, health, environmental and quality standards
- We will invest in the development of our employees and performance will be rewarded
- We will act in a professional manner with each other and respect one another's religious, ethnic and cultural backgrounds

OUR BUSINESS PARTNERS

- We will maintain professional working relationships with our business partners and fostering a culture of teamwork
- We will ensure that all our business partners fully understand our performance standards and requirements

- In keeping with international practice, agents may be appointed by the group to assist in country establishment and work procurement. All agents, partners and commercial agreements pertaining thereto must be approved by group exco

OUR SUPPLIERS

- We will maintain professional working relationships with all our suppliers
- We will ensure that our suppliers understand our performance standards and requirements
- We will not divulge confidential information to our suppliers about our business strategies

OUR COMMUNITIES

- We will consult with the communities where we operate on matters that may affect them
- We will respect the values, cultures and beliefs of the communities in which we operate

OUR ENVIRONMENT

- We will respect and care for all life (people, animals and plants)
- We will educate all staff on environmental issues
- We will protect soils, water and air from damage through our operations as best as we can. We will rehabilitate what we can
- We will control emissions from our operations and will manage waste disposal under strict constraints

THE APPLICATION OF OUR CODE OF ETHICS

In a work environment where the achievement of an organisation's goals is dependent on the combined efforts of all its people, it is imperative that all employees abide by a code of behaviour, which is supportive of the organisation's objectives. It is therefore important that we uphold our Code of Ethics through proper behaviour in the workplace and that we apply ourselves diligently to our jobs.

In asking ourselves if our behaviour is ethical, we should answer the following questions:

- Am I doing something that could possibly be illegal or seen to be illegal?
- Am I doing something that is dishonest or could be seen to be dishonest?
- Am I doing something that could be in conflict with the Code of Ethics?
- Am I doing something that internal or external people to our group could view as negative or be offended by it?

If the answer to any of the above questions is "Yes", then you should not proceed with your actions. Please discuss with your manager what you want to do to see if there is an ethical solution to your problem.

CORPORATE GOVERNANCE

"The degree to which corporations observe good governance is an increasingly important factor for investment decisions."

— Principles of Corporate Governance 1999

MOST NOTEWORTHY ACHIEVEMENTS DURING THE PERIOD UNDER REVIEW:

> **Appointment of two additional women to the board**
> **Appointment of Philisiwe Buthelezi as the chairperson of the group. This is the first black female chairperson among the major construction companies listed on the JSE Limited (JSE)**
> **She has also been appointed as the chairperson of the nominations committee, in line with JSE Listings Requirements and King II**
> **Appointment of Cristina Teixeira as the Group Chief Financial Officer and executive director**

In the F2007 Annual Report, the group outlined areas that required attention in terms of corporate governance. Find below how these were addressed, as well as new challenges and how these will be addressed going forward:

F2007 CHALLENGES	F2008 DELIVERY	F2008 CHALLENGES	ACTIONS TO ADDRESS THESE
Lack of executive directors on the board	Ms CMF Teixeira was appointed as CFO and to the board, bringing the executive directors to two		
Need for independent non-executive directors with relevant engineering, technical and financial knowledge	No non-executive directors were appointed during the period under review	To identify suitable candidates to diversify the composition of the board, particularly in relation to technical skills	The current board is being evaluated with the assistance of the Institute of Directors to identify specific skills shortages. Relevant candidates will then be sought as non-executives
Non-executive directors require further in-depth orientation into the business and operations of the group	During the period under review, the chairperson of the board met with the management teams of the various business units The board and exco continue to meet twice a year, with management providing feedback on business units and communicating intent and strategy	Continue building non-executives' understanding of the business	Site visits planned for the year
Need for a clear succession plan for the board	Not implemented, as a board evaluation is currently under way	Need for a clear succession plan remains a challenge	Nominations committee to address this issue after the board evaluation

F2007 CHALLENGES	F2008 DELIVERY	F2008 CHALLENGES	ACTIONS TO ADDRESS THESE
Need to appoint the board chairperson as the chairperson of the nominations committee to comply with JSE Listings Requirements and King II	New Group Five board chairperson, Ms P Buthelezi, was appointed as the chairperson of the nominations committee		

INTRODUCTION

In recent years, the importance investors place on a company's corporate governance when making investment decisions has become more prominent. Investors are more likely to make an investment in companies exhibiting high corporate governance standards, particularly in emerging markets. Group Five subscribes to best practice and wishes to be judged against global investment benchmarks in terms of corporate governance.

The cornerstone for corporate governance for organisations in South Africa is:

- The Companies Act
- The company's articles and memorandum of association
- The King Code on Corporate Governance (King II)
- Common law

All these legislative pieces guide directors' responsibility in managing an organisation.

THE BOARD

The board of directors of Group Five (the board) is guided by the letter and spirit of the values expressed in King II and the JSE Listings Requirements. It is the policy of the board to actively review and enhance the group's systems of control and governance on a continuous basis to ensure that the business is managed ethically and within prudently determined risk parameters.

The board is committed to complying with and upholding corporate governance, as published in King II. This commitment also extends to the subsidiaries of the organisation. Group Five's articles of association, which dictates the size of the board, allow for a minimum of four and a maximum of 15 directors to form a board. Currently, the board consists of eight directors. Two of the directors are executive directors. Of the six non-executives, four are independent. A comprehensive profile of each of the directors is included in this report on page 52.

As recommended by King II, the roles of the chairperson and CEO are separate. The current chair of the board is Ms P Buthelezi. She took over the chairmanship in October 2007 from Mr D Paizes who retired as chairperson and director at the annual general meeting of F2008. The number of women on the board of the organisation has therefore increased during this financial year from one to three following the appointment of Ms CMF Teixeira as the Group Chief Financial Officer (CFO), with effect from 1 June 2008.

The board of Group Five has a charter, as envisaged by King II. By setting the charter for the board, the group is able to adhere to best practice and the highest standard of business conduct. The charter sets out the following:

- The composition of the board
- The duties and responsibilities of the board and the individual directors
- The board procedures
- The appointment and induction of new directors
- The remuneration of directors
- Dealings in securities
- Board committees and their terms of reference
- Policies of the board, such as:
  - Conflict of interest policy and procedures for appointing new directors to the board (rule 3.84(a) of the JSE Listings Requirements)
  - Company secretary and roles and responsibilities

The duties of the board include, but are not limited to:

- Determine and develop strategies that set out the purpose, values and stakeholders relevant to our business in consultation with the executive committee (exco)
- Review and approve financial objectives, plans and actions, including significant capital allocations and expenditure
- Consider and ensure that the group's size, diversity and skills make it effective
- Review and approve the structure of the group
- Provide strategic direction to the group and appoint successors to the group Chief Executive Officer (CEO)

The board and exco together map the strategy of the organisation. The board and exco meet twice a year to formulate and agree on strategy and the group's areas of focus and growth. Exco members are provided the opportunity to present the business unit strategies to the board and motivate any proposed changes.

The members of the board are remunerated for their services. Their remuneration is approved by the shareholders at the company's annual general meeting.

CORPORATE GOVERNANCE (CONTINUED)

To ensure that it continues to maximise its potential for the group and its shareholders, the board is subject to an annual review, which seeks to achieve continuous improvement in the way the group is governed. The review is carried out by independent consultants to ensure transparency and confidentiality. The purpose of the review is to assess the board's effectiveness in fulfilling its duties and responsibilities. The entire board is assessed as a unit, followed by an assessment of the individual directors and the company secretary.

The board, with the assistance of the Institute of Directors, is currently conducting an evaluation.

THE CHAIRPERSON

The current chairperson of the board is Ms Philisiwe Buthelezi.

Ms Buthelezi is the first black person to assume the position of chairperson and the first black female director of Group Five. Ms Buthelezi is an independent director and brings significant experience to her role. It is the role of the chairperson to ensure that the board remains efficient, focused and operates as a unit. She provides overall leadership to the board without limiting the principle of collective responsibility for board decisions. The chairperson is also responsible for the annual appraisal of the CEO's performance. Ms Buthelezi's full CV can be found on page 52.

NON-EXECUTIVE DIRECTORS

The group's non-executive directors are individuals of high calibre and credibility who make a significant contribution to the board's deliberations and decisions. They have the necessary skills and experience, independent of management on issues such as strategy, performance, transformation, diversity and employment equity.

The non-executive directors derive no benefit from the company other than their fees and emoluments as proposed by the board through the remuneration committee and approved by the shareholders at the company's annual general meeting.

The non-executive directors are Messrs SG Morris, KK Mpinga, WV Mavimbela, Baroness L Chalker, and Dr MSV Gantsho. The majority is independent, except for Mr Mavimbela and Dr Gantsho who were appointed in F2006 as representatives of the group's empowerment shareholder, the iLima-Mvela consortium.

CEO

The CEO plays a critical and strategic role in the operational success of the business. The group CEO is Mr MR Upton. The CEO has the authority to manage the day-to-day affairs of the group and to ensure that effective control of management is exercised. The CEO is accountable to the board and provides regular feedback to board members.

BOARD MEETING ATTENDANCE

	AUGUST 2007	SEPTEMBER 2007 (AD HOC)	DECEMBER 2007	**FEBRUARY 2008**	**MAY 2008**
P Buthelezi	√	√	√	√	√
L Chalker	√	√	√	√	*
SG Morris	√	√	√	√	√
MSV Gantsho	*	√	*	√	√
KK Mpinga	√	√	√	√	√
WV Mavimbela	√	√	√	√	√
MR Upton	√	√	√	√	√
CMF Teixeira†		†	†	†	†

† By invitation ** Apologies*

THE COMPANY SECRETARY

Group Five has a company secretary, as required by Section 268A of the Companies Act 61 of 1973.

The company secretary plays a vital role in the corporate governance of the group and is responsible for ensuring board compliance with procedures and regulations of a statutory nature, including Listings Requirements. The company secretary is responsible for the submission of the annual compliance certificate to the JSE, which confirms the board's compliance each year. It is the duty of the company secretary to ensure that new directors receive proper induction as far as their duties and responsibilities are concerned. During induction, with the assistance of the group's corporate sponsors, special emphasis is given to the JSE Listings Requirements.

The company secretary is a link between the exco and the board and assists the CEO in ensuring that there is continuity with regard to actions to be carried out by management and those that need board approval. The company secretary ensures that directors are appraised of any new legislation that affects them in carrying out their obligations.

The company secretary also administers the group's employee share schemes and co-ordinates with the company's transfer secretaries in terms of issues pertaining to the overall administration of the company's register of shareholders. All directors have access to the services of the company secretary relative to the affairs of the company and their roles and responsibilities. The company secretary is the secretary of all the board committees.

The group company secretary is Ms NB Kekana.

BOARD COMMITTEES

The board has five sub-committees. All the directors are members of one or more of these committees. Each committee has formally determined terms of reference, clearly agreed upon reporting procedures and written scope of authority. The board committees and their chairpersons are:

- Audit committee – Mr SG Morris
- Risk committee – Mr KK Mpinga
- Remuneration committee – Mr SG Morris
- Socio economic development committee – Baroness L Chalker
- Nominations committee – Ms P Buthelezi

The chairpersons of all the sub-committees are independent non-executive directors.

THE AUDIT COMMITTEE

The audit committee executes the vital role of confirming the transparency and integrity of the group's financial reporting. In discharging this role, the committee reviews the draft financial statements prior to publication and engages with management and the internal and external auditors. The committee considers legal, regulatory and ethical matters that have a financial impact on the business.

The audit committee maintains terms of reference. These terms are reviewed annually and, if necessary, amended to meet market, regulatory and internal needs. The majority of the audit committee members are non-executive directors. The members are: Messrs SG Morris, KK Mpinga, MR Upton, Baroness L Chalker and Dr MSV Gantsho. The CFO attends committee meetings by invitation. Meetings of the audit committee are conducted three times a year and are held prior to main board meetings. The chairperson of the committee is required to provide feedback on sub-committee meetings at main board meetings. With the advent of the Corporate Laws Amendment Act, 2007, the audit committee has reviewed its terms of reference to ensure it is aligned with the Act.

In addition to the roles set out above, the audit committee:

- Recommends the appointment of the external auditors
- Reviews the scope of work of external auditors and approves non-audit work to be carried out by the auditors
- Agrees external audit fees
- If necessary, conducts meetings with external auditors independent of management
- Reviews the internal auditors (its capabilities, resources, scope of work and findings)

The head of internal audit's direct reporting line is to the chairperson of the audit committee. However, he reports to the group risk officer on an indirect basis from an operational perspective on day-to-day matters. He is also invited to attend audit committee meetings to provide feedback on internal audit findings, as well as on areas of internal audit.

AUDIT COMMITTEE ATTENDANCE

	AUGUST 2007	FEBRUARY 2008	MAY 2008
SG Morris (Chairperson)	√	√	√
MSV Gantsho	*	*	√
L Chalker	√	√	*
KK Mpinga	√	√	√
MR Upton	√	√	√
CMF Teixeira	†	†	†

† By invitation ** Apologies*

THE RISK COMMITTEE

Whilst the board remains ultimately responsible for managing the risks associated with the business and markets within which the group operates, the primary responsibility of the risk committee is to assist the board in fulfilling its responsibilities by providing a framework for managing risks throughout the group.

The committee:

- Reviews the group's business risks. These include safeguarding the group's assets and revenues and ensuring compliance with the numerous statutory laws and regulations
- Provides a policy, framework and methodology for the group to identify, analyse and manage risks
- Provides assurance to the board that the risk management policy and strategy set by the board is operating effectively
- Evaluates whether management is setting appropriate controls and ensuring that all employees have an understanding of their roles and responsibilities
- Reviews the effectiveness of monitoring compliance with all laws and regulations and the result of management's investigations and follow-up (including disciplinary action) of any fraudulent acts

The group risk officer is a member of the committee and provides a comprehensive and consolidated report on all compliance risk issues at each meeting. Through its risk management team, Group Five has formulated a risk policy which governs the way in which risk is managed throughout the group. In our management of risk, the group aims to strike a balance between risk and reward, giving due consideration to the legitimate expectations of all stakeholders, resource constraints and sustainable development. The company's management team has employed the STARS system, a world-class risk and opportunity management tool which ensures that all risks throughout the group are identified and assessed; monitored, managed and mitigated; reviewed; and reported.

CORPORATE GOVERNANCE (CONTINUED)

RISK COMMITTEE ATTENDANCE

	NOVEMBER 2007	**MAY 2008**
KK Mpinga (Chairperson)	n/a	√
SG Morris	n/a	√
WV Mavimbela	n/a	√
L Chalker	n/a	*
MR Upton	n/a	√
GD Mottram	n/a	√

*† By invitation   * Apologies*

Note: n/a The risk committee meeting of November 2007 was incorporated with the main board meeting of 3 November 2007

The board increased the number of the committee's meetings from twice a year to quarterly. The team also meets during the year to discuss contracts with a value larger than R500 million and on all over-border contracts. For a more detailed report on risk, refer to page 20 of this report.

THE REMUNERATION COMMITTEE

The remuneration committee consists of two non-executive directors and one executive director. The director of human resources (HR) attends the committee meetings by invitation.

The chairperson of the remuneration committee is Mr SG Morris, an independent non-executive director.

The committee:

- Oversees the implementation of the remuneration policy of the group
- Annually reviews and approves the remuneration packages for executive directors and determines and approves annual bonuses, performance-based incentives and share incentive schemes
- Reviews the ongoing appropriateness and relevance of the executive remuneration policy and other executive benefit programmes
- Reviews and approves the proposed remuneration of senior employees, such as exco and manco
- Approves management's recommendations for the average annual increase per employee
- Evaluates and approves the awarding of additional benefits in terms of the group's share incentive scheme
- Provides recommendations to the board on the remuneration of non-executive directors

It is the board's view that the final approval of the non-executive remuneration lies with the shareholders. During the year under review, the non-executive directors' fees (including services and expenses, where applicable) were approved at the annual general meeting. The following remuneration was paid to directors and management during the year:

DETAILS OF EMOLUMENTS FOR THE YEAR ENDED JUNE 2008

NON-EXECUTIVE DIRECTORS

FEES, SERVICES AND EXPENSES	**TOTAL 30 JUNE 2008 (R'000)**	TOTAL 30 JUNE 2007 (R'000)
P Buthelezi(1)	**400**	–
D Paizes(2)	**100**	375
L Chalker	**293**	400
SG Morris	**281**	202
KK Mpinga	**218**	149
MSV Gantsho(3)	**118**	47
WV Mavimbela	**149**	105
MR Maruma(4)	**–**	47
	1 559	1 325

(1) Appointed in October 2007
(2) Retired in October 2007
(3) Appointed in November 2006
(4) Resigned in January 2007

NON-EXECUTIVE DIRECTORS' PROPOSED FEES F2009, SUBJECT TO SHAREHOLDER APPROVAL

POSITION	FEES
Main board – chairperson	R562 500 per annum
Main board – non-executive director	R140 000 per annum
Audit committee – chairperson	R140 000 per annum
Audit committee – member/attendance	R17 500 per meeting
Remuneration/nominations/risk and SED committee – chairperson	R70 000 per annum
Remuneration/nominations/risk and SED committee – member/attendance	R12 000 per meeting
Extraordinary services – fees	R2 000 per hour

EXECUTIVE DIRECTORS

	SALARY AND CAR ALLOWANCE (R'000)		RETIREMENT, MEDICAL AND OTHER CONTRIBUTIONS (R'000)		PERFORMANCE AND EQUITY INCENTIVES (R'000)		TOTAL (R'000)	
	30 June 2008	30 June 2007	**30 June 2008**	30 June 2007	**30 June 2008**	30 June 2007	**30 June 2008**	30 June 2007
MR Upton[(1)]	**2 301**	973	**404**	180	**2 874**	554	**5 579**	1 707
MH Lomas[(2)]	**–**	2 092	**–**	342	**7 979**	5 953	**7 979**	8 387
CMF Teixeira[(3)]	**94**	–	**14**	–	**–**	–	**108**	–
PS O'Flaherty[(4)]	**–**	1 401	**–**	275	**3 832**	3 937	**3 832**	5 613
	2 395	4 466	**418**	797	**14 685**	10 444	**17 498**	15 707

(1) Appointed CEO designate in November 2006. Assumed CEO role in April 2007
(2) Retired in March 2007
(3) Appointed in June 2008
(4) Resigned in June 2007

In the interest of full disclosure, find below a summary of emoluments paid to senior management of the group, defined as executive committee (exco) members and managing committee (manco) members.

EXECUTIVE COMMITTEE MEMBERS (EXCLUDING CEO AND CFO)

	SALARY AND CAR ALLOWANCE (R'000)		RETIREMENT, MEDICAL AND OTHER CONTRIBUTIONS (R'000)		PERFORMANCE AND EQUITY INCENTIVES (R'000)		TOTAL (R'000)	
	30 June 2008	30 June 2007	**30 June 2008**	30 June 2007	**30 June 2008**	30 June 2007	**30 June 2008**	30 June 2007
Total earnings	**9 893**	6 521	**1 782**	1 363	**11 630**	12 479	**23 305**	20 363

Exco members' earnings are included from the date of appointment to exco

CORPORATE GOVERNANCE (CONTINUED)

MANAGEMENT COMMITTEE MEMBERS (EXCLUDING EXCO, CEO AND CFO)

	SALARY AND CAR ALLOWANCE (R'000)		RETIREMENT, MEDICAL AND OTHER CONTRIBUTIONS (R'000)		PERFORMANCE AND EQUITY INCENTIVES (R'000)		TOTAL (R'000)	
	30 June 2008	30 June 2007	**30 June 2008**	30 June 2007	**30 June 2008**	30 June 2007	**30 June 2008**	30 June 2007
Total earnings	**16 657**	12 390	**2 837**	2 234	**16 829**	9 816	**36 323**	24 440

Manco members' earnings are included from the date of appointment to manco

DETAILS OF EXECUTIVE DIRECTORS' SHARE OPTIONS AND SHARE APPRECIATION RIGHTS

NAME OF DIRECTOR	OPTIONS GRANTED AND ACCEPTED OPENING BALANCE	GRANTED DURING THE YEAR	STRIKE PRICE	OPTIONS EXERCISED AND PAID	OPTIONS LAPSED	TOTAL OPTIONS GRANTED AND ACCEPTED CLOSING BALANCE	STRIKE PRICE	OPTIONS VESTED CLOSING BALANCE
2008								
MR Upton	**35 000**	**–**	**4,42**	**(35 000)**	**–**	**–**	**–**	**–**
	150 000	**–**	**4,42**	**(150 000)**	**–**	**–**	**–**	**–**
	75 000	**–**	**12,55**	**–**	**–**	**75 000**	**12,55**	**75 000**
	400 000	**–**	**30,44**	**–**	**–**	**400 000**	**30,44**	**–**
	–	**71 000**	**54,81**	**–**	**–**	**71 000**	**54,81**	**–**
	–	**100 000**	**50,20**	**–**	**–**	**100 000**	**50,20**	**–**
CMF Teixeira	**25 000**	**–**	**24,77**	**–**	**–**	**25 000**	**24,77**	**–**
	–	**25 000**	**54,81**	**–**	**–**	**25 000**	**54,81**	**–**
	–	**25 000**	**50,20**	**–**	**–**	**25 000**	**50,80**	**–**
PS O'Flaherty	**81 250**	**–**	**5,95**	**(81 250)**	**–**	**–**	**–**	**–**
	766 250	**221 000**		**(266 250)**		**721 000**		

DETAILS OF EXECUTIVE DIRECTORS' SHARE OPTIONS (CONTINUED)

NAME OF DIRECTOR	OPTIONS GRANTED AND ACCEPTED OPENING BALANCE	GRANTED DURING THE YEAR	STRIKE PRICE	OPTIONS EXERCISED AND PAID	OPTIONS LAPSED	TOTAL OPTIONS GRANTED AND ACCEPTED CLOSING BALANCE	STRIKE PRICE	OPTIONS VESTED CLOSING BALANCE
2007								
MH Lomas	220 000	–	3,83	(220 000)	–	–	–	–
	200 000	–	12,55	(200 000)	–	–	–	–
	–	400 000	30,44	(400 000)	–	–	–	–
PS O'Flaherty	325 000	–	5,95	(243 750)	–	81 250	5,95	81 250
	125 000	–	12,55	(62 500)	(62 500)	–	–	–
	18 750	–	3,83	(18 750)	–	–	–	–
	43 750	–	3,83	(43 750)	–	–	–	–
	–	400 000	30,44	–	(400 000)	–	–	–
MR Upton	35 000	–	4,42	–	–	35 000	4,42	35 000
	150 000	–	4,42	–	–	150 000	4,42	150 000
	75 000	–	12,55	–	–	75 000	12,55	37 500
	–	400 000	30,44	–	–	400 000	30,44	–
	1 192 500	1 200 000		(1 188 750)	(462 500)	741 250		303 750

Below we provide summaries of options granted to exco and manco members.

DETAILS OF SHARE OPTIONS ISSUED TO EXCO (EXCLUDING CEO AND CFO)

OPTIONS GRANTED AND ACCEPTED OPENING BALANCE	OPTIONS GRANTED DURING THE YEAR	STRIKE PRICE	OPTIONS EXERCISED AND PAID	TOTAL OPTIONS GRANTED AND ACCEPTED CLOSING BALANCE	STRIKE PRICE	OPTIONS VESTED CLOSING BALANCE
35 000		3,83	(35 000)			
37 500		14,28	(18 750)	18 750	14,28	18 750
225 000		12,55	(98 750)	126 250	12,55	126 250
75 000		18,56	(37 500)	37 500	18,56	
100 000		24,77		100 000	24,77	
1 400 000		30,44		1 400 000	30,44	
	367 000	54,81		367 000	54,81	
	582 000	50,20		582 000	50,20	
	150 000	51,00		150 000	51,00	
1 872 500	1 099 000		(190 000)	2 781 500		145 000

CORPORATE GOVERNANCE (CONTINUED)

DETAILS OF SHARE OPTIONS ISSUED TO MANCO (EXCLUDING EXCO CEO AND CFO)

OPTIONS GRANTED AND ACCEPTED OPENING BALANCE	OPTIONS GRANTED DURING THE YEAR	STRIKE PRICE	OPTIONS EXERCISED AND PAID	TOTAL OPTIONS GRANTED AND ACCEPTED CLOSING BALANCE	STRIKE PRICE	OPTIONS VESTED CLOSING BALANCE
9 250		2,38	(9 250)			
17 500		3,83	(17 500)			
50 000		10,20	(25 000)	25 000	10,20	25 000
112 500		12,55	(56 250)	56 250	12,55	56 250
50 000		12,28		50 000	12,28	50 000
75 000		18,56		75 000	18,56	
75 000		20,00	(37 500)	37 500	20,00	
25 000		20,25		25 000	20,25	
400 000		24,77	(75 000)	325 000	24,77	
25 000		26,39		25 000	26,39	
75 000		31,87		75 000	31,87	
	296 000	54,81		296 000	54,81	
	402 000	50,20		402 000	50,20	
914 250	698 000		(220 500)	1 391 750		131 250

The group's integrated approach on remuneration is divided into:

- Guaranteed pay (total cost to company) (TCTC)
- Short term incentives (annual bonus) (STI)
- Long term incentives (share options) (LTI)

During the year under review, the committee revisited the group's remuneration levels and reward strategies to cater for pressures faced on both the supply and demand for key skills.

As a result of this exercise, the committee approved the correction of any required pay mix to match market best practice.

REMUNERATION COMMITTEE ATTENDANCE

	AUGUST 2007	NOVEMBER 2007	**MARCH 2008**
SG Morris (Chairman)	√	√	√
WV Mavimbela	√	√	√
MR Upton	√	√	√
MJ Allie (HR Director)	†	†	†

† By invitation

THE SOCIO ECONOMIC DEVELOPMENT COMMITTEE (SED)

The SED committee was previously known as the CSI committee. The committee deemed it necessary to change its name in February 2008, in line with the Gazetted broad-based black economic empowerment (BBBEE) codes.

Socio economic development is defined as "monetary or non-monetary contributions, actually initiated or implemented in favour of beneficiaries, by an entity that is subject to measurement under the BBBEE Scorecard, as envisaged by the BBBEE Act".

As a member of the global business community, Group Five acknowledges that it must act responsibly towards its stakeholders, which include employees, the community in which it operates and the environment. As a result, the group is committed to and sees it as a business imperative to invest in communities. The group therefore views SED programmes as strategic business undertakings that add value to the organisation and to the beneficiaries, as these create a favourable economic and social environment, whilst at the same time ensuring good corporate citizenship.

The SED committee comprises two independent non-executive directors and members of management that represent the various business units. The chairperson of the committee is Baroness L Chalker.

The committee:

- Provides SED strategic direction to the group
- Formulates and implements an SED policy for the group
- Centralises reporting and approves SED spend, projects and initiatives
- Evaluates effectiveness of SED interventions

The measurement and reporting of SED projects is conducted quarterly by the business unit representatives. The chairperson of the committee provides a quarterly report to the main board on SED and its initiatives. For a more detailed report on the group's SED initiatives during the year under review, please refer to page 156 of this report.

SOCIO ECONOMIC COMMITTEE ATTENDANCE

	AUGUST 2007	NOVEMBER 2007	NOVEMBER 2007 (special meeting)	**FEBRUARY 2008**	**MAY 2008**
L Chalker (chairperson)	√	√	√	√	√
KK Mpinga	√	*	*	*	*
BM Oliphant	√	√	√	√	√
JA Wallace	√	√	√	√	√
FH Enslin	√	*	√	√	√
J Doorasamy	√	*	*	√	√
MGC Hopkins	√	√	√	√	√
J Allie#			†	†	†

*† By invitation   * Apologies*
 # Joined September 2007

THE NOMINATIONS COMMITTEE

The nominations committee:

- Assists the board to fulfill its fiduciary responsibilities to ensure that the procedures for appointment to the board are formal and transparent
- Advises the board on the effective functioning of the board and its committees in respect of structure, size and composition
- Ensures that the required mix of skill, experience and other qualities are regularly reviewed and maintained at levels deemed appropriate, particularly in the context of the group's strategy, as agreed by the board from time to time

The committee is the custodian of the annual board evaluation. The board is currently undergoing an evaluation process. To ensure confidentiality and an independent outcome, the board has endorsed the appointment of the Institute of Directors for this assessment.

As recommended by King II, the chairperson of the committee is the board chairperson, Ms P Buthelezi.

Nominations committee attendance

Meetings of the nominations committee are held as and when the committee deems such meetings to be required. The committee met during the year under review on the appointment of the executive committee members and the CFO.

CORPORATE GOVERNANCE (CONTINUED)

SUMMARISED CVs

Over the next few pages, we provide background on our board members, as well as our senior management team.

CHAIRPERSON

P (Philisiwe) Buthelezi (44)

5

Non-executive chairperson

- BA Economics, MSC in Economics (University of Paris, Sorbonne), MBA (UK)
- Appointed July 2007 as non-executive director
- Appointed as chairperson with effect from October 2007
- CEO of the National Empowerment Fund (NEF), tasked with promoting and facilitating economic equality and transformation
- She started her career in London with the investment bank, Banque Nationale de Paris (BNP-Paribas) in 1991
- In 1992, Philisiwe was employed by the SA Reserve Bank and a year later became the first black South African woman to be a corporate dealer at Standard Corporate and Merchant Bank
- Before she joined the NEF in 2005, she was the chief director of black economic empowerment at the Department of Trade and Industry (dti). From 1997 – 2002 she was the regional director of Europe for the dti

EXECUTIVE DIRECTORS

MR (Mike) Upton (53)

1,3,4

CEO

- BSc Electrical Engineering, Professional Engineer (Pr.Eng), Business Management Diploma (Newcastle, UK)
- Joined 2002
- Appointed to the board and as CEO in 2007
- He has six years' experience at Group Five in multi-disciplinary construction, plant engineering and business repositioning with the last four years as exco member and executive director (Construction)
- Before that, Mike was with NEI, Rolls Royce and ABB where he gained over 20 years' experience in manufacturing, engineering, commercial and marketing and international construction and services
- He has been operating at an exco and board level since 1994

CMF (Cristina) Teixeira (35)

CFO

- BCom, BCompt (Hons), CA(SA)
- Joined 2002
- Appointed to the board and as CFO in 2008
- Cristina completed her articles in 1997 with Coopers & Lybrand and was at PricewaterhouseCoopers until 2002 where she was a senior audit manager in the energy and mining group
- At Group Five, during her six years of service, she has clearly demonstrated her ability to manage the group's complex and demanding financial environment, both locally and in the group's international operations in Africa, the Middle East and Eastern Europe. Cristina has a thorough understanding of the group's external environment with respect to investors, analysts, financiers, insurers and other stakeholders. Under her guidance, the group has won a number of awards for reporting and disclosure over the past few years, including the 2007 and 2008 Investment Analysts Society (IAS) awards for reporting and communication

NON-EXECUTIVE DIRECTORS

Baroness L (Lynda) Chalker of Wallasey (66)

1,2,3,5,6

Independent non-executive director (British)

- Fellow of the Institute of Statisticians
- Recipient of nine honorary degrees
- Appointed 2001
- Independent advisor to the World Bank
- UK member of parliament for Wallasey between 1974 and 1992
- UK government minister for 18 consecutive years (Minister of State for Transport, Minister of State for Africa, Foreign and Commonwealth Office, Minister for Overseas Development)
- Director of a number of listed and unlisted foreign companies

SG (Stuart) Morris (62)

1,3,4,5

Independent non-executive director

- BCom, CA(SA)
- Appointed 2005
- Practiced with KPMG South Africa for over 30 years. His position included that of CEO of the local operation. He was also the chairman of KPMG Africa and a member of the KPMG international board and exco
- After KPMG, he became group FD of Nedbank and, following Nedbank's merger with BoE, had exco responsibility for finance, risk, tax, human resources and management services
- Non-executive director and chairman of the audit committees of City Lodge Holdings, Mwana Africa plc and Zurich Insurance Company (South Africa) and chairperson of the Sasol pension fund and the Wits Donald Gordon business centre

KK (Kalaa) Mpinga (47)

1,2,3,5,7

Independent non-executive director

- BSc in Agricultural Economics and MSc in International Agricultural Development
- Appointed 2002
- Kalaa worked for Bechtel Corporation in San Francisco before joining the LTA Group, a subsidiary of Anglo American Corporation in 1991

- In 1995, he joined the new mining business division of Anglo American, responsible for exploration and the acquisition of resources in Africa
- He was appointed as an alternate director of Anglo American Corporation of South Africa in 1997
- He left Anglo American in December 2001 to pursue business opportunities in mining. He established Mwana Africa Holdings in 2003. The company has since listed on AIM
- He is a non-executive director of GijimaAst, a JSE-listed IT company

WV (Vusi) Mavimbela (53)

1,4

Non-executive director

- BA Social Science
- Appointed 2006
- Executive director for business strategy with Mvelaphanda Holdings
- Held various government leadership positions, including political advisor and special advisor on intelligence and security matters for the office of the then deputy president, Thabo Mbeki
- Extensive knowledge and an in-depth understanding of developments on the African continent

Dr MSV (Mandla) Gantsho (45)

3

Non-executive director

- PhD, MSc (USA), BCom (Hons), CA(SA)
- Appointed 2006
- Mandla joined the African Development Bank in 2006 as a vice president responsible for infrastructure, private sector, water and sanitation, NEPAD, regional integration and trade
- Before African Bank, Dr Gantsho held senior positions at Mobil Oil, IFC, the private sector arm of the World Bank, and the Development Bank of Southern Africa

COMPANY SECRETARY

NB (Nosisa) Kekana (35)

Outgoing company secretary

- BJuris, LLB, Hdp in Company Law
- Appointed 2006
- Completed her articles of clerkship with XM Petse Incorporated, Umtata
- Admitted as an attorney of the High Court of South Africa in 1997
- Continued with XM Petse Incorporated as a professional assistant
- Moved to Johannesburg in 1998 and was employed as an associate by Chuene Kwinana Motsatse in their commercial and litigation department
- Nosisa was a consultant with the iLima group in 2005 when she obtained a Higher Diploma in company law at the University of the Witwatersrand

EXECUTIVE COMMITTEE MEMBERS

MJ (Junaid) Allie (38)

Human Resources

- B Pharm (UCT)
- Joined 2007
- Appointed to exco in 2007
- Prior to joining Group Five, he was with Eskom as General Manager: Human Resources, responsible for group HR strategy
- Before that, Junaid headed up the HR function in the Middle East for Lilly Pharmaceuticals
- At Group Five, Junaid's focus is on group transformation and HR strategy
- Junaid has more that ten years' experience in HR

P (Paul) le Sueur (51)

Building and Housing

- Bsc QS, MAQS, RQS, RICS, MSc Building Management
- Joined 1984
- Appointed to exco in 2004
- Served on the Inter Ministerial Task Committee responsible for the formation of the Construction Industry Development Board and was a member of the Faculty of Engineering and Built Environment board at the University of the Witwatersrand
- Paul has almost 30 years' experience in the construction sector and has developed the group's Building and Housing operations, including regional operations in East Africa, KwaZulu-Natal and Western Cape

AJ (Andrew) McJannet (45)

Civil Engineering

- BSc Eng (Civil), BA (PPE), MA (Oxon), Pr Eng, MSAICE
- Joined 1987
- Appointed to exco in 2007
- He was the MD of Civil Engineering from 2002 until 2005 when his portfolio expanded to include Civils, Mining and Industrial and Roads and Earthworks
- The combined business now operates in South Africa and most of sub Saharan Africa, offering the full suite of Civil Engineering products
- Andrew has 20 years' experience with the group

GD (Guy) Mottram (42)

Group risk officer and acting company secretary

- BCom, LLB
- Joined 2001
- Appointed to exco in 2005
- His focus area is risk management throughout the group, both locally and internationally. He is also responsible for group legal, commercial, compliance, SHEQ, secretarial and internal audit
- Guy has more than ten years' experience in his field

CORPORATE GOVERNANCE (CONTINUED)

ECJ (Eric) Vemer (43)

Investments and Concessions

- BSc Eng (Civil) (Hons), MBA
- Joined 2005
- Appointed to exco in 2005
- Was deputy MD of Intertoll and MD of Infrastructure Development Services before being appointed head of group business development and Investments and Concessions in April 2007
- Focus areas are group mergers and acquisitions, group business development, large infrastructure projects, concessions, PPPs and Intertoll
- Prior to joining Group Five, Eric was with HSBC Bank plc as head of Specialised Finance and Advisory for sub Saharan Africa. He served on the exco of HSBC Investment Services (Africa) (Pty) Ltd

JA (John) Wallace (50)

2

Manufacturing

- BCom, Honours Programme in Advanced Marketing and Executive Management Programme
- Joined 2002
- Appointed to exco in 2004
- Led the turnaround of Everite
- Prior to joining Group Five, he was managing director of several organisations involved with plastic packaging, chemicals and related fields where he repositioned and turned around generally poorly performing entities
- John has around 20 years' experience in the turnaround of businesses and strategy

TJ (Tim) Woodhead (48)

Construction Materials

- BSc Eng (Civil), MBA, Pr Eng, MSAICE
- Joined 1992
- Appointed to exco in 2007
- Executive responsibility for newly acquired Construction Materials businesses
- Previous positions at Group Five since 1992: Strategic development director supporting the CEO and CFO, MD of Infrastructure Development Services and Intertoll focusing on O&M and Concessions
- Tim has significant experience in the quarrying, crushing and ready mix concreted environment

WI (Willie) Zeelie (46)

Engineering Projects: Energy and Design and Project Management

- Higher National Diploma Electrical Engineering, Pr Tech Eng, SAIEE
- Joined 2003
- Appointed to exco in 2008
- Before joining Group Five, Willie spent 20 years in an executive role with groups such as Alstom, Eskom, Reyrolle and ABB in the power industry
- He established Power Systems in 2005 and Group Five Energy in January 2007, which now incorporates power, oil and gas, industrial services and electrical instrumentation contracts

MANAGEMENT COMMITTEE MEMBERS

C (Celia) Becker (35)

Group country risk director

- BCom Acc (Hons); CA(SA); H Dip International Tax, MCom Taxation
- Joined 2006
- Appointed to manco in 2007
- Before joining Group Five, Celia was with PricewaterhouseCoopers from 1996 to 2006. In her last position, she was an associate director in the international tax department where she focused on advising multi-national clients on tax efficient over-border investment
- At Group Five, Celia is responsible for performing risk reviews of new countries considered for contracts, all regulatory requirements in over-border countries and managing the international head office in Mauritius
- Celia has more than ten years' experience in her field

C (Cedomir) Djordjevic (43)

Managing director: Steel

- BSc Mech Eng
- Joined 2002
- Appointed to manco in 2008
- Cedomir is a turnaround specialist with 20 years' manufacturing experience
- He started at Group Five in 2002 as a works director at Everite. Following this, he joined Vaal in 2004 and became the business development director of the group's light weight steel housing offer in 2006. A year later he became the MD of Group Five Steel

RM (Richard) du Toit (45)

Human resources director – operations

- BCom (UPE), Development Programme in Labour Relations, Advanced Labour Law Programme, Post Graduate Certificate in Management
- Joined 1991
- Appointed to manco in 2007
- Before Group Five, he was with Sappi for six years
- At Group Five his experience includes HR management and operational roles in a range of business units. He is currently responsible for remuneration, recruitment, employee relations, employee development and expatriate management
- Richard has almost 20 years' experience in his field

FH (Frank) Enslin (52)
2
Managing director: Housing

- BSc (Building Science), PCM, FCIOB
- Joined 1996
- Appointed to manco in 2001
- Responsible for the development of the entry level housing market and for the success and development of the local residential sector business
- Serves on the Inclusionary Housing Forum of the Department of Housing
- Frank has around 30 years' experience in the building and housing sector

ME (Malcolm) Farrell (44)
Group supply chain director

- BCom (SA), MBA
- Joined 2005
- Appointed to manco in 2005
- At Group Five, Malcolm has executed the fourth year of a five-year supply chain strategy aimed at unlocking significant value through strategic supply relationship management
- He has an association with Arizona State University (USA) Centre for strategic supply research to benchmark breakthrough performance opportunities within the supply chain discipline
- Malcolm has over ten years' experience in executing supply chain strategies within the mining and resources sector

G (Greg) Heale (55)
Business development and marketing director

- BSc Eng (Mech), Cert (Mines and Works), MAP (Wits), ASQC (CSIR)
- Joined 2002
- Appointed to manco in 2008
- Graduated on an AAC scholarship on South African gold mines
- Worked with EL Bateman as project engineer/manager for ten years, including being part of the team that founded Bateman Materials Handling Ltd (BMH)
- Following that, Greg was with Babcock for 15 years as head of operations. He was also commercial director on Mossgas
- At Group Five his roles have included that of a director of Construction and the director of group sales and marketing
- He currently focuses on multi-disciplinary mining, industrial, oil and gas contracts, as well as the group's marketing initiatives
- Greg has over 30 years' experience in engineering, project management and construction

JW (Jon) Hillary (35)
Managing director: Property Developments

- BCompt (Hons) CA(SA)
- Joined 2004
- Appointed to manco in 2008
- Started at the group as FD of Intertoll and was appointed as FD of Infrastructure Development Services in 2005
- In 2008, Jon was appointed MD of Property Developments, as well as continuing to assist both Intertoll and Infrastructure Development Services as FD
- He is responsible for the development, acquisition and sale of A-grade development opportunities across commercial, retail, industrial and residential sectors
- Prior to joining Group Five, Jon was with Linklaters in the United Kingdom where he ran the special projects division for the finance team

MGC (Guy) Hopkins (42)
2
Managing director: Plant and Equipment

- NH Dip Civil Engineering
- Joined 1987
- Appointed to manco in 2006
- Guy became the general manager of Plant and Equipment during 2004
- He has over 20 years' experience in the civils sector

NM (Mark) Humphreys (41)
Managing director: Engineering Projects: Mining and Industrial

- Higher National Diploma Quantity Surveying
- Joined 1988
- Appointed to manco in 2007
- Since 1999 his focus has been on over-border contracts in the mining and industrial sectors
- Appointed MD of Engineering Projects in April 2007 with a focus on building capacity to ensure the group can take advantage of the upturn in the mining and industrial contracts in South Africa and the rest of Africa
- Assisted with the establishment of a mechanical, electrical and piping business unit in the Middle East

LM (Loren) Jackson (38)
Group commercial and legal director

- BA, LLB
- Joined 2006
- Appointed to manco in 2007
- Before Group Five, Loren was a partner in the commercial litigation department of Garlicke & Bousefield Inc, specialising in building engineering and construction law and general commercial litigation
- Loren is responsible for developing and enhancing commercial awareness across the group, focusing on managing commercial risk. She also manages legal risk, provides legal advice and support in both litigious matters and complex commercial negotiations
- Loren has more than ten years' experience in law and has become a specialist in construction law

CORPORATE GOVERNANCE (CONTINUED)

CJ (Craig) Jessop (41)

Managing director: KwaZulu-Natal

- BSc Quantity Surveying, RQS
- Joined 2003
- Appointed to manco in 2005
- Craig progressed from the commercial director of KwaZulu-Natal to the managing director in less than two years and grew the KwaZulu-Natal business significantly
- Before Group Five, he ran a professional quantity surveying practice
- Craig has over 10 years' experience in construction

PG (Peter) Keenan (51)

General manager: Civil Engineering (Dubai)

- Higher National Diploma Civil Engineering, UCT Executive Development Programmes
- Joined 1985
- Appointed to manco in 1990
- Peter was the MD of Civils Mining and Industrial until he became the general manager of the group's Civil Engineering operations in Dubai in 2004
- Peter has more than 20 years' experience in the industry and successfully established the group's Dubai operations

BR (Brad) Mansfield (35)

Group technology and innovation director

- BCompt (Hons), CA(SA)
- Joined 2002
- Appointed to manco in 2007
- Gained extensive experience in the construction operating environment through working at a number of the group divisions as a financial manager
- At the beginning of 2007, he returned to IT in a full-time capacity to manage the group's business information systems
- Appointed as group information officer in July 2007 and appointed as innovation director in June 2008

SMO (Siegfried) Milbert (47)

Group quality systems director

- BCom (Law), BAcc, CA(SA)
- Joined 2002
- Appointed to manco in 2006
- His positions at Group Five have included that of operations director and MD of Everite and managing director of Cosmos Building Supplies
- Before Group Five, he worked at several large companies, including Bosal Africa
- In October 2006 he was elected to create a manufacturing and retailing business in bulk building materials
- Siegfried has almost 20 years' experience in the industry

KD (Keith) Miller (56)

Area director: Building, Western Cape

- BSc Civ Eng, PrEng, MSAICE
- Joined 1996
- Joined manco in 2005
- Previously MD of Basil Read Building, Western Cape
- After being a contracts director for Group Five in the Western Cape, Keith became the area director in 1998 with a focus on continuing to grow the business through its civil engineering arm
- Keith has almost 30 years' experience in civils and building

JAE (Jurgen) Stragier (37)

Managing director: Everite

- BSc (Aeronautical Engineering)
- Joined 2006
- Appointed to manco in 2006
- Prior experience includes director and management roles at Willard's Snacks and Consol Plastics, part of AVI, and Bosal
- His current focus is on the growth of Everite through new product development and product expansion into related building materials
- Jurgen has almost ten years' experience in the manufacturing sector

MP (Mike) van Rooyen (51)

Managing director: Building

- BSc, Building Management PCM, MCIOB
- Joined 1986
- Appointed to manco in 2005
- As the MD of Building, Mike has been responsible for the delivery of the current order book, whilst building additional capacity to position Building to take full advantage of the new opportunities in the public sector

1 Risk committee
2 SED committee
3 Audit committee
4 Remuneration committee
5 Nominations committee
6 British
7 Congolese

GROUP FIVE

> YEAR UNDER REVIEW

CHAIRPERSON'S REPORT

When looking back over the year under review and the strong results Group Five delivered, I believe that a particular strength is evident – the ability to build steadily on a clearly articulated strategic intent, and to evolve that intent according to the demands of a dynamic environment.

INTRODUCTION

Group Five clearly stated its intention in previous years to become a truly diversified entity – both in terms of the work it undertakes, as well as in terms of its fundamental make up, as defined by the people who work within the organisation. We have put in place a carefully structured foundation and it gives me great satisfaction to be able to confirm that, as this report clearly reflects, we have been able to deliver on this intent in highly fluid economic and social times. This is certainly a notable achievement.

MACRO ECONOMIC CONTEXT

Pressure is being experienced in the global economy as a result of a well recognised combination of factors, including soaring oil prices, the ongoing sub-prime credit crisis in the USA (which has spread rapidly to the rest of world) and fast-rising food prices, to name just three. The stress these forces placed on a tightly inter-linked global economy compounded the impact of local influences, including South Africa's electricity crisis, the ongoing political instability in Zimbabwe and the South African presidential succession process.

Given the complexity of factors currently influencing the global economy, there is little doubt that some pressure will continue to be felt in the year ahead. Indeed, it is a reality that the global economy will continue to be remarkably fluid in the immediate future, and that successful companies will achieve their goals through an ability to manage challenging and unpredictable conditions, on an ongoing basis.

In F2008 South Africa's socio-economic future has been the subject of much international debate, mainly due to the factors highlighted above. I believe it is important, however, to view these concerns within the broad context of a country which has developed a strong democratic structure since 1994. Indeed, South Africa's presidential succession track record speaks volumes about the strength of its fundamental structures and is a significant marker as to the core strength of South African society. While many challenges clearly remain, I believe South Africa is well placed to navigate the inevitable economic and political ebb and flow that is a feature of all vibrant democracies.

MARKET CONTEXT

China and India continue to grow their economies and urbanise their societies at a rapid rate, a development which impacts significantly on activities in the rest of the world. In addition, the European Union's offer of some 20 million "blue cards" to emerging economy workers to drive its growth means that Africa and South Africa will have to continue to compete vigorously within the global economy to secure the skills necessary to drive their own growth, particularly in the construction sector.

Over the last 20 years, the global construction industry experienced the shifting of risk towards contractors, while margins steadily declined. Today, however, it is interesting to note this trend somewhat reversing, with shared risk and alliance contracting becoming increasingly prominent. This shift dovetails well with Group Five's strategy and its motivation to seek innovation in contract delivery, which should bring the benefits of this strategy into sharper focus in the years ahead. Looking forward, contract controls and strong management skill and expertise look likely to become ever more important drivers of success in the global construction sector.

The African economy as a whole continues to grow at over 6%, with 31 African countries predicted to grow at over 7.5% in F2009. The activities of investors and ongoing attempts to structure new investment funds able to tap into Africa's growth, point to the fact that the strong growth experienced in Africa is likely to continue.

CHAIRPERSON'S REPORT (CONTINUED)

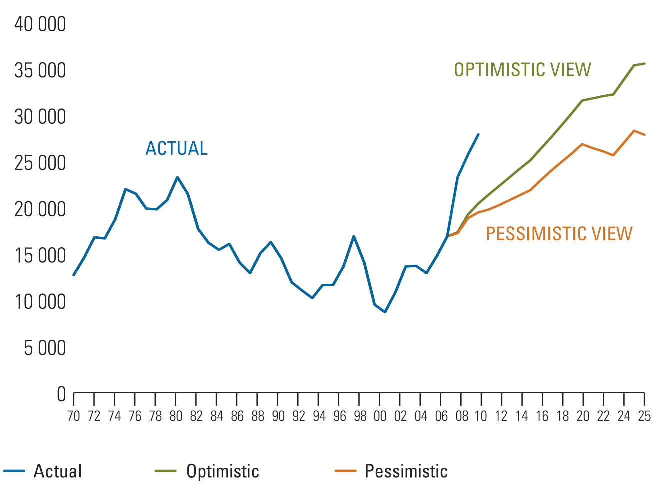
Interestingly, 20% of Africa's growth has been derived from Chinese trade. Equally interesting is the fact that only 15% of African growth stems from high commodity prices – a clear indicator that the fundamentals of economic reform on the continent are taking hold, even while political instability continues in many quarters. In the meantime, the strong growth in commodity exploration and mining on the African continent provides ample scope for Group Five to increase its construction contract management activity in these regions, while infrastructure development contracts supporting the upcoming 2010 Soccer World Cup will continue to be strong South African growth initiators over the medium term.

The South African construction industry has doubled in four years, and, looking forward, the rate of change is likely to remain located within the context of positive growth and infrastructure development across the continent. South Africa's significant public infrastructure activity is also likely to continue beyond the 2010 World Cup, currently a strong driver of activity.

While South African infrastructure contracts are visibly being rolled out, government and the private sector will need to continue putting effort into developing an optimum delivery model. The current model is in need of new thinking, specifically to result in a more cohesive national plan across all ministries.

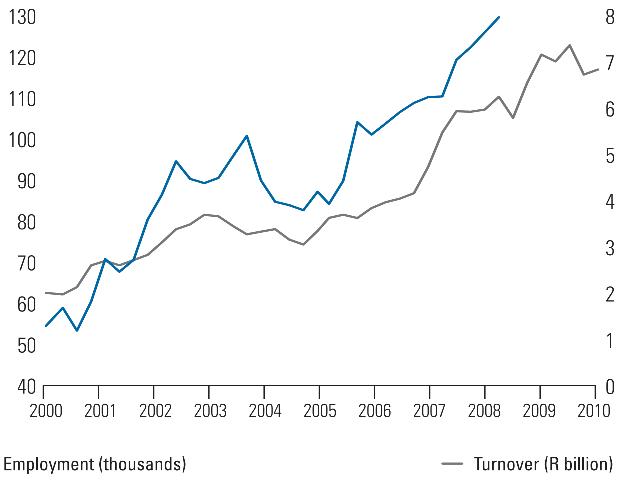
In this regard, it is possible that two strategies will mature. The first is likely to be a much more vigorous private public partnership (PPP) delivery programme – resting on the ability of government and private organisations to find common ground and develop sound, but innovative business principles. The second could be a progressive adoption of the packaging of complete contracts for execution by single contracting companies, or consortia. With these potentially more efficient infrastructure delivery mechanisms in place, the sharing of risk and reward should create the balance between contracting and pricing models that is currently prevalent across the global economy.

CIVIL ENGINEERING TURNOVER: 2025
(R billion – real 2000)



GROUP FIVE WILL BUILD ON ITS ESTABLISHED FOUNDATIONS: ENSURING A STRONG, DIVERSIFIED PORTFOLIO OF INTERESTS AND OPERATIONS IN STRATEGICALLY LOCATED MARKETS.

CIVIL ENGINEERING EMPLOYMENT AND TURNOVER



The validity of the group's positioning is evident and has been demonstrated by our ability to move towards contract leadership status across various sectors.

Before the opening up of South Africa's economy in 1994, many South African companies adopted an internally-focused view of their growth trajectory and strategic planning. However, bilateral agreements across the global economy soon generated new, externally focused opportunities. These required the participation of South African companies with a strong international presence. Group Five therefore steadily expanded its range of operations to the point where the brand is now recognised in important sectors in our chosen markets. Group Five can be expected to continue expanding internationally and to leverage its international operations as an important growth driver.

STRUCTURING FOR GROWTH

In respect of the group's deliberate strategy to grow our international business beyond Africa and within the chosen buoyant markets of the Middle East and Eastern Europe, we have performed well during the year. This provides impetus and confidence for further growth in these markets. As examples, we have expanded our UAE footprint to also include Abu Dhabi and are strategically positioned for an expanded portfolio of concession and contracting opportunities in Eastern Europe over the next few years.

Our intention to establish ourselves as a truly diversified group has positioned the company well to cope with the turbulent economic and political context, globally and locally. The spread of the group's work and interests across our countries of operation and Group Five's ability to form effective partnerships with private and government players is indeed valuable in the current climate.

Over and above structural issues, Group Five has excelled in ensuring that our vibrant brand identity manifests in our daily operations. The strength of the group in terms of attitude and approach to work has been particularly notable in the second half of the financial year – a time when many South Africans suffered from extreme uncertainty due to the power crisis, combined with political uncertainty. The CEO and the executive management successfully galvanised staff by directly addressing their diverse concerns, both personal and professional. Subsequently, it has been very pleasing to note the group's ability to deliver strong and focused performance that has typified the company's identity and presence in the market in recent times.

Looking forward, Group Five will seek to build on its established foundations: ensuring a strong, diversified portfolio of interests and operations in strategically located markets. In addition, this requires continuing the group's achievements in the realm of transformation to ensure that Group Five is characterised – now more than ever – by employees that reflect the true diversity and strength of societies in which we operate.

TRANSFORMATION

Group Five's transformation strategy has shown demonstrable changes in the current year. Most notable was the appointment of a female CFO, a black HR director and my appointment as a black, female chairperson. All these appointments bring significant experience and expertise to important positions in the group. These have been key movements within the organisation on two important levels. Firstly, the steady change of the group's executive make-up sends a strong signal within the group itself and within the sector it operates in, that Group Five is actively manifesting its strategic intent to evolve into a truly diversified company. Secondly, the steady transformation of the group's executive level reinforces the various transformation initiatives taking place at other levels within group – thereby strengthening the overall capacity of the group's human capital base and ensuring that we continue to operate as a robust and powerful player in the market.

Much still remains to be done within the group to meet the organisation's ultimate transformation targets. It is satisfying to note, however, the steady increase in our BBBEE Scorecard results, and the opportunities this generates for new business development. Many examples already exist of the business development opportunities arising for the group as a result of its strong empowerment credentials. Group Five's involvement in the King Shaka International Airport in KwaZulu-Natal and the Moses Mabhida 2010 Soccer Stadium offers just two illustrations of the importance of empowerment to Group Five's ability to work on and – in certain instances drive – contracts of national significance.

CONCLUSION

Sincere thanks must go to everyone employed at Group Five for the hard work and commitment shown during the year under review. The positive and dynamic attitude the group displays towards business and the people of the countries in which we operate is, I believe, a clear indicator of the inherent strength of the company and of a unique ability to manifest strategic intent on a daily basis.

Special thanks must go to the board for the work they have put in over the year and for their ability to work together as a strong team. In particular, I would like to thank the previous chairperson, Dennis Paizes, for his valuable support during a period of transition.

The new composition of the strengthened exco has put in place an exceptionally well-qualified team able to drive ongoing growth from the substantial position Group Five has attained in our markets. In this context it is also important to note our CEO's leadership, which has spurred the team to new levels of achievement.

In conclusion then, it gives me great pleasure to be able to report on another strong set of results, delivered by an increasingly dynamic and inventive group. I am confident that, given the strategic foundation that has been established, the coming years will deliver equally strong results.

P Buthelezi

P (Philisiwe) Buthelezi
Non-executive chairperson

6 August 2008

CEO'S REPORT

The group's stated intent for F2008 was to focus on quality of earnings and cash generation to build a solid platform for higher growth in revenues derived from the group's strategic positioning in its key target markets.

STRATEGY

A discussion on the group's strategic framework and its direction is covered more fully in a dedicated section in the Annual Report on page 9, but I would like to reiterate in this review that we have a clear strategy of:

Moving the group from a contractor to a diversified construction services, materials and investment group

WHY?

> To reduce earnings volatility within the infrastructure sector
> To capture multiple margin streams across the construction value chain
> To increase sustainable revenue and profit

HOW?

> Increase capability to secure and execute larger multi-disciplinary contracts
> Increase the contribution of manufacturing and construction materials to the product portfolio
> Develop, invest in and operate concessions and property assets

INTRODUCTION

I am pleased to report that we achieved another excellent year of growth across the group and that we have built a record order book in construction, demonstrating our resilience in a dynamic market.

The content of the order book also reflects the group's strategy of product diversification, geographic spread and moving to total multi-disciplinary contract delivery and targeted geographic expansion.

PERFORMANCE

Revenue increased from R7,7 billion by 16% to R8,9 billion and operating profit increased from R392 million by 62% to R636 million.

Undoubtedly, the most significant highlight of the year's result was that group net margin after all corporate costs increased from 5.1% to 7.1%. Going forward, we will continue to focus on improving overall group margins, with targets of at least 7 – 9% over a two- to three-year cycle.

Cash generation from operations improved from R99 million to R1,8 billion. This was due to strong working capital management, discipline in driving cash generation to equal profit within each business and on the back of strong trading conditions, which allowed for upfront cash payments.

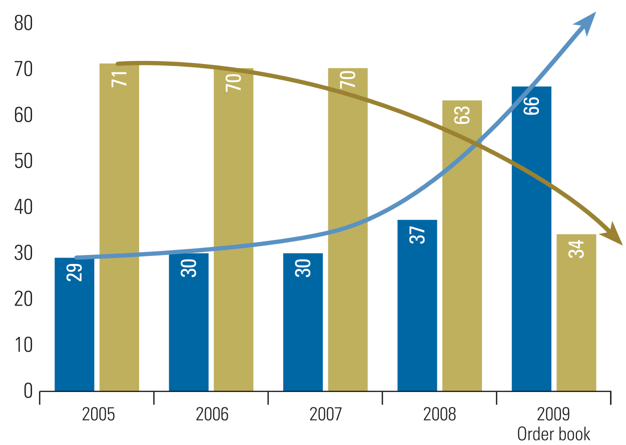
RESPONSE TO A DYNAMIC MARKET

The year under review saw two distinctly different halves, with the second half punctuated by international stock market turmoil, interest rates increasing, Eskom's unexpected load shedding programme and a weakening Rand.

Against these factors, we believe our strategy of balancing our portfolio of businesses in a targeted geographic spread where we have strong markets in African resources and high-growth economies in the Middle East and Eastern Europe, coupled with

WE BELIEVE OUR STRATEGY OF BALANCING OUR PORTFOLIO OF BUSINESSES IN A TARGETED GEOGRAPHIC SPREAD, MAKES US MUCH MORE RESILIENT TO TURBULENCE THAN BEFORE.

SPLIT OF GROUP FIVE'S WORK IN BUILDING AND HOUSING
(Percentage)



The group has successfully moved capacity towards the growing public sector in its Building and Housing business.

positioning the group to access both private and government spending and focusing on the growing and buoyant markets of mining, energy, power and infrastructure contracts, makes us much more resilient to turbulence than before.

Of course we are expecting to have to deal with a more demanding management environment in the year ahead, but we believe part of weathering these conditions is to remain focused on our strategy, to ensure employee retention, to grow the value of our brand and to concentrate on delivering results that will exceed our stakeholders' expectations.

We have been driving this message strongly in the group during the last two quarters. The response has been phenomenal, with people putting their heads down and, at site, business unit and corporate level, everyone has focused on creating opportunities and value.

At exco level, we conducted a full review of risks and opportunities in all our markets and determined the impact on Group Five, particularly in terms of the global stock market turmoil and the South African power situation, to ensure we mitigate risks and apply our resources towards the best opportunities.

The outcome, in brief, was as follows:

MARKET

Although Group Five already has strong contract flows for F2009/F2010 in public infrastructure, energy, mining and export markets, the medium term outlook for private sector investment in commercial and retail building in South Africa is of concern. This is due to high interest rates and uncertainty around electricity infrastructure for greenfields developments, which have resulted in this sector of the market cooling off.

Group Five's exposure to private sector investment in domestic accommodation as at June 2008 was 9.6% of construction revenues and will reduce further to around 6% in the year ahead. The group therefore **redirected more of its efforts and resources into a number of available market opportunities,** which include:

- **Securing government and parastatal contracts in South Africa,** including city infrastructure, Transnet, Eskom, South African National Roads Agency (SANRAL), the ports authority and pre-qualifying for the upcoming prisons and government precinct programmes. In this regard, the group has recently secured over R4 billion of work with Transnet and SANRAL for pipelines and roads infrastructure. There are also additional contracts in the bidding stage
- In addition, the group has **positioned itself to participate in the large-scale, affordable (R250 000 – R500 000) bank financed, first-time bonded housing market.** R40 billion has been committed by the commercial banks under the Financial Services Charter towards this market. Group Five is aligned as construction partners for complete township developments, which provide a higher-blended margin as the group undertakes total development and construction work. The group has been awarded its first developments of entry level housing in three locations for approximately 4 000 houses
- The need to continue **accelerating our growth in the Middle East in the civil engineering, building and mechanical/electrical disciplines.** In this regard, the group is working with our partner, Al Naboodah, on a number of public and industrial contracts in Dubai and Abu Dhabi. We are at the bidding stage for additional government infrastructure in the UAE and for further work in the private industrial sector
- Ensuring we **build on the group's growing position as development partner to Europe's leading concessions contractors.** Our position has led to opportunities for equity participation, as well as development, operations and maintenance and equipment supply revenues from single contracts. In the year under review, the group has been able to grow our Eastern European base through the awarding of new toll road contracts and realising cash value from our planned cycle of exit and re-investment in mature concessions. Additionally, there are further potential contract awards in the year ahead. Further detail is provided under the operational review on page 74
- **Accessing more of the mining capital spending in African resources by focusing on delivery of multi-**

CEO'S REPORT (CONTINUED)

disciplinary solutions to mining companies operating in remote locations. In this regard, the group has provided mine construction, housing and infrastructure works in the DRC, Zambia and West Africa. The group is engaged in discussions with our customer base in these territories for additional work streams in the buoyant mining and resources sector

POWER

Group Five is in the fortunate position that the South African power crisis poses more potential than threat. Due to the group's experience and reputation in the provision of power plants in Africa, we are in a prime position to benefit from industrial and private power generation opportunities in South Africa and elsewhere.

In particular, the group's interest in the power sector has borne fruit as Engineering Projects and Civil Engineering specialise in power contracts and standby generation. Opportunities for gas-fired and diesel-fuelled power where Eskom's co-generation strategy, the independent power project (IPP) opportunities and industrial and mining groups look to generate their own power, have resulted in an environment where many new opportunities have emerged aligned to the group's technical strengths. Our position in power is dealt with more fully in the Strategy Review on page 9. However, the effect on the group of the South African power shortage and load shedding is summarised below:

- No delays were expected in our target infrastructure customer base with respect to current large contracts
- Productivity on sites has not been materially impacted, as the majority of sites already have their own generated power
- A few suppliers have been affected, which have been mitigated by second sourcing from Asian markets and acceleration of the group's investment in expansion of its own materials and manufacturing supply chain opportunities, particularly in the areas of steel and reinforcing
- The effect on our Manufacturing business has not been material, but standby power has been implemented for critical plants as a precaution
- Private sector investment into commercial and residential retail building and housing has slowed down

INVESTMENT FOCUS

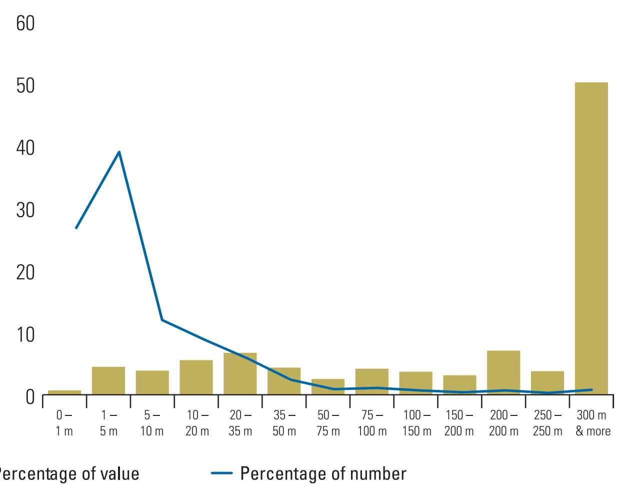
We re-evaluated our short term initiatives against our strategy within the new environment. In this context, we postponed further major Construction Materials acquisitions in favour of investing in the enhanced opportunities for the group in steel supply and the power, energy and mining sectors. This was done against South African private power and the national power programme rising in prominence and high commodity prices leading to improved prospects in the African mining sector.

Even though commodity markets, by their very nature, experience up and down cycles, the long term economic fundamentals support forecasts of further mining development on the continent over the next decade and beyond. In respect of mining services, the group's Construction Materials cluster is currently providing contract crushing and mining services and is in the process of expanding these operations on a contract by contract basis. The expansion of operations utilises the processes in which the group is already skilled.

CONTRACT DELIVERY MODEL

The market drivers are increasingly pointing towards infrastructure contracts being packaged by the customer into larger multi-disciplinary contracts. This can be seen from the SAFCEC slide below which indicates that the growth is at the upper end of contract size. We recognised this trend in line with international precedents in F2006 and pro-actively moved our strategy from a general contractor to competing in the total contract delivery market where the group's various business units can be applied across a single contract. The Strategy Review on page 9 provides detailed information on the measured progression of our strategy.

CONTRACT SIZE AND VALUE
(%)



Growth is at the upper end of contract size.

However, in my review I would like to point out that we have already demonstrated our ability to deliver on our strategy through the successful progression of various national mega-contracts. These include:

- The Durban Port widening – Group Five portion approximately R1,2 billion
- The Moses Mabhida 2010 Soccer Stadium – Group Five portion approximately R800 million
- The new Durban International Airport – Group Five portion approximately R2,5 billion

- Alliance contracting in the mining sector, including the Metorex Ruashi contract in the DRC and private power contracts in West Africa where the group has completed the Ibom contract and started on the recently-awarded Aba power contract in Nigeria. The combined value of these contracts is in excess of R1,5 billion

To consolidate the group's position in our markets as an innovative leader in the delivery of large, integrated multi-disciplinary contracts, during the year we established a permanent front-end design and project management business which will be branded as Group Five Design and Project Management (D+PM).

This business will house a lean delivery team that will lead the group's total contract offering towards large contracts where early involvement with the customer and turnkey or alliance contract delivery is becoming the delivery philosophy of choice, both locally and internationally. Simply put, this is a focused structure to continuously roll out the group's already successful contract delivery model. The business will not require a large staff complement, as we prefer to continue to manage alliances and partners with external technology, engineering and resources that can be selected appropriately for each contract.

A focused team of permanent resources will allow the further embedding of continuous improvement in the group's total solution offering, from early stage in contract development through to execution. For more information on this business, refer to page 73.

HUMAN RESOURCES

During the year, our direct employee base decreased slightly, although our revenue grew by 16%. This was due to several of our resources being absorbed into our joint venture agreements in Dubai and KwaZulu-Natal, as well as a shift to less labour intensive work. Our investment in Construction Materials and Manufacturing and a move towards larger, mega-contracts are less people-intensive and more focused on materials, equipment and specialist services – resulting in financial growth in an environment with a shortage of skills.

However, this does not mean the group will not continue to focus on skills development and attraction. In fact, the group's corporate university, The Group Five Academy, provided almost 6 000 training interventions during the year. The total spend on training and development increased from R18,6 million last year to R23,2 million in F2008. This focus will continue in the new year.

TRANSFORMATION

At Group Five, we are addressing transformation at multiple levels, with a particular focus on the racial and gender demographics of the group to ensure we create a more representative employee base. Thus far, it has been successful at junior manager level. However, we have a lot more to do at middle and senior management and director, exco and manco level. In this regard, we have resolved to make transformation a priority both at corporate and business unit level.

> THE MARKET DRIVERS ARE INCREASINGLY POINTING TOWARDS INFRASTRUCTURE CONTRACTS BEING PACKAGED BY THE CUSTOMER INTO LARGER MULTI-DISCIPLINARY CONTRACTS.

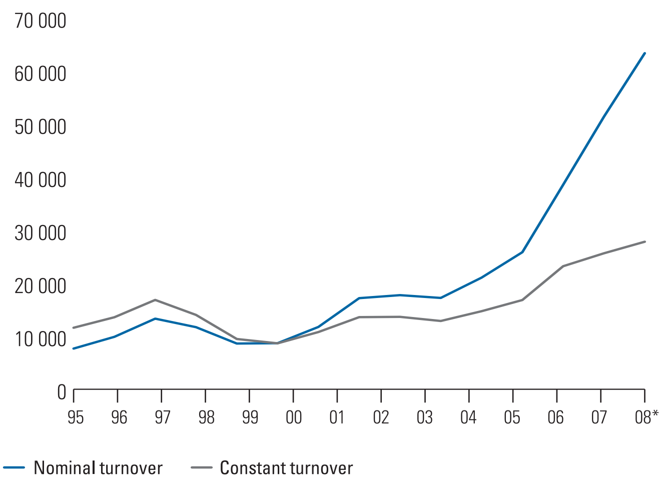
Transformation at Group Five is seen as a business imperative and is driven by the chairperson and myself. This has resulted in focused culture change and leadership development programmes within the group. F2009 will see these initiatives rolled out at business unit level.

The Academy, launched in F2006, has grown in stature. It is now a strategic resource for the group and continues to gain momentum. A key focus area in the last quarter has been the launch of construction skills centres in Gauteng, KwaZulu-Natal and the Western Cape. The construction skills centres deliver CETA-accredited programmes and focus on the development of core construction skills, such as setting out, bricklaying, plastering, shuttering and safety. 80% – 90% of learners passing through these programmes are employed on our contracts.

Our university and university of technology students are required to attend a three-week course in basic construction skills as a pre-requisite to being assigned to the group's Construction, Materials and Manufacturing businesses for on-the-job vacation training experience.

The potential benefit to the group of these centres is multiplied when we transfer the knowledge to our emerging sub-contractors

CIVIL ENGINEERING TURNOVER
(R million)



CEO'S REPORT (CONTINUED)

and their workforce in a programme of formal enterprise development agreements. Group Five has been a pioneer in the construction enterprise development arena with our agreement with iLima Projects in F2006. Refer to page 152 for more information.

SAFETY, HEALTH, ENVIRONMENT AND QUALITY (SHEQ)

The group subscribes to the concept of "zero harm" in all we do. It is our responsibility to ensure that every employee goes home safely every night.

Creating a safe environment for employees is a non-negotiable for Group Five. During the year, we recommitted to this. The Group Five rolling 12-month disabling frequency rate (DIFR) improved by 24% to 0.5 – among the best in the global construction world. The South African industry average is currently 4.5, indicating that Group Five is nine times safer than the industry at large.

SUSTAINABILITY

In May 2004, the JSE Limited launched its Socially Responsible Investment (SRI) index in response to the global debate around sustainability. The SRI index is the first of its kind in an emerging market, and the first to be launched by an exchange.

Companies are assessed against criteria across the triple bottom line (environment, society and economy), as well as governance. Within each area of measurement, companies are assessed based on policy, management/performance and reporting.

Within the environmental criteria, companies are classified as high, medium or low impact based on their activities. The society and governance criteria reflect global standards, while accommodating issues unique to South Africa, such as black economic empowerment (BEE). They also incorporate economic factors and related sustainability concerns reflective of the emerging market.

To be eligible for this index, companies must meet certain indicators. This year, about 40 companies were rated by the index, with Group Five rated as one of only 14 "best performers".

We believe this is significant recognition of our commitment to sustainable development in our pursuit of creating value for all stakeholders.

I thank everyone who made this possible.

TRANSFORMATION AT GROUP FIVE IS SEEN AS A BUSINESS IMPERATIVE AND IS DRIVEN BY THE CHAIRPERSON AND MYSELF. THIS HAS RESULTED IN FOCUSED CULTURE CHANGE AND LEADERSHIP DEVELOPMENT PROGRAMMES WITHIN THE GROUP.

Furthermore, in line with ensuring solid corporate governance practices in the market, we welcome the Competition Commission investigation into construction industry practices.

EXECUTIVE LEADERSHIP

The Group Five exco has been further strengthened in F2008 through the appointment of three key executives.

Cristina Teixeira was appointed as group chief financial officer, following six years of service in the group and after having demonstrated her ability to manage the group's complex and demanding financial environment, both locally and in the group's international operations in Africa, the Middle East and Eastern Europe. Cristina has a thorough understanding of the group's external environment with respect to investors, analysts, financiers, insurers and other stakeholders. Under her guidance, the group has won a number of awards for reporting and disclosure over the past few years, including the 2007 and 2008 Investment Analysts Society (IAS) award for Reporting and Communication in the JSE Basic Industry and Manufacturing sector.

Junaid Allie joined Group Five in the position of group human resource director with effect from 1 September 2007. Junaid was previously with Eskom Holdings as general manager of human resources, strategy and policy, including setting strategic direction for Eskom Holdings and its subsidiaries. Junaid has significant experience in operational management, strategy and human resource development, both at home and internationally, and will be using his talents to drive our human capacity growth and culture change initiatives.

Willie Zeelie, managing director of Group Five Energy, was appointed to exco and tasked with continuing to grow the successful Group Five Energy and Power cluster, whilst also leading the establishment of the group Design and Project Management (D+PM) business unit. Willie has over 20 years' experience in the power industry, with senior positions at groups such as Alstom, Eskom, Reyrolle and ABB. Willie also established our Power Systems business in F2005 and Energy in F2007.

PROSPECTS

The group's strategy has created a better balanced business, able to participate in more of the revenue streams that characterise the larger and technically more sophisticated contracts that are required for the public and private infrastructure we see across our markets.

We have also demonstrated our flexibility in moving construction resources across businesses and between sectors and territories, which enables us to position ourselves favourably as the opportunities arise.

Over the last few years, the group has increasingly internationalised its footprint and has an established modus operandi in our selected territories. The group has gained significant expertise in Africa in specific construction skills in large buildings, mining plant construction and associated infrastructure and, with one of our partners, General Electric, for regional power solutions.

These areas of expertise can be executed almost anywhere within the group's risk guidelines, which has been demonstrated over the last five years in Africa and recently in the Middle East.

The concessions opportunities in our target markets are buoyant and in Eastern Europe in particular, the group is well placed for long term beneficial investment returns.

We therefore believe that our primary international focus for F2009/F2010 will be around the African resources and power market, territories where governments have seen the economic opportunity of growing private industrial and services hubs, as well as continued growth in the Middle East and Eastern Europe.

In South Africa, we will continue to service our private sector customer base in real estate, mining and heavy industry and have also committed resources to the nation's infrastructure building programme, with specific attention to housing, infrastructure PPPs, the Airports Company of South Africa (ACSA), Eskom, Transnet, SANRAL and their technology suppliers.

With respect to the baseload power contracts, the group is bidding for various work packages directly to Eskom and as a civil engineering, electrical and mechanical construction partner to the main generating equipment suppliers. This applies to both the coal-fired and nuclear programmes.

Separately, the group sees potential in the secondary power market and is already contracting in partnership with equipment suppliers for engineering turnkey and alliancing construction contracts for mainly gas or liquid-fired power plants.

The group has a clear strategy and a balanced portfolio of business diversification, aligned to the direct requirements of the markets we serve. The management team is therefore confident of delivering another year of good growth in a safe and sustainable environment.

APPRECIATION

I would like to thank the board for their support during my first year and a half as the group's CEO. I would also like to acknowledge the strong focus they have placed on strategy, empowerment and cultural change – issues close to my heart.

I would like to thank all our employees, with a special thanks to our leadership teams, in particular the exco members. I welcome Cristina, Junaid and Willie to this team. We have a strong and diverse group of people in place, ready to take on the opportunities open to us.

Lastly, I would like to thank all our external stakeholders for their continued support to Group Five. We would not be able to exist without your goodwill.

I look forward to a fruitful F2009.

MR (Mike) Upton
CEO

6 August 2008

CFO'S REPORT

The year under review has been a successful one for the group. We have focused on delivering on our super-ordinate goals and financial targets to continue to add value to our shareholders. Our consistent financial growth provides a strong track record and a solid base which the group can leverage during this time of strong growth in our industry.

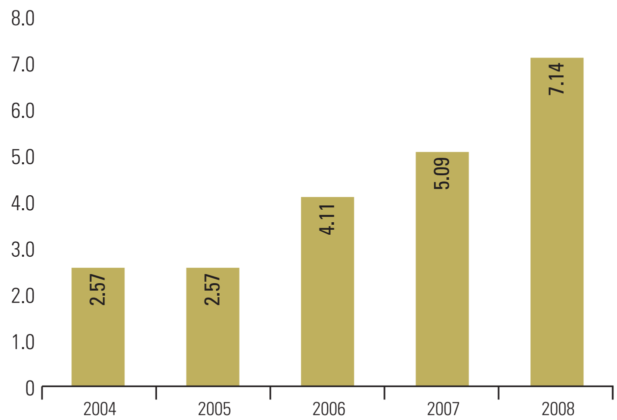
INTRODUCTION

The group is pleased to announce another year of solid growth. Fully diluted earnings per share increased by 57.9% from R2,40 to R3,79 and fully diluted headline earnings per share increased by 70.8% from R2,33 to R3,98.

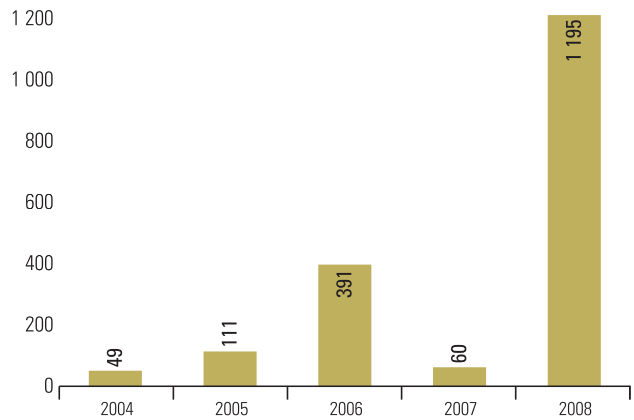
FINANCIAL PERFORMANCE

The key measures used by management to measure financial performance are disclosed on page 6 of this report. In addition, the group has defined ten super-ordinate goals that are designed to provide a dashboard to monitor the group's health, with a particular focus on sustainable shareholder return. Refer to page 13 of this report. The group's delivery against the four financial super-ordinate goals are depicted and discussed below.

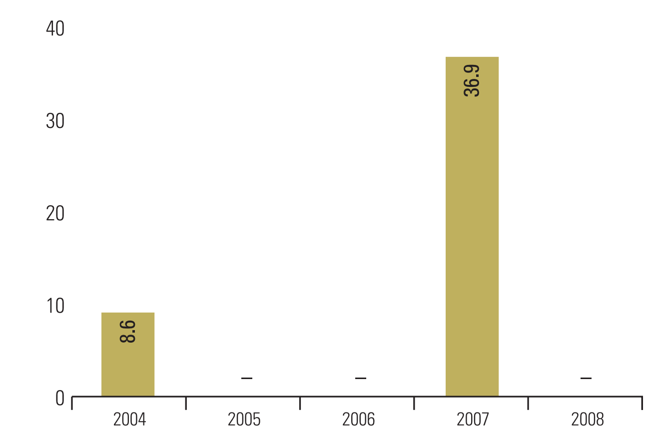
OVERALL OPERATING MARGIN (%)



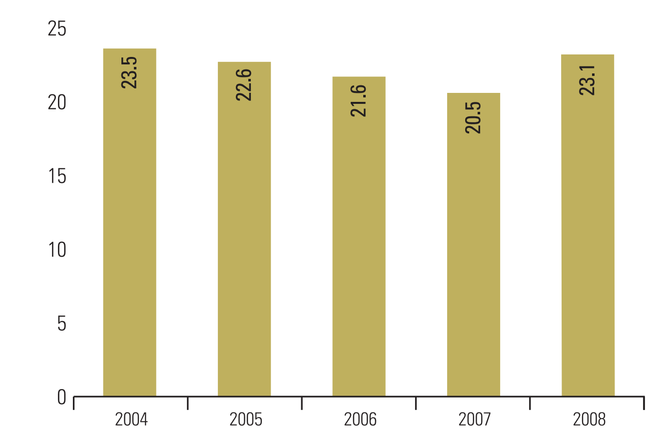
CASH GENERATED (R million)



NET GEARING NOT TO EXCEED 33% EQUITY (%)



RETURN ON SHAREHOLDERS' FUNDS OF 25% IN THE MEDIUM TERM (%)



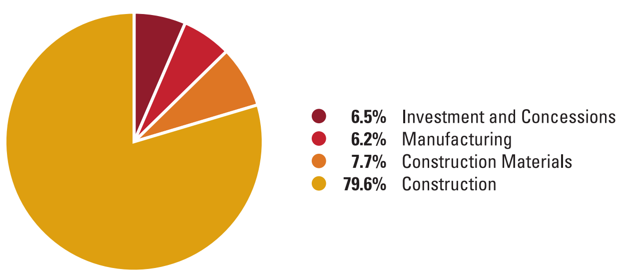
OPERATING PERFORMANCE

REVENUE AND OPERATING MARGIN

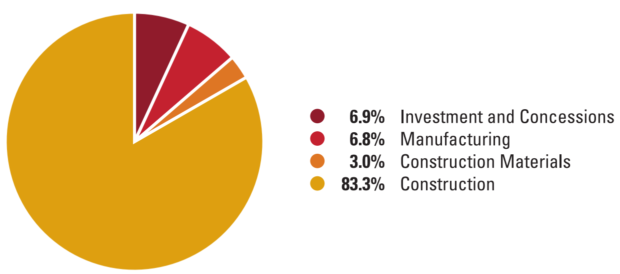
Group revenue increased by 15.7% from R7,7 billion to R8,9 billion and operating profit increased by 62.3% to R635,6 million (2007: R391,6 million). Overall operating margin increased to 7.1% (2007: 5.1%), exceeding the group's stated short term margin goal of 5%. This is illustrated on the previous page and represents the third year of improved group margins. In addition, each business area other than Manufacturing reported improved operating margins when compared to that of the corresponding reporting period.

Revenue and operating profit per business area is set out below:

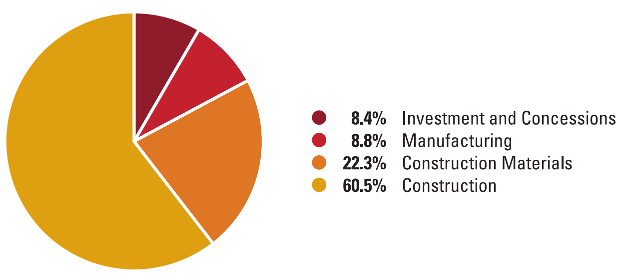
REVENUE BY SEGMENT F2008



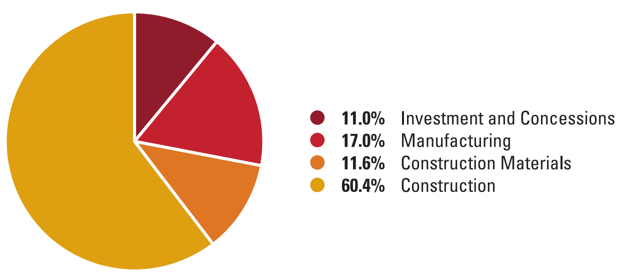
REVENUE BY SEGMENT F2007



OPERATING PROFIT BY SEGMENT F2008



OPERATING PROFIT BY SEGMENT F2007



CFO'S REPORT (CONTINUED)

FAIR VALUE ADJUSTMENTS

Investment property and investment in service concessions are defined in IFRS as "financial assets held at fair value, with fair value adjustments through profit and loss designated on initial recognition". The group derives fair value from its Infrastructure Concessions and Property Developments clusters.

No fair value profit or loss was recognised in the current year with respect to investment property (2007: R9 million). However, a fair value adjustment of R111 million (2007: R14 million) realised with respect to investments in concessions. This is as a result of the group's disposal of its interest in the M5 motorway in Hungary. This has been a cash realisation, which demonstrates the inherent value within these investments. It also supports our strategy of diversification and further investment in Investments and Concessions to enhance shareholder returns.

OVERALL OPERATING MARGIN INCREASED TO 7.1% (2007: 5.1%), ACHIEVING THE GROUP'S STATED SHORT TERM MARGIN GOAL OF 5%. THIS REPRESENTS THE THIRD YEAR OF IMPROVED GROUP MARGINS. IN ADDITION, EACH BUSINESS AREA REPORTED IMPROVED OPERATING MARGINS WHEN COMPARED TO THAT OF THE CORRESPONDING REPORTING PERIOD.

PENSION ACCOUNTING

An amount of R22,9 million pension fund surplus (2007: R46,4 million) was taken to income as a result of the actuarial valuation performed on the group's defined benefit pension fund during March 2008. In terms of the fund's rule amendment, additional surpluses and deficits arising after the legally required surplus valuation date are for the account of the group. The group's surplus apportionment exercise was completed and submitted to the Financial Services Board (FSB). The scheme has been approved by the board. The R23 million increase in operating profit has been allocated to each reporting area, based on revenue generated.

DISCONTINUED OPERATIONS

During the year, an amount of R28,2 million was charged to the income statement following an adjustment to a claim in India where the group terminated its operations and maintenance business and disposed of its concessions investment. This is reflected under discontinued operations. The case continues to proceed to arbitration. Refer to note on 33 in the annual financial statements for additional disclosure.

An amount of R31,7 million was received on 1 July 2008 in terms of the final payment due for the Vaal Sanitaryware and DPI Plastics disposals. An amount of R33 million was previously reflected as a current asset outstanding. The difference of R1,3 million was charged against earnings in the current year under review.

CASH FLOW ANALYSIS AND CASH AND CASH EQUIVALENTS

Operating activities

The group generated R1,8 billion cash from operations during the period under review. This represents a marked improvement over the prior comparable period. The improvement was as a result of continued working capital focus within all business areas, as well as an increase in the levels of advanced payments received during the year. At year end the group records R1,5 billion as advance payments on hand (2007: R505 million). Included in cash balances is an amount of R161 million held on behalf of joint venture partners.

Tight cash management on undercertified work has seen the balance of work in progress reduce from R911 million to R579 million.

Cash generated from operating activities is firstly used to pay our debt and taxation commitments, followed by providing a return to our shareholders in the form of dividends. The remaining cash is used primarily for our capital expansion requirements.

Financing activities

The cash effects from financing activities are as a result of the expansion explained below as part of the debt and gearing review.

Investing activities

The funding of investing activities is due to the expansion in Construction Materials and Investments and Concessions. Funds received from investing activities were proceeds on the sale of equity investment in the M5 motorway in Hungary. (Refer to detail under acquisitions and disposals.)

DEBT AND GEARING

As reported in the previous year, in F2007 the group issued two senior unsecured bonds totalling R850 million. These bonds are repayable in February 2010 and February 2012 and were issued under an approved R1 billion listed debt management programme.

The Global Credit Rating (GCR) agency accorded the group a long term credit rating of A and a short term credit rating of A1. Following the group's annual credit review during the current year, both short term and long term ratings were reaffirmed with a rating watch on net gearing, as net gearing realised was 34% at the time of review compared to the group's stated goal of 33%.

33% remains the group's target. At year end, we closed at a net gearing ratio of 0%. Although 33% is a reasonably conservative gearing level for most businesses, we believe it is appropriate to ensure a focus on returns, considering the substantial capital investment necessary in our group, as well as the number of recently acquired businesses that must be integrated and demonstrate the generation of planned levels of cash and profit returns.

The group's debt consists of long term and short term debt with limited bank overdrafts. The debt profile matches the assets being funded. Our operating performance has reduced the group's dependency on short term borrowing facilities.

The rising interest rates and the introduction of capital restrictions on financial institutions have resulted in an increase in cost of financing. Furthermore, the required increase in capital expenditure, as well as the expansion within the group's non-construction activities, has seen a necessary increase in the level of debt. This increase is in line with the group's growth strategy and is continuously evaluated against the group's net gearing ratio.

RETURN ON SHAREHOLDERS' EQUITY

The group has set a medium term target of 25% return on shareholders' equity. During the current year, we achieved 23.1% compared to the prior year of 20.5%. Shareholder return on equity will continue to remain a focus area for the group.

CAPITAL EXPENDITURE

All capital expenditure requirements, whether in relation to replacement or expansion capital, are approved by the group's executive team. Funding facilities are sourced by group treasury on behalf of the business units to ensure alignment with the group's financial target funding strategy.

The expansion in both Manufacturing and Construction Materials, as well as the additional capital items required within Construction to support the increase in Civil Engineering contracts (capital intensive in nature), resulted in an increase in capital expenditure over the initial budget set at the opening of the financial year. Furthermore, the increase in the level of capital items requiring importation, global supply shortages of these items, as well as the weakening of the Rand in the last six months, have contributed to the increase in capital costs. These costs are considered during the pre-tender stage during contract risk evaluation and appropriate hedging strategies are implemented.

DISPOSALS

The group received R134 million on disposal of its 3.47% equity interest in its investment in the M5 motorway in Hungary.

ACQUISITIONS

During the year under review, the group made the following investments and acquisitions.

Construction Materials	Acquisition of Sky Sands, Bernoberg Millings. The total cost for all these acquisitions was R166 million. Refer to page 235.
Investments and Concessions	Investment in an associate share of Jozi Power, a niche company focused on supplying between 1 to 10 megawatt standby power and power rental solutions to mining and industrial customers. This investment amounted to R7 million. A 10% acquisition investment was also made in the M6 motorway, Phase III in Hungary for R77 million.

GROUP INITIATIVES

SUPPORT SERVICES

Shared Services provides financial and payroll support and has been in place since F2003. It operates as a stand-alone business unit and focuses on continuous improvement in quality, service and support. Activities are non-strategic, high volume standardised processes resulting in reduced cycle time and error rates, and ultimately reduced costs.

Shared Services allows the business unit financing teams to focus on core processes, as well as ensuring that internal controls are improved and policies and procedures are standardised. The group believes that the shared services concept allows for the best of breed between decentralisation and centralisation principles. Future improvements for the coming year include enhancements to the procure-to-pay systems and the further upgrading of international payroll and tax systems.

INFORMATION TECHNOLOGY (IT)

With our growth and expansion, technology users grew by 39%, which has increased the demand on the use of IT systems and the group's support infrastructure. Group IT completed 72 separate projects this year, which have added significant functionality to the business systems. All of this was achieved with only a 5% increase in IT headcount.

The focus for the new year includes:

- Enhancing operational systems – alignment of systems and processes to support larger multi-disciplinary contracts
- Green computing – the study and practice of using computing resources efficiently. The primary objective of this initiative is to address triple bottom line requirements
- The implementation of the group's Customer Relationship Management Solution (CRM)

CFO'S REPORT (CONTINUED)

SHARE TRADING

The year under review has seen a significant increase in our JSE-listed share trading activity (Share Code: GRF). More than 103 million shares traded in the year, representing a value traded of approximately R5 462 billion at an average price of R53 per share. Market capitalisation at year end was R5,4 billion. The percentage of shares held by South African residents remains unchanged at 86%.

DIVIDENDS

We have adopted an approximate four times basic earnings per share covered policy. This policy is subject to review on a semi-annual basis prior to dividend declaration, as distributions are influenced by business growth, acquisition activity or movements in earnings as a result of fair value accounting adjustments.
Our total dividend for the year (based on the period to which they relate) increased by 45.8% to 105,0 cents per share compared to 72.0 cents per share in F2007 and 56,0 cents per share in F2006.

FINANCIAL RISKS

The group is exposed to a number of financially-related risks, which include foreign exchange and interest rate risk. Detailed disclosure on the group's financial risk objectives and risk management procedures are provided on page 225 of the annual financial statements.

Below is a summary of the key challenges and opportunities, as well as priority focus areas for the new financial year.

RISKS	AREA OF FOCUS
Liquidity	> Cash management remains a focus area within the group, especially within Construction due to the increase in size and tenure of contracts. Cash management by contract will remain a fundamental control measure > The group currently makes use of both financial and insurance guarantees and has sufficient capacity to allow for growth. Going forward, we believe that the substantial increase in value of individual contract awards will necessitate the increase in the industry's level of guarantee facility requirements. As local financial institutions are limited in terms of issuing large facilities, alternative guarantee solutions will have to be sourced. The group is already investigating alternatives. The group currently makes use of both financial and insurance guarantees. The group has recently secured additional facilities and has sufficient capacity to allow for growth
Interest rate	> The group's debt is purely based on floating exchange rates. A mix of floating and fixed interest rates, as well as possible alternative debt funding, is being investigated to balance the group's exposure to interest rate risk
Foreign exchange	> Although the group is exposed to foreign exchange risk due to its geographical footprint, it has traditionally been able to apply a strategy of natural hedging. This is done by matching income streams by foreign currency to cost streams, which eliminates exposure > The only material foreign exchange effect is the translation of operations from their functional currency into the group's reporting currency of Rands. However, this adjustment is reflected within the foreign currency translations reserve within equity > The current year has seen the group secure a number of large local contracts that consist of multiple foreign cost streams. Where possible, natural hedging strategies have been adopted during contract review and agreed with the client. However, where this is not possible, the group will consider making use of financial instruments such as forward exchange contracts. Included in the current year's results is a profit of R19 million realised on a forward exchange contract held by the group on one of its joint ventures
Compliance	> Continual internal control evaluation is performed to ensure compliance with group set policies and procedures. As the group grows, whether by product or geography or acquisitive or organic growth, a solid foundation is required. The systems of internal control will continue to remain a focus area to support the business through its growth phase

EFFECT OF SIGNIFICANT CHANGES IN ACCOUNTING POLICIES

A number of statements and interpretations became effective for the group during the period under review. The full list, as well as their effect on the reported results, is discussed on page 199 of the annual financial statements.

Of significance was the adoption of new statement IFRS 7 – Financial Instruments: Disclosures, as well as the amendment to IAS 1 – Presentation of Financial Statements – Capital Disclosures.

IFRS 7 introduced new requirements to improve the information on financial instruments. It requires disclosure on the significance of financial instruments for an entity's financial position and performance. The statement also requires information on the extent of exposure to risks arising from financial instruments and a description of management's objectives, policies, procedures and processes for managing risks. Refer to note 25 on page 225 for details on the disclosure introduced to address these requirements.

IAS 1 introduced additional disclosure around the level of an entity's capital and how it manages this. Refer to note 25 on page 225 for details on the disclosure introduced to address these requirements. The adoption of these standards did not affect the reported results of the group.

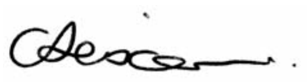
CONCLUSION

The year under review was successful. We have focused on delivering on our super-ordinate goals and financial targets to continue to add value to our shareholders. Our consistent financial growth provides a strong track record and a solid base which the group can leverage during this time of exciting growth in our industry.

ACKNOWLEDGEMENT

I extend my thanks to all the financial teams for their commitment during the year. It is through your dedication that we are able to produce quality financial information for our stakeholders on a timeous basis.

I look forward to my new role as group CFO and working with Mike and the rest of the board in delivering sustainable growth in these exciting times.



CMF (Cristina) Teixeira
CFO

6 August 2008

OPERATIONAL REVIEW

The group has structured its operations across four business areas. When combined, these deliver multiple profit streams from a single contract.

INVESTMENTS AND CONCESSIONS	MANUFACTURING	CONSTRUCTION MATERIALS	CONSTRUCTION
INFRASTRUCTURE CONCESSIONS	EVERITE	QUARRY CATS	BUILDING AND HOUSING
PROPERTY DEVELOPMENTS	GROUP FIVE PIPE	AFRIMIX	CIVIL ENGINEERING
	STRUCTURAL STEEL AND FORMWORK	BERNOBERG	ENGINEERING PROJECTS
	BARNES REINFORCING	SKY SANDS	

INFRASTRUCTURE DEVELOPMENT SERVICES AND D+PM

INTRODUCTION

Infrastructure Development Services (IDS) leads the group's business development activities for major multi-disciplinary construction contracts in infrastructure, specifically including transport, power, public building, mining and industrial contracts.

This year saw the start of the roll out and awarding of transport contracts in South Africa, with the 2010 World Cup acting as a catalyst to some of these. In light of this, IDS secured the King Shaka International Airport. The group is well placed to secure further contracts in programmes such as the Eskom nuclear energy programme.

Going forward, upon successful contract award, IDS will hand over contract execution leadership to the newly formed Group Five Design and Project Management (D+PM) business.

The creation of D+PM in July 2008 follows the market moving to a higher percentage of contracts now being multi-disciplinary mega contracts instead of the traditional smaller, focused contracts. The current shortage of skills, and the desire of the client to deliver the contract as speedily and seamlessly as possible, has led the client to requiring a single point of contact for contract execution.

D+PM is structured in line with this development for large contracts. This business will offer a single point of contact to the client, thereby eliminating the need for the client to employ duplicate resources.

OPERATIONAL REVIEW (CONTINUED)
> INVESTMENTS AND CONCESSIONS

INVESTMENTS AND CONCESSIONS
OPERATING PROFIT UP **24.1%**

ERIC VEMER
Executive member

INFRASTRUCTURE CONCESSIONS
OPERATING PROFIT UP
71.4%

	F2008 R million	F2007 R million
Revenue	**327**	226
Operating profit	**31**	18
Operating margin (%)	**9**	8
Fair value profit	**111**	14
Investments	**135**	74
Employees (pax)	**747**	833

PROPERTY DEVELOPMENT SERVICES
OPERATING PROFIT DOWN
9.6%

	F2008 R million	F2007 R million
Revenue	**255**	308
Operating profit	**23**	25
Operating margin (%)	**9**	8
Fair value profit	**–**	9
Developments in progress	**156**	189
Employees (pax)	**10**	19

> *Toll plaza on the new A1 freeway in Poland.*

INTRODUCTION
Investments and Concessions contributed 6.5% (2007: 6.9%) to group turnover and 8.4% to group operating profit (2007: 11%). Infrastructure Concessions and Property Developments form part of this business area.

INFRASTRUCTURE CONCESSIONS
Infrastructure Concessions houses the group's investments in service concessions and operations and maintenance. It currently consists of Intertoll. The group is pursuing further concession opportunities in infrastructure, specifically transport, power and public buildings.

Intertoll currently operates four toll roads over 800 kilometres in South Africa and is invested in and operates close to 400 kilometres of toll roads through four contracts located in Eastern Europe.

The group has been active in Central and Eastern Europe since 1996 and is now the leading independent motorway operator in the region.

Intertoll's South African business is headquartered in Pretoria and its European business is based in Budapest, Hungary, with regional offices in Gdansk in Poland and Tonbridge in the United Kingdom.

PROPERTY DEVELOPMENTS
The Property Developments business is focused on A-grade property development opportunities in South Africa and operates across the commercial, industrial and retail markets and selected contracts in the residential market. Returns are generated through a blend of property development unit sales and annuity income returns achieved from a portfolio of targeted equity investments.

The business seeks opportunities that are aligned to core Group Five interests in construction and will seek to secure contracts where Group Five may act as principal contractor on selected development opportunities. The group's strategy is to align with selected partners on opportunities to spread exposure on individual contracts and to increase development opportunities and investment capacity. A number of contract-specific relationships have and are being established.

WHAT IS YOUR STRATEGY?

INFRASTRUCTURE CONCESSIONS

- To position Group Five as the preferred partner for developing concessions in the transport, energy and buildings sectors and on selected mining, industrial, and environmental contracts in our target geographies
- To position Intertoll as the toll motorway development, investment and operating partner of choice in our target geographies
- To expand our technological capability and alliances to encompass new revenue collection and tolling methodologies, helping our clients achieve road transport infrastructure solutions efficiently and cost effectively
- In the medium term, targeting to invest approximately 25% of group net assets in concession and property assets from the current 14.5%

PROPERTY DEVELOPMENTS

- Development of A-grade property opportunities in targeted commercial, industrial, retail and selected residential sectors within southern Africa that are aligned to core group interests in Construction, Manufacturing and Construction Materials
- Invest in targeted contracts through equity to secure annuity revenue income and derive capital growth for the group in excess of group cost of capital

COUNTRIES OF OPERATION

> Southern Africa
> Eastern Europe
> Targeted contracts in Central Europe

KEY PRODUCTS

> Development of and investment in major multi-disciplinary infrastructure contracts and concessions for the group
> Intertoll, a company involved in the development, operations and maintenance of privately financed and public motorways

KEY CONTRACTS UNDER DEVELOPMENT

INFRASTRUCTURE CONCESSIONS

> N1 – N2 Winelands toll road PPP (Western Cape, South Africa)
> A number of public building, prison and hospital contracts in South Africa

INTERTOLL

Find below the group's infrastructure concessions with disclosure of whether the group has an equity interest in the concession:

NAME	COUNTRY	KMs	DURATION	EQUITY	CARRYING VALUE F2008[(a)]
N1 North	South Africa	360	2010	–	
N1 South	South Africa	396	2010	–	
Tsitsikamma	South Africa	25 – 50	2014	–	
Magalies	South Africa	22	2009	–	
M5 Motorway	Hungary	157	2029*^	Sold F2008	
M6 Motorway (Phase I)	Hungary	59	2027^	–	
A1 Motorway (Phase I)	Poland	90	2039^	Yes (15%)	**31 505**
M6 Motorway (Phase III)	Hungary	78	2037^	Yes (10%)	**103 565**
					135 070

** Subject to call option ^ With interim pricing reviews (a) Carrying value of investment and concessions as at 30 June 2008*

OPERATIONAL REVIEW (CONTINUED)

> INVESTMENTS AND CONCESSIONS

WHAT VALUE DOES THIS BUSINESS ADD TO THE GROUP?

INFRASTRUCTURE CONCESSIONS

- Positions Group Five competitively for securing concession contract opportunities in our target sectors that provide long term secured revenue streams with predictable operating margins
- Creates opportunities for the group to selectively invest in concession assets for significant capital value appreciation over the life of the asset in excess of the group cost of capital
- Provides in-depth sector and market exposure that helps to identify new business opportunities
- Provides the group with exposure, experience and learning on international contracts with world-class international partners

PROPERTY DEVELOPMENTS

- Provides the group with an opportunity to access greater revenue and margin in the value chain aligned to the property, building and housing markets
- Positions the group for new construction opportunities in the building and housing markets early on in the contract lifecycle
- Provides enhanced opportunities for the construction businesses through our position as principal contractor on most of the development opportunities

WHAT ARE YOUR UNIQUE SELLING POINTS?

INFRASTRUCTURE CONCESSIONS

- Experienced team of development professionals with in-depth sector and market know-how, complemented by strong functional skills in finance, law and PPPs/concessions
- Focused geographic approach
- Well-positioned, experienced niche private toll road developer and operator independent of national interests

PROPERTY DEVELOPMENTS

- Strong brand in the property, building and housing markets, allowing us to offer wrapped contract solutions from contract inception through development to investment, execution, handover and sale
- Provides early entry opportunity for integrated property development contracts aligned to targeted infrastructure contracts, particularly in energy and mining

WHAT WERE YOUR MAIN ACHIEVEMENTS DURING THE YEAR?

INFRASTRUCTURE CONCESSIONS

- Successful awarding and financial closure of the €1,1billion (R12 billion) M6 Phase III motorway in Hungary. Intertoll is the leader of the operations and maintenance activities for the contract and has a 10% equity interest in the concession company alongside its consortium partners, Strabag (Germany), Bouygues/Colas (France) and John Laing Infrastructure (United Kingdom)
- Opening of the first sections for tolling of the A1 Motorway (Poland) during February 2008
- Agreement reached with Strabag (Germany) for the sale of Group Five's 3.47% equity interest in the M5 motorway (Hungary)
- Successful pre-qualification with partners on the D1 toll road concession contract in Slovakia
- Selection as preferred lead civil construction partner to the sponsors on the major Mmamabula Energy Complex contract, Botswana

PROPERTY DEVELOPMENTS

- Successful re-alignment of the business under new leadership, leading to a downscaling of development activities in the residential sector and positive progress on securing selected larger-scale opportunities more closely aligned with other group interests in construction and materials
- Completion of Phase I of the Howick Retirement Village consisting of 33 freestanding sectional title houses and 80 sectional title apartment-style units. Ongoing development of Phases II and III
- Completion of the Duikerfontein Development in KwaZulu-Natal, comprising 53 sectional title units
- Ongoing progress on The Beacon in East London. This development comprises 227 sectional title units and is due for completion in September 2008
- St Paul's development in Paulshof was completed during the year, consisting of 136 sectional title units
- Securing a preferential position in the Waterfall City contract

WHAT WERE THE MAIN DRIVERS DURING THE YEAR AND HOW DID YOU RESPOND TO THESE?

INFRASTRUCTURE CONCESSIONS

Market

We have seen a gradual acceleration of concession contracts in South Africa and have formed a strong consortium for the ±R5 billion private prisons tender. We are also the lead consortium member and pre-qualified for the Department of Environmental Affairs & Tourism's head office and have positioned Group Five for new hospital PPP opportunities.

We recommenced with the development of the N1 – N2 Winelands toll road following receipt of environmental approvals and accelerated our contact with key authorities and development partners in the sector.

As the intensity of workload and the size of contracts being targeted increased, during the year under review Group Five established the Group Five Design and Project Management (DP+M) business unit to provide the technical leadership from late-stage development through to the execution of large multi-disciplinary contracts.

In Europe, we have seen the escalation of toll motorway contract opportunities. We secured the M6 Phase III contract (Hungary), are in advanced stages of negotiations on the A1 Phase II contract in Poland, pre-qualified for the D1 Motorway in Slovakia and formulated a consortium and submitted pre-qualifications for the R1 in Slovakia and for the Comarnic-Brasov motorway in Romania.

Following the increased trend towards electronic toll collection, we formed a consortium, together with Autostrade (Italy) and Siemens (Germany), to bid for the Hungarian truck toll tender. In South Africa, we are finalising a consortium to bid for the Gauteng open road tolling contract (South African National Roads Agency), creating tactical alliances with technology companies and related suppliers.

Performance

Infrastructure Concessions enjoyed an excellent financial year, with Intertoll Europe in particular delivering a solid operational performance on the back of new contract roll outs in Poland and Hungary and realising a significant cash return on the sale of its investment in Alföld-Koncessziós Autopalya Rt (the M5 Motorway Concession Company, Hungary).

Revenue increased by 44.4% from R226 million to R327 million and operating profit increased by 71.5% to R30,8 million (2007: R17,9 million). As a result, operating margin increased to 9.4% (2007: 7.9%). In addition to operating profit, the business recorded significantly higher fair value gains of R111 million (2007: R14,2 million), primarily arising from the cash sale of the M5 motorway investment.

During the year, Intertoll, together with consortium partners Strabag (Austria), Colas (France) and John Laing Investments (UK), achieved financial close on the R12 billion M6 Phase III contract in Hungary where Intertoll acquired a 10% investment in the concession company. The group will, in a joint venture with Strabag and Colas, provide the specialised motorway equipment and undertake the operations and maintenance over the period of the concession. This contract win was an important further milestone in the development of the business in Eastern Europe and the equity position taken is expected to realise good returns in the medium to long term.

During the year, Intertoll, as a minority 3.5% investor in Alföld-Koncessziós Autopalya Rt, reached agreement alongside the other major shareholders of the company to sell its equity in the M5 motorway to Strabag, the Austrian-based construction major. The equity was sold at a significant profit on an investment that had matured post contract re-financing in F2004. Whilst Intertoll currently continues to operate the M5 motorway, it is now subject to a 12-month termination notice period under the operating contract.

PROPERTY DEVELOPMENTS

Market

During the year under review, South Africa was negatively impacted by a number of power outages, in particular in the second half of F2008, combined with a temporary freeze by the national power utility Eskom on commitments to supply power to some new property developments. Concurrently, domestic interest rates continued the upward cycle that negatively impacts especially the residential sector.

Consequently, Property Developments continued to reposition itself away from the residential sector, a process that had already commenced in the prior reporting period.

Group Five is also positioning itself as a leader in green building and energy efficiency initiatives and is able to offer private power solutions where feasible and commercially viable on new contracts.

Performance

As reported in the prior financial year, the Property Developments business has successfully continued with the realignment of its portfolio by way of selective divestment in its asset portfolio, particularly in the residential sector. As a result, property development revenues for the current year mainly consist of profits made on the conclusion of property development sales. Remaining revenues comprise a blend of development fees and rental income received on development properties.

As part of this restructuring, we also changed the business' management team, with a new managing director, Jon Hillary, who took over in January 2008.

In the 12 months to 30 June 2008, Property Developments recorded revenues of R255,1 million, which represent a 17.1% decrease over the R308 million recorded in F2007, which was in line with forecast.

Operating profit contributed was R22,8 million (2007: R25,1 million). No fair value adjustments were recorded this year, given the re-alignment of the property portfolio into new development opportunities. In F2007 fair value gains of R11 million were effected. The operating margin realised for the year was 8.9% (2007: 8.2%).

Following the property sales realised over the last year, the net value of current property investments reduced by R33 million to a total of R156 million.

WHAT IS THE OUTLOOK FOR THIS BUSINESS?

INFRASTRUCTURE CONCESSIONS

Looking forward, the Infrastructure Concessions team is currently focused on developing a number of new transport, energy, public building and hospital infrastructure contract and concession opportunities in southern Africa, and is targeting to secure at least two major new contracts within the next 12 to 18 months. Whilst the speed of development of concession contracts in southern Africa remains frustratingly slow, new contract prospects have shown an improving trend over the last year.

The Intertoll business has established a strong platform for further growth. It is currently actively bidding on a number of new contracts, particularly in Eastern Europe. Intertoll is further expected to achieve commercial close of Phase II of the A1 tolled motorway in Poland by August 2008, a R12 billion contract with consortium partners Skanska (Sweden), NDI (Poland) and John Laing Investments (UK). Intertoll will hold 15% of the equity in the

OPERATIONAL REVIEW (CONTINUED)
> INVESTMENTS AND CONCESSIONS

concession company and will provide the supply of specialised tolling and motorway equipment and undertake the tolling, operation and maintenance of the contract until F2039.

Furthermore, Intertoll remains active in developing opportunities that arise from the existing concession contracts, including extensions to the operation and maintenance of new linked sections of motorway and the operation of contracts such as additional weigh bridge facilities to monitor overloaded heavy vehicles. Such work is typically revenue and margin enhancing for the business.

PROPERTY DEVELOPMENTS PROVIDES ENHANCED OPPORTUNITIES FOR THE CONSTRUCTION BUSINESSES THROUGH OUR POSITION AS PRINCIPAL CONTRACTOR ON MOST OF THE DEVELOPMENT OPPORTUNITIES.

PROPERTY DEVELOPMENTS

The current negative economic cycle in property, driven by a number of negative factors such as increased interest rates and a generally less optimistic market sentiment, will provide the group with an opportunity to seek new contracts at a lower point in the cycle over the next few years.

The business has now successfully re-positioned itself to take advantage of the new investment opportunities and is busy with a selection of A-grade developments in both the commercial and retail markets. A specific opportunity expected to be concluded early in the new financial year is that of Group Five's participation with the Mia Family on the Waterfall development contract in Gauteng, one of the largest property developments ever to take place in South Africa.

Whilst medium to long term prospects for the business are solid, new developments will take time to realise and a decline in revenue and profitability is therefore forecast over the next few years.

COUNTRIES OF OPERATION

> South Africa

KEY PRODUCTS

> Development of all four of the property sectors, including residential, retail, industrial and commercial

KEY CONTRACTS OF THE YEAR

A list of some secured development contracts and investments is set out in the table below:

NAME	COUNTRY	KMs	DURATION	EQUITY
Waterfall City Development	Gauteng	Mixed use	15 years	Yes
East London Waterfront	Eastern Cape	Mixed use	2,5 years	Yes*
Sandton Development Property	Gauteng	Mixed use	3,5 years	Yes*
Gugulethu Retail Development	Western Cape	Retail	2 years	Yes*
Zambesi Retail Development	Pretoria	Retail	1,5 years	Yes*
Howick Retirement Village	KwaZulu-Natal	Resident	3 years	No
Kuvula Residential Projects	Various	Resident	3 years	Yes*
Secunda Industrial	Gauteng	Industrial	3 years	No*

** In JV with Amabubesi*

MANUFACTURING

OPERATING PROFIT DOWN **15.5%**

JOHN WALLACE
Executive member

	F2008 R million	F2007 R million
Revenue	**555**	524
Operating profit	**56**	67
Operating margin (%)	**10**	13
PP&E*	**293**	157
Capital expenditure	**43**	68
Employees (pax)	**833**	1 049

** Property, Plant and Equipment and Investment Property*

> *Everite fibre-cement large bore pipes used in major water systems*

INTRODUCTION

During the year, the group's Manufacturing and Construction Materials business areas were split into two separate areas, as indicated in the group's structure on page 73.

Manufacturing comprises the two business disciplines of Everite and Steel.

The business of Everite manufactures fibre-cement roofing, cladding, building materials and pipes. It supplies into the wider market and a growing internal market in the building and low-cost and temporary housing sectors.

Steel comprises a 50% share in Barnes Reinforcing Industries, a 50% share in Group Five Pipe and the wholly-owned formwork and structural steel operations that have been removed from the Plant and Equipment business.

Manufacturing contributed 6.2% (2007: 6.8%) to group turnover and 8.8% (2007: 17.0%) to group operating profit.

WHAT IS YOUR STRATEGY?

- Group Five's manufacturing strategy is to optimise value from our primary construction activities by creating manufacturing opportunities that support the front end of our business, both in South Africa and potentially in our growing Middle East market. We aim to develop new companies that are low-cost suppliers of key commodity construction materials
- The group's investment in supply chain excellence over the years has unlocked significant value as we exercise our purchasing power. We are also able to select manufacturing opportunities where the economies of scale allow the creation of manufacturing units to support the requirements of our construction activity

OPERATIONAL REVIEW (CONTINUED)
> MANUFACTURING

WHAT VALUE DOES THIS BUSINESS ADD TO THE GROUP?

EVERITE
- Everite provides an excellent and sustainable earnings stream to Group Five at margins in excess of the overall group's average returns
- It has created the focus on supply chain excellence within the group that continues to create value throughout the construction clusters

STEEL
- The steel cluster allows the group to extract further value from its supply chain, as well as strategically growing the Manufacturing business entity

WHAT ARE YOUR UNIQUE SELLING POINTS?

EVERITE
- Everite is differentiated through product quality and its ability to serve a fragmented buildware merchant market. It remains well positioned in the government-subsidised low-cost housing market where it offers roofing materials and modularised temporary and relief housing structures

STEEL
- The steel cluster extracts value by creating low-cost manufacturing entities that serve the group and external customers with quality products

EVERITE

COUNTRIES OF OPERATION
> Everite operates from a large factory in Kliprivier, Gauteng. Its major market is South Africa, although a small volume of materials is exported to Namibia, Botswana, Malawi and Mauritius

KEY PRODUCTS
> A significant range of fibre-cement internal and external cladding materials for the housing market, including ceiling boards, tongue and groove panels and Vermont building planks
> A number of roofing products, such as profiled roof sheets, concrete roof tiles, barge boards and fascia boards
> A range of fibre-cement pipe products, including building columns, storm water and sewerage pipes and manhole barrels
> Traded products, such as fixtures and ceiling cornices
> Packaged modular housing systems

WHAT WERE YOUR MAIN ACHIEVEMENTS DURING THE YEAR?

EVERITE
- Built and commissioned the new concrete roof tile plant that uses a portion of the internal scrap generated in the fibre-cement production process to manufacture a high-quality, low-cost roofing product
- Fully commissioned the new profiled sheet roof production line (S7)
- Entered the temporary relief accommodation (TRA) market with a number of product offerings, which culminated in the launch of the newly developed steel framed rapid build structure that can be built and moved a number of times
- Formed a number of strategic alliances with targeted contractors to assist in the rapid roll out of both temporary and permanent low-cost housing
- Successfully promoted steel framed housing using fibre-cement cladding to both local and international markets

STEEL
- Formed the new steel cluster as an entity to extract value from the group's significant steel procurement spend
- Built and commissioned a new 5 000 m^2 reinforcing steel factory in Spartan
- Completed the first phase of re-engineering and building the structural steel workshop

WHAT WERE THE MAIN DRIVERS DURING THE YEAR AND HOW DID YOU RESPOND TO THESE?

MARKET

The economy has been challenging for manufacturing concerns in South Africa in the year under review. The overall activity in the markets has slowed, as the joint effects of higher inflation and squeezed liquidity affect overall spending power. On the supply side, the demand for ever-shrinking skills, as well as the inflationary pressures on general inputs, in particular power and fuel, has led to input costs rising dramatically.

As a consequence, the prices of key construction materials, such as steel, cement and bricks, have exceeded the increases in the consumer price index by a very wide margin. Cement and brick prices have each risen by about 140% since F2000. The price of reinforcing steel has risen by 69% from January to May 2008.

However, the business has been able to pass on these cost increases. The currency is showing signs of weakness after many years of strength, and has allowed price increases locally and is re-opening doors to exports. Many local manufacturing concerns are aggressively growing their export activity, particularly into the growing Brazil, Russia, India and China (BRIC) regions.

The construction sector continues to be an attractive market for those manufacturing companies that supply this rapidly growing sector. The residential housing sector is currently weak, although the supply of manufactured material into the multitude of roads contracts, airports, harbours, power-related contracts, mining and government housing contracts remains strong. It is in this arena that Manufacturing will be focusing its growth plans for the future.

PERFORMANCE

Revenue increased by 5.9% from R524 million to R555 million and operating profit decreased by 15.5% from R66,5 million to R56,2 million.

Everite

Everite supplies its markets through the manufacture of a significant range of commodity products at its recently expanded 20 million m^2 capacity production facility in Kliprivier, Gauteng, complemented by synergistic products sourced both locally and abroad.

The non-asbestos fibre-cement technology at this plant has been enhanced through internally developed process improvements, particularly in the profiled products range where product stability and performance has been vastly improved. This pioneering work has in many instances been a world first and requests for technological assistance from global players are often received. The business constantly benchmarks itself against international best practice.

The year proved to be challenging. With a significant percentage of revenue aligned to the buildware merchant market, activity slowed in the second quarter. The merchants experienced volume declines in activity for the first time in four years, with reports of 10% – 25% declines.

Against this, Everite focused on winning business back from competing materials such as steel and bricks, as well as growing the product range to serve the government's drive to deliver low-cost housing units.

The temporary relocation accommodation (TRA) unit has now become the product of choice for a number of government housing departments. The TRA is a demountable house used by authorities as temporary accommodation in the government's programme of replacing informal settlements with formal housing. These units can be erected rapidly with a semi-skilled team and dismantled into housing stock for later use. Each house consists of a steel frame clad with Everite's fibre-cement products.

In the period under review, the Everite product range was broadened to include the manufacture of concrete roof tiles. This product offering complements the existing range of roofing materials and serves housing markets. Most importantly, the new product absorbs a percentage of plant scrap from Everite's primary fibre-cement process and as such reduces the requirement for dumping waste. The unique raw material mix produces a very strong and attractive product, which is finding a niche in the market.

Significant contracts undertaken in the current year were:

KEY CONTRACTS DURING THE YEAR

CONTRACT	DESCRIPTION	LOCATION
Gauteng Department of Housing	The first significant TRA housing contract 186 units	Tshepiso
Mafikeng Department of Education	TRA contract 30 classrooms	Mafikeng
Cosmo City	Big Six roofing 3 500 RDP units	North of Johannesburg
Department of Land Affairs	Big Six roofing 2 000 RDP units	Giyani

OPERATIONAL REVIEW (CONTINUED)

> MANUFACTURING

STEEL CLUSTER

COUNTRIES OF OPERATION

- The steel cluster operates from factories in Spartan and Meyerton in Gauteng and supplies product to all regions of South Africa, as well as neighbouring countries

KEY PRODUCTS

- Reinforcing steel – rebar
- Weld mesh
- Brick force
- Binding wire
- Engineered steel products
- Spiral welded large diameter pipes

Steel

Barnes Reinforcing Industries (BRI)

This business was formed in August 2007 to serve the growing requirement for steel reinforcing products within the buoyant local construction industry. A joint venture with Barnes Fencing Industries (Pty) Ltd was the preferred vehicle to enter the market, as it offered operational efficiency, which ensured the creation of a low-cost, sustainable business. Group Five's share of the joint venture is 50%. Strong strategic ties have been established with the primary steel mills, mitigating reinforcing steel supply issues as the demand for the commodity continues to grow strongly, both locally and globally.

The company manufactures rebar, weld mesh, binding wire and brick force.

BRI produced excellent results in the ten months since its creation. The business beat forecasts and produced a positive operating return and a positive cash flow for the period under review.

Group Five Pipe

Group Five Pipe is a manufacturer and supplier of large diameter spiral weld steel pipes. The business is influenced by the overall spend in public and private infrastructure. It supplies pipes to water pipelines and piling applications for industrial and commercial applications. The company supplies products to areas of southern Africa where it is competitive.

The year under review was frustrating as activities were curtailed, both from a supply and demand point of view. Steel producer Arcelor Mittal experienced production constraints and placed the market on a strict quota, which limited activity. Although Group Five Pipe tendered for a massive amount of work, the start dates have in many instances been deferred due to the uncertain supply of steel and tender award delays.

Although revenue came under pressure after the conclusion of the VRESAP contract and the supply issues covered above, operating profit was ahead of forecast for the year.

Formwork and Structural Steel

The Formwork and Structural Steel business units have been incorporated into the steel cluster to create a focused group of steel manufacturing assets that can be synergistically managed to best return. The greatest areas of value come from the units having similar markets and obvious procurement synergies.

The key products include formwork, access scaffolding and engineered steel products.

Both units contributed positively this year, although Structural Steel is only in its first phase of development as a stand-alone supplier. As such, it had a small, yet positive, contribution. Most significant is the fact that the business has been established and is delivering quality products to the engineering sector of the construction market. Both units will be strategically developed to optimise their size and contribution to the steel cluster in future years.

Significant contracts undertaken in the current year (with total revenue contribution for the periods under review and cumulative percentage completion) were:

KEY CONTRACTS DURING THE YEAR

CONTRACT	DESCRIPTION	LOCATION
Rand Water Board	Pipe contracts	Gauteng

WHAT IS THE OUTLOOK FOR THIS BUSINESS?

EVERITE

Everite has positioned itself to grow its presence in the low-cost housing sector with the launch of its improved modular demountable structure. Government's activity and delivery of low-cost housing is growing and it is believed that any further softening in the traditional housing market will more than be offset by strong growth in the public sector. With the increased product offering to also include concrete roof tiles, the affects of the softening traditional market will continue to be negated.

Going forward, Everite will therefore focus on continued internal efficiency gains, as well as the rapidly expanding government housing initiatives around South Africa.

Furthermore, the long-awaited asbestos ban earlier this year will forbid the sale of asbestos-containing building materials in South Africa after the de-stocking period that ended on 28 July 2008. This will finally level the playing fields, as Everite stopped using asbestos in F2002 and fully converted to using more expensive synthetic and natural fibres.

The business is now well positioned for growth with a broader product. However, it has always been recognised that Everite ultimately requires a strong international partner to fully optimise technology and market access. In this regard, the group continues to investigate strategic partners for this business.

STEEL

The outlook for the steel cluster remains very positive on the back of the continued expansion of the infrastructure base in South Africa. If the state of the major construction companies' order books is the barometer, the local steel industry will continue to grow strongly.

The increasing shortage of steel worldwide as the major emerging markets' appetite for this commodity continues to grow at a double digit rate and shortages of feedstock and primary milling capacity continue, additional pricing pressures and supply constraints to the construction sector will continue in the medium term. In this regard, the group's strategic move into this market will serve to preserve capacity and control input costs to contract delivery.

The structural steel business will be further developed with additional capacity planned for the new financial year.

OPERATIONAL REVIEW (CONTINUED)
> CONSTRUCTION MATERIALS

CONSTRUCTION MATERIALS
OPERATING PROFIT UP **211.7%**

TIM WOODHEAD
Executive member

	F2008 R million	F2007 R million
Revenue	**689**	231
Operating profit	**142**	46
Operating margin (%)	**21**	20
PP&E*	**1 346**	1 011
Capital expenditure	**214**	35
Employees (pax)	**896**	589

** Property, Plant and Equipment and Investment Property*

> *Afrimix is the high specification readymix concrete business within Construction Materials*

INTRODUCTION
During the year, the group's Manufacturing and Construction Materials business areas were separated for greater business focus and reporting purposes, as they are distinctly different businesses aligned to the group's diversification strategy.

Construction Materials contributed 7.7% (2007: 3.0%) to group turnover and 22.3% (2007: 11.6%) to group operating profit.

The increased contribution from the prior year arose mainly from the acquisition of Sky Sands, as well as the incorporation of a full year's trading from Quarry Cats (against only five months of trading in the prior reporting period).

WHAT IS YOUR STRATEGY?
Construction Materials consists of businesses concerned with mining, crushing, milling, aggregates, powders and readymix concrete.

- All production processes are easily adaptable for residential, commercial or infrastructure demand cycles
- Services, assets and know-how are all transferable between the construction and mining sectors

Our two main strategies are:

- To position ourselves as a significant player in the basic **construction materials** market for concrete in all its forms (initially in Gauteng)
- To utilise our knowledge and capacity in quarrying, crushing and mining to expand as a niche mining services contractor to the mining industry

COUNTRIES OF OPERATION

> South Africa, Lesotho

KEY PRODUCTS

QUARRY CATS

- Quarry Cats supplies crushed stone aggregates
- Crushing and processing plants are built and commissioned by a central workshop team. Crusher refurbishment and plant fabrication for external clients provide additional revenues
- A separately focused internal mining fleet management and maintenance team supports all quarries and contract mining projects

AFRIMIX

- Afrimix supplies a full range of structural and specialist concrete mixes
- The company supplies its own concrete pumping service for its clients

SKY SANDS

- Sky Sands markets unwashed and washed sand products for use in mortars, or as a filler in numerous cementitious concrete applications, or with other binders such as bitumen

BERNOBERG

- Bernoberg manufactures ground granulated blast furnace slag which is marketed in bulk to concrete producers and cement blenders

WHAT VALUE DOES THIS BUSINESS ADD TO THE GROUP?

- Continuous and sustainable earnings streams at attractive rates of return on investment and with good growth prospects
- Well-located sources of quality aggregates to support requirements of construction contracts in our major infrastructure markets
- Additional services to support the group's focus on providing complete solutions for key clients in the mining sector

This cluster forms a core part of Group Five's strategy of diversification. It is a higher-margin business within the group and its creation is aligned with our strategy of having a third of revenues derived from non-construction business and creating strategic opportunities for multiple revenue streams on large contracts.

WHAT ARE YOUR UNIQUE SELLING POINTS?

Basic construction materials:

- Well-located facilities in and around Gauteng, with strong capacity and reliability of supply
- Continuous improvement to our products and service levels for key customers, such as readymix suppliers, blenders, pre-cast product manufacturers, asphalt suppliers and construction contractors

Mining services:

- Efficient, responsive and cost-effective crushing and mining contractor, providing short or long term services at various stages of mine development and operation
- Experienced in a wide variety of ores and waste materials
- Short lead times to fabricate and commission plants and establish operations
- Strong in-house fixed plant refurbishment and major maintenance skills

WHAT WERE YOUR MAIN ACHIEVEMENTS DURING THE YEAR?

Basic construction materials:

- Expanding into plaster sands, filler sands, and slag-based cement extenders, thus providing potential future opportunities to diversify in a number of related directions
- Successfully integrating the acquisition of Sky Sands into the existing Quarry Cats' operational management structure
- Extending our geographic reach within Gauteng and across a broader customer base
- Adding value to our acquired companies through the application of group-wide systems and processes

Mining services:

- Substantially expanding our tonnages processed for this sector
- Developing our regional structure in the Northern Cape
- Positioning ourselves for future opportunities and upgrading our central workshops' capability and capacity

WHAT WERE THE MAIN DRIVERS DURING THE YEAR AND HOW DID YOU RESPOND TO THESE?

MARKET

Very strong market conditions were experienced for the Gauteng operations in the first half as the local building boom continued unabated. In the second half, heavy rains dampened sales initially and in the last quarter worsened market conditions were felt as the interest rate cycle and other local market factors impacted negatively on building market clients. Major infrastructure contracts, however, continued to provide base loading to the operations.

Recently, the substantial inflationary pressures (fuel, steel, manganese, imported heavy equipment and spares), that are impacting the entire mining and materials sectors, have necessitated higher and more frequent price increases for our products and services.

PERFORMANCE

Construction Materials showed strong sales growth year on year. Corresponding increases in operating profit and a number of improvement projects were implemented to sustain the performance going forward.

Revenue increased by 198% to R689,2 million (2007: R231,1 million) and operating profit increased by 212,7% to R141,9 million (2007: R45,4 million). Operating margin improved from 19.7% to 20.6%.

OPERATIONAL REVIEW (CONTINUED)
> CONSTRUCTION MATERIALS

QUARRY CATS
- Three new crushing plants were commissioned by the central workshop team during the year and several important plant improvement projects undertaken. Crusher repair, crushing plant fabrication and job shopping to external clients provide supplementary revenues
- Tonnages processed of iron ore and kimberlite expanded substantially during the year. Additionally, some dump rock crushing was pursued in the West Rand and the aggregate marketed commercially

AFRIMIX
- Two new high-capacity, fully automated, wet batch facilities were commissioned at key Johannesburg sites to service major transport infrastructure contracts and strongly position the company to supply structural concrete to the latest European standards' criteria for long term durability (increasingly applied in the South African market)
- Concrete pumping capacity was also increased

SKY SANDS
- The rationale for the purchase of Sky Sands was the scarcity of substantial reserves of quality mortar, plaster and filler sand sources within economic transport distances from the main Gauteng markets. As transport costs spiral and competing resources are exhausted, the economic value of such a substantial reserve is ever higher
- This operation performed ahead of pre-acquisition expectations. Although market conditions deteriorated somewhat in the last six months due to the decline in property development and general building activities, efficiencies and market share were increased. Margin pressures have been controlled through these efficiency gains

BERNOBERG
- This small operation provided an entry into cement extenders, providing a supply chain advantage to Afrimix and a platform for future growth in this arena. Bernoberg's new milling facility is located near the Arcelor Mittal Vanderbijl steelworks where the quenched blast furnace slag is sourced
- The current factory is still being improved to full efficiency levels. Additional customers are also being secured as the availability of raw material and output capacity allows

CONSTRUCTION MATERIALS IS A HIGHER-MARGIN BUSINESS WITHIN THE GROUP AND ALIGNED WITH OUR STRATEGY OF HAVING A THIRD OF REVENUES DERIVED FROM NON-CONSTRUCTION BUSINESSES.

WHAT IS THE OUTLOOK FOR THIS BUSINESS?
In the Gauteng construction materials market the outlook is promising as the Gauteng roads programme Phase I, commissioned by the national roads authority SANRAL, commenced in June. This will generate substantial demands for aggregates and readymix concrete peaking throughout F2009 and into F2010. Thereafter, the second and third phases of this very large programme will continue.

The currently muted market conditions are therefore anticipated to return to the buoyant levels experienced in F2007, although activity will now focus on freeways and other transport contracts as opposed to real estate building activities. The tight technical specifications and high peak capacity requirements involved are also expected to favour larger suppliers such as Quarry Cats and Afrimix.

On the mining services side, additional contract opportunities are anticipated in the Northern Cape and Namibia, resulting in further growth for Quarry Cats.

Further aspects sustaining the positive prospects for each business unit are discussed below.

QUARRY CATS
- Quarry Cats has recently commenced commercial aggregate sales from a site acquired through the Sky Sands acquisition in the Vaal area. This quarry will be developed further following the approval by the Department of Mineral and Energy Affairs of the long term mining plans

AFRIMIX
- As the Gauteng roads programme requires high volumes of highly specified readymix concrete, an investment in a further high-capacity wet batch plant and additional concrete pumping capacity is planned for F2009

SKY SANDS
- Further efficiency gains in the sequencing of mining operations and in fleet productivity will be explored

BERNOBERG
- Additional production capacity is planned for this business in the forthcoming year
- A number of expansion possibilities in the cement extenders' space are at a feasibility study stage

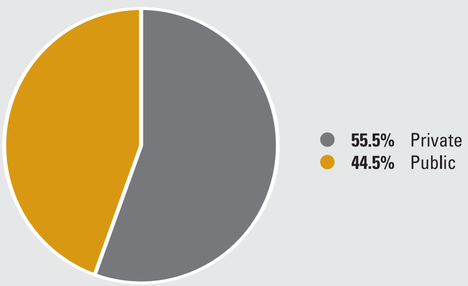
In conclusion, good overall growth in revenues and performance is anticipated for Construction Materials.

CONSTRUCTION INTRODUCTION

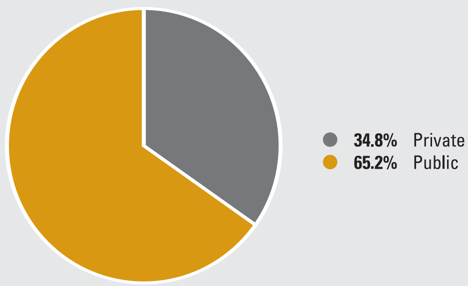
The Construction business area is the largest area in the group and contributed 79.5% (2007: 83.2%) to group turnover and 60.4% (2007: 60.4%) to group operating profit.

SECURED ORDER BOOK (R MILLIONS)	TOTAL	BUILDING AND HOUSING	CIVIL ENGINEERING	ENGINEERING PROJECTS
Year to 30 June 2006 (actual)	**5 075**	2 788	1 663	624
Percentage over-border	**44**	27	65	67
Year to 30 June 2007 (actual)	**6 401**	3 122	2 484	795
Percentage over-border	**48**	27	67	74
Year to 30 June 2008 (actual)	**7 074**	2 849	2 964	1 261
Percentage over-border	**40**	9	51	86
Year to 30 June 2009 (forecast)	**8 514**	2 225	4 302	1 987
Percentage over-border	**37**	–	40	69
Full order book (forecast)	**14 203**	3 012	9 198	1 993
Percentage over-border	**40**	–	47	69
Estimated annual capacity	**10 000**	3 000	4 500	2 500

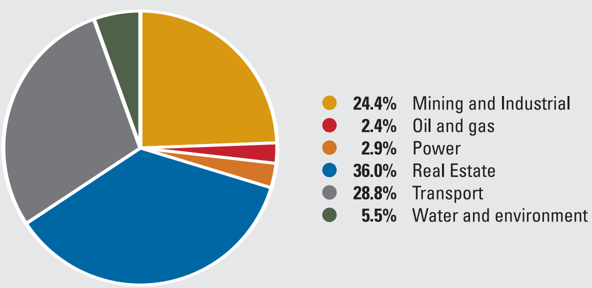
CONSTRUCTION – PRIVATE VS PUBLIC REVENUE F2008



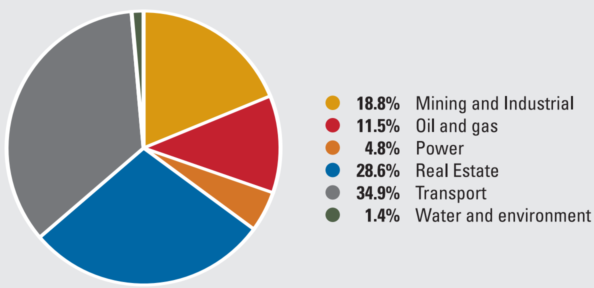
CONSTRUCTION – PRIVATE VS PUBLIC REVENUE F2009 FORECAST



CONSTRUCTION – REVENUE BY SECTOR F2008



CONSTRUCTION – REVENUE BY SECTOR F2009 FORECAST



OPERATIONAL REVIEW (CONTINUED)
> CONSTRUCTION – BUILDING AND HOUSING

CONSTRUCTION
BUILDING AND HOUSING

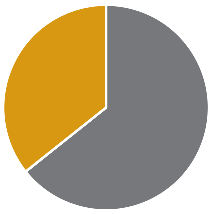
OPERATING PROFIT UP **66.5%**

PAUL LE SUEUR
Executive member

	F2008 R million	F2007 R million
Revenue	**2 849**	3 122
Operating profit	**140**	84
Operating margin (%)	**5**	3
Current assets	**1 043**	671
1-year order book*	**2 225**	1 883
Employees (pax)	**2 684**	3 004

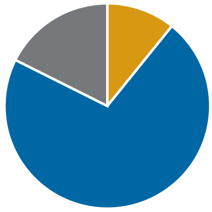
** F2009 secured order book*

PRIVATE VS PUBLIC – TURNOVER F2008



- **63.9%** Private
- **36.1%** Public

TURNOVER BY SECTOR F2008



- **10.9%** Mining and Industrial
- **71.3%** Real Estate
- **17.8%** Transport

> *The Place, a commercial development in Sandton*

INTRODUCTION

Building and Housing contributed 32.0% (2007: 40.6%) to group turnover and 22.0% (2007: 21.5%) to group operating profit.

This cluster participates in various aspects of the construction sector, including public buildings and infrastructure, high-rise residential apartments and commercial offices, retail shopping centres, industrial premises, educational and healthcare facilities and large-scale corporate and private/public sector housing developments in South Africa and the rest of Africa.

WHAT IS YOUR STRATEGY?

- Our strategy in the current market and going forward is to use our depth of skills, knowledge base and delivery expertise to position ourselves appropriately in the strongest market segment relative to our discipline, which leads to:
  - Positioning Group Five as the preferred contractor in the upcoming major private public partnerships (PPP) contract opportunities, including prisons, hospitals and public sector buildings
  - Expanding our housing operations into the privately-financed investment housing markets in selected African and Indian Ocean markets
  - Utilising our size and capacity in Housing in conjunction with our property development expertise to position ourselves in the new entry-level, bank-financed housing market
  - Providing the temporary and permanent housing infrastructure to the planned new power station contracts
- Providing the required housing infrastructure relative to the mining expansion programme

WHAT VALUE DOES THIS BUSINESS ADD TO THE GROUP?

- The capacity, size and expertise of the cluster provide the construction ability to support and service the requirements of the group's Property Developments
- Strong experience and understanding of the full spectrum of requirements for over-border work into Africa in support of the group's focus on total construction solutions in the mining sector
- Market-leading high-rise and large commercial building execution provides a vehicle for sales for Property Development, Construction Materials and Manufacturing
- Good cash generators

WHAT ARE YOUR UNIQUE SELLING POINTS?

- Ability to operate within South Africa and over-border
- Relative to operational size, able to compete in the medium, as well as large markets where there are fewer participants
- Track record of large building capability
- Fast-track housing delivery through using the group's modular housing products from Manufacturing

WHAT WERE YOUR MAIN ACHIEVEMENTS DURING THE YEAR?

- The successful start of construction on the R7 billion King Shaka International Airport
- The awarding, starting and maintaining programme on the new R2 billion Moses Mabhida Soccer Stadium
- The successful completion and delivery of both the US$350 million (R2,4 billion) Bank of Tanzania and the US$85 million (R579 million) Bank of Zanzibar in East Africa
- The completion of the US$28 million (R196 million) swimming pool complex in Algiers, Algeria
- The timeous completion of our quandant of the structure of the Greenpoint Stadium in Cape Town
- The completion of the new indoor extension to the International Conference Centre in Durban
- The completion of the new Woodmead 52 000 m² shopping centre in Woodmead, Gauteng
- The completion of the R400 million, 1 000 house Motlhotlo Village, Makopane (Potgietersrus) in Limpopo

WHAT WERE THE MAIN DRIVERS DURING THE YEAR AND HOW DID YOU RESPOND TO THESE?

MARKET

Power problems in South Africa's national power utility Eskom and interest rates had a negative effect on both the private sector building and housing segment markets. We have hedged our exposure to this through our ability to transfer skills to the public sector infrastructure market and redirected housing market strategy.

A further opportunity, which has arisen as a direct consequence of the power crisis in South Africa, is our ability to service the temporary and permanent housing requirements associated with the new power contracts. These mega contracts will require substantial housing, both during construction and on a permanent basis for the running of the plants.

As a consequence of our refocusing, we have reduced our housing exposure to the private sector residential domestic market by using our size and depth to increase our participation in the public sector infrastructure programme and into the mining and energy sector mass housing schemes.

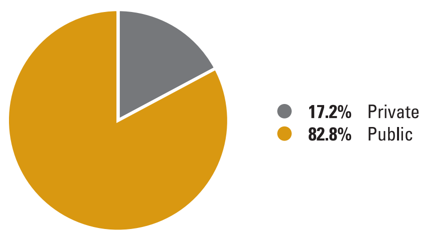
PERFORMANCE

As stated in last year's Annual Report, we started a process of intentionally reducing our over-border order book in Africa, to bring back key 2010 resources. This, combined with the delayed start on some of the 2010 contracts, decreased Building and Housing revenue by 8.7% from R3 122 million to R2 849 million. However, as a result of an improved focus, approach and execution, operating profit increased by 66.5% to R140,0 million (2007: R84,3 million) and operating margins improved to 4.9% (2007: 2.7%).

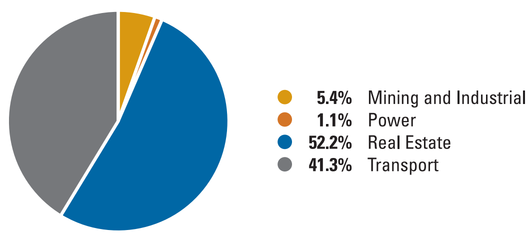
Our main focus during the financial year has been the start up of the 2010 infrastructure contracts, namely the King Shaka International Airport and the Moses Mabhida Soccer Stadium in KwaZulu-Natal, as well as our share of the structure of the Greenpoint Stadium in Cape Town.

Although margins have tightened in the local private sector market, our ability to transfer skills to larger building infrastructure contracts, where higher margin work is available, enhanced our performance. The secured turnover one-year order book is at R2,2 billion relative to R1,9 billion in F2007.

PRIVATE VS PUBLIC – FORECAST TURNOVER F2009



SECURED FORECAST BY SECTOR F2009



OPERATIONAL REVIEW (CONTINUED)
> CONSTRUCTION – BUILDING AND HOUSING

WHAT IS THE OUTLOOK FOR THIS BUSINESS?

Despite the downturn in the private property market sentiment, we remain optimistic in respect of the forthcoming year. We have moved our forward order book from 36% to 83% in favour of public infrastructure.

Our operational focus over the next year will be the successful execution and delivery of the previously mentioned 2010 infrastructure contracts.

It is also our intention to further internationalise the business and establish Housing in Mauritius. Furthermore, we intend expanding our business in Dubai and Abu Dhabi with the establishment of a Buildings business in the area. We are well positioned to capitalise on the huge expected growth opportunities in the area.

Locally, our strategy is to utilise our strength and depth to position ourselves on the major PPP infrastructure contracts, such as hospitals, prisons and public sector buildings.

The business will continue to work alongside Investments and Concessions and Property Developments, providing the construction delivery arm.

COUNTRIES OF OPERATION

- South Africa, surrounding SADEC countries, as well as East Africa – Tanzania

KEY PRODUCTS

- Commercial, industrial, leisure, retail and sectional title developments
- Health facilities
- Airports
- Soccer stadia
- Mass housing
- Public building and infrastructure

Significant contracts undertaken in the current year (with total revenue contribution for the periods under review and cumulative percentage completion) were:

KEY CONTRACTS DURING THE YEAR

CONTRACT	DESCRIPTION	LOCATION	F2008 REVENUE R MILLION	TOTAL REVENUE TO REPORTING DATE R MILLION
Bank of Tanzania	Construction of Reserve Bank in Dar-es-Salaam	Dar-es-Salaam, Tanzania	**260**	**1 944**
Bank of Zanzibar	Construction of Reserve Bank branch in Zanzibar	Zanzibar, Tanzania	**13**	**463**
Woodmead retail park	Construction of shopping centre	Woodmead, South Africa	**271**	**321**
Cedar Square mall	Construction of lifestyle centre	Fourways, South Africa	**7**	**288**
Paramount Centre	Refurbishment of existing structure	Claremont, South Africa	**197**	**245**

CONSTRUCTION
CIVIL ENGINEERING

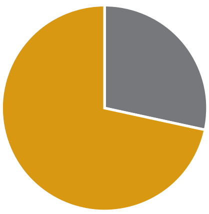
OPERATING PROFIT UP **36.0%**

ANDREW MCJANNET
Executive member

	F2008 R million	F2007 R million
Revenue	**2 964**	2 484
Operating profit	**143**	105
Operating margin (%)	**5**	4
Current assets	**2 437**	2 396
1-year order book*	**4 302**	2 215
Employees (pax)	**5 962**	6 617

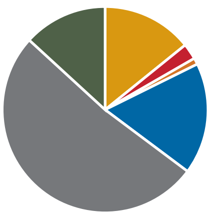
** F2009 secured order book*

PRIVATE VS PUBLIC – TURNOVER F2008



28.4% Private
71.6% Public

TURNOVER BY SECTOR F2008



14.2% Mining and Industrial
2.5% Oil and gas
1.0% Power
17.3% Real Estate
51.7% Transport
13.3% Water and environment

> *The spillway at the LUSIP dams project in Swaziland*

INTRODUCTION

This cluster contributed 33.3% (2007: 32.3%) to group turnover, and 22.5% (2007: 26.8%) to group operating profit.

Civil Engineering is the cluster within Construction that undertakes a broad range of heavy civil, infrastructure, roads and earthworks contracts for both public and private clients, operating locally, in the rest of Africa, the Indian Ocean Islands and in the Middle East.

The multi-disciplinary offering and focus of the group is highlighted by the successful co-operation between Civil Engineering and other Group Five business areas, enabling the group to offer turnkey solutions for infrastructure and industrial contracts to the market.

WHAT IS YOUR STRATEGY?

REGIONAL

- To sustain growth in the Civil Engineering business in three clear markets (South Africa, rest of Africa, and Middle East)
- To grow these markets in a structured manner. For example, our Middle East presence commenced as Dubai only and has now expanded to include Abu Dhabi
- To optimise current local opportunities, whilst not neglecting over-border operations
- To focus on international private sector work

PRODUCT

- Power – concentrating on the major electricity supply contracts locally and regionally
- Transport – securing a balanced portfolio of air, land, and sea contracts (airports, roads, railways and ports)
- Oil and gas – focusing on pipelines locally and on industrial plants regionally, such as in Angola (Cabinda)

OPERATIONAL REVIEW (CONTINUED)

> CONSTRUCTION – CIVIL ENGINEERING

- Mining and industrial – maintaining our established presence, particularly in South Africa, DRC and Zambia
- Large buildings – continuing our successful relationships with building companies in the development of contracts with a significant civil input

GENERAL

- Focusing on larger contracts
- Developing international partnerships in terms of joint ventures and consortiums
- Targeting contracts where there is an opportunity to combine with our Building and Housing capacity to secure more of the civil market

FINANCIAL

- To improve local profit margins
- To accelerate the growth of the business, both organically and through joint ventures with margin-enhancing complementary businesses
- To strictly apply our risk management processes in the selection and execution of our work
- To deliver on customer and other stakeholder expectations

WHAT VALUE DOES THIS BUSINESS ADD TO THE GROUP?

- It provides the civil engineering portion of the construction capability of the group, including civils, marine, industrial, roads and earthworks products
- It provides a diversified geographic footprint to the group, spreading our risk profile and allowing access to clients that we would not be exposed to in South Africa. This also frees us from the cycles of the South African market. Furthermore, the markets outside of South Africa, especially the Middle East, offer better margin work

WHAT ARE YOUR UNIQUE SELLING POINTS?

- The business enjoys an established operational footprint, both locally and internationally
- We are recognised as one of the leading construction firms in both marine construction and water treatment works
- We have a large, competent and multi-skilled workforce that allows flexibility in the selection of targeted contracts and an ability to easily adjust to the changing needs of the markets
- The fully integrated nature of the business, where the complete scope of Civil Engineering streams is contained within one business, distinguishes us from our peers in the sector
- In Dubai in particular, our relationship with our joint venture partner, Al Naboodah, puts us in a position where we are not totally dependent on tendered work. This allows us to benefit from enhanced margin work with chosen clients with whom we have an established relationship

WHAT WERE YOUR MAIN ACHIEVEMENTS DURING THE YEAR?

SOUTH AFRICA AND THE REST OF AFRICA

- Building significantly more capacity within the cluster, both at a management and skills level, to cope with the continually increasing volumes of work
- Development of internal supplier relationships with the new companies in the Manufacturing and Construction Materials business areas
- Further growth in internal capacity of the service departments to support the enlarged business
- An increased focus on training and development of staff
- Expansion of our marine capacity, as the Durban Harbour contract moved into full production
- Successfully securing a substantial share of the major road improvement contracts, in particular two of the Gauteng freeway improvement contracts
- Continuing to develop relationships with key international construction partners, such as the recent joint venture with Spie-Capag of France, which has secured the new multi-product pipeline from Johannesburg to Durban
- Keeping our track record of successful operations over-border, such as in Angola (Cabinda) and Zambia. In Zambia we are especially well positioned for further work in the near future
- Extending our experience in flagship contracts in Mauritius through the latest joint venture with our local partner

MIDDLE EAST

- The establishment of Group Five Construction LLC, a 49%/51% shareholding with our partner, Al Naboodah, was a significant milestone in Group Five's expansion into the UAE and signified our long term commitment to the region. Within months of its establishment, the joint venture was awarded two significant contracts, the Dubai police housing scheme at Al Quoz and the Dubai World central staff village and residential city for the Department of Civil Aviation, with a combined value of more than R6 billion
- Another milestone in our commitment to the region was our first industrial contract in Abu Dhabi, a market that offers huge potential going forward

WHAT WERE THE MAIN DRIVERS DURING THE YEAR AND HOW DID YOU RESPOND TO THESE?

MARKET

South Africa and the rest of Africa

Civil Engineering activity in South Africa continues to expand rapidly, whilst there has been an expected slight reduction in activity in the rest of Africa. This is mainly due to a re-deployment of resources back into the South African market, where volumes of work are beginning to exceed historic levels.

This market is very buoyant, particularly in the public sector, where massive infrastructure contracts are beginning to be rolled out. The company intends obtaining a share of this work, which includes conventional, coal-fired and nuclear electricity power plants; road networks, railway expansion, port and harbour developments, large pipelines, water and wastewater treatment plants and water storage facilities, among others.

The company expects a slight reduction in activity in the private sector, mainly due to concerns about electricity capacity, interest rates, a weakening Rand and rising input costs. However, volumes of work remain high, despite certain contracts being curtailed. These issues have also resulted in opportunities, with alternative work flowing through, such as independent power plants.

In the rest of Africa, the substantial investment in mining infrastructure, which forms the major portion of the company's activity in these areas, is expected to continue.

Middle East

The UAE construction industry in particular is witnessing a construction boom, with Dubai and Abu Dhabi at the heart of this impressive expansion.

The industry is relatively free of entry barriers. In fact, the liberal business environment, tax-free status and political stability of Dubai have been major drivers for the industry to expand. Growing demand from the tourism and housing sectors, as well as promising growth of the economy in general, is providing the momentum for the construction industry.

Backed by robust demand, especially from the housing and tourism sectors, the UAE construction industry is forecast to grow at an average of 5.06% during 2008-2012 and contribute nearly 9% to the nation's gross domestic product (GDP) by 2012.

PERFORMANCE

Civil Engineering revenue increased by 19.3% from R2,5 billion to R3 billion, while operating profit increased to R142,9 million from R105,0 million, resulting in the operating profit margin percentage increasing to 4.8% (2007: 4.2%).

The growth in the business has resulted in increased capex investment and a rapidly increasing workforce, as the operational arm bulked up to cope with the volume of work. Naturally, this has resulted in a large recruitment exercise, which was conducted both locally and internationally. It is expected that this growth in employees, plant and equipment will continue for some time into the future. Training and development will also continue to be important focus areas.

Locally, margins have improved as the activity in the sector increased. This is expected to be sustainable going forward. Our intention is to improve local margins.

In the Middle East, Group Five Construction LLC is currently predominantly involved in heavy civils and some low-rise building work in Dubai itself. However, in recent months we have entered the Abu Dhabi market with our first contract on an aluminium smeltering plant.

WHAT IS THE OUTLOOK FOR THIS BUSINESS?

The expansion in South Africa and in Dubai is evidenced by the size of the future order book, which stands at R9,2 billion, with the one-year order book standing at R4,3 billion (2007: R2,2 billion). The local portion of the total order book stands at 53.2%.

The size of the forward order book is a reflection of a structural shift in the sector, with a move towards larger and longer term contracts.

Local expenditure is being led by the massive public infrastructure spend (power, water, roads, ports and harbours) that will carry on well beyond the much-talked about 2010 date. We believe that the identified expenditure by the utilities companies, such as Eskom, should persist at levels similar to those currently being experienced until at least 2020, and beyond.

Private expenditure will continue to be influenced by factors such as availability of electricity, exchange rates, interest rates, levels of foreign direct investment, cost increases, and availability of resources and materials. This is particularly the case for new contracts. This can have both a positive and negative effect, with delays in contracts such as aluminium smelters, but growth in areas such as cement plants. So far indications are that construction contracts like expansions to existing mining and industrial plants are not being negatively affected. We anticipate that this will remain the case.

Internationally, activity in mining development and expansion is expected to continue to increase, whilst in the Middle East the investments in major infrastructure and building contracts will continue to grow.

The local portion of the cluster has been well supported by Construction Materials and Manufacturing. This has added

CIVIL ENGINEERING

COUNTRIES OF OPERATION

- South Africa, Botswana, Swaziland, Zambia, Angola, DRC, Tanzania, Mozambique, Madagascar, Mauritius, Namibia, Nigeria, Middle East (Dubai and Abu Dhabi)

KEY PRODUCTS

- **Power** – Civil works for power plants (coal, gas, hydro-electric), chimneys, tall structures
- **Transport** – Roads, bridges, ports and harbours, marine structures, pre-cast work, railways, airports
- **Oil and gas** – Petro-chemical civils, pipelines, pump stations
- **Mining and industrial** – Civil works for mining/industrial sectors, slip-formed structures, pre-cast elements; heavy civils and low-rise building work in Dubai; civils and MEP work
- **Water and environment** – Water and waste water treatment works, dams, canals, pipelines, reservoirs, marine outfalls
- **Real estate** – High-rise structures, services and infrastructure, in support of Property Developments and Building and Housing

OPERATIONAL REVIEW (CONTINUED)

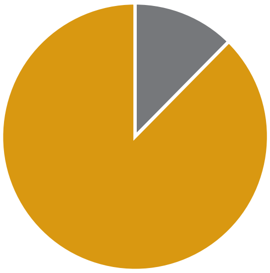
> CONSTRUCTION – CIVIL ENGINEERING

competitive advantage to Group Five. Going forward, we intend to establish further margin-enhancing and complementary products.

In the Middle East, it is our intention to remain focused on Dubai and Abu Dhabi for the foreseeable future, as this region offers more than enough opportunity. In fact, since its incorporation at the end of last year, Group Five Construction LLC's current order book is now more than AED6 billion (R12,2 billion).

Opportunities have also presented themselves in the building sector, which are currently being assessed.

PRIVATE VS PUBLIC – TURNOVER FORECAST F2009



12.4% Private
87.6% Public

TURNOVER BY SECTOR FORECAST F2009

8.3% Mining and Industrial
10.8% Oil and gas
0.9% Power
29.6% Real Estate
47.7% Transport
2.7% Water and environment

Significant contracts undertaken in the current year (with total revenue contribution for the periods under review and cumulative percentage completion) were:

KEY CONTRACTS DURING THE YEAR

CONTRACT	DESCRIPTION	LOCATION	F2008 REVENUE R MILLION	TOTAL REVENUE TO REPORTING DATE R MILLION
Bank of Tanzania	Construction of Reserve Bank in Dar-es-Salaam	Dar-es-Salaam, Tanzania	**65**	**485**
Durban Harbour	Deepening and widening of Durban harbour	KwaZulu-Natal, South Africa	**363**	**365**
VRESAP Pipeline	Installation of water supply system for Sasol between Vaal and Secunda	Vaal to Secunda, South Africa	**129**	**339**
Terminal 2	Airport terminal expansion	Dubai, UAE	**224**	**291**
Four Seasons	Construction of hotel	Mauritius	**207**	**253**

OPERATIONAL REVIEW (CONTINUED)

> CONSTRUCTION – ENGINEERING PROJECTS

CONSTRUCTION
ENGINEERING PROJECTS

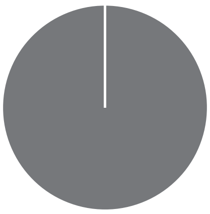
OPERATING PROFIT UP **113.8%**

WILLY ZEELIE
Executive member

	F2008 R million	F2007 R million
Revenue	**1 261**	794
Operating profit	**101**	47
Operating margin (%)	**8**	6
Current assets	**493**	256
1-year order book*	**1 987**	735
Employees (pax)	**2 321**	1 817

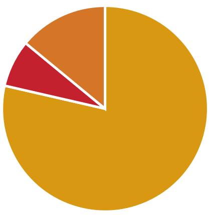
** F2009 secured order book*

PRIVATE VS PUBLIC – TURNOVER F2008



- **100%** Private
- **0%** Public

TURNOVER BY SECTOR F2008



- **78.6%** Mining and Industrial
- **7.4%** Oil and gas
- **14.0%** Power

> *Frame 9, Ibom gas-fired power station, Nigeria*

INTRODUCTION

Engineering Projects contributed 14.2% to the group's turnover (2007: 10.3%) and 15.9% (2007: 12.0%) to group operating profit.

The group's Engineering Projects cluster comprises businesses that undertake work on structural, mechanical, piping and electrical engineering and contracting, which delivers complete plant construction solutions.

The successful implementation and execution of Engineering Projects' strategy over previous years resulted in the need for the existing business to be split into two focused units.

Mining and Industrial, the original business, is now specifically structured to focus on the following target sectors:

- Mining contracts
- Heavy industrial contracts
- Mechanical, electrical and piping (MEP) in UAE

Energy focuses on the following target sectors:

- Power
- Oil, gas and petrochemical

WHAT IS YOUR STRATEGY?

MINING AND INDUSTRIAL

- Expand existing mining construction footprint in Africa by:
  - Offering junior and large miners a total solution to construction in Africa, resulting in being the client's first choice as a construction partner in Africa

OPERATIONAL REVIEW (CONTINUED)
> CONSTRUCTION – ENGINEERING PROJECTS

MINING AND INDUSTRIAL

COUNTRIES OF OPERATION

> Burkino Faso, Botswana, DRC, Ghana, Malawi, Mali, Namibia, Nigeria, South Africa, Tanzania, UAE

KEY PRODUCTS

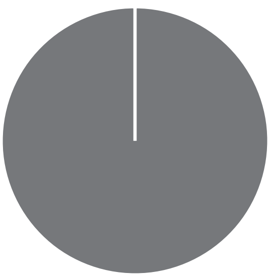
> Multi-disciplinary mining contracts providing engineering solutions, project management, procurement, construction and erection services
> Structural, mechanical and piping construction specialists servicing the heavy industrial sector

  - Continue to grow and develop the skills base and reputation of being the number one constructor for mining
- Expand existing industrial construction
  - Expansion of the MEP business into the UAE. This is as a result of Group Five's civil success in Dubai, as well as our first successful MEP order in Abu Dhabi
- Focusing on South African power contracts, in particular on Eskom's expansion contracts, such as Medupi and Bravo

ENERGY

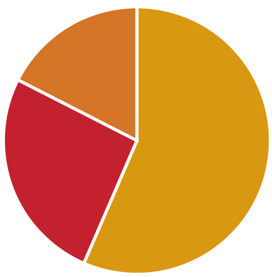
- The key strategic focus for the coming three years will be on strengthening the existing structure to continue with the business' dedicated revenue streams from different market and geographical sectors:
  - Power unit focusing on small to medium-sized private and independent power projects (IPPs) in Africa. Core technology focus will be on gas turbines, renewable energy and hydro contracts. On all of these, the alignment with technology and process partners is essential
  - Oil and gas contracts and core maintenance business is now embedded in Energy. The business unit is successfully executing and growing its order book in east and southern Africa. The focus will be on securing more of the petrochemical and oil and gas contracts in South Africa and Mozambique

PRIVATE VS PUBLIC – TURNOVER FORECAST F2009



- 100% Private
- 0% Public

TURNOVER BY SECTOR FORECAST F2009



- 56.5% Mining and Industrial
- 26.0% Oil and gas
- 17.5% Power

WHAT VALUE DOES THIS BUSINESS ADD TO THE GROUP?

Engineering Projects offers a co-ordinated technical interface to contract execution. It identifies the appropriate technology partners, design partners and construction resources during the bid and execution phases of contracts. This is especially crucial for contracts in remote areas where communications, logistics and construction capabilities are scarce. These contracts tend to be smaller, fast-track contracts with international clients who want a quick return on their investment.

WHAT ARE YOUR UNIQUE SELLING POINTS?

MINING AND INDUSTRIAL

- We have managed to execute contracts successfully in countries and places where most other construction companies have historically struggled. We believe this is due to our emphasis on establishing the opportunities and risks associated with the contract at a very early stage, before contract award. This allows all parties to understand the cost and time implications and a clear understanding from each party what is expected. This approach has undoubtedly positioned Engineering Projects as the leader in structural, mechanical, electrical, instrumentation and piping (SMEIP) contracts in the construction sector in Africa. Furthermore, we always register and operate under a local entity in the country we are working in and become an indigenous contracting company

ENERGY

COUNTRIES OF OPERATION

> DRC, Ghana, Malawi, Nigeria, South Africa, Tanzania, UAE

KEY PRODUCTS

> Turnkey multi-disciplinary power contracts providing design, engineering, project management, procurement, construction and erection services
> Electrical and instrumentation construction specialists servicing the heavy industrial and mining sectors
> Preventative maintenance services
> Multi-disciplinary oil and gas contract execution

Significant contracts undertaken in the current year were:

KEY CONTRACTS DURING THE YEAR

CONTRACT	DESCRIPTION	LOCATION	F2008 REVENUE R MILLION	TOTAL REVENUE TO REPORTING DATE R MILLION
Ruashi plant	Turnkey construction of extension to Ruashi copper cobalt plant	DRC	**380**	**427**
Bogoso plant	Construction of biox gold recovery plant	Ghana	**17**	**196**
Tenke Fugurume mining contract	Mechanical construction of copper cobalt plant	DRC	**175**	**175**
Kamoto mining contract	Electrical and instrumentation installation contract	DRC	**95**	**111**
Syama gold mine	Mechanical, electrical and structural steel installation	Mali	**77**	**84**

OPERATIONAL REVIEW (CONTINUED)
> CONSTRUCTION – ENGINEERING PROJECTS

ENERGY

- Energy has been successful in securing, implementing and executing turnkey, multi-disciplinary contracts with key technology partners in the power and oil and gas sectors. This business has positioned itself over the last few years to be able to not only construct power plants, but to also assist local and international companies with the development, procurement and execution of these contracts

These selling points have resulted in a high percentage of the company's secured order book being repeat orders from existing clients.

WHAT WERE THE MAIN DRIVERS DURING THE YEAR AND HOW DID YOU RESPOND TO THESE?

MARKET

The markets serviced by Engineering Projects have mushroomed during the year, with huge opportunities opening up to Group Five.

The key drivers are around the expansion of mining into Africa, as well as the enormous demand for power in Africa and especially South Africa.

The urgent shortage of power in South Africa has necessitated the start of significant investment to ensure a sustainable power supply in the country. The requirements are short, as well as medium and long term. Group Five has positioned itself to service all three, from the supply of emergency rental generation to medium term power contracts and the execution of long term generation contracts.

With respect to mining, the group has seen a big drive by small and large international mining companies into African markets such as the DRC, Zambia and Burkina Faso. This is set to continue.

PERFORMANCE

Engineering Projects had an exceptional year, exceeding all financial targets. Revenue increased by 58.8% from R794 million to R1 261 million and operating profit more than doubled from R47 million to R101 million. Operating margin exceeded expectations and improved to 8.0% (2007: 5.9%).

Even more pleasing is the total order book of R2 billion, with F2009 revenue fully secured. This has allowed us to plan capacity in advance, ensuring the careful allocation of skills and plant timeously to the various contracts.

This exceptional growth from all avenues of the business is as a result of:

- A solid strategy, focused on the buoyant mining, energy and power sectors in Africa and the Middle East
- A track record of delivery over ten years in African markets
- Experienced and mobile construction management
- Careful selection of customers
- Innovative project delivery models that have a high market acceptance
- Good partnerships in technology and engineering
- Smart partnering

WHAT IS THE OUTLOOK FOR THIS BUSINESS?

Engineering Projects finds itself in the most exciting and dynamic market to date.

Our order book is fully secured for F2009, with numerous long term contracts on the verge of being secured.

During the last few years, Engineering Projects pro-actively identified the extreme pressures the successes in mining and power would put on people and plant resources. To combat a shortage of these critical success factors, a sourcing plan for both plant and people were implemented two years ago.

The business invested heavily in plant so that all contracts in Africa and South Africa were properly equipped to carry out contracts. Resourcing centres for people in countries such as Philippines and India were set up, carefully ensuring a tough selection process before appointment.

In addition to the rigourous in-house training and development of employees, Engineering Projects has supplemented key professional skills in South Africa by bringing in key international resources.

MINING AND INDUSTRIAL

- The mining sector focus on expansion into Africa by international miners sustains prospects of positive growth and investment for years to come
- The UAE has been a positive experience for Civil Engineering. As a result of this, Engineering Projects has expanded into this market by securing the first mining, engineering and piping (MEP) order for an industrial contract in Abu Dhabi. Numerous immediate opportunities have been identified and the outlook for MEP in the UAE is very positive

ENERGY

- Energy finds itself in a very favourable position to secure multiple contracts in the immediate future, which will add to the already pleasing order book

GROUP FIVE

> SUSTAINABLE DEVELOPMENT

INTRODUCTORY MESSAGE

Group Five is committed to adding value in a consistent and responsible manner to ensure growth and sustainability in all our businesses.

We have been reporting in line with the Global Reporting Initiatives (GRI) for the last few years. Refer to page 254 for our compliance disclosure.

This year is the second year of including a range of scorecards highlighting key measures for the main areas reported on in the report, thus allowing the reader to clearly monitor our progress.

The report is structured around the following key areas:

As always, we welcome any feedback. Please email us on feedback@g5.co.za.

Mike Upton
CEO

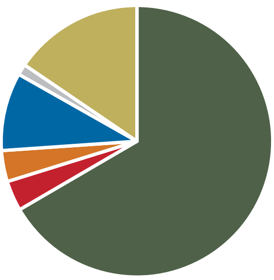
6 August 2008

SCORECARDS

ECONOMIC VALUE ADDED SCORECARD

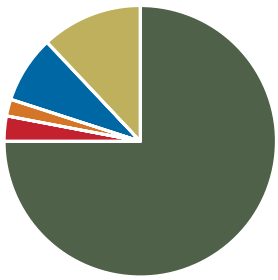
SUSTAINABILITY INDICATOR	2008		2007	
	%	(R'000)	%	(R'000)
Revenue		**8 899 578**		7 689 168
Less: purchased cost of goods and services		**(6 774 391)**		(5 956 676)
Value added	95.0	**2 125 187**	98.7	1 732 492
Other income	5.0	**111 464**	1.3	23 620
Wealth created	**100**	**2 236 651**	**100**	**1 756 112**
Employees	66.6	**1 489 527**	75.0	1 317 813
Providers of equity	3.6	**81 553**	3.1	54 953
Providers of funding	3.7	**81 727**	2.4	41 953
Government	9.3	**208 041**	7.4	129 560
Funding of discontinued operations	1.3	**28 207**	0.1	1 129
Reinvested in the group	15.5	**347 596**	12.0	210 704
Wealth distribution	**100**	**2 236 651**	**100**	**1 756 112**
Number of employees		**13 453**		13 928
Wealth created per employee (R)		**166 257**		**126 085**
Weighted average number of shares		**93 545**		80 672
Wealth created per share (R)		**23,91**		**21,77**

DISTRIBUTION OF WEALTH CREATED – F2008



- **66.6%** Employees (including tax)
- **3.6%** Providers of equity
- **3.7%** Providers of funding
- **9.3%** Goverment – direct taxes
- **1.3%** Funding of discontinued operations
- **15.5%** Reinvested in the group

DISTRIBUTION OF WEALTH CREATED – F2007



- **75.0%** Employees (including tax)
- **3.1%** Providers of equity
- **2.4%** Providers of funding
- **7.4%** Goverment – direct taxes
- **0.1%** Funding of discontinued operations
- **12.0%** Reinvested in the group

JSE LIMITED SOCIALLY RESPONSIBLE INVESTMENT INDEX (SRI) SCORECARD

SUSTAINABILITY INDEX OVERVIEW	F2007 SCORE[1]
Governance	
• Core indicators	36/40
• Desirable indicators	35/44
Result	Met
Social	
• Core indicators	41/41
• Desirable indicators	40/65
Result	Met
Environmental	
• Impact	High
• Policy	Met
• Systems	Met
• Reporting	Met
Result	Met
Overall result	**Best performer**

(1) As rated on the JSE SRI index of F2007 (companies were rated as having "Met" or "Not Met" and evaluated on the basis of set criteria)

SUSTAINABILITY INDEX OVERVIEW	F2006 SCORE[2]	JSE BASE[3]
Governance	42	16
Social sustainability	51	25
Economic sustainability	39	21
Environmental sustainability	58	16
Total	**190**	**78**

(2) As rated on the JSE SRI Index F2006
(3) As determined by the JSE SRI index guidelines

During the current year, the criteria and methodology used by the JSE Limited (JSE) to compile the SRI index changed. It is therefore not possible to directly compare the F2007 and F2006 results. However, the group is proud to report that we have again been rated as one of the best performers on this index.

In F2006 the group's score of 190 points exceeded the JSE's baseline score of 78 points. In F2007, the group met all the relevant environmental criteria, as well as all the other relevant core indicators in the social and governance areas, positioning the company as 1 of only 14 companies that have been rated as "best performers".

THE GROUP PERFORMED PARTICULARLY WELL ON THE JSE LIMITED'S F2007 SRI INDEX AND IS ONE OF ONLY 14 COMPANIES VOTED AS BEST PERFORMERS.

SCORECARDS (CONTINUED)

BROAD-BASED BLACK ECONOMIC EMPOWERMENT SCORECARD

The group monitors its performance by primary reporting segment (as defined in the annual financial statements page 184) as follows:

- All entities are measured against the dti Codes of Good Practice's Scorecard and a consolidated scorecard is produced for the group
- The construction entities are measured both in terms of the Construction Charter Scorecard and the dti Codes of Good Practice Scorecard

On a monthly basis a self-assessment for all entities is completed. It ensures that the company data is audited on an annual basis by an external BBBEEverification agency. The results for the company are listed below.

GROUP FIVE CONSTRUCTION (PTY) LIMITED

F2008 was the second time that a formal audit was conducted on Group Five Construction (Pty) Ltd, our largest operation.

		Construction Charter Scorecard			dti Scorecard		
CORE COMPONENTS	BBBEE ELEMENTS	WEIGHTING %	**F2008 %(1)**	F2007 %(2)	WEIGHTING %	**F2008 %(1)**	F2007 %(2)
Direct empowerment	Ownership	25	18.86	16.64	20	17.79	16.71
	Management control	10	3.79	4.23	10	1.88	1.84
Human resource empowerment	Employment equity	10	4.11	3.72	15	2.01	3.13
	Skills development	15	10.22	11.34	15	5.39	9.16
Indirect empowerment	Preferential procurement	20	9.93	3.89	20	11.49	4.41
	Enterprise development	15	15.00	15.00	15	15.00	15.00
	Socio economic development	5	5.00	5.00	5	5.00	5.00
Total		**100**	**66.91**	**59.82**	**100**	**58.56**	**55.25**
Empowerment level			**4**	**5**		**5**	**5**

(1) As audited by BEEVER verification agency for the year ended 30 June 2008
(2) As audited by BEEVER verification agency for the year ended 30 June 2007

THE GROUP'S MAJOR LOCAL CONSTRUCTION ENTITY IMPROVED FROM A LEVEL FIVE TO A LEVEL FOUR ON THE CONSTRUCTION CHARTER SCORECARD.

GROUP FIVE CONSTRUCTION (PTY) LIMITED (G5C), EVERITE (PTY) LIMITED (EPL) AND INTERTOLL AFRICA (PTY) LIMITED (IAPL)

The group continues to expand on its monitoring and performance of empowerment and, for the first time, included scorecards for all three main South African reporting entities. These have been audited by independent verification agency BEEVER against both the Construction Charter Scorecard and the dti Codes of Good Practice Scorecard.

		Construction Charter Scorecard		dti Scorecard			
CORE COMPONENTS	BBBEE ELEMENTS	G5C WEIGHTING %	**F2008 %[1]**	G5C WEIGHTING %	**G5C F2008 %[1]**	**EPL F2008 %[1]**	**IAPL F2008 %[1]**
Direct empowerment	Ownership	25	**18.86**	20	**17.79**	**17.79**	**17.79**
	Management control	10	**3.79**	10	**1.88**	**0.93**	**7.75**
Human resource empowerment	Employment equity	10	**4.11**	15	**2.01**	**2.12**	**5.45**
	Skills development	15	**10.22**	15	**5.39**	**2.64**	**6.14**
Indirect empowerment	Preferential procurement	20	**9.93**	20	**11.49**	**17.77**	**2.24**
	Enterprise development	15	**15.00**	15	**15.00**	**15.00**	**15.00**
	Socio economic development	5	**5.00**	5	**5.00**	**5.00**	**5.00**
Total		**100**	**66.91**	**1000**	**58.56**	**61.25**	**59.38**
Empowerment level			**4**		**5**	**5**	**5**

(1) As evaluated and audited by BEEVER verification agency for the year ended 30 June 2008

GROUP FIVE CONSTRUCTION IMPROVED ITS RATING FROM A LEVEL FIVE LAST YEAR TO A LEVEL FOUR.

GROUP FIVE LIMITED – CONSOLIDATED SCORECARD

This year is the first time that Group Five Limited at the holding level was audited in respect of the South African operations. We therefore do not include a comparative scorecard as the self-assessments of previous years do not provide an effective comparison.

		dti Scorecard	
CORE COMPONENTS	BBBEE ELEMENTS	WEIGHTING POINTS	**F2008 %[1]**
Direct empowerment	Ownership	20	**17.79**
	Management control	10	**3.25**
Human resource empowerment	Employment equity	15	**2.06**
	Skills development	15	**5.53**
Indirect empowerment	Preferential procurement	20	**12.15**
	Enterprise development	15	**15.00**
	Socio economic development	5	**5.00**
Total	**Level 5 empowered**	**100**	**60.78**

(1) As audited by BEEVER verification agency for the year ended 30 June 2008

GROUP FIVE LIMITED ACHIEVED A LEVEL FIVE RATING. CLIENTS CAN THEREFORE CLAIM 80% OF THEIR EXPENDITURE WITH US AS EMPOWERMENT SPEND.

SCORECARDS (CONTINUED)

PREFERENTIAL PROCUREMENT SCORECARD – CONSOLIDATED

EMPOWERMENT LEVEL PER DTI CODES OF GOOD PRACTICE	**F2007/F2008[1] R MILLION (VERIFIED)**	F2006/F2007 R MILLION (VERIFIED)	F2006/F2007 R MILLION (NOT VERIFIED)	WEIGHT PER DTI PROCUREMENT RECOGNITION TABLE	WEIGHTED PREFERENTIAL PROCUREMENT EXPENDITURE R MILLION
Level 1	**23,8**	0,1	0	135%	32,1
Level 2	**111,2**	5,5	0	125%	139,1
Level 3	**96,9**	24,7	25,7	110%	106,6
Level 4	**514,3**	80,0	0	100%	514,3
Level 5	**246,5**	38,3	26,7	80%	197,2
Level 6	**346,2**	80,7	59,9	60%	207,7
Level 7	**201,5**	125,5	310,1	50%	100,7
Level 8	**28,6**	14,0	309,2	10%	2,9
Total	**1 569,0**	**368,8**	**731,6**		**1 300,6**

(1) As audited by BEEVER verification agency for the year ended 30 June 2008

THE GROUP IMPROVED PREFERENTIAL PROCUREMENT SPEND FROM 34% LAST YEAR TO 40% THIS YEAR. THE SPEND ON SMALL AND MICRO ENTERPRISES REPRESENTS 10%. THE PROCUREMENT SPEND INCREASED FROM R300 MILLION VERIFIED LAST YEAR TO R1,6 BILLION THIS YEAR.

ENTERPRISE DEVELOPMENT SCORECARD

SUSTAINABILITY INDICATOR	**F2008[1]**	F2007	F2006
Annual value of total direct costs incurred by the group	**–**	–	512 937
Value of funding provided by the group. Total capital due to the group as at 30 June	**R60 million**	R50 million	R14 million
Financial institution guarantees issued from the group's facilities as at 30 June	**R141 million**	R119 million	R250 million
Number of black-owned entities with which the group is engaging in significant joint venture partnerships	**25**	10	4
Total value of contracts being executed with black-owned joint venture partners	**R13,5 billion***	R4,1 billion	R838 million

(1) As audited by BEEVER verification agency for the year ended 30 June 2008

** Although not specifically qualifying for enterprise development in terms of the Construction Charter, Group Five has entered into a number of joint venture contracts with black-owned companies*

GROUP FIVE RECEIVED FULL POINTS (15/15) FOR OUR ENTERPRISE DEVELOPMENT PROGRAMMES THIS YEAR BASED ON AN AUDIT COMPLETED BY BEEVER VERIFICATION AGENCY.

EMPLOYMENT EQUITY SCORECARD

SUSTAINABILITY INDICATOR	F2008	F2007	F2006
Total employee headcount (part-time and full-time employees)	**13 455**	13 928	10 234
Number of unionised employees	**1 006**	1 786	2 540
% of permanent employees on medical schemes	**49.3%**	45%	38%
% of employees over-border	**30.69%**	40.0%	33.7%
% of black employees within the South African permanent workforce	**77.7%**	66.7%	72.1%
% of black employees appointed within Peromnes grades 1 to 3 (executive and senior management) within the South African permanent workforce	**5.26%**	0.02%	6.7%
Number of black male bursary students	**106**	71	57
As a % of total bursary students	**59%**	47.7%	50.4%
Number of black female bursary students	**23**	34	12
As a % of total bursary students	**18.2%**	22.8%	10.6%

GROUP FIVE IS COMMITTED TO PROMOTING EQUITY AND DIVERSITY THROUGHOUT THE GROUP. ALMOST 70% OF EMPLOYEES APPOINTED DURING THE YEAR WERE FROM DESIGNATED GROUPS.

> *The group's bursary students are representative of the demographics of our country*

SCORECARDS (CONTINUED)

SKILLS DEVELOPMENT SCORECARD

SUSTAINABILITY INDICATOR	F2008	F2007	F2006
a) Annual value spent on training and development programmes	**R23,2 million**	R18,6 million	R10,1 million
i) Total number of employees trained	**5 780**	6 010	5 806
ii) Total number of employees trained – semi-skilled and unskilled employees Peromnes grades 12 to 19	**2 922***	3 432	3 260
b) Annual value spent on learnerships	**R3,7 million**	R3,1 million	
i) Total number of learners on learnership programmes	**175**	161	Established in 2007
ii) Total number of unemployed learners registered on learnership programmes	**45**	94	
c) Number of students on the Group Five Programme for Management Development (PMD) in partnership with the Gordon Institute of Business Sciences (GIBS)	**17**	20	Established in 2007
d) Annual value incurred on bursary expenditure	**R6,8 million**	R6,5 million	R4,1 million
i) Number of bursary students (degree courses)	**178**	149	113
ii) Number of female bursary students (degree courses)	**27**	37	15
e) Total annual skills development spend – black employees	**R14,7 million**	R14,2 million	R6,7 million

** More focus was given to skills training programmes this year. The spend also excludes People at the Gate, which was captured under socio economic development*

GROUP FIVE'S COMMITMENT TO PEOPLE DEVELOPMENT, FROM UNSKILLED TO EXECUTIVE LEVEL, IS UNCOMPROMISING, WITH A PARTICULAR FOCUS ON CONSTRUCTION AND MANAGEMENT SKILLS. DURING THE YEAR, THE TRAINING SPEND INCREASED FROM R18,6 MILLION TO R23,2 MILLION.

SOCIO-ECONOMIC DEVELOPMENT SCORECARD (SED) (PREVIOUSLY CORPORATE SOCIAL INVESTMENT (CSI))

SUSTAINABILITY INDICATOR	2008	2007	2006
Targeted SED spend as a % of annual payroll (to be achieved over four years)	**n/a***	0.25%	1% of PAT%
Targeted SED spend as a % of SA operations' net profit after tax	**1%**	n/a*	n/a*
Actual SED spend as a % of annual payroll	**n/a***	0.20%	0.14%
Actual SED spend as a % of SA operations' net profit after tax	**2.5%**	n/a*	n/a*
Total annual spend on SED programmes	**R3,1 million**	R2,7 million	R1,4 million
Number of unemployed people trained as part of the People at the Gate programme	**117**	68	203
% of unemployed people securing positions after training	**89%**	100%	91%
Number of charities benefiting from the group's SED programmes	**20**	14	10

** In line with the dti Codes of Good Practice, the target has now been set as a percentage of net profit after tax and not payroll*

DURING THE YEAR, THE SPEND ON SED INCREASED FROM R2,7 MILLION TO R3,1 MILLION. THE GROUP EXCEEDED THE CONSTRUCTION CHARTER REQUIREMENTS OF 1% OF NET PROFIT AFTER TAX SED SPEND.

HIV/AIDS SCORECARD

SUSTAINABILITY INDICATOR[1]	F2007	F2006
Number of sites where voluntary counselling and testing (VCT) was conducted	51	21
Number of employees and sub-contractor employees tested per VCT	5 662	3 337
HIV/AIDS prevalence rate amongst employees tested	14.6%	19.1%
Number of peer educators trained during the year	24	135
Total number of trained peer educators	159	135
Annual value of investment on HIV/AIDS prevention and treatment (jointly funded by Construction SETA)	Nil	R2,1 million
Annual value of investment on HIV/AIDS prevention and treatment and VCT (funded by the group)	R1,3 million	R360 000

(1) The group amended its programme to conduct VCT testing every second year. Testing will therefore again be conducted in F2009

BASED ON VCT CONDUCTED ON 5 662 EMPLOYEES IN F2007, THE INFECTION RATE WAS ESTIMATED TO BE 14.6% – DOWN FROM 19% IN F2006.

SAFETY, HEALTH, ENVIRONMENT AND QUALITY (SHEQ) SCORECARD

SUSTAINABILITY INDICATOR	F2008	F2007
% of businesses with OHSAS 18001:2007 certifications	**80%**	70%
Total number of businesses with OHSAS 18001:2007 accreditation	**13**	7
Disabling injury frequency rate (DIFR)	**0.50**	0.66
% of businesses with ISO 9001:2000 certifications	**40%***	70%
Number of people attending training programmes during the year	**8 160**	1 559
Number of malaria cases reported in the year	**86**	36
Total energy consumed in the year – (Megajoules)	**108 909#**	n/a
Total water consumed in the year – (Kilolitres)	**1 334 404#**	n/a
General waste disposed – (Tonnes)	**175 319#**	n/a

** Average decreased due to the number of new businesses established and acquired, which are yet to be certified*
 # This is the first year the group formally reports on resource consumption and waste disposal

AWARDS

The group values external awards as recognition of our focus on continuously improving the way we operate. Find below some awards won by the group during the period under review.

GROUP AWARDS

SUNDAY TIMES TOP 100 COMPANIES
- 13th position
- Ranked as a Royal Company

INVESTMENT ANALYSTS SOCIETY (IAS)
- Best Reporting and Communications Award in the JSE Limited's Basic Industry and Manufacturing Sector

JSE LIMITED SRI INDEX
- This year, about 40 companies made it onto the index, with Group Five being one of only 14 "best performers"

ERNST & YOUNG (E&Y) CORPORATE REPORTING
- "Excellent" rating within the 2008 excellence in corporate reporting awards

INDUSTRY AWARDS

CONSTRUCTION WORLD'S BEST PROJECTS
- Highly commended: VRESAP

MBA KWAZULU-NATAL REGION: BUILDING EXCELLENCE
- Winner: Buildings valued over R500 million
  Moses Mabhida Soccer Stadium, Durban

PMR
- Golden Arrow as the Best Construction Company in the Western Cape
- Construction Companies: Third overall Silver Award
- Companies/Institutions/NGOs doing the most to promote and enhance South Africa's readiness to host the 2010 World Cup in KwaZulu-Natal: First overall Diamond Award

SAFETY AWARDS

MBA NATIONAL SAFETY AWARDS

- Runner-up: Buildings valued over R500 million
  Moses Mabhida Soccer Stadium, Durban

MBA KWAZULU-NATAL: OCCUPATIONAL HEALTH, SAFETY AND ENVIRONMENT AWARDS

- **Contracts between R120 million – R200 million**
  Second place: Pearls of Umhlanga
- **Contracts between R200 million – R500 million**
  Second place: Sappi Saiccor Amakhulu
- **Contracts over R500 million**
  First place: Moses Mabhida Soccer Stadium

INDUSTRY SAFETY AWARDS

- Chevron Award for Safety: Shutdown at the Caltex Refinery, Western Cape
- KBR Award for Safety: Engen Oil Refinery, KwaZulu-Natal
- One million lost time injury-free man hours: Sappi Tugela, Mandini, KwaZulu-Natal
- Two million lost time injury-free man hours: Chevron GTA contract, Gabinda, Angola

SHAREHOLDER ANALYSIS

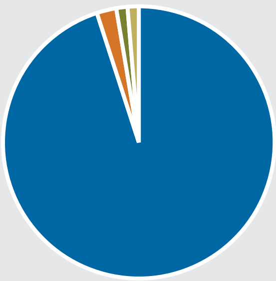
LARGEST FIVE SHAREHOLDER TYPES
(Percentage of shares held at 30 June 2008)

- 24% Mutual funds
- 21% Empowerment trusts
- 21% Retirement funds
- 15% Insurance companies
- 6% Individuals

BENEFICIAL SHAREHOLDERS WITH AN INTEREST OF 5% OR MORE
(Percentage of shares held at 30 June 2008)

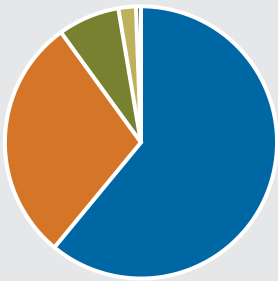
- 23% Group Five BEE ownership transaction participants
- 11% Public Investment Corporation
- 9% Coronation Fund Managers
- 9% Sanlam
- 5% Old Mutual

LARGEST FOUR BENEFICIAL SHAREHOLDERS BY COUNTRY
(Percentage of shares held at 30 June 2008)



- 86% South Africa
- 2% Luxembourg
- 1% United Kingdom
- 1% United States of America

SHAREHOLDER SPREAD
(Number of shareholders at 30 June 2008)



- 2 927 1 – 1 000 shares
- 1 393 1 001 – 10 000 shares
- 352 10 001 – 100 000 shares
- 97 100 001 – 1 000 000 shares
- 18 1 000 001 shares and over

STAKEHOLDER ENGAGEMENT

Group Five interacts with a broad range of stakeholders and aims to form constructive relationships with all the audiences it engages with. To enhance the relationship with these stakeholders and to ensure effective communication and branding of the group, during the year we established a formal internal communications forum represented by the CEO, the CFO, the HR director, the business development executive and the head of group marketing.

The group's key stakeholders are defined as:

- Shareholders, investors, analysts and media
- Employees
- Government departments
- Customers
- Suppliers and sub-contractors
- Communities

SHAREHOLDERS, INVESTORS, ANALYSTS AND MEDIA

Group Five appreciates the information needs of its shareholders, media and the investment community at large. The primary objective of the group's formalised investor and media relations function is the communication of relevant facts about the company with the emphasis on transparency and disclosure. Through our well-maintained, in-depth network of contacts in the investment community, Group Five tries to anticipate the information the community requires and provides the relevant information to enable informed decision-making.

The investment community is considered a major stakeholder of Group Five. The investor communications efforts are intended to be as inclusive as possible, encompassing buy-side analysts, sell-side analysts, institutional fund managers and retail fund managers. The group has identified retail fund managers and the media as the two most efficient routes to communicate with individual, non-institutional investors. The group is cognisant of the fact that the various categories of shareholders in Group Five have different information needs, as well as expectations of returns on investment. These range on a continuum from short to long term returns.

With the assistance of regular surveys conducted with representative samples of the investor and media community, we identify the market's key informational needs. Constructive criticism or concerns raised in these surveys is encouraged as it helps us to continually improve our communications offering. An important element of the communications approach is the communication, not only of positive news about the group, but also of any developments that may negatively affect the group. We ensure that sufficient information is made available on a regular basis to all stakeholders. In Group Five's experience, the financial markets are sophisticated enough to interpret the facts made available and to make their own investment decisions. Group Five does not attempt to influence investment decisions or recommendations.

Group Five has won the "Best Reporting and Communications Award" in the Basic Industry and Manufacturing category of the Investment Analysts Society (IAS) in F2007 and F2008.

> *Investment analysts on a visit to Quarry Cats' operations*

Integral to the group's communications effort is the regular dissemination by the group of reliable or accurate information within the constraints of a rapidly evolving market, as well as the JSE/SRP rules and regulations on disclosure of price sensitive information. Price sensitive announcements are made through the stock exchange news service, SENS. In the interest of equal dissemination of information, Group Five is one of the few listed companies to announce investor interaction such as site visits and investor management days on SENS to enable interested parties to view the information disclosed at these events on the group's website.

STAKEHOLDER ENGAGEMENT (CONTINUED)

GROUP FIVE HAS WON THE "BEST REPORTING AND COMMUNICATIONS AWARD" IN THE BASIC INDUSTRY AND MANUFACTURING CATEGORY OF THE INVESTMENT ANALYSTS SOCIETY IN F2007 AND F2008.

Employees and management of Group Five do not comment on company-specific issues during the group's closed periods that stretch from 1 July to the publishing of the final results and from 1 January to the publishing of the interim results every year. In this regard, only the CEO or CFO are authorised to comment during these close periods and only on industry-specific, not company-specific, issues.

This year the group specifically addressed the concepts of transparency and comparability (between periods, operations and peers). We have attempted to provide a balance between the year under review and the prospects and strategy going forward. In addition to financial information, many of the investors and media are also interested in how the business is performing on non-financial issues such as black economic development (BEE), corporate governance, risk management and ethics. Group Five has made a concerted effort to include information on these issues in its various communications initiatives. This communication has taken place through various channels, including:

- The annual report
  - Group Five is, to our knowledge, still the only listed company to publish its annual report on the same day that its final results are published; ahead of its peer group. The group has dedicated itself to meeting this onerous deadline to demonstrate both the strength of the Group Five systems and its financial and management team
  - Great care has been taken to improve the ease of use and accessibility of the annual report, including the creation of an Annual Review with high level summaries. The benchmarking of actual performance versus expectations and the delivery against strategy is another area of differentiation in the group's reporting
- Interactive presentations at both interim and final results
- Presentations, by invitation, at local and international investor conferences
- International investor roadshows to broaden the group's investor base
- Site visits during the year
- Investor and media days to expose the financial community to the depth and experience of Group Five's senior management team. The group's operational management is exposed to investors on a controlled basis to prevent interference with the operational performance of the group

> *Mike Upton receiving the IAS award for "Best Reporting and Communications" in the Basic Industry and Manufacturing sector of the JSE Limited*

- Investor and media lunches with key members of the group's operational and corporate office management to meet the needs of specific investor groupings
- One-on-one meetings with senior management at the request of stakeholders
- The Group Five website (www.g5.co.za)
- Media releases
- SENS releases
- Direct engagement with all stakeholders at their request, always within the constraints of the JSE regulations

These interactions are evenly spaced throughout the year to provide useful opportunities for the members of the investment community to update their knowledge of the group. The investor functions are by no means exclusive and the group welcomes the participation of investors, media or analysts who have inadvertently been omitted from such interactions. Investor relations queries can be addressed to the office of the CFO.

EMPLOYEES

Construction is a people-intensive industry. Ensuring that our employees are kept informed is critical to the group. During F2007, we indicated that we would introduce a number of initiatives to ensure greater employee engagement. In line with this, the initiatives implemented during the year were as follows:

TOP 150 FORUM

We established a forum of the top 150 leaders in the group to ensure this audience is kept informed of strategic developments. This group meets four times per year and the leaders have the opportunity to interact with the CEO and the exco team. In these sessions, the team is updated on strategy, organisational performance and company-critical issues. Feedback is also provided on specific questions raised by the forum.

COMMUNITY ENGAGEMENT

THE NEWLANDS WEST COMMUNITY, SITUATED NORTH WEST OF DURBAN, WAS THE RECIPIENT OF A NEW ROAD BUILT BY GROUP FIVE KWAZULU-NATAL. IN KEEPING WITH GROUP FIVE'S POLICY OF SUPPORTING THE COMMUNITIES IN WHICH WE WORK, EMPLOYMENT WAS OFFERED TO LOCAL LABOUR FOR THE DURATION OF THE CONTRACT.

During the contract, the Vumelani Abantwane Crèche, which means "come unto me, little children", was discovered.

Ms Lillian Hlela, a former domestic worker and childminder, who found herself unemployed and needing to take care of her own children, began assisting other mothers in the community with childcare while they went to work. Lillian soon found herself caring for 40 children, ranging in age from one month to six years, between 06:00 and 18:00 daily, six days a week.

With no other space, Lillian kept the children in her home – her lounge and bedroom, an area of 20 m². Each day at 05:00, Lillian moved the entire contents of her home outside to make space for the children and back in again after the last child was collected at around 18:00. Three other unemployed mothers assist Lillian daily with caring for the children.

Group Five KwaZulu-Natal recognised an opportunity to assist the community by improving Lillian's facilities for the children.

At a cost of approximately R70 000 over a period of two years, Group Five:

- Provided fill for elevations of the site to increase the yard area
- Provided a park home on the extended yard area, which serves as the daycare centre
- Constructed child-sized ablution facilities
- Resurfaced the driveway and the yard area
- Fenced the property
- Provided a safe outside play area with a jungle gym
- Painted the house
- Provided a signboard for the crèche
- Assisted Lillian with registering the centre with the Department of Social Welfare

In January 2008, educational toys to the value of R10 000 were purchased and donated to the crèche. Each month, groceries, nappies and other necessities are purchased for the crèche to the value of R2 500.

STAKEHOLDER ENGAGEMENT (CONTINUED)

MANAGING DIRECTORS' FORUM

This forum also meets four times a year. It is the organisation's think-tank on new and innovative initiatives and allows for cross-business unit interaction.

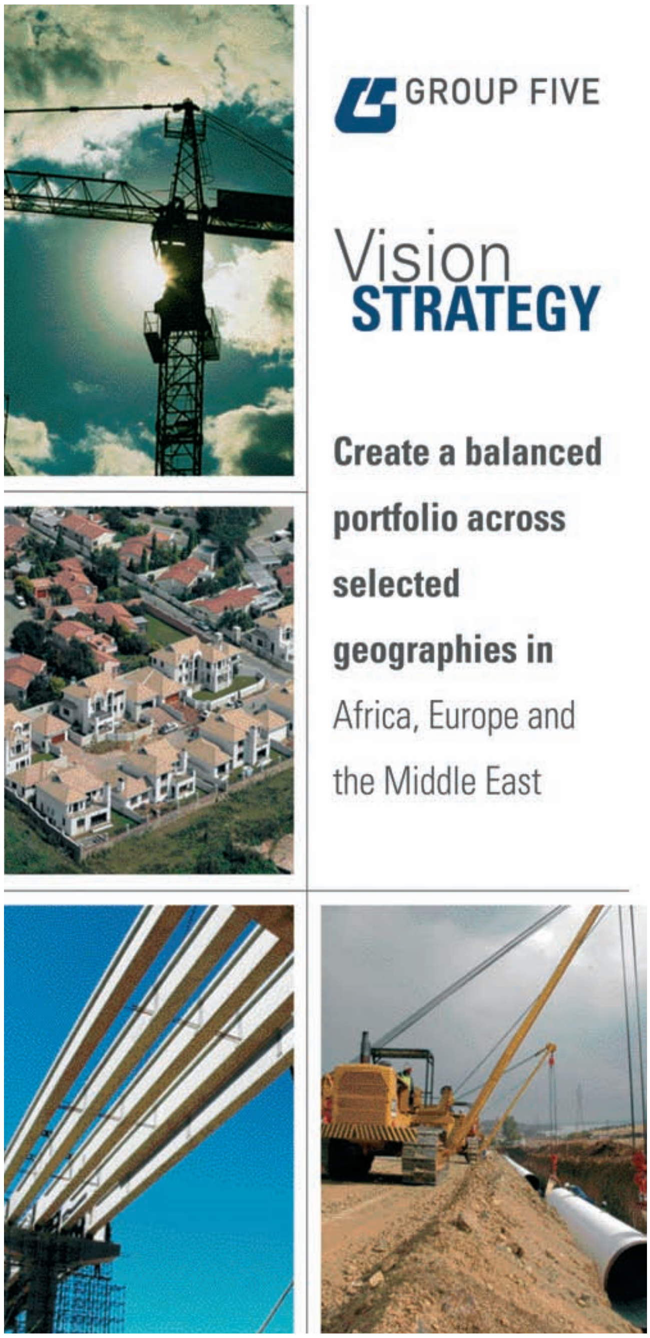
EXCO AND MANCO

Executive committee (exco) meetings are held monthly. Exco comprises the heads of business areas, finance, HR and risk and are focused on group strategic implementation and performance.

The management committee (manco) constitutes the managing directors of each business unit, as well as the corporate function directors. Manco meetings focus on operational and implementation issues that impact on the group and ensure alignment on group initiatives.

OPERATIONAL COMMITTEES (OPSCOs)

The group created two operational committees that meet monthly under the chairmanship of the relevant exco directors. The Manufacturing and Construction opscos are focused on short term performance and on business unit and group opportunities.



RE-LAUNCH OF INTERNAL COMMUNICATIONS MEDIUMS

The group's internal magazines are published quarterly and provide information on employee, site and contract news. During the year, we refreshed the design and content of these magazines, which has been a great success. In addition to these internal magazines, the CEO keeps the organisation updated through internal notices, known as newsflashes.

OTHER INTERNAL COMMUNICATIONS MEDIA

To align the employees with the values of the group and to improve awareness of our values, we introduced the acronymn PETCIIP (people, excellence, transformation, customer focus, integrity, innovation and performance) during the year. This was launched at the Top 150 forum in November 2007. A DVD with a year-end message from the CEO reinforcing the group's values was also produced and communicated to employees all over the world. This was followed up with a poster in the workplace. The values have been printed in multiple languages for ease of use. We also make standard company presentations on our strategy available to managers and the Top 150 leaders to share directly with their teams.

EXTERNAL PUBLICATIONS

An integral part of our communications plan is to ensure that we are actively communicating our employee value proposition to current and potential employees and other external stakeholders. During the year, we profiled the organisation in a number of key publications and sponsored websites such as that of the Homecoming Revolution. F2009 will see us focusing on engaging and profiling the group to young professionals.

GOVERNMENT DEPARTMENTS

We continued to build on our relationships with government departments and officials. We are working with both local and provincial departments of the Department of Housing, Department of Public Works and the Department of Transport. During the year, we also focused on maintaining strong relationships with parastatals such as Eskom and Transnet.

Internationally, our country risk director has made significant strides in building relationships in the countries we operate in outside of South Africa. The country risk department has grown strongly during the year. The team addresses compliance requirements within each legislative environment in which we operate, as well as extracting opportunities in these countries by focusing on issues such as inward investment schemes.

All countries have a dedicated compliance manager. In addition, in counties where we have significant contracts, such as the DRC or have a permanent office, such as Ghana, Burkina Faso, Nigeria and Dubai, we ensure that we have a country manager present in the country. In most cases, these country managers are local nationals. Strong relationships have been established with local government departments and South African embassies.

SUPPLIER AND SUB-CONTRACTOR ENGAGEMENT

Electrical sub-contracting is a significant area of expenditure for the group. Part of the group's supply strategy is to develop sourcing strategies for materials procured by sub-contractors. The primary purpose of this is to leverage the group's procurement, which in many instances is collectively much larger than the procurement profile of the respective sub-contractors used.

An example of where this is starting to add value to the group is in the engagement with a large electrical consumables group where preferential supply arrangements are being developed for electrical consumables. The approach has been implemented with good savings achieved on the new King Shaka International Airport contract. This will now be assessed for implementation on other contracts across the group.

STAKEHOLDER ENGAGEMENT (CONTINUED)

CUSTOMERS

The group views customers as one of our most important audiences. All of our businesses actively engage with our clients to achieve efficient and cost-effective infrastructure solutions. Customer relations is one of the nine key strategic objectives in Group Five's balanced scorecard. Refer to page 10.

Actions taken include direct communications, targeted meetings, events and communiqué such as newsletters. The group also has strict guidelines in terms of contract management – from early feasibility, bid negotiations through to completion and handover. This ensures that all aspects of the contract are shared openly, with the emphasis on problem solving and successful delivery.

The responsibility for effective customer relations has been allocated to the managing directors of each business unit and their executive teams.

SUPPLIERS AND SUB-CONTRACTORS

During the year, Group Five continued to execute a comprehensive supply chain strategy aimed at unlocking value through our relationships with suppliers and sub-contractors.

The supply chain is defined as all activities associated with the supply and consumption of materials and services within the organisation. The strategy is based on the simple principle of moving the organisation up the maturity curve.

The team continues to focus on the following key improvements:

- Enhancing the skill set of the procurement team
- Developing the competencies of not only the people, but also of all activities associated with the procure-to-pay processes
- Senior level management support to develop vendor relationships at a strategic level
- Engaging key vendors in debate regarding opportunities to unlock and create value
- Formalised enterprise development

All sub-contractors and suppliers are required to comply with relevant legislation. This is included in contracts.

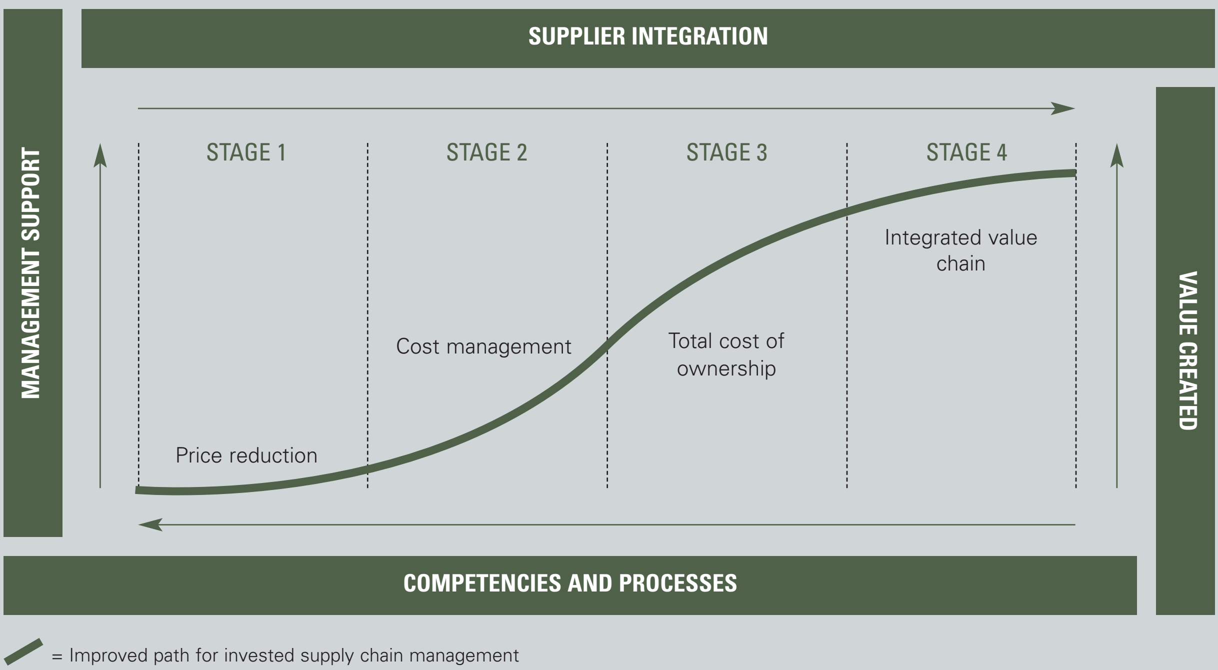
COMMUNITIES

One of the core values of Group Five is that of people engagement. This applies to both internal audiences, as well as to the communities where we operate.

We address our responsibility to communities in a number of ways:

- Identifying community liaison officers who engage on an ongoing basis with communities to ensure effective communication
- Employing local labour onto our sites
- Providing training and skills development to unskilled and unemployed community members through programmes such as People at the Gate. Refer to page 158
- Sponsoring socio economic development initiatives that have a community or developmental approach and create long term sustainability. Refer to page 156

These principles are applied in all the countries where we operate.



MEMBERSHIPS OF INDUSTRY AND BUSINESS ASSOCIATIONS

> American Society for Training and Development (ASTD)
> Association of Certified Professional Accountants (ACPA)
> Black Management Forum (BMF)
> Building Industry Federation of South Africa (BIFSA)
> Business Unity South Africa (BUSA)
> Chartered Institute of Building (CIOB)
> Concrete Society of South Africa (CSSA)
> Engineering Council of South Africa (ECSA)
> Free State Institute of Architecture (FSIA)
> Green Building Council of South Africa (GBCSA)
> Institute of Directors (IOD)
> International Project Finance Association (IPFA)
> Master Builders of South Africa (MBSA)
> Project Management Institute USA (PMI)
> South African Association of Quantity Surveyors (SAAQS)
> South African Council for the Project and Construction Management Profession (SACPCMP)
> South African Federation of Civil Engineering Contractors (SAFCEC)
> South African Institute of Chartered Accountants (SAICA)
> South African Institute of Civil Engineers (SAICE)
> South African Institute of Electrical Engineers (SAIEE)
> South African Institute of Steel Construction (SAISC)
> South African Institute of Welding (SAIW)
> Southern African Light Steel Frame Building Association (SASFA)
> Steel and Engineering Industries Federation of South Africa (SEIFSA)
> The Engineering and Construction Risk Institute (ECRI)
> The New Partnership for Africa's Development (NEPAD)
> The South African Readymix Concrete Association (SARMA)
> Timber Frame Builders Association (TFBA)
> Water Institute of South Africa (WISA)

HUMAN RESOURCES (HR) MANAGEMENT

MOST NOTEWORTHY ACHIEVEMENTS DURING THE PERIOD UNDER REVIEW:

- Appointment of an executive HR director
- The articulation and launch of the group's transformation agenda, which included revising the organisation's vision and values
- Enhancement of our total rewards programme as part of our employee value proposition through:
  - An adjusted pay mix
  - The completion and roll out of the group's cost to company remuneration model
  - The comprehensive outsourcing of the group's provident funds, resulting in significant cost savings and benefit enhancements for employees
  - Realignment of the senior managers' incentive programme with the focus on elements of our transformation agenda
  - Re-examining senior management incentivisation with a focus on more appropriate alignment between short, medium and long term incentives
- Although our objective remains local employee attraction, we obtained a group corporate work permit from the Department of Home Affairs, which enables us to introduce up to 1 500 skilled individuals into South Africa, as and when required
- The Group Five Academy launched its Group Five Construction Skills Training Academy (in association with the Development Bank of South Africa) and increased our capacity in our KwaZulu-Natal Construction Skills Training Academy
- The first Group Five management programme participants graduated through The Group Five Academy
- A change leadership programme in line with our transformation agenda was implemented

In the F2007 Annual Report, the group outlined areas that required attention in terms of human resources management. Find below how these were addressed, as well as new challenges and how these will be addressed going forward:

F2007 CHALLENGES	F2008 DELIVERY	F2008 CHALLENGES	ACTIONS TO ADDRESS THESE
While renewed focus on employment equity (EE) has delivered results, the group continues to struggle to find/retain suitable equity candidates in senior positions	38% of external hires at management level were black candidates and 25% of internal appointments into management were black employees	Meeting the dti and Construction Charter requirements and being a partner of choice for public sector departments	Branding of the group as an employer of choice by actively communicating our offer, increasing the pool of bursary students and graduates and developing our managers' ability to effectively manage people F2008/F2009 will focus on succession planning and career path development
The pilot of an integrated performance management system (IPMS) did not deliver results and was under review with an aim to re-launch in August 2007	The performance management model has been reviewed and revamped	Reducing the administrative role that HR practitioners have	Full implementation of the PeopleSoft IT platform will allow focus on strategic initiatives Build capacity with the HR practitioners to focus on transformation and change
The launch of an e-performance module was deferred to F2008	Although the full module was not launched, the succession planning and career development processes are being re-launched		
		Speedily attracting skilled employees to execute future contracts	Implementation of the Group Five resourcing strategy
Due to the change in the CEO, a comprehensive culture change programme was deferred to August 2007	This programme is up and running This has been followed by the launch of the group's transformation programme	Effective roll out of the transformation agenda across the group	Empower senior managers to roll out the transformation agenda. Set clear goals and milestones that will reflect our progress Bring about the culture change required in the organisation to realise the group's vision
		Implement and communicate the Group Five employee value proposition	Reward competitively, create opportunities for growth and ensure the availability of skilled line managers in a conducive culture geared to performance

HUMAN RESOURCES (HR) MANAGEMENT (CONTINUED)

INTRODUCTION

Group Five's ability to grow and deliver on shareholder value is significantly dependant on our ability to attract and retain employees who bring the right combination of competence, experience and motivation to the group. We therefore continue to focus on the creation of a conducive environment for employees where the individual and the collective skills, motivation and performance of employees are at a high level. During the year under review, the organisation faced three strategic HR challenges:

- Our ability to rapidly transform in a buoyant and changing market
- Our ability to attract and retain suitable candidates
- Our ability to leverage our excellent transactional systems to be more transformational

THE CHANGE IN CEO AND THE APPOINTMENT OF A NEW HR EXECUTIVE HAS SEEN A SHIFT IN FOCUS TO THAT OF STRATEGY AND TRANSFORMATION TO DELIVER ON SUSTAINABLE GROWTH.

ADDRESSING CHALLENGES

HR CHALLENGES	MITIGATING ACTIONS
Our ability to rapidly transform in a buoyant and changing market	During the year, we launched the group's transformation agenda. The focus areas will be on the group's overall business strategy, delivering on the Construction Charter and the dti Codes of Good Practice and establishing an organisational culture that creates long term sustainability
Our ability to attract and retain suitable candidates	Refining our employee value proposition, which includes providing employees with growth and development opportunities, competitive rewards and quality managers and management practices
Our ability to leverage our HR systems to move away from the traditional transactional HR role to a more transformational role	We have implemented excellent systems that have halved the time HR practitioners spend on administration, freeing them up to focus on delivery

This year has seen a consolidation of the HR initiatives of the last two years. The change in CEO and the appointment of a new HR executive has also seen a shift in focus to that of strategy and transformation to ensure we deliver on sustainable growth.

Furthermore, during the year under review, the organisation took bold steps towards living up to our vision of "being an integrated provider of building, infrastructure and engineering solutions".

These steps have included building on our market offering through the expansion of Manufacturing and Construction Materials, the establishment of a design and project management unit, the formalising of a joint venture agreement with our partner in the UAE, focusing on business opportunities in the public sector of the South African market and continuing to build our brand through contract execution in other African countries.

These actions took place against the backdrop of a continued focus on health and safety, the implementation of elements of our employee retention strategy, employment equity in the workplace and the sector's broad-based black economic empowerment (BBBEE) requirements. With all of these initiatives occurring concurrently, assisting our employees to keep pace with the speed of these changes through the creation of a supportive environment, was a big challenge.

With the worldwide demand on engineering and construction skills and employees being mobile, not only within the borders of South Africa, but also globally, skills acquisition and retention remained a focus area for the group. To this end, the group continued to position itself as an employer of choice. According to the Magnet Communications survey, which researches perceptions of young professionals, we have moved from an overall position of 38 as a preferred employer in F2006 to 30 in F2007.

The group will continue to build on its employee value proposition by:

- Refining, communicating and role modelling our offer to current and future employees
- Providing individuals with opportunities for growth and development through the group's corporate university,

The Group Five Academy (The Academy), and a long term career by being able to offer job opportunities in different business units, geographies and functions in the group
- Creating a culture in which individuals are valued for their contribution and rewarded accordingly
- Ensuring that our transformation agenda brings about a culture that creates growth and long term sustainability for the organisation

ADDRESSING FUNCTIONAL CAPACITY

During the previous reporting period, the HR function moved to become more transformational. During the year under review, the HR team focused on talent acquisition and retention, business partnering, change management and transformation, as well as maximising the utilisation of the integrated HR systems.

GROUP FIVE'S TRANSFORMATION AGENDA

Under the new HR executive's leadership, transformation in Group Five is taking place in three key areas:

- **Our people:** Valuing the diversity of the individuals within the organisation and delivering on the HR elements of the Construction Charter Scorecard
- **Our organisation:** Structure and culture – Striving for a one-company mindset in an inclusive, high-performing environment
- **Our business:** What we aim to do and how we achieve it

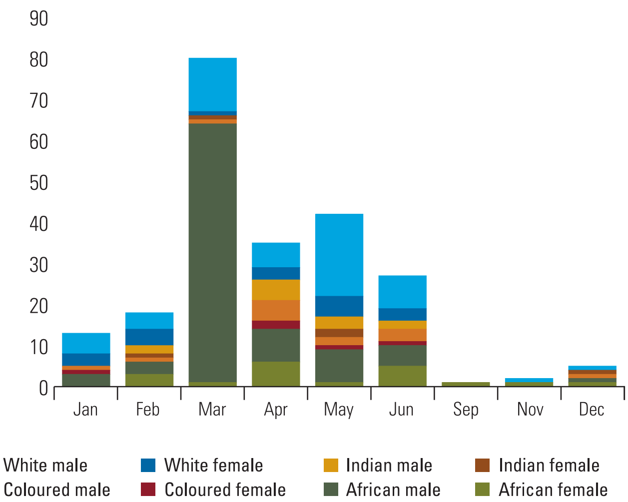
Achievements in these areas are critical in creating and maintaining the group's long term sustainability as a corporate citizen not only in South Africa, but also in the countries in which we operate:

In line with this, we focus on:

- Recruitment
  - Ensuring that Group Five is truly an equal employment opportunity company
  - Developing black and female managers
  - Having the right people in the right positions
  - Empowering managers to be effective people managers with the mandate of making the appropriate career development and retention decisions with their employees
- As can be seen from the graph on the right, that while we continue to struggle to find skills in all race groups, we managed to employ a diverse range of employees on a monthly basis during the last year. Of the 223 permanent employees recruited, 146 (73.9%) were from designated groups

THE ACQUISITION OF THE RIGHT PEOPLE TO ALLOW US TO DELIVER AND GROW WILL REMAIN A SIGNIFICANT FOCUS AREA.

MONTHLY EMPLOYMENT BY RACE AND GENDER



** No new appointments were made in July, August and October*

- Rewards
  - Ensuring that our people are competitively remunerated within a performance-based culture
  - Offering an effective, employee-focused, total rewards system
- Re-engineering
  - Creating opportunities for employees to move between different businesses in the group
  - Encouraging our employees to continuously focus on their personal growth and development
  - Developing our employees to be able to easily adapt to change
  - Offering promotion opportunities, specifically through internal placement or promotion whenever possible
- Recognising people
  - People need to be recognised, not only for their performance, but also as individuals with unique experiences and backgrounds
  - This diversity of race, gender, thought and experience increases the potential for innovation and diversification within the organisation, while making the organisation more attractive to a wider range of employees

The Academy, which is covered in detail on page 143 of this report, was established to ensure that we achieve both managerial and operational excellence in the construction and engineering fields. The Academy also allows employees the opportunity to take ownership of their development.

HUMAN RESOURCES (HR) MANAGEMENT (CONTINUED)

TALENT ACQUISITION AND TALENT MANAGEMENT

To ensure delivery on long term business objectives, the employment of the right people to allow Group Five to deliver and grow will remain a significant focus area for the foreseeable future.

Our acquisition and retention strategy is summarised below:

BIRTH	> On-site skills training > Learnerships, both unemployed and employed > University of Technology programme > University bursary programme > Graduate recruitment programme
BUY	> Local and international alliances with recruitment agencies > Obtaining and using corporate work permits for South Africa and the countries we operate in > The use of unskilled and skilled labour from the South Eastern countries – 3 500 Indian and Pakistani nationals were employed into Dubai since F2006 > 350 Philippine nationals employed onto contracts in the African countries other than South Africa > Active involvement in international recruitment initiatives, such as: – Homecoming Revolution – Careers in Africa – Company-specific programmes > Building our in-house recruitment capability
BUILD	> Focused artisan and technical skills development initiatives > Management development through The Academy > Executive development programmes
BIND	> Assessing and evaluating our employee value proposition to ensure that we retain employees > Share options > Black management share scheme > Structured payment of bonuses to directors
BORROW	> Borrowing skills through smart partnerships, both locally and abroad. This takes the form of both technical assistance agreements, where required, and specialist sub-contractor arrangements and joint ventures

To enable comparison, in the next few pages the group provides an update on information provided in the F2007 Annual Report.

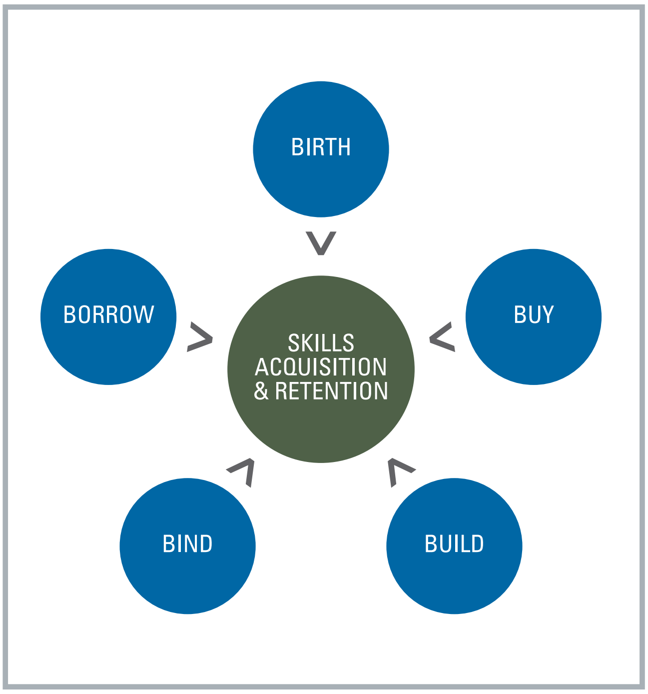
ASSURING HR PROFESSIONALISM

CENTRALISATION AND STANDARDISATION

Notwithstanding the critical and necessary focus on achieving tangible transformation, the group also remains committed to achieving the most efficient and effective HR administrative support. We therefore continue to spend considerable time and effort in the pursuit of implementing improvement in this area.

During F2006 and F2007, the group reported on the adoption of a number of initiatives aimed at establishing a comprehensive HR information management solution with the use of a system called PeopleSoft. The overall objective of these initiatives was to streamline and improve the back-office functions to free up resources to facilitate delivery in the HR/transformation arena.

During the year under review, the focus was placed on the full implementation of these systems and formalising changes to business processes and work flow necessitated by this automation.



> *Graduates of the skills training academy are each presented with an equipped tool box*

While data collection and reliability remain priorities, all the modules originally implemented are now fully integrated and time spent by HR professionals on many of the purely administrative processes has been significantly reduced.

Future initiatives

- As the systems are integrated, a degree of decentralisation of data capturing will take place during the next year to ensure greater ownership and a single point of capture
- The launch of a training administration module to assist with the consolidated management and reporting of training initiatives
- The introduction of an employee self-service function for both personal data and learning and development
- The introduction of an HR sustainability dashboard per business will assist in driving HR efficiencies and improve reporting
- Upgrading our online recruitment portal

In addition to the broad-based approach, the following specific interventions were undertaken during the year under review in an attempt to address managerial and technical skills shortages:

- The freeing up of a senior operational HR resource to focus on the management of processes required to ensure the capacity to recruit the best available talent
- The appointment of two full-time recruitment specialists within the corporate HR function. These resources focus their efforts on targeting specialist skills on behalf of the group, both locally and abroad
- The formation of numerous strategic partnerships with recruitment service providers, both locally and abroad
- Although our focus is on developing local skills, we secured a corporate dispensation to bring up to 1 500 scarce skills to South Africa over the next five years
  - To date, we have only processed a total of 20 expatriate work permit applications following the granting of this dispensation
  - In addition, the group managed to bring a total of 28 South African construction professionals home over the last 24 months
- Joining the Department of Home Affairs' "Big Client" pilot programme. This is aimed at improving the response times on the granting of work permits
- Targeted intervention in Portugal, the UK, the UAE, the Philippines and India to locate and recruit scarce skills
- The sourcing of about 450 foreign nationals for deployment on central African-based contracts
- The automation of processes, including an online e-recruitment solution that enables applicants to apply electronically from anywhere in the world

These initiatives are supported by the employment of dedicated recruitment resources in all our major businesses.

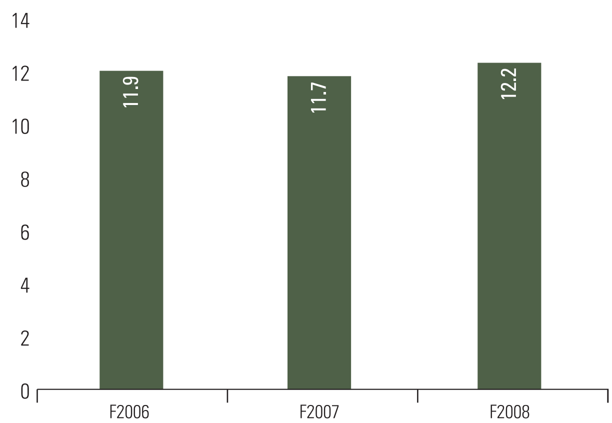
VACANCIES

Below, the group provides an update in terms of vacancies.

The graph depicts a year-on-year comparison of the vacancies existing in the group in the key operational levels to deliver on the current secured order book (relative to the total employees in Peromnes grades 6-10 (contacts director through to experienced first line supervision). This graph shows the trend since F2006 when we began monitoring this statistic.

As can be seen, we have made huge strides in terms of stabilising the vacancy situation since F2006. However, while we have managed to maintain pace with our current growth, we have not been able to reduce the number of vacancies realised as a percentage of total headcount, with vacancies moving from 11.7% in F2007 to 12.2% in F2008. The group therefore continues to view this as a strategic priority area.

VACANCY ANALYSIS
(Actual vacancies as a percentage of South African total permanent headcount)



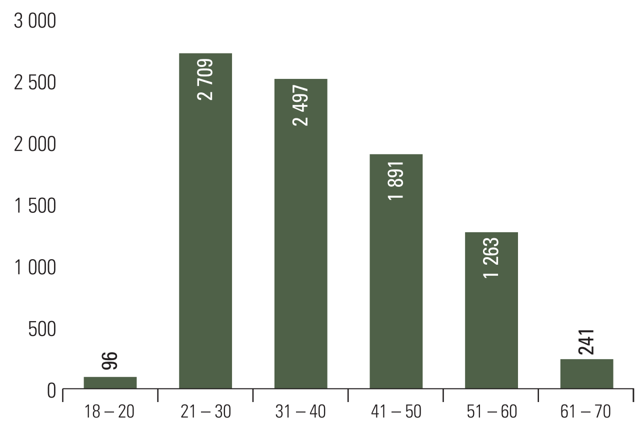
HUMAN RESOURCES (HR) MANAGEMENT (CONTINUED)

EMPLOYEE PROFILE

LONG-SERVICE EMPLOYEES

The group has several long-service employees. Worth mentioning are 14 employees with more than 40 years' service at Group Five.

CURRENT AGE PROFILE OF THE ORGANISATION
(Total South African permanent headcount)



DEVELOPING AND MAINTAINING A TOTAL REWARDS SYSTEM

Group Five believes that it is critical to have a compelling employee proposition. Part of this is having a total rewards programme that addresses the needs of our employees.

The group therefore ensures that our remuneration strategy remains responsive to employees' needs, as well as the trends in the market.

During the period under review, our remuneration strategy was reviewed in terms of its sustainability and to determine whether the pay mix on offer was the most appropriate given the current market trends and the need to retain employees. Based on this, the company took a decision to alter the balance between guaranteed and short term remuneration and to extend the new management share scheme – launched in September 2005 – to all directors in the group.

The directors' incentive scheme was also revised to allow for the direct incentivisation of issues relating to sustainability, such as BEE, cash flow management, inter-business unit co-operation, strategy execution and employment equity.

Initiatives undertaken during the year in terms of remuneration included:

- Appointment of a group remuneration specialist
- Participation in all the relevant industry surveys to establish the benchmarks required to assess the effectiveness of our remuneration strategy
- The full implementation of the cost to company structure across the group
- The detailed and ongoing evaluation and review of the group's remuneration philosophy, including the review of the balance between short, medium and long term remuneration components
- Detailed analysis of the positioning and percentile placement of our employees relative to a rapidly changing market has resulted in the group adopting a more aggressive remuneration strategy

CREATING A REWARDING CULTURE

The group recognised a few years ago that more needs to be done to ensure Group Five becomes a place where people feel rewarded for their efforts. This is not merely about remuneration, but about a combination of the following strategic HR interventions:

- Establishing a culture where performance is recognised and rewarded
- Establishing a common culture and sense of community and accepted behaviour
- Offering sustainable career development opportunities
- Encourage work/home life balance

The various initiatives to ensure a rewarding culture are discussed in more detail below:

- Ensuring that employees know exactly what is expected of them
  This is achieved through careful workflow design, standardisation of company procedures and requirements and communication:
  - All major business units have made great strides in the ongoing process of refining and documenting contract lifecycle procedures and general policies and procedures to ensure that employees are aware of performance requirements and accountability at each step in the contract delivery process
  - An additional 179 job types were profiled using the group's selection blueprint system that allows for the accurate definition of key competencies required to ensure success in a specific role
  - All the major business units have launched coaching and/or mentoring programmes. The objective of these programmes is to ensure optimal employee development
- Ensuring that employees receive objective and timeous feedback on their performance
  - As one of the key pillars of the Group Five Way, which is aimed at aligning behaviour and operational intent within the group, it is group policy that all employees receive a comprehensive performance appraisal at least once a year
  - The group aims to provide at least two appraisals to operational employees during the lifecycle of a contract. The first takes place after the initial stages of the contract with the second at the end of the contract to ensure that good or poor performance is either recognised or addressed
- Visibly and consistently linking performance to rewards
  - Major improvements were implemented in the senior management bonus scheme during the course of this year.

SIGNIFICANT FOCUS IS BEING PLACED ON LEVERAGING OUR STRONG EXTERNAL BRANDING WITH A VIEW TO ENSURING THAT THERE IS A CLEAR CONNECTION BETWEEN THE GROUP FIVE BRAND AND THE EMPLOYEE EXPERIENCE.

After widespread consultation, a set of standard measures was introduced into the scheme to ensure a degree of commonality in the assessment of performance. The particular dimensions introduced include:
- ~ Achievement of profit before tax (PBT) target
- ~ Cash generated as a percentage of profit before tax
- ~ Targeted improvement on the dti Codes of Good Practice and the Construction Charter Scorecard
- ~ Co-operation/participation in group initiatives
- ~ Personal performance against key performance areas

- – These enhancements represent a huge step forward in terms of incentivisation within the group from a system that was previously wholly based on delivery on PBT to one that is now focused on the triple bottom line
- – Individual remuneration levels are based on an assessment of an employee's performance and competence in terms of organisational expectations

- The group re-evaluated its recognition and rewards policy and approval has been granted for the introduction of a series of processes designed to give employees peer recognition as opposed to purely financial reward. This change is born out of the need to enhance a sense of community within the group
- Creating a sense of community and brand identity
  Huge focus is being placed in the group on leveraging our strong external branding with a view to ensuring that there is a clear connection between the Group Five brand and the employee experience
  - – The development of a clear, well-communicated and accepted vision, as well as values and culture in the organisation
    During the course of this year, the CEO placed significant emphasis on ensuring that the leaders in the group are well informed and aligned to the vision and values of the group and that they are involved in the future strategy of the organisation

38% of external hires at management level were black candidates and 25% of internal appointments into management were black employees

- – Defined behavioural norms
  The group Code of Ethics was published and distributed in September 2005. Refer to page 40. In support of this, we have placed major emphasis on the organisation's values and expected behaviours

CREATING A SUSTAINABLE CAREER PATH

The group is committed to providing long term career growth prospects for its employees. This has been demonstrated by the fact that all the current exco and manco members, outside of one external appointment, have been internal appointments and promotions.

To allow employees to share in this vision of upward mobility, we believe it is imperative that they can see tangible evidence of the group's commitment in this regard. In this context, the group launched The Academy in F2006. The Academy has a menu of leadership and managerial development programmes aimed at providing the knowledge base and exposure for career development at all levels and stages in the employee's career progression. Refer to page 143.

The next step in this process is to ensure that employees have a clear understanding of where they fit into the organisation's plan in the medium to long term. As such, the group developed an entirely revamped succession planning methodology. This will be re-launched in the new financial year.

The group's talent management matrix, launched last year, will be rolled out further as part of this process and in conjunction with the performance appraisal process.

This will ensure that the group continues to progress towards being an employer of choice.

> *Formal training provides a steady flow of skills into the group*

HUMAN RESOURCES (HR) MANAGEMENT (CONTINUED)

The group's values, termed as PETCIIP, are outlined below:

VALUE	BEHAVIOUR
People	> Respect people > Encourage teamwork > Develop and train people > Engage and communicate with people
Excellence	> Set world-class standards > Provide professionalism at all times > Demand and deliver the best
Transformation	> Create an enabling environment > Embrace change and diversity > Be role models
Customer focus	> Understand and deliver on expectations of customers
Integrity	> Be consistent and fair > Be open and honest > Strictly adhere to the group's Code of Ethics
Innovation	> Invest and continuously improve > Create a learning environment > Encourage new ideas
Performance	> Set and achieve targets > Actively manage performance and delivery > Recognise achievements

EMPLOYEE WELLNESS

MOST NOTEWORTHY ACHIEVEMENTS DURING THE PERIOD UNDER REVIEW:

- **Introduction of an employee wellbeing programme**
- **Increased participation of executives in the executive health programme from 68% to 89%**

In the F2007 Annual Report, the group outlined areas that required attention in terms of employee wellness. Find below how these were addressed, as well as new challenges and how these will be addressed going forward:

F2007 CHALLENGES	F2008 DELIVERY	F2008 CHALLENGES	ACTIONS TO ADDRESS THESE
Ensuring director participation in the executive health programme	89% of those nominated participated in the programme A number of employee wellness days were run throughout the organisation	To get 100% participation To review the wellness programme and update it, if necessary	Results and statistics will be presented to the group's executive committee by the HR director The offering of additional services to our members, including case management
		Increase the awareness of employee wellbeing with both management and employees	Introduce an employee medical surveillance protocol
Malaria protection for expatriate workers	A comprehensive malaria prevention programme is in place for expatriate workers Paramedics are employed on sites where medical assistance is not readily available. International SOS is also available to provide medical assistance or evacuation	Ensure that the policy is strictly adhered to Continue to educate expatriate employees	Ensure that all medicals are completed before entering a new country of work. Record and address non-adherence to policy Keep abreast of developments in the field of malaria
Destigmatising HIV/AIDS counselling	In an effort the de-stigmatise HIV/AIDS, a broader wellness programme has been introduced	Availability of resources to do voluntary counselling and testing Keeping track of test results, especially those of limited duration workers and sub-contractor workers	Adequate financial allocation will be made in the new financial year External assistance will be found to provide experience Recording and tracking to form part of the HR function
Participation of limited duration workers in HIV/AIDS awareness programmes	All employees, including limited duration contract workers and sub-contractors, are required to participate in HIV/AIDS awareness programmes HIV/AIDS is included in the standard induction programme and is also covered regularly through on-site toolbox talks	To train limited duration contract workers as wellness educators to take what they have learnt into their communities on completion of the contracts	Include peer educator training in the workplace skills plan
Ensuring regular attendance at HIV/AIDS training sessions	Training is recorded on the group's internal system, PeopleSoft, and reported on quarterly	Review and update training material regularly	Obtain feedback and suggestions from business unit committees Maintain interest through observance of commemorative days

EMPLOYEE WELLNESS (CONTINUED)

INTRODUCTION

Group Five believes that it has a duty to provide a safe and healthy working environment for its employees. It has a wide range of programmes that address employee wellness:

- Annual medical examinations for directors
- Medical examinations for expatriate employees
- Pre-employment and post-employment medical examinations and regular interim medical check-ups for employees working in areas where a risk of occupational illness has been identified
- Trauma counselling for employees who need help in coping with a personal crisis
- Career guidance
- HIV/AIDS management

HIV/AIDS is managed in the group through the socio economic development (SED) committee, with the chairperson, Baroness Lynda Chalker, overseeing the programme. The committee has agreed that voluntary counselling and testing (VCT) will be undertaken every two years throughout the group. However, all new employees will be given the option to participate in VCT. Therefore, for the year under review, no testing was done. The next VCT will take place during F2009.

The first HIV/AIDS prevalence study was performed in F2006. Of the 3 337 employees tested, 636 tested positive, representing an estimated 19% prevelance rate. In F2007, 5 662 employees were tested, made up of 3 853 employees and 1 809 sub-contractors. Of those tested, 14.55% was estimated to be HIV positive.

During the year, the SED committee determined that, in an aim to de-stigmatise HIV/AIDS, it should not be treated as a stand-alone disease, but that it should be incorporated into a more inclusive employee wellness programme that will address other diseases such a hypertension, diabetes and cholesterol.

STRATEGIC OBJECTIVES

- To promote the wellbeing of employees in the workplace
- To provide a consistent and constructive set of guidelines to assist employees through the provision of confidential and professional counselling services
- To deliver comprehensive guidelines to managers and supervisors in the business units
- To ensure the efficient delivery of services through accredited service providers
- To address HIV/AIDS in a supporting and non-discriminatory manner
- To pro-actively identify hazards and develop control measures to create a safe working environment

EXECUTIVE WELLBEING

Executive wellbeing is an integral part of the group's risk management processes. The programme is designed to meet individual needs and assists those who present with medical risks that demand monitoring and follow-up. For the year under review, 89% of executives participated in the programme compared to 68% last year. The programme is currently being reviewed to ensure that the optimal standards are applied.

IN AN AIM TO DE-STIGMATISE HIV/AIDS, IT WILL BE INCORPORATED INTO A MORE INCLUSIVE EMPLOYEE WELLNESS PROGRAMME THAT ADDRESSES OTHER DISEASES SUCH A HYPERTENSION, DIABETES AND CHOLESTEROL.

MEDICAL EXAMINATIONS FOR EXPATRIATE EMPLOYEES

Employees working outside the borders of South Africa are required to be medically assessed before they are deployed to sites. Those suffering from chronic diseases are assisted to manage their illness while working away from home.

MALARIA AND EMPLOYEE PROTECTION

Malaria is a major risk for those working over-border. Measures to prevent the disease and employee protection are huge focus areas for the group and high on the management agenda at business unit and group level.

Employees working in high-risk malaria areas and those requiring medical assessments because of their occupational category are regularly tested by accredited service providers. Follow-up medical checks, counselling and assistance are provided to those who need it.

> *All our site employees are provided with safety gear appropriate to the job*

The following measures have been put in place:

- Bed nets, prophylactics and self-test kits
- Clothes and bed linen are washed in malaria repellants
- Ongoing education programmes
- Compliance inspections are regularly conducted by safety managers
- Where appropriate, site-based clinics are established
- Para-medical staff are employed where medical assistance is not readily available

COUNSELLING SERVICES

General counselling services are readily available to employees in need. Employees are encouraged to use these services through consultations with managers, communications briefs and through feedback sessions provided by employment equity forum members and peer educators. We also grant access to traditional healers in conjunction with western health practitioners.

CAREER GUIDANCE

A councellor is available to employees who need any form of career guidance. This service is also available to employees when a need is identified during appraisals or management feedback sessions.

HIV/AIDS AND OTHER DISEASES

The group's HIV/AIDS Roadmap, which is a step-by-step guide for implementing an HIV/AIDS workplace programme, is being reconstructed to incorporate other diseases and conditions. This will encourage and create medical assessments that encompass employee wellness. This new programme will be ready for implementation by the end of September 2008. Peer educators will have to be re-trained to meet the requirements of the new programme.

Going forward, VCT will form part of general medical surveillance for employees.

Results of the F2006 and F2007, HIV/AIDS prevalence testing:

> *Human resource director of Operations, Richard du Toit, awaits results of his health tests*

	Number tested		Positive (amount)		Positive (%)	
Group	F2007	F2006	F2007	F2006	F2007	F2006
Corporate office	177	127	5	7	2.8	6
Construction	5 078	2 130	747	444	14.7	21
Manufacturing	407	1 080	72	185	17.6	17
Total	5 662	3 337	824	636	14.5	19

EMPLOYEE RELATIONS

MOST NOTEWORTHY ACHIEVEMENTS DURING THE PERIOD UNDER REVIEW:

- **Collective bargaining and proactive engagement ensured that a strike by the National Union of Mineworkers (NUM) at the Moses Mabhida 2010 Soccer Stadium was contained and did not spread to other 2010 sites**
- **230 managers and supervisors were trained on the group's revised employee relations policies and procedures**
- **Relationships between senior management and organised labour were cemented through a series of bilateral meetings**
- **An employee relations manager has been appointed through our JV partner in Dubai as industrial action is expected to increase as the Middle East construction market matures**

In the F2007 Annual Report, the group outlined areas that required attention in terms of employee relations. Find below how these were addressed, as well as new challenges and how these will be addressed going forward:

F2007 CHALLENGES	F2008 DELIVERY	F2008 CHALLENGES	ACTIONS TO ADDRESS THESE
Training and orientation	230 managers across the group received formal and informal training in the new industrial relations procedural documentation and processes	The expiry of the civil and building industry agreements during the next 12 months could result in volatility	We are proactively engaging with our employees on all our major sites and have put a labour agreement on the Durban Harbour and airport contracts in place Group Five is represented on the SAFCEC HR forum that will engage organised labour in negotiations in the 2008 calendar year
Ensuring productive employee relations as contracts become larger and more joint ventures are entered into	Constructive engagement with labour limited industrial unrest at the Moses Mabhida 2010 Soccer Stadium	The expiry of the civil and building industry agreements during the next 12 months could result in volatility	We are pro-actively engaging with our employees on all our major sites and have put a labour agreement on the Durban Harbour and airport contracts in place

INTRODUCTION

The group believes that sound and mature relationships with organised labour are a business imperative. As such, we have maintained a strategy of pro-active engagement and involvement with them at both industry and plant/site level.

This philosophy is supported by:

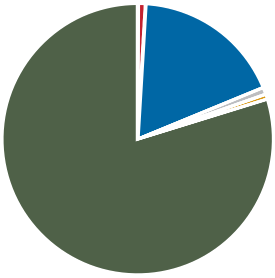
- Continual benchmarking and audits of our processes and procedures against best practice
- Regular training of all managers in the interpretation of the group's employee relations policies, as well as the practical application thereof
- Ensuring compliance with both the spirit and the letter of the law within all the countries in which the group operates
- Actively recognising the divergent interests of organised labour as a legitimate stakeholder in our organisation and actively seeking to engage and address all issues of mutual concern in a pro-active and non-confrontational manner, while seeking to treat all with dignity and respect

During the period under review, the focus moved to educating and training managers to develop the necessary competencies to fulfil their respective roles in maintaining and managing employee relations more effectively.

WORKER PARTICIPATION AND TRADE UNION RELATIONS

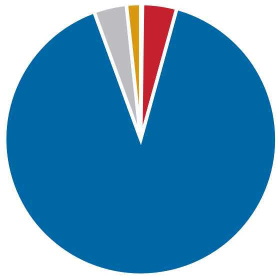
The divergent nature of the group and the range of collective bargaining agreements prevent a high level of representation by any single union. However, we are committed to maintaining interactive and constructive relationships with all the various employee organisations and trade unions. The most significant representation is held by NUM.

UNION REPRESENTATION
(As a percentage of total South African permanent employees)



- 0.05% AUBTW – Amalgamated Union of Building Trade Workers
- 0.81% BCAWU – Building Construction and Allied Workers Union
- 17.91% NUM – National Union of Mineworkers
- 0.77% NUMSA – National Union of Metalworkers
- 0.34% WESUSA – Workers' Equally Support Union of South Africa
- 80.13% Not unionised

PROPORTIONAL UNION REPRESENTATION
(As a percentage of total South African permanent employees)



- 0.20% AUBTW – Amalgamated Union of Building Trade Workers
- 4.08% BCAWU – Building Construction and Allied Workers Union
- 90.16% NUM – National Union of Mineworkers
- 3.88% NUMSA – National Union of Metalworkers
- 1.69% WESUSA – Workers' Equally Support Union of South Africa

Once a union achieves a reasonable level of representation at either site or business unit level, they are granted organisational rights, as well as consultative and negotiation powers on issues of mutual interest. The group entered into six new recognition and procedural agreements during the course of F2008.

In operations with no union representation, applicable consultative structures have been implemented. Both permanent and temporary employees have the right to belong to trade unions of their choice and to participate in its affairs.

At Group Five, 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.

COLLECTIVE BARGAINING

Group Five participates actively in all the major industry forums affecting our employees. This participation is founded on the premise that if you are involved, you can influence both the process and the outcomes.

THE GROUP BELIEVES THAT SOUND AND MATURE RELATIONSHIPS WITH ORGANISED LABOUR ARE BUSINESS CRUCIAL. AS SUCH, WE HAVE MAINTAINED A STRATEGY OF PRO-ACTIVE ENGAGEMENT AND INVOLVEMENT WITH LABOUR AT BOTH INDUSTRY AND SITE LEVEL.

Forums in which we participate are:

- The South African Federation of Civil Engineering Contractors (SAFCEC)
- The Steel and Engineering Industries Federation of South Africa (SEIFSA) and the Gauteng Voluntary Bargaining Forum (VBF)

These bodies are mandated to enter long term agreements in an attempt to limit the risk of potential industrial unrest in the industry.

The main challenge facing the construction industry is the fact that the harmony in the industry over the past five or six years has been disrupted. This is due to the demand for labour following the increased infrastructure spend, coupled with the tight deadlines on the major 2010 contracts. The various site-specific agreements reached on these contracts in the face of actual and/or potential industrial action have created heightened employee wage expectations in the rest of the industry.

Against this backdrop, and with increased inflation and interest rates, the F2009 civil engineering negotiations may be robust. An increase in the number of project labour agreements (PLAs) that will be established on mega contracts can also be expected.

In light of this, the group has welcomed the initiative launched by the Commission for Conciliation, Mediation and Arbitration (CCMA) to pro-actively engage all stakeholders, (employers, the Department of Labour, the Department of Sports and Recreation and organised labour), in an attempt to ensure that the 2010 World Cup facilities are delivered on time and with the least amount of disruption.

All stakeholders agreed that they will work together to ensure that industrial action is kept to a minimum through open and frequent dialogue.

EMPLOYEE RELATIONS (CONTINUED)

> *The team at the Ruashi copper mine site celebrates the casting of the first copper*

During the year, the group's operations lost some 256 000 (2007: 11 433) man hours due to industrial action. This amounted to 0.82% (2007: 0.22%) loss of all hours worked. The significant increase was mainly due to industrial action at the Moses Mabhida Soccer Stadium in KwaZulu-Natal.

INTERNATIONAL OPERATIONS

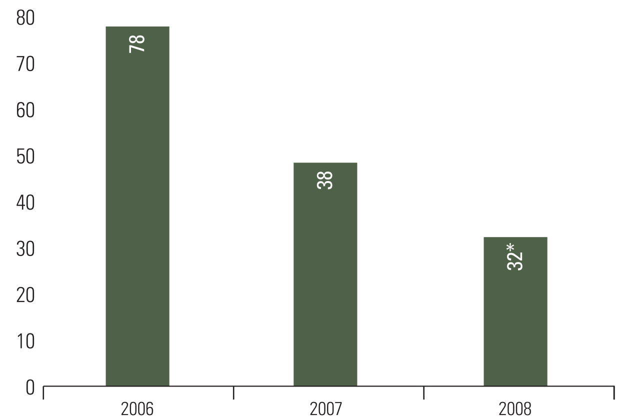
This year saw the first industrial action in Dubai. There are currently no formal labour structures in the Middle East market. However, as the market matures, we can expect more industrial action in the future. To address this, Group Five, through its joint venture in Dubai, has made a dedicated employee relations manager available to deal with labour issues, both on sites, as well as in the labour camps.

DISPUTE RESOLUTION

While it is the group's philosophy to resolve disputes internally, this is not always possible. The various interventions to educate our managers in the correct manner of addressing disputes, as well as the comprehensive grievance procedures contained in the group's employee relations policy, have largely reduced the number of CCMA referrals in the majority of the group's business units. During the year under review, 48 (2007: 38) unfair labour practice cases were resolved under the auspices of the CCMA and applicable bargaining councils.

The statistics for this year include the incorporation of a number of new businesses. As such, the group has had to pick up and resolve these issues. 16 of the 48 CCMA cases dealt with during the year were inherited from the previous owners of these businesses. Excluding these, the number of cases would have decreased to 32. The decreasing trend indicates success in terms of our HR interventions.

CCMA REFERALS
(Number of employees)



** Excludes new acquisitions*

A review of all potential claims is conducted regularly to ensure speedy and effective resolution.

CHILD AND FORCED LABOUR POLICY

We recognise the constitutional rights of children and the minimum standards provided for in labour legislation. As such, the use of any form of child labour is expressly prohibited.

The group also recognises the rights of all citizens to freely associate with any organisation, structure and practice. It rejects all forms of forced labour. The principles related to freedom of association are encapsulated in the group's employee relations policy.

BROAD-BASED BLACK ECONOMIC EMPOWERMENT (BBBEE)

OWNERSHIP

INTRODUCTION

Group Five's BBBEE ownership transaction has been in place since F2006 after shareholder approval was granted on 29 September 2005. The initial transaction consisted of three components, which together resulted in black ownership of 26.1% of the enlarged issued share capital of the company.

At the time of conclusion of the transaction, the breakdown of the shareholding was as follows:

	TOTAL AS AT SEPTEMBER 2005		
	NUMBER OF SHARES R'000	TRANSACTION VALUE	SHAREHOLDING (POST ISSUE OF NEW SHARES)
Employee schemes	**4 366 109**	**69 989**	**4.5%**
Broad-based scheme	575 000	9 217	0.6%
Black management scheme	3 791 109	60 772	3.9%
The participants jointly (iLima-Mvela transaction)	**20 957 325**	**335 946**	**21.6%**
iLima	10 478 662	167 973	10.8%
Mvela	10 478 662	167 973	10.8%
Total	**25 323 434**	**405 935**	**26.1%**

As can be noted from the table, the three participant components of the transaction included:

- A broad-based employee scheme
- A black management share scheme
- The iLima-Mvela ownership transaction

An overview of the current participation status of the three components in the company's issued share capital as at 30 June 2008 is set out below, followed by a summary of shareholding at the reporting date.

> *The group's philosophy is to resolve disputes internally with union representatives*

BROAD-BASED BLACK ECONOMIC EMPOWERMENT (BBBEE) (CONTINUED)

EMPLOYEE SCHEMES

BROAD-BASED EMPLOYEE SCHEME

- This scheme benefitted permanent employees who did not participate in the black management scheme
- The scheme is therefore open to all permanent employees of all races within the group and its subsidiaries, based on a predetermined seniority level (below Peromnes Grade 8, which is management level and below) with a minimum of one year's service as at 1 October 2005
- At the date of allocation, the eligible employees numbered 3 969 and approximately 90% were black people
- The allocation was made through a once-off issue of an aggregate of 575 000 shares for no consideration and with no vesting rights
- Employees are therefore entitled to receive dividends in respect of the shares and are entitled to exercise their voting rights
- Participants may not dispose or encumber the Group Five shares prior to the fifth anniversary of the date of issue. The anniversary date will be prior to October 2010
- The shares are held in trust until that date and hence, at 30 June 2008, the total amount of shares allocated remains within the group's BBBEE ownership structure

BLACK MANAGEMENT SCHEME

- The black management scheme is for the benefit of senior black managers identified at the allocation date, as well as reserved for future allocation
- The objective is to encourage black employees within the group that are employed at management level (Peromnes Grade 8 or higher) to participate in the mainstream economy
- The group provided the black management share trust with a loan to enable the trust to subscribe for 3 791 109 shares at a price of R16,03 per share
- Following allocation of the shares by the trust, the shares vest as follows:
  - 50% on the second anniversary from the date of allocation
  - 25% on the third anniversary from the date of allocation
  - The balance will vest on the date of the fourth anniversary
- The current year saw the materialisation of the first vesting periods following the initial allocations in F2006. Following this, certain of these shares, totalling 560 000, were exercised by the participants. Therefore, it may or may not be held by black people as at 30 June 2008, as there are no additional restrictions that limit the trading on these shares post exercise

> *The broad-based employee scheme benefits permanent employees*

- A summary of the confirmed ownership on the black management trust shares is as follows:
  - Held in trust 3 231 109 shares*
  - Exiting participants 50 937 shares**
- Although the balance of the issued shares of 509 063 shares may still be held by black people, this detail cannot be verified and is therefore not included in the ownership summary below

** Includes shares unissued, lapsed and issued, but not yet exercised*

*** Refers to the portion of exercised shares, released from trust, but in the process of being transferred to management. Therefore still held by qualifying people*

THE ILIMA-MVELA CONSORTIUM

The iLima consortium

The iLima consortium collectively owns 50% of the participant's share of the group's BBBEE ownership structure. The iLima group is a diversified BBBEE group of companies and trusts that include youth, women and broad-based parties. We continued to work with iLima Projects, one of iLima group's subsidiaries, in terms of a written enterprise development agreement. Refer to page 152.

The Mvela consortium

The Mvelaphanda Group (Mvelaphanda) owns the remaining 50% of the share of the group's ownership BBBEE structure. Group Five and Mvelaphanda have worked together on a number of initiatives and continue to pursue common business prospects in large infrastructure contracts and local and over-border opportunities in the resources sector.

Mvelaphanda holds an additional two million shares in the group via an associated company Mvelaphanda Holdings. Although these shares are unrelated to the group's ownership transaction, they represent a further tranche of BBBEE held shares at an ownership level.

During the year under review, the participants received dividends following our declaration to issue both a final dividend for F2007 and an interim dividend relating to F2008. In terms of the rules of the scheme, these dividends are converted to additional shares in the company. The number of shares received by each participant relating to the final F2007 dividend was 81 606 shares. 197 532 shares were issued with respect to the F2008 interim dividend subsequent to year-end.

The table below indicates the movement in the participants' BBBEE ownership from F2006 (outlined on page 133) to the structure as at 30 June 2008:

	TOTAL AS AT JUNE 2008#	
	NUMBER OF SHARES	SHAREHOLDING
Employee schemes	**3 857 046**	**3.3%**
Broad-based scheme	**575 000**	**0.5%**
Black management scheme	**3 282 046**	**2.8%**
The participants jointly (iLimaMvela transaction)	**23 810 916**	**20.0%**
iLima*	**10 905 458**	**9.2%**
Mvela*^	**12 905 458**	**10.8%**
Total	**27 667 962**	**23.2%**

** Including shares issued in July 2008 relating to the F2008 interim dividend*

^ Including shares held by associated companies to the participants

 # This represents the total numbers of shares held by participants of the Group Five BBBEE ownership transaction and does not represent the total black shareholding in the group

BROAD-BASED BLACK ECONOMIC EMPOWERMENT (BBBEE) (CONTINUED)

However, during the year, a detailed audit by Verify Solutions was done on the broader BBBEE shareholding of Group Five Limited as part of our scorecard analysis. In line with this, our BBBEE shareholding was 35.6% as at 30 June 2008, as indicated in the table below:

	NO. OF SHAREHOLDERS	% OF SHAREHOLDER	SHAREHOLDINGS	% OF SHAREHOLDINGS
A – Issued share capital total	**5 406**		**119 039 763**	
B – Details of BBBEE shareholders in Group Five Limited by black shareholder types				
Black females	78	1.44	57 976	0.05
Black males	429	7.94	349 080	0.29
Black trusts	22	0.41	38 075	0.03
Black empowerment	1	0.02	25 979 493	21.82
Black private companies	8	0.15	2 010 400	1.69
Black other corporations	7	0.13	15 959	0.01
Black close corporations	9	0.17	5 697	0
Black investment companies	5	0.09	95 901	0.08
Black insurance companies	10	0.18	2 209 192	1.86
	569	10.53	30 761 772	25.84
C – Details of excluded mandated investments in Group Five Limited by shareholder types				
Insurance companies	30	0.55	3 942 620	3.31
Foreign mandated investments	50	0.92	20 175 336	16.95
Medical aid schemes	7	0.13	279 296	0.23
Mutual funds	170	3.14	19 189 990	16.12
Retirement funds	140	2.59	20 223 315	16.99
	397	7.34	63 810 557	53.6
D – Adjusted issued share capital and shareholder base, excluding the mandated investments				
	5 009		71 423 858	
Black empowerment shares held (Assessed by BEEVER in the empowerment audit as at 30 June 2008)				
Broad-based share scheme			575 000	
Black management scheme			3 231 109	
iLima Consortium (Pty) Ltd			10 806 692	
Mvelaphanda Group Ltd			10 806 692	
Total			25 419 493	
Effective direct BBBEE shareholding			35.6%	

MANAGEMENT

The dti Codes of Good Practice measure the black male and female representation in companies. It is measured in two areas:

- Board participation
- Senior and top management

In F2007, Group Five appointed its first black female non-executive board member, Ms Philisiwe Buthelezi. In September of that year she also became the chairperson of the board. The other black board members, Messrs Vusi Mavimbela, Kaala Mpinga and Mandla Gantsho, remained directors for the full year under review. The black members therefore represent 50% of the board, excluding the company secretary.

In Group Five, senior and top management refer to members of the executive team, the management committee and sub-committees of the board. During the year, the group's first black director was appointed to the exco team.

Increasing black and female representation at middle and senior management level will remain a focus area for the group. In August 2008, we will be appointing our first black female director at management committee level.

During F2008, we promoted five black managers to directors of the organisation, bringing the total number of black directors to 12%. This is an 83% improvement on last year. Female black directors represent 6.2%, a 33% improvement on last year.

DURING F2008, WE PROMOTED FIVE BLACK MANAGERS TO DIRECTORS OF THE ORGANISATION, BRINGING THE TOTAL NUMBER OF BLACK DIRECTORS TO 12%. THIS IS AN 83% IMPROVEMENT ON LAST YEAR. FEMALE BLACK DIRECTORS REPRESENT 6.2%, A 33% IMPROVEMENT ON LAST YEAR.

> *HR executive director, Junaid Allie, with Werner van der Berg, Construction manager, during a visit to the Ruashi copper mine site in the DRC*

EMPLOYMENT EQUITY

MOST NOTEWORTHY ACHIEVEMENTS DURING THE PERIOD UNDER REVIEW:

- **Appointment of a black female as the chairperson of the group**
- **Appointment of the group's first black executive director**
- **Appointment of a female group CFO and the first female executive on the board of directors**
- **Everite appointed a black financial director and Cosmos Building Supplies appointed its first black general manager and finance manager**

In the F2007 Annual Report, the group outlined areas that required attention in terms of employment equity (EE). Find below how these were addressed, as well as new challenges and how these will be addressed going forward:

F2007 CHALLENGES	F2008 DELIVERY	F2008 CHALLENGES	ACTIONS TO ADDRESS THESE
Improving the EE complement	Refer to box above	Speed of development of internal black candidates into senior positions	Active succession planning and relevant development programmes
To ensure transformation, appointments from Peromnes 7 and above will be approved by the CEO	Although this has taken place during the year, a policy still has to be agreed and implemented	Meeting EE targets will be difficult because of the skills shortage and increased activity in the construction industry	Ensure that competitive salaries are offered Provide career paths for employees Implement a mentorship programme and develop high potential candidates
Business units have to meet their EE targets	EE targets have not been met	Attract and retain EE candidates in a very competitive market	Agree and implement retention strategies

GROUP FIVE IS COMMITTED TO PROMOTING EQUITY AND DIVERSITY WITH SPECIAL FOCUS ON ITS SOUTH AFRICAN OPERATIONS WHERE EVERY EFFORT IS MADE TO INCREASE THE PERCENTAGE OF BLACK PEOPLE AT MANAGEMENT LEVELS.

INTRODUCTION

Group Five is committed to promoting equity and diversity with special focus on its South African operations where every effort is made to increase the percentage of black people at management levels.

The group's EE policy expressly prohibits any form of unfair discrimination. Business unit EE forums monitor employment practices on an ongoing basis to ensure that no form of unfair discrimination takes place.

DELIVERY

- Every business unit has a functioning EE forum
- Business unit scorecards are compiled monthly. These scorecards are in line with the requirements of the Construction Charter and provide for scoring against set targets. This measurement tool provides management with an indication of each business unit's EE status
- The EE Act is displayed at all operations
- Minutes of EE forum meetings are available to all employees
- EE forum members are trained on a regular basis
- EE forums monitor progress made against EE targets

- The total percentage of designated people within the group's permanent South African workforce now represents 86.6%. This is an 8.4% increase from last year. This increase is consistent across all levels in the organisation, as highlighted below:
  – In Peromnes grades 7 – 12: 62% (2007: 57%) of the employees are from one of the designated groups. This is a 5% improvement on last year. (Peromnes 7 – 12 represent skilled levels)
  – In Peromnes Grades 4 – 6: 20% (2007: 16.5%) of the employees are from designated groups. This represents a 4.5% improvement on last year. (Peromnes grades 4 – 6 represent middle management)

- Every business unit's managing director has been appointed as the EE manager for his unit
- A group EE forum has been established under the chairmanship of the CEO
- A black male has been appointed as the group's HR director
- Equitable representation has been achieved at middle and junior management and at the lower levels

ADDRESSING CHALLENGES

- Although the group succeeded in appointing its first black executive director, in the main EE targets at management levels have not been met. However, we have seen some improvement, as can be seen in the table on the bottom left
- Managers motivate the appointment of non-designated people at senior management level to the CEO and the group HR executive before an appointment is made
- Business units are required to review their EE plans to ensure that meaningful targets are set

CREATING A POOL OF QUALIFIED BLACK PEOPLE

Group Five is committed to the development of young talent and is focused on a concept of "growing our own" through the following programmes:

- Group Five student management programme (Refer to page 145)
- Group Five learnership programme (Refer to page 145)

These programmes focus on ensuring that the individuals coming through the organisation include young black people. These programmes are intended to alleviate the skills shortage and to provide the group with people who can be developed to become future managers.

In 2008, 21 students graduated and joined the group as junior engineers	**F2008**	F2007
Black males	**10**	5
Black females	**5**	1
White males	**6**	5
Total	**21**	11

EMPLOYMENT EQUITY (CONTINUED)

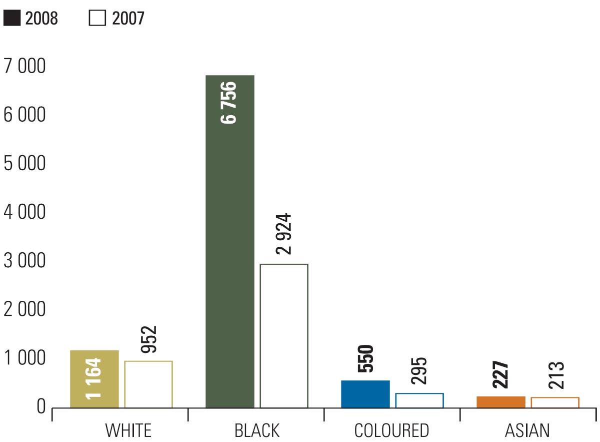
GROUP EE PROFILE: F2008 AND F2007

Below is a summary of the group's EE profile with reference to our South African permanent workforce.

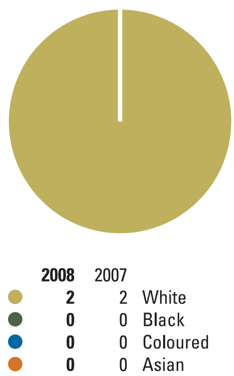
	WHITE		BLACK		COLOURED		ASIAN		TOTAL	
	F2008	F2007	**F2008**	F2007	**F2008**	F2007	**F2008**	F2007	**F2008**	F2007
Executive 1+ (Board)	**2**	2	**–**	–	**–**	–	**–**	–	**2**	2
Senior 1-3	**16**	11	**1**	1	**–**	–	**–**	–	**17**	12
Mid 4-6	**100**	92	**6**	4	**8**	3	**11**	10	**125**	109
Specialist/skilled 7 – 12	**930**	777	**1 057**	692	**317**	199	**184**	160	**2 488**	1 828
Semi-skilled 13 – 16	**108**	64	**2 981**	1 629	**169**	89	**29**	40	**3 286**	1 822
Lower skilled 17 – 19	**8**	6	**2 711**	598	**57**	4	**3**	3	**2 779**	611
Total	**1 164**	952	**6 756**	2 924	**550**	295	**227**	213	**8 697**	4 384

The graphs below provide a snapshot of the group's position with respect to the proportional diversity attained in each of the main organisational levels, as defined in the Employment Equity Act. During the year, the group made some inroads into achieving greater levels of diversity in the senior through to middle management levels.

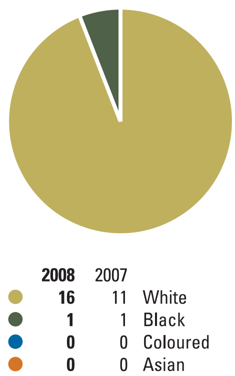
TOTAL SOUTH AFRICAN PERMANENT WORKFORCE 8 697



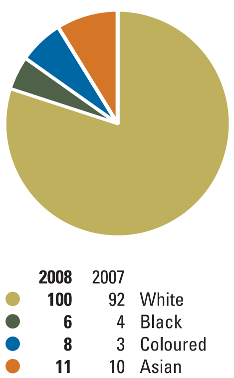
EXECUTIVE BOARD MEMBERS
(Peromnes grades 1 – 3)



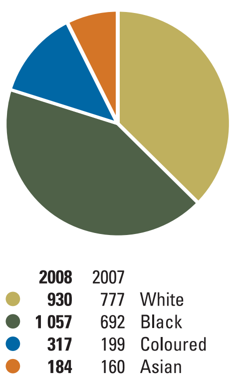
SENIOR MANAGEMENT
(Peromnes grades 4 – 5)



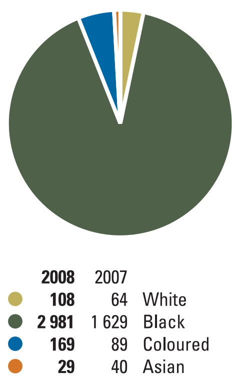
MIDDLE MANAGEMENT
(Peromnes grades 6 – 7)



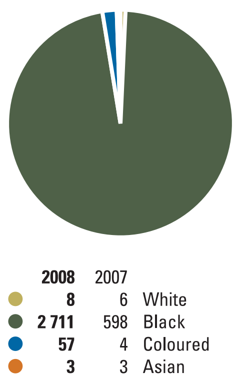
SPECIALIST/SKILLED
(Peromnes grades 8 – 11)



SEMI SKILLED
(Peromnes grades 12 – 14)



LOWER SKILLED
(Peromnes grades 15 – 19)



HUMAN CAPITAL DEVELOPMENT (SKILLS DEVELOPMENT)

MOST NOTEWORTHY ACHIEVEMENTS DURING THE PERIOD UNDER REVIEW:

> **Training and development**

The establishment of the group's corporate university, The Group Five Academy (The Academy), in F2006 created a framework for focused learning within the group. During the year, almost R23,2 million (2007: R18,6 million) was spent on the training and development of core employees at all levels:

R MILLION	F2008	F2007
Skills development	**7,5**	6,4
Learnerships	**3,7**	3,1
Student management	**6,8**	6,5
Leadership development	**2,2**	2,6
Technical and professional competence development*	**3,0**	–
Total	**23,2**	18,6

** Included in Skills Development in F2007*

A total of 5 780 people were trained in the year under review:

	F2008*	F2007*
Senior and executive management	**106**	49
Professional and mid-management	**533**	426
Skilled and junior management	**2 219**	2 103
Semi-skilled	**1 887**	2 170
Unskilled	**1 035**	1 262
Total	**5 780**	6 010

** Total numbers trained captures multiple training programmes per person*

> The group's learnership programmes were launched in F2007, with an initial target of registering 100 unemployed learners within the group's areas of operation. There are currently 45 unemployed and 130 employed learners registered compared to 102 unemployed and 59 employed in F2007. The number of learnerships is expected to grow considerably within the next year. R3,4 million was spent on black learners, which represented 90% of total spend on learnerships

> The bursary expenditure increased from R4,1 million in F2006 and R6,5 million in F2007 to R6,8 million in F2008. The number of black female bursary students started with 12 in F2006 and stands at 23 in F2008. However, this was lower than last year's 34. The number of female students in technical fields of study remains an ongoing challenge

The number of bursary and diploma students:

BURSARY AND DIPLOMA STUDENTS	F2008	F2007	F2006
Black male	**79**	71	57
Black female	**23**	34	12
White	**76**	44	44
Total	**178**	149	113

HUMAN CAPITAL DEVELOPMENT (SKILLS DEVELOPMENT) (CONTINUED)

INTRODUCTION

The rapidly evolving industry Group Five operates in and the simultaneous shortage of skills have necessitated a pro-active strategic plan around skills attraction, talent management and skills retention.

To ensure the group addresses this in a focused manner with a long term view and a sustainable delivery model, the group launched a corporate university, The Academy, during F2006.

The aim of The Academy is to build organisational and individual leadership, competency in management and technical and operational capabilities that are aligned to company strategy.

To achieve this, the focus is on both human capital development that encompasses forward-thinking learning initiatives that directly support the organisation's strategy, and on customised initiatives

In the F2007 Annual Report, the group outlined areas that required attention in terms of human capital development. Find below how these were addressed, as well as new challenges and how these will be addressed going forward:

F2007 CHALLENGES	F2008 DELIVERY	2008 CHALLENGES	ACTIONS TO ADDRESS THESE
Every effort was made to attract female learners to the learnership programmes Retention required constant attention	During the year, the number of female students was 23	Retention of students after graduating is increasingly difficult due to poaching	A comprehensive review of incentives will be conducted to ensure that students are encouraged to stay
Providing work-based experience was difficult as many construction sites are not equipped to provide the exposure to meet the unit standard requirements	The improvement in availability of trainers and expertise at the Construction SETA is a step in the right direction, but learners still need real work-place exposure	Workplace experience remains a challenge, especially as additional learners increase the pressure on the sites	The workplace will be better prepared to receive the learners Training of more workplace assessors will be done A mentorship programme will be implemented
An effective mentorship programme was required	This programme had limited success	The intake of more students on learnerships will increase the need – thus raising the urgency to find competent mentors	Specific mentors will be targeted and their support will be encouraged Continue exploring the possibilities of retaining current mentors due to retire, as well as securing those who have retired
Ownership of people development by senior management was crucial	The Academy engages with top management to ensure that there is alignment, as well as eliciting the support of The Academy as a vehicle of change	There is a need for support of individuals with regard to regular growth and development	The Academy will explore the possibilities of a coaching programme to be piloted within the organisation
Senior management needed to role model behaviours and set an example	Regular communication at all levels of the organisation takes place to encourage a learning culture, but this needs constant reinforcement	Engagement by senior management in a focused and directed manner to develop the leadership skills of their people	The roll out of situational leadership programmes
Volumes of learners needed to be tracked. A learner management system was required to deal with this complexity	This has still not been achieved. Compatibility with current group systems needs to be assured	The implementation of a compatible learner management system	An analysis of requirements is in its final stages and consultation is well under way with all relevant parties

that are based on key business unit needs. The Academy is therefore guided by the business to provide focused learning opportunities that address behaviour and provide an integrated ladder of learning that is responsive to the need for continual improvement and innovation.

The Academy faculty currently comprises a core group of eight professionals who source, design, facilitate and implement group programmes to build individual capacity to achieve excellence. Strong support is provided by a wider circle of business unit training and development employees. Regular engagement and interaction ensure a common focus and a pooling of resources to achieve an aligned approach to student management, vendor management and the assessment of future needs.

The number of various learning initiatives has mushroomed in the last year and the influence of The Academy has filtered through the organisation. The Academy has not only overcome boundaries initially envisaged, but has also seen an increasing number of learners in a wider spectrum of learning areas.

THE GROUP FIVE ACADEMY

SKILLS DEVELOPMENT	STUDENT MANAGEMENT AND BURSARY PROGRAMME	ORIENTATION AND INDUCTION	COMPETENCY DEVELOPMENT	TECHNICAL AND PROFESSIONAL DEVELOPMENT	PROFESSIONAL LEADERSHIP DEVELOPMENT
> People at the Gate > Primary skills development > Learnership	> University and University of Technology students	> Corporate and business unit induction > Student "boot camp"	> Diverse capacity building workshops > IT training	> Project management > Graduate engineering mentoring programme > Professionalising site administration Diverse technical workshops	> Management development

SKILLS DEVELOPMENT AND CAREER DEVELOPMENT

FOUNDATIONAL SKILLS (CORE COMPETENCIES)

VALUES (ORIENTATION, INDUCTION AND GOVERNANCE)

THE GROUP FIVE WAY

PEOPLE

PROCESSES

TECHNOLOGY

GROUP STRATEGIC OBJECTIVES

HUMAN CAPITAL DEVELOPMENT (SKILLS DEVELOPMENT) (CONTINUED)

PERFORMANCE REVIEW OF THE KEY ASPECTS OF THE ACADEMY

SKILLS DEVELOPMENT

SCOPE	WHAT	WHO
Skills development	> People at the Gate > Primary skills development programmes > Learnerships	> Learners include unemployed, limited duration contract and permanent employees

Breakdown of headcount for primary skills development programmes:

	People trained	
Type of intervention	**F2008**	F2007
Skills development	**4 047**	4 910
Learnerships	**175**	161
Student management	**178**	149
ABET*	**93**	44
Construction skills training academy (CSTA)**	**235**	–
Total	**4 728**	5 264

** Adult basic education training*

*** CSTA launched in January F2008*

The focus in F2008 was on moving to more specific technical and experiential training aligned with the group's needs compared to a more generalist approach in prior years.

People at the Gate

Although People at the Gate is mainly a skills development programme, it falls under socio-economic development as it trains unemployed people and is designed to leave behind a skills base when the construction contracts where the people have been trained have been completed. Refer to page 158.

Primary skills development programmes

These programmes target permanent, limited duration contract workers and to a certain extent the unemployed.

For the year under review, primary skills development programmes were rolled out where skills gaps were identified. These skills programmes are accredited by the construction SETA (CETA) and are of a shorter duration. They aim to address immediate needs, while at the same time allowing the learner to pursue a full qualification should they choose to. The programmes also offer older, more experienced employees the opportunity to gain formal training and certification.

Adult Basic Education and Training (ABET)

ABET has successfully been run in the manufacturing business unit, Everite, for the last three years. A total of 93 employees are currently on ABET programmes. The spend for this financial year was R287 627 compared to last year's R172 576.

Group Five Construction Skills Training Academy (CSTA)

In a public-private partnership with the Development Bank of Southern Africa, Group Five established a skills training centre

> *Bursary students attending "boot camp" learnt basic site skills such as bricklaying as part of their on-site training*

in Midrand to act as a developer of skills capacity for the construction industry. The centre was officially opened in April by Gwede Mantashe, chairperson of government's Joint Initiative on Priority Skills Acquisition (JIPSA), and newly appointed Secretary General of the ANC, together with Jay Naidoo, chairperson of the Development Bank of Southern Africa.

It is envisaged that this initiative will assist in addressing some of the skills shortages presently experienced in the construction sector. A second skills academy is planned.

Paul le Sueur, head of Group Five Building and Housing, was instrumental in acquiring the land for the training academy, which was very generously donated by the Mia family. The project is an initiative by the group to pilot an alternative approach to ensure that private sector takes the lead in skills development and transfer. The intention is to provide facilities and training that will ensure sustainable employment in the construction industry.

The training centre has CETA approval for training and accreditation is in progress. There are currently three experienced trainers on site who have completed their assessor training. The centre caters for Group Five employees, as well as unemployed people from Diepsloot and surrounding communities. A number of sub-contractors from Group Five building sites are also being screened and/or trained in areas of quality, productivity and prevention of wastage.

Details of CETA accredited skills training programmes:

Programmes	Number trained
Setting out	63
Bricklaying	34
Plastering	18
Shuttering	11
Scaffold erection	63
Sub-contractor training	28 Bricklaying and 18 Plastering

Learnerships

These programmes are focused on permanent and unemployed learners. With greater national emphasis on learnerships, Group Five spent R3,7 million this financial year alone on these programmes. This represents a 19% increase from the previous year. R3,4 million was spent on black learners. With CETA funds for learnerships no longer available, Group Five used its mandatory grant rebates to fund the learnerships and to ensure the learners are able to continue through to graduation.

Field of study	NQF level	Total	Split per race		Split per gender	
			White	Black	Male	Female
Junior management	4	28	5	23	11	17
Supervisors	4	89	7	82	66	23
Junior safety officers	3	29	1	28	19	10
Diesel mechanics	3	10	–	10	10	–
Welders	3	19	–	19	10	9

STUDENT MANAGEMENT AND BURSARY PROGRAMME

SCOPE	WHAT	WHO
Student management and bursary programme	> University and University of Technology students	> Learners are funded from their second year onwards and are given access to regular vacation work

Group Five strongly believes in "growing its own". This is clearly evident through the bursary programme which the company instituted more than 20 years ago. The number of students who have been assisted financially with their studies in the last three years alone totals 440. We are very proud of the fact that many of the present managing directors, directors and senior management are products of the Group Five student bursary programme. The programme aims to create a pool of young talent and to develop them internally. The intention is that these young graduates will be the foundation of the company's future succession planning and assist in meeting the employment equity targets that have been identified. The bursary programme is therefore a critical aspect of our skills pipeline.

Bursars increased from 149 students in F2007 to 178 students in F2008. Spend has increased accordingly by 5% to a total of R6,8 million in F2008.

HUMAN CAPITAL DEVELOPMENT (SKILLS DEVELOPMENT) (CONTINUED)

Bursary programme details

Field of study	NQF level	Total	Split per race		Split per gender	
			White	Black	Male	Female
BSc: Civil Engineering	6	37	20	17	29	8
BSc: Construction Management	6	12	2	10	11	1
BSc: Electrical Engineering	6	1	–	1	–	1
BSc: Mechanical Engineering	6	1	–	1	1	–
BSc: Property Development	6	2	–	2	–	2
BSc: Quantity Surveying	6	27	6	21	20	7
BTech: Building Science	5	37	19	18	34	3
BTech: Quantity Surveying	5	12	4	8	10	2
BTech: Civil Engineering	5	29	17	12	27	2
BTech: Mechanical Engineering	5	2	2	–	2	–
Adv ND: Building Science	5	3	–	3	2	1
Adv ND: Civil Engineering	5	6	2	4	6	–
Adv ND: Quantity Surveying	5	3	1	2	3	–
Adv ND: Construction Management	5	5	2	3	5	–
Adv ND: Engineering Survey	5	1	1	–	1	–

ORIENTATION AND INDUCTION

SCOPE	WHAT	WHO
Orientation and induction	> Corporate induction > Business unit induction > Student "boot camp"	> Business induction is for new employees to Group Five > Students undergo a "boot camp" as an initiation into the construction industry

Corporate induction

Corporate induction is conducted quarterly and provides an opportunity for new employees to meet with members of Group Five senior management. The intention is to establish the Group Five Way of conduct and thinking and to provide insights into not only the history of the company, but also to the group strategy.

Business unit induction

A new employee induction process has been benchmarked against international best practice and resulted in standardised group HR guidelines. In addition, a comprehensive interactive induction programme has been developed that new employees can explore electronically in their own time.

Student "boot camp"

The "boot camp" programme was conceptualised to provide university bursary students with exposure to the construction environment and to the required practical skills. This course is conducted during July and December vacation periods and provides an introduction not only to the group, but also to the fundamentals of some of the key construction skills areas, such as bricklaying, shuttering, setting out and plastering.

During the intensive two to three weeks, students are given the chance to interact with senior management and to network among themselves. Team activities, competitions and projects ensure that the camp is multi-faceted. The boot camp culminates in a prize giving ceremony.

IN A PUBLIC-PRIVATE PARTNERSHIP WITH THE DEVELOPMENT BANK OF SOUTHERN AFRICA, GROUP FIVE ESTABLISHED A SKILLS TRAINING CENTRE IN MIDRAND TO ACT AS A DEVELOPER OF SKILLS CAPACITY FOR THE CONSTRUCTION INDUSTRY.

COMPETENCY DEVELOPMENT

SCOPE	WHAT	WHO
Competency development	> Diverse capacity building workshops > IT training	> Workshops respond to needs expressed by employees > IT training includes all financial and operational information systems

Diverse capacity-building workshops

These workshops are structured around business needs. The number of workshops has grown each year. Examples include:

- Grievances and disciplinary procedures – this programme is run in-house, is customised and presents pertinent examples. Classes are small and the workshops are interactive and include role-play
- Assessor and moderator courses – these courses are provided to build capacity

IT training

IT training is co-ordinated by The Academy. The majority of the training is in-house, with approximately 250 training sessions held and approximately 950 delegates trained during the year. The packages included MS Office suite, JD Edwards, PeopleSoft, Kronos, Business Intelligence and in-house forecasting systems.

TECHNICAL AND PROFESSIONAL DEVELOPMENT

SCOPE	WHAT	WHO
Technical and professional development	> Project management > Graduate engineering mentoring programme > Professionalising site administration > Diverse technical workshops	> Learners are employees with talent and a desire to learn

Project management

The Programme for Project Management (PPM) is run in conjunction with the University of Pretoria's Graduate School of Management Technology. This is a registered education provider for the Project Management Institute (PMI) in the USA. The PPM is a six-month programme which includes company-specific case studies, as well as a high level of customisation of all modules to Group Five requirements. The final team project is supported by a number of business unit "champions". These group projects are presented at the end of the programme to a panel of senior university and company specialists and provide an indication of the practical application of the learning that has taken place.

Graduate engineering mentorship programme

This programme is offered to support engineering practitioners' professional development to achieve registration as a professional engineer with the Engineering Council of South Africa. We have secured the support of external mentors to augment our current internal professional engineering mentors. This is a long term commitment to the professional development of our people. The additional support of the external mentors commences early in the new financial year.

HUMAN CAPITAL DEVELOPMENT (SKILLS DEVELOPMENT) (CONTINUED)

Professionalising site administration

Site administration encompasses the fundamentals of how business gets done efficiently on site – the Group Five Way. A number of process flows was developed and refined. A learning module was developed to support the teaching of professional site administration in line with our standard policies and procedures. This programme has been rolled out in Gauteng, KwaZulu-Natal and the Western Cape. Learners are required to compile an extensive portfolio to prove proficiency. Ongoing improvements are made to the programme following input from each group of learners based on their workplace experience.

Diverse technical workshops

A core group of technical workshops are offered by The Academy to ensure good practice and manage risk. These include:

- Contract law and advanced contract law
- Delays, disruption and extension of time
- New engineering contracts
- Key Group Five contract failures: an in-house workshop on lessons learnt
- Contract lifecycle – an in-house workshop
- Health and safety
- Project STARS – a risk identification and mitigation system implemented in the group

PROFESSIONAL LEADERSHIP DEVELOPMENT

SCOPE	WHAT	WHO
Professional leadership and development	> Junior to executive management development > Diverse leadership and management workshops	> Learners are employees at all levels

Programme for Management Development (PMD)

The PMD is a year-long programme that covers general business skills, as well as issues of personal mastery. This programme has been tailored to the group's needs and is run in conjunction with the Gordon Institute of Business Sciences (GIBS).

The course includes action-learning projects requiring implementation to ensure that learning is applied and benefits are derived for the organisation based on the returns of the successful projects. Top leadership in the group supports learners on this programme by providing additional insight to key topic areas covered by the lecturers and by engaging with students in class. Projects are also sponsored by key members of management. The first intake of 20 students graduated successfully in August 2007. The second group of 17 started their programme during the same month.

Senior management development

The development of our senior managers is focused around the Construction Management Programme offered by the University of Stellenbosch. This is usually run bi-annually. However, due to the growing need within the construction sector, an additional programme was run this year. We sponsored seven managers on the programme in F2008 and seven in F2007.

Executive development

The group aims to develop leaders at all levels. We have selected the Graduate School of Business (UCT), as well as GIBS, as preferred providers of development for our top leaders. We currently have eight executives taking part in these programmes that include a balanced combination of local and global exposure, with challenging components to develop both personal and business skills.

Junior management development

The junior management programme has not been rolled out to date. This will be a major priority in the coming year.

Diverse leadership and management building workshops

A growing number of shorter interventions are available to develop managerial or leadership skills. These are strongly linked to developing people's capacity to deliver in the workplace. The duration of these varies from one day to one week. Some of these workshops include:

- Situational leadership – this programme seeks to address personal leadership and the ability to deal with a diversity of people in a manner that is flexible and appropriate
- Targeted selection – the need for the right people in the right positions is critical. This programme provides interactive components to develop interviewing and selection skills
- Director development – the Institute of Directors presents workshops in-house at The Academy to build either financial acumen or address the roles and responsibilities of directors

KEY FOCUS AREAS FOR F2009 WILL BE THE CONTINUED BUILDING OF CLOSER PARTNERSHIPS WITH BUSINESS UNITS. ALL LEARNING INTERVENTIONS NEED TO BE FIT FOR PURPOSE AND DELIVER REAL VALUE BACK INTO THE BUSINESS.

CONCLUSION AND OUTLOOK

Looking forward, The Academy programmes and initiatives will be guided by a board and key business unit HR members. This interface at different levels will address both current business needs, as well as providing the necessary strategic focus.

Key focus areas for F2009 will be the continued building of closer partnerships with business units to develop learning initiatives that address skills and competency gaps. All learning interventions need to be fit for purpose and deliver real value back into the business.

SHORT TO MEDIUM TERM GOALS

- The online Academy calendar will continue to be expanded to include more skills and competency courses
- A learner management system will be sourced and piloted with a view to wider implementation across the business
- Accredited learning will continue, but at a more measured pace as the essential partnerships are in place
- Business unit workplace skills plans will provide guidance for The Academy in the year ahead, in line with identified skills priorities and shortages
- Unemployed people will be identified to register on a number of planned learnership programmes as current learners qualify and take up employment in the group. The number of bursary students will be increased in line with the expected growth of the company

LONGER TERM GOALS

To support the business and HR in:

- Organisational development and change
- Building of e-learning and blended learning methodology
- Performance management
- Recruitment and selection
- Skills development
- Talent management
- Coaching and mentoring

> *Female bursary students at "boot camp"*

> *The correct use of personal protective equipment was demonstrated during presentations by the "boot camp" bursary students*

PREFERENTIAL PROCUREMENT

INTRODUCTION

During the period under review, significant progress was made in the following areas:

- The various operations assessed their procurement profile and established incremental targets that need to be achieved annually to ensure that the targets defined by the dti Codes of Good Practice (dti) and the Construction Charter are met
- The group obtained independently verified scorecards from key suppliers confirming our empowerment status
- Internal measurements and reporting were streamlined to ensure that information is readily available to deliver rapid and accurate preferential procurement progress reports

As the dti has not indicated a specific accreditation entity, Group Five will continue to accept rating certificates, provided the rating body has registered for assessment under the South African National Accreditation System and dti process. The release of approved accreditation entities is expected in the next 6 – 12 month period.

PROFILE

The table below provides a summary of procurement with empowered organisations. There has been a progression in preferential procurement from 34% as reported last year to 40% this financial year.

AT LEAST 10% OF TOTAL EXPENDITURE IS PROCURED THROUGH APPROXIMATELY 1 100 SMALL AND MICRO ENTERPRISES (SMEs)

> *New King Shaka International Airport under construction*

In terms of the dti, an enterprise is assessed on their contribution towards the seven elements of BBBEE. The highest possible contribution level is level one for entities obtaining a score of over 100, while the lowest recognition level is level eight for entities that score between 30 and 40. A status of "non compliant contributor" is assigned to an enterprise scoring less than 30. Applying the weightings, as defined in the dti, result in the following procurement profile for the group:

PREFERENTIAL PROCUREMENT PROFILE

EMPOWERMENT LEVEL PER DTI CODES OF GOOD PRACTICE	**F2007/F2008 R MILLION (VERIFIED)**	F2006/F2007 R MILLION (VERIFIED)	F2006/F2007 R MILLION (NOT VERIFIED)	WEIGHT PER DTI PROCUREMENT RECOGNITION TABLE	WEIGHTED PREFERENTIAL PROCUREMENT EXPENDITURE R MILLION
Level 1	**23,8**	0,1	0	135%	32,1
Level 2	**111,2**	5,5	0	125%	139,1
Level 3	**96,9**	24,7	25,7	110%	106,6
Level 4	**514,3**	80,0	0	100%	514,3
Level 5	**246,5**	38,3	26,7	80%	197,2
Level 6	**346,2**	80,7	59,9	60%	207,7
Level 7	**201,5**	125,5	310,1	50%	100,7
Level 8	**28,6**	14,0	309,2	10%	2,9
Total	**1 569,0**	**368,8**	**731,6**		**1 300,6**

PREFERENTIAL PROCUREMENT IMPROVED FROM 34% IN F2007 TO 40% THIS YEAR.

Achievements:

- There has been significant effort in working with the group's suppliers and sub-contractors to obtain independently verified empowerment certificates. This has resulted in a vast improvement in the measurement of verified preferential procurement
- There has been growth in the use of empowered vendors doing business with the group
- At least 10% of total expenditure is procured through approximately 1 100 small and micro enterprises (SMEs)
- King Shaka International Airport has an aggressive empowerment target of 70% BBBEE procurement. This target is a number of years ahead of the dti and the Construction Charter targets, but forecasts and appointments to date demonstrate that the team is well on track to achieve this target

CONCLUSION

The objectives in terms of preferential procurement during F2009 will be:

- To continue to work with vendors that have provided proof of ownership, but not yet completed an independent assessment of BBBEE to provide an empowerment rating certificate
- To work with the key vendors to provide details of their empowerment strategy and a verified scorecard. Of the top 150 vendors across the group, a total of 40% was able to complete their empowerment audit and provide a verified scorecard during the year under review
- To identify new vendors that do not only meet our capability, capacity and commercial requirements, but have the potential to enhance the preferential procurement profile
- To identify small enterprises that are fully empowered but do not currently have the capacity or capability to deliver against the group's requirements. Following this, to focus enterprise development efforts on these enterprises with a view to developing them as credible vendors to the group in the future

ENTERPRISE DEVELOPMENT

INTRODUCTION

The intent of enterprise development in the Construction Charter is for larger businesses to introduce initiatives that typically accelerate the development of sustainable, and ultimately financial and operational independent, beneficiaries.

We have for some time embarked on an enterprise development strategy aimed at developing enterprises that operate in the construction space. The group's main enterprise development agreement has been with iLima Projects (Pty) Ltd (iLima), which was implemented with our BBBEE ownership transaction in F2006.

Group Five has continued to provide support to iLima in the following manner:

MANAGEMENT AND CONTRACT SUPPORT

- Group Five has directly assisted and worked with iLima on a number of their contracts. In certain instances, we have undertaken portions of some of the required works when requested to do so by iLima
- Group Five has provided technical tendering and contractual support on a required basis
- The companies have jointly reviewed the major secured iLima contracts and Group Five has provided guidance on relevant works execution

> *Group Five assisted iLima in procuring construction materials for a large road contract in Cradock*

GROUP FIVE ACHIEVED FULL MARKS (15/15) RECENTLY FOR ENTERPRISE DEVELOPMENT IN AN INDEPENDENT EMPOWERMENT AUDIT.

- The companies have regular operational review meetings during which iLima's contracts are discussed and where further opportunities for co-operation are explored and agreed

FINANCIAL AND COMMERCIAL ASSISTANCE

Group Five has assisted iLima in the following ways:

- R141 million of bonds and guarantees, which has allowed them to significantly grow their order book
- iLima leases various items required on some of their contracts from Group Five's plant business for which rentals are charged at market-related rates
- Group Five has assisted iLima in procuring materials
- Direct financial assistance has been provided to iLima's holding company, iLima Group (Pty) Ltd. The total capital amount outstanding on loans due by iLima Group (Pty) Ltd to Group Five as at 30 June 2008 amounts to R60 million

OTHER

- Providing guidance in relation to working capital mechanisms and exploring financial security mechanisms to possibly secure new and alternative working capital facilities

THE WAY FORWARD

The group has the capacity and willingness to enhance our enterprise development support to other groups.

To ensure an effective process, we recently dedicated a head office resource that spearheads enterprise development initiatives. This will ensure that we have a uniform approach across the group. Each of our major operating entities, supported by the group resource, has been tasked with identifying, cultivating and formalising an enterprise development agreement with an emerging enterprise within the direct sphere of its operations. F2008 saw us laying down the foundations for group-wide implementation.

To this end, our business units are all in the process of engaging in discussions with prospective companies. The group has entered into a formal enterprise development agreement with UMSO Construction (Pty) Ltd (UMSO).

Group Five has had a long relationship with UMSO. UMSO was originally formed as a joint venture between Group Five and Siyaya Construction (Pty) Ltd in East London. In F2005, Group Five decided that UMSO was established and sold its shares to the management of UMSO for R1. UMSO has since then established a strong footprint in the Eastern Cape. It is now ready to expand into other regions.

The current enterprise development agreement will mainly be in the form of managerial and business systems support and training and development for the management and staff of UMSO. We will explore joint venture contracts with the understanding that these will be arms' length transactions based on the level of participation.

SUB-CONTRACTORS

Group Five recognised the need to extend its enterprise development efforts to sub-contractors who can be appointed to contracts being managed by Group Five. The reason for this is threefold:

- Although a growing number of sub-contractors have achieved high levels of empowerment, others still have a lot to do. Reactively waiting for them to work on their own empowerment strategy presents a high risk to Group Five. As a consequence, a pro-active strategy is being developed to identify the sub-contractors that will best contribute to achieving these targets
- Many of the empowered sub-contractors face the same critical issue as larger contractors in terms of skills attraction. Furthermore, they experience great difficulty in securing work of the magnitude that will allow them to grow and take on more complex jobs. Through focused intervention, Group Five will not only provide these sub-contractors with the larger contracts and skills transfer, but will at the same time assist them to achieve the required quality standards that are engrained in the Group Five culture
- To ensure that we can meet the demands of a growing construction sector, we need to ensure that there are sufficient resources available. Access to suitable sub-contractors is one of the areas that need to be addressed to meet the capacity requirements of this industry in the future. By focusing pro-actively on enterprise development, we will ensure that Group Five is best positioned to meet the growing demands of our existing and new client base

> *In terms of the Construction Charter, Group Five supports the development of small business enterprises*

ENTERPRISE DEVELOPMENT (CONTINUED)

OTHER JOINT VENTURES

In addition to the above, although not specifically qualifying for enterprise development in terms of the Construction Charter, Group Five has entered into a number of joint venture contracts with black-owned companies. Details of significant active contracts in the current year are set out in the table below:

DISCIPLINE	NAME OF PARTNER/ DEVELOPMENT ENTITY	CONTRACT/ DEVELOPMENT	EFFECTIVE PARTNER % HOLDING IN VENTURE	TOTAL VALUE OF CONTRACT (100%) R'000	COMMENCE-MENT DATE OF CONTRACT	END DATE OF CONTRACT
Construction	> Edwin (Pty) Ltd > Afriscan Construction (Pty) Ltd > Izinyoni Trading 238 (Pty) Ltd	iLembe Civil Engineering joint venture for King Shaka International Airport (KSIA)	30%	1 456 003	July 2007	June 2010
Construction	> PG Mavundla Engineering (Pty) Ltd > Pan African Development (Pty) Ltd > Skhona Disabled Empowerment Forum (Pty) Ltd > DLDMIC Construction (Pty) Ltd > Oname Partnership	iLembe Building joint venture for King Shaka International Airport (KSIA)	31%	2 461 391	July 2007	June 2010
Construction	> Pan African Development (Pty) Ltd	Joint venture for the Pearls of Umhlanga	20%	522 205	September 2006	January 2010
Construction	> Pan African Development (Pty) Ltd	Group Five WBHO Pandev joint venture for the Moses Mabhida, Soccer Stadium	10%	2 169 488	January 2007	July 2009
Construction	> Masinya Empowerment Group	Masinya Consortium for the Durban International Convention Centre Phase II	51%	408 278	March 2005	July 2008
Construction	> iLima Projects (Pty) Ltd	Cape Town International Convention Centre	10%	170 256	May 2006	April 2008
Construction	> Makhosi Construction (Pty) Ltd	Head office accommo-dation for the Department of Education	30%	367 623	April 2007	August 2009
Construction	> Fikile Construction (Pty) Ltd	Head office accommo-dation for the Department of Education	30%	367 623	April 2007	August 2009
Construction	> Makhosi Construction (Pty) Ltd	Refurbishment of electrical workshop and construction of new buildings for the SCI-BONO education centre	10%	77 770	July 2007	November 2008
Construction	> ZMK Construction (Pty) Ltd	Development of Ga-tsebe stands and houses	50%	52 932	July 2003	July 2008

DISCIPLINE	NAME OF PARTNER/ DEVELOPMENT ENTITY	CONTRACT/ DEVELOPMENT	EFFECTIVE PARTNER % HOLDING IN VENTURE	TOTAL VALUE OF CONTRACT (100%) R'000	COMMENCE-MENT DATE OF CONTRACT	END DATE OF CONTRACT
Construction	> Ga-Puka Section 21 Company	The relocation of Motlhotlo village in Mokopane, I	50%	226 643	May 2005	September 2008
Construction	> Ga-Sekhaolelo Section 21 Company	The relocation of Motlhotlo village in Mokopane, II	50%	226 643	May 2005	September 2008
Construction	> iLima Projects (Pty) Ltd	Cradock Road	30%	80 000	January 2006	October 2005
Construction	> Lesedi	Sunderland	25%	75 000	October 2005	July 2008
Construction	> Lesedi	Northern Waste Water treatment	17%	140 000	July 2006	December 2008
Construction	> Western Cape Empowerment Contractors	Berg River contract	24%	550 000	June 2004	May 2008
Construction	> NW Civils	Northerns Waste Water	17%	160 000	June 2006	July 2009
Construction	> UMSO (Pty) Ltd	GFIP Roads Package A&E	5%	3 000 000	June 2008	August 2011
Manufacturing	> Motshwauwa Manufacturing (Pty) Ltd	Manufacture and supply of pallets	51%	11 000	January 2006	N/a
Investments & Concessions (Property Developments)	> Blue Chip Investments (Pty) Ltd	Sizwe office park	50%	80 080	March 2005	June 2008
Investments & Concessions (Property Developments)	> Group Five Montagu Developments (Pty) Ltd	Decor on Zambesi	12.8%	65 000	January 2008	November 2009
Investments & Concessions (Property Developments)	> MRX 92 Investments (Pty) Ltd	114 West	12.8%	850 000	January 2008	N/a
Investments & Concessions (Property Developments)	> RFC Developments (Pty) Ltd	The Core	12.8%	196 000	January 2008	N/a
Investments & Concessions (Property Developments)	> Group Five AP Developments (Pty) Ltd	Eagle Ridge Retirement Estate Phase III	25.5%	30 000	January 2008	June 2010
Investments & Concessions (Property Developments)	> Kuvula Trade 12 (Pty) Ltd	Tygerview, Knightsbridge, The Beacon, St Pauls	12.8%	259 600	January 2008	June 2009

SOCIO-ECONOMIC DEVELOPMENT (SED)

> (PREVIOUSLY CALLED CORPORATE SOCIAL INVESTMENT)

MOST NOTEWORTHY ACHIEVEMENTS DURING PERIOD UNDER REVIEW:

- **The group's SED spend has continued to increase over the last few years from R1,4 million in F2006 to R2,7 million in F2007 and R3,1 million in F2008**
- **Increased employee participation programmes**

In the F2007 Annual Report, the group outlined areas that required attention in terms of SED. Find below how these were addressed, as well as new challenges and how these will be addressed going forward:

F2007 CHALLENGES	F2008 DELIVERY	F2008 CHALLENGES	ACTIONS TO ADDRESS THESE
To train and equip learners who have been through the group's People at the Gate programme to function as sub-contractors or independent contractors	A service provider has been identified and assessed and learning material has been reviewed The Transnet new multi-purpose pipeline contract, which commenced in May 2008, has been identified as a pilot contract	The identified pilot contract is fast-moving and good planning and co-ordination will be required	Identify the role players and agree a project plan Obtain site management buy-in Obtain buy-in from local community leaders
Increase employee participation in SED initiatives and give business units more ownership of SED	Various employee volunteering programmes were successfully initiated during the year The policy has been changed to give business units more ownership	To build on the previous successes and increase the number of initiatives and get all business units involved	The business units will be allocated a budget for SED Quarterly reporting will be required
Build enduring and sustainable relationships with the group's chosen beneficiaries	Partnerships have been created with a number of charities	Increase employee involvement Encourage management participation in SED initiatives	The business units will be allocated a budget for SED Quarterly reporting will be required
Allocate resources for industry initiatives focusing on the upgrading of selected further education and training (FET) colleges	Senior employees have been identified to serve on the industry FET committee R158 304 has been allocated to FET initiatives	Ensure that construction skills are transferred to lecturers Co-ordinating the allocation of learners to participating companies for practical experience	Ensure that a subject matter expert assists with the upgrading of course material Provide a resource to assist the colleges in the selection and deployment processes

INTRODUCTION

During the year under review, the group's corporate social investment (CSI) policy was changed to that of socio economic development (SED), in line with the final dti Codes of Good Practice. In earlier drafts of the codes, CSI was clearly identified as part of the residual element of the scorecard. However, in the final codes, gazetted in February 2007, the residual element was changed to the "socio economic development" element. The codes provide for a weighting of 5% on the scorecard, provided that the company's SED contributions amount to 1% of net profit after tax.

SED is an integral part of the Group Five business strategy and is driven at the highest level. The group's SED programmes are viewed as strategic business undertakings that add value to the organisation and to the beneficiaries, with the intent of creating a favourable economic and social environment and granting beneficiaries access to the mainstream economy.

At Group Five, it is recognised as an element of transformation. The group's policy therefore provides for activities that facilitate economic integration and the development of black people and benefits to the community.

The group's SED committee is a sub-committee of the main board of Group Five. It displays the diversity of the organisation and consists of business unit representatives, senior management and

> *Children from one of the charities supported by Group Five*

non-executive board members. The SED committee is chaired by Baroness Lynda Chalker, an independent non-executive board member.

Every business unit in the group is required to implement SED initiatives in accordance with the group's guidelines and in line with the business unit's strategic plans.

SED funding is approved on an annual basis by the board. In line with the dti Codes of Good Practice, the target has been set at 1% of forecasted net profit after tax for the South African operations, as determined at the start of the financial year. However, we do have SED spending in joint venture agreements, such as the King Shaka International Airport and the Moses Mabhida Soccer Stadium. This spend amounts to around an extra R1 million, bringing the total SED amount to just over R3 million. This represented 2.5% of net profit after tax.

DIRECT SED SPEND FOR YEAR ENDED 30 JUNE 2008

	RAND
Donations to charities	1 213 987
Education programmes	279 289
People at the Gate skills programme	393 529
HIV/AIDS	213 198
	2 100 003

DONATIONS TO CHARITIES

Applications for donations are often received. After a selection process, an amount of R1,2 million was donated to various charities and institutions.

The charities chosen have a sound performance track record, adequate financial controls to efficiently use funds provided, are legally compliant and have a developmental or upliftment component. The charities must also provide opportunities for employee involvement.

CHARITY DONATION BENEFICIARIES

	RAND
Rivonia Primary School	20 000
Ithembelihle School for Physically Disabled Learners	30 000
St Francis Care Centre	75 000
Retina SA	50 000
Out of the Box	28 200
Boys & Girls Town	30 000
Noah's Ark – Daveyton	40 000
Makoti Intermediate School	30 000
Gcwalamoya Primary School	30 000
Hope School Westcliff	35 000
United Church School	28 000
Headways (Alexandra Township)	30 000
Displaced foreigners	320 000
Jubileum Place of Safety	60 000
Jumbolani School	10 000
Shavathon	15 000
Reach for a Dream	240 000
Vumelani Abantwane Crèche	70 000
Go for Gold	25 000
Operation Snowball	1 000
Other	46 787
	1 213 987

Displaced foreigners

Group Five's SED committee agreed to support the refugee camps that were established to accommodate displaced foreign nationals earlier in F2008. We donated 12 general purpose structure units to the camps with a value of R300 000. These units were well received by the site managers and were immediately used as clinics, site offices or storage facilities. Mattresses and blankets to the value of R20 000 were also donated.

EDUCATION PROGRAMMES

Through our SED initiatives, the group has become involved with educational programmes in South Africa. Our projects in education are centred on the Group Five student management programme, the learnership programme for unemployed people (refer to page 144) and the following SED initiatives:

EDUCATION PROGRAMME DONATIONS

BENEFICIARY	RAND
FET College project	158 305
Palcard Connect Africa	60 000
University of Johannesburg (Technolab)	60 984
	279 289

SOCIO-ECONOMIC DEVELOPMENT (SED) (CONTINUED)

> (PREVIOUSLY CALLED CORPORATE SOCIAL INVESTMENT)

GROUP FIVE ENGINEERING HELPS THE COMMUNITY

EMPLOYEES AT ENGINEERING PROJECTS IN ANDERBOLT ASSISTED WITH REFURBISHING THE JUBILEUM CHILDREN'S HOME IN BOKSBURG. THIS INVOLVED PAINTING AND DECORATING THE BABIES' SECTION OF THE HOME, REVAMPING THE GARDEN AND BUYING MUCH-NEEDED CLOTHES AND TOYS. THE GROUP DONATED R50 000 FOR THE PROJECT, BUT INSTEAD OF HIRING EXTERNAL CONTRACTORS TO DO THE WORK, EMPLOYEES KINDLY OFFERED THIS LABOUR FREE OF CHARGE.

"Finding a worthy cause close to Group Five in Anderbolt was important to us. We wanted to create an opportunity which enabled our staff to donate their time and talents to make a difference to the community, as well as demonstrate Group Five's good corporate citizenship," said MD Mark Humphreys.

"We chose Jubileum Home as it was in dire need of decorating to create a more stimulating and homely environment for the children."

> *The People at the Gate programme has provided many local community members with basic skills*

PEOPLE AT THE GATE PROGRAMME

Although People at the Gate is mainly a skills development programme, it falls under SED as it trains unemployed people and is designed to leave behind a skills base when the construction contracts where the people have been trained are completed.

Unemployed people are selected from local communities in the group's areas of operation. The programme aims to address poverty alleviation and job creation by training individuals in construction-related skills. Training is conducted by accredited service providers and competent learners are certificated and registered with the Construction Services Education and Training Authority (CETA).

The programme includes on-site work experience, although full-time employment after training is not guaranteed. To date, the programme has been highly successful, with 89% of trainees employed after completing their training. Looking forward, the objective is to equip those who have been trained to continue working as sub-contractors or independent contractors.

	F2008	F2007
Number of people trained	**117**	271
Skills	**Construction hand**	Construction hand
	Masonry painting	Pipe laying
Spend	**R393 529**	R939 938

More focus was spent this year on skilled training programmes in line with business unit needs. In the coming year, renewed focus will be given to People at the Gate.

EMPLOYEE PARTICIPATION PROGRAMME

Group Five has no formal employee volunteering programme. However, during the year, increased focus was placed on involving employees in SED initiatives.

- Group Five employees from three business units participated in the Cancer Association of South Africa's Shavathon event and the group donated R15 000 towards this drive
- Cell C's "Take a girl child to work" has been embraced by Group Five's KwaZulu-Natal business and Group Five Engineering since its inception five years ago. For the past year's event, KwaZulu-Natal hosted science students from Grosvenor High School and Group Five Engineering hosted grade 10 – 12 girls
- Group Five Engineering also introduced an employee initiative that saw management and employees painting and providing toys and clothes to Jubileum Home, a place of safety for children. More initiatives of this kind are being planned. Most of this business unit's SED initiatives are conducted in African countries as this is where the majority of their contracts take place
- Employees of Group Five's corporate office challenged the organisation on a drive to collect blankets. Business units took up the challenge and more than 1 481 blankets were collected in 31 days and donated by employees. These were donated to The Independent Newspapers' Operation Snowball
- One of the key initiatives in terms of employee volunteering is the Group Five care boxes. The care boxes are situated in the reception area of the Group Five corporate office. Employees are encouraged to fill the boxes with non-perishable food items, clothing, toys, etc. The donations are sorted and distributed to charities nominated by employees. Employees are encouraged to visit the charities when donations are made.

"I had the privilege of visiting Ithembelihle School for physically disabled learners.

All the kids have some disability and most are in wheelchairs. When we arrived, they were singing and clapping hands. I looked at their little faces, and they were like shining stars. Do we really know what a difference we can make? My wish is that all employees will get involved in a project like this."

Deneshrie Padayachee –
Group Five: Payroll administrator

SAFETY, HEALTH, ENVIRONMENT AND QUALITY (SHEQ)

MOST NOTEWORTHY ACHIEVEMENTS DURING PERIOD UNDER REVIEW:

- **All business units comply with the Group Five SHE management system**
- **Retained integrated certification on ISO 9001:2000, ISO 14001:2004 and OHSAS 18001:2007**
- **Six new OHSAS 18001:2007 certifications achieved**
- **80% (2007: 70%) of all business units now have OHSAS 18001:2007 certification**
- **Group Five's environmental management system for ISO 14001:2004 introduced**
- **Disabling injury frequency rate (DIFR) improved from 0.64 to 0.50 through:**
  - **Focus on zero harm**
  - **Addressing leadership behaviour, commitment and accountability**
  - **Improvement of significant incident reporting**
  - **Improved understanding and management of catastrophic risks inherent to the operations**
  - **Implementation of weekly site meetings**
  - **Conducting structured site inspections**
- **Obtained several SHEQ awards in the year under review. Refer to page 108**

In the F2007 Annual Report, the group outlined areas that required attention in terms of SHEQ. Find below how these were addressed, as well as new challenges and how these will be addressed going forward:

F2007 CHALLENGES	F2008 DELIVERY	F2008 CHALLENGES	ACTIONS TO ADDRESS THESE
Quality assurance system standardisation	We are implementing an integrated system to enable sharing, monitoring and reporting of data across businesses	Ongoing focus on integration of systems and the roll out of a contract lifecycle programme	Structured roll out of a contract lifecycle programme
ISO standards certification in all three principles of ISO 9001:2000, ISO 14001:2004 and OHSAS 18001:2007	Good progress made on the three-year certification action plan	Comply to timeframe for certification plan	Implement action plans
Re-commit to zero harm	Improved driving of SHEQ processes Implementing an integrated system to enable sharing, monitoring and reporting of data across businesses	System implementations used as opportunity to optimise SHEQ processes	Implement electronic SHEQ systems

ISO AND OHSAS COMPLIANCE

BUSINESS UNIT	OHSAS 18001:2007	ISO 9001:2000	ISO 14001:2004
Corporate and Business Services	100% listed	In development	June 2009
Infrastructure Concessions			
Intertoll Africa	100% listed	100% listed	June 2009
Intertoll Europe	In development	In development	June 2009
Property Developments			
Property Developments	In development	In development	June 2009
Construction			
Building	100% listed	In development	June 2009
Housing	100% listed	In development	June 2009
KwaZulu-Natal	100% listed	100% listed	June 2009
Civil Engineering	100% listed	100% listed	June 2009
Civil Engineering (Dubai)	100% listed	In development	June 2009
Plant and Equipment	100% listed	In development	June 2009
Engineering Projects	100% listed	100% listed	June 2009
Energy	100% listed	100% listed	June 2009
Manufacturing			
Everite	100% listed	100% listed	June 2009
Pipe	100% listed	100% listed	June 2009
Steel	100% listed	In development	June 2009
Construction Materials			
Quarry Cats	In development	In development	June 2009
Afrimix	In development	In development	June 2009
Sky Sands	In development	In development	June 2009
Bemoberg Millings	In development	In development	June 2009

INTRODUCTION

Group Five implemented standardised group safety and health policies, standards and procedures in F2002. The objective was to fully integrate safety, health and environmental management assurance into one SHE management system.

The SHE group system has become entrenched within Group Five and was instrumental in ensuring the current 80% OHSAS 18001:2007 group certification. Quality remains at business unit level.

To date, this integration has been a great success.

- The SHE management system provides the group with a holistic approach to risk. It ensures that:
  - Processes and procedures are documented and optimised
  - Preventative action is implemented
  - Records are kept of all non-conformances
  - Records are linked to the relevant equipment, processes or procedures
  - Designs and contracts are reviewed
  - Changes and modifications are analysed to determine the total impact in terms of costs, schedule, performance, reliability, availability and maintainability

The group decision taken last year to recommit to zero harm to ensure our business contributes to society through the consideration of health, safety, social, environmental, ethical and economic aspects in all company decisions and activities was successful, with improved safety results during the year. Refer to page 165.

SHE POLICY

We are committed to the continual improvement of our performance in terms of safety, the efficient use of natural resources and aspiring to prevent harm to people and the environment.

SAFETY, HEALTH, ENVIRONMENT AND QUALITY (SHEQ) (CONTINUED)

An important driver for continuous improvement and the responsible use of natural resources is the concept of "zero harm". This is the group's ultimate goal and applies to all areas of the policy.

For Group Five, continual improvement means constantly monitoring our performance, identifying how we can improve and striving for better results every time. It also means considering how to best utilise natural resources, such as energy and water. The group aims to ensure that resources are used efficiently and responsibly in all our operations.

HEALTH AND SAFETY

The group sets health and safety targets that continually reduce the risk of harm to employees, contractors and visitors to sites. We place the highest value on being a responsible and caring employer, which also applies to communities where we operate.

ENVIRONMENT

The group recognises that impacts from our activities have the potential to cause environmental harm. Our aim is therefore to progressively reduce these impacts and the consequent risk of harm, and to achieve overall improvements in environmental performance.

Group Five uses a risk-based approach in the management of our operations, activities, services and products, with the objective of ensuring that environmental impacts are neither serious, nor long lasting. The group also participates in collaborative research to improve industry processes, practices and technologies that will reduce impacts on the environment and assist in achieving zero harm.

SHE PERFORMANCE

During the year under review, notable progress continued to be made, with:

- **Six new OHSAS 18001:2007 certifications**
  80% of all business units now have OHSAS 18001:2007 and 40% ISO 9001:2000 certification
- **First-stage ISO 14001:2004 audits started**
  First stage ISO 14001:2004 system audits started in July 2008 and a number of business units are expected to follow in the next financial year

Find below an indication of the group's main actions in terms of SHE initiatives and the current progress. Projects in progress are expected to be completed in the new financial year.

✓ COMPLETE
→ IN PROGRESS
✗ NO PROGRESS

PROJECTS	ACTIONS	STATUS
Management systems	> Integrate policies, develop and add standards > Update the guideline document > Integrate procedures > Approval and training	✓ ✓ ✓ ✓
Group Five integrated system	> Maintain a DIFR of <1.0 > Conduct internal audits > Compile and implement corrective actions for the Group Five audit findings, place on the group's non-conformance system (NCS) and track progress	✓ ✓ ✓
ISO 14001:2004	> Conduct internal audits > Roll out of the ISO 14001:2004 project	✓ ✓
OHSAS 18001:2007	> Conduct internal audits > Compile and implement corrective actions for OHSAS 18001:2007 audit findings, place on NCS and track progress	✓ ✓
Group Five 15 SHE standards	> Consider the recommendations and compile corrective actions for findings, place on NCS and track progress	✓
Disabling injury frequency rate	> Conduct safe behaviour observations to identify and address risk behaviours	→
Injury severity rate	> Implement the risk reduction measures from the SHE risk register > Implement the corrective actions from incident investigations	✓ ✓
Legal compliance	> Consider the recommendations and compile corrective actions for the findings, place on NCS	→

PROJECTS	ACTIONS	STATUS
Risk registers	> Add environmental aspects, community hazards and health hazards > Generate control measures and risk rankings as per the Group Five SHE risk register for high and extreme risks > Reduce overall risks > Determine capex that will be required for risks > Evaluate legislation to ensure compliance	→ → → → →
Safe behaviour observations (SBO)	> Implement SBO evaluations > Develop a manual system	→ →
Occupational health	> Consider the recommendations and compile corrective actions for the findings	→
Business unit reporting	> Enter the SHE questionnaire information and statistics on the intranet	→
Energy conservation programme	> Develop an energy conservation programme that includes actions to minimise the use of electrical power	→
Greenhouse gas management programme	> Develop a greenhouse gas management programme	→
Water management plan	> Develop a water management plan	→
Waste minimisation programme	> Develop a waste minimisation programme	→
Land management plan	> Develop a land management plan	→
SHE annual report	> Compile an annual report on the group's SHE performance and conduct an annual public meeting (including incidents, community complaints and relevant site specific emissions)	✓
Contractor management	> Develop and implement procedures and forms for the management procedures and agreements > Develop a software programme/database to keep a record of contractors	→ →
Improvement system	> Develop and implement procedures and forms for risk assessments > Develop a software programme/database to keep a record of all projects and changes	✓ ✓
Awards and recognition	> Identify items that will be recognised for outstanding performance and the criteria that will be applied	→
Induction programme	> Identify SHE indicators for the programme > Identify HR indicators for the programme > Develop and implement the ex-leave programme	✓ ✓ ✓
Performance improvement plan	> Develop an electronic corrective action system > Implement the recommended corrective actions and update the intranet NCS with the actions and the dates completed	✓ ✓
Training and development	> Identify core training providers	✓
Environmental incidents	> Implement the corrective actions from incident investigations > Implement the risk (impact) reduction measures as per the SHE risk registers	✓ ✓
HIV/AIDS	> Implement an awareness campaign > Enroll all permanent employees in a medical aid > Set up voluntary testing and counselling to determine a baseline > Conduct a risk assessment to determine the impact on the business	✓ ✓ ✓ ✓
Supervision programme	> Identify indicators from the relevant legislation and SHE standards	✓

SAFETY, HEALTH, ENVIRONMENT AND QUALITY (SHEQ) (CONTINUED)

SHE INTERNAL CORPORATE AUDIT

A Group Five SHE rating, which is a minimum of compliance to the group SHE system, was set as the target of 3 for the F2007 – F2008 corporate audit. (Refer to guideline scoring below.)

The scope of the audit covered progress from F2006 – F2007 and readiness towards OHSAS 18001:2007, ISO 9001:2000 and ISO 14001:2004 certification and implementation.

Results indicate a general improvement in implementation levels. The chart below displays the score for the group corporate office (CBS). These results reflect the F2008 results. Fully integrated audits will take place at all business units every three years.

The next business unit audit is therefore scheduled for F2009.

F2008 AUDIT RESULT FOR GROUP FIVE CORPORATE OFFICE

GUIDELINE TO THE SCORING

0	The need for the performance requirement is not recognised and there are no plans for the performance requirement to be met
1	The need for the performance requirement is recognised and plans exist for the performance requirement to be met
2	The need for the performance requirement is recognised and systems are being developed and implemented to address the performance requirement
3	The performance requirement is developed and implemented, partially effective and is met in some areas of the site/operation/business
4	The performance requirement is developed, implemented, fully effective across the entire site/operation/business, is integrated into management decisions and business functions and demonstrates continual improvement
5	The performance requirement is implemented and effective across the entire site/operation/business, demonstrates continual improvement and represents excellence and/or industry leadership
NA	Where a performance requirement is clearly not relevant to the site operation, the auditor should assign the score as NA (not applicable)

SHE INFORMATION GATHERING

Ways of improving the accuracy of statistical reporting remains a focus area. The ISOMetrix system has been earmarked for Group Five as it is in line with ISO 9001:2000 and ISO 14001:2004 and OHSAS 18001:2007. It can also be tailored to suit our operations.

There is already a substantial database from which injury analysis can be extracted to identify potential high-risk areas, as well as to identify root causes to focus efforts on reducing injuries. Historic information will be used to compile risk assessments and to identify training needs.

SAFETY

We have made significant progress over the last year and believe we have the right programmes in place to deliver safety excellence.

An improvement was made to the disabling injury frequency rate (DIFR) reporting process in the year under review, as first aid and medical injuries were included in the calculations to determine an overall performance rating.

Although the group's consolidated DIFR improved from 0.66 to 0.50 in line with the short term target of less than 1, regrettably, we had one fatality in the group. This was due to an armed robbery at one of Intertoll's toll plazas and therefore not a direct operational accident.

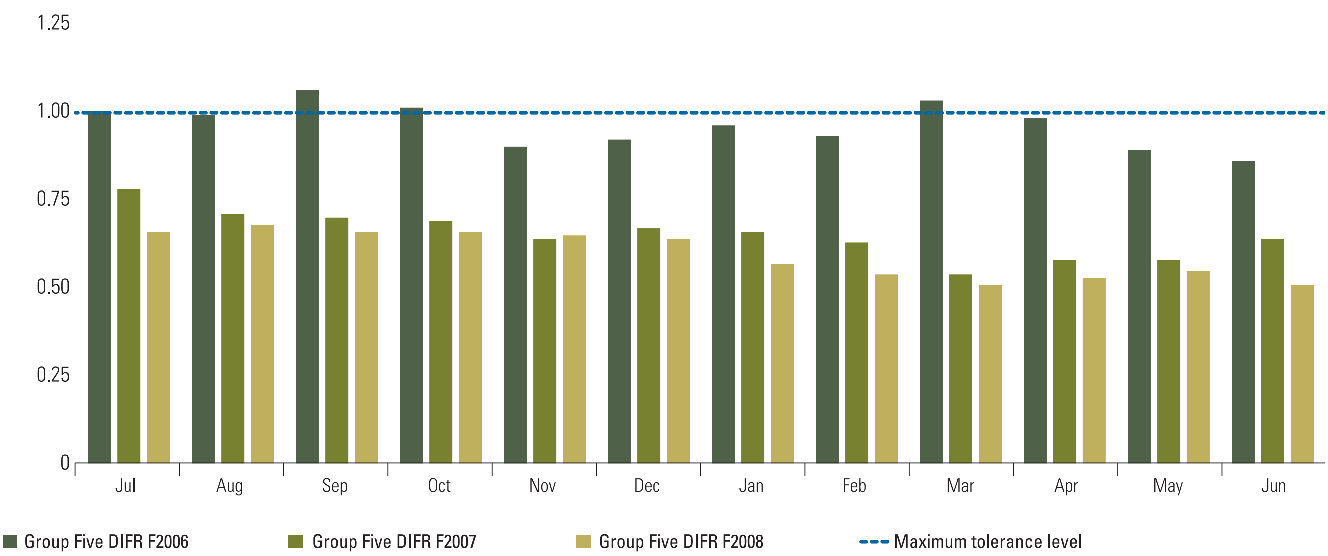
The group's DIFR target of 1 was exceeded in two quarters during the year. In line with our commitment to zero harm, accident prevention strategies are being strengthened throughout the group in an effort to eliminate all incidents that might lead to disablement or death.

The group's Construction and Manufacturing operations outperformed the short term safety targets during all four quarters of the year. However, additional focus is necessary in Construction Materials and Infrastructure Concessions to meet target commitments. Strategies have been implemented to address underperforming operating environments, including increased management focus, benchmarking and establishing lead indicators featuring SHE performance criteria.

Individual business units identify specific injury trends and develop focused campaigns to address any issues.

During the year, a targeted group initiative was introduced, called "The Stop for Safety" campaign. This was launched in all business units and aims to create a renewed awareness of each person's responsibility in terms of safety. This campaign will be extended to health and environmental awareness in the new financial year.

DIFR AND TOTAL PERFORMANCE RATING AT JUNE 2008 VS DIFR AT JUNE 2006 AND 2007 (BY MONTH)



GROUP FIVE DIFR FOR F2005-F2008

	F2005	F2006	F2007		**F2008**		
Average				Minimum	Target	Tolerance level	YTD result*
DIFR	0.89	0.85	0.66	<2	**<1**	**<1**	**0.50**

** YTD – Year to date*

SAFETY, HEALTH, ENVIRONMENT AND QUALITY (SHEQ) (CONTINUED)

> *A weir on the Lower Usuthu River in Swaziland maintains the flow of water to downstream users*

The annual safety certification audits revealed a general improvement in compliance and application. During the year, a tremendous amount of effort has gone into improving our safety system. This has primarily been achieved through a shift away from systems towards people and a focus on the key leadership activities of senior and middle management.

However, the recent fatality outlined on page 165 and a few incidents, such as incorrect procedures with regards to scaffolding and safeguarding of certain work areas, have triggered discussions on the most effective additional interventions required to drive safety improvements to the next level.

Our evaluations indicated that the main issue facing the group is that of certain risk-taking behaviour in the workplace, mainly among frontline management.

Some of the key factors driving this behaviour are:

- Lower than acceptable levels of safety awareness, hazard identification and risk perception
- Lack of intervention, safety reinforcement and standard setting at the frontline
- Valuing getting the job done over the safety of people
- Cultural and societal influences
- SHE officer vacancies

To ensure that a focus on safety is driven from the top down, we ensure that managers:

- Spend adequate time in the field observing the execution of work
- Reinforce the importance of safety and understanding the hazards on the job
- Review the potential incidents that occur at business units to learn from mistakes

Although a step change has already been made in the period under review, increased focus will now be placed on the frontline leaders and the general workforce, whilst still maintaining the leadership focus of senior and middle management with regard to safety.

In addition, our leadership team will continue to emphasise focused actions to reduce the risk of fatalities in Group Five. These include the Stop for Safety campaign, corporate audits, strong leadership and weekly safety meetings.

THREE-YEAR SHEQ CERTIFICATION SCHEDULE

		F2007 – F2008*	F2008 – F2009*	F2009 – F2010*
ISO 14001:2004	Pre-audit	18	–	–
	Certification audit	16	–	–
	Surveillance audit	1	15	15
OHSAS 18001:2007	Pre-audit	–	–	–
	Certification audit	9	–	–
	Surveillance audit	8	16	9
ISO 9001:2000	Pre-audit	–	–	–
	Certification audit	6	8	1
	Surveillance audit	2	8	6

** Estimated amount of audits*

WE HAVE MADE SIGNIFICANT PROGRESS OVER THE LAST YEAR AND BELIEVE WE HAVE THE RIGHT PROGRAMMES IN PLACE TO DELIVER SAFETY EXCELLENCE.

> *All visitors to the King Shaka International Airport site must undergo induction*

SAFETY TRAINING

All business units provide employees with safety induction training before they commence work. Manufacturing plants provide re-induction for employees on return from the annual December break.

Task-specific training required by legislation for operators of lifting equipment is enforced as per the legislated requirements.

Ongoing training programmes are established to promote a level of competence that will reduce risk exposures by ensuring people exposed to the hazards are capable of operating within acceptable safe practices.

Course material is under development to align with the Group Five SHE system, OHSAS 18001:2007 and ISO 14001:2004 requirements. The material will be submitted to the Construction SETA and be registered for use within the group for core competency training of managers.

Internal training requirements within the group are the responsibility of each business unit.

The following people were trained during the year:

Training programmes	People trained
Health and safety representatives	639
Legal liability and responsibility	461
First aid	383
Scaffolding	1 849
Fire fighting	324
Task specific – including welding, torch cutting: use of breathing apparatus	4 463
Integrated auditing	41
SHE induction for employees	38 652*

** All employees and sub-contractors attend induction before commencing work on a Group Five contract*

CUMULATIVE SAFETY STATISTICS

	Cumulative from F2007 to F2008											
	Man hours	First aid	FAFR	Non lost time injury	MFR	Lost time injury	Occ dis	Fata-lities	Current DIFR	Total score	Env inc	Site insp
Group totals	35 778 082	615	3.44	142	0.79	88	77	1	0.50	0.82	14	1 278

Abbreviations

FAFR = First aid frequency rate
MFR = Medical cases frequency rate
DIFR = Lost time/disabling injury frequency rate
Occ dis – Occupational diseases
Env inc – Significant environmental incident

Total score = (FAFR x 10%) + (MFR x 10%) + (DIFR x 80%) x (business unit hours/total hours)
Site insp – Site inspections
Total score = Total SHE rating

SAFETY, HEALTH, ENVIRONMENT AND QUALITY (SHEQ) (CONTINUED)

ZERO HARM POLICY

IT IS GROUP FIVE'S AIM TO ACHIEVE ZERO HARM TO PEOPLE, THE ENVIRONMENT AND THE COMMUNITIES IN WHICH THE GROUP OPERATES. THIS BEGINS WITH ZERO HARM TO EACH PERSON AND THEIR COLLEAGUES.

To deliver this, the group focuses on providing a workplace where it is possible to work free of harm and developing our people to make safe decisions. A focused "Stop for Safety" campaign was rolled out to all business units during the year.

Employees were trained in the following principles:

- No amount of money is worth a life
- Think and plan before you and your team act
- You have the duty to stop anyone from committing an unsafe act
- You have the right to refuse to commit an unsafe act
- Every person has the right to stop all unsafe acts and conditions if they believe, in good faith, the job is unsafe
- The group is committed to zero harm and will shut down operations until they are made safe
- Managers, supervisors or contractors who put profit or production before people are not aligned with the leadership of Group Five

HEALTH

Group Five recognises that we have a legal and moral obligation to prevent illness among employees wherever possible. We also recognise that it is the employee's obligation to attend medical testing as required, as well as to co-operate with testing procedures.

The medical surveillance aims to:

- Establish a pre-employment baseline medical status of employees at the time of employment
- Ensure that the right employee is placed in the right position, thus preventing occupational diseases or injuries due to medical conditions
- Identify possible occupational health issues early
- Identify the medical status of an employee at the time of termination of employment

MEDICAL SURVEILLANCE

GENERAL FITNESS FOR WORK

Each job is matched to a job description that includes capabilities required of the employee. Minimum standards of fitness are specified, as well as abnormalities that will prevent proper performance of the job (exclusions).

- All employees' medical screenings are performed by a health professional with appropriate occupational health qualifications and experience
- Employees with a chronic illness that does not limit their capacity to perform their job, but that could result in a medical incident on site (such as an allergy, diabetes, epilepsy and asthma) are encouraged to discuss the issue with site management and health professionals to determine an appropriate response
- A risk-based assessment will be made to determine the need for procedures to manage substance abuse through a formalised screening programme
- Procedures are in place to manage employees who become unfit to perform their duties. This includes appropriate rehabilitation processes when required

HAZARD IDENTIFICATION

The group constantly determines whether there are any agents present in the workplace that may be hazardous to the health of employees or if there is a significant risk to their health from the likely or actual conditions of use.

HEALTH SURVEILLANCE

There are several forms of health surveillance within Group Five that assist in identifying health risks.

Forms of health surveillance that are considered are as follows:

- **Baseline health surveillance** – This is conducted to accurately assess and document the health of a person prior to commencing a job to establish the baseline parameters for future monitoring and the potential for exposures that may affect health. This may be performed with a fitness for work assessment

- **Health monitoring** – This involves the assessment of body systems at risk due to exposure to hazardous agents through the use of standard clinical techniques to detect the presence of early health effects. These may include:
  - Appropriate medical history or use of a questionnaire
  - Clinical examination, including general or target organ/body system specific
  - Other special investigations to assess clinical status/health effect, such as audiometry, spirometry and chest x-ray
- **Exit health surveillance** – This may be appropriate in certain circumstances to accurately record the health status of a person at the time of termination from a position. Follow-up may also be required after retirement or departure from a position, particularly for long latency conditions, such as cancer

At any stage of health surveillance, there may be the need to determine the level of exposure to an employee through the process of biological monitoring or biological effect monitoring. This requires the sampling of body fluids or tissue. As this process can be invasive, it is only used in situations where real benefit can be obtained in terms of exposure to the individual and further understanding of potential health effects.

SILICA

Silica has been identified as a potential source of occupational disease. It is found in products such as fibre-cement, concrete and mortar. Group Five actively identifies and monitors exposures, which resulted in no cases being reported during the period under review. Previous claims continue to be monitored and are currently not significant.

MALARIA

Malaria is one of the group's most significant occupational diseases. Expatriate employees and local employees in over-border countries remain at risk of being affected. Several initiatives are in place to address this. Refer to page 128.

The increase in malaria cases is of great concern to us and more emphasis will be placed on the preventative measures in the new financial year.

ASBESTOS

The group's Manufacturing facility Everite used asbestos in the manufacture of its products until F2002. Excessive exposure to respirable asbestos fibres can cause a range of lung diseases, including cancer.

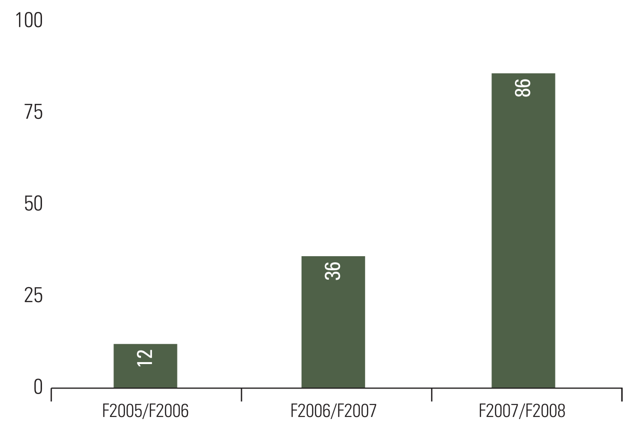
As the group's processes have been asbestos-free for six years, Group Five welcomed the publication by the Department of Environmental Affairs & Tourism of regulations banning the use of asbestos and asbestos containing materials (ACMs), introduced in F2008. Group Five was one of the first groups in South Africa to phase out asbestos.

The banning legislation will:

- Give manufacturers and merchants a 120-day "period of grace" to remove asbestos or ACM products

THE GROUP CONSTANTLY DETERMINES WHETHER THERE ARE ANY AGENTS PRESENT IN THE WORKPLACE THAT MAY BE HAZARDOUS TO THE HEALTH OF EMPLOYEES OR IF THERE IS A SIGNIFICANT RISK TO THEIR HEALTH FROM THE LIKELY OR ACTUAL CONDITIONS OF USE.

MALARIA STATISTICAL DATA BASED ON FINANCIAL YEARS



- Prohibit the import or export of asbestos or ACMs (excluding material in transit through the country)
- Prohibit the acquisition, processing or repackaging of asbestos and the manufacture or distribution of asbestos or ACMs
- Allow a phase-out period for a limited number of ACMs (mainly for highly technical industrial applications)

The new regulations do not apply to ACMs already in use, such as roofing sheets, ceilings boards or pipes, as the respirable fibres are encapsulated in cement. Numerous international studies have demonstrated that asbestos-containing building materials present little or no risk to the public. However, extreme caution is needed during installation, maintenance or removal to avoid exposure to respirable asbestos fibres.

During the time the group's operations involved the use of asbestos, a number of asbestos waste sites were in operation. Everite therefore continues to manage the legacy risks associated with using asbestos since 1942. These include plant and waste site closures, dust monitoring and medical surveillance. Rehabilitation plans were compiled for all waste sites. During the year under review, rehabilitation of the group's Brackenfell site in the Western Cape commenced.

SAFETY, HEALTH, ENVIRONMENT AND QUALITY (SHEQ) (CONTINUED)

> *Testing the flood gates at the recently-constructed Berg River Dam was executed in carefully timed increments to prevent flooding downstream*

In terms of health surveillance, all former employees are encouraged to return for an annual medical at clinics around the country. This costs Group Five around R3,2 million per year. 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. In terms of a constitutional court ruling, the commissioner relieved the company from any further legal liability to the affected employees. However, we continue to voluntarily supplement the pensions paid to affected employees.

ENVIRONMENT

The main objective during the year was to bring a fully-fledged, certifiable ISO 14001:2004-based environmental management system (EMS) on board. The system reached the final phases of design and development in June 2008, with each business unit now having a verifiable ISO 14001:2004 documentation system from which implementation can proceed in F2008 – F2009.

The specific aims of the EMS are to ensure that:

- An existing quality management system, as well as a health and safety system, provides a series of reference points for expansion and integration
- It is adopted by key employees and role players and has become part of day-to-day operations
- It is integrated into other business processes beyond that of company risk management, such as Group Five IT, finance, legal and HR to result in implementation and continuous improvement
- There is a strategic, sustainable development reporting expectation from management

The high-level deliverables are:

- Well-defined environmental compliance and performance objectives and standards associated with an improved ability to internalise environmental cost, build internal environmental accounting practices and contribute to sustainable development
- Environmental impact assessments and risk ratings to Group Five
- The improvement of environmental skills training and competency
- Continuous recording of best practice, industry benchmarking and internal communication
- Environmental legal compliance and SHE standards performance reporting
- Contractor and supplier performance and compliance
- Environmental incident reduction, corrective actions and close out
- Reduced environmental liability
- A certifiable EMS system within each business unit

The national roll out of EMS during the year ensured that each of the ISO 14001:2004 system requirements were well defined, developed, contextualised and supported in each Group Five business unit.

> *Sacred Ibis are protected on a construction site near Johannesburg*

This also aims to integrate the EMS requirements initially with that of the existing quality, health and safety systems and ultimately with the business units' operational processes and procedures.

Finally, the Group Five EMS implementation phase will require that records, forms and documentation requirements for each phase are based on pre-determined guidelines which will be issued by the Group Five corporate office.

Each phase of the Group Five EMS design was supported through:

- Awareness and training slides published on the group's intranet. This was accessible to each business unit for further contextualisation and implementation
- The applicable Group Five SHEQ standards and corporate documents for use as a reference during the roll out in that particular phase
- Communications and/or training sessions
- External consultant(s) to conduct site visits on request, and/or assist business unit SHEQ management with the development of the required information

The last phase of the project is currently being rolled out. A centralised certification schedule has been drawn up for roll out over a period of about 36 months, starting in August 2008. The schedule ensures that audits will take place at regional level and will focus on divisional documentation applicability and validity, in line with the Group Five EMS requirements.

The process will involve:

- Corporate office (systems) audits
- Pre-audit and final corrective actions per business unit
- Certification audits per business unit

The objective for the first quarter of F2009 is to complete these compliance reviews for each business unit. This is expected to indicate areas of non compliance that should be addressed by a business unit-specific management review. It is expected that the stage one certification audits will be concluded before December 2008 and that the final certification audits in all business units will be completed before June 2009.

RESOURCE CONSUMPTIONS

During the year under review, the group improved the capturing of resource consumptions. This year is the first year we are including statistics on consumptions in our report. These are estimated statistics based on the average consumption of a number of business units.

Energy consumption

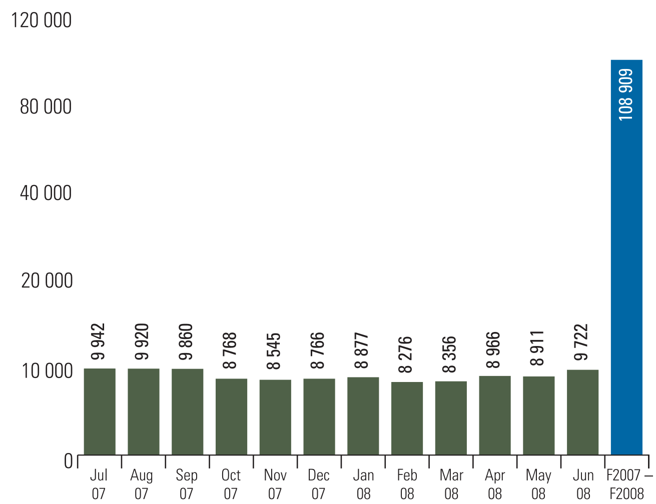
Group Five continuously strives to develop and implement sustainable and innovative energy solutions to provide an appropriate level of security of energy supply, whilst optimising economic, social and environmental benefits to the organisation and our stakeholders. This is achieved through:

- Ensuring that energy efficiency improvement programmes become an integral part of the corporate strategy
- Commitment from all management levels
- Applying good energy management practices to reduce electricity consumption, lower electricity demand and consequently reduce greenhouse gas emissions emanating from thermal electrical power generating installations
- Improving the company's financial performance through energy savings

Actions taken:

- Implementation of a data tracking and reporting management system
- Establishing targets and a tracking mechanism
- Reporting regularly to the SHE integration committee
- Reviewing targets

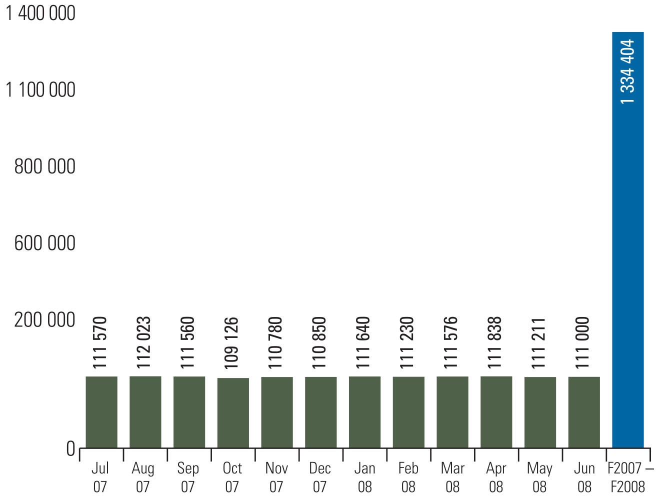
TOTAL ENERGY CONSUMED (Megajoules)



SAFETY, HEALTH, ENVIRONMENT AND QUALITY (SHEQ) (CONTINUED)

> *A sand trap at the Lusip weir in Swaziland*

WATER CONSUMPTION (Kilolitres)



Water consumption – releases to water

Water management is a complex function. Reviews of water management must therefore evaluate whether there are any services that could be more cost effectively and efficiently undertaken. Water resource management functions should also be approached in an integrated manner, including resource allocation and protection, use and conservation, monitoring, planning, development and operation.

At Group Five, we have concluded that the most appropriate way to address water consumption is per region and per business unit. Group Five has therefore implemented water management plans through the following processes:

- Reviewing and improving relevant management, operational, motivational and training practices
- Providing sustainable savings through improved maintenance and hardware configuration management. If hardware needs to be replaced, it is replaced with the best environmentally-friendly products
- Investing in a rolling programme of water use and quality management measures aimed at achieving maximum returns on investment
- Ensuring that new facilities, plant and equipment are designed to be inherently water efficient
- Ensuring that the refurbishment of existing facilities, plant and equipment takes cognisance of water use
- Establishing and maintaining management information systems that allow effective measurement, monitoring and decision-making relating to water management efficiency

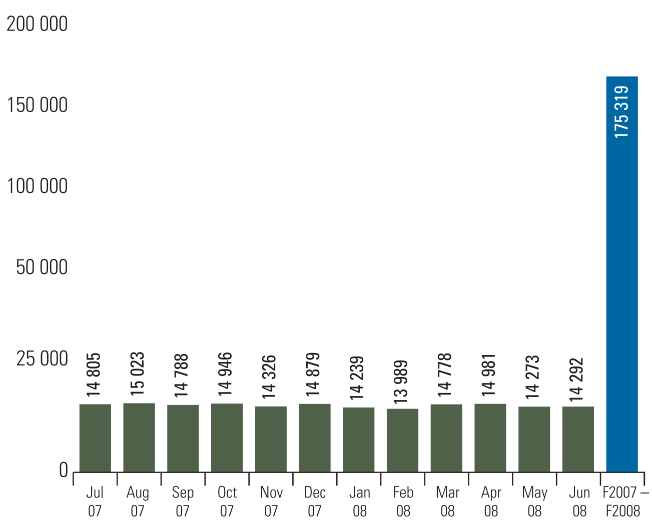
Waste generation, separation and disposal

Group Five is required to identify all waste streams that exist in the product lifecycle of the group. This includes possible streams within the supplier, core business and customer segments. On identification of these streams, internal procedures are applied whereby waste is managed through the applicable process of either reduce, recycle or recover.

Actions taken:

- A "cradle to grave" concept in all permit requirements are identified and complied with. Waste disposal contractors are vetted and waste disposal certificates obtained for all relevant waste
- Management systems are regularly updated
- Understanding the source (origin) and destination of all waste
- Define critical areas and determine risk
- Allocate resources (human and cost)
- Establish targets and tracking mechanisms
- Report regularly to the SHE integration committee
- Review targets

GENERAL WASTE DISPOSED (Tonnes)



> *Environmental controls at the LUSIP dams site in Swaziland have included the preservation of the surrounding flora*

Releases

- In general, our operations do not release harmful or noxious gases. Where operations may produce dust, controls are implemented to reduce levels as far as is reasonably practical
- Noise releases are controlled as far as possible. Associated legal control limits are identified and practical control measures implemented

Land use and biodiversity, fauna and flora

Group Five is very cognisant of the impact of our operations on the biodiversity of any area. The group has therefore implemented a range of initiatives to address this:

- We apply appropriate biodiversity planning in conjunction with the national biodiversity framework
- Our footprint is identified per region and monitored through improvement plans
- New developments are completed in accordance with the associated environmental impact assessments and local council requirements
- The level of biodiversity per region is determined and the estimated level of influence is identified and monitored through improvement plans
- Critical areas are defined and the risk to the company determined
- Management systems are regularly updated
- Resources (human and cost) are allocated
- Targets and tracking mechanisms are implemented
- Regular reports are provided to a SHE integration committee
- Targets are regularly reviewed

QUALITY

At present, all business units continue to apply a quality system unique to their type of process or product. The systems are based on ISO 9001:2000 principles. 40% of the business unit systems is certified. Although this seems lower than last year's 70%, it is due to the inclusion of six new businesses following acquisitions. These businesses are in the process of working towards certification. In total, seven Group Five business units are ISO 9001:2000 listed and all the other business units have some form of quality assurance system in place.

During the year, a group director of quality was appointed. He is currently reviewing all the quality processes and will be developing a detailed strategy going forward. One of the aims is to roll out a contract lifecycle model, which will provide the tools required to successfully complete a construction contract from initiation to close out. It will encapsulate all the policies, procedures, processes and associated documentation that will be developed through workshops held within the business units. This will ensure an effective, efficient, timeous, reliable and quality service throughout the group and to external customers.

The first three of six phases are almost complete. We are currently on track to complete the process by October 2008.

Group Five as a whole should then be able to achieve full ISO 9001:2000 listing.

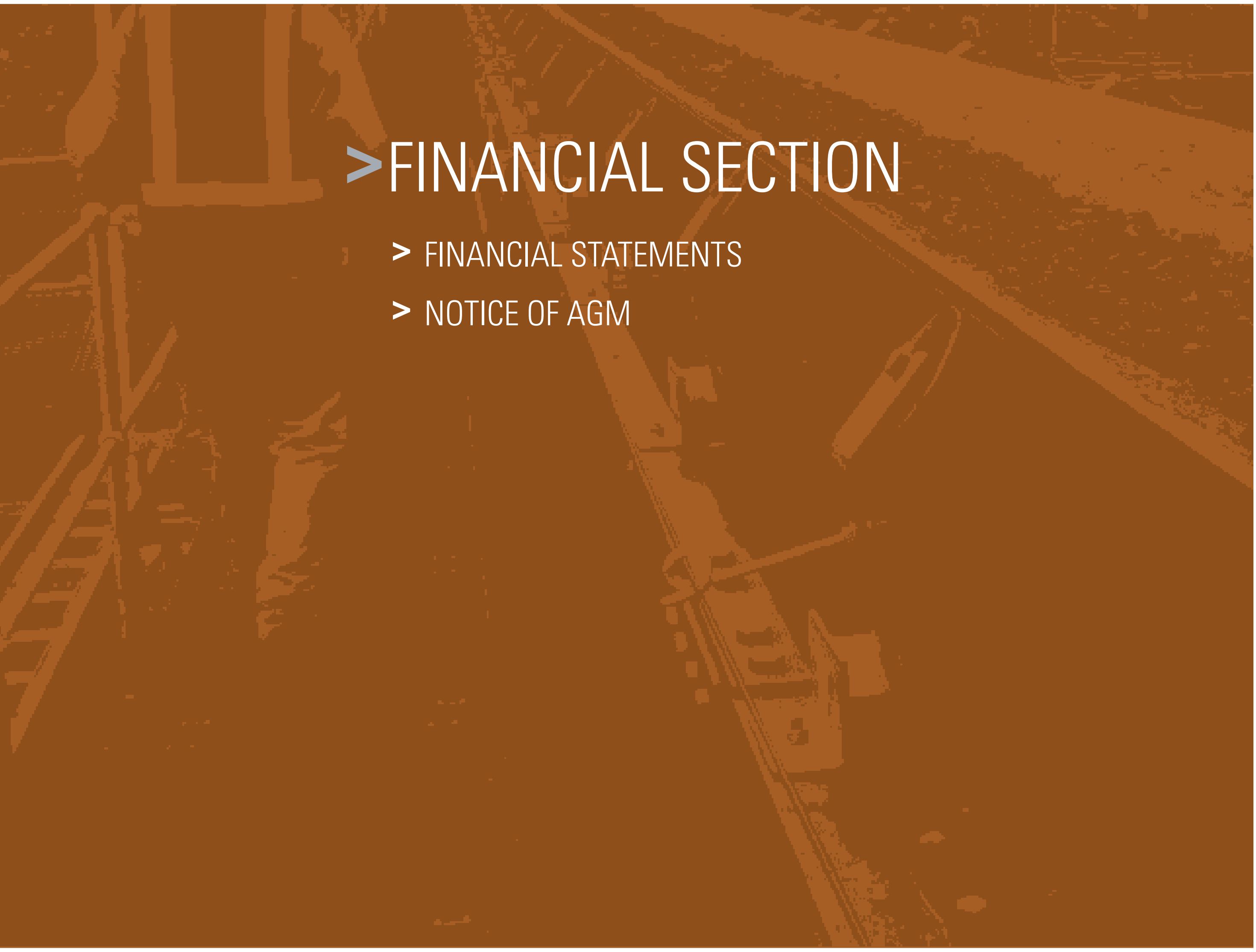
SAFETY, HEALTH, ENVIRONMENT AND QUALITY (SHEQ) (CONTINUED)

THE WAY FORWARD

The key SHEQ initiatives for the short and medium term are:

GOAL	ACTIONS TO ACHIEVE THIS
Safety	
No fatalities	Re-commit and drive the Stop for Safety campaign in all business units
Implement behaviour-based safety system (SBO)	Implement peer on peer SBO system in all business units (Stop for Safety) by the end of F2009 – F2010
Maintain number and quality site visits by leadership	Implement safe behaviour observations
All sites to achieve a compliance score of >95%	Implement external assessment by cross-business unit teams
Significant incident reporting culture – increase potential incidents reported by 20%	Implement awareness training on effective reporting culture
Maintain certifications: ISO14001:2004, 9001:2000 and OHSAS 18001:2007 – All sites to obtain/maintain ISO14001:2004, 9001:2000 and OHSAS18001:2007	Prevent major issues in certification audits
SHEQ management standards self-assessments and audit improvement plans	All sites to complete self-assessments
Assessment on set standards by multi-disciplinary site team	All sites to complete self-assessments
All sites to achieve an aggregate score of greater than 3 out of 5, plus 90% of improvement action plans completed by due dates	All sites to complete self-assessments
More than 85% of actions for high level incidents completed on or before due dates, record and report	Corrective action plans in place and up to date
Effective management of catastrophic risks	Annual risk reviews to be in place. All sites to conduct a formal annual risk review
Business unit MDs to conduct in-depth review of top three catastrophic risks	Annual catastrophic risk reviews in place
Health	
Occupational exposure (OEL) reduction – Reduce number of people exposed to OEL	Implementation of the health surveillance programme
HIV/AIDS – Repeat VCT sessions at all business units to achieve VCT presentation attendance rate >80% in the next financial year	Participation of employees from all business units
Fit for Work; Fit for Life guidelines implementation	All sites to implement fatigue management guidelines
Environment	
Zero high-level environmental incidents	Ongoing education
Implement corporate environmental awareness programme at all business units	Implement awareness programme
Environmental management plans in place (water, waste, energy and emissions)	Environmental management plans to be in place before due dates
Closure plan compliance	All sites (if applicable) to conduct closure risk review, and have an up to date closure risk register in place
Quality	
Achieve ISO 9001:2000 certification	Set timetable for pre-audit and final certification of all business units – to be achieved by end F2009
Standardise quality assurance system on construction contracts	Implement the contract lifecycle in all Construction clusters and business units
Incorporate quality systems into the larger SHEQ system	Currently developing a single system to cater for SHE and quality Appointed a dedicated quality officer

GROUP FIVE



> FINANCIAL SECTION

> FINANCIAL STATEMENTS

> NOTICE OF AGM

STATEMENT OF RESPONSIBILITY BY THE BOARD OF DIRECTORS

> FOR THE YEAR ENDED 30 JUNE 2008

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 177 to 242 have been prepared in accordance with International Financial Reporting Standards (IFRS) 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 acknowledge that they are ultimately responsible for the system of internal financial control established by the group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. These standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. The controls are monitored throughout the group and all employees are required to maintain the highest ethical standards in ensuring the group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the group is on identifying, assessing, managing and monitoring all known forms of risk across the group. While operating risk cannot be fully eliminated, the group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management and the internal auditors that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute assurance against material misstatement or loss.

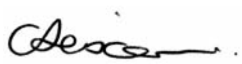
The going concern basis has been adopted in preparing the financial statements. The directors have no reason to believe that the group will not be a going concern in the foreseeable future based on forecasts and available cash resources. The viability of the group is supported by the financial statements.

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 176.

The financial statements were approved by the board of directors on 6 August 2008 and are signed on its behalf by:

P (Philisiwe) Buthelezi
Chairperson
6 August 2008

MR (Mike) Upton
Chief Executive Officer
6 August 2008



CMF (Cristina) Teixeira
Chief Financial Officer
6 August 2008

STATEMENT OF COMPLIANCE BY THE COMPANY SECRETARY

> FOR THE YEAR ENDED 30 JUNE 2008

I certify that 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 in respect of the year ended 30 June 2008, and all such returns are true, correct and up-to-date.

GD Mottram
6 August 2008

INDEPENDENT AUDITOR'S REPORT

> FOR THE YEAR ENDED 30 JUNE 2008

TO THE MEMBERS OF GROUP FIVE LIMITED AND ITS SUBSIDIARIES

We have audited the annual financial statements and group annual financial statements of Group Five Limited and its subsidiaries, which comprise the directors' report, the balance sheet and the consolidated balance sheet as at 30 June 2008, the income statement and the consolidated income statement, the statement of changes in equity and the consolidated statement of changes in equity, the cash flow statement and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 177 to 242.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements present fairly, in all material respects, the financial position of the company and of the group as of 30 June 2008 and their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa.

PricewaterhouseCoopers Inc
Director: FJ Lombard
Registered Auditor
Sunninghill
6 August 2008

DIRECTORS' REPORT
> FOR THE YEAR ENDED 30 JUNE 2008

NATURE OF BUSINESS

Group Five Limited is an investment holding company with interests in the building, infrastructural and engineering sectors. The company does not trade and all of its activities are undertaken through its subsidiaries, joint ventures and associates. The group operates in South Africa, Africa, Middle East and Eastern Europe. The company has its primary listing on the JSE Securities Exchange.

GROUP RESULTS

The financial statements on pages 180 to 182 set out fully the financial position, results of operation and cash flows for the group for the financial year ended 30 June 2008. Segmental information as approved by the directors relating to the business of the group is set out on pages 184 to 188.

SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

The interest in subsidiaries, joint ventures and associated companies, are set out on pages 239 to 242 of this annual report. The group had previously ceased all operations in India and in the prior year concluded the disposal of its Vaal Sanitaryware operations and its 40% joint venture interest in DPI Holdings (Pty) Ltd.

In terms of IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", the results and financial position of these operations are accounted for as discontinued operations and reflected as "Non-current Assets held for sale".

With effect from 9 July 2007, the group acquired 100% of Sky Sands (Pty) Ltd (Sky Sands) for R134 million. The group had announced its intention to purchase Sky Sands in May 2007. Sky Sands is involved in the supply of plaster and washed sand products to building materials merchants, the building industry and the precast concrete products industry.

The group acquired 100% of Bernoberg Millings (Pty) Ltd (Bernoberg) for R32 million with effect from 1 October 2007. Bernoberg is a small niche manufacturer of cement extenders. Bernoberg further diversifies the business portfolio in the construction materials supply sector.

In addition the group invested in a 33% associate share of Jozi Power Limited, a niche company focused on supplying between 1 – 10 megawatt standby power and power rental solutions to mining and industrial customers. This investment amounted to R7 million.

With effect from 1 July 2007, the group established a 49%/50% joint venture, Group Five Construction LLC, with its partner Al Naboodah Construction Group LLC in Dubai when it converted its sponsorship arrangement into a joint venture structure.

The company's interest in aggregate after tax profits and losses in subsidiaries is disclosed on page 239.

There has been no major change in the nature of the fixed assets of the company and its subsidiaries nor has there been any change in policy relating to the use of fixed assets. Neither the business nor part thereof has been managed by any third party during the year.

CAPITAL EXPENDITURE

Details on capital expenditure by business are set out on page 187 of this report.

SHARE CAPITAL

The authorised and issued share capital are as follows:

AUTHORISED:

150 000 000 ordinary shares of no par value.

ISSUED:

119 165 241 ordinary shares of no par value (2007: 118 446 901). All shares have been fully paid up.

On 13 December 2007, 163 212 shares at a price of R54,68 were issued, in terms of the groups BEE external ownership transactions, whereby shares are issued in lieu of dividends. In addition an amount of 555 128 shares were issued during the year in terms of the provisions of the company's share incentive schemes.

On 29 September 2005, shareholders approved an issue of shares amounting to approximately 26.1% of the issued share capital, after such issue, in terms of a Black Economic Empowerment ownership

	as at September 2005			as at 30 June 2008(2)	
	Number of shares	Transaction value(1) R'000	Shareholding (post issue of new shares)	Number of shares	Shareholding
Employee schemes	**4 366 109**	**69 989**	**4.5%**	**3 857 046**	**3.3%**
Broad-based scheme (refer note 22.4.2)	575 000	9 217	0.6%	575 000	0.5%
Black management scheme (refer note 22.4.1)	3 791 109	60 772	3.9%	3 282 046	2.8%
The Participants jointly (iLima Mvela Transaction)	**20 957 324**	**335 946**	**21.6%**	**21 810 916**	**18.4%**
iLima	10 478 662	167 973	10.8%	10 905 458	9.2%
Mvelaphanda	10 478 662	167 973	10.8%	10 905 458	9.2%
Total	**25 323 433**	**405 935**	**26.1%**	**25 667 962**	**21.7%**

(1) Based on a share price of 16,03 cents per share, being the 30-day VWAP (ex dividend) as at the close of business on 4 August 2005
(2) Including shares issued in July 2008 relating to the F2008 interim dividend

DIRECTORS' REPORT (CONTINUED)
> FOR THE YEAR ENDED 30 JUNE 2008

transaction. On 10 October 2006, 376 408 shares at a total value of R11,8 million and on 18 May 2007, 116 440 shares at R54,06 per share and a total value of R6,3 million were issued in terms of the group's BEE ownership transaction. Of these shares 25 419 493 (2007: 25 816 281) are held as treasury stock and in trust, in addition, 5 330 (2007: 209 519) were held by the share incentive trust at 30 June 2008.

The BEE ownership transaction comprised three components, namely:

- a broad-based employee scheme, comprising an aggregate 0.6% of the enlarged share capital of the company;
- a black management share scheme comprising 3.9% of the enlarged share capital of the company; and
- the iLima Mvela Transaction comprising 21.6% of the enlarged share capital of the company.

The mechanics of the iLima Mvela Transaction are set out below:

- in terms of an Initial Subscription agreement, on 1 November 2005 each Participant subscribed for 10 478 662 Group Five shares (being Subscription Shares), at the Subscription Price of one cent per share;
- in terms of the internal funding mechanism, the Group Five shares were notionally issued at a 10% discount to the Reference Price of R16,03 per Group Five share, which equated to approximately R14,43 per Group Five share. These shares are notionally subject to a fixed funding rate over the approximate seven-year term of the scheme of 12% nominal per annum, compounded annually;
- in terms of a Forward Sale agreement, each Participant will sell to Group Five, with effect from 31 December 2013 (the end date), the number of Group Five shares held by such Participant, determined with reference to the formula set out below, at a purchase price of one cent per Group Five share.

$$\text{Number of Forward Sale Shares} = \frac{\text{Notional Funding Terminal Amount}}{\text{Market Value per Group Five share}}$$

  save that where the end date occurs as a result of an event of default in relation to such Participant (as detailed in the above agreements) the number of Forward Sale Shares shall be equal to the total number of Subscription Shares held by such Participant on the end date;
- in terms of a Further Subscription Right (contained within the agreements), each Participant shall have the right, capable of being exercised during the 30 Business Day period succeeding the end date, on a single occasion and provided that no event of default has occurred in relation to such Participant (as detailed in the Subscription and Sale agreements), to subscribe for up to that number of Group Five shares as are equal to the number of Group Five shares sold by such Participant to Group Five in terms of the Forward Sale. These shares will be issued at a purchase price per Group Five share, equal to the market value thereof as at the date of exercise of the Further Subscription Right by such Participant;
- in terms of the Distribution Subscription Obligation (contained within the agreements), each Participant is obliged to utilise the proceeds of all the cash distributions (and the proceeds of the distributions in specie converted to cash) received by such Participant from Group Five by virtue of such Participant's holding of Group Five shares, during the period between 1 November 2005 and the end date, to subscribe for Group Five shares at the market value thereof as at the date of such subscription; and
- in addition the group loaned iLima Group (Pty) Ltd, a Participant in the iLima Mvela Transaction, an amount of R60 million (2007: R50 million).

The movements in share capital for the year under review are summarised in the statement of changes in equity on page 183 of this report.

SHAREHOLDER SPREAD

Details of shareholder categories are set out on page 243 of this report.

DIVIDENDS

On 6 August 2008, the directors declared a final dividend of 60 cents per ordinary share (2007: 42 cents). This brings the total dividend for the year to 105 cents (2007: 72 cents). In order to comply with the requirements of STRATE the relevant details are:

EVENT	DATE
Last day to trade (cum-dividend)	Friday, 26 September 2008
Shares to commence trading (ex-dividend)	Monday, 29 September 2008
Record date (date shareholders recorded in books)	Friday, 3 October 2008
Payment date	Monday, 6 October 2008

No share certificates may be dematerialised or rematerialised between Monday, 29 September 2008 and Friday, 3 October 2008, both dates inclusive.

The Company has adopted an approximate four times basic earnings per share covered policy. This policy is subject to review on a semi-annual basis, prior to dividend declaration, as distributions will be influenced by business growth, acquisition activity, or movements in earnings as a result of fair value accounting adjustments.

DIRECTORS AND SECRETARY

The names and brief curricula vita of the directors appear on page 52 of this report and further information on the directors, including their interest in the shares of the Company and share-based remuneration schemes are provided on page 245 and 48 of this report. No contracts in which the director shave an interest were entered into.

Ms P Buthelezi was appointed on 4 July 2007 to take over as chairperson from Mr D Paizes who retired on 16 October 2007. Ms CMF Teixeira was appointed to the Board on 1 June 2008 as Chief Financial Officer.

In terms of the company's Articles of Association, Baroness L Chalker of Wallasey and Mr WV Mavimbela retire by rotation. Being eligble they offer themselves for re-election.

DIRECTORS' SHAREHOLDINGS

At 30 June 2008, the number of ordinary shares held beneficially and non-beneficially by the current directors was 85 000 and 1 000 respectively (2007: 30 000 and nil respectively). There has been no material change in their holdings between the year-end and the date of this report.

BORROWING POWERS

In terms of the Articles of Association, the company has unlimited borrowing powers.

GOING CONCERN

The directors believe that the Group has adequate financial resources to continue in operation for the foreseeable future and accordingly the financial statements have been prepared on a going-concern basis. The Board is not aware of any new material changes that may adversely impact the Group. The Board is not aware of any material non-compliance with statutory or regulatory requirements. The board is not aware of any pending changes in legislation in any of the major countries in which it operates that may affect the Group.

CORPORATE GOVERNANCE

Full details on the Group's corporate governance polices and procedures are set out in the corporate governance report on pages 42.

SHARE OPTION SCHEMES

Details of the Group's share options schemes is set out on page 220.

BOND ISSUE UNDER THE BOND EXCHANGE OF SOUTH AFRICA (BESA) DOMESTIC MEDIUM TERM NOTES (DMTN) PROGRAMME

On 27 February 2007, the group, through its wholly owned subsidiary Group Five Construction (Pty) Ltd, issued two senior unsecured bonds as follows:

GFC1: R300 million, three-year, 9.05% fixed rate per annum

GFC2: R550 million, five-year, 9.20% fixed rate per annum

The bonds were issued under an approved R1 billion BESA listed DMTN programme. In relation to this programme, Global Credit Ratings agency accorded the group a long term credit rating of A and a short term credit rating of A1. The rating has been renewed during the year under review.

AUDITORS

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

ANNUAL GENERAL MEETING

The AGM will be held at 09h00 on Wednesday 15th October 2008. Refer to pages 247 to 250 of these annual financial statements for further details of the ordinary and special business for consideration at this meeting.

DOMICILE, COUNTRY OF INCORPORATION AND REGISTRERED OFFICE

The company is incorporated in the Republic of South Africa, its domicile and registered offices are 371 Rivonia Boulevard, Rivonia, 2128.

GROUP INCOME STATEMENT

> FOR THE YEAR ENDED 30 JUNE 2008

		GROUP	
(R'000)	NOTES	2008	2007
Construction revenue		**7 074 017**	6 400 519
Invoiced value of goods and services supplied		**1 570 430**	980 865
– existing operations		**1 485 251**	749 784
– acquisitions		**85 179**	231 081
Property sales and development fees		**255 131**	307 784
Revenue		**8 899 578**	7 689 168
Cost of material		**1 156 898**	1 110 277
Cost of subcontractors		**3 689 135**	2 941 820
Direct payroll costs	22.1	**1 489 527**	1 317 813
Other staff costs		**214 827**	127 700
Depreciation	4.7; 8	**150 791**	105 261
Plant costs		**905 611**	839 607
Manufacturing distribution costs		**84 708**	79 931
Site administration costs		**280 721**	665 104
Other adminstration costs		**291 700**	110 031
Total operating expenses		**8 263 918**	7 297 544
Operating profit before fair value adjustment		**635 660**	391 624
Fair value adjustment relating to investment properties		**–**	9 393
Fair value adjustment relating to investment in service concessions		**111 464**	14 227
Share of profit from associates		**140**	–
Operating profit	4	**747 264**	415 244
Finance costs – net	5	**(81 727)**	(41 953)
Finance income		**57 915**	31 382
Finance costs		**(139 642)**	(73 335)
Profit before taxation		**665 537**	373 291
Taxation	6	**(208 041)**	(129 560)
Profit after taxation from continuing operations		**457 496**	243 731
Loss for the year from discontinued operations		**(28 207)**	(1 129)
Profit for the year		**429 289**	242 602
Allocated as follows:			
Equity shareholders of Group Five Limited		**418 507**	234 879
Minority interest		**10 782**	7 723
		429 289	242 602
Earnings per share – basic (Rand)	7.1	**4,47**	2,91
Fully diluted earnings per share (Rand)	7.2	**3,79**	2,40
Earnings per share from continuing operations (Rand)	7.3	**4,78**	2,93
Fully diluted earnings per share from continuing operations (Rand)	7.4	**4,04**	2,41
Dividends per share (cents) – based on the years to which they relate		**105,0**	72,0
Dividends per share (cents) – based on the years paid		**87,0**	66,0

GROUP BALANCE SHEET

> AT 30 JUNE 2008

		GROUP	
(R'000)	NOTES	2008	2007
ASSETS			
Non-current assets			
Property, plant and equipment	8	**2 237 767**	1 756 287
Investment property	9	**18 817**	79 786
Goodwill	10	**24 859**	–
Investment in associates	11	**13 436**	1 719
Investment in service concessions	12	**135 070**	73 928
Derivative financial instruments	18	**15 023**	–
Deferred taxation	13	**123 989**	186 496
Total non-current assets		**2 568 961**	2 098 216
Current assets			
Inventories	14	**453 876**	328 261
Contracts in progress	15	**578 683**	911 445
Derivative financial instruments	18	**15 781**	–
Trade and other receivables	16	**3 660 872**	2 715 378
Cash and cash equivalents	29	**1 835 813**	670 507
Total current assets		**6 545 025**	4 625 591
Non-current assets classified as held for sale	33	**135 760**	163 967
Total assets		**9 249 746**	6 887 774
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Stated capital		**1 176 217**	1 145 021
Retained earnings		**826 377**	489 403
Other components of equity		**4 070**	(21 837)
		2 006 664	1 612 587
Minority interest		**16 517**	9 335
Total equity		**2 023 181**	1 621 922
Non-current liabilities			
Interest-bearing borrowings	17.1	**1 023 737**	902 475
Derivative financial instruments	18	**84 830**	41 675
Provision for employment obligations	22.3	**21 483**	22 227
Provision for environmental rehabilitation	19	**42 899**	30 245
Total non-current liabilities		**1 172 949**	996 622
Current liabilities			
Excess billings over work done		**969 912**	1 089 305
Trade and other payables	20	**4 638 032**	2 735 834
Derivative financial instruments	18	**15 724**	–
Provision for liabilities and charges	21	**40 848**	67 231
Current taxation payable		**39 349**	55 224
Current portion of long-term interest-bearing borrowings	17.1	**150 927**	62 291
Short-term borrowings		**187 225**	217 571
Bank overdrafts	29	**11 599**	41 774
Total current liabilities		**6 053 616**	4 269 230
Liabilities directly associated with non-current assets classified as held for sale	33	**–**	–
Total liabilities		**7 226 565**	5 265 852
Total equity and liabilities		**9 249 746**	6 887 774

GROUP CASH FLOW STATEMENT

> FOR THE YEAR ENDED 30 JUNE 2008

		GROUP	
(R'000)	NOTES	**2008**	2007
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before working capital changes	26	**798 985**	487 195
Working capital changes	27	**1 018 269**	(388 685)
Cash generated from operations		**1 817 254**	98 510
Finance income		**57 915**	31 382
Finance costs		**(139 642)**	(73 335)
Taxation paid	28	**(194 254)**	(109 317)
Dividends paid		**(81 533)**	(54 953)
Cash effects of operating activities		**1 459 740**	(107 713)
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		**(144 604)**	(63 266)
Acquisition of investment property and service concessions		**(24 740)**	(65 333)
Advances to associates/minorities		**(8 251)**	(50)
Acquisition of subsidiaries, net of cash acquired	32	**(166 569)**	(42 799)
Proceeds on disposal of property, plant and equipment		**1 488**	12 000
Proceeds on disposal of investment property		**70 566**	4 596
Proceeds on disposal of investments and service concessions		**133 732**	–
Cash effects of investing activities		**(138 378)**	(154 852)
CASH FLOW FROM FINANCING ACTIVITIES			
Long- and short-term borrowings raised		**187 225**	850 000
Long- and short-term borrowings repaid		**(326 831)**	(554 267)
Proceeds from share options		**13 725**	–
Cash effects of financing activities		**(125 881)**	295 733
Cash generated from discontinued operations	33	**–**	26 415
Net increase in cash and cash equivalents		**1 195 481**	59 583
Cash and cash equivalents at beginning of year		**628 733**	569 150
Cash and cash equivalents at end of year	29	**1 824 214**	628 733

GROUP STATEMENT OF CHANGES IN EQUITY

> FOR THE YEAR ENDED 30 JUNE 2008

	Number of ordinary shares issued	Number of shares held by share trusts	Net shares issued to public	Stated capital R'000	Foreign currency translation reserve R'000	Distributable reserves R'000	Minority interest R'000	Total share-holders' equity R'000
Balance at 30 June 2006	**99 724 556**	**(25 806 338)**	**73 918 218**	**387 142**	**(15 362)**	**309 477**	**1 762**	**683 019**
Issue of shares to share trust in terms of share scheme	1 000 000	(1 000 000)	–	–	–	–	–	–
Issue of shares from share trust	–	1 273 386	1 273 386	(205)	–	–	–	(205)
Issue of shares to acquire Quarry Cats	17 229 497	–	17 229 497	750 000	–	–	–	750 000
Issue of shares in terms of BEE ownership scheme in lieu of dividends	492 848	(492 848)	–	–	–	–	–	–
Transaction costs relating to issue of shares	–	–	–	(1 637)	–	–	–	(1 637)
Share option costs	–	–	–	9 721	–	–	–	9 721
Translation differences arising from foreign operations	–	–	–	–	(6 475)	–	–	(6 475)
Net profit for the year	–	–	–	–	–	234 879	7 723	242 602
Distribution to minorities	–	–	–	–	–	–	(150)	(150)
Dividends paid	–	–	–	–	–	(54 953)	–	(54 953)
Balance at 30 June 2007	**118 446 901**	**(26 025 800)**	**92 421 101**	**1 145 021**	**(21 837)**	**489 403**	**9 335**	**1 621 922**
Issue of shares to share trust in terms of share scheme	555 128	(555 128)	–	–	–	–	–	–
Issue of shares from share trust	–	1 319 317	1 319 317	13 725	–	–	–	13 725
Issue of shares in terms of BEE ownership scheme in lieu of dividends	163 212	(163 212)	–	–	–	–	–	–
Share option costs	–	–	–	17 471	–	–	–	17 471
Translation differences arising from foreign operations	–	–	–	–	25 907	–	–	25 907
Net profit for the year	–	–	–	–	–	418 507	10 782	429 289
Distribution to minorities	–	–	–	–	–	–	(3 600)	(3 600)
Dividends paid	–	–	–	–	–	(81 533)	–	(81 533)
Balance at 30 June 2008	**119 165 241**	**(25 424 823)**	**93 740 418**	**1 176 217**	**4 070**	**826 377**	**16 517**	**2 023 181**

FOREIGN CURRENCY TRANSLATION RESERVE

The foreign currency translation reserve is the result of exchange differences arising from the translation of the group's foreign operations to the functional currency of the holding company, being Rand.

The Group issues equity-settled share-based incentives to certain employees. Equity-settled payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period.

GROUP SEGMENTAL ANALYSIS

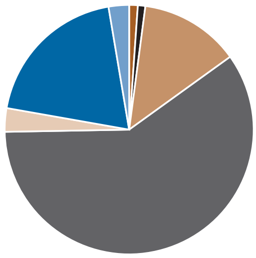
> FOR THE YEAR ENDED 30 JUNE 2008

For reporting purposes, the group is organised on a worldwide basis into seven major reporting segments as set out below.

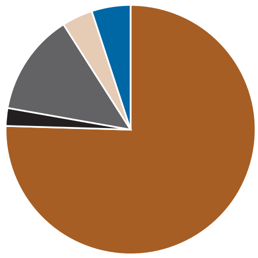
BALANCE SHEET

- Infrastructure Concessions
- Property Developments
- Manufacturing
- Construction Materials
- Building and Housing
- Civil Engineering
- Engineering Projects

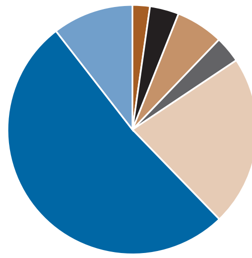
PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTY



OTHER NON-CURRENT ASSETS (excluding non-current assets classified as held for sale)



CURRENT ASSETS



	Property, plant and equipment and investment property 2008	2007	Other non-current assets (excluding non-current assets classified as held for sale) 2008	2007	Current assets 2008	2007
BUSINESS	R'000	R'000	R'000	R'000	R'000	R'000
Infrastructure Concessions	**25 175**	9 423	**142 179**	73 928	**106 183**	69 712
Property Developments	**21 971**	100 212	**4 360**	–	**177 168**	259 061
Manufacturing	**292 929**	157 538	**–**	–	**289 718**	207 211
Construction Materials	**1 346 070**	1 011 037	**24 859**	–	**162 257**	95 714
Construction	**570 439**	557 863	**16 990**	1 719	**3 973 886**	3 323 386
Building and Housing	**68 911**	149 408	**7 512**	–	**1 043 014**	671 156
Civil Engineering	**441 494**	373 828	**9 478**	1 719	**2 437 036**	2 396 435
Engineering Projects	**60 034**	34 627	**–**	–	**493 836**	255 795
Total	**2 256 584**	1 836 073	**188 388**	75 647	**4 709 212**	3 955 084

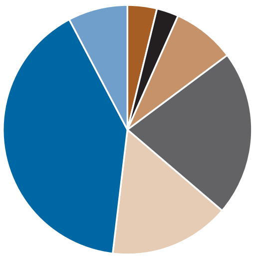
A description of the products and/or services provided by the segments is disclosed under the operational and financial review of this annual report.

Note: Graphs represent F2008 values only

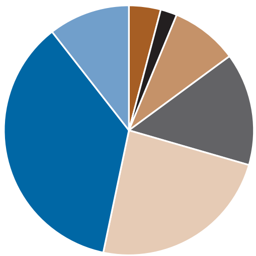
For reporting purposes, the group is organised on a worldwide basis into seven major reporting segments as set out below.

BALANCE SHEET

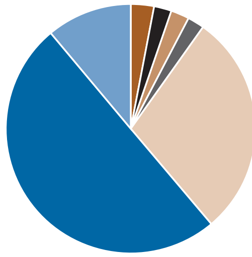
TOTAL ASSETS (excluding non-current assets classified as held for sale)



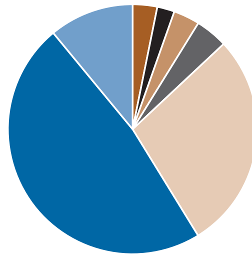
NON-CURRENT LIABILITIES



CURRENT LIABILITIES



TOTAL LIABILITIES



TOTAL ASSETS (excluding non-current assets classified as held for sale)		NON-CURRENT LIABILITIES		CURRENT LIABILITIES		TOTAL LIABILITIES	
2008	2007	2008	2007	2008	2007	2008	2007
R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
273 537	153 063	**48 248**	25 321	**180 152**	72 358	**228 400**	97 679
203 499	359 273	**25 019**	34 481	**136 369**	262 776	**161 388**	297 257
582 647	364 749	**101 434**	91 190	**142 784**	69 616	**244 218**	160 806
1 533 186	1 106 751	**171 087**	70 292	**130 082**	90 538	**301 169**	160 830
4 561 315	3 882 968	**827 161**	775 338	**5 413 281**	3 676 944	**6 240 442**	4 452 282
1 119 437	820 564	**279 361**	349 748	**1 742 408**	1 275 443	**2 021 769**	1 625 191
2 888 008	2 771 982	**424 139**	336 604	**3 006 216**	2 109 179	**3 430 355**	2 445 783
553 870	290 422	**123 661**	88 986	**664 657**	292 322	**788 318**	381 308
7 154 184	5 866 804	**1 172 949**	996 622	**6 002 668**	4 172 232	**7 175 617**	5 168 854

GROUP SEGMENTAL ANALYSIS (CONTINUED)

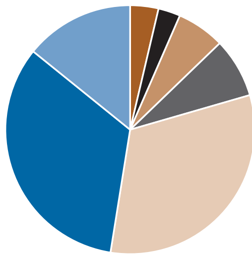
> FOR THE YEAR ENDED 30 JUNE 2008

For reporting purposes, the group is organised on a worldwide basis into seven major reporting segments as set out below.

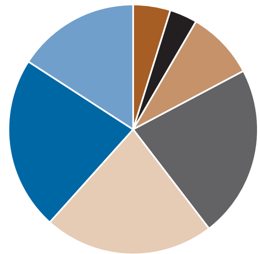
INCOME STATEMENT

- Infrastructure Concessions
- Property Developments
- Manufacturing
- Construction Materials
- Building and Housing
- Civil Engineering
- Engineering Projects

REVENUE



OPERATING PROFIT

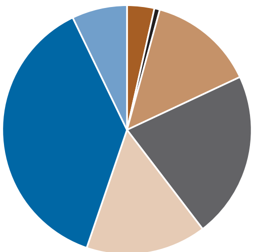
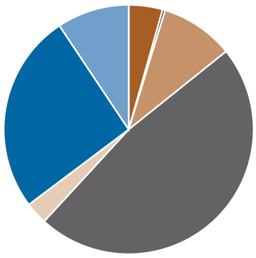
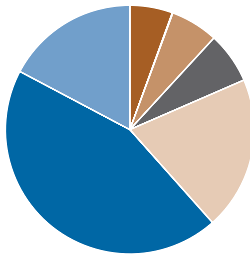


BUSINESS	Revenue 2008 R'000	Revenue 2007 R'000	Operating profit 2008 R'000	Operating profit 2007 R'000
Infrastructure Concessions	**326 554**	226 016	**30 735**	17 927
Property Developments	**255 131**	307 784	**22 747**	25 164
Manufacturing	**554 656**	523 768	**56 211**	66 519
Construction Materials	**689 220**	231 081	**141 946**	45 531
Construction	**7 074 017**	6 400 519	**384 021**	236 483
Building and Housing	**2 848 795**	3 121 921	**140 294**	84 276
Civil Engineering	**2 964 184**	2 484 293	**142 857**	105 037
Engineering Projects	**1 261 038**	794 305	**100 870**	47 170
Total	**8 899 578**	7 689 168	**635 660**	391 624

A description of the products and/or services provided by the segments is disclosed under the operational and financial review of this annual report.

Note: Graphs represent F2008 values only

CASH FLOW

DEPRECIATION		CAPITAL EXPENDITURE		NUMBER OF EMPLOYEES	
					
2008	2007	**2008**	2007	**2008**	2007
R'000	R'000	**R'000**	R'000	**R'000**	R'000
5 336	2 596	**19 722**	4 698	**747**	833
1 068	1 469	**1 215**	73 492	**10**	19
20 786	17 287	**42 755**	68 436	**833**	1 049
32 555	15 580	**213 973**	35 097	**896**	589
91 046	68 329	**171 676**	257 824	**10 967**	11 438
23 551	14 049	**13 052**	97 134	**2 684**	3 004
56 691	47 248	**116 596**	136 879	**5 962**	6 617
10 804	7 032	**42 028**	23 811	**2 321**	1 817
150 791	105 261	**449 341**	439 547	**13 453**	13 928

GROUP SEGMENTAL ANALYSIS (CONTINUED)

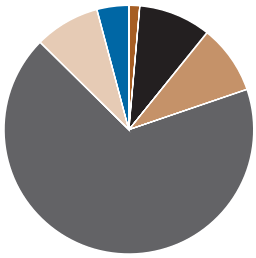
> FOR THE YEAR ENDED 30 JUNE 2008

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

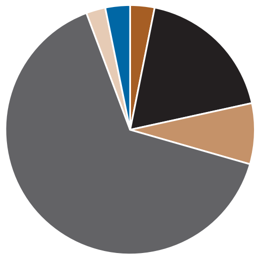
INCOME STATEMENT | BALANCE SHEET | CASH FLOW

- Eastern Europe
- Middle East
- Eastern Africa
- Southern Africa
- Central Africa
- Western Africa

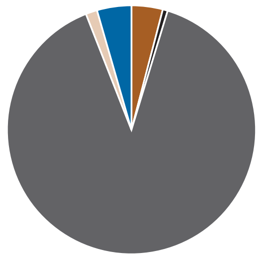
REVENUE



TOTAL ASSETS (excluding non-current assets classified as held for sale)



CAPITAL EXPENDITURE



	Income statement: Revenue		Balance sheet: Total assets (excluding non-current assets classified as held for sale)		Cash flow: Capital expenditure	
	2008	2007	**2008**	2007	**2008**	2007
BUSINESS	**R'000**	R'000	**R'000**	R'000	**R'000**	R'000
Eastern Europe	**124 743**	112 942	**225 943**	180 724	**18 238**	2 619
Middle East	**833 626**	951 414	**1 317 023**	1 272 005	**2 879**	12 802
Eastern Africa	**798 884**	1 129 546	**563 962**	349 598	**–**	253
Southern Africa	**6 022 170**	4 571 123	**4 639 469**	3 833 475	**401 462**	353 926
Central Africa	**752 955**	392 794	**178 520**	88 604	**6 676**	67 244
Western Africa	**367 200**	531 349	**229 267**	142 398	**20 086**	2 703
Total	**8 899 578**	7 689 168	**7 154 184**	5 866 804	**449 341**	439 547

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.

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 (including deferred) nor bank balances/overdrafts as the group operates under a centralised cash management function.

Note: Graphs represent F2008 values only

ACCOUNTING POLICIES

> FOR THE YEAR ENDED 30 JUNE 2008

1. PRINCIPAL ACCOUNTING POLICIES

These consolidated and company financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) of the International Accounting Standards Board, the JSE Listings Requirements and the Companies Act of South Africa and are consistent with those of the previous year except for the adoption of IFRS 7 Financial Instruments: Disclosures which is effective for annual reporting periods beginning on or after 1 January 2007, and the consequential amendments to IAS 1 Presentation of Financial Statements.

The financial statements are prepared on the historical cost basis except that, as set out in the accounting policies below, certain items, including derivatives, investment in service concessions and investment property are stated at fair value. The financial statements are prepared on a going concern basis. Set out below are the principal accounting policies used consistently throughout the group. Investments in subsidiaries are carried at cost in the company financial statements. Restatement of comparatives has not been required.

The consolidated financial statements include those of the holding company, its subsidiaries, joint ventures and associates. All financial results are consolidated with similar items on a line by line basis except for investments in associates which are included in the group's results as set out below:

1.1 BASIS OF CONSOLIDATION

a) Business combinations

The purchase method of accounting is used to account for the acquisition of subsidiaries by the group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired (including mineable resources) and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement. The fair values of the identifiable assets and liabilities are determined by reference to the market values of those or similar items or by discounting expected future cash flows using market participation assumptions.

b) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

c) Transactions and minority interests

The group applies a policy of treating transactions with minority interests as transactions with parties external to the group. Disposals to minority interests result in gains and losses for the group that are recorded in the income statement. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

d) 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 are 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.

Inter-company transactions, balances and unrealised gains on transactions between the group and its joint ventures are eliminated on consolidation. Unrealised losses are eliminated and are also considered an impairment indicator of the asset transferred. Accounting policies of joint ventures have been changed where necessary to ensure consistency with policies adopted by the group.

e) Associates

Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

ACCOUNTING POLICIES (CONTINUED)

> FOR THE YEAR ENDED 30 JUNE 2008

1. PRINCIPAL ACCOUNTING POLICIES continued

1.1 BASIS OF CONSOLIDATION continued

e) Associates continued

The group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. The total carrying value of associates is evaluated annually for impairment.

Unrealised gains on transactions between the group and its associates are eliminated to the extent of the group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the group.

1.2 SEGMENT INFORMATION

Segment information is reported on both a business (primary) and geographical (secondary) basis. This approach is based on the manner in which segments are organised, risks and returns managed, as well as type of business. The group has seven principal reportable primary segments and six principal geographical segments. Its primary segments are differentiated by the activities that each undertakes and the products that they manufacture. The basis of segmental reporting is set out on page 188.

1.3 FOREIGN CURRENCY TRANSLATION

a) Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in Rands, which is the group's functional and presentation currency.

b) Transactions and balances

Foreign currency transactions of a group entity are initially translated into its functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the subsequent translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Where appropriate, in order to minimise its exposure to foreign exchange risks the Group enters into forward exchange contracts.

c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are also taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

1.4 REVENUE RECOGNITION

Revenue relating to long-term contracts are accounted for using the percentage of completion method and are measured at the fair value of the consideration received or receivable and include variations and claims; the stage of completion is measured by reference to the relationship of contract costs incurred or significant activity achieved to date for work performed relative to the estimated total costs or total significant activity of the contract. Property sales are recognised when risks and rewards of ownership are transferred. Revenue from purchased, manufactured or mined products is recognised upon delivery of products and customer acceptance. Revenue from performance of services, including operations and maintenance services, is generally recognised in the period when the services are actually provided and is measured based on contractual rates. All revenues are stated net of value-added taxes and trade discounts, if applicable. Inter-company revenues are eliminated on consolidation.

Other income, which is not included in revenue, earned by the group is recognised on the following basis:

- Interest income – as it accrues (taking into account the effective yield on the asset)

- Dividend income – when the shareholder's right to receive payment is established
- Investment property and investments in concessions – fair value increases or decreases during the year

1.5 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following categories:

a) Properties

Properties consist of the following:

- occupied property;
- investment property; and
- property development costs (disclosed as inventory).

The accounting for each category of properties 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 lives on a straight-line basis; generally, buildings are depreciated over 50 years; gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in net profit;
- investment property, which is disclosed separately and 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 the income statement; and
- property development costs held as inventory, which is property held for development and resale, is valued at the lower of cost and net realisable value.

b) Mining assets and undeveloped mining resources

Mine development costs, are initially recorded at cost, whereafter they are measured at cost less accumulated amortisation, calculated on a units of production basis based on estimated proven reserves. Costs include pre-production expenditure incurred in the development of the mine and the present value of future decommissioning and rehabilitation costs. Interest on borrowings to specifically finance the establishment of mining assets is capitalised until it is substantially completed. Development costs incurred to evaluate and develop new resources, or to define existing resources, or to establish or expand productive capacity or to maintain production are capitalised. Mine development costs are capitalised to the extent they provide access to resources which have future economic benefit. Mine assets and mine plant facilities are amortised using the lesser of their useful life or units of production method based on proven reserves.

Stripping costs incurred during the production phase to remove waste are deferred and charged to the income statement on the basis of the average life-of-mine stripping ratio. The average stripping ratio is calculated as the number of tonnes of waste material removed per tonne of resource mined. The average life-of-mine ratio is revised annually in the light of additional knowledge and change in estimates. The cost of "excess stripping" is capitalised as mine development costs when the actual stripping ratio exceeds the average life-of-mine stripping ratio. Where the average life-of-mine stripping ratio exceeds the actual stripping ratio, the cost is charged to the income statement.

Undeveloped mining resources are initially valued at the fair value of the resources obtained through acquisitions. The fair value of these properties is tested annually for impairment. When eventually mined, the undeveloped mining resources are amortised as above. Mineral rights are amortised using the units of production method based on proved mineral reserves. Dumps are amortised over the period of treatment.

c) Capital work in progress

Property, plant and equipment under construction is stated at initial cost and is not depreciated. The cost of self-constructed assets includes expenditure on materials, direct labour, an allocated proportion of project overheads and related borrowing costs. Assets are transferred from capital work in progress to an appropriate category of property, plant and equipment when commissioned and ready for its intended use.

d) Factory plant

Factory plant, including capitalised leased assets, is stated at initial cost less subsequent accumulated depreciation and impairment. Depreciation is calculated to write off the cost of factory plant to its estimated residual value on a straight-line basis over its expected useful life. Where factory plant comprises major components with different useful lives, these components are accounted for and depreciated as separate items and residual values are re-assessed annually. The expected useful lives are generally between five and 15 years. The estimated useful lives and residual values are reviewed annually.

e) Mobile plant and vehicles

Mobile plant and vehicles, including capitalised leased assets, are stated at initial cost less subsequent accumulated depreciation and impairment. Where mobile plant and vehicles comprise major components with different useful lives, these components are accounted for and depreciated as separate items and residual values are re-assessed annually. Depreciation is calculated to write off the value of mobile plant and vehicles to their estimated residual values on a straight-line basis over their expected useful lives. The expected useful lives are generally five years. The estimated useful lives and residual values are reviewed annually.

ACCOUNTING POLICIES (CONTINUED)

> FOR THE YEAR ENDED 30 JUNE 2008

1. PRINCIPAL ACCOUNTING POLICIES continued

1.5 PROPERTY, PLANT AND EQUIPMENT continued

f) Computer equipment, and software development costs

Computer equipment, including capitalised leased assets, is stated at initial cost less subsequent accumulated depreciation and impairment. Depreciation is calculated to write off the cost of these assets to their estimated residual values on a straight-line basis over their expected useful lives on a component basis. The expected useful lives are generally three years. The estimated useful lives and residual values are reviewed annually.

Software development costs that enhance and extend the benefits of computer software programs are recognised as a capital improvement and added to the original cost of the software. These include purchased software and the direct costs associated with the customisation and installation thereof. Computer software development costs recognised as assets are depreciated using the straight-line method over their useful lives, not exceeding a period of ten years.

g) Furniture, fittings and other items

Furniture, fittings and other items are stated at initial cost less subsequent accumulated depreciation and impairment. Depreciation is calculated to write off the cost of these assets to their estimated residual values on a straight-line basis over their expected useful lives on a component basis. The expected useful lives are generally three to five years. The estimated useful lives and residual values are reviewed annually.

h) Replacement and modification expenditure (relate to all categories)

Expenditure incurred to replace or modify a significant component of property, plant and equipment is capitalised and any remaining book value of the component replaced is written off immediately in the income statement. Other repair and maintenance expenditure is charged directly to the income statement as incurred.

i) Gains and losses

Gains and losses on disposals are determined by comparing the proceeds with the carrying value and are recognised within the income statement as appropriate.

1.6 INVESTMENT PROPERTY

Investment property, 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 the income statement.

1.7 GOODWILL

Goodwill represents the excess cost of an acquisition over the fair value of the group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. For the purpose of impairment testing, goodwill is allocated to each of the group's cash generating units expected to benefit from the synergies of the combination. Goodwill is allocated to the groups cash generating units identified according to country of operation and business segment. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. The carrying amount of goodwill is included in computing the gains and losses on the disposal of an entity. Impairment tests are conducted annually on goodwill based on future discounted cash flows and other appropriate methods.

1.8 IMPAIRMENT OF LONG-TERM NON-FINANCIAL ASSETS

Long-term non-financial assets are tested biannually for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

1.9 FINANCIAL ASSETS

The group classifies its financial assets in the following categories; at fair value through profit and loss or loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets at fair value through profit and loss

Financial assets at fair value through profit and loss are financial assets held for trading or those designated as fair value through profit and loss on initial recognition. These assets are reflected in current and non-current assets respectively. Derivatives are classified as held for trading unless they are designated as hedges. Financial assets carried at fair value through profit and loss are initially recognised at fair value and subsequently carried at fair value. Gains and losses arising from changes in the fair value of the financial assets at fair value through profit and loss category are presented in the income statement in the period in which they arise. The method for estimation of fair value is described within the accounting policy for each financial asset and within the disclosure on judgements and estimates.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables include trade and other receivables and cash and cash equivalents in the balance sheet. Loans and receivables are initially recognised at fair value, plus transaction costs, and subsequently carried at amortised cost using the effective interest rate method.

1.10 INVESTMENTS IN SERVICE CONCESSIONS

These investments consist of interests in service concessions over which the group has neither control nor significant influence. These investments are financial assets designated at fair value through profit and loss. They are initially recognised at fair value and subsequently measured at fair value with changes in fair value, recognised in the income statement.

1.11 FINANCIAL INSTRUMENTS

Financial instruments carried on the balance sheet include cash and cash equivalents (as defined), short-term borrowings, investments in service concessions, trade and other receivables, trade and other payables, interest bearing borrowings and derivative financial instruments. The particular recognition methods adopted are disclosed in the individual policy statements or notes associated with each item.

1.12 DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The group designates certain derivatives as either:

a) hedges of the fair value of recognised fixed rate liabilities (fair value hedge);

b) hedges of a particular risk associated with a recognised fixed rate liability (fair value hedge) or a highly probable forecast transaction (cash flow hedge); or

c) hedges of a net investment in a foreign operation (net investment hedge).

The group documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The group also documents its assessment, both at hedge inception and on an ongoing basis, on whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative instruments used for hedging purposes are disclosed in note 18. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The group applies fair value hedge accounting to hedge the fair value interest rate risk associated with fixed rate borrowings. The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate borrowings is recognised in the income statement within finance costs. The gain or loss relating to the ineffective portion is recognised in the income statement within other operating expenses – net. Changes in the fair value of the hedged fixed rate borrowings attributable to interest rate risk are recognised in the income statement within finance costs.

If the hedging relationship no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used, is amortised to profit or loss over the period to maturity. (pull to par.)

Derivatives at fair value through profit or loss

Certain derivative instruments do not qualify for hedge accounting and are accounted for at fair value through profit or loss. Changes in the fair value of these derivative instruments that do not qualify for hedge accounting are recognised immediately in the income statement within other operating expenses – net.

1.13 INVENTORIES

Materials, consumable stores, work in progress and finished goods are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the cost of completion and selling expenses. In general, cost is determined on a first-in-first-out basis and includes expenditure incurred in acquiring, manufacturing and transporting the inventory to its present location. The cost of manufactured goods includes direct expenditure and an appropriate proportion of manufacturing overheads. Provision is made for obsolete and slow moving inventory.

Costs that are incurred in or benefit the construction materials process, are accumulated as stockpiles and consist of sand finished product. Stockpiles are verified via monthly surveys of estimated tonnes and are valued based on cost of production per tonne. Net realisable value tests are performed annually and represent the estimated future sales price of the product, based on prevailing prices, less estimated costs to completion and sale.

Property development costs held as inventory, which is property held for development and resale, is valued at the lower of cost and net realisable value.

ACCOUNTING POLICIES (CONTINUED)
> FOR THE YEAR ENDED 30 JUNE 2008

1. PRINCIPAL ACCOUNTING POLICIES continued

1.14 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.

A group of contracts is treated as a single construction contract when the group of contracts is negotiated as a single package and the contracts are so interrelated that they are, in effect, part of a single project with an overall profit margin and are performed concurrently or in a continuous sequence.

Contract costs are recognised when incurred. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognised using the percentage of completion method. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

The group uses the "percentage of completion method" to determine the appropriate costs to recognise in a given period. The stage of completion is measured with reference to the contract costs or major activity incurred up to the balance sheet date as a percentage of total estimated costs or major activity for each contract. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion and are presented as contracts in progress.

The group also presents as contracts in progress the gross amount due from customers for contract work for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceed progress billings. Progress billings not yet paid by customers and retention are included in trade and other receivables.

The group presents as a liability (excess billings over work done) the gross amount due to customers for contract work for all contracts in progress for which progress billings exceed costs incurred plus recognised profits (less recognised losses).

1.15 TRADE AND OTHER RECEIVABLES

Trade and other receivables are recognised initially at fair value and are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited to the income statement.

1.16 CASH AND CASH EQUIVALENTS

For the purpose of the cash flow statement, cash and cash equivalents comprise bank balances and cash with original maturities of three months or less and also include bank overdrafts repayable on demand. Cash and cash equivalents are reflected at year-end bank statement balance. Where bank overdrafts and cash balances are with the same financial institution and right of set-off exists, they are netted off for disclosure purposes.

1.17 NON-CURRENT ASSETS (OR DISPOSAL GROUPS) HELD FOR SALE

Non-current assets (or disposal groups) are classified as assets held for sale and stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continued use.

1.18 STATED CAPITAL

Ordinary shares are classified as equity. Issued share capital is stated in the statement of changes in equity at the amount of the proceeds received less directly attributable issue costs. Cost of share options issued after 7 November 2002 have been charged to stated capital as described in note 1.23.d.

1.19 TRADE AND OTHER PAYABLES

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

1.20 BORROWINGS

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method. Where the fair value of the borrowings have been hedged, and qualify for hedge accounting, then the gain or loss on the hedged item attributable to the hedged risk is recognised in the income statement.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

1.21 CAPITALISATION OF BORROWING COSTS

Borrowing costs, incurred in respect of property developments, mining assets or capital work in progress, that require a substantial period to prepare assets for their intended use, are capitalised up to the date that the development of the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on the borrowing during the period less any investment income on the temporary investment of these borrowings. Other borrowing costs are recognised directly in the income statement when incurred.

1.22 TAXATION

The taxation expense represents the sum of the current taxation payable (local and international), deferred taxation and Secondary Taxation on Companies.

The current taxation currently payable is based on the taxable income for the year. Taxable income differs from net income as reported in the income statement because it includes items of income and expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The group's liability for current taxation uses relevant rates that have been enacted or subsequently enacted by the balance sheet date.

Deferred taxation is accounted for using the balance sheet liability method in respect of temporary differences which arise from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding taxation basis used in the computation of taxable income. Deferred taxation liabilities are recognised for all taxable temporary differences and deferred taxation assets are recognised to the extent that it is probable that taxable income will be available against which deductible temporary differences can be utilised. The carrying value of deferred taxation assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow part of the asset to be recovered.

Current enacted taxation rates are used to determine deferred income taxation. The principal temporary differences arise from depreciation on property, plant and equipment, various provisions, contracting allowances and taxation losses carried forward.

Secondary Taxation on Companies is recognised as part of the taxation charge in the income statement when the related dividend is declared.

1.23 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 Pension Funds Act.

a.i Pension obligations – defined contribution plans

The group's pension accounting costs for the defined contribution plans and multi-employer industry plans are limited to the annually determined contributions.

a.ii Pension obligations – defined benefit plans

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 that carry out a full valuation of the plans annually. The liability or asset recognised in the balance sheet in respect of defined benefit pension plans is the difference between the present value of the defined benefit obligation at the balance sheet date and the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using appropriate interest rates. An asset is recognised to the extent that the group has control over such asset.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to the income statement immediately. Past service costs are also recognised immediately in the income statement. The limit on the amount of pension fund surplus that can be recognised has been considered.

b) Post-employment obligations

One group company provides post-employment medical costs for certain of its retirees. The expected costs of these benefits are accrued over the period of employment using a methodology similar to that of defined benefit plans. A valuation of this obligation is carried out on a periodic basis by professionally qualified independent actuaries. The post-employment obligations are not funded.

ACCOUNTING POLICIES (CONTINUED)
> FOR THE YEAR ENDED 30 JUNE 2008

1. PRINCIPAL ACCOUNTING POLICIES continued

1.23 EMPLOYEE BENEFITS continued

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.

d) Equity compensation benefits

Share options and appreciation rights are granted to employees in terms of the schemes detailed in note 22.4. The net cost of share options, issued after 7 November 2002, calculated as the difference between the fair value of such options at grant date and the price at which the options were granted (calculated at the 30-day volume weighted average price at grant date), are expensed over their vesting periods on a straight-line basis. The fair value of the share options is measured using the Black-Sholes pricing model. These share options are not subsequently revalued.

Options exercised are equity settled through a fresh issue of shares or through a repurchase and re-issue of shares by the group.

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 if at least one of the following conditions is met:

- there is a formal plan and the amounts to be paid are capable of being reliably estimated; 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.

1.24 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.

1.25 ENVIRONMENTAL REHABILITATION

Estimated long-term environmental obligations, comprising rehabilitation, mine and asbestos dump closure, are based on the group's environmental management plans in compliance with current technological, environmental and regulatory requirements.

The net present value of expected rehabilitation cost estimates are recognised and provided for in full in the financial statements. The estimates are reviewed annually and are discounted using rates that reflect inflation and the time value of money.

1.25 ENVIRONMENTAL REHABILITATION continued

Annual changes in the provision consist of finance costs relating to the change in the present value of the provision and inflationary increases in the provision estimate, as well as changes in estimates. The present value of environmental disturbances created are capitalised to mining assets against an increase in the rehabilitation provision. The rehabilitation asset is amortised as noted in the group's accounting policy. Rehabilitation projects undertaken, included in the estimates, are charged to the provision as incurred.

1.26 LEASED ASSETS

Where assets are acquired under finance lease agreements that transfer to the group substantially all the risks and rewards of ownership, they are capitalised at the lower of the fair value of the leased asset or the present value of the minimum lease payments. 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.

Leased assets are depreciated over the shorter of their useful lives or lease term. The interest amount are charged to the income statement and the capital elements reduce the liability.

1.27 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. Total rental obligations under operating leases are charged to the income statement on a straight-line basis over the period of the lease, irrespective of the payment terms.

1.28 DIVIDENDS PAID

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

1.29 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) Earnings per share from continuing operations is based on attributable profit for the year from continuing operations 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.

1.30 HEADLINE EARNINGS PER SHARE

Headline earnings per share is based on the same calculation as in 1.29 above except that attributable profit specifically excludes items as set out in Circular 8/2007

"Interpretation of Statement of Investment Practice No 1: Headline Earnings" issued by the South African Institute of Chartered Accountants. Fully diluted headline earnings per share is presented when the inclusion of potential ordinary shares has a dilutive effect on headline earnings per share.

1.31 CONTINGENCIES AND COMMITMENTS

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Group, or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability. Contingencies principally consist of contract specific third party obligations underwritten by banking institutions. Items are classified as commitments where the group commits itself to future transactions, particularly in the acquisition of property, plant and equipment.

1.32 RELATED PARTY TRANSACTIONS

All subsidiaries, joint ventures and associated companies of the group are related parties. A list of the major subsidiaries, joint ventures and associated companies are included on pages 239 to 242 of this annual report. All transactions entered into with subsidiaries and associated companies were under terms no more favourable than those with third parties and have been eliminated in the consolidated group accounts. Director's and senior management emoluments as well as transactions with other related parties are set out in note 23. There were no other material contracts with related parties.

1.33 DISCONTINUED OPERATIONS

A discontinued operations is a component of an entity that either has been disposed of or is classified as held for sale and

- Represents a separate major line of business or geographical area of operations
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or
- is a subsidiary acquired exclusively with a view to resale.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

USE OF ESTIMATES

The preparation of the financial statements in conformity with International Financial Reporting Standards requires the group's management to make estimates and judgements concerning the future that effect 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 revenue and expenses during the reported period. The resulting accounting estimates and judgements can, by definition, only approximate the actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed below.

2.1 ESTIMATES MADE IN DETERMINING CHANGES IN ESTIMATED USEFUL LIVES AND RESIDUAL VALUE OF MOBILE PLANT AND EQUIPMENT AND COMPUTER EQUIPMENT

The group maintains a large fleet of mobile plant and equipment and computer equipment. Annual evaluations on estimated useful lives and residual values are performed. These are conducted with reference to external valuations and confirmations supporting the reasonableness on estimates made.

2.2 VALUATION AND AMORTISATION OF MINING ASSETS

The fair value of mining assets are generally determined utilising discounted future cash flows. Management also considers such factors as the quality of the individual resource body.

During the year under review, the group calculated fair value based on updated life-of-mine plans, an aggregate price of R6,54 per tonne.

All mining assets are amortised using the units of production method. The calculation of the units-of-production rate of amortisation could be impacted to the extent that actual production in the future is different from current forecast production. This would generally arise when there are significant changes in any of the factors or assumptions used in estimating reserves. Stockpile valuations are subject to the accuracy of survey assessments performed.

2.3 ESTIMATES REGARDING IMPAIRMENT OF GOODWILL

The group continually assesses the recoverability of any goodwill carried on the balance sheet as part of acquisitions. This requires an estimation of the value in use of the cash generating unit to which the goodwill is allocated. Expected cash flows used to determine the value of goodwill are inherently uncertain and could change over time. They are affected by a number of factors including estimates of costs to produce inventory, future capital expenditure and product markets. The carrying amount of goodwill in the consolidated annual financial statements at 30 June 2008 was R24,8 million (2007: Rnil).

2.4 ESTIMATE REGARDING THE RECOGNITION AND MEASUREMENT OF FINANCIAL INSTRUMENTS

The fair value of the interest rate swaps described in note 18 is calculated based on the present value of the estimated future cash flows.

Details of the assumptions made and sensitivity analyses of these assumptions are provided in note 25.4.

ACCOUNTING POLICIES (CONTINUED)

> FOR THE YEAR ENDED 30 JUNE 2008

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS continued

2.5 FAIR VALUE OF INVESTMENT PROPERTIES AND INVESTMENT IN SERVICE CONCESSIONS

The fair value of these items, which are not traded in an active market, is determined by using valuation techniques. The group uses a variety of methods, including discounted cash flow analysis and makes a variety of assumptions that are mainly based on market conditions existing at balance sheet date. (Refer note 12 for valuation methodology and significant assumptions used.)

2.6 CONSTRUCTION CONTRACT REVENUE RECOGNITION AND PROFIT TAKING

The group uses the percentage-of-completion method in accounting for its construction contracts. Use of the percentage-of-completion method requires the group to estimate the construction services and activities performed to date as a proportion of the total services and activities to be performed. In addition, judgements are required when recognising and measuring any variations or claims on each contract.

2.7 ESTIMATE OF LEVEL OF PROVISION REQUIRED FOR OBSOLETE STOCK AND DOUBTFUL DEBTS

The group estimates the level of provision required for obsolete stock and doubtful debts on an ongoing basis based on historical experience as well as other specific relevant factors. A comparison between provision and actual loss incurred is performed to assess reasonableness of provisioning methodology. (Refer to note 16 for additional disclosure.)

2.8 ESTIMATE OF TAXATION

The group is subject to income tax in numerous jurisdictions. Judgement is required in determining the worldwide provision for income taxes. Corporate and deferred taxation calculations have been determined on the basis of prior year assessed computation methodologies adjusted for changes in taxation legislation in the year. No significant new transactions have been entered into in the year which require specific additional estimates or judgements to be made.

The group recognises the net future benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of the deferred income tax assets requires the group to make estimates related to expectations if future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the group to realise the net deferred taxation assets recorded at the balance sheet date could be impacted. Additionally future changes in taxation laws in the jurisdictions in which the group operates could limit the ability of the group to obtain taxation deductions in future periods. Deferred taxation assets are only raised in jurisdictions where there is significant certainty on the probability that legislation on the use of the assets will remain unchanged. In addition, assets are only raised in jurisdictions where the group has secured signed future contracts or orders sufficient to utilise these losses.

2.9 ESTIMATE OF EMPLOYEE BENEFIT LIABILITIES

An updated actuarial valuation is carried out at the end of each financial year for the defined benefit plan and post-employment liabilities of the group. Key assumptions used to determine the net assets and liabilities of these obligations are set out in note 22.2.

Where valuations are not performed at year end, a review of key assumptions used in the most recent valuation are performed at reporting date to ensure that no material changes in assumptions has occurred, valuations are performed annually.

2.10 FAIR VALUE OF SHARE-BASED COMPENSATION

The fair value of employee share options and share appreciation rights granted are being determined using the Black-Scholes valuation model. The significant inputs into the model are: vesting period and conditions, risk free interest rate, volatility, price on date of grant and dividend yield. (Refer to note 22.4.3 for details on each of the share option schemes.)

2.11 ESTIMATE OF EXPOSURE AND LIABILITIES WITH REGARD TO REHABILITATION COSTS

Estimated long-term environmental obligations, comprising rehabilitation, mine and asbestos dump closure, are based on the group's environmental management plans in compliance with current technological, environmental and regulatory requirements.

Actual costs incurred in future periods could differ from estimates. Additionaly future changes to environmental laws and regulations, life of asset and discount rates could affect the carrying amount of their provisions.

A discount rate of 8.5% and an inflation rate of 6.0% were utilised in the calculation of the estimated net present value of certain of the rehabilitation liabilities. The remaining liability has been determined with reference to an external valuation.

2.12 ESTIMATES MADE OF CONTINGENT LIABILITIES

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of such contingencies inherently involves the exercise of significant judgement and estimates of the outcome of future events. Disclosure is made in note 24 of the contingent liabilities that the group is exposed to.

As a global company, the group is exposed to legal risks. The outcome of any pending and future proceedings cannot be predicted with certainty. Thus, an adverse decision in a lawsuit could result in additional costs that are not covered, either wholly or partly, and that could influence the business and results of operations.

3. ADOPTION OF NEW ACCOUNTING STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS

The group and company have adopted the following statements and interpretations:

Accounting Standard/Interpretation	Type	Description
IAS 1 – Presentation of Financial Statements – Capital Disclosures	Amendment	The amendment introduced additional disclosure about the level of an entity's capital and how it manages it. Refer to note 25 on page 225 for details on the disclosure introduced to address these requirements.
IFRS 7 – Financial Instruments: Disclosures and consequential amendments to IFRS 4 Implementation Guidance	New Statement	The new statement introduced new requirements to improve the information on financial instruments. It requires disclosure about the significance of financial instruments for an entity's financial position and performance. The statement also requires information about the extent of exposure to risks arising from financial instruments and a description of management's objectives, policies and procedures and processes for managing risks. Refer to note 25 on page 228 for details on the disclosure introduced to address these requirements.
IFRIC 10 – Interim Financial Reporting and Impairment	New Interpretation	The statement prohibits the reversal of any impairment losses recognised in an interim period on goodwill and on investments in equity instruments and financial assets carried at cost at a subsequent balance sheet date. This statement had no effect on the group and company to date.

The group and company have early adopted the following statements and interpretations:

Accounting Standard/Interpretation	Type	Effective date
IFRIC Interpretation 14 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	New Interpretation	Financial years commencing on or after 1 January 2008

IFRIC Interpretation 14 provides guidance on how to assess the limit in IAS 19 on the amount of pension fund surplus that can be recognised as an asset, specifically in respect of statutory or contractual minimum funding requirements. The interpretation's requirements have been considered and applied in determining the pension fund surplus calculated as part of the fund's statutory actuarial valuation as at 31 March 2008. (Refer to note 22.2 on page 217.)

At the date of issue of these financial statements, the following standards and interpretations were in issue but not effective yet:

Accounting Standard/Interpretation	Type	Effective date
IAS 1 – Presentation of Financial Statements	Amendment	Financial years commencing on or after 1 January 2009
IAS 23 – Borrowing Costs	Amendment	Financial years commencing on or after 1 January 2009
IAS 27 – Consolidated and Separate Financial Statements	Amendment	Financial years commencing on or after 1 July 2009
IAS 32 and IAS 1 – Financial Instruments Presentation Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation	Amendment	Financial years commencing on or and Presentation of after after 1 January 2009

ACCOUNTING POLICIES (CONTINUED)
> FOR THE YEAR ENDED 30 JUNE 2008

3. ADOPTION OF NEW ACCOUNTING STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS continued

Accounting Standard/Interpretation	Type	Effective date
IFRS 1 and IAS 27 – First Time Adoption of International Standards and Consolidated and Separate Financial Statements – Cost of Investment in a Subsidiary, Jointly Controlled Entity or Associate	Amendment	Financial years commencing on or Financial Reporting after 1 January 2009
IFRS 2 – Share Based Payments – Vesting Conditions and Cancellations	Amendment	Financial years commencing on or after 1 January 2009
IFRS 3 – Business Combinations	Amendment	Financial years commencing on or after 1 July 2009
IFRS 8 – Operating Segments	New Statement	Financial years commencing on or after 1 January 2009
IFRIC Interpretation 12 – Service Concession Arrangements	New Interpretation	Financial years commencing on or after 1 January 2008
IFRIC Interpretation 13 – Customer Loyalty Programme	New Interpretation	Financial years commencing on or after 1 July 2008
IFRIC 16 – Hedges of a net investment in a foreign operation	New Interpretation	Financial years commencing on or after 1 October 2008
Improvements Projects	Improvements to IFR's	Financial years commencing on or after 1 January 2009

IAS 23 – BORROWING COSTS
The revised statement should have limited effect on the group's reported results as the group had already adopted the capitalisation of interest principle for qualifying assets with material significant borrowings under the allowed alternative of the current statement.

IFRS 3 – BUSINESS COMBINATIONS
The revised statement IFRS 3 – Business Combinations has some amendments that will impact the group. These are:

- Costs associated with acquisitions must be expensed. Currently these costs are capitalised as part of the cost of the acquisition.
- If the amount of contingent consideration changes as a result of a post-acquisition event, accounting for the change in consideration depends on whether the additional amount is an equity instrument or cash or other assets paid or owed. If it is equity the original amount it is not remeasured. If the additional consideration is cash or other the amount in which it is settled, is remeasured.

IFRS 8 – OPERATING SEGMENTS
The new statement IFRS 8 – Operating Segments is a disclosure standard which may result in a restructure of the group's reportable segments. This statement is not expected to have an impact on the reported result or financial position of the group.

IFRIC 12 – SERVICE CONCESSIONS
The new interpretation IFRIC 12 – Service Concessions is applicable to the group. It sets out general principles on recognising and measuring the obligations and related rights in service concession arrangements. In principle the operator can construct or upgrade infrastructure (i.e provide construction or upgrade services) used to provide a public service and/or operate and maintain that infrastructure (the operation services) for a specified period of time. The interpretation guides that operation services should be accounted for in terms of IAS 11 while provision of construction or upgrade services will result in consideration which must be accounted for as either financial assets or intangible asset. This statement is not expected to have an impact on the reported results of the group.

IFRIC 16 – HEDGES OF A NET INVESTMENT IN A FOREIGN OPERATION
The new interpretation provides guidance on accounting for the hedge of a net investment in a foreign operation in an entity's consolidated financial statements. Practice has diverged as a result of differing views on which risks are eligible for hedge accounting according to International Financial Reporting Standards (IFRSs).

The directors believe that none of the other new or revised standards and interpretations will have a significant effect on the group's accounting policies.

IMPROVEMENTS PROJECTS
This is a collection of amendments to IFRSs. These amendments are the result of conclusions the IASB reached on proposals made in its annual improvements project. The annual improvements project provides a vehicle for making non-urgent but necessary amendments to IFRSs. Some amendments involve consequential amendments to other IFRSs.

(R'000)	GROUP 2008	GROUP 2007
4. OPERATING PROFIT		
Operating profit is stated after crediting:		
4.1 PROFIT ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT	**–**	12 000
4.2 PROFIT ON DISPOSAL OF INVESTMENT PROPERTY	**9 597**	–
4.3 FAIR VALUE GAINS ON FINANCIAL INSTRUMENTS		
Forward exchange contracts	**15 080**	–
and after charging:		
4.4 FOREIGN EXCHANGE LOSSES – NET[(1)]	**26 345**	1 483
4.5 FAIR VALUE LOSSES ON FINANCIAL INSTRUMENTS		
Ineffectiveness on fair value hedge	**750**	343
4.6 AUDITORS' REMUNERATION	**9 712**	8 385
Audit fees	**7 871**	6 762
Fees for other services	**1 841**	1 623
4.7 DEPRECIATION	**150 791**	105 261
Owner occupied land and buildings	**992**	671
Mining assets and undeveloped mining resources	**18 395**	6 413
Factory plant	**24 733**	15 152
Mobile plant and vehicles – purchased	**43 590**	33 475
Mobile plant and vehicles – leased	**15 950**	14 176
Computer equipment and software development costs – purchased	**13 886**	10 631
Computer equipment and software development costs – leased	**20 683**	18 664
Furniture, fittings and other items	**12 562**	6 079
4.8 LOSSES ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT	**–**	11 900
4.9 RENTALS UNDER OPERATING LEASES	**31 613**	24 817
Land and buildings	**24 411**	19 531
Other equipment	**7 202**	5 286
4.10 REMUNERATION OTHER THAN TO EMPLOYEES	**8 053**	4 074
Management services	**600**	726
Technical services	**7 453**	3 348
4.11 Staff costs including retirement, benefit contributions (see note 22.1)		
4.12 Directors emoluments (see note 23.1)		
4.13 Non-executive directors' fees (see note 23.1)		

(1) Included in the R26,3 million of net foreign exchange losses in F2008 is an amount of R18,8 million resulting from the restatement of a liability of which the corresponding foreign exchange gain is included in fair value adjustments

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
> FOR THE YEAR ENDED 30 JUNE 2008

	GROUP	
(R'000)	2008	2007
5. FINANCE COSTS – NET		
Interest received:		
Bank balances	**57 915**	31 382
Interest paid:		
Bank overdraft	**(4 380)**	(15 055)
Unsecured bond interest	**(77 750)**	(25 917)
Net interest on interest rate swap	**(19 354)**	(1 789)
Other borrowings	**(56 973)**	(54 983)
Total	**(100 542)**	(66 362)
Less: capitalised	**18 815**	24 409
Finance costs per income statement	**(81 727)**	(41 953)

Interest to the value of R18,8 million (2007: R24,4 million) was capitalised to developments in progress calculated at an average borrowing rate of 14% (2007: 12.4%).

6. TAXATION		
South African normal taxation		
Current taxation	**(27 937)**	(31 369)
– current year	**(21 172)**	(31 236)
– prior year	**(6 765)**	(133)
Deferred taxation	**(29 662)**	(21 974)
– change in taxation rate	**(6 431)**	–
– current year	**(23 231)**	(21 974)
Share of associates taxation	**(73)**	–
Foreign taxation (including withholding tax)		
Current taxation	**(141 238)**	(68 520)
– current year	**(152 309)**	(90 393)
– prior year	**11 071**	21 873
Secondary Taxation on Companies (STC)	**(9 131)**	(7 697)
	(208 041)	(129 560)

Reconciliation of normal taxation rate	%	%
South African normal taxation rate	**28.0**	29.0
Adjusted for:		
– Tax at rates in lower tax jurisdictions	**(2.0)**	(2.7)
– Deferred tax assets not raised	**2.6**	12.1
– Tax over provided in respect of prior years	**(0.7)**	(5.8)
– STC on dividends	**1.4**	2.1
– Permanent differences	**1.0**	–
– Corporate taxation rate adjustment	**1.0**	–
Effective rate of taxation	**31.3**	34.7

(R'000)	GROUP 2008	GROUP 2007
6. TAXATION continued		
Estimated taxation losses available for set-off against future taxable income	**180 821**	253 528
Potential taxation relief at current taxation rates	**50 630**	73 523

The deferred tax assets depend on sufficient taxable income being earned in future by subsidiaries concerned.

No unutilised STC credits are available at 30 June 2008 and none were available at 30 June 2007.

(R'000)	GROUP 2008	GROUP 2007
7. EARNINGS PER SHARE		
7.1 EARNINGS PER SHARE – BASIC		
Profit for the year – income attributable to shareholders	**418 507**	234 879
Shares outstanding 1 July	**92 421**	73 918
Weighted average number of shares issued during the year	**1 124**	6 754
Weighted average number at end of year	**93 545**	80 672
Earnings per share (R)	**4,47**	2,91
7.2 FULLY DILUTED EARNINGS PER SHARE		
Profit for the year	**418 507**	234 879
Weighted average number of shares issued during the year (as per basic earnings per share calculation) ('000)	**93 545**	80 672
Adjusted for:		
– Inclusion of dilutive shares held by share trusts ('000)	**3 167**	4 234
– Inclusion of dilutive shares in terms of iLima Mvela Transaction (refer to page 177) ('000)	**13 815**	13 150
Adjusted weighted average number of shares ('000)	**110 527**	98 056
Fully diluted earnings per share (R)	**3,79**	2,40
7.3 EARNINGS PER SHARE FROM CONTINUING OPERATIONS		
Profit after tax from continuing operations	**457 496**	243 731
Less: attributable to minority interest	**(10 782)**	(7 723)
Income available to shareholders from continuing operations	**446 714**	236 008
Weighted average number of shares ('000)	**93 545**	80 672
Earnings per share from continuing operations (R)	**4,78**	2,93
7.4 FULLY DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS		
Profit after tax from continuing operations	**457 496**	243 731
Less: attributable to minority interest	**(10 782)**	(7 723)
Income available to shareholders from continuing operations	**446 714**	236 008
Adjusted weighted average number of shares ('000)	**110 527**	98 056
Fully diluted earnings per share from continuing operations (R)	**4,04**	2,41

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

> FOR THE YEAR ENDED 30 JUNE 2008

	GROUP			
(R'000)	2008		2007	
	Gross	**Net**	Gross	Net
7. EARNINGS PER SHARE continued				
7.5 HEADLINE EARNINGS PER SHARE				
Profit for the year		**418 507**		234 879
Adjusted for:				
	18 610	**20 879**	(9 393)	(6 669)
– Fair value adjustment relating to property, plant and equipment and investment property	**–**	**–**	(9 393)	(6 669)
– Disposal of property, plant and equipment and investment property	**(9 597)**	**(7 328)**	–	–
– Losses on disposal of discontinued operations	**28 207**	**28 207**	–	–
Headline earnings		**439 386**		228 210
Weighted average number of shares ('000)		**93 545**		80 672
Headline earnings per share (R)		**4,70**		2,83
7.6 FULLY DILUTED HEADLINE EARNINGS PER SHARE				
Headline earnings		**439 386**		228 210
Adjusted weighted average number of shares ('000)		**110 527**		98 056
Fully diluted headline earnings per share (R)		**3,98**		2,33
7.7 HEADLINE EARNINGS PER SHARE FROM CONTINUING OPERATIONS				
Income available to shareholders from continuing operations		**446 714**		236 008
Adjusted for headline items		**(7 328)**		(6 669)
Headline earnings from continuing operations		**439 386**		229 339
Weighted average number of shares ('000)		**93 545**		80 672
Headline earnings per share from continuing operations (R)		**4,70**		2,84
7.8 FULLY DILUTED HEADLINE EARNINGS PER SHARE FROM CONTINUING OPERATIONS				
Income available to shareholders from continuing operations		**446 714**		236 008
Adjusted for headline items		**(7 328)**		(6 669)
Headline earnings from continuing operations		**439 386**		229 339
Adjusted weighted average number of shares ('000)		**110 527**		98 056
Fully diluted headline earnings per share from continuing operations (R)		**3,98**		2,34

(R'000)	GROUP 2008	GROUP 2007
8. PROPERTY, PLANT AND EQUIPMENT		
Total property, plant and equipment		
Cost		
At the beginning of the year	**2 289 496**	967 314
Acquisition of subsidiary	**194 318**	987 057
Additions	**449 341**	374 214
Disposals	**(103 564)**	(39 089)
At the end of the year	**2 829 591**	2 289 496
Accumulated depreciation		
At the beginning of the year	**(533 209)**	(454 176)
Current year charge	**(150 791)**	(105 261)
Disposals	**92 176**	26 228
At the end of the year	**(591 824)**	(533 209)
Net book value	**2 237 767**	1 756 287
Owner occupied land and buildings		
Cost		
At the beginning of the year	**52 919**	35 022
Acquisition of subsidiary	**–**	10 755
Additions	**23 078**	7 142
Tranfers from capital work in progress	**7 840**	–
Disposals	**–**	–
At the end of the year	**83 837**	52 919
Accumulated depreciation		
At the beginning of the year	**(20 940)**	(20 269)
Current year charge	**(992)**	(671)
Disposals	**–**	–
At the end of the year	**(21 932)**	(20 940)
Net book value	**61 905**	31 979

A full list of the group's land and buildings is maintained at the registered office.

Mining assets and undeveloped mining resources		
Cost		
At the beginning of the year	**821 104**	–
Acquisition of subsidiary	**159 146**	821 104
Additions	**–**	–
Disposals	**–**	–
At the end of the year	**980 250**	821 104
Accumulated depreciation		
At the beginning of the year	**(6 413)**	–
Current year charge	**(18 395)**	(6 413)
Disposals	**–**	–
At the end of the year	**(24 808)**	(6 413)
Net book value	**955 442**	814 691

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

> FOR THE YEAR ENDED 30 JUNE 2008

(R'000)	GROUP 2008	GROUP 2007
8. PROPERTY, PLANT AND EQUIPMENT continued		
Capital work in progress		
Cost		
At the beginning of the year	**66 099**	5 637
Acquisition of subsidiary	**–**	23 856
Additions	**90 023**	113 442
Transfer to other items of property, plant and equipment	**(96 162)**	(76 836)
At the end of the year	**59 960**	66 099
Factory plant		
Cost		
At the beginning of the year	**197 466**	192 114
Additions	**23 538**	5 352
Tranfers from capital work in progress	**70 341**	–
Disposals	**–**	–
At the end of the year	**291 345**	197 466
Accumulated depreciation		
At the beginning of the year	**(105 326)**	(90 174)
Current year charge	**(24 733)**	(15 152)
Disposals	**–**	–
At the end of the year	**(130 059)**	(105 326)
Net book value	**161 286**	92 140
Mobile plant and vehicles – purchased		
Cost		
At the beginning of the year	**800 499**	357 874
Acquisition of subsidiary	**35 172**	60 648
Additions	**121 611**	267 254
Transfers from leased assets	**–**	114 723
Disposals	**(39 296)**	–
At the end of the year	**917 986**	800 499
Accumulated depreciation		
At the beginning of the year	**(293 693)**	(224 436)
Current year charge	**(43 590)**	(33 475)
Transfers from leased assets	**–**	(35 782)
Disposals	**34 920**	–
At the end of the year	**(302 363)**	(293 693)
Net book value	**615 623**	506 806

(R'000)	GROUP 2008	2007
8. PROPERTY, PLANT AND EQUIPMENT continued		
Mobile plant and vehicles – leased		
Cost		
At the beginning of the year	**170 915**	196 116
Acquisition of subsidiary	**–**	70 695
Additions	**138 059**	18 827
Transfers to purchased assets	**–**	(114 723)
Disposals	**(18 254)**	–
At the end of the year	**290 720**	170 915
Accumulated depreciation		
At the beginning of the year	**(22 368)**	(43 973)
Current year charge	**(15 950)**	(14 176)
Transfers to purchased assets	**–**	35 782
Disposals	**18 254**	–
At the end of the year	**(20 064)**	(22 368)
Net book value	**270 656**	148 548
Computer equipment, software and development costs – purchased		
Cost		
At the beginning of the year	**72 748**	61 572
Additions	**3 422**	14 133
Tranfers from work in progress	**17 981**	–
Disposals	**(2 944)**	(2 957)
At the end of the year	**91 207**	72 748
Accumulated depreciation		
At the beginning of the year	**(17 197)**	(9 523)
Current year charge	**(13 886)**	(10 631)
Disposals	**1 681**	2 957
At the end of the year	**(29 402)**	(17 197)
Net book value	**61 805**	55 551
Computer equipment, software and development costs – leased		
Cost		
At the beginning of the year	**68 323**	85 540
Additions	**31 168**	18 547
Disposals	**(40 045)**	(35 764)
At the end of the year	**59 446**	68 323
Accumulated depreciation		
At the beginning of the year	**(44 481)**	(48 720)
Current year charge	**(20 683)**	(18 664)
Disposals	**34 583**	22 903
At the end of the year	**(30 581)**	(44 481)
Net book value	**28 865**	23 842

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
> FOR THE YEAR ENDED 30 JUNE 2008

(R'000)	GROUP 2008	GROUP 2007
8. PROPERTY, PLANT AND EQUIPMENT continued		
Furniture, fittings and other items – purchased		
Cost		
At the beginning of the year	**39 424**	33 439
Additions	**18 442**	6 353
Disposals	**(3 025)**	(368)
At the end of the year	**54 841**	39 424
Accumulated depreciation		
At the beginning of the year	**(22 792)**	(17 081)
Current year charge	**(12 562)**	(6 079)
Disposals	**2 738**	368
At the end of the year	**(32 616)**	(22 792)
Net book value	**22 225**	16 632
Refer to note 17.1 for details on the total carrying amount of assets encumbered.		
9. INVESTMENT PROPERTY		
Fair value at the beginning of the year	**79 786**	9 656
Additions	**–**	65 333
Fair value adjustment	**–**	9 393
Disposal	**(60 969)**	(4 596)
Fair value at end of year	**18 817**	79 786
Investment properties held on the balance sheet consist of the following:		
30 June		

Name	Description	Cost	2008 R'000	2007 R'000
Peter Place	50% owner of lettable office park in Sandton	5 745	**9 580**	9 580
Sizwe Ntsaluba	100% owner of lettable office park in Sandton	–	**–**	52 000
Sandton Greenoaks	Vacant land in Sandton	9 237	**9 237**	18 206
		14 982	**18 817**	79 786

Valuations are performed to derive market values as defined by International Valuation Standards. Valuations include a review of title deed information, town planning conditions, locality and property improvements. Property vacancy rates in surrounding areas, realised yields on comparative sales as well as micro- and macro-economic conditions pertaining to commercial properties are considered.

Fair values on investment properties have been determined using the capitalisation of income method, whereby net income is capitalised at an appropriate capitalisation rate. Lease information incorporated into the valuations is considered market related. The determination of the capitalisation rate requires the consideration of a number of factors, including current benchmark rates, market transactions on comparable properties in similar areas, current interest rates, long term bond yields with adjustments for location and risk.

Investment property was valued by an independent valuator. The last valuations were performed in July 2007.

9. INVESTMENT PROPERTY continued

A sensitivity analysis has been performed to monitor the effect of changes in vacancy and capitalisation rates on the fair value of investment properties.

The analysis below depicts the effect on profit before taxation assuming changes in vacancy and capitalisation rates on a investment property.

Description (as assessed at 30 June 2008)	Increase/(decrease) in fair value and hence profit before taxation as assessed at 30 June 2008 (R'000)
60% increase in vacancy factor	(148)
60% decrease in vacancy factor	148
7.5% increase in capitalisation factor	(672)
7.5% decrease in capitalisation factor	672

	GROUP	
(R'000)	**2008**	2007
10. GOODWILL		
10.1 NET BOOK VALUE		
– At the beginning of the year	**–**	–
– Additions arising on acquisitions	**24 859**	–
Balance at the end of the year	**24 859**	–
10.2 COST	**24 859**	–
Accumulated impairment	**–**	–
Balance at the end of the year	**24 859**	–
10.3 PER SEGMENT		
– Construction materials	**24 859**	–
There is no unallocated goodwill		
Impairment tests are conducted biannually on goodwill based on calculations of the cash-generating unit to which the goodwill belongs.		
11. INVESTMENT IN ASSOCIATES		
Unlisted associates		
Shares at cost	**10 610**	–
Loan to associates	**1 040**	–
Group's share of retained profits	**1 786**	1 719
	13 436	1 719

The summarised financial information of the group's share in the assets and liabilities, income and expenditure and cash flows are reflected in Annexure 4 on page 242.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
> FOR THE YEAR ENDED 30 JUNE 2008

	GROUP	
(R'000)	2008	2007
12. INVESTMENT IN SERVICE CONCESSIONS		
At fair value	**135 070**	73 928

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

Details of the investments at 30 June 2008 are as follows:

Name of road	Country	Kms	% interest	Concession period	Current status	2008	2007
M5	Hungary	157	3.5	25 years	Construction complete; operational	–	48 251
A1	Poland	90	15	30 years	Construction complete; operations to commence	**31 505**	25 677
M6 (Phase III)	Hungary	78	10	30 years	Construction in progress; operations expected to commence March 2010	**103 565**	–
						135 070	73 928

	2008	2007
The movement in investment in service concessions may be summarised as follows:		
Opening balance at the beginning of the year	**73 928**	59 701
Additions	**77 443**	–
Loans	**5 967**	–
Fair value adjustments through profit and loss	**111 464**	14 227
Disposals	**(133 732)**	–
Closing balance at the end of the year	**135 070**	73 928
The investments in concessions are denominated in the following currencies:		
Hungarian Florent	**103 565**	48 251
Polish Zloty	**31 505**	25 677
Closing balance at the end of the year	**135 070**	73 928

During the year under review the group sold its 3.5% equity interest in the M5 motorway concession for R133,8 million and acquired a 10% equity interest in the M6 Phase III motorway concession, both in Hungary for R77 million.

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. In determining the appropriate discount rate, consideration is given to the stage of completion of the project lifecycle and to the nature of the tolling project (hard toll or availability scheme basis). The applicable risk free rate is then adjusted by market, country and project-related risk premia in determining the applied discount rate.

A sensitivity analysis has been performed to monitor the effect of changes in traffic volume on the fair value of investments in service concessions. An assessment of the effect on profit before taxation, assuming changes in traffic volume, on the fair value of a service concession was performed at 30 June 2008.

The effect, when applying the lowest percentile of traffic flow on the value model, was a decrease in profit before taxation of R2,5 million.

The investment in M6 Phase III fair value represents a true availability payment scheme as it does not take traffic risk.

	GROUP	
(R'000)	2008	2007
13. DEFERRED TAXATION		
Balance at beginning of year	**186 496**	208 470
Arising from acquisitions	**(32 845)**	–
Corporate taxation rate adjustment	**(6 431)**	–
Charge to the income statement	**(23 231)**	(21 974)
Balance at end of year	**123 989**	186 496
The closing balance deferred taxation asset is attributable to the following items:		
Capital allowances	**(58 636)**	(43 063)
Provisions	**36 354**	38 903
Contract allowances	**95 641**	117 583
Estimated tax losses (net of valuation allowances)	**50 630**	73 523
	123 989	186 496
14. INVENTORIES		
Property developments in progress	**155 576**	188 822
Materials on site	**127 529**	1 628
Consumable stores	**40 417**	23 372
Manufacturing finished goods	**75 053**	53 952
Manufacturing work in progress	**10 588**	43 297
Manufacturing materials	**44 713**	17 190
	453 876	328 261
Inventory obsolescence (deducted from carrying value of inventories above)		
Balance at end of year	**2 180**	1 617
No inventories are encumbered	**–**	–
15. CONTRACTS IN PROGRESS		
Costs incurred plus profits recognised, less estimated losses relating to contracts in progress at year-end	**8 109 926**	4 790 288
Progress billings	**(7 531 243)**	(3 878 843)
	578 683	911 445

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

> FOR THE YEAR ENDED 30 JUNE 2008

	GROUP	
(R'000)	2008	2007
16. TRADE AND OTHER RECEIVABLES		
Trade and other receivables include:		
– Contract debtors	**2 727 340**	2 012 527
– Trade debtors	**353 084**	296 396
– Retention debtors	**163 070**	122 129
– Other receivables	**215 296**	159 578
– Prepayments	**212 724**	130 369
– Amounts owing by joint venture partners	**–**	1 898
Less: provision for impairment of trade receivables	**(10 642)**	(7 519)
	3 660 872	2 715 378

The carrying value of the financial instruments approximates their fair value due to the short-term nature of these instruments. (Refer to note 25.4 for details on credit, currency and interest-rate risk.)

All trade receivables and other receivables are recognised initially at fair value and subsequently measured at amortised cost. No contract and trade debtors are encumbered.

Included in the group's trade and contract debtors balance are debtors with a carrying amount of R170 million (2007: R181 million) which are past due at the reporting date for which the group has not provided as there has not been a significant change in the credit quality and the amounts are still considered recoverable. The group does not hold collateral over these balances.

	2008	2007
Analysis of the age of financial assets that are past due but not impaired		
1 month past due	**29 377**	4 171
2 month past due	**16 719**	20 177
3 month past due	**19 323**	32 499
4 month and greater past due	**104 625**	124 339
Total	**170 044**	181 186
Reconciliation of the provision for impairment of trade receivables		
Opening balance	**7 519**	6 987
Charges against the provision	**3 803**	750
Bad debts written off	**(680)**	(218)
Closing balance	**10 642**	7 519

Analysis of impaired trade receivables

Included in the provision for impairment of trade receivables are individually impaired trade receivables with a balance of R11,2 million (2007: R7,7 million). The impairment recognised represents the difference between the carrying value of these trade receivables and the present value of any expected collections. All impairment amounts incurred during the year are charged to the income statement and recorded with operating costs.

	2008	2007
Gross value of trade receivables that have been individually impaired	**11 244**	7 698
Less: impairment loss against these trade receivables	**(10 642)**	(7 519)
	602	179

(R'000)	GROUP 2008	GROUP 2007
16. TRADE AND OTHER RECEIVABLES continued		
Ageing of gross value of trade receivables that have been individually impaired		
1 month past due	**481**	51
2 months past due	**847**	408
3 months past due	**5 186**	2 879
4 months and greater past due	**4 730**	4 360
	11 244	7 698
Carrying amount per currency		
The carrying amounts of the group's trade and other receivables are denominated in the following currencies;		
South African Rand	**2 013 520**	1 204 088
US Dollars	**359 174**	309 479
United Arab Emirates Dirham/Jordanian Dinar	**952 461**	688 995
Other	**335 717**	512 816
	3 660 872	2 715 378
17. BORROWINGS		
17.1 INTEREST-BEARING BORROWINGS		
Unsecured bonds (note 17.2)	**775 248**	815 690
Secured loans bearing interest at rates ranging from 10.5% to 14.5% per annum	**321 370**	141 712
Unsecured loans bearing interest at rates ranging from 8% to 13% per annum	**78 046**	7 364
	1 174 664	964 766
Less: current portion disclosed on face of balance sheet	**(150 927)**	(62 291)
	1 023 737	902 475
Secured loans are secured over:		
Mobile plant, vehicles and computer equipment with a net book value of	**318 945**	148 548
Repayable during the years ending 30 June		
2008	**–**	62 291
2009	**150 927**	32 762
2010	**360 685**	304 973
2011	**65 078**	26 779
2012	**529 509**	537 961
2013	**68 465**	–
	1 174 664	964 766

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

> FOR THE YEAR ENDED 30 JUNE 2008

	Less than one year	Between one and five years	Total
17. BORROWINGS continued			
17.1 INTEREST-BEARING BORROWINGS continued			
2008			
Minimum lease payments	**117 413**	**297 405**	**414 818**
Lease finance charges	**(32 177)**	**(61 361)**	**(93 538)**
	85 236	**236 044**	**321 280**
2007			
Minimum lease payments	66 891	116 075	182 966
Lease finance charges	(11 972)	(22 308)	(34 280)
	54 919	93 767	148 686

17.2 UNSECURED BONDS

The unsecured bonds, issued on 27 February 2007, comprise bonds issued under the BESA-listed DMTN programme as follows:

- R300 million, three-year 9.05% fixed interest rate payable semi-annually
- R550 million, five-year, 9.20% fixed interest rate payable semi-annually

17.3 FAIR VALUE OF BORROWINGS

The carrying amount of current borrowings is a reasonable approximation of the fair value. The carrying amounts and fair value of the non-current borrowings are as follows:

	Carrying amount		Fair value	
	2008	2007	**2008**	2007
Unsecured bonds	**766 263**	808 668	**766 263**	808 668
Secured loans	**236 045**	93 392	**236 045**	93 392
Unsecured loans	**21 429**	415	**21 429**	415
	1 023 737	902 475	**1 023 737**	902 475

17.4 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 R501 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 the houses.

The investment in the finance lease by the group of R501 million at 30 June 2008 and the amount due to Nedbank of R501 million at 30 June 2008 have thus been derecognised for disclosure purposes. This is in accordance with IAS 33 – "Financial Instruments – Presentation and Disclosure" as there is a legally enforceable right to set off the amounts and it is the group's intention to settle any amounts due to Nedbank on a net basis, or to sell the houses and settle the liability simultaneously.

(R'000)	GROUP 2008 ASSETS	2008 LIABILITIES	2007 ASSETS	2007 LIABILITIES
18. DERIVATIVE FINANCIAL INSTRUMENTS				
18.1 DERIVATIVES DESIGNATED AS A HEDGE				
Total interest rate swaps – fair value hedges	–	**84 830**	–	41 675
Less: non-current portion: interest rate swaps – fair value hedges	–	**(84 830)**	–	(41 675)
Current portion: Interest rate swaps – fair value hedges	–	–	–	–
The ineffective portion recognised in profit or loss that arises from fair value hedges amounted to a loss of R750k (2007: R343k).				
18.2 DERIVATIVES CLASSIFIED AS HELD FOR TRADING WITH FAIR VALUE THROUGH PROFIT AND LOSS				
Total forward foreign exchange contracts – held for trading	**30 804**	**15 724**	–	–
Less: non-current portion: forward foreign exchange contracts – held for trading	**(15 023)**	–	–	–
Current portion: forward foreign exchange contracts – held for trading	**15 781**	**15 724**	–	–

(R'000)	GROUP 2008	2007
19. PROVISION FOR ENVIRONMENTAL REHABILITATION		
At 1 July	**30 245**	16 729
Charged to the income statement	**1 847**	1 022
Unwinding of discount	**2 567**	1 420
Used during the year/released from provisions	**(6 760)**	(8 926)
Purchased on acquisition	**15 000**	20 000
At 30 June	**42 899**	30 245

The environmental rehabilitation provision consists of R7,9 million (2007: R10,2 million) related to the final closing of asbestos waste dumps at Everite and R35 million (2007: R20,0 million) relating to the closure costs of the Ekurhuleni, Zimbiwa aggregate quarries and Sky Sands quarry. A guarantee of R22 million has been provided to the Department of Minerals and Energy for future rehabilitation relating to the quarries. A discount rate of 8.5% and an inflation rate of 6% were used in the calculation of the estimated net present value of certain of the rehabilitation liabilities.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

> FOR THE YEAR ENDED 30 JUNE 2008

(R'000)	GROUP 2008	GROUP 2007
20. TRADE AND OTHER PAYABLES		
Trade and other payables include:		
– Accrued expenses	**1 695 968**	1 566 745
– Advance payments received	**1 547 570**	505 180
– Trade and other creditors	**607 128**	305 145
– Sub-contractor creditors	**404 198**	189 573
– Retention creditors	**195 387**	169 191
– Amount owing to joint venture partners	**187 781**	–
	4 638 032	2 735 834

The carrying value of the financial instruments approximates their fair value due to the short-term nature of these instruments. (Refer to note 25.4 for details on currency and interest rate risk.)

21. PROVISION FOR LIABILITIES AND CHARGES

	Contract provisions	Sundry provisions	Total
Balance at 30 June 2006	9 506	70	**9 576**
Charged to income statement	75 076	34 640	**109 716**
Provision utilised/reversed	(18 433)	(33 628)	**(52 061)**
Balance at 30 June 2007	66 149	1 082	**67 231**
Charged to income statement	35 882	22 048	**57 930**
Provision utilised/reversed	(75 992)	(8 321)	**(84 313)**
Balance at 30 June 2008	26 039	14 809	**40 848**

Contract provisions:
Contract provisions include amounts accrued for sub-contractor estimated billings for which no certification has taken place.

Sundry provisions:
Sundry provisions consist mainly of amounts accrued for costs incurred during contract maintenance periods.

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

(R'000)	GROUP 2008	GROUP 2007
22. EMPLOYEE BENEFITS		
22.1 STAFF COSTS		
Wages and salaries	**1 418 386**	1 296 573
Cost of share options	**17 471**	9 721
Pension costs – defined contribution plans (including industry plans)	**68 384**	55 526
Pension costs – defined benefit plan (income)/expense	**(14 714)**	(44 007)
Service cost	**10 088**	9 142
Interest cost	**89 624**	64 135
Return on plan assets	**(114 426)**	(117 284)
	1 489 527	1 317 813

Average number of persons employed by the group during the year:	Number	Number
Full-time	**7 306**	5 885
Part-time	**6 147**	8 043
	13 453	13 928
South Africa	**8 829**	8 780
Over-border	**4 624**	5 148
	13 453	13 928

22.2 PENSION SCHEME

The latest actuarial valuation of the group's defined benefit plan was carried out in March 2008 and was considered by the actuaries to be in a sound financial condition.

22.2(i) A summary of the valuation is presented below:	R'000	R'000
Present value of funded obligations	**(1 179 823)**	(1 146 920)
Fair value of plan assets	**1 279 479**	1 267 600
Surplus	**99 656**	120 680

	%	%
The principal assumptions used for accounting purposes were as follows:		
Mortality tables	**PA(90)**	PA(90)
Discount rate	**9.25**	8.0
Expected return on assets	**9.7**	8.5
Future salary increases	**7.75**(1)	6.0
Future pension increases	**4.0**	2.9

(1) Salary increases at 7.75 p.a. but an increase of 10% for first year

The legally required surplus apportionment exercise was carried out as at 29 February 2004. The results of the actuarial valuation at that date disclosed a surplus of approximately R47 million. In addition, the valuation disclosed that the group was required to pay an amount of approximately R6 million in terms of "improper use", which amount has been fully accounted for. The rules of the fund have been amended to provide that additional surplus arising after the surplus valuation date are for the account of the group as are any future deficits. This additional surplus arising of R22,9 million (2007: R46,5 million) has been credited to the income statement.

The difference in asset recognised compared to the value of R99million is due to the application of IAS 19 para 58 limit.

IFRIC Interpretation 14 provides guidance on how to assess the limit in IAS 19 on the amount of pension fund surplus that can be recognised as an asset, specifically in respect of statutory or contractual minimum funding requirements. The interpretation's requirements have been considered and applied in determining the pension fund surplus calculated as part of the Fund's statutory actuarial valuation.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

> FOR THE YEAR ENDED 30 JUNE 2008

	GROUP	
(R'000)	2008	2007
22. EMPLOYEE BENEFITS continued		
22.2 PENSION SCHEME continued		
22.2(i) A summary of the valuation is presented below: continued		
The plans assets are currently hedged with exposure to the ALBI and the SWIX. The hedge expired in October 2008 where after the Fund will revise its long term investment strategy.		
The expected rate of return is determined on the basis of assuming a typical funds long term investment strategy of 10% cash, 20% bonds and 70% investment in equities.		
22.2(ii) A reconciliation of the opening and closing balances of plan assets		
Opening value: 1 April	**1 267 600**	1 113 913
– Employee contributions	**4 712**	4 822
– Company contributions	**6 513**	6 365
– Benefit payments	**(66 136)**	(60 124)
– Expected returns (8.5% per annum)	**105 337**	103 426
– Expenses	**(2 944)**	(2 676)
– Actuarial gain/(loss) for the year(1)	**(35 603)**	101 874
Closing value: 30 March	**1 279 479**	1 267 600
(1) An actuarial loss arose during the year mainly due to the actual investment return of about 5.3% being lower than the expected investment return of 8.5%		
22.2(iii) Reconciliation of the opening and closing balances of defined benefit obligations		
Projected benefit obligation (PBO): 1 April	**1 146 920**	806 758
– Service cost	**10 088**	9 142
– Employee contributions	**4 712**	4 822
– Benefit payments	**(66 136)**	(60 124)
– Interest cost (8.0% per annum)	**89 624**	74 375
– Expenses	**(2 944)**	(2 676)
– Actuarial gain/(loss) for the year	**(2 441)**	314 623
Projected benefit obligation (PBO): 30 March	**1 179 823**	1 146 920
22.2(iv) Plan assets and defined benefit obligation by category		
Assets		
– Market value	**1 279 479**	1 267 600
Active member liabilities:		
– Active members	**263 412**	235 015
Pensioner liabilities:		
– Pensioners	**613 668**	693 848
– Notional Pensioner Account	**206 725**	126 865
	820 393	820 713
SAE surplus (surplus as at 29 February 2004 to be apportioned)	**96 018**	91 192
Total liabilities	**1 179 823**	1 146 920
Surplus	**99 656**	120 680
Funding level	**108.4%**	110.5%

(R'000)	GROUP 2008	GROUP 2007
22. EMPLOYEE BENEFITS continued		
22.2 PENSION SCHEME continued		
22.2(v) Net periodic pension cost		
Service cost (net of employee contribution)	**10 088**	9 142
Interest cost	**89 624**	74 375
Expected return on assets	**(105 337)**	(103 426)
Recognition of actuarial (gain)/loss	**33 162**	212 749
Net periodic pension cost	**27 537**	192 840
22.2(vi) Balance sheet disclosure		
Projected benefit obligation (PBO)	**1 179 823**	1 146 920
Market value of assets: 31 March	**1 279 479**	1 267 600
Status of fund: under/(over) funding	**(99 656)**	(120 680)
Liability/(assets)	**(99 656)**	(120 680)
Paragraph 58 limit	**(84 415)**	(61 516)
Unrecognised due to paragraph 58 limit	**(15 241)**	(59 164)
Liability/(asset) recognised	**(84 415)**	(61 516)
Recognised liability/(asset): 1 April	**(61 516)**	(15 000)
Net periodic pension cost	**27 537**	192 840
Company contributions	**(6 513)**	(6 365)
Change in paragraph 58 unrecognised asset/(liability)	**(43 923)**	(232 991)
Recognised liability/(asset): 31 March	**(84 415)**	(61 516)
22.3 PROVISION FOR EMPLOYMENT OBLIGATIONS	**21 483**	22 227
The group's accrual for post-employment medical obligations of R21,5 million (2007: R22,2 million), 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. Key actuarial assumptions used were:		
Discount rate %	**9.25**	8.5
Mortality table	**PA(90)**	a(55)
Future salary increases %	**7.75**	5.25

22. EMPLOYEE BENEFITS continued

22.4 EMPLOYEE SHARE OPTION SCHEMES

22.4.1 The Black Management Scheme (3.2% of enlarged share capital)

The purpose of the scheme is to give effect to one of the group's broad-based black economic empowerment objectives, by encouraging black employees within the group, that are employed at management level (being Peromnes Grade 8 and higher or the equivalent from time to time), to remain in the employment of the group and to promote the continued growth of the group by giving such employees, including future employees, an opportunity to acquire shares.

Group Five provided the Black Management Trust with a loan to enable the Black Management Trust to subscribe for 3 791 109 Group Five shares at a price of R16,03 per share. Annual interest on the loan equates to the lesser of dividends received from Group Five shares and the South African prime overdraft rate. Allocations, at the discretion of the board remuneration committee, are made from time to time to earmarked black managers that do not participate in the New Management Incentive Scheme.

The Black Management Trust will utilise all the dividends received on the shares to settle any expenses (ie audit fees and bank charges) and to service any outstanding funding obligations owed to Group Five. To the extent that surplus cash exists in the Black Management Trust, the trustees will be entitled to distribute the surplus cash to the beneficiaries.

The vesting of shares takes place on the following basis:

- on the 2nd anniversary of the date on which shares were allocated to the beneficiary, 33.3% of the shares will vest;
- on the 3rd anniversary of such date, so many additional shares as represent 33.3% of the shares, allocated to the beneficiary will vest; and
- on the 4th anniversary of such date, the balance of the shares will vest

A person will cease to be a beneficiary upon:

- ceasing to be an employee of the company within the group, either at all or at least at a management level, other than as a result of retrenchment, unlawful dismissal, constructive dismissal by the employer, disablement, death or retirement in accordance with normal retirement policies of the group; or
- share ownership vesting occurring in respect of such beneficiary's allocated shares; or
- share ownership vesting no longer being available in terms of the scheme in respect of any of such beneficiary's allocated shares.

The initial beneficiaries have appointed two employee management trustees. In addition, an independent trustee has been appointed. The trustees will from time to time vote the allocated shares of a beneficiary in accordance with the directions of that beneficiary. Unallocated shares will be voted by the trustees as they consider to be in the best interests of future beneficiaries.

22.4.2 The Broad-based Scheme (0.5% of enlarged capital)

The beneficiaries of the Broad-based Scheme were all of the permanent employees employed by the group in its wholly-owned subsidiaries, of all races according to a predetermined level (below Peromnes Grade 8) with a minimum of one year's service at 1 October 2005. More than 90% of the participants of the Broad-based Scheme were black. Staff joining Group Five after the allocation date do not participate in the Broad-based Scheme.

Group Five issued 575 000 Group Five shares equally to 3 969 employees at no consideration on 1 October 2005.

Beneficiaries of the Broad-based Scheme are to be paid the total dividends in respect of the shares held by them and will be entitled to exercise the voting rights in respect of the Group Five shares held by them. Participants may, however, not dispose of or encumber the Group Five shares held by them prior to the 5th anniversary of the date of issue of such Group Five shares awarded to them, and such shares are accordingly pledged to Group Five as security for such non-disposal and non-encumbrance obligations, until such 5th anniversary has elapsed. There are no other conditions attaching to participation in the Broad-based Scheme.

A minimum of two senior black managers have been selected by the beneficiaries of the Broad-based Scheme to administer the voting of the beneficiaries' shares in accordance with instructions received from each beneficiary in respect of their shares.

22. EMPLOYEE BENEFITS continued

22.4 EMPLOYEE SHARE OPTION SCHEMES continued

22.4.3 New Management Incentive Scheme

During the year ended 30 June 2006, developments in the regulatory environment and best practice in local and global share schemes required a review of the Group Five Share Incentive Scheme. The board remuneration committee, with the assistance of independent advisors determined that the scheme in place at that date was no longer effective.

In line with global best practice and emerging South Africa practice, the board remuneration committee and the board of directors recommended the adoption of a scheme, with effect from 1 October 2005, based on equity-settled share appreciation rights (SAR). The New Management Incentive Scheme has the advantages of simpler mechanics, it optimises the tax position of the company and the employee and is easier to administer. The previous Group Five Share Incentive Scheme, which operates as an option scheme will remain in place for options granted under this scheme, until such time as these options are exercised or lapse.

Under this New Management Incentive Scheme employees of the group are awarded rights to receive shares in the company based on the value of these awards. Employees, as selected by the board remuneration committee, receive grants of SARs. These rights to receive shares equal to the value of the difference between the exercise price and the SAR grant price. The SAR grant price is calculated at the 30-day VWAP prior to the grant with no discount. After vesting, the SAR will become exercisable. Upon exercise by a beneficiary, the company will settle the value of the difference between the exercise price and the SAR grant price, by the delivery of Group Five shares. Group Five may withhold any amounts or make such arrangements as are necessary to meet any liability to taxation or any other liabilities in respect of the SAR grants. The arrangements may include the sale of shares on behalf of the beneficiaries and the use of the proceeds of the sale to meet such liability, or the reduction of the number of shares to which the beneficiaries would otherwise be entitled.

The intention of the New Management Incentive Scheme is to purchase Group Five shares in the market to settle the Scheme's benefits, so the New Management Incentive Scheme will not be as dilutive as normal share option schemes. The company will retain the right to issue new shares at its election, in order to mitigate against the risk of sudden fluctuations in the share price, which could be disruptive to the orderly trade of Group Five shares in the market. The company will be limited to issuing no more than 15% of the company's shares in settlement of benefits of all company share schemes over any ten-year period.

The New Management Incentive Scheme was introduced to replace the current Group Five Share Incentive Scheme over time. The sizing of the aggregate incentive schemes and their salient features, are set out in the table below:

	Previous scheme	New scheme
Maximum number of shares available to the Scheme	11 036 000*	11 036 000*
As a percentage of current shares issued	15%	15%
Maximum number of unexercised shares available to individuals	1 500 000	1 500 000
Discount to market value on date of option/SAR	15%	Nil**
Vesting period	2 years – 50%	2 years – 33.3%
	3 years – 75%	3 years – 66.6%
	4 years – 100%	4 years – 100%
Lapsing period	10 years	7 years

* *At no time will the aggregate number of shares available to both schemes exceed 11 036 000*
** *Calculated at a 30-day VWAP prior to date of grant*

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

> FOR THE YEAR ENDED 30 JUNE 2008

22. EMPLOYEE BENEFITS continued

22.4 EMPLOYEE SHARE OPTION SCHEMES continued

22.4.3 New Management Incentive Scheme continued

Share option activity during the year was as follows:

	New Management Incentive Scheme Number	Price R	Previous Share Option Scheme Number	Price R	Black Management Scheme Number	Price R	Broad-based Scheme Number	Price R
Balance as at 30 June 2006	1 170 000	23,67	2 966 400	8,61	1 790 000	16,03	575	–
New shares granted and accepted	3 225 000	30,21	–	–	–	–	–	–
Shared paid for/lapsed	(1 295 000)	30,02	(1 825 875)	6,95	(450 000)	16,03	–	–
Balance at 30 June 2007	3 100 000	27,93	1 140 525	9,44	1 340 000	16,03	575	–
New shares granted and accepted	3 169 000	52,07	–	–	1 098 000	16,03	–	–
Shares paid for/lapsed	(426 200)	31,73	(638 875)	7,95	(817 000)	16,03	–	–
Balance at 30 June 2008	5 842 800	40,75	501 650	11,29	1 621 000	16,03	575	–
Number of shares vested and exercisable at 30 June 2008	–	–	–	–	–	–	n/a	n/a

	Total R'000	R'000	R'000	R'000	R'000
Cost of share options – year ended 30 June 2007	9 721	7 414	743	1 564	–
Cost of share options – year ended 30 June 2008	17 471	14 773	193	2 505	–

The cost of share appreciation rights issued during the year ended 30 June 2008 were costed using a Black-Scholes option model and using the following factors:

• 30-day VWAP share price/exercise price R	18,56 – 54,81
• volatility	24% – 33%
• risk free interest rate	7.2% – 9.2%

(R'000)	GROUP 2008	GROUP 2007
23. RELATED PARTY TRANSACTIONS		
23.1 DIRECTORS' AND SENIOR MANAGEMENT EMOLUMENTS		
Executive directors (refer table on page 47 for individual details)		
For management services, excluding incentives	**2 814**	5 263
Performance incentives	**14 685**	10 444
	17 499	15 707
Paid by subsidiaries	**(17 499)**	(15 707)
	–	–
Non-executive directors (refer table on page 46 for individual details)		
Directors' fees, other fees and expenses	**1 559**	1 325
Paid by subsidiaries	**(1 379)**	(1 278)
	180	47
Executive committee members (Exco) (excluding executive directors)		
For management services	**11 675**	7 884
Performance incentives	**11 630**	12 479
Paid by subsidiaries	**(23 305)**	(20 363)
	–	–
Management committee members (Manco) (excluding Exco members)		
For management services	**19 494**	14 624
Performance incentives	**16 829**	9 816
Paid by subsidiaries	**(36 323)**	(24 440)
	–	–

23.2 TRANSACTIONS WITH SHAREHOLDER (ENTERPRISE DEVELOPMENT)

The construction industry together with the South African government realised, in the drafting of the Construction Charter, the distinct lack of capacity in the sector across levels and disciplines. The enterprise development section of the Charter was designed to correct this weakness arising from decades of under investment in capital projects as well as providing an opportunity to correct the imbalances of the past, particularly with regard to the participation of women.

Enterprise development must be clearly distinguished from joint ventures, which involve a sharing of risk and resource to achieve a common goal of making profit. Enterprise development, as defined in the Charter, is the development of majority black-owned enterprises through investment, mentoring, skills development and systems transfer.

In addition to various joint ventures, Group Five has entered into a formal signed agreement with iLima Group.

In terms of this agreement, the following arrangements have been put in place during the current year:

Management and Project support

- Group Five has directly assisted and worked with iLima on a number of their contracts, and in certain instances has undertaken some of the required works when requested to do so by iLima.
- Group Five has provided tendering and contractual support on a required basis.
- The companies have jointly reviewed the major secured iLima contracts and Group Five has provided guidance on relevant works execution.
- The companies have regular operational review meetings at which iLima's contracts are discussed and where further opportunities for co-operation are explored and agreed.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

> FOR THE YEAR ENDED 30 JUNE 2008

23. RELATED PARTY TRANSACTIONS continued

23.2 TRANSACTIONS WITH SHAREHOLDER (ENTERPRISE DEVELOPMENT) continued

Establishment of administrative systems:

- Group Five has made available to iLima R141 million worth of bonds and guarantees, which has allowed them to significantly grow their order book.
- iLima leases various items required on some of their contracts from Group Five's plant business for which rentals are charged at market-related rates.
- Group Five has assisted iLima in procuring materials.
- Direct financial assistance has been provided to iLima Group (Pty) Ltd. The total capital amount outstanding on loans due by iLima Group (Pty) Ltd to the group as at 30 June 2008 amounts to R60 million.

	GROUP	
(R'000)	2008	2007
24. COMMITMENTS AND CONTINGENCIES		
Fixed asset commitments		
Contracts placed	**33 383**	2 967
Capital expenditure approved by directors but not placed at 30 June	**268 261**	231 618
	301 644	234 585
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	**34 794**	22 032
Later than 1 year and not later than 5 years	**96 839**	83 167
Later than 5 years	**41 261**	52 801
	172 894	158 000
Guarantees		
Total financial institution-backed guarantees provided to third parties on behalf of subsidiary companies amounted to R6 428 million (2007: R2 375 million). The directors do not believe any exposure to loss is likely. Total facilities in this regard amount to R9 055 million (2007: R5 381 million).		
The issued guarantees have the following expiry dates:		
Not later than 1 year	**4 485**	1 574
Later than 1 year and not later than 5 years	**1 926**	782
Later than 5 years	**17**	19
	6 428	2 375

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.

25. FINANCIAL INSTRUMENTS

Financial instruments carried on the balance sheet include cash and cash equivalents (as defined), short-term borrowings, investments in service concessions, trade and other receivables, trade and other payables, interest bearing borrowings and derivative financial instruments.

25.1 FINANCIAL RISK MANAGEMENT OBJECTIVES

Introduction

The group has a risk management and central treasury function that manages the financial risks relating to the group's operations. The group's liquidity, credit, foreign currency, price and interest rate risk are continuously monitored. The group has developed a comprehensive risk management process to facilitate, control and monitor these risks. This process includes formal documentation of policies, including limits, controls and reporting structures. The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance. The group makes use of derivative financial instruments to hedge certain risk exposures in certain circumstances.

In the course of the group's business operations it is exposed to financial risk relating to liquidity, credit, foreign currency, price and interest rate risk. Risk management relating to each of this risk is detailed below.

Controlling risk in the Group

The Executive Committee (Exco) and the Management Committee (Manco) are responsible for risk management activities within the Group. Exco meets monthly to review market trends and develop strategies. Treasury is responsible for monitoring currency, interest rate and liquidity risk under the policies approved by the board of directors. Group treasury identifies, evaluates and hedges financial risks in close-co-operation with the group's operating business units. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, and credit risk, use of derivative financial instruments and non-derivative financial instruments, and investments in excess liquidity.

25.2 CAPITAL RISK MANAGEMENT

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The group monitors capital on the basis of a gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total interest bearing borrowings less cash and cash equivalents. Total equity is as shown in the consolidated balance sheet.

During 2008, the group's strategy, which was unchanged from F2007, was to maintain the gearing ratio within 33%. The gearing ratio at 30 June 2008 and 2007 were as follows:

	GROUP	
	2008	2007
Total interest bearing borrowings including overdrafts	**1 458 318**	1 265 786
Less: cash on hand	**(1 835 813)**	(670 507)
Net debt	**(377 495)**	595 279
Total equity	**2 006 664**	1 612 587
Gearing ratio	**–**	36.9%

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

> FOR THE YEAR ENDED 30 JUNE 2008

25. FINANCIAL INSTRUMENTS continued

25.3 CATEGORIES OF FINANCIAL INSTRUMENTS

The accounting policies for financial instruments have been applied to the line items below:

30 June 2008	Loans and receivables	Financial assets at fair value through profit and loss designated as such	Financial assets at fair value through profit and loss held for trading	Derivatives used for hedging	Total
Assets as per the balance sheet					
Investment in service concessions:	–	**135 070**	–	–	**135 070**
Derivative financial instruments – financial assets held for trading	–	–	**30 804**	–	**30 804**
Derivative financial instruments – designated as a hedge	–	–	–	–	–
Trade and other receivables	**3 660 872**	–	–	–	**3 660 872**
Cash and cash equivalents	**1 835 813**	–	–	–	**1 835 813**
	5 496 685	**135 070**	**30 804**	–	**5 662 559**

	Financial liabilities at amortised cost	Financial liabilities held for trading	Derivatives used for hedging	Total
Liabilities as per balance sheet				
Interest bearing borrowings	**1 023 737**	–	–	**1 023 737**
Derivative financial instruments – financial liabilities held for trading	–	**15 724**	–	**15 724**
Derivative financial instruments – designated as a hedge	–	–	**84 830**	**84 830**
Excess billings over work done	**969 912**	–	–	**969 912**
Trade and other payables	**4 638 032**	–	–	**4 638 032**
Current portion of long term interest bearing borrowings	**150 927**	–	–	**150 927**
Short term borrowings	**187 225**	–	–	**187 225**
Bank overdrafts	**11 599**	–	–	**11 599**
	6 981 432	**15 724**	**84 830**	**7 081 986**

25. FINANCIAL INSTRUMENTS continued

25.3 CATEGORIES OF FINANCIAL INSTRUMENTS continued

30 June 2007	Loans and receivables	Financial assets at fair value through profit and loss designated as such	Financial assets at fair value through profit and loss held for trading	Derivatives used for hedging	Total
Assets as per the balance sheet					
Investment in service concessions:	–	73 928	–	–	73 928
Derivative financial instruments – financial assets held for trading	–	–	–	–	–
Derivative financial instruments – designated as a hedge	–	–	–	–	–
Trade and other receivables	2 715 378	–	–	–	2 715 378
Cash and cash equivalents	670 507	–	–	–	670 507
	3 385 885	73 928	–	–	3 459 813

	Financial liabilities at amortised cost	Financial liabilities held for trading	Derivatives used for hedging	Total
Liabilities as per balance sheet				
Interest bearing borrowings	902 475	–	–	902 475
Derivative financial instruments – financial liabilities held for trading	–	–	–	–
Derivative financial instruments – designated as a hedge	–	–	41 675	41 675
Excess billings over work done	1 089 305	–	–	1 089 305
Trade and other payables	2 735 834	–	–	2 735 834
Current portion of long term interest bearing borrowings	62 291	–	–	62 291
Short term borrowings	217 571	–	–	217 571
Bank overdrafts	41 774	–	–	41 774
	5 049 250	–	41 675	5 090 925

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

> FOR THE YEAR ENDED 30 JUNE 2008

25. FINANCIAL INSTRUMENTS continued

25.4 FINANCIAL RISK FACTORS

Market risk

Foreign exchange risk

The group, through foreign entities, conducts 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 exposures for either purchase or sale transactions through the use of foreign currency forward exchange contracts. Foreign dominated construction contracts entered into are primarily US Dollar-based in terms of revenue and cost. Currency exposure arising from the net assets of the group's foreign operations is managed primarily through settling of liabilities in the relevant currencies. One foreign currency forward exchange contracts was entered into during the current year.

The carrying amount of the group's foreign currency denominated monetary assets and liabilities at balance sheet date is as follows:

30 June 2008	South African Rand	US Dollar	Utd. Arab Emir Dirham/ Jordanian Dinar	Other	Total
Assets as per the balance sheet					
Investment in service concessions: financial assets designated as fair value through profit and loss	–	–	–	135 070	135 070
Derivative financial instruments – financial assets held for trading	30 804	–	–	–	30 804
Derivative financial instruments – designated as a hedge	–	–	–	–	–
Trade and other receivables	2 013 520	359 174	952 461	335 717	3 660 872
Cash and cash equivalents	1 233 937	110 713	284 098	207 065	1 835 813
	3 278 261	469 887	1 236 559	677 852	5 662 559
Liabilities as per the balance sheet					
Interest bearing borrowings	1 002 328	–	–	21 409	1 023 737
Derivative financial instruments – financial liabilities held for trading	15 724	–	–	–	15 724
Derivative financial instruments – designated as a hedge	84 830	–	–	–	84 830
Excess billings over work performed	839 359	76 233	–	54 320	969 912
Trade and other payables	2 650 842	330 789	1 180 728	475 673	4 638 032
Current portion of long term interest bearing borrowings	94 617	–	–	56 310	150 927
Short term borrowings	187 225	–	–		187 225
Bank overdrafts				11 599	11 599
	4 874 925	407 022	1 180 728	619 311	7 081 986

25. FINANCIAL INSTRUMENTS continued

25.4 FINANCIAL RISK FACTORS continued

30 June 2007	South African Rand	US Dollar	Utd. Arab Emir Dirham/ Jordanian Dinar	Other	Total
Assets as per the balance sheet					
Investment in service concessions: financial assets designated as fair value through profit and loss	–	–	–	73 928	73 928
Derivative financial instruments – financial assets held for trading	–	–	–	–	–
Derivative financial instruments – designated as a hedge	–	–	–	–	–
Trade and other receivables	1 204 088	309 479	688 995	512 816	2 715 378
Cash and cash equivalents	348 190	150 152	77 960	94 205	670 507
	1 552 278	459 631	766 955	680 949	3 459 813
Liabilities as per the balance sheet					
Interest bearing borrowings	902 475	–	–	–	902 475
Derivative financial instruments – financial liabilities held for trading	–	–	–	–	–
Derivative financial instruments – designated as a hedge	41 675	–	–	–	41 675
Excess billing over work performed	243 409	88 976	661 570	95 349	1 089 305
Trade and other payables	1 354 460	294 059	605 275	482 040	2 735 834
Current portion of long term interest bearing borrowings	62 291	–	–	–	62 291
Short term borrowings	209 352	–	8 219	–	217 571
Bank overdrafts	–	–	41 117	657	41 774
	2 813 662	383 035	1 316 181	578 047	5 090 925

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

> FOR THE YEAR ENDED 30 JUNE 2008

25. FINANCIAL INSTRUMENTS continued

25.4 FINANCIAL RISK FACTORS continued

Sensitivity analyses have been performed to monitor the financial effect of changes in foreign exchange rates. The analysis below depicts the effect on profit before taxation should the exchange rate strenghten or weaken by 10% based on the assets and liabilities at reporting date:

As at 30 June 2008	Change in exchange rate	Weakening in functional currency resulting in an increase/(decrease) in profit before taxation (R'000)	Strengthening in functional currency resulting in an increase/(decrease) in profit before taxation (R'000)
Net movement		**11 989**	**(11 989)**
Current Assests		**223 763**	**(223 763)**
Denominated: functional currency			
ZAR: USD	10%	**46 989**	**(46 989)**
ZAR: UAE	10%	**123 656**	**(123 656)**
ZAR: OTHER	10%	**53 118**	**(53 118)**
Current Liabilities		**(211 774)**	**211 774**
Denominated: functional currency			
ZAR: USD	10%	**(40 702)**	**40 702**
ZAR: UAE	10%	**(118 073)**	**118 073**
ZAR: OTHER	10%	**(52 999)**	**52 999**
As at 30 June 2007			
Net movement		(43 544)	43 544
Current Assests		179 183	(179 183)
Denominated: functional currency			
ZAR: USD	10%	45 963	(45 963)
ZAR: UAE	10%	72 584	(72 584)
ZAR: OTHER	10%	60 636	(60 636)
Current Liabilities		(222 727)	222 727
Denominated: functional currency			
ZAR: USD	10%	(38 303)	38 303
ZAR: UAE	10%	(126 685)	126 685
ZAR: OTHER	10%	(57 739)	57 739

25. FINANCIAL INSTRUMENTS continued

25.4 FINANCIAL RISK FACTORS continued

Cash flow and fair value interest rate risk

Interest rate risk

The group is exposed to interest rate risk through its cash and cash equivalents and interest-bearing short and 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.

With the issuance of the fixed rate unsecured bonds as described in note 17.2, the group decided to enter into a fixed to floating interest rate swap to hedge the fair value of the fixed rate bond debt. Details of the swaps are:

	Interest rate swap no 1	Interest rate swap no 2
Notional amount (R million)	300	550
Start date	27 Feb 2007	27 Feb 2007
End date	26 Feb 2010	26 Feb 2012
Group Five pays	3-month JIBAR+ 52 basis points nacq (paid quarterly)	3-month JIBAR+ 93 basis points nacq (paid quarterly)
Group Five receives	9.05% nacs	9.20% nacs

A sensitivity analysis has been performed to monitor the effect of changes in interest rates.

The analysis below depicts the effect on profit before taxation assuming changes in interest rates

Description As assessed at 30 June 2008	Decrease in rate resulting in an increase/ (decrease) in profit before taxation (R'000)	Increase in rate resulting in an increase/ (decrease) in profit before taxation (R'000)
Assuming a 1% movement in JIBAR Rate	8 500	(8 500)
Assuming a 1% movement in South African Prime Borrowing Interest Rate	3 200	(3 200)

Credit risk

Credit risk is the risk of suffering financial loss should any of the group's counterparties fail to fulfil their contractual obligations.

Financial instruments which potentially subject the group to concentrations of credit risk are primarily cash and cash equivalents as well as 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, Dubai and Eastern Europe. The majority of the customers are concentrated in the industrial, resource, financial institution and public sectors. The group establishes a provision for impairment based upon factors surrounding the credit risk of specific customers, historical trends and other information.

For trade debtors, estimates are determined with reference to past default experience. Before accepting new trade debtors, use is made of local external credit agencies, where necessary to assess the potential customers credit quality. Credit limits are defined by trade debtor and are regularly reviewed.

In determining the recoverability of a trade receivable, the group considers any change in the credit quality of the trade receivable from the date credit was granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and geographically diverse. Accordingly, the directors believe that there is no further credit provision required in excess of the allowed provision for impairment of trade receivable. Management does not expect a loss from fully performing financial assets.

Where appropriate, the group obtains appropriate collateral to mitigate risk. The group did not hold any collateral at 30 June 2008 or 30 June 2007. No single customer represents more than 2% of total debtors or 1% of total revenue.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

> FOR THE YEAR ENDED 30 JUNE 2008

25. FINANCIAL INSTRUMENTS continued

25.4 FINANCIAL RISK FACTORS continued

Credit risk (continued)

The carrying amount of the financial assets represents the group's maximum exposure to credit risk without taking into consideration any collateral provided. The maximum exposure to credit risk in respect of guarantees issued is the maximum amount the group may need to pay under the guarantees, refer to note 24.

The group has the following amounts due from top 5 debtors:

	Number of customers	Value Rm	% of trade and other receivables	% of total revenue
2008	5	R291,2	8.0%	3.3%
2007	5	R103,4	3.8%	1.3%

The group has the following credit risk per geographical segment:

Region	2008	2007
Central Africa	**119 446**	260 731
Eastern Africa	**544 273**	659 258
Eastern Europe	**66 759**	4 708
Middle East	**978 099**	687 698
Southern Africa	**1 796 753**	984 139
Western Africa	**155 542**	118 844
Total trade and other receivables	**3 660 872**	2 715 378

Central Africa: Zambia, Angola, DRC
Eastern Afrcia: Malawi, Madagascar, Mauritius, Tanzania, Zanzibar
Eastern Europe: Hungary, Poland
Middle East: UAE
Southern Africa: South Africa, Lesotho, Swaziland, Namibia, Botswana, Mozambique
Western Africa: Nigeria, Ghana, Mali, Burkina Faso

The other classes within trade and other receivables do not contain impaired assets. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The group does not hold any collateral as security.

25. FINANCIAL INSTRUMENTS continued

25.4 FINANCIAL RISK FACTORS continued

Liquidity risk

Liquidity risk is the risk that the group will be unable to meet a financial commitment in any location or currency. The following table details the group's remaining contractual maturities for its financial liabilities.

30 June 2008	Within 1 – 6 months	Within 7 – 12 months	Within 1 – 2 years	Within 2 – 5 years	Greater than 5 years	Total
Interest bearing borrowings	**–**	**–**	**360 685**	**663 052**	**–**	**1 023 737**
Derivative financial instruments – financial liabilities held for trading	**7 862**	**7 862**	**–**	**–**	**–**	**15 724**
Derivative financial instruments – designated as a hedge	**–**	**–**	**19 123**	**65 707**	**–**	**84 830**
Excess billing over work performed	**169 735**	**800 177**	**–**	**–**	**–**	**969 912**
Trade and other payables	**3 554 733**	**1 083 299**	**–**	**–**	**–**	**4 638 032**
Current portion of long term interest bearing borrowings	**106 458**	**44 469**	**–**	**–**	**–**	**150 927**
Short term borrowings	**37 792**	**149 433**	**–**	**–**	**–**	**187 225**
Bank overdrafts	**11 599**	**–**	**–**	**–**	**–**	**11 599**
	3 888 179	**2 085 240**	**379 808**	**728 759**	**–**	**7 081 986**

30 June 2007	Within 1 – 6 months	Within 7 – 12 months	Within 1 – 2 years	Within 2 – 5 years	Greater than 5 years	Total
Interest bearing borrowings	–	–	32 762	869 713	–	902 475
Derivative financial instruments – financial liabilities held for trading	–	–	–	–	–	–
Derivative financial instruments – designated as a hedge	–	–	–	41 675	–	41 675
Excess billing over work performed	190 628	898 677	–	–	–	1 089 305
Trade and other payables	2 382 208	353 626	–	–	–	2 735 834
Current portion of long term interest bearing borrowings	29 277	33 014	–	–	–	62 291
Short term borrowings		217 571	–	–	–	217 571
Bank overdrafts	41 774	–	–	–	–	41 774
	2 643 887	1 502 888	32 762	911 388	–	5 090 925

MANAGING OF LIQUIDITY RISK

The group manages liquidity risk by managing its working capital, capital expenditure and cash flows. In addition, detailed cash flow forecasts are regularly prepared and reviewed by Treasury. The cash needs of the group are managed according to its requirements. The group finances its operations through a mixture of retained earnings and short and long-term bank funding. Adequate banking facilities and borrowing capacities are maintained.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

> FOR THE YEAR ENDED 30 JUNE 2008

	GROUP	
(R'000)	2008	2007
26. PROFIT BEFORE WORKING CAPITAL CHANGES		
Profit before taxation	**665 537**	373 291
Adjustments for:		
Depreciation and amortisation	**150 791**	105 261
Fair value adjustments	**(111 464)**	(23 620)
Profit on disposal of fixed assets	**(9 597)**	(12 000)
Share options	**17 471**	9 721
Finance costs	**81 727**	41 953
Other	**24 751**	(7 411)
Profit from associates	**(140)**	–
Movement in provisions	**(20 091)**	41 636
	798 985	528 831
27. WORKING CAPITAL CHANGES		
Trade and other payables	**1 778 936**	328 090
Trade and other receivables	**(935 196)**	(711 575)
Contracts in progress	**332 762**	(67 166)
Inventories	**(158 233)**	16 738
Developments in progress	**–**	3 592
	1 018 269	(430 321)
28. TAXATION PAID		
Taxation owing at the beginning of the year	**(55 224)**	(56 955)
Charge per the income statement	**(208 041)**	(129 560)
Movement in deferred taxation	**29 662**	21 974
Taxation owing at the end of the year	**39 349**	55 224
Total paid during the year	**(194 254)**	(109 317)
29. CASH AND CASH EQUIVALENTS AT END OF YEAR		
Bank balances and cash	**1 835 813**	670 507
Bank overdrafts	**(11 599)**	(41 774)
Cash and cash equivalents at end of year	**1 824 214**	628 733

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

Excluded from the cash flow statement are additions to fixed assets amounting to R305 million (2007: R310 948) which were funded by finance leases.

	GROUP	
(R'000)	2008	2007
31. RESTRICTED CASH		
Cash and cash equivalents held by the group	**890 673**	495 844
Cash and cash equivalents held in incorporated and unincorporated joint ventures	**933 541**	132 889
	1 824 214	628 733

32. ACQUISITION OF SUBSIDIARIES

With effect from 1 July 2007, the group acquired 100% of Sky Sands for R134 million and Bernoberg Millings with effect from 1 October 2007 for R32 million. The assets and liabilities as at acquisition date, as well as the provisional purchase price allocation in terms of IFRS 3, arising from the acquisitions are as follows:

F2008	Fair value	Acquirer's carrying amount
Property, plant and equipment and goodwill (refer note 8 and 10)	**219 177**	**38 593**
Inventories	**628**	**628**
Trade and other receivables	**10 298**	**20 040**
Cash and cash equivalents	**(4 260)**	**(4 260)**
Interest-bearing borrowings, including current portion	**(11 204)**	**(3 862)**
Provision for environmental rehabilitation	**(15 000)**	**–**
Trade and other payables	**(3 868)**	**(2 970)**
Deferred taxation	**(32 844)**	
Provision for liabilities and changes	**(618)**	**(23 079)**
Net assets acquired	**162 309**	**25 090**
Cash and cash equivalents acquired	**(4 260)**	
Cash outflow on acquisition	**166 569**	

F2007	Fair value	Acquirer's carrying amount
Property, plant and equipment (refer note 7)	987 057	229 650
Inventories	2 316	2 316
Trade and other receivables	45 421	133 421
Cash and cash equivalents	18 857	18 857
Interest bearing borrowings including current portion	(183 327)	(251 345)
Provision for environmental rehabilitation	(20 000)	–
Trade and other payables	(27 402)	(27 402)
Provision for liabilities and changes	(13 127)	(37 178)
Net assets acquired	809 795	68 319
Purchase consideration settled in shares (calculated at the 30-day VWAP share price as at 16 February 2007)	(750 000)	
Share issue expenses	1 861	
Cash and cash equivalents acquired	(18 857)	
Cash outflow on acquisition	42 799	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

> FOR THE YEAR ENDED 30 JUNE 2008

	GROUP	
(R'000)	**2008**	2007
33. DISCONTINUED OPERATIONS		
During the year ended 30 June 2006, the group terminated its operations and maintenance business in India and disposed of its concession investment.		
During the year ended 30 June 2007, the group concluded negotiations for the sale of its 100% interest in the Vaal Sanitaryware business and its 40% joint venture share in DPI Plastics for R107 million.		
The following information relates to the operations of the discontinued operations:		
Revenue	**–**	72 893
Cost of sales	**–**	(71 694)
Operating profit	**–**	1 199
Finance costs	**–**	(2 328)
Loss before taxation	**–**	(1 129)
Taxation	**–**	–
Loss after taxation	**–**	(1 129)
Loss on disposal of operations	**(28 207)**	–
Loss for the year from discontinued operations	**(28 207)**	(1 129)
Balance sheet relating to the discontinued operations:		
Non-current assets	**104 060**	130 967
Current assets	**31 700**	33 000
Non-current assets classified as held for sale	**135 760**	163 967
Interest-bearing borrowings	**–**	–
Current liabilities	**–**	–
Liabilities directly associated with non-current assets classified as held for sale	**–**	–
Net assets	**135 760**	163 967
Cash flows relating to discontinued operations are presented below:		
Net cash flows from discontinued operations		
Net cash outflow from operating activities	**–**	(22 585)
Net cash generated from/(utilised in) investing activities	**–**	49 000
Net funding from discontinued operations	**–**	26 415

As at 30 June 2008, the R104 million (2007: R131 million) relates to the claim amount in India which continues to proceed to arbitration.

During the current year an amount of R26,9 million has been charged to the income statement being the impairment calculation on the claim to reporting date. An amount of R31,7 million was received on 1 July 2008 in settlement of the final payment due in respect of the Vaal Sanitaryware and DPI Plastics disposal and reflected under current assets. The difference of R1,3 million has been charged to the income statement.

ANNEXURE 1 – COMPANY FINANCIAL STATEMENTS

> AT 30 JUNE 2008

	COMPANY	
(R'000)	**2008**	2007
INCOME STATEMENT (refer notes that follow)		
Dividends received from subsidiary	**–**	–
Taxation	**–**	–
Net profit	**–**	–
BALANCE SHEET (refer notes that follow)		
Assets		
Investment in subsidiaries	**1 050 484**	1 100 321
Other investments	–	500
	1 050 484	1 100 821
Equity and liabilities		
Stated capital	**1 176 217**	1 145 021
Accumulated losses	**(125 733)**	(44 200)
	1 050 484	1 100 821

STATEMENT OF CHANGES IN EQUITY

	Number of ordinary shares issued	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 at 30 June 2006	**99 724 556**	**(25 806 338)**	**73 918 218**	**387 142**	**10 753**	**397 895**
Issue of shares to share trust in terms of share scheme	1 000 000	(1 000 000)	–	–	–	–
Issue of shares from share trust	–	1 273 386	1 273 386	(205)	–	(205)
Issue of shares to acquire Quarry Cats	17 229 497	–	17 229 497	750 000	–	750 000
Issue of shares in terms of BEE ownership scheme in lieu of dividends	492 848	(492 848)	–	–	–	–
Transaction costs relating to issue of shares	–	–	–	(1 637)	–	(1 637)
Share option costs	–	–	–	9 721	–	9 721
Net profit for the year	–	–	–	–	–	–
Dividends paid	–	–	–	–	(54 953)	(54 953)
Balance at 30 June 2007	**118 446 901**	**(26 025 800)**	**92 421 101**	**1 145 021**	**(44 200)**	**1 100 821**
Issue of shares to share trust in terms of share scheme	555 128	(555 128)	–	–	–	–
Issue of shares from share trust	–	1 319 317	1 319 317	13 725	–	13 725
Issue of shares in terms of BEE	–	–	–	–	–	–
ownership scheme in lieu of dividends	163 212	(163 212)	–	–	–	–
Share option costs	–	–	–	17 471	–	17 471
Net profit for the year	–	–	–	–	–	–
Dividends paid	–	–	–	–	(81 533)	(81 533)
Balance at 30 June 2008	**119 165 241**	**(25 424 823)**	**93 740 418**	**1 176 217**	**(125 733)**	**1 050 484**

The group issues equity-settled share-based incentives to certain employees. Equity-settled payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period.

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ANNEXURE 1 – COMPANY FINANCIAL STATEMENTS (CONTINUED)

> AT 30 JUNE 2008

(R'000)	COMPANY 2008	2007
NOTES TO THE FINANCIAL STATEMENTS		
1. PRINCIPAL ACCOUNTING POLICIES		
These financial statements should be read together with the group financial statements set out on pages 177 to 242. The accounting policies adopted are set out on page 189.		
2. INVESTMENT IN SUBSIDIARIES		
Shares at cost	**382 747**	411 232
Amounts owing by/(to) subsidiaries	**667 737**	689 089
	1 050 484	1 100 321

The amounts owing by/to subsidiaries are interest free, denominated in Rands and are not subject to any repayment terms. A fair value is thus not determinable. The investments in subsidiaries are carried at cost.

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, interest received and the proceeds on issue of shares were received by subsidiaries.

5. CONTINGENCIES

The company provides financial institution backed guarantees to third parties. Refer to page 224 for detail guarantees issued.

ANNEXURE 2 – INTEREST IN SUBSIDIARIES

> AT 30 JUNE 2008

DIRECT SUBSIDIARIES	Issued ordinary share capital 2008 Shares	Issued ordinary share capital 2007 Shares	Percentage held 2008 %	Percentage held 2007 %	Shares at cost 2008 R'000	Shares at cost 2007 R'000	Amounts owing by/(to) subsidiaries 2008 R'000	Amounts owing by/(to) subsidiaries 2007 R'000
Group Five Construction (Proprietary) Limited	**1 000 000**	1 000 000	100	100	**14 177**	14 177		609 108
Everite Limited	**51 191 400**	51 191 400	100	100	**368 570**	368 570		–
					382 747	382 747		609 108

PRINCIPAL SUBSIDIARIES DIRECT AND INDIRECT

Cosmos Building Supplies (Proprietary) Limited
Everite (Proprietary) Limited*
Everite Pipes (Proprietary) Limited*
Group Five (Botswana) (Proprietary) Limited^
Group Five Building (Proprietary) Limited^
Group Five Burkina Faso (SARL)^
Group Five Civil Engineering (Proprietary) Limited^
Group Five Construction Limited (Malawi)^
Group Five Construction (Proprietary) Limited^
Group Five Construction (UK) Limited
(Ghana, Malawi, Mauritius, Dubai and Jordan)^
Group Five Contractors (Namibia) (Proprietary) Limited^
Group Five (DRC) SPRL^
Group Five Energy (Proprietary) Limited^
Group Five Housing (Proprietary) Limited^
Group Five Infrastructure Developments (Proprietary) Limited∅
Group Five International Limited (Mauritius, Angola, Algeria,
Madagascar and Mali)^
Group Five International (Proprietary) Limited (Tanzania branch)^
Intertoll Holdings (Proprietary) Limited#
Group Five KwaZulu-Natal (Proprietary) Limited^
Group Five Mauritius Limited^
Group Five Plant & Equipment (Proprietary) Limited•
Group Five Power Projects Limited (Nigeria)
Group Five Projects (Proprietary) Limited^
Group Five Property Development Services (Proprietary) Limited†
Group Five (Zambia) (Proprietary) Limited^
Quarry Cats (Proprietary) Limited◊

NATURE OF BUSINESS

* Manufacture of building products
^ Construction activities
† Property developments
• Plant ownership and hire
Infrastructure concessions
∅ Infrastructural developments
◊ Construction material supply

Unless specified, all companies are incorporated in South Africa and are all wholly-owned.

The group maintains a register of all subsidiaries available for inspection at the registered office of Group Five Limited.

The holding company's interest in the aggregate net profits earned by subsidiaries and joint ventures amounted to R429,3 million (2007: R242,6 million) respectively.

No part of the business of any subsidiary has been managed during the financial period by any third person.

ANNEXURE 3 – INTEREST IN JOINT VENTURES

> AT 30 JUNE 2008

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

Joint venture	Country	Nature of business	Proportion of issued shares held (%)
Amakhulu Civils Joint Venture	South Africa	Construction	25
Barnes Reinforcing Industries (Proprietary) Limited	South Africa	Steel supply	50
CGI Joint Venture	Swaziland	Construction	40
Group Five Construction LCC	UAE	Construction	49
Group Five – GCC Four Seasons Hotel Joint Venture	Mauritius	Construction	50
Group Five – Makhosi Construction Fikile Construction Joint Venture	South Africa	Construction	40
Group Five Pipe (Proprietary) Limited	South Africa	Pipe manufacturing	50
Group Five WBHO Pandev Joint Venture	South Africa	Construction	35
Group Five WBHO Joint Venture – Hulett Aluminium	South Africa	Construction	50
iLembe EPS Joint Venture	South Africa	Construction	28.5
iLembe EPC Joint Venture	South Africa	Construction	38.5
Vresap Civils Joint Venture	South Africa	Construction	40

The group maintains a register of all its joint ventures for inspection at the registered office of Group Five Limited.

(R'000)	GROUP 2008	2007
at 30 June		
AGGREGATE FINANCIAL INFORMATION:		
BALANCE SHEET		
Group's proportionate share of assets and liabilities:		
Assets		
Non-current assets	**18 117**	3 811
Current assets	**2 674 161**	225 005
	2 692 278	228 816
EQUITY AND LIABILITIES		
Shareholders' equity	**350 110**	57 023
Non-current liabilities	**21**	390
Current liabilities	**2 342 147**	171 403
	2 692 278	228 816
for the year ended 30 June		
INCOME STATEMENT		
Group's proportionate share of income and expenditure:		
Revenue	**2 407 782**	709 154
Profit before taxation	**268 402**	55 312
Taxation	**(962)**	–
Profit after taxation	**267 440**	55 312
Dividends received	**–**	–
SUMMARISED CASH FLOW STATEMENT		
Cash flow from operating activities	**813 720**	110 259
Cash flow from investing activities	**(14 306)**	(3 044)
Cash flow from financing activities	**(369)**	296
Net increase in cash and cash equivalents	**799 045**	107 511

There are no contingent liabilities that the group is aware of that require disclosure.

ANNEXURE 4 – INVESTMENT IN ASSOCIATES

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

Associate	Country	Nature of business	Number of shares issued	Proportion of issued shares held (%)	Carrying value R'000
Unlisted					
Amanz' Abantu Services (Proprietary) Limited	South Africa	Water supply	100 ordinary shares of R1 each	25.5	1 895
Jozi Power Limited	South Africa	Power supply		33.3	7 109
Metsi Water and Sanitation Company (Proprietary) Limited	South Africa	Water supply	2 250 ordinary shares of R1 each	15	72
RFC Developments (Pty) Ltd	South Africa	Property development	100 ordinary shares of R1 each	14*	4 360
					13 436

* *The investments in RFC Developments (Pty) Ltd is equity accounted as the group has the power to participate in the financial and operating policy decisions of the investee*

(R'000)	GROUP 2008	GROUP 2007
at 30 June		
AGGREGATE FINANCIAL INFORMATION: UNLISTED		
BALANCE SHEET		
Group's share of assets and liabilities:		
Assets		
Non-current assets	**27 563**	69
Current assets	**12 559**	3 153
	40 122	3 222
Equity and liabilities		
Shareholders' interest	**13 170**	1 641
Non-current liabilities	**23 315**	–
Current liabilities	**3 637**	1 581
	40 122	3 222
for the year ended 30 June		
INCOME STATEMENT		
Group's share of income and expenditure:		
Revenue	**7 395**	4 611
Profit before taxation	**140**	–
Taxation	**(73)**	–
Profit after taxation	**67**	–
Dividends received	**–**	–
SUMMARISED CASH FLOW STATEMENT		
Cash flow from operating activities	**(1 136)**	(571)
Cash flow from investing activities	**(3 359)**	(46)
Cash flow from financing activities	**11 650**	–
Net increase in cash and cash equivalents	**7 155**	(617)

There are no contingent liabilities that the group is aware of that require disclosure.

ANNEXURE 5 – ANALYSIS OF SHAREHOLDERS

> AT 30 JUNE 2008

Shareholder spread	Number of shareholders	%	Number of shares	%
1 – 1 000 shares	2 927	61.14	1 226 896	1.03
1 001 – 10 000 shares	1 393	29.10	4 719 692	3.96
10 001 – 100 000 shares	352	7.35	12 059 634	10.12
100 001 – 1 000 000 shares	97	2.03	29 034 789	24.37
1 000 001 shares and over	18	0.38	72 124 230	60.52
	4 787	**100.00**	**119 165 241**	**100.00**
Distribution of shareholders				
Banks	49	1.02	6 452 039	5.41
Close Corporations	72	1.50	224 732	0.19
Empowerment Trusts	4	0.08	25 419 493	21.33
Endowment Funds	34	0.71	804 093	0.67
Individuals	3 583	74.85	6 660 428	5.59
Insurance Companies	43	0.90	17 539 529	14.72
Investment Companies	26	0.54	1 317 968	1.11
Medical Schemes	7	0.15	166 862	0.14
Mutual Funds	158	3.30	28 561 138	23.97
Nominees and Trusts	478	9.99	2 315 947	1.94
Other Corporations	50	1.04	61 712	0.05
Private Companies	107	2.24	4 941 464	4.15
Public Companies	7	0.15	100 613	0.08
Retirement Funds	168	3.51	24 593 893	20.64
Share Trust	1	0.02	5 330	0.00
	4 787	**100.00**	**119 165 241**	**100.00**

ANNEXURE 5 – ANALYSIS OF SHAREHOLDERS (CONTINUED)

> AT 30 JUNE 2008

Public/non-public shareholders	Number of shareholdings	%	Number of shares	%
Non-public shareholders	**22**	**0.46**	**27 994 139**	**23.49**
Directors of the company	2	0.04	86 000	0.07
Executive committee members of the company	6	0.13	230 531	0.19
Management committee members of the company	6	0.13	187 714	0.16
Company secretary of the company	1	0.02	14 134	0.01
Empowerment Trusts	4	0.08	25 419 493	21.33
Black Management Scheme – exiting participants	1	0.02	50 937	0.04
Associate Empowerment Holdings	1	0.02	2 000 000	1.68
Share Trust	1	0.02	5 330	0.00
Public shareholders	**4 765**	**99.54**	**91 171 102**	**76.51**
	4 787	**100.00**	**119 165 241**	**100.00**

Beneficial shareholders holding 5% or more	Number of shares	%
Group Five BEE ownership transaction participants	27 470 430	23.05
Public Investment Corporation	13 028 963	10.93
Coronation Fund Managers	11 315 490	9.50
Sanlam	10 276 350	8.62
Old Mutual	6 029 367	5.06

	Number of shares	% of shareholding
Directors of the company		
MR Upton	85 000	0.07
CMF Teixeira	1 000	0.00
	86 000	**0.07**
Executive committee members of the company		
P le Sueur	68 750	0.06
GD Mottram	20 000	0.02
AJ McJannet	18 500	0.02
JA Wallace	63 750	0.05
TJ Woodhead	34 550	0.03
WI Zeelie	24 981	0.02
	230 531	**0.19**
Management committee members of the company		
RM du Toit	27 000	0.02
FH Enslin	32 007	0.03
NM Humphreys	7 000	0.01
CA Jessop	32 307	0.03
PGC Keenan	81 000	0.07
MP van Rooyen	8 400	0.01
	187 714	**0.16**
Outgoing company secretary of the company		
N Kekana	14 134	0.01
	14 134	**0.01**

ANNEXURE 5 – ANALYSIS OF SHAREHOLDERS (CONTINUED)

> AT 30 JUNE 2008

Rank	Name of shareholder	Shares	%
1	Group Five BEE Share Scheme Control Account	25 419 493	21.33
2	Public Investment Corporation	13 028 963	10.93
3	Coronation Fund Managers	11 315 490	9.50
4	Sanlam	10 276 350	8.62
5	Old Mutual	6 029 367	5.06
6	Liberty Group	4 703 980	3.95
7	STANLIB	3 251 237	2.73
8	Credit Suisse	2 483 937	2.08
9	Investment Solutions	2 382 131	2.00
10	Ellerine Brothers	2 144 991	1.80
11	Mvelaphanda Holdings	2 000 000	1.68
12	Metal & Engineering Industries	1 913 563	1.61
13	Eskom Pension & Provident Fund	1 848 912	1.55
14	Momentum	1 458 814	1.22
15	Rand Merchant Bank	1 456 252	1.22
16	Professional Provident Society Insurance Company	1 438 700	1.21
17	Newton	1 181 508	0.99
18	Standard Bank	774 541	0.65
19	Dimensional Fund Advisors	706 257	0.59
20	Post Office Retirement Funds	570 340	0.48
		94 384 826	**79.20**

Largest ten beneficial shareholders by country

Rank	Country	Shares	%
1	South Africa	101 976 423	85.58
2	Luxembourg	2 470 157	2.07
3	United Kingdom	1 431 374	1.20
4	United States of America	1 008 717	0.85
5	Namibia	918 514	0.77
6	Germany	437 578	0.37
7	Norway	436 616	0.37
8	Denmark	425 635	0.36
9	Switzerland	357 756	0.30
10	Netherlands	242 465	0.20
		109 705 235	**92.06**

GROUP FIVE

> NOTICE OF AGM


GROUP FIVE

NOTICE OF ANNUAL GENERAL MEETING

> AT 30 JUNE 2008

GROUP FIVE LIMITED

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

NOTICE OF ANNUAL GENERAL MEETING

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 Wednesday 15 October 2008 at 09:00, 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 2008, together with the directors' and independent auditors' reports.
2. To re-elect by separate resolution Lynda Chalker
3. To re-elect by separate resolution Vusi Mavimbela; as directors of the company, who retire by rotation in terms of the company's Articles of Association and who offer themselves for re-election. A brief CV in respect of each directors standing for re-election appears on page 52 of this annual report.
4. Director's fees:
   - 4.1 To ratify the remuneration of non-executive directors for the year ended June 2008 (refer to page 47 of annual report).
   - 4.2 To approve the remuneration of non-executive directors for the year ended June 2009.
5. To re-appoint PricewaterhouseCoopers Inc. as independent auditors of the company for the ensuing year.

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 the JSE Limited ("JSE'), when applicable. This authority is restricted to 10% of the ordinary shares in issue as at 30 June 2008 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;
- any such issue will only be made to "public shareholders" as defined in the JSE Listings Requirements and not related parties, unless the JSE otherwise agrees;
- 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 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;
- 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;
- 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
- 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.

NOTICE OF ANNUAL GENERAL MEETING (CONTINUED)

> AT 30 JUNE 2008

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."

ORDINARY RESOLUTION NUMBER 3: DISTRIBUTION TO SHAREHOLDERS OUT OF STATED CAPITAL

"RESOLVED THAT, subject to compliance with the JSE Listings Requirements, the Act and specifically to the provisions of section 90 of the Act, and the Articles of Association of the company, the directors of Group Five be and are hereby authorised by way of general authority, to make a cash payment to Group Five shareholders out of stated capital as and when they in their opinion deem fit, provided that:

- 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;
- the payment is made pro rata to all shareholders; and
- the payment shall not exceed 20% of the company's issued stated capital, including reserves but excluding minority interests, and revaluations of assets and intangible assets that are not supported by a valuation by an independent professional expert acceptable to the JSE prepared within the last six months, in any one financial year, measured as at the beginning of such financial year.

The directors, after considering the effect of the distribution out of stated capital, are of the opinion that if such distribution is implemented:

- the company and the group will be able to pay their debts in the ordinary course of business for a period of 12 months after the date of this notice;
- recognised and measured in accordance with the accounting policies used in the latest audited annual group financial statements, the assets of the company and the group will exceed the liabilities of the company and the group for a period of 12 months after the date of this notice;
- the ordinary capital and reserves of the company and the group will be adequate for the purposes of the business of the company and the group for a period of 12 months after the date of this notice;
- the working capital of the company and the group will be adequate for the purposes of the business of the company and the group for a period of 12 months after the date of this notice; and
- the company undertaking that it will not implement the distribution out of stated capital 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.

RATIONALE FOR THE AUTHORITY

The directors of Group Five intend to use the authority, if appropriate, to make a cash payment to shareholders out of stated capital should there be excess cash reserves available in the group.

Other disclosure required in terms of the JSE Listings Requirements is set out under Special Resolution Number 1.

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;
- 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;
- this authority shall lapse on the earlier of the date of the next annual general meeting of the company or 15 months after the date on which this resolution is passed; and
- the price paid per ordinary share may not be greater than 10% above the weighted average of the market value of the ordinary shares for the 5 business days immediately preceding the date on which a purchase is made.

The reason for 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;
- 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;
- 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;
- the working capital of the company and the group will be adequate for the purposes of the business of the company and the group for a period of 12 months after the date of this notice;
- after such repurchase the company will still comply with paragraphs 3.37 to 3.41 of the JSE Listings Requirements concerning shareholder spread requirements;
- the company or the group will not repurchase securities during a prohibited period as defined in paragraph 3.67 of the JSE Listings Requirements unless the company has a repurchase programme in place where the dates and quantities of securities to be traded during the relevant prohibited period are fixed (not subject to any variation) and full details of the programme have been disclosed in an announcement released on SENS prior to the commencement of the prohibited period;
- 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;
- the company only appoints one agent to effect any repurchase(s) on its behalf; and
- 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 52);
- major shareholders (page 243);
- directors' interests in securities (page 179); and
- share capital of the company (page 177)

MATERIAL CHANGES

There have been no material changes in the affairs or financial position of Group Five and its subsidiaries since 30 June 2008.

LITIGATION STATEMENT

In terms of section 11.26 of the JSE Listings Requirements, the directors, whose names are given on page 52 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.

DIRECTORS' RESPONSIBILITY STATEMENT

The directors whose names appear on page 52 of the annual report collectively and individually accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading and that all reasonable enquiries to ascertain such facts have been made and that this resolution and additional disclosure in terms of Section 11.26 of the JSE Listings Requirements pertaining thereto contains all information required by law and the JSE Listings Requirements.

VOTING AND PROXIES

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

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

CERTIFICATED SHAREHOLDERS AND DEMATERIALISED SHAREHOLDERS WITH OWN NAME REGISTRATION

Shareholders wishing to attend the annual general meeting have to ensure beforehand with the transfer secretaries of the company that their shares are in fact registered in their 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 09:00 on Monday, 13 October 2008.

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

By order of the Board

GD Mottram
Company secretary
6 August 2008

Registered office
Group Five Limited
371 Rivonia Boulevard
Rivonia
2128

PO Box 3951
Rivonia
2128

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

PO Box 61051
Marshalltown
2107

GROUP FIVE

FORM OF PROXY

GROUP FIVE LIMITED

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

FORM OF PROXY

For use at the annual general meeting of the holders of ordinary shares in the company ("Group Five shareholders") to be held at the registered office of Group Five, 371 Rivonia Boulevard, Rivonia on Wednesday, 15 October 2008 ("the annual general meeting") at 09:00

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 2008			
2. RESOLUTION NUMBER 2 To re-elect by separate resolution L Chalker			
3. RESOLUTION NUMBER 3 To re-elect by separate resolution VW Mavimbela			
4. RESOLUTION NUMBER 3 4.1 Ratify directors' fees for the year ended 30 June 2008. 4.2 Approve director's fees for the year ended 30 June 2009			
5. RESOLUTION NUMBER 4 Re-appointment of auditors			
SPECIAL BUSINESS			
6. ORDINARY RESOLUTION NUMBER 1 Control of authorised but unissued shares			
7. ORDINARY RESOLUTION NUMBER 2 General authority to issue shares for cash			
8. ORDINARY RESOLUTION NUMBER 3 Distribution to shareholders out of stated capital			
9. 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 ______________________ 2008

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 3951
Rivonia 2128

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

PO Box 61051
Marshalltown 2107

>REFERENCE TOOLS

ABBREVIATIONS

Below are definitions of the main abbreviations used in this report.

ABET	Adult Basic Education and Training
ACPA	Association of Certified Professional Accountants
ACSA	Airports Company of South Africa
ASTD	American Society for Training and Development
BBBEE	Broad-based black economic empowerment
BCAWU	Building Construction and Allied Workers Union
BEE	Black economic empowerment
BIFSA	Building Industry Federation of South Africa
BMF	Black Management Forum
BRIC	Brazil, Russia, India and China
BUSA	Business Unity South Africa
CBS	Corporate office
CCMA	Commission for Conciliation, Mediation and Arbitration
CEO	Chief Executive Officer
CETA	Construction Sectoral Education Training Authority
CFO	Chief Financial Officer
CIOB	Chartered Institute of Building
CRM	Customer relationship management
CSI	Corporate social investment
CSSA	Concrete Society of South Africa
CV	Curriculum vitae
DBSA	Development Bank of Southern Africa
DIFR	Disabling injury frequency rate
DRC	Democratic Republic of the Congo
dti	Department of Trade and Industry
D+PM	Group Five Design and Project Management
ECRI	The Engineering and Construction Risk Institute
ECSA	Engineering Council of South Africa
EE	Employment equity
EIA	Environmental impact assessment
EMP	Environmental management plan
Exco	Executive committee
FAFR	First aid frequency rate
FET	Further Education and Training
FSIA	Free State Institute of Architecture
GBCSA	Green Building Council of South Africa
GCR	Global Credit Rating
GDP	Gross Domestic Product
GIBS	Gordon Institute of Business Sciences
GRI	Global Reporting Initiative
HR	Human resources
IAS	Investment Analysts Society
IFRS	International Financial Reporting Standards
IOD	Institute of Directors
IPFA	International Project Finance Association
IPMS	Integrated performance management system
ISO	International Organisation for Standardisation
IT	Information technology
JSE	JSE Limited
King II and King III	King Report on Corporate Governance
KJ	Kilojoules
LTI	Long term incentives
Manco	Management committee
MBSA	Master Builders of South Africa
MD	Managing director
MEIP	Mechanical, electrical, instrumentation and piping
MEP	Mechanical, electrical and piping
MW	Megawatt
NCS	Non-conformance system
NEPAD	The New Partnership for Africa's Development
NUM	National Union of Mineworkers
NUMSA	National Union of Metalworkers
OHSAS	Occupational Health and Safety Management System
Opsco	Operating committee
PACI	Partnering Against Corruption Initiative
PLA	Project labour agreements
PMD	Programme for Management Development
PMI	Project Management Institute USA
PPM	Programme for Project Management
PPP	Public private partnerships
SAAQS	South African Association of Quantity Surveyors
SACPCMP	South African Council for the Project and Construction Management Profession
SAFCEC	South African Federation of Civil Engineering Contractors
SAICA	South African Institute of Chartered Accountants
SAICE	South African Institute of Civil Engineers
SAIEE	South African Institute of Electrical Engineers
SAISC	South African Institute of Steel Construction
SAIW	South African Institute of Welding
SANRAL	South African National Roads Agency
SARMA	The South African Readymix Concrete Association
SASFA	Southern African Light Steel Frame Building Association
SBO	Safe behaviour observations
SED	Socio economic development
SEIFSA	Steel and Engineering Industries Federation of South Africa
SENS	Stock exchange news service
SETA	Sectoral Education Training Authority
SHE	Safety, health and environment
SHEQ	Safety, health, environment and quality
SMEIP	Structural, mechanical, electrical, instrumentation and piping
SRI index	Socially Responsible Investment index
STI	Short term incentives
TCTC	Total cost to company
TFBA	Timber Frame Builders Association
The Construction Charter	The Construction Sector Broad-Based Black Economic Empowerment Charter
UAE	United Arab Emirates
UCT	University of Cape Town
UK	United Kingdom
UP	University of Pretoria
USA	United States of America
VBF	Gauteng Voluntary Bargaining Forum
VCT	Voluntary counselling and testing
WESUSA	Workers' Equally Support Union of South Africa
WISA	Water Institute of South Africa

GLOBAL REPORTING INITIATIVE INDEX

This year, Group Five's detailed Annual Report complies to a larger extent than last year with the Global Reporting Initiative (GRI) guidelines. The table in this section contains references to the general GRI indices. No sector GRI indices have been developed by the GRI for companies operating within the construction industry.

The GRI encourages all organisations to start using its guidelines. An incremental approach is welcomed and has been confirmed to be part of both the organisation and the GRI's learning process. The status outlined for Group Five's compliance mainly covers the detailed Annual Report, with reference made to the Annual Review only if there is no duplication. The status indicates whether the benchmark has been addressed within the Annual Report and page numbers either refer to the start of a relevant section or a specific page.

	GRI BENCHMARK	STATUS	PAGE NUMBERS
1	**VISION AND STRATEGY**		
1.1	Vision and Strategy for the group Contribution to sustainable development	✓ ✓	MR 9 MR 100
1.2	Statement from the chief executive officer	✓	MR 60, 99
2	**PROFILE**		
2.1	Name of reporting organisation	✓	Group Five Limited
2.2	Major products and or services, including brands	✓	MR 14
2.3	Operational structure of the organisation	✓	MR 73
2.4	Description of major divisions, operating companies, susbidiaries and joint ventures	✓	MR 74
2.5	Countries in which organisation's operations are located	✓	R8; MR 177
2.6	Nature of ownership; legal form	✓	MR 177
2.7	Nature of markets served	✓	MR 17
2.8	Scale of reporting organisations number of employees products produced/services offered net sales capitalisation by debt and equity value added segmental reporting	 ✓ ✓ ✓ ✓ ✓ ✓	 MR 1 MR 14 MR 180 MR 225 MR 100 MR 184 – 188
2.9	List of stakeholders	✓	MR 111
2.10	Contact for the report	✓	MR back page
2.11	Reporting period	✓	Financial year ending 30 June 2008
2.12	Date of most previous report	✓	Financial year ending 30 June 2007
2.13	Boundaries/Scope of the report	✓	MR ifc, Contents page
2.14	Significant changes in size, structure, ownership, product/services since last report	✓	Financial statements 177
2.15	Basis for reporting that could compromise comparability	✓	MR 189
2.16	Explanations regarding the restatement of information	✓	MR 189
2.17	Decisions not to apply GRI principles or protocols	N/a	

Key: MR – Main report; R – Annual Review

	GRI BENCHMARK	STATUS	PAGE NUMBERS
2.18	Criteria/definitions	✓	MR 253
2.19	Significant changes from previous years in measurement methods	N/a	MR 189
2.20	Policies and internal practices to enhance and provide assurance about the accuracy, completeness and internal reliability of the report	✓	Financial statements 175, 176
2.21	Policies and current practices with regard to providing independent assurance for the report	✓	MR 176
2.22	Additional information and reports on sustainability		MR 99
3	**GOVERNANCE STRUCTURE AND MANAGEMENT SYSTEMS**		
3.1	Governance structure of the organisation	✓	MR 42
3.2	Percentage of the board of directors that are independent, non-executive directors	✓	MR 42
3.3	Process for determining board member expertise regarding the provision of strategic direction	✓	MR 42
3.4	Board-level processes	✓	MR 42
3.5	Link between executive compensation and the achievement of objectives	✓	MR 47
3.6	Organisational structure and key responsibilities with regard to social policies	✓	MR 40
3.7	Mission and value statements and code of conduct	✓	MR 9, 40
3.8	Mechanisms for shareholders to provide recommendations	✓	MR 1 – feedback@g5.co.za, Annual general meeting, Direct and indirect communication, media
3.9	Identification of major stakeholders	✓	MR 111
3.10	Stakeholder consultation	✓	MR 111
3.11	Stakeholder consultation information	✓	MR 111
3.12	Use of stakeholder consultation information	✓	MR 111
3.13	Precautionary approach	N/a	
3.14	Economic, environmental and social charters	✓	MR 100
3.15	Industry and business association memberships	✓	MR 117
3.16	Policies and/or systems for managing upstream and downstream impacts	✓	MR 160
3.17	Approach to managing indirect impacts	✓	MR 160
3.18	Decisions regarding location and change in operations	✓	MR 177
3.19	Programmes and procedures pertaining to economic, environmental performance	✓	MR 160
3.20	Certification status	✓	MR 160
EC	**ECONOMIC PERFORMANCE INDICATORS**		
	Core indicators – Customers		
EC1	Net sales	✓	MR 180
EC2	Geographic breakdown of markets	✓	MR 17; R7
	Core indicators – Suppliers		
EC3	Cost of all goods, material and services purchased	✓	Financial statements 180
EC4	Percentage of contracts paid in accordance with agreed terms	✓	N/a

GLOBAL REPORTING INITIATIVE INDEX (CONTINUED)

	GRI BENCHMARK	STATUS	PAGE NUMBERS
	Core indicators – Employees		
EC5	Total payroll and benefits	✓	MR 217
	Core indicators – Providers of Capital		
EC6	Distributions to providers of capital	✓	MR 183
EC7	Increase/decrease in retained earnings at end of period	✓	MR 183
	Core indicators – Public Sector		
EC8	Taxes paid	✓	MR 182
EC9	Subsidies received broken down by country/region	N/a	
EC10	Donations to community, civil society and other groups	✓	MR 156
	Additional indicators – Suppliers		
EC11	Suppliers broken down by organisation and country	✕	
	Additional indicators – Public Sector		
EC12	Total spent on non-core business infrastructure spend	N/a	
	Indirect Economic Impacts		
EC13	Organisation's indirect economic impacts	✓	MR 100
EN	**ENVIRONMENTAL PERFORMANCE INDICATORS**		
	Core indicators – Materials		
EN1	Total materials use other than water by type	✓	MR 171, 173
EN2	Percentage of materials used that are wastes from sources external to the reporting organisation	N/a	
	Core indicators – Energy		
EN3	Direct energy use segmented by primary source	✓	MR 171 (partial)
EN4	Indirect energy use	✓	MR 171 (partial)
	Core indicators – Water		
EN5	Total water use	✓	MR 172
	Core indicators – Biodiversity		
EN6	Location and size of land owned, leased or managed in biodiversity rich habitats	✓	MR 173 (partial)
EN7	Description of major impacts on biodiversity associated with activities and or products and services in terrestrial, freshwater and marine environments	✓	MR 173 (partial)
	Core indicators – Emissions, Effluents, and Waste		
EN8	Greenhouse gas emissions	✓	MR 173
EN9	Use and emissions of ozone-depleting substances	✓	MR 173 (partial)
EN10	Nox, Sox and other significant emissions by type	✓	MR 173 (partial)
EN11	Total amount of waste by type and destination	✓	MR 173 (partial)
EN12	Significant discharges by type	✓	MR 173 (partial)
EN13	Significant spills of chemicals, oils and fuels	N/a	
	Core indicators – Products and Services		
EN14	Significant environmental impacts of principle products and services	✓	MR 170 (partial)
EN15	Percentage of weight of products sold that is reclaimable	✓	MR 79 (partial)

	GRI BENCHMARK	STATUS	PAGE NUMBERS
	Core indicators – Compliance		
EN16	Incidents of and fines for non compliance	N/a	
	Additional indicators – Energy		
EN17	Initiatives to use renewable energy sources	✓	MR 171
EN18	Energy consumption footprint	✓	MR 171
EN19	Other indirect energy use	✓	MR 171 (partial)
	Additional indicators – Water		
EN20	Water sources and related ecosystems	✓	MR 172 (partial)
EN21	Annual withdrawals of ground and surface water	✓	MR 172 (partial)
EN22	Total recycling and re-use of water	✓	MR 172 (partial)
	Additional indicators – Biodiversity		
EN23	Total amount of land owned, leased or managed	✓	MR 205
EN24	Amount of impermeable surfaces	✕	
EN25	Impacts of activities and operations on protected and sensitive areas	✓	MR 170
EN26	Changes to natural habitats resulting from activities	✓	MR 170
EN27	Protecting and restoring native ecosystems	✓	MR 170
EN28	Number of IUCN list species	✕	
EN29	Business units with plans in and around protected or sensitive areas	✓	MR 170 (partial)
	Additional indicators – Emissions, Effluents and Waste		
EN30	Other relevant indirect greenhouse emissions	✓	MR 173
EN31	Products, transport, imports or exports deemed hazardous	N/a	
EN32	Water sources and related ecosystems significantly affected by discharges of water and run-off	✓	MR 172
	Additional indicators – Suppliers		
EN33	Performance of suppliers relative to environmental components	✓	MR 170 (partial)
	Additional indicators – Transport		
EN34	Significant environmental impacts of transport used for logistical purposes	N/a	
	Additional indicators – Overall		
EN35	Total environmental expenditure by type	✕	
LA	**SOCIAL PERFORMANCE INDICATORS – LABOUR PRACTICES AND DECENT WORK**		
	Core indicators – Employment		
LA1	Breakdown of workforce	✓	MR 121 (partial)
LA2	Employment creation and average turnover	✓	MR 121
	Core indicators – Labour/Management Relations		
LA3	Trade union representations	✓	MR 130
LA4	Policy and procedures involving information, consulting and negotiation with employees over changes in the reporting organisations operations	✓	MR 130
	Core indicators – Health and Safety		
LA5	Occupational accidents and diseases	✓	MR 127,160

GLOBAL REPORTING INITIATIVE INDEX (CONTINUED)

	GRI BENCHMARK	STATUS	PAGE NUMBERS
LA6	Health and safety committees	✓	MR 160
LA7	Injury, lost days and absentee rates	✓	MR 160
LA8	HIV/AIDS policies or programmes	✓	MR 127
	HIV/AIDS policy	✓	MR 127
	Strategy for managing HIV/AIDS	✓	MR 127
	Stakeholder involvement	✓	MR 127
	HIV/AIDS prevalence rates	✓	MR 127
	HIV/AIDS expenditure	✓	MR 127
	HIV/AIDS awareness/education/training	✓	MR 127
	Voluntary counseling and testing	✓	MR 127
	HIV prevention interventions	✓	MR 127
	Programme to assist members who suffer from Aids	✓	MR 127
	Provision of anti-retrovirals	✓	MR 127
	Core indicators – Training and Education		
LA9	Training per employee level, gender and ethnic spirit	✓	MR 141
	Core indicators – Diversity and Opportunity		
LA10	Equal opportunity policies or programmes and their monitoring	✓	MR 118
LA11	Composition of senior management and corporate governance bodies	✓	MR 52
	Additional indicators – Employment		
LA12	Employee benefits beyond those legally mandated	✓	MR 118, 130
	Additional indicators – Labour/Management Relations		
LA13	Provision for formal worker presentation in decision making	✓	MR 130
	Additional indicators – Health and Safety		
LA14	Compliance with the ILO guidelines for occupational health management systems	✓	MR 160 (OHSAS)
LA15	Formal agreements with trade unions covering health and safety at work and proportion of workforce covered by such agreements	✓	MR 130 (partial)
	Additional indicators – Training and Education		
LA16	Programmes to support the continued employability of employees and to manage career endings	✓	MR 118 (partial)
LA17	Policies and programmes for skills management	✓	MR 141
HR	**SOCIAL PERFORMANCE INDICATORS – HUMAN RIGHTS**		
	Core indicators – Strategy and Management		
HR1	Policies, guidelines, corporate structure and procedures to deal with all aspects of human rights	✓	MR 40, 42, 118
HR2	Evidence of consideration of human right impacts as part of investment and procurement	✓	MR 40, 42
HR3	Policies and procedures to evaluate and address human rights performance within the supply chain and contractors	✓	MR 111, 150
	Core indicators – Non discrimination		
HR4	Global policy and procedures/programmes preventing all forms of discrimination in operations	✓	MR 40, 118, 130
	Core indicators – Freedom of association and collective bargaining		
HR5	Freedom of association policy	✓	MR 130

	GRI BENCHMARK	STATUS	PAGE NUMBERS
	Core indicators – Child labour		
HR6	Child labour policy	✓	MR 130
	Core indicators – Forced and compulsory labour		
HR7	Forced and compulsory labour policy	✓	MR 130
	Additional indicators – Strategy and Management		
HR8	Employee training on policies and practices concerning all aspects of human rights relevant to operations	✓	MR 141
	Additional indicators – Disciplinary Practices		
HR9	Appeal practices	✓	MR 130
HR10	Non-retaliation policy and employee grievance system	✓	MR 130
	Additional indicators – Security Practices		
HR11	Human rights training for security personnel	✓	Outsourced to service provider
	Additional indicators – Indigenous Rights		
HR12	Description of policies, guidelines and procedures to address the needs of indigenous people	✓	MR 118
HR13	Description of jointly managed community grievance mechanisms/authority	✓	MR 116, 130
HR14	Share of operating revenues from the area of operations that are redistributed to local communities	✓	MR 156
SO	**SOCIAL PERFORMANCE INDICATORS – SOCIETY**		
	Core indicators – Community		
SO1	Policies to manage impacts on communities	✓	MR 116, 160
	Core indicators – Bribery and Corruption		
SO2	Policy/procedures for addressing bribery and corruption	✓	MR 35, 40, 42
	Core indicators – Political Contributions		
SO3	Description of policy, procedures/management systems for managing political lobbying and contributions	N/a	
	Additional indicators – Community		
SO4	Awards received	✓	MR 108
	Additional indicators – Political Contributions		
SO5	Money paid to political parties	N/a	
	Additional indicators – Competition and Pricing		
SO6	Court decisions regarding cases pertaining to anti-trust and monopoly regulations	N/a	
SO7	Policies/procedures for preventing anti-competitive behaviour	✓	MR 35
PR	**SOCIAL PERFORMANCE INDICATORS – PRODUCT RESPONSIBILITY**		
	Core indicators – Customer, Health and Safety		
PR1	Policy for preserving customer health and safety during use of products and services	✓	MR 160
	Core indicators – Products and Services		
PR2	Policy/procedure related to product information and labeling	✓	MR 14

GLOBAL REPORTING INITIATIVE INDEX (CONTINUED)

	GRI BENCHMARK	STATUS	PAGE NUMBERS
	Core indicators – Respect for Privacy		
PR3	Policy/procedure related to customer privacy	✓	MR 40
	Additional indicators – Customer, Health and Safety		
PR4	Non compliance with customer health and safety regulations	✓	MR 160
PR5	Complaints upheld regarding the health and safety of products and services	N/a	
PR6	Voluntary code compliance, product labels, or awards with respect to social and or environmental responsibility	✓	MR 40
	Additional indicators – Products and Services		
PR7	Non compliance concerning product information and labelling	N/a	
PR8	Policies/procedures and mechanisms related to customer satisfaction	✓	MR 111
	Additional indicators – Advertising	✓	MR 111
PR9	Policies/procedures for adherence to standards and voluntary codes relating to advertising	✓	MR 40
	Additional indicators – Respect for Privacy		
PR10	Breaches of advertising and marketing regulations	N/a	
PR11	Complaints regarding breaches of customer privacy	N/a	
	ADDITIONAL INDICATORS DEEMED RELEVANT BY THE GROUP – CORPORATE SOCIAL INVESTMENT		
1	Social elements of CSI policy	✓	MR 156
2	Structure and relevant CSR responsibilities	✓	MR 156
	ADDITIONAL INDICATORS DEEMED RELEVANT BY THE GROUP – INTERNAL SOCIAL PERFORMANCE		
1	Staff turnover	✓	MR 118
2	Remuneration of Group executive directors and Board of Directors	✓	MR 42
3	Ratio of male versus female	✓	MR 118
4	Employee profile per hierarchy level	✓	MR 118
	ADDITIONAL INDICATORS DEEMED RELEVANT BY THE GROUP – PERFORMANCE TO SOCIETY		
1	Contributions to charitable causes, community investments and commercial sponsorships	✓	MR 156

✓ Addressed ✕ Not addressed Partial Partly addressed

GROUP FIVE

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