GROUP FIVE
structured ingenuity

Online section of the

INTEGRATED ANNUAL REPORT 2015

SECTION 01

INTRODUCTION

SECTION 02

YEAR UNDER REVIEW

SECTION 03

ANNUAL FINANCIAL STATEMENTS

This section is structured as a stand-alone part of the supplementary section of the integrated annual report and therefore again starts at page 1.

Group Five is a leading African construction, concessions and manufacturing group with the capability to deliver across the full infrastructure lifecycle. Our offering includes project development, investment, design, construction, operations and maintenance, as well as manufacturing and supply of materials.

We operate in the infrastructure, energy, resources and real estate sectors. Our operations are largely focused on South Africa and the rest of Africa, with operating experience in 26 countries. We also have established road concessions in Eastern Europe.

SECTION 01

INTRODUCTION

Eric Vemer CHIEF EXECUTIVE OFFICER

CHIEF EXECUTIVE OFFICER'S MESSAGE

INTRODUCTION

As outlined in the printed section of our integrated annual report, against a very disappointing performance, we examined what needs to be addressed in our business and established clear strategies to tackle the difficult issues head on, agree a common way forward and deliver on action plans. Actions taken have included increasing our team's responsibility, accountability and consequences for poor delivery.

To ensure improved delivery, a simplified group structure was introduced. The group was restructured from four to three clusters, with the consolidation of all the Construction and Engineering functions and segments into one cluster, under one leadership team.

This further enhanced the group's operating platform which positions us better for growth and higher quality of execution and client delivery. Our continuously improving approach to large multi-disciplinary contract delivery has provided us with the confidence and competitive advantage to grow our participation in these markets in future, whilst maintaining our prudent approach to risk.

We paid specific attention to each of the group's loss-making contracts and evaluated these against the group's risk systems. Where necessary, the risk systems were updated and enhanced.

In most cases the risk procedures themselves were sound, although on-site application of the procedures was inadequate, which led to an unacceptable level of contract losses. This has received significant attention. Procedures have been updated, training provided and monitoring controls implemented to reduce the risk of these errors repeating.

As a result of our revised approach and renewed culture of accountability, we have experienced an increased energy and vigour within the group, which was further cemented with several senior management changes and new appointments made during the financial year, as outlined on pages 16 tot 19 in the printed section of the integrated annual report.

Our dedicated and passionate people are core to our current and future success. Our focus on the holistic well-being of our employees, the adoption of a strong set of values and a culture of delivery, operating through an aligned business platform, positions us favourably in the value offering we present to our clients.

During the year, we also continued to focus on driving a culture of responsibility and living the group's embedded value. We are striving to create a more cohesive group that are measured through the delivery of strategy and remunerated against not only operational measures, but also on performance against our key values.

Our focus on safety and quality, as well as operating responsibly in the communities where we operate, are key to our sustainability and ensuring an equitable balance between stakeholder interests and delivering strong value creation for our shareholders over the long term.

Against this, we are extremely pleased to report no fatalities this year and an improved lost-time injury frequency rate from 0.17 to 0.15. This improvement was achieved due to a focus on conducting internal audits to identify the underlying causes of injuries and quickly implementing corrective actions, as well as generating risk rankings for high and extreme risks with associated mitigating strategies.

Safety, health and environment (SHE) measures are also now linked to management's key performance indicators to ensure strict measurement. We also implemented ad hoc site visits from senior management to work closely with sites on addressing improvements before incidents occur. We are confident that our renewed focus on zero harm in our operations will result in continued improvement.

WE WELCOME FEEDBACK ON OUR REPORT

Please contact us at info@groupfive.co.za or +27 10 060 1555

STAKEHOLDER ENGAGEMENT

During the year, we focused on a number of stakeholders, with a particular focus on employees, clients, shareholders, debt providers, governments and regulatory bodies.

The negative growth and poor profitability experienced during the year resulted in a number of cost cuts and rationalisation initiatives which unfortunately necessitated a reduction in employee headcount and the associated employee engagement and support this required.

Low levels of traction in public and private spend required improved engagement with clients in an attempt to develop alternative or improved product offerings.

We increased our engagement with shareholders and debt providers following the recent poor performance to provide adequate disclosure on areas of concern.

In addition, we increased our level of engagement with industry bodies following a significant level of attention on the construction industry during the year. Refer to pages 28 to 29 in the printed section of the integrated annual report.

A programme developed during the year to engage with key public sector stakeholders will allow our group communications activities to be increasingly strategic and better co-ordinated. Improved alignment between the South African government and governments in other current and target countries is also being driven, with progress being made in this area under the leadership of our new exco member Themba Mosai.

SCOPE AND BOUNDARY

This section of the integrated annual report covers the activities of Group Five for the 12 months to 30 June 2015.

Our report suite once again aims to provide concise, relevant and reliable information. This section of the integrated annual report provides additional information to that in the printed section and expands on individual stakeholder requirements.

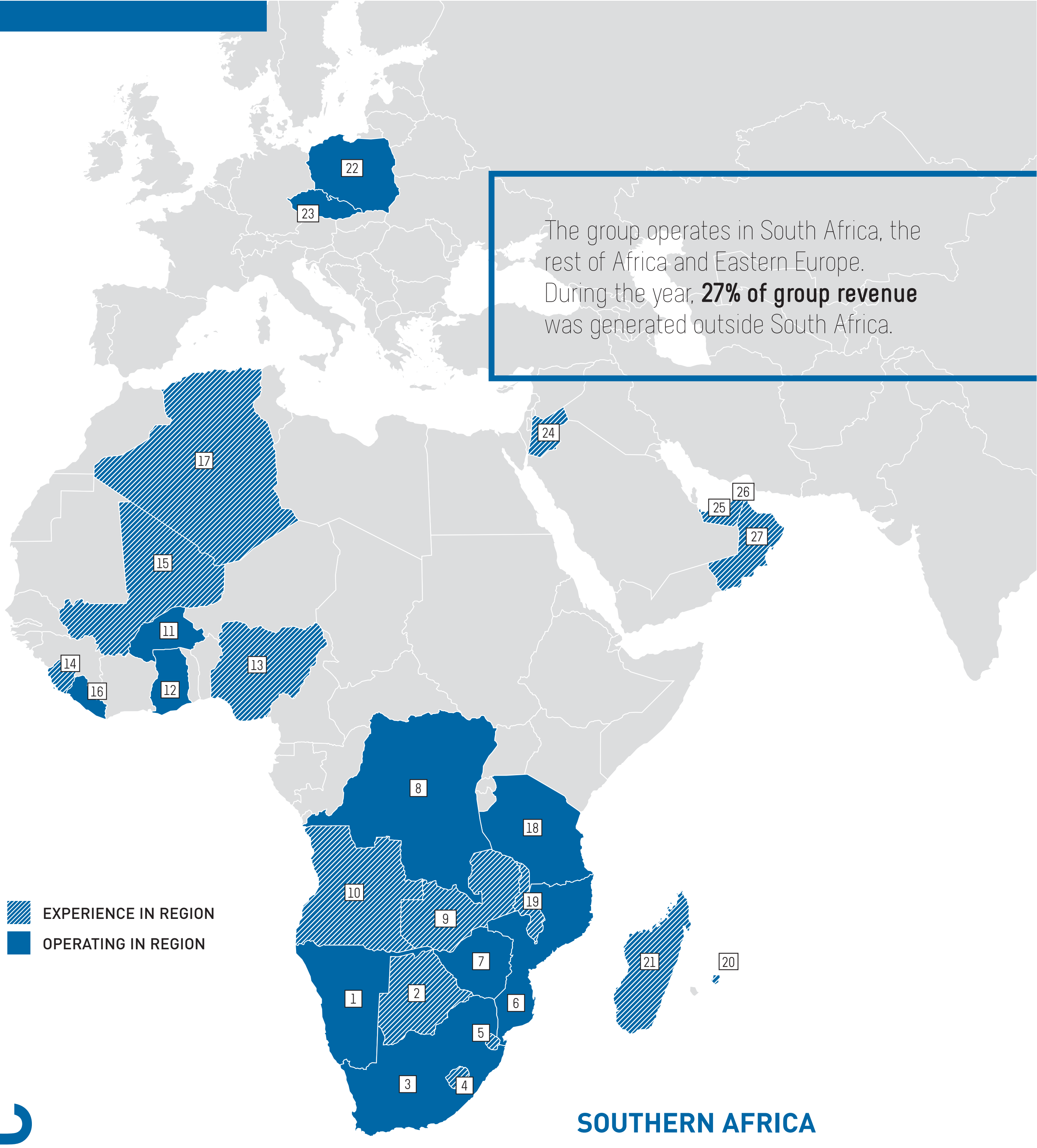
During the year, we continued to refine how we present information in this section of our report to improve ease of readability. The report has been compiled whilst considering the recommendations of the new Global Reporting Initiative (GRI G4), the King III Report on Corporate Governance (King III) for South African reports, as well as the new International Integrated Reporting Council. We have documented our assessment of the 75 King III principles in a register.

The structure of this online section of the integrated annual report follows the recommendations of GRI G4, as we found that a very useful way to present information to our stakeholders. In line with GRI G4, we continued to add to the disclosure provided in previous years. Although we are not in a position to fully report against GRI G4, we outline a response table to certain of the new relevant GRI indicators. Both these can be found on our website, www.groupfive.co.za.

The printed section of the integrated annual report includes summarised audited consolidated annual financial statements on pages 138 to 159, which were extracted from the audited consolidated annual financial statements. The complete set of audited consolidated annual financial statements is available on our website. The audited consolidated annual financial statements comply with International Financial Reporting Standards (IFRS), JSE Listings Requirements and the South African Companies Act.

GEOGRAPHIC FOCUS

The group operates in South Africa, the rest of Africa and Eastern Europe. During the year, **27% of group revenue** was generated outside South Africa.



SOUTHERN AFRICA

COUNTRIES OF OPERATION

1 NAMIBIA* 2 BOTSWANA# 3 SOUTH AFRICA* 4 LESOTHO# 5 SWAZILAND# 6 MOZAMBIQUE* 7 ZIMBABWE*

SEGMENTS WITHIN REGION

Building & Housing* | Civil Engineering* | Projects* | Energy* | Investments & Concessions* | Manufacturing*

MAJOR CONTRACTS:	
F2015(2)	Zimbabwe roads rehabilitation
F2016(2)	Uranium plant upgrade in Namibia

SECTOR: CONSTRUCTION WORKS %

	Revenue R million	Number of employees	Private: public	Mining	Industrial	Power	Oil and gas	Water	Real estate	Transport
F2014	12 910	12 275	60:40	4	1	21	23	6	35	10
F2015	**11 841**	**10 424**	**55:45**	**5**	**–**	**16**	**22**	**7**	**40**	**10**
F2016(1)	6 895	n/a	54:46	8	–	12	5	15	50	10

CENTRAL AFRICA

COUNTRIES OF OPERATION

8 DRC* 9 ZAMBIA# 10 ANGOLA#

SECTOR: CONSTRUCTION WORKS %

	Revenue R million	Number of employees	Private: public	Mining	Industrial	Power	Oil and gas	Water	Real estate	Transport
F2014	1 447	740	100:0	100	–	–	–	–	–	–
F2015	**420**	**274**	**100:0**	**100**	**–**	**–**	**–**	**–**	**–**	**–**
F2016[1]	41	n/a	100:0	100	–	–	–	–	–	–

SEGMENTS WITHIN REGION

Building & Housing# | Civil Engineering* | Projects* | Manufacturing#

MAJOR CONTRACTS:

F2015[2] Kibali gold plant construction in DRC

F2016[2] Small works operation in Lumbuashi DRC

WEST AFRICA

COUNTRIES OF OPERATION

11 BURKINA FASO* 12 GHANA* 13 NIGERIA# 14 SIERRA LEONE# 15 MALI#
16 LIBERIA* 17 ALGERIA#

SECTOR: CONSTRUCTION WORKS %

	Revenue R million	Number of employees	Private: public	Mining	Industrial	Power	Oil and gas	Water	Real estate	Transport
F2014	227	438	100:0	55	–	13	–	–	32	–
F2015	**979**	**653**	**100:0**	**28**	**–**	**57**	**13**	**–**	**2**	**–**
F2016[1]	2 843	n/a	100:0	8	–	92	–	–	–	–

SEGMENTS WITHIN REGION

Building & Housing* | Civil Engineering* | Projects* | Energy* | Investments & Concessions*

MAJOR CONTRACTS:

F2015[2] Capital Place property development and construction

F2016[2] Kpone IPP power project in Ghana

EAST AFRICA

COUNTRIES OF OPERATION

18 TANZANIA* 19 MALAWI# 20 MAURITIUS# 21 MADAGASCAR#

SECTOR: CONSTRUCTION WORKS %

	Revenue R million	Number of employees	Private: public	Mining	Industrial	Power	Oil and gas	Water	Real estate	Transport
F2014	144	65	100:0	99	–	–	–	–	1	–
F2015	**12**	**3**	**100:0**	**100**	**–**	**–**	**–**	**–**	**–**	**–**
F2016[1]	–	n/a	n/a	–	–	–	–	–	–	–

SEGMENTS WITHIN REGION

Building & Housing# | Civil Engineering# | Projects*

MAJOR CONTRACTS:

F2015[2] Bulyanhulu expansion plant

F2016[2] –

EASTERN EUROPE

COUNTRIES OF OPERATION

22 POLAND* 23 HUNGARY*

	Revenue R million	Number of employees
F2014	582	808
F2015	**623**	**690**
F2016[1]	n/a	n/a

SEGMENTS WITHIN REGION

Investments & Concessions*

MIDDLE EAST

COUNTRIES OF OPERATION

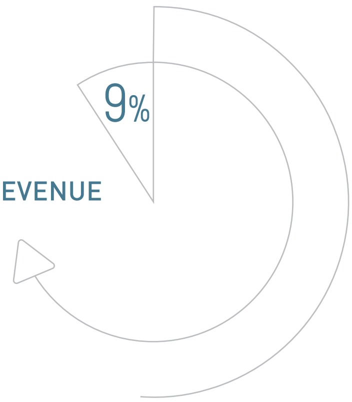
24 JORDAN# 25 ABU DHABI – UAE#
26 DUBAI – UAE# 27 OMAN#

[1] Based on one-year forward-looking secured order book – Contracting only
[2] Key contracts per region
* Operating in region
# Experience in region

- [x] MINING
- [ ] INDUSTRIAL
- [ ] POWER
- [ ] OIL AND GAS
- [ ] WATER
- [ ] REAL ESTATE
- [ ] TRANSPORT

MINING

REGIONS SOUTHERN AFRICA | CENTRAL AFRICA | WEST AFRICA | EAST AFRICA



OF GROUP REVENUE

KEY COMPETENCIES

Multi-disciplinary international mine and process plant constructor

Consortium partner in EPC^ mine construction

On-site services contractor

Supply chain logistics to remote sites

Design and build of construction camps and mine housing systems

Mine maintenance

Construction and operation of mining water treatment plants, including supply of water treatment chemicals

^ *Engineer, procure and construct.*

KEY DIFFERENTIATORS

- Experienced African mining and process plant constructor across 18 countries
- Strong repeat business client base
- Reputation for delivery of complex contracts in remote and difficult conditions
- Permanent in-country establishments with local plant and equipment
- Turnkey contract offering

KEY CLIENTS

ENGINEERS:
DRA, MDM, Lycopodium, SNC Lavalin, Amec, Sedgman, Senet, Tenova Bateman

MINING HOUSES:
Randgold Resources, ENRC, Exxaro, Xstrata, Newmont, Barrick Africa, AngloGold Ashanti, African Minerals, Freeport-McMoRan, Jindal, Kalagadi Manganese, Rox Gold, Husab Uranium, Goldfields, Glencore, MMG, Metorex

KEY CONTRACTS PER FINANCIAL YEAR

2011

KINSEVERE – DEMOCRATIC REPUBLIC OF CONGO

The structural, mechanical, electrical, instrumentation and piping (SMEIP) supply, construct and commissioning of a copper plant to produce 60 000 tonnes grade A copper per annum.

2014

KIBALI GOLD MINE – DEMOCRATIC REPUBLIC OF CONGO

The delivery of bulk earthworks and plant-wide civils works, including tailing storage facilities, and the structural, mechanical, piping, electrical and instrumentation installation on the Kibali Gold contract, as well as an associated hydropower plant located in Northern DRC. This contract was the largest greenfield gold contract in Africa for the group. The mine produced first gold in September 2013 and was fully operational in July 2014.

2012

GROOTEGELUK RUN OF MINE AND WASTE CONTRACT – SOUTH AFRICA

The contract is to construct a sophisticated conveyer system to enable conveyance of coal from the Grootegeluk mine to the Medupi power station in Lephalale.

2015

NEW LIBERTY GOLD – LIBERIA

Group Five Projects is currently in the final stages of completing the New Liberty Gold Mine contract in Liberia.

Our scope included:

- Supply, fabrication, transport and painting of 750 tons of structural steel, hand railings, grating, 360 tonnes of site-fabricated tanks and 16 kilometres of piping
- Electrical and instrumentation, which consisted of 54 kilometres of electrical cable, 17 kilometres of instrumentation cable and 3.5 kilometres of cable racking

The contract's key milestone was on 29 May 2015 when the first gold was poured. This was achieved even after delays in clearing containers and the restricted movement of people due to the Ebola epidemic.

2013

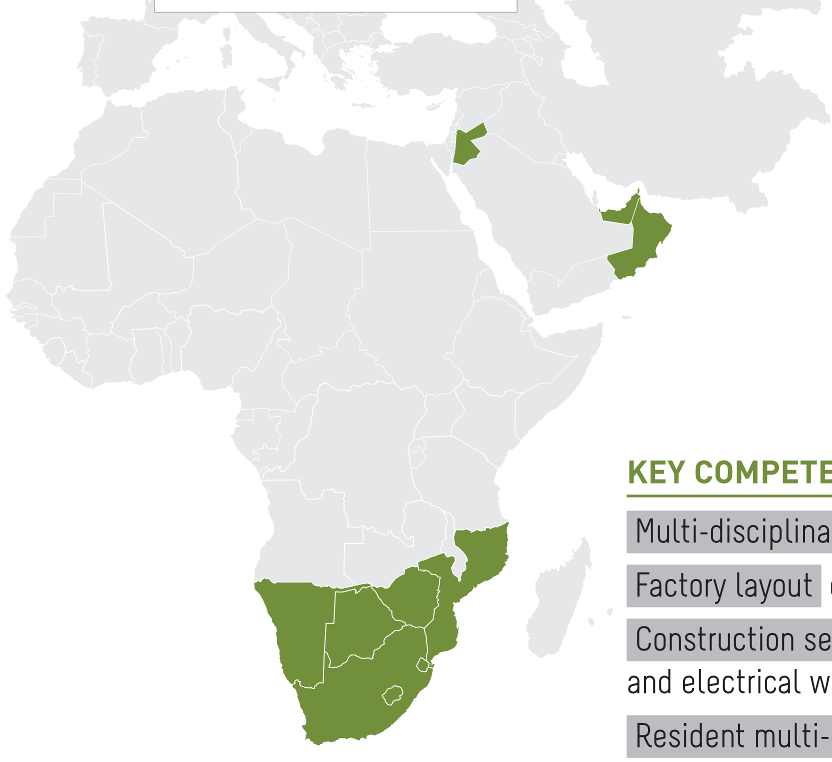
TONKOLILI IRON ORE STAGE 1B – SIERRA LEONE

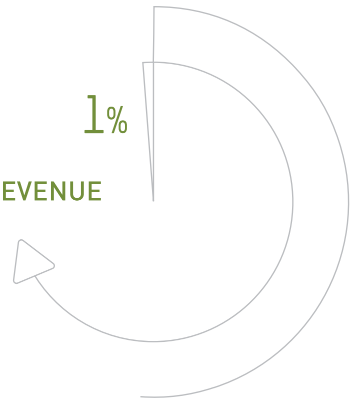
This was the group's first contract in Sierra Leone and its first iron ore contract outside South Africa. It involved the supply of piping and erection of structural steel, mechanical equipment and piping for a new client to the group, African Minerals. The contract consisted of 2 372 tonnes of steelwork, 557 tonnes of plate work and 14,5 kilometres of piping.

- [ ] MINING
- [x] INDUSTRIAL
- [ ] POWER
- [ ] OIL AND GAS
- [ ] WATER
- [ ] REAL ESTATE
- [ ] TRANSPORT

INDUSTRIAL

REGIONS SOUTHERN AFRICA | MIDDLE EAST





1%

OF GROUP REVENUE

KEY COMPETENCIES

Multi-disciplinary industrial plant constructor

Factory layout design and build

Construction services, including civils, building, mechanical and electrical works

Resident multi-disciplinary maintenance and shutdown services contractor

Supply of construction steel and building cladding systems

KEY DIFFERENTIATORS

- Track record in civils, heavy mechanical, electrical and piping construction and services
- Aluminium, steel, zinc, uranium, platinum, cobalt and gold smelting and minerals beneficiation
- Automotive
- Petrochemical
- Sugar
- Paper
- Cement
- Smelters
- Breweries
- Steel plants

KEY CLIENTS

Hulamin, Huntsman Tioxide, Mondi, Toyota, Sappi, Volkswagen, Arcelor Mittal, Mercedes Benz, Anglo American, Taurus Minerals, SAB, Columbus Stainless, Saldanha Steel, Cementos

KEY CONTRACTS PER FINANCIAL YEAR

2011

SASOL FT WAX EXPANSION PHASE 1 – SOUTH AFRICA

Demolition of existing structures and the re-routing of services. Construction of bulk earthworks, access roads, underground drainage works, structural foundations and building extensions.

2012

SAPPI TUGELA MILL – SOUTH AFRICA

Supply of boiler making, piping and mechanical fabrication and welding services to support the Sappi mill's engineering services and production maintenance units. This is an evergreen core contract that was established in December 1999.

2013

SASOL FT WAX EXPANSION PHASE 2 – SOUTH AFRICA

A typical brownfields petrochemical contract with very demanding safety standards. The scope included site preparation, relocation of existing services, earthworks, demolition, structural steel and concrete foundations for the FT wax expansion contract in Sasolburg. The contract included new civil structures, building works and infrastructure development for phases 1 and 2 of the expansion.

2014

UPGRADE TO COPPER CONCENTRATE SMELTER IN TSUMEB – NAMIBIA

A Namibian brownfields contract for Ongoplolo Mining and Processing requiring an upgrade of existing plant to accommodate a planned increase in copper concentrate feed from 120 000 tonnes per year to 240 000 tonnes per year, as well as to reduce the overall pollution of the environment, particularly arsenic pollution. The scope of works included supply, fabrication, transportation and installation of structural steel, as well as mechanical, electrical and instrumentation installation.

2015

EFFLUENT PLANT – GHANA

The Accra Breweries Limited effluent water treatment plant in Ghana is a breakthrough for the group into the large Ghanaian industrial market. The scope involves:

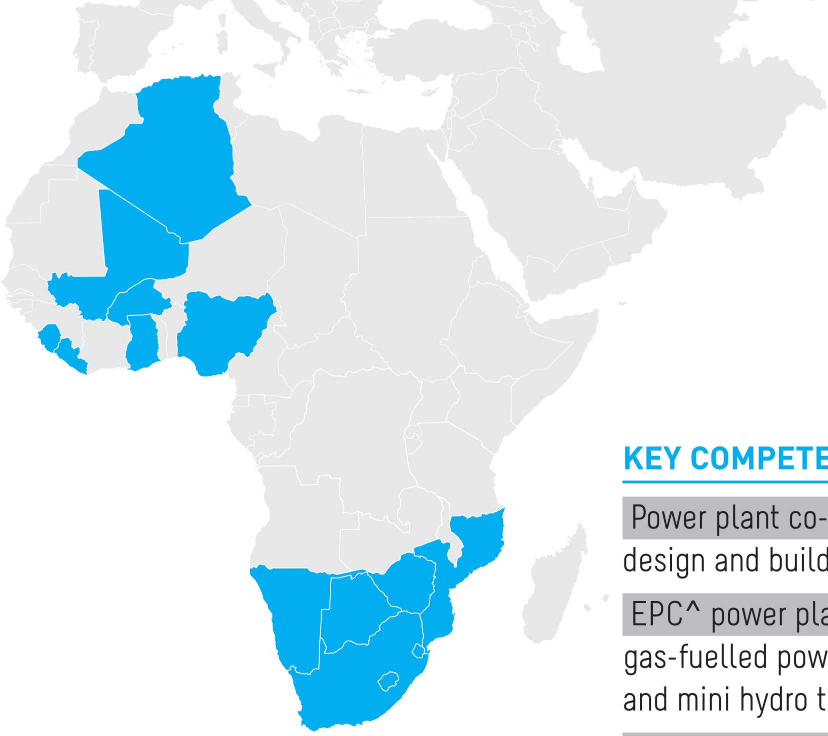
- Demolishing an existing steel shed
- Removing an existing slab
- Earthworks and excavations
- Bases, bund walls and tanks
- A building for the plant and control room
- Connection of piping to the existing system

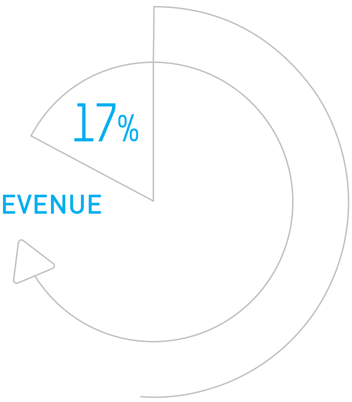
The contract is scheduled for completion in January 2016.

- [ ] MINING
- [ ] INDUSTRIAL
- [x] POWER
- [ ] OIL AND GAS
- [ ] WATER
- [ ] REAL ESTATE
- [ ] TRANSPORT

POWER

REGIONS SOUTHERN AFRICA | WEST AFRICA





KEY COMPETENCIES

Power plant co-developer, equity participant and turnkey design and build contractor

EPC^ power plant contractor for thermal, liquid and gas-fuelled power plants and renewables in solar, wind and mini hydro technologies

Nuclear construction and services contractor

Renewables power plant operations and maintenance services

^ *Engineer, procure and construct.*

KEY DIFFERENTIATORS

- Track record in EPC^ power plant delivery in South Africa and the rest of Africa
- Approved EPC^ contractor to OEM* majors and other technology providers
- Capability to co-develop contracts to bankability
- Operations and maintenance experience and systems

* *Original equipment manufacturers.*

KEY CLIENTS

ESKOM

INDEPENDENT POWER PRODUCER DEVELOPERS: Cenpower, Kuvaninga, Geometric Power, Bio-Therm, Gestamp, Soitec, Solar Reserve

LARGE MINING AND INDUSTRIAL GROUP: Tronox, Debswana, Goldfields, Anglo American, Sasol and others

KEY CONTRACTS PER FINANCIAL YEAR

2011
KUSILE POWER STATION
– SOUTH AFRICA

Civil works for a coal-fired power station using flue gas desulphurisation technology.

2012
ESKOM'S KUSILE AIR COOLED CONDENSER COLUMNS
– SOUTH AFRICA

Following Kusile's main civils works, the group is now building support columns for the air cooled condensers by using concrete sliding technology.

2013
SASOL HEAT RECOVERY STEAM BOILER CONTRACT – SOUTH AFRICA

Group Five was awarded two phases of this contract for Sasol's Secunda petrochemical plant. The first was an EPC contract for the delivery of a 202 MW OCGT power plant. The second was a total EPC delivery of a heat recovery and steam generating (HRSG) facility. It included the overall design, logistics and project management of the HRSG installation and commissioning, civil foundations, structural steel, mechanical valves, pipe installation work, electrical cabling and all instrumentation installation.

2014
JASPER 75 MW PHOTOVOLTAIC SOLAR POWER PROJECT
– SOUTH AFRICA

Following the launch of the South African government's Renewable Energy Independent Power Producer Programme (REIPP), the group was awarded four renewable energy engineer, procure and contract (EPC) contracts to deliver two wind farms and two solar power contracts. These contracts involve harnessing wind and solar energy to generate electrical power using wind turbines and either concentrated (CPV) or conventional (PV) solar photovoltaic modules. The combined total generated electrical output from these four contracts is 212 MW.

Grid connection has been achieved on all four contracts with Jasper achieving connection ahead of programme in F2015.

2015
KUVANINGA POWER PROJECT – Mozambique

Kuvaninga is a gas-fired engineer, procure and construct (EPC) greenfield contract in Mozambique, designed to produce 40.29 MW of power.

The contract is run as a partnership between Group Five Energy and Projects.

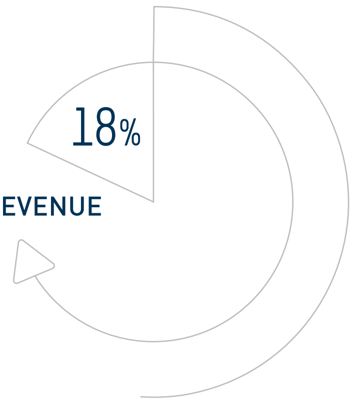
It is due for completion in September 2015.

The scope includes:
- The installation of gas engines
- The construction of a yard
- Modifications to the existing sub-station and transmission lines
- A housing compound for the managers at the plant

SECTOR FOCUS
continued

OIL AND GAS

REGIONS SOUTHERN AFRICA | CENTRAL AFRICA



KEY COMPETENCIES

Multi-disciplinary process plant and infrastructure constructor

Resident multi-disciplinary services contractor

Refinery shutdown and turnaround contractor

Depots upgrade and services call centre

Specialist tankage design and build contractor

KEY DIFFERENTIATORS

- Established oil and gas business
- Experienced shutdown and maintenance contractor to all oil and petrochemical majors
- 24-hour service and maintenance contractor for fuel depots
- Piping and steel fabrication facilities in compliance with ISO 3834
- Tankage and pipeline constructor and services contractor

KEY CLIENTS

Transnet, SAPREF, Engen, Shell, Chevron, BP, Sasol, PetroSA

KEY CONTRACTS PER FINANCIAL YEAR

2011
SASOL ALRODE TANKS – SOUTH AFRICA

Construction of a new fuel storage facility for Sasol in Johannesburg, using tank technology from HMT, a US-based liquid storage tank partner.

2012
NMPP PIPELINE PUMP STATIONS – SOUTH AFRICA

This contract involved the construction of five large pump stations in KwaZulu-Natal for Transnet's NMPP pipeline. This required heavy civils, mechanical and electrical construction. Four of the group's segments worked as part of the team. Post contract works are in progress.

2013
NMPP TERMINALS – SOUTH AFRICA

The NMPP inland and coastal terminals contract for Transnet involves the construction of sophisticated petroleum handling and storage facilities in Heidelberg and Durban. This includes the civils, mechanical and electrical installation, tankage and piping. Construction is being executed by a number of Group Five businesses working together as a single unit.

2014
ROMPCO GAS LOOP LINE CONTRACT – MOZAMBIQUE

The construction of a 26-inch diameter underground coated carbon steel pipeline of 127 kilometres. The Republic of Mozambique Pipeline Investments Company, Sasol and the South African and Mozambique governments as the main stakeholders, commissioned this contract to increase capacity of the existing gas pipeline in response to increased gas demand from the Ressano Garcia power plant, located on the Mozambique-South African border.

2015
MULTI-DISCIPLINARY CONTRACTS AND MAINTENANCE SERVICES – SOUTH AFRICA

Group Five have been contracted by Shell South Africa Marketing (Pty) Limited for a number of years to undertake multi-disciplinary contracts and maintenance services across all their depots throughout South Africa. The maintenance contract includes all daily maintenance and shutdowns at all depots across the country.

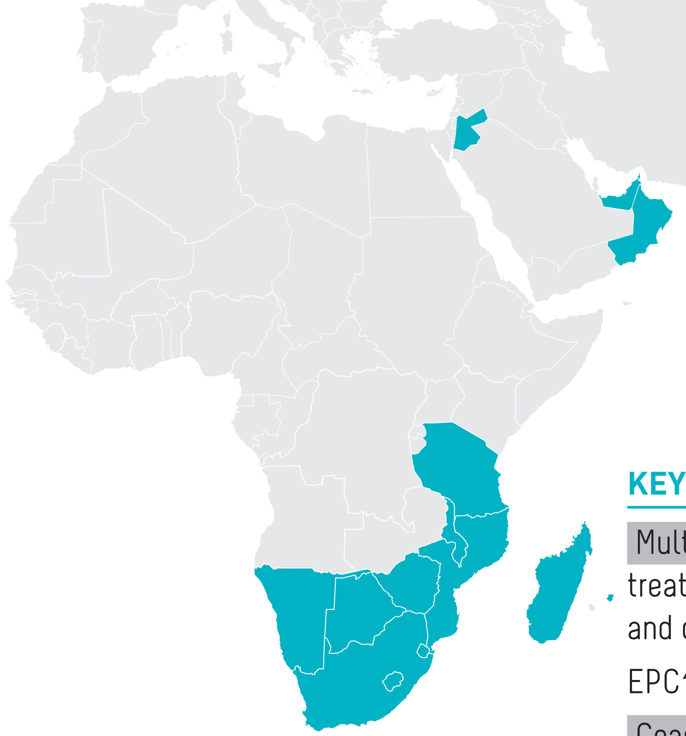
The multi-disciplinary scope of work typically includes civil and earthworks, structural steel, tankage (new tank build and tank repairs), piping, mechanical and electrical and instrumentation works.

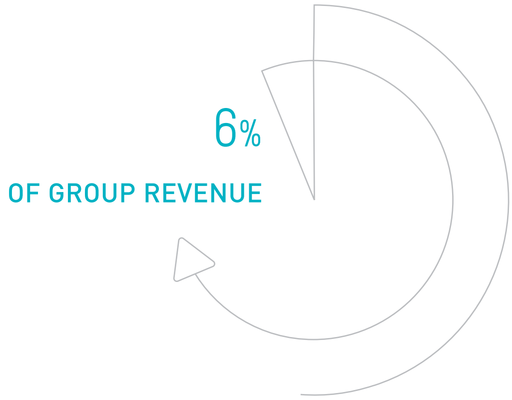
The Shell Alrode Tanks contract and Shell Kroonstad Phases 1 and 2 were recently completed and the Shell Vapour Recovery Unit (VRU) contract was implemented in response to the requirements of the National Environmental Management: Air Quality Act.

SECTOR FOCUS
continued

WATER

REGIONS SOUTHERN AFRICA | EAST AFRICA | MIDDLE EAST





KEY COMPETENCIES

Multi-disciplinary constructor of bulk water transport, treatment and storage infrastructure, including reservoirs and dam systems

EPC^ delivery of bulk water systems

Coastal and sub-marine construction for ports, harbours, jetties and quayside materials handling

Design and manufacture of large bore spiral-welded water pipes

Supply of construction steel

Supply of fibre cement pipe systems

Abstraction and river diversion works

^ *Engineer, procure and construct.*

KEY DIFFERENTIATORS

- More than 35 years' track record of delivery in the water and marine civils sector, which includes some of the largest contracts in the SADC^ region
- Dedicated pipe manufacture
- Specialist experience in building pipelines and water treatment facilities

* *Southern African Development Community.*

KEY CLIENTS

Transnet (ports), Department of Water Affairs (DWAF), Trans Caledon Tunnel Authority (TCTA), Umgeni Water, Rand Water, East Rand Water Company, Lepelle Northern Water, Municipalities, City Councils

KEY CONTRACTS PER FINANCIAL YEAR

2011

BG3 PIPELINE – SOUTH AFRICA

Group Five Pipe was awarded Rand Water's R124 million BG3 pipeline in 2008. It completed the manufacture, coating and lining of the entire pipeline. The pipes were the largest pipes with the thinnest walls ever to have been manufactured by the group, with new coating and lining technology used.

2012

SPRING GROVE DAM – SOUTH AFRICA

The Spring Grove dam in KwaZulu-Natal is being constructed by Group Five Civil Engineering and Coastal in joint venture with Pandev, one of the group's long-standing enterprise development partners. The contract was completed in 2013.

2013

SAND BYPASS CONTRACT – SOUTH AFRICA

Following the successful completion of the group's contract to widen the Durban harbour in 2010, we are currently constructing a sand bypass system that serves to preserve the natural movement of coastal sand. The facility will pump sand from a concrete storage hopper through a series of pump stations onto Durban's beaches. The 70-metre diameter concrete storage hopper is being constructed between two and four metres below the water table adjacent to an existing quay wall.

2014

ACID MINE DRAINAGE (AMD) FACILITIES – SOUTH AFRICA

The Trans Caledon Tunnel Authority awarded the fast-track AMD Phase 1 Treatment Facilities contract to the group. This included earthworks, civil works, building, mechanical and electrical processes. Challenges during the civil construction included ensuring water tightness of all the concrete to contain infected water, with some of the structures up to nine metres high. At its peak, the contract employed more than 600 people with a solid safety track record and a focus on enterprise development.

2015

DARVILL WASTE WATER TREATMENT WORKS UPGRADE – SOUTH AFRICA

The group is currently executing the construction of the Darvill Waste Water Treatment Works upgrade in KwaZulu-Natal for Umgeni Water.

The upgrade will increase the plant's current capacity from 60 mega litres to 100 mega litres per day.

The scope of works include:
- Construction of various reinforced concrete tanks and pump stations
- The installation of steel and concrete pipelines
- Mechanical, electrical and control and instrumentation

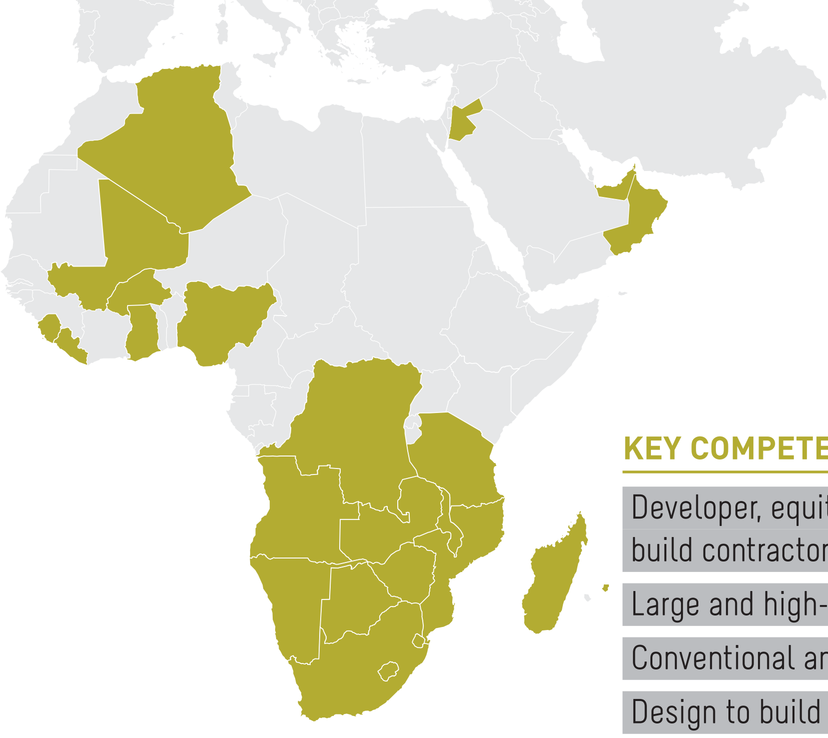
A challenging element of this contract is the construction of two new Egg-shaped Anaerobic Digesters of 34 metres in height and 18 metres in diameter. Group Five sourced and imported a specialist formwork system from Austria due to the intricate nature of the construction works.

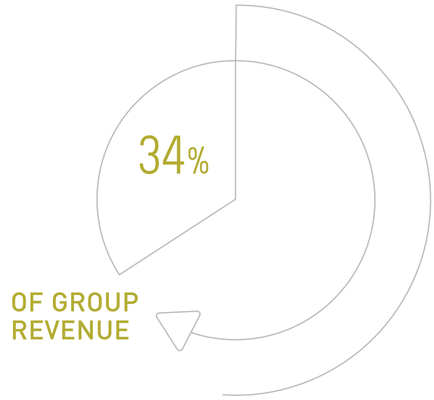
- [ ] MINING
- [ ] INDUSTRIAL
- [ ] POWER
- [ ] OIL AND GAS
- [ ] WATER
- [x] REAL ESTATE
- [ ] TRANSPORT

SECTOR FOCUS
continued

REAL ESTATE

REGIONS SOUTHERN AFRICA | CENTRAL AFRICA | WEST AFRICA | EAST AFRICA | MIDDLE EAST





KEY COMPETENCIES

Developer, equity participant and turnkey design and build contractor in real estate developments

Large and high-rise building constructor

Conventional and low-cost housing contractor

Design to build contractor, with particular green building expertise

Public private partnerships (PPPs)

KEY DIFFERENTIATORS

- Design to build capability
- In-house financial structuring capability for PPP delivery
- Large building capacity and track record
- Specialist mine housing contractor
- Track record in large-scale, low-cost housing contracts
- International delivery capacity in Africa
- Five-star green building contractor
- High rise construction experience
- Logistical construction management capability

KEY CLIENTS

LARGE PROPERTY DEVELOPERS: Atterbury Waterfall Investment Company, Investec Property Developments, Zenprop Property Holdings, Eris Property Holdings and Billion Property Developments

DEPARTMENT OF PUBLIC WORKS (PROVINCIAL AND NATIONAL) AND LARGE METROS

HEALTHCARE INDUSTRY: Public and private players, such as Netcare and Mediclinic, as well as national and provincial governments

LARGE MINING GROUPS: Anglo American, AngloGold Ashanti, Anglo Platinum, Lonmin, Assmang, Sasol Mining, Kumba, MultiChoice Support Services, Municipalities and Town Councils

KEY CONTRACTS PER FINANCIAL YEAR

2011

KHAYELITSHA DISTRICT HOSPITAL – SOUTH AFRICA

Construction of a new 230-bed hospital in Cape Town for the Department of Public Works.

2012

CRYSTAL PARK AFFORDABLE HOUSING – SOUTH AFRICA

A turnkey development of over 4 000 housing units were secured by the group in Benoni in Gauteng. Group Five Motlekar is the developer and Group Five Housing the contractor. The first phase of the contract will be finalised by mid-2014, with the balance possibly continuing to 2018.

2013

MASERU SHOPPING MALL – LESOTHO

The 35 000 m^2 shopping mall is the largest in Lesotho and was the first Group Five Building contract in that country. The contract was completed on time to a high quality standard in just 14 months.

2014

BOPHELONG PSYCHIATRIC HOSPITAL – SOUTH AFRICA

This contract involved the construction of a new psychiatric hospital for the Department of Health consisting of various single storey buildings and infrastructure works for the forensic and government patient units. The hospital is on the outskirts of Mafikeng in the North West. The contract replaced the outdated facility in the Mafikeng area.

2015

MALL OF AFRICA – SOUTH AFRICA

Group Five Building, in joint venture, is constructing the largest single phase shopping centre development in Africa at Waterfall City in Johannesburg, with a total building area of 538 000 m^2.

More than 150 of the approximately 200 sub-contractors have been appointed and a production output of 1 300 m^2 of concrete is cast per day. This requires careful management of the complex operational and commercial requirements.

The Mall of Africa is scheduled for completion in April 2016.

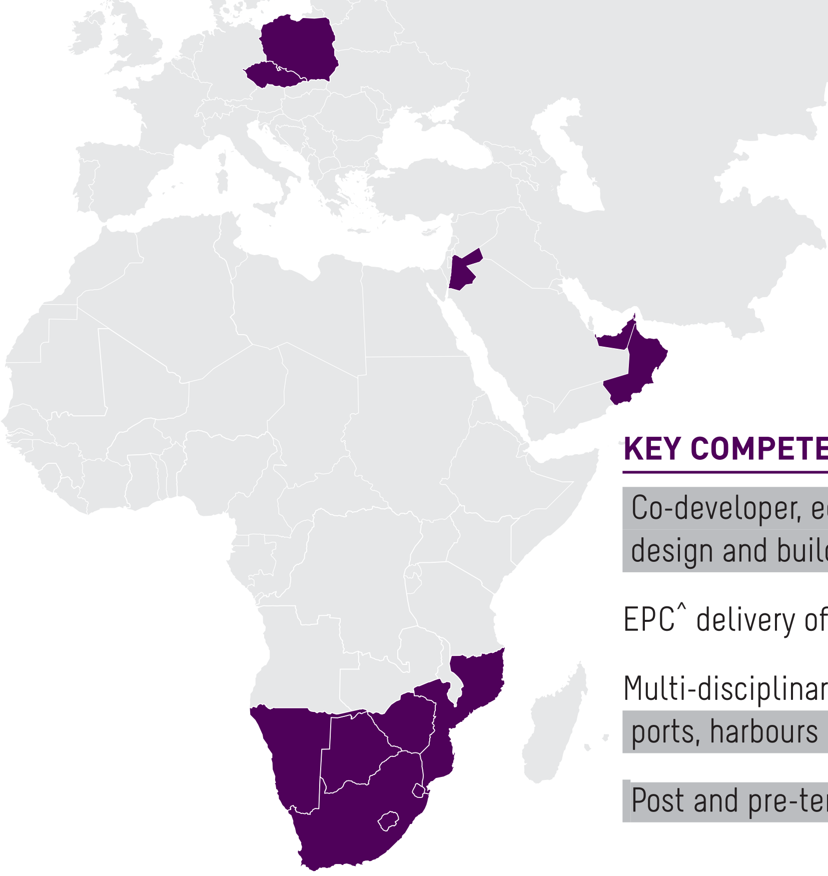
The shopping centre will consist of a trucking tunnel to alleviate delivery truck congestion, a fire escape tunnel, six levels of post-tension parking and four levels of retail area, 49 lifts and 22 escalators.

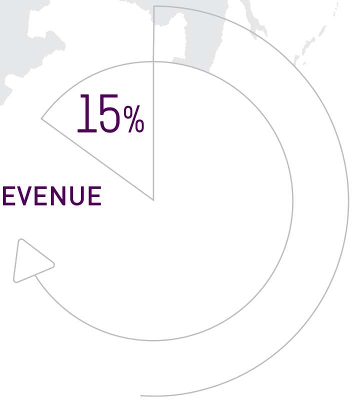
- MINING
- INDUSTRIAL
- POWER
- OIL AND GAS
- WATER
- REAL ESTATE
- ☑ TRANSPORT

SECTOR FOCUS
continued

TRANSPORT

REGIONS SOUTHERN AFRICA | EASTERN EUROPE | MIDDLE EAST





KEY COMPETENCIES

Co-developer, equity participant and turnkey design and build contractor in transport concessions

EPC^ delivery of transport infrastructure

Multi-disciplinary constructor of roads, railways, ports, harbours and airports

Post and pre-tension capability

^ *Engineer, procure and construct.*

KEY DIFFERENTIATORS

- International experience across Africa, the Middle East and Europe
- Reputation for timeous and technically complex delivery
- Large contract capability
- EPC^ competence

KEY CLIENTS

South African National Roads Agency (SANRAL), Department of Transport, Municipalities, Town Councils, Airports Company of South Africa (ACSA), Transnet, large metros and provincial government, Development Bank of South Africa, Zimbabwe Roads Agency, The Ministry of Infrastructure of the Government of Poland, The Ministry of Economy and Transport of Hungary

KEY CONTRACTS PER FINANCIAL YEAR

2011

GAUTENG FREEWAY IMPROVEMENT PROJECT – PACKAGE E – SOUTH AFRICA

Extensive lane additions and improvements to interchanges as part of SANRAL's freeway improvements.

2012

CHOTA MOTALA INTERCHANGE – SOUTH AFRICA

This contract in KwaZulu-Natal comprised an upgrade of the freeway from a four-lane carriage way to a six-lane free flowing and remodelled interchange. The interchange consisted of two major structures, including the demolition and the reconstruction of the grade separation bridge and an incrementally launched fly-over bridge, as well as all associated works.

2013

NEW SHIP-TO-SHORE CRANES – DURBAN HARBOUR – SOUTH AFRICA

Group Five constructed two 720-metre concrete quayside beams and installed crane rails, tie-down anchors and storm pins in the sea-side tunnels to facilitate the installation of new Transnet ship-to-shore (STS) cranes. The seven cranes are the first and largest STS cranes in Africa. The construction took place in the Durban container terminal, with the quay wall strengthened to facilitate off-loading the new large cranes.

2014

UPGRADING OF KURUMAN TO VRYBURG ROAD – SOUTH AFRICA

The existing surfaced road between the towns of Kuruman and Vryburg in the Northern Cape was upgraded over a distance of 51 kilometres. The upgrading involved improving the existing drainage system, as well as widening the road to accommodate a 7,4-metre surfaced width with one metre shoulders. Bus bays were constructed along the route to improve the public transport system. The bitumen emulsion used was manufactured on site. The contract employed and trained local labour from adjacent communities and met all its goals set for labour participation, as well as the use of small businesses.

2015

VELDDRIF ROAD REHABILITATION – SOUTH AFRICA

This contract entails the rehabilitation and widening of 56 kilometres of the MR529 between Velddrif and Piketberg in the Western Cape.

The contract is on track for completion in May 2017.

The scope includes:

- Rehabilitation involving heavy recycling
- New base construction and resurfacing

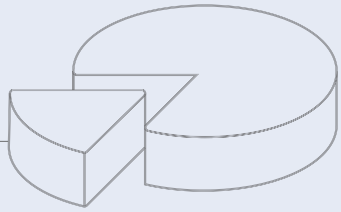
The contract stipulates a high-quality specification which required the use of new technology. Each work area has to allow a normal two-way traffic section to ensure minimal traffic impact during construction.

Given the importance of job creation in the area, the contract involves local enterprises and the creation of a minimum of 100 new local jobs over the period of the contract.

SECTION 02

YEAR UNDER REVIEW

KEY MEASURES



TEN-YEAR REVIEW

(R'000)	**2015**	2014	2013
GROUP INCOME STATEMENT*			
Revenue	**13 875 570**	15 360 444	11 111 377
Operating profit	**366 476**	642 954	482 562
Other expenses – net	**–**	–	(11 000)
Share of equity accounted profit/(loss)	**24 592**	28 095	14 327
Finance (cost)/income – net	**(1 622)**	(1 779)	(4 298)
Profit before taxation	**389 446**	669 270	481 591
Taxation	**(109 045)**	(229 738)	(193 977)
Profit for the year	**280 401**	439 532	287 614
GROUP STATEMENT OF FINANCIAL POSITION			
Interest of equity holders of parent	**2 928 378**	2 619 675	2 154 544
Non-controlling interest	**58 969**	73 298	75 325
Total equity	**2 987 347**	2 692 973	2 229 869
Non-current liabilities	**597 356**	635 904	798 476
Liabilities associated with non-current assets classified as held for sale	**–**	23 600	31 054
Current liabilities	**6 680 358**	6 580 573	5 726 848
Total liabilities	**7 277 714**	7 240 077	6 556 378
Non-current assets	**2 067 903**	2 067 987	1 730 322
Non-current assets classified as held for sale	**–**	49 671	108 177
Current assets	**8 197 158**	7 815 392	6 947 748
Total assets	**10 265 061**	9 933 050	8 786 247

* *Restated for the application of IFRS 5 – Non-current assets held for sale and discontinued operations, as a result of the decision to transfer the remaining business within the discontinued cluster of Construction Materials into continuing operations within the Manufacturing cluster.*

	2012	2011	2010	2009	2008	2007	2006
	9 092 851	9 206 998	11 337 588	12 090 236	8 899 578	7 689 168	5 864 721
	310 929	537 401	890 427	812 900	747 124	415 244	268 722
	(415 414)	(540 269)	(325 569)	–	–	–	(97 420)
	1 163	820	1 347	(69)	140	–	–
	(11 242)	18 361	27 871	(30 820)	(81 727)	(41 953)	(30 329)
	(114 564)	16 313	594 076	782 011	665 537	373 291	140 973
	(54 888)	(158 143)	(258 297)	(224 567)	(208 041)	(129 560)	(62 754)
	(169 452)	(141 830)	335 779	557 444	457 496	243 731	78 219
	1 808 736	2 148 130	2 486 357	2 373 477	2 006 664	1 612 587	681 257
	68 195	117 565	75 055	34 366	16 517	9 335	1 762
	1 876 931	2 265 695	2 561 412	2 407 843	2 023 181	1 621 922	683 019
	723 798	319 529	908 189	959 936	1 172 949	996 622	161 669
	178 361	–	–	–	–	–	148 285
	4 750 301	5 185 754	6 480 793	7 005 091	6 053 616	4 269 230	3 911 429
	5 652 460	5 505 283	7 388 982	7 965 027	7 226 565	5 265 852	4 221 383
	1 580 435	1 919 993	2 658 352	2 839 542	2 586 961	2 098 216	792 634
	272 928	53 233	65 153	81 170	135 760	163 967	388 667
	5 676 028	5 797 752	7 226 889	7 452 158	6 545 025	4 625 591	3 773 101
	7 529 391	7 770 978	9 950 394	10 372 870	9 249 746	6 887 774	4 904 402

KEY MEASURES
continued

KEY RATIOS

GROUP PERFORMANCE INDICATORS

R'000	**2015**	2014	2013	2012
REVENUE*				
Engineering & Construction	**11 875 357**	13 452 093	9 341 089	7 111 310
Building & Housing	**4 885 951**	4 430 513	3 236 000	2 065 972
Civil Engineering	**2 665 751**	3 760 143	3 217 121	2 997 747
Projects	**2 213 758**	1 740 812	1 717 748	1 416 411
Energy	**2 109 897**	3 520 625	1 170 220	631 180
Investments & Concessions	**995 125**	905 013	728 517	647 739
Manufacturing	**1 058 795**	1 060 077	1 129 487	1 333 802
Joint ventures equity accounted and joint ventures wholly consolidated	**(53 707)**	(56 739)	(87 716)	–
Total revenue	**13 875 570**	15 360 444	11 111 377	9 092 851
OPERATING PROFIT*				
Engineering & Construction	**62 769**	376 993	287 877	134 348
Building & Housing	**101 116**	92 981	38 822	57 076
Civil Engineering	**(95 669)**	68 684	106 640	(33 197)
Projects	**24 853**	120 512	114 693	104 302
Energy	**32 469**	94 816	27 722	6 167
Investments & Concessions	**237 595**	195 446	171 746	153 570
Manufacturing	**77 425**	79 653	30 440	23 011
Joint ventures equity accounted and joint ventures wholly consolidated	**(11 313)**	(9 138)	(7 501)	–
Total operating profit	**366 476**	642 954	482 562	310 929
Total operating profit margin (%)	**2.6**	4.2	4.3	3.4
Over-border revenue (%)	**27**	23	32	26
Cash generated/(utilised) – millions	**469**	(45)	707	24
SHAREHOLDER RETURNS				
Earnings/(loss) per share (R)	**2,22**	4,01	2,64	(2,88)
Headline earnings per share (R)	**2,05**	4,07	2,83	1,16
Dividend per share (cents)	**55,0**	100,0	67,0	36,0
Net asset value per share (R)	**28,96**	25,99	21,65	18,72
MARKET INDICATORS				
Market price – high (R) per share	**43,40**	45,65	38,04	32,00
Market price – low (R) per share	**21,00**	36,17	22,05	21,80
Market price – year end (R) per share	**28,44**	41,00	36,70	22,76
Market capitalisation – year end (R millions)	**3 191,2**	4 596,3	4 079,2	2 518,2
Value of shares traded (R'000)	**3 067 395**	2 033 268	1 392 096	1 083 159
Number traded (R'000)	**94 120**	48 264	44 197	43 234

* *Restated for the application of IFRS 5 – Non-current assets held for sale and discontinued operations, as a result of the decision to transfer the remaining business within the discontinued cluster of Construction Materials into continuing operations within the Manufacturing cluster.*

	2011	2010	2009	2008	2007	2006
	7 350 583	9 387 636	9 975 992	7 074 017	6 400 519	5 075 529
	2 143 004	3 186 142	2 899 773	2 848 795	3 121 921	2 788 466
	3 548 361	4 713 487	4 633 259	2 964 184	2 484 293	1 662 700
	1 165 583	680 802	1 462 586	851 803	794 305	624 363
	493 635	807 205	980 374	409 235	–	–
	554 659	591 871	626 795	581 685	533 800	316 217
	1 301 756	1 358 081	1 487 449	1 243 876	754 849	472 975
	–	–	–	–	–	–
	9 206 998	11 337 588	12 090 236	8 899 578	7 689 168	5 864 721
	471 785	694 971	573 496	384 021	236 483	143 064
	134 530	236 620	141 032	140 294	84 276	78 903
	227 889	310 655	225 733	142 857	105 037	50 169
	110 144	122 150	163 570	84 081	47 170	13 992
	(778)	25 546	43 161	16 789	–	–
	108 381	88 458	97 605	164 946	66 711	65 453
	(42 765)	106 998	141 799	198 157	112 050	60 205
	537 401	890 427	812 900	747 124	415 244	268 722
	5.8	7.9	6.7	8.4	5.4	4.6
	25	20	37	34	42	37
	(871)	327	954	1 195	60	391
	(2,27)	2,80	5,44	4,47	2,91	0,72
	3,26	6,14	5,68	4,70	2,83	0,69
	72,0	137,0	130,0	105,0	72,0	56,0
	22,38	26,08	25,09	21,41	17,45	9,22
	41,00	45,20	58,25	73,80	59,50	32,50
	24,40	31,50	26,70	42,00	27,26	15,20
	29,90	34,50	34,70	44,90	54,40	28,75
	3 632,2	4 171,5	4 167,2	5 350,5	6 443,5	2 867,1
	1 719 970	2 900 378	3 612 810	5 462 078	3 124 034	1 373 898
	51 951	79 130	92 297	103 436	67 728	57 970

GROUP SCORECARDS

The group has reported against a number of scorecards for several years to allow readers to track our progress.

JSE LIMITED SOCIALLY RESPONSIBLE INVESTMENT INDEX (SRI) SCORECARD

The JSE Limited (JSE) rates companies annually in terms of sustainability measures. Our ratings are listed below:

	F2014*	F2013	F2012	F2011	F2010
Overall result	**SRI participation****	SRI participation**	SRI participation**	SRI participation**	Best performer

The JSE only provides an overall result, not a breakdown.
* *F2015 results will only be available post year end when the JSE releases its updated index.*
** *Although the group continues to operate and report in line with the JSE's required SRI criteria and qualified as an SRI participant, it was not eligible to be considered a "best performer" until the Competition Commission finalises its settlement with the group after its investigation of anti-competitive behaviour in the sector.*

BBBEE SCORECARD (GROUP FIVE LIMITED)

Core components	BBBEE elements	Weighting points	Construction Charter scorecard **F2015[1] %**	Construction Charter scorecard F2014[2] %	Construction Charter scorecard F2013[3] %	Construction Charter scorecard F2012[4] %
Direct empowerment	Ownership	25	**25.0**	24.8	21.37	21.35
	Management control	10	**4.42**	5.76	8.54	8.70
Human resource empowerment	Employment equity	10	**3.96**	4.17	5.73	5.67
	Skills development	15	**14.73**	14.42	14.16	14.16
Indirect empowerment	Preferential procurement	20	**19.1**	20.0	20.0	19.2
	Enterprise development	15	**15.0**	15.0	15.0	15.0
	Socio-economic development	5	**5.0**	5.0	5.0	5.0
Total			**87.22**	89.14	89.79	89.40
Empowerment level			**2**	2	2	2

1 As audited by BEE Verification Agency cc for the year ended 30 June 2014 (the next audit will take place post the F2015 year end).
2 As audited by BEE Verification Agency cc for the year ended 30 June 2013.
3 As audited by BEE Verification Agency cc for the year ended 30 June 2012.
4 As audited by BEE Verification Agency cc for the year ended 30 June 2011.

EMPLOYMENT EQUITY SCORECARD

Sustainability indicator	F2015	F2014	F2013	F2012	F2011	F2010
Total employee headcount (all employees)	**12 178**	14 485	13 659**	10 846*	11 997	12 497
Number of unionised employees	**2 115**	2 494	2 120	2 039	2 285	2 416
% of permanent employees on medical schemes	**52**	46	49	45	46	44
% of employees over-border	**19**	24	25	25	21	17
% of black employees within the South African permanent workforce	**89**	89	89	88	87	79
% of black employees in Paterson grades F and E (executive and senior management)	**27**	21	19	17	13	10
Number of black male bursary students	**66**	63	42	51	79	73
As a % of total bursary students	**49**	52	55	44	43	43
Number of black female bursary students	**46**	22	12	21	38	35
As a % of total bursary students	**34**	20	16	18	21	20

* *The final headcount included 432 employees in the Construction Materials cluster. Although this was treated as a discontinued operation in the annual financial statements, these employees remained under the HR management of the group until finalisation of sales transactions.*
** *Excludes 60 employees in the Construction Materials cluster, as the business was in the last stages of being sold.*

SKILLS DEVELOPMENT

Sustainability indicator	F2015	F2014	F2013	F2012	F2011	F2010
a) Annual value spent on training and development programmes – (R million)	**40,2**	45,1	37,1	32,3	37,9	31,5
i) Total number of training interventions*	**13 133**	14 928	9 125	12 110	17 234	14 941
ii) Total number of training interventions – semi-skilled and unskilled*	**5 754**	6 029	4 007	5 965	9 415	5 846
b) Annual value incurred on bursary expenditure – (R million)	**8,4**	7,2	5,1	4,6	6,6	6,0
i) Number of bursary students	**136**	111	76	115	183	171
ii) Number of female bursary students	**50**	26	15	26	43	40
c) Annual value spent on learnerships and apprenticeships – (R million)	**7,2**	5,1	3,6	4,0	4,9	3,9
i) Learners on learnership and apprenticeship programmes	**186**	174	90	144	201	214
ii) Unemployed learners registered on learnership and apprenticeship programmes	**130**	120	66	99	128	163
d) Number of students on the Group Five Programme in Management Development (PMD)	**28**	8	21	22	20	23
e) Total annual training spend – black employees – (R million)	**15,5**	19,3	15,4	13,9	18,1	14,7

* *For employees.*

PREFERENTIAL PROCUREMENT SCORECARD (GROUP FIVE LIMITED)

ACHIEVEMENT AGAINST CONSTRUCTION SECTOR CHARTER PRINCIPLES

Measurement principle	Points	Target per Construction Charter F2015 target	Actual F2015[1]	Actual F2014[2]	Actual F2013[3]	Actual F2012[4]	Actual F2011[5]	Actual F2010[6]	Actual F2009[7]
Preferential spend with all suppliers	12	**70%**	**71.0%**	73.1%	70.1%	62.2%	52.8%	49.1%	45.1%
Preferential spend with qualifying small and emerging micro-enterprises	3	**15%**	**24.3%**	23.3%	20.1%	28.1%	22.0%	11.4%	6.3%
Preferential spend with enterprises that are more than 50% black-owned	3	**12%**	**21.1%**	18.2%	17.7%	20.9%	19.1%	9.2%	7.9%
Preferential spend with enterprises that are more than 30% black women-owned	2	**8%**	**5.6%**	4.4%	9.5%	8.6%	3.1%	1.9%	0.1%
Weighted score		**–***	**19.4**	19.1	20.0	20.0	19.0	18.4	15.68

1 Unaudited.
2 As audited by BEE Verification Agency cc for the year ended 30 June 2014 (Group Five).
3 As audited by BEE Verification Agency cc for the year ended 30 June 2013 (Group Five).
4 As audited by BEE Verification Agency cc for the year ended 30 June 2012 (Group Five).
5 As audited by BEE Verification Agency cc for the year ended 30 June 2011 (Group Five).
6 As audited by BEE Verification Agency cc for the year ended 30 June 2010 (Group Five).
7 As audited by BEE Verification Agency cc for the year ended 30 June 2009 (Group Five)
7 As audited by BEE Verification Agency cc for the year ended 30 June 2009 (Group Five Construction (Pty) Limited).
** A weighted score is not done for targets.*

ENTERPRISE DEVELOPMENT SCORECARD

Sustainability indicator	F2015	F2014	F2013	F2012	F2011	F2010
Annual value of total direct costs incurred by the group – (R million)	**1,1**	1,3	0,9	1,5	0,5	0,6
Value of funding provided by the group – Total capital due to the group as at 30 June – (R million)	**7,5**	8,8	9,8	11,5	14,1	12
Number of black-owned entities with which the group is engaging in significant joint venture partnerships*	**6**	12	15	12	12	18
Number of formal enterprise development partnerships	**11**	13	13	12	9	7
Total value of contracts being executed with black-owned joint venture partners* – (R billion)	**1,0**	3,1	5,9	4,9	2,0	7,8
Construction scorecard points obtained out of 15	**15**	15	15	15	15	15

** 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.*

SOCIO-ECONOMIC DEVELOPMENT (SED) SCORECARD

Sustainability indicator	F2015	F2014	F2013	F2012	F2011	F2010
Targeted SED spend as a % of SA operations' net profit after tax should exceed 1%	no*	yes	yes	yes	yes	yes
Total annual spend on SED programmes – (R million)	2,6	6,1	5,6	3,9	6,1	7,9
Number of unemployed people trained as part of the People at the Gate programme	118	536	524	43	207	214
% of unemployed people securing positions after training	70	90	80	100	95	90
Number of non-profit organisations benefiting from the group's SED programmes	55	75	38	32	35	48

* *Due to the tough market and operational conditions, this represented 0.9%.*

GOVERNANCE

VISION, VALUES AND ETHICS

DELIVERY ON F2015 FOCUS AREAS:

In the group's F2014 integrated annual report, we outlined a number of focus areas. Below we outline how we delivered against these:

F2015 FOCUS AREAS	DELIVERY
Update compliance policies and procedures and entrenching these through the group.	› All compliance policies were updated
Embed an improved compliance culture.	› A group compliance and ethics officer was appointed to ensure an increased focus on entrenching a compliance culture and implementing compliance initiatives
Continued progression in terms of ethics management, with a particular focus on ethics awareness training.	› Ethics management and training was brought in-house and new ethics training material was developed in line with our group ethics and values. An extensive roll out is planned for F2016
Increase the profile and awareness of our Tip-offs Anonymous line.	› The Tip-offs Anonymous training was launched during the year and over 250 employees were trained

INTRODUCTION

The group's vision and values are:

01 **PEOPLE**
We strive to be the employer of choice, attracting and retaining skilled people.

02 **EXCELLENCE**
We aim to continue to deliver quality and value in our chosen sectors through integrated solutions, products and services.

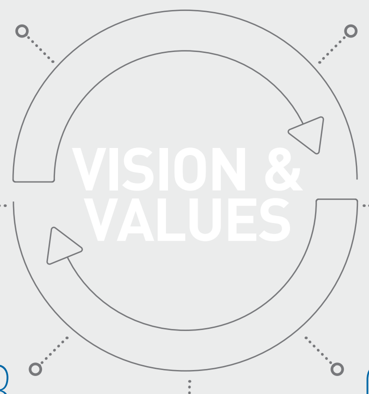
03 **TRANSFORMATION**
We are working towards sustainable and relevant company transformation.

04 **CLIENT FOCUS**
Drawing on Group Five's vast multi-disciplinary expertise, we deliver tailor-made solutions for our clients' individual needs.

05 **INTEGRITY**
Based on recognised codes of conduct and a system of accountable, transparent corporate governance, we aspire to maintain our high standards of business integrity.

06 **INNOVATION**
We continuously seek to develop and implement new and improved ways to deliver our solutions, products and services.

07 **PERFORMANCE**
We look to generate growth for shareholders through a client-centric focus and superior technical and business solutions.



ETHICS

Integrity is one of the group's seven values.

The group's ethics standards are set out in a code of conduct, which was updated in F2014. The code of conduct details the group's expectation of how employees, sub-contractors, suppliers and joint venture partners should engage whilst working with Group Five. The code of conduct covers the following areas:

- **PEOPLE AND SAFETY**
- **THE ENVIRONMENT AND COMMUNITY**
- **ETHICAL BUSINESS PRACTICES**
- **USE OF GROUP FIVE ASSETS AND RESOURCES**
- **GOVERNMENT, MEDIA AND INVESTORS**

The code covers, amongst other things, a commitment to legal and regulatory compliance, prohibiting giving or receiving bribes or the facilitation of payments, as well as conflicts of interest. Separate policies dealing with the giving or receiving of gifts are also in place. The code is supported by several policies governing issues such as sexual harassment, equality and diversity, fraud and corruption, as well as anti-competitive behaviour.

A policy to govern our relationships with business partners and agents who work with us in foreign countries to ensure alignment to regulations when they act or make representations on our behalf was implemented two years ago.

The reporting of any violation of policies is facilitated by a Tip-offs Anonymous line, managed by an external party and governed by a specific policy that protects whistle-blowers.

The group has a formal code of ethics and a Tip-offs Anonymous line. The number is:

0800 00 48 11

It is an independently managed service to ensure confidentiality.

A quarterly report on all tip-offs, together with the outcome of findings and any subsequent disciplinary hearings, is reported to the board through the group compliance and ethics officer who takes responsibility for the group's ethics framework.

The Group Five board has a directive in place that prohibits contributions to political parties.

Management are acutely aware of the importance of having a practical and effective ethics regime throughout the group. The group, therefore, appointed a group compliance and ethics officer during the year.

A new ethics programme called "Ethics@G5" was also finalised and is currently being rolled out. The programme is a half-day course targeted at all employees and aims to train approximately 500 employees per year. Training is compulsory, with the subject choice of the training material consisting of case studies in the construction sector and finalised Tip-offs Anonymous investigations specific to Group Five.

NATURE OF BEHAVIOURS OF INCIDENTS REPORTED

During the year, we implemented a new Tip-offs investigations process. The new procedure involves reinforcing the independence of the compliance and ethics function and the consolidation of all investigations within the group into one central function.

In the year under review there was an increase in the number of reported cases involving fraud and theft due to increased reporting following the Tip-offs Anonymous training.

	F2015	F2014	F2013	F2012	F2011
Abuse of company time	1	1	2	1	8
Bringing the company name into disrepute	1	2	2	–	–
Conflicts of interest	2	7	5	1	1
Fraud	21	12	68	31	27
Gross negligence	2	1	–	–	2
Governance	–	–	–	–	1
Misuse of company property	3	8	4	2	5
HR-related complaints	4	11	6	6	5
Non-compliance with policies and procedures	1	4	3	1	1
Providing false information	2	2	1	–	1
Theft	12	9	8	–	9
Total	**49**	57	99	42	70

The incidents reported included:

- Falsifying of qualifications
- Conflict of interest
- Misuse of petrol fleet cards
- Improper recruitment practices

The additional resources in the compliance and ethics department assisted in a higher number of cases being efficiently investigated and concluded. This resulted in 33 employees being dismissed after disciplinary hearings and 16 receiving written warnings.

GROUP MEMBERSHIP OF INDUSTRY INSTITUTIONS

Group Five employees hold senior positions in the following organisations:

Name of association	Position in governing body	Participates in committees or projects
Bargaining Council for the Civil Engineering Industry	Yes	Yes
South African Federation of Civil Engineering Contractors	Yes	Yes
Engineering Construction and Risk Institute	Yes	Yes
Construction Engineering Association	Yes	Yes
Gauteng Building Voluntary Bargaining Forum	Yes	
Black Business Council Built Environment		Yes
DEKRA		Yes

FOCUS GOING FORWARD

The ethics and compliance office will be focusing on the following during F2016:

- Rolling out competition law training and entrenching procedures through the group
- Compliance monitoring, which will involve a continued evaluation of the main pieces of legislation Group Five must comply with, as well as ensuring compliance
- Continued progression in terms of ethics management, with a particular focus on ethics awareness training
- Increasing the profile and awareness of our Tip-offs Anonymous line
- Embedding effective due diligence procedures within the group, especially when the group works with new joint venture partners and sub-contractors
- Continuing to align legal compliance risks to the future growth strategy of the group by identifying regulatory requirements in new jurisdictions the group might enter

REGULATORY ENVIRONMENT

DELIVERY ON F2015 FOCUS AREAS:

In the group's F2014 integrated annual report, we outlined a number of focus areas. Below we outline how we delivered against these:

F2015 FOCUS AREAS	DELIVERY
Confirming the regulatory environment applicable to the group, embedding a continued high-compliance culture within the group with respect to legal compliance and updating compliance policies and procedures.	› The Group Five regulatory evaluation was finalised and signed off by the board › Awareness of group policies continues to be raised through training initiatives
Evaluation of procurement practices and regulation in key focus countries within Africa.	› The regulatory evaluation was completed, with a key focus on the rest of Africa and identifying the best practices to be followed by Group Five in all jurisdictions where we have a footprint

INTRODUCTION

The group focuses on compliance with legislation that has a direct impact on its licence to operate.

During the year, key legislation continued to be prioritised according to probability and impact, taking into account the group's obligations and potential exposure to reputational risk, fines and penalties and other regulatory sanctions.

During the year under review, no material non-compliances were identified.

The group compliance and ethics officer was appointed to ensure compliance with material legislation. Compliance monitoring is continuously conducted across all major functions to determine whether there are any deficiencies that require immediate action to prevent reoccurrence.

RESPONSIBILITIES

Key resources to ensure compliance with material legislation are set out in the table below.

LEGISLATION	RESPONSIBILITY
› Companies Act › Construction Industry Development Board Regulations	Group company secretarial department
› Tax administration	Group finance department
› Basic Conditions of Employment Act › Labour Relations Act › Broad-Based Black Economic Empowerment Act and Amendment Act › Employment Equity Act	Group HR department
› Corporate and commercial procurement legislation	Group compliance and ethics officer
› Anti-bribery and Anti-corruption legislation	Group compliance and ethics officer
› Safety, health and environment (SHE) legislation	Group SHE manager

RELEVANT NEW LEGISLATION

The following pieces of legislation are currently most relevant to the group.

REGULATIONS TO THE EMPLOYMENT EQUITY ACT, NO 55 OF 1998

On 21 July 2014, the President signed the Employment Amendment Act, No 47 of 2013. This Amendment Act became effective on 1 August 2014.

The Act aims to achieve equity in the workplace by promoting equal opportunity and fair treatment in employment through elimination of unfair discrimination and implementing affirmative action measures to redress the disadvantages in employment experienced by designated groups.

Potential impact on Group Five:

The impact on the group was minimal, as the group proactively conducted an audit to rectify any anomalies.

AMENDMENT OF CONSTRUCTION INDUSTRY DEVELOPMENT REGULATIONS

The Minister of Public Works has proposed amendments to the Construction Industry Development Regulations for comment in relation to the payment of sub-contractors.

A proposed penalty for paying sub-contractors later than 30 days from date of receipt of their invoices has been suggested. The penalty will be calculated at repo rate +6% and finance will have to record late payment penalties in the balance sheet.

Potential impact on Group Five:

This will fundamentally change the way in which the entire construction industry manages sub-contractor relations.

For example, if we intend to withhold payment to a sub-contractor for any reason we must communicate this to them within five days of receiving their invoice. The sub-contractor can refer the matter for adjudication. On referral, we would be precluded from withholding payment if a dispute with a sub-contractor is a legal/technical matter.

To address this, we are currently involved in sector engagements to establish the best route to highlight the impact these amendments will have on the industry.

LABOUR RELATIONS AMENDMENT ACT, NO 6 OF 2014

The Labour Relations Amendment Act, No 6 of 2014 (Amendment Act) which came into effect on 1 January 2015. Amongst other things, the amendment:

- Extends the definition of who is presumed to be an employee
- Introduces more protection for persons employed on fixed term contracts and for persons who earn below the threshold
- Introduces a limitation on picketing rights

Potential impact on Group Five:

This impacts the drafting of long duration contracts. We have proactively addressed this to ensure that all affected contracts are in full compliance with the new legal requirements.

In terms of organisational rights requirements, we have to recognise and award organisational rights to small trade unions. This, therefore, further increases the number of trade unions in the group, which will require additional time spent by management engaging with more union stakeholders.

UPDATE ON RELEVANT LEGISLATION REPORTED ON IN OUR F2014 INTEGRATED ANNUAL REPORT:

INFRASTRUCTURE DEVELOPMENT ACT NO 23 OF 2014

The Act came into force in July 2014.

Impact on Group Five:

Since the Act came into force, the Council of the Presidential Infrastructure Coordinating Commission created by the Act has rolled out a number of contracts.

This will benefit Group Five, as the industry has experienced delays and cancellations of some of the bigger infrastructure contracts in the last few years.

SPECIAL ECONOMIC ZONES ACT, 2014

The Act aims to provide for the designation, promotion, development, operation and management of Special Economic Zones.

Impact on Group Five:

This Act will increase opportunities in the construction sector. Group Five is well placed to take advantage of these opportunities.

BROAD-BASED BLACK ECONOMIC EMPOWERMENT (BBBEE) AMENDMENT BILL, 2014

The new BBBEE Generic Codes came into effect on 1 May 2015. The extent to which the Construction Sector Codes will differ from the Generic Codes are currently being discussed by established and emerging contractors under the auspices of the Construction Sector Charter Council and with guidance from the Department of Trade and Industry.

Impact on Group Five:

Group Five had its BBBEE verification audit in February 2015 and has a valid Level 2 certificate in place until February 2016. There is, therefore, no immediate change to Group Five's status. However, we are aware of the impact the proposed amendments might have on Group Five and the entire private sector. We are currently engaging with stakeholders.

CARBON TAX POLICY PAPER, 2013

During the year under review, the Carbon Tax Policy Paper was expected to come into force. This was postponed to F2016.

Impact on Group Five:

The implementation of this Act has been postponed until F2016 to ensure increased alignment between the different departments within government. The group has quantified its expected carbon tax liability on implementation of the future carbon tax and, although there is an impact on profit due to this increased taxation, it is not material to the group's results.

COMPLIANCE ENFORCEMENT:

The South African Revenue Service has issued new monitoring requirements relating to the Tax Administration Act, 2011 to ensure that public officers, as the registered representatives for entities, are validated by SARS. This will ensure that all the tax affairs of the entity(ies) that the public officers represent are up to date and that the entity(ies) is/are tax compliant.

Potential impact on Group Five:

We are currently in discussions with SARS to confirm the impact.

ANTI-CORRUPTION

In the year under review, there were no legal or criminal proceedings instituted against any member of the group arising from alleged violations of anti-corruption legislation applicable to the group.

During the year, 226 employees received anti-corruption training. The training focused on South African and international anti-corruption legislation, the Prevention and Combating of Corrupt Activities Act 2004, the United Kingdom's UK Bribery Act and the Unites States Foreign Corrupt Practises Act. These pieces of legislation have been incorporated into the group's training material to align to our business footprint and ensure the application of international best practice.

ANTI-COMPETITION

As outlined to the market before, Group Five has co-operated proactively with the Competition Commission of South Africa since 2009 in terms of their investigations into matters of collusion in the construction industry in South Africa.

To date, the group has not reached settlement with the Commission on four contracts where Group Five Construction (Pty) Limited was implicated. Two matters were withdrawn by the Commission due to lack of evidence and two matters were referred to the Competition Tribunal.

The group awaits the date of the hearing from the Competition Tribunal and will use this opportunity to clarify any issues under dispute and bring finality to this matter.

FOCUS GOING FORWARD

During F2016, the regulatory team, together with the compliance and ethics office, will be focusing on continuing to update the current regulatory environment applicable to the group, embedding a continued high-compliance culture with respect to legal compliance and updating compliance policies and procedures to ensure their visibility and accessibility to employees and affected parties.

A Group Five regulatory evaluation document was formulated and signed off in F2015. This evaluation of all the key relevant legislation to the group has informed key focus areas for the group to ensure legal compliance.

The Group Five board also adopted a new Group Five Competition Law Policy, which encompasses new and more stringent controls that are in line with the group's zero tolerance policy to anti-competitive behaviour.

The new policy is more comprehensive and covers all jurisdictions where Group Five has an operational footprint.

Training on the new Competition Law Policy will be one of the key focus areas in F2016. New training material based on the policy was finalised and will be rolled out in all jurisdictions where Group Five has a footprint. Training will be mandatory.

RISK MANAGEMENT

DELIVERY ON F2015 FOCUS AREAS:

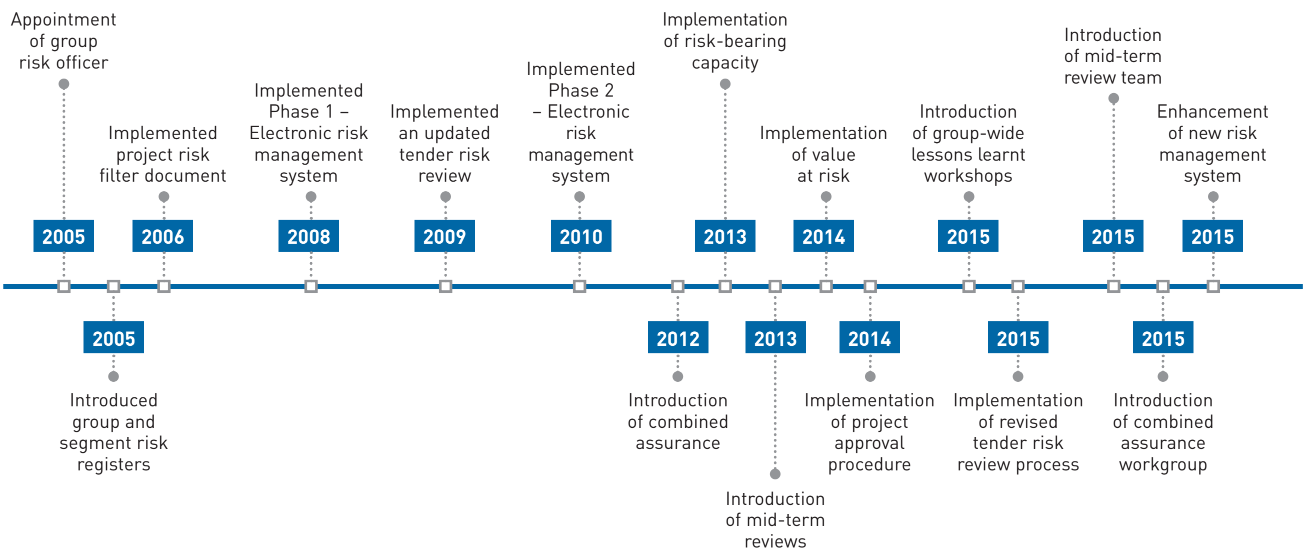
In the group's F2014 integrated annual report, we outlined a number of focus areas. Below we disclose how we delivered against these:

F2015 FOCUS AREAS	DELIVERY
Realise the benefit from our various systems and processes through analysing the data and trends to assist management in making proactive and strategic decisions.	› Analysis of the trends in the performance of our contracts identified strengths and weaknesses in our risk and operational processes. This enabled us to mitigate areas of concern and implement improvements where required › Various corrective actions were implemented following the analysis of our loss-making contracts
Improving the risk maturity within the group. This will be undertaken through risk management training.	› Risk management training was conducted with all senior management within our business. Discussions regarding our combined assurance model, risk-bearing capacity and risk appetite also formed part of this intervention › Several employees were also sent on a risk management course hosted by the international Engineering and Construction Risk Institute. The detailed course was presented by an international facilitator who has more than 40 years of operational experience within engineering and construction fields. Additional employees will be sent on this training in F2016. Where relevant, best practice identified from the courses were incorporated into the group's risk policies and procedures

INTRODUCTION

The group's risk management philosophy focuses on the management of risk rather than the total elimination, as the very nature of our operations make total risk elimination unattainable. We focus on the identification, quantification and assessment of risks and apply risk mitigation measures to eliminate or mitigate any potential impact. We also attempt to balance our reward against the value of risk we take to ensure a sustainable business model. The management team is acutely aware that risk management is not an exact science and we continually adapt and enhance our risk management process to incorporate new learnings.

RISK MANAGEMENT PROGRESSION



The above timeline refers to the progression of risk management within the group. Risk management procedures adopted before 2008 were manual. STARS, the group's electronic risk management system, was introduced in 2008 to automate the risk management system which continued to follow a "contract lifecycle" approach.

Phase 1 addressed the completion of individual tender risk assessments on the electronic risk management system and the consolidation of group and segment risks. Phase 2 saw an upgrade of the system with expanded functionality to allow site risk registers to be captured and consolidated onto the group's electronic risk management system. By moving onto an electronic risk management system, the group has been able to consolidate all risks onto a central database to allow a bird's eye view of all risks across the group.

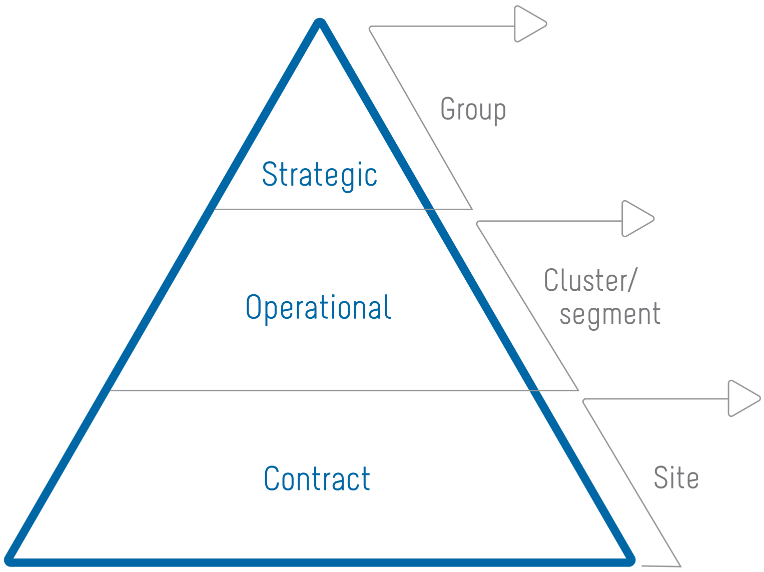
Further initiatives were included after F2012 and are discussed later in this section.

These include:

- COMBINED ASSURANCE
- RISK-BEARING CAPACITY
- VALUE AT RISK
- APPROVAL PROCEDURES
- MID-TERM REVIEWS
- ENHANCEMENT OF RISK MANAGEMENT SYSTEM

The board risk committee deals primarily with risk management across the group. The group risk officer presents a risk plan annually to the board which highlights key initiatives and ongoing risk management coverage to be achieved. The board risk committee approves this plan, together with any policies and procedures governing risk management in the group. Quarterly reports addressing safety statistics, together with key group risks of a strategic, operational, financial and Information Technology nature, are assessed by the board. In addition, the board is responsible for guiding the group's risk appetite, tolerance and risk-bearing capacity.

The group's risk management framework is focused on managing risks at three levels.



At the core of this framework is our combined assurance model which is designed around the philosophy of assuring both strategic and operational risks, as well as those business processes within our operating procedures that management deem key to the success of our organisation.

PAGE Refer to pages 84 to 86 in the printed section of the integrated annual report.

THE COMBINED ASSURANCE MODEL

The determination of risk is sourced initially through three approaches:

1. The first is a "bottom-up" approach where risks identified at a contract and segment level are captured and consolidated at both cluster and group level. Material and/or recurring risks are extracted and prioritised

2. The second involves senior management's identification of key threats to the cluster and the group's strategy. This review is undertaken annually during the group's business planning and strategy setting process. Further risks identified during the year are also included into the group combined assurance risk plan through discussion and agreement at the combined assurance workgroup (CAW).

3. The executive committee reviews the consolidated findings of all the key risks and assesses the adequacy of this outcome in terms of the validity, accuracy and completeness of the risks included. This list is presented to the board for final review and approval.

The output from these three risk assessment processes is incorporated into our combined assurance model and provides input into both strategic and operational risks. Risk indicators are also included within the combined assurance model. These indicators are monitored to reflect the extent to which the controls implemented are successful in mitigating the risks identified.

A combined assurance workgroup was established to monitor and review the combined assurance risk model and to identify key processes and relevant controls on a quarterly basis.

Members of the workgroup include executive committee members responsible for each cluster and each discipline of business, such as human resources and finance. The combined assurance reporting pack is provided to the risk committee on a quarterly basis for their review and approval. Internal audit, together with other external assurance providers, reviews the risk mitigation strategies implemented and provides feedback to the board on their effectiveness.

The group risk officer attends each segment's annual strategy setting session and provides input regarding risks that could affect the group and segment strategies. Actions in mitigation of risks are also interrogated to ensure their robustness.

Our combined assurance model are supported by various additional risk management initiatives that focus on different segments of our business. A key area of focus is our construction contracts, which account for the majority of our risks within the group. During the year under review, management dedicated significant attention to the analysis of our contract under-performance, specifically loss-making contracts. The corrective action required and key controls identified during the year now form an integral part of our combined assurance focus areas.

LOSS-MAKING RATIOS

The year under review has been both challenging and disappointing for management. Although the vast majority of contracts performed in line with expectations, a higher than usual number of contracts under-performed and impacted our contract loss-/profit-maker ratio* this year. Our contract loss-/profit-maker ratio for the year was 35%. One contract in particular contributed significantly to the total value of loss.

Based on the significant impact of a few contracts on our overall financial performance, management conducted a detailed evaluation of the lessons learnt from under-performing contracts, as well as reviewed the risk management procedures to determine where these were lacking. In most cases the risk procedures themselves were sound, although on-site application of the procedures was inadequate, which led to an unacceptable level of contract losses. These lessons learnt have received significant attention. Procedures have been updated, training provided and monitoring controls implemented to reduce the risk of these errors repeating. A number of fundamental operational weaknesses were identified, which are discussed in this review.

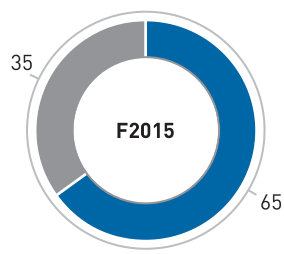
The Projects and Civil Engineering segments were impacted by a contract in the Eastern Cape.

Execution risk remains the group's most material issue. Management conducted a detailed evaluation of the lessons learnt from under-performing contracts, including identification of causes for each loss. The table below discloses the more material issues identified within the group's loss-making contracts.

A specific focus for F2016 is to ensure that all segments reduce loss-making contracts by at least one third of their current ratio. Initiatives to achieve these objectives are discussed in this section of the integrated annual report.

Contract loss-/profit-maker ratio (%)

Loss- versus profit-making contracts



Contract loss-/profit-maker ratio (%)

	F2015	F2014	F2013
Contract loss-/profit-maker ratio* (%)	35	23	13

* *The contract loss-/profit-maker ratio is a key measure the group adopted to monitor its progress towards continuous improvement in contract execution. It is a ratio of loss-making versus profit-making active contracts, with a profit or loss greater than R100 000 for the year (measured by value).*

LESSONS LEARNT

Listed below are the problem areas identified from our loss-making contracts and actions taken to prevent reoccurrence.

Problem areas	Actions taken
Skills shortages in project management, execution and assurance.	› The Group Five Academy training programmes are addressing the areas of weakness identified in project management › All segments have been tasked to evaluate continuous improvement in terms of quality of personnel, use of new technology and training and development
Inaccurate or incomplete monitoring and reporting of cost to contract completion.	› Contract reconciliations and cost to complete calculations are now interrogated monthly at contract cost report meetings by both the senior segment and cluster management › An Academy training programme was implemented to ensure that employees are trained on the group methodology on finalising contract cost to complete
Ineffective or unfocused risk identification and risk management at contract level.	› The contract risk register will be reviewed in detail at monthly cost report meetings by senior segment and cluster management to ensure that contract risks/opportunities and their impact on margins are constantly assessed › The group has evaluated a new electronic risk management system, which will be implemented in the group in F2016. This system has enhanced functionality and integrates the group's compliance, SHE, internal audit and risk requirements
Poor contractor and sub-contractor management or work quality, leading to contract schedule delay and additional cost.	› All Engineering & Construction segments' safety, health, environment (SHE) and quality functions were split into SHE and quality to ensure an improved focus on quality › A quality forum was established and is attended monthly by all quality managers and the Engineering & Construction executive committee member › All segments have quality improvement as part of their respective strategies. This will be measured regularly, with accountability resting with segment management › Group Five Academy training programmes have been amended to address identified areas of weakness
Inadequate claims procedure/process leading to unsupported claims/scope changes	› Commercial teams on site are receiving additional training and closer support from the relevant segment head office › Contract directors' accountability has been increased, with more regular site meetings enforced › Regular site visits by the executive committee member of group risk, the group SHE manager and the Engineering & Construction cluster head are taking place
Risk of incorrectly estimating a bid for a contract.	› Once the process of estimating on a bid is completed, it is compared to successfully completed contracts for an "order of magnitude" reference to ensure that the zero-based determined cost is reasonable › All tender submissions are formally approved by the managing and financial directors of the segment, confirming accuracy and completeness and their ownership of the submission › The commercial and legal terms and conditions are formally approved by the segment commercial director responsible for the contract › Contract tenders must be resubmitted for approval to the group risk committee when more than six months have elapsed since initial approval was obtained › The segment managing and commercial director ensure consistency between conditions approved at the risk review meeting and the final contract signed › Contract close-out meetings have been made compulsory, with a focus on lessons learnt and feedback to the estimating department and bid process

Problem areas	Actions taken
Poor execution of contracts and a lack of appropriate monitoring and supervision to address problem areas result in margin erosion or losses. Site management and supervisory employees not adhering to the contract lifecycle procedures and making poor decisions during the start-up and execution phase of the contract. Accountability for key processes were also sometimes incorrectly allocated to junior employees who were inadequately trained.	› A formal, detailed and documented handover meeting between the estimation team and the project execution team prior to commencement of contracts on site are now enforced › A compulsory contract start meeting has been put in place, which enforces attendance from all operational teams. This addresses the identification of risks on the contract and implementation of action plans to mitigate these risks and ensure a successful start to the contract › Regular site visits by the cluster and group executive team have also been implemented to ensure improved supervision › The contract director has been given increased accountability › Additional site-based training programmes have been implemented to increase efficiency
Labour volatility and productivity.	› An industrial relations (IR) development training programme is being implemented throughout the group for all IR practitioners and human resource managers who are leading site IR processes › Problem areas continue to be identified and addressed early to prevent escalation

PAGE

Refer to pages 40 to 43 in the printed section of the integrated annual report for case studies on lessons learnt.

CONTRACT TENDER APPROVAL PROCESS

An updated risk-based contract tender approval procedure was finalised within the group in F2015 to address weaknesses identified within the tender and estimating phase of the contract lifecycle. This includes specific responsibility and accountability for the contract by the segment's managing director, including disclosure of how lessons learnt on previous contracts have been considered on each contract being presented for approval.

The managing director of the segment presents the bid to the risk review committee. The members of the committee confirm the following:

- That the segment has sufficiently qualified resources available to undertake the contract and that they are available to start the bid presented on the estimated start date
- The effectiveness of the execution methodology to deliver the contract, together with the complexity of delivering the contract
- That the contract can be completed within the bid programme
- That the pricing of the bid has been reviewed to ensure that it is accurate and complete
- How lessons learnt on previous contracts have been incorporated into the bid

RISK-BEARING CAPACITY

Risk-bearing capacity (RBC) is one of the tools used in determining the group's risk appetite. The objective of the RBC is to ensure that management and the board do not commit to any transactions in excess of the group's operational and financial capacity.

The group also has a value at risk (VAR) tool which calculates a contingent risk value in Rand, based on risks identified within the group. A material portion of the VAR is attributed to risks on contracts. All contracts recorded in the group's order book are, therefore, assessed. The contract element of the VAR matches the current order book to the performance history of each segment over the last five years and includes the following six criteria in the calculation, each with different risk profiles embedded in the calculation:

- Value of the contract
- Type of contract, e.g. lump sum, re-measurable and cost plus
- Region in which the contract is located
- Complexity of the contract
- Resources assigned to the contract
- Relationship with the client on previous contracts

The difference between the RBC and the VAR indicates the group's capacity to assume additional risk.

Management and the board use the indicators of risk appetite, risk tolerance levels, RBC and the VAR in guiding their decisions when approving contracts and implementing decisions of a strategic nature.

Our VAR increased during the period under review due to:

- Award of larger EPC/multi-disciplinary contracts which are more complex and, therefore, have a higher contribution to VAR. This demonstrates the group's conservative approach. By ensuring that a higher risk profile and thus a higher VAR is assigned to these type of contracts, the group adopts a prudent approach to the number,

size and type of contracts secured in the construction order book, thereby reducing concentration and over-trading risk
- Increases in the loss-making ratios which resulted in the model increasing our deemed VAR to take into account recent weakness in contract performance

All aspects of current weak contract performance was assessed and incorporated into the group's risk-bearing capacity.

Management are comfortable that the group has sufficient RBC for the foreseeable future, given its current order book.

PROTECTION OF ASSETS

Key assets in the group are protected under a comprehensive insurance portfolio that is jointly managed by the CFO and the group risk officer. Cover for the different categories of insurance is assessed annually and adapted to business activities. We have not experienced inadequate insurance cover and believe that the nature and value of the group cover is adequate to safeguard our assets.

The classes of insurance are outlined below. This excludes individual contract-specific cover which is required to be procured in terms of the group's prescribed policies for particular types of contracts.

NO	CATEGORY OF INSURANCE	DESCRIPTION
01	**ASSETS**	Group Five has all-risk insurance for property, machinery, stock in trade, as well as business interruption/loss of profit insurance for Manufacturing segments.
02	**COMMERCIAL CRIME/ FIDELITY GUARANTEE**	Provides insurance to the group for the theft of money or loss incurred by collusion or fraud by employees.
03	**PUBLIC LIABILITY**	General liability covering 14 classes of different types of public liability cover.
04	**PROFESSIONAL INDEMNITY**	Provides insurance for errors and omissions in design and detailing by a suitably qualified professional.
05	**PLANT ALL RISKS**	All risk cover for plant and equipment (excluding vehicles classified as motor) owned or hired by Group Five.
06	**CONTRACT WORKS**	Covers the contract works of the contract.
07	**MOTOR**	Own damage and third party liability insurance for all vehicles owned, leased or hired by Group Five.
08	**DIRECTORS' AND OFFICERS' LIABILITY**	Protection of directors and officers in their personal capacity for wrongful acts on behalf of the group.
09	**SASRIA**	Insurance against riots, public disorder and terrorism for the following classes of insurance: › Assets › Motor › Plant › Contract works

Intangible assets are backed up at an off-site disaster recovery site. Our disaster recovery plan is governed by a specific group policy and service level agreement with the applicable service provider. This is tested annually, as it forms a key component of our business continuity programme.

Following the relocation of the majority of Gauteng segments to an integrated central office during F2014, the group reviewed the appropriateness of the business continuity plan at a group and segment level. These are in the process of being amended to ensure that the group can continue operating in the event of the group head office at Waterfall being unavailable.

CURRENT KEY GROUP RISKS

RISKS	ACTIONS
Community and workforce disruptions resulting in delays in completion of contracts and delays in the recognition of revenue and profits.	An IR development programme will be developed and rolled out for all employees leading IR processes.
Not meeting transformation objectives, which will result in a drop in the BBBEE rating.	A senior management transformation director has been recruited to focus on the group's transformation targets.
Not adhering to legislation and regulations, especially in over-border countries.	Legal entity and taxation requirements are considered and applied. We receive independent confirmation from regulatory bodies in terms of the group's compliance status.
Claims and litigation risks.	Experienced commercial, contractual and legal resources will continue to work closely with the site operation employees to verify that the site management adequately manage claims and litigation processes. Commercial policies and procedures are being reviewed and updated based on lessons learnt to ensure that the recent experiences are adequately mitigated to decrease the likelihood of unpaid claims or possible litigation.
Highly competitive markets.	The group's internal efficiency programme focuses on lowering the group's cost base and enhancing its competitiveness in current market conditions. The group also has a focused strategy of expanding into sectors and regions which offer opportunities to the group.
Poor execution of contracts that result in margin erosion and losses. This aspect includes the risk of poor quality control on site, which results in rework, increased costs and delayed delivery of contracts.	Refer to lessons learnt on pages 42 to 43 of this section of the integrated annual report.
Skills shortages in project management, execution and assurance.	The group Academy refocused its training activities on skills development in critical areas.
Managing relationships with stakeholders, in particular government following anti-competitive behaviour in the sector.	We continue to work with stakeholders through either direct engagement or through our memberships at industry bodies to ensure that the industry in general and the group in particular are addressing past practices to move forward positively.
Managing safety and environmental risk, especially within the context of cost and schedule pressures.	Quality was split from safety and environment to ensure increased focus on all disciplines. The group focuses on ensuring zero harm in its operations.

SPECIFIC SOCIAL, ETHICAL AND ENVIRONMENTAL RISKS

RISKS	ACTIONS
Community and workforce disruptions resulting in delays in completion of contracts and delays in the recognition of revenue and profits.	An IR development programme will be developed and rolled out for all employees leading IR processes.
Not meeting transformation objectives, which will result in a drop in the BBBEE rating.	A senior management transformation director has been recruited to focus on the group's transformation targets.
Managing safety and environmental risk, especially within the context of cost and schedule pressures.	Quality was split from safety and environment to ensure increased focus on all disciplines. The group focuses on ensuring zero harm in its operations.

Order book risk profile – full Contracting order book by contract type and geography:

The table illustrates the extent of contractual risk assumed by the group by region. Our home market of South Africa remains our most significant region of operations, contributing 61% of the Contracting order book. The group's presence in West Africa has increased with the award of the Kpone IPP contract in Ghana. This contract has materially contributed to the increase in EPC contracts in the order book to 33% in line with the group's focus and the increase in the contribution from the West African region to 34%. Re-measurable contracts, the group's traditional form of Contracting, remains high at 56% of the Contracting order book.

	Contract type						
R million	Lump sum	Re-measurable	EPC	Labour only	Design and build	Cost plus	Total
Central Africa	–	1	–	–	–	80	81
East Africa	–	–	–	–	–	–	–
Southern Africa	187	7 622	164	44	977	195	9 189
West Africa	–	370	4 507	–	–	–	4 877
Total	187	7 993	4 671	44	977	275	14 147

FOCUS GOING FORWARD

As outlined in this section of the integrated report, the group has seen a deterioration in the loss-/profit-maker ratio this year. Outside of the focus areas and corrective action outlined in this review, the focus for F2016 will be for the risk department to assist in improving the group's performance through the:

- Management of the combined assurance process through the combined assurance workgroup
- Ongoing proactive review and questioning of risk management throughout the contract lifecycle, with direct support provided to the accountable segment/cluster in risk identification and mitigation strategies
- Implementation of the new electronic risk management system
- Roll out of the group's business continuity plan to all employees of the group
- Communication of lessons learnt and best practices to ensure that continuous improvement is undertaken within the group
- Analysis of data and trends to assist management in making proactive and strategic decisions
- Further risk training within the group to improve risk maturity

CORPORATE GOVERNANCE REVIEW

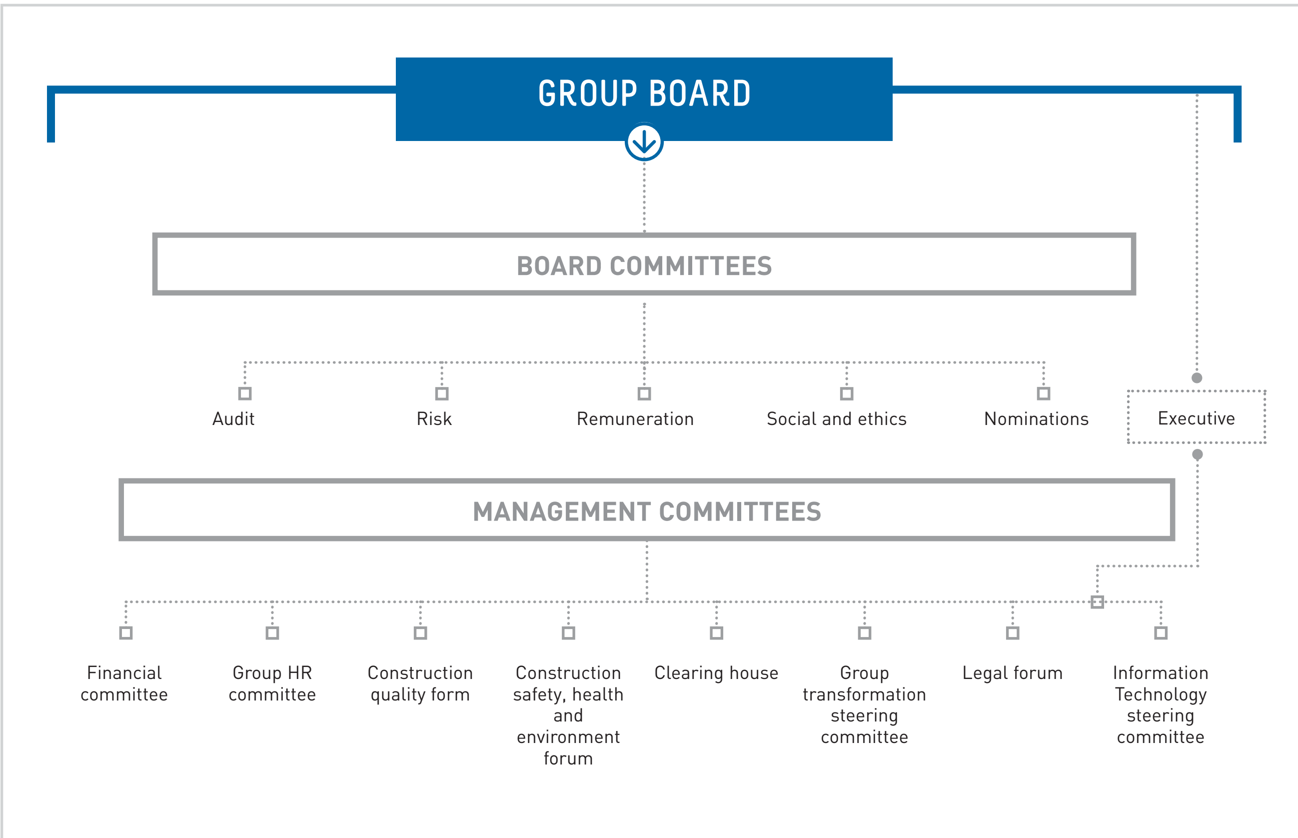
INTRODUCTION

Group Five remains committed to maintaining sound governance processes and high ethical standards in managing the affairs of the company. The board is ultimately responsible for ensuring that risks are adequately identified, measured, managed and monitored and that good governance is maintained. This responsibility is discharged through policies and frameworks supported by board committees and the executive management.

Through various sub-committees, executive management maintains oversight of the business through a system of internal controls functioning throughout the group. This promotes an awareness of risk and good governance in every area of the business and instils a culture of compliance.

The board functions within the ambit of an annually reviewed charter through which it maintains oversight on the management and control structure of the group that directs and executes the delivery of the strategy. The governance framework is structured to ensure compliance with laws, regulations and codes of best practice applicable in all countries within which the group operates, including the South African Companies Act 2008 (as amended), the JSE Listings Requirements and the requirements of King III. The board has identified the release of the draft King IV Report for public consultation and comment as a preliminary indicator of the scope of enhancements requiring attention.

GOVERNANCE STRUCTURE



01 Improvements in organisational procedures

The board of directors, together with executive management, continues to strive for improvement of governance and operational processes, including the mandates of its governance forums. Examples of improvements during the year include:

- Establishment of a group transformation steering committee to drive group strategy and formulate policies in this legislative discipline
- The reconstitution of the quality and safety, health and environment (SHE) forums at the Construction cluster level to increase the focus on quality execution
- Formulation and approval of a number of policies, including the group compliance policy, the competition legislation policy and the anti-money laundering and global sanctions compliance policy
- A review of the prevention of bribes and the granting and receiving of gifts and hospitality policy to align with the renewed group code of conduct. This involved stricter levels of disclosure for acceptance of gifts, including a disposal framework for gifts valued in excess of the parameters stipulated by the policy
- Review and approval of the group combined assurance model

02 Compliance with the Companies Act, No 71 of 2008 and Companies Regulations 2011 (the Companies Act)

Compliance to the Companies Act remained a key focus area. Other than the areas that required attention, as reported on in the prior year, there were no further concerns identified in the period under review. An update on the areas of non-compliance from the prior year is presented below.

SECTION REFERENCE	NEW COMPANIES ACT AMENDMENT	ACTIONS
IN THE PROCESS OF ENSURING COMPLIANCE		
Section 45	Approval by shareholders through a special resolution for the provision of loans and other financial assistance to directors, prescribed officers, related and/or inter-related companies. If the board adopts a resolution, it is required to advise shareholders and trade unions within ten days.	The group reaffirms that financial assistance is not provided to directors and prescribed officers. Financial assistance provided to related and inter-related companies is in full compliance with the provisions of section 45(2) of the Act. A SENS announcement notifying shareholders and all stakeholders of a board resolution adopted in terms of section 45 is released in compliance with the provisions of the Act.
Section 61(10)	Every shareholders' meeting of a public company must be reasonably accessible within the Republic for electronic participation by shareholders in the manner contemplated in section 63(2), irrespective of whether the meeting is held in the Republic or elsewhere.	A conference call facility will be made available to shareholders at annual general meetings of the company. The process of electing to use the facility is set out in the notice of meeting. Shareholders opting to attend meetings through this facility will not be entitled to vote through that platform and will be required to adhere to the attendance by proxy requirements.

03 Application of King Report on Governance for South Africa 2009 (King III)

The table on pages 61 to 71 has been prepared to illustrate the application of the principles contained in the King Code of Governance for South Africa 2009 (King III) by the group. The information should be read in conjunction with the detailed narrative on the application of these principles, as contained in this review.

As the identified non-compliance gaps relating to the implementation of King III have been satisfactorily addressed, a key focus area will now be the monitoring and maintaining of standards of compliance, as well as implementing enhancements where possible.

04 Board processes

The board's mandate is premised on ensuring the long term sustainability and success of the group for the mutual benefit of all stakeholders. Its overall role is that of providing ethical and strategic leadership. This includes the setting, monitoring and review of strategic targets and objectives, the approval of capital expenditure, acquisition and disposals, as well as oversight of governance, internal controls and risk management.

BOARD EVALUATION

Board evaluations are conducted every second year. As a number of changes were made to the board in F2014, the board deemed it appropriate to reassess the performance of the new board later in the 2015 calendar year. During the period under review, the board conducted an internal evaluation of its members and is satisfied that all non-executive directors are independent. Further processes have been put in place to ensure that no director has unfettered authority over the board.

ASSESSMENT OF INDEPENDENCE

The independence of long-serving non-executive directors is reviewed annually by the nominations committee, as recommended by King lll. Based on the outcome of this review, the board is satisfied that these directors exercise independent judgement and act in an independent manner. The nine non-executive directors, including the chairperson, all met the independence criteria for the 2015 financial year.

Directors who have been in office for more than nine years are subject to a rigorous evaluation in relation to performance and independence.

CHIEF FINANCIAL OFFICER EVALUATION

The audit committee is satisfied that the expertise and experience of the chief financial officer, who is an executive director of the company, is appropriate to meet the responsibilities of the position.

05 Board appointments

Appointments to the board are on recommendation from the nominations committee and are considered by the board as a whole. A rigorous and transparent procedure is followed by the nominations committee in terms of the appointment of board and executive members. This process entails due consideration of several factors, such as prevailing legislative requirements, best practice recommendations, the qualifications and skills of the prospective candidates and required demographics. The recommendations of the nominations committee are presented to the board for consideration and approval. Newly appointed directors are subject to re-election by shareholders at the next annual general meeting (AGM) following their appointment. Directors do not have fixed terms of appointment and non-executive directors are subject to retirement by rotation and re-election by shareholders. Non-executive directors derive no benefit from the group other than their fees and emoluments. The board presents the non-executive directors' fee structure to the shareholders for approval at each AGM.

Following the retirement of Mr MR Upton as chief executive officer (CEO) last year, the board, on recommendation from the nominations committee, approved the appointment of Eric Vemer as CEO with effect from 1 December 2014. Two new executives, namely the executive member – Developments, Mr Themba Mosai, and executive member – Investments & Concessions, Mr Jon Hillary, were appointed to the executive committee. Changes were also made to a number of Group Five operational boards.

06 Dealing in securities

The group has a defined policy of conduct for directors and employees with regards to dealing in the company's securities. The policy was reviewed and approved by the board during the year under review.
The company secretary informs the board and Group Five's employees of its closed and prohibited periods, during which trade in Group Five shares by directors, management, employees and restricted participants in the various share incentive schemes, is prohibited. Any period where the company is trading under a cautionary announcement is also classified as a closed and prohibited period. Directors and senior executives are further required to report any dealings in the company's securities by either themselves or their associates to the company secretary for public disclosure on the stock exchange news service, SENS.

07 Conflicts of interest

Directors are required to declare their interests annually and to disclose any conflicts of interest, if and when they arise, to determine whether there are any that conflict with their duties at Group Five. Once a conflict has been disclosed, it is managed by the board appropriately and in terms of a clearly defined policy. Executive management on the other hand, declare all interests that may relate to the group at monthly executive and operational board meetings.

The group maintains a register of the declarations of conflict and/or personal financial interest that all directors, prescribed officers and segment directors are required to present to the group, where applicable.

08 Tip-offs Anonymous line

Ethics continues to be a key business imperative for the group that entails the adherence to good business conduct aimed at maintaining a reputation of honesty, fairness and integrity with zero tolerance for illegal or unethical practices and conduct. Issues of fraud, bribery and corruption, conflicts of interest, gifts, hospitality and sponsorships, use of company assets, privacy and confidentiality, disclosures and insider trading are addressed in various board-approved group policies. Continuous training and employee awareness programmes are delivered to ensure employee understanding and adherence.

The group has a formal code of ethics and a Tip-offs Anonymous line. The number is:

0800 00 48 11

It is an independently managed service to ensure confidentiality.

OPERATIONAL REVIEW

The continued transformation of the legislative, regulatory and best practice standards in the corporate governance environment in South Africa obliges companies to regularly review policies and procedures to ensure adherence. This section outlines the processes implemented by the group to respond to these changes.

THE BOARD

Group Five is governed by a unitary board. Its composition promotes the balance of power and authority and precludes any director from domineering decision making. During the period under review, the board comprised the chief executive officer (CEO) and the chief financial officer (CFO), as well as nine independent non-executive directors. The overriding role of the board is to ensure the group's long term sustainability and success for the mutual benefit of all stakeholders. The duties, responsibilities and powers of the board, the delegation of authority and matters reserved for its authority are all set out in a written charter, which is available on the company's website. The board charter is subject to the provisions of the Companies Act, the JSE Listings Requirements, the company's Memorandum of Incorporation (MoI) and all other applicable legislation. The committees of the board also operate in accordance to written terms of reference, which are reviewed by the board annually.

The group's strategy is set by the board in conference with the executive committee (exco). At least two formal meetings are scheduled each year for the board with exco to deliberate upon and conclude the strategy of the group. The board is afforded the opportunity to formulate, review and agree on the group's strategic intent, as well as areas of focus and growth. The board has delegated the operational responsibility of the group to the executive which, under the stewardship of the CEO, is accountable for the ongoing management of the business.

ROTATION AND ELECTION OF DIRECTORS

In accordance with the company's MoI and the provisions of the Companies Act, at least one third of directors has to retire from the board each year. They may, however, offer themselves for re-election at the appropriate annual general meeting (AGM). In this reporting period, PM Mthethwa (nee Buthelezi), SG Morris and NJ Chinyanta will retire and offer themselves for re-election by shareholders at the 2015 AGM on 3 November 2015.

CHAIRPERSON

The chairperson leads the board and is responsible for ensuring its effectiveness in the discharge of its duties. The chairperson is reappointed annually in accordance with King III and the results of the performance evaluation guide this process. The board has continued to operate under the chairpersonship of Mrs Mthethwa in this reporting period. Mrs Mthethwa is an independent non-executive chairperson. The roles and responsibilities of Mrs Mthethwa are documented and approved by the board and are separate from those of the CEO. Mrs Mthethwa chairs the nominations committee, and is not a member of any other board committee. Through membership of the nominations committee, the chairperson is also responsible for the annual appraisal of the CEO's performance along with the lead independent non-executive director, as well as participating in the succession planning of executive directors.

NON-EXECUTIVE DIRECTORS

The non-executive directors of the group are PM Mthethwa, NJ Chinyanta, JL Job, W Louw, SG Morris, KK Mpinga, B Ngonyama, VM Rague and MR Thompson. SG Morris remains the lead independent non-executive director. Both KK Mpinga and SG Morris have served on the board for a period in excess of nine years. An internal evaluation of their independence, character and judgement was performed and the assessment confirmed them to have remained unimpaired.

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. The directors are diverse in their academic qualifications, industry knowledge and experience, race and gender. This diversity enables them to provide the board with the relevant judgement to work effectively when conducting and determining the business affairs of the company. Non-executive directors are required to devote sufficient time to the affairs of the group.

While no limitations are imposed by the board charter, or otherwise, on the number of other appointments directors may accept, approval from the chairperson must be obtained prior to acceptance of additional commitments which may affect the time directors can devote to the group.

PAGE

CVs of the board members, detailing their value-add to the group, are provided on pages 12 to 15 of the printed section of the integrated annual report. For full CVs, refer to pages 74 to 76.

CEO

The board defines the group's levels of authority, reserving specific powers for the board, while delegating others to management. The group's CEO is responsible for the execution of the company's strategy and reports to the board. He chairs the executive committee that comprises eight members and is responsible for the daily management of the group's affairs. Mr Vemer is responsible for formulating and recommending strategies and policies to the board and plays a critical role in the operations and success of the company. The CEO is accountable to the board and consistently strives to achieve the group's goals within the framework of delegated authority. The nominations committee conducted the CEO's performance appraisal and referred award considerations to the remuneration committee.

COMPANY SECRETARY

The company secretary is responsible for developing, implementing and maintaining effective processes and procedures to support the board and its committees in the discharge of their duties and responsibilities. The company secretary is available to the directors, at all times, to provide assistance, guidance or advice in line with King III and the JSE Listings Requirements. The company secretary is not a director of the company and has an arm's length relationship with the board. She is responsible for the submission of the annual compliance certificate to the JSE Limited, the filing of statutory documents, as prescribed by legislation and for ensuring compliance with the Listings Requirements. She also administers the group's employee share schemes and is the secretary of all the board committees.

The performance of the company secretary, as well as her relationship with the board, is assessed on an annual basis. The board, with the assistance of the nominations committee, has considered the competencies, qualifications and experience of the company secretary and also whether she maintains an arm's length relationship with the board. The board is satisfied that she is suitably qualified to fulfil the role. Further details of her qualifications are on page 15 of the printed section of the integrated annual report.

BOARD COMMITTEES

The board has five standing committees through which it operates. These are:

The board has delegated specific responsibilities to committees to facilitate the discharge of duties through focused oversight on the respective specialist areas. The composition of each committee is determined by the board. Each committee is chaired by an independent non-executive director and is governed by terms of reference which are annually reviewed by the board. The respective chairpersons of the committees report formally to the main board after each committee meeting on all matters within the scope of its responsibilities, including recommendations on required action items. The minutes of committee meetings are also made available to the board for noting.

The board is satisfied that the board committees are appropriately structured and competent to deal with both existing and emerging issues, and that they have effectively discharged their responsibilities during the year under review.

BOARD MEETING ATTENDANCE

Director	P Mthethwa	MR Upton	ECJ Vemer	CMF Teixeira	NJ Chinyanta	JL Job
Period of service (Date of appointment)	8 years (04/07/07)	9 years, 1 months (17/11/06)	0 years, 8 months (01/10/14)	7 years, 1 month (01/06/08)	1 year, 3 months (01/04/14)	6 years, 8 months (01/11/08)
Chairperson	MB NC					REM
Member		MB RC SEC	MB RC SEC	MB SEC	MB REM RC	MB AC RC
Attendee	AC	AC REM	AC REM	AC RC		

Meeting date	Meeting type	P Mthethwa	MR Upton	ECJ Vemer	CMF Teixeira	NJ Chinyanta	JL Job
Jul 22, 2014	ACS						
Jul 31, 2014	SEC						
Aug 04, 2014	AC						
Aug 04, 2014	RC						
Aug 5, 2014	MB						
Aug 21, 2014	REM						
Sept 17, 2014	REM						
Nov 04, 2014	AGM						
Nov 04, 2014	REM						
Nov 05, 2014	RC						
Nov 05, 2014	AC						
Nov 05, 2014	SEC						
Nov 06, 2014	MBBM						
Nov 07, 2014	MB						

AC – Audit committee
ACS – Audit committee special meeting
AGM – Annual general meeting
MB – Main board
NC – Nominations committee
RC – Risk committee
RCS – Risk committee special meeting
REM – Remuneration committee
SEC – Social and ethics committee
MBBM – Main board breakaway meeting

In attendance
Not applicable
A Absent
VC Present via videoconferencing or teleconference

Director		W Louw	SG Morris	KK Mpinga	B Ngonyama	VM Rague	MR Thompson
Period of service (Date of appointment)		1 year, 3 months (01/04/14)	10 years (01/07/05)	15 years (01/07/02)	1 year, 3 months (01/04/14)	1 year, 3 months (01/04/14)	1 year, 3 months (01/04/14)
Chairperson			AC	RC	SEC		
Member		MB RC SEC	MB NC RC	MB AC NC	AC	AC RC	AC REM
Attendee							
Meeting date	**Meeting type**						
Jul 22, 2014	ACS			A	A	A	
Jul 31, 2014	SEC						
Aug 04, 2014	AC						
Aug 04, 2014	RC						
Aug 5, 2014	MB						
Aug 21, 2014	REM						
Sept 17, 2014	REM						
Nov 04, 2014	AGM			A	A	A	A
Nov 04, 2014	REM						
Nov 05, 2014	RC			VC			
Nov 05, 2014	AC			VC			
Nov 05, 2014	SEC						
Nov 06, 2014	MBBM			VC			
Nov 07, 2014	MB			VC			

Director	P Mthethwa	MR Upton	ECJ Vemer	CMF Teixeira	NJ Chinyanta	JL Job
Period of service (Date of appointment)	8 years (04/07/07)	9 years, 1 months (17/11/06)	0 years, 8 months (01/10/14)	7 years, 1 month (01/06/08)	1 year, 3 months (01/04/14)	6 years, 8 months (01/11/08)
Chairperson	MB NC					REM
Member		MB RC SEC	MB RC SEC	MB SEC	MB REM RC	MB AC RC
Attendee	AC	AC REM	AC REM	AC RC		

Meeting date	Meeting type	P Mthethwa	MR Upton	ECJ Vemer	CMF Teixeira	NJ Chinyanta	JL Job
Jan 20, 2015	RCS					A	
Jan 26, 2015	RCS					A	
Jan 26, 2015	ACS						
Feb 04, 2015	REM						
Feb 05, 2015	RC						
Feb 05, 2015	AC						
Feb 06, 2015	SEC						
Feb 06, 2015	MB						
Mar 09, 2015	RCS						VC
Mar 27, 2015	RCS	VC					VC
May 04, 2015	RCS					VC	VC
May 19, 2015	RC					A	
May 19, 2015	AC						
May 19, 2015	SEC						
May 20, 2015	MBBM					A	
May 21, 2015	MB					A	
Jun 08, 2015	RCS	VC				VC	VC

AC – Audit committee
ACS – Audit committee special meeting
AGM – Annual general meeting
MB – Main board
NC – Nominations committee
RC – Risk committee
RCS – Risk committee special meeting
REM – Remuneration committee
SEC – Social and ethics committee
MBBM – Main board breakaway meeting

In attendance
Not applicable
A Absent
VC Present via videoconferencing or teleconference

Director		W Louw	SG Morris	KK Mpinga	B Ngonyama	VM Rague	MR Thompson
Period of service (Date of appointment)		1 year, 3 months (01/04/14)	10 years (01/07/05)	15 years (01/07/02)	1 year, 3 months (01/04/14)	1 year, 3 months (01/04/14)	1 year, 3 months (01/04/14)
Chairperson			AC	RC	SEC		
Member		MB RC SEC	MB NC RC	MB AC NC	AC	AC RC	AC REM
Attendee							
Meeting date	**Meeting type**						
Jan 20, 2015	RCS			A		A	
Jan 26, 2015	RCS			A		A	
Jan 26, 2015	ACS			A		VC	
Feb 04, 2015	REM						
Feb 05, 2015	RC					A	
Feb 05, 2015	AC					A	
Feb 06, 2015	SEC						
Feb 06, 2015	MB					A	
Mar 09, 2015	RCS			A		VC	
Mar 27, 2015	RCS	A	A			VC	
May 04, 2015	RCS			VC		VC	
May 19, 2015	RC						
May 19, 2015	AC						A
May 19, 2015	SEC						
May 20, 2015	MBBM						A
May 21, 2015	MB						A
Jun 08, 2015	RCS		VC	A	VC	VC	

01 AUDIT COMMITTEE

PURPOSE

Acts in terms of board-approved terms of reference and is responsible for:

- Reviewing the principles, policies and practices adopted in the preparation of the financial statements of the company and ensuring that the interim and annual financial statements of the group and any other formal announcements relating to the group's financial performance comply with statutory and regulatory requirements
- Maintaining oversight on stakeholders as they relate to the company's accounting, auditing, internal control and financial reporting practices
- Considering the continued independence of the current external auditor
- Recommending the appointment of external auditors, determining their fees and overseeing the results of the external audit process
- Setting principles for the use of the external auditors for non-audit services
- Assessing the experience of the finance function and the chief financial officer
- Going concern status
- Combined assurance
- Information Technology governance
- Group finance function monitoring

QUORUM

A majority of members present in person or via videoconferencing, closed circuit television or any other telecommunication facilities.

MEETING FREQUENCY AND REPORTING

Meets at least four times a year.

02 RISK COMMITTEE

PURPOSE

Acts in terms of board-approved terms of reference to consider, evaluate and report on:

- Technical, operational and contract risk management
- Risk policy, framework and methodology
- Health, safety and environment
- Compliance

QUORUM

A majority of committee members, provided that at least two non-executive directors are present in person or via videoconferencing, closed circuit television or telecommunication facilities.

MEETING FREQUENCY AND REPORTING

Meets at least four times a year and as and when required to review major contracts.

REMUNERATION COMMITTEE

03

PURPOSE

Acts in terms of board-approved terms of reference to assist in the following:

- Setting and oversight of the remuneration policy of the group
- Annual review and approval of executive director remuneration packages, as well as determination and approval of annual bonuses, performance-based incentives and share incentive schemes
- Reviewing the ongoing appropriateness and relevance of the executive remuneration policy and other executive benefit programmes
- Approving management's recommendations for the average annual increase of all employees
- Making recommendations to the board on the remuneration of non-executive directors

QUORUM

A majority of committee members, provided that at least two non-executive directors are present in person or via videoconferencing, closed circuit television or telecommunication facilities.

MEETING FREQUENCY AND REPORTING

Meets at least four times a year and whenever it is necessary to make recommendations relating to the remuneration of executive managers, executive directors and non-executive fee structures.

SOCIAL AND ETHICS COMMITTEE

04

PURPOSE

Acts in terms of board-approved terms of reference to monitor the group's activities on:

- Social and economic development in terms of the Act
- Integrated and sustainability reporting
- Transformation
- Labour and employment
- Organisational integrity/ethics
- Legal compliance
- Corporate citizenship

QUORUM

A majority of committee members, with at least two non-executive directors being present in person or through videoconferencing, closed circuit television or telecommunication facilities.

MEETING FREQUENCY AND REPORTING

Meets at least four times a year.

05 NOMINATIONS COMMITTEE

PURPOSE

Acts in terms of board-approved terms of reference to:

- Make recommendations on the composition of the board in general and any adjustments that are deemed necessary, including the balance between executive, non-executive and independent non-executive directors
- Make recommendations on the skills required on the board
- Ensure that the directors are appointed through a formal process and that the appointment is formalised through an agreement between the company and the director
- Oversee the development of a formal induction programme for new directors
- Be responsible for succession planning, in particular for the chairperson and executive directors and senior management appointments
- Agree, and put in place, a performance contract with the chief executive officer
- Formalise the annual performance reviews of the board as a whole, the respective board committees and individual board members
- Address any other nominations committee matters that are formally delegated by the board to the committee from time to time

QUORUM

A majority of committee members, with at least two non-executive directors being present in person or through videoconferencing, closed circuit television or telecommunication facilities.

MEETING FREQUENCY AND REPORTING

Meets at least two times a year when required.

The group has applied all the required King III guidelines, as outlined in the table.

APPLICATION OF KING REPORT ON GOVERNANCE FOR SOUTH AFRICA 2009 (KING III)

	KING III PRINCIPLE	COMMENTS
1	**ETHICAL LEADERSHIP AND CORPORATE CITIZENSHIP**	
1.1	**The board provides an effective leadership base on an ethical foundation.**	The board charter is the overarching policy document that defines its powers and operational parameters. It also provides for delegation of operational responsibilities to management and the board committees. The board charter was comprehensively reviewed, updated and approved by the board in May 2012 to incorporate the provisions of King III and the Companies Act. An annual review of the board charter and the terms of reference of board committees is conducted. The board's directors, including its chairperson, were recently evaluated as part of an internal board review process. The board was found to be leading the group effectively. The group continues to enforce the significance of integrity within the organisation, especially in light of the past issues of anti-competitive behaviour within the sector.
1.2	**The board ensures that the company is and is seen to be a responsible corporate citizen.**	The board has mandated the social and ethics committee with the responsibility of carrying out the legislatively prescribed functions contemplated by Regulation 43(5) of the Companies Regulations 2011, which include, amongst other things, good corporate citizenship. The board has delegated the responsibility for proactive stakeholder engagement to management. Regular feedback is received from various stakeholders, including shareholders, clients, debt funders, media and employees. Refer to pages 28 to 29 of the printed section of the integrated annual report which discloses the group's focus on stakeholder engagement. Stakeholder engagement is a standing agenda item on the board's agenda.
1.3	**The board ensures that the company ethics are managed effectively.**	The group is committed to good governance and ethics. Integrity has been formally identified as one of the group's seven core values. The board approved a revised code of ethics that outlines the ethical values and the conduct expected of its employees in this regard. A compliance and ethics officer was appointed by the group towards the end of the previous year to monitor ethics management systems and to deliver ethics training programmes. Ethics training is part of employee training offered by the group's Academy to ensure that all employees are adequately informed of the group's policy on ethics.
2	**BOARD OF DIRECTORS**	
2.1	**The board acts as the focal point for and custodian of corporate governance.**	The board has a formal charter and has full and effective control of the group, with an exclusive mandate over all material resolutions that have to be approved by the board. The board meets as often as is required to fulfil its duties, but at least four times a year.
2.2	**The boards appreciates that strategy, risk, performance and sustainability are inseparable.**	The board and the executive committee formulate and direct group strategy. The group has over the last few years focused on ensuring the business operates on an integrated and sustainable basis.
2.3	**The board should provide effective leadership based on an ethical foundation.**	Refer to 1.1.

APPLICATION OF KING REPORT ON GOVERNANCE FOR SOUTH AFRICA 2009 (KING III)

KING III PRINCIPLE	COMMENTS
2 BOARD OF DIRECTORS CONTINUED	
2.4 The board should ensure that the company is and is seen to be a responsible corporate citizen.	Refer to 1.2.
2.5 The board should ensure that the company's ethics are managed effectively.	Refer to 1.3.
2.6 The board should ensure that the company has an effective and independent audit committee.	The board has an audit committee in place. Its responsibilities are documented in written terms of reference. The audit committee is constituted fully by independent non-executive directors, the majority of which have a high standard of financial literacy. The audit committee also comprises of a good balance of economic, legal, corporate governance and technical expertise. The chairperson of the main board neither chairs nor is a member of the audit committee. However, a standard invitation is extended to the chairperson of the main board to attend meetings of the audit committee. A report on the activities, observations and recommendations of the audit committee is included in the integrated annual report. The chairperson attends the annual general meeting to respond to enquiries by the shareholders.
2.7 The board should be responsible for the governance of risk.	The board is ultimately responsible for the group's risk management process and system of internal control. The board has a risk committee in place. Its mandate includes monitoring the technical, operational and contract risk management process of the group.
2.8 The board should be responsible for Information Technology (IT) governance.	The board is ultimately responsible for the Information Technology (IT) governance processes. The board has delegated the responsibility of the group's IT governance processes to the audit committee. To assist it in the fulfilment of this mandate, the audit committee approved the establishment of an IT steering committee in F2012. IT is a standing audit committee agenda item.
2.9 The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards.	The board is ultimately responsible for the group's compliance to the legal and regulatory requirements. The board has delegated this responsibility to the social and ethics committee. The group monitors its compliance with prevailing legislation through its internal management system. A compliance and ethics officer was appointed towards the end of the previous year, to, inter alia, monitor compliance management systems. Each discipline head is responsible for compliance with the laws and regulations applicable to their area of responsibility. The CFO, group risk officer and HR director are responsible for reporting to the audit and the risk committee and ultimately to the board on the status of compliance with financial, safety, health, risk, environment and quality and human resources legislation.
2.10 The board should ensure that there is an effective risk-based internal audit.	Through the audit committee, the board promotes the standing and value of the group's internal audit department, assesses the adequacy of its resources and the effectiveness of its work and engages with management to ensure audit plans are risk-based.

KING III PRINCIPLE	COMMENTS
2 BOARD OF DIRECTORS CONTINUED	
2.11 The board should appreciate that stakeholders' perceptions affect the company's reputation.	The board has delegated the responsibility of dealing with stakeholder relationships in a proactive and constructive manner to management, with a standing agenda point requiring feedback from the CEO and CFO on a quarterly basis.
2.12 The board should ensure the integrity of the company's integrated annual report.	The board has delegated the responsibility of ensuring the integrity of the group's integrated annual report to the audit committee. The adequacy of the CFO, the financial team and the integrated annual report is assessed and formally recorded at the August audit committee meeting.
2.13 The board should report on the effectiveness of the company's system of internal controls.	The board has delegated the responsibility of reporting on the effectiveness of the company's system of internal control to the audit committee. The audit committee relies on representation from management and feedback from the internal audit and the external auditors. The risk committee is responsible for the implementation of the combined assurance plan and provides the audit committee with regular updates on status and findings.
2.14 The board and its directors should act in the best interests of the company.	The standard of conduct required of directors is confirmed by the board charter. In line with this, the board is required to act in the best interest of the company by ensuring that individual directors: › adhere to legal standards of conduct › are permitted to take independent professional advice at the group's expense in connection with their duties following an agreed procedure › disclose real or perceived conflicts to the board and deal with them accordingly › deal in securities only in accordance with the policy adopted by the board
2.15 The board should consider business rescue proceedings or other turnaround mechanisms as soon as the company is financially distressed, as defined in the Act.	The board continuously monitors the solvency and liquidity of the group and considers its going concern status. The board is satisfied that it is astutely cognisant of the market conditions within which it operates and would, therefore, be readily able to apply business rescue procedures, should the group become financially distressed.
2.16 The board should elect a chairperson of the board who is an independent non-executive director. The CEO of the company should not also fulfil the role of chairperson of the board.	An independent non-executive director is elected as the chairperson of the board on an annual basis. The CEO does not fulfil the role of chairperson.
2.17 The board should appoint the chief executive officer and establish a framework for the delegation of authority.	The appointment of the CEO is a matter for consideration by the board as a whole. The board defines the group's levels of authority, reserving specific powers for the board, while delegating others to management. The collective responsibility of the executive management of the company's operations vests with the CEO, who regularly reports to the board on the group's objectives and strategy.

APPLICATION OF KING REPORT ON GOVERNANCE FOR SOUTH AFRICA 2009 (KING III)

KING III PRINCIPLE	COMMENTS
2 BOARD OF DIRECTORS CONTINUED	
2.18 The board should comprise a balance of power, with a majority of non-executive directors. The majority of non-executive directors should be independent.	The size of the board is dictated by the MoI, which permits a maximum of 15 directors and prescribes a minimum of four directors. The board comprises a balance of executive and non-executive directors, with all non-executive directors independent. Each director has one vote on a matter before the board. A majority of the votes cast on a resolution is sufficient to approve that resolution. The chairperson may not have a deciding vote in addition to any deliberative vote.
2.19 Directors should be appointed through a formal process.	The appointment of directors is a matter for consideration by the board as a whole on the recommendation of a formal recruitment process executed by the nominations committee. The appointment of the new CEO in the year under review was on the basis of this process.
2.20 The induction of and ongoing training and development of directors should be conducted through formal processes.	The group has a formal induction programme in place. The induction programme was further augmented by engagements with select members of the executive team.
2.21 The board should be assisted by a competent, suitably qualified and experienced company secretary.	The company secretary is a legally qualified individual who is not a director of the board. The board assessed the competence of the company secretary and is satisfied with her performance at a functional level.
2.22 The evaluation of the board, its committees and the individual directors should be performed every year.	The board charter requires the board to conduct annual evaluations of its performance in terms of its roles and responsibilities, as well as that of individual directors. Each committee evaluates its own performance and reports the results to the board. The board is conscious of the fact that it has two non-executive directors who have served on the board for longer than nine years. An evaluation of their independence, character and judgement was performed and the assessment confirmed their independence.
2.23 The board should delegate certain functions to well-structured committees but without abdicating its own responsibilities.	The board and committees operate under formal terms of reference, which are reviewed on an annual basis to ensure efficiencies within each committee. The chairperson of each committee reports back to the board at each board meeting and the minutes of all committee meetings are circulated to the board. The composition of each committee, as well as a description of its terms of reference, is disclosed in the integrated annual report.
2.24 A governance framework should be agreed between the group and its subsidiary boards.	The board has formalised the respective responsibilities of the board and its subsidiaries with certain governance structures, such as the audit, remuneration and the social and ethics committees.
2.25 Companies should remunerate directors and executives fairly and responsibly.	The board believes that the group's remuneration policy and strategy are designed to ensure that executives are appropriately remunerated with an acceptable balance between guaranteed and performance-based elements, as well as between short and long term incentives. In the fulfilment of its mandate, the remuneration committee ensures that reward levels benchmark fairly against sector norms.

KING III PRINCIPLE		COMMENTS
2	**BOARD OF DIRECTORS CONTINUED**	
2.26	**Companies should disclose the remuneration of each individual director and certain senior executives.**	The company discloses the remuneration of directors and prescribed officers in accordance with the requirements of the Companies Act (No 71 of 2008, as amended) and the JSE Listings Requirements in its integrated annual report. In addition, it supplements this disclosure with information on remuneration for senior management who are not prescribed officers.
2.27	**Shareholders should approve the company's remuneration policy.**	The group's remuneration policy is set out in the remuneration report included in the printed section of the integrated annual report. The group's remuneration policy is tabled at each annual general meeting by way of a non-binding advisory vote.
3	**AUDIT COMMITTEE**	
3.1	**The board should ensure that the company has an effective and independent audit committee.**	The company's audit committee operates in terms of a written charter, performs the duties prescribed by the Companies Act (No 71 of 2008, as amended), meets quarterly, considers detailed reports from management and reports and makes recommendations in writing to the board. The audit committee chairperson regularly reviews the adequacy of the content of the committee agenda and work plan against developing trends in the market to ensure alignment with best practice.
3.2	**Audit committee members should be suitably skilled and experienced independent non-executive directors.**	The audit committee constitutes independent non-executive directors, the majority of which have a high standard of financial literacy. The audit committee also comprises a good balance of economic, legal, corporate governance and technical expertise. The chairperson of the main board neither chairs nor is a member of the audit committee. However, a standard invitation is extended to the chairperson of the main board to attend meetings of the audit committee.
3.3	**The audit committee should be chaired by an independent non-executive director.**	The audit committee is chaired by the lead independent director who is a non-executive director of the board. The chairperson of the main board neither chairs nor is a member of the audit committee.
3.4	**The audit committee should oversee integrated reporting.**	The audit committee is responsible for considering and making recommendations to the board relating to the group's integrated annual report, the financial statements and any other reports (with reference to the financial affairs of the group) for external distribution or publication, including those required by any regulatory or statutory authority.
3.5	**The audit committee should ensure that a combined assurance model is applied to provide a co-ordinated approach to all assurance activities.**	The audit committee ensures that it obtains regular and comprehensive assurance from the risk committee, external auditor, the internal audit department and/or management in relation to matters such as financial reporting, adequacy of internal controls and veracity of risk management processes. The group's audit committee is responsible for ensuring that a combined assurance model has been applied within the group which provides a co-ordinated approach to all assurance activities. The group risk officer provides the audit committee with annual feedback on the group's approach and plan with regard to combined assurance.

APPLICATION OF KING REPORT ON GOVERNANCE FOR SOUTH AFRICA 2009 (KING III)

	KING III PRINCIPLE	COMMENTS
3	**AUDIT COMMITTEE CONTINUED**	
3.6	**The audit committee should satisfy itself of the expertise, resources and experience of the company's finance function.**	The audit committee performs an annual review of the CFO and the group's finance function. Based on the review conducted during the year under review, the committee satisfied itself that the CFO has appropriate expertise, resources and experience and that the group's finance function is effective.
3.7	**The audit committee should be responsible for overseeing of internal audit.**	The audit committee's mandate imposes an oversight role with regard to internal audit. The committee monitors internal audit resources, activities, findings and coverage plans through the comprehensive reports submitted by internal audit management at each committee meeting.
3.8	**The audit committee should be an integral component of the risk management process.**	The board re-arranged the meeting schedule of its committees to enhance the flow of information between forums from an administrative perspective. Accordingly, meetings of the audit committee is preceded by those of the risk committee, with representations made by the group risk officer and the chairperson of the risk committee to the audit committee, which in turn considers the effectiveness of the risk management process on the group's financial reporting. The chairperson of the audit committee is a member of the risk committee. The risk committee has oversight responsibility for the group's risk management programme.
3.9	**The audit committee is responsible for recommending the appointment of the external auditor and overseeing the external audit process.**	In terms of the audit committee's terms of reference, the audit committee is responsible for recommending the appointment of the external auditor to shareholders, overseeing the external audit process, including concluding on the terms of engagement and audit fees. The audit committee is also responsible for formulating the policy for non-audit services, reportable irregularities and the quality and effectiveness of the external auditor. It monitors the level of non-audit fees on a quarterly basis and formally reviews, evaluates and approves the audit fees each year.
3.10	**The audit committee should report to the board and shareholders on how it discharged its duties.**	The audit committee provides feedback to the board at each board meeting. Reporting to shareholders occurs through the audit committee report in the integrated annual report. The chairperson of the audit committee also attends annual general meetings to report on the statutory duties, as required.
4	**THE GOVERNANCE OF RISK**	
4.1	**The board should be responsible for the governance of risk.**	The board is ultimately accountable for the group's risk management process and system of internal control. The board has a risk committee in place. Its mandate includes monitoring the technical, operational and contract risk management process of the group.
4.2	**The board should determine the levels of risk tolerance.**	The board has adopted the levels of risk tolerance utilised by the risk committee and management in determining the group's risk management framework, its risk-bearing capacity and the methodology for rating risks in the group's risk registers.
4.3	**The risk committee or audit committee should assist the board in carrying out its risk responsibilities.**	The charters of both the risk and audit committees require these forums to assist the board in carrying out its risk governance responsibilities. They provide this assistance by monitoring the group's risk management activities. Both the CFO and the group risk officer provide detailed accounts of the risks identified in the business to the risk and audit committees.

KING III PRINCIPLE		COMMENTS
4	**THE GOVERNANCE OF RISK CONTINUED**	
4.4	**The board should delegate to management the responsibility to design, implement and monitor the risk management plan.**	The objective of risk management in the group is to establish an integrated and effective risk management framework where material risks are identified, quantified and managed to achieve an optimal risk/reward profile. An integrated approach ensures that risk management is incorporated into the day-to-day operational management processes. During the year under review, the risk committee endorsed and recommended a risk management plan and a revised combined assurance model.
4.5	**The board should ensure that risk assessments are performed on a continual basis.**	The board ensures that effective and ongoing risk assessments are performed. A systematic, documented, formal risk assessment is conducted at least once a year. Risks are prioritised and ranked to focus on responses and interventions. A top-down approach is adopted in risk assessments without being limited to strategic and high-end risks only. The board regularly receives and reviews a register of the company's key risks. The risk assessment process involves the risks affecting the various income streams of the company, the critical dependencies of the business, its sustainability and the legitimate interests and expectations of stakeholders. In addition, a defined risk management process is in place, which is utilised on a daily basis to assess all risks on a contract through its lifecycle, which commences at pre-bid stage.
4.6	**The board should ensure that frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks.**	This remains a focus area of the board and management. The management team continues to implement enhancements to the risk management process by, for example, standardising risk management processes and by implementing improvement and assurance controls at an earlier stage of contract assessments.
4.7	**The board should ensure that management consider and implement appropriate risk responses.**	The management team identifies and notes the risk responses in the risk register. Risk registers are maintained at a contract and segment level.
4.8	**The board should ensure continual risk monitoring by management.**	The management team identifies and notes the risk responses in the risk register. The board receives assurance from the risk committee and the group risk officer that the management team appropriately identifies, manages, transfers and mitigates risks facing the group.
4.9	**The board should receive assurance regarding the effectiveness of the risk management process.**	The board receives assurance from the risk committee that it and management continually monitor risks facing the group.
4.10	**The board should ensure that there are processes in place enabling complete, timely, relevant, accurate and assessable risk disclosure to stakeholders.**	All requested disclosures by the non-executive directors were made available by management. The board ensures that the integrated annual report, as well as its public announcements, where necessary, appropriately discloses risk-related information of importance to stakeholders. The release of the group's integrated annual report within two months of the group's financial year end ensures that the information remains timely and relevant.

APPLICATION OF KING REPORT ON GOVERNANCE FOR SOUTH AFRICA 2009 (KING III)

KING III PRINCIPLE		COMMENTS
5	**THE GOVERNANCE OF INFORMATION TECHNOLOGY**	
5.1	**The board should be responsible for Information Technology (IT) governance.**	The board is ultimately responsible for the Information Technology (IT) governance processes. The board has delegated the responsibility of the group's IT governance processes to the audit committee. To assist the board in the fulfilment of this mandate, the audit committee approved the establishment of an IT steering committee in F2012. IT is a standing audit committee agenda item.
5.2	**IT should be aligned with the performance and sustainability objectives of the company.**	The group's IT strategy is designed to support the group's business strategy, with the aim of ensuring that the group will operate effectively and remain sustainable.
5.3	**The board should delegate to management the responsibility for the implementation of an IT governance framework.**	The board is ultimately responsible for the IT governance processes. The board has delegated the responsibility of the group's IT governance processes to the audit committee. To assist it in the fulfilment of this mandate, the audit committee approved the establishment of an IT steering committee in F2012. IT is a standing audit committee agenda item.
5.4	**The board should monitor and evaluate significant IT investments and expenditure.**	The board monitors material IT investments through its consideration of the group's capital expenditure budget, and evaluates the return on investment through reports made by management to the audit committee. Good governance principles apply to all parties in the supply chain for the acquisition and disposal of IT goods or services. All capital expenditure requires prior approval from the CFO and investments or development costs must be evaluated against actual performance.
5.5	**IT should form an integral part of the company's risk management.**	IT risks form an integral part of the company's risk management activities. The management team regularly demonstrates to the board that the company has adequate business resilience arrangements in place for disaster recovery. The board ensures that the company complies with IT laws and that IT-related rules, codes and standards are considered.
5.6	**The board should ensure that information assets are managed effectively.**	The board ensures all personal information is treated by the company as an important business asset. The board ensured that an information security management system was developed, implemented and recorded to ensure security (confidentiality, integrity and availability of information).
5.7	**A risk committee and audit committee should assist the board in carrying out its IT responsibilities.**	The risk committee assists the board in carrying out its IT governance responsibilities by ensuring that IT risks are adequately addressed through its risk management and monitoring processes. The audit committee assists the board in carrying out its IT governance responsibilities. The IT report forms part of the standing agenda items of the risk and audit committees, which results in the board being made aware of potential risks.

KING III PRINCIPLE		COMMENTS
6	**COMPLIANCE WITH LAWS, CODES RULES AND STANDARDS**	
6.1	**The board should ensure that the company complies with applicable laws and consider adherence to non-binding rules, codes and standards.**	The board is ultimately responsible for the group's compliance with the legal and regulatory requirements. The board has delegated this responsibility to the social and ethics committee. The group monitors its compliance to prevailing legislation through its internal management system. A compliance and ethics officer was appointed towards the end of the previous year. His duties include monitoring compliance management systems. Each discipline head is responsible for compliance with the laws and regulations applicable to their area of responsibility. The CFO, group risk officer and HR director is responsible for reporting to the audit committee and the risk committee and ultimately to the board on the status of compliance with financial, safety, health, risk, environment and quality and human resources legislation.
6.2	**The board and each individual director should have a working understanding of the effect of the applicable laws, rules and standards on the company and its business.**	The induction or ongoing training programmes of directors incorporate an overview of and changes to applicable laws, rules, codes and standards.
6.3	**Compliance risk should form an integral part of the company's risk management process.**	The risk of non-compliance is identified, assessed and responded to through the risk management processes. Each discipline head is responsible for compliance with the laws and regulations applicable to their area of responsibility. The CFO, group risk officer and HR director are responsible for reporting to the audit committee and the risk committee and then ultimately to the board on the status of compliance to financial, safety, health, risk, environment and quality and human resources legislation.
6.4	**The board should delegate to management the implementation of an effective compliance framework and processes.**	The board ensures that a legal compliance policy, approved by the board, has been implemented by management. The board receives assurance on the effectiveness of the controls around compliance with laws, rules, codes and standards. Compliance with laws, rules, codes and standards is incorporated in the code of conduct of the company. A compliance and ethics officer was appointed to monitor and drive compliance in the group. Material (or immaterial, but often repeated) regulatory penalties, sanctions or fines for contraventions or non-compliance with statutory obligations that were imposed on the company or any of its directors or officers or a statement that no such events took place are disclosed. Each discipline head is responsible for compliance with the laws and regulations applicable to their area of responsibility. The CFO, group risk officer and HR director are responsible for reporting to the audit committee and the risk committee and ultimately to the board on the status of compliance to financial, safety, health, risk, environment and quality and human resources legislation.

APPLICATION OF KING REPORT ON GOVERNANCE FOR SOUTH AFRICA 2009 (KING III)

KING III PRINCIPLE	COMMENTS
7 INTERNAL AUDIT	
7.1 The board should ensure that there is an effective risk-based internal audit.	The company has established an internal audit function. This function evaluates the company's governance processes and performs an objective assessment of the effectiveness of risk management and the internal control framework. The internal audit function systematically analyses and evaluates business processes and associated controls. The internal audit function adheres to the Institute of Internal Auditors' Standards and code of ethics. The internal audit function provides a source of information, as appropriate, regarding instances of fraud, corruption, unethical behaviour and irregularities.
7.2 Internal audit should follow a risk-based approach to its plan.	The internal audit plan and approach are informed by the strategy and risks of the company. This is a risk-based programme.
7.3 Internal audit should provide a written assessment of the effectiveness of the company's system of internal control and risk management.	Internal audit provides a written assessment of the system of internal control and risk management to the board. This is provided on a quarterly basis with the submission of the report to the audit committee.
7.4 The audit committee should be responsible for overseeing internal audit.	The internal audit department reports on its work, findings and recommendations at each meeting of the audit committee and presents its coverage plan annually to the audit committee for approval. The head of internal audit periodically meets with the chairperson of the audit committee.
7.5 Internal audit should be strategically positioned to achieve its objectives.	The internal audit function is independent and objective and reports functionally to the audit committee. The committee reviews the resources and skills of the function on an annual basis to ensure it is adequate to address risk and assurance requirements.
8 GOVERNING STAKEHOLDER RELATIONSHIPS	
8.1 The board should appreciate that stakeholders' perceptions affect a company's reputation.	The gap between stakeholder perceptions and the performance of the company is managed and measured to enhance or protect the company's reputation. The process for identification and taking into account the legitimate interests and expectations of stakeholders is reviewed at least once a year. The company's reputation and its linkage with stakeholder relationships is a regular board agenda item. Stakeholders which could materially affect the operations of the company are identified, assessed and dealt with as part of the risk management process.
8.2 The board should delegate to management to proactively deal with stakeholder relationships.	The management team develops a strategy and formulates policies for the management of relationships with each stakeholder grouping. The board oversees the establishment of mechanisms and processes that support stakeholders in constructive engagement with the company. The board encourages shareholders to attend the AGM. Categories of stakeholders are allocated to members of the executive committee who are responsible for ensuring effective engagement.

KING III PRINCIPLE		COMMENTS
8	**GOVERNING STAKEHOLDER RELATIONSHIPS CONTINUED**	
8.3	**The board should strive to achieve the appropriate balance between its various stakeholder groupings, in the best interests of the company.**	The board takes into account the legitimate interests and expectations of its stakeholders in its decision-making in the best interests of the company. The group logs queries and concerns from stakeholders and ensures that the material matters are addressed.
8.4	**Companies should ensure the equitable treatment of shareholders.**	There is equitable treatment of all holders of the same class of shares. The board ensures that minority shareholders are protected.
8.5	**Transparent and effective communication to stakeholders is essential for building and maintaining their trust and confidence.**	The board has adopted communications guidelines that support a responsible communications programme. Complete, timely, relevant, accurate, honest and accessible information is provided by the company to its stakeholders, whilst having regard for legal and strategic considerations. The group issues its full integrated annual report, including audited financial statements, on the same day as it releases its year-end results. In addition, the group won the Award for Best Reporting and Communication in the industrial sector from the Investment Analysts Society, which represents shareholders and financial analysts, seven times. No requests for information in terms of the Promotion of Access to Information Act, 2000 have been lodged with the group in the period under review.
8.6	**The board should ensure that disputes are resolved as effectively, efficiently and expeditiously as possible.**	The board has adopted formal dispute resolution processes for internal and external disputes.
9	**INTEGRATED REPORTING AND DISCLOSURE**	
9.1	**The board should ensure the integrity of the company's integrated annual report.**	The integrated annual report includes, amongst other matters, the performance and value creation through the value-added statement and other financial and non-financial performance indicators. Sufficient commentary on the financial performance is provided in the integrated annual report. The going concern status is also confirmed in the annual financial statements.
9.2	**Sustainability reporting and disclosure should be integrated with the company's financial reporting.**	The board includes commentary on the company's financial results in the integrated annual report. The board discloses the group's going concern status. The board ensures that the integrated annual report portrays a balanced view of both the positive and negative impacts of the company's operations and future plans. The integrated annual report discloses the nature of the company's dealings with stakeholders and the outcomes of these dealings.
9.3	**Sustainability reporting and disclosure should be independently assured.**	Independent external assurance is obtained.

APPLICATION OF JSE CORPORATE GOVERNANCE LISTINGS REQUIREMENTS

LEGISLATION	COMMENTS
The chairperson is an independent non-executive director or a lead independent director has been appointed.	The chairperson is an independent non-executive director and a lead independent director has been appointed.
The board appoints the CEO.	The CEO is appointed by the board.
The audit committee approves both the external auditor's terms of engagement and remuneration.	The audit committee approves the external auditors' terms of reference, their remuneration and the fees spent on non-audit functions.
There is a board committee (either a risk committee or the audit committee) that assists the board in carrying out its risk responsibilities.	There is a risk committee.
There is a board remuneration committee.	There is a remuneration committee.
The nominations committee's terms of reference have been approved by the board and are reviewed every year.	These are approved and reviewed annually.
The company has an audit committee.	There is an audit committee.
There is a nominations committee consisting of board members.	There is a nominations committee consisting of board members.
The company secretary is empowered by the board to effectively perform his or her duties.	The company secretary is empowered to perform her duties.
Procedures for appointments to the board are all of the following: › formally set out in a policy › a matter for the board as a whole (although the board may be assisted by the nominations committee)	These are formally set out and were applied in the appointment of all directors. The recent appointment of the CEO was effected on this basis.
The chairperson has not been the CEO of the company in the last three years.	The chairperson has not been the CEO and the CEO has not been the chairperson.
The board is entitled to both appoint and remove the company secretary.	The board may do so.
The company complies with the provisions of the Companies Act, 2008 in relation to the appointment and removal, and the duties allocated, to the company secretary.	The company complies.
The audit committee monitors and reports on the external auditor's independence.	The committee assesses the independence of the external auditors on an annual basis. As the forum responsible for approving external audit fees, the committee further ensures that the extent of non-audit fees earned as a percentage of the total budget is reasonable.

LEGISLATION	COMMENTS
The role and function of the company secretary are clearly formulated in writing.	Her role and function are clearly formulated.
The audit committee has defined a policy for non-audit services provided by the external auditor.	The committee evaluates the extent of non-audit fees earned as a percentage of total audit budget quarterly to ensure reasonableness and independence.
A brief CV of each director standing for election or re-election at the annual general meeting (AGM) accompanies the notice of the AGM.	Refer to pages 74 to 76 of this section of the integrated annual report.
There is a policy addressing division of responsibilities at board level to ensure a balance of power and authority and that no individual has unfettered powers of decision-making.	The board has a charter that clearly sets out its role and responsibilities, as well as the requirements for its composition and meeting procedures. In terms of this governance charter, each director has one vote on a matter before the board. A majority of the votes cast on a resolution is sufficient to approve that resolution.
The integrated annual report classifies directors as executive, non-executive or independent and provides information about individual directors that shareholders may need to make their own assessments in regard to all of the following: › independence › education › qualification and experience › length of service and age › significant other directorships › political connections › other relevant information	Refer to pages 12 to 15 of the printed section of the integrated annual report and pages 74 to 76 of this section of the integrated annual report.
The nominations committee comprises the board chairperson and non-executive directors.	Refer to pages 54 to 57 and 60 of this section of the integrated annual report.
The audit committee does both of the following: › considers and satisfies itself of the suitability of the expertise and experience of the financial director every year › reviews the finance function every year	Refer to pages 54 to 57 and 58 of this section of the integrated annual report.
Both of the following are disclosed in the integrated annual report regarding each board committee: › composition › role and mandate	Refer to pages 54 to 60 of this section of the integrated annual report.
The company discloses the number of meetings held each year by the board and: › each board committee and › which meetings each director attended (as applicable)	Refer to pages 54 to 57 of this section of the integrated annual report.
The audit committee recommends to shareholders the appointment, re-appointment and removal of the external auditor.	Refer to page 58 of this section of the integrated annual report.

BOARD OF DIRECTORS

P (Philisiwe) Mthethwa (51)

INDEPENDENT CHAIRPERSON OF MAIN BOARD AND NOMINATIONS COMMITTEE

BA Economics, MSC in Economics (University of Paris, Sorbonne), MBA (UK)

Philisiwe was appointed CEO of the National Empowerment Fund (NEF) in July 2005.

Prior to joining the NEF, Philisiwe worked for a French investment bank in London, was responsible for risk management control at the South African Reserve Bank and worked in the Treasury division at Standard Corporate and Merchant Bank. She was employed by the dti to promote European investment in South Africa.

In 2002, she returned to South Africa to become the Chief Director of the black economic empowerment unit of the dti, which developed the government's broad-based black economic empowerment strategy, the BBBEE Act and the Codes of Good Practice. Philisiwe also serves on the boards of SANLAM Limited and SANLAM Life Insurance Limited and the Industrial Development Corporation.

Amongst her recent accolades are: The Business Women Association's Corporate Business Woman: Year Award 2011, Africa's Business Woman of the Year 2011 by Africa Investor and being appointed "Chevalier de la Legion d'Honneur" (Knight of the National Order of Merit) by the President of France, Nicolas Sarkozy, in recognition of her distinguished achievements.

ECJ (Eric) Vemer (50)

CHIEF EXECUTIVE OFFICER

Executive committee member, member of risk committee, member of social and ethics committee

BSc Eng (Civil) (Hons), MBA

Eric has more than 25 years' experience in business, spanning the financial, manufacturing, infrastructure and construction markets. He has a rare mix of experience covering mega projects, project financing and corporate mergers and acquisitions.

This, combined with solid operational and financial experience, brings a unique value offering to the group.

Eric is a strong team player who takes a hands-on approach in decisively dealing with matters.

Since joining the group in 2005, Eric has proven his capability through the improvement, leadership and performance of the Investments & Concessions cluster, and through his contributions as an executive committee member, particularly covering strategy, transformation, financial partner relationships and mega-project development.

CM (Cristina) Freitas Teixeira (42)

EXECUTIVE DIRECTOR

Executive committee member, member of social and ethics committee

BCom, BCompt (Hons), CA(SA)

Cristina joined Group Five in 2002.

She was appointed to the board and as CFO in 2008.

She was at PricewaterhouseCoopers until 2002 where she was a senior audit manager in the energy and mining group.

At Group Five she has filled a number of positions in the group.

She achieved the position of CFO within six years of joining the group after clearly demonstrating her ability to operate at a very senior level and to effectively manage numerous complicated business and financial issues.

Cristina was awarded the Business Women Association's Corporate Business Woman: Year Award 2013.

She is a non-executive director of digitalME (Pty) Limited.

NJ (Justin) Chinyanta (55) (Zambian)

INDEPENDENT NON-EXECUTIVE DIRECTOR

Member of risk committee, member of remuneration committee

Bachelor of Law Degree (Zambia), Fellow: Weatherhead Center for International Affairs (Harvard), Master of Law (Private International Law), Specialisation in International Business Transactions and Financial Law (Fletcher School, Tufts University)

Justin is the founder and chairperson of the Loita Group (Loita Holdings Corporation Africa), a pan-African investment banking and ICT firm based in Mauritius. A lawyer by profession, Justin is a specialist in the financial markets of sub-Saharan Africa with extensive experience in the commercial and investment banking industries in Africa.

Justin was appointed as an independent non-executive director who brings strong commercial and project finance experience to the board and extensive pan-African business networks. Justin is a non-executive board member of Ecobank Malawi (chairperson of risk and credit committee) and chairs the boards of AAR Credit Kenya and Uganda. He is the non-executive vice chairperson of the Zambia Bond and Derivatives Exchange (BADEX), and vice president (Southern Africa) for the Africa Business Roundtable.

He is a pioneer member of General Colin Powell and Ms Madeleine Albright's Initiative for Global Development Frontier 100 CEOs.

In April 2013, he was appointed to the Duke of Edinburgh's Commonwealth Study Conference Leaders Forum. Prior to co-founding the Loita Group, Justin was a senior officer at Citibank and HSBC's Africa region offices.

Dr JL (John) Job (70)

INDEPENDENT NON-EXECUTIVE DIRECTOR

Chairperson of remuneration committee, member of audit committee, member of risk committee

BSc (Hons), PhD in Physical Chemistry

John was appointed in November 2008 as a non-executive director. John has significant experience in large capital projects and business strategy. He was the CEO of Sentrachem Limited from 1991 to 1998 and an executive director of Sappi Limited until his retirement in 2005. After that he served as a non-executive director on Sappi's board until 2006 and was chairperson of Global Forest Products from 2005 to 2007. He has served on a number of boards, including Telkom Limited, Armscor and Denel. He is a director of a number of unlisted private companies.

W (Willem) Louw (61)

INDEPENDENT NON-EXECUTIVE DIRECTOR

Member of risk committee, member of social and ethics committee

B Engineering (Civil) and M Engineering (Civil/Construction Management) (University of Stellenbosch), Graduate Development Programme (Project Management) (University of South Africa), Fellow of the South African Academy of Engineering (SAAE)

Willem is a civil engineer with extensive project and technical and technology management (capital projects) skills, as well as new business development and integration management experience in the energy and chemical industry, both locally and over-border.

Willem currently serves as a director of the Centre for Business Management of Projects with the University of Stellenbosch's Business School, the Executive Development (USB-ED) company. Willem was appointed as an independent non-executive director who brings relevant industrial and engineering and project management experience to the board.

SG (Stuart) Morris (69)

LEAD INDEPENDENT NON-EXECUTIVE DIRECTOR

Chairperson of audit committee, member of nominations committee, member of risk committee

BCom, CA(SA)

Stuart was appointed in July 2005 as a non-executive director. Stuart practised at KPMG South Africa for over 30 years, ultimately as CEO. After KPMG, he became group financial director of Nedbank Group.

Stuart's other non-executive directorships include City Lodge Holdings where he is chairperson of the audit committee and a member of the risk committee, Hudaco Industries where he is chairperson of the audit, risk and remuneration committees and a member of the nominations committees, Rolex Watch Company (South Africa) where he is the local director, Sasol Pension Fund where he is chairperson of the board and of the audit and risk and operations committees, Wits Donald Gordon Medical Centre where he is chairperson of the board, audit committee and of exco, and Zurich Insurance Company (South Africa) where he is chairperson of the audit and risk and remuneration committees.

KK (Kalaa) Mpinga (54) (Congolese)

INDEPENDENT NON-EXECUTIVE DIRECTOR

Chairperson of risk committee, member of audit committee, member of nominations committee

BSc Agricultural Economics, MSc International Agricultural Development

Kalaa was appointed in July 2002 as a non-executive director. Kalaa worked at 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 of Anglo American where he was 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 and established Mwana Africa Holdings (Mwana) in 2003. The company has since listed on AIM. Kalaa is a director of Global Multi Trade and Mwana, a non-executive director of Freda Rebecca Gold Mine and chairperson of Bindura Nickel, both situated in Zimbabwe.

B (Babalwa) Ngonyama (40)

INDEPENDENT NON-EXECUTIVE DIRECTOR

Chairperson of social and ethics committee, member of audit committee

BCom, CA(SA)

Babalwa is a chartered accountant with extensive experience in the auditing, finance and mining industries. She is the CEO of the Black Business Council.

Babalwa also has several business interests and actively participates in numerous national forums on economic growth and development.

She currently serves as a member of the boards and audit committees of Impala Platinum Holdings Limited and Barloworld Limited. Babalwa was appointed as an independent non-executive director and brings auditing and financial experience to the board.

VM (Vincent) Rague (62) (Kenyan)

INDEPENDENT NON-EXECUTIVE DIRECTOR

Member of audit committee, member of risk committee

BA (Hons) Economics and Stats, MBA (Darden) and EDP Harvard

Vincent is the co-founder and director of Catalyst Principal Partners, a private equity group based in Nairobi, Kenya.

His extensive experience in advisory services, investments, project and corporate finance, as well as banking, spans Latin America, Europe, Africa and Asia.

He currently serves as an independent non-executive director of Kenya Airways, chairman of Financial Sector Deepening Africa (FSDA), and independent Trustee of the Pan Africa Infrastructure Development Fund (PAIDF).

Vincent was appointed as an independent non-executive director who brings investment, project and corporate finance experience to the board.

MR (Mark) Thompson (62)

INDEPENDENT NON-EXECUTIVE DIRECTOR

Member of audit committee, member of remuneration committee

BCom, BAcc, LLB, CA(SA)

Mark is both a qualified lawyer and chartered accountant, with extensive international finance and general business experience amassed during his tenure as chief financial officer with Sappi Limited and prior career appointments and from his current other non-executive positions. Mark also serves as a non-executive member of Rand Merchant Bank's audit committee, the FirstRand Banking Group's corporate and investment banking credit committee and the board of the First Rand group's insurance services subsidiary where he is the chairman of the audit, risk and compliance committee. He also serves on the board of a large manufacturing company controlled by a Private Equity Fund and as a trustee and member of the Investment Committee of a substantial medical research foundation. Mark was appointed as an independent non-executive director and brings legal, accounting and corporate financial management experience to the board.

EXECUTIVE MANAGEMENT

WI (Willie) Zeelie (53)

EXECUTIVE COMMITTEE MEMBER – ENGINEERING & CONSTRUCTION (E+C)

Member of risk committee

Higher National Diploma Electrical Engineering, Pr Tech Eng, MSAIEE

Willie joined Group Five in 2003 and was appointed to exco in 2008.

Before joining Group Five, Willie spent 20 years in executive roles in the power industry with groups such as Alstom, Eskom, Reyrolle and ABB.

He established Power Systems in 2005 and Group Five Energy in January 2007.

He established Engineering & Construction Services in 2010 with a focus on the energy, power, oil & gas and water sectors. He assumed the role of Executive: Engineering & Construction during F2012.

JW (Jon) Hillary (42)

EXECUTIVE COMMITTEE MEMBER – INVESTMENTS & CONCESSIONS

BCompt Hons, CA(SA)

Jon was appointed to exco during the financial year.

Prior to this, Jon ran the successful business of Intertoll, comprising Eastern Europe and Africa for a number of years.

Jon joined the group in 2004 as financial director of the Investments & Concessions cluster, before being appointed as the managing director of the Group Five properties business in 2009.

Jon possesses a broad range of internationally-based finance and commercial experience. His focus on execution and delivery bodes well for the cluster going forward. Jon has a clear mandate to deliver on growth over the short to medium term.

JA (John) Wallace (57)

EXECUTIVE COMMITTEE MEMBER – MANUFACTURING

BCom, Hons Programme in Advanced Marketing and Executive Management Programme

John joined Group Five in 2002 and was appointed to exco in 2004.

He led the turnaround of Everite in the group.

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 poorly-performing entities.

John has 20 years' experience in strategy and the restructuring of businesses.

ST (Themba) Mosai (39)

EXECUTIVE COMMITTEE MEMBER – DEVELOPMENTS

BSc Electrical Engineering, MBA (Cum Laude)

Themba was appointed to exco during the financial year to lead the developments team.

Prior to joining exco, Themba was the Managing Director of Intertoll Africa, successfully having led the company for the previous seven years. During his time at Intertoll Africa, Themba was very successful in driving growth into new markets in Africa, including Zimbabwe.

Themba is a strong relationship builder, and has a good ability to match client aspirations to the realities of developing, financing, constructing and operating infrastructure assets across Africa.

Themba is technical and practical, supported by his Electrical Engineering qualification, as well as tactical, business-minded and strategic, supported by his MBA degree. Since taking on his new role he has already made great strides in further enhancing our position across target African geographies and our profile with both public sector and private sector clients, as well as securing new work and resolving legacy matters in key markets.

GD (Guy) Mottram (49)

EXECUTIVE COMMITTEE
MEMBER – RISK

Member of risk committee, member of social and ethics committee

BCom, LLB

Guy joined Group Five in 2001 and was appointed to exco in 2005. His focus area is group risk management. He is also responsible for group quality, risk, safety, health, environment and commercial, legal and regulatory compliance. Guy has more than ten years' experience in his field.

J (Jesse) Doorasamy (44)

EXECUTIVE COMMITTEE MEMBER – HUMAN RESOURCES

Member of social and ethics committee

BSoc Sci, BCom (Hons), PG DIP IR

Jesse has eight years of in-depth experience in the group from both an operational and strategic perspective and held the role of Human Resources Director: Construction before his appointment as HR executive and a member of the executive committee.

Prior to that, Jesse was the HR director of the Projects segment within Construction. Jesse's experience in the group allows him to bring strong operational knowledge to the group level.

As he worked in the group's most internationally-focused division, he has a strong track record in managing human capital issues in the rest of Africa, something that is crucial to the group's continued expansion strategy.

PEOPLE

LABOUR PRACTICES AND DECENT WORK

03 ASPECT 3: Health and safety

01 ASPECT 1: Employment

04 ASPECT 4: Training and education

02 ASPECT 2: Labour/management relations

05 ASPECT 5: Diversity and equal opportunity

DELIVERY ON F2015 FOCUS AREAS:

In the group's F2014 integrated annual report, we outlined a number of focus areas. The table outlines how we delivered against these:

F2015 FOCUS AREAS	DELIVERY
Develop a central resource centre to assist with the effective management of industrial action, including a library of standardised documents for use through the group.	› A group industrial relations leadership structure was launched during the second quarter. This is a group of the most experienced industrial relations practitioners in the business under the leadership of the group IR specialist. This team is deployed to potential conflict areas when required. › We also created a resource centre on the group's intranet where all required documents can be sourced, which prevents duplicated effort.
Standardise and reinforce best practice consultation on sites.	› We launched a proactive communications alert process between site and head office on all sites, which allows for early detection and rapid escalation of IR issues as they arise. This has allowed us to intervene in a number of instances before tensions escalated into industrial action.
Revise contracts in line with requirements to the amended Labour Relations Act (LRA).	› All employment contracts have been amended to comply with the new LRA and best practice mitigation of perceived risk areas.
Proactively engage with various unions and other employee-related governing bodies.	› The IR team and executive HR leadership proactively engage in all the employer forums represented at the major bargaining councils. This participation includes representation on all of the major negotiation forums.

F2015 FOCUS AREAS	DELIVERY
Recruit additional top talent to improve the depth and diversity of our teams and to ensure that we can take advantage of growth opportunities.	› We recruited a specialist transformation director and five key operational directors to ensure we have both the capacity and experience to improve our diversity
Roll out our central talent management and manpower planning function to ensure a more co-ordinated approach to succession planning.	› A specialist team that co-ordinates talent management, workforce planning and recruitment was created to increase the standardisation of talent management and succession planning processes
Supervisor and management training will be intensified to enforce on-site adherence to group practices and procedures.	› The group launched a number of major interventions to refresh our standard group practices and procedures. This includes in-depth training of employee and industrial relations processes, our contract lifecycle and our new code of conduct

INTRODUCTION

Group Five is cognisant of the fact that the quality of its employees is both the single largest risk and the most effective risk mitigation with respect to the successful delivery of its strategy. We are committed to the creation of a working environment and value proposition which is competitive and attractive to our employees and prospective employees to enable us to attract and retain the talent required to ensure the successful delivery of contracts and our sustainability.

The group's employee value proposition consists of:

- QUALITY PEOPLE MANAGEMENT AND PEOPLE MANAGEMENT SYSTEMS
- CONTINUOUS DEVELOPMENT THROUGH OUR TRAINING PROGRAMMES
- COMPETITIVE REMUNERATION
- CAREER DEVELOPMENT OPPORTUNITIES
- TALENT MANAGEMENT
- A VALUES-BASED ORGANISATION

ANNEXURE 5 – INVESTMENT IN JOINT VENTURES
continued

(R'000)	2015	2014
AGGREGATE FINANCIAL INFORMATION continued		
STATEMENT OF CASH FLOW FOR THE YEAR ENDED 30 JUNE		
Group's proportionate share of cash flows		
Cash flow from operating activities	**(1 666)**	502
Steel supply	**(4 051)**	391
Property development	**2 385**	111
Cash flow from investing activities	**(2 648)**	12 272
Steel supply	**361**	3 256
Property development	**(3 009)**	9 016
Cash flow from financing activities	**1 154**	(8 149)
Steel supply	**688**	1 367
Property development	**466**	(9 516)
Net (decrease)/increase in cash and cash equivalents	**(3 160)**	4 625
Steel supply	**(3 002)**	5 014
Property development	**(158)**	(389)

There are no additional contingent liabilities that the group is aware of that require disclosure which have not been disclosed in note 23.

BENEFITS TO PERMANENT EMPLOYEES continued

LONG SERVICE LEAVE

After five years	Additional three days per annum
After ten years	Additional two days per annum and once-off five days' leave

FLEXI-TIME

Core hours 09:00 to 15:00	Integrated central office

CRÉCHE FACILITY

Up to Grade R	Integrated central office

GYM FACILITY

Fully equipped with instructors	Integrated central office

CANTEEN FACILITY

Providing full catering function	Integrated central office

TOLL SUBSIDY

R450 per month	Integrated central office

TRAVEL ALLOWANCE

Based on AA rates and individual requirement	All qualifying employees

The benefits apply to all monthly-paid employees (mostly employees in Paterson grade C1 and more senior and those not covered by a collective bargaining arrangement).

The latest amendments to the Labour Relations Act make it necessary for both contract and permanent employees earning below the defined income threshold of R205 433.30 per annum, who are not covered by a collective agreement and who are working in South Africa, to enjoy equal benefits after three months of employment.

However, all employees below this threshold are covered by one of the multiple collective bargaining arrangements applicable across the group. Whilst their benefits may, therefore, differ from the table above they are consistent within their ranks.

01 EMPLOYMENT continued

EMPLOYEE ENGAGEMENT

Over the last seven years, the group has conducted an employee engagement survey on an annual basis.

We use the outcome of this survey to monitor both positive and negative trends in the level of employee engagement.

Based on the outcomes, employees and management are consulted on the issues identified and corrective actions implemented to ensure continuous improvement in the delivery of our employee value proposition.

As can be seen from the trends in the findings, this year the results reflect an unprecedented improvement. We believe this is largely due to the move of the majority of our Gauteng operations to one central office. This has improved internal engagement and interaction between segments.

Pleasingly, we also continued to rank amongst the top employers in the Top Employers survey conducted by the Corporate Research Foundation.

EMPLOYEE SURVEY RESULTS

Results this year reflect significant improvements in all 12 dimensions. This year was the first year we surpassed the targeted 70% mark. Other significant improvements were in structure and human capital management, which we believe shows a resounding endorsement of our new management structures.

A promising improvement in rewards and recognition reflects the benefits of a comprehensive information-sharing process aimed at ensuring full understanding of our remuneration strategy.

Measure	**F2015 – F2014**	**% change**	F2014 – F2013	% change	F2013 – F2012	% change	F2012 – F2011	% change	F2011 – F2010	% change	F2010 – F2009	% change
Overall	**71.0**	**3.2**	67.8	1.2	66.6	(0.1)	66.7	0.7	67.0	1.1	65.9	2.00
Communication	**63.7**	**1.7**	62.0	0.0	61.9	0.5	61.4	0.1	61.3	1.2	60.1	8.5
Relationships and trust	**68.8**	**1.6**	67.2	1.3	65.9	0.3	65.6	(0.4)	66.0	1.4	64.6	3.1
Strategy and leadership	**72.9**	**1.3**	72.0	2.6	69.4	(0.4)	69.8	(0.2)	70.0	2.6	67.4	1.6
Rewards, recognition and performance management	**63.0**	**2.5**	60.5	(0.4)	60.9	0.1	60.8	1.2	59.6	(0.05)	60.1	2.3
Diversity	**70.8**	**1.2**	69.6	0.8	68.8	0.3	68.5	(0.3)	68.8	0.6	68.2	1.9
Culture and values	**72.3**	**1.4**	70.9	2.6	68.3	(1.4)	70.7	(0.1)	70.8	1.3	69.5	1.9
Structures	**79.2**	**4.0**	74.2	2.0	72.2	(0.3)	72.5	0.1	72.4	2.2	70.2	(0.6)
Change and transformation	**65.1**	**1.1**	64.0	1.5	62.5	0.4	62.1	(0.3)	62.4	0.3	62.1	1.3
Human capital management	**70.5**	**2.6**	67.9	0.8	67.1	(0.1)	67.2	(2.5)	69.7	1.2	68.5	0.8
Management style	**69.4**	**0.4**	69.0	0.9	68.1	(0.5)	68.6	0.5	68.1	0.8	67.3	0.0
Internal brand awarenesss	**83.2**	**1.1**	83.1	4.6	79.5	(0.7)	82.2	(0.1)	83.2	3.7	79.5	new
Job security*	**70.2**	**–**	–	–	–	–	–	–	–	–	–	–

World class (85%+) Top company (65% – 84%) Middle class/average (52% – 64%) Poor (0.0% – 52%)

* *New dimension for F2015.*

DISCIPLINARY AND GRIEVANCE POLICY/ PROCEDURES

The group has focused on providing comprehensive training in terms of both our code of conduct and our grievance and disciplinary codes to ensure that all line managers are well equipped to handle matters.

The company's disciplinary policy and procedure provides clear guidance on how managers are expected to deal with cases of misconduct and unsatisfactory performance. The disciplinary code provides directives on how offences warrant progressive discipline and where more serious penalties such as dismissals are indicated.

The group's grievance policy allows an employee to raise and express any dissatisfaction with management's conduct or treatment and also allows for conflict resolution between employees at the same level. If the grievance remains unresolved after the first engagement, the employee may escalate the grievance to senior management for a final ruling on the matter. Once management has ruled on a grievance, the employee has the right to refer disputes to the CCMA for final resolution.

FORMAL PERFORMANCE MANAGEMENT SESSIONS

Managers are required to provide their employees with formal appraisals of their performance at least once a year. Employees also participate in the development of a personalised training and development plan on an annual basis.

Although this year's overall percentage completed increased to what has been the norm in previous years, more work is required to ensure consistency. Following training through our Group Five Academy on how to conduct more effective performance reviews, training needs and career path discussions are being more directly addressed at performance reviews.

	2015	2014	2013	2012	2011	2010	2009	2008
%	**82.0**	78.2	83.0	82.0	74.5	67.0	52.9	45.7

CURRENT EXECUTIVE AND SENIOR MANAGEMENT APPOINTMENT SPLIT

As part of our employee value proposition, the group aspires to provide career and personal development opportunities to all our employees. A key measure of our success is the number of senior management appointments made from within the ranks of our employees. The table below reflects how many of our current senior managers (Paterson grade D upper and more senior) were promoted into their current positions compared to those who were appointed into positions from outside the group.

91 out of 109 (83%) of the current senior management positions are held by employees promoted from within the group.

	Female						Male						Total	
	Black		White		Total		Black		White		Total			
Category	**F2015**	F2014	**F2015**	F2014	**F2015**	F2014	**F2015**	F2014	**F2015**	F2014	**F2015**	F2014	**F2015**	F2014
External appointment	**3**	3	**0**	2	**3**	5	**7**	8	**8**	8	**15**	21	**18**	21
Internal appointment	**1**	1	**8**	7	**9**	8	**14**	14	**68**	63	**82**	72	**91**	85
Total	**4**	4	**8**	9	**12**	13	**21**	22	**76**	71	**97**	93	**109**	106

01 EMPLOYMENT continued

BREAKDOWN BY GEOGRAPHY AND GENDER (PERMANENT AND CONTRACT-SPECIFIC EMPLOYEES)

The table below indicates the split of our workforce between permanent employees and those employed on a contract-specific or limited duration basis in South Africa and over-border.

Of the 24% of our workforce outside of South Africa, 92% of these employees are employed on a contract-specific basis. This is consistent with our policy of utilising and developing local labour and reducing our dependence on expensive expatriate labour in all but specialised positions. In South Africa, the component of temporary employees is 58%, again consistent with our policy to provide permanent work where possible, but to retain contract-specific employment when warranted for operational requirements.

	Male				Female				Total			
Location	**F2015**	**%**	F2014	%	**F2015**	**%**	F2014	%	**F2015**	**%**	F2014	%
International	**1 968**	**19**	3 084	24	**431**	**22**	370	19	**2 399**	**20**	3 418	24
Contract-specific	**1 139**	**58**	2 831	93	**355**	**82**	318	86	**1 494**	**62**	3 149	92
Permanent employees	**829**	**42**	217	7	**76**	**18**	52	14	**905**	**38**	269	8
Local	**8 238**	**81**	9 442	76	**1 541**	**78**	1 625	81	**9 779**	**80**	11 067	76
Contract specific	**4 866**	**59**	5 655	60	**718**	**47**	803	49	**5 584**	**57**	6 458	58
Permanent employees	**3 372**	**41**	3 787	40	**823**	**53**	822	51	**4 195**	**43**	4 609	42
Total	**10 206**	**100**	12 490	100	**1 972**	**100**	1 995	100	**12 178**	**100**	14 485	100

VACANCY ANALYSIS

Whilst still high at 2.2%, the year-on-year reduction in vacancies was due to our improved internal recruitment service and the slowdown in certain significant areas within the group.

%	**F2015**	F2014	F2013	F2012	F2011	F2010	F2009	F2008	F2007
Vacancy analysis	**2.2**	5.1	8.0	<1	<1	2.0	10.0	12.2	11.7

ASPECT 2:
LABOUR/MANAGEMENT RELATIONS

02

INTRODUCTION

The group's employee relations strategy is regulated and supported by best practice policies and procedures, underpinned by legislation in the territories where we operate.

From an organisational perspective, the employee relations function is led by the group executive director of human resources (HR). He is supported at a corporate level by the HR director: operations and services and the group industrial relations specialist who is a qualified labour attorney.

To ensure the consistent application of both policy and best practice, during the year we created a group industrial relations leadership structure. This is a central team comprising a number of senior employees representing the central office and senior representatives from within the business. This body serves as a sounding board for policy and practice development and a pool from which resources are drawn to deal with employee relations issues when they arise.

Labour action in the group's home market of South Africa continued, with man days lost staying constant at 24 209 in F2015 (F2014: 24 441). The largest contributor to the days lost in the period (39%) was the strike called by NUMSA in support of the wage dispute that arose at the Mechanical and Engineering Industry Bargaining Council (MEIBC).

The trend of unprotected strikes continued, with 63% of the man days lost attributable to unprotected industrial action. This trend was particularly prevalent on the group's Dedisa Peaking Power Plant in the Eastern Cape. This contract alone accounted for 29% of the group's total man days lost and 46% of the man days lost due to unprotected industrial action.

Notwithstanding the increased volatility, the actual number of work stoppages and work interruptions declined again this year. This was mainly due to proactive and direct intervention by the group in potentially volatile labour situations and the increased use of community liaison officers. This improved our capacity to anticipate issues and resolve them before they escalate.

The group is represented on all major industry negotiating forums.

LEVEL OF UNIONISATION OF THE TOTAL WORKFORCE (BOTH LOCAL AND INTERNATIONAL (F2009 – F2015))

The table below shows that whilst there has been a steady increase in the number of unionised employees since 2012, this trend seems to have stabilised at 17% of our South African workforce. In real terms union membership this year decreased to 2 115 members compared to last year's 2 494 members. This reduction can largely be attributed to the large-scale retrenchments in our Civil Engineering segment.

Level of unionisation of the total workforce (both local and international (F2009 – F2015))

	F2015	F2014	F2013	F2012	F2011	F2010	F2009
Total employee headcount (all employees)	12 178	14 485	13 659	10 846	11 997	12 497	14 050
Number of unionised employees	2115	2 494	2 120	2 039	2 285	2 416	1 752
Union membership as % of total workforce	17	17	15	18	19	19	12

02 LABOUR/MANAGEMENT RELATIONS continued

CCMA CASES

This year saw a 33% reduction in the number of CCMA referrals from 108 to 73. This reduction can be largely attributed to the rigorous retraining of our managers in the required processes and procedures and the consistent adherence to the legislated notice periods.

We are, however, disappointed by the reduction in the number of cases won at arbitration from 98% to 88%. This decrease compared to last year appears to be based on inconsistent judgements made as a result of uncertainty around amendments promulgated to the Labour Relations Act (Act 66 of 1995), which was effective in January 2015.

	F2015	F2014	F2013	F2012	F2011	F2010	F2009	F2008	F2007
Referrals (number of cases)	**73**	108	53	68	95	108	38	48	38

PROPORTIONAL UNION REPRESENTATION AS A PERCENTAGE OF THE SOUTH AFRICAN WORKFORCE

The overall level of unionisation dropped during the year in both real and percentage terms, primarily as a result of the erosion of the membership in BCAWU, NUM and NUMSA.
The only union that made substantial gains was AMCU with an increased membership from 1% to 2% of the national workforce, but more significantly from less than 1% to about 8% of the KwaZulu-Natal workforce.

% split	AMCU	BCAWU	BWAWUSA	GIWUSA	NUM	NUMSA	SACWU	SATAWU	Total
2015	**1.96**	**1.46**	**0.29**	**1.20**	**9.46**	**2.22**	**0.42**	**2.58**	**19.59**
2014	0.07	2.42	0.29	1.34	11.33	3.01	0.34	2.36	21.16
2013	0.09	1.66	0.48	1.80	11.86	0.36	0.40	2.80	19.45

AMCU – Allied Mining and Construction Union
BCAWU – Building Contractors and Allied Union Workers
BWAWUSA – Building, Wood and Allied Workers Union of South Africa
GIWUSA – General Industries Workers Union of South Africa
NUM – National Union of Mineworkers
NUMSA – National Union of Metalworkers
SACWU – SA Chemical Workers Union
SATAWU – South African Transport and Allied Workers Union

INCIDENCE AND IMPACT OF STRIKES

The table below reflects the incidence and impact of strikes in man days lost across the group's clusters. As can be seen, 26 out of the 29 strikes were unprotected, which means it happened without employees and/or unions following CCMA dispute referral processes.

Incidence and impact of strikes in man days lost across the group's clusters

Business cluster	Number of strikes	Union	Procedural strikes	Total man days lost
ENGINEERING & CONSTRUCTION	27			15 726
Building	1	N/A	0	44
Housing	2	N/A	0	890
Civil Engineering	9	NUM	1	3 432
Oil & Gas	1	NUMSA	0	800
Projects	14	NUMSA/AMCU	0	10 560
MANUFACTURING	2			8 484
BRI	1	NUMSA	1	2 212
G5 Pipe	1	NUMSA	1	6 272
Grand total	**29**		**3**	**24 210**

NOTICE PERIODS REGARDING OPERATIONAL CHANGES

The group has an early engagement policy to maintain employee morale and industrial harmony during site demobilisation and operational reorganisation. This is outlined below.

LIMITED DURATION CONTRACT EMPLOYEES (LDCs)

As our tendered contract-based workflow often makes it difficult to predict the precise number of employees required, the group makes extensive use of flexible LDCs. These employees are treated in the same manner as our permanent employees whilst they are in our employ. They are regularly informed of the duration and continuity of their employment to allow their planning in terms of contract completion times.

01 **Limited duration contracts specify anticipated contractual termination date.**

02 **Employees are informed of programme changes as a result of delays and/or acceleration at weekly site/toolbox meetings.**

03 **Employees are given notice in compliance with the Basic Conditions of Employment Act based on the completion date of the contract.**

02 LABOUR/MANAGEMENT RELATIONS continued

PERMANENT EMPLOYEES

NON-UNIONISED EMPLOYEES

Employees are kept informed of organisational challenges through regular briefings, with a minimum of one month's notice given to allow employee input and consultation.

Consultations in accordance with the Labour Relations Act (LRA) Section 189 and/or 189A take place over a prescribed minimum period of one and two months respectively. The purpose of these consultations is to attempt to avoid job losses and/or reach consensus on issues such as severance payment and timing of exit.

Employees are paid in lieu of their contractual notice in accordance to the Basic Conditions of Employment Act (BCEA).

UNIONISED EMPLOYEES

Collective bargaining agreements specify the processes to be followed in the instance of contemplated job losses due to operational requirements. The group forms part of agreements with the Steel and Engineering Industries Federation of South Africa (SEIFSA), the South African Forum of Civil Engineering Contractors (SAFCEC), the Bargaining Council of the Civil Engineering Industry, the Construction Industry Bargaining Council (CIBC), the Gauteng Building Voluntary Bargaining Forum (GBVBF) and various regional bargaining councils.

Where the group operates outside the jurisdiction of a collective agreement or bargaining council, we enter into recognition and procedural agreements with organised labour to establish which processes should be followed.

FOCUS GOING FORWARD

The key focus going forward will be to further improve management and employee relationships and communication on our sites. In addition, in light of the increase in the incidence and number of unprotected strikes, we have decided to ensure that all employees understand that we will not tolerate unprotected strikes. This policy will entail the refusal to negotiate with employees whilst they are engaged in unprotected industrial action and the issuing of ultimatums with the potential for dismissal of striking workers should they not return to work in a reasonable time.

To support a quality employee relations offering, we will continue recruiting top talent and developing and providing a series of training interventions to our practitioners to ensure a consistent and predictable approach.

With the help of the group IR leadership structure we will further develop standardised policy and procedure documentation for use across the group. A key focus will remain compliance with the unfolding requirements of the revised labour law dispensation in the markets where we operate.

We will continue to proactively engage with various unions and other employee-related governing bodies to ensure we can anticipate both trends and risks facing the group, while ensuring input into both debate and policy formation.

ASPECT 3:
HEALTH AND SAFETY 03

HEALTH

This section covers both occupational and employee health issues.

DELIVERY ON F2015 FOCUS AREAS:

In the group's F2014 integrated annual report, we outlined a number of focus areas. Below we outline how we delivered against these:

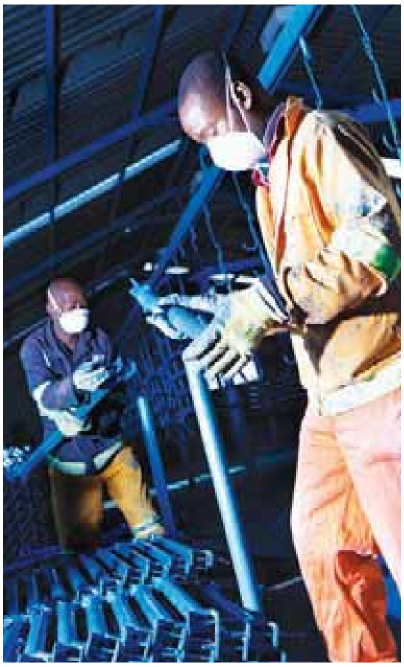
F2015 FOCUS AREAS	DELIVERY
Continued improvement of the implementation and management of health and safety in each segment.	› The promotion of our integrated employee wellness programme resulted in a decrease in unfit and temporary fit cases. A central clinic was established to perform medicals for all relevant employees based in Gauteng. If successful, this will be expanded to other provinces to ensure a high standard across all contracts
With the newly promulgated construction regulations released during the year, the group needs to continue focusing on the successful management of risk-based medicals.	› A programme of compiling individual work risk exposure profiles was rolled out. The management of Group Five's health programme by a specialist external provider has ensured a high standard of quality, cost savings and legal compliance
Basic health risk assessments per site to further govern focus per contract.	› Current risk assessments were refocused on relevant site-specific requirements rather than generic testing. This ensured more efficient management of personal work risk exposure profiles

INTRODUCTION

Group Five continues to work with an external industry leader in occupational health services to provide comprehensive and cost-effective healthcare solutions as part of the group's objective of zero harm.

During the year, a new database was created where data collected from medical surveillance can be captured for analysis and reporting to ensure standardisation and group efficiencies.

Group Five strives to obtain a return on investment for medical surveillance compliance and management of employees of concern. Following continued focus on improvements, we have experienced shorter return to work times for employees of concern* and a decrease in the impact of chronic illnesses on productivity.



* *Employees of concern are employees with medical conditions that increase the risk of injury or illness when exposed to health and safety risks on site.*

03 HEALTH AND SAFETY continued

MEDICAL SURVEILLANCE

Group Five's medical surveillance programme is managed through site-based clinics and an accredited service provider network.

To ensure a uniform standard across different segments, a new central clinic was established in Gauteng. It will have the ability to perform up to 100 medicals per day when it becomes fully operational by the end of calendar 2015. The clinic is run by the group's external health service provider.

To support the group's expansion across Africa, our health service provider offers a network of leading services through their own national and international footprint. This offers Group Five access to services even in remote areas. This structure allows fast and effective management of chronic conditions and rehabilitation and specialist referrals for employees of concern.

MEDICAL EXAMINATIONS

The information on the next few pages outline the number of employee medicals conducted during the year, with the main issues identified.

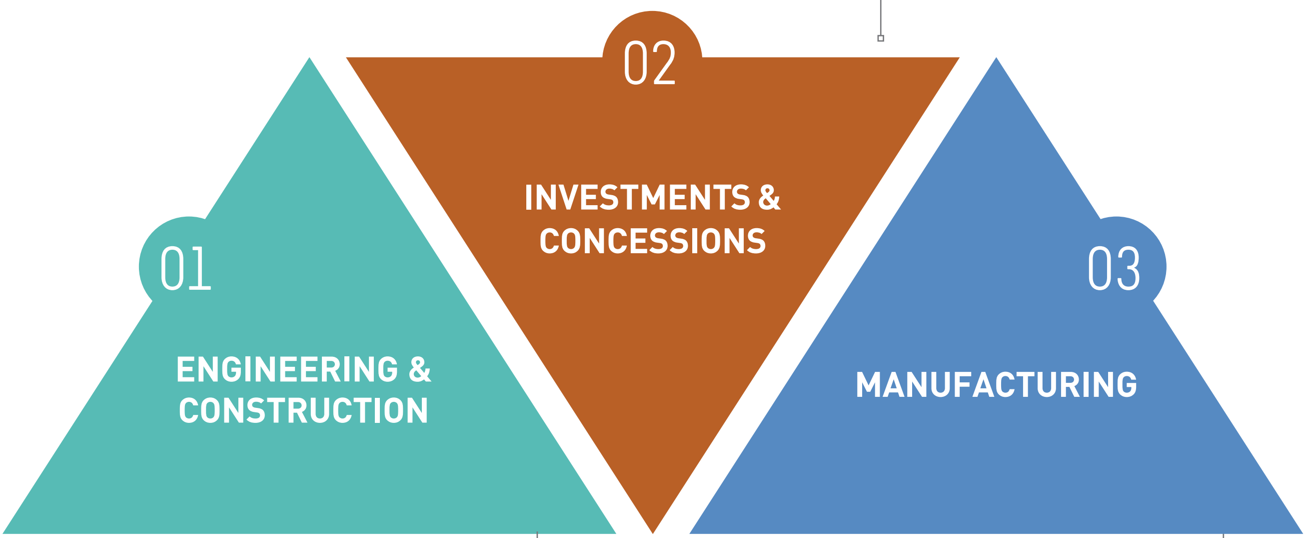
Hypertension continues to be the key issue for the group. To address this, all newly diagnosed cases are counselled on the condition, referred for management to their own medical practitioner or provincial clinic and a follow-up medical evaluation booked within ten days. The employee is only declared fit to work once the feedback report is received.

MEDICAL EXAMINATIONS

	Pre-employment medicals	Periodical medicals	Exit medicals	Travel medicals
F2014/2015	2 685	2 886	2 091	60
F2013/2014	4 809	2 980	1 605	75
F2012/2013	2 765	1 748	973	90
F2011/2012	1 839	3 964	2 521	231
F2010/2011	2 976	1 789	762	147

Medicals completed	Number of medicals
Pre-employment medicals	23
Periodic medicals	413
Exit medicals	39
Travel medicals	1

Main concerns
Uncontrolled hypertension



Medicals completed	Number of medicals
Pre-employment medicals	2 305
Periodic medicals	2 778
Exit medicals	2 028
Travel medicals	58

Main concerns
Uncontrolled hypertension/possible noise-induced hearing loss

Medicals completed	Number of medicals
Pre-employment medicals	76
Periodic medicals	566
Exit medicals	27
Travel medicals	–

Main concerns
Uncontrolled hypertension/diabetes

03 HEALTH AND SAFETY continued

CLINICAL AND LIFESTYLE RISKS

Mounting scientific evidence links employee wellness to their company's productivity. It is also estimated that approximately half of corporate healthcare spend is due to lifestyle risk factors. The workplace provides a unique setting to promote a holistic and supportive approach to health.

Lifestyle risk factors lead to clinical risk factors which strongly influence the likelihood of developing chronic diseases. This will remain a focus area for the group, as approximately 60% of deaths in the world today can be attributed to chronic diseases.

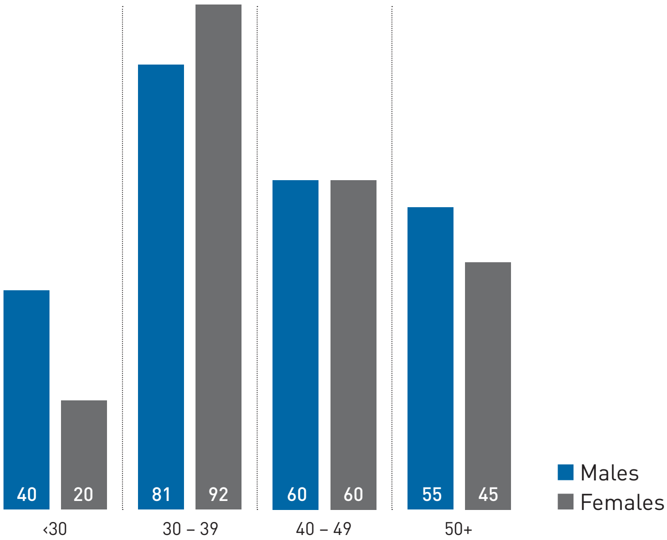
The research outlined in this online section of the integrated annual report was gathered during the group's Wellness Days held between June and November 2014.

PARTICIPATION DEMOGRAPHICS

473 employees attended the Wellness Days, with the average age being 40. Wellness day attendance is voluntary and takes place at the central office. The attendance this year was 2% higher than last year's attendance, which was already a high base.

The breakdown by age and gender of these attendees is shown below:

Age distribution (years)



Number of attendees

LIFESTYLE RISKS OF EMPLOYEES

The table below summarises each of the four lifestyle risk factors assessed during the group's Wellness Days, as well as the percentage of the workforce that is at risk in each of these four categories. A risk indicator (red, orange or green) provides a sense of the severity of each risk for employees.

LIFESTYLE RISK	Risk indicator	% at risk	Definition
Smoking status	■	21	Employees who smoke
Alcohol consumption	■	7	Employees who consume 3+ drinks per day
Nutritional intake	■	83	Employees who have <5 vegetable and fruit servings per day
Physical activity	■	60	Employees who exercise for <150 minutes per week

"Lifestyle score" for the group

LIFESTYLE SCORE	Risk indicator	Definition
1.7	■	Employees who smoke

Clinical risks of our employees

LIFESTYLE RISK	Risk indicator	% at risk	Definition
Body mass index (BMI)		68	Employees with a non-normal BMI
Waist circumference		32	Employees with a non-normal waist circumference
Blood pressure		25	Hypertensive employees
Cholesterol		40	Employees with a level >= 5.0 mmol/l
Glucose		6	Employees with a level >= 7.8 mmol/l
Chronic disease		26	Employees with at least one chronic disease

Body mass index

"Clinical score" for the group

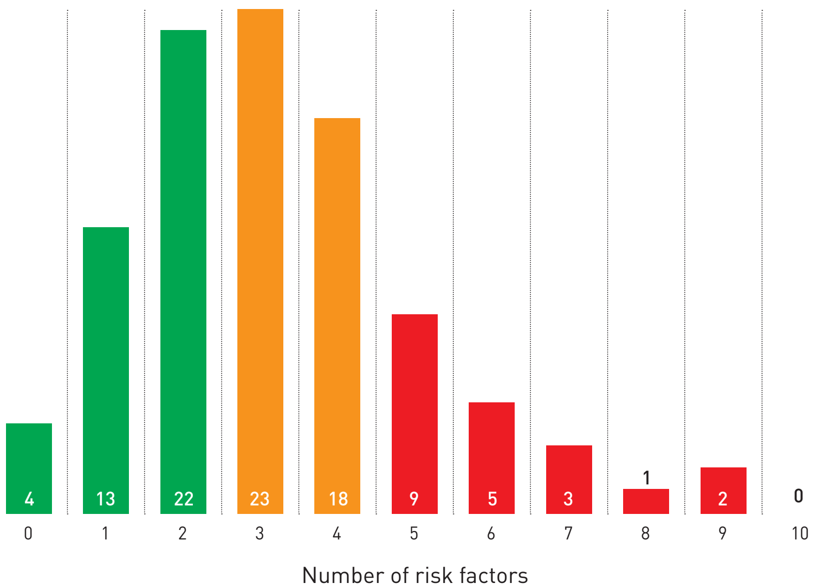
CLINICAL SCORE	Risk indicator	Definition
1.7		Average number of clinical risk factors per employee

OVERALL RISKS OF OUR EMPLOYEES – DISTRIBUTION OF RISK FACTORS (% OF EMPLOYEES)

These four lifestyle risks and six clinical risks are combined to provide a distribution of the number of risk factors across our employee base.

41% of employees who attended the Wellness Days have three or four risk factors, whilst 19% have more than five risk factors.

Distribution of risk factors (% of attendees)



03 HEALTH AND SAFETY continued

The average number of risk factors per employee (lifestyle and clinical risk factors combined) gives an overall risk score:

OVERALL SCORE	Risk indicator	Definition
1.7	■	Average number of combined risk factors per employee

The overall group score is lower than the industry average of 3.2 health risks per employee.

ACTIONS

To further educate our employees on making healthy lifestyle choices, we created a group integrated wellness committee that disseminates important health and wellness messages through information campaigns down to site level across all our operations in South Africa and the rest of Africa. The committee comprises management and health and wellness experts.

Further monitoring of employees across the group will continue. Group Five endeavours to empower our employees to make healthy lifestyle choices by providing the benefits of regular wellness days, gym facilities and access to on-site clinic services where possible.

The company also contracted the services of an employee wellbeing company to provide support with financial, relationship, psychological and physical wellness of employees and their dependants. Induction sessions were rolled out across all segments between January 2015 and May 2015. This focused on creating awareness of services available and resulted in the following engagements:

POINT OF CONTACT	Number of employees	% of cases	% of total employees
Telephone	63	2.99	0.67
E-mail	23	1.09	0.25
E-support	1	0.05	0.01
SMS	6	0.29	0.06
Training	16 969	80.57	18.15
Meetings	5	0.24	0.05
Website	22	1.05	0.24
Wellness days	289	13.73	3.09

Overall engagement refers to all the points of contact with beneficiaries of the Group Five employee assistance programme. Engagement levels are an indication of heightened awareness of the services, with 22.5% contact with employees. This is particularly pleasing after only four months since inception.

HEALTH TRAINING

The health and safety teams work with the group's internal university, the Group Five Academy, to offer specialist training programmes. The Academy partners with all disciplines in the group to identify training requirements. A specific requirement for health and safety training was recently identified. In conjunction with the SHE management team, improvements were made to ensure a focused training programme, as well as one training provider to deliver effective health and safety training throughout the group. In the last year, 2 361 employees attended training.

MALARIA MANAGEMENT

There was a significant reduction in reported malaria cases since last year, mainly due to last year's base being particularly high due to increased operations in West Africa and the DRC. These areas are extremely remote and experience very high rainfall with scattered communities that have over the years become semi-immune to malaria infection. Our expatriate employees coming from protected environments are very susceptible to malaria infection.

Number of malaria cases

	F2015	F2014	F2013	F2012	F2011	F2010	F2009
Number of malaria cases	139	253	176	128	32	50	125

We continue to implement site vector control and to educate employees on preventative measures.

Preventative measures include:

- Camp and recreational areas are treated, which includes spraying that is effective for three months
- Employees are issued with mosquito repellents
- Malaria prophylaxis tablets are provided to employees
- A policy that enforces only long trousers and long sleeve shirts on sites to protect against both malaria and skin cancer

HIV AND AIDS AWARENESS & TRAINING

Group Five adopted a holistic health and wellness model in F2013. The company has a policy on HIV/Aids which encourages ongoing training, awareness, counselling and testing. The policy also covers the important aspect of confidentiality of testing outcomes for all employees. No employee is unfairly discriminated against based on their HIV status. Treatment of those infected is facilitated either through medical aid or government health systems.

The group implemented a 24-hour toll-free line available for professional counselling to employees and members of their families. HIV positive employees are supported to stay healthy and to lead productive lifestyles. Those who test negative are encouraged to maintain their negative status.

The group's HIV/Aids awareness campaign, "Know your Status" continues to be driven through our more than 100 workplace peer educators (WPEs). These educators have been trained to counsel and facilitate the professional testing of employees within their respective segments and construction sites.

HIV/AIDS TESTING

The HIV and Aids awareness, counselling and testing (ACT) offering was included as an employee benefit under the group's human resources benefits in F2012. 3 255 employees were counselled in F2015, and 2 613 were tested. The significant drop in numbers of employees trained and tested can be attributed to the winding down and closure of some of our mega-contract sites, as well as the downsizing of some of our segments during the course of the reporting year. However, it is pleasing to note that the prevalence rate is showing a decline compared to previous years. The table below summarises our training, testing and prevalence statistics:

FOCUS GOING FORWARD

The focus in the coming year will be on increasing the number of employees who attend the new, central Gauteng clinic to improve the standard of medical surveillance and manage temporary disability cases to ensure early return to work.

The new database will ensure the more efficient identification of health risk trends per contract and will allow the team to implement corrective action plans.

During the coming year, we will further refine our testing of health risks by making them more relevant to each site or area to prevent cost wastage from generic testing.

	Number of employees trained (awareness provided)	Number of employees counselled and tested	Prevalence rate
F2009/F2010	6 426	6 156	18.0%
F2010/F2011	4 492	4 184	16.5%
F2011/F2012	6 281	6 089	17.3%
F2012/F2013	9 919	8 905	15.0%
F2013/F2014	4 808	4 142	17.7%
F2014/F2015	**3 255**	**2 613**	**14.0%**

03 HEALTH AND SAFETY continued

SAFETY

DELIVERY ON F2015 FOCUS AREAS:

In the group's F2014 integrated annual report, we outlined a number of focus areas. Below we outline how we delivered against these:

F2015 FOCUS AREAS	DELIVERY
Make safety performance a more onerous metric of management's variable pay.	› Safety performance is now included in the short term incentive calculation for all executives and managers
Drive executive accountability through investigation and corrective action by management teams and not only safety teams.	› Executive management are involved in all serious incident investigations (single and multiple fatalities) and are responsible for presenting the full investigation report to the board. Safety continues to be a key performance indicator for executives and senior management
Registration of safety practitioners.	› Registration and competence evaluation is well on track
Restructure the safety organisational structure to ensure fully trained and competent individuals are deployed to sites.	› An improved safety structure is now in place and career paths were developed for all SHE professionals

INTRODUCTION

The focus on implementing the group's zero harm campaign resulted in a very pleasing decrease in our lost-time injury frequency rate (LTIFR) from 0.17 to 0.15. This, combined with no fatalities, is an outstanding achievement and very pleasing to the management team.

The improvement was achieved due to a focus on conducting internal audits to identify the causes of injuries and implementing corrective actions, as well as generating mitigating strategies and risk rankings for high and extreme risks.

zero
FATALITIES

LTIFR
IMPROVED FROM
0.17 to 0.15

SAFETY – GROUP CUMULATIVE SAFETY STATISTICS

Clusters/ segments	Man hours	First-aid cases	FAFR**	Non-lost-time injury cases	NLTIFR	Lost-time injury cases	Occupational diseases reported	Fatal injuries	Current LTIFR#	Environmental incidents reported	Site inspections conducted	Near misses
	Cumulative from July 2014 to June 2015 – F2015											
ENGINEERING & CONSTRUCTION												
Building & Housing – Building	10 129 594	159	3.14	31	0.61	11	–	–	0.22	–	60	2 879
Building & Housing – Housing	4 500 212	59	2.62	8	0.36	–	–	–	0.00	–	44	223
Building & Housing – Coastal	12 271 548	180	2.93	49	0.80	6	–	–	0.10	–	55	1 395
Civil Engineering	18 728 555	203	2.16	41	0.44	7	–	–	0.07	–	24	430
Projects	7 662 966	83	2.17	25	0.65	2	162	–	0.05	20	47	1 315
Energy – Power	1 245 349	11	1.77	2	0.32	–	–	–	0.00	–	20	70
Energy – Oil & Gas	6 030 345	85	2.82	16	0.53	3	–	–	0.10	2	261	163
Energy – Nuclear	96 662	1	2.07	1	2.07	–	–	–	0.00	–	28	2
Cluster total	**60 665 231**	**781**	**2.57**	**173**	**0.57**	**29**	**162**	**–**	**0.10**	**22**	**539**	**6 477**
INVESTMENTS & CONCESSIONS												
Transport (Intertoll)	1 466 864	1	0.14	6	0.82	11	–	–	1.50	1	78	14
Real estate (Group Five Properties)	10 560	–	0.00	–	0.00	–	–	–	0.00	–	112	–
Cluster total	**1 477 424**	**1**	**0.14**	**6**	**0.81**	**11**	**–**	**–**	**1.49**	**1**	**190**	**14**
MANUFACTURING												
Everite	2 296 960	15	1.31	8	0.70	4	–	–	0.35	6	19	2
Pipe	437 838	9	4.11	8	3.65	2	–	–	0.91	–	–	–
BRI	335 056	8	4.78	3	1.79	4	–	–	2.39	2	10	7
Cluster total	**3 069 854**	**32**	**2.08**	**19**	**1.24**	**10**	**–**	**–**	**0.65**	**8**	**29**	**9**
CORPORATE OFFICE												
	762 300	**3**	**0.79**	**–**	**0.00**	**1**	**–**	**–**	**0.26**	**–**	**280**	**299**
GROUP TOTAL												
	65 974 809	**817**	**2.48**	**198**	**0.60**	**51**	**162**	**–**	**0.15**	**31**	**1 038**	**6 799**

Abbreviations:

FAFR	First-aid frequency rate
LTIFR	Lost-time injury frequency rate
Occ dis	Occupational diseases
Site insp	Site inspections
NLTIFR	Non-lost-time frequency rate
Env inc	Environmental incidents

*** Number of first-aid cases for cluster x 200 000/ total hours for the cluster.*

 # Formula = total number of lost-time injury cases for cluster x 200 000/total hours for the cluster.

03 HEALTH AND SAFETY continued

Lost-time injury frequency rate (LTIFR) refers to the rate of occurrence of incidents that resulted in an employee's inability to work the next full work day. In Group Five the figure is calculated per 200 000 hours worked. First aid and near misses are managed on site and corrective actions are taken to prevent any lost-time injuries.

LTIFR – EMPLOYEES AND SUB-CONTRACTORS (ROLLING 12 MONTHS)

We are pleased with the improvement seen in both our operations and those of sub-contractors. This occurred after constant focus on safety awareness over the last few years and grouping both employees and sub-contractors under one central safety function to ensure consistent implementation of safety measures.

Safety, health and environment (SHE) measures are also linked to management's key performance indicators to ensure strict measurement. We also implemented ad hoc site visits from senior management to work closely with sites to address improvements before incidents occur.

%	**F2015**	F2014	F2013	F2012	F2011	F2010	F2009	F2008	F2007
LTIFR (permanent employees)^	**0.23**	0.23	0.21	0.20	0.36	0.33	0.39	0.50	0.64
LTIFR (sub-contractors)	**0.09**	0.13	0.33	0.63	1.03	0.98	1.02	1.39	1.53
Combined#	**0.15**	0.17	0.27	0.21	0.54	0.43	0.55	0.92	1.34

^ Employees in South Africa and the rest of Africa.
 # Total number of lost-time injury cases for the group x 200 000/total hours for the group.

Contract safety performance

DATES AND SEGMENTS	LTI-free hours
JULY	
Building & Housing: Building	736 027
Building & Housing: Housing	4 238 624
Building & Housing: Coastal	14 028 753
Civil Engineering	19 696 053
Plant & Formwork	694 210
Projects	17 522 269
Intertoll Africa	102 650
Everite	204 380
Pipe	15 039
Barnes Reinforcing Industries	68 860
AUGUST	
Building & Housing: Building	1 539 288
Building & Housing: Housing	4 093 835
Building & Housing: Coastal	15 014 657
Civil Engineering	17 834 855
Plant & Formwork	759 335
Projects	18 034 825
Intertoll Africa	106 600
Everite	405 320
Pipe	43 715
Barnes Reinforcing Industries	102 960
SEPTEMBER	
Building & Housing: Building	1 141 538
Building & Housing: Housing	4 435 196
Building & Housing: Coastal	15 466 393
Civil Engineering	20 029 790
Plant & Formwork	823 483
Projects	18 034 825
Intertoll Africa	109 379
Everite	152 607
Pipe	97 417
Barnes Reinforcing Industries	137 280

DATES AND SEGMENTS	LTI-free hours
OCTOBER	
Building & Housing: Building	7 676 877
Building & Housing: Housing	5 297 487
Building & Housing: Coastal	17 349 408
Civil Engineering	21 867 624
Plant & Formwork	456 894
Projects	16 563 313
Intertoll Africa	108 296
Everite	171 153
Pipe	152 463
Barnes Reinforcing Industries	30 864
NOVEMBER	
Building & Housing: Building	5 340 862
Building & Housing: Housing	5 267 336
Building & Housing: Coastal	17 210 554
Civil Engineering	22 293 135
Plant & Formwork	487 337
Projects	17 132 144
Intertoll Africa	92 488
Everite	362 553
Pipe	212 098
Barnes Reinforcing Industries	30 800
DECEMBER	
Building & Housing: Building	6 480 168
Building & Housing: Housing	5 635 123
Building & Housing: Coastal	16 468 377
Civil Engineering	22 627 222
Plant & Formwork	506 704
Projects	17 256 751
Intertoll Africa	101 391
Everite	553 733
Pipe	243 048
Barnes Reinforcing Industries	63 800

03 HEALTH AND SAFETY continued

DATES AND SEGMENTS	LTI-free hours
JANUARY	
Building & Housing: Building	5 711 248
Building & Housing: Housing	5 794 405
Building & Housing: Coastal	17 428 645
Civil Engineering	24 738 612
Plant & Formwork	555 135
Projects	17 963 430
Intertoll Africa	94 065
Everite	738 533
Pipe	254 071
Barnes Reinforcing Industries	96 580
FEBRUARY	
Building & Housing: Building	8 883 036
Building & Housing: Housing	4 899 853
Building & Housing: Coastal	19 582 054
Civil Engineering	24 460 440
Plant & Formwork	606 115
Projects	17 495 261
Intertoll Africa	104 483
Everite	140 525
Pipe	303 923
Barnes Reinforcing Industries	128 040
MARCH	
Building & Housing: Building	7 134 687
Building & Housing: Housing	3 755 278
Building & Housing: Coastal	19 758 433
Civil Engineering	23 345 804
Plant & Formwork	665 205
Projects	18 227 380
Intertoll Africa	103 425
Everite	324 885
Pipe	337 662
Barnes Reinforcing Industries	159 060

DATES AND SEGMENTS	LTI-free hours
APRIL	
Building & Housing: Building	10 379 752
Building & Housing: Housing	3 993 956
Building & Housing: Coastal	17 615 502
Civil Engineering	23 345 804
Plant & Formwork	713 736
Projects	19 020 555
Intertoll Africa	108 059
Everite	513 205
Pipe	366 255
Barnes Reinforcing Industries	181 940
MAY	
Building & Housing: Building	6 240 967
Building & Housing: Housing	4 507 425
Building & Housing: Coastal	17 184 196
Civil Engineering	23 833 912
Plant & Formwork	775 176
Projects	19 789 593
Everite	701 965
Pipe	392 015
Barnes Reinforcing Industries	29 536
JUNE	
Building & Housing: Building	6 126 969
Building & Housing: Housing	5 214 112
Building & Housing: Coastal	17 968 385
Civil Engineering	23 344 159
Plant & Formwork	837 099
Projects	20 549 002
Everite	889 845
Pipe	419 937
Barnes Reinforcing Industries	61 216

Safety awards received

DATES AND SEGMENTS	CONTRACTS	AWARD
JULY		
BUILDING & HOUSING: HOUSING	Etwatwa	Reached 1 000 000 hours LTI-free man hours.
AUGUST		
BUILDING & HOUSING: COASTAL	New Multi-Product Pipeline (NMPP) Terminal Construction TM1	7 000 000 LTI-free man hours.
SEPTEMBER		
BUILDING & HOUSING: BUILDING	90 Rivonia	Second place in the 2014 National Master Builders South Africa National Safety Competition for contracts between R300 million to R500 million.
	Novartis	A rating of 93.4% (Top Ten) in the 2014 Regional Master Builders Association South Africa National Safety Competition for contracts between R75 million to R150 million.
	Multichoice head office	Second place in the 2014 Regional Master Builders Association South Africa Safety Competition for contracts of R500 million and more.
OCTOBER		
BUILDING & HOUSING: COASTAL	Department of Public Works Head Office	Second place in the KwaZulu-Natal MBA Regional Health and Safety Competition for contracts between R150 million to R300 million.
	Lower Thukela Bulk Water Supply	First place for Civil Engineering in the KwaZulu-Natal MBA Regional Health and Safety Competition.
	New Multi-Product Pipeline (NMPP) Terminal Construction TM1	Third place for Civil Engineering in the KwaZulu-Natal MBA Regional Health and Safety Competition.
NOVEMBER		
CIVIL ENGINEERING	PS65 – Sasol Secunda	Global group Linde awarded Civil Engineering the Take Two Award for completing the 18-month contract without any LTIs or medical cases.
BUILDING & HOUSING: HOUSING	Dingleton Resettlement Project	Reached 1 000 000 LTI-free man hours.

03 HEALTH AND SAFETY continued

DATES AND SEGMENTS	CONTRACTS	AWARD
DECEMBER		
BUILDING & HOUSING: COASTAL	New Multi-Product Pipeline (NMPP) Terminal Construction TM1	8 000 000 LTI-free man hours.
JANUARY		
BUILDING & HOUSING: BUILDING	Mpumalanga High Court	Reached 1 000 000 LTI-free man hours.
FEBRUARY		
BUILDING & HOUSING: BUILDING	Multichoice site	Reached 1 000 000 LTI-free man hours.
	Venecia Underground Project	Reached 800 000 LTI-free man hours.
APRIL		
BUILDING & HOUSING: COASTAL	New Multi-Product Pipeline (NMPP) Terminal Construction TM1	9 000 000 LTI-free man hours.
JUNE		
BUILDING & HOUSING: COASTAL	New Multi-Product Pipeline (NMPP) Terminal Construction TM1	9 616 090 LTI-free man hours.

OHSAS 18001:2007 CERTIFICATION – OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT STANDARD

All segments within the group continue to hold certification against the OHSAS 18001:2007 management standard. No major non-conformances were raised during the re-certification process this year.

WORKFORCE REPRESENTED IN HEALTH AND SAFETY COMMITTEES

In compliance with the Occupational Health and Safety Act, No 85 of 1993, management and employees continue to demonstrate their commitment towards the health and safety of employees, visitors and contractors by continuously improving the current health and safety workplace at site, segment, cluster and corporate level. This is achieved through various committees, including the health and safety committee. The members of this committee are equally represented by group, employee and trade union members.

SIGNIFICANT RISKS

Key safety risks across the group include:

- WORKING AT HEIGHTS
- ROAD SAFETY AND MOTOR VEHICLE ACCIDENTS, SPECIFICALLY LIGHT DUTY VEHICLES
- WORKING IN CONFINED SPACES
- OPERATING SURFACE MOBILE AND LIFTING EQUIPMENT
- EQUIPMENT SAFEGUARDING, SUCH AS TO PREVENT MOVING PARTS STRIKING SOMEONE
- ISOLATION OF ELECTRICAL EQUIPMENT

To address these risks, the group continues to implement improvements. These include:

- Continual monitoring and measurement of compliance against national and international legislative and group standards
- Stop for Safety campaigns on a regular basis
- Safety-specific campaigns
- Visible leadership engagements
- Various inspections on site to evaluate the quality of service delivered
- Contractor safety, health and environmental plan reviews
- Daily toolbox talks
- Communication audits to ensure that risk assessments and assigned tasks are understood prior to the execution of tasks

FOCUS GOING FORWARD

The focus going forward to ensure improvements in safety, health and environmental management include:

- Incident management to eliminate reoccurrence of incidents by identifying the root causes
- Implement behaviour-based safety and fatal risk control protocols and leading risk indicators
- Improve communication on lessons learnt
- Increase site visibility by focusing on continued involvement and proactive management engagement on site
- Continued improvement of sub-contracting companies
- The reporting of near-miss incidents to be automated

With newly promulgated construction regulations being released, we intensified our focus on the successful education of all affected parties throughout the business. These changes will benefit the whole industry, as the registration of safety professionals will be more stringent. The group welcomes these changes and has already started conducting workshops to ensure that the registration of our SHE professionals (agents, officers and management) meet statutory requirements.

04 ASPECT 4: TRAINING AND EDUCATION

TRAINING AND EDUCATION

DELIVERY ON F2015 FOCUS AREAS:

In the group's F2014 integrated annual report, we outlined a number of focus areas. Below we outline how we delivered against these:

F2015 FOCUS AREAS	DELIVERY
To ensure depth of technical skill, leadership and a consistent approach in the group.	› We revised the Academy training structure and model to support the requirement for stronger technical skills within the group
Focus on business-critical training programmes: › Safety › Technical skills › Growing competence from junior through to senior levels across core disciplines	› The Academy developed and implemented the following technical in-house schools: › Engineering school › Quantity surveying school › Foreman development school › Contract lifecycle school

INTRODUCTION

The group's in-house corporate university, The Group Five Academy, was established in August 2006.

It offers an integrated approach to human capital development and provides learning and development opportunities to all employees in the group.

The focus areas of the Academy are:

- **Embedding the group's values and culture through learning interventions**
- **Providing learning that is forward-thinking**
- **Learning initiatives that directly support the group's strategy and that are customised to meet business segment needs**

The Academy model has four focus areas:

01 TALENT PIPELINE (WITH A FOCUS ON YOUNG PROFESSIONALS)

02 ORGANISATIONAL DEVELOPMENT

03 LEADERSHIP DEVELOPMENT

04 TECHNICAL CAPABILITY THROUGH THE CONSTRUCTION SKILLS TRAINING ACADEMY (CSTA)

OVERALL EXPENDITURE PER CATEGORY OF SPEND

During the year, the overall training expenditure decreased by 13.5%, mainly due to a stronger focus on keeping costs low in the economic downturn by increasingly using internal training providers. Although the spend decreased due to more internally-driven training programmes, the overall number of employees on training interventions increased.

As outlined on pages 16 to 19 in the printed section of the integrated annual report, there were significant changes in the senior management levels in the organisation during the year. A key focus area was, therefore, on formal leadership and management development programmes at those levels. Furthermore, to increase our talent pipeline through our bursary scheme, the spend in student management increased.

Expenditure per category of spend

Categories – R million	**F2015**	F2014	F2013	F2012	F2011	F2010	F2009	F2008
Skills development	**8,9***	13,2*	8,2*	6,6*	6,9*	3,9	3,6	3,7
Technical and professional competence development	**9,1**	10,4	9,6	7,5	11,7	8,9	8,5	10,5
Leadership and management development	**8,1**	6,9	5,3	3,9	3,5	2,6	4,2	2,2
Student management (bursaries)	**8,4**	7,2	5,1	4,6	6,6	6,0	9,3	6,8
Training support costs	**5,7**	7,4	8,9	9,7	9,2	10,1	12,2	n/a
Total	**40,2**	45,1	37,1	32,3	37,9	31,5	37,8	23,2

* *These numbers include overheads for our Construction Skills Training Academies. This was not done prior to F2011 as the Development Bank of Southern Africa provided part funding.*

04 TRAINING AND EDUCATION continued

SPEND PER OCCUPATIONAL CATEGORY

There was a key focus on management training programmes this year to further bridge the gap from middle to senior management levels. We also focused on development programmes for our skilled, semi-skilled and unskilled categories due to a continued focus on improving technical skills.

	F2015		F2014		F2013		F2012	
Categories	**Number of training initiatives**	**Annual spend R'000**	Number of training initiatives	Annual spend R'000	Number of training initiatives	Annual spend R'000	Number of training initiatives	Annual spend R'000
Top management	**33**	**70**	22	22	11	20	5	0.6
Senior management	**120**	**48**	86	267	53	510	58	146
Professional and mid-management	**1 856**	**3 949**	1 704	4 635	640	2 472	431	698
Skilled	**5 370**	**9 735**	6 505	8 604	4 414	8 215	5 651	7 799
Semi-skilled	**4 088**	**3 796**	4 176	2 800	3 296	3 030	4 719	2 145
Unskilled	**1 666**	**1 239**	1 614	857	711	779	1 246	733
Total	**13 133**	**18 837**	14 107	17 285	9 125	15 026	12 110	11 521

AVERAGE ANNUAL HOURS OF TRAINING PER EMPLOYEE BY EMPLOYEE CATEGORY

The slight drop in average annual hours of training interventions at senior level is mainly due to the type of training interventions attended. Although we had more interventions at senior and middle management, these were mainly conducted internally over shorter periods. At the skilled, semi-skilled and unskilled employee levels the focus was on the development of on-the-job skills at site level.

Categories	**F2015 Average hours**	**F2015 Average hours Female**	**F2015 Average hours Male**	F2014 Average hours	F2014 Average hours Female	F2014 Average hours Male	F2013 Average hours	F2012 Average hours
Top management	**10**	**8**	**11**	9	8	9	9	8
Senior management	**8**	**8**	**8**	11	10	11	14	10
Professional and mid-management	**13**	**9**	**16**	18	22	16	37	20
Skilled	**36**	**42**	**30**	30	31	30	36	49
Semi-skilled	**32**	**34**	**30**	40	34	42	51	45
Unskilled	**19**	**22**	**17**	18	15	18	38	22

SKILLS DEVELOPMENT

SPEND ON LEARNERSHIPS AND APPRENTICESHIPS

The Academy closely aligns with the business segments to provide a pool of well-trained individuals at the right time and in the right location.

In light of the current volatile labour conditions around sites, skills development within the communities surrounding our construction contracts was a particular focus area during the year.

This resulted in 130 community members being trained and employed on sites.

The increase in spend and number of learners on learnerships and apprenticeships reflects the commitment to develop people in line with the technical requirements in the construction sector.

Our business administration learnership that started during the previous financial year was completed and all 11 disabled individuals are currently employed at our various segments.

	F2015	F2014	F2013	F2012	F2011	F2010	F2009
Annual spend on learnerships and apprenticeships – R million	**7,2**	5,1	3,6	4,0	4,6	3,9	3,6
Total number of learners on learnership and apprenticeship programmes and AET*	**186**	174	90	144	201	214	231
Number of unemployed learners registered on learnership and apprenticeship programmes	**130**	120	66	99	128	163	149
Number of employed learners registered on learnership and apprenticeship programmes and AET	**45**	54	24	45	73	51	82
Number of disabled unemployed learners registered on learnership programmes	**11**	11	–	–	18	18	n/a

* *AET was formerly known as ABET.*

We employ a large percentage of workers on limited duration contracts to meet deadlines.

In most instances these employees are trained prior to employment through our People at the Gate (PAG) programme, as well as on-the-job training.

With the nature of our business involving start to finish construction contracts, we are unable to take these unskilled/semi-skilled employees who completed the PAG programme to other contracts, as we have to provide the same opportunities to local communities within the vicinities of the new contracts. However, our training provided in each community area leaves permanent skills behind. We trained 118 people on various People at the Gate programmes during the year under review.

Over and above our PAG programme we also offer learnerships to unemployed people. The skills acquired from our learnership programmes are transferable to other contracts. Therefore, 70% of those who have completed various learnership programmes have managed to secure site positions after completion of their training.

04 TRAINING AND EDUCATION continued

LEARNERSHIP AND APPRENTICESHIP SCOPE AND DEMOGRAPHICS

Although our learnerships include both employees and community members, during the year under review we targeted lower levels within our site-based employees to support demanding site requirements for effective execution. The requirement for increased numeracy and literacy skills for our unskilled and semi-skilled labour in our Intertoll and Manufacturing businesses placed a renewed focus on our adult education programmes. There was a pleasing increase in women attending these programmes.

Learnerships	NQF level	Black		White		Employed	Unemployed	Total
		Male	Female	Male	Female			
Business Admin (various segments)	3	7	4	–	–	–	11	11
Warehouse and Stock Management	3	14	–	–	–	14	–	14
Building and Civil Engineering (Coastal)	3	7	4	–	–	–	11	11
Fitter (Oil & Gas)	2	9	5	–	–	–	14	14
Welding (Projects)	2	11	9	–	–	–	20	20
Community House Builder (Civil Engineering)	2	7	5	–	–	–	12	12
Bricklaying (Coastal – CT)	2	10	0	–	–	10	–	10

AET	NQF level	Black		White		Employed	Unemployed	Total
		Male	Female	Male	Female			
AET – Everite	Various levels	9	–	–	–	9	–	9
AET – Intertoll	Communication level 2	4	1	–	–	5	–	5
AET – Intertoll	Communication various levels	6	1	–	–	7	–	7
		84	29	–	–	45	68	113

Apprenticeships	Black		White		Employed	Unemployed	Total
	Male	Female	Male	Female			
Welding (Projects) – Unemployed	3	–	–	–	–	3	3
Boilermaking (Apprenticeship – Projects) – Unemployed	6	1	1	–	–	8	8
Fitter (Apprenticeship – Projects) – Unemployed	1	–	–	–	–	1	1
Rigger (Apprenticeship – Projects) – Unemployed	5	–	–	–	–	5	5
Boilermaking (Apprenticeship – Projects) – Unemployed	6	1	1	–	–	8	8
Electrician (Apprenticeship – Projects) – Unemployed	2	–	–	–	–	2	2
Earthmoving Mechanics (Apprenticeship – Plant & Equipment) – Unemployed	13	1	1	–	–	15	15
Welding (Apprenticeship – Oil & Gas) – Unemployed	5	5	–	–	–	10	10
Electrician (Apprenticeship – Everite) – Unemployed	2	–	–	–	–	2	2
Fitter and Turner (Apprenticeship – Everite) – Unemployed	2	–	–	–	–	2	2
Fitter (Apprenticeship – Everite) – Unemployed	2	–	–	–	–	2	2
Instrument Mechanics (Apprenticeship – Everite) – Unemployed	3	1	–	–	–	4	4
Total	50	9	3	–	–	62	62

CONSTRUCTION SKILLS TRAINING ACADEMY

The demand for skills programmes to be delivered on site by our trainers, as well as the portfolio of programmes on offer, increased significantly. To address this, during the year we focused on further educating employees on health and safety, with working at heights the most addressed intervention.

An increasing number of construction skills programmes are also now being delivered over-border. This is mainly focused on site-based employees due to the group's increasing number of major contracts in Africa.

	Black								White								Total								Total
	F2015		F2014		F2013		F2012		**F2015**		F2014		F2013		F2012		**F2015**		F2014		F2013		F2012		**F2015**
Skills programmes	**M**	**F**	M	F	M	F	M	F	**M**	**F**	M	F	M	F	M	F	**M**	**F**	M	F	M	F	M	F	
Employed learners	**3 732**	**195**	3 067	200	846	73	218	4	**–**	**–**	215	2	88	3	39	2	**3 732**	**195**	3 282	202	934	76	257	6	**3 927**
Unemployed learners	**23**	**25**	632	92	407	117	23	20	**–**	**–**	–	–	–	–	–	–	**23**	**25**	632	92	407	117	23	20	**48**
Over-border employed learners	**1 005**	**3**	–	–	–	–	–	–	**–**	**–**	–	–	–	–	–	–	**1 005**	**3**	–	–	–	–	–	–	**1 008**
Sub-contractors	**–**	**–**	53	4	–	–	2	2	**–**	**–**	–	–	–	–	–	–	**–**	**–**	53	4	–	–	10	2	**–**
Bursary students	**–**	**–**	20	7	9	1	7	7	**–**	**–**	4	1	1	–	13	2	**–**	**–**	24	8	10	1	23	9	**–**
External entities	**–**	**–**	–	–	72	2	2	2	**–**	**–**	–	–	1	–	–	–	**–**	**–**	–	–	73	2	12	2	**–**
Total	**4 760**	**223**	3 772	303	1 334	193	252	35	**–**	**–**	219	3	90	3	52	4	**4 760**	**223**	3 991	306	1 424	196	304	39	**4 983**

M = Male
F = Female

TECHNICAL AND PROFESSIONAL COMPETENCE DEVELOPMENT

The use of internal rather than external providers for our short technical competence building workshops decreased the overall spend on programmes aimed at growing technical and professional competence. The number of students on our project management programme increased due to a focus on ensuring sustainable project management skills within the organisation. Registration with the various professional bodies was a priority this year, with an additional focus on the registration of safety professionals. The employees on professional development programmes, therefore, increased.

	F2015	F2014	F2013	F2012	F2011	F2010	F2009	F2008
Total annual spend – R million	**9,1**	10,4	9,6	7,5	11,7	8,9	8,5	10,5
Number of students on Programme for Project Management	**49**	38	22	28	48	44	56	22
Number of students on Professional Registration Development programmes	**222**	71	75	122	89	52	37	n/a
Short technical workshop attendance	**8 645**	10 267	6 275	10 211	16 365	9 314	8 776	4 047

04 TRAINING AND EDUCATION continued

DEMOGRAPHICS OF TECHNICAL AND PROFESSIONAL COMPETENCE DEVELOPMENT LEARNERS

The Programme in Project Management is still our flagship technical development programme, with an increasing number of our employees attending this programme. This programme's focus is on developing project management skills across the group to ensure a unified Group Five way of dealing with our increasing number of contracts locally and over-border.

A year-long customised in-house development programme was developed for our engineers which focuses on core competencies and skills required to fulfil the group's engineering functions and responsibilities. There are currently 105 people on the course.

Skills programmes (F2015)	Black		Black Total	White		White Total	Total
	M	F		M	F		
Programme in Project Management	21	8	29	19	1	20	49
Professional Registration Development programme	94	25	119	98	5	103	222
Short technical workshops	4 875	1 555	6 430	1 531	684	2 215	8 645

M = Male
F = Female

LEADERSHIP AND MANAGEMENT DEVELOPMENT

Although the spend and number of employees on leadership and management development programmes increased, the supervisory and competence building workshop numbers declined as the group's focus shifted towards the development of our technical skills pipeline in our critical and scarce skills sets, especially in the engineering and commercial fields.

	F2015	F2014	F2013	F2012	F2011	F2010	F2009	F2008
Total annual spend – R million	8,1	6,9	5,3	3,9	3,5	2,6	4,2	2,2
Number of students on Programme in Management Development	28	8	21	22	20	23	25	17
Number of students on supervisory programmes	81	102	115	96	97	150	99	n/a
Number of competence building workshops	57	193	133	82	62	50	87	44

STUDENT MANAGEMENT

SPEND ON BURSARIES

Bursary students from both universities and universities of technology provide a pipeline of core competencies into the group. The group is committed to supporting this stream of young talent and increased both the spend and numbers of the bursary scheme. Students have also been allocated senior mentors within the group to ensure integration and full understanding of Group Five's business environment.

Career development plans have been developed and is in the process of being implemented across all our businesses.

	F2015	F2014	F2013	F2012	F2011	F2010	F2009	F2008
Annual bursary expenditure – R million	8,4	7,2	5,1	4,6	6,6	6,0	9,3	6,8
Number of bursary students	136	111	76	115	183	171	258	178

DEMOGRAPHICS OF BURSARY STUDENTS

Against continued challenges to recruit young people who want to work in the construction sector, especially female candidates, we are pleased with an increase in both categories.

The overall number of students increased by 18% in the last year, with 24% growth in the number of black students and 48% growth in female bursary students.

This was achieved due to an active bursary recruitment drive involving senior level engagement at various university career fairs. Increased marketing activities are planned for the next recruitment cycle to continue driving improvements in this area.

	Black				White				Total				Total	
	F2015		F2014		**F2015**		F2014		**F2015**		F2014		**F2015**	F2014
	M	**F**	M	F	**M**	**F**	M	F	**M**	**F**	M	F		
Demographics of bursary students	**66**	**46**	63	22	**20**	**4**	22	4	**86**	**50**	85	26	**136**	111

M = Male
F = Female

OVER-BORDER TRAINING

In line with Group Five's expansion strategy in the rest of Africa, we are increasingly focused on providing training in a number of over-border countries. The largest training demand is in the areas of safety, construction skills and competence building.

Our focus for the next year is to further expand our training capability with the assistance of our African offices in Mozambique and Ghana.

Over-border training

Country	**F2015**	F2014
DRC	**717**	721
Mozambique	**138**	70
Liberia	**516**	188
Total	**1 371**	979

FOCUS GOING FORWARD

In the coming year, the focus will continue to be on the core and critical skills sets, such as engineering, quantity surveying and commercial skills.

The following focus areas will be addressed to ensure alignment between the Academy and our group strategy:

- A strong focus on mentorship to build technical experts in our various disciplines. This will be achieved by using retirees to run mentorship sessions with our engineers, quantity surveyors, estimators and planners
- To improve the effectiveness of teams on multi-disciplinary contracts, the Academy will be focusing on collaborative team interventions, with a strong coaching focus for the duration of the contracts
- In support of the group's strategy to expand into Africa, the Academy and our regional offices in Ghana and Mozambique will be expanding our learning and development function to support skills development in these regions

ASPECT 5: DIVERSITY AND EQUAL OPPORTUNITY 05

DELIVERY ON F2015 FOCUS AREAS:

In the group's F2014 integrated annual report, we outlined a number of focus areas. Below we outline how we delivered against these:

F2015 FOCUS AREAS	DELIVERY
Achieving greater levels of diversity, particularly in our senior levels through commissioned head hunting.	› Representation at executive level increased from 11% to 25%, from 25% to 28% at senior management level and from 28% to 31% at middle management level

Whilst in the past we made substantial gains at the lower levels, this year marked pleasing improvement at the higher levels. This is mainly due to a CEO-driven intervention. We hope to maintain this momentum going forward through specific initiatives such as the incentivisation of management achievements in this area.

African, Indian and Coloured junior management representation improved from to 76% to 78%, middle management from 29% to 30%, senior management from 25% to 28% and executive management from 11% to 25%.

MANAGEMENT

The growth in the number of African, Indian and Coloured employees during the year is indicative of the efforts being made to increase the proportional representation from designated groups. However, more work needs to be done to ensure that when appointments are made at a management level in the segments, focus is placed on recruiting black candidates in general and black female candidates in particular.

In line with this, we established a dedicated talent management centre of excellence to assess, review and advise on the implementation of a talent pipeline supporting the continual equity demands of the group. This process includes a comprehensive talent nomination process followed by psychometric testing, individual coaching and detailed career path planning for the identified candidates.

	Total South African workforce F2015				Total South African workforce F2014				Variance (%)	
	White	**AIC***	**Total**	**AIC* % of total**	White	AIC*	Total	AIC* % of total	AIC* % of total	Industry targets
Executive (Paterson F-band) Executives and board	**6**	**2**	**8**	**25.00**	8	1	9	11.11	13.89	40
Senior management (Paterson E-band) segment directors and group directors	**23**	**9**	**32**	**28.13**	23	7	30	23.33	4.80	60
Middle management (Paterson D-band) segment directors and department heads and skilled professionals	**326**	**140**	**466**	**30.04**	330	135	465	29.03	1.01	75

* *African, Indian and Coloured.*

05 DIVERSITY AND EQUAL OPPORTUNITY continued

EMPLOYMENT EQUITY

Whilst we are pleased with the transformation of our senior management levels, this will remain a key focus area in the new year. It is important to consider that it does take a long time to grow an experienced senior team that can effectively operate at top management levels. As the industry has not had many years of experienced black senior construction teams, fully transforming senior levels in the industry will take some time.

DEMOGRAPHIC DISTRIBUTION AND COMPOSITION OF THE SOUTH AFRICAN WORKFORCE – TOTAL SOUTH AFRICAN WORKFORCE

The table below reflects the demographic distribution of our employees

	Total South African workforce F2015				Total South African workforce F2014				Variance (%)
	White	AIC*	Total	AIC* % of total	White	AIC*	Total	AIC* % of total	AIC* % of total
Executive (Paterson F-band) Executives and board	6	2	8	25.00	8	1	9	11.11	13.89
Senior management (Paterson E-band) segment directors and group directors	23	9	32	28.13	23	7	30	23.33	4.80
Middle management (Paterson D-band) segment directors and department heads and skilled professionals	326	140	466	30.04	330	135	465	29.03	1.01
Junior management/skilled (Paterson C-band)	698	2 495	3 193	78.14	741	2 465	3 206	76.89	1.25
Semi-skilled (Paterson B-band)	61	3 352	3 413	98.21	89	4 281	4 510	97.96	0.25
Unskilled (Paterson A-band)	6	2 660	2 666	99.78	3	2 991	2 994	99.90	(0.12)
Total	1 120	8 658	9 778	88.55	1 187	9 880	11 067	89.15	(0.72)

* *African, Indian and Coloured.*

Demographic distribution

	F2015 %	F2014 %	F2013 %	F2012 %
White	11	11	17	12
African	76	80	73	76
Coloured	9	5	5	8
Indian	4	4	5	4
Total	100	100	100	100

Gender distribution

	F2015 %	F2014 %	F2013 %	F2012 %
Female	16	12	16	18
Male	84	88	84	82

AGE AND GENDER DEMOGRAPHICS

With the exception of the executive committee, the management team is evenly split between the age categories 31 to 50 and 51 to 65, which indicates that our recruitment processes have been effective. The challenge remains to establish the depth required in our succession planning to result in the required demographic transformation.

Group Five is recognised as one of the transformed companies amongst the JSE-listed construction companies, with a Level 2 rating in terms of the Construction Charter. However, against this strong profile, the gender demographics of the company are still lagging, with women comprising only 16% of the entire workforce. Although this is an industry trend, we are committed to drive an improvement. In F2012, we launched the Basadi programme, a special initiative focusing on women empowerment, which is intended to highlight and address systemic barriers (policy, structural and cultural) that impede the attraction and retention of women.

In F2012, the Group Five CEO signed the United Nations Global Compact on Women Empowerment Principles, committing to the development and empowerment of women. To date, more than 100 women in the group have been offered development as part of this programme. Women-owned companies within the construction sector are also supported financially as part of the company's supply chain development.

The group has also been the main sponsor of the University of Johannesburg's (UJ) Women in Engineering and Built Environment (WIEBE) programme since 2010. The aim of the WIEBE programme is to attract and develop female students in the engineering and built environment fields and to strengthen the pipeline of women into the construction and engineering sectors. There has been an average increase of between 5% to 8% in female student enrolment in the engineering and built environment disciplines at UJ since the launch of the partnership.

This year, Group Five signed a memorandum of understanding with Future of the African Daughter (FOTAD), a non-profit development project established for girls between the ages of 12 years to 19 years from previously disadvantaged areas in South Africa. The aim of the programme is to facilitate their exposure to the workplace, leadership training, career development and mentorship. Group Five has committed to a three-year sponsorship of 14 girls on the FOTAD programme.

EXECUTIVE COMMITTEE

AGE DIVERSITY

	Male			Female			All
Age	Able	Disabled	**Total**	Able	Disabled	**Total**	**Total**
Age 31 – 50	67%	–	**67%**	11%	–	**11%**	**78%**
Age 51 – 65	22%	–	**22%**	–	–	**–**	**22%**
Total	89%	–	**89%**	11%	–	**11%**	**100%**

MANAGING DIRECTORS

AGE DIVERSITY

	Male			Female			All
Age	Able	Disabled	**Total**	Able	Disabled	**Total**	**Total**
Age 31 – 50	45%	–	**45%**	9%	–	**9%**	**54%**
Age 51 – 65	46%	–	**46%**	–	–	**–**	**46%**
Total	91%	–	**91%**	9%	–	**9%**	**100%**

05 DIVERSITY AND EQUAL OPPORTUNITY continued

SEGMENT DIRECTORS

GENDER DIVERSITY

	Male			Female			All
Age	Able	Disabled	**Total**	Able	Disabled	**Total**	**Total**
Age 31 – 50	59%	–	**59%**	12%	–	**12%**	**71%**
Age 51 – 65	27%	–	**27%**	1%	–	**1%**	**28%**
Age >65	1%	–	**1%**	–	–	**–**	**1%**
Total	87%	–	**87%**	13%	–	**13%**	**100%**

ALL EMPLOYEES

GENDER DIVERSITY

	Male			Female			All
Age	Able	Disabled	**Total**	Able	Disabled	**Total**	**Total**
Age 18 – 31	15.0%	0.0%	**15.0%**	5.3%	0.1%	**5.4%**	**20.4%**
Age 31 – 50	42.2%	0.1%	**42.3%**	11.5%	0.1%	**11.6%**	**53.9%**
Age 51 – 65	22.9%	0.1%	**23.0%**	2.6%	0.0%	**2.6%**	**25.6%**
Age >65	0.1%	0.0%	**0.1%**	0.0%	0.0%	**0.0%**	**0.1%**
Total	80.2%	0.2%	**80.4%**	19.4%	0.2%	**19.6%**	**100.0%**

FOCUS GOING FORWARD

We will focus on achieving greater levels of diversity, particularly in our senior levels through commissioned head hunting. To this end, we have launched a process of identifying black talent in the industry with a view to introducing these candidates into the group at various levels to enhance the prospects of these employees achieving senior management appointments in the short to medium term.

In addition, we started an excellerated development programme for our top talent aimed at ensuring these candidates are prepared to take up opportunities as may arise.

PREFERENTIAL PROCUREMENT

DELIVERY ON F2015 FOCUS AREAS:

In the group's F2014 integrated annual report, we outlined a number of focus areas. Below we outline how we delivered against these:

F2015 FOCUS AREAS	DELIVERY
Restatement of preferential procurement targets to continue building a sustainable and transformed supplier base.	› The procurement targets were aligned to the objectives of the revised broad-based black economic empowerment (BBBEE) Codes of Good Practice. Group Five performed well and largely exceeds the targets defined in the Construction Charter. It is expected that the continued focus through target setting linked to an effective supplier development strategy will result in continued transformation of the supplier base
Engagement with the supplier base to build awareness regarding revisions to the Codes of Good Practice.	› An electronic procurement portal is being utilised to allow Group Five vendors to create and maintain vendor profile information. This is assisting with the awareness of vendor compliance as a minimum condition for doing business with Group Five
Supplier development interventions aimed at building capacity and access to black women-owned enterprises, whilst ensuring that investment in supplier development will provide a measurable return.	› The supplier development strategy is still a work in progress. However, Group Five is reviewing enterprise and supplier development interventions through a specific business development programme launched by the United Nations Development Programme aimed at supporting corporates in building a sustainable and transformed supply chain › Although there has been slight growth in the procurement from black women-owned enterprises, the procurement targets have not yet been fully realised in this area

INTRODUCTION

The group continued with its commitment to transform its supplier base. This is reflected in the growth achieved in most areas. Although the overall weighted preferential procurement dropped from 73.1% to 71.0%, this was due to suppliers not having an updated BBBEE certificate available for the annual review. It is expected that this will be addressed ahead of the next audit.

The alignment of the Construction Charter to the revised dti Codes of Good Practice is not yet complete. However, to ensure readiness, our planning in this area is being based on the expected alignment to the revised Codes. To ensure that transformation of the supply base continues at the committed level of performance, targets have been defined and are being integrated into procurement processes across the business.

The automation of vendor profile updates, including compliance documentation, continues to be a key priority for the group to ensure that compliance relating to all aspects of vendor engagement is recognised as a condition of doing business with the group. 70% of vendors are now on the system, with a good level of compliance against the required standards.

05 DIVERSITY AND EQUAL OPPORTUNITY continued

PREFERENTIAL PROCUREMENT SCORECARD

Measurement principle	Points	Target per Construction Charter F2015 target	Actual F2015[1]	Actual F2014[2]	Actual F2013[3]	Actual F2012[4]	Actual F2011[5]	Actual F2010[6]	Actual F2009[7]
Preferential spend with all suppliers	12	**70%**	71.0%	73.1%	70.1%	62.2%	52.8%	49.1%	45.1%
Preferential spend with qualifying small and emerging micro-enterprises	3	**15%**	24.3%	23.3%	20.1%	28.1%	22.0%	11.4%	6.3%
Preferential spend with enterprises that are more than 50% black-owned	3	**12%**	21.1%	18.2%	17.7%	20.9%	19.1%	9.2%	7.9%
Preferential spend with enterprises that are more than 30% black women-owned	2	**8%**	5.6%	4.4%	9.5%	8.6%	3.1%	1.9%	0.1%
Weighted score		**–***	19.4	19.1	20.0	20.0	19.0	18.4	15.68

1 Unaudited.
2 As audited by BEE Verification Agency cc for the year ended 30 June 2014 (Group Five).
3 As audited by BEE Verification Agency cc for the year ended 30 June 2013 (Group Five).
4 As audited by BEE Verification Agency cc for the year ended 30 June 2012 (Group Five).
5 As audited by BEE Verification Agency cc for the year ended 30 June 2011 (Group Five).
6 As audited by BEE Verification Agency cc for the year ended 30 June 2010 (Group Five).
7 As audited by BEE Verification Agency cc for the year ended 30 June 2009 (Group Five)
7 As audited by BEE Verification Agency cc for the year ended 30 June 2009 (Group Five Construction (Proprietary) Limited).
** A weighted score is not done for targets.*

FOCUS GOING FORWARD

The continued growth in procurement from small and black-owned enterprises shows a clear commitment from the Group Five team to continue to transform its supply base. This also positions the group to pursue the deliverables of the revised Codes of Good Practice without significant changes to its exiting procurement strategies. Although procurement from black women-owned enterprises has not met the targets defined in the construction charter, a 27% increase was achieved. Our focus on women in construction will continue to support the growth objective in this area of procurement.

The key aspects of the supply chain strategy have yielded good results over the period of review and existing strategies to be reinforced over the next two-year period will include:

- Review of the group procurement spend profile to establish high level strategies centred on leveraging savings, reducing risk, optimising procurement processes and transforming the supply base
- Specific procurement strategies to focus on capability, capacity, cost and empowerment to ensure that sustainability and transformation are the ultimate outcomes of the group procurement strategy
- Commodity strategies to eliminate inefficiencies and leverage economies of scale have already yielded good results. The team will identify the key areas of procurement for the next period to continue its improvement path aimed both at unlocking cost savings and transforming the supply chain
- Re-statement of preferential procurement targets in line with the new commitments defined in the revised Codes of Good Practice to continue building a sustainable and transformed supplier base
- Engagement with the supplier base to build awareness regarding revisions to the Codes of Good Practice
- Supplier development interventions aimed at building capacity and access to black women-owned enterprises, whilst ensuring that investment in supplier development will provide a measurable return

ENTERPRISE DEVELOPMENT

INTRODUCTION

The group's enterprise development strategy is to partner with majority black-owned companies that have the capacity to develop into strategic business partners, whilst achieving the objectives set out in the Construction Sector Scorecard. To this end, we place significant emphasis on facilitating the development and growth of these organisations, as measured by the Construction Industry Development Board (CIDB).

The group recently appointed a group transformation director to increase the focus on its transformation initiatives and place particular attention on the enterprise development programme in line with the requirements of the revised BBBEE Codes.

This year we met the full enterprise development requirement in terms of the Construction Sector Scorecard for the sixth year in a row.

ENTERPRISE DEVELOPMENT PARTNERS

The table below reflects the development of our partners from the time they were incorporated into our programme.

Since inception of the group's enterprise development programme in 2008, six of our partners improved their Construction Industry Development Board (CIDB) registration during the period and four reached the targeted CIDB level 8.

Enterprise development partners	Black ownership	Women ownership	Date joined	CIDB level on joining	Current CIDB level	BBBEE contributor level
BL Williams (Pty) Limited	95%	48%	2008	6 GB – PE	7 GB – PE	3
ENZA Construction (Pty) Limited	93%	10%	2009	7 GB	8 GB & 8 CE	2
Enzani Technologies (Pty) Limited	80%	54%	2009	5 EP – PE	7 EP PE 1 ME – PE	1
Inkanyeli Projects (Pty) Limited	100%	19%	2009	4 GB – PE	7 GB PE	2
Pan African Development (Pty) Limited	100%	40%	2009	6 GB – PE	7 GB PE 7 CE PE	2
Siyakhula Engineering (CC)	100%	–	2009	1 EB – EP	1 EB – EP	3
UMSO Construction (Pty) Limited	89%	–	2008	6 CE – PE	8 CE – PE, 6 GB PE	2
ENM CC	100%	–	2010	6 GB	8 GB	3
Uvuko Civils (Pty) Limited	100%	100%	2013	7 GB, 5 CE	8 GB PE, 7 CE PE	3
Tsima Construction (Pty) Limited	91%	21%	2015	7 GB, 8 CE	7 GB, 8 CE	3
Bongi-M Construction (Pty) Limited	100%	100%	2015	6 GB, 6 PE	6 GB, 6 PE	2

CE – Civil engineering
EP – Electrical engineering works (infrastructure)
GB – General building works
ME – Mechanical engineering works
PE – Potential emerging

05 DIVERSITY AND EQUAL OPPORTUNITY continued

EMPOWERED JOINT VENTURES

The table below outlines the significant joint venture projects entered into with emerging and empowered organisations during the year.

PARTNER (P)/ DEVELOPMENT ENTITY (DE)	NAME OF PARTNER/ DEVELOPMENT ENTITY	CONTRACT/ DEVELOPMENT	EFFECTIVE PARTNER % HOLDING IN VENTURE	TOTAL VALUE OF CONTRACT (100%) R'000	COMMENCEMENT DATE OF CONTRACT
ENGINEERING & CONSTRUCTION					
DE	Bhekimbeko Business Enterprise CC	Group Five GJ Crookes Joint Venture established to construct the GJ Crookes Hospital phases 2, 3 and 4 (New casualty, trauma and admissions departments) – Eastern Cape	60%	122 055	June 2011
P	Pandev African Development (Pty) Limited				
DE	Umsimbiti Civils (Pty) Limited	Construction of Main Road P577 in Kwadebeka – KwaZulu-Natal	15%	176 314	Oct 2011
DE	Bhekimbeko Business Enterprise CC	Construction of the Pomeroy Community Health Centre – KwaZulu-Natal	40%	146 302	Mar 2012
P	Pandev African Development (Pty) Limited				
DE	Bhekimbeko Business Enterprise CC	Repairing and renovations to Durban Central police station – KwaZulu-Natal	50%	186 158	Mar 2012
P	Pandev African Development (Pty) Limited				
P	Pandev African Development (Pty) Limited	Construction of the right of way to the Umngeni Viaduct, including all stations and structures	40%	301 225	Mar 2014
P	ENZA Construction (Pty) Limited	Bus Rapid Transport and Integrated Rapid Transport contracts (phase 2) – Gauteng	30%	48 477	Oct 2011
P	ENZA Construction (Pty) Limited	Bus Rapid Transport and Integrated Rapid Transport prototype – Hatfield	30%	82 582	Jul 2012
P	ENM CC	Building of Bophelong Psychiatric Hospital – North West	30%	435 000	Nov 2012
P	Trencon Construction (Pty) Limited	Construction of Tshwane House – Gauteng	36,25%	1 143 454	Mar 2015
P	Imbani Construction (Pty) Limited				
DE	Group Five Bongekile Joint Venture	Construction of Lonmin apartment blocks in Marikana (phase 1) – North West	30%	10 918	Mar 2015

PARTNER (P)/ DEVELOPMENT ENTITY (DE)	NAME OF PARTNER/ DEVELOPMENT ENTITY	CONTRACT/ DEVELOPMENT	EFFECTIVE PARTNER % HOLDING IN VENTURE	TOTAL VALUE OF CONTRACT (100%) R'000	COMMENCEMENT DATE OF CONTRACT
INVESTMENTS & CONCESSIONS					
DE	Kuvula Trade 12 (Pty) Limited	Investment in The Beacon (Eastern Cape)	13%	120 000	Jan 2008
DE	Group Five Montagu Developments (Pty) Limited	Investment in Decor on Zambezi – Gauteng	13%	85 000	Jan 2008
DE	RFC Developments (Pty) Limited	Investment in The Core – Gauteng	13%	196 000	Jan 2008

FOCUS GOING FORWARD

The group will maintain its current enterprise development programme and engage new strategic partners in line with the requirement of the revised Construction Sector Codes when they come into effect after October 2015. The current relationships that have matured to higher CIDB levels will be exited to create opportunities for new partners who are aligned to the group's strategic objectives. Our enterprise development programme will remain focused on skills transfer to developing contractors in the construction industry to assist them to become independent and sustainable.

During the coming year, we will formalise the mentoring process through more regular and focused interactions, as well as strengthening auditing processes around the development of each entity. Our programme will also place special emphasis on black women-owned small construction businesses.

05 DIVERSITY AND EQUAL OPPORTUNITY continued

SOCIETY

APPROACH TO COMMUNITIES

As a large group, we believe it is important to act responsibly and contribute in a positive way to the communities, regions and countries where we operate. To ensure we understand the requirements of communities around our operations, we engage proactively with the community before implementing contracts. This is done in consultation with government departments, local authorities and community stakeholder groups.

Through construction, which is the core business of the company, and appropriate community development programmes, Group Five does not only build infrastructure, but also contributes to the building of better lives in communities.

On contracts close to local communities, the employment of local community members should be at least 60% of the total workforce. On each of our contracts, a portion of revenue is set aside during the implementation phase towards the upliftment of local communities in the form of SED and enterprise development. During the year, this represented R1,3 million and focused on construction skills development and community infrastructure development projects. These ranged from skills training on sites through our "People at the Gate" construction skills programme, to construction of classrooms and installation of water tanks, to the donation of furniture and equipment, including materials for local communities when contracts get completed.

COMMUNITY INFRASTRUCTURE INVESTMENTS

Group Five develops infrastructure. An important part of the group's socio-economic development is seeking opportunities to partner with governments to assist in either rehabilitating or constructing infrastructure in communities during the lifecycle of a contract. This infrastructure is typically in the form of schools or clinics that either get renovated or new ones built, surfacing of village roads and building of sporting facilities and installation of water facilities for easy access to water.

LOCAL RECRUITMENT, CAPACITY BUILDING AND SKILLS DEVELOPMENT

We source local labour from communities close to our construction sites. The sourcing process has to be carefully managed, as our limited duration employment requirements on sites do not often match the expectations and skills levels of local people. To address this, we engage with elected counsellors and the Department of Labour or equivalent bodies through our community liaison officers. These officers are trained to deal with the community in a transparent way to align all interest groups and to fully support the carefully crafted processes and procedures to ensure fair recruitment. Our community liaison officers receive regular training to ensure engagement is at the level required to offset the tensions often seen in communities.

Successful engagement with local communities, as well as our trained community liaison officers and their effective relationships with community leaders, have assisted us to manage relationships on our construction contracts during the year.

A community liaison officer (CLO) is appointed on each of our key contracts to facilitate interactions with community leaders, local government officials and to facilitate efficient local recruitment. Below are some of the examples of areas where we have been successful in managing stakeholder relationships:

Beneficiaries	Community/SED milestones
The Nelson Mandela Children's Hospital Trust	Recruitment of local sub-contractors and employees on the contract and almost 50 local youth trained on the People at the Gate programme and employed on the contract
Devland Soweto Campus	Construction of the foundation for the campus building and skills transfer to foremen on the contract by experienced Group Five employees
Mohau Care Centre	Donation and construction of a classroom
Kalagadi – local school and community	Water tanks for a school and the local community were donated and installed, a learnership programme implemented and the People at the Gate programme run in the community

Training of local people is an important part of our development strategy to ensure longer term skills transfer for when our contracts end.

Another crucial part of our community programmes is supporting local businesses through procurement of a wide range of services and products. These range from catering to cleaning services.

In terms of skills development, the group's People at the Gate training initiative was started in F2005 and focuses on the training of local people around our sites. This programme has resulted in more than 5 000 community members from around our sites being trained since inception. Of these, 90% were employed on our sites. Most of the people who successfully complete training secure their first formal jobs on our contracts.

In addition to the community skills and local business sourcing programmes directly supported by the group, many of our employees make valuable contributions to local communities through donations of clothing, food, time and expertise. For example, through the Group Five annual blanket challenge, our employees donate blankets to needy communities in winter. In F2015, over 2 000 blankets were donated by employees.

A number of key group community interventions were implemented this year. Two of these include:

- **Continued sponsorship of mobile science laboratories for under-privileged schools in Bushbuckridge – a project that has been running for five years**
- **We have entered into a three-year partnership with Future of the African Daughter (FOTAD), a non-profit organisation promoting leadership development, as well as mathematics and science for high school girls from disadvantaged communities. Group Five sponsors 15 learners under this initiative until they complete matric**

SOCIO-ECONOMIC DEVELOPMENT

Group Five's socio-economic development has three key focus areas:

01

Education and skills development

- Construction-related skills, mathematics, science, environmental science and technology education

02

Economic empowerment

- Promoting sustainable job creation and entrepreneurial projects, particularly within marginalised and unemployed groups, such as women and the youth

03

Social development

- Support grants (financial and in kind) to impoverished communities, such as orphanages, non-profit organisations that work with community programmes, HIV/Aids awareness programmes, and other cause-related initiatives

05 DIVERSITY AND EQUAL OPPORTUNITY continued

OVERALL PERFORMANCE

This year, we have again met our objective of realigning traditional social grants towards more sustainable initiatives that focus on skills development and economic empowerment. This was achieved despite very tough operational challenges and poor financial performance due to loss-making contracts in our Engineering & Construction cluster. Our spend, therefore, decreased to R2,6 million compared to R6 million last year. This represents 0.9% of our net profit after tax.

We also adapted the split of our spend to focus more on education and training, as economic empowerment unfortunately requires significant funding which could not be met in the tough financial climate.

Focus area	**F2015 Rand spend**	**Actual %**	**F2015 Target %**	F2014 Rand spend
Education and skills development	**2 251 951**	**88**	**55**	3 170 768
Economic empowerment	**179 528**	**5**	**35**	2 256 123
Social development	**125 820**	**7**	**10**	670 739
	2 557 299	**–**	**–**	6 097 630

EDUCATION AND SKILLS DEVELOPMENT

Education and skills development are the primary focus areas of the group's socio-economic programme. As outlined above, the majority of spend was focused in this area.

Focus area	**F2015 target**	**Achievement**	F2014 target	Achievement	F2013 target	Achievement
Development	**55%**	**88%**	55%	52%	55%	62%

ECONOMIC EMPOWERMENT

As outlined above, the spend was focused on education and skills development, with the spend in economic empowerment declining from last year.

Focus area	**F2015 target**	**Achievement**	F2014 target	Achievement	F2013 target	Achievement
Economic	**35%**	**5%**	35%	37%	35%	34%

SOCIAL DEVELOPMENT

In line with our strategy, social grants were allocated a smaller budget as we believe that events or donations do not transform people's lives in the long term.

Focus area	**F2015 target**	**Achievement**	F2014 target	Achievement	F2013 target	Achievement
Social	**10%**	**7%**	10%	11%	10%	4%

05 DIVERSITY AND EQUAL OPPORTUNITY continued

CLUSTER/SEGMENT SED SPEND

A majority of our business segments were able to identify and implement various programmes in communities close to our contracts in line with our group SED strategy. The integrated group office continued to drive group initiatives. Below is the breakdown of this year's performance per cluster and segment.

Clusters/segments	R'000 SED spend F2015	R'000 SED spend F2014
ENGINEERING & CONSTRUCTION		
Building & Housing – Building	**433**	–
Building & Housing – Housing	**140**	155
Building & Housing – Coastal	**139**	424
Civil Engineering	**23**	56
Civil Engineering – Plant and Equipment	**54**	58
Projects	**257**	2 266
Energy: Power	**–**	9
Energy: Oil & Gas	**40**	303
Energy: Nuclear	**–**	10
Cluster total	**1 086**	3 281
INVESTMENTS & CONCESSIONS		
Infrastructure Development Services	**20**	–
Transport (Intertoll)	**235**	67
Real estate (Group Five Properties)	**–**	40
Cluster total	**255**	107
MANUFACTURING		
Everite	**164**	517
Pipe	**–**	–
BRI	**32**	27
Cluster total	**196**	544
CORPORATE OFFICE		
	1 017	2 166
GROUP TOTAL SED SPEND FOR THE YEAR		
	2 554*	6 098

* *Group total SED spend for the year of R2 525 000 adjusted for joint ventures equally accounted and joint arrangements wholly consolidated.*

OVER-BORDER SOCIO-ECONOMIC DEVELOPMENT

Description	Country	Amount of spend R'000
Renovation of school: books and stationery for learners	DRC	50
Furniture for a school in Kadoma	Zimbabwe	88
Total		138

FOCUS GOING FORWARD

The group continues to expand its presence in the rest of Africa. Our SED efforts on the continent will, therefore, continue to be increased in support of the group's African growth strategy, whilst at the same time sustaining momentum in our home country of South Africa. Effectively structured SED interventions are critical to the sustainability of our business and that of our communities.

Going forward, we aim to continue focusing on the development of communities in the catchment areas of our operations. We will also integrate our SED initiatives towards a more cohesive strategy, with greater emphasis on communication of our initiatives as a way to improve engagement with our key stakeholders.

ENVIRONMENT

DELIVERY ON F2015 FOCUS AREAS:

In the group's F2014 integrated annual report, we outlined a number of focus areas. Below we outline how we delivered against these:

F2015 FOCUS AREAS	DELIVERY
Continuing to strengthen and improve environmental reporting.	› Training of safety, health and environment employees on environmental reporting requirements were further improved. Internal auditing of sites was strengthened to ensure compliance with reporting procedures.
Further reduce our carbon footprint.	› A number of business segment head offices were consolidated at Waterfall Park, a five-star green-rated building. This lowered our footprint. Various energy efficiency initiatives were also implemented across the group to lower the use of natural resources. Private Sector Energy Efficiency (PSEE) audits are taking place to increase energy efficiency.
The introduction of a waste management company to ensure best pricing is obtained, documentation and records are received and recycling revenue is maximised.	› A waste management company was appointed at Waterfall Park. The trial period was completed and the programme will be rolled out to the rest of the group over the coming year.
Electronic Carbon Disclosure Project data gathering to improve the quality of the data used to generate the group's carbon footprint, as well as to ensure that all emissions are captured and any associated tax is accurately calculated.	› A new green accounting module is operational and relevant employees have been trained on its use. The uptake of the module is increasing and it is expected that full use should be obtained within F2016 in readiness for the South African government's proposed carbon tax.

INTRODUCTION

For Group Five to effectively manage our impact on the environment, the group has implemented a top-down approach which involves the board setting the ethos that is driven by senior management into the group as a whole. The board has confirmed that a zero harm approach to the environment is not negotiable. The necessary resources have been made available to ensure that the group implements best practice to remain compliant with relevant legislation and all applicable standards.

To mitigate our impact on the environment, all environmental plans and procedures are reviewed regularly. Group Five strives to reduce its use of natural resources, as well as any negative impact our operations may have on the environment.

All sites and contracts adhere to applicable environmental impact assessment requirements. Environmental results are disclosed to the public through the required legislative channels and community interactions, as well as the Group Five website, our integrated annual report and our Carbon Disclosure Project report.

Each fixed and contract site has a dedicated pollution prevention plan. To manage our waste effectively, each site has a waste management plan that is site-specific.

A number of committees are in place to drive our environmental policies. These include safety, health and environment committees, the group's green committee and the social and ethics committee of the board. These committees produce plans to educate and inform employees, contractors, communities and other interested and affected parties. We remain committed to engaging with all stakeholders.

CARBON DISCLOSURE PROJECT

The group has voluntarily submitted information to the Carbon Disclosure Project (CDP) for a number of years.

The carbon footprint data reported in this review is for the year ended 30 June 2014.

The reporting, therefore, still follows the four-cluster structure as the restructuring to three clusters happened during this financial year.

ISO 14001:2004 CERTIFICATION – ENVIRONMENTAL MANAGEMENT

All segments of the group remained certified against the ISO 14001:2004 standard. The focus during the year was on improving the integrated management system to ensure greater cohesion between the requirements of ISO 14001:2004, ISO 9001:2008 and OHSAS 18001:2007. This integrated system was successfully re-certified and the group remains fully committed to the ideals and standards of ISO 14001:2004. The future amendments to ISO 14001:2004 will be addressed when the new standard is published in late 2015. The current draft proposals indicate a greater emphasis on both upstream and downstream reporting. This will result in greater environmental accountability from our suppliers and/or service providers, as well as control of products supplied by Group Five.

GROUP FIVE'S CARBON FOOTPRINT

FOOTPRINT PER SCOPE

SCOPE 1 emissions increased within the reporting period. As was the case last year, this was mainly due to the consumption of more than seven million litres of fuel on the Kibali contract in the Democratic Republic of Congo (DRC). Other large emission contributors to Scope 1 were the Republic of Mozambique Pipeline Investments Company loop line contract in Mozambique and the Zimbabwe roads contract, with a combined number of almost 2,5 million litres.

SCOPE 2 emissions remained largely unchanged. Large energy usage on various contracts such as the Metal Alloy Recovery Systems site in Mpumalanga was offset by the consolidation of our segment head offices into one building at Waterfall Park last year. This new group head office is a five-star green-rated building that incorporates various energy saving initiatives and other carbon saving technology.

SCOPE 2 emissions decreased again, mainly due to the nature of the contracts undertaken, as well as various efficiency initiatives implemented across the group. These initiatives, combined with solid practices already implemented in previous years, ensured that emissions in this scope were tightly controlled where possible.

GROUP FIVE'S CARBON FOOTPRINT

Footprint per scope

	F2014 (t CO_2e)	F2013 (t CO_2e)	F2012 (t CO_2e)	F2011 (t CO_2e)	F2010 (t CO_2e)	Emission factor	% of total F2014
Scope 1 – Diesel, petrol, coal, LPG, etc	**79 459**	67 827	50 593	74 481	69 463	2.67 kg/litre	11
Scope 2 – Purchased electricity	**61 373**	61 163	62 071	91 349	84 484	0.99 kg CO_2/kWh	8
Scope 3 – Business travel, deliveries	**584 093**	642 107	793 752	7 958 763	7 891 458	–	81
Total	**724 925**	771 098	906 416	8 124 593	8 045 405	–	100

SCOPE 1 emissions are direct Group Five emissions only.

SCOPE 2 emissions are indirect emissions from the generation of purchased electricity.

SCOPE 3 emissions are other indirect emissions as a consequence of the activities of the group, but occur from sources not owned or controlled by the group, e.g. commuting, air travel for business activities, production and transportation of purchased goods, outsourced activities and contractor-owned vehicles.

SCOPE 1 – DIESEL, PETROL, COAL, LPG, ETC. EMISSIONS

GROUP

The group's total Scope 1 emissions are displayed per emission source in column one and then converted to the amount of energy these carbon emissions equate to. 724 925 t CO_2e therefore equates to 261 059 MWh of energy.

Fuels (MWh)	**F2014***		F2013*	F2012*	F2011*	F2010*
Gas/diesel oil	**49 851 CO_2e**	**186 419**	155 593	105 372	200 173	158 594
Motor gasoline	**1 169 CO_2e**	**4 624**	7 600	4 810	3 436	9 527
Bituminous coal	**23 050 CO_2e**	**66 923**	60 988	61 744	59 268	58 957
Liquefied petroleum gas (LPG)	**270 CO_2e**	**1 090**	5 590	31	–	250
Sasol gas	**404 CO_2e**	**2 003**	3 846	4 137	4 137	–
Total	**724 925 CO_2e**	**261 059**	233 617	176 094	267 014	227 328

Carbon footprint reflects both the results as per the Carbon Disclosure Project and the results, excluding Construction Materials, as the group has largely disposed of this business. Included in the column 1 calculation is 1 576 t CO_2e of company vehicle fuel usage.

* *MWh of energy.*

PER CLUSTER AND CONTRACTS

	F2014		F2013		F2012		F2011		F2010	
Cluster	**Carbon footprint (t CO_2e)**	**% of total**	Carbon footprint (t CO_2e)	% of total	Carbon footprint (t CO_2e)	% of total	Carbon footprint (t CO_2e)	% of total	Carbon footprint (t CO_2e)	% of total
Investments & Concessions	**3 267**	**4**	3 727	6	2 303	5	3 689	5	4 474	6
Engineering & Construction	**2 112**	**3**	849	1	–	–	–	–	–	–
Manufacturing	**27 501**	**35**	24 488	36	23 900	47	22 361	30	21 264	31
Construction Materials	**–**	**–**	–	–	4 428	9	7 270	10	18 218	26
Construction	**46 578**	**58**	38 764	57	19 962	39	41 161	55	25 507	37
Total	**79 459**	**100**	67 827	100	50 593	100	74 481	100	69 463	100

SCOPE 2 – PURCHASED ELECTRICITY EMISSIONS

PER CLUSTER AND CONTRACTS

Cluster	F2014		F2013		F2012		F2011		F2010	
	Carbon footprint (t CO_2e)	**% of total**	Carbon footprint (t CO_2e)	% of total	Carbon footprint (t CO_2e)	% of total	Carbon footprint (t CO_2e)	% of total	Carbon footprint (t CO_2e)	% of total
Investments & Concessions	**10 789**	**16**	9 723	16	8 811	14	22 238	24	20 265	24
Engineering & Construction	**707**	**1**	590	1	386	1	–	–	–	–
Manufacturing	**42 774**	**71**	43 574	71	40 160	65	42 097	46	41 901	50
Construction Materials	**–**	**–**	–	–	9 384	5	22 517	25	11 520	13
Construction	**7 104**	**12**	7 277	12	3 330	15	4 497	5	10 798	13
Total	**61 374**	**100**	61 163	100	62 071	100	91 349	100	84 484	100

SCOPE 3 – INDIRECT EMISSIONS

PER CLUSTER AND CONTRACTS

Large variances are observed in the Scope 3 annual totals from the preceding year. Investments & Concessions reduced their Scope 3 emissions due to the use of lower emission products and processes, whilst Manufacturing emissions were more in line with previous years.

The variances in the Engineering & Construction and the Construction clusters are due to the way in which we report our emissions. Several Engineering & Construction cluster contracts were undertaken where the internal joint venture partners were segments from the Construction cluster. As these segments purchased the goods and services, the associated emissions are apportioned to them and not the Engineering & Construction cluster. There is an overall continued trend of the group to lower their Scope 3 emissions.

Cluster	F2014		F2013		F2012		F2011		F2010	
	Carbon footprint (t CO_2e)	**% of total**	Carbon footprint (t CO_2e)	% of total	Carbon footprint (t CO_2e)	% of total	Carbon footprint (t CO_2e)	% of total	Carbon footprint (t CO_2e)	% of total
Engineering & Construction	**822**	**<1**	1 973	<1	667 464	84	4 325 567	54	5 381 355	68
Investments & Concessions	**464**	**<1**	124 299	19	44	–	–	–	–	-
Manufacturing	**3 805**	**<1**	189 937	30	5 008	1	6 256	–	67 916	1
Construction Materials*	**–**	**–**	–	–	2 010	–	582	–	131 916	2
Construction	**579 003**	**99**	325 898	51	119 227	15	3 625 928	46	2 310 27	29
Total	**584 093**	**100**	642 107	100	793 753	100	7 958 333	100	7 891 458	100

* *Carbon footprint reflects both the results as per the Carbon Disclosure Project and the results, excluding Construction Materials, as the group has largely disposed of this business.*

EMISSION FACTORS

The base year for the carbon footprint is F2010 due to the group's Carbon Disclosure Project having attained some maturity during that year. Emissions in the base year were 8 045 405 t CO_2e. This is substantially higher than the number for the current reporting year. This was due to the Construction Materials cluster, which produced large Scope 1 emissions, being largely disposed of. Construction Materials was also an extremely carbon-intensive division across all scopes.

Scope 1 emissions are calculated using all emissions that are paid for by Group Five, as per our boundary statement. From the next reporting period, we will separate the emissions of our external joint venture partners from ours and restate our boundary. As per ISO/CDP requirements it is necessary to make joint venture partners aware of their reporting responsibilities for both carbon and tax purposes.

SCOPE 1 – EMISSION FACTORS

Description	Value	Unit
Diesel	2.67	kg CO_2e per litre
Petrol	2.30	kg CO_2e per litre
LPG	3.16	kg CO_2e per kg
Weighted vehicle average emission factor	0.20428	kg CO_2e per km
Paraffin	2.54	kg CO_2e per litre
Other bitumous coal	2.44	kg CO_2e per tonne
Natural gas	0.056	t CO_2e/GJ

Gases included in the calculation are CO_2 and LPG. Biogenic CO_2 emissions are not calculated.

No ozone-depleting substances are produced, imported or exported by the group.

SCOPE 2 – EMISSION FACTORS

Description	Value	Unit
South African	1.027	t CO_2e per MWh
Zimbabwe	0.596	
Namibia	0.024	
Tanzania	0.043	
Ghana	0.080	
Burkina Faso	0.637	
DRC	0.002	
Mozambique	0.003	
Poland grid	0.780	
Hungary grid	0.317	

SCOPE 3 – EMISSION FACTORS

Description	Value	Unit
Purchased goods and services		
Steel	2.03	kg CO_2e per kg
Water	1.275	kg CO_2e per kl
Cement	0.740	kg CO_2e per kg
Concrete	0.107	kg CO_2e per kg
Bricks	0.240	kg CO_2e per kg
Fuel- and energy-related activities (not included in Scope 1 or Scope 2)		
Diesel	0.579	kg CO_2e per litre
Petrol	0.450	kg CO_2e per litre
LPG	0.339	kg CO_2e per litre
Coal	0.377	kg CO_2e per kg
Upstream transportation and distribution		
Average heavy goods vehicle	0.053	kg CO_2e per tonne km
Waste generated in operations		
Municipal solid waste	0.170	t CO_2e per tonne waste
Business travel		
Air travel (short haul)	0.088	kg CO_2e per pass km
Average distance travelled (short haul)	3 700	Km
Downstream transportation and distribution		
Average heavy goods vehicle	0.053	kg CO_2e per tonne km

ENVIRONMENTAL FINES AND SANCTIONS

No significant or mandatory reportable non-compliance to any laws or regulations took place within the reporting period.

WATER WITHDRAWAL

Group Five does not extract water from sources other than municipal water systems, client water provisions on sites and boreholes, when necessary. As stated in our environmental policy, we will not harm the communities in which we operate and, therefore, do not pollute nor significantly reduce the quality or quantity of water available to local communities. It is assumed that all municipal water is from sources that can cater not only for the site requirements, but also for the requirements of the local communities. Water obtained from boreholes is monitored in terms of strength of flow, as well as quantity extracted.

Water pollution is prevented and managed on each site using the site water management plan. We are currently improving our disclosure around water aspects. This will allow us to report more information in our next Carbon Disclosure Project/ Footprint by using municipal accounts for fixed operations, as well as data sourced from all project sites.

Total volume of water withdrawn from the following sources:

166 megalitres

from the municipal water supplies or other water utilities

CARBON DISCLOSURE PROJECT

Several initiatives have been put in place to reduce our carbon footprint. The most significant has been the relocation of the majority of business segments to our new five-star green-rated building.

Due to the complex nature of our business and the ever-changing complexities of our contracts we will limit the setting of reduction targets to our fixed operations, which include buildings and/or sites that are of a permanent nature such as head offices, manufacturing sites such as Everite or our Plant and Equipment yard.

Targets have been established in our F2015 Carbon Disclosure Report with regard to CO_2 emissions. Waste reduction measures have been implemented at our central office at Waterfall Park and recycling separation bins have been placed throughout the building.

To quantify our environmental impact and measure it against previous years in a way that is meaningful, we have described our impact as t CO_2e/employee.

- Carbon footprint per permanent employee for 2014 = 9.72 t CO_2e/permanent employee

There was a slight increase from 9.44 t CO_2e/permanent employee reported last year. Although several emission reduction initiatives were put in place, this increase was largely due to a reduction in employee numbers skewing the emission/employee ratio.

Group Five opts for "green" products where possible and strives to use products/raw materials that are sustainable or derived from sustainable sources (i.e. wooden pallets from sustainable forests). Each segment audits their suppliers/sub-contractors against ISO 14001:2004 requirements.

Energy efficient buildings and products are manufactured by Everite. All buildings that Group Five constructs meet and/or exceed the minimum standard with regards to insulation. Group Five is a founding member of the Green Building Council of SA which uses the Green Star Rating Tool for buildings. The group also seeks to expand in the Green Star and the Leadership in Energy and Environmental Design segment of the market.

GROUP FIVE'S SERVICES DIRECTLY ENABLE GHG EMISSIONS TO BE AVOIDED BY A THIRD PARTY IN THREE WAYS:

01 CONSTRUCTION OF GREEN BUILDINGS

Emissions are avoided by clients utilising the green buildings constructed by Group Five. On average, green buildings are expected to save between 30 – 50% of energy (and therefore emissions) through their lifetime when compared to conventional buildings. Group Five is a founding member of the Green Building Council of South Africa (GBCSA). GBCSA aims to play a leading role in the transformation of the South African property industry, which ensures that buildings are designed, built and operated in an environmentally sustainable way. Group Five has constructed the following certified green buildings over the last five years:

- Nedbank Phase 2 in Sandton (four-star)
- Waterfall Office Park (five-star)
- DStv City (four-star)
- Cell C Campus (five-star)

When compared to conventional buildings, and assuming an average of 60 years' lifetime for a building, the average avoided emissions of a new green office building over its lifetime is estimated to be ±320 000 t CO_2e. This is calculated based on the assumption that each green building saves, on average, 50% of electricity compared to a conventional building. In South Africa, power is generated by means of coal-fired power stations which have a grid emission factor of 1.03 t CO_2e/MWh.

02 SOLAR WATER HEATERS

Group Five has a 25% share in Kayema, a solar energy system manufacturer which specialises in solar water heaters. Emissions are avoided by clients using solar water heaters instead of conventional electrical geysers.

On average, solar water heaters save between 1 – 2 MWh of grid electricity. Assuming that each heater operates for four hours each day, and applying the South African grid emission factor of 1.03 t CO_2e/MWh, each solar water heater can save an average of 1 500 t CO_2e per annum.

03 RENEWABLE ENERGY PLANTS

Group Five is also involved in the development of renewable energy projects. In consortium with Iberdrola, Group Five will build two wind farms and two photovoltaic plants in South Africa with a total project cost of £265 million. The facilities to be built are the Dassiesklip wind farm (26.19 MW), the Jeffrey's Bay wind farm (133.86 MW), the De Aar photovoltaic plant (48.25 MW) and the Droogfontein photovoltaic plant (48.25 MW). The plants will have a combined power generation potential of 257 MW.

For every 1 MWh of renewable energy generated, 1.03 t CO_2e will be avoided by displacing an equivalent amount from the South African electricity grid. Assuming an average capacity factor for the wind and solar plants of 50%, these combined plants can achieve emission savings of 1.16 million t CO_2e for every year of operation.

CLIMATE CHANGE

Group Five's business strategy is influenced by climate change on two levels:

- Sourcing new business and contracts from opportunities generated by both climate change mitigation (renewable energy, green buildings, etc. and by climate change adaptation (infrastructure contracts, etc.)
- Optimising existing contracts in respect of climate change responsibility (fuel efficiency on site, safeguarding sites against flash floods, etc.)

Climate change is integrated into the business strategy and our values, with a specific focus on addressing the issues mentioned above.

The group created a green committee a number of years ago, which is responsible for addressing and implementing climate-related issues on a group-wide basis. The group risk officer ensures that environmental issues are monitored as part of the group's risk management process.

A comprehensive list of risks and opportunities is contained within the group's Carbon Disclosure Report.

WEB Each environmental risk is discussed as to the potential impact, timeframe, whether it is a direct or indirect risk, the likelihood and the magnitude of the impact. The example illustrates the methodology applied to all risks identified. Refer to the Carbon Disclosure Project on the group's website, www.groupfive.co.za for the full list.

CLIMATE CHANGE RISKS – EXTRACT FROM CDP REPORT

ID	PR01
RISK DRIVER	Changes in precipitation extremes and droughts
DESCRIPTION	Extreme weather events, excessive rain and droughts can impact our construction contracts and planning. **The main risks to Group Five in this respect are:** Increased costs on contracts More lost days than what was provided for in the contract Requirements to rework certain parts of a contract due to storm damage Logistical risks in the contracts with regard to supply of materials, water and energy
POTENTIAL IMPACT	Reduced/disruption in production capacity
TIME FRAME	Current
DIRECT/INDIRECT	Direct
LIKELIHOOD	Very likely
MAGNITUDE OF IMPACT	Medium

FOCUS GOING FORWARD

The focus for the next financial year will be on continuing to strengthen and improve environmental reporting and seeking opportunities to further reduce our carbon footprint.

Electricity usage and the associated resources are a global and national priority. With this in mind, we will be focusing on further energy reduction at both fixed and contract sites and making use of alternate technologies, where possible, to reduce our reliance on and use of electricity.

Waste generation is currently monitored at a segment level. With the appointment of a waste management service provider we will be in a position to report on our waste in future. This will enable us to set targets for waste reduction and recycling.

Another area of focus will be electronic Carbon Disclosure Report data gathering. This will ensure the improvement of our data capturing system to prepare us for the implementation of the coming carbon tax and to capture all carbon emissions effectively.

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SECTION 03

ANNUAL FINANCIAL STATEMENTS

STATEMENT OF RESPONSIBILITY BY THE BOARD OF DIRECTORS

for the year ended 30 June 2015

The directors are responsible for the maintenance of proper accounting records and the preparation, integrity and fair presentation of the annual financial statements and group annual financial statements of Group Five Limited and its subsidiaries. The annual financial statements, presented on pages 3 to 87 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 annual financial statements.

The directors acknowledge that they are ultimately responsible for the process of risk management and 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., which has 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 unmodified audit report is presented on page 11. The financial statements were prepared by the Chief Financial Officer CA(SA) and approved by the board of directors on 7 August 2015 and are signed on its behalf by:

P (Philisiwe) Mthethwa
Chairperson

ECJ (Eric) Vemer
Chief executive officer

CM (Cristina) Freitas Teixeira
Chief financial officer

7 August 2015

REPORT OF THE AUDIT COMMITTEE

for the year ended 30 June 2015

This report is provided by the Audit Committee in compliance with The Companies Act, No 71 of 2008 (South Africa) and as recommended by King III.

MEMBERSHIP

The Audit Committee for the year under review comprised SG Morris (chairman), JL Job, KK Mpinga, B Ngonyama, VM Rague and MR Thompson. All members are independent non-executive directors who have the requisite financial skills and experience to contribute to the committee's deliberations. The committee meets quarterly each year with ad hoc special meetings when required and the Chief Executive Officer, the Chief Financial Officer and representatives from external and internal audit, risk function and the Chairperson of the main board of directors attending each meeting by invitation. Full details on audit committee meetings held and the members' attendance are disclosed in the corporate governance section of the online integrated annual report.

MANDATE AND TERMS OF REFERENCE

Further information with regards to the audit committee, including its terms of reference and procedures, is provided in the corporate governance section of the online integrated annual report.

STATUTORY DUTIES

The committee adopts a work plan annually in advance in order to manage the discharge of its responsibilities under the Companies Act, King III, its own charter and the JSE regulations.

In addition, the audit committee pays particular attention to areas of significant judgement, including contract claims and profit recognition. The audit committee is satisfied that it considered, executed and discharged its responsibilities during the year in accordance with its mandate as described above. The external and internal auditors have unfettered access to the audit committee and its members, and both present formal reports to the committee. The chairman of the audit committee meets quarterly with the Head of Internal Audit and, at least annually, the external auditors meet independently with the committee. The committee has satisfied itself that the external auditor was independent of the company, as set out in section 94(8) of the Companies Act, No 71 of 2008, which includes consideration of compliance with criteria relating to independence or conflicts of interest as prescribed by the Independent Regulatory Board of Auditors.

INTERNAL CONTROL

Internal audit provides the board with assurance on the group's system of internal control, and its strategy is that of a risk based approach along with compliance to policies and procedures. All wholly owned subsidiaries and joint ventures managed by the group are subject to the group's policies and procedures and system of internal control. In limited instances where the group does not operate as the lead partner, management and internal audit are responsible for assessing the adequacy of the control environment of these entities. Refer to the governance section in the online integrated annual report for disclosure on fraud issues identified within the year and the actions taken by management. The Audit Committee has considered and approved the group's system of internal control.

INTEGRATED REPORTING

The integrated annual report comprises the:

- printed section of the integrated annual report
- the online section of the integrated annual report
- the consolidated annual financial statements

Following our review, and having regard to all material factors and risks that may impact on the integrity of the integrated annual report, we accordingly recommend the integrated annual report and consolidated annual financial statements of Group Five Limited for the year ended 30 June 2015 to the board of directors for approval on 7 August 2015.

S.G. Morris

SG (Stuart) Morris
Chairperson of the audit committee

7 August 2015

STATEMENT OF COMPLIANCE BY THE COMPANY SECRETARY

for the year ended 30 June 2015

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, No 71 of 2008 (South Africa) in respect of the year ended 30 June 2015, and all such returns are true, correct and up-to-date.

N (Nonqaba) Katamzi
Company secretary

7 August 2015

DIRECTORS' REPORT

for the year ended 30 June 2015

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 arrangements and associates. The group operates in South Africa, rest of Africa, and Eastern Europe. The company has its primary listing on the JSE Limited.

GROUP RESULTS

Headline earnings per share (HEPS) of 205 cents represents a decrease of 49.7%, and fully diluted HEPS (FDHEPS) of 204 cents per share a decrease of 49.0%, compared to the HEPS and FDHEPS of 407 cents and 399 cents per share respectively for F2014.

Earnings per share (EPS) of 222 cents and fully diluted EPS (FDEPS) of 221 cents per share represents a 44.7% and 43.9% decrease respectively over the 401 cents per share and 394 cents per share for F2014.

The difference between earnings and headline earnings in the period is mainly as a result of a profit on a fair value adjustment of an investment property held by an associate company of R13,8 million (net of tax) and a net profit on disposal of an investment in associate including a reversal of an impairment of R2,6 million (net of tax).

Group revenue decreased by 9.7% from R15,4* billion to R13,9 billion, as a result of the comparatively large order book traded in the prior period in the Energy and Civil Engineering segments.

The group's core operating profit decreased by 46.4% from R650,2* million to R348,4 million as a result of weaker operating results from the Engineering & Construction cluster mostly due to contract losses within the Civil Engineering and Projects segments and the reduced rate of trade in the Civil Engineering and Energy segments, reducing the group's overall core operating margin from 4.2*% in the prior year to 2.5%. The group's total operating margin also reduced to 2.6% (F2014: 4.2%*). Most segments, other than the Civil Engineering and Projects segments, performed in line with the most recent margin guidance provided.

The core operating profit does not include a surplus on the group's pension fund of R18,9 million (F2014: R6,9 million) as a result of an actuarial valuation assessment. This gain is included in total earnings. This gain was offset by a share-based payment expense of R8,1 million (F2014: R30,0 million) as a result of the group's BBBEE ownership transaction, which was approved by shareholders in F2013.

Included in operating profit is fair value net upward adjustments of R115,7 million (F2014: R83,8 million) relating to the group's interests in Eastern European road transport concessions. This positively affected the group's results in the year.

The financial statements on pages 12 to 87 set out fully the financial position, results of operations and cash flows for the group for the financial year ended 30 June 2015. Segmental information as approved by the directors relating to the business of the group is set out on pages 18 to 20.

During the year, the group transferred the remaining business within its discontinued cluster of Construction Materials into continuing operations. This operation now trades within the Manufacturing cluster. In terms of IFRS 5 – Non-current assets held for sale and discontinued operations, the group is required to restate its prior year reported income statement and statement of cash flow to reflect the result of the change.

Financial performance

The group delivered a disappointing result in F2015 as a result of the group's Engineering & Construction cluster under-performance. Firm action has been taken to address underlying contract challenges.

The weak result was mainly as a result of:

- Significant losses incurred on a previously reported South African contract that impacted both the Civil Engineering and Projects segments
- Retrenchment and holding costs incurred in relation to the rightsizing of the Civil Engineering segment
- A weak performance in the Energy segment due to delayed new contract start-ups and lower revenues over the prior year

The Building & Housing segment was the strongest performer in the Engineering & Construction cluster, delivering a steady result on the back of increased revenues compared to the prior year, underpinned by sturdy order intake in the South African private and public sector markets.

As a result of incurring significant losses on a local contract, experiencing very low levels of new order intake, and having to implement a rightsizing and associated retrenchment programme, Civil Engineering delivered incredibly weak results. The actions taken during the year have placed the business on a more stable platform, and positioned it for recovery in F2016.

* *Restated for the application of IFRS 5 – Non-current assets held for sale and discontinued operations as a result of the decision to transfer the remaining business within the discontinued cluster of Construction Materials into continuing operations within the Manufacturing cluster.*

Projects reported a lower F2015 result, directly as a result of losses incurred on the same local contract that impacted Civil Engineering. Whilst Projects, core target market in mining and resources remains subdued, the business has been successful in securing new work, notably in the power sector.

Revenue and earnings declined in the Energy segment off the comparatively high levels recorded in the prior year and impacted by delays in commencement of new projects. As previously disclosed, the finalisation costs incurred in H1 F2015 at completion of certain contracts also had a negative impact on full-year results.

The Investments & Concessions cluster was the best performer for the group delivering a strong result. This cluster delivered a strong financial performance primarily due to an excellent result from the Eastern European operations of Infrastructure Concessions.

The Manufacturing team was able to deliver an acceptable, albeit lower result despite a flat market, the negative business impact of power outages, and the rapid decline of steel prices which impacted our steel cluster operations particularly during the second half of the financial year. The team continues to innovate to drive production efficiencies and is selectively developing new traded products that are complementary to our core light-weight dry building materials markets.

In line with expectations, group net finance costs of R1,6 million were recorded for the year compared to the net finance costs of R1,8* million in the prior year.

The effective tax rate of 28% (F2014: 34%) is the same as the South African statutory tax rate. This was mainly due to a prudent approach adopted to the raising of deferred taxation assets and an increase in under-provided taxation from the past year which was offset by liabilities in jurisdictions with lower taxation rates.

Financial position

It is pleasing to note that the group's statement of financial position continues to be sound, with a nil net gearing ratio and an increase in the bank and cash balance to R3,4 billion as at 30 June 2015 (F2014: R2,9 billion and H1 F2015: R3,1 billion).

Cash flow

The group generated R425,1 million (F2014: R902,7* million) cash from operations before working capital enhancements of R118,9 million (F2014: R530,7* million absorbed). This resulted in a net cash inflow from operating activities of R238,1 million (F2014: R150,6 million) after settlement of taxation liabilities of R218,4 million (F2014: R139,5 million) and the dividend to shareholders of R85,7 million (F2014: R80,2 million).

After a net cash investment of R69,7 million (F2014: R151,1 million) in plant and equipment and investment property and net borrowings raised of R145,5 million (F2014: net R68,5 million repaid), and net proceeds on repayment of service concessions loans of R153,2 million (F2014: R22,9 million), a net inflow of R468,8 million was realised (F2014: R44,9 million outflow).

Capital expenditure

Details on capital expenditure by segment are set out on page 20 of this report.

SUBSIDIARIES, JOINT ARRANGEMENTS AND ASSOCIATES

The interest in subsidiaries, joint arrangements and associated companies, are set out on pages 75 to 84 of this integrated annual report.

BUSINESS COMBINATIONS

There were no business combinations during the current reporting period.

As previously communicated, approval from the Department of Mineral Resources (DMR) is awaited on the sale of two quarries to finally fulfil the sale conditions precedent. However, the sale agreements reached with the new owners allowed for the transfer of operational control immediately on concluding the sale agreements, including transfer of operating profits and losses. This was achieved on the two quarries sold in F2013. Proceeds on the sale of these businesses were received as expected. During the year, the group transferred the remaining business within its discontinued cluster of Construction Materials into continuing operations. This operation now trades within the Manufacturing cluster.

STATED CAPITAL

The movements in the number of shares during the year under review are summarised in the statement of changes in equity on page 16 to 17 of this group annual financial statements. The authorised and issued share capital is as follows:

Authorised:

150 000 000 ordinary shares of no par value.

Issued:

112 206 869 ordinary shares of no par value (F2014: 112 104 493).

* *Restated for the application of IFRS 5 – Non-current assets held for sale and discontinued operations as a result of the decision to transfer the remaining business within the discontinued cluster of Construction Materials into continuing operations within the Manufacturing cluster.*

All shares have been fully paid up.

The following movement in the number of shares took place in the year:

Issue of shares in terms of share scheme:

Date	Price	Number of shares
September 2014	R41,50	1 414
October 2014	R12,55 – R40,89	68 896
March 2015	R25,30 – R25,75	26 899
May 2015	R31,00	5 167
		102 376

11 081 964 shares (F2014: 11 305 707) are held as treasury stock in terms of the trust deeds.

The group's ownership transaction comprises two components, namely:

- A Black Professionals Staff Trust
- The Izakhiwo Imfundo Bursary Trust

The implementation of the Black Professionals Staff Trust and Izakhiwo Imfundo Bursary Trust was approved by shareholders on 27 November 2012. The transaction was concluded on 16 January 2013 following the fulfilment of all conditions precedent.

The share-based payment benefit provided to the Izakhiwo Imfundo Bursary Trust was recognised as a non-recurring equity-settled share-based payment. The full charge of R16,8 million (originally estimated at R12,7 million as per the circular to shareholders) was recognised fully on grant date in H2 F2013.

The estimated share-based payment benefit with respect to the Black Professionals Staff Trust at period-end date was R86,4 million (June 2014: R149,9 million, December 2014: R87,0 million) and is recognised as a cash-settled share-based payment transaction over the life of the scheme from the effective date of this transaction to the assumed end date of November 2020. An amount of R8,1 million (F2014: R30,0 million) was charged to earnings in F2015.

The implementation of the Izakhiwo Imfundo Bursary Trust portion of the revised transaction resulted in a two million share increase in prior years. The implementation of the Black Professionals Staff Trust at the effective date did not increase the weighted average number of shares in issue, as these remain anti dilutive at 30 June 2015. However, this is required to be reassessed at each reporting period.

SPECIAL RESOLUTIONS

Other than the authorisation to repurchase shares, approval of non-executive directors' remuneration and authority to provide financial support to subsidiary companies, no special resolutions relating to the capital structure, borrowing powers or any other material matter that affects the understanding of the Group were passed.

RELATED PARTY TRANSACTIONS

Related parties to the group are identified as the group's directors, prescribed officers, senior management, subsidiaries, joint ventures and associates. Disclosure of transactions with these parties during the year is provided on pages 55 to 56 of the group annual financial statements.

SHAREHOLDER SPREAD

Details of shareholder categories are set out on page 85 of this report.

DIVIDEND DECLARATION

The group has previously disclosed that the company has adopted an approximate four times basic earnings per share dividend cover policy. This policy is subject to review on a semi-annual basis, prior to dividend declaration, as distributions will be influenced by business growth or movements in earnings as a result of fair value accounting adjustments.

In line with this policy, on 7 August 2015, the directors declared a gross dividend of 25 cents per ordinary share (21.25 cents per ordinary share net of dividend tax) (H2 F2014: 55 cents). This brings the total dividend for the year to 55 cents (F2014: 100 cents). The dividend policy therefore remains unchanged, based on the medium term business outlook and the availability of liquid resources.

The dividend has been declared from income reserves.

In terms of the dividend tax the following additional information is disclosed:

- The dividend is subject to dividend tax at 15% (3.75 cents per share)
- The net dividend will therefore be 21.25000 cents per share for shareholders who are not exempt from dividends tax
- The amount of shares in issue at the date of this declaration is 112 206 869 (101 124 905 exclusive of treasury shares) and the company's tax reference number is 9625/077/71/5

In order to comply with the requirements of Strate, the relevant details are:

Event	Date
Last date to trade (cum dividend)	Thursday, 17 September 2015
Shares to commence trading (ex-dividend)	Friday, 18 September 2015
Record date (date shareholders recorded in books)	Friday, 25 September 2015
Payment date	Monday, 28 September 2015

No share certificates may be dematerialised or rematerialised between Friday, 18 September 2015 and Friday, 25 September 2015, both dates inclusive.

DIRECTORS AND SECRETARY

The names and brief CVs of the directors appear on pages 12 to 15 of Group Five's 2015 integrated annual report, and on pages 74 to 76 of the online section of the integrated annual report under the corporate governance review, available with the annual financial statements on the group's website. Further information on the directors, including their interest in the shares of the company and share-based remuneration schemes are provided on pages 122 to 123, 133 and 160 of Group Five's 2015 integrated annual report as well as Annexure 7 and note 22 of the annual financial statements.

No contracts in which the directors share an interest were entered into.

The policy detailing the procedures for appointment to the board is detailed within the review from the company secretary that can be found in the online section of the integrated annual report at www.groupfive.co.za.

Appointments to the board are recommended by the nominations committee and considered by the board as a whole. This involves evaluating the existing balance of skills and experience against the needs of the group.

MR Upton, the group's previous chief executive officer, retired from the board of directors and from the group on 28 November 2014. We thank him for his hard work and valuable contribution over the years he was with us.

In terms of the company's memorandum of incorporation, Ms PM Mthethwa (nee Buthelezi), Messrs NJ Chinyanta, and SG Morris are obliged to retire by rotation at this annual general meeting in accordance with the provisions of clause 24.6.2 of the company's memorandum of incorporation. Having so retired and being eligible, Ms PM Mthethwa, Messrs NJ Chinyanta, and SG Morris offer themselves for re-election. The board of directors has assessed the performance of the directors standing for election and re-election, and has found them suitable for appointment and reappointment. Refer to pages 122 to 123 and 131 to 132 of Group Five's 2015 integrated annual report for disclosure on non-executive and executive directors' remuneration.

DIRECTORS' SHAREHOLDINGS

At 30 June 2015, the number of ordinary shares held beneficially and non-beneficially by the current directors was 46 370 and 1 000 respectively (F2014: 311 984 and 1 000 respectively). There has been no material change in their holdings between the year end and the date of this report. Refer to Annexure 7 in the annual financial statements for additional disclosure.

BORROWING POWERS

In terms of the memorandum of incorporation, the company has unlimited borrowing powers. The revised memorandum of incorporation was approved by the shareholders at the previous annual general meeting held in November 2014.

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.

EVENTS AFTER REPORTING DATE

Other than the declaration of the final dividend for the 2015 financial year on 7 August 2015, the board is not aware of any matter or circumstance arising since the end of the reporting period not otherwise dealt with in the consolidated annual financial statements, which significantly affects the financial position of the group as at 30 June 2015 or the results of its operations or cash flows for the year then ended.

INDUSTRY MATTERS

Management have continued to engage with the Competition Commission of South Africa ("the Commission") in an attempt to responsibly settle on any outstanding matters on reasonable terms, whilst conscious of its accountability to conclude this matter for the benefit of all its stakeholders.

As reported previously, the group has secured conditional leniency from the Commission in terms of the Commission's Corporate Leniency Policy in return for full disclosure of all matters that the group was able to uncover during its internal investigation process.

The group was implicated in four contracts which had not been detected through its internal investigation. During the year the Commission confirmed that its investigation into two of the four implicated contracts has been concluded, and the cases have been dropped.

Settlement on the remaining two contracts has not been concluded due to a lack of evidence and factual discrepancies which remain. During the year, the Commission referred the alleged collusive tendering on these two remaining contracts to the Competition Tribunal. This was anticipated. The group continues to retain a co-operative stance with the Competition Authorities on these two long-outstanding matters so that it may be expeditiously concluded and in so doing bring certainty to shareholders, employees and all other stakeholders.

Based on legal counsel assessment, any settlement or liability would be adequately covered by the provision raised in F2013.

The group continues to drive industry transformation priorities through its own internal strategy and workplan, under the leadership of the CEO and a newly appointed dedicated senior transformation director. The group views addressing the issues of company and sector transformation as fundamental to re-aligning the interest of government with the priorities of the sector, as a precursor to, and in support of, the national agenda for the roll out of the much needed infrastructure programmes embodied in government's National Development Plan (NDP), and in support of our African focused growth plan.

SHARE OPTION SCHEMES

Details of the group's share option schemes are set out on page 52.

BOND ISSUE UNDER THE BOND EXCHANGE OF SOUTH AFRICA (BESA) DOMESTIC MEDIUM TERM NOTES (DMTN) PROGRAMME

The JSE Limited granted a listing to the group in respect of two senior unsecured notes issued under the group's R1 billion Domestic Medium Term Note Programme.

Two unsecured bonds were issued on 11 April 2012 as follows:

- GFC03: R220 million, three-year, 7.87% floating (three-month JIBAR) interest rate payable quarterly. The bond settlement due date was 10 April 2015
- GFC04: R280 million, five-year, 9.485% fixed interest rate payable semi-annually. The settlement date for this bond is 11 April 2017. The primary application of these funds is intended to finance equity investments in power, transport, real estate opportunities and concessions

The GFC03 bullet payment was settled in April 2015.

Global Credit Ratings agency awarded the group a long term National A- credit rating and a short term National A1- credit rating.

BORROWINGS

During the year, in addition to trade asset-backed capital equipment finance leases and property-backed finance, the group entered into the following borrowing transactions:

- A revolving credit facility for USD20 million bearing a variable interest, linked to LIBOR, at year end of 2.03%. This loan is repayable in September 2015.
- A revolving credit facility for R250 million bearing a variable interest, linked to JIBAR, at year end of 8.6%. The revolving credit facility is available for a period of two years with the option to extend for one year with a intended settlement date of December 2015. This loan replaces the funding previously made available by the domestic medium term note which was settled in April 2015.

AUDITORS

The policy with regard to the non-audit services provided by the external auditors is detailed within the review from the company secretary that can be found on the online section of the integrated annual report at www.groupfive.co.za. It confirms that the approval of non-audit work to be carried out by the external auditors is the responsibility of the audit committee and this is included within the committee's terms of reference.

PricewaterhouseCoopers Inc. will continue in office in accordance with section 90(6) of the Companies Act. At the annual general meeting shareholders will be requested to appoint PricewaterhouseCoopers Inc. as the group's auditors for the 2016 financial year and it is noted that M Naidoo will be the individual registered auditor who will undertake the audit.

ANNUAL GENERAL MEETING (AGM)

The AGM will be held at 11:00 on 3 November 2015. Refer to pages 162 to 166 of Group Five's 2015 integrated annual report for further details of the ordinary and special business for consideration at this meeting.

DOMICILE, COUNTRY OF INCORPORATION AND REGISTERED OFFICE

The company is incorporated in the Republic of South Africa, its domicile and registered offices are No 9 Country Estate Drive, Waterfall Business Estate, Jukskei View, Johannesburg 1662.

INDEPENDENT AUDITORS REPORT

for the year ended 30 June 2015

TO THE SHAREHOLDERS OF GROUP FIVE LIMITED

We have audited the consolidated and separate financial statements of Group Five Limited set out on pages 12 to 84, which comprise the statements of financial position as at 30 June 2015, income statements and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The company's directors are responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatements, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated and separate 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 about whether the consolidated and separate 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 consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Group Five Limited as at 30 June 2015, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

OTHER REPORTS REQUIRED BY THE COMPANIES ACT

As part of our audit of the consolidated and separate financial statements for the year ended 30 June 2015, we have read the Directors' Report, the Report of the Audit Committee and the Statement of Compliance by Company Secretary for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

PricewaterhouseCoopers Inc

PricewaterhouseCoopers Inc.
Director: AJ Rossouw
Registered Auditor
Sunninghill

14 August 2015

GROUP INCOME STATEMENT

for the year ended 30 June 2015

(R'000)	Notes	GROUP AUDITED 2015	GROUP AUDITED 2014 Restated*
Construction and related revenue		**11 943 497**	13 499 363
Revenue from goods and services supplied		**1 852 519**	1 831 617
Property sales and development fees		**79 554**	29 464
Revenue		**13 875 570**	15 360 444
Cost of material		**(2 281 605)**	(2 235 792)
Cost of subcontractors		**(5 835 872)**	(6 545 898)
Direct payroll cost	4.1, 21.1	**(3 454 480)**	(3 417 574)
Other staff cost		**(327 581)**	(394 305)
Depreciation	4.2, 8	**(187 138)**	(267 143)
Plant costs		**(813 269)**	(738 274)
Manufacturing distribution cost		**(152 152)**	(159 669)
Site administration costs		**(340 657)**	(654 952)
Other administration cost		**(232 066)**	(387 723)
Operating expenses		**(13 624 820)**	(14 801 330)
Operating profit before fair value adjustments		**250 750**	559 114
Fair value adjustment relating to investment in service concessions	11	**115 726**	83 840
Operating profit	4	**366 476**	642 954
Share of equity accounted profits		**24 592**	28 095
Finance cost – net	5	**(1 622)**	(1 779)
Finance cost		**(64 255)**	(66 504)
Finance income		**62 633**	64 725
Profit before taxation		**389 446**	669 270
Taxation	6	**(109 045)**	(229 738)
Profit for the year		**280 401**	439 532
Profit attributable to:			
Equity shareholders of Group Five Limited		**223 884**	401 421
Non-controlling interest		**56 517**	38 111
		280 401	439 532
Earnings per share – [Rand]	7.1	**2,22**	4,01
Fully diluted earnings per share – [Rand]	7.2	**2,21**	3,94

* *Restated for the application of IFRS 5 – Non-current assets held for sale and discontinued operations as a result of the decision to transfer the remaining business within the discontinued cluster of Construction Materials into continuing operations within the Manufacturing cluster.*

GROUP STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2015

(R'000)	GROUP AUDITED 2015	2014
Profit for the year	**280 401**	439 532
Other comprehensive income		
Items that may be subsequently reclassified to profit or loss		
Exchange difference on translating foreign operations	**131 114**	78 391
Items that will not be reclassified to profit or loss		
Re-measurements of pension fund	**20 440**	53 503
Tax on re-measurement of pension fund	**(5 723)**	(14 981)
Other comprehensive income for the year	**145 831**	116 913
Total comprehensive income for the year	**426 232**	556 445
Total comprehensive income attributable to:		
Equity shareholders of Group Five Limited	**369 715**	518 334
Non-controlling interest	**56 517**	38 111
Total comprehensive income for the year	**426 232**	556 445

GROUP STATEMENT OF FINANCIAL POSITION

as at 30 June 2015

(R'000)	Notes	GROUP AUDITED 2015	2014
Assets			
Non-current assets			
Property, plant and equipment	8	**850 547**	908 575
Investment property	9	**103 544**	95 607
Equity accounted investments	10	**210 335**	170 753
Investments in service concessions	11	**384 095**	421 563
Pension fund surplus	21.2	**268 815**	229 498
Deferred taxation	12	**40 385**	46 361
Non-current trade receivables	15	**210 182**	195 630
Total non-current assets		**2 067 903**	2 067 987
Current assets			
Inventories	13	**357 614**	345 766
Contracts in progress	14	**884 305**	637 719
Derivative financial instruments	17	**–**	5 146
Trade and other receivables	15	**3 565 303**	3 914 521
Cash and cash equivalents	28	**3 389 936**	2 912 240
Total current assets		**8 197 158**	7 815 392
Non-current assets classified as held for sale	31	**–**	49 671
Total assets		**10 265 061**	9 933 050
Equity and liabilities			
Equity attributable to equity holders of the parent			
Stated capital		**1 281 275**	1 256 531
Retained earnings		**1 450 104**	1 297 259
Foreign currency translation reserve		**196 999**	65 885
Equity – shareholders		**2 928 378**	2 619 675
Non-controlling interest		**58 969**	73 298
Total equity		**2 987 347**	2 692 973
Non-current liabilities			
Interest-bearing borrowings	16.1	**477 234**	505 834
Provision for employment obligations	21.3	**69 407**	73 957
Provision for environmental rehabilitation	18	**6 291**	4 000
Deferred taxation	12	**44 424**	34 750
Non-current trade payables	19	**–**	17 363
Total non-current liabilities		**597 356**	635 904
Current liabilities			
Excess billings over work		**938 614**	1 428 136
Trade and other payables	19	**4 977 797**	4 500 938
Contract-related provisions	20	**45 633**	39 987
Current taxation payable	27	**75 078**	190 300
Current portion of interest-bearing borrowings	16.1	**585 111**	350 440
Short term borrowings	16.6	**58 125**	70 772
Total current liabilities		**6 680 358**	6 580 573
Liabilities associated with non-current assets classified as held for sale	31	**–**	23 600
Total liabilities		**7 277 714**	7 240 077
Total equity and liabilities		**10 265 061**	9 933 050

GROUP STATEMENT OF CASH FLOW

for the year ended 30 June 2015

(R'000)	Notes	GROUP AUDITED 2015	GROUP AUDITED 2014 Restated*
Cash flow from operating activities			
Cash from operations before working capital changes	25	**425 144**	902 679
Working capital changes	26	**118 838**	(530 692)
Cash generated from operations		**543 982**	371 987
Finance income received	5	**62 633**	64 725
Finance costs paid	5	**(64 255)**	(66 504)
Taxation paid	27	**(218 453)**	(139 462)
Dividends paid	32	**(85 756)**	(80 166)
Cash effects of operating activities		**238 151**	150 580
Cash flow from investing activities			
Acquisition of property, plant and equipment		**(117 681)**	(167 409)
Acquisition of investment property and associates		**(1 841)**	(25 154)
Proceeds on disposal of property, plant and equipment		**49 773**	41 448
Cash effects of investing activities		**(69 749)**	(151 115)
Cash flow from financing activities			
Distribution to non-controlling interest		**(70 846)**	(36 461)
Loans to equity accounted investments		**(14 990)**	(10 053)
Proceeds on service concessions investments		**153 194**	22 961
Interest-bearing borrowings raised		**493 128**	–
Interest-bearing borrowings repaid		**(347 596)**	(68 501)
Net proceeds from share options		**4 753**	6 660
Cash effects of financing activities		**217 643**	(85 394)
Effects of exchange rates on cash and cash equivalents		**82 794**	41 069
Net increase/(decrease) in cash and cash equivalents		**468 839**	(44 860)
Cash and cash equivalents at beginning of year		**2 921 097**	2 965 957
Cash and cash equivalents at end of year		**3 389 936**	2 921 097
– Included in cash and cash equivalents per statement of financial position	28	**3 389 936**	2 912 240
– Included in non-current assets classified as held for sale	31	**–**	8 857
		3 389 936	2 921 097

* *Restated for the application of IFRS 5 – Non-current assets held for sale and discontinued operations as a result of the decision to transfer the remaining business within the discontinued cluster of Construction Materials into continuing operations within the Manufacturing cluster.*

GROUP STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2015

	Number of ordinary shares issued	Number of shares held by share trust	Net shares issued to public	Stated capital R'000	Foreign currency translation reserve R'000	Retained earnings R'000	Equity share-holders R'000	Non-controlling interest R'000	Total R'000
Balance at 30 June 2013	111 149 510	(11 643 098)	99 506 412	1 229 568	(12 506)	937 482	**2 154 544**	75 325	**2 229 869**
Issue of shares to share trust in terms of share scheme	954 983	(954 983)	–	–	–	–	**–**	–	**–**
Issue of shares from share trust	–	1 292 374	1 292 374	6 660	–	–	**6 660**	–	**6 660**
Share-based payment expense	–	–	–	20 303	–	–	**20 303**	–	**20 303**
Total comprehensive income	–	–	–	–	78 391	439 943	**518 334**	38 111	**556 445**
Profit for the year	–	–	–	–	–	401 421	**401 421**	38 111	**439 532**
Pension fund re-measurement	–	–	–	–	–	53 503	**53 503**	–	**53 503**
Tax on Pension fund re-measurement	–	–	–	–	–	(14 981)	**(14 981)**	–	**(14 981)**
Exchange differences arising from foreign operations	–	–	–	–	78 391	–	**78 391**	–	**78 391**
Distribution to non-controlling interests	–	–	–	–	–	–	**–**	(36 461)	**(36 461)**
Acquisition of interest in subsidiary	–	–	–	–	–	–	**–**	(3 677)	**(3 677)**
Dividends paid	–	–	–	–	–	(80 166)	**(80 166)**	–	**(80 166)**
Balance at 30 June 2014	112 104 493	(11 305 707)	100 798 786	1 256 531	65 885	1 297 259	**2 619 675**	73 298	**2 692 973**
Issue of shares to share trust in terms of share scheme (i)	102 376	(102 376)	–	–	–		**–**	–	**–**
Issue of shares from share trust	–	326 119	326 119	4 753	–	–	**4 753**	–	**4 753**
Share-based payment expense	–	–	–	19 991	–	–	**19 991**	–	**19 991**
Total comprehensive income	–	–	–	–	131 114	238 601	**369 715**	56 517	**426 232**
Profit for the year	–	–	–	–	–	223 884	**223 884**	56 517	**280 401**
Pension fund re-measurement	–	–	–	–	–	20 440	**20 440**	–	**20 440**
Tax on Pension fund re-measurement	–	–	–	–	–	(5 723)	**(5 723)**	–	**(5 723)**
Exchange differences arising from foreign operations	–	–	–	–	131 114	–	**131 114**	–	**131 114**
Distribution to non-controlling interests	–	–	–	–	–	–	**–**	(70 846)	**(70 846)**
Dividends paid	–	–	–	–	–	(85 756)	**(85 756)**	–	**(85 756)**
Balance at 30 June 2015	112 206 869	(11 081 964)	101 124 905	1 281 275	196 999	1 450 104	**2 928 378**	58 969	**2 987 347**

The following movement in the number of shares took place in the year:

(i) Issue of shares in terms of share scheme:

Date	Price	Number of shares
September 2014	R41,50	1 414
October 2014	R12,55 – R40,89	68 896
March 2015	R25,30 – R25,75	26 899
May 2015	R31,00	5 167
Total		102 376

Non-controlling interest

Non-controlling interest mainly relates to profit share of controlled joint arrangements by the entity.

Foreign currency translation reserve

Non-distributable reserve arising from the translation of the assets and liabilities attributable to foreign operations to the presentation currency.

GROUP SEGMENTAL ANALYSIS

for the year ended 30 June 2015

SEGMENT INFORMATION

Operating segments reflect the management structure of the group for the period under review and the manner in which performance is evaluated and resources allocated as managed by the group's chief operating decision-maker, defined as the executive committee members (exco) of the group.

These operating segments for the year under review are defined as:

Operating segment	Revenue source
ENGINEERING & CONSTRUCTION Building & Housing Civil Engineering Projects Energy	› Building and housing contractor for large real estate and related infrastructure contracts › Civil engineering contractor for roads, ports, airports, pipelines and large structures in the mining and industrial sectors › Engineering project contractor for structural, mechanical, piping and electrical engineering, as well as complete plant construction solutions › Multi-disciplinary project delivery from feasibility through to supporting bankability and front-end design, as well as project management of contracts during execution to completion, with a focus on the energy sector, including power plant construction and nuclear construction services › Industrial services contractor
INVESTMENTS & CONCESSIONS	› Equipment supply, operations and maintenance revenue in concession contract developments in the transport sector › Rental and development sales of A-grade property assets generating development and investment returns
MANUFACTURING	› Manufacture and sale of fibre cement products – exterior and interior walling, ceiling boards, roof tiles and pipes, fibre cement-clad, steel-framed modular housing systems › Manufacture and sale of steel products, including scaffolding, formwork and steel reinforcing for use in concrete structures, fabricated steel structures and large bore steel pipes

The group is focused by discipline and each discipline is led by an executive committee member.

During the current year, the Construction cluster, which housed the Building & Housing, Civil Engineering and Projects segments, was consolidated with the previously named Engineering & Construction cluster, now named Energy, and renamed Engineering & Construction.

The role of exco is to drive the strategic intent of the group per segment. The executive committee members meet monthly to review the group's performance. Of primary focus to exco is the revenue, operating profit, capital expenditure and current assets per segment. Exco assesses the performance of the operating segments based on a measure of adjusted operating profit. This measurement basis excludes the effects of non-operational income and expenditure from the operating segments such as pension fund re-measurement, profit/loss on sale or impairment of subsidiaries and re-measurement of employment obligations. Gains or losses on disposal of property, plant and equipment, as well as investment property and fair value adjustments on service concessions and investment property are not adjusted as these are deemed to be in the segments' core operational control. The operating profit does not include any impairment adjustments. As exco reviews operating profit, the results of discontinued operations are not included in the measure of operating profit.

Management do not believe that there are any additional segments that require separate reporting. The reportable operating segments derive their revenue as described above. The group is also considered by geographical segment due to the extensive geographic footprint maintained by the group. The geographies are grouped into regions for reporting purposes as the group moves towards establishing operational hubs for management of regions.

The segmental information presented, includes the reconciliation of IFRS measures presented on the face of the income statement to non-IFRS measures, which are used by management to analyse the group's performance.

FINANCIAL PERFORMANCE: GROUP REVENUE AND OPERATING PROFIT

Note: Graphs represent F2015 values only.

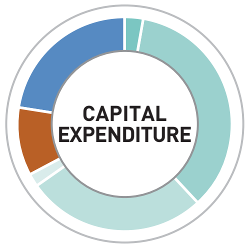
2015 (R'000)	**Gross revenue**	**Internal revenue**	**External revenue**	**Operating profit**
Operational segments				
Engineering & Construction	**11 967 481**	**(92 124)**	**11 875 357**	**43 836**
Building & Housing	**4 920 265**	**(34 314)**	**4 885 951**	**91 383**
Civil Engineering	**2 723 561**	**(57 810)**	**2 665 751**	**(96 263)**
Projects	**2 213 758**	**–**	**2 213 758**	**20 411**
Energy	**2 109 897**	**–**	**2 109 897**	**28 305**
Investments & Concessions	**995 125**	**–**	**995 125**	**236 638**
Manufacturing	**1 232 929**	**(174 134)**	**1 058 795**	**67 894**
	14 195 535	**(266 258)**	**13 929 277**	**348 368**
Joint arrangements equity accounted and joint arrangements wholly consolidated			**(53 707)**	**(11 313)**
			13 875 570	**337 055**
Adjustment for non-operational items				
Pension fund valuation surplus				**18 874**
Net profit on disposal of investment in associate and reversal of impairment of investment in associate				**2 626**
Re-measurement of employment obligation				**7 921**
Operating profit per income statement				**366 476**

2014 (R'000) Restated*	Gross revenue	Internal revenue	External revenue	Operating profit
Operational segments				
Engineering & Construction	13 768 521	(316 428)	13 452 093	370 860
Building & Housing	4 475 547	(45 034)	4 430 513	90 817
Civil Engineering	4 031 537	(271 394)	3 760 143	66 567
Projects	1 740 812	–	1 740 812	119 661
Energy	3 520 625	–	3 520 625	93 815
Investments & Concessions	905 013	–	905 013	197 021
Manufacturing	1 260 263	(200 186)	1 060 077	82 289
	15 933 797	(516 614)	15 417 183	650 170
Joint arrangements equity accounted and joint arrangements wholly consolidated			(56 739)	(9 138)
			15 360 444	641 032
Adjustment for non-operational transactions				
Pension fund valuation surplus				6 944
Loss on impairment of investment in associate and loss on acquisition of interest in subsidiary				(2 002)
Re-measurement of employment obligation				(3 020)
Operating profit per income statement				642 954

Sales between segments are carried out of arm's length and are reflected above.

* *Restated for the application of IFRS 5 – Non-current assets held for sale and discontinued operations as a result of the decision to transfer the remaining business within the discontinued cluster of Construction Materials into continuing operations within the Manufacturing cluster.*

FINANCIAL POSITION: CURRENT ASSETS AND CAPITAL EXPENDITURE



Note: Graphs represent F2015 values only.

(R'000)	**2015**	2014	**2015**	2014
Operational segments				
Engineering & Construction	**4 046 432**	4 193 043	**104 694**	207 025
Building & Housing	**1 241 925**	828 623	**7 620**	21 978
Civil Engineering	**1 471 338**	1 568 433	**52 245**	143 962
Projects	**658 873**	550 361	**40 509**	19 218
Energy	**674 296**	1 245 626	**4 320**	21 867
Investments & Concessions	**305 216**	301 051	**15 301**	16 223
Manufacturing	**449 374**	444 724	**32 594**	39 201
	4 801 022	4 938 818	**152 589**	262 449
Joint arrangements equity accounted and joint arrangements wholly consolidated	**6 200**	(35 666)	**(3 993)**	(856)
	4 807 222	4 903 152	**148 596**	261 593
Bank balances and cash	**3 389 936**	2 912 240	**–**	–
Total current assets per statement of financial position	**8 197 158**	7 815 392	**–**	–
Property, plant and equipment – additions (note 8)	**–**	–	**148 596**	261 593

The measures of current assets and capital expenditure have been disclosed for each reportable segment as these are regularly provided to exco.

GEOGRAPHICAL INFORMATION

South Africa is regarded as the group's country of domicile. As described, the various geographies are monitored via operational hubs and thus disclosed as such below.

Note: Graphs represent F2015 values only.

(R'000)	**2015**	2014 Restated*
Geographical regions		
Eastern Europe	**623 083**	581 860
Eastern Africa	**11 763**	143 781
Southern Africa	**11 895 079**	12 966 788
Central Africa	**419 977**	1 447 380
Western Africa	**979 375**	277 374
	13 929 277	15 417 183
Joint arrangements equity accounted and joint arrangements wholly consolidated	**(53 707)**	(56 739)
	13 875 570	15 360 444
Per income statement	**13 875 570**	15 360 444

An additional group segmental analysis has been included as Annexure 1 as, although exco does not review this information on a monthly basis in order to take strategic decisions, management deems this information to provide additional value-added disclosure to stakeholders. Refer to pages 68 to 72 for details.

* *Restated for the application of IFRS 5 – Non-current assets held for sale and discontinued operations as a result of the decision to transfer the remaining business within the discontinued cluster of Construction Materials into continuing operations within the Manufacturing cluster.*

ACCOUNTING POLICIES

for the year ended 30 June 2015

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 and the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS, the JSE Listings Requirements, the Companies Act of South Africa and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncement as issued by the Financial Reporting Standards Council. The accounting policies are consistent with those of the previous year except where indicated otherwise. 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. The consolidated financial statements include those of the holding company, its subsidiaries, joint arrangements and associates. During the year the group transferred the remaining business within its discontinued cluster of Construction Materials into continuing operations. This operation now trades within the Manufacturing cluster. In terms of IFRS 5 – Non-current assets held for sale and discontinued operations, the group is required to restate its prior year reported income statement and statement of cash flow to reflect the changes.

1.1 BASIS OF CONSOLIDATION

a) Business combinations

The acquisition method of accounting is used to account for business combinations by the group. The consideration transferred for the acquisition of a business is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. Subsequently, the carrying amount of non-controlling interest is the amount of the interest at initial recognition plus the non-controlling interest's share of the subsequent changes in equity. Total comprehensive income is attributed to non-controlling interest even if this results in the non-controlling interest having a deficit balance.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of comprehensive income.

b) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

c) Transactions and non-controlling interests

The group treats transactions with non-controlling interests as transactions with equity owners of the group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

d) Joint arrangements

The group has applied IFRS 11 to all joint arrangements as of 1 July 2012. Under IFRS 11, investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The group has assessed the nature of its joint arrangements and determined them to be joint ventures and joint operations.

Joint ventures are accounted for using the equity method. Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long term interests that, in substance, form part of the group's net investment in the joint ventures), the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures. Loans to joint ventures are included in equity accounted investment in the statement of financial position.

Joint operations are those entities in which the group has joint control. The group accounts for its assets and liabilities, revenue and expenses, as well as its share of assets, liabilities, revenue and expenses of joint operations in the consolidated financial statements.

The results of joint arrangements are included from the effective dates of acquisition and up to the effective dates of derecognition.

Inter-company transactions, balances and unrealised gains on transactions between the group and its joint arrangements are eliminated on consolidation to the extent of the group's interest. Unrealised losses are eliminated and are also considered an impairment indicator of the asset transferred.

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.

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 when there is an indication/indicators 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

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as exco which makes strategic decisions. The basis of segmental reporting is set out on page 18.

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 Rand, which is the group's 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 statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- 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 in other comprehensive income.

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

The group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the group's activities as described below. The group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

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. If circumstances arise that may change the original estimates of revenues, costs or extent of progress toward completion, estimates are revised. These revisions may result in increases or decreases in estimated revenues or costs and are reflected in income in the period in which the circumstances that give rise to the revision become known by management.

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; and
- investment property and investments in concessions – fair value increases or decreases during the year.

1.5 OPERATING PROFIT

Transactions such as fair value adjustments on service concessions, fair value adjustments on investment property, fair value adjustments on property developments and impairment adjustments are considered to be a part of operating profit but are separately disclosed for additional disclosure as they are transactions in addition to the underlying operating activities of the business units albeit still in the segments core operational control.

1.6 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 and investment property).

The accounting for each category of properties is as follows:

- company occupied property is carried at cost less accumulated depreciation and accumulated impairment, 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 to their residual value; 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; and
- property development costs held as inventory and investment property are measured in accordance with accounting policies 1.7 and 1.13 respectively.

b) 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.

c) 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 the factory plant to its estimated residual value on a straight-line basis over its expected useful life. Any remaining book value of a component replaced is written off immediately in the income statement. Other repair and maintenance expenditure is charged directly to the income statement as incurred.

d) 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 three to ten years. The estimated useful lives and residual values are reviewed annually.

e) Computerware and 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.

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. Development costs recognised as assets are depreciated using the straight-line method over their useful lives, not exceeding a period of ten years.

f) 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.

g) 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.

h) Gains and losses

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within the income statement as appropriate.

1.7 INVESTMENT PROPERTY

Investment property is property held to generate independent cash flows through rental or capital appreciation, and is carried at fair value with changes in fair value recognised in the income statement.

1.8 IMPAIRMENT ADJUSTMENTS

a) Non-current non-financial assets

Non-current non-financial assets are tested for impairment when there is an indication 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.

b) Financial assets: assets carried at amortised cost

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The criteria that the group uses to determine that there is objective evidence of an impairment loss include:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- the group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- it becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:

  (i) adverse changes in the payment status of borrowers in the portfolio; and

(ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

The group first assesses whether objective evidence of impairment exists.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the group may measure impairment on the basis of an instrument's fair value using an observable market price. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the income statement.

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.

a) 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.

b) 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 statement of financial position date. These are classified as non-current assets. Loans and receivables include trade and other receivables and cash and cash equivalents in the statement of financial position. 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 statement of financial position include cash and cash equivalents (as defined), short term borrowings, investments in service concessions, investment in property development, trade and other receivables, contracts in progress, 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 re measured 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 on-going 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 17. 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.

a) 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).

b) 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.

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 aggregates 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, are valued at the lower of cost and net realisable value.

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 revenue 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 statement of financial position 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.

1.16 CASH AND CASH EQUIVALENTS

For the purpose of the statement of cash flow, 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) CLASSIFIED AS 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 statement of financial position date.

1.21 CAPITALISATION OF BORROWING COSTS

Borrowing costs, incurred in respect of property developments, investment property, inventory 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 direct 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) and deferred taxation.

The current taxation 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 substantively enacted by the statement of financial position 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 statement of financial position 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.

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.

For defined contribution plans, the group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

a.ii Pension obligations – defined benefit plans

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. 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 interest rates of high-quality corporate bonds which has terms to maturity approximating to the terms of the related pension obligation.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in income.

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.

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 statement of financial position date.

d) Equity compensation benefits

Share options and appreciation rights are granted to employees in terms of the schemes detailed in note 21.4. 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, are expensed over their vesting periods on a straight-line basis. The fair value of the share options is measured using the Black-Scholes pricing model. These share options are not subsequently re-valued.

Options exercised are equity settled through a fresh issue of shares or through a repurchase and re-issue of shares by the group.

Cash-settled share-based payments are granted to beneficiaries of the Black Professionals Staff Trust, which Trust was approved by shareholders during the 2013 financial year and to participants eligible to receive bonus shares in terms of the group's long term incentive plan. The cost of these payments is recognised as a cash-settled share based payment transaction over the life of the schemes from the effective date of the transaction to vesting date. (Refer to note 21.4.3.)

e) Profit sharing and bonus plans

A liability for employee benefits, in the form of profit sharing and bonus plans, is recognised in trade and other payables 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.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

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 pre-tax rates that reflect inflation and the time value of money.

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 current and non-current 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 is 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

Dividend distribution to the company's shareholders is recognised as a liability in the group's financial statements in the period in which the dividends are approved by the company's 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 2/2013 "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 arrangements and associated companies of the group are related parties. A list of the major subsidiaries, joint arrangements and associated companies are included on pages 75 to 84 of this integrated 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 and senior management emoluments, as well as transactions with other related parties, are set out in note 22. There were no other material contracts with related parties.

1.33 DISCONTINUED OPERATIONS

A discontinued operation 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 affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of 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 of estimates made.

2.2 ESTIMATES REGARDING IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT

The group continually assesses the recoverability of property, plant and equipment. Assets were evaluated with reference to external valuations and confirmations to support the reasonableness of carrying values as part of the assets' annual evaluation process.

2.3 FAIR VALUE OF INVESTMENT PROPERTIES, 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 statement of financial position date. (Refer to notes 9 and 11 for valuation methodology and significant assumptions used.)

2.4 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 cost of construction services and activities performed to date as a proportion of the total cost of services and activities to be performed. In addition, judgements are required when recognising and measuring any variations or claims on each contract.

2.5 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 notes 13 and 15 for additional disclosure.)

2.6 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 that require specific additional estimates or judgements have been entered into in the year.

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 of 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 statement of financial position 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.

2.7 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 and their sensitivities are set out in notes 21.2 and 21.3. 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 have occurred, valuations are performed annually.

2.8 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, share price and dividend yield. (Refer to note 21.4 for details on each of the share option schemes.)

2.9 ESTIMATE OF EXPOSURE AND LIABILITIES WITH REGARD TO REHABILITATION COSTS

Estimated non-current 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. Additionally, future changes to environmental laws and regulations, life of asset and discount rates could affect the carrying amount of their provisions. (Refer to note 18 for valuation methodology and significant assumptions used.)

2.10 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 23 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.

Of particular relevance for the prior periods is that the group made provision for an estimated potential administrative penalty to be levied by the Competition Commission and the effects thereof is included in the 2013 reported results. Stakeholder attention is drawn to the contingent risk of civil claims possibly being lodged against the group, and all construction companies who have been allegedly party to the anti-competitive behaviour, following the Competition Commission release of its findings in June 2013 and the public interest reported in recent months. To date no claim has been instituted against the group.

NOTES TO THE FINANCIAL STATEMENTS

3. ADOPTION OF NEW ACCOUNTING STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS

3.1 NEW STANDARDS AND INTERPRETATIONS

There were a number of new standards and interpretations effective and adopted in the current year, none of which have a significant impact on the Group.

3.2 STANDARDS AND INTERPRETATIONS ISSUED NOT YET EFFECTIVE

There are a number of new standards and amendments to standards which will only be effective after the 2015 financial year. None of these are expected to have a significant impact on the Group except for IFRS 15 – Revenue from contracts with customers and IFRS 9 – Financial instruments.

Accounting standards/interpretation	Effective date	Description
IFRS 15 – Revenue from contracts with customers	1 January 2018	The FASB and IASB issued their standard on revenue recognition on 29 May 2014. It is a single, comprehensive revenue recognition model for all contracts with customers to achieve greater consistency in the recognition and presentation of revenue. Revenue is recognised based on the satisfaction of performance obligations, which occurs when control of goods or services transfers to a customer. *Impact: Reassessment of revenue and interest recognition specifically relating to long term contracts. Impacts timing of profit recognition on long term contracts within the income statement*
IFRS 9 – Financial Instruments (2009 & 2010) Financial liabilities › Derecognition of financial instruments › Financial assets › General hedge accounting	1 January 2018	This IFRS is part of the IASB's project to replace IAS 39. IFRS 9 addresses classification and measurement of financial assets and replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortised cost and fair value. The IASB has updated IFRS 9 – Financial instruments to include guidance on financial liabilities and derecognition of financial instruments. The accounting and presentation for financial liabilities and for derecognising financial instruments has been relocated from IAS 39 – Financial instruments: Recognition and measurement', without change, except for financial liabilities that are designated at fair value through profit or loss *Impact: No significant impact expected*
Amendment to IFRS 9 – Financial instruments, on general hedge accounting	1 January 2018	The IASB has amended IFRS 9 to align hedge accounting more closely with an entity's risk management. The revised standard also establishes a more principles-based approach to hedge accounting and addresses inconsistencies and weaknesses in the current model in IAS 39. Early adoption of the above requirements has specific transitional rules that need to be followed. Entities can elect to apply IFRS 9 for any of the following: The own credit risk requirements for financial liabilities. Classification and measurement (C&M) requirements for financial assets. C&M requirements for financial assets and financial liabilities. The full current version of IFRS 9 (that is, C&M requirements for financial assets and financial liabilities and hedge accounting). The transitional provisions described above are likely to change once the IASB completes all phases of IFRS 9. *Impact: No significant impact expected*

(R'000)	GROUP AUDITED 2015	2014 Restated*
4. OPERATING PROFIT		
Operating profit is stated after charging/(crediting):		
4.1 Staff costs, including retirement and benefit contributions (see note 21.1)	**3 454 480**	3 417 574
4.2 Depreciation	**187 138**	267 143
Owner-occupied buildings	**2 725**	2 090
Factory plant	**26 383**	19 094
Mobile plant and vehicles – purchased	**87 287**	182 392
Mobile plant and vehicles – leased	**33 805**	31 184
Computerware and development costs – purchased	**15 332**	20 361
Computerware and development costs – leased	**4 002**	3 405
Furniture, fittings and other items – purchased	**17 604**	8 617
4.3 (Profit)/loss on disposal of property, plant and equipment	**(1 469)**	4 757
4.4 Foreign exchange (gains)/losses – net	**(37 723)**	18 524
4.5 Fair value (gains)/losses on financial instruments		
Forward exchange contract	**(5 188)**	3 673
4.6 Rentals under operating leases	**100 098**	85 761
Land and buildings	**89 729**	74 617
Other equipment	**10 369**	11 144
4.7 Remuneration other than to employees	**3 236**	6 069
Management services	**697**	509
Technical services	**2 539**	5 560
4.8 Included in other site and administration cost		
Security	**53 883**	40 718
Electricity and water	**71 447**	69 494
Safety	**21 391**	18 497
Communications	**32 253**	37 671

* *Restated for the application of IFRS 5 – Non-current assets held for sale and discontinued operations as a result of the decision to transfer the remaining business within the discontinued cluster of Construction Materials into continuing operations within the Manufacturing cluster.*

(R'000)	GROUP AUDITED 2015	2014 Restated*
5. FINANCE COST – NET		
Finance income:	**62 633**	64 725
Bank balances and cash	**47 529**	52 459
Other finance income	**15 104**	12 266
Finance cost:	**(64 255)**	(66 504)
Unsecured borrowings	**(44 964)**	(45 592)
Secured borrowings and other finance cost	**(19 291)**	(20 912)
Total finance cost – net	**(1 622)**	(1 779)
Borrowing cost of R13,7 million (2014: R4,6 million) was capitalised in the current year at an average borrowing rate of 8.7% (2014: 8.5%).		
6. TAXATION		
South African normal taxation		
Current taxation	**(36 939)**	(87 853)
– current year	**(27 615)**	(79 044)
– prior year	**(9 324)**	(8 809)
Foreign taxation		
Current taxation	**(62 179)**	(123 137)
– current year	**(59 412)**	(107 289)
– prior year	**(2 767)**	(15 848)
Deferred taxation	**(9 927)**	(18 748)
– current year	**(13 516)**	(31 335)
– prior year	**3 589**	12 587
	(109 045)	(229 738)
	%	%
Reconciliation of normal taxation rate		
South African normal taxation rate	**28.0**	28.0
Adjusted for:		
– Tax at rates in lower tax jurisdictions	**(5.5)**	(2.2)
– Deferred tax assets not raised	**2.8**	6.0
– Tax under-provided in respect of prior years	**2.6**	1.9
– Expenses not deductible for tax purposes	**0.1**	0.6
Effective rate of taxation	**28.0**	34.3
Estimated taxation losses available for set-off against future taxable income	**343 236**	282 215
Potential taxation relief at current tax rates (unrecognised deferred taxation assets)	**47 580**	44 557

The deferred tax assets depend on sufficient taxable income being earned in future by the subsidiaries concerned.

* *Restated for the application of IFRS 5 – Non-current assets held for sale and discontinued operations as a result of the decision to transfer the remaining business within the discontinued cluster of Construction Materials into continuing operations within the Manufacturing cluster.*

(R'000)	GROUP AUDITED 2015	2014
7. EARNINGS PER SHARE		
7.1 EARNINGS PER SHARE		
Earnings for the year – attributable to shareholders	223 884	401 421
Shares outstanding 1 July ('000)	100 799	99 506
Weighted average number of shares issued during the year ('000)	96	547
Weighted average number at end of year ('000)	100 895	100 053
Earnings per share (R)	2,22	4,01
7.2 FULLY DILUTED EARNINGS PER SHARE		
Earnings for the year – income attributable to shareholders	223 884	401 421
Weighted average number at end of year ('000)	100 895	100 053
Adjusted for:		
– Inclusion of dilutive shares held by share trusts ('000)	403	1 844
Adjusted weighted average number of shares ('000)	101 298	101 897
Fully diluted earnings per share (R)	2,21	3,94

	2015 Gross pre-tax	2015 Net	2014 Gross pre-tax	2014 Net
7.3 HEADLINE EARNINGS PER SHARE				
Profit for the year		223 884		401 421
Adjusted for:	(21 046)	(17 331)	6 759	5 399
– (Profit)/loss on disposal of property, plant and equipment	(1 469)	(918)	4 757	3 397
– Loss on impairment of associate and loss on acquisition of interest in subsidiary	–	–	2 002	2 002
– Profit on fair value adjustment on investment property held by associate company	(16 951)	(13 787)	–	–
– Net profit on disposal of investment in associate and reversal of impairment of investment in associate	(2 626)	(2 626)	–	–
Headline earnings		206 553		406 820
Weighted average number of shares ('000)		100 895		100 053
Headline earnings per share (R)		2,05		4,07
7.4 FULLY DILUTED HEADLINE EARNINGS PER SHARE				
Headline earnings		206 553		406 820
Adjusted weighted average number of shares ('000)		101 298		101 897
Fully diluted headline earnings per share (R)		2,04		3,99

(R'000)	GROUP AUDITED 2015	2014
8. PROPERTY, PLANT AND EQUIPMENT		
Total property, plant and equipment		
Cost		
At the beginning of the year	**2 287 350**	2 103 040
Additions	**148 596**	261 593
Acquisition of additional share of assets in jointly controlled entities	**–**	14 171
Transfer from non-current assets classified as held for sale	**56 661**	3 563
Disposals	**(194 671)**	(95 017)
At the end of the year	**2 297 936**	2 287 350
Accumulated depreciation		
At the beginning of the year	**(1 378 775)**	(1 167 251)
Current year charge	**(187 138)**	(267 143)
Acquisition of additional share of assets in jointly controlled entities	**–**	(6 565)
Transfer from non-current assets classified as held for sale	**(27 843)**	–
Disposals	**146 367**	62 184
At the end of the year	**(1 447 389)**	(1 378 775)
Net book value	**850 547**	908 575
Owner-occupied land and buildings		
Cost		
At the beginning of the year	**97 342**	95 637
Additions	**2 641**	1 763
Transfer from non-current assets classified as held for sale	**12 132**	–
Disposals	**(2 400)**	(58)
At the end of the year	**109 715**	97 342
Accumulated depreciation		
At the beginning of the year	**(37 321)**	(35 259)
Current year charge	**(2 725)**	(2 090)
Transfer from non-current assets classified as held for sale	**(2 295)**	–
Disposals	**240**	28
At the end of the year	**(42 101)**	(37 321)
Net book value	**67 614**	60 021
A full list of the group's land and buildings is maintained at the registered office.		
Capital work in progress		
Cost		
At the beginning of the year	**9 503**	43 900
Additions	**30 954**	81 711
Transfers	**(20 102)**	(116 108)
At the end of the year	**20 355**	9 503

(R'000)	GROUP AUDITED 2015	2014
8. PROPERTY, PLANT AND EQUIPMENT continued		
Factory plant		
Cost		
At the beginning of the year	**268 524**	199 502
Additions	**3 388**	10 145
Transfers	**14 587**	58 877
Transfer from non-current assets classified as held for sale	**27 873**	–
Disposals	**(25 164)**	–
At the end of the year	**289 208**	268 524
Accumulated depreciation		
At the beginning of the year	**(183 111)**	(164 017)
Current year charge	**(26 383)**	(19 094)
Transfer from non-current assets classified as held for sale	**(16 379)**	–
Disposals	**21 860**	–
At the end of the end	**(204 013)**	(183 111)
Net book value	**85 195**	85 413
Mobile plant and vehicles – purchased		
Cost		
At the beginning of the year	**1 416 848**	1 304 361
Additions	**60 469**	64 551
Transfers	**37 999**	108 561
Transfer from non-current assets classified as held for sale	**10 070**	3 563
Disposals	**(154 826)**	(78 359)
Acquisition of additional share of assets in jointly controlled entities	**–**	14 171
At the end of the year	**1 370 560**	1 416 848
Accumulated depreciation		
At the beginning of the year	**(939 755)**	(733 760)
Current year charge	**(87 287)**	(182 392)
Transfers	**(24 077)**	(63 375)
Transfer from non-current assets classified as held for sale	**(5 580)**	–
Disposals	**114 714**	46 337
Acquisition of additional share of assets in jointly controlled entities	**–**	(6 565)
At the end of the year	**(941 985)**	(939 755)
Net book value	**428 575**	477 093

(R'000)	GROUP AUDITED 2015	2014
8. PROPERTY, PLANT AND EQUIPMENT continued		
Mobile plant and vehicles – leased		
Cost		
At the beginning of the year	232 990	260 112
Additions	27 203	81 439
Transfers	(35 966)	(108 561)
Transfer from non-current assets classified as held for sale	4 664	–
Disposals	(5 146)	–
At the end of the year	223 745	232 990
Accumulated depreciation		
At the beginning of the year	(43 978)	(76 169)
Current year charge	(33 805)	(31 184)
Transfers	24 077	63 375
Transfer from non-current assets classified as held for sale	(2 327)	–
Disposals	2 662	–
At the end of the year	(53 371)	(43 978)
Net book value	170 374	189 012
Computerware and development costs – purchased		
Cost		
At the beginning of the year	155 524	128 619
Additions	10 168	9 256
Transfers	–	21 594
Transfer from non-current assets classified as held for sale	240	–
Disposals	(3 176)	(3 945)
At the end of the year	162 756	155 524
Accumulated depreciation		
At the beginning of the year	(135 886)	(99 880)
Current year charge	(15 332)	(20 361)
Transfers	–	(19 113)
Transfer from non-current assets classified as held for sale	(233)	–
Disposals	2 942	3 468
At the end of the year	(148 509)	(135 886)
Net book value	14 247	19 638

(R'000)	GROUP AUDITED 2015	2014
8. PROPERTY, PLANT AND EQUIPMENT continued		
Computerware and development costs – leased		
Cost		
At the beginning of the year	12 096	22 101
Additions	–	9 602
Transfers	–	(19 541)
Disposals	–	(66)
At the end of the year	12 096	12 096
Accumulated depreciation		
At the beginning of the year	(4 686)	(20 460)
Current year charge	(4 002)	(3 405)
Transfers	–	19 113
Disposals	–	66
At the end of the year	(8 688)	(4 686)
Net book value	3 408	7 410
Furniture, fittings and other items – purchased		
Cost		
At the beginning of the year	94 523	48 808
Additions	17 256	3 126
Transfers	–	55 178
Transfer from non-current assets classified as held for sale	1 682	–
Disposals	(3 959)	(12 589)
At the end of the year	109 502	94 523
Accumulated depreciation		
At the beginning of the year	(34 038)	(37 706)
Current year charge	(17 604)	(8 617)
Transfer from non-current assets classified as held for sale	(1 029)	–
Disposals	3 949	12 285
At the end of the year	(48 722)	(34 038)
Net book value	60 780	60 485

Refer to note 16.5 for details on the total carrying amount of assets encumbered.

(R'000)	GROUP AUDITED 2015	2014
9. INVESTMENT PROPERTY		
Fair value at the beginning of the year	**95 607**	–
Additions	**7 937**	95 607
Acquisition cost	**–**	92 000
Borrowing cost capitalised	**6 096**	3 306
Development cost capitalised	**1 841**	301
Fair value at end of year	**103 544**	95 607

Investment properties held on the statement of financial position consist of the following:

30 June Name	Description	Initial cost	R'000	R'000
The Angle on Oxford	100% owner of vacant land in Rosebank	92 000	**103 544**	95 607
		92 000	**103 544**	95 607

In assessing the fair value of investment property, valuations include consideration of the title deed information, town planning conditions, locality and improvements made to the property. 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.

In the prior year, the group acquired approximately 1.4 hectares of land to be utilised for a proposed 30 000 m^2 (GLA) commercial development including 1 272 m^2 of retail space. The land is situated on the intersection between Oxford and Bompas Roads in the prime business district of Rosebank.

Internal valuations were performed by management at 30 June 2015 on the vacant land investment property. In comparing the carrying value of investment property to the internal valuation performed, using applicable and available market-related information, no fair value adjustment was deemed necessary based on comparable market information. This is considered a level 3 valuation in terms of the fair value hierarchy.

The analysis below depicts the effect on profit before taxation assuming changes in vacancy and capitalisation rates on the investment property.

(R'000)	Increase/(decrease) in fair value and hence profit before taxation as assessed at 30 June 2015	2014
10.00% increase in 2% vacancy factor	**(1 037)**	(1 024)
10.00% decrease in 2% vacancy factor	**1 037**	1 024
5% increase in 8.9% capitalisation factor	**(24 193)**	(23 891)
5% decrease in 8.9% capitalisation factor	**26 740**	26 412

(R'000)	GROUP AUDITED 2015	2014
10. EQUITY ACCOUNTED INVESTMENTS		
Associates (note 10.1)	**141 484**	110 270
Joint ventures (note 10.2)	**68 851**	60 483
Total	**210 335**	170 753
10.1 ASSOCIATES		
10.1.1 Investment in associates		
Unlisted associates		
Shares at cost	**48 815**	49 918
Group's share of distributable reserves	**45 952**	28 119
Total non-financial instruments	**94 767**	78 037
10.1.2 Loans to associates		
Loans to associates	**46 717**	34 488
Impairment	**–**	(2 255)
Total financial instruments	**46 717**	32 233
Total	**141 484**	110 270

The impairment in the prior year relates to associates for which the recoverability of investment will only be deemed probable once start-up of operations is complete and performance profitability established.

Loans to associates bear interest at a rate of 13.0% (2014: 7.5%) and have no fixed repayment terms.

The carrying value of the financial instruments approximates their fair values.

The summarised financial information of the group's share in the assets and liabilities, income and expenditure and cash flows are reflected in Annexure 6 on page 81.

(R'000)	2015	2014
10.2 JOINT VENTURES		
10.2.1 Investment in joint ventures		
Unlisted joint ventures		
Shares at cost	**6**	6
Group's share of distributable reserves	**3 137**	–
Total non-financial instruments	**3 143**	6
10.2.2 Loans to joint ventures		
Loans to joint ventures	**65 708**	64 099
Accumulated equity accounted losses	**–**	(3 622)
Total financial instruments	**65 708**	60 477
Total	**68 851**	60 483

Loans to joint ventures bear interest at an average borrowing rate of 9.25% (2014: 9.00%) with no fixed repayment terms.

The carrying value of the financial instruments approximates their fair values.

The summarised financial information of the joint ventures assets and liabilities, income and expenditure and cash flows are reflected in Annexure 5 on page 78.

(R'000)	GROUP AUDITED 2015	2014
11. INVESTMENTS IN SERVICE CONCESSIONS		
At fair value	**384 095**	421 563

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

Details of the investments at 30 June 2015 are as follows:

Name of road	Country	Km	% interest	Concession period	Current status
A1 (Phase II)	Poland	61	15	30 years	Operational
A1 (Phase I)	Poland	90	15	30 years	Operational
M6 (Phase III)	Hungary	78	10	28 years	Operational

The movement in investment in service concessions may be summarised as follows:

	2015	2014
Opening balance at the beginning of the year	**421 563**	360 684
Proceeds on investments in service concessions	**(153 194)**	(22 961)
Fair value adjustments through profit and loss	**115 726**	83 840
Closing balance at the end of the year	**384 095**	421 563

Investments in service concessions are made in targeted long term infrastructure projects where the group also has a development, construction and/or operating position. The successful execution of the group's responsibilities in such projects contributes to reducing the project risks so adding value to the project. Such investments typically take the form of equity and subordinated shareholder loans in geared special purpose vehicles formed to undertake the project, such that reductions in the project risk have a leveraged effect on the value of the investment.

The group values its investments in service concessions at fair value at the time of investing or of making an irrevocable commitment to invest.

Fair values are determined using the discounted cash flow method of valuation using anticipated future cash flows based on market-related exchange and inflation rates. These are discounted at appropriate discount rates that take into account the relevant market and project risks. Potential refinancing gains are not taken into account.

In determining the appropriate discount rate, consideration is given to the stage of completion of the project lifecycle and to the nature of the project. The applicable risk free rate is adjusted by both market and project-specific risk premia in determining the applied discount rate.

Market risk premia are determined with reference to the comparative term government bond yield of the country in which the infrastructure asset is located, and market liquidity. Project risk premia are sector and project specific, and decrease over time when the various design, construction, mobilisation, operations and maintenance, project revenue and project counterparty risks are successfully dealt with or are proven to be mitigated, or when their effects are known with certainty.

Fair values of investments in projects still under construction are considered to be the cost of the investment. Fair values of investments in projects where the effects of significant unmitigated project risks cannot be estimated with certainty (such as traffic risk on certain toll road concessions during early operating periods) are determined using the discounted cash flow method at appropriately high start-up phase risk premia. Where investments in service concessions are denominated in a currency other than Rand, the investments are translated at year end spot rates, being the valuation date.

The investments in the A1 phase 1 & 2 road projects in Poland and M6 phase III project in Hungary are valued by using the discounted cash flow method on the underlying Euro-denominated project cash flows as operations have commenced on all these projects.

Fair value measurement using:

	2015	2014
Observable input:		
Exchange rates – ZAR:EUR	13,64	14,46
Unobservable input:		
Discount rate	9% – 14%	9% – 14%

A basic sensitivity analysis, calculating the effect on investment valuation from differing exchange rates, on the fair value of investment in these service concessions was performed at 30 June 2015.

The effect, when varying Euro-Rand exchange rates by 10% on fair values of these investments, is R38,4 million (2014: R42,1 million). Similarly, every 10% increase or decrease in the discount rates used in the discounted cash flow basis of valuation results in a decrease or increase in the valuation of between R37,1 million and R42,9 million (2014: R42,3 million and R49,1 million).

(R'000)	GROUP AUDITED 2015	2014

12. DEFERRED TAXATION

(R'000)	2015	2014
Deferred taxation asset	**40 385**	46 361
Deferred taxation liability	**(44 424)**	(34 750)
Net deferred taxation (liability)/asset at year end	**(4 039)**	11 611
Balance at beginning of year	**11 611**	44 920
Charge to the income statement	**(9 927)**	(18 748)
Transfer from non-current assets classified as held for sale	**–**	420
Charge to other comprehensive income	**(5 723)**	(14 981)
Balance at end of year	**(4 039)**	11 611
The closing balance deferred taxation (liability)/asset is attributable to the following items:		
Capital allowances	**(58 870)**	(57 598)
Provisions	**51 395**	76 768
Contract allowances	**3 436**	(7 739)
Estimated tax losses	**–**	180
Balance at end of year	**(4 039)**	11 611

2015: Deferred taxation reversal (R'000)	**Total deferred taxation (liability)/ asset**	**Expected to reverse in**		
		1 year	**2 – 5 years**	**>5 years**
Capital allowances	**(58 870)**	**(7 655)**	**(51 215)**	**–**
Provisions	**51 395**	**106 048**	**–**	**(54 653)**
Contract allowances	**3 436**	**3 436**	**–**	**–**
Estimated tax losses	**–**	**–**	**–**	**–**
	(4 039)	**101 829**	**(51 215)**	**(54 653)**

2014: Deferred taxation reversal (R'000)	Total deferred taxation asset/ (liability)	Expected to reverse in		
		1 year	2 – 5 years	>5 years
Capital allowances	(57 598)	(13 450)	(44 148)	–
Provisions	76 768	98 483	–	(21 715)
Contract allowances	(7 739)	(7 739)	–	–
Estimated tax losses	180	180	–	–
	11 611	77 474	(44 148)	(21 715)

13. INVENTORIES

(R'000)	GROUP AUDITED 2015	2014
Property developments in progress	**101 609**	95 457
Consumable stores	**42 070**	40 030
Manufacturing finished goods	**133 821**	126 341
Manufacturing work in progress	**7 912**	19 967
Manufacturing materials	**72 202**	63 971
	357 614	345 766
Inventory obsolescence (Manufacturing) (deducted from carrying value of inventories above)		
Balance at end of year	**6 545**	6 693

No inventories are encumbered.
Borrowing cost of R7,6 million (2014: R1,2 million) was capitalised to property developments in progress.

(R'000)	GROUP AUDITED 2015	2014
14. CONTRACTS IN PROGRESS		
Costs incurred plus profits recognised, less estimated losses relating to contracts in progress at year end	22 377 428	16 669 115
Progress billings	(21 493 123)	(16 031 396)
	884 305	637 719
15. TRADE AND OTHER RECEIVABLES		
Trade and other receivables include:		
Financial instruments		
– Contract debtors	2 398 688	2 622 737
– Less provision for impairment of contract debtors	(28 715)	(23 829)
– Trade debtors	302 890	296 795
– Less provision for impairment of trade debtors	(28 810)	(22 898)
– Retention debtors	222 102	188 844
– Other receivables	408 459	296 262
– Amounts owing by joint venture partners	274 359	307 439
Total financial instruments included in trade and other receivables	3 548 973	3 665 350
Non-financial instruments		
– Prepayments	16 330	249 171
Total non-financial instruments included in trade and other receivables	16 330	249 171
Total trade and other receivables	3 565 303	3 914 521

The carrying value of the financial instruments approximates their fair value due to the short term nature of these instruments. (Refer to note 24 for details on credit, currency and interest rate risk).

R210,2 million (2014: R195,6 million) of trade receivables that are subject to an expected repayment plan in excess of twelve months have been classified as non-current.

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 contract and trade debtors balance are debtors with a carrying amount of R547 million (2014: R607 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.

(R'000)	2015	2014
Analysis of the age of financial assets that are past due but not impaired		
Contract debtors		
– One month past due	36 076	125 835
– Two months past due	27 355	67 392
– Three months past due	32 173	66 633
– Four months and greater past due	420 168	335 106
	515 772	594 966
Trade debtors		
– One month past due	4 167	3 924
– Two months past due	8 474	98
– Three months past due	2 424	857
– Four months and greater past due	16 240	7 416
	31 305	12 295
Total	547 077	607 261

(R'000)	GROUP AUDITED 2015	2014

15. TRADE AND OTHER RECEIVABLES continued

Analysis of the age of financial assets that are past due but not impaired by region

	2015	2014
Contract debtors		
– Central Africa	140 892	187 901
– Eastern Africa	–	8 273
– Middle East	35 201	30 556
– Southern Africa	288 049	279 731
– Western Africa	51 630	88 505
	515 772	594 966
Trade debtors		
– Eastern Europe	–	–
– Southern Africa	31 305	12 295
	31 305	12 295
Total	547 077	607 261

In line with IFRS 7 par 6, the group discloses trade receivables that are past due but not impaired by region as management monitors the trade receivables on this basis.

	2015	2014
Reconciliation of the provision for impairment of trade receivables		
Opening balance	46 727	25 499
Charges against the provision	17 724	32 766
Transfer from non-current assets classified as held for sale	4 558	–
Bad debts written off	(11 484)	(11 538)
Closing balance	57 525	46 727

Analysis of impaired trade receivables

Included in the provision for impairment of trade receivables are individually impaired trade receivables with a balance of R58,4 million (2014: R50,7 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.

	2015	2014
Gross value of trade receivables that have been individually impaired	58 432	50 727
Less: impairment loss against these trade receivables	(57 525)	(46 727)
	907	4 000
Analysis of gross value of trade receivables that have been individually impaired by region		
– Eastern Africa	–	3 543
– Western Africa	16 672	16 672
– Southern Africa	39 976	29 675
– Middle East	–	837
– Central Africa	1 784	–
	58 432	50 727

In line with IFRS 7 par 6, the group discloses trade receivables that have been individually impaired by region as management monitors the trade receivables on this basis.

	2015	2014
Ageing of gross value of trade receivables that have been individually impaired		
One month past due	3 168	1 430
Two months past due	24	1 865
Three months past due	1 076	217
Four months past due	54 164	47 215
	58 432	50 727

(R'000)	GROUP AUDITED 2015	2014
15. TRADE AND OTHER RECEIVABLES continued		
Carrying amount per currency		
The carrying amounts of the group's trade and other receivables are denominated in the following currencies:		
South African Rand	**2 446 283**	2 550 604
US Dollars	**725 395**	1 005 886
United Arab Emirates Dirham	**189 853**	216 446
Other	**203 772**	141 585
	3 565 303	3 914 521
16. BORROWINGS		
16.1 INTEREST-BEARING BORROWINGS		
Unsecured bonds (note 16.3)	**285 391**	508 931
Secured loans bearing variable interest at rates ranging from 7.0% (2014: 7.0%) to 9.75% (2014: 9.0%) per annum (note 16.5)	**232 929**	249 912
Unsecured loans bearing variable interest linked to LIBOR ranging currently from USD 2.03% to 3.23% (2014: 2.95%) per annum and JIBAR at 8.66% per annum (note 16.4)	**544 025**	97 431
	1 062 345	856 274
Less: current portion disclosed on face of statement of financial position	**(585 111)**	(350 440)
	477 234	505 834
Capital repayable during the years ending 30 June		
2015	**–**	350 440
2016	**585 111**	55 786
2017	**306 583**	303 531
2018	**51 547**	48 186
2019	**21 013**	87 755
2020	**90 110**	10 576
2021	**7 981**	–
	1 062 345	856 274

16.2 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	
	2015	2014	**2015**	2014
Unsecured bonds	**279 716**	279 745	**274 424**	275 610
Unsecured loans	**–**	24 341	**–**	23 880
Secured loans	**197 518**	201 748	**186 791**	203 017
	477 234	505 834	**461 215**	502 507

Fair values are determined using the discounted cash flow method of valuation. These are discounted at appropriate discount rates ranging between 7.25% to 9.50%.

16.3 UNSECURED BONDS

The JSE Limited granted a listing to the group in respect of two senior unsecured notes issued under the group's R1 billion Domestic Medium Term Note Programme.

The two unsecured bonds were issued on 11 April 2012 as follows:

GFC03: R220 million, three-year 7.87% (2014: 7.57%) floating (three-month JIBAR) interest rate payable quarterly. The bond was settled on 10 April 2015.

GCF04: R280 million, five-year, 9.485% fixed interest rate payable semi-annually. The settlement date for this bond is 11 April 2017 and hence, the fair value of this bond is reflected within the long term portion of interest-bearing borrowings.

16. BORROWINGS continued

16.4 UNSECURED LOANS

During the year the group entered into the following borrowing transactions:

- A revolving credit facility for USD20 million bearing a variable interest, linked to LIBOR, at year end of 2.03%. This loan is repayable in September 2015.
- A revolving credit facility for R250 million bearing a variable interest linked to JIBAR, at year end of 8.6%. The revolving credit facility is available for a period of two years with the option to extend. The loan replaces the funding previously made available by the domestic medium term note which was settled in April 2015.

(R'000)	GROUP AUDITED 2015	2014
16.5 SECURED LOANS		
Secured loans are secured over:		
Mobile plant, vehicles and computer equipment with a net book value of	**173 782**	196 422

	Less than one year	Between one and five years	Total
2015			
Minimum lease payments	**52 927**	**231 772**	**284 699**
Lease finance charges	**(17 516)**	**(34 254)**	**(51 770)**
	35 411	**197 518**	**232 929**
2014			
Minimum lease payments	59 615	251 175	310 790
Lease finance charges	(11 451)	(49 427)	(60 878)
	48 164	201 748	249 912

(R'000)	GROUP AUDITED 2015	2014
16.6 SHORT TERM BORROWINGS		
Property development borrowings bearing interest at 8.25% (2014: 8.0%) per annum for the year ended 30 June 2015	**58 125**	70 772

	GROUP AUDITED 2015		2014	
(R'000)	**Assets**	**Liabilities**	Assets	Liabilities
17. DERIVATIVE FINANCIAL INSTRUMENTS				
Derivatives at fair value through profit and loss				
Total forward foreign exchange contracts	**–**	**–**	5 146	–
Less: non-current portion: forward foreign exchange contracts	**–**	**–**	–	–
Current portion: forward foreign exchange contracts	**–**	**–**	5 146	–

(2014: Purchase of USD484 000 at a weighted average rate of R9,46.)

(R'000)	GROUP AUDITED 2015	2014
18. PROVISION FOR ENVIRONMENTAL REHABILITATION		
At 1 July	**4 000**	4 000
Unwinding of discount	**260**	280
Released from provisions	**(335)**	(280)
Transfer from liabilities associated with non-current assets classified as held for sale	**2 366**	–
At 30 June	**6 291**	4 000

The environmental rehabilitation provision consists of R4 million (2014: R4 million) related to Everite and its costs associated with the close of asbestos waste dumps and R2,3 million relating to the closure costs of the Sky Sands Quarry. A risk free rate of 8.3% (2014: 7.8%) and an average inflation rate of 4.7% (2014: 6.2%) were used in the calculation of the estimated net present value of the rehabilitation liabilities.

(R'000)	GROUP AUDITED 2015	2014
19. TRADE AND OTHER PAYABLES		
Trade and other payables include:		
Financial instruments		
– Accrued expenses	**1 853 005**	1 745 624
– Trade and other creditors	**814 759**	1 143 734
– Sub-contractor creditors	**606 976**	716 525
– Retention creditors	**312 323**	244 993
– Amounts owning to joint venture partners	**300 974**	259 829
Total financial instruments included in trade and other payables	**3 888 037**	4 110 705
Non-financial instruments		
– Advance payments received	**1 089 760**	390 233
Total non-financial instruments included in trade and other payables	**1 089 760**	390 233
Total	**4 977 797**	4 500 938

No trade and other payables with payment terms greater than one year disclosed under non-current payables (2014: R17,3 million). The carrying value of the financial instruments approximates their fair value due to the short term nature of their instruments. (Refer to note 24 for details on the currency and interest risk).

(R'000)	Contract provisions	Sundry provisions	Total
20. CONTRACT RELATED PROVISIONS			
Balance at 30 June 2013	29 947	6 859	36 806
Charged to the income statement	4 094	6 860	10 954
Provision utilised	(5 571)	(2 202)	(7 773)
Balance at 30 June 2014	28 470	11 517	39 987
Charged to the income statement	**14 436**	**4 867**	**19 303**
Provision utilised	**(5 833)**	**(7 824)**	**(13 657)**
Balance at 30 June 2015	**37 073**	**8 560**	**45 633**

Contract provisions:

Contract provisions include amounts for sub-contractor estimated billings for which no certification has taken place.

Sundry provisions:

Sundry provisions relate to costs for contract maintenance periods.

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 AUDITED 2015	2014 Restated*

21. EMPLOYEE BENEFITS

21.1 STAFF COSTS

	2015	2014 Restated*
Wages, salaries and bonuses	**3 240 894**	3 227 389
Retrenchment cost	**38 329**	–
Cost of share options	**32 166**	51 526
Pension costs – defined contribution plans (including industry plans)	**153 219**	138 341
Pension costs – defined benefit plan income	**(10 128)**	318
Service cost	**10 403**	12 806
Net finance income	**(20 531)**	(12 488)
	3 454 480	3 417 574
	Number^	Number^
Number of employees at 30 June:		
Full-time	**5 252**	5 855
Part-time	**6 792**	8 471
	12 044	14 326
South Africa	**9 645**	10 890
Over-border	**2 399**	3 436
	12 044	14 326

^ *Number of employees, including staff employed by joint ventures equity accounted is 12 178 (2014: 14 503).*

21.2 PENSION SCHEME

The latest actuarial valuation of the group's defined benefit plan was carried out in March 2015 and was considered by the actuaries to be in a sound financial condition.

21.2(i) A summary of the valuation is presented below:

	2015	2014 Restated*
Present value of funded obligations	**(417 653)**	(411 163)
Fair value of plan assets	**691 090**	645 286
Surplus	**273 437**	234 123
Non-current assets	**268 815**	229 498
Current assets included in trade and other receivables	**4 622**	4 625
	273 437	234 123
	%	%
The principal assumptions used for accounting purposes were as follows:		
Mortality tables	**PA [90]**	PA [90]
Discount rate	**8.80**	7.40
Expected return on assets	**8.80**	7.40
Future salary increases	**7.50**	7.50
Future pension increases	**3.14**	3.62

The group operates a defined benefit pension plan in South Africa under the regulatory requirements of the Pension fund Act, 1956 (and amendments). Members contribute at a fixed rate of their pensionable salary. The group contributes the balance of the cost at a rate determined by management and trustees based on advice of the actuary. At the normal retirement age (65 for all members with the exception of directors who retire at 60), a pension equal to 2% of the final salary for each year of pensionable service is payable.

The legally required surplus apportionment exercise was carried out as at 29 February 2004. The rules of the fund stipulate that additional surplus arising after the surplus valuation date are for the account of the group as are any future deficits. A gain of R18,9 million was realised in the current year and has been credited to the income statement. During the prior year, a gain of R6,9 million was credited against the income statement. Based on the rules of the fund, the company is required to recognise the full asset.

The trustees decided to outsource the fund's pensioners with effect from 1 March 2009. The entire assets in the fund attributable to pensioners as at 31 March 2009 has been utilised in this regard. The Section 14 transfer application to outsourcing active pensioners has been approved by the Financial Services Board and the pensioner assets and liabilities outsourced from the fund.

* *Restated for the application of IFRS 5 – Non-current assets held for sale and discontinued operations as a result of the decision to transfer the remaining business within the discontinued cluster of Construction Materials into continuing operations within the Manufacturing cluster.*

(R'000)	GROUP AUDITED 2015	2014
21. EMPLOYEE BENEFITS continued		
21.2 PENSION SCHEME continued		
21.2(ii) A reconciliation of the opening and closing balances of plan assets		
Opening value: 1 April	645 286	580 876
– Employee contributions	326	1 958
– Company contributions	8 746	7 262
– Benefit payments	(44 470)	(38 199)
– Return on plan assets 8.8% (2014: 7.4%) per annum	55 143	41 792
– Expenses	(2 724)	(3 850)
– Re-measurements[1]	28 783	55 447
Closing value: 31 March	691 090	645 286
21.2(iii) Closing balance of plan assets is comprised as follows:		
Local assets	565 784	529 225
– Equity instruments	313 264	290 153
– Fixed instruments	125 306	116 061
– Listed property	62 653	58 031
– Cash and deposits	64 561	64 980
International assets	125 306	116 061
– Equity instruments	125 306	116 061
Closing value: 31 March	691 090	645 286
21.2(iv) Reconciliation of the opening and closing balances of defined benefit obligations		
Projected benefit obligation (PBO): 1 April	411 163	409 400
– Service cost	10 403	12 806
– Employee contributions	326	1 958
– Benefit payments	(44 470)	(38 199)
– Interest cost 8.8% (2014: 7.4%) per annum	34 612	29 304
– Expenses	(2 724)	(3 850)
– Re-measurements:	8 343	(256)
– Loss due to change in salary increase assumption	816	7 149
– Loss/(gain) due to change in financial assumptions	9 402	(9 878)
– (Gain)/loss – other	(1 875)	2 473
Closing value: 31 March	417 653	411 163
21.2(v) Plan assets and defined benefit obligation by category		
Assets		
– Market value	691 090	645 286
Active member liabilities:		
– Active members	334 234	328 735
Pensioner liabilities:		
– Pensioners	14 339	14 108
SAE surplus (surplus as at 29 February 2004 to be apportioned)	69 080	68 320
Total liabilities	417 653	411 163
Surplus	273 437	234 123
Funding level	165.5%	156.9%
21.2(vi) Net periodic pension cost		
Service cost (net of employee contribution)	10 403	12 806
Interest cost	34 612	29 304
Return on plan assets	(55 143)	(41 792)
Re-measurements[2]	(20 440)	(55 703)
Net periodic pension gain	(30 568)	(55 385)

[1] *A re-measurement arose during the year mainly due to the actual investment return of 14.1% (2014: 16.9%) exceeding the expected investment return of 8.8% (2014: 7.4%) for the year ended 31 March 2015.*

[2] *The company's policy is to recognise re-measurements in full as they arise. The actuarial gain of R28,8 million (2014: R55,4 million) on the assets and the re-measurement of R8,3 million (2014: R256 000 loss) on the liabilities gave rise to an overall re-measurement of R20,4 million (2014: R55,7 million) in the current year.*

21. EMPLOYEE BENEFITS continued

21.2 PENSION SCHEME continued

21.2(vii) Sensitivity analysis

The table below sets out the sensitivity of the valuation results to changes in the key financial assumptions as at 31 March 2015.

(R'000)	A decrease in the discount rate by 1%	An increase in the discount rate of 1%
Total assets	691 090	691 090
Total liabilities	469 068	375 918
Surplus	222 022	315 172
Funding level	147%	184%
Service cost	16 387	12 693

(R'000)	An increase in salary of 1%	A decrease in salary of 1%
Total assets	691 090	691 090
Total liabilities	437 376	399 793
Surplus	253 714	291 297
Funding level	158%	173%
Service cost	15 231	13 531

(R'000)	Pension increase of 1%	Pension decrease of 1%
Total assets	691 090	691 090
Total liabilities	444 637	394 666
Surplus	246 453	296 424
Funding level	155%	175%
Service cost	15 306	13 514

The table below sets out the sensitivity of the valuation results to changes in the key financial assumptions as at 31 March 2014.

(R'000)	A decrease in the discount rate by 1%	An increase in the discount rate of 1%
Total assets	645 286	645 286
Total liabilities	(459 981)	(371 475)
Surplus	185 305	273 811
Funding level	140%	174%
Service cost	12 371	8 830

(R'000)	An increase in salary of 1%	A decrease in salary of 1%
Total assets	645 286	645 286
Total liabilities	(429 368)	(394 684)
Surplus	215 918	250 602
Funding level	150%	163%
Service cost	11 270	9 627

(R'000)	Pension increase of 1%	Pension decrease of 1%
Total assets	645 286	645 286
Total liabilities	(437 400)	(388 822)
Surplus	207 886	256 464
Funding level	148%	166%
Service cost	11 332	9 619

(R'000)	GROUP AUDITED 2015	2014
21. EMPLOYEE BENEFITS continued		
21.3 PROVISION FOR EMPLOYMENT OBLIGATIONS		
Black Professionals Staff Trust and Bonus share scheme share-based payment liability	**32 478**	29 107
Post-employment medical provision	**36 929**	44 850
	69 407	73 957
21.3.1 Black Professionals Staff Trust share-based payment liability		
The Black Professionals Staff Trust liability is the obligation recognised as a cash-settled share-based payment transaction following the implementation of a revised BBBEE ownership transaction approved by shareholders in November 2012. (Refer to note 21.4.3.)		
Key actuarial assumptions used were:		
Dividend yield %	**2.54**	1.79
Volatility %	**36.06**	26.55
Risk free interest rate %	**7.82**	7.81
Share price – R	**28.44**	41.00

A sensitivity analysis has been performed to determine the effect of a change due to an increase in the share price on the share based payment liability. A 1% increase/(decrease) in the share price would have the effect of (decreasing)/increasing net profit before taxation by R1,1 million (2014: R2,5 million) respectively.

	2015	2014
21.3.2 Post-employment medical provision		
The group's accrual for post-employment medical provision of R36,9 million (R44,8 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 %	**8.20**	9.00
Mortality table	**PA [90]**	PA [90]
Future salary increases	**5.90**	6.20

A sensitivity analysis has been performed to determine the effect of a change at which former employees are assumed to qualify for, and make an application for, post-employment medical benefits. A 10% increase/(decrease) would have the effect of (decreasing)/increasing net profit before taxation by R8,6 million (2014: R15,0 million).

21.4 EMPLOYEE SHARE OPTION SCHEMES

The group issues equity-settled and cash-settled incentives to certain employees. Equity-settled payments are measured at fair value at date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed over the vesting period.

21.4.1 The Black Management Scheme (equity-settled)

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 Management Incentive Scheme.

21. EMPLOYEE BENEFITS continued

21.4 EMPLOYEE SHARE OPTION SCHEMES continued

21.4.1 The Black Management Scheme (equity-settled) continued

The Black Management Trust will utilise all the dividends received on the shares to settle any expenses (i.e. 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 second anniversary of the date on which shares were allocated to the beneficiary, 33.3% of the shares will vest;
- on the third anniversary of such date, so many additional shares as represent 33.3% of the shares, allocated to the beneficiary will vest; and
- on the fourth 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 allocated by the trustees as they consider to be in the best interests of future beneficiaries.

21.4.2 Long term incentives plan (LTIP) (cash and equity settled)

The long term incentive plan (LTIP) forms part of variable compensation and is used to attract, retain and motivate employees who influence the long term sustainability and strategic objectives of Group Five. The LTIP consists of three elements:

a) Share Appreciation Rights (SAR) see 24.4.2.1
b) Performance shares – allocate full value of shares to employee (equity-settled). Allocation made to executives and managers in selected Patterson grades in terms of LTIP programme
c) Bonus shares – allocate full value of shares to employee (cash-settled). Allocation made to executives and managers in selected Patterson grades in terms of LTIP programme

21.4.2.1 Management Incentive Scheme – Share Appreciation Rights (SAR) (equity-settled)

Under the Management Incentive Scheme, employees of the group are awarded rights to receive shares in the company based on the value of these awards. Annual allocations of share appreciation rights will be made to executives and managers in the selected Patterson grades in terms of the long term incentive programme. These rights to receive shares are equal to the value of the difference between the exercise price and the SAR grant price. The SAR grant price is equal to share price on grant date.

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.

The intention of the Management Incentive Scheme is to purchase Group Five shares in the market to settle the scheme's benefits, so the 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, to mitigate 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 sizing of the aggregate incentive schemes and their salient features, are set out in the table below:

	Management Incentive Scheme
Maximum number of shares available to the scheme	12 911 817*
Threshold as a percentage of current shares issued	15%
Maximum number of unexercised shares available to individuals	2 418 236
Discount to market value on date of option/SAR	Nil**
Vesting period	3 years – 33.3% 4 years – 66.6% 5 years – 100%
Lapsing period	7 years

* *At no time will the aggregate number of shares available exceed 12 911 817.*
** *Calculated at date of grant.*

21. EMPLOYEE BENEFITS continued

21.4 EMPLOYEE SHARE OPTION SCHEMES continued

21.4.3 The Black Professionals Staff Trust (cash settled)(refer to 21.3.1)

Group Five believes its employees, particularly its professional staff are key to its success and future growth. In recognition of this it is believed that the introduction of the Black Professionals Staff Trust will entrench a sense of ownership amongst the Black Professionals Staff Trust beneficiaries as well as assist in the incentivasation and retention of these employees.

The Black Professionals Staff Trust will be established to facilitate the participation of Black Professionals Staff Trust beneficiaries by holding the Black Professionals Staff Trust shares and distributing distributable income to the Black Professionals Staff Trust beneficiaries in terms of the Black Professionals Trust deed from time to time.

Group Five provided the Black Professionals Staff Trust with a loan to enable the Black Professionals Staff Trust to subscribe for 10 356 865 shares. Annual interest will accrue at a rate of 9% naca (nominal annual compounded annually) and be repayable, including accrued interest following the amended end date of 7 November 2020.

Once the Black Professionals Staff Trust trustees have exercised their discretion to make a distribution in terms of the Black Professionals Staff Trust deed, the Black Professionals Staff Trust trustees shall distribute distributable income to the Black Professionals Staff Trust beneficiaries who are employed by the Group on the applicable distribution date in accordance with the allocation formula as fully described in the Black Professionals Staff Trust deed. The allocation formula takes into account the band and annual remuneration of each Black Professionals Staff Trust beneficiary and the total number of Black Professionals Staff beneficiaries and will determine the allocation based on a fixed factor allocation per band. Pursuant to this, Black Professionals Staff Trust beneficiaries in higher bands will receive a proportionally higher percentage of annual remuneration in comparison to those in lower bands.

No obligations are imposed on Black Professionals Staff Trust beneficiaries in terms of the Black Professionals Staff Trust deed. Black Professionals Staff Trust beneficiaries may not sell, assign or in any way encumber his/her rights as a Black Professionals Staff Trust beneficiary.

21.4.4 Reconciliation of options issued:

	Management Incentive Scheme		Previous Share Option Scheme		Black Management Scheme	
	Number	Price R	Number	Price R	Number	Price R
Balance at 30 June 2013	11 059 647	31,76	103 750	12,45	1 200 983	16,03
New shares granted and accepted	1 618 193	40,73	–	–	–	16,03
Shares paid for	(3 217 357)	31,39	(40 000)	12,28	(366 500)	16,03
Shares lapsed	(384 845)	45,66	–	–	(67 260)	16,03
Balance at 30 June 2014	9 075 638	38,37	63 750	12,55	767 223	16,03
New shares granted and accepted	**3 081 447**	**25,60**	**–**	**–**	**40 000**	**16,03**
Shares paid for	**(100 210)**	**31,97**	**(63 750)**	**12,55**	**(187 681)**	**16,03**
Shares lapsed	**(2 784 255)**	**46,45**	**–**	**–**	**(101 261)**	**16,03**
Balance at 30 June 2015	**9 272 620**	**31,77**	**–**	**–**	**518 281**	**16,03**
Number of shares vested and exercisable at 30 June 2015	**3 124 322**	**31,77**	**–**	**–**	**145 284**	**16,03**

21. EMPLOYEE BENEFITS continued
21.4 EMPLOYEE SHARE OPTION SCHEMES continued
21.4.4 Reconciliation of options issued continued

(R'000)	Total	Management Incentive Scheme	Black Management Scheme	The Black Professionals Staff Trust
Cost of share options year ended 30 June 2015	32 166	20 888	3 204	8 074
Cost of share options year ended 30 June 2014	51 526	16 567	4 929	30 030

The cost of equity-settled share appreciation rights issued during the year ended 30 June 2015 were costed using a Black-Scholes option model and the following factors:

	2015	2014
› exercise price R	**16.03 – 25.60**	40.68 – 41.00
› share price volatility %*	**36.67 – 38.59**	32.58
› risk free interest rate %	**6.81**	8.04
› dividend yield %	**2.92**	1.65

* *Share price volatility is derived from the historical share price over the last twelve months.*

(R'000)	GROUP AUDITED 2015	2014

22. RELATED PARTY TRANSACTIONS
22.1 DIRECTORS' AND SENIOR MANAGEMENT EMOLUMENTS

	2015	2014
Executive directors (for individual details refer to the table on page 132 of Group Five's 2015 integrated annual report available with the annual financial statements on the group's website)		
For management services, excluding incentives	**8 310**	7 496
Performance incentives	**10 695**	7 960
Retention award	**–**	722
Paid by subsidiaries	**(19 005)**	(16 178)
	–	–
Non-executive directors (for individual details refer to the table on page 131 of Group Five's 2015 integrated annual report available with the annual financial statements		
Directors' fees, other fees and expenses	**6 814**	4 690
Paid by subsidiaries	**(6 814)**	(4 690)
	–	–
Prescribed officers (exco) (excluding executive directors) (for individual details refer to the table on page 132 of Group Five's 2015 integrated annual report available with the annual financial statements on the group's website)		
For management services	**19 570**	19 915
Performance incentives	**15 151**	16 504
Retention award	**–**	1 347
Paid by subsidiaries	**(34 721)**	(37 766)
	–	–
Senior management (excluding exco members) (for individual details refer to the table on page 132 of Group Five's 2015 integrated annual report available with the annual financial statements on the group's website)		
For management services	**29 399**	32 379
Performance incentives	**17 047**	21 958
Retention award	**–**	1 035
Paid by subsidiaries	**(46 446)**	(55 372)
	–	–

Details of share options and share appreciation rights to executive directors and prescribed officers are disclosed on pages 133 to 136 of Group Five's 2015 integrated annual report available with the annual financial statements on the group's website.

22. RELATED PARTY TRANSACTIONS continued

22.2 SUBSIDIARIES, JOINT ARRANGEMENTS AND ASSOCIATES

For a list of related parties refer to Annexure 3 – Interest in Subsidiaries, Annexure 4 – Interest in Joint Operations, Annexure 5 – Investment in Joint Ventures and Annexure 6 – Investment in Associates.

Construction related services to the value of R134 million (2014: R223 million) were provided to joint ventures and associates. Purchases from joint ventures amounted to R181 million (2014: R172 million).

Apart from advances provided to joint venture partners, no other transaction exists that requires additional disclosure.

Refer to notes 15 and 19 of the annual financial statements.

(R'000)	GROUP AUDITED 2015	2014
23. COMMITMENTS AND CONTINGENCIES		
Fixed asset commitments		
Contracts placed	**38 862**	19 259
Capital expenditure approved by directors but not placed at 30 June	**337 634**	239 464
	376 496	258 723
The above expenditure will be funded from existing resources and facilities. There are no fixed asset commitments relating to joint ventures.		
The following operating lease commitments mainly relate to building rentals, which consist of corporate office rental for the period 2016 to 2025.		
Operating lease commitments		
The future minimum lease payments under non-cancellable operating leases are as follows:		
Not later than one year	**75 290**	77 121
Later than one year and not later than five years	**342 564**	320 685
Later than five years	**407 850**	482 500
	825 704	880 306
Guarantees		
Total financial institution-backed guarantees provided to third parties on behalf of subsidiary companies amounted to R7 144 million (2014: R3 643 million). The directors do not believe any exposure to loss is likely. Total facilities in this regard amount to R12 450 million (2014: R12 382 million).	**Rm**	Rm
The issued guarantees have the following expiry dates:		
Not later than one year	**2 941**	2 180
Later than one year and not later than five years	**4 198**	1 460
Later than five years	**5**	3
	7 144	3 643
Analysis of guarantees (at contractual amounts):		
Issued in lieu of advance payments received*	**2 075**	555
Issued as a guarantee of performance	**3 226**	2 261
Issued in lieu of retention monies received*	**1 742**	693
Issued in support of tenders submitted	**16**	50
Issued for non-contract-related activities	**85**	84
	7 144	3 643

* *These financial guarantees relates to services already rendered or amounts recognised as payables in note 19. No additional fair value is attributable to the guarantees.*

23. COMMITMENTS AND CONTINGENCIES continued

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.

Stakeholders' attention is drawn to the contingent risk of civil claims possibly being lodged against the group, and all construction companies who have been party to the anti-competitive behaviour, following the Competition Commission release of its findings in June 2013 and the public interest reported in recent months. To date, no claim has been instituted against the group.

Refer to industry matters on page 9 for additional information.

24. FINANCIAL INSTRUMENTS

Financial instruments carried on the statement of financial position include cash and cash equivalents (as defined), short term borrowings, investments in service concessions, trade and other receivables, contracts in progress, trade and other payables, interest-bearing borrowings and derivative financial instruments.

24.1 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.

24.2 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 statement of financial position.

During 2015, the group's strategy, which remains unchanged, is to maintain the gearing ratio below 33%. The gearing ratio at 30 June 2015 and 2014 was as follows:

(R'000)	**2015**	2014
Total interest-bearing borrowings, including bank overdrafts	**1 120 470**	927 046
Cash on hand	**(3 389 936)**	(2 912 240)
Net debt	**(2 269 466)**	(1 985 194)
Total equity	**2 928 378**	2 619 675
Gearing ratio	**Net ungeared**	Net ungeared

24. FINANCIAL INSTRUMENTS continued

24.3 CATEGORIES OF FINANCIAL INSTRUMENTS

In addition, the financial instruments carried at fair value are disclosed in accordance to a fair value hierarchy.

The hierarchy has three levels that reflect the significance of the inputs used in measuring fair value. These are as follows:

Level 1: Quoted prices unadjusted in active markets for identical assets and liabilities

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly or indirectly derived from prices

Level 3: Inputs for the assets or liability that are not based on observable market data

30 June 2015 (R'000)	Notes	Loans and receivables	Financial assets at fair value through profit and loss designated as such	Financial assets at fair value through profit and loss	Other	Total	Level
Assets as per the statement of financial position							
Loans to associates	10.1.2	46 717	–	–	–	46 717	n/a
Loans to joint ventures	10.2.2	65 708	–	–	–	65 708	n/a
Investments in service concessions	11	–	384 095	–	–	384 095	3
Non-current trade receivables	15	210 182	–	–	–	210 182	n/a
Trade and other receivables	15	3 548 973	–	–	–	3 548 973	n/a
Cash and cash equivalents	28	3 389 936	–	–	–	3 389 936	n/a
Contracts in progress	14	884 305	–	–	–	884 305	n/a
		8 145 821	384 095	–	–	8 529 916	

30 June 2015 (R'000)	Notes	Financial liabilities at amortised cost	Financial liabilities held for trading	Other	Total	Level
Liabilities as per the statement of financial position						
Interest-bearing borrowings	16.1	477 234	–	–	477 234	n/a
Excess billings over work done		938 614	–	–	938 614	n/a
Trade and other payables	19	3 888 037	–	–	3 888 037	n/a
Current portion of interest bearing borrowings	16.1	585 111	–	–	585 111	n/a
Short term borrowings	16.6	58 125	–	–	58 125	n/a
		5 947 121	–	–	5 947 121	

24. FINANCIAL INSTRUMENTS continued

24.3 CATEGORIES OF FINANCIAL INSTRUMENTS continued

30 June 2014 (R'000)	Notes	Loans and receivables	Financial assets at fair value through profit and loss designated as such	Financial assets at fair value through profit and loss	Other	Total	Level
Assets as per the statement of financial position							
Loans to associates	10.1.2	32 233	–	–	–	32 233	n/a
Loans to joint ventures	10.2.2	60 477	–	–	–	60 477	n/a
Investments in service concessions	11	–	421 563	–	–	421 563	3
Derivative financial instruments	17	–	–	5 146	–	5 146	3
Non-current trade receivables	15	195 630	–	–	–	195 630	n/a
Trade and other receivables	15	3 665 350	–	–	–	3 665 350	n/a
Cash and cash equivalents	28	2 912 240	–	–	–	2 912 240	n/a
Contracts in progress	14	637 719	–	–	–	637 719	n/a
Trade and other receivables – HFSA*	31	10 870	–	–	–	10 870	n/a
Cash and cash equivalents – HFSA*	31	8 857	–	–	–	8 857	n/a
		7 523 376	421 563	5 146	–	7 950 085	

30 June 2014 (R'000)	Notes	Financial liabilities at amortised cost	Financial liabilities held for trading	Other	Total	Level
Liabilities as per the statement of financial position						
Interest-bearing borrowings	16.1	505 834	–	–	505 834	n/a
Excess billings over work done		1 428 136	–	–	1 428 136	n/a
Non-current trade payables	19	17 363	–	–	17 363	n/a
Trade and other payables	19	4 110 705	–	–	4 110 705	n/a
Current portion of interest bearing borrowings	16.1	350 440	–	–	350 440	n/a
Short term borrowings	16.6	70 772	–	–	70 772	n/a
Trade and other payables – HFSA*	31	17 121	–	–	17 121	n/a
		6 500 371	–	–	6 500 371	

* *Non-current assets classified as held for sale and liabilities associated with non-current assets classified as held for sale.*

24. FINANCIAL INSTRUMENTS continued

24.4 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 currency other than functional currency 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 currency denominated 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. Limited foreign currency forward exchange contracts were entered into during the current year. No hedge accounting has been applied.

The carrying amount of the group's foreign currency denominated monetary assets and liabilities at statement of financial position date is as follows:

Foreign currency risk 30 June 2015 (R'000)	Notes	South African Rand	US Dollar	AED	Other	Total
Assets as per the statement of financial position						
Loans to associate	10.1.2	46 717	–	–	–	46 717
Loans to joint ventures	10.2.2	65 708	–	–	–	65 708
Investments in service concessions*	11	–	–	–	384 095	384 095
Non-current trade receivables	15	–	210 182	–	–	210 182
Trade and other receivables	15	2 411 678	739 580	189 853	207 862	3 548 973
Cash and cash equivalents	28	1 862 139	1 010 012	29 462	488 323	3 389 936
Contracts in progress	14	786 860	53 767	31 755	11 923	884 305
		5 173 102	2 013 541	251 070	1 092 203	8 529 916
Liabilities as per the statement of financial position						
Interest-bearing borrowings	16.1	474 158	–	–	3 076	477 234
Excess billings over work done		710 879	214 467	–	13 268	938 614
Trade and other payables	19	3 331 803	234 938	166 131	155 165	3 888 037
Current portion of interest-bearing borrowings	16.1	288 371	295 899	–	841	585 111
Short term borrowings	16.6	58 125	–	–	–	58 125
		4 863 336	745 304	166 131	172 350	5 947 121
Net exposure		309 766	1 268 237	84 939	919 853	2 582 795

* *Euro-denominated investments in service concessions.*

24. FINANCIAL INSTRUMENTS continued

24.4 FINANCIAL RISK FACTORS continued

Market risk continued

Foreign exchange risk continued

30 June 2014 (R'000)	Notes	South African Rand	US Dollar	AED	Other	Total
Assets as per the statement of financial position						
Loans to associate	10.1.2	32 233	–	–	–	32 233
Loans to joint ventures	10.2.2	60 477	–	–	–	60 477
Investments in service concessions**	11	–	–	–	421 563	421 563
Derivative financial instruments	17	5 146	–	–	–	5 146
Trade and other receivables – long term portion	15	–	162 917	32 713	–	195 630
Trade and other receivables	15	2 378 438	930 077	216 446	140 389	3 665 350
Cash and cash equivalents	28	2 044 914	470 009	49 901	347 416	2 912 240
Contracts in progress	14	521 783	82 551	27 431	5 954	637 719
Trade and other receivables – HFSA*	31	10 870	–	–	–	10 870
Cash and cash equivalents – HFSA*	31	8 857	–	–	–	8 857
		5 062 718	1 645 554	326 491	915 322	7 950 085
Liabilities as per the statement of financial position						
Interest-bearing borrowings	16.1	476 947	24 342	–	4 545	505 834
Excess billings over work done		737 821	690 315	–	–	1 428 136
Trade and other payables – long term portion	19	–	–	17 363	–	17 363
Trade and other payables	19	3 473 636	351 493	192 006	93 570	4 110 705
Current portion of interest-bearing borrowings	16.1	276 175	73 044	–	1 221	350 440
Short term borrowings	16.6	70 772	–	–	–	70 772
Trade and other payables – HFSA*	31	17 121	–	–	–	17 121
		5 052 472	1 139 194	209 369	99 336	6 500 371
Net exposure		10 246	506 360	117 122	815 986	1 449 714

* *Non-current assets classified as held for sale and liabilities associated with non-current assets classified as held for sale.*
** *Euro-denominated investments in service concessions.*

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 strengthen or weaken by 10% based on the assets and liabilities at reporting date. The exchange rates applicable to the group's primary functional currencies at the current and previous reporting year end are as follows:

	2015	2014
ZAR: USD	12,29	10,62
ZAR: AED	3,35	2,89

24. FINANCIAL INSTRUMENTS continued

24.4 FINANCIAL RISK FACTORS continued

Market risk continued

Foreign exchange risk continued

	Change in exchange rate	Weakening in functional currency resulting in an increase/(decrease) in profit before taxation or reserves R'000	Strengthening in functional currency resulting in an increase/(decrease) in profit before taxation or reserves R'000
As at 30 June 2015			
Net movement		**227 303**	**(227 303)**
Current assets			
Denominated functional currency		**335 681**	**(335 681)**
ZAR: USD	**10%**	**201 354**	**(201 354)**
ZAR: UAE	**10%**	**25 107**	**(25 107)**
ZAR: PLN; HUF; other	**10%**	**109 220**	**(109 220)**
Current liabilities			
Denominated functional currency		**(108 378)**	**108 378**
ZAR: USD	**10%**	**(74 530)**	**74 530**
ZAR: UAE	**10%**	**(16 613)**	**16 613**
ZAR: PLN; HUF; other	**10%**	**(17 235)**	**17 235**
As at 30 June 2014			
Net movement		143 947	(143 947)
Current assets			
Denominated functional currency		288 737	(288 737)
ZAR: USD	10%	164 555	(164 555)
ZAR: UAE	10%	32 649	(32 649)
ZAR: PLN; HUF; other	10%	91 533	(91 533)
Current liabilities			
Denominated functional currency		(144 790)	144 790
ZAR: USD	10%	(113 919)	113 919
ZAR: UAE	10%	(20 937)	20 937
ZAR: PLN; HUF; other	10%	(9 934)	9 934

Cash flow and fair value interest rate risk

Interest rate

The group is exposed to interest rate risk through its cash and cash equivalents and interest-bearing short term and non-current 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.

A sensitivity analysis has been performed to monitor the effect of changes in interest rates.

24. FINANCIAL INSTRUMENTS continued

24.4 FINANCIAL RISK FACTORS continued

Cash flow and fair value interest rate risk continued

Interest rate continued

The analysis below depicts the effect on profit before taxation assuming changes in interest rates:

	Decrease in rate resulting in an increase in profit before taxation		Increase in rate resulting in a decrease in profit before taxation	
Description (R'000)	**2015**	2014	**2015**	2014
Assuming 1% movement in JIBAR rate	**2 481**	5 000	**(2 481)**	(5 000)
Assuming 1% movement in LIBOR rate	**2 959**	974	**(2 959)**	(974)
Assuming 1% movement in SA prime borrowing rate	**2 329**	2 499	**(2 329)**	(2 499)

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, trade receivables and loans provided to associates and joint arrangements. With regard to cash and cash equivalents, the group deals primarily with major financial institutions in South Africa and over-border.

Loans provided to associate companies are of a short-term nature and repayments are governed by contractual arrangements. In determining the recoverability of a loan provided, the group considers frequency of repayment, financial performance of the associate and/or joint arrangement and contractual agreements.

The group's customers are concentrated primarily in South Africa but also exist in the rest of Africa, Middle East 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 customer's 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 do 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 2015 or 30 June 2014.

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 23.

The group has the following amounts due from top five debtors:

	Number of customers	Value Rm	% of trade and other receivables	% of total revenue
2015	**5**	**R848,7**	**22.5**	**6.1**
2014	5	R954,9	24.4	6.2

The group has the following credit risk per geographical segment:

Region (R'000)	**2015**	2014
Central Africa	**269 379**	468 789
Eastern Africa	**58 492**	91 308
Eastern Europe	**3 020**	32 047
Middle East	**189 853**	216 446
Southern Africa	**2 775 413**	2 972 485
Western Africa	**269 146**	133 446
Total trade and other receivables – current	**3 565 303**	3 914 521

24. FINANCIAL INSTRUMENTS continued

24.4 FINANCIAL RISK FACTORS continued

Credit risk continued

Central Africa: Zambia, DRC
Eastern Africa: Mauritius, Tanzania
Eastern Europe: Hungary, Poland
Middle East: Jordan, UAE
Southern Africa: South Africa, Lesotho, Namibia, Mozambique, Zimbabwe
Western Africa: Nigeria, Ghana, Burkina Faso, Sierra Leone, Liberia

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 carrying amount of each class of receivable mentioned above. The group does not hold any collateral as security.

Liquidity risk

Liquidity risk is the risk that the group will be unable to meet a financial commitment in any location or currency. The group manages its liquidity risk through its central treasury function. Cash flow forecasting is performed by the operating units of the group and consolidated by central treasury.

Central treasury monitors the rolling forecasts of the group's liquidity requirements to ensure it has sufficient cash to meet operational needs. Such forecasting takes into consideration the group's covenant compliance, compliance with internal balance sheet ratio targets and, if applicable, external regulatory or legal requirements. The following table details the group's remaining contractual maturities for its financial assets and liabilities:

30 June 2015 (R'000)	Notes	Within 1 – 6 months	Within 7 – 12 months	Within 1 – 2 years	Within 2 – 5 years	Greater than 5 years	Total
Assets as per the statement of financial position							
Loans to associates	10.1.2	–	–	46 717	–	–	46 717
Loans to joint ventures	10.2.2	–	–	65 708	–	–	65 708
Investments in service concessions	11	–	–	–	–	384 095	384 095
Non-current trade receivables	15	–	–	226 681	–	–	226 681
Trade and other receivables	15	2 804 051	744 922	–	–	–	3 548 973
Cash and cash equivalents	28	3 389 936	–	–	–	–	3 389 936
Contracts in progress	14	598 325	285 980	–	–	–	884 305
		6 792 312	1 030 902	339 106	–	384 095	8 546 415
Liabilities as per the statement of financial position							
Interest-bearing borrowings	16.1	–	–	408 282	125 818	–	534 100
Excess billings over work done		457 437	481 177	–	–	–	938 614
Trade and other payables	19	3 021 193	866 844	–	–	–	3 888 037
Current portion of interest bearing borrowings	16.1	611 351	26 464	–	–	–	637 815
Short term borrowings	16.6	30 359	30 359	–	–	–	60 718
		4 120 340	1 404 844	408 282	125 818	–	6 059 284

24. FINANCIAL INSTRUMENTS continued

24.4 FINANCIAL RISK FACTORS continued

Liquidity risk continued

30 June 2014 (R'000)	Note	Within 1 – 6 months	Within 7 – 12 months	Within 1 – 2 years	Within 2 – 5 years	Greater than 5 years	Total
Assets as per the statement of financial position							
Loans to associates	10.1.2	–	–	32 233	–	–	32 233
Loans to joint ventures	10.2.2	–	–	60 477	–	–	60 477
Investments in service concessions	11	–	–	–	–	421 563	421 563
Derivative financial instruments	17	5 146	–	–	–	–	5 146
Trade and other receivables – long term portion	15	–	–	210 105	–	–	210 105
Trade and other receivables		2 756 504	908 846	–	–	–	3 665 350
Cash and cash equivalents	15	2 912 240	–	–	–	–	2 912 240
Contracts in progress	28	618 422	19 297	–	–	–	637 719
Trade and other receivables – HFSA*	14	10 870	–	–	–	–	10 870
Cash and cash equivalents – HFSA*	31	8 857	–	–	–	–	8 857
		6 312 039	928 143	302 815	–	421 563	7 964 560
Liabilities as per the statement of financial position							
Interest-bearing borrowings	16.1	–	–	432 089	169 740	–	601 829
Excess billings over work done		1 142 913	285 223	–	–	–	1 428 136
Trade and other payables – long term portion	19	–	–	19 737	–	–	19 737
Trade and other payables	19	3 213 053	897 652	–	–	–	4 110 705
Current portion of interest bearing borrowings	16.1	67 033	334 233	–	–	–	401 266
Short term borrowings	16.6	38 563	38 562	–	–	–	77 125
Trade and other payables – HFSA*	31	17 121	–	–	–	–	17 121
		4 478 683	1 555 670	451 826	169 740	–	6 655 919

* *Non-current assets classified as held for sale and liabilities associated with non-current assets classified as held for sale.*

(R'000)	Notes	GROUP AUDITED 2015	2014 Restated*
25. CASH FROM OPERATIONS BEFORE WORKING CAPITAL CHANGES			
Profit before taxation		**389 446**	669 270
Adjustments for:			
Depreciation	4.2, 8	**187 138**	267 143
Fair value adjustments	11	**(115 726)**	(83 840)
Foreign exchange (profit)/loss		**(14 478)**	1 886
Loss on impairment of associate including loss on acquisition of subsidiaries		**–**	2 002
Net profit on disposal of investment in associate including reversal of impairment of an investment in associate		**(2 626)**	–
(Profit)/loss on disposal of property, plant and equipment	4.3	**(1 469)**	4 757
Share-based payment expense		**32 166**	51 526
Finance cost – net	5	**1 622**	1 779
Fair value (gain)/loss on forward exchange contracts		**(5 188)**	16 212
Share of equity accounted profits		**(24 592)**	(28 095)
Pension fund valuation surplus		**(18 874)**	(6 944)
Movement in provisions		**(2 275)**	6 983
		425 144	902 679
26. WORKING CAPITAL CHANGES			
Trade and other payables		**347**	423 490
Trade and other receivables		**366 953**	(582 756)
Contracts in progress		**(243 864)**	(333 100)
Inventories		**(4 598)**	(38 326)
		118 838	(530 692)
27. TAXATION PAID			
Taxation owing at the beginning of the year		**(190 300)**	(118 772)
Charge per the income statement		**(109 045)**	(229 738)
Movement in deferred taxation		**9 927**	18 748
Transfer from liabilities associated with non-current assets classified as held for sale		**(4 113)**	–
Taxation owing at the end of the year		**75 078**	190 300
		(218 453)	(139 462)
28. CASH AND CASH EQUIVALENTS AT END OF YEAR			
Bank balances and cash		**3 389 936**	2 912 240
Bank overdrafts		**–**	–
Cash and cash equivalents at end of year		**3 389 936**	2 912 240
29. CATEGORISATION OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents held by the group		**3 054 055**	2 611 876
Cash and cash equivalents held by joint operations		**335 881**	300 364
		3 389 936	2 912 240
30. NON-CASH TRANSACTIONS – CASH FLOW STATEMENT			
Excluded from the cash flow statement are additions to fixed assets and investment property amounting to R31 million (2014: R173 million) which were funded by finance leases.			

* *Restated for the application of IFRS 5 – Non-current assets held for sale and discontinued operations as a result of the decision to transfer the remaining business within the discontinued cluster of Construction Materials into continuing operations within the Manufacturing cluster.*

(R'000)	GROUP AUDITED 2015	2014

31. NON-CURRENT ASSETS AND ASSOCIATED LIABILITIES CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS

As previously communicated, approval from the Department of Mineral Resource (DMR) is awaited on the sale of the two quarries to finally fulfil the sale conditions precedent.

However, the sale agreements reached with the new owners allowed for the transfer of the operational control immediately on concluding the sale agreements, including the transfer of operating profits and losses. This was achieved on the two quarries sold. Proceeds on the sale of these businesses were received in prior years as expected.

The one business unsold (previously held as non-current asset classified as held for sale) has been fully integrated into the group's fibre cement business and provided quality raw material into its production process. As such, the group transferred the remaining business into the continuing operations within the Manufacturing cluster.

(R'000)	2015	2014
Statement of financial position relating to the non-current assets held for sale:		
Non-current assets	–	28 819
Property, plant and equipment	–	28 819
Current assets	–	20 852
Inventories	–	1 125
Trade and other receivables	–	10 870
Cash and cash equivalents	–	8 857
Non-current assets classified as held for sale	–	49 671
Non-current liabilities	–	2 366
Provision for environmental rehabilitation	–	2 366
Current liabilities	–	21 234
Trade and other payables	–	17 121
Current taxation payable	–	4 113
Liabilities associated with non-current assets classified as held for sale	–	23 600
Net assets	–	26 071

32. DIVIDENDS PAID

	(R'000)	2015	2014
32.1	2014 Final dividend paid: 55 cents (2013: 35 cents) per ordinary share	**55 471**	34 920
32.2	2015 Interim dividend paid: 30 cents (2014: 45 cents) per ordinary share	**30 285**	45 246
		85 756	80 166

These dividends are reflected on the group's statement of changes in equity.

On 7 August 2015, the directors proposed a final dividend of 25 cents per share in respect of the financial year ended 30 June 2015, which will absorb an estimated amount of R28.0 million of shareholders' funds. The dividend will be paid on 28 September 2015 to shareholders registered on the shareholder register on 25 September 2015. This dividend is not reflected in the group's annual financial statements. The total dividend for the financial year will thus be 55 cents per share (2014: 100 cents per share).

ANNEXURE 1 – GROUP SEGMENTAL ANALYSIS

for the year ended 30 June 2015

Operating segments reflect the management structure of the group in the year under review and the manner in which performance is evaluated and resources allocated as managed by the group's chief operating decision-maker, defined as the executive committee members (exco) of the group.

These operating segments for the year under review are listed below.

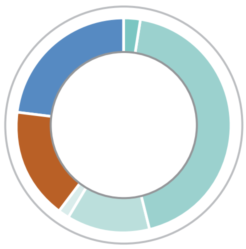
Of primary focus to exco is the revenue, operating profit, capital expenditure and current assets per segment and revenue per geography.

The required segmental reporting disclosures are provided on page 18 of this integrated annual report.

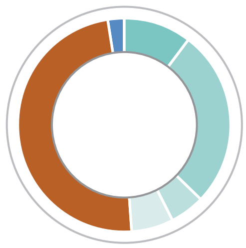
In addition, although exco does not review the information included in this Annexure on a monthly basis in order to take strategic decisions, management provides this additional segmental reporting as it deems this information to constitute further value-added disclosure to stakeholders.

Statement of financial position

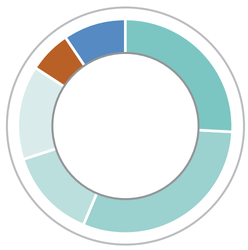
Property, plant and equipment and investment property



Other non-current assets (excluding non-current assets classified as held for sale and deferred taxation)



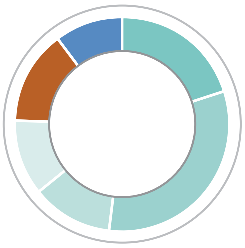
Current assets (excluding cash and cash equivalents)

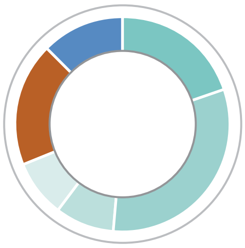


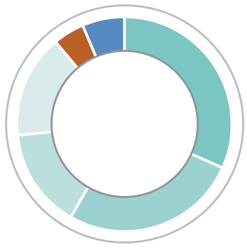
Note:
Graphs represent F2015 values only.

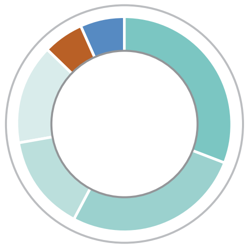
(R'000)	Property, plant and equipment and investment property 2015	2014	Other non-current assets (excluding non-current assets classified as held for sale and deferred taxation) 2015	2014	Current assets (excluding cash and cash equivalents) 2015	2014
Engineering & Construction	**584 223**	654 033	**497 736**	441 661	**4 046 432**	4 193 043
Building & Housing	**26 140**	25 353	**105 738**	72 037	**1 241 925**	828 623
Civil Engineering	**422 215**	480 495	**274 295**	262 849	**1 471 338**	1 568 433
Projects	**120 083**	120 283	**52 259**	32 434	**658 873**	550 361
Energy	**15 785**	27 902	**65 444**	74 341	**674 296**	1 245 626
Investments & Concessions	**163 028**	159 051	**496 149**	506 891	**305 216**	301 051
Manufacturing	**221 614**	204 586	**22 913**	16 898	**449 374**	444 724
Total	**968 865**	1 017 670	**1 016 798**	965 450	**4 801 022**	4 938 818
Joint arrangements equity accounted and joint arrangements wholly consolidated	**(14 774)**	(13 488)	**56 629**	51 994	**6 200**	(35 666)
Total	**954 091**	1 004 182	**1 073 427**	1 017 444	**4 807 222**	4 903 152

A description of the products and/or services provided by the segments is disclosed under the operational and financial review of this integrated annual report.









	Total assets (excluding non-current assets classified as held for sale, deferred taxation, cash and cash equivalents)		Non-current liabilities (excluding deferred taxation)		Current liabilities (excluding current taxation payable)		Total liabilities (excluding deferred taxation, current taxation payable and liabilities associated with non-current assets classified as held for sale)	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
	5 128 391	5 288 737	**382 938**	434 175	**5 862 600**	5 733 398	**6 245 538**	6 167 573
	1 373 803	926 013	**110 293**	97 520	**2 096 439**	1 644 544	**2 206 732**	1 742 064
	2 167 848	2 311 777	**175 044**	220 847	**1 746 132**	2 031 120	**1 921 176**	2 251 967
	831 215	703 078	**49 972**	38 316	**992 093**	558 445	**1 042 065**	596 761
	755 525	1 347 869	**47 629**	77 492	**1 027 936**	1 499 289	**1 075 565**	1 576 781
	964 393	966 993	**102 874**	95 254	**317 477**	299 262	**420 351**	394 516
	693 901	666 208	**68 235**	73 530	**406 020**	372 653	**474 255**	446 183
	6 786 685	6 921 938	**554 047**	602 959	**6 586 097**	6 405 313	**7 140 144**	7 008 272
	48 055	2 840	**(1 115)**	(1 805)	**19 183**	(15 040)	**18 068**	(16 845)
	6 834 740	6 924 778	**552 932**	601 154	**6 605 280**	6 390 273	**7 158 212**	6 991 427

ANNEXURE 1 – GROUP SEGMENTAL ANALYSIS
continued

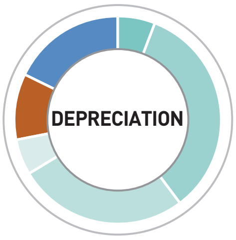
Income statement

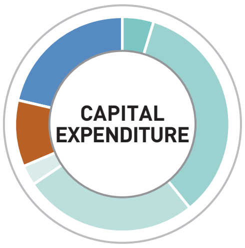
Note:
Graphs represent F2015 values only.

(R'000)	Revenue 2015	Revenue 2014 Restated*	Operating profit 2015	Operating profit 2014 Restated*
Engineering & Construction	**11 875 357**	13 452 093	**62 769**	376 993
Building & Housing	**4 885 951**	4 430 513	**101 116**	92 981
Civil Engineering	**2 665 751**	3 760 143	**(95 669)**	68 684
Projects	**2 213 758**	1 740 812	**24 853**	120 512
Energy	**2 109 897**	3 520 625	**32 469**	94 816
Investments & Concessions	**995 125**	905 013	**237 595**	195 446
Manufacturing	**1 058 795**	1 060 077	**77 425**	79 653
Total	**13 929 277**	15 417 183	**377 789**	652 092
Joint arrangements equity accounted and joint arrangements wholly consolidated on adoption	**(53 707)**	(56 739)	**(11 313)**	(9 138)
Total	**13 875 570**	15 360 444	**366 476**	642 954

A description of the products and/or services provided by the segments is disclosed under the operational and financial review of this integrated annual report.

* *Restated for the application of IFRS 5 – Non-current assets held for sale and discontinued operations as a result of the decision to transfer the remaining business within the discontinued cluster of Construction Materials into continuing operations within the Manufacturing cluster.*

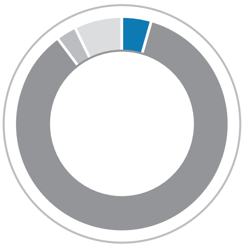
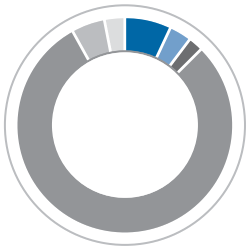
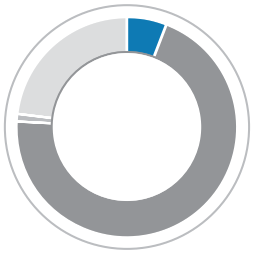




2015	2014	2015	2014	2015	2014*
137 029	225 682	**104 694**	207 025	**9 742**	11 863
11 281	8 706	**7 620**	21 978	**2 501**	2 477
64 178	147 102	**52 245**	143 962	**2 352**	4 824
50 913	57 997	**40 509**	19 218	**2 773**	2 372
10 657	11 877	**4 320**	21 867	**2 116**	2 190
19 266	19 994	**15 301**	16 223	**1 482**	1 521
33 477	23 593	**32 594**	39 201	**954**	1 119
189 772	269 269	**152 589**	262 449	**12 178**	14 503
(2 634)	(2 126)	**(3 993)**	(856)	**(134)**	(177)
187 138	267 143	**148 596**	261 593	**12 044**	14 326

ANNEXURE 1 – GROUP SEGMENTAL ANALYSIS
continued

Note:
Graphs represent F2015 values only.

	Income statement		Statement of financial position			
	Revenue		Total assets (excluding non-current assets classified as held for sale, deferred taxation and cash and cash equivalents)		Capital expenditure	
						
(R'000)	**2015**	2014 Restated*	**2015**	2014	**2015**	2014
Geographical regions						
Eastern Europe	**623 083**	581 860	**477 610**	575 994	**9 309**	7 950
Middle East	**–**	–	**222 313**	277 295	**–**	–
Eastern Africa	**11 763**	143 781	**166 711**	104 881	**–**	138
Southern Africa	**11 895 079**	12 966 788	**5 383 433**	5 161 796	**106 761**	239 183
Central Africa	**419 977**	1 447 380	**345 121**	630 633	**1 596**	12 258
Western Africa	**979 375**	277 374	**191 497**	171 339	**34 923**	2 920
	13 929 277	15 417 183	**6 786 685**	6 921 938	**152 589**	262 449
Joint arrangements equity accounted and joint arrangements wholly consolidated	**(53 707)**	(56 739)	**48 055**	2 840	**(3 993)**	(856)
Total	**13 875 570**	15 360 444	**6 834 740**	6 924 778	**148 596**	261 593

* *Restated for the application of IFRS 5 – Non-current assets held for sale and discontinued operations as a result of the decision to transfer the remaining business within the discontinued cluster of Construction Materials into continuing operations within the Manufacturing cluster.*

ANNEXURE 2 – COMPANY FINANCIAL STATEMENTS

at 30 June 2015

(R'000)	COMPANY AUDITED 2015	2014
INCOME STATEMENT (refer notes that follow)		
Dividends received from subsidiary	–	–
Taxation	–	–
Net profit for the year	–	–
STATEMENT OF COMPREHENSIVE INCOME (refer notes that follow)		
Net profit for the year	–	–
Other comprehensive income for the year net of taxation	–	–
Total comprehensive income for the year	–	–
STATEMENT OF FINANCIAL POSITION (refer notes that follow)		
Assets		
Investment in subsidiaries	681 476	742 488
Total assets	681 476	742 488
Equity and liabilities		
Stated capital	1 281 275	1 256 531
Accumulated losses	(599 799)	(514 043)
Total equity and liabilities	681 476	742 488

STATEMENT OF CHANGES IN EQUITY

(R'000)	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	Equity shareholders R'000
Balance at 30 June 2013	111 149 510	(11 643 098)	99 506 412	1 229 568	(433 877)	795 691
Issue of shares to share trust in terms of share scheme	954 983	(954 983)	–	–	–	–
Issue of shares from share trust	–	1 292 374	1 292 374	6 660	–	6 660
Share-based payment expense	–	–	–	20 303	–	20 303
Dividends paid	–	–	–	–	(80 166)	(80 166)
Balance at 30 June 2014	112 104 493	(11 305 707)	100 798 786	1 256 531	(514 043)	742 488
Issue of shares to share trust in terms of share scheme	102 376	(102 376)	–	–	–	–
Issue of shares from share trust	–	326 119	326 119	4 753	–	4 753
Share-based payment expense	–	–	–	19 991	–	19 991
Dividends paid	–	–	–	–	(85 756)	(85 756)
Balance at 30 June 2015	112 206 869	(11 081 964)	101 124 905	1 281 275	(599 799)	681 476

(R'000)	COMPANY AUDITED 2015	2014
1. PRINCIPAL ACCOUNTING POLICIES		
These financial statements should be read together with the group financial statements set out on pages 3 to 87. The accounting policies adopted are set out on page 21.		
2. INVESTMENT IN SUBSIDIARIES (refer to Annexure 3)		
Shares at cost	**382 747**	382 747
Amounts owing by subsidiaries	**298 729**	359 741
	681 476	742 488

The amounts owing by subsidiaries are interest free, denominated in Rand 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 income received is in the form of dividends.

4. STATEMENT OF CASH FLOW

No statement of cash flow 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 the issue of shares were received by subsidiaries.

5. CONTINGENCIES

The company provides financial institution-backed guarantees to third parties. Refer to page 56 for details on guarantees issued.

The company also provides financial guarantees for certain exposures of its subsidiaries. The most significant relates to Group Five Construction Proprietary Limited with respect to an unsecured bond totalling R280 million and unsecured loans totalling R544 million.

No fair value was attributed to these guarantees issued.

6. RELATED PARTIES

Subsidiaries: Refer to Annexure 3 for subsidiaries and loans to subsidiaries.
Joint operations: Refer to Annexure 4.
Joint ventures: Refer to Annexure 5.
Associates: Refer to Annexure 6.
Key management: Refer to note 22 of the group financial statements.
Apart from dividends received and loans granted to subsidiaries, there were no transactions with related parties.

ANNEXURE 3 – INTEREST IN SUBSIDIARIES

at 30 June 2015

	Issued ordinary share capital		Percentage held		Shares at cost		Amounts owing by subsidiaries	
Direct subsidiaries	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
Group Five Construction (Proprietary) Limited	**1 000 001**	1 000 001	**100**	100	**14 177**	14 177	**298 729**	359 741
Everite Limited	**51 191 400**	51 191 400	**100**	100	**368 570**	368 570	**–**	–
					382 747	382 747	**298 729**	359 741

Name	Country	Proportion of ordinary shares held by non-controlling interests (%)
PRINCIPAL SUBSIDIARIES DIRECT AND INDIRECT		
Construction material supply:		
Cosmos Readymix and Concrete Products (Proprietary) Limited	South Africa	–
Manufacture of building products:		
Everite (Proprietary) Limited	South Africa	–
Everite Pipes (Proprietary) Limited	South Africa	–
Construction activities:		
Group Five (Botswana) (Proprietary) Limited	Botswana	–
Group Five Building (Proprietary) Limited	South Africa	–
Group Five Burkina Faso SARL	Burkina Faso	–
Group Five Civil Engineering (Proprietary) Limited	South Africa	–
Group Five Coastal (Proprietary) Limited	South Africa	–
Group Five Construction (Ghana) Limited	Ghana	–
Group Five Construction (Kenya) Limited	Kenya	–
Group Five Construction Limited (Malawi)	Malawi	–
Group Five Construction (Proprietary) Limited	South Africa	–
Group Five Construction (UK) Limited (Mauritius and Jordan)	United Kingdom	–
Group Five Contractors (Namibia) (Proprietary) Limited	Namibia	–
Group Five DRC SARL	Democratic Republic of Congo	–
Group Five Engineering and Construction (Proprietary) Limited	South Africa	–
Group Five Housing (Proprietary) Limited	South Africa	–
Group Five International Limited (Mauritius, Mozambique, Zimbabwe, Dubai)	Mauritius	–
Group Five International (Proprietary) Limited (Tanzania branch)	Tanzania	–
Group Five Lesotho (Proprietary) Limited	Lesotho	–
Group Five Liberia Limited	Liberia	–
Group Five (Mauritius) Limited	Mauritius	–
Group Five Motlekar (Proprietary) Limited	South Africa	49.0
Group Five Nuclear Construction Services (Proprietary) Limited	South Africa	–
Group Five Oil & Gas (Proprietary) Limited	South Africa	–
Group Five Plant & Equipment (Proprietary) Limited	South Africa	–
G5 Power Project Limited	Nigeria	–
Group Five Power International (Proprietary) Limited	South Africa	–
Group Five Power International (Proprietary) Limited (Ghana Branch)	Ghana	–
Group Five Power (Proprietary) Limited	South Africa	–
Group Five Projects (Proprietary) Limited	South Africa	–
Group Five Sierra Leone Limited	Sierra Leone	–
Group Five Swaziland (Proprietary) Limited	Swaziland	–
Group Five Tanzania Limited	Tanzania	–
Group Five Western Cape (Proprietary) Limited	South Africa	–
Group Five (Zambia) Limited	Zambia	–
Infrastructure concessions:		
Intertoll (Africa) (Proprietary) Limited	South Africa	–
Intertoll (Proprietary) Limited	South Africa	–
Intertoll-Europe Consulting Close Limited	Netherlands	–
Intertoll Holdings (Proprietary) Limited	South Africa	–

ANNEXURE 3 – INTEREST IN SUBSIDIARIES

continued

Name	Country	Proportion of ordinary shares held by non-controlling interests (%)
Infrastructure concessions (continued):		
Intertoll Infrastructure Developments B.V.	Netherlands	–
A-Way ITE Autopalya Zartkoreun Mukodo Reszvenytarsasag	Hungary	50.0
Mecsek Autoplaya – Uzemelteto Kartkoruen Mukodo Close Limited	Hungary	50.0
Intertoll Zimbabwe (Proprietary) Limited (Zimbabwe Branch)	Zimbabwe	–
Intertoll Zimbabwe (Proprietary) Limited	South Africa	–
Infrastructure developments:		
Group Five Infrastructure Developments (Proprietary) Limited ⚙	South Africa	–
Property developments:		
Group Five Property Developments (Proprietary) Limited ⚙	South Africa	–
Duro Brick Company (Proprietary) Limited	South Africa	–
G5 Properties (Proprietary) Limited	South Africa	–
Ruby Mountain Trading 38 (Proprietary) Limited	South Africa	33.0
Windfall 86 Properties (Proprietary) Limited	South Africa	–
CONTROLLED JOINT ARRANGEMENTS		
Construction activities:		
Paarden Eiland Joint Venture	South Africa	25.0
ENM/Bophelong Psychiatric Hospital Joint Venture	South Africa	30.0
Tsela Tshweu Construction Joint Venture	South Africa	36.3
Group Five Bosasa Joint Venture	South Africa	10.0
Group Five Pomeroy CHC Joint Venture	South Africa	40.0
Group Five Pandev IRPTN Joint Venture	South Africa	40.0

NATURE OF BUSINESS

⚙ Acting as an agent for Group Five Construction (Proprietary) Limited:

- The group maintains a register of all subsidiaries and non-controlling joint operations 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 R223,9 million profit (2014: R401,4 million profit) respectively
- No part of the business of any subsidiary has been managed during the financial period by any third person
- Transactions with non-controlling interest relates to distributions to them and their share of profit.

R'000	2015	2014
AGGREGATE FINANCIAL INFORMATION OF MATERIAL SUBSIDIARIES WITH A NON-CONTROLLING INTEREST		
Statement of consolidated financial position as at 30 June		
Assets		
Non-current assets	2 755	1 919
Current assets	709 619	553 103
Total assets	712 374	555 022
Equity and liabilities		
Shareholders' equity	205 657	320 746
Non-current liabilities	–	–
Current liabilities	506 717	234 276
Total equity and liabilities	712 374	555 022
Income statement for the year ended 30 June		
Revenue	799 817	443 675
Profit before taxation	157 663	84 497
Taxation	(31 071)	(13 661)
Profit after taxation	126 592	70 836
Dividends paid	(234 973)	(42 684)
Statement of cash flow for the year ended 30 June		
Cash flow from operating activities	(1 142)	67 925
Cash flow from investing activities	(835)	(32)
Cash flow from financing activities	–	–
Net (decrease)/increase in cash and cash equivalents	(1 977)	67 893

ANNEXURE 4 – INTEREST IN JOINT OPERATIONS

at 30 June 2015

The total percentage holding by the group in the equity of significant joint arrangements is as follows:

Joint venture	Country	Nature of business	Proportion of shares held (%)
Central Ashanti Gold Joint Venture	Ghana	Construction	50
GPS Joint Venture SARL	DRC	Construction	66
Group Five Al-Qahtani Construction Company	Saudi Arabia	Construction	65
Group Five Construction LLC	UAE	Construction	49
Group Five Iberdrola Joint Venture	South Africa	Engineering & Construction	50:75
Group Five Mid Contracting Joint Venture	Jordan	Construction	50
Group Five Pipe	South Africa	Pipe manufacturing	50
Group Five Pandev Joint Venture	South Africa	Construction	50
Mall of Africa Joint Venture	South Africa	Construction	50
Group Five SAPS Durban Central Joint Venture	South Africa	Construction	50
Group Five Motlekar Cape Joint Venture	South Africa	Construction	51
Kusile Civils Joint Venture	South Africa	Construction	25
Spiecapag Group Five Joint Venture	South Africa	Construction	50
Trotech Joint Venture	South Africa	Construction	50

The group maintains a register of all its joint operations for inspection at the registered office of Group Five Limited.

ANNEXURE 5 – INVESTMENT IN JOINT VENTURES

at 30 June 2015

The total percentage holding by the group in the equity of significant joint ventures is as follows:

Joint venture	Country	Nature of business	Number of shares issued	Proportion of shares held (%)
Barnes Reinforcing Industries (Proprietary) Limited	South Africa	Steel supply	50 ordinary shares of R1 each	50
Group Five AP Investments (Proprietary) Limited	South Africa	Property development	50 ordinary shares of R1 each	50
Group Five AP Developments (Proprietary) Limited	South Africa	Property development	50 ordinary shares of R1 each	50

The investments are equity accounted as the group entered into a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

(R'000)	**2015**	2014
AGGREGATE FINANCIAL INFORMATION		
STATEMENT OF CONSOLIDATED FINANCIAL POSITION AS AT 30 JUNE		
Group's proportionate share of assets and liabilities:		
Assets		
Non-current assets	**45 528**	42 881
Steel supply	**13 132**	13 494
Property development	**32 396**	29 387
Current assets	**110 661**	114 922
Steel supply	**102 176**	105 788
Property development	**8 485**	9 134
Total assets	**156 189**	157 803
Equity and liabilities		
Shareholders' equity	**1 760**	(4 999)
Steel supply	**7 162**	2 812
Property development	**(5 402)**	(7 811)
Non-current liabilities	**26 931**	27 154
Steel supply	**1 115**	1 803
Property development	**25 816**	25 351
Current liabilities	**127 498**	135 648
Steel supply	**107 032**	114 666
Property development	**20 466**	20 982
Total equity and liabilities	**156 189**	157 803

AGGREGATE FINANCIAL INFORMATION continued

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE

(R'000)	2015	2014
Group's proportionate share of income and expenditure		
Revenue	307 838	291 285
Steel supply	303 236	275 805
Property development	4 602	15 480
Profit before taxation	10 823	9 613
Steel supply	6 832	5 606
Property development	3 991	4 007
Taxation	(4 064)	(1 179)
Steel supply	(2 482)	(1 575)
Property development	(1 582)	396
Profit after taxation	6 759	8 434
Steel supply	4 350	4 031
Property development	2 409	4 403
Dividends paid	–	–
Steel supply	–	–
Property development	–	–

ANNEXURE 5 –
INVESTMENT IN JOINT VENTURES
continued

(R'000)	2015	2014
AGGREGATE FINANCIAL INFORMATION continued		
STATEMENT OF CASH FLOW FOR THE YEAR ENDED 30 JUNE		
Group's proportionate share of cash flows		
Cash flow from operating activities	**(1 666)**	502
Steel supply	**(4 051)**	391
Property development	**2 385**	111
Cash flow from investing activities	**(2 648)**	12 272
Steel supply	**361**	3 256
Property development	**(3 009)**	9 016
Cash flow from financing activities	**1 154**	(8 149)
Steel supply	**688**	1 367
Property development	**466**	(9 516)
Net (decrease)/increase in cash and cash equivalents	**(3 160)**	4 625
Steel supply	**(3 002)**	5 014
Property development	**(158)**	(389)

There are no additional contingent liabilities that the group is aware of that require disclosure which have not been disclosed in note 23.

ANNEXURE 6 – INVESTMENT IN ASSOCIATES

at 30 June 2015

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 shares held (%)	Carrying value 2015 R'000	Carrying value 2014 R'000
Amanz' Abantu Services (Proprietary) Limited	South Africa	Water supply	100 ordinary shares of R1 each	25.5	**6 423**	6 081
Jozi Power Limited	South Africa	Power supply	3 720 000 shares of USD1 each	31.31	**35 843**	35 206
Kalahari Village Mall (Proprietary) Limited	South Africa	Property development	255 ordinary shares of R1 each	25.5	**38 350**	22 178
Kayema Energy Solutions (Proprietary) Limited	South Africa	Power supply	408 ordinary shares of R1 each	25.1	**–**	40
Enzani Technologies (Proprietary) Limited	South Africa	Power supply	240 ordinary shares of R1 each	15.0^	**4 351**	4 129
Lesedi Nuclear Services (Proprietary) Limited	South Africa	Power supply	14 000 ordinary shares of R0,10 each	16.05^	**19 783**	17 098
Capital Place Limited	Ghana	Property development	210 600 ordinary shares of GHS1 each	30.0	**25 538**	25 538
Tsela Tshweu Private Company (RF) (Proprietary) Limited	South Africa	Property Development	100 ordinary shares of R1 each	34.24	**11 196**	–
					141 484	110 270

^ *The investments are equity accounted as the group has the power to participate in the financial and operating policy decisions of the investee.*

All associate companies listed above are private companies and there are no quoted market prices available for their shares.

ANNEXURE 6 – INVESTMENT IN ASSOCIATES

continued

(R'000)	2015	2014
AGGREGATE FINANCIAL INFORMATION		
STATEMENT OF CONSOLIDATED FINANCIAL POSITION AS AT 30 JUNE		
Group's proportionate share of assets and liabilities		
Assets		
Non-current assets	**290 823**	165 002
Power supply	**31 992**	34 624
Property development	**257 687**	129 359
Other	**1 144**	1 019
Current assets	**341 614**	80 110
Power supply	**62 694**	60 246
Property development	**265 182**	5 736
Other	**13 738**	14 128
Total assets	**632 437**	245 112
Equity and liabilities		
Shareholders' equity	**92 666**	69 279
Power supply	**54 254**	43 671
Property development	**33 164**	22 566
Other	**5 248**	3 042
Non-current liabilities	**132 490**	129 124
Power supply	**8 487**	16 556
Property development	**122 776**	110 274
Other	**1 227**	2 294
Current liabilities	**407 281**	46 709
Power supply	**31 946**	34 643
Property development	**366 929**	2 255
Other	**8 406**	9 811
Total equity and liabilities	**632 437**	245 112

AGGREGATE FINANCIAL INFORMATION continued

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE

(R'000)	2015	2014
Group's proportionate share of income and expenditure		
Revenue	**212 252**	142 302
Power supply	**62 535**	102 964
Property development	**112 752**	5 213
Other	**36 965**	34 125
Profit before taxation	**25 739**	28 212
Power supply	**12 015**	22 973
Property development	**12 964**	2 733
Other	**760**	2 506
Taxation	**(7 906)**	(8 551)
Power supply	**(3 364)**	(7 085)
Property development	**(4 329)**	(765)
Other	**(213)**	(701)
Profit after taxation	**17 833**	19 661
Power supply	**8 651**	15 888
Property development	**8 635**	1 968
Other	**547**	1 805
Dividends paid	**–**	–
Power supply	**–**	–
Property development	**–**	–
Other	**–**	–

ANNEXURE 6 – INVESTMENT IN ASSOCIATES
continued

(R'000)	2015	2014
AGGREGATE FINANCIAL INFORMATION continued		
STATEMENT OF CASH FLOW FOR THE YEAR ENDED 30 JUNE		
Group's proportionate share of cash flows		
Cash flow from operating activities	**388 203**	17 102
Power supply	19 243	(2 402)
Property development	366 975	22 886
Other	1 985	(3 382)
Cash flow from investing activities	**(118 747)**	(113 792)
Power supply	2 631	(10 376)
Property development	(121 254)	(106 163)
Other	(124)	2 747
Cash flow from financing activities	**(3 772)**	90 705
Power supply	(8 068)	3 060
Property development	5 363	87 530
Other	(1 067)	115
Net increase/(decrease) in cash and cash equivalents	**265 684**	(5 985)
Power supply	13 806	(9 718)
Property development	251 084	4 253
Other	794	(520)

There are no additional contingent liabilities that the group is aware of that require disclosure which have not been disclosed in note 23.

ANNEXURE 7 – ANALYSIS OF SHAREHOLDERS

for the year ended 30 June 2015

	No of shareholders	%	No of shares	%
1. SHAREHOLDER SPREAD				
1 – 1 000 shares	3 436	73.17	875 903	0.78
1 001 – 10 000 shares	813	17.31	2 856 468	2.55
10 001 – 100 000 shares	326	6.94	11 361 369	10.13
100 001 – 1 000 000 shares	100	2.13	29 638 669	26.41
1 000 001 shares and over	21	0.45	67 474 460	60.13
Totals	**4 696**	**100.00**	**112 206 869**	**100.00**
2. DISTRIBUTION OF SHAREHOLDERS				
Banks	53	1.13	11 978 986	10.68
Close corporations	20	0.43	94 722	0.08
Empowerment	3	0.06	13 055 259	11.64
Endowment funds	26	0.55	287 402	0.26
Government	2	0.04	121 469	0.11
Individuals	3 847	81.92	4 653 771	4.15
Insurance companies	40	0.85	4 743 518	4.23
Investment companies	11	0.23	490 409	0.44
Medical schemes	20	0.43	231 913	0.21
Mutual funds	130	2.77	39 080 521	34.82
Other corporations	6	0.13	16 930	0.01
Private companies	59	1.26	3 539 703	3.15
Public companies	5	0.11	21 262	0.02
Retirement funds	220	4.68	32 768 971	29.20
Share trust	1	0.02	26 705	0.02
Trusts	253	5.39	1 095 328	0.98
Totals	**4 696**	**100.00**	**112 206 869**	**100.00**
3. PUBLIC/NON-PUBLIC SHAREHOLDERS				
Non-public shareholders	16	0.34	13 330 916	11.88
Directors of the company	1	0.02	47 370	0.04
Executive committee members of the company	5	0.11	119 423	0.11
Senior management of the company	6	0.13	82 159	0.07
Empowerment trusts	3	0.06	13 055 259	11.64
Share trusts	1	0.02	26 705	0.02
Public shareholders	4 680	99.66	98 875 953	88.12
Totals	**4 696**	**100.00**	**112 206 869**	**100.00**

ANNEXURE 7 – ANALYSIS OF SHAREHOLDERS
continued

	No of shares	%
4. BENEFICIAL SHAREHOLDERS HOLDING 5% OR MORE		
Government Employees Pension Fund	17 574 605	15.66
Group Five Limited Black Professionals Staff Trust	12 356 865	11.01
Sanlam	11 615 617	10.35
PSG Konsult	10 228 579	9.12
Allan Gray	8 170 697	7.28
Totals	**59 946 363**	**53.42**
5. DIRECTORS OF THE COMPANY		
CMF Teixeira	47 370	0.04
Totals	**47 370**	**0.04**
6. EXECUTIVE COMMITTEE MEMBERS OF THE COMPANY		
J Doorasamy	6 099	0.01
JW Hillary	3 838	0.00
GD Mottram	25 703	0.02
JA Wallace	82 150	0.08
WI Zeelie	1 633	0.00
Totals	**119 423**	**0.11**
7. SENIOR MANAGEMENT OF THE COMPANY		
SRAL de la Motte	36	0.00
PJ de Vries	5 904	0.01
FH Enslin	26 423	0.02
NM Humphreys	30 276	0.03
NC Katamzi	3 593	0.00
SH Ryninks	15 927	0.01
Totals	**82 159**	**0.07**
8. EMPOWERMENT TRUSTS		
Group Five Limited Black Professionals Staff Trust	12 356 865	11.02
Group Five Black Management Scheme	677 045	0.60
Group Five Black Management Scheme – exiting participants	21 349	0.02
Totals	**13 055 259**	**11.64**
9. SHARE TRUST		
Rivonia Share Scheme Services (Pty) Limited	26 705	0.02
Totals	**26 705**	**0.02**

10. TOP 20 BENEFICIAL SHAREHOLDERS

Rank	Name of shareholder	No of shares	%
1	Government Employees Pension Fund	17 574 605	15.66
2	Group Five Limited Black Professionals Staff Trust	12 356 865	11.01
3	Sanlam	11 615 617	10.35
4	PSG Konsult	10 228 579	9.12
5	Allan Gray	8 170 697	7.28
6	Investment Solutions	3 505 695	3.12
7	Ellerine Brothers	2 144 991	1.91
8	Mines Pension Fund	1 983 316	1.77
9	Fidelity	1 754 352	1.56
10	Prudential	1 411 063	1.26
11	Transnet Pension Fund	1 072 361	0.96
12	Public Service Pension Fund	978 853	0.87
13	Vanguard	920 865	0.82
14	Metal & Engineering Industries	875 571	0.78
15	Coronation Fund Managers	783 058	0.70
16	Old Mutual	738 484	0.66
17	Telkom Retirement Fund	688 663	0.61
18	Citadel	684 685	0.61
19	Absa Group Pension Fund	639 947	0.57
20	MMI Holdings Limited	593 911	0.53
Totals		**78 722 178**	**70.15**

11. TOP TEN COUNTRIES BASED ON BENEFICIAL SHAREHOLDERS

Rank	Name of country	No of shares	%
1	South Africa	86 267 150	76.88
2	USA	9 889 531	8.81
3	UK	1 889 158	1.68
4	Luxembourg	1 771 655	1.58
5	Swaziland	844 799	0.75
6	Sweden	521 000	0.46
7	Namibia	371 191	0.33
8	Netherlands	213 966	0.19
9	Ireland	58 762	0.05
10	Switzerland	23 000	0.02
Totals		**101 850 212**	**90.75**

NOTICE OF THE ANNUAL GENERAL MEETING

for the year ended 30 June 2015

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" or "the group")

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, No 9 Country Estate Drive, Waterfall Business Estate, Jukskei View, Johannesburg, on Tuesday, 3 November 2015 at 11:00, to consider and, if deemed fit, pass, with or without modification, the ordinary and special resolutions set out below and to deal with such other business as may be lawfully dealt with at the meeting.

PRESENTATION TO SHAREHOLDERS OF:

- The consolidated annual financial statements of the company and its subsidiaries for the year ended 30 June 2015
- Directors' report
- Independent auditor's report
- Audit committee report
- Social and ethics committee report

The complete annual financial statements are available on www.groupfive.co.za.

RESOLUTIONS FOR CONSIDERATION AND ADOPTION

1. **ORDINARY RESOLUTION NUMBER 1: Re-election of directors**
   Ms PM Mthethwa (nee Buthelezi), Messrs NJ Chinyanta, and SG Morris are obliged to retire by rotation at this annual general meeting in accordance with the provisions of clause 24.6.2 of the company's memorandum of incorporation. Having so retired and being eligible, Ms PM Mthethwa, Messrs NJ Chinyanta, and SG Morris offer themselves for re-election.

   1.1 **ORDINARY RESOLUTION NUMBER 1.1**
   "**RESOLVED** that PM Mthethwa be and is hereby re-elected as a director of the company with effect from 3 November 2015."

   1.2 **ORDINARY RESOLUTION NUMBER 1.2**
   "**RESOLVED** that NJ Chinyanta be and is hereby re-elected as a director of the company with effect from 3 November 2015."

   1.3 **ORDINARY RESOLUTION NUMBER 1.3**
   "**RESOLVED** that SG Morris be and is hereby re-elected as a director of the company with effect from 3 November 2015."

   The board of directors has assessed the performance of the directors standing for re-election and has found them suitable for reappointment. A brief CV in respect of each director standing for re-election appears on pages 12 to 15 of this integrated annual report, as well as in the online section of the integrated annual report.

2. **ORDINARY RESOLUTION NUMBER 2: Election of group audit committee members subject, where necessary, to their reappointment as directors of the company in terms of the resolutions in paragraph 1 above.**

   To elect by separate resolutions a group audit committee comprising independent non-executive directors, as provided in section 94(4) of the Companies Act and appointed in terms of section 94(2) of the Companies Act to hold office until the next annual general meeting to perform the duties and responsibilities stipulated in section 94(7) of the Companies Act and the King III Report on Governance for South Africa 2009 and to perform such other duties and responsibilities as may from time to time be delegated by the board of directors for the company and all subsidiary companies.

   2.1 **ORDINARY RESOLUTION NUMBER 2.1**
   "**RESOLVED** that SG Morris be and is hereby elected as a member and chairperson of the group audit committee of the company with effect from 3 November 2015."

   2.2 **ORDINARY RESOLUTION NUMBER 2.2**
   "**RESOLVED** that JL Job be and is hereby elected as a member of the group audit committee of the company with effect from 3 November 2015."

   2.3 **ORDINARY RESOLUTION NUMBER 2.3**
   "**RESOLVED** that KK Mpinga be and is hereby elected as a member of the group audit committee of the company with effect from 3 November 2015."

   2.4 **ORDINARY RESOLUTION NUMBER 2.4**
   "**RESOLVED** that B Ngonyama be and is hereby elected as a member of the group audit committee of the company with effect from 3 November 2015."

   2.5 **ORDINARY RESOLUTION NUMBER 2.5**
   "**RESOLVED** that VM Rague be and is hereby elected as a member of the group audit committee of the company with effect from 3 November 2015."

   2.6 **ORDINARY RESOLUTION NUMBER 2.6**
   "**RESOLVED** that MR Thompson be and is hereby elected as a member of the group audit committee of the company with effect from 3 November 2015."

3. **ORDINARY RESOLUTION NUMBER 3: Approval of remuneration policy**
"**RESOLVED** through a non-binding advisory vote, the company's remuneration policy (excluding the remuneration of non-executive directors for their services as directors and members of the board or statutory committees) and its implementation, as set out in the remuneration report contained on pages 108 to 121 of this integrated annual report be and is hereby approved."

This ordinary resolution is of an advisory nature only and although the board will take the outcome of the vote into consideration when determining the remuneration policy, failure to pass this resolution will not legally preclude the company from implementing the remuneration policy as contained in the integrated annual report.

4. **ORDINARY RESOLUTION NUMBER 4: Re-appointment of auditors**
As set out in the group audit committee report on page 3 of the integrated annual report, the group audit committee has assessed PricewaterhouseCoopers Incorporated's performance, independence and suitability and has nominated them for reappointment as independent external auditors of the group, to hold office until the next annual general meeting.

"**RESOLVED** that PricewaterhouseCoopers Incorporated, with the designated audit partner being Megandra Naidoo, be and is hereby reappointed as independent external auditors of the group for the ensuing year. Further, that the term of engagement and fees be determined by the audit committee."

5. **ORDINARY RESOLUTION NUMBER 5: 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 at their discretion deem fit, subject to the provisions of the Companies Act, the memorandum of incorporation of the company and the JSE Limited (JSE) Listings Requirements, when applicable. The issuing of shares granted under this authority will be limited to Group Five's existing contractual obligations to issue shares, including for purposes of the Group Five Share Appreciation Rights Scheme (SARS) approved on 13 October 2010, the Group Five Long Term Share Incentive Plan (LTIP) approved on 27 November 2012, any scrip dividend and/or capitalisation share award, and shares required to be issued for the purpose of carrying out the terms of the SARS and LTIP employee schemes."

6. **ORDINARY RESOLUTION NUMBER 6: Authority to sign all documents required**
"**RESOLVED** that any one of the directors and/or the group secretary be and is hereby authorised to do all such things and sign all documents and procure the doing of all such things and the signature of all such documents as may be necessary or incidental to give effect to all ordinary and special resolutions to be proposed at the annual general meeting at which this resolution will be proposed."

7. **SPECIAL RESOLUTION NUMBER 1: Authorisation of non-executive directors' remuneration**
"**RESOLVED** that the proposed remuneration of non-executive directors for the year ended 30 June 2016 be approved as follows:

	F2015 (actual)	**F2016 (proposed)**
Main board – chairperson	R920 000	**R980 000**
Main board – non-executive director	R230 000	**R245 000**
Lead independent director	R385 000	**R410 000**
Audit committee – chairperson	R225 000	**R240 000**
Audit committee – member	R112 000	**R119 000**
Remuneration committee – chairperson	R153 000	**R163 000**
Remuneration committee – member	R79 000	**R84 000**
Risk committee – chairperson	R153 000	**R163 000**
Risk committee – member	R79 000	**R84 000**
Nominations committee – chairperson*	R112 000	**R119 000**
Nominations committee – member	R59 500	**R63 000**
Social and ethics committee – chairperson	R153 000	**R163 000**
Social and ethics committee – member	R79 000	**R84 000**
Extraordinary services – per hour	R3 210	**R3 500**

** Included in chairperson's fee.*

8. **SPECIAL RESOLUTION NUMBER 2: General authority to repurchase shares**
"**RESOLVED** that, subject to compliance with the JSE Listings Requirements, the Companies Act and the memorandum of incorporation of the company, the directors of the company be and are hereby authorised at 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% (twenty percent) 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 counterparty;
- 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% (ten percent) above the weighted average of the market value of the ordinary shares for the five business days immediately preceding the date on which a purchase is made."

RATIONALE FOR THE AUTHORITY

The rationale for this special resolution is to authorise the directors, if they deem it appropriate in the interests of the company, to procure that the company or subsidiaries of the company acquire or repurchase ordinary shares issued by the company subject to the restrictions contained in the above resolution. 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% (twenty percent) 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;
- the recognised and measured assets of the company and the group in accordance with the accounting policies used in the latest audited annual group financial statements, 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; and
- 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.

The directors undertake that:

- 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 to the JSE prior to the commencement of the prohibited period;
- an announcement will be made when the company has cumulatively repurchased 3% (three percent) of the initial number of the relevant class of securities, and for each 3% (three percent) in aggregate of the initial number of that class acquired thereafter;
- the company will only appoint one agent to effect any repurchase(s) on its behalf; and
- prior to entering the market to repurchase the company's securities, a company resolution to authorise the repurchase will have been passed in accordance with the requirements of section 48 of the Companies Act, and stating that the board has acknowledged that it has applied the solvency and liquidity test as set out in section 4 of the Companies Act and has reasonably concluded that the company will satisfy the solvency and liquidity test immediately after completing the proposed distribution.

DISCLOSURES REQUIRED IN TERMS OF THE JSE LISTINGS REQUIREMENTS

The following information is provided in accordance with paragraph 11.26 of the JSE Listings Requirements and relates to special resolution number 2 above.

DIRECTORS' RESPONSIBILITY STATEMENT

The directors, whose names are given on page 12 to 15 of the integrated annual report, collectively and individually accept full responsibility for the accuracy of the information given in special resolution number 2, and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statements 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 paragraph 11.26 of the JSE Listings Requirements pertaining thereto contain all information required by law and the JSE Listings Requirements.

MATERIAL CHANGES

Other than the facts and developments reported on in these annual financial statements, there have been no material changes in the affairs, financial or trading position of the group since the signature date of this integrated annual report and the posting date thereof.

The following disclosures required in terms of the JSE Listings Requirements are set out in accordance with the reference pages in the integrated annual report of which this notice forms part:

- major shareholders of the company (pages 159 to 161); and
- share capital of the company (page 152).

9. **SPECIAL RESOLUTION NUMBER 3: General authority to provide financial assistance to related and inter-related companies**
   "**RESOLVED** as a special resolution in terms of the Companies Act that the provision by the company of any direct or indirect financial assistance as contemplated in section 45 of the Companies Act to any 1 (one) or more related or inter-related companies of the company, be and is hereby approved, provided that:

   1. (i) the specific recipient or recipients of such financial assistance;

      (ii) the form, nature and extent of such financial assistance;

      (iii) the terms and conditions under which such financial assistance is provided are determined by the board of directors of the company from time to time;

2. the board has satisfied the requirements of section 45 of the Companies Act in relation to the provision of any financial assistance;

3. such financial assistance to a recipient thereof is, in the opinion of the board of directors of the company, required for the purpose of:

   (i) meeting all or any of such recipient's operating expenses (including capital expenditure); and/or

   (ii) funding the growth, expansion, reorganisation or restructuring of the businesses or operations of such recipient; and/or

   (iii) any other purpose, which in the opinion of the board of directors of the company, is directly or indirectly in the interests of the company; and

4. the authority granted in terms of this special resolution shall end 2 (two) years from the date of adoption of this special resolution."

RATIONALE FOR THE AUTHORITY

The rationale for special resolution number 3 is to grant the directors of Group Five the authority to provide direct or indirect financial assistance through the lending of money, guaranteeing of a loan or other obligation and securing any debt or obligation, to its subsidiaries, associates and inter-related companies.

10. **TO TRANSACT SUCH OTHER BUSINESS AS MAY BE TRANSACTED AT AN ANNUAL GENERAL MEETING.**

RECORD DATE

The board of directors of the company have set Friday, 23 October 2015, as the record date for determining which shareholders are entitled to participate in and vote at the annual general meeting.

IDENTIFICATION, VOTING AND PROXIES

In terms of section 63(1) of the Companies Act, any person attending or participating in the annual general meeting must present reasonable satisfactory identification and the person presiding at the annual general meeting must be reasonably satisfied that the right of any person to participate in and vote (as shareholder or as proxy for a shareholder) has been reasonably verified. Suitable forms of identification will include valid identity documentation, driver's licences and passports.

A form of proxy is attached for the convenience of any certificated or dematerialised Group Five shareholders with own-name registrations who cannot attend the annual general meeting, but wish to be represented. To be valid, completed forms of proxy must be received by the transfer secretaries of the company, Computershare Investor Services (Pty) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) by no later than 11:00 on Friday, 30 October 2015.

All beneficial owners of Group Five shares who have dematerialised their shares through a central securities depository participant (CSDP) or broker, other than those with own-name registration, and all beneficial owners of shares who hold certificated shares through a nominee, must provide their CSDP, broker or nominee with their voting instructions, in accordance with the agreement between the beneficial owner and the CSDP, broker or nominee. Should such beneficial owners wish to attend the meeting in person, they must request their CSDP, broker or nominee to issue them with the appropriate letter of representation. Group Five does not accept responsibility and will not be held liable for any failure on the part of a CSDP or broker to notify such Group Five shareholder of the annual general meeting

ELECTRONIC PARTICIPATION BY SHAREHOLDERS

In compliance with the provisions of the Companies Act, Group Five intends to offer shareholders reasonable access, through electronic facilities, to participate in the annual general meeting by means of a conference call facility. Shareholders will be able to listen to the proceedings and raise questions should they wish to do so. Shareholders are invited to indicate their intention to make use of this facility by applying in writing (including details on how the shareholder or representative (including proxy) can be contacted) to the transfer secretaries, at the address above. The aforesaid application is to be received by the transfer secretaries at least 7 (seven) business days prior to the annual general meeting, namely Friday, 23 October 2015. The transfer secretaries will, by way of e-mail, provide information enabling participation to those shareholders who have made such application. Voting will not be possible via the electronic facility and shareholders wishing to exercise their voting rights at the annual general meeting are required to be represented at the meeting either in person, by proxy or by letter of representation as provided for in the notice of annual general meeting.

The company reserves the right not to provide for electronic participation at the annual general meeting if it determines that it is not practical to do so, or an insufficient number of shareholders (or their representatives or proxies) request to participate in this manner.

By order of the board

N (Nonqaba) Katamzi
Company secretary

7 August 2015

Registered office	**Transfer secretaries**
Group Five Limited No 9 Country Estate Drive Waterfall Business Estate Jukskei View Johannesburg 1662	Computershare Investor Services (Pty) Limited 70 Marshall Street Johannesburg 2001
Postnet Suite 500 Private Bag X26 Sunninghill 2157	PO Box 61051 Marshalltown 2107

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" or "the group")

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, No 9 Country Estate Drive, Waterfall Business Estate, Jukskei View, Johannesburg on Tuesday, 3 November 2015 ("the annual general meeting") at 11:00. 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 and certificated shareholders, 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 chairperson 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 resolutions			
1. Ordinary resolution number 1: Re-election of directors 1.1 Election of PM Mthethwa as a director 1.2 Election of NJ Chinyanta as a director 1.3 Election of SG Morris as a director			
2. Ordinary resolution number 2: Election of group audit committee members 2.1 Election of SG Morris as member and chairperson of the group audit committee 2.2 Election of JL Job as member of the group audit committee 2.3 Election of KK Mpinga as member of the group audit committee 2.4 Election of B Ngonyama as member of the group audit committee 2.5 Election of VM Rague as member of the group audit committee 2.6 Election of MR Thompson as member of the group audit committee			
3. Ordinary resolution number 3: Approval of remuneration policy, through a non-binding advisory vote			
4. Ordinary resolution number 4: Re-appointment of auditors			
5. Ordinary resolution number 5: Control of authorised but unissued shares			
6. Ordinary resolution number 6: Authority to sign all documents required			
Special resolutions			
7. Special resolution number 1: Authorisation of non-executive directors' remuneration			
8. Special resolution number 2: General authority to repurchase shares			
9. Special resolution number 3: General authority to provide financial assistance to related or inter-related companies			

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 2015

Signature

assisted by me (where applicable)

(State capacity and full name) (see note 10). Please use block letters.

Please read the notes on the reverse side hereof.

NOTES TO THE FORM OF 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 chairperson 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 form of proxy, and whose name is not deleted, shall be regarded as the validly appointed proxy.
5. The authority of a person signing a form of proxy in a representative capacity must be attached to the form of proxy unless that authority has already been recorded by the company's transfer secretaries or waived by the chairperson of the annual general meeting.
6. In order to be effective, forms of proxy 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).
7. Any alteration or correction made to this form of proxy must be initialled by the signatory/(ies).
8. If this form of proxy 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.
9. The delivery of the duly completed form of proxy shall not preclude any member or his duly authorised representative from attending the meeting, speaking and voting instead of such duly appointed proxy.
10. 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.
11. 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
Group Five Limited
No 9 Country Estate Drive
Waterfall Business Estate
Jukskei View
Johannesburg 1662

Postnet Suite 500
Private Bag X26
Sunninghill
2157

Transfer secretaries
Computershare Investor
Services (Pty) Limited
70 Marshall Street
Johannesburg 2001

PO Box 61051
Marshalltown
2107

No 9 Country Estate Drive
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