2016
INTEGRATED ANNUAL REPORT

GROUP FIVE
structured ingenuity

GROUP FIVE IS A LEADING

AFRICAN CONSTRUCTION, CONCESSIONS AND MANUFACTURING GROUP

WITH THE ABILITY TO DELIVER ACROSS THE FULL INFRASTRUCTURE LIFECYCLE.

WE CREATE INFRASTRUCTURE SOLUTIONS.

Our capabilities encompass project development, investment, construction, operations and maintenance and the manufacturing and supply of construction products.

We operate in the infrastructure, energy, resources and real estate sectors. Headquartered in South Africa, our operations are largely focused on sub-Saharan Africa. We also operate in countries in Europe. We have operating experience in 28 countries.

CONTENTS

03

GOVERNANCE, MEASUREMENT AND REMUNERATION

04

SUMMARY CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

PERFORMANCE SUMMARY

FINANCIAL

REVENUE
R13,8 billion
down 1%
F2015: R13,9 billion

CASH AND CASH EQUIVALENTS
R3,3 billion
down 4%
F2015: R3,4 billion

OPERATING PROFIT
R722 million
up 97%
F2015: R366 million

RETURN ON EQUITY
11,7%
up 44%
F2015: 8.1%

EARNINGS PER SHARE
375 cents
up 69%
F2015: 222 cents per share

TOTAL DIVIDENDS PER SHARE
72 cents per share
up 31%
F2015: 55 cents

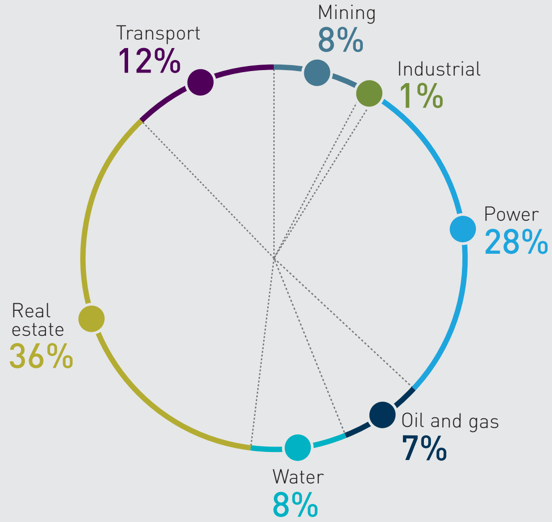
CORE OPERATING PROFIT

(R'000)	**2016**	2015
Engineering & Construction	**(236 926)**	43 836
Building & Housing	**74 459**	91 383
Civil Engineering	**(381 197)**	(96 263)
Projects	**36 604**	20 411
Energy	**33 208**	28 305
Investments & Concessions	**917 440**	236 638
Manufacturing	**55 993**	67 894
Total	**736 507**	348 368

Refer to the chief executive officer's review on page 40 and the chief financial officer's review on page 52.

STRATEGY

ESTABLISHED PRESENCE IN SEVEN SECTORS



REVENUE R13,8 BILLION

Revenue from over-border operations	33%
Percentage of Contracting revenue from multi-disciplinary and EPC^ contracts	67%
Percentage of annuity^^ profit to core operating profit	132%

^ *Engineer, procure and construct.*
^^ *Non-Contracting businesses.*

EXECUTION

LOSS-/PROFIT-MAKER RATIO

24%

F2015: 35%

PEOPLE

4*
FATALITIES
F2015: 0

* In our sub-contractor base.

LTIFR**
IMPROVED

0.15 → 0.13
F2015 F2016

** Lost-time injury frequency rate.

BEST EMPLOYER
IN THE
CONSTRUCTION
SECTOR^

^ Best Employer survey by the Corporate Research Foundation.

EMPLOYEES

9 313

at 30 June 2016

F2015: 12 178

AIC# REPRESENTATION
AT MANAGEMENT LEVEL

31%

F2015: 28%

in F2016

\# African, Indian and Coloured.

ABOUT THIS REPORT

REPORT APPROACH

THIS INTEGRATED ANNUAL REPORT COVERS THE ACTIVITIES OF GROUP FIVE FOR THE 12 MONTHS TO 30 JUNE 2016.

The board of directors approved this report on 5 August 2016.

PRINTED SECTION

The printed section of the integrated annual report aims to provide concise, relevant and reliable information addressing the group's issues and activities.

This icon indicates where readers can find additional information in the printed section of the integrated annual report.

ONLINE SECTION

An online section of the integrated annual report is available on the group's website **(www.groupfive.co.za)**, which expands on the group's issues and individual stakeholder requirements.

This icon indicates where readers can find additional information in the online section of the integrated annual report.

These two sections together constitute the group's integrated annual report.

MATERIAL ISSUES AND STAKEHOLDER ENGAGEMENT

The group engaged with a range of stakeholders during the year.

The issues communicated to management by our stakeholders were considered during the compilation of this integrated annual report.

For information on stakeholder engagement, refer to the online section of the integrated annual report at www.groupfive.co.za.

The board considers what constitutes material issues to the group. This year, we continued to interrogate the material issues through various forums, such as our main board and sub-committee board meetings.

SCOPE AND BOUNDARY

The group operates in South Africa, the rest of Africa and Europe.

This integrated annual report was compiled while considering the recommendations of the Global Reporting Initiative (GRI G4), the King III Report on Corporate Governance (King III) for South African reports and the International Integrated Reporting Council. We have documented our assessment of the King III principles in a register. Although we are not in a position to fully report against G4, we again outline a response table to certain of the relevant GRI indicators. These can be found in the online section of the integrated annual report.

The printed section of the integrated annual report includes audited summary consolidated annual financial statements on pages 124 to 150, which were extracted from the audited consolidated annual financial statements. The complete set of these statements is available in the online section of the integrated annual report.

The group is evaluating the recommendations included in the draft King IV Report. We welcome the increased focus on the role of leadership and the clear articulation of strategy and have attempted to further crystallise our strategy in our integrated annual report this year. Refer to pages 12 to 25.

We support King IV's renewed focus on ethical leadership, good governance, increased disclosure on remuneration and the recommendation that the board should provide oversight over the policies and plans that are developed from the approved strategy.

On pages 48 to 50 we outline our personal journey in terms of further improving our disclosure on integrated reporting and the capitals model and how organisations use resources and relationships to create value.

The annual financial statements comply with International Financial Reporting Standards (IFRS), JSE Listings Requirements and the South African Companies Act.

APPROVALS

The audit committee is responsible for overseeing the content of the integrated annual report and recommended the report to the board for its approval.

Our independent auditors, PricewaterhouseCoopers Inc., issued an unmodified audit opinion on the consolidated annual financial statements and on the summary consolidated annual financial statements. The unmodified audit opinion on the group's consolidated annual financial statements is incorporated in the consolidated annual financial statements and can be found in the online section of the integrated annual report. The unmodified audit opinion on the summary consolidated annual financial statements can be found on page 125 of this integrated annual report.

References to future financial performance in the integrated annual report have not been reviewed or reported on by our auditors.

We are pleased to again release our integrated annual report on the same day as our results release date, which is within 50 days of the group's year end.

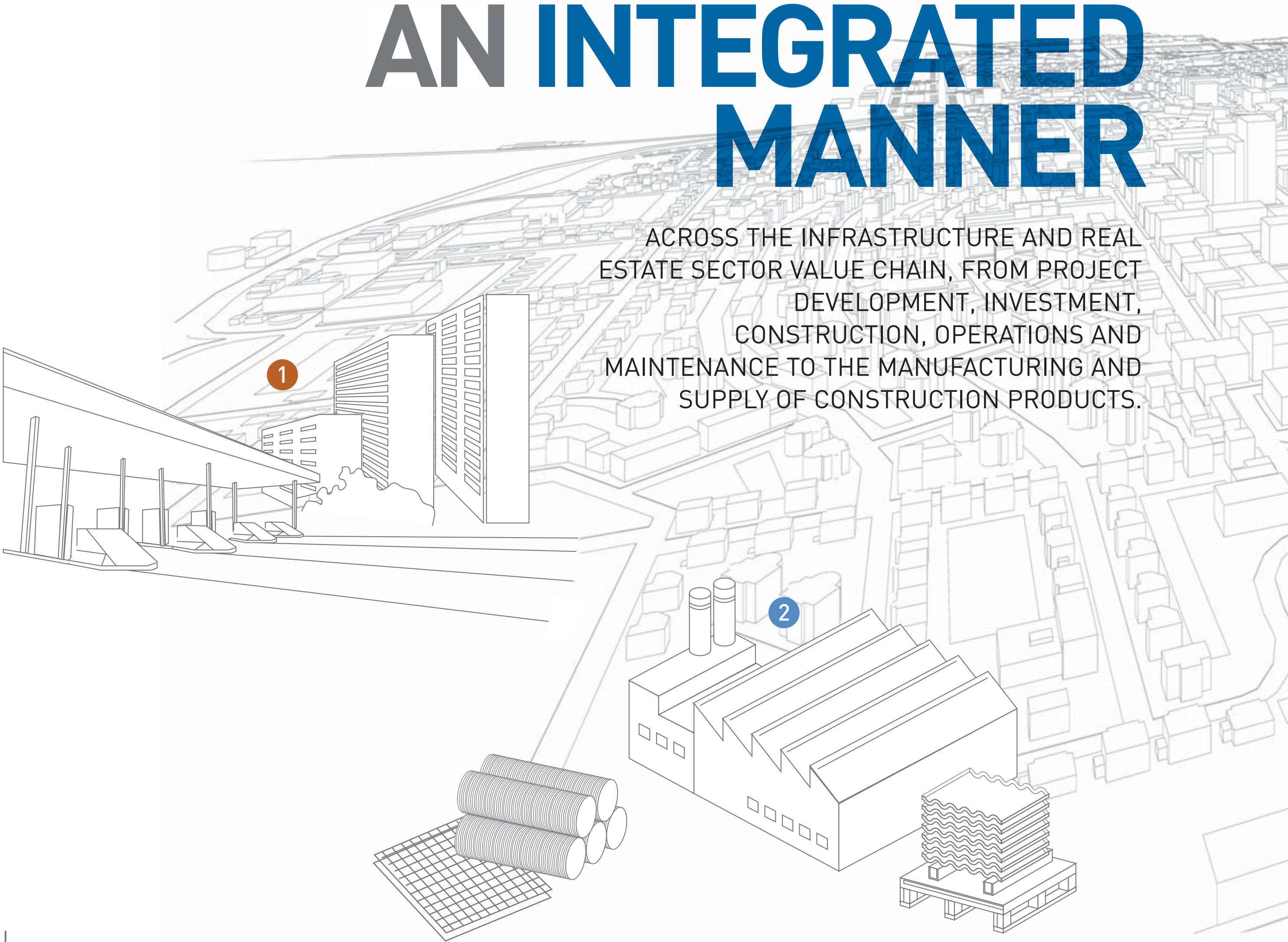
WE WELCOME FEEDBACK ON OUR INTEGRATED ANNUAL REPORT.

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

HOW WE CREATE VALUE

WE OPERATE IN AN INTEGRATED MANNER

ACROSS THE INFRASTRUCTURE AND REAL ESTATE SECTOR VALUE CHAIN, FROM PROJECT DEVELOPMENT, INVESTMENT, CONSTRUCTION, OPERATIONS AND MAINTENANCE TO THE MANUFACTURING AND SUPPLY OF CONSTRUCTION PRODUCTS.



1 INVESTMENTS & CONCESSIONS CLUSTER

Project development, investment and operations and maintenance in South Africa, the rest of Africa and Europe, with a focus on roads and real estate

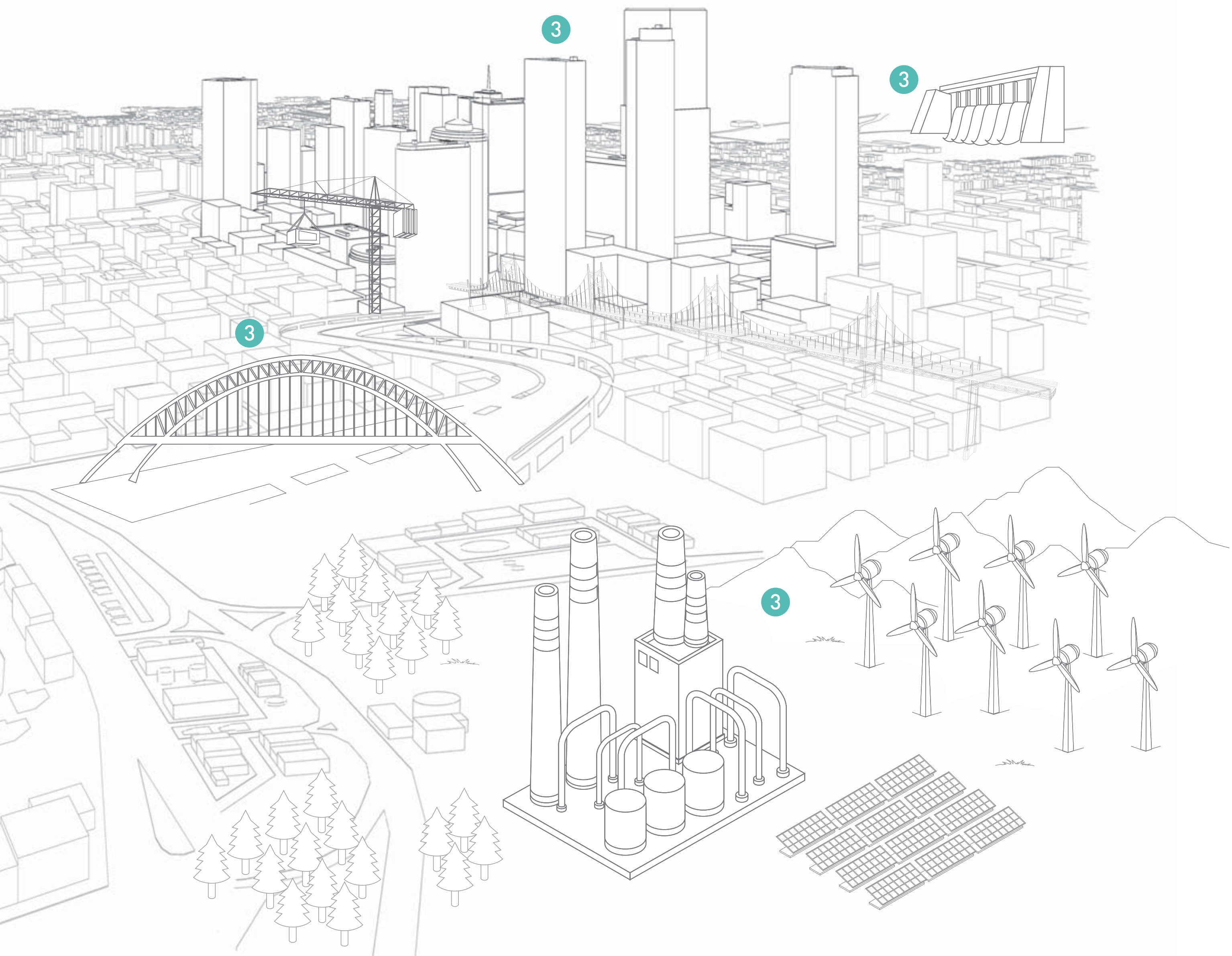
Roads | **Real estate**

2 MANUFACTURING CLUSTER

Focuses on manufacturing and supply of construction products

Building products, including fibre cement and steel | **Large-bore steel pipes**

PROJECT CONCEPTUALISATION AND DEVELOPMENT → INVESTMENT → EXECUTION → OPERATIONS AND MAINTENANCE



3

ENGINEERING & CONSTRUCTION CLUSTER

Focuses on execution and construction

3a Construction by discipline

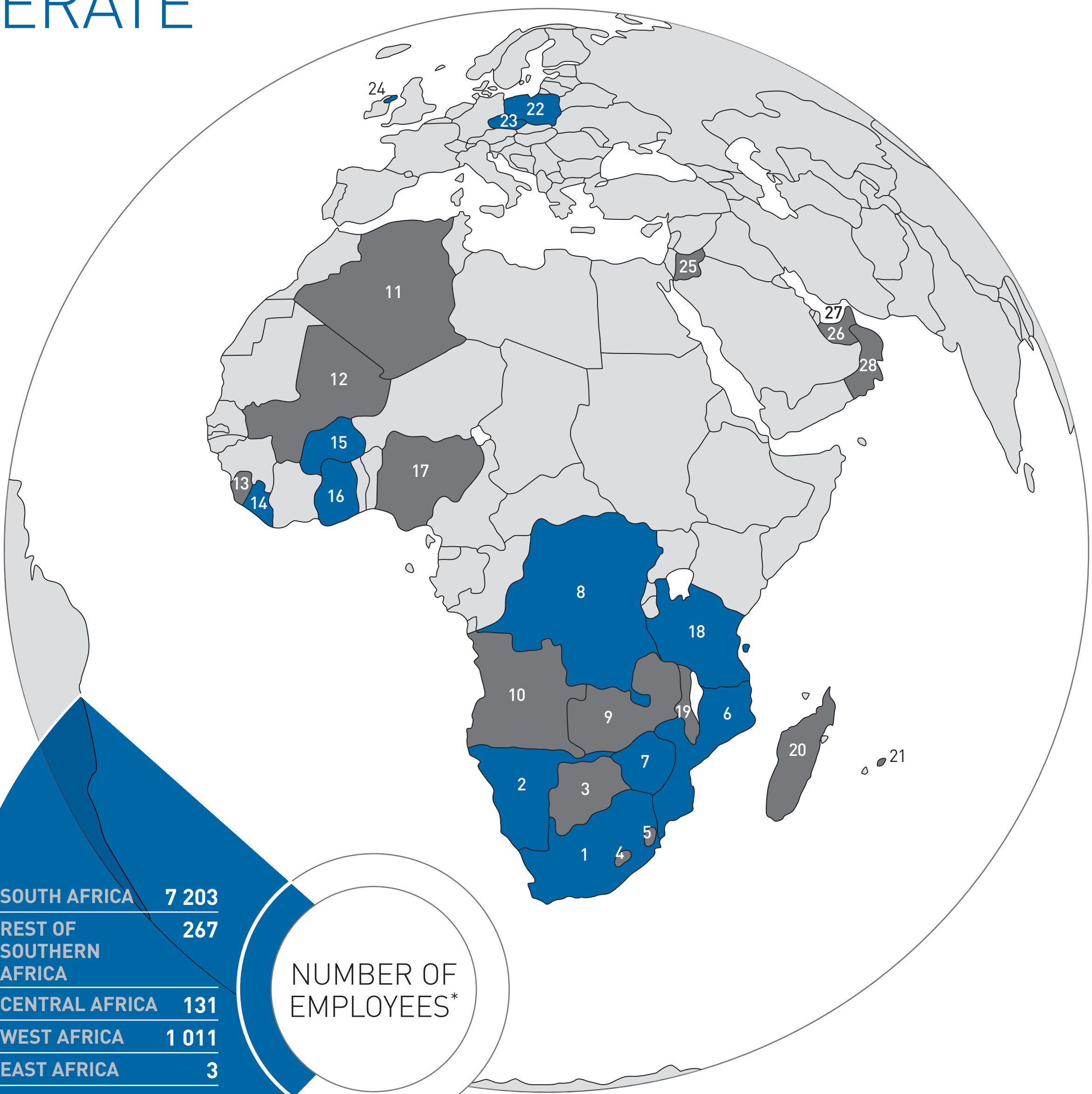
- Building and housing, civil engineering, structural, mechanical, electrical, instrumentation and piping (SMEIP), energy
- Multi-disciplinary contracts

+

3b Sector-led engineer, procure and construct

- Wrapped, turnkey offering
- Energy, resources and transport

WHERE WE OPERATE



NUMBER OF EMPLOYEES*

SOUTH AFRICA	7 203
REST OF SOUTHERN AFRICA	267
CENTRAL AFRICA	131
WEST AFRICA	1 011
EAST AFRICA	3
EUROPE	698

SOUTH AFRICA

67%

OF REVENUE

1 South Africa

REST OF SOUTHERN AFRICA

6%

OF REVENUE

2 Namibia
3 Botswana
4 Lesotho
5 Swaziland
6 Mozambique
7 Zimbabwe

● OPERATING IN REGION
● EXPERIENCE IN REGION

* *As at 30 June 2016.*

WE HAVE A GROWING INTERNATIONAL CLIENT BASE IN SOUTH AFRICA, THE REST OF AFRICA AND EUROPE. WE HAVE RECENTLY ESTABLISHED SMALL DEVELOPMENT OFFICES IN RUSSIA AND THE USA.

GEOGRAPHIC EXPERIENCE IN 28 COUNTRIES

CENTRAL AFRICA

1% OF REVENUE

8 DRC
9 Zambia
10 Angola

WEST AFRICA

21% OF REVENUE

11 Algeria
12 Mali
13 Sierra Leone
14 Liberia
15 Burkina Faso
16 Ghana
17 Nigeria

EAST AFRICA

0% OF REVENUE

18 Tanzania
19 Malawi
20 Madagascar
21 Mauritius

EUROPE

5% OF REVENUE

22 Poland
23 Hungary
24 Northern Ireland

The group has previously operated in the Middle East. Refer to page 59.

25 Jordan
26 Abu Dhabi – UAE
27 Dubai – UAE
28 Oman

OUR GROUP STRUCTURE

% OF
GROUP REVENUE

ENGINEERING & CONSTRUCTION

BUILDING & HOUSING

Design to build and construction of large buildings, low-cost and affordable mass housing and residential and mine housing solutions.

CIVIL ENGINEERING

Construction of large structures in public and private infrastructure, including heavy civil, mining and industrial structures, roads, ports, airports and pipelines.

PROJECTS

Multi-disciplinary plant construction covering structural, mechanical, electrical, instrumentation and piping.

ENERGY

POWER

Multi-disciplinary EPC^ contract delivery from feasibility through to supporting bankability and implementation, including plant operations and maintenance.

OIL & GAS

Core maintenance, shutdowns and turnarounds, above-ground storage tank design and construction, repairs and maintenance, as well as new-build oil and gas contracts.

NUCLEAR

Nuclear readiness certification implementation and local nuclear plant services and refurbishment.

ENGINEERING SERVICES

Technical support, design, engineering and construction methodologies and innovative solutions for the Engineering & Construction cluster and in support of developing multi-disciplinary and EPC^ solutions.

^ *Engineer, procure and construct.*

% OF
GROUP REVENUE

INVESTMENTS & CONCESSIONS

TRANSPORT

Development of, investment in and operations and maintenance of motorways. Operating under the **Intertoll** brand.

PROPERTY

Development, ownership and management of selected A- and B-grade property assets generating fee income and investment returns under the **G5 Properties** brand.

% OF
GROUP REVENUE

MANUFACTURING

FIBRE CEMENT

Exterior and interior walling, ceiling boards, roofing systems and pipes, as well as fibre cement-clad, steel-framed modular housing systems under the **Everite** brand. The group also recently added Aerated Autoclaved Concrete (AAC) under the Hebel brand.

STEEL

Large-bore spiral-welded steel pipes for mainly water transport systems and steel reinforcing and mesh for use in concrete structures under the **Group Five Pipe** and **Barnes Reinforcing Industries** brands.

THE OPERATIONAL STRUCTURE IS SUPPORTED BY THE CEO, CFO AND THE RISK, HUMAN RESOURCES AND DEVELOPMENTS EXECUTIVE MEMBERS. DEVELOPMENTS IS A CENTRAL TEAM THAT SUPPORTS THE GROUP IN IDENTIFYING AND DEVELOPING SIGNIFICANT CONTRACT OPPORTUNITIES IN LINE WITH THE GROUP'S STRATEGY IN TARGET SECTORS.

OUR STRATEGY

OUR STRATEGY IS TO SELECTIVELY DEVELOP, INVEST IN, DESIGN, CONSTRUCT AND OPERATE VARIOUS INFRASTRUCTURE AND REAL ESTATE ASSETS THROUGH THEIR LIFECYCLE. WE ALSO MANUFACTURE AND SUPPLY CONSTRUCTION PRODUCTS.

WE CREATE INFRASTRUCTURE SOLUTIONS

GROUP STRATEGY

Our strategy of operating across the infrastructure value chain enables the extraction of multiple revenues from target contracts, the generation of an improved blended group operating margin and the creation of annuity income to deliver sustained returns.

Our aim is to be:

- Africa's leading infrastructure project development, construction and concessions group
- Southern Africa's leading lightweight dry building materials manufacturer
- The leading African and European toll motorway development, investment and operating company

WE ARE FOCUSED ON GENERATING FUTURE RETURNS THAT ARE NOT ONLY ACCEPTABLE TO, BUT ATTRACTIVE TO SHAREHOLDERS.

This is being driven through:

Refer to the chief executive officer's review on pages 40 to 47.

- A focus on securing quality order book and revenue growth, with a strong emphasis on leading partnerships and a client-centric approach
- Improving our operating performance and efficiencies

Refer to the chief financial officer's review on page 75.

- Reducing overhead costs and complexity
- Evaluating options for optimising the capital invested in the group

WE OPERATE IN SEVEN SECTORS – MINING, INDUSTRIAL, POWER, OIL AND GAS, WATER, REAL ESTATE AND TRANSPORT.

CLUSTER STRATEGIES

Pages 20 to 25, 44 to 45

ENGINEERING & CONSTRUCTION

The Engineering & Construction cluster is focused on discipline-based **construction engineer, procure and construct (EPC)** services.

In the construction segment, the group focuses on margin and cash extraction and effective contract execution to ensure appropriate returns. Contracts are delivered by business segments either independently or in a multi-disciplinary manner.

The group is also continually evaluating ways to generate value from traditional construction through higher value-adding models. EPC is one key model that is being driven to further progress the group on the infrastructure value chain.

As an EPC contractor, Group Five manages the detailed engineering design of a contract, procures the equipment and materials necessary, and then constructs or manages the contractors to deliver a functioning facility or asset to clients.

Pages 16 to 17, 44 to 45

INVESTMENTS & CONCESSIONS

Investments & Concessions provides annuity income, cash generation and earnings to the group.

Intertoll Africa is cautiously expanding its footprint as the leading African **development, motorway concessions and operations and maintenance group**. Intertoll Europe is growing its position as a specialist **motorway development, investment and operations** company based in Europe. Intertoll also has development offices in Russia and the USA.

G5 Properties is developing a portfolio of A- and B-grade **real estate assets** that are aligned to our South African and African footprint, and which provide complementary opportunities for construction.

Pages 18 to 19, 44 to 45

MANUFACTURING

The group's Manufacturing cluster balances the cyclicality of construction revenue and earnings and provides annuity income to the group.

Our Manufacturing team is driven to become the **leading South African lightweight dry building materials company** supplying Southern Africa, leveraging off the strong operating base of the fibre cement business Everite. Steady progress is being made in adding a complementary portfolio of traded goods and introducing new technology products into our markets.

Our **steel reinforcing** business adds value to our procurement strategies for a competitive construction offering. Group Five Pipe is positioned as a leading South African **manufacturer of large-bore coated and lined steel water pipes**.

HOW WE MEASURE OUR STRATEGY

EXTRACTION OF MULTIPLE REVENUES

% OF CONTRACTING REVENUE FROM MULTI-DISCIPLINARY CONTRACTS

Traded revenue	Order book	Pipeline
41%	36%	59%
F2015: 30%	F2015: 11%	F2015: 11%

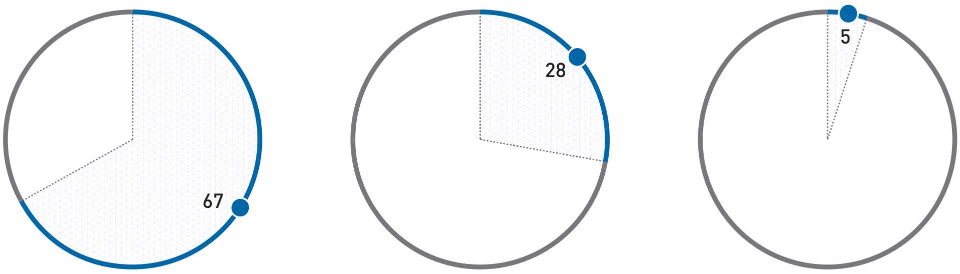
IMPROVED BLENDED MARGIN FROM HIGHER VALUE-ADDING MODELS

% OF CONTRACTING REVENUE FROM ENGINEER, PROCURE AND CONSTRUCT (EPC) CONTRACTS

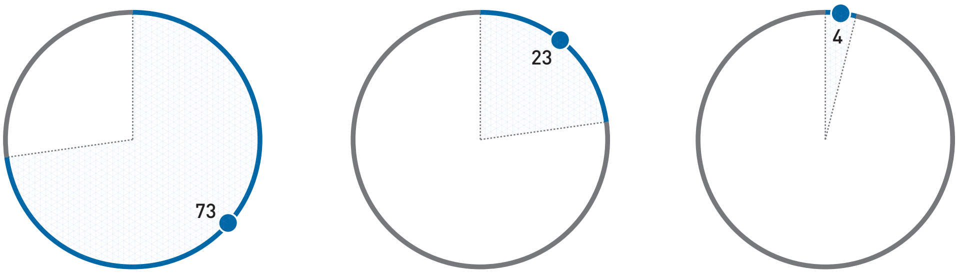
Traded revenue	Order book	Pipeline
26%	27%	47%
F2015: 12%	F2015: 33%	F2015: 12%

POSITIONING IN AFRICA AND EUROPE

SOUTH AFRICA (%) REST OF AFRICA (%) EUROPE (%)



F2016 – Traded revenue



F2015 – Traded revenue

	F2016 %	F2015 %
Over-border %		
Contracting order book*	31	39
Operations & Maintenance order book**	89	84
Multi-year target opportunity pipeline***	45	59

* *Total value of construction contracts formally awarded to the group still to be traded, ie secured work to be executed by the group.*
** *Value of operations and maintenance contracts formally awarded to the group still to be executed.*
*** *Value of contracts being targeted by the group.*

CREATION OF ANNUITY INCOME TO DELIVER SUSTAINABLE RETURNS

	F2016	F2015

Investments & Concessions		
% of group revenue	**8**	7
% of core group operating profit	**125**	68
Operations & Maintenance order book – billion	**6,1**	4,7
Investment in service concessions at fair value – R million	**1,230**	384
Investment property at fair value	**184**	104

Manufacturing		
% of group revenue	**7**	8
% of core group operating profit	**8**	20

ENSURING SUSTAINABILITY – SECURED REVENUE

CONTRACTING ORDER BOOK*

R11,2 billion

F2015: R14,1 billion

ENSURING SUSTAINABILITY – SOURCES OF FUTURE REVENUE

MULTI-YEAR OPPORTUNITY PIPELINE***

R164 billion

F2015: R225 billion

OUR STRATEGY AT WORK

CASE STUDY

Investments & Concessions

INTERTOLL – DRIVING ANNUITY INCOME

Investments & Concessions provides cash flow and annuity income to the group.

The group's Intertoll business has earned a reputation over 20 years for adding value to road infrastructure and concessions by being a reliable and efficient operator of roads in Europe and Southern Africa.

The group has been targeting new markets for growth to further bolster our position as one of the largest private road operators in Southern Africa and Europe.

New projects are under development or evaluation in Turkey, Ireland, Czech Republic, Norway, the Balkans and Russia. This year's early-stage entry into the USA on the back of our established European partnerships has progressed in line with plan, with Intertoll securing a first fee-based advisory engagement in Washington State.

During the year, we were also awarded a long term contract for the operations and maintenance of the Westlink project in Belfast, Northern Ireland. The project is a solid starting point to expand in the United Kingdom (UK) and Ireland where a number of possible projects exist.

The Westlink road is 60 kilometres long and our scope of services covers operations, maintenance, winter maintenance, inspections, traffic and safety management, road user assistance and preparation and management of heavy maintenance plans. We are operating from our new site in Belfast, which includes 2 800 m^2 of warehousing, a depot and offices.

The Westlink road has average daily traffic of over 100 000 vehicles, making it Intertoll Europe's busiest project, with the five-lane section of motorway being one of the busiest in Europe. Sections of the project run through Belfast.

The Westlink DBFO1 private finance initiative (PFI) project was started in 2006 with additional construction completed by 2009. The concessions owner, Bilfinger Berger Global Infrastructure fund (BBGI), required a reputable operator to replace the previous operator for the remaining tenure of the 20-year PFI contract. After a tender process, Intertoll was awarded the project and commenced operations from 1 April 2016. Intertoll has partnered with BBGI since 2005 as its operations and maintenance sub-contractor on the M6 Phase I project in Hungary. BBGI currently has 39 public private partnership/PFI projects across the UK, Europe, Australia, Canada and the USA.

In Africa, Intertoll has developed and refined its own in-house toll system and has designed its own toll plazas. This, together with its operating solutions, is being implemented in several African countries.

Group Five implemented its own innovative systems and tolling solutions on its Zimbabwean project, while ensuring substantive local Zimbabwe participation in the execution of the work. The road project formed part of the Zimbabwe government's strategic initiative to upgrade the logistics networks in Zimbabwe. The 822-kilometre east to west route in Zimbabwe was one of the first roads to be upgraded and links Botswana through Plumtree, Bulawayo and Harare to Mutare on the Mozambique border.

IN ADDITION TO PURSUING TRADITIONAL GREENFIELDS PUBLIC PRIVATE PARTNERSHIP (PPP) AND CONCESSIONS PROJECTS, WHICH HAVE LONG PROJECT DEVELOPMENT LEAD TIMES, INTERTOLL HAS REFINED ITS STRATEGY TO NOW ALSO TARGET BROWNFIELDS PROJECT OPPORTUNITIES AS OPERATE AND MAINTAIN-ONLY SUB-CONTRACTS. THIS STRATEGY WILL PROVIDE ADDITIONAL GROWTH PROSPECTS TO THE GROUP.

OUR STRATEGY AT WORK
CONTINUED

CASE STUDY

Manufacturing

BALANCES CYCLICALITY OF CONSTRUCTION

The Manufacturing cluster balances the cyclicality of construction revenue and earnings and provides annuity income to the group.

The cluster's strategy is to become the leading South African lightweight dry building materials company supplying Southern Africa, leveraging off the strong operating base of the established fibre cement business Everite. Steady progress is being made in adding a complementary portfolio of traded goods and introducing new technology products into this market.

To achieve its growth strategy in a highly-competitive and stagnant market, Manufacturing requires additional and substantial revenue streams of building materials to complement the current focused portfolio.

During the year, the team identified an opportunity in Aerated Autoclaved Concrete (AAC). Everite has been appointed as a licensee of ACC Xella, one of the world's largest manufacturers of AAC building materials. It will operate under the Hebel brand in South Africa.

Manufacturing's fibre cement business Everite is the only known producer of AAC in Africa.

AAC as a building material has gained considerable share of the international construction market since its inception in the 1920s in Sweden. It is viewed as a revolutionary material that offers a unique combination of strength, lightweight properties, thermal insulation, sound absorption, unsurpassed fire resistance and relative ease of construction with conventional building skills.

PRODUCT BENEFITS

- Improved labour and time savings
  Building with AAC panels using a four-man team is ten times faster than building with conventional bricks. Conventional brickwork is normally executed by a two-man team (bricklayer and helper), while building with AAC blocks using a two-man team is at least twice as fast as conventional bricks
- Load-bearing capacity
  AAC material is rated for building up to four stories and is extensively used in earthquake zones due to its high strength to weight ratio
- Outstanding fire resistance
  A 150 mm thick AAC Hebel wall withstands direct fire exposure for up to six hours and a standard 100 mm thick wall can withstand temperatures for four hours
- Thermal insulation in winter and summer
  The thermal efficiency reduces the reliance on heating and cooling appliances, and provides up to 60% reduction in heating and cooling costs
- Reduced transport costs
  The lightweight and size characteristics of AAC block allows for 70% reduced transport costs when compared to conventional bricks
- Lower cost
  Savings of up to 15% are achieved in structural costs (foundations and structure) of high-rise buildings using AAC as infill walling due to the lightweight nature of the material compared to conventional bricks or concrete, while still retaining the desirable masonry feel to the walls

GROUP BENEFITS

During the manufacturing process of AAC blocks and panels, waste from the cutting process is recycled with raw materials and re-used. Manufacturing of AAC blocks and panels therefore consumes about

70%

less energy when compared to the manufacturing process of conventional bricks, something that has become crucial in South Africa.

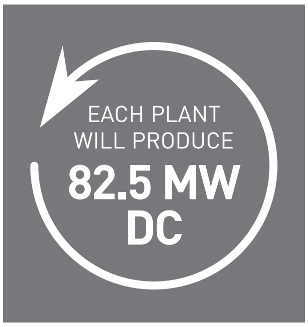
Autoclaves at Everite are being modified for the AAC production line.

The strategy to date has been to import European-manufactured AAC blocks and to supply them to a student accommodation project in Pretoria. The contractor is extremely happy with the product, especially with the speed of construction. The client is converting additional contracts to AAC-based materials.

We have also been awarded 321 RDP housing units in Port St Johns by the Eastern Cape Department of Human Settlements, which will be constructed with AAC materials.

OUR STRATEGY AT WORK
CONTINUED

CASE STUDY



Engineering & Construction

EFFECTIVE CONTRACT EXECUTION

As part of window 3 of the Renewable Energy Independent Power Producer programme issued by the Department of Energy in 2014, Group Five was successfully awarded two solar Photovoltaic (PV) plant contracts, the Adams Solar PV Plant and its sister contract, the Pulida Solar PV Plant, in March and May 2015, respectively. Group Five is the sub-contractor to the engineer, procure and construct (EPC) contractor Enertronica SA. Group Five's portions of the contracts have a combined value of over R500 million.

Group Five's Civil Engineering and Projects segments are responsible for the execution of these contracts, with the scope of work including earthworks and civils, mechanical (installation of foundation posts, erection of structures, installation of PV modules) and electrical and instrumentation (supply, installation and terminations of cabling, termination boxes and instruments).

BACKGROUND

The developer for both contracts, ENEL Green Power, is one of the largest renewable energy providers in the world.

The Adams Solar PV Plant is located in the Northern Cape and will produce 82.5 MW DC or 75 MW AC electricity. The Pulida Solar PV Plant is located in the Free State and will also produce 82.5 MW DC or 75 MW AC. Both plants will each have a 27-year lifespan and will each provide approximately 82 000 South African homes with clean energy. Combined, this will result in savings of 310 kilotons/year of CO_2 emissions and 82 kilotons/year of coal. The two contracts have to date been delivered with over 2,4 million hours of no lost-time injuries.

EXECUTION PROCESS

As disclosed in our F2015 integrated annual report, previous weaknesses in our execution process resulted in a material loss on a contract last year. The Adams and Pulida contracts are similar in scope to this previous material loss-making contract, but we have focused on ensuring that past mistakes are not repeated. Both contracts are expected to be completed in the first half of F2017, with pleasing progress to date.

Based on the lessons learnt, the following processes were implemented on these two and other contracts during the year:

EFFECTIVE TENDERING AND ESTIMATING

Through careful analysis, we focused on accurate costing of the tender price, using previous norms and standards for work of a similar nature.

The final pricing took into account any commercial changes during negotiations. Estimates and billings were re-priced to accurately reflect the contract and to ensure we have no unknown exposures or unexpected margin erosion.

We only accepted risks that were commensurate as a sub-contractor to an EPC contractor.

Where contracts were negotiated over a long time, changes in market conditions and current pricing levels were maintained.

ONE REPORTING AND SUPPORT STRUCTURE

After award, a comprehensive contract handover was held where the bid team clearly communicated assumptions made during the bidding stage to the execution team. The contract is executed in an integrated manner, with the Projects segment the execution lead and providing the overall construction manager. The full team reports to him. Daily production and weekly alignment meetings are held with all disciplines to ensure a unified approach. This also allows for the identification of strengths within each segment, which ensures the best delivery team. There is only one central support service team to ensure employees are accountable to the contract, not their segment.

UNIFIED APPROACH, COSTS AND REMUNERATION

The contracts are both approached as single, large integrated contracts as opposed to two teams on one site.

This is a material change and ensures:

- Synergies through eliminating duplication of costs, especially overhead, site and support costs, which would in the past have been budgeted for based on two separate segment teams
- Costs and remuneration that are based on the delivery of the full contract and not by business segment delivery

EFFECTIVE MIX OF SKILLS

The contract was resourced effectively, with the correct mix of skills and experience and the best team chosen. This is resulting in optimal solutions at each stage of the contract.

OUR STRATEGY AT WORK
CONTINUED

CASE STUDY

Engineer, procure and construct (EPC) contract

KPONE

As reported in F2015, the group was awarded the USD410 million independent power producer EPC contract by Ghanaian group Cenpower Generation Company Limited (Cenpower) for the design and build of the 350 megawatt (MW) gas- and oil-fired combined cycle power plant in the municipality of Kpone in Ghana in December 2014.

Over the last few years, the group has progressed to the early identification of independent power project opportunities in our preferred sectors where our African experience and the competency of our team allows us to focus on project development. We do this in alliance with reputable debt financiers, partners and owners to deliver turnkey infrastructure solutions. Our strategy has been refined from only responding to enquiries to identifying opportunities, assisting developers and achieving financial close and executing EPC contracts.

On the Kpone contract, we have further enhanced our support to the developer by being the intermediary between the developer, equity participants, debt providers and export credit institutions.

The key role players who are responsible for the Kpone project are:

CLIENT:
Cenpower Generation IPP

Credit insurer
ECIC*

Lenders
Led by RMB

GROUP FIVE EPC PROJECT
- Design, procure and build
- 350 MW combined cycle power plant
- Three-year contract

Shareholders
- Cenpower
- African Finance Corporation
- African Infrastructure Investment Managers
- Sumitomo Corporation
- FMO Enterprise Bank

Foreign equipment supply
50% of project value, including General Electric, Siemens, NEM

* *Export Credit Insurance Corporation of South Africa.*

Due to the size of the contract, the group spent eight years developing this contract and applying risk mitigation strategies. Prior to receiving approval from the board of directors to proceed on securing this contract, the management team was required to assess and report on the various elements of risk identified within the contract and to translate this risk into a value (value at risk) for the contract. Only after the board was satisfied that management had addressed all these areas was the contract approved.

Operations commenced in the second half of F2015. Due to the significance of this contract to the group in respect of its contribution to revenue and profit (in the year under review and forecasted until completion in F2018) we provide an update on progress.

OUR STRATEGY AT WORK
CONTINUED

CASE STUDY CONTINUED

RISK MANAGEMENT

The group monitors this contract against the following key risk factors in the contract:

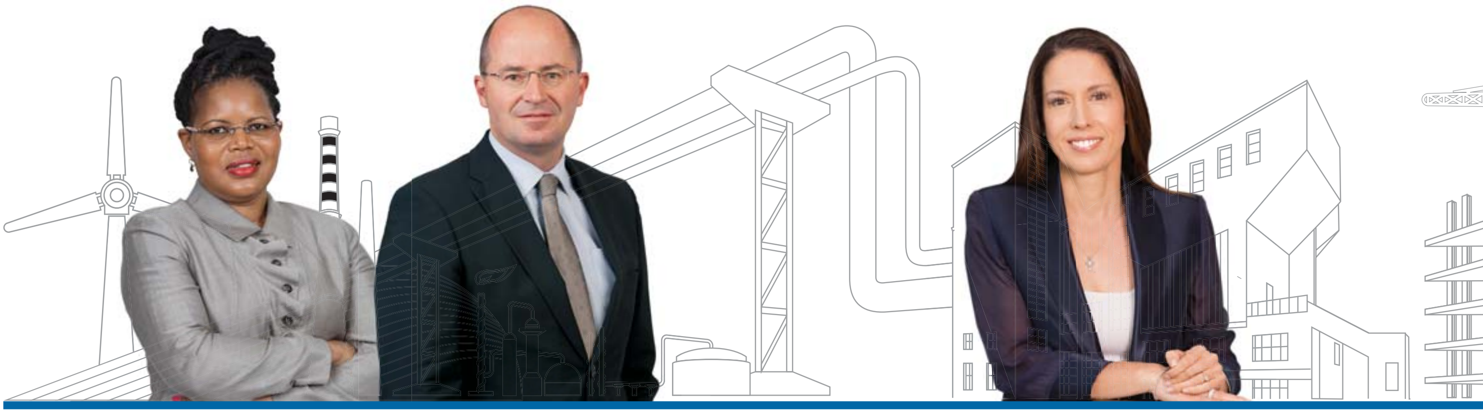
RISK FACTORS	MITIGATION FACTORS
COUNTRY	The group has operated in Ghana for over 15 years Since the commencement of the Kpone contract, no country-specific issues have impacted on the execution of the contract
REGULATORY	Ghana is one of the group's preferred countries in the rest of Africa due to its developed regulatory environment All regulatory dispensations were received prior to the commencement of the contract and nothing has since been altered
LOGISTICS	The group has adequate experience following 40 years of working in Africa Some delays have been experienced in delivering certain equipment to site. The group has adequately scoped for these risks and no delays have impacted the programme. None of these delays fall within the group's area of responsibility
PROCUREMENT	50% of the contract value relates to procured equipment The group has long relationships with the main suppliers, which include General Electric, Siemens and NEM and has successfully worked with their equipment on other contracts Performance guarantees have been received and all major equipment orders have been placed The original equipment manufacturers' orders were placed at the start of the contract schedule, with no negative impacts on the programme A key element of this contract is the sea water intake system. The group has appointed leading experts in the implementation of micro-tunnelling technology to execute this aspect, with procurement from world leaders in Germany Major equipment foundations are either completed or under construction and progressing well. Both the gas turbines and heat recovery steam generators have been delivered to site and are in the process of being installed. The steam turbine is en route and expected to arrive in Ghana in Q1 F2017. This will be the last of the major equipment deliveries
CURRENCY	As the group has adequately structured this contract, including the flow of funds, the impact of a weakening local currency and the risk of loss on conversion of currencies have been minimised The contract is a US Dollar-designated contract The contract continues to be executed in line with the approved structure. There has not been any loss due to currency translations
REPATRIATION	We have not experienced any problems with the flow of funds since the commencement of the contract
CREDIT	The funding is mostly debt funding from a reputable South African bank The limited equity funding was structured as an upfront payment and has already been received Contractual milestones and the receipt of payments have been achieved in line with the programme The contract remains cash positive

OPERATIONAL	▷	⊙ We have successfully completed 11 EPC power contracts worth in excess of R4 billion over the last seven years ⊙ We delivered a very similar combined cycle power plant in 2010, using the same technology. If that contract included the equipment supply value, the contract size would have been similar to that of Kpone. The previous contract had the same scope, technology, equipment suppliers and project director as that of Kpone ⊙ An essential element of Kpone is the professional design input. The group has contracted with reputable partner WorleyParsons RSA and USA (WorleyParsons GI) as the design engineering partner. Their scope includes concept and detail design, procurement, construction and commissioning support until handover to the client's team ⊙ We have also established an internal design team to act as the integration team between the external design and the execution teams on site. This has assisted in progressing, expediting and optimising the design
RESOURCES	▷	⊙ The contract is being led by an experienced group of contracts directors and managers who either have experience of working in Ghana or were part of the successful delivery of the similar plant in South Africa ⊙ Resource scheduling is progressing according to plan. The team on site is currently in excess of 700 people, with 90% of employees being Ghanaian ⊙ The project team is working well with sub-contractors, with no major interfacing issues ⊙ Our team continues to deliver well on its packages and the project management team on site is delivering according to expectations ⊙ Due to a stringent focus on safety, over one million hours of lost-time injury-free work have been achieved
VALUE AT RISK	▷	⊙ The group's value at risk for this contract is within the group's risk-bearing capacity and risk appetite ⊙ The contract continues to deliver according to expectations. Work on site is progressing well, with commissioning in accordance with the schedule. There has therefore been no negative influence on the group's value at risk

The project team reports monthly to an executive team which includes the Engineering & Construction cluster executive, together with the managing directors of the respective segments involved on the contract.

The project team also reports quarterly to the main board risk committee on the progress of the contract.

OUR TEAM
THE BOARD



MP (PHILISIWE) MTHETHWA /52

CHAIRPERSON

Independent chairperson of main board and nominations committee

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

PHILISIWE provides strategic input to the group through her diverse knowledge of banking, capital markets and international investment in South Africa. As a skilled executive in both the private and public sectors, she provides insight in terms of the local landscape, with a particular focus on economic requirements and the strategic direction of policymakers. She has strong international business acumen, which has been very valuable to the group in both its South African and rest of Africa public sector engagements.

ECJ (ERIC) VEMER /51

CHIEF EXECUTIVE OFFICER

Executive committee member, member of risk and transformation and sustainability committees

BSc Eng (Civil) (Hons), MBA

ERIC has over 25 years' experience in business, covering the financial, infrastructure, construction and related manufacturing markets. He has proven local and international know-how in mega-project development, financing, construction, infrastructure asset operations and investment banking. Since joining the group in 2005, Eric has successfully led the turnaround and growth of the Investments & Concessions cluster, contributed widely to group strategy and development, group mergers and acquisitions, and in driving key client relationships. Since his appointment as CEO in December 2014 he has led significant organisational change and restructuring initiatives through challenging markets.

CM (CRISTINA) FREITAS TEIXEIRA /43

CHIEF FINANCIAL OFFICER

Executive committee member, member of transformation and sustainability committee

BCom, BCompt (Hons), CA(SA), AMP (Insead France)

CRISTINA's deep understanding of the group's businesses and implementation of rigorous systems and a disciplined approach to the financial and administration function have been key in successfully managing the group's complex and demanding local and global financial environment. She is also a valuable member of the group's strategic development team. Cristina has led the group's reporting strategy, which has been recognised through a number of awards for reporting and disclosure, including the Investment Analysts Society Award seven times, as well as being the overall South African winner in 2010 and the overall integrated annual report winner at the 57th Institute of Chartered Secretaries/ JSE Annual Report Awards in 2012.

KK (KALAA) MPINGA /55
(Congolese)

SG (STUART) MORRIS /70

NJ (JUSTIN) CHINYANTA /56
(Zambian)

INCOMING AND OUTGOING LEAD INDEPENDENT NON-EXECUTIVE DIRECTORS

INDEPENDENT NON-EXECUTIVE DIRECTOR

Chairperson of risk committee, member of audit and nominations committees

BSc Agricultural Economics, MSc International Agricultural Development

KALAA brings significant experience in mining, construction, operations and relationships in Africa. He has a clear understanding of the over-border political and operating environment, with keen insight into effective risk management. His experience as an executive and shareholder of his own businesses also offers a constructive perspective to assist the board and management team. He is a strong supporter of the group's African expansion strategy.

Member of audit and risk committees

BCom, CA(SA)

STUART is an experienced executive in South Africa, with an ability to critically assess controls and financial risks and to advise on the adequacy of systems and procedures. He provides a solid sounding board to the group's financial team and the chief financial officer. During the year, he continued to add substantial value with respect to material matters the group had to deal with. Stuart is retiring from the board on 31 August 2016.

Member of risk and remuneration committees

Bachelor of Law Degree (Zambia), Fellow: Weatherhead Centre 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, a pan-African investment banking firm. 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 brings strong commercial and project finance experience to the board and extensive pan-African business networks.

OUR TEAM
CONTINUED

DR JL (JOHN) JOB /71

W (WILLEM) LOUW /62

B (BABALWA) NGONYAMA /41

INDEPENDENT NON-EXECUTIVE DIRECTORS

Member of remuneration, audit and risk committees

BSc (Hons), PhD in Physical Chemistry

JOHN brings significant operational, executive and strategic leadership to the group. He assists the group and management with evaluating new opportunities and is able to question decisions on a very practical level. He has a particularly strong ability to identify potential problem areas and provide advice on resolutions. John is retiring from the board on 31 August 2016.

Chairperson of transformation and sustainability committee, member of risk and nominations committees

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

WILLEM is a civil engineer with extensive technology and technical management skills, including capital project skills and new business development and acquisition integration management experience in the energy and chemical industries, both in South Africa and over-border.

Willem brings relevant industrial and engineering and project management experience to the board.

Chairperson of audit committee, member of transformation and sustainability and risk and nominations committees

BCom, CA(SA), MBA (Australia), Advanced Diploma in Banking

BABALWA is a chartered accountant with significant experience in the auditing, finance and mining industries. She has several business interests and actively participates in numerous national forums on economic growth and development. She is the CEO of Sinayo Securities and a founding member of the African Women Chartered Accountants organisation. Babalwa brings additional auditing and financial experience to the board.

VM (VINCENT) RAGUE /63
(Kenyan)

MR (MARK) THOMPSON /63

INDEPENDENT NON-EXECUTIVE DIRECTORS

VM (Vincent) Rague

Member of audit and risk committees

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 experience in advisory services, investments, project and corporate finance, as well as banking, spans Latin America, Europe, Africa and Asia. Vincent brings investment, project and corporate finance experience to the board.

MR (Mark) Thompson

Chairperson of remuneration committee, member of audit committee

BCom, BAcc, LLB, CA(SA)

MARK is a qualified lawyer and a chartered accountant, with extensive international finance and general business experience amassed during his tenure as chief financial officer with Sappi Limited, prior career appointments and from his current other non-executive positions. Mark brings accounting, corporate finance and performance management experience to the board.

COMPANY SECRETARY

N (NONQABA) KATAMZI /47

BA Law, LLB, CIBM

NONQABA has solid experience in the company secretarial field, with particular knowledge of governance issues and JSE compliance. This allows her to effectively advise the board on all legislative and regulatory requirements.

OUR TEAM
EXECUTIVE COMMITTEE

CHIEF EXECUTIVE OFFICER (1) | CHIEF FINANCIAL OFFICER (2) | ENGINEERING & CONSTRUCTION (3) | INVESTMENTS & CONCESSIONS (4)

1. ECJ (ERIC) VEMER /51

2. CM (CRISTINA) FREITAS TEIXEIRA /43

The chief executive officer and chief financial officer are main board members. Their CVs are contained on page 26.

3. WI (WILLIE) ZEELIE /54

Member of risk committee

Higher National Diploma Electrical Engineering, Pr Tech Eng, MSAIEE

Willie heads the Engineering & Construction cluster, which houses all the group's Contracting businesses. Willie's focus is increasingly on driving a single company delivery in the rest of Africa. Willie brings 30 years of experience in multi-disciplinary engineering and infrastructure contracts, with a robust marketing and business development ability. He has an established track record in the energy sector and has successfully led the team that developed the group's engineer, procure and construct (EPC) capability through which numerous infrastructure and power plant contracts in South Africa and the rest of Africa have been delivered. Willie has also been instrumental in developing the group's technical abilities in oil and gas and the renewable energy markets and the early identification of contracts from development to closure.

4. JW (JON) HILLARY /43

BCompt (Hons), CA(SA)

JON was appointed to exco during the previous financial year. Prior to this, Jon ran the successful business of Intertoll, comprising 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's property 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.

5. JA (JOHN) WALLACE /58

BCom, Hons Programme in Advanced Marketing, Executive Management Programme

JOHN has been with Group Five Manufacturing for 14 years. During this time, Manufacturing has built an impressive track record despite recent extremely difficult economic conditions. John has an exceptionally strong strategic ability, which has been invaluable to the group in driving executive focus on shareholder value-creation opportunities. He has a particular ability to effect change and repair problem entities. For example, he successfully transformed Everite from an asbestos problem-beset company many years ago to a segment that continues to consistently produce strong earnings today. John has applied

MANUFACTURING DEVELOPMENTS RISK HUMAN RESOURCES

5 6 7 8

this expertise to the honing of the Manufacturing business portfolio and in pursuit of opportunities to support the current business and to expand into aligned areas for future growth.

6. ST (THEMBA) MOSAI /40

BSc Electrical Engineering, MBA (Cum Laude)

THEMBA was appointed to exco during the prior financial year to lead the Developments team. Prior to joining exco, Themba was the managing director of Intertoll Africa, having successfully led the company for the previous seven years. During this time, Themba was instrumental in driving growth into new markets in Africa. 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.

7. GD (GUY) MOTTRAM /50

Member of risk and transformation and sustainability committees

BCom, LLB

GUY has solid experience in commercial matters. This, together with his formal legal training, ensures that opportunities and risks are approached with a business sense, while being rooted in an understanding of legal requirements. As a member of the Engineering and Construction Risk Institute, he is able to consider leading global trends for application in the group.

8. J (JESSE) DOORASAMY /45

Member of transformation and sustainability committee

BSoc Sc, BCom (Hons), PG DIP IR

JESSE has ten years of in-depth experience in the group from both an operational and strategic perspective. He held the role of Human Resources Director: Construction before his appointment as HR executive on the executive committee. Prior to that, Jesse was the HR director for the Projects segment. 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 Contracting business, he has a particular ability to manage human capital issues in the rest of Africa, something that is crucial in the group's continued expansion strategy.

02

YEAR UNDER REVIEW

OUR MATERIAL ISSUES AND KEY RISKS

MATERIAL ISSUES

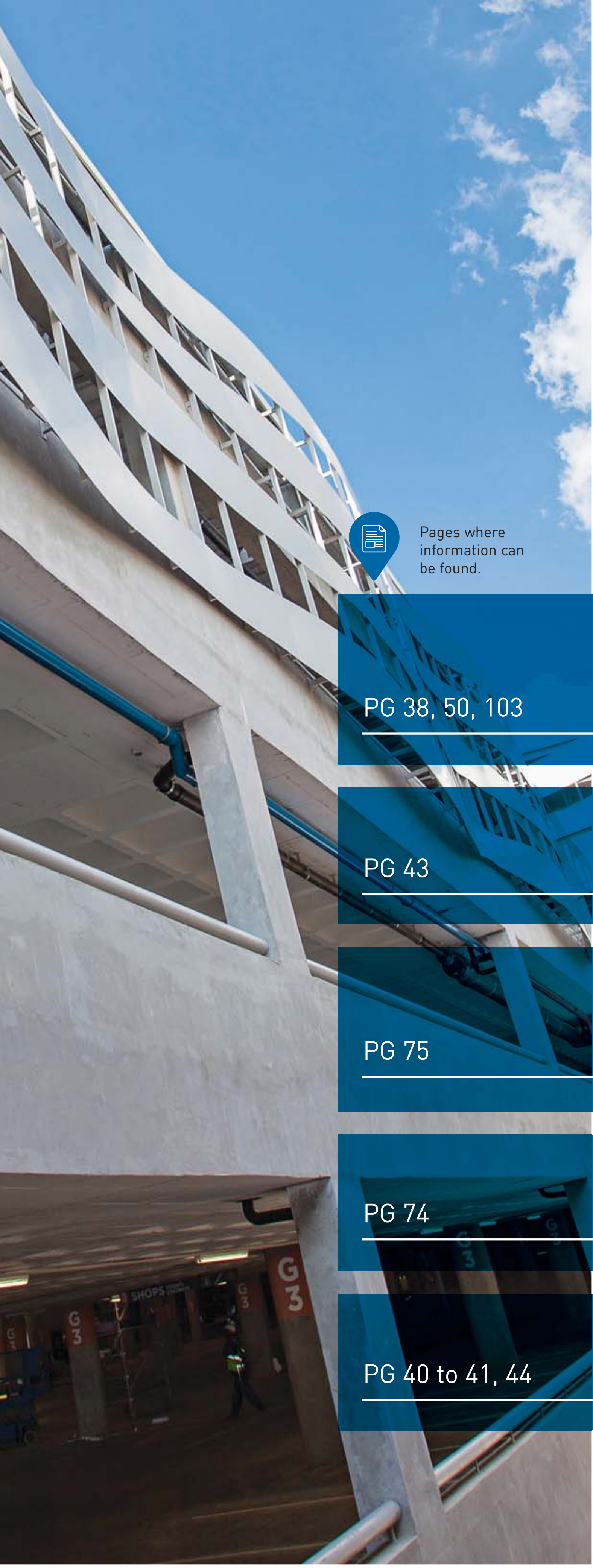
Based on detailed internal discussions and external stakeholder engagement, our three key issues during the year were:

1
OPERATING SAFELY
PG 42

2
CONTINUED BUSINESS RELEVANCE
PG 43

3
EFFECTIVE CONTRACT DELIVERY
PG 46

Refer to the online section of the integrated annual report at www.groupfive.co.za for engagement with stakeholders.



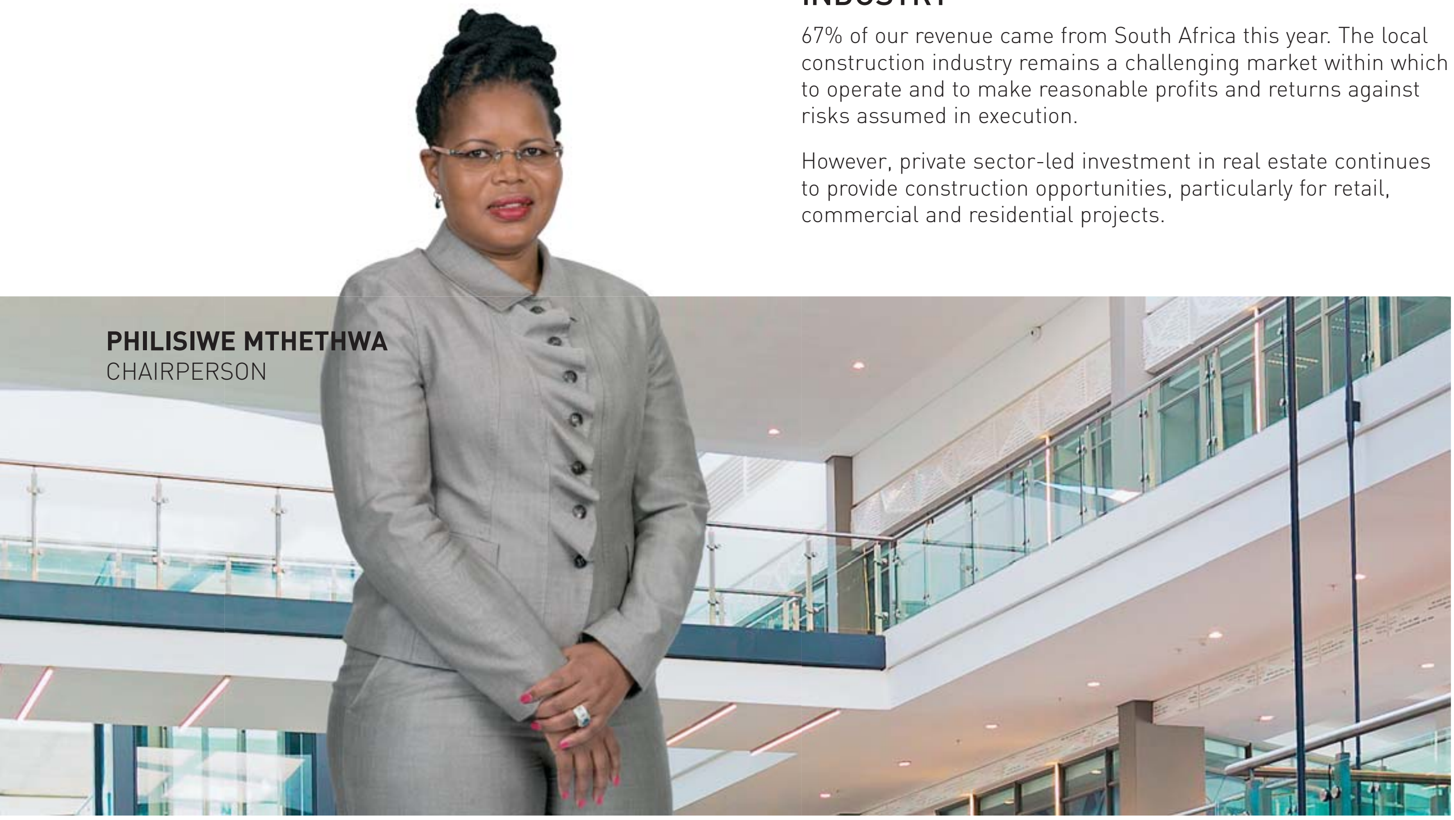
KEY RISKS

In addition to our material issues, we outline the key risks we continuously monitor as a management team:

Pages where information can be found.

Pages	Key risk
PG 38, 50, 103	Community and workforce disruptions resulting in delays in completion of contracts.
PG 43	Claims and litigation risk.
PG 75	Inadequate return to shareholders.
PG 74	Effective cash management at a time of economic and credit pressure.
PG 40 to 41, 44	Ensuring our portfolio of assets remains relevant in changing market conditions.

CHAIRPERSON'S REVIEW



PHILISIWE MTHETHWA
CHAIRPERSON

INDUSTRY

67% of our revenue came from South Africa this year. The local construction industry remains a challenging market within which to operate and to make reasonable profits and returns against risks assumed in execution.

However, private sector-led investment in real estate continues to provide construction opportunities, particularly for retail, commercial and residential projects.

INTRODUCTION

THE GROUP HAS A VERY CLEAR GEOGRAPHIC STRATEGY OF GROWING IN SOUTH AFRICA, HIGH-GROWTH COUNTRIES IN THE REST OF AFRICA, EUROPE AND OTHER RELEVANT MARKETS. DURING THE YEAR, WE CONTINUED TO MAKE PROGRESS IN TERMS OF THIS STRATEGY.

The rest of Africa represented 28% of revenue. African infrastructure, energy and real estate markets offer a number of good prospects and concessions opportunities across the continent. The complexity in resolving inter-dependent sovereign, legal, commercial, financial and technical issues for these larger contracts does, however, mean that the incubation period from development to contract closure/award remains long.

Europe represented 5% of revenue. The European motorway market remains active, with over 40 projects identified, with a good balance of projects being pursued in Western Europe and the United Kingdom, in our traditional East European markets and in new European markets such as Turkey, Albania, Bosnia and Russia. Our first low-risk roles continue to be explored in a relatively buoyant North American toll road concessions market, with an advisory mandate secured.

Refer to the chief executive officer's and chief financial officer's reviews for more information on our markets and how we performed against these conditions.

BOARD FOCUS AREAS

The board worked closely with management on the following issues during the year:

1. Transformation and construction industry matters
2. Board transition
3. Support to executives on stakeholder engagement

1. TRANSFORMATION AND CONSTRUCTION INDUSTRY MATTERS

The construction sector in South Africa has come under scrutiny during the last few years due to a Competition Commission investigation. Bridging the current mistrust between the private and public sectors is crucial to ensure vital infrastructure development starts to be delivered by South African contractors.

Key matters include concluding on outstanding Competition Commission cases, the risk of blacklisting certain companies by the Construction Industry Development Board, satisfactory agreement with government on appropriate solutions for the sector's transformation and a committed roll out of infrastructure spend in line with the principles of the National Development Plan and identified strategic infrastructure contracts. Stagnant economic growth and rising cost of finance are amongst the challenges putting further pressure on the economic viability of new infrastructure and industrial and mining contracts.

Against this, the group continues to work with government and the industry in an attempt to resolve these issues and move forward. We are hopeful that a solution will soon be found.

The sector is also still seen to lack sufficient black ownership and diversity, specifically with regards to race and gender at senior levels. To address this, government has proposed broad-based black economic empowerment legislative changes that will require significant action from companies in the sector.

The additional senior resource we appointed last year to focus exclusively on transformation has increased our momentum in this area. A transformation steering committee, led by the CEO and attended by exco members, was also established to further prioritise delivery. We revised our employment equity plans for the group and each segment. Achievement of these plans is linked to teams' performance measures. We must assert that transformation is not an option, but a growth and ethical imperative, and to this end the group reaffirms its commitment to leading the sector in pointing the path.

Refer to the chief executive officer's review on page 43.

2. BOARD TRANSITION

To support our strategy and a process of adequate succession with the upcoming retirement of long-serving directors, we appointed five new directors in 2014.

Since their appointments, these members have gained the requisite experience and knowledge of the group and the industry. Two of our directors, Stuart Morris and John Job, who have reached the board retirement age of 70, will therefore retire with effect from 31 August 2016.

Kalaa Mpinga was elected as lead independent non-executive director and Babalwa Ngonyama as the audit committee chairperson with effect from May 2016 to ensure a smooth transition. Mark Thompson succeeded John as the remuneration chairperson, also with effect from May 2016.

Stuart and John have been invaluable members of the board over a number of years, leading the team through several critical and complex issues. As a board and management team, we thank them for the key role they played.

During the year under review, we amended our board charter, which further formalised the evaluation process of the board. All directors will participate in the annual evaluation of the board's performance. The questionnaire-based evaluation covers the board's role and agenda setting, size, independence and composition of the board, director orientation and development, board meetings and committees, board accountability and governance practices. The process will also include an assessment of the performance of the chairperson, chief executive officer and the company secretary. This process will be facilitated by an independent evaluator on a three-yearly basis, with the next one to take place in F2017.

The internal evaluation during the year found that the board, committees and members have the required balance, effectiveness and optimal performance.

The independence of long-serving non-executive directors was reviewed again this year by the nominations committee, as recommended by King III. Based on the outcome of this review, the board is satisfied that these directors exercise independent judgement and act in an independent manner. All board members met the independence criteria for the 2016 financial year.

Refer to the corporate governance review in the online section of our integrated annual report at www.groupfive.co.za.

CHAIRPERSON'S REVIEW
CONTINUED

FATALITIES

As outlined in the chief executive officer's review, we sadly suffered four fatalities in our sub-contractor base. As a board and management team, this is taken very seriously. Our sympathies go out to the families.

Refer to page 42 for actions taken.

3. SUPPORT TO EXECUTIVES ON STAKEHOLDER ENGAGEMENT

The board continued to work closely with management to ensure appropriate engagement with stakeholders. During the year, this involved regular board reporting on the manner of engagement. Proactive relationship management has become critical with the challenges our industry has faced over the last few years.

As a board and management team we have particularly focused on formalising our engagement processes with a broader stakeholder base. We will continue to work with our stakeholders, including the South African government, to identify investment and other opportunities to ensure our sector remains one of the key drivers of growth across the economy.

The exco team has especially focused on improving client engagement where required, as well as interaction with employees on site and communities close to our operations. The latter is often an area of great difficulty for construction companies. I am pleased to report that based on the creation of a multi-disciplinary industrial relations leadership group structure last year, we experienced a significant decline in the number of wildcat or unprocedural strikes.

However, the peaceful year on the labour front following the landmark three-year settlement reached at the Bargaining Council for the Civil Engineering Industry was disrupted by a single protracted unprotected strike at the Avon Peaking Power Plant. The strike lasted 33 days and involved 794 employees.

Refer to the team remuneration review on page 103 and the people review in the online section of our integrated annual report at www.groupfive.co.za.

A key issue during the year was also managing the tough reality of employee reductions. This is never a pleasant process, but the management team did a commendable job in managing this as best as possible.

Despite these wide-ranging retrenchments, the group succeeded in maintaining the diversity ratios in most categories. This was achieved through careful assessment of the impact of cost and employee reductions.

In line with our commitment to employment equity, African, Indian and Coloured representation across most management levels increased. This is a particularly appreciable milestone, which must continue well into the future.

Refer to page 43.

During the year, we also launched our high-flyer initiative to assist in the acceleration of young talent through the ranks to management. We have already seen improved representation at the middle management level as a result of this programme.

Against our retrenchments, we have also remained focused on investing in our core employees to ensure we retain the capacity to grow once the market improves.

WE ARE EXTREMELY PROUD OF RECEIVING THE BEST EMPLOYER AWARD IN THE CONSTRUCTION SECTOR AND IMPROVING OUR OVERALL RANKING FROM 21ST TO 11TH IN THE PRESTIGIOUS BEST EMPLOYER SURVEY CONDUCTED BY THE CORPORATE RESEARCH FOUNDATION.

Something close to my heart is addressing the challenge of participation by women in the construction industry. This remains low, especially when compared to other sectors in the economy. It is against this backdrop that we launched our Basadi programme in F2011. This programme is 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.

Since inception of the programme, over 200 women from junior to senior management have received targeted and focused training relating to women empowerment through our Women in Business programme.

Women at professional and junior management level increased from 11% to 18% from F2012 to F2016. Women at senior management level grew from 8% to 17% and at top management remained constant at 13%. The value procured from black women-owned businesses grew by 44% from F2012 to F2016.

During the financial year, the Basadi programme was recognised as the most innovative women training programme at the Construction Sector Awards of the third annual Totally Concrete Expo of 2015.

The awards indicated that the key reasons for this accolade were:

- The group has successfully attracted, developed and retained female talent through customised training courses, focused mentorship and the facilitation of access to external networking platforms with leading women from business and professional environments
- Through its enterprise development programme, the group has facilitated targeted business support, including financial assistance and mentorship by the group's relevant experts, to a number of black women-owned businesses to ensure their successful and sustainable inclusion in the construction value chain either as suppliers, sub-contractors or joint venture partners

Well done to the teams that have worked hard to achieve these awards.

APPRECIATION

I express my appreciation to my fellow board members for their continued input, especially our outgoing members John Job and Stuart Morris. As outlined earlier in this review, your wise and pertinent input will be missed.

Thank you also to our management team, especially our executive team who has done a great job in tough conditions. We have a very good mix of skills and the board is confident of their ability to manage this group.

Our CEO, Eric Vemer, has reinvigorated the group's energy for delivery against a clarified strategy since stepping into the role in December 2014. We are particularly appreciative of the decisive action taken to reduce fixed costs in a declining and lower-margin South African contracting environment, combined with direct engagement to resolve legacy contract matters. Eric has also driven the solid progress made in working with the cluster teams to secure new work, further directing our growth efforts across Africa and Europe, and taking fresh initiative to drive a robust manufacturing growth strategy.

My appreciation also goes out to all our stakeholders. Without your support we cannot exist.

CHIEF EXECUTIVE OFFICER'S REVIEW

ERIC VEMER
CHIEF EXECUTIVE OFFICER

OUR STRATEGY

As outlined on pages 12 to 13, we have a clear focus on those sectors of our product markets that provide the best opportunity for sustainable value creation over the long term.

We continually review our strategy to ensure it remains relevant to changing market landscapes and client requirements, as well as enhancing shareholder value. Our portfolio of assets is tested for its strategic fit to create adequate return on investment. During the year, a working group with the board and management was created to focus on this.

We are firmly set on being first in our chosen markets. This means being the leading discipline-focused construction group in South Africa in building, housing, roads and earthworks, civil engineering and structural, mechanical, electrical, instrumentation and piping, the leading African infrastructure project development, construction and concessions group operating in the energy, resources and transport markets and ensuring a leading position in Europe in concessions. At the same time we are well on our way to being Southern Africa's leading lightweight dry building materials manufacturing and supply group, augmented by leading businesses in steel reinforcing, wiremesh and large-bore pipe.

OUR MARKET CONTEXT

SOUTH AFRICA AND THE REST OF AFRICA

Against continued pressure in South Africa and to ensure we access growth in the African market, we revisited our structure to deliver on our ambition of becoming Africa's leading infrastructure project development, construction, concessions and manufacturing group operating in the energy, resources, transport and real estate markets.

Changes that are or will be implemented to deliver on our strategy therefore include:

ENGINEERING & CONSTRUCTION

- Streamlining our discipline-based South African Contracting business to ensure a cost-efficient and client-focused group
- Further investment in our project development and management skills set to deliver on sector-focused, multi-disciplinary contracts
- Strong focus on alliancing and relationship development to improve our local in-country associations to deliver large multi-disciplinary, internationally-financed engineer, procure and construct and concessions contracts in Africa
- Targeted recruitment of senior executives with the experience and multi-faceted skills required to support the identification, development and implementation of complex infrastructure contracts in Africa

INVESTMENTS & CONCESSIONS

Intertoll Africa

- Continue to invest in our in-house toll system and expand the use of the system on certain South African and the rest of Africa projects
- Ongoing reduction in overhead costs and enhancing operational efficiencies
- Targeted selection of new motorway concessions and operations and maintenance projects in Africa
- Deepening partnerships with developers, financiers and governments in project development

G5 Properties

- Focused implementation of secured South African projects covering industrial, commercial, residential, retail and mixed-use
- Identification and securing of new prospects at low risk, with limited committed capital prior to project implementation
- Targeted development of an African project portfolio in a co-investment model with international financial partners

MANUFACTURING

- Continued drive to ensure manufacturing efficiencies
- Sales of the new AAC product for growth. Refer to pages 18 to 19
- Complementary traded goods
- Market-focused steel cluster strategies

EUROPE AND THE USA

Our traditional markets of Poland and Hungary are performing well, despite current challenges in the European Union following the Brexit vote. Long term sovereign yields in these markets remain relatively stable. There is also an increased level of new greenfields project activity in our traditional Eastern Europe markets. Opportunities for brownfields projects in these markets and in the mature Western Europe and UK markets are also developing. There are attractive opportunities in new Eastern Europe markets such as Turkey, Czech Republic, Russia, Slovenia and others.

Changes that are or will be implemented include:

INVESTMENTS & CONCESSIONS

Intertoll Europe

- We continue to invest in our own in-house project development capacity and technology skills set, products and motorway-related experience
- Our early-stage entry into the USA on the back of our established European partnerships continues in line with plan, with us securing our first fee-based advisory engagement in Washington State
- We are establishing strong new motorway sector partnerships in addition to our traditional European construction and development company partnerships. This will increase our ability to pursue a greater number of greenfields and brownfields projects to secure at least one new significant project every 12 to 18 months

CHIEF EXECUTIVE OFFICER'S REVIEW
CONTINUED

OUR MATERIAL ISSUES

As outlined on page 34, we identified three material issues.

1	**OPERATING SAFELY**
2	**CONTINUED BUSINESS RELEVANCE**
	Requirement for industry change
	Ownership and diversity
	Geographic strategy
3	**EFFECTIVE CONTRACT DELIVERY**

1 OPERATING SAFELY

Although our zero harm safety campaign resulted in a decrease in our lost-time injury frequency rate (LTIFR) from 0.15 to 0.13, we very sadly and disappointingly suffered four fatalities in our sub-contractor and supplier base. The key reasons for the fatalities were falls from height and vehicle accidents on site.

Any fatality is totally unacceptable to us. Recording four fatalities is therefore a tragic situation for our board, chairperson, myself and my executive team. Our hearts go out to the families of the deceased.

Mr Milo Mambozo
Fall from height
13 August 2015
90 Rivonia Road
building contract
Gauteng

Mr Zamindawo Msholoqa
Fall from height
8 January 2016
Avon Peaking
Power Plant contract
KwaZulu-Natal

Mr Tiyo Mbuyiselo
Vehicle accident on site
21 April 2016
Velddrift road
rehabilitation contract
Northern Cape

Mr Canney Maelekano
Vehicle accident on site
8 June 2016
N3 toll road
rehabilitation contract
Gauteng

Following these unfortunate events, we conducted a detailed analysis of what went wrong. We found that although we have leading systems and processes, and continue to improve these based on best practice, we are not consistently changing the behaviour from each individual through to management level.

ACTIONS TAKEN OR BEING TAKEN INCLUDE:

- The safety function between group, cluster and business segments was restructured
- We took disciplinary action at all levels where required
- We re-launched a refreshed code of conduct anchored on our values, of which safety is key under a zero-tolerance approach to non-compliance. This involves making it clear that we will not employ people who:
  - refuse to work safely
  - fail to follow documented processes
  - do not care for their colleagues
- We will implement consequence management to further engender the cultural change needed to improve safety
- As all the fatalities were in our sub-contractor or supplier base, this remains a key area of concern. We appointed a senior safety professional dedicated to sub-contractor safety training and performance monitoring, with firm consequence management for non-compliance. We implemented policies that can blacklist our sub-contractors or suppliers from working with us for repeat breaches of minimum standards of safety
- We improved controls to ensure employees wear the appropriate equipment and prevent putting themselves in dangerous situations
- We retrained employees to ensure safety equipment is used

KEY SAFETY MEASURES

	F2016	F2015
LTIFR^ (permanent employees)	**0.21**	0.23
LTIFR^ (sub-contractors)	**0.07**	0.09
Combined	**0.13**	0.15

^ *Lost-time injury frequency rate.*

Fatalities

Employees	Sub-contractors
0	4
F2015: 0	F2015: 0

2 CONTINUED BUSINESS RELEVANCE

REQUIREMENT FOR INDUSTRY CHANGE

As outlined in the chairperson's review, the construction sector in South Africa remains under scrutiny due to a Competition Commission investigation. Bridging the ongoing mistrust between the private and public sectors is crucial to ensure vital infrastructure development starts to be delivered by South African contractors.

Refer to page 37.

ACTIONS TAKEN OR BEING TAKEN INCLUDE:

- We continue to work with the competition authorities to close out on all matters. The group acknowledges that investors would like this issue finalised as quickly as possible and will continue to work hard at a resolution while still protecting the interests of all our stakeholders. Based on legal counsel assessment, any settlement or liability would be adequately covered by the provision raised in F2013. During the year, the group was notified of a single client contract claim which was lodged against one of the contracts that is under review by the Competition Commission. The group believes it is well placed to defend this potential R7 million claim
- We have also actively participated in the business and government dialogue and action plans being designed and implemented to improve collaboration between business, government and labour to achieve national objectives for growth in line with the National Development Plan. The construction industry players and government are committed to a partnership to transform the industry, which will include elements such as increasing investment in the sector, creating quality jobs and entrepreneurial opportunities, promoting innovation, black-owned construction companies and small business development and identifying opportunities for South African companies in infrastructure contracts elsewhere on the African continent

OWNERSHIP AND DIVERSITY

The sector is also still seen to lack sufficient black ownership and diversity, specifically with regards to race and gender at senior levels.

ACTIONS TAKEN OR BEING TAKEN INCLUDE:

- We are a leading champion for change in the sector through our membership of the Black Business Council and our strong role and participation through other industry bodies such as the South African Forum of Civil Engineering Contractors
- We have sector-leading initiatives to support training and development through our in-house Academy programmes, our Basadi women's programme and our support of women and skills development programmes in the sector

Refer to pages 38 to 39.

- We have a strong focus on transforming the diversity of our employees. During the year, even against major headcount reductions, African, Indian and Coloured representation increased at management level

KEY MEASURES

African, Indian and Coloured (AIC) representation at management level increased from 30% to

31%

AIC executive management remained constant at

25%

AIC senior management improved from **28% to 30%** and middle management from **30% to 32%**.

Two black women were appointed in the senior management category, with **one being the group's first female managing director**.

CASE STUDY

GROUP FIVE TRUST

Group Five's Izakhiwo Imfundo Trust implemented a five-year agreement with the Department of Water & Sanitation in June 2016 to ensure skills development in the key water sector in South Africa. The Trust, a public benefit organisation, was created by Group Five in 2013 as part of its broad-based black economic empowerment transaction. The skills development agreement is aimed at providing bursaries, practical experience and employment of technical graduates in the water and sanitation sector.

The agreement commits the Trust to provide funding for engineering bursaries in tertiary institutions, as well as providing financial assistance to students required to complete practical training as part of their formal qualification. The Department will secure practical work exposure within municipal structures, with a particular emphasis on municipalities severely affected by skills shortages. This will play a role in addressing the dire need for practical exposure in the workplace as part of students' studies. A lack of work experience often results in thousands of students being unable to complete their qualifications.

The first four students have joined the programme. The objective is to ensure that at least 50 engineers complete the requirements of their studies and are employed in the water sector over the five-year period of the agreement.

CHIEF EXECUTIVE OFFICER'S REVIEW
CONTINUED

2 CONTINUED BUSINESS RELEVANCE
CONTINUED

GEOGRAPHIC STRATEGY

WE HAVE A CLEAR GEOGRAPHIC STRATEGY OF EXPANDING INTO HIGH-GROWTH COUNTRIES IN THE REST OF AFRICA AND EUROPE. OUR LOCALISATION STRATEGY IS ORGANIC, WHICH DOES NOT REQUIRE MATERIAL CAPITAL INVESTMENT. WE TAKE A LONG TERM VIEW AND ARE PREPARED TO SPEND DEVELOPMENT TIME AND CAPITAL IN PARTNERSHIP WITH OTHER PROJECT DEVELOPERS TO SECURE A PREFERRED POSITION AND ROLE IN DEVELOPING, IMPLEMENTING AND OPERATING NEW INFRASTRUCTURE ASSETS.

Our continued expansion in these markets is based on our proven and growing experience in the delivery of complex multi-disciplinary, internationally-financed contracts in difficult geographies with complex logistical and local challenges. We have a track record of operating in-country and growing local employees through the establishment of a permanent presence in key target countries, such as Ghana, Poland and Hungary.

ACTIONS TAKEN OR BEING TAKEN INCLUDE:

- Priority agreements and strong relationships with banks, financial investors and project developers who are key to securing and financing target contracts
- Continuing to entrench sector relationships through alliances, forming strong technology partnerships that extend across multiple contracts and geographies and enhancing our offering's competitiveness over time
- Building effective local and international government relationships
- Being flexible in the roles we fulfil to suit the local requirements of host countries and the diverse needs of our different contract partners

KEY GEOGRAPHIC CLUSTER STRATEGIES

ENGINEERING & CONSTRUCTION

Against continued pressure in the South African market, we will revisit our structure and streamline our traditional South African Contracting business to ensure a cost-efficient and client-focused group.

In the rest of Africa, to entrench continued localisation, we have established two offices to provide on-the-ground presence. For example, our office in Ghana, as well as an increase in our level of innovation to create contract opportunities rather than be at the mercy of tenders, already resulted in us securing the USD410 million Kpone Independent Power Project in Ghana during the previous financial year.

Refer to pages 22 to 25.

A key focus remains engineer, procure and construct contracts such as Kpone. We have particularly strong relationships with technology partners, financiers and governments in the rest of Africa to facilitate this strategy.

INVESTMENTS & CONCESSIONS

Transport

Our Intertoll Africa business continues to pursue projects in West, East and Central Africa, with a focus on converting these project leads and negotiations into tangible deal flow. During the year, this led to the commencement of the Marian Hill Comprehensive Toll Road Operations and Maintenance (CTROM) contract in KwaZulu-Natal, including full in-house system integration and supply, the further positioning of our reserved operations and maintenance participation on a significant private public partnership (PPP) pipeline in Nigeria, achieving shortlist status on a PPP project bid in Zambia, confirming our consortium positioning ahead of tenders due in East Africa and further progressing pilot projects in Gabon, Ghana and the Democratic Republic of Congo.

In Europe, our team continues to expand our geographic reach to ensure achievement of pipeline growth. As outlined on pages 16 to 17, the team successfully secured its first operations and maintenance role on a PPP project in Northern Ireland, allowing for expansion from its previous Eastern Europe focus. A number of new potential deals in Western Europe are now a point of focus. The business continues to bid on projects throughout Eastern Europe and surrounds. Turkey has a substantial pipeline and Poland remains an active territory for new project bids. Russia remains subdued due to current economic and political headwinds.

This year also saw the establishment of our small Intertoll offices based in Virginia USA, and Russia. As outlined on page 41, we have secured an advisory role in Washington State.

Real estate

G5 Properties is focusing on developing and managing residential, retail and other commercial real estate to benefit from the high income and capital returns in the South African and rest of Africa real estate markets. It also focuses on the niche medical sector development in sub-Saharan Africa. In South Africa, G5 Properties has a residential project pipeline exceeding 10 000 units. The group will partner with local and regional entities for the execution of these development projects. To unlock its project pipeline, G5 Properties has designed an investment platform for investors seeking to join us in real estate development projects across sub-Saharan Africa.

MANUFACTURING

Our Manufacturing cluster continues to directly develop its export markets in neighbouring countries in Southern Africa, as well as through agencies to serve targeted central African markets. Volumes have continued to expand, aided by the relative competitiveness obtained from the weakened Rand, which has led to a number of markets substituting imports previously sourced from the Far East. We continue to secure project-specific work in Ghana, the Democratic Republic of Congo and Seychelles and are successfully developing complementary consolidated export marketing strategies with our reinforcing steel business.

Refer to pages 18 to 19.

CHIEF EXECUTIVE OFFICER'S REVIEW
CONTINUED

3 EFFECTIVE CONTRACT DELIVERY

EXECUTION IMPROVEMENTS

We remain vigilant on improving contract delivery and risk management.

ACTIONS TAKEN OR BEING TAKEN INCLUDE:

- More proactively managing risk through:
  - A new tendering and opportunity risk management and approval system
  - Enhancing the design and implementation of our contract lifecycle management
  - Ensuring strict adherence to simple and clear processes for contract commencement
  - More senior contract management time on sites
  - Direct executive interventions, support and regular contract reviews, as well as cost-to-completion interrogations by the Engineering & Construction executive and the operations director
- Improved measures, monitoring and cost performance
- More regular client engagement
- Proactive community and labour involvement

These actions resulted in:

- Improved reported overall contract loss-/profit-maker ratio
- Quality of delivery on sites
- Overall improvement in reported progress performance to contract schedule
- Reduced average days between practical completion and works completion

Refer to pages 20 to 25.

KEY MEASURES

The loss-/profit-maker ratio improved from 35% to

24%

OVERSIGHT OF RISK MANAGEMENT AND PROCESSES

All tender submissions are formally approved by segment managing and financial directors to confirm accuracy and completeness and their ownership for tender submissions. The commercial and legal terms and conditions are also now formally approved by the segment commercial director responsible for the contract. All Contracting businesses attend clearing house meetings for pre-approval prior to commencement of tender assessment and build up, as well as risk review meetings for each contract with the relevant members of the executive committee for approval prior to the submission of tenders.

The timeous mobilisation in line with the construction programme is highlighted at the contract kick-off meeting. This meeting is attended by the cluster operations director to enforce the appropriate starting time.

We have also tightened up on ensuring that we have suitable resources with the relevant experience to execute. Regular site visits by the cluster and group executive team have been implemented to ensure that poor performance on site can be immediately resolved.

Contract handover meetings between the tendering and execution teams and contract start-up meetings are now enforced on all contracts. This is overseen by the cluster executive management.

We also implemented formal sign off by the cluster operations director on all contract claims and assumptions made which results in asset recognition and sign off on all problematic contracts, including assessment of estimated cost to completion.

INTERNAL CHANGES

As a management team we have continued to evaluate how we operate as a group that creates infrastructure. During the year, we therefore implemented a number of internal changes to improve our market focus and increase our competitiveness:

ACTIONS	
1	Re-evaluated overall group, cluster and business segment strategic plans and structures to ensure enhanced operational focus on delivery against simplified goals.
2	Further reduced overhead costs at group, cluster and business segment level through improved processes, appropriate staffing and reduction in work duplication.
3	Improved opportunity targeting, risk review and contract execution and performance monitoring processes.
4	Re-invigorated an outward-looking approach for all businesses with clients, contracts, partners and target markets through setting specific individual performance objectives and measures and centralising business development activities under one Developments team.
5	Increased our focus and effort on sector-aligned marketing and business development activities through targeting concessions and engineer, procure and construct (EPC) multi-disciplinary contracts in Africa and Europe.
6	Invested in new manufactured product line expansion to supply the lightweight dry building materials markets.
7	Strong senior management engagement with key government and public sector clients to resolve outstanding industry legacy matters in support of securing long term growth in our industry.
8	Continued improvement of transformation initiatives.

CHIEF EXECUTIVE OFFICER'S REVIEW
CONTINUED

GROUP FIVE AND THE CAPITALS

The most recent developments in integrated reporting have been driven by the International Integrated Reporting Council (IIRC) to promote communication about value creation as the next step in the evolution of corporate reporting.

At the heart of the new reporting drive is an integrated model, which demonstrates how six capitals represent all the resources and relationships organisations use to create value.

THE SIX CAPITALS ARE:

1 FINANCIAL
2 MANUFACTURED
3 INTELLECTUAL
4 HUMAN
5 SOCIAL AND RELATIONSHIP
6 NATURAL

We have spent some time during the year debating fundamental questions for our business. These include:

- How can we ensure our operations are sustainable, in the short, medium and long term?
- How can we communicate this in our reporting in a meaningful way?
- How can we demonstrate the sustainability of our business and its stakeholder relationships more effectively in our communications and reporting?

Our journey is far from complete and the topic too detailed to do it justice in one report, but our internal debates have already added value by refreshing our thinking about the manner in which we should operate in a resource-constrained environment. As companies and the world in general, we are facing a sustainability crisis that has resulted from consuming our stocks of natural, human and social capital with limited regard for their sustainability and without giving adequate thought to how they will be replenished. It has become crucial to control our rate of consumption and at the same time sustain these vital stocks for the long term.

FINANCIAL CAPITAL

As enterprises we are generally experienced on how to report on the financial aspects of business – our profits, assets and the like. But, even with our experience in this area, during the last few years we have been reminded of just how companies have taken financial resources as a given. In our home market of South Africa in particular, financial and appropriately-skilled human capital resources have become scarce, with infrastructure development failing to approach the level needed to ensure financial robustness and job creation.

HUMAN CAPITAL

Responding to this market constraint, we have regrettably been forced to retrench about one third of our workforce over the last two years and have remained focused on operational efficiencies and overhead cost reduction.

In this environment, it has become even more important to retain and develop key skills to deliver the improving financial performance we owe to shareholders.

AS OUR STRATEGY CONTINUES TO PROGRESS FROM TRADITIONAL TENDERED MARKETS TO ONE WHERE WE TAKE A LEADING ROLE IN CREATING INFRASTRUCTURE, AND OPERATING AND MAINTAINING THOSE PROJECT ASSETS, THE SKILLS SETS REQUIRED TO DELIVER HAVE CHANGED OVER THE LAST FEW YEARS. WE HAVE THEREFORE ENSURED THAT OUR RECRUITMENT AND TRAINING PROGRAMMES KEEP TRACK. THE WAY WE REMUNERATE HAS ALSO CHANGED TO REFLECT THIS PROGRESSION.

We are increasingly remunerating skills for an integrated team delivery mindset and working on multi-disciplinary, multi-year contracts, rather than focusing only on individual and annual business segment performance.

Two additional strategies we adopted during the year to improve our human capital were to move the focus of our in-house Academy to technical and critical core skills sets, such as engineering, quantity surveying and planning, and to use experienced employees to deliver accredited programmes. As a consequence of this repositioning, we have increasingly been requested to present training on a commercial basis to clients. The robust training programmes included as a value-add in our construction tenders also often play a role in the group successfully securing contracts.

Furthermore, an accelerated programme for employees displaying high performance and potential was developed and implemented in F2016. This programme focuses on developing the critical leadership skills sets required to grow into senior positions in the group. Approximately 50 high-performing employees, with potential to grow into senior leadership positions, were identified to attend this programme. This is a crucial aspect of our strategy to build our own internal pipeline of skilled senior resources. As a result of our achievements in employee development, we were awarded the Investing in People Award at the 13th National Business Awards in F2016.

In South Africa, ensuring transformation in our workforce is also a crucial aspect of managing our human and intellectual resources. The construction sector still suffers from a shortage of black candidates in senior roles. To strengthen skills in this area, we place appropriate internal black candidates on accelerated development programmes. In addition to this, we appointed our first black female managing director at our Intertoll Africa business.

Our Basadi programme, which is aimed at the development of women in the group, continues to yield very encouraging results. Substantial progress has been made in identifying the barriers to women having fulfilling careers in our sector, especially at a site level where conditions are often not conducive. During the financial year, the Basadi programme was recognised as the most innovative women training programme at the Construction Sector Awards at the third annual Totally Concrete Expo of 2015.

Refer to pages 38 to 39.

Contrary to these achievements, a huge disappointment in terms of human capital during this year was the four fatalities we experienced in our sub-contractor base. This is completely unacceptable to us and an area of priority for further corrective action. Zero fatalities are the only acceptable goal. As outlined on page 42, we restructured the safety function between group, cluster and business segments and have not hesitated to take disciplinary action where required.

In terms of the other capitals, for us as a management team our impact is more difficult to articulate. Notably in the manufactured, natural and social capitals, we have had very real challenges in our business to contend with.

MANUFACTURED AND NATURAL CAPITALS

In our Manufacturing cluster, where we produce building materials, water scarcity and inconsistent water quality in South Africa have become growing issues with a direct impact on our business. Responding to this challenge, during the year, the group undertook a water utilisation study to establish a baseline for water consumption and set group reduction targets. This has initially focused on all fixed operations in the Manufacturing cluster. For construction sites, we will concentrate on reducing our water consumption and the need to utilise treated water, using less water-intensive construction methodologies and wherever possible, to use raw water, such as boreholes, as an alternative.

A pollution prevention plan forms part of the environmental management system on all construction sites, especially those construction contracts which operate near sensitive water resources and habitats, such as wetlands. All impacts which the construction sites may have on these resources and habitats are closely monitored as part of the contract's environmental key performance indicators, which are reported on a monthly basis. We are pleased to report no major environmental incidents for the year.

We continue to identify reduction measures in terms of electricity and waste. Waste reduction initiatives are investigated and implemented per contract due to each contract's specific waste streams and restraints within the specific area in which the contract is situated. During the year, an intensive waste recycling programme was implemented at Group Five's Waterfall central office. 40% of waste has been diverted from landfill. The recycling of waste generated at the office has contributed to a significant saving in carbon emissions and water and energy consumption.

THE MANUFACTURING CLUSTER, WHICH IS THE LARGEST CONSUMER OF ENERGY WITHIN THE GROUP, REDUCED ITS REQUIREMENT OF BITUMINOUS COAL BY 15% DUE TO THE AUTOMATION OF ITS BOILER SYSTEM. OUR CENTRAL OFFICE WAS RATED AS A 5-STAR CERTIFIED GREEN BUILDING. THE CONSOLIDATION OF ALL OUR SEGMENT HEAD OFFICES WITHIN ONE BUILDING IN F2014 SAW A FURTHER 50% REDUCTION IN GROUP FIVE'S ANNUAL CENTRAL OFFICE ENERGY CONSUMPTION.

CHIEF EXECUTIVE OFFICER'S REVIEW
CONTINUED

Group Five is also a founding member of the Green Building Council of South Africa and is actively involved in the construction of both Green Star and Leadership in Energy and Environmental Design (LEED) buildings. Group Five completed two Green Star buildings and one LEED building during F2016.

INTELLECTUAL CAPITAL

As a sector and business undergoing scrutiny and having suffered huge reputational damage following the extended Competition Commission enquiry into anti-competitive behaviour, we have directly and indirectly been impacted as a result of reduced trust by our public and private sector clients. The stark reality is that our sector is seen to have disregarded crucial aspects of the intellectual capital pillar, especially two of the most important resources to all companies – reputation and trust.

Bridging the current mistrust between the construction sector and specifically our public sector clients is essential to ensure consolidated private and public commitment to the roll out of our much-needed infrastructure in line with the South African National Development Plan.

SOCIAL AND RELATIONSHIP

Engaging openly and transparently with the communities surrounding our contracts is another key aspect of our operations. Group Five not only builds and operates infrastructure, but also employs people from local communities adjacent to our sites. The sourcing process has to be carefully managed, as our employment requirements on sites often do not match the expectations and skills levels of the community, particularly as our contracts and employment opportunities are shorter term in nature. 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 manner to align all interest groups and to fully support the carefully crafted processes and procedures to ensure fair recruitment.

Training people located in close proximity to our sites is also an important part of our development strategy to ensure value-added and much-needed skills for our sites. When our contracts end, we leave behind skilled and experienced resources with improved opportunities for ongoing employment. During the year, we launched a skills academy with Transnet in Saldanha close to our site. The academy will be in place for the duration of the two-year contract and will thereafter be donated to the local community as a training facility. To ensure a successful outcome, we partnered with local business forums, the community and the client to train people in skills that will add value in the short term, while also creating long term opportunities.

Another crucial part of our community programmes is supporting local businesses through procurement of a wide range of locally-sourced services and products.

On each of our contracts, a portion of revenue is allocated during the implementation phase towards the upliftment of local communities in the form of social programmes and supplier and enterprise development. During the year, we focused on construction skills development and community infrastructure development projects.

CONCLUSION

While business traditionally seeks precision and practicality as the basis for its planning efforts, sustainable development is a concept that does not fit a simple and universal definition. It is fluid, and changes over time in response to increased information and society's evolving priorities. While all enterprises can make a contribution towards its attainment, the ability to make a difference varies by sector and organisation size. As a group in a sector under pressure and scrutiny, we have a particular role to play towards addressing challenges to ensure the achievement of long term sustainability. As a business and management team, we are committed to continue finding the best way to do this.

OUTLOOK

Outside of the focus areas we have outlined in this review, we indicate our views on the short to long term outlook for the group.

SHORT TERM

- South African construction and manufacturing markets are expected to remain at current reduced levels of activity, with strong competition. However, we expect some improvement in the bulk housing market and continuing strong levels of activity in power, with selected prospects in water
- African power markets will continue to be buoyant, with a high level of tenders, although this will be very competitive. Selected opportunities in real estate and transport exist
- Mining and other markets remain quiet in a lower commodity price environment
- Road concessions markets in both Africa and Europe continue to have prospects

MEDIUM TO LONG TERM

- We expect an improving level of activity in South African construction and manufacturing markets in line with a directed effort between business and government to re-invigorate the economy and particularly infrastructure spend. Group Five is well placed to service this market effectively over the medium to long term
- As indicated on pages 18 to 19, the expanded product line in dry building materials will support growth and earnings delivery in Manufacturing
- We expect a recovery in African markets on the back of an improving commodity cycle. This will support our sector-led growth strategy into the rest of Africa across our priority sectors of energy, resources, transport and real estate
- Further geographic expansion in Africa and Europe, with a growing base of alliance partners in technology and finance will drive strong growth for the Investments & Concessions cluster across these markets

APPRECIATION

I firstly thank our employees who make it possible for us to deliver. We continued to implement difficult changes this year. I realise these were hard, with many of you seeing your colleagues leave us through retrenchment or completion of contracts. Thank you for your continued belief and commitment to the group. To the executive management team, I appreciate your belief in me in my first full financial year as the chief executive officer.

To our private and public sector clients, our sector and industry remain under a cloud of controversy. Thank you for your willingness to engage to find solutions and your trust in our ability to deliver on your infrastructure requirements.

In the current challenging markets, our financial partners and banks are crucial allies to ensure we can implement our strategy. We appreciate your support.

Our appreciation also goes out to our key suppliers and contract partners who ensure that together we can create winning solutions to secure new projects, deliver our contracts, products and services on time, to the expected quality and at competitive prices.

We also recognise our committed shareholders who continue to show confidence in the unique value proposition that Group Five presents and faith in the value realisation in the years that lie ahead.

Lastly, but not least, to our board members. The management team truly appreciates your input and guidance throughout the year.

I look forward to taking up the challenges in the F2017 year.

CHIEF FINANCIAL OFFICER'S REVIEW

THE GROUP DELIVERED A PLEASING IMPROVEMENT IN EARNINGS IN F2016 OVER THE PRIOR YEAR DUE TO AN EXCEPTIONAL RESULT FROM THE INVESTMENTS & CONCESSIONS CLUSTER, BOOSTED BY A SIGNIFICANT FAIR VALUE GAIN REALISED FROM THE GROUP'S EASTERN EUROPE PROJECT INVESTMENT PORTFOLIO.

CRISTINA FREITAS TEIXEIRA
CHIEF FINANCIAL OFFICER

INTRODUCTION

Headline earnings per share (HEPS) of 335 cents represents an increase of 63.6%, and fully diluted HEPS (FDHEPS) of 335 cents per share an increase of 64.2% compared to the HEPS and FDHEPS of 205 cents and 204 cents per share respectively for F2015.

Earnings per share (EPS) of 375 cents and fully diluted EPS (FDEPS) of 375 cents per share represents a 69.0% and 69.7% increase respectively over the 222 cents per share and 221 cents per share for F2015.

Group revenue remained largely unchanged at R13,8 billion (F2015: R13,9 billion). Increased revenue from the Investments & Concessions cluster and the Projects segment within the Engineering & Construction cluster was offset by decreased revenue from the Manufacturing cluster and the Civil Engineering and Energy segments within the Engineering & Construction cluster. Revenue from the Building & Housing segment remained flat for the year.

GROUP RESULTS

Group statistics for the year ended 30 June 2016:

	F2016	F2015
Revenue – R million	**13 774**	13 875
Operating profit – R million	**722**	366
Earnings per share – cents	**375**	222
Fully diluted headline earnings per share – cents	**335**	204
Dividends per share – cents	**72**	55
Cash – R million	**3 255**	3 390
Net asset value – R per share	**35,02**	28,96
Net debt to equity ratio	**Ungeared**	Ungeared
Return on equity – %	**11.7**	8.1
Total order book* – R million	**17 336**	18 834

* *Total order book is the sum of the group's Contracting order book and Operations & Maintenance order book.*

The group's core operating profit increased by 111.4% from R348,4 million to R736,5 million, mainly as a result of the stronger fair value gain realised on service concessions (R730,1 million) and fair value gains on investment property (R43,5 million), compared to those reported in the previous year (F2015: R115,7 million and nil respectively).

The stronger fair values, along with a solid performance from operations, resulted in the Investments & Concessions cluster's core operating profit increasing by 287.7% to R917,4 million. This record performance was diluted by the weaker result from the Engineering & Construction cluster, which reported a core operating loss of R236,9 million, mainly as a result of a core operating loss in the Civil Engineering segment of R381,2 million.

The group's total core operating profit was therefore R736,5 million. The group's overall core operating margin increased from 2.5% in the prior year to 5.3%. The group's total reported operating margin increased from 2.6% to 5.2%.

It is pleasing to note that the group's statement of financial position continues to be sound, with a nil net gearing ratio and bank and cash balance of R3,3 billion as at 30 June 2016 (F2015: R3,4 billion and H1 F2016: R3,6 billion). At year end the group reported R1,9 billion (F2015: R938,6 million) in excess billings over work performed and R479,4 million (F2015: R1,1 billion) in advance payments received.

THE FOLLOWING CLUSTER PERFORMANCES CONTRIBUTED TO THE GROUP'S REPORTED TOTAL OPERATING PERFORMANCE.

ENGINEERING & CONSTRUCTION

The operating performance of the Engineering & Construction cluster was below expectations. Although Building & Housing was again the strongest performer, it delivered a weaker result compared to the prior year due to ongoing margin pressure. Margin improvement was realised in the second half of the financial year. Results in the Projects and Energy segments were below recent guidance due to the overall tight market conditions. Although Civil Engineering's underlying operating performance improved in line with recent guidance provided, its operating margin was impacted by a material provision of R365,4 million raised within this segment in the second half of the financial year against a previously certified, but now problematic debt. The group is pursuing its rights on this matter with a focus on recovery.

Additional restructuring costs for the group were incurred during the year in line with continued weak trading conditions, with further rightsizing of the underlying operating business segments and associated realignment of the group's support structures being implemented.

INVESTMENTS & CONCESSIONS

The strong fair value gain recognised within the cluster was as a result of:

- Maturing project risk profiles, with construction complete and final defects determined and known
- Actual proven project traffic flows being materially better than those conservatively forecast at the time of tender submission
- As a result of the above, actual underlying project cash flows were materially better than those originally forecast in the base-case models compiled at the time of financial close

Operating profit performance was also strong, with excellent delivery across all secured projects.

Good progress in the development of the South African property portfolio realised further fair value profit in the year.

MANUFACTURING

The Manufacturing cluster delivered a reduced, but acceptable, result despite difficult South African trading conditions in all its product markets. Group Five Pipe, in particular, experienced very weak new order intake through the second half of the financial year. The team lessened the effect of the weak markets by proactively delivering improvements in manufacturing efficiencies and overhead costs, while assertively maintaining market share and pursuing available contract work.

CHIEF FINANCIAL OFFICER'S REVIEW
CONTINUED

OPERATIONAL PERFORMANCE

ENGINEERING & CONSTRUCTION

CONTRIBUTION TO GROUP CORE REVENUE

85.0%

F2015: 85.3%

CONTRIBUTION TO GROUP CORE OPERATING PROFIT

loss

F2015: 12.6%

	F2016	F2015
Revenue – R million	**11 768**	11 875
Core operating (loss)/profit – R million	**(237)**	44
Core operating margin – %	**(2.0)**	0.4
Capital expenditure – R million	**150**	105
Total Contracting order book* – R million	**11 241**	14 147
Total Operations & Maintenance order book** – R million	**224**	227
Employees – pax	**7 004**	9 742

* *Secured total Construction order book as at 30 June.*
** *Secured long term Operations & Maintenance order book to first review date at 30 June (industrial, oil and gas and power).*

Engineering & Construction consists of the following segments:

- BUILDING & HOUSING
- CIVIL ENGINEERING
- PROJECTS
- ENERGY

The Engineering & Construction cluster contributed 85.0% to group revenue (F2015: 85.3%), but delivered an operating loss of R236,9 million (F2015: R43,8 million profit). Prior to a R365,4 million provision made for a problematic debtor in Civil Engineering, the cluster performance stabilised, with an overall operating profit of R128,5 million or a 1.1% core operating margin (F2015: R43,8 million or a 0.4% core operating margin).

Revenue remained largely unchanged at R11,8 billion (F2015: R11,9 billion). Over-border work contributed 32% (F2015: 26%) to cluster revenues.

While there was an improvement in order book intake during the latter part of the financial year, most of F2016 was characterised by order book decline, with the resultant negative operational gearing weighing on the cluster results. Continued competitive market conditions translated into tighter margins on work secured, but still at acceptable levels compared to the group's target returns.

Additional retrenchment costs were incurred, which further impacted reported results.

The cluster continued to deliver well against contractual client commitments, with positive client feedback on overall contract performance, supported by an improving contract loss-/profit-maker ratio to acceptable contracting norms. The Kpone power contract in Ghana continues to make good progress in line with plan, but is still at an early stage of completion.

CHIEF FINANCIAL OFFICER'S REVIEW
CONTINUED

OPERATIONAL PERFORMANCE

BUILDING & HOUSING

CONTRIBUTION TO GROUP CORE REVENUE

35.6%

F2015: 35.1%

CONTRIBUTION TO GROUP CORE OPERATING PROFIT

10.1%

F2015: 26.2%

	F2016	F2015
Revenue – R million	**4 932**	4 886
Core operating profit – R million	**74**	91
Core operating margin – %	**1.5**	1.9
Capital expenditure – R million	**23**	8
Total Contracting order book* – R million	**5 552**	6 094
Employees – pax	**1 793**	2 501

* *Secured total Contracting order book as at 30 June.*

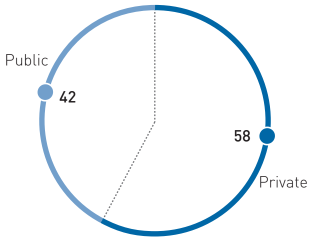
BUILDING & HOUSING

Design to build and construction of large buildings, low-cost and affordable mass housing and residential and mine housing solutions.

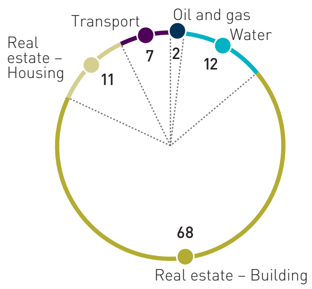
YEAR UNDER REVIEW

TRADED REVENUE

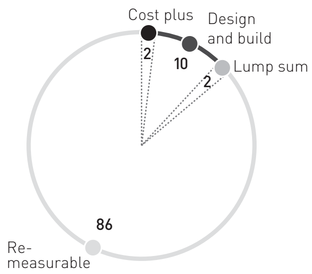
PRIVATE VERSUS PUBLIC (%)



BY SECTOR (%)



BY CONTRACT TYPE (%)



FINANCIAL PERFORMANCE

REVENUE (R'000)

R4 932 560

F2015: R4 885 951

CORE OPERATING MARGIN (%)

1.5

F2015: 1,9

Building & Housing revenue remained flat at R4,9 billion (100% local). The segment reported a 18.5% decrease in core operating profit from the prior year, decreasing from R91,4 million to R74,5 million. This resulted in the overall core operating margin decreasing from 1.9% to 1.5%. The order book, while reduced from June 2015, remains at a high level and reflects an increase over that reported with the H1 F2016 results.

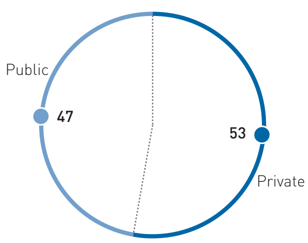
The results continue to reflect a tight trading environment operating on thin margins, despite good contract execution against tender budgets and programme.

Both the Building & Housing businesses successfully completed large contracts in the public and private sectors, with strong client satisfaction levels. Notable successes were the completion of the Nelson Mandela Children's Hospital in Gauteng, the Mall of Africa in Waterfall City and successful progress with the construction of the City of Tshwane's public private partnership project for its new municipal headquarters (Munitoria). Construction commenced on numerous new contracts and Building capacity in particular is almost fully utilised.

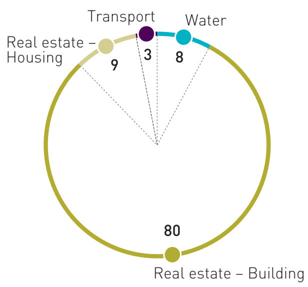
LOOKING FORWARD

SECURED CONTRACTING ORDER BOOK

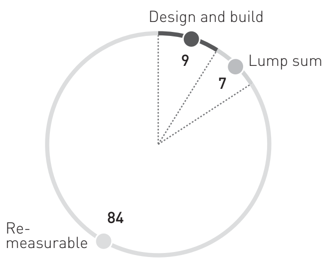
PRIVATE VERSUS PUBLIC (%)



BY SECTOR (%)



BY CONTRACT TYPE (%)



While tender enquiries continue to be at a relatively high level, and the value of new contracts secured encouraging, segment competition remains strong. The medium to longer term outlook for the building market is less certain in a rising domestic interest rate environment. The housing sector is, however, showing a number of significant opportunities, both in the private residential development and public housing sector markets. This is providing greater certainty of future order book growth.

There was a pleasing order book increase, with a number of new awards specifically in the Western Cape building sector, as well as increased activity and spend in the public and private sector mass and high-density housing sectors.

The segment also continues to develop select building and housing contracts in targeted African markets where the group is competitive. These provide strong medium term prospects in line with the group's contracting capacity and country risk appetite.

The secured one-year order book stands at R4,3 billion (96% local) (H1 F2016: R3,6 billion and 100% local) (F2015: R4,4 billion and 100% local). The total secured order book stands at R5,6 billion (95% local) (H1 F2016: R5,0 billion and 100% local) (F2015: R6,1 billion and 100% local).

CHIEF FINANCIAL OFFICER'S REVIEW
CONTINUED

OPERATIONAL PERFORMANCE

CIVIL ENGINEERING

CONTRIBUTION TO GROUP CORE REVENUE

18.0%

F2015: 19.1%

CONTRIBUTION TO GROUP CORE OPERATING PROFIT

loss

F2015: Loss

	F2016	F2015
Revenue – R million	**2 493**	2 666
Core operating loss – R million	**(381)**	(96)
Core operating margin – %	**(15.3)**	(3.6)
Capital expenditure – R million	**59**	52
Total Contracting order book* – R million	**2 951**	3 293
Employees – pax	**2 849**	2 352

* *Secured total Contracting order book as at 30 June.*

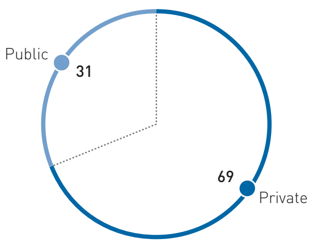
CIVIL ENGINEERING

Construction of large structures in public and private infrastructure, including heavy civil, mining and industrial structures, roads, ports, airports and pipelines.

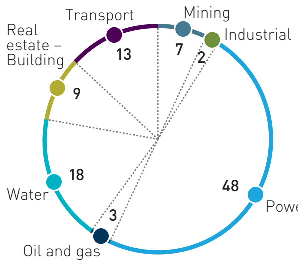
YEAR UNDER REVIEW

TRADED REVENUE

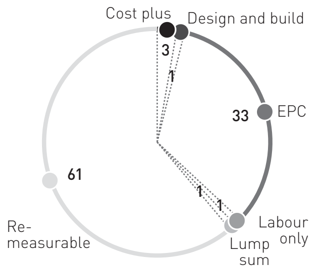
PRIVATE VERSUS PUBLIC (%)



BY SECTOR (%)



BY CONTRACT TYPE (%)



FINANCIAL PERFORMANCE

REVENUE (R'000)

R2 493 265

F2015: R2 665 751

CORE OPERATING MARGIN

Loss

F2015: Loss

This segment reported a 6.5% decrease in revenue from R2,7 billion (62% local) to R2,5 billion (63% local), while core operations generated a disappointing loss of R381,2 million for the year (F2015: R96,3 million loss).

The Civil Engineering segment returned to a break-even operating performance in H2 F2016 after reporting losses of R17,1 million in H1 F2016. However, the segment's results were impacted by a R365,4 million provision for a potential impaired debt. Given uncertainty surrounding the recoverability of this previously-certified debtor, the board and management have deemed it appropriate to raise a provision against the carrying value of this debtor until resolution is achieved.

Included within the operating losses are retrenchment and holding costs. These costs exceed originally planned costs, as the group continues to rightsize this segment to match its view on future market demand and conditions.

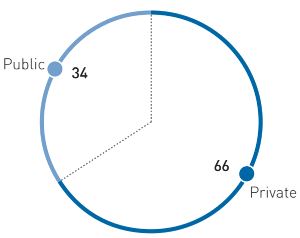
In addition, the business realised R24,6 million profit on sale of fixed assets. This is included within the segment's reported core margin in line with the group's policy, but adjusted for the determination of headline earnings.

The legacy Middle East operations' close-out continued, with good progress on the collection of cash and the finalisation of contract final accounts with clients, joint venture partners and sub-contractors.

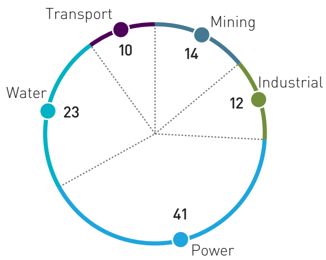
LOOKING FORWARD

SECURED CONTRACTING ORDER BOOK

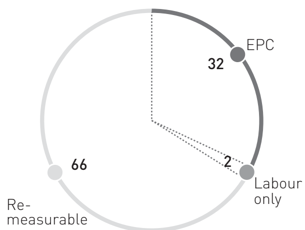
PRIVATE VERSUS PUBLIC (%)



BY SECTOR (%)



BY CONTRACT TYPE (%)



Short term prospects remain challenging. However, signs of a possible recovery in contract awards during the forthcoming year are improving, with a few recent awards providing greater confidence for a recovery. A revival in commodity prices will further bolster the prospects for improvement in the African civil engineering and infrastructure markets.

Civil Engineering's secured one-year order book stands at R2,0 billion (59% local) (H1 F2016: R2,2 billion and 54% local) (F2015: R2,1 billion and 58% local). The full order book is at R3,0 billion (64% local) (H1 F2016: R3,1 billion and 49% local) (F2015: R3,3 billion and 53% local).

CHIEF FINANCIAL OFFICER'S REVIEW
CONTINUED

OPERATIONAL PERFORMANCE

PROJECTS

CONTRIBUTION TO GROUP CORE REVENUE

17.6%

F2015: 15.9%

CONTRIBUTION TO GROUP CORE OPERATING PROFIT

5.0%

F2015: 5.9%

	F2016	F2015
Revenue – R million	**2 443**	2 214
Core operating profit – R million	**37**	20
Core operating margin – %	**1.5**	0.9
Capital expenditure – R million	**59**	40
Total Contracting order book* – R million	**1 509**	2 855
Employees – pax	**1 328**	2 773

* *Secured total Contracting order book as at 30 June.*

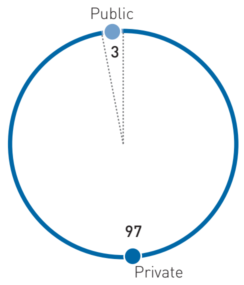
PROJECTS

Multi-disciplinary plant construction covering structural, mechanical, electrical, instrumentation and piping.

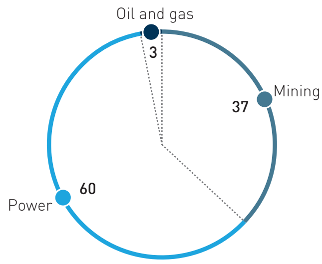
YEAR UNDER REVIEW

TRADED REVENUE

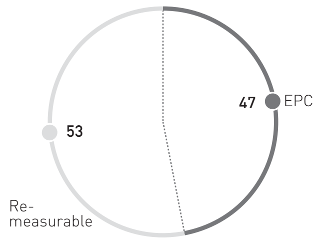
PRIVATE VERSUS PUBLIC (%)



BY SECTOR (%)



BY CONTRACT TYPE (%)



FINANCIAL PERFORMANCE

REVENUE (R'000)

R2 443 494

F2015: R2 213 758

CORE OPERATING MARGIN (%)

1.5

F2015: 0.9

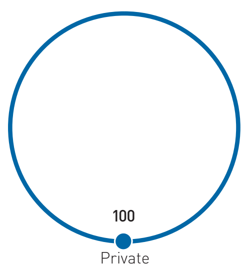
During the year, revenue increased by 10.4% from R2,2 billion (30% local) to R2,4 billion (26% local). Core operating profit increased by 79.3% from R20,4 million to R36,6 million.

Although the core operating profit margin increased to 1.5% (F2015: 0.9%), the traded operating margin was much lower than historically reported. The margin reduced in the second half of the year, largely due to an increase in the portion of the current order book being executed in South Africa and in neighbouring regions, which traditionally delivers lower margins than those in the rest of Africa and from the Kpone power contract, which is in its early stages of completion. Labour unrest, mainly at a KwaZulu-Natal contract, further impacted segment performance in the first half of the year. The business realised R14,1 million profit on sale of fixed assets in the first half of the year. In line with the group's policy, this is included within the segment's reported core margin, but adjusted for the determination of headline earnings.

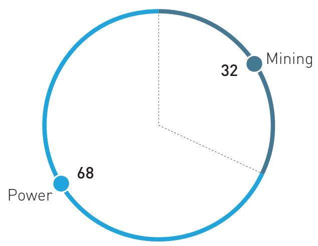
LOOKING FORWARD

SECURED CONTRACTING ORDER BOOK

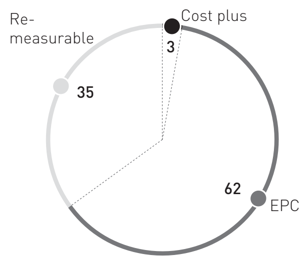
PRIVATE VERSUS PUBLIC (%)



BY SECTOR (%)



BY CONTRACT TYPE (%)



While the mining sector remains subdued, select prospects are being pursued, most notably in the gold mining and minerals sectors. A gradual improvement in the number of enquiries for African mining contracts has also been noted, but are yet to translate into new contract awards. Short term order intake is a priority for the business, with reasonable awards expected early in the new financial year.

The secured one-year order book stands at R1,2 billion (12% local) (H1 F2016: R1,5 billion and 22% local) (F2015: R2,0 billion and 23% local). The full secured order book stands at R1,5 billion (22% local) (H1 F2016: R2,1 billion and 15% local) (F2015: R2,8 billion and 18% local).

CHIEF FINANCIAL OFFICER'S REVIEW
CONTINUED

OPERATIONAL PERFORMANCE

ENERGY

CONTRIBUTION TO GROUP CORE REVENUE

13.7%

F2015: 15.1%

CONTRIBUTION TO GROUP CORE OPERATING PROFIT

4.5%

F2015: 8.1%

	F2016	F2015
Revenue – R million	**1 899**	2 110
Core operating profit – R million	**33**	28
Core operating margin – %	**1.7**	1.3
Total Contracting order book* – R million	**1 229**	1 905
Total Operations & Maintenance order book** – R million	**224**	227
Employees – pax	**1 034**	2 116

* *Secured total Contracting order book as at 30 June.*
** *Secured long term Operations & Maintenance order book to first review date as at 30 June (industrial, oil and gas and power).*

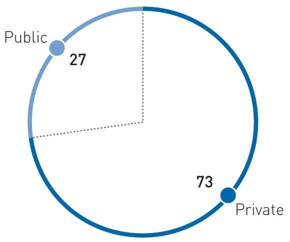
Energy consists of:

- POWER
- OIL & GAS
- NUCLEAR CONSTRUCTION SERVICES
- ENGINEERING SERVICES provides mostly internal services across the group

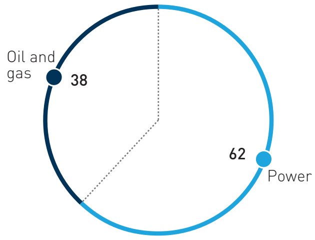
YEAR UNDER REVIEW

TRADED REVENUE

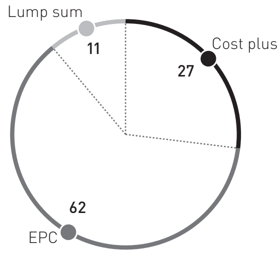
PRIVATE VERSUS PUBLIC (%)



BY SECTOR (%)



BY CONTRACT TYPE (%)



FINANCIAL PERFORMANCE

REVENUE (R'000)

R1 898 580

F2015: R2 109 897

CORE OPERATING MARGIN (%)

1.7

F2015: 1.3

During the year, revenue decreased by 10.0% from R2,1 billion (77% local) to R1,9 billion (42% local). Core operating profit increased by 17.3% from R28,3 million to R33,2 million. This resulted in a core operating profit margin of 1.7% (F2015: 1.3%). Included within these trading results are the costs related to investment in future opportunities and capacity building for nuclear readiness.

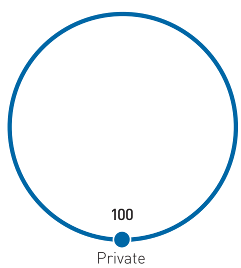
Progress on the Kpone power project in Ghana continues to proceed in line with plan, with the contract remaining on track for completion in F2018. Substantial advancement has been made on procurement and delivery of key equipment items, construction of civil infrastructure and power island bases, sub-station construction, fuel and cooling water systems and tank construction, as well as sea cooling water intake sub-shaft completion and commencement of tunnel boring activities.

Although progress continues to be made on the secured Koeberg work undertaken for Eskom, Group Five Nuclear is still not trading at sufficiently high volumes to cover the business overhead costs.

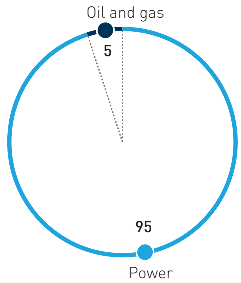
LOOKING FORWARD

SECURED CONTRACTING ORDER BOOK

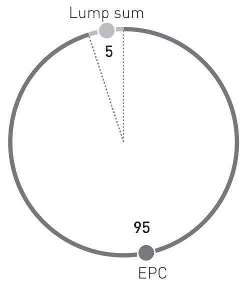
PRIVATE VERSUS PUBLIC (%)



BY SECTOR (%)



BY CONTRACT TYPE (%)



Bidding activity levels across Africa on a number of significant power contracts continue to be strong. Competition levels are high, with the incubation period from budget to tendering to order placement remaining long and often unpredictable. A number of notable contracts have also been tendered within the South African market under the renewable energy programme for private clients and Eskom.

The secured one-year order book stands at R913 million (12% local) (H1 F2016: R1,1 billion and 9% local) (F2015: R1,3 billion and 21% local). The full secured order book stands at R1,2 billion (22% local) (H1 F2016: R1,6 billion and 6% local) (F2015: R1,9 billion and 14% local).

CHIEF FINANCIAL OFFICER'S REVIEW
CONTINUED

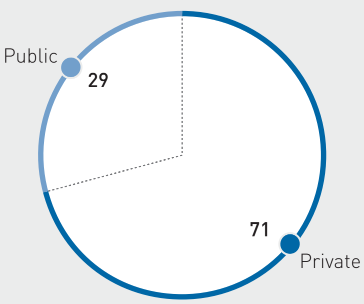
THE NEXT FEW PAGES SUMMARISE THE GROUP'S TRADED CONTRACTING REVENUE DURING THE YEAR, AS WELL AS THE SECURED CONTRACTING AND OPERATIONS & MAINTENANCE ORDER BOOKS AND OPPORTUNITY PIPELINE GOING FORWARD.

TRADED CONTRACTING REVENUE

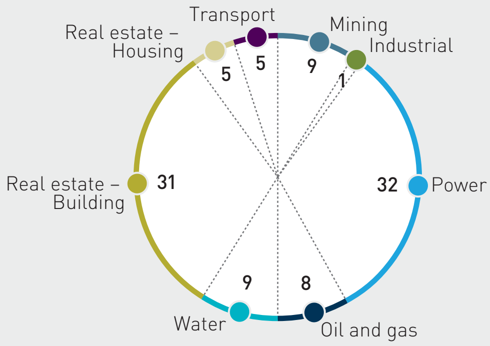
	Total	Building & Housing	Civil Engineering	Projects	Energy
R million					
Year to 30 June 2014 (actual)	13 228	4 430	3 760	1 741	3 297
% over-border	23%	2%	46%	67%	1%
Year to 30 June 2015 (actual)	11 694	4 886	2 666	2 214	1 928
% over-border	26%	–	38%	70%	25%
Year to 30 June 2016 (actual)	**11 631**	**4 933**	**2 550**	**2 443**	**1 705**
% over-border	**32%**	**–**	**37%**	**74%**	**58%**
– Public	**–**	**–**	**–**	**–**	**–**
– Private	**32%**	**–**	**37%**	**74%**	**58%**
% local	**68%**	**100%**	**63%**	**26%**	**42%**
– Public	**29%**	**42%**	**31%**	**3%**	**27%**
– Private	**39%**	**58%**	**32%**	**23%**	**15%**

The group's traded Contracting revenue remained largely unchanged at R11,6 billion (F2015: R11,7 billion). The last three years have reported a steady increase in the level of over-border revenue, increasing from 23% in F2014 to 26% in F2015 and 32% in F2016.

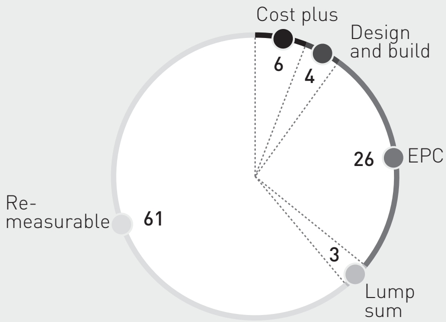
PRIVATE VERSUS PUBLIC (%)



BY SECTOR (%)



BY CONTRACT TYPE (%)



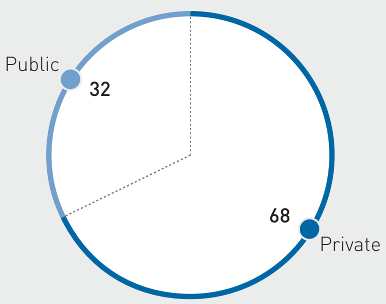
SECURED CONTRACTING ORDER BOOK

	Total	Building & Housing	Civil Engineering	Projects	Energy
R million					
At 30 June 2015	14 147	6 094	3 293	2 855	1 905
% over-border	39%	–	47%	82%	86%
At 31 December 2015	11 781	4 972	3 054	2 119	1 636
% over-border	41%	–	51%	85%	94%
At 30 June 2016*	**11 241**	**5 552**	**2 951**	**1 509**	**1 229**
% over-border	**31%**	**5%**	**36%**	**78%**	**78%**
– Public	**–**	**–**	**–**	**–**	**–**
– Private	**31%**	**5%**	**36%**	**78%**	**78%**
% local	**69%**	**95%**	**64%**	**22%**	**22%**
– Public	**32%**	**47%**	**34%**	**–**	**–**
– Private	**37%**	**48%**	**30%**	**22%**	**22%**
One-year order book**	**8 424**	**4 295**	**2 041**	**1 175**	**913**
One-year order book as a % of F2016 revenue	**72%**	**87%**	**80%**	**48%**	**54%**
Total order book as a % of F2016 revenue	**97%**	**113%**	**116%**	**62%**	**72%**

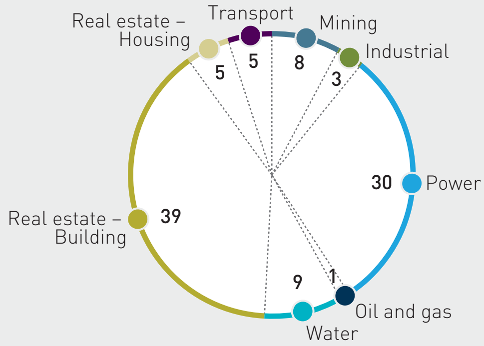
* *Secured Contracting order book is the total value of construction contracts formally awarded to the group, which still have to be traded, ie secured work to be executed by the group. It reflects construction and engineer, procure and construct (EPC) work only and excludes the contribution from the group's other clusters.*
** *Revenue to be executed in F2017 from the group's total secured Contracting order book.*

The Contracting order book remained at similar levels to that reported in December 2015, although it decreased over the prior year at June 2015. Order intake remains the most challenging area for the Engineering & Construction cluster. Although tendering activity levels and awards increased during the second half of the year, the volume of awarded work in the South African market remains low, with very strong competition on generally smaller-sized contracts. The incubation period from development to contract closure/award for contracts in the rest of Africa remains long.

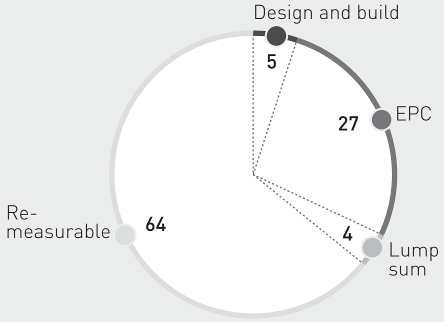
PRIVATE VERSUS PUBLIC (%)



BY SECTOR (%)



BY CONTRACT TYPE (%)



CHIEF FINANCIAL OFFICER'S REVIEW
CONTINUED

SECURED OPERATIONS & MAINTENANCE ORDER BOOK – ANNUITY INCOME

	ACTUAL REVENUE			ORDER BOOK		
	F2014	F2015	**F2016**	F2017	Three-year to F2020	**Total secured#**
R million						
Transport	834	892	**1 008**	1 074	2 516	**5 871**
Industrial, oil and gas	224	157	**134**	74	–	**74**
Power	–	24	**60**	47	103	**150**
Total	1 058	1 073	**1 202**	1 195	2 619	**6 095**

 # Secured Operations & Maintenance order book is valued using real cash flows (excluding escalation clauses) to first review date.

The group pleasingly achieved an increase in the secured Operations & Maintenance order book as a result of additional contract wins. These included the 20-year Westlink DBFO1 contract in Belfast (Northern Ireland) awarded in the first half of the year, together with the acquisition of 12.7% of the M6 Phase I project in Hungary, with a remaining ten-year operating term.

MULTI-YEAR TARGET OPPORTUNITY PIPELINE*

	TOTAL AS AT 30 JUNE 2016: R164 BILLION								
	INTERNATIONAL SPLIT			LOCAL SPLIT					
	Total	Private	Public	**Total**	Private	Public	**F2016 Total**	H1 F2016 Total	**F2016 Pre-tender and tender stage^**
By sector (Rbn)									
Mining	**5**	5	–	**5**	5	–	**10**	9	**6**
Industrial	**–**	–	–	**1**	–	1	**1**	4	**1**
Power	**43**	43	–	**18**	14	4	**61**	46	**12**
Oil and gas	**10**	4	6	**3**	3	–	**13**	8	**7**
Water	**3**	–	3	**7**	–	7	**10**	8	**5**
Building	**7**	6	1	**20**	18	2	**27**	18	**16**
Housing	**1**	1	–	**4**	2	2	**5**	5	**3**
Transport	**4**	–	4	**33**	4	29	**37**	33	**26**
Total	**73**	59	14	**91**	46	45	**164**	131	**76**
Pre-tender and tender^	**18**	14	4	**58**	21	37			**76**

** Represents the value of contracts being targeted by the group as at 30 June 2016.*
^ Value of opportunities within the pipeline in the pre-tender and tender stage.

The value of the group's target opportunity pipeline stands at R164 billion, with R76 billion of this pipeline currently in tender and pre-tender stage. This is higher than the R131 billion pipeline and R50 billion tender and pre-tender pipeline reported at interim results in February 2016. The pipeline indicates ongoing strong demand in power, a strengthening transport sector, continued activity in real estate and an improving mining sector.

CHIEF FINANCIAL OFFICER'S REVIEW
CONTINUED

OPERATIONAL PERFORMANCE

INVESTMENTS & CONCESSIONS

CONTRIBUTION TO GROUP CORE REVENUE

8.3%

F2015: 7.1%

CONTRIBUTION TO GROUP CORE OPERATING PROFIT

124.6%

F2015: 67.9%

	F2016	F2015
Revenue – R million	**1 147**	995
Core operating profit – R million	**917**	237
Core operating margin – %	**80.0**	23.8
Total Operations & Maintenance order book* – R million	**5 871**	4 460
Investment in concessions – R million	**1 230**	384
Employees – pax	**1 551**	1 482

* *Secured long term Operations & Maintenance order book to first review date as at 30 June (transport).*

▷ TRANSPORT

Development of, investment in and operations and maintenance of motorways. Operating under the Intertoll brand.

▷ PROPERTY

Development, ownership and management of selected A- and B-grade property assets generating fee income and investment returns under the G5 Properties brand.

FINANCIAL PERFORMANCE

REVENUE
(R'000)
R1 146 814
F2015: R995 125

CORE OPERATING
MARGIN (%)
80.0
F2015: 23.8

The cluster delivered a record-breaking result for the year. In addition to the substantial fair value profit realised on the cluster's motorway investments in Eastern Europe, operating results were excellent across all business segments, including G5 Properties. Intertoll Europe's performance was particularly noteworthy.

The cluster contributed 8.3% (F2015: 7.1%) to group revenue, and 124.6% to group core operating profit (F2015: 67.9%).

Revenue, which consists primarily of fees for the operations and maintenance of toll roads, increased by 15.2% from R995,1 million to R1,1 billion. The core operating profit margin increased from 23.8% to 80.0% on the back of core operating profit of R917,4 million (F2015: R236,6 million).

The operating profit includes fair value gains on investment property held of R43,5 million and investment in service concessions of R730,1 million, totalling R773,6 million (F2015: R115,7 million).

The Intertoll Europe business, together with international infrastructure financing partners, successfully acquired 12.7% of the M6 Phase I project in Hungary, thereby obtaining an attractive investment with a remaining ten-year term linked to a secured long term operating contract.

The 20-year Westlink DBFO1 contract in Belfast (Northern Ireland) awarded in the first half of the year successfully commenced operations in line with plan on 1 April 2016, with excellent client feedback on our performance.

The Intertoll Africa business made a solid contribution to earnings for the year as a result of cost efficiencies in the South African operations and a good performance on the Zimbabwean Infralink operating contract.

G5 Properties delivered an improved result for the year, recording a fair value gain of R43,5 million on the Northpoint Industrial Park development (Cape Town) in the first half of the year. The St. Aidan's residential project (Gauteng) was successfully completed during the year, with good progress being made in the development of a number of new residential and accommodation projects located in Gauteng, targeted for launch in F2017 to F2018.

LOOKING FORWARD

New prospects are being explored in the region on the back of the highly-successful Northern Ireland project start-up. Positive early-stage progress continues to be made with the development of road concessions prospects in North America with our existing European partners.

The portfolio of new project opportunities continues to expand across sub-Saharan Africa, with an increasing likelihood of a material new contract win in the shorter term.

Development of the African project portfolio also continues to make steady progress, with at least one new project launch expected in F2017 following the successful completion of Capital Place in Ghana.

CHIEF FINANCIAL OFFICER'S REVIEW
CONTINUED

OPERATIONAL PERFORMANCE

MANUFACTURING

CONTRIBUTION TO GROUP CORE REVENUE

6.8%

F2015: 7.6%

CONTRIBUTION TO GROUP CORE OPERATING PROFIT

7.6%

F2015: 19.5%

	F2016	F2015
Revenue – R million	**935**	1 059
Core operating profit – R million	**56**	68
Core operating margin – %	**6.0**	6.4
PPE* – R million	**250**	222
Capital expenditure – R million	**77**	33
Employees – pax	**758**	954

* *Property, plant and equipment.*

▷ FIBRE CEMENT

Exterior and interior walling, ceiling boards, roofing systems and pipes, as well as fibre cement-clad, steel-framed modular housing systems under the Everite brand. The group also recently added Aerated Autoclaved Concrete (AAC) under the Hebel brand.

▷ STEEL

Large-bore spiral-welded steel pipes for mainly water transport systems and steel reinforcing and mesh for use in concrete structures under the Group Five Pipe and Barnes Reinforcing Industries brands.

FINANCIAL PERFORMANCE

REVENUE (R'000)	CORE OPERATING MARGIN (%)
R935 280	**6.0**
F2015: R1 058 795	F2015: 6.4

The Manufacturing cluster contributed 6.8% (F2015: 7.6%) to group revenue, and 7.6% to group core operating profit (F2015: 19.5%).

Revenue decreased by 11.7% from R1,1 billion to R935,3 million. The reported core operating profit for the year was R56,0 million. This was 17.5% lower than the prior year's core profit of R67,9 million, resulting in a core operating margin of 6.0% (F2016: 6.4%).

The Manufacturing cluster continued to experience the impact of a very tough market environment, which impacted volumes and revenues.

Ongoing innovation was essential to decrease manufacturing costs in line with declining market demand and rising imported material cost of production. There was some growth in tender activity in South Africa for large-bore water pipe, with contract awards expected to deliver an increased factory output late in H1 F2017. The group's reinforcing steel business was able to deliver a steady performance and mitigate a declining demand from Civil Engineering contracts through product supplies to the Building segment, which continues to exceed supply to the Civil Engineering segment.

A continued focus in the fibre cement business Everite on cost efficiencies, product marketing and sales strategies, cautious regional expansion and diversification into a broader range of complementary traded products, assisted in negating the pressure from decreasing volumes and price in the local market.

The lightweight block and panel (Hebel Aerated Autoclaved Concrete or AAC) production line being built at Everite's Kliprivier factory will complement the dry lightweight building materials product range. Initial launch testing of the AAC product in the Gauteng building market has been extremely positive, which bodes well for a successful product introduction expected to enhance cluster earnings during the course of F2017.

LOOKING FORWARD

Cluster revenue and earnings will continue to be supported through ongoing innovation and expansion of the manufactured and supplied lightweight dry building materials product range, underpinned by a robust and cost-effective approach to manufacturing, distribution and client service. Recovery in the local building materials and infrastructure markets will materially leverage Manufacturing's future earnings. However, the timing of a recovery remains difficult to predict and is highly dependent on both global and local macro-economic factors.


KBJ

REALISING VALUE FROM CONCESSIONS ASSETS

The group has a strategy of selectively developing, investing in, designing, constructing and operating various infrastructure and real estate assets throughout their lifecycle. This enables the extraction of multiple revenues from target contracts, the generation of an improved blended group operating margin and the creation of annuity income to deliver sustained earnings at enhanced overall returns on capital employed.

The benefits of this strategy have again been realised in the current year within the Investments & Concessions cluster, which realised a large fair value gain on its Eastern Europe transport concessions investment portfolio. Refer to pages 68 to 69.

The investments, held at fair value, at year end were:

	2016	2015
Road concessions	**1 140 146**	384 095
Other	**90 235**	–
	1 230 381	384 095

	Country	Km	% interest	Concessions period
Road concessions				
A1 (Phases I and II)	Poland	151	15	30 years
M6 (Phase I)	Hungary	59	13	20 years
M6 (Phase III)	Hungary	78	10	28 years

The Intertoll Europe business, together with international infrastructure financing partners, successfully acquired 12.7% of the M6 Phase I project during the year, obtaining an investment with a remaining ten-year term linked to a secured operating contract and growing the group's Operations & Maintenance order book and its investment portfolio in line with strategy.

These investments consist of interests in service concessions over which we have neither control nor significant influence. They typically take the form of equity and subordinated shareholder loans in geared special purpose vehicles created to undertake the project. Reductions in the project risk have a leveraged effect on the value of the investment.

They are financial assets designated at fair value through profit and loss, initially recognised at fair value at the time of investing and subsequently measured at fair value with any changes recognised in the income statement.

Fair values are determined using the discounted cash flow method of valuation using anticipated future underlying project cash flows based on current 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 premiums. Market risk premiums are determined by referencing the comparative long term government bond yield of the country in which the infrastructure asset is located, as well as market liquidity. Project risk premiums 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 where the impact of significant factors cannot be estimated with certainty (such as traffic volumes on toll road concessions during early operating periods) are determined by using the discounted cash flow method at appropriately high start-up phase risk premiums. Investments are translated at year-end spot rates.

All investments have been valued by using the discounted cash flow method on the underlying Euro-denominated project cash flows.

The underlying project cash flows are determined from cash flow models provided by the concessions company management board. The primary inputs to such models include the most recent independent traffic study, proven traffic volumes, macro-economic forecasts, updated overhead and concessions SPV operating budgets and road rehabilitation plans.

The strong fair value gain for the year was realised as a result of:

- Maturing project risk profiles, with construction complete and final defects lists determined and known
- Actual proven project traffic flows being materially better than those conservatively forecast at the time of tender submission

As a result of the above, actual underlying project cash flows were materially better than those originally forecast in the base-case models compiled at the time of project financial close.

The South African Rand to Euro exchange rate used was R16,67 (F2015: R13,64). Discount rates ranging between 11% and 13% were used (F2015: 9% and 14%).

A sensitivity analysis, calculating the effect of exchange rates on the fair value of these service concessions, was performed at 30 June 2016. The effect, when varying Euro-Rand exchange rates by 10% on fair values of these investments, is R114,0 million (2015: R38,4 million). Similarly, every 10% increase or decrease in the discount rates used, results in a decrease or increase in the valuation of between R84,2 million to R96,3 million (2015: R37,1 million to R42,9 million).

Positive early-stage progress for development of road concessions in North America with our existing European partners continues.

CHIEF FINANCIAL OFFICER'S REVIEW
CONTINUED

EFFECTIVE CASH MANAGEMENT AT A TIME OF ECONOMIC AND CREDIT PRESSURE

Local and international markets are experiencing economic and credit pressures. The South African construction industry remains a challenging market within which to operate and contracts in the rest of Africa have long incubation periods to reach financial close and award. Against this, a focus on effective cash management, specifically in the Engineering & Construction cluster, is critical.

Two of the most significant actions taken during the year included:

- Reduction of both fixed and variable costs across the group
- Effective management of outstanding debts due for collection

The overhead cost reduction is discussed in addressing shareholders' returns.

CREDIT RISK

With regards to the management of outstanding debtors, the group has the following credit risk per region:

R'000	F2016	F2015
Central Africa	**215 679**	269 379
East Africa	**11 745**	58 492
Europe	**31 575**	3 020
Middle East	**152 490**	189 853
Southern Africa	**2 308 290**	2 775 413
Western Africa	**177 535**	269 146
Total trade and other receivables	**2 897 314**	3 565 306

The group previously reported that, although certified, the repayment of a portion of the debt due in the DRC has not been in line with contractual terms and repayment plans were agreed. The group is pleased to report that good cash flow was received during the year.

The Middle East operations' close-out continued, with significant progress on the collection of cash and the finalisation of contract final accounts. Additional cash flow to the group is expected in H1 F2017.

With regards to the Kpone EPC contract in Ghana, cash flow contractual milestones continue to be achieved as expected. This has supported the receipt of payments in line with programme and forecast, with the contract remaining cash positive.

PROVISION FOR POTENTIAL IMPAIRMENT OF DEBTORS

The group also carries a provision for potential impairment of debtors of R455,8 million (F2015: R57,5 million). The impairment recognised represents the difference between the carrying value of these trade receivables and the present value of any expected collections. The material increase in the provision from the prior year is as a result of a provision of R365,4 million against a Civil Engineering debtor. Refer to pages 53 and 59.

BALANCE SHEET

The group also has contracts in progress of R1,1 billion (F2015: R884 million), which mainly represents work performed to be certified in the normal course of trade.

It is pleasing to note that the group's financial position continues to be sound, with a nil net gearing ratio and a bank and cash balance of R3,3 billion (F2015: R3,4 billion, H1 F2016: R3,6 billion). At year end the group reported R1,9 billion (F2015: R938,6 million) in excess billings over work performed and R479,4 million (F2015: R1,1 billion) in advance payments received.

CASH FLOW

The group's cash flow position is pleasing. The group generated R449,4 million (F2015: R425,1 million) cash from operations before a working capital enhancement of R30,2 million (F2015: R118,9 million). This resulted in a net cash inflow from operating activities of R146,3 million (F2015: R238,1 million) after settlement of taxation liabilities of R250,6 million (F2015: R218,4 million) and the dividend to shareholders of R67,8 million (F2015: R85,7 million).

The group invested R168,7 million with the acquisition of 12.7% of the M6 Phase I project in Hungary. After a net cash investment of R149,7 million (F2015: R69,7 million) in plant and equipment, net borrowings repaid of R391,9 million (F2015: net R145,5 million raised), and proceeds on service concessions investments of R142,7 million (F2015: R153, million), a net outflow of R134,7 million was realised (F2015: R468,8 million inflow).

ADDRESSING SHAREHOLDER RETURNS

A key focus in support of the group's strategy includes reducing overhead costs and enhancing the utilisation of the capital invested in the group to ensure adequate returns provided to stakeholders.

REDUCING OVERHEAD COSTS

During the year, a key deliverable was the review of total group overheads by business and at the corporate office. Substantial overhead cost reduction was achieved against original plan.

However, the impact of the savings was reduced by additional retrenchment costs to decrease permanent overheads and rightsizing the segments to match market demands and conditions, as well as additional holding costs over what was originally planned.

Retrenchment costs were incurred in the Everite and Pipe businesses, the Civil Engineering, Projects and Energy segments and the central corporate office. The benefits of these retrenchments should be realised in the coming year.

The majority of the holding costs were incurred by the Civil Engineering segment. This segment has decreased its headcount by 41% from 4 824 employees in F2014 to 2 849 in F2016 following rightsizing for current market conditions. The group is reluctant to further cut its capacity and has taken the decision to retain these core skills in the short term. This will be regularly reviewed by the executive team.

ENHANCING THE UTILISATION OF THE CAPITAL INVESTED

Optimising capital employed has received significant attention during the year with direct intervention by the CEO and CFO, supported and guided by the group's non-executive directors.

The primary focus for each business in setting their business plans for the year was the requirement to meet and exceed pre-determined targeted return on capital. Business plans are only approved once this requirement has been achieved. In cases where this cannot be met, teams must provide evidence to the executive committee and board as to when conditions are expected to recover so that returns can be generated, as well as what short term interventions are planned to remedy the position as best as possible.

We have increasingly aligned management incentives to the achievement of returns. This focus is expected to heighten in the coming year. F2017 plans have been interrogated by the board of directors, with return on capital as its primary focus.

Non-current assets	Carrying value Rm	F2016 return
Investment in service concessions	1 230	108.1%*
Investment property	184	26.4%
Equity-accounted investments	229	15.9%
Pension fund asset	282	The pension fund asset represents the additional surplus arising after surplus valuation and apportionment date to which the company is entitled, although not immediately accessible. A gain of R12 million was recognised in the current year. A review of the asset has been performed with an expectation that a portion of the asset will be realised in the short term, thereby enhancing value to the group.
Property, plant and equipment	886	Property, plant and equipment consists of assets in various locations in South Africa and the rest of Africa and to a lesser extent in Europe. This portfolio of long term assets is currently not providing an adequate return and is receiving considerable attention by management.

* *Return evaluated based on capital appreciated, including free cash received from the investment.*

During the year, the Investments & Concessions cluster exceeded its targeted return thresholds. The Engineering & Construction cluster did not meet its targets due to a weak performance, as described in the operational performance section, as well as excess capital employed. This is being addressed. The Manufacturing cluster met its return targets.

This resulted in an overall return on equity for the group of 11.7% (F2015: 8.1%).

APPRECIATION

I thank my finance team for their hard work in an extremely difficult year for the group. I acknowledge the long hours you have put in. To our CEO, Eric Vemer, a special word of thanks for his leadership and support and to the board a note of appreciation for the guidance and assistance they provided in a challenging year.

03

GOVERNANCE, MEASUREMENT AND REMUNERATION

GROUP MEASURES

ASSURANCE MEASURES

The group is independently assured by external assurance providers on a variety of measures each year. The table outlines the material ones.

	ASSURED BUSINESS PROCESSES	OUTPUT FROM ASSURANCE	STATUS	ASSURANCE PROVIDER
FINANCIAL	Economic value added	Value-added statement	Assured	PwC Inc.*
	Fair presentation in all material aspects – financial position and performance of the group and company	External audit report	Audited	PwC Inc.*
QUALITY	Quality systems	ISO 9001:2008	Assured – 100% of segments certified	DEKRA
HEALTH AND SAFETY	Procedures and policies	DEKRA certification	Assured – verified procedures	DEKRA
	Safety systems	OHSAS 18001:2007	Assured – 100% of segments certified	DEKRA
ENVIRONMENT	Carbon emissions	Confirmed carbon disclosure emission	Independently verified	Promethium Carbon
	Environmental audits	ISO 14001:2004	Assured – 100% of segments certified	DEKRA
EMPOWERMENT	BBBEE credentials	BBBEE scorecard	Assured	BEE Verification Agency cc
HUMAN RESOURCES	Employee satisfaction	Employee satisfaction survey	Independently verified	SoftCraft Research
	Employment policies	Best Employer survey	Independently verified	Corporate Research Foundation
	Training and HR systems	ISO 9001:2008	Assured – audited processes	DEKRA and BEE Verification Agency cc

* *PricewaterhouseCoopers Inc.*

THE VALUE-ADDED STATEMENT WAS ASSURED FOR THE FIFTH YEAR IN A ROW.

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF GROUP FIVE LIMITED

We have audited the group economic value-added statement of Group Five Limited for the year ended 30 June 2016 set out on page 80. This report should be read in conjunction with the audited consolidated financial statements in the online section of the integrated annual report at www.groupfive.co.za.

DIRECTORS' RESPONSIBILITY FOR THE GROUP ECONOMIC VALUE-ADDED STATEMENT

The company's directors are responsible for the preparation and presentation of the group economic value-added statement in terms of the basis of preparation to the statement, for determining that the basis of preparation is acceptable in the circumstances and for such internal control as the directors determine is necessary to enable the preparation of the group economic value-added statement that is free from material misstatements, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the group economic value-added statement. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the group economic value-added statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the group economic value-added statement. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the group economic value-added statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and presentation of the group economic value-added statement 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 the group economic value-added statement principles used and the reasonableness of valuation estimates made by the management, as well as evaluating the overall presentation of the group economic value-added statement.

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 group economic value-added statement has been prepared, in all material respects, in accordance with the basis of preparation to the group economic value-added statement.

BASIS OF ACCOUNTING AND RESTRICTION ON USE

Without modifying our opinion, we draw attention to the paragraph on page 80 of the group economic value-added statement, which describes the basis of preparation of the economic value-added statement. The group economic value-added statement is prepared to support the group's disclosure of its value-added for sustainability reporting purposes. As a result, the group economic value-added statement may not be suitable for another purpose. Our report is intended solely for the directors of Group Five Limited and should not be distributed to or used by any other parties. We agree to the publication of our report in the Integrated Annual Report of Group Five Limited for the year ended 30 June 2016 in which the group economic value-added statement is included provided it is clearly understood by the recipients of the Integrated Annual Report that they enjoy such receipt for information only and that we accept no duty of care to them in respect of our report.

PricewaterhouseCoopers Inc

PricewaterhouseCoopers Inc.
Director: M Naidoo
Registered auditor
Sunninghill
12 August 2016

GROUP MEASURES
CONTINUED

WE MONITOR THE DELIVERY OF OUR STRATEGY AGAINST STRICT MEASURES RELATING TO FINANCIAL AND NON-FINANCIAL MEASURES.

A number of these measures are linked to management's key performance indicators. Refer to pages 88 to 93.

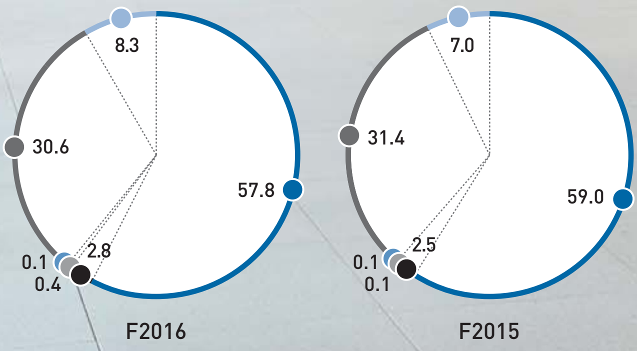
ECONOMIC VALUE ADDED

BASIS OF PREPARATION

The value-added statement is derived from the annual financial statements (AFS) for the year ended 30 June 2016. The AFS were prepared in terms of International Financial Reporting Standards and the accounting policies as disclosed in the AFS, adjusted as described in the notes.

	%	F2016 (R'000)	%	F2015 (R'000)
Sustainability indicator				
Revenue[1]		**15 410 052**		15 586 695
Less: purchased cost of goods and services[1]		**(12 114 216)**		(11 464 342)
Value added	**80.4**	**3 295 836**	97.6	4 122 353
Other income[2]	**19.6**	**800 916**	2.4	140 318
Wealth created	**100.0**	**4 096 752**	100.0	4 262 671
Employees[3]	**57.8**	**2 369 191**	59.0	2 752 198
Providers of equity[4]	**2.8**	**117 769**	2.5	156 602
Providers of funding[5]	**0.4**	**14 914**	0.1	1 622
Socio-economic development[6]	**0.1**	**3 145**	0.1	2 525
Government[7]	**30.6**	**1 252 503**	31.4	1 225 926
Funds retained	**8.3**	**339 230**	7.0	123 798
Wealth distribution	**100.0**	**4 096 752**	100.0	4 262 671
Number of employees[8]		**9 203**		12 044
Wealth created per employee (R)		**445 154**		353 925
Weighted number of shares ('000)		**101 147**		100 895
Wealth created per share (R)		**41**		42

1 Revenue and purchased costs of goods and services are stated, including value-added tax.
2 Other income consists of share of income from equity-accounted investments, including joint ventures and fair value adjustments on investments in concessions and investment property.
3 Distributions to employees exclude employee taxes deducted from their salaries and paid to the respective revenue authorities on their behalf.
4 Distributions to providers of equity consist of dividends declared and paid during the year and the non-controlling interest for the year.
5 Distributions to providers of funding consist of net interest expense incurred during the year.
6 Socio-economic development consists of investment in education and other social initiatives.
7 Government includes income taxation, deferred taxation, employee taxes and net value-added taxation (VAT).
8 Employees include permanent and temporary employees who are paid salaries and wages. Number of employees, including joint arrangements equity accounted, is 9 313 (2015: 12 178).

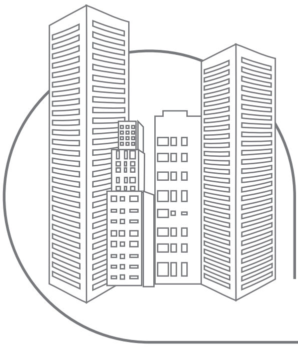


DISTRIBUTION OF WEALTH CREATED (%)

F2016	F2015	
57.8	59.0	Employees
2.8	2.5	Providers of equity
0.4	0.1	Providers of funding
0.1	0.1	Socio-economic development
30.6	31.4	Government
8.3	7.0	Funds retained

GROUP MEASURES
CONTINUED

GROUP MEASURES



FINANCIAL

The group is pleased with the cash generated from operations of

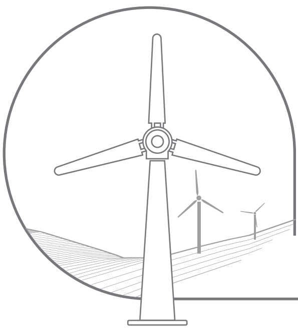
R480 million.

PEOPLE

We received the

Best Employer

Award in the construction sector and improved our overall rating from 2^{st} to 11^{th} in the prestigious Best Employer survey conducted by the Corporate Research Foundation.



ENVIRONMENT

There was a pleasing continued

reduction in electricity use this year due to a focus on energy savings at both fixed and contract sites and making use of alternate technologies, where possible, to reduce our reliance on and use of electricity.

Category	Medium term target	**F2016 actual**	**F2016 target**	F2015 actual	F2015 target	F2014 actual
Revenue per employee (medium term) – R'000	Increase	**1 497**	**Increase**	1 152	Increase	1 072
Net profit for the year per employee – R'000	Increase	**41**	**Increase**	19	Increase	28
Geographic diversification (revenue from over-border operations) – %	50	**33**	**40**	27	40	24
Multi-disciplinary revenue of Contracting revenue – %	Increase	**41**	**Increase**	30	Increase	27
EPC^ revenue of Contracting revenue – %	Increase	**26**	**Increase**	12	Increase	15
Secured order book (Contracting budget secured in order book at start of financial year) – %	70 of budget	**64**	**70 of budget**	79	70 of budget	71
Return on shareholders' equity – long term – %	15 – 20	**12**	**15 – 20**	8	15 – 20	17
Fully diluted headline earnings per share – % growth/(decrease)	Growth >CPI	**63**	**Growth**	(49)	Growth	42
Product diversification – (total operating profit from non-Contracting businesses) – %	>33	**132**	**>33**	87	>33	43
Net gearing – %	<33 of equity	**–**	**<33 of equity**	–	<33 of equity	–
Cash generated from operations – R million	Cash generative	**480**	**Cash generative**	544	Cash generative	372
Total operating margin – %	5 medium term	**5.2**	**5 medium term**	2.6	5 medium term	4.2

^ *Engineer, procure and construct.*

	Medium term target	**F2016 actual**	**F2016 target**	F2015 actual	F2015 target	F2014 actual
Employee turnover (permanent employees) – %	<5	**3^**	**<5**	3^	<5	3^
Employee satisfaction rating – %	>70	**71#**	**>70**	71	>70	68
Employees trained per annum – %	35	**56**	**35**	41	35	39
Average training spend per employee	R1 300	**R1 940**	**R1 300**	R1 480	R1 300	R1 314
Construction Charter BBBEE score	>85	**88**	**>85**	87	>85	89
Lost-time injury frequency rate*	–	**0.21**	**–**	0.23	–	0.23
Lost-time injury frequency rate**	–	**0.13**	**–**	0.15	–	0.17
% of AIC^^ at top management, senior management and middle management	40	**31**	**35**	28	35	27
% of women at top management, senior management and middle management	20	**16**	**18**	14	19	14
OHSAS 18001:2007 certification across group – %	100	**100**	**100**	100	100	100

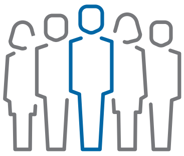
^ *These numbers relate to voluntary terminations only and do not include involuntary labour turnover as a result of retrenchments and non-renewal of contracts.*
# *Based on the F2015 survey, as the survey will now be conducted every two years, with the next one in F2017.*
* *Group Five permanent employees in South Africa and the rest of Africa.*
** *Group Five permanent employees in South Africa and the rest of Africa and sub-contractors combined.*
^^ *African, Indian and Coloured.*

	F2016	F2015	F2014	F2013
Electricity usage per employee**	**4.20 MWh***	4.48 MWh*	5.03 MWh*	5.90 MWh*
Carbon footprint per employee**	**10.76 tonnes CO_2e**	9.72 tonnes CO_2e	9.44 tonnes CO_2e	12.4 tonnes CO_2e
Significant environmental incidents	**–**	–	–	–
ISO 14001:2004 certification across group – %	**100**	100	100	100

* *MWh – megawatt hours.*
** *Electricity usage per employee and carbon footprint per employee information in each financial year relates to the actual usage in the previous year.*

GROUP MEASURES
CONTINUED

TEAM MEASURES



CHAIRPERSON

Evaluated by: Internal evaluation and independent evaluation by Institute of Directors/external board evaluation/shareholders through annual general meeting

	HOW IMPACT IS MEASURED	DELIVERY F2015	DELIVERY F2016
BOARD SETTING THE STRATEGIC DIRECTION FOR THE GROUP	Board performance review.	The focus during F2015 was on ensuring all new board members appointed in F2014 fully understood the group and the industry. This was achieved and the new board members worked well with the other members to offer even broader skills and African-focused knowledge.	The group's annual business planning cycle was changed to start earlier in November of each year to ensure the strategic direction is signed off at the May board meeting. This enhancement allowed the group to start the new financial year with short term incentives concluded well before the new year starts.
APPROVAL OF STRATEGY	Strategy aligned to group values and risk appetite of the group.	The board worked closely with the new CEO in refreshing the current strategy, where relevant. This involved a number of implementation inputs and counsel from the board members.	The board worked closely with the CEO in developing a revised strategy, taking into account the group's unique strengths, the tough market conditions and the optimal positioning of the group for the future. The insights and counsel of the board were valuable in crystallising the thinking of the CEO and executive team.
MONITORING OF FINANCIAL PERFORMANCE	Meeting of financial targets.	The board worked closely with management to identify deviations from plan and assist management in a constant feedback loop based on their experience. They worked with management in the implementation of proactive measures and their monitoring.	The board guided the team in the implementation of new financial measures to assist management's performance against approved plans.

	HOW IMPACT IS MEASURED	DELIVERY F2015	DELIVERY F2016
ANNUAL BOARD SCHEDULE COMPLIANCE	Schedule compliance.	Board schedule and objectives were met.	Board schedule and objectives were met.
ENSURING EFFECTIVE BOARD AND EXCO INTERACTIONS	Adherence to group policy for group strategy setting, budget approval and regular engagement.	The board meets formally on a quarterly basis, with additional strategy sessions every six months involving exco. Exco members also attend board meetings when required. Exco members present material contract risk reviews to the board in line with the group's pre-set levels of authority.	The board has a business-enhancing relationship with the executive team, which was further strengthened during the year.
BOARD EFFECTIVENESS	Board review.	A board review was not conducted in F2015, with an internal review planned for F2016.	An internal review was conducted, with an external evaluation planned for F2017. The evaluation found the board and members to be effective.
COMPLETION OF CEO APPRAISAL	Completion of CEO appraisal.	CEO appraisal completed.	CEO appraisal completed.
BOARD ATTENDANCE	Board attendance.	Board and sub-committee attendance remained good throughout the year.	Board and sub-committee attendance remained constructive throughout the year.

GROUP MEASURES
CONTINUED

NON-EXECUTIVE DIRECTORS

Evaluated by: Internal evaluation and independent evaluation by Institute of Directors/external board evaluation/shareholders through annual general meeting

	HOW IMPACT IS MEASURED	DELIVERY F2015	DELIVERY F2016
SKILLS, EXPERIENCE, PERFORMANCE, STANDARDS OF CONDUCT AND EVALUATION OF PERFORMANCE	Evaluation of board skills against business requirements.	The new and historic members integrated well and delivered against expectations.	The key contribution this year was the implementation of a set of key management measures to improve performance against approved plans.
LEVEL OF CONTRIBUTION AS A BOARD MEMBER	Attendance at required meetings and contribution to meetings.	All board meetings and sub-committees met the required quorum to be constituted, which allowed for the appropriate level of engagement and skills to be present.	All board meetings and sub-committees met the required quorum to be constituted, which allowed for the appropriate level of engagement and skills to be present.
OFFERING SUFFICIENT TIME TO GROUP FIVE	Number of other commitments and results of annual board evaluation.	All board meetings and sub-committees met the required quorum to be constituted. Board members remained available to assist the executive team.	All board meetings and sub-committees met the required quorum to be constituted. Board members remained available to assist the executive team.

COMPANY SECRETARY

Evaluated by: Chief financial officer

	HOW IMPACT IS MEASURED	DELIVERY F2015	DELIVERY F2016
ETHICS AND GOVERNANCE	Code of ethics maintenance and communication, effective management of Tip-offs Anonymous line.	The social and ethics committee functioned effectively. Formal ethics and governance training continued and the group's tip-offs line continued to be communicated, with improved levels of usage.	The social and ethics committee, renamed this year to the transformation and sustainability committee, functions effectively. In addition, the group's code of conduct was re-launched in F2016 and a number of training sessions implemented.
COMPLIANCE WITH LAWS AND REGULATIONS	Compliance exceptions, statutory and corporate status.	The group's continued operations met all material statutes and compliance requirements.	The group's operations met all material statutes and compliance requirements.
DIRECTORS' DUTIES AND INDUCTION	% of directors trained/ inducted and adherence to laws and requirements.	The group continued to induct and train all its new director appointments through the Institute of Directors (SA).	The group continues to induct and train new directors through the Institute of Directors (SA).
ADHERENCE TO THE COMPANIES ACT AND JSE LISTINGS REQUIREMENTS	Status of adherence and discretionary rating by manager.	There were no adverse findings from the group's sponsor, the JSE Limited or Securities Regulation Panel (SRP).	There were no adverse findings from the group's sponsor, the JSE Limited or Securities Regulation Panel (SRP).
BBBEE SCHEME ADMINISTRATION AND SHARE APPRECIATION RIGHT ADMINISTRATION	Effective administration of black management scheme (BMS) and share appreciation rights scheme.	Enhancement of the group's management systems in terms of the employee scheme administration process resulted in effective delivery of shares and services to participants.	The enhancements to the systems around administration implemented in F2014 have added the value anticipated and no changes were made in F2016.

GROUP MEASURES
CONTINUED

OPERATIONAL EXECUTIVES

BASED ON STAKEHOLDER FEEDBACK, WE SIMPLIFIED THE REPORTING OF OUR TEAM'S KEY PERFORMANCE INDICATORS. REMUNERATION IS INCREASINGLY AMENDED TO REFLECT DELIVERY ON STRATEGY TO ALIGN WITH SHAREHOLDERS.

CHIEF EXECUTIVE OFFICER – ERIC VEMER

Evaluated by the chairperson

	DELIVERY
GROUP STRATEGY DEVELOPMENT	A revised, focused and simplified group strategic framework was developed with the executive team and approved by the board for development into specific action plans for implementation in F2017. Eric led a number of ongoing corporate engagements aligned to the group strategy. Eric played a leading role in advancing industry discussions and business to government engagement and actions targeting industry growth, transformation and local and pan-African economic development.
OPERATIONAL DELIVERY	Eric took direct leadership of and/or a direct supporting role to the executives in large contract development across all target sectors and product areas. This resulted in significant progress. The CEO actively led key client, financier and partner engagements and ongoing negotiation in finalisation of material current and legacy contracts. He championed group transformation initiatives as the chairperson of the group transformation steering committee, with tangible results such as the successful appointment of our first black woman as a managing director. Eric centralised business development activities under one Developments team for a more co-ordinated and outward-looking approach. Executive reporting lines were further simplified in tandem with group cost-out and overhead reduction initiatives required in line with prevailing and anticipated market conditions.

AREAS REQUIRING FOCUS

- Safety is a major area of focus. Four fatalities recorded during the year is unacceptable, with zero the only number tolerable. Refer to page 42
- A key focus will be the finalisation and implementation of the initiatives and revised structures in support of the clear strategy
- Transformation remains a priority that requires significant further progress to ensure delivery of goals at multiple levels, especially at senior management level

CHIEF FINANCIAL OFFICER – CRISTINA FREITAS TEIXEIRA

Evaluated by the chief executive officer

DELIVERY	
GROUP STRATEGY DEVELOPMENT	Cristina was instrumental in reviewing and refreshing the group's strategic framework during the year. She continued to refine the financial strategies of the group to ensure the capacity to execute the group's objectives.
OPERATIONAL DELIVERY	Cristina led the task team in charge of optimising the cash position of the group, with a very strong closing cash position achieved. She led the cost optimisation exercise at the corporate office, which resulted in substantial savings for the group. She enhanced the services of the centralised accounts payable department. This is already providing tangible improvements to the control environment within the group. Cristina introduced a number of enhanced financial metrics to align teams to the delivery of optimal returns.

AREAS REQUIRING FOCUS

- Continued refinement and implementation of the finance initiatives in support of the group strategy

GROUP MEASURES
CONTINUED

JON HILLARY

Evaluated by the chief executive officer	DELIVERY
STRATEGY DEVELOPMENT IN SUPPORT OF THE GROUP STRATEGY	Intertoll Africa was restructured and diversity improved. We appointed the first black woman as managing director in the group. Intertoll Africa is well-positioned for growth in new markets across Africa. G5 Properties was substantially augmented with additional resources and is positioned to take full advantage of the market opportunities available in South Africa and the rest of Africa. Working from a strong base in Poland and Hungary, Intertoll Europe has expanded its operations into the rest of Europe and secured its first toll concession in Northern Ireland in the year. A presence was also established in the USA.
OPERATIONAL DELIVERY	The in-house developed toll management system at Intertoll Africa is becoming the benchmark in the South African market. This will serve as a differentiator going forward. Safety was a key priority during the year, which resulted in a pleasing improvement in safety performance and operations. Intertoll Europe continued to deliver an outstanding result and is well-placed for growth.

AREAS REQUIRING FOCUS

- Intertoll Africa and Europe are focused on growth and securing new projects
- G5 Properties is focused on growth. Secured projects are now at various stages of development and construction. Capital raising with real estate investment partners progressed further and is a primary current focus for the business
- Retaining the operational structure and efficiencies in Zimbabwe within a challenging macro context is a current priority for Intertoll Africa
- Safety will continue to be a focus through training, awareness and accountability
- Efficiencies and cost savings on the new secured toll concession in Northern Ireland will be a key drive

JOHN WALLACE

Evaluated by the chief executive officer	DELIVERY
STRATEGY DEVELOPMENT IN SUPPORT OF THE GROUP STRATEGY	The Manufacturing cluster has struggled to grow earnings in a stressed economy, with rising cost pressures. Future growth in earnings has been successfully created or is in the process of being created through: • Aerated Autoclaved Concrete (AAC) plant commissioning and market entry • Potential in-house production/sourcing of a key, previously-imported raw material • Protecting traditional markets
OPERATIONAL DELIVERY	• Growth in contribution from complementary lightweight traded product range achieved • Further expansion achieved from exports into Southern and Central Africa and the reinforcing steel distribution network • Ongoing factory efficiencies were implemented through strict controls and small capital projects

AREAS REQUIRING FOCUS

- Growing market share in export markets against complementary, well-established products
- Managing market pressure in South Africa

WILLIE ZEELIE

Evaluated by the chief executive officer	DELIVERY
STRATEGY DEVELOPMENT IN SUPPORT OF THE GROUP STRATEGY	The Engineering & Construction cluster completed a review during the year and aligned strategies in support of the group strategy to ensure enhanced operational focus on delivery against simplified goals. We are also evaluating further streamlining our traditional South African Contracting business to ensure a cost-efficient and client-focused group. The cluster made significant progress in securing large EPC contracts.
OPERATIONAL DELIVERY	All segments were reviewed from a cost perspective and costs were reduced to reflect the prevailing market conditions. The group's proven contract lifecycle tool to ensure consistency of operations and execution excellence across all segments was refreshed and implemented. This has already resulted in pleasing progress. A software-based cost reporting system was implemented, resulting in more uniform interpretations and practices across all segments. This tool provides earlier detection of potential problem contracts, allowing time for remedy. We continued to expand Engineering & Construction in our target geographies in the energy and infrastructure sectors through early identification of contracts and partners. Contract opportunities increased in all sectors.

AREAS REQUIRING FOCUS

- As we sadly suffered four fatalities in the Engineering & Construction cluster, a number of improvements and actions had to be implemented. Refer to page 42
- Outside of safety, the cluster's quality and procurement elements require further entrenchments to fully realise the benefits of focused committees put in place to improve these areas
- Project delivery, quality and programme processes remain challenging and more focus will be placed on construction management, training initiatives and supervision
- Continued focus on concluding EPC contracts is currently in place

GROUP MEASURES
CONTINUED

SUPPORT FUNCTION EXECUTIVES

JESSE DOORASAMY

Evaluated by the chief executive officer	DELIVERY
STRATEGY DEVELOPMENT IN SUPPORT OF THE GROUP STRATEGY	The group was named the best employer in the construction sector and 11th overall in the Best Employer survey by the Corporate Research Foundation. This is a significant improvement from being 21st in F2015 and delivers on the strategy of the group to be a preferred employer in the sector. The tactical human capital and transformation plan in support of strategy delivery continues to progress.
OPERATIONAL DELIVERY	The following initiatives were successfully executed within the function: - Reduced central HR costs by 20% through focused cost-saving initiatives and restructuring where appropriate - Even against retrenchments, diversity at most levels improved - Refreshed Academy programmes have ensured substantial enhancement to the knowledge and skills of our engineers, quantity surveyors and foremen on our sites - Our IR revitalisation programme delivered greater industrial co-operation and peace on our sites where we have seen a marked reduction in labour unrest outside of one multi-disciplinary site - Our introduction and use of the latest recruitment technologies have substantially reduced recruitment costs, while attracting top talent into the group - Our payroll division continues to excel in terms of audit results for quality and accuracy of the execution methodologies and control environment on the payrolls we run in South Africa and the rest of Africa

AREAS REQUIRING FOCUS

- Finalising the restructuring plans for the group and their implementation to reflect the market realities
- Implementing a talent management programme at more senior levels after our success at the middle management level
- Attraction and retention of senior black employees, especially women

GUY MOTTRAM

Evaluated by the chief executive officer	DELIVERY
STRATEGY DEVELOPMENT IN SUPPORT OF THE GROUP STRATEGY	Guy led the industry technical committee in discussions with government to transform the sector and drive a new relationship between the public and private sector.
OPERATIONAL DELIVERY	Achievements during the year included: • Reduction in operating costs of the department by 40% through restructuring and driving efficiencies • The implementation of the new risk management procedures, which cover a broader spectrum of inputs to ensure greater breadth in our risk-mitigating strategies • Introduced the new sub-contractor management system that will align our sub-contractors to Group Five's safety standards • The finalisation of relevant contract commercial close-outs

AREAS REQUIRING FOCUS

- Restructuring of the group to ensure value creation for shareholders and sustainability of the Engineering & Construction cluster
- Discussions with government to agree final approach to drive transformation and unlock public spend in our sector
- Outstanding competition matters require finalisation

THEMBA MOSAI

Evaluated by the chief executive officer	DELIVERY
STRATEGY DEVELOPMENT IN SUPPORT OF THE GROUP STRATEGY	Themba has focused the group efforts on identifying large infrastructure projects with a clear sector and geographic focus. The Developments team has implemented highly-selective contract filtering to ensure success. The team has led engagements to unlock contracts across the African continent, as well as securing feasibility and development finance and equity and debt sources to finance target contracts. Funding was secured for a number of key contracts and disbursements to commence in Q1 F2017. The team strengthened key strategic relationships to position Group Five as a first-choice African partner to implement infrastructure contracts. Four strategic initiatives were successfully implemented, with two new development projects secured.
OPERATIONAL DELIVERY	Themba positioned the group on two major contracts, with an expected award in F2017. The Developments team successfully progressed the localisation of our operations in select African target markets, while ensuring best practice compliance to local laws and regulations and being an employer of choice.

AREAS REQUIRING FOCUS

- The development role in support of the group's strategy will continue to be addressed

TEAM REMUNERATION

THIS REMUNERATION REVIEW IS BASED ON THE PRINCIPLES, GUIDANCE AND REQUIREMENTS OF THE KING CODE OF GOVERNANCE PRINCIPLES (KING III), THE COMPANIES ACT AND THE JSE LISTINGS REQUIREMENTS. THE GROUP IS EVALUATING THE DEVELOPMENT OF KING IV. WE WELCOME THE INCREASED FOCUS ON EFFECTIVE DISCLOSURE OF REMUNERATION RECOMMENDED IN THE DRAFT OF KING IV.

F2016 ACHIEVEMENTS

- The remuneration policy was approved at the AGM held in November 2015, with 99.8% of shareholders voting in favour of the policy
- Our F2015 remuneration report was placed in the top four remuneration reports of the South African Reward Association's annual Remuneration Report Award
- A new incentive scheme was introduced across segments in Engineering & Construction to ensure that multi-disciplinary sites work towards the overall achievement of contracts and not on individual performance
- The equal pay for work of equal value, as introduced by the Employment Equity Act, was introduced into the salary increase process for the first time

FOCUS AREAS FOR 2016

- We refined our measuring systems and implemented actions to ensure compliance with the equal pay for work of equal value concept introduced in the latest amendment to the Employment Equity Act
- We continued refining our remuneration policy for employees at the lower bands where we identified a market lag
- We further eliminated unjustifiable gender differentiation in our remuneration
- With the F2015 results not meeting the thresholds for STI payments, we had to focus on rewarding those teams that delivered a strong performance

FOCUS AREAS FOR 2017

- Addressing equitable distribution of returns in the F2017 short term incentives between shareholders and management, particularly at the lower end of market expectations
- The peer comparator group of the performance share element in the long term incentive programme requires revision to reflect industry changes
- We will continue to review our remuneration practices and make recommendations where appropriate

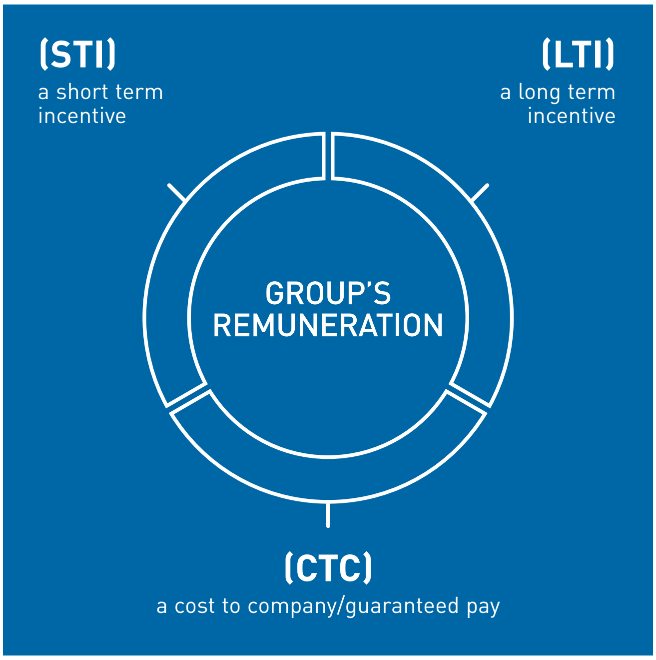
TEAM REMUNERATION
CONTINUED

REMUNERATION POLICY

TEAM REMUNERATION

THE GROUP'S REMUNERATION POLICY AIMS TO ATTRACT, RETAIN AND MOTIVATE SKILLED AND PERFORMING EMPLOYEES TO EXECUTE THE GROUP'S STRATEGY.

The group offers an integrated remuneration and reward model, which comprises:



The remuneration committee (remco) assists the board in setting the remuneration policies for the group, as well as the remuneration of senior employees, executive directors and prescribed officers. Independent non-executive director Dr JL Job was the chairperson of the remco during the year. As he was due for retirement from his non-executive director position in August 2016, MR Thompson assumed the role of the chairperson of the remco with effect from May 2016. NJ Chinyanta serves as independent non-executive director to the board and the remco. During the reporting year, the CEO Eric Vemer and the group human resources executive committee member Jesse Doorasamy attended the remco meetings.

The committee issues the mandate for the annual guaranteed remuneration (cost to company) review. The committee also advises the main board of directors, and makes recommendations to shareholders on fees for non-executive directors.

Group Five benchmarks its remuneration practices against both the market from which it recruits and the most relevant markets where employees frequently seek alternative employment. We also utilise available, reputable benchmark remuneration surveys to ensure our remuneration packages are both competitive, fair and aligned to group policy.

Our policy is to ensure that employees' guaranteed remuneration is positioned between the 60th and 65th percentiles of the market. At an individual employee level, the annual CTC increase is determined by the individual's pay relative to the position and the Paterson band he or she is in, as well as the performance of the individual in the role. We research the market and structure our salary guidelines along the following lines:

- GENERAL – HR, administration, safety, etc
- FINANCE AND IT – accountants, IT, etc
- OPERATIONS – logistics, quality, etc
- ENGINEERING AND TECHNICAL – core construction positions
- COMMERCIAL – quantity surveying and estimating positions
- MANUFACTURING – manufacturing positions

Each year we review individual employee positions within the salary ranges defined for the above groupings and address high and low anomalies appropriately to ensure we only have employees outside of our remuneration policy by exception.

Our annual focus on the reduction of salary anomalies against our pay policy resulted in employees paid within our policy parameters improving from 73% to 79%. During the year, the remco particularly focused on ensuring that the remuneration paid to employees in our core technical grades (Paterson C- and D-bands) caught up with the market norms for these positions.

The committee also focused on the equitable distribution of returns between shareholders and management, particularly when the group performs at the lower end of market expectations. This will come through strongly in the revised STI for F2017.

REMUNERATION STRUCTURE

ELEMENT	COST TO COMPANY: BASE PAY	COST TO COMPANY: BENEFITS	VARIABLE PAY: SHORT TERM INCENTIVE	VARIABLE PAY: LONG TERM INCENTIVE
GROUP FIVE	Monthly salary Hourly wage	Medical aid Pension fund/ provident fund Death benefit Car allowance	Annual incentive Bonus scheme	Share appreciation rights Performance shares* Bonus shares
STRATEGIC INTENT	Attraction/ retention	Provides a comprehensive remuneration offering inclusive of cash and benefits Retention of skills in terms of the comprehensiveness of benefits offered	Rewards company performance Rewards individual performance Attraction/retention/ recognition	Rewards company performance Rewards individual performance Attraction/retention Recognition of contribution to company success
ELIGIBILITY	All employees		Executive directors Prescribed officers Senior management at a corporate, cluster and segment level	Executive directors Prescribed officers Senior management at a corporate, cluster and segment level
ELIGIBILITY PAY CRITERIA	Market-based pay according to job grouping, grade and individual performance		Hurdle rate for payment includes exceeding the weighted average cost of capital (WACC) Individual award, subject to targets set for profit and cash generation, transformation measures, safety performance and individual performance Target pay-out based on 120% of CTC for CEO Maximum pay-out set at 240% of CTC for CEO	Allocation based on remuneration grade Target pay set as a percentage of cost to company per participant Subject to share price appreciation, return on capital target and total shareholder return relative to the sector

* *Performance shares are not allocated to segment senior management, as it is aimed at executive directors, prescribed officers and senior management at a corporate and cluster level who have a substantial impact on the long term strategic performance of the group.*

Executive directors, prescribed officers and senior management at corporate, cluster and segment level are offered overseas travel every three to five years to facilitate exposure and development.

TEAM REMUNERATION
CONTINUED

REMUNERATION STRUCTURE CONTINUED

VARIABLE PAY

SHORT TERM INCENTIVES

The group awards management and most salaried employees an annual performance incentive. The actual value awarded is subject to the achievement of pre-determined thresholds relating to the performance and position of the group, cluster, segment and individual performance during the financial year. Non-executive directors do not participate in any variable pay offering. For executive directors, prescribed officers, corporate officers, segment directors and managing directors of the company, two thresholds need to be achieved before a short term incentive (STI) pay-out will be considered by the remco.

These are:

01

THE GROUP ACHIEVING A MINIMUM RETURN ON CAPITAL (ROC)

percentage of no less than the group's weighted average cost of capital (WACC) for the year.

02

THE GROUP ACHIEVING A PRE-SET MINIMUM LEVEL OF PROFIT BEFORE TAX,

as approved by the main board at the beginning of a financial year.

On-target performance, with all thresholds and measures met, results in the chief executive officer (CEO) earning an incentive bonus of 1.2 times his annual total cost to company (CTC). The incentive is capped at 2.4 times the CTC.

Our policy is structured to result in 55% OF THE CEO'S REMUNERATION BEING DIRECTLY LINKED TO THE COMPANY'S PERFORMANCE and 45% to individual performance. 52% of the remuneration of the chief financial officer (CFO) and 51% of the remuneration of the rest of the executive committee is linked to company performance.

THE STI REWARDS SHORT TERM COMPANY PERFORMANCE AND IS PAID OUT OVER TWO TRANCHES AT SIX-MONTHLY INTERVALS COMMENCING IN SEPTEMBER FOLLOWING THE FINANCIAL YEAR END IN WHICH IT WAS EARNED.

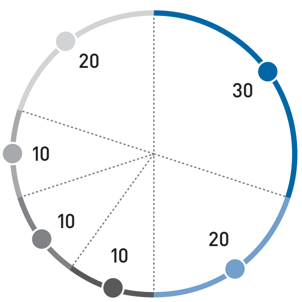
If the thresholds of return on capital and profit before tax – being the hurdle rates for eligibility for payment – are met, a maximum of 15% of group profit before tax (PBT), before accounting for the required accrual for directors' STI, is made available as an incentive pool to approximately 105 individuals. These include the executive directors, prescribed officers and senior managers of the group. The individual incentive value is based on a grade-related participation percentage between company, cluster and business segment profit before tax.

DURING THE YEAR, NO STI BONUSES WERE PAID TO ANY OF THE PARTICIPANTS DUE TO THE HURDLE RATE OF THE GROUP NOT BEING MET DURING F2015 RESULTS. STI BONUSES ARE AWARDED BASED ON RESULTS ACHIEVED IN THE PRIOR YEAR. REFER TO PAGES 99 TO 100.

STI KEY PERFORMANCE AREA WEIGHTINGS

Senior management STI is calculated based on a number of individual performance criteria and certain weightings.

Key performance areas (%)



F2015

WEIGHTING (%)

- Profit before taxation
- Free cash generated
- Employment equity
- Enterprise and supplier development
- Safety
- Individual performance

The weightings adopted in F2015 were retained, as these adequately reflect the group's priority focus areas.

In its evaluation of performance, the remco considers external and internal factors that may have contributed to the thresholds not being met. The remco may from time to time consider discretionary short term bonuses for an individual, segment or cluster.

ALL PAYMENTS IN TERMS OF THE STI SCHEME ARE BASED ON AUDITED YEAR-END RESULTS. THE BONUSES PAID OUT IN THE FOLLOWING FINANCIAL YEAR THEREFORE ALWAYS RELATE TO THE RESULTS OF THE PREVIOUS YEAR.

In light of the poor financial performance in F2015, no STI bonus payments were made in F2016. This is in line with our remuneration policy which dictates that a greater portion of executive and senior management remuneration is directly linked to the company's financial performance against targets.

However, as a number of business segments exceeded the profit before tax STI threshold, the remco made a discretionary pool available to be shared by those executives and senior managers who actively and successfully participated in resolving various challenges to alleviate further erosion of the group's performance.

The pool was shared by 60 of the 105 senior team members based on discretionary criteria. This discretionary payment amount represents only 23% of the total STI paid the previous year for F2014 results.

TEAM REMUNERATION
CONTINUED

REMUNERATION STRUCTURE CONTINUED

COMPARATIVE AWARDS AND PAY-OUTS

Based on achievements against various discretionary criteria, the senior management teams were paid as follows:

The **CEO Eric Vemer** was awarded no STI bonus due to the group's poor financial performance in F2015. However, as he was instrumental in refining group strategy in challenging markets, the remco awarded him a discretionary payment of 21% of his CTC versus a targeted STI bonus of 120% of his CTC. This resulted in a 30% decline in his earnings compared to the previous year and is consistent with the remuneration policy's intent of linking the group's performance to remuneration of the executive directors.

The **CFO Cristina Teixeira** was awarded no STI bonus due to the group's poor financial performance in F2015. However, based on the exceptional leadership displayed in cash management, she was awarded a discretionary payment of 23% of her CTC versus a targeted STI bonus of 110% of CTC. This resulted in a 33% decline in her earnings compared to the previous year.

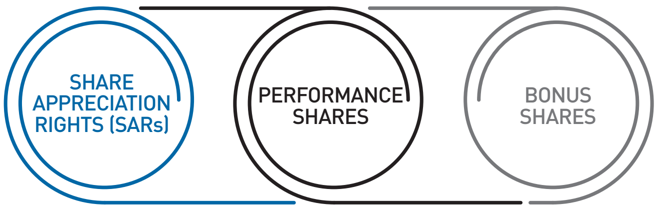
The **rest of exco** received no STI bonuses. Discretionary payments were made to five individuals. This amounted to an average of 18% of CTC versus targeted STI bonuses of 100% of CTC. This was an average 27% decline in senior team earnings compared to the previous year.

LONG TERM INCENTIVES

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 purpose is to foster sustainable performance or value creation over the long term, which is aligned to the group's strategy and which enhances shareholder value. Its main characteristic is the promise to deliver value over a future vesting period, once performance criteria are met or exceeded.

The group's LTIP was implemented in February 2014 following its review and approval by shareholders. The first vesting period will be in February 2017.

THE LTIP CONSISTS OF THREE ELEMENTS:



Value created through share price growth

Full value shares – value created through returns to shareholders relative to competitors

Full value shares – value created through short term performance and strategy alignment

At the discretion of the remco, executives and select senior managers in Paterson grades F, E and D*, who are in good standing with the group, will be offered a weighted combination of the three LTIP elements.

The combined implementation of the three long term incentive elements allows Group Five to:

- Remain competitive in its annual cash and share-based incentives
- Reward long term sustainable company performance
- Retain senior employees
- Ensure that executives share a significant level of personal risk along with the group's shareholders

* *Grades F, E and D are top, senior and middle management respectively.*

LTIP ELEMENT SUMMARY

	SARs – ADDRESS SHARE PRICE	PERFORMANCE SHARES – ADDRESS RETURNS	BONUS SHARES – ADDRESS PERFORMANCE
ELIGIBILITY	Executive directors, prescribed officers, senior management (within Paterson grading bands F, E and D).	Executive directors, prescribed officers and senior management (within Paterson grading bands F and E).	Executive directors, prescribed officers and senior management (within Paterson grading bands F, E and D).
VESTING PERIOD	Three years from date of allocation, in equal tranches on the third, fourth and fifth anniversaries.	On the third anniversary of the award to the extent that performance indicators are met.	On the third anniversary of the award.
PERFORMANCE CRITERIA	Share price underpinned relative to strike price.	The average annual return on capital (ROC) in the three-year period post the award and the total shareholder return (TSR) when compared to a group of peers over the same period.	Conditional on continued employment and being in good standing with the group at date of vesting.
TERMINATION	No-fault of employee termination* – all SARs, regardless of whether vested or not, will be settled by the group. Fault of employee, termination or resignation* – all SARs not vested will be cancelled.	No-fault of employee termination* – performance shares will be pro-rated over the period from grant date to termination date as if the target performance criteria were met at date of termination and settled by the group. Fault of employee, termination or resignation* – all unvested performance shares will be cancelled.	No-fault of employee termination* – all bonus shares will receive accelerated vesting and these will be settled by the group on shares that were granted. Fault of employee, termination or resignation* – all unvested bonus shares will be cancelled.
SETTLEMENT	Settled through equity. SARs not exercised by the sixth anniversary date lapse.	Settled through equity.	As far as is practical, settled through cash.
AGREED PERFORMANCE MEASURES	The SARs are self-regulated by the share price, which is market-driven.	The group's return on capital (ROC). Total shareholder return (TSR) relative to agreed peers.	Based on the short term measures of profit before tax, free cash generation, and other tactical criteria deemed essential to short term performance and as individual performance.

* *A "no-fault of employee termination" is for retirement, disability, death and retrenchment. A "fault of employee termination or resignation" is for dismissal due to misconduct or poor performance or resignation by the employee.*

TEAM REMUNERATION
CONTINUED

REMUNERATION STRUCTURE CONTINUED

LTIP PERFORMANCE CRITERIA

SARs

When a participant exercises a share appreciation right, the value that accrues to the participant is the positive gain (appreciation) of the share above the strike price. As the reward associated with a SAR requires positive share price growth, there is a measure of shareholder alignment and performance. No additional performance measure is applied.

PERFORMANCE SHARES

The remco adopted two threshold measures, which are return on capital (ROC) and total shareholder return (TSR). The award of performance shares is on an equal basis to the degree that the group meets the criteria below.

01 RETURN ON CAPITAL TARGETS ARE SET THAT PROVIDE:

- **A threshold**. Performance below threshold will result in zero vesting
- **A target**. Performance against this will result in the targeted vesting in terms of the expected reward strategy pay mix
- **A maximum performance** at which three times the targeted number will vest
- **Pro-rated vesting** between these points

02 TOTAL SHAREHOLDER RETURN WILL BE COMPARED AGAINST A PEER GROUP OF COMPANIES:

- **A threshold** of at least eighth position against the peer group of nine entities
- **A mid-point** pay target achieved at fifth position against the peer group. Performance against this will result in the targeted vesting in terms of the expected reward strategy pay mix
- **A maximum target** achieved at first or second position against the peer group
- **Pro-rated vesting** between these points

BONUS SHARES

Bonus shares are a means of retention and are based on performance in the preceding financial year at the date of the allocation. This allocation is based on the short term/annual incentive measures, which include meeting the group's annual internal targets in each of the categories below:

PROFIT BEFORE TAXATION	30%
FREE CASH GENERATED	20%
INDIVIDUAL PERFORMANCE	20%
ENTERPRISE AND SUPPLIER DEVELOPMENT	10%
SAFETY	10%
EMPLOYMENT EQUITY	10%

DURATION OF THE SCHEME

The LTIP provides five annual offers (with a combination of allocations of SARs, awards of performance shares and grants of bonus shares). The individual SAR issues lapse after six years if not exercised.

FOCUS AREAS DURING THE YEAR

COST MANAGEMENT

Many of the decisions and activities for the year focused on responding to the tough operating conditions experienced in our markets. This resulted in the overall theme for the year being one of retaining the essential skills during this time to be optimally positioned for when our markets recover.

As outlined on pages 99 to 100, no STI payments were made for F2015 performance. Only much-reduced incentive payments were made to certain team members.

A number of restructuring initiatives were undertaken within the corporate office and the business clusters and segments. We followed the required consultation processes and employees were supported, with due care, in dealing with the challenges associated with the restructuring.

LABOUR ENVIRONMENT

The engineering sector enjoyed a break in negotiations given the multi-year agreement. The civil sector settled during the year on a three-year wage agreement.

Contract completion bonus demands across construction sites in South Africa, as well as demands for travel, food, accommodation and site-specific allowances, are likely to resume when annual wage negotiations resume in F2018 for the civil engineering sector. Although we have a low union membership of 15% of our total workforce, the non-unionised employees on our sites have similar demands and the propensity for militancy on sites remains a concern for the group.

The group continues to take a firm stance in dealing with labour unrest and associated community activism, as this is a material risk to the safety of employees and to the delivery of large multi-disciplinary contracts. As a group we believe it is critical that the principles of centralised bargaining are maintained, despite substantial pressure from unions in the sector to deviate from this key tenant of sound industrial relations.

Our consistent response has been to not address industry issues at site level or by individual contract, but at a sector level. We are members of the South African Federation of Civil Engineering Contractors and the Steel and Engineering Industries Federation of South Africa where we have assumed leadership roles within the wage negotiation committees. This allows us to address challenges at an industry level.

The group also completed its industrial relations (IR) revitalisation programme through the Group Five Academy during the year. This programme substantially augmented the IR capabilities of human resources and industrial relations (IR) professionals within the group, as well as developed line manager IR skills and knowledge. The benefits of the programme are already being experienced in terms of more proactive identification of issues, which is resulting in resolution of issues before escalating into strikes or labour unrest.

NEW PERFORMANCE MANAGEMENT SYSTEM

In keeping with the latest trends in performance management, a new performance management system was introduced at the Engineering & Construction cluster. This system now includes an evaluation of employee attitude in relation to the work environment. This was implemented in response to feedback from our line managers that this will significantly assist in ensuring a more integrated delivery mindset, as the group increasingly works on large, multi-disciplinary contracts. Based on the positive feedback from both our line managers and assessed employees, we will be rolling this out in the rest of the group in F2017.

LEGISLATIVE COMPLIANCE

The group continued with its focus on ensuring that its remuneration practices are compliant with legislation, particularly employment equity legislation. For the first time in F2016, to ensure compliance with new legislation, an equal pay for work of equal value dimension was introduced into the annual increase process. This assisted our line managers to make more informed decisions around this area of the legislation.

JOB GRADING

The group utilises the Paterson grading system introduced in F2013. This continues to contribute to greater consistency and standardisation. As a result of this exercise, the group now has formal grading, career development plans and associated cost to company ranges for critical grades across the group. This represents a first in our industry and positions the group as a leader in terms of transparent and defendable remuneration practices.

BENEFITS

Our employee benefit offering was placed well above average and just off the top five companies amongst the 77 companies competing in the annual Best Employer survey of the Corporate Research Foundation. The areas where we were deemed to be especially strong and market-leading were our remuneration policy and strategy, together with our measurement systems that link performance to pay. An area that requires focus is developing and publishing an annual total reward statement that encapsulates not only the cash and benefit costs of employees, but also training and other associated employment costs. We are on track to provide this in the coming year.

TEAM REMUNERATION
CONTINUED

PERFORMANCE REVIEWS AND KEY PERFORMANCE INDICATOR SETTING

ALL EMPLOYEES

Annual performance reviews are required for permanent salaried employees in the group. These reviews provide input into the annual salary review process and represent an important aspect in determining the remuneration increase of each employee.

Through the group's in-house training Academy, we focus on the quality and consistency of our performance review processes and the outcomes.

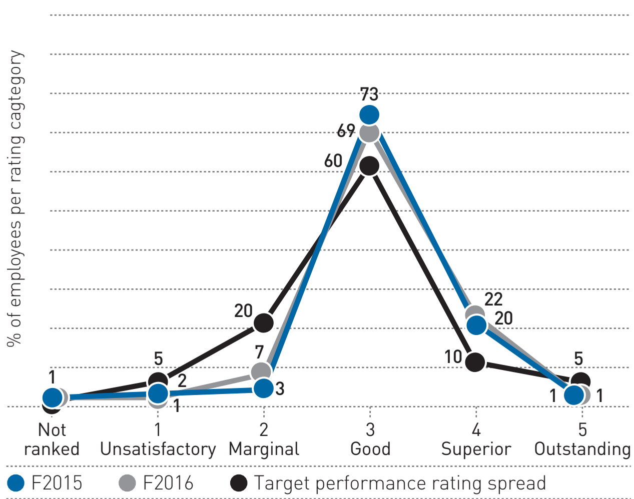
During the year, 84% of our eligible employees completed formal appraisals, which exceeded our goal of targeting a minimum of 75% of eligible employees.

The individual performance ratings an employee can achieve are defined below:

RATINGS

Individual is new to the role and cannot be fairly assessed	not rated
Needs major improvement. Performance does not meet expectations and substantial progress is needed	1
Needs improvement, with visible room for improvement noted	2
Good overall performance, with the requirements of the job being met	3
Very good overall performance and highly-effective execution of requirements	4
Outstanding overall performance	5

PERFORMANCE RATINGS



Last year, we introduced a targeted spread of ratings based on best practice. Using this, we intend to further increase the number of higher performance ratings. We are pleased that 23% (F2015: 21%) of our employees are rated as superior or outstanding. A focus area going forward will be on continued training and support to line managers to award the correct rating and to address employees with poor ratings.

Our focus going forward will remain on employees rated in the lower levels of the performance scales through the provision of training and counselling initiatives. Employees rated at the top end of the performance scales will be included in our high-flyer development programmes and other retention initiatives.

Refer to the online section of our integrated annual report at www.groupfive.co.za.

BOARD AND EXCO

The performance of the board and the executive committee (exco) is appraised against a set of clear objectives and key performance indicators (KPIs) to ensure they are remunerated fairly and responsibly. The KPIs of the exco team are aligned to the annual priorities set by the CEO, as well as against the strategic objectives agreed with the board.

Executive and senior management members are measured and remunerated according to their alignment, achievement and contribution to the group's strategy, financial performance, cluster performance, segment performance and individual performance.

Refer to pages 84 to 93 for the KPIs of the board, chief executive officer, chief financial officer and exco.

INCREASES

EMPLOYEES

We continued to focus on Paterson C- and D-bands in core technical grades. Remuneration of these employees again reflected a lag compared to the market. To ensure competitiveness and alignment, the increases in these bands were therefore higher than other grades and job families.

At an individual employee level, the annual CTC increases are determined by the individual's pay relative to the band he or she is in, as well as the performance of the individual in the role. This process of evaluation concluded with an average performance increase for the group of 4.9% against the mandated 6.0%. The average group band adjustment of 1.6% was against the mandated 0.5% for individuals who either required CTC band adjustments due to job grade changes or who needed to be repositioned to ensure remuneration between the 60th and 65th percentile of the average market position of guaranteed base pay.

The overall increase of 5.9% was within the mandate provided by the remco of 6.5%. This shift from performance to retention reflects alignment to our market conditions to focus on retaining critical skills.

Our annual focus on the reduction in salary anomalies against our pay policy resulted in employees paid within our policy parameters improving from 73% to 79%. Pleasingly, we have seen a 54% reduction in anomalies after the review. This will continue to be an annual focus and we will see further improvement in this area in the next review.

Wage-based employees are remunerated either in line with relevant sectoral determinations, as set out by the Department of Labour, or in line with union-negotiated wages. The group has a low level of union representation at 15% of employees. The employees governed by the civil engineering sectoral determination received an increase of 8% as the first annual increase in a three-year wage agreement. For years two and three, agreed increases are 8% and 9% respectively or CPI plus 2%, whichever is greater in each year. Metal Industries Bargaining Council employees from our Projects and Oil & Gas segments received a 7.5% increase, being year two of their three-year wage agreement. The increase for year three is 7%. In our Manufacturing segment Everite, employees received a 6.5% increase due in year one of a three-year wage agreement, with a 6.5% increase in each of the next two years, provided CPI does not exceed 6.5% in December of each year. Intertoll Africa concluded on no increase for F2016 on the condition that there will be no retrenchments of waged employees until the end of February 2017.

NON-EXECUTIVE DIRECTORS

The remco reviews the annual increases of non-executive directors' fees and recommends these to the board. The board of directors in turn recommends the fees for approval by shareholders at the AGM. The F2016 fees were approved at the November 2015 AGM and the recommended fee schedule for F2017 is disclosed on page 116 and presented to shareholders for consideration and approval with the form of proxy ahead of the November 2016 AGM. The remco proposed an increase of 6% for the F2017 non-executive directors' fees.

The chairperson of the board is remunerated based on a fixed fee for the year. The remainder of the non-executive board members receive a base fee for their main board membership and an attendance fee per meeting. In addition, the chairpersons of each sub-committee of the board receive a fixed fee for this role. Members of sub-committees receive an attendance fee per meeting. All non-executive board members are invited attendees to all sub-committee meetings. Where a non-executive board member attends a sub-committee meeting as an invitee, they receive the same attendance fee as members.

Board members only receive fees for meetings they attended.

A third of non-executive directors are required to retire on an annual basis, but can offer themselves for re-election. The determination of candidates for retirement is informed by the longest-serving director. Therefore, depending on the size of the board, this may translate to retirement on a two- or three-year basis.

EMPLOYEE AND DIRECTOR CONTRACTS OF EMPLOYMENT

Permanent employees have employment contracts that comply with the labour law requirements of the country of employment. The CEO, CFO, group executive committee members, cluster, segment and corporate directors of the organisation have a retirement age of 60, which is reflective of working conditions and market benchmarking at senior and executive levels. All other employees are required to retire at 65.

NOTICE PERIOD OF EMPLOYEES

EMPLOYEES: One month

SEGMENT DIRECTORS: Two months

GENERAL MANAGERS, MANAGING DIRECTORS, EXECUTIVES, COMMITTEE MEMBERS AND EXECUTIVE DIRECTORS: Three months

TEAM REMUNERATION
CONTINUED

LOOKING FORWARD

We will continue to review our remuneration policy to ensure that it is aligned to the group's strategy and make recommendations where appropriate.

THE MIGRATION IN F2017 TO A PRE-DETERMINED SHARING OF RETURNS ABOVE THE WEIGHTED AVERAGE COST OF CAPITAL (WACC) WILL ENSURE AN EQUITABLE DISTRIBUTION OF RETURNS BETWEEN MANAGEMENT AND SHAREHOLDERS.

It is expected that negotiations with labour unions will continue to remain challenging, as the trend continues for significantly higher increase demands than what is affordable to companies. This will require careful management and the firm implementation of our IR strategy.

We will continue to review remuneration against our policy and implement changes where required.

We will consider the alignment of our reward offerings to any changes in the group's strategy and make recommendations for changes where appropriate.

F2017 LTIP AWARDS

The award mix for long term executive remuneration for F2017 will be as follows:

		LTIP REWARD STRATEGY – INCENTIVE PAY MIX:	ALLOCATED AS FOLLOWS: (RECOMMENDED POLICY – FACE-VALUE GRANTS):		
Grouping per participant types	Participant numbers	(Expected value expressed as a % of CTC*)	Share appreciation rights	Performance shares	Bonus shares
			Face value as a % of CTC		
1	2	72%	32%	28%	12%
2	2	62%	32%	18.6%	11.4%
3	5	62%	32%	10%	11.4%
4	13	52%	32%	10%	10%
5	16	52%	32%	10%	10%
6	67	42%	32%	–	10%

* *After three-year vesting period.*


GROVE

TEAM REMUNERATION
CONTINUED

BREAKDOWN OF REMUNERATION PACKAGES

ERIC VEMER – CEO

ELEMENTS OF REMUNERATION		APPLICABLE PERIOD	COST TO COMPANY R'000 IN F2016	TIMING OF PAY-OUTS[1]					
				F2016	F2017	F2018	F2019	F2020	F2021
LONG TERM INCENTIVE PLAN	Share appreciation rights (SARs)	• SARs granted from F2012 to F2016		33% of SAR award in F2012, F2013, exercisable	33% of SAR award in F2013, F2014, exercisable	33% of SAR award in F2014, F2015, exercisable	33% of SAR award in F2015, F2016, exercisable	33% of SAR award in F2015, F2016, exercisable	33% of SAR award in F2016, exercisable
	Performance shares	• Performance shares granted in F2015 and F2016. Bonus shares awarded in F2015 and not in F2016 due to no STI paid	795[2]		100% of performance share award in F2014, exercisable assuming performance criteria met	100% of performance share award in F2015, exercisable assuming performance criteria met	100% of performance share award in F2016, exercisable assuming performance criteria met		
	Bonus shares				100% of bonus share award in F2014	100% of bonus share award in F2015			

The remco approved a standard allocation of SARs and performance shares. No bonus shares were allocated, as these are derived from the STI and there was no STI awarded. This was in line with the LTIP policy.

ELEMENTS OF REMUNERATION		APPLICABLE PERIOD	COST TO COMPANY R'000 IN F2016	F2016	F2017	F2018	F2019	F2020	F2021
SHORT TERM INCENTIVE	Annual short term incentive	F2015[3]		1 000					

No STI was awarded for F2015. The remco awarded a discretionary payment in recognition of the successful efforts of the CEO in preventing the further erosion of performance of the group. This discretionary payment was 76% lower than the previous year's STI. Refer to page 100.

ELEMENTS OF REMUNERATION		APPLICABLE PERIOD	COST TO COMPANY R'000 IN F2016	F2016	F2017	F2018	F2019	F2020	F2021
BASE PAY	Guaranteed total cost to company	March 2015 – Feb 2016[4]	4 750						
		March 2016 – Feb 2017[4]	5 225	4 950[5]					

The base pay of the CEO was determined in line with our remuneration policy.

TOTAL REMUNERATION PAID IN F2016	5 950

1 Refers to the financial period in which the remuneration awarded is actually paid to the employee/employee receives the benefit.
2 Refers to the cost to the company of awarding the employee a share appreciation right, determined by the IFRS 2 cost for the specific allocation.
3 Refers to the short term incentive awarded, relating to the most recent financial year completed. During F2016, no short term incentive was paid. A discretionary award was determined by the remco and paid to the employee.
4 Refers to the remuneration award granted annually, effective at the start of the group's remuneration year in March.
5 Any difference between guaranteed cost to company and remuneration actually paid is due to variable benefits paid, as well as ad hoc long service-related awards.

CRISTINA FREITAS TEIXEIRA – CFO

ELEMENTS OF REMUNERATION		APPLICABLE PERIOD	COST TO COMPANY R'000 IN F2016	TIMING OF PAY-OUTS[1] F2016	F2017	F2018	F2019	F2020	F2021
LONG TERM INCENTIVE PLAN	Share appreciation rights (SARs)	• SARs granted from F2012 to F2016		33% of SAR award in F2012, F2013, exercisable	33% of SAR award in F2013, F2014, exercisable	33% of SAR award in F2014, F2015, exercisable	33% of SAR award in F2015, F2016, exercisable	33% of SAR award in F2015, F2016, exercisable	33% of SAR award in F2016, exercisable
	Performance shares	• Performance shares granted in F2015 and F2016. Bonus shares awarded in F2015 and not in F2016 due to no STI paid	590[2]		100% of performance share award in F2014, exercisable assuming performance criteria met	100% of performance share award in F2015, exercisable assuming performance criteria met	100% of performance share award in F2016, exercisable assuming performance criteria met		
	Bonus shares				100% of bonus share award in F2014	100% of bonus share award in F2015			

The remco approved a standard allocation of SARs and performance shares. No bonus shares were allocated, as these are derived from the STI and there was no STI awarded. This was in line with the LTIP policy.

ELEMENTS OF REMUNERATION		APPLICABLE PERIOD	COST TO COMPANY R'000 IN F2016	F2016	F2017	F2018	F2019	F2020	F2021
SHORT TERM INCENTIVE	Annual short term incentive	F2015[3]		750					

No STI was awarded for F2015. The remco awarded a discretionary payment in recognition of the leadership demonstrated by the CFO in cost reduction and cash management. This discretionary payment was 75% lower than the previous year's STI. Refer to page 100.

ELEMENTS OF REMUNERATION		APPLICABLE PERIOD	COST TO COMPANY R'000 IN F2016	F2016	F2017	F2018	F2019	F2020	F2021
BASE PAY	Guaranteed total cost to company	March 2015 – Feb 2016[4]	3 324						
		March 2016 – Feb 2017[4]	3 535	3 408[5]					

The base pay was determined in line with our remuneration policy, which included a review of the market for CFO remuneration.

TOTAL REMUNERATION PAID IN F2016	F2016
	4 158

1 *Refers to the financial period in which the remuneration awarded is actually paid to the employee/employee receives the benefit.*
2 *Refers to the cost to the company of awarding the employee a share appreciation right, determined by the IFRS 2 cost for the specific allocation.*
3 *Refers to the short term incentive awarded, relating to the most recent financial year completed. During F2016, no short term incentive was paid. A discretionary award was determined by the remco and paid to the employee.*
4 *Refers to the remuneration award granted annually, effective at the start of the group's remuneration year in March.*
5 *Any difference between guaranteed cost to company and remuneration actually paid is due to variable benefits paid, as well as ad hoc long service-related awards.*

TEAM REMUNERATION
CONTINUED

BREAKDOWN OF REMUNERATION PACKAGES CONTINUED

JESSE DOORASAMY – EXCO

ELEMENTS OF REMUNERATION		APPLICABLE PERIOD	COST TO COMPANY R'000 IN F2016	TIMING OF PAY-OUTS[1]					
				F2016	F2017	F2018	F2019	F2020	F2021
LONG TERM INCENTIVE PLAN	Share appreciation rights (SARs)	• SARs granted from F2012 to F2016	312[2]	33% of SAR award in F2012, F2013, exercisable	33% of SAR award in F2013, F2014, exercisable	33% of SAR award in F2014, F2015, exercisable	33% of SAR award in F2015, F2016, exercisable	33% of SAR award in F2015, F2016, exercisable	33% of SAR award in F2016, exercisable
	Performance shares	• Performance shares granted in F2015 and F2016. Bonus shares awarded in F2015 and not in F2016 due to no STI paid			100% of performance share award in F2014, exercisable assuming performance criteria met	100% of performance share award in F2015, exercisable assuming performance criteria met	100% of performance share award in F2016, exercisable assuming performance criteria met		
	Bonus shares				100% of bonus share award in F2014	100% of bonus share award in F2015			

The remco approved a standard allocation of SARs and performance shares. No bonus shares were allocated, as these are derived from the STI and there was no STI awarded. This was in line with the LTIP policy.

ELEMENTS OF REMUNERATION		APPLICABLE PERIOD	COST TO COMPANY R'000 IN F2016	F2016	F2017	F2018	F2019	F2020	F2021
SHORT TERM INCENTIVE	Annual short term incentive	F2015[3]		500					

No STI was awarded for F2015. The remco awarded a discretionary payment in recognition of the efforts within the HR environment to deal with the impact of the cost reduction exercise, which included widespread retrenchments. This discretionary payment was 68% lower than the previous year's STI.

ELEMENTS OF REMUNERATION		APPLICABLE PERIOD	COST TO COMPANY R'000 IN F2016	F2016	F2017	F2018	F2019	F2020	F2021
BASE PAY	Guaranteed total cost to company	March 2015 – Feb 2016[4]	2 000						
		March 2016 – Feb 2017[4]	2 700	2 631[5]					

The base pay was determined in line with our remuneration policy.

TOTAL REMUNERATION PAID IN F2016	3 131

1 *Refers to the financial period in which the remuneration awarded is actually paid to the employee/employee receives the benefit.*
2 *Refers to the cost to the company of awarding the employee a share appreciation right, determined by the IFRS 2 cost for the specific allocation.*
3 *Refers to the short term incentive awarded, relating to the most recent financial year completed. During F2016, no short term incentive was paid. A discretionary award was determined by the remco and paid to the employee.*
4 *Refers to the remuneration award granted annually, effective at the start of the group's remuneration year in March.*
5 *Any difference between guaranteed cost to company and remuneration actually paid is due to variable benefits paid, as well as ad hoc long service-related awards.*

JON HILLARY – EXCO

ELEMENTS OF REMUNERATION		APPLICABLE PERIOD	COST TO COMPANY R'000 IN F2016	TIMING OF PAY-OUTS[1] F2016	F2017	F2018	F2019	F2020	F2021
LONG TERM INCENTIVE PLAN	Share appreciation rights (SARs)	• SARs granted from F2012 to F2016	449[2]	33% of SAR award in F2012, F2013, exercisable	33% of SAR award in F2013, F2014, exercisable	33% of SAR award in F2014, F2015, exercisable	33% of SAR award in F2015, F2016, exercisable	33% of SAR award in F2015, F2016, exercisable	33% of SAR award in F2016, exercisable
	Performance shares	• Performance shares granted in F2015 and F2016. Bonus shares awarded in F2015 and not in F2016 due to no STI paid			100% of performance share award in F2014, exercisable assuming performance criteria met	100% of performance share award in F2015, exercisable assuming performance criteria met	100% of performance share award in F2016, exercisable assuming performance criteria met		
	Bonus shares				100% of bonus share award in F2014	100% of bonus share award in F2015			

The remco approved a standard allocation of SARs and performance shares. No bonus shares were allocated, as these are derived from the STI and there was no STI awarded. This was in line with the LTIP policy.

ELEMENTS OF REMUNERATION		APPLICABLE PERIOD	COST TO COMPANY R'000 IN F2016	F2016	F2017	F2018	F2019	F2020	F2021
SHORT TERM INCENTIVE	Annual short term incentive	F2015[3]		1 000					

No STI was awarded for F2015. The remco awarded a discretionary payment in recognition of the strong performance of the Investments & Concessions cluster. This discretionary payment was 62% lower than the previous year's STI.

ELEMENTS OF REMUNERATION		APPLICABLE PERIOD	COST TO COMPANY R'000 IN F2016	F2016	F2017	F2018	F2019	F2020	F2021
BASE PAY	Guaranteed total cost to company	March 2015 – Feb 2016[4]	2 848						
		March 2016 – Feb 2017[4]	3 200	2 999[5]					

The base pay was determined in line with our remuneration policy and took into account the consistently strong performance of the cluster.

TOTAL REMUNERATION PAID IN F2016	**3 999**

1 *Refers to the financial period in which the remuneration awarded is actually paid to the employee/employee receives the benefit.*
2 *Refers to the cost to the company of awarding the employee a share appreciation right, determined by the IFRS 2 cost for the specific allocation.*
3 *Refers to the short term incentive awarded, relating to the most recent financial year completed. During F2016, no short term incentive was paid. A discretionary award was determined by the remco and paid to the employee.*
4 *Refers to the remuneration award granted annually, effective at the start of the group's remuneration year in March.*
5 *Any difference between guaranteed cost to company and remuneration actually paid is due to variable benefits paid, as well as ad hoc long service-related awards.*

TEAM REMUNERATION
CONTINUED

BREAKDOWN OF REMUNERATION PACKAGES CONTINUED

THEMBA MOSAI – EXCO

ELEMENTS OF REMUNERATION		APPLICABLE PERIOD	COST TO COMPANY R'000 IN F2016	TIMING OF PAY-OUTS[1] F2016	F2017	F2018	F2019	F2020	F2021
LONG TERM INCENTIVE PLAN	Share appreciation rights (SARs)	• SARs granted from F2012 to F2016 • Performance shares granted in F2015 and F2016. Bonus shares awarded in F2015 and not in F2016 due to no STI paid	300[2]	33% of SAR award in F2012, F2013, exercisable	33% of SAR award in F2013, F2014, exercisable	33% of SAR award in F2014, F2015, exercisable	33% of SAR award in F2015, F2016, exercisable	33% of SAR award in F2015, F2016, exercisable	33% of SAR award in F2016, exercisable
	Performance shares				100% of performance share award in F2014, exercisable assuming performance criteria met	100% of performance share award in F2015, exercisable assuming performance criteria met	100% of performance share award in F2016, exercisable assuming performance criteria met		
	Bonus shares				100% of bonus share award in F2014	100% of bonus share award in F2015			

The remco approved a standard allocation of SARs and performance shares. No bonus shares were allocated, as these are derived from the STI and there was no STI awarded. This was in line with the LTIP policy.

ELEMENTS OF REMUNERATION		APPLICABLE PERIOD	COST TO COMPANY R'000 IN F2016	F2016	F2017	F2018	F2019	F2020	F2021
SHORT TERM INCENTIVE	Annual short term incentive	F2015[3]		500					

No STI was awarded for F2015. The remco awarded a discretionary payment in recognition of the progress made in rolling out the Developments strategy, especially into the target African territories. This discretionary payment was 64% lower than the previous year's STI.

ELEMENTS OF REMUNERATION		APPLICABLE PERIOD	COST TO COMPANY R'000 IN F2016	F2016	F2017	F2018	F2019	F2020	F2021
BASE PAY	Guaranteed total cost to company	March 2015 – Feb 2016[4]	2 138						
		March 2016 – Feb 2017[4]	2 500	2 356[5]					

The base pay was determined in line with our remuneration policy and recognised the good progress made in rolling out the strategy of the function.

TOTAL REMUNERATION PAID IN F2016	2 856

1 Refers to the financial period in which the remuneration awarded is actually paid to the employee/employee receives the benefit.
2 Refers to the cost to the company of awarding the employee a share appreciation right, determined by the IFRS 2 cost for the specific allocation.
3 Refers to the short term incentive awarded, relating to the most recent financial year completed. During F2016, no short term incentive was paid. A discretionary award was determined by the remco and paid to the employee.
4 Refers to the remuneration award granted annually, effective at the start of the group's remuneration year in March.
5 Any difference between guaranteed cost to company and remuneration actually paid is due to variable benefits paid, as well as ad hoc long service-related awards.

GUY MOTTRAM – EXCO

ELEMENTS OF REMUNERATION		APPLICABLE PERIOD	COST TO COMPANY R'000 IN F2016	TIMING OF PAY-OUTS[1] F2016	F2017	F2018	F2019	F2020	F2021
LONG TERM INCENTIVE PLAN	Share appreciation rights (SARs)	• SARs granted from F2012 to F2016 • Performance shares granted in F2015 and F2016. Bonus shares awarded in F2015 and not in F2016 due to no STI paid	418[2]	33% of SAR award in F2012, F2013, exercisable	33% of SAR award in F2013, F2014, exercisable	33% of SAR award in F2014, F2015, exercisable	33% of SAR award in F2015, F2016, exercisable	33% of SAR award in F2015, F2016, exercisable	33% of SAR award in F2016, exercisable
	Performance shares				100% of performance share award in F2014, exercisable assuming performance criteria met	100% of performance share award in F2015, exercisable assuming performance criteria met	100% of performance share award in F2016, exercisable assuming performance criteria met		
	Bonus shares				100% of bonus share award in F2014	100% of bonus share award in F2015			

The remco approved a standard allocation of SARs and performance shares. No bonus shares were allocated, as these are derived from the STI and there was no STI awarded. This was in line with the LTIP policy.

ELEMENTS OF REMUNERATION		APPLICABLE PERIOD	COST TO COMPANY R'000 IN F2016	F2016	F2017	F2018	F2019	F2020	F2021
SHORT TERM INCENTIVE	Annual short term incentive	F2015[3]		500					

No STI was awarded for F2015. The remco awarded a discretionary payment in recognition of the progress made on commercial negotiations that have a large impact on the group. This discretionary payment was 74% lower than the previous year's STI.

ELEMENTS OF REMUNERATION		APPLICABLE PERIOD	COST TO COMPANY R'000 IN F2016	F2016	F2017	F2018	F2019	F2020	F2021
BASE PAY	Guaranteed total cost to company	March 2015 – Feb 2016[4]	2 500						
		March 2016 – Feb 2017[4]	2 700	2 892[5]					

The base pay of the executive was determined in line with our remuneration policy and took into account the continued progress made in the risk management environment.

TOTAL REMUNERATION PAID IN F2016	3 392

1 Refers to the financial period in which the remuneration awarded is actually paid to the employee/employee receives the benefit.
2 Refers to the cost to the company of awarding the employee a share appreciation right, determined by the IFRS 2 cost for the specific allocation.
3 Refers to the short term incentive awarded, relating to the most recent financial year completed. During F2016, no short term incentive was paid. A discretionary award was determined by the remco and paid to the employee.
4 Refers to the remuneration award granted annually, effective at the start of the group's remuneration year in March.
5 Any difference between guaranteed cost to company and remuneration actually paid is due to variable benefits paid, as well as ad hoc long service-related awards.

TEAM REMUNERATION
CONTINUED

BREAKDOWN OF REMUNERATION PACKAGES CONTINUED

JOHN WALLACE – EXCO

ELEMENTS OF REMUNERATION		APPLICABLE PERIOD	COST TO COMPANY R'000 IN F2016	TIMING OF PAY-OUTS[1] F2016	F2017	F2018	F2019	F2020	F2021
LONG TERM INCENTIVE PLAN	Share appreciation rights (SARs)	• SARs granted from F2012 to F2016 • Performance shares granted in F2015 and F2016. Bonus shares awarded in F2015 and not in F2016 due to no STI paid	636[2]	33% of SAR award in F2012, F2013, exercisable	33% of SAR award in F2013, F2014, exercisable	33% of SAR award in F2014, F2015, exercisable	33% of SAR award in F2015, F2016, exercisable	33% of SAR award in F2015, F2016, exercisable	33% of SAR award in F2016, exercisable
	Performance shares				100% of performance share award in F2014, exercisable assuming performance criteria met	100% of performance share award in F2015, exercisable assuming performance criteria met	100% of performance share award in F2016, exercisable assuming performance criteria met		
	Bonus shares				100% of bonus share award in F2014	100% of bonus share award in F2015			

The remco approved a standard allocation of SARs and performance shares. No bonus shares were allocated, as these are derived from the STI and there was no STI awarded. This was in line with the LTIP policy.

ELEMENTS OF REMUNERATION		APPLICABLE PERIOD	COST TO COMPANY R'000 IN F2016	F2016	F2017	F2018	F2019	F2020	F2021
SHORT TERM INCENTIVE	Annual short term incentive	F2015[3]		750					

No STI was awarded for F2015. The remco awarded a discretionary payment in recognition of the good performance of the Manufacturing cluster in extremely challenging markets. This discretionary payment was 76% lower than the previous year's STI.

ELEMENTS OF REMUNERATION		APPLICABLE PERIOD	COST TO COMPANY R'000 IN F2016	F2016	F2017	F2018	F2019	F2020	F2021
BASE PAY	Guaranteed total cost to company	March 2015 – Feb 2016[4]	3 418						
		March 2016 – Feb 2017[4]	3 625	3 597[5]					

The base pay of the executive was determined in line with our remuneration policy and took into account the good performance of the cluster, as well as the successful expansion into a unique complementary product offering. Refer to pages 18 to 19.

TOTAL REMUNERATION PAID IN F2016	4 347

1 *Refers to the financial period in which the remuneration awarded is actually paid to the employee/employee receives the benefit.*
2 *Refers to the cost to the company of awarding the employee a share appreciation right, determined by the IFRS 2 cost for the specific allocation.*
3 *Refers to the short term incentive awarded, relating to the most recent financial year completed. During F2016, no short term incentive was paid. A discretionary award was determined by the remco and paid to the employee.*
4 *Refers to the remuneration award granted annually, effective at the start of the group's remuneration year in March.*
5 *Any difference between guaranteed cost to company and remuneration actually paid is due to variable benefits paid, as well as ad hoc long service-related awards.*

WILLIE ZEELIE – EXCO

ELEMENTS OF REMUNERATION		APPLICABLE PERIOD	COST TO COMPANY R'000 IN F2016	TIMING OF PAY-OUTS[1]					
				F2016	F2017	F2018	F2019	F2020	F2021
LONG TERM INCENTIVE PLAN	Share appreciation rights (SARs)	• SARs granted from F2012 to F2016		33% of SAR award in F2012, F2013, exercisable	33% of SAR award in F2013, F2014, exercisable	33% of SAR award in F2014, F2015, exercisable	33% of SAR award in F2015, F2016, exercisable	33% of SAR award in F2015, F2016, exercisable	33% of SAR award in F2016, exercisable
	Performance shares	• Performance shares granted in F2015 and F2016. Bonus shares awarded in F2015 and not in F2016 due to no STI paid	660[2]		100% of performance share award in F2014, exercisable assuming performance criteria met	100% of performance share award in F2015, exercisable assuming performance criteria met	100% of performance share award in F2016, exercisable assuming performance criteria met		
	Bonus shares				100% of bonus share award in F2014	100% of bonus share award in F2015			

The remco approved a standard allocation of SARs and performance shares. No bonus shares were allocated, as these are derived from the STI and there was no STI awarded. This was in line with the LTIP policy.

SHORT TERM INCENTIVE	Annual short term incentive	F2015[3]		–					

No STI or discretionary bonus was awarded in line with the poor performance of the cluster in F2015. The board and management recognise the efforts taken during the year to address legacy problem areas.

BASE PAY	Guaranteed total cost to company	March 2015 – Feb 2016[4]	4 000						
		March 2016 – Feb 2017[4]	4 250	4 296[5]					

The base pay of the executive was determined in line with our remuneration policy and took into account the progress made within the Engineering & Construction cluster during the year, especially in terms of advancements in contract execution and the improvement in the loss-/profit-maker ratio. Refer to page 46.

TOTAL REMUNERATION PAID IN F2016	**4 296**

1 Refers to the financial period in which the remuneration awarded is actually paid to the employee/employee receives the benefit.
2 Refers to the cost to the company of awarding the employee a share appreciation right, determined by the IFRS 2 cost for the specific allocation.
3 Refers to the short term incentive awarded, relating to the most recent financial year completed. During F2016, no short term incentive was paid.
4 Refers to the remuneration award granted annually, effective at the start of the group's remuneration year in March.
5 Any difference between guaranteed cost to company and remuneration actually paid is due to variable benefits paid, as well as ad hoc long service-related awards.

TEAM REMUNERATION
CONTINUED

BREAKDOWN OF REMUNERATION PACKAGES CONTINUED

NON-EXECUTIVE DIRECTORS' FEES

	FEES	EXPENSES	TOTAL	FEES	EXPENSES	TOTAL
		F2016			F2015	
Fees for services and expenses (R'000)						
Name						
MP Mthethwa	**1 421**	**–**	**1 421**	1 324	–	1 324
NJ Chinyanta	**653**	**–**	**653**	439	–	439
JL Job	**807**	**63**	**870**	830	7	837
W Louw	**644**	**–**	**644**	607	–	607
SG Morris	**1 208**	**–**	**1 208**	1 183	–	1 183
KK Mpinga	**716**	**–**	**716**	712	–	712
B Ngonyama	**743**	**–**	**743**	623	–	623
VM Rague	**545**	**163**	**708**	475	94	569
MR Thompson	**703**	**–**	**703**	520	–	520
	7 440	**226**	**7 666**	6 713	101	6 814

NON-EXECUTIVE DIRECTORS' PROPOSED FEES FOR F2017, SUBJECT TO SHAREHOLDER APPROVAL

	F2017 proposed fees (Rand per annum)	Comment	F2016 fees (Rand per annum)
Main board – chairperson	**1 039 000**	Includes all board and committee attendances, paid quarterly	980 000
Lead independent non-executive director	**435 000**	Includes basic fee plus attendance fee for four meetings, paid quarterly	410 000
Main board – non-executive director	**260 000**	Includes basic fee plus attendance fee for four meetings, paid quarterly	245 000
Audit committee – chairperson	**254 000**	Four meetings, paid quarterly	240 000
Audit committee – member and attendee	**126 000**	Four meetings, paid quarterly	119 000
Remuneration committee – chairperson	**173 000**	Four meetings, paid quarterly	163 000
Remuneration committee – member and attendee	**89 000**	Four meetings, paid quarterly	84 000
Risk committee – chairperson	**173 000**	Four meetings, paid quarterly	163 000
Risk committee – member and attendee	**89 000**	Four meetings, paid quarterly	84 000
Nominations committee – chairperson*	**126 000**	Two meetings, paid quarterly	119 000
Nominations committee – member and attendee	**67 000**	Two meetings, paid quarterly	63 000
Transformation and sustainability committee – chairperson	**173 000**	Four meetings, paid quarterly	163 000
Transformation and sustainability committee – member and attendee	**89 000**	Four meetings, paid quarterly	84 000
Extraordinary services (per hour)	**4 000**	Applied for ad hoc and/or non-scheduled meetings	3 500

A deduction of R23 000 per meeting will apply for non-attendance at a scheduled meeting and R36 000 will be payable for attendance at a special board meeting.

* *Included in chairperson's fee.*

EXECUTIVE DIRECTORS

(R'000) Name	SALARIES F2016	SALARIES F2015	BONUS* F2016	BONUS* F2015	DISCRETIONARY AWARD** F2016	DISCRETIONARY AWARD** F2015	TOTAL F2016	TOTAL F2015
MR Upton[1]	**–**	2 498	**–**	5 672	**–**	–	**–**	8 170
ECJ Vemer[2]	**4 950**	2 675	**–**	2 058	**1 000**	–	**5 950**	4 733
CMF Teixeira	**3 408**	3 137	**–**	2 965	**750**	–	**4 158**	6 102
	8 358	8 310	**–**	10 695	**1 750**	–	**10 108**	19 005

In line with the requirements of the Companies Act of 2008, the group discloses the remuneration paid to prescribed officers who are defined as the group's executive committee.

The three highest paid members of management are also reflected in the table above, as per the recommended practice suggested in 2.26.2 of the King III Code.

EXECUTIVE COMMITTEE MEMBERS (EXCO)

(R'000) Name	SALARIES F2016	SALARIES F2015	BONUS* F2016	BONUS* F2015	DISCRETIONARY AWARD** F2016	DISCRETIONARY AWARD** F2015	TOTAL F2016	TOTAL F2015
J Doorasamy	**2 631**	2 372	**–**	1 585	**500**	–	**3 131**	3 957
JW Hillary	**2 999**	1 633	**–**	1 325	**1 000**	–	**3 999**	2 958
ST Mosai	**2 356**	1 344	**–**	690	**500**	–	**2 856**	2 034
GD Mottram	**2 892**	2 356	**–**	1 950	**500**	–	**3 392**	4 306
JA Wallace	**3 597**	3 303	**–**	3 160	**750**	–	**4 347**	6 463
WI Zeelie	**4 296**	3 668	**–**	2 000	**–**	–	**4 296**	5 668
ECJ Vemer[2]	**–**	1 463	**–**	2 058	**–**	–	**–**	3 521
P le Sueur[3]	**–**	1 544	**–**	1 383	**–**	–	**–**	2 927
AJ McJannet[3]	**–**	1 887	**–**	1 000	**–**	–	**–**	2 887
	18 771	19 570	**–**	15 151	**3 250**	–	**22 021**	34 721

* *This indicates the gross bonus paid to the employee in the financial year under review. It does not represent the gross bonus awarded for the year, as the period to which the bonus relates is different to when the bonus is paid. Bonuses awarded in a year are paid to employees in the financial year following the award period. For a full reconciliation between the bonus awarded per financial year and the timing of payment for the CEO, CFO and prescribed officers, refer to pages 108 to 115.*

** *Due to the group's poor performance in F2015, no short term incentive bonuses were awarded. Discretionary payments to certain individuals were approved by the remco to those executives and senior managers who actively and successfully participated in resolving various challenges to alleviate an even poorer performance.*

1 *Retired 28 November 2014.*

2 *Appointed as CEO on 1 December 2014.*

3 *Resigned from exco on 28 November 2014.*

TEAM REMUNERATION
CONTINUED

BREAKDOWN OF REMUNERATION PACKAGES CONTINUED

DETAILS OF EXECUTIVE DIRECTORS' SHARE OPTIONS AND SHARE APPRECIATION RIGHTS

Name of director	Options granted – opening balance	Options granted during the current year	Strike price	Options exercised and paid	Options lapsed	Options granted – closing balance	Strike price	Options vested – closing balance
ECJ VEMER								
2015								
	34 000	–	54,81	–	34 000	–	54,81	–
	150 000	–	50,20	–	150 000	–	50,20	–
	25 659	–	27,70	–	–	25 659	27,70	25 659
	104 600	–	34,42	–	–	104 600	34,42	34 867
	37 316	–	40,68	–	–	37 316	40,68	–
	5 863	11 093	28,44	–	–	16 956	28,44	–
	–	99 609	25,60	–	–	99 609	25,60	–
	357 438	110 702		–	184 000	284 140		60 526
2016	**25 659**	**–**	**27,70**	**–**	**–**	**25 659**	**27,70**	**25 659**
	104 600	**–**	**34,42**	**–**	**–**	**104 600**	**34,42**	**69 733**
	37 316	**–**	**40,68**	**–**	**–**	**37 316**	**40,68**	**–**
	16 956	**–**	**20,30**	**–**	**–**	**16 956**	**20,30**	**–**
	99 609	**–**	**25,60**	**–**	**–**	**99 609**	**25,60**	**–**
	–	**135 714**	**21,00**	**–**	**–**	**135 714**	**21,00**	**–**
	284 140	**135 714**		**–**	**–**	**419 854**		**95 392**
CMF TEIXEIRA								
2015								
	25 000	–	54,81	–	25 000	–	54,81	–
	25 000	–	50,20	–	25 000	–	50,20	–
	200 000	–	42,84	–	–	200 000	42,84	200 000
	71 740	–	34,09	–	–	71 740	34,09	71 740
	44 337	–	27,70	–	–	44 337	27,70	44 337
	86 600	–	34,42	–	–	86 600	34,42	28 867
	34 828	–	40,68	–	–	34 828	40,68	–
	4 745	9 381	28,44	–	–	14 126	28,44	–
	–	59 712	25,60	–	–	59 712	25,60	–
	492 250	69 093		–	50 000	511 343		344 944
2016								
	200 000	**–**	**42,84**	**–**	**200 000**	**–**	**42,84**	**–**
	71 740	**–**	**34,09**	**–**	**–**	**71 740**	**34,09**	**71 740**
	44 337	**–**	**27,70**	**–**	**–**	**44 337**	**27,70**	**44 337**
	86 600	**–**	**34,42**	**–**	**–**	**86 600**	**34,42**	**57 733**
	34 828	**–**	**40,68**	**–**	**–**	**34 828**	**40,68**	**–**
	14 126	**–**	**20,30**	**–**	**–**	**14 126**	**20,30**	**–**
	59 712	**–**	**25,60**	**–**	**–**	**59 712**	**25,60**	**–**
	–	**80 092**	**21,00**	**–**	**–**	**80 092**	**21,00**	**–**
	511 343	**80 092**		**–**	**200 000**	**391 435**		**173 810**

DETAILS OF PRESCRIBED OFFICERS' SHARE OPTIONS AND SHARE APPRECIATION RIGHTS (INCLUDING THREE HIGHEST PAID MEMBERS OF MANAGEMENT)

	Options granted – opening balance	Options granted during the current year	Strike price	Options exercised and paid	Options lapsed	Options granted – closing balance	Strike price	Options vested – closing balance
Prescribed officers								
J DOORASAMY								
2015								
	12 510	–	16,03	5 050	–	7 460	16,03	–
	24 400	–	34,42	–	–	24 400	34,42	8 133
	14 454	–	40,68	–	–	14 454	40,68	–
	2 680	5 015	28,44	–	–	7 695	28,44	–
	–	44 176	25,60	–	–	44 176	25,60	–
	54 044	49 191		5 050	–	98 185		8 133
2016	**7 460**	**–**	**16,03**	**3 729**	**–**	**3 731**	**16,03**	**–**
	24 400	**–**	**34,42**	**–**	**–**	**24 400**	**34,42**	**16 267**
	14 454	**–**	**40,68**	**–**	**–**	**14 454**	**40,68**	**–**
	7 695	**–**	**20,30**	**–**	**–**	**7 695**	**20,30**	**–**
	44 176	**–**	**25,60**	**–**	**–**	**44 176**	**25,60**	**–**
	–	**60 238**	**21,00**	**–**	**–**	**60 238**	**21,00**	**–**
	98 185	**60 238**		**3 729**	**–**	**154 694**		**16 267**
JW HILLARY								
2015								
	20 000	–	54,81	–	20 000	–	54,81	–
	25 000	–	50,20	–	25 000	–	50,20	–
	13 321	–	34,09	–	–	13 321	34,09	13 321
	24 214	–	27,70	–	–	24 214	27,70	24 214
	53 000	–	34,42	–	–	53 000	34,42	17 667
	20 924	–	40,68	–	–	20 924	40,68	–
	5 147	8 386	28,44	–	–	13 533	28,44	–
	–	52 653	25,60	–		52 653	25,60	–
	161 606	61 039	–	–	45 000	177 645		55 202
2016	**13 321**	**–**	**34,09**	**–**	**–**	**13 321**	**34,09**	**13 321**
	24 214	**–**	**27,70**	**–**	**–**	**24 214**	**27,70**	**24 214**
	53 000	**–**	**34,42**	**–**	**–**	**53 000**	**34,42**	**35 333**
	20 924	**–**	**40,68**	**–**	**–**	**20 924**	**40,68**	**–**
	13 533	**–**	**20,30**	**–**	**–**	**13 533**	**20,30**	**–**
	52 653	**–**	**25,60**	**–**	**–**	**52 653**	**25,60**	**–**
	–	**68 623**	**21,00**	**–**	**–**	**68 623**	**21,00**	**–**
	177 645	**68 623**		**–**	**–**	**246 268**		**72 868**

TEAM REMUNERATION
CONTINUED

BREAKDOWN OF REMUNERATION PACKAGES CONTINUED

	Options granted – opening balance	Options granted during the current year	Strike price	Options exercised and paid	Options lapsed	Options granted – closing balance	Strike price	Options vested – closing balance
Prescribed officers continued								
ST MOSAI								
2015								
	11 891	–	16,03	–	–	11 891	16,03	4 786
	11 000	–	54,81	–	11 000	–	54,81	–
	35 300	–	34,42	–	–	35 300	34,42	11 767
	13 919	–	40,68	–	–	13 919	40,68	–
	2 502	4 368	28,44	–	–	6 870	28,44	–
	–	39 531	25,60	–	–	39 531	25,60	–
	74 612	43 899		–	11 000	107 511		16 553
2016	**11 891**	**–**	**16,03**	**2 467**	**–**	**9 424**	**16,03**	**8 339**
	35 300	**–**	**34,42**	**–**	**–**	**35 300**	**34,42**	**23 533**
	13 919	**–**	**40,68**	**–**	**–**	**13 919**	**40,68**	**–**
	6 870	**–**	**20,30**	**–**	**–**	**6 870**	**20,30**	**–**
	39 531	**–**	**25,60**	**–**	**–**	**39 531**	**25,60**	**–**
	–	**51 516**	**21,00**	**–**	**–**	**51 516**	**21,00**	**–**
	107 511	**51 516**		**2 467**	**–**	**156 560**		**31 872**
GD MOTTRAM								
2015								
	45 000	–	12,55	45 000	–	–	12,55	–
	30 000	–	54,81	–	30 000	–	54,81	–
	37 000	–	50,20	–	37 000	–	50,20	–
	69 000	–	28,63	–	–	69 000	28,63	69 000
	61 672	–	34,09	–	–	61 672	34,09	61 672
	56 619	–	27,70	–	–	56 619	27,70	56 619
	71 700	–	34,42	–	–	71 700	34,42	23 900
	21 237	–	40,68	–	–	21 237	40,68	–
	3 441	7 618	28,44	–	–	11 059	28,44	–
	–	36 241	25,60	–	–	36 241	25,60	–
	395 669	43 859		45 000	67 000	327 528		211 191
2016	**69 000**	**–**	**28,63**	**–**	**69 000**	**–**	**28,63**	**–**
	61 672	**–**	**34,09**	**–**	**–**	**61 672**	**34,09**	**61 672**
	56 619	**–**	**27,70**	**–**	**–**	**56 619**	**27,70**	**56 619**
	71 700	**–**	**34,42**	**–**	**–**	**71 700**	**34,42**	**47 800**
	21 237	**–**	**40,68**	**–**	**–**	**21 237**	**40,68**	**–**
	11 059	**–**	**20,33**	**–**	**–**	**11 059**	**20,30**	**–**
	36 241	**–**	**25,60**	**–**	**–**	**36 241**	**25,60**	**–**
	–	**60 238**	**21,00**	**–**	**–**	**60 238**	**21,00**	**–**
	327 528	**60 238**		**–**	**69 000**	**318 766**		**166 091**

	Options granted – opening balance	Options granted during the current year	Strike price	Options exercised and paid	Options lapsed	Options granted – closing balance	Strike price	Options vested – closing balance
Prescribed officers continued								
JA WALLACE								
2015								
	42 000	–	54,81	–	42 000	–	54,81	–
	53 000	–	50,20	–	53 000	–	50,20	–
	30 519	–	34,09	–	–	30 519	34,09	30 519
	55 213	–	27,70	–	–	55 213	27,70	55 213
	103 000	–	34,42	–	–	103 000	34,42	34 333
	36 748	–	40,68	–	–	36 748	40,68	–
	4 865	9 998	28,44	–	–	14 863	28,44	–
	–	62 479	25,60	–	–	62 479	25,60	–
	325 345	72 477		–	95 000	302 822		120 065
2016	**30 519**	**–**	**34,09**	**–**	**–**	**30 519**	**34,09**	**30 519**
	55 213	**–**	**27,70**	**–**	**–**	**55 213**	**27,70**	**55 213**
	103 000	**–**	**34,42**	**–**	**–**	**103 000**	**34,42**	**68 667**
	36 748	**–**	**40,68**	**–**	**–**	**36 748**	**40,68**	**–**
	14 863	**–**	**20,30**	**–**	**–**	**14 863**	**20,30**	**–**
	62 479	**–**	**25,60**	**–**	**–**	**62 479**	**25,60**	**–**
	–	**82 358**	**21,00**	**–**	**–**	**82 358**	**21,00**	**–**
	302 822	**82 358**		**–**	**–**	**385 180**		**154 399**
WI ZEELIE								
2015								
	19 000	–	54,81	–	19 000	–	54,81	–
	100 000	–	50,20	–	100 000	–	50,20	–
	19 778	–	27,70	–	–	19 778	27,70	19 778
	97 600	–	34,42	–	–	97 600	34,42	32 533
	37 316		40,68	–	–	37 316	40,68	–
	3 728	6 328	28,44	–	–	10 056	28,44	–
	–	74 121	25,60	–	–	74 121	25,60	–
	277 422	80 449		–	119 000	238 871		52 311
2016	**19 778**	**–**	**27,70**	**–**	**–**	**19 778**	**27,70**	**19 778**
	97 600	**–**	**34,42**	**–**	**–**	**97 600**	**34,42**	**65 067**
	37 316	**–**	**40,68**	**–**	**–**	**37 316**	**40,68**	**–**
	10 056	**–**	**20,30**	**–**	**–**	**10 056**	**20,30**	**–**
	74 121	**–**	**25,60**	**–**	**–**	**74 121**	**25,60**	**–**
	–	**114 285**	**21,00**	**–**	**–**	**114 285**	**21,00**	**–**
	238 871	**114 285**		**–**	**–**	**353 156**		**84 845**

SUMMARY CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

04

DIRECTORS' RESPONSIBILITY STATEMENT

FOR THE YEAR ENDED 30 JUNE 2016

The board acknowledges its responsibility to ensure the integrity of the integrated annual report. The board has applied its mind to the integrated annual report and believes that it addresses all material issues, and presents fairly the integrated performance of the organisation and its impacts.

The integrated annual report has been prepared in line with best practice and the recommendations of King III.

The integrated annual report was approved by the board on 5 August 2016 and is signed on its behalf:

MP (Philisiwe) Mthethwa
Chairperson

5 August 2016

ECJ (Eric) Vemer
Chief executive officer

5 August 2016

CM (Cristina) Freitas Teixeira
Chief financial officer

5 August 2016

REPORT OF THE INDEPENDENT AUDITOR

FOR THE YEAR ENDED 30 JUNE 2016

INDEPENDENT AUDITOR'S REPORT ON SUMMARY CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF GROUP FIVE LIMITED

The summary consolidated financial statements of Group Five Limited, set out on pages 127 to 140 of the 2016 Integrated Annual Report, which comprise the summary consolidated statement of financial position as at 30 June 2016, and the summary consolidated income statement, statement of comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of Group Five Limited for the year ended 30 June 2016. We expressed an unmodified audit opinion on those consolidated financial statements in our report dated 12 August 2016. Our auditor's report on the audited consolidated financial statements contained an Other Matter paragraph: "Other Reports Required by the Companies Act" (refer below).

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to annual financial statements. Reading the summary consolidated financial statements, therefore, is not a substitute for reading the audited consolidated financial statements of Group Five Limited.

DIRECTORS' RESPONSIBILITY FOR THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of a summary of the audited consolidated financial statements in accordance with the JSE Limited's (JSE) requirements for summary financial statements, set out in the 'Basis of preparation' note to the summary consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements, and for such internal control as the directors determine is necessary to enable the preparation of summary consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the summary consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810, "Engagements to Report on Summary Financial Statements."

OPINION

In our opinion, the summary consolidated financial statements derived from the audited consolidated financial statements of Group Five Limited for the year ended 30 June 2016 are consistent, in all material respects, with those consolidated financial statements, in accordance with the JSE's requirements for summary financial statements, set out in the 'Basis of preparation' note to the summary consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

OTHER REPORTS REQUIRED BY THE COMPANIES ACT

The "Other Reports Required by the Companies Act" paragraph in our audit report dated 12 August 2016 states that as part of our audit of the consolidated financial statements for the year ended 30 June 2016, we have read the Directors' Report, the Report of the Audit Committee and the Statement of Compliance by the Company Secretary for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated financial statements. These reports are the responsibility of the respective preparers. The paragraph also states that, based on reading these reports, we have not identified material inconsistencies between these reports and the audited consolidated financial statements. The paragraph furthermore states that we have not audited these reports and accordingly do not express an opinion on these reports. The paragraph does not have an effect on the summary consolidated financial statements or our opinion thereon.

PricewaterhouseCoopers Inc

PricewaterhouseCoopers Inc.
Director: M Naidoo
Registered Auditor
Sunninghill

12 August 2016

SUMMARY CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

These consolidated annual financial statements comprise a summary of the audited consolidated annual financial statements of the group for the year ended 30 June 2016 that were approved by the board on 5 August 2016.

The summary consolidated annual financial statements are not the group's statutory accounts and do not contain all the disclosures required by International Financial Reporting Standards. Reading the summary consolidated annual financial statements, therefore, is not a substitute for reading the audited consolidated annual financial statements of the group, as they do not contain sufficient information to allow for a complete understanding of the results and state of affairs of the group. The audited consolidated annual financial statements are available online at www.groupfive.co.za, or may be obtained from the company secretary. The annual financial statements have been audited by the independent accounting firm, PricewaterhouseCoopers Inc. Their unmodified audit report is available for inspection at the group's registered office and their opinion on these summary consolidated annual financial statements is on page 125.

BASIS OF PREPARATION

The summary consolidated financial statements are prepared in accordance with the JSE Limited's (JSE) requirements for summary financial statements, and the requirements of the Companies Act applicable to summary financial statements. The JSE requires summary financial statements to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council, and to also, as a minimum, contain the information required by IAS 34 Interim Financial Reporting. The accounting policies applied in the preparation of the consolidated financial statements, from which the summary consolidated financial statements were derived, are in terms of International Financial Reporting Standards and are consistent with the accounting policies applied in the preparation of the previous consolidated annual financial statements.

The summary consolidated annual financial statements have been prepared on the historical cost basis, except for certain items, including derivatives, investment in service concessions and investment property that are stated at fair value, and are presented in South African Rand, which is the parent company's presentation currency.

The significant accounting policies and methods of computation are consistent in all material respects with those applied in the previous period. The summary consolidated annual financial statements should be read with the full set of annual financial statements as available on the company's website.

The financial statements were prepared by the Chief Financial Officer CA(SA) and approved by the board of directors on 5 August 2016 and are signed on its behalf by:

MP (Philisiwe) Mthethwa
Chairperson

ECJ (Eric) Vemer
Chief executive officer

CM (Cristina) Freitas Teixeira
Chief financial officer

5 August 2016

GROUP INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2016

	GROUP AUDITED	
	2016	2015
(R'000)		
Construction and related revenue	**11 860 870**	11 943 497
Revenue from goods and services supplied	**1 803 147**	1 852 519
Property sales and development fees	**109 601**	79 554
Revenue	**13 773 618**	13 875 570
Cost of material	**(3 139 937)**	(2 281 605)
Cost of subcontractors	**(5 285 291)**	(5 835 872)
Direct payroll cost	**(2 954 191)**	(3 454 480)
Other staff cost	**(156 201)**	(327 581)
Depreciation	**(167 881)**	(187 138)
Plant costs	**(606 985)**	(813 269)
Manufacturing distribution cost	**(136 202)**	(152 152)
Site administration costs	**(570 852)**	(340 657)
Other administration cost	**(807 355)**	(232 066)
Operating expenses	**(13 824 895)**	(13 624 820)
Operating (loss)/profit before fair value adjustments	**(51 277)**	250 750
Fair value adjustment relating to investment in service concessions and investment property	**773 557**	115 726
Operating profit	**722 280**	366 476
Share of equity accounted profits	**27 359**	24 592
Finance cost – net	**(14 914)**	(1 622)
Finance cost	**(76 351)**	(64 255)
Finance income	**61 437**	62 633
Profit before taxation	**734 725**	389 446
Taxation	**(277 726)**	(109 045)
Profit for the year	**456 999**	280 401
Profit attributable to:		
Equity shareholders of Group Five Limited	**379 245**	223 884
Non-controlling interest	**77 754**	56 517
	456 999	280 401
Earnings per share – [Rand]	**3,75**	2,22
Fully diluted earnings per share – [Rand]	**3,75**	2,21

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2016

	GROUP AUDITED	
	2016	2015
(R'000)		
Profit for the year	**456 999**	280 401
Other comprehensive income		
Items that may be subsequently reclassified to profit or loss		
Exchange difference on translating foreign operations	**281 842**	131 114
Items that will not be reclassified to profit or loss		
Re-measurements of pension fund	**(2 800)**	20 440
Tax on re-measurement of pension fund	**784**	(5 723)
Other comprehensive income for the year	**279 826**	145 831
Total comprehensive income for the year	**736 825**	426 232
Total comprehensive income attributable to:		
Equity shareholders of Group Five Limited	**659 071**	369 715
Non-controlling interest	**77 754**	56 517
Total comprehensive income for the year	**736 825**	426 232

DETERMINATION OF GROUP HEADLINE EARNINGS

FOR THE YEAR ENDED 30 JUNE 2016

	GROUP AUDITED	
	2016	2015
(R'000)		
Attributable profit	**379 245**	223 884
Adjusted for (net of tax)	**(40 435)**	(17 331)
– Profit on disposal of property, plant and equipment	**(27 250)**	(918)
– Net loss/(profit) on disposal of investment in associate and impairment/(reversal of impairment) of investment in associate	**24 866**	(2 626)
– Fair value adjustment on investment property	**(38 051)**	–
– Profit on fair value adjustment on investment property held by associate company	**–**	(13 787)
Headline earnings	**338 810**	206 553

GROUP STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2016

	GROUP AUDITED 2016	GROUP AUDITED 2015
(R'000)		
Assets		
Non-current assets		
Property, plant and equipment	**886 066**	850 547
Investment property	**184 186**	103 544
Equity accounted investments	**229 194**	210 335
Investments in service concessions	**1 230 381**	384 095
Pension fund surplus	**281 577**	268 815
Deferred taxation	**33 873**	40 385
Non-current trade receivables	**–**	210 182
Total non-current assets	**2 845 277**	2 067 903
Current assets		
Inventories	**290 266**	357 614
Contracts in progress	**1 123 899**	884 305
Trade and other receivables	**2 897 314**	3 565 303
Cash and cash equivalents	**3 255 233**	3 389 936
Total current assets	**7 566 712**	8 197 158
Total assets	**10 411 989**	10 265 061
Equity and liabilities		
Equity attributable to equity holders of the parent		
Stated capital	**1 197 494**	1 281 275
Retained earnings	**1 869 655**	1 450 104
Foreign currency translation reserve	**478 841**	196 999
Equity – shareholders	**3 545 990**	2 928 378
Non-controlling interest	**86 740**	58 969
Total equity	**3 632 730**	2 987 347
Non-current liabilities		
Interest-bearing borrowings	**187 654**	477 234
Provision for employment obligations	**46 583**	69 407
Provision for environmental rehabilitation	**6 559**	6 291
Deferred taxation	**85 610**	44 424
Total non-current liabilities	**326 406**	597 356
Current liabilities		
Excess billings over work	**1 870 472**	938 614
Derivative financial instruments	**1 022**	–
Trade and other payables	**3 915 954**	4 977 797
Contract-related provisions	**35 613**	45 633
Provision for employment obligations	**12 114**	–
Current taxation payable	**53 681**	75 078
Current portion of interest-bearing borrowings	**563 997**	585 111
Short term borrowings	**–**	58 125
Total current liabilities	**6 452 853**	6 680 358
Total liabilities	**6 779 259**	7 277 714
Total equity and liabilities	**10 411 989**	10 265 061

GROUP STATEMENT OF CASH FLOW

FOR THE YEAR ENDED 30 JUNE 2016

	GROUP AUDITED	
	2016	2015*
(R'000)		
Cash flow from operating activities		
Cash from operations before working capital changes	**449 403**	425 144
Working capital changes	**30 204**	118 838
Cash generated from operations	**479 607**	543 982
Finance income received	**61 437**	62 633
Finance costs paid	**(76 351)**	(64 255)
Taxation paid	**(250 640)**	(218 453)
Dividends paid	**(67 786)**	(85 756)
Cash effects of operating activities	**146 267**	238 151
Cash flow from investing activities		
Acquisition of property, plant and equipment	**(259 151)**	(117 681)
Acquisition of investment property	**(5 592)**	(1 841)
Proceeds on disposal of property, plant and equipment	**109 474**	49 773
Dividends received from equity accounted investments	**4 866**	–
Acquisition of investment in service concession	**(168 683)**	–
Loans to equity accounted investments	**(21 234)**	(14 990)
Proceeds on service concessions investments	**142 669**	153 194
Cash effects of investing activities	**(197 651)**	68 455
Cash flow from financing activities		
Distribution to non-controlling interest	**(49 983)**	(70 846)
Interest-bearing borrowings raised	**186 654**	493 128
Interest-bearing borrowings repaid	**(578 560)**	(347 596)
Proceeds from share options	**2 985**	4 753
Cash effects of financing activities	**(438 904)**	79 439
Effects of exchange rates on cash and cash equivalents	**355 585**	82 794
Net (decrease)/increase in cash and cash equivalents	**(134 703)**	468 839
Cash and cash equivalents at beginning of year	**3 389 936**	2 921 097
Cash and cash equivalents at end of year	**3 255 233**	3 389 936

* *Proceeds on service concession investments and loans to equity accounted investments have been reclassified from cash effects of financing activities to cash effects of investing activities to provide improved presentation and disclosure.*

GROUP CAPITAL EXPENDITURE AND DEPRECIATION

FOR THE YEAR ENDED 30 JUNE 2016

	GROUP AUDITED	
	2016	2015
(R'000)		
– Capital expenditure for the year	**275 031**	148 596
– Capital expenditure committed or authorised for the next year	**219 535**	376 496
– Depreciation for the year	**167 881**	187 138

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2016

	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 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**
Issue of shares to share trust in terms of share scheme (i)	10 111	(10 111)	–	–	–	–	**–**	–	**–**
Issue of shares from share trust	–	124 874	124 874	2 985	–	–	**2 985**	–	**2 985**
Share-based payment expense	–	–	–	23 342	–	–	**23 342**	–	**23 342**
Total comprehensive income	–	–	–	–	281 842	377 229	**659 071**	77 754	**736 825**
Profit for the year	–	–	–	–	–	379 245	**379 245**	77 754	**456 999**
Pension fund re-measurement	–	–	–	–	–	(2 800)	**(2 800)**	–	**(2 800)**
Tax on Pension fund re-measurement	–	–	–	–	–	784	**784**	–	**784**
Exchange differences arising from foreign operations	–	–	–	–	281 842	–	**281 842**	–	**281 842**
Historical reclassification of dividend paid*	–	–	–	(110 108)	–	110 108	**–**	–	**–**
Distribution to non-controlling interests	–	–	–	–	–	–	**–**	(49 983)	**(49 983)**
Dividends paid	–	–	–	–	–	(67 786)	**(67 786)**	–	**(67 786)**
Balance at 30 June 2016	112 216 980	(10 967 201)	101 249 779	1 197 494	478 841	1 869 655	**3 545 990**	86 740	**3 632 730**

* *As part of the process of ongoing taxation governance, a review of historic dividend payments and relevant taxes was performed. All dividend related taxation matters were found to be in order, however, a historic dividend payment was shown as having been paid out of retained earnings instead of correctly being shown as paid out of stated capital. The above is a correction of the anomaly, which is immaterial and has a nil impact on equity.*

GROUP STATEMENT OF CHANGES IN EQUITY
CONTINUED

NON-CONTROLLING INTEREST

The group regularly enters into construction contracts with joint venture partners. The non-controlling interest mainly relates to the profit share of the joint venture partner, where the group controls such arrangements.

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 2016

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.

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 equity accounted investments 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.

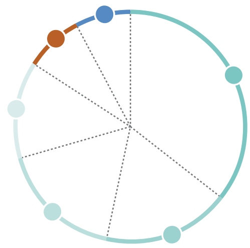
Management do not believe that there are any additional segments that require separate reporting. The reportable operating segments derive their revenue as described above. The group is also considered by geographical segment due to the extensive geographic footprint maintained by the group. The geographies are grouped into regions for reporting purposes as the group moves towards establishing operational hubs for management of regions.

For segmental reporting, certain joint ventures and subsidiaries were proportionally consolidated to reflect the manner in which performance is evaluated.

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.

GROUP SEGMENTAL ANALYSIS
CONTINUED

FINANCIAL PERFORMANCE: GROUP REVENUE AND OPERATING PROFIT



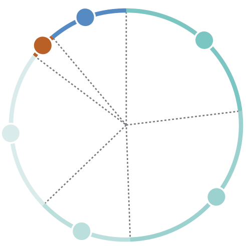
Note: Graph represents External revenue F2016 values only.

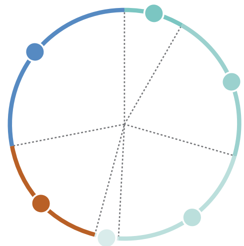
2016 (R'000)	Gross revenue	Internal revenue	External revenue	Operating profit
	REVENUE		OPERATING PROFIT	
Operational segments				
Engineering & Construction	**11 860 690**	**(92 791)**	**11 767 899**	**(236 926)**
Building & Housing	**5 009 031**	**(76 471)**	**4 932 560**	**74 459**
Civil Engineering	**2 509 585**	**(16 320)**	**2 493 265**	**(381 197)**
Projects	**2 443 494**	**–**	**2 443 494**	**36 604**
Energy	**1 898 580**	**–**	**1 898 580**	**33 208**
Investments & Concessions	**1 146 814**	**–**	**1 146 814**	**917 440**
Manufacturing	**1 059 176**	**(123 896)**	**935 280**	**55 993**
	14 066 680	**(216 687)**	**13 849 993**	**736 507**
Joint arrangements equity accounted and joint arrangements wholly consolidated			**(76 375)**	**(11 788)**
			13 773 618	**724 719**
Adjustment for non-operational items				
Pension fund surplus				**14 846**
Net loss on disposal of investment in associate and impairment/(reversal of impairment) of investment in associate				**(24 866)**
Re-measurement of employment obligation				**7 581**
Operating profit per income statement				**722 280**

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 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

Sales between segments are carried out at arm's length and are reflected above.

FINANCIAL POSITION: CURRENT ASSETS AND CAPITAL EXPENDITURE





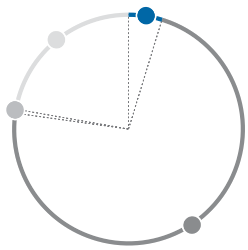
Note: Graphs represent F2016 values only.

(R'000)	Current assets **2016**	Current assets 2015	Capital expenditure **2016**	Capital expenditure 2015
Operational segments				
Engineering & Construction	**3 732 007**	4 046 432	**150 315**	104 694
Building & Housing	**1 010 506**	1 241 925	**23 347**	7 620
Civil Engineering	**1 150 653**	1 471 338	**58 799**	52 245
Projects	**582 558**	658 873	**59 009**	40 509
Energy	**988 290**	674 296	**9 160**	4 320
Investments & Concessions	**151 358**	305 216	**49 535**	15 301
Manufacturing	**483 513**	449 374	**76 923**	32 594
	4 366 878	4 801 022	**276 773**	152 589
Joint arrangements equity accounted and joint arrangements wholly consolidated	**(55 399)**	6 200	**(1 742)**	(3 993)
	4 311 479	4 807 222	**275 031**	148 596
Bank balances and cash	**3 255 233**	3 389 936	**–**	–
Total current assets per statement of financial position	**7 566 712**	8 197 158	**–**	–
Property, plant and equipment – additions	**–**	–	**275 031**	148 596

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 F2016 values only.

(R'000)	Revenue **2016**	Revenue 2015
Geographical regions		
Eastern Europe	**674 538**	623 083
Eastern Africa	**–**	11 763
Southern Africa	**10 173 372**	11 895 079
Central Africa	**98 850**	419 977
Western Africa	**2 903 233**	979 375
	13 849 993	13 929 277
Joint arrangements equity accounted and joint arrangements wholly consolidated	**(76 375)**	(53 707)
	13 773 618	13 875 570
Per income statement	**13 773 618**	13 875 570

GROUP STATISTICS

AS AT 30 JUNE 2016

	GROUP AUDITED	
	2016	2015
Number of ordinary shares	**101 249 779**	101 124 905
– Shares in issue	**112 216 980**	112 206 869
– Less: shares held by share trusts	**(10 967 201)**	(11 081 964)
Weighted average number of shares ('000s)	**101 147**	100 895
Fully diluted weighted average number of shares ('000s)	**101 220**	101 298
EPS – R	**3,75**	2,22
HEPS – R	**3,35**	2,05
Fully diluted EPS – R	**3,75**	2,21
Fully diluted HEPS – R	**3,35**	2,04
Dividend cover (based on earnings per share)	**5,21**	4,00
Dividends per share (cents)	**72,00**	55,00
– Interim	**42,00**	30,00
– Final	**30,00**	25,00
Net asset value per share – R	**35,02**	28,96
Net debt to equity ratio	**Net ungeared**	Net ungeared
Current ratio	**1,2**	1,2

NOTES TO THE SUMMARY CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

BASIS OF PREPARATION

The summary consolidated financial statements are prepared in accordance with the JSE Limited's (JSE) requirements for summary financial statements, and the requirements of the Companies Act applicable to summary financial statements. The JSE requires summary financial statements to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council, and to also, as a minimum, contain the information required by IAS 34 Interim Financial Reporting. The accounting policies applied in the preparation of the consolidated financial statements, from which the summary consolidated financial statements were derived, are in terms of International Financial Reporting Standards and are consistent with the accounting policies applied in the preparation of the previous consolidated annual financial statements.

The summary consolidated annual financial statements have been prepared on the historical cost basis, except for certain items, including derivatives, investment in service concessions and investment property that are stated at fair value, and are presented in South African Rand, which is the parent company's presentation currency.

The significant accounting policies and methods of computation are consistent in all material respects with those applied in the previous period. The summary consolidated annual financial statements should be read with the full set of annual financial statements as available on the company's website.

ESTIMATES AND CONTINGENCIES

The group makes estimates and assumptions concerning the future, particularly with regard to construction contract profit taking, provisions, arbitrations and claims and various fair value accounting policies.

Accounting estimates and judgements can, by definition, only approximate results, as the actual results may differ from such estimates. Estimates and judgements are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Stakeholder attention is drawn to the contingent risk of civil claims possibly being lodged against the group, and all construction companies which were implicated in anti-competitive behaviour, following the Competition Commission release of its findings in June 2013 and the public interest reported in recent months.

The Group has in the period been notified of a single client contract claim which was lodged against one of the contracts that's under review by the Competition Commission. The Group is well placed to defend this potential R7 million claim.

Total financial institution guarantees given to third parties on behalf of subsidiary companies amounted to R6 521 million as at 30 June 2016, compared to R7 448 million as at 31 December 2015 and R7 144 million as at 30 June 2015.

FINANCIAL INSTRUMENTS

Financial instruments, other than investments in service concessions that are measured at fair value through profit and loss, are measured at carrying value which approximates their fair value.

The group values its investments in service concessions at fair value at the time of investing or making an irrevocable commitment to invest. Fair values are determined using the discounted cash flow method of valuation using anticipated future cash flow based on market-related exchange and inflation rates. The relevant Euro ZAR exchange rate used was R16,67 (F2015: R13,64). The cash flows are discounted at appropriate rates that take into account the relevant market and project risks. Discount rates ranging between 11% and 13% were used (F2015: 9% and 4%).

NOTES TO THE SUMMARY CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
CONTINUED

At year end the group reported R1,2 billion (F2015: R384 million) in investment in service concessions.

Investment in service concessions is considered a level 3 valuation in terms of fair value hierarchy.

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 131 to 132 of this report. The authorised and issued share capital is as follows:

AUTHORISED:

150 000 000 ordinary shares of no par value.

ISSUED:

112 216 980 ordinary shares of no par value (F2015: 112 206 869).

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:

	Price	Number of shares
Date		
June 2016	R23,33	10 111
Total		10 111

10 967 201 shares (F2015: 11 081 964) 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 R46,8 million (June 2015: R86,4 million, December 2015: R46,8 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 R0,5 million (F2015: R8,1 million) was charged to earnings in F2016.

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 2016. However, this is required to be reassessed at each reporting period.

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 current year, in addition to the trade asset backed capital equipment finance leases and property-backed finance, the group reported that the following transactions has been concluded:

- Settlement of a revolving credit facility for USD 20 million, bearing a variable interest, linked to LIBOR, at the 2015 year end of 2.03%, which was repaid in September 2015
- Raising of a USD 15 million facility in December 2015, of which USD 12 million has been utilised, bearing variable interest, linked to LIBOR, at period end of 1.64% which was repaid in May 2016
- Retaining a revolving credit facility for R250 million bearing a variable interest, linked to JIBAR, at period end of 9.6%

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 in the group annual financial statements available online at www.groupfive.co.za.

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 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 2016 financial year on 5 August 2016, 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 2016 or the results of its operations or cash flows for the year then ended.

NOTES TO THE SUMMARY CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
CONTINUED

DIVIDEND DECLARATION

On 5 August 2016, the directors declared a gross dividend of 30 cents per ordinary share (25,50 cents per ordinary share net of dividend tax) (H2 F2015: 25 cents).

- The dividend has been declared from income reserves
- In terms of dividend tax, the following additional information is disclosed:
  - The dividend is subject to dividend tax at 15% (4,50 cents per share)
  - The net dividend will therefore be 25,50000 cents per share for shareholders who are not exempt from dividend tax

The amount of shares in issue at the date of this declaration is 112 223 667 (101 256 466 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)	Tuesday, 20 September 2016
Shares to commence trading (ex-dividend)	Wednesday, 21 September 2016
Record date (date shareholders recorded in books)	Friday, 23 September 2016
Payment date	Monday, 26 September 2016

No share certificates may be dematerialised or rematerialised between Wednesday, 21 September 2016 and Friday, 23 September 2016, both dates inclusive.

ANALYSIS OF SHAREHOLDERS

AT 30 JUNE 2016

		No of Shareholders	%	No of shares	%
1.	**SHAREHOLDER SPREAD**				
	1 – 1 000 shares	3 427	74.52	863 249	0.77
	1 001 – 10 000 shares	800	17.39	2 757 361	2.46
	10 001 – 100 000 shares	261	5.67	9 480 321	8.45
	100 001 – 1 000 000 shares	89	1.94	28 466 249	25.36
	1 000 001 shares and over	22	0.48	70 649 800	62.96
	Totals	**4 599**	**100.00**	**112 216 980**	**100.00**
2.	**DISTRIBUTION OF SHAREHOLDERS**				
	Banks/Brokers	67	1.46	11 652 196	10.38
	Close Corporations	22	0.48	136 511	0.12
	Empowerment	3	0.07	10 940 496	9.75
	Endowment Funds	24	0.52	435 319	0.39
	Government	2	0.04	101 849	0.09
	Individuals	3 797	82.56	4 225 117	3.77
	Insurance Companies	38	0.83	3 863 179	3.44
	Investment Companies	4	0.09	581 147	0.52
	Medical Schemes	17	0.37	342 405	0.31
	Mutual Funds	105	2.28	42 921 285	38.25
	Other Corporations	11	0.24	10 920	0.01
	Private Companies	48	1.04	2 415 891	2.15
	Public Companies	7	0.15	30 363	0.03
	Retirement Funds	207	4.50	31 512 413	28.08
	Share Trust	1	0.02	26 705	0.02
	Trusts	246	5.35	3 021 184	2.69
	Totals	**4 599**	**100.00**	**112 216 980**	**100.00**
3.	**PUBLIC/NON-PUBLIC SHAREHOLDERS**				
	Non-public shareholders	**12**	**0.26**	**13 139 638**	**11.71**
	Directors of the company	1	0.02	47 370	0.04
	Executive committee members of the company	6	0.13	125 067	0.11
	Empowerment Trusts	4	0.09	12 940 496	11.53
	Share Trusts	1	0.02	26 705	0.03
	Public shareholders	**4 587**	**99.74**	**99 077 342**	**88.29**
	Totals	**4 599**	**100.00**	**112 216 980**	**100.00**

ANALYSIS OF SHAREHOLDERS
CONTINUED

	No of Shares	%
4. BENEFICIAL SHAREHOLDERS HOLDING 5% OR MORE		
Government Employees Pension Fund	17 589 818	15.67
Allan Gray	13 518 480	12.05
PSG Konsult	11 200 859	9.98
Group Five Limited Black Professionals Staff Trust	10 356 865	9.23
Sanlam	8 720 042	7.77
Totals	**61 386 064**	**54.70**
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	9 499	0.01
JW Hillary	3 838	0.00
ST Mosai	2 244	0.00
GD Mottram	25 703	0.02
JA Wallace	82 150	0.08
WI Zeelie	1 633	0.00
Totals	**125 067**	**0.11**
7. EMPOWERMENT TRUSTS		
Group Five Limited Black Professionals Staff Trust	10 356 865	9.23
Izakhiwo Imfundo Trust	2 000 000	1.78
Group Five Black Management Scheme	567 999	0.51
Group Five Black Management Scheme – exiting participants	15 632	0.01
Totals	**12 940 496**	**11.53**
8. SHARE TRUST		
Rivonia Share Scheme Services (Proprietary) Limited	26 705	0.02
Totals	**26 705**	**0.02**

9. TOP 20 BENEFICIAL SHAREHOLDERS

Rank	Name of shareholder	No of Shares	%
1	Government Employees Pension Fund	17 589 818	15.67
2	Allan Gray	13 518 480	12.05
3	PSG Konsult	11 200 859	9.98
4	Group Five Limited Black Professionals Staff Trust	10 356 865	9.23
5	Sanlam	8 720 042	7.77
6	Dimensional Fund Advisors	3 852 442	3.43
7	Fidelity	3 660 203	3.26
8	Investment Solutions	2 199 556	1.96
9	Ellerine Brothers	2 144 991	1.91
10	Coronation Fund Managers	2 112 437	1.88
11	Izakhiwo Imfundo Trust	2 000 000	1.78
12	Mines Pension Fund	1 717 433	1.53
13	Vanguard	1 466 014	1.31
14	Public Service Pension Fund	1 417 569	1.26
15	Unemployment Insurance Fund	1 371 773	1.22
16	Metal & Engineering Industries	1 204 490	1.07
17	National Fund for Municipal Workers	993 223	0.89
18	Old Mutual	917 957	0.82
19	Transnet Pension Fund	892 598	0.80
20	Peregrine	887 338	0.79
Totals		**88 224 088**	**78.61**

10. TOP TEN COUNTRIES BASED ON BENEFICIAL SHAREHOLDERS

Rank	Name of country	No of Shares	%
1	South Africa	95 540 834	85.14
2	USA	8 225 237	7.33
3	Luxembourg	2 957 307	2.64
4	UK	2 844 033	2.53
5	Swaziland	1 434 515	1.28
6	Namibia	778 292	0.69
7	The Netherlands	187 773	0.17
8	Belgium	103 876	0.09
9	Ireland	58 762	0.05
10	Switzerland	33 000	0.03
Totals		**112 163 629**	**99.95**

NOTICE OF THE ANNUAL GENERAL MEETING

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 Monday 31 October 2016 at 13:00, 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 2016

- Directors' report
- Independent auditor's report
- Audit 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 B Ngonyama and Messrs W Louw and VM Rague 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 B Ngonyama and Messrs W Louw and VM Rague offer themselves for re-election.

1.1 **ORDINARY RESOLUTION NUMBER 1.1**
"**RESOLVED** that Ms B Ngonyama be and is hereby re-elected as a director of the company with effect from 31 October 2016."

1.2 **ORDINARY RESOLUTION NUMBER 1.2**
"**RESOLVED** that W Louw be and is hereby re-elected as a director of the company with effect from 31 October 2016."

1.3 **ORDINARY RESOLUTION NUMBER 1.3**
"**RESOLVED** that VM Rague be and is hereby re-elected as a director of the company with effect from 31 October 2016."

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 26 to 29 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 B Ngonyama be and is hereby elected as a member and chairperson of the group audit committee of the company with effect from 31 October 2016."

2.2 **ORDINARY RESOLUTION NUMBER 2.2**
"**RESOLVED** that KK Mpinga be and is hereby elected as a member of the group audit committee of the company with effect 31 October 2016"

2.3 **ORDINARY RESOLUTION NUMBER 2.3**
"**RESOLVED** that VM Rague be and is hereby elected as a member of the group audit committee of the company with effect from 31 October 2016."

2.4 **ORDINARY RESOLUTION NUMBER 2.4**
"RESOLVED that MR Thompson be and is hereby elected as a member of the group audit committee of the company with effect from 31 October 2016."

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 95 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 in the audited group annual financial statements available online at www.groupfive.co.za, 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 group 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 Right 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 2017 be approved as follows:

	F2016 (actual)	**F2017 (proposed)**
Main board – chairperson	R980 000	**R1 039 000**
Main board – non-executive director	R245 000	**R260 000**
Lead independent director	R420 000	**R435 000**
Audit committee – chairperson	R240 000	**R254 000**
Audit committee – member	R119 000	**R126 000**
Remuneration committee – chairperson	R163 000	**R173 000**
Remuneration committee – member	R84 000	**R89 000**
Risk committee – chairperson	R163 000	**R173 000**
Risk committee – member	R84 000	**R89 000**
Nominations committee – chairperson	R119 000	**R126 000**
Nominations committee – member	R63 000	**R67 000**
Transformation and sustainability committee – Chairperson	R163 000	**R173 000**
Transformation and sustainability committee – member	R84 000	**R89 000**
Extraordinary services – per hour	R3 500	**R4 000**

8. **SPECIAL RESOLUTION NUMBER 2: General authority to repurchase shares**
"RESOLVED that, subject to compliance with the JSE

NOTICE OF THE ANNUAL GENERAL MEETING
CONTINUED

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% 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 26 to 29 of this 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 this integrated annual report of which this notice forms part:

- major shareholders of the company (pages 141 to 143); and
- share capital of the company (page 131).

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, 21 October 2016, 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 Proprietary Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) by no later than 13:00 on Thursday, 27 October 2016.

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.

NOTICE OF THE ANNUAL GENERAL MEETING
CONTINUED

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 Thursday 20 October 2016. 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 Katamzi
Company secretary
5 August 2016

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

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 Monday 31, October 2016 ("the annual general meeting") at 13:00. 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 1: Re-election of directors			
1.1 Election of B Ngonyama as a director			
1.2 Election of W Louw as a director			
1.3 Election of VM Rague as a director			
2. Ordinary Resolution 2: Election of group audit committee members			
2.1 Election of B Ngonyama as member and chairperson of the group audit committee			
2.2 Election of KK Mpinga as member of the group audit committee			
2.3 Election of VM Rague as member of the group audit committee			
2.4 Election of MR Thompson as member of the group audit committee			
3. Ordinary Resolution 3: Approval of remuneration policy, through a non-binding advisory vote			
4. Ordinary Resolution 4: Re-appointment of auditors			
5. Ordinary Resolution 5: Control of authorised but unissued shares			
6. Ordinary Resolution 6: Authority to sign all documents required			
Special Resolutions			
7. Special Resolution 1: Authorisation of non-executive directors' remuneration			
8. Special Resolution 2: General authority to repurchase shares			
9. Special Resolution 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 2016

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

www.groupfive.co.za

No 9 Country Estate Drive • Waterfall Business Estate • Jukskei View • Johannesburg 1662
Postnet Suite 500 • Private Bag X26 • Sunninghill 2157 • South Africa
Tel: +27 10 060 1555 • Fax: +27 86 206 3885 • info@groupfive.co.za