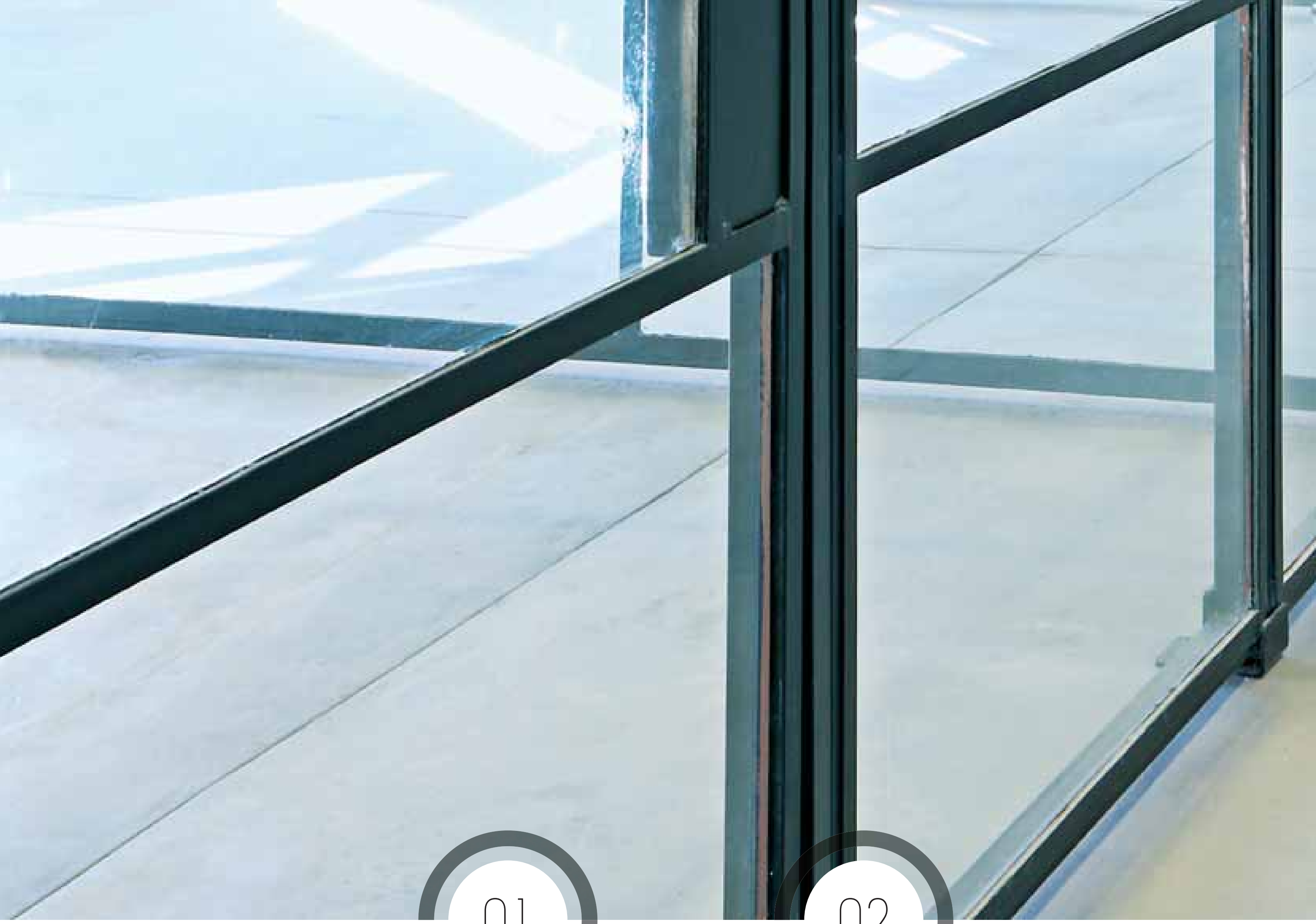
2016

ONLINE SECTION OF THE INTEGRATED ANNUAL REPORT

GROUP FIVE
structured ingenuity



01

02

CONTENTS

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.

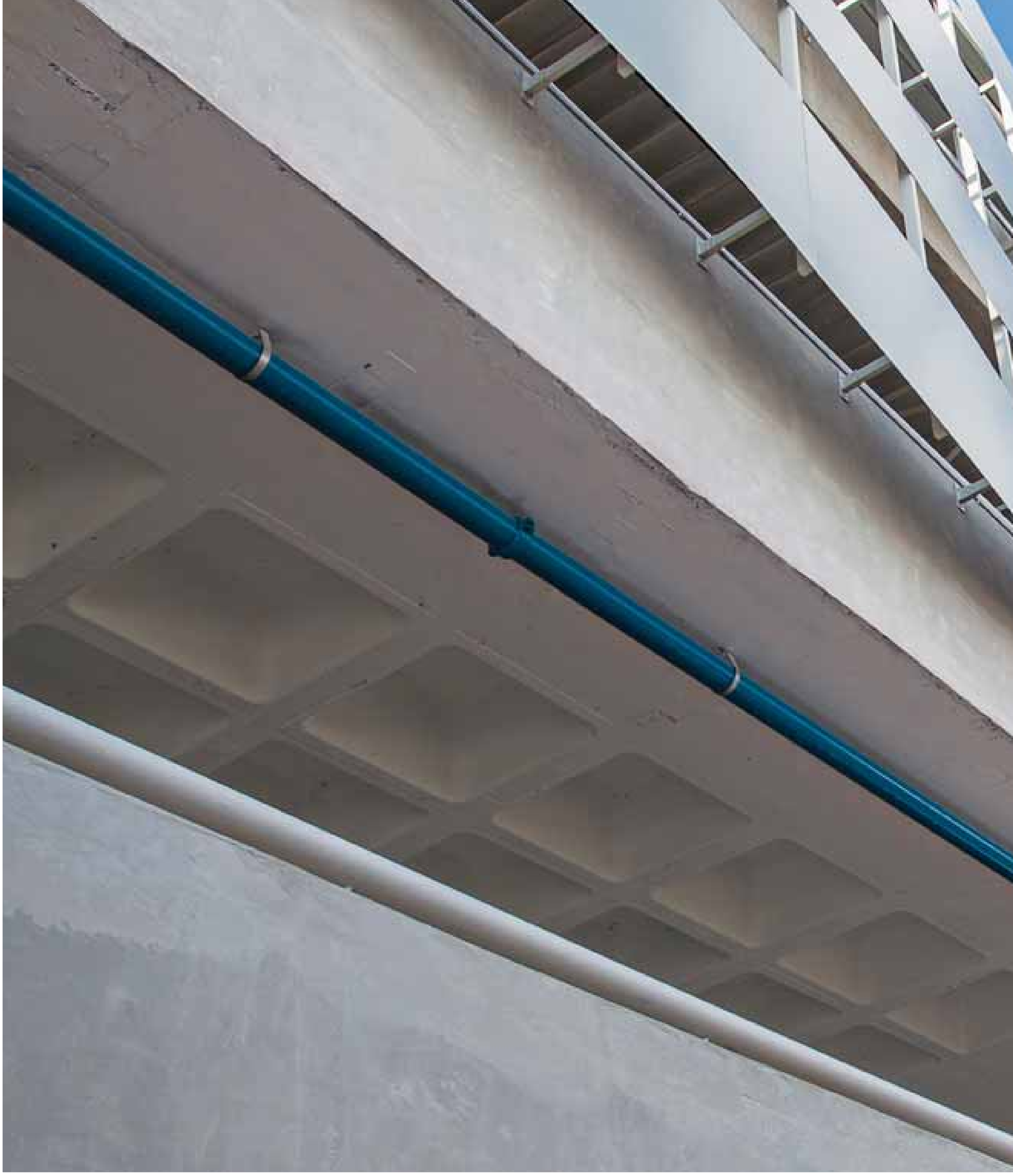
Our capabilities encompass project development, investment, construction, operations and maintenance and the manufacturing and supply of construction products.

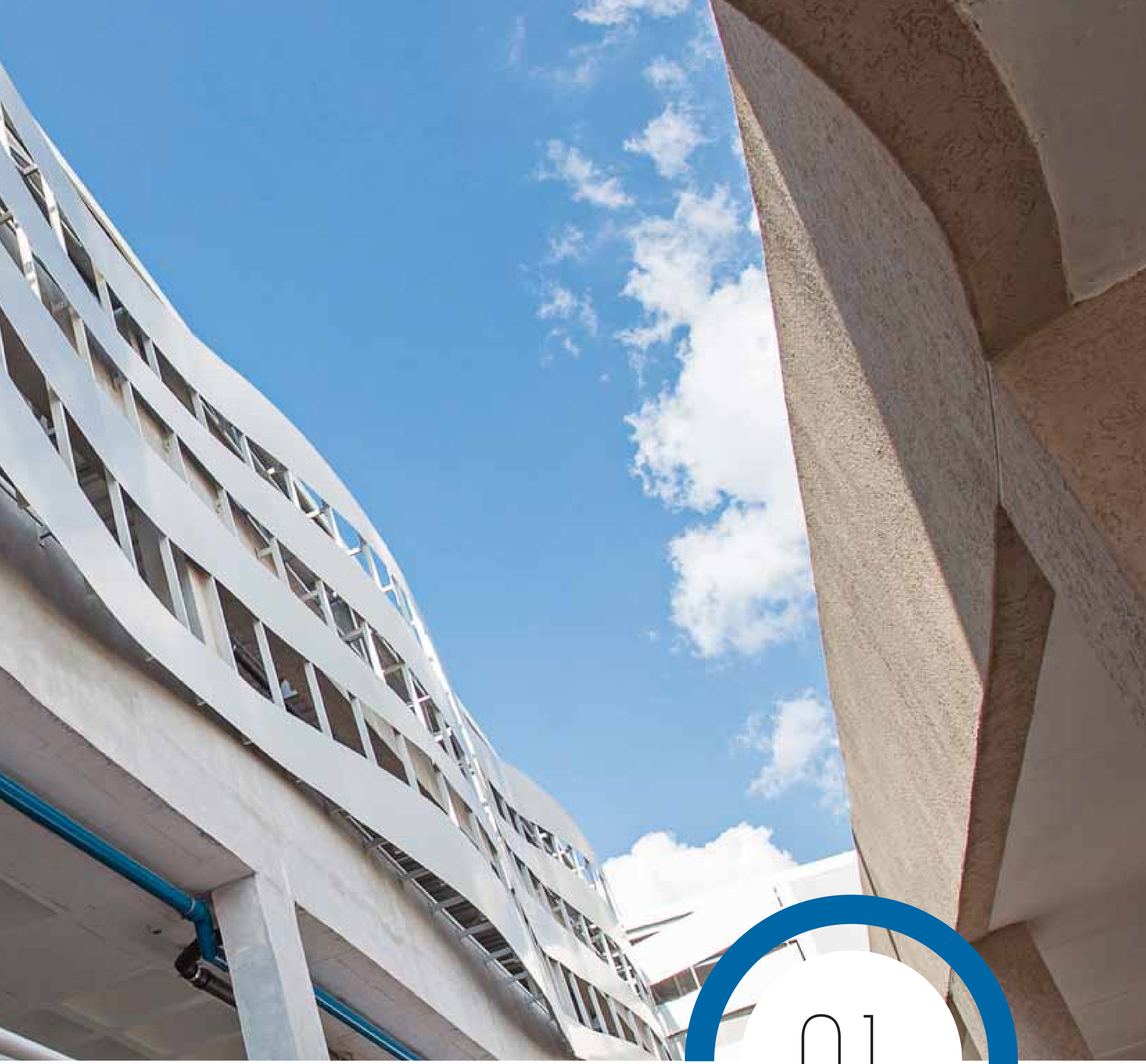
We operate in the infrastructure, energy, resources and real estate sectors. Headquartered in South Africa, our operations are largely focused on sub-Saharan Africa. We also operate in countries in Europe. We have operating experience in 28 countries.

03

ANNUAL FINANCIAL STATEMENTS

The annual financial statements is a stand-alone part of the online section of the integrated annual report and therefore starts at page 1 again.





01

INTRODUCTION

CHIEF EXECUTIVE OFFICER'S MESSAGE

ERIC VEMER
CHIEF EXECUTIVE OFFICER

IN LIGHT OF THE DEVELOPMENTS IN INTEGRATED REPORTING THAT ENCOURAGE IMPROVED COMMUNICATION ABOUT HOW ORGANISATIONS USE RESOURCES AND RELATIONSHIPS TO CREATE VALUE, WE HAVE SPENT SOME TIME OVER THE LAST YEAR DEBATING SOME FUNDAMENTAL QUESTIONS FOR OUR BUSINESS.

THESE INCLUDE:

01 How can we ensure our operations are sustainable, in the short, medium and long term?

02 How can we communicate this in our reporting in a meaningful way?

03 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 way 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 consequently 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 around 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.

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 internal expertise to deliver accredited programmes. Following 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 annual 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. As outlined above, 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.

AS OUR STRATEGY CONTINUES TO PROGRESS FROM TRADITIONAL TENDERED MARKETS TO ONE WHERE WE TAKE A LEADING ROLE IN MAKING INFRASTRUCTURE PROJECTS HAPPEN, 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 LIMITED ANNUAL BUSINESS SEGMENT PERFORMANCE.

CHIEF EXECUTIVE OFFICER'S MESSAGE
CONTINUED

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 females having fulfilling careers in our sector, especially at a site level where conditions are often not conducive. Our Basadi programme was awarded the "Most Innovative Women Training Programme" at the third annual Totally Concrete Expo Awards.

FATALITIES

Contrary to these achievements, a huge disappointment in terms of human capital during this year was the four fatalities we experienced. This is completely unacceptable to us and an area of priority focus for further corrective action. Zero fatalities are the only acceptable goal. As outlined in the printed section of the integrated annual report, we restructured the safety function between group, cluster and business segment and have not hesitated to take disciplinary action at all levels 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 has become a growing issue 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 all construction sites, we will concentrate on reducing our water consumption and the need to use treated water, utilising 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, 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 BUSINESS SEGMENT HEAD OFFICES WITHIN ONE BUILDING IN F2014 SAW A FURTHER 50% REDUCTION IN GROUP FIVE'S ANNUAL CENTRAL OFFICE ENERGY CONSUMPTION.

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

In terms of intellectual capital, as a sector and a business undergoing scrutiny and having suffered huge reputational damage following the extended Competition Commission enquiry into anti-competitive behaviour in the sector, we have directly and indirectly been impacted as a result of reduced trust by our public and private sector clients towards our sector. 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 do not often match the expectations and skills levels of local people, 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 way 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-add 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 contract over two years and will thereafter be donated to the local community as a training facility. To ensure successful outcomes, 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 set aside 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 business 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.

SCOPE AND BOUNDARY

This online section of the integrated annual report covers the activities of Group Five for the 12 months to 30 June 2016.

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

During the year, we continued to refine how we present information in our integrated annual report to improve ease of readability. The integrated annual report has been 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, as well as the International Integrated Reporting Council.

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

This can be found on our website, at www.groupfive.co.za.

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.

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

The printed section of the integrated annual report includes summarised audited consolidated annual financial statements, which were extracted from the audited consolidated annual financial statements. The complete set of audited consolidated annual financial statements is available in this online section of the integrated annual report.

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

STAKEHOLDER ENGAGEMENT

MANAGEMENT AND THE BOARD ARE RESPONSIBLE FOR ENSURING PROACTIVE STAKEHOLDER ENGAGEMENT.

The board continued to work closely with management to ensure the appropriate engagement with stakeholders. During the year, this involved regular board reporting on the way the teams have been interacting with stakeholders. Proactive relationship building and management have 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 processes with a wider stakeholder base.

Under the guidance of our exco team we have improved client engagement where required, as well as interaction with employees on site and communities close to our operations. This is often an area of great difficulty for construction companies. Based on the creation of a multi-disciplinary industrial relations leadership group structure last year, we have seen a significant decline in the number of wildcat or unprocedural strikes.

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

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.

African, Indian and Coloured representation across all management levels increased from 30% to 31%, executive management remained constant at 25% and senior management improved from 28% to 30% and middle management from 30% to 32%.

During the year, the group also launched its high-flyer initiative to assist in the acceleration of young talent through the ranks to management. This has already resulted in improvements at the middle management level.

Against retrenchments, the team also remained focused on investing in core employees to ensure the group retains the capacity to grow once the market improves.

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

Refer to the chairperson's and chief executive officer's reviews in the printed section of the integrated annual report for additional discussion on matters relevant to our stakeholders and material issues identified through stakeholder engagement and internal management and board evaluation.

EMPLOYEES

Reason for engagement: Employees drive our business through their enterprise, skills and commitment.

CLIENTS

Reason for engagement: Our existence and growth depend on the group understanding the requirements of our public and private sector clients and providing effective solutions and infrastructure in line with their requirements.

GOVERNMENT AS A REGULATOR

Reason for engagement: As the group operates in a growing number of sectors and countries, adequate communication with relevant government bodies is critical to ensure compliance with relevant legislation.

BUSINESS ORGANISATIONS

Reason for engagement: As business organisations often drive opinions based on interaction with a wide base of constituents, it is important for us to understand the macro environment and their objectives to ensure alignment and relevance. The peer group collective in business organisations is also important to create unified industry views.

BUSINESS PARTNERS

Reason for engagement: We select business partners that complement our product and service offering to deliver complete infrastructure solutions to clients. Our sector strategies rely on current and future technical partnerships to ensure alignment in terms of business approach and values at inception and during implementation of contracts.

PROVIDERS OF FINANCIAL RESOURCES (including debt providers and equity shareholders)

Reason for engagement: Providers of debt and equity are core to our existence and growth. The group's financial strength is generated from the initial backing of equity from shareholders, debt from bondholders and bankers, as well as financial guarantees from bankers and insurance companies.

Without access to guarantee facilities, the group would not be able to tender for contracts. The group's equity materially defines the group's ability to access guarantees and growth opportunities.

ANALYSTS AND MEDIA

Reason for engagement: Analysts and media provide other stakeholders, especially clients, providers of equity capital (shareholders) and providers of debt capital (bankers) with research and information on the group, its performance and challenges.

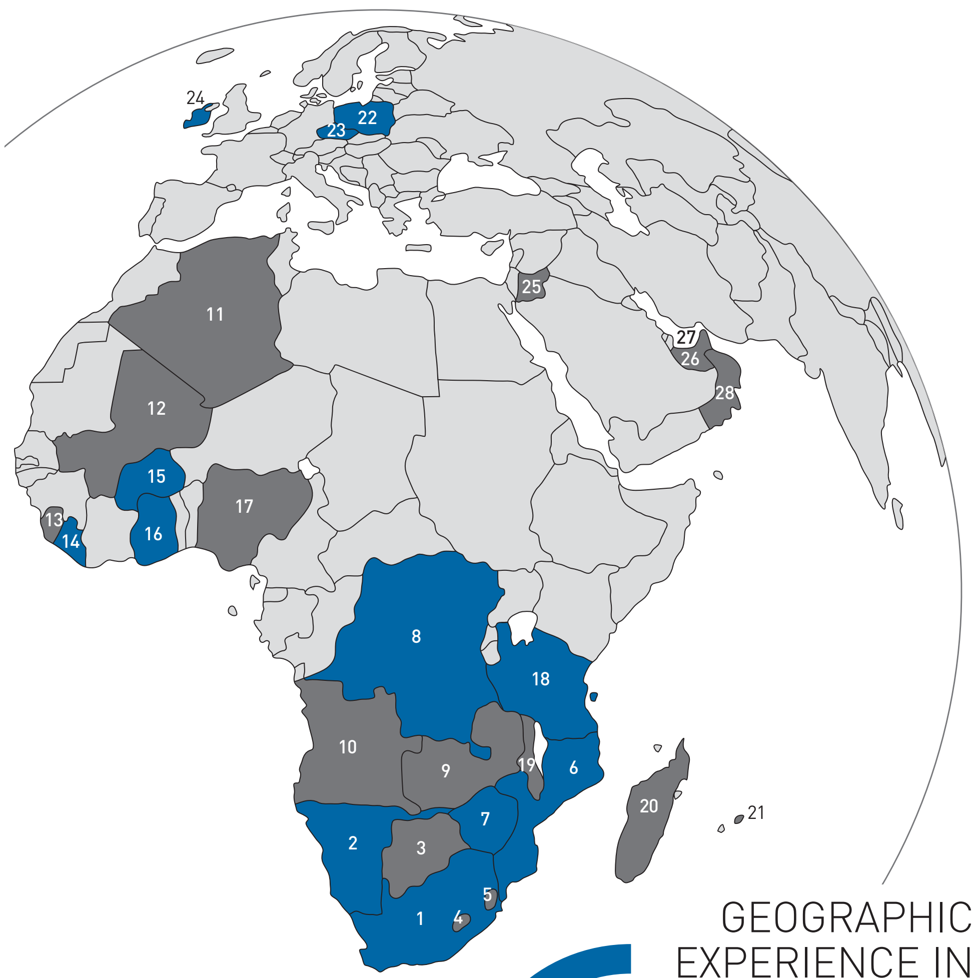
COMMUNITIES

Reason for engagement: We engage with communities that are located around our contracts, as the people in communities live and work close to our operations. Understanding and aiming to meet their needs is critical to ensure the successful completion of contracts, especially in the context of South Africa where community unrest around the business' operations is increasing.

EDUCATION AND TRAINING INSTITUTIONS

Reason for engagement: Being an attractive employer is fundamental to our ability to source, retain and develop the best talent in the market. Group Five's in-house Academy creates partnerships with external training and education institutions to identify talent for our bursary programmes and employee pipeline.

GEOGRAPHIC FOCUS



GEOGRAPHIC EXPERIENCE IN

28 COUNTRIES

- OPERATING IN REGION
- EXPERIENCE IN REGION

THE GROUP OPERATES IN SOUTH AFRICA, THE REST OF AFRICA AND EUROPE. DURING THE YEAR, 33% OF GROUP REVENUE WAS GENERATED OUTSIDE SOUTH AFRICA.

SOUTHERN AFRICA

COUNTRIES OF OPERATION

1 Namibia*
2 Botswana*
3 South Africa*
4 Lesotho#
5 Swaziland#
6 Mozambique*
7 Zimbabwe*

CENTRAL AFRICA

COUNTRIES OF OPERATION

8 DRC*
9 Zambia#
10 Angola#

WEST AFRICA

COUNTRIES OF OPERATION

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

EAST AFRICA

COUNTRIES OF OPERATION

18 Tanzania#
19 Malawi#
20 Mauritius#
21 Madagascar#

EUROPE

COUNTRIES OF OPERATION

22 Poland*
23 Hungary*
24 Northern Ireland*

MIDDLE EAST

COUNTRIES OF OPERATION

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

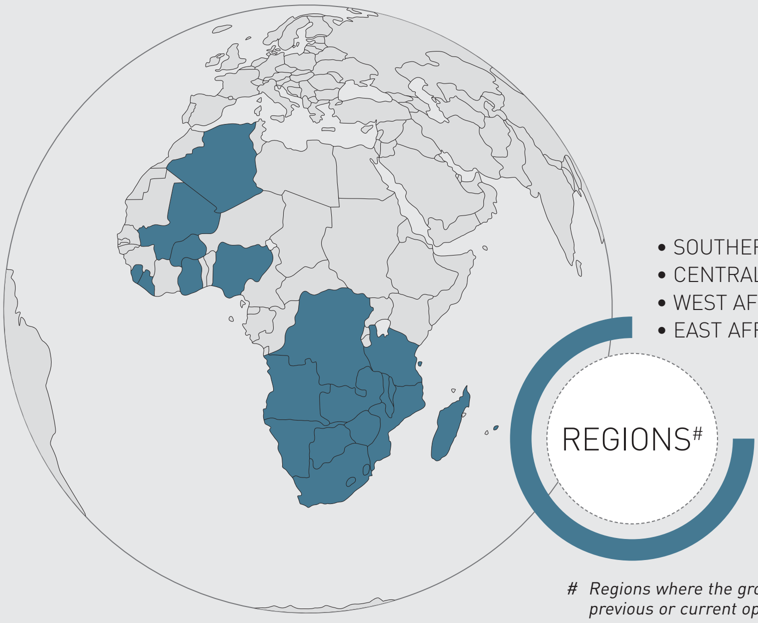
The group also maintains two development offices in the USA and Russia.

SEGMENTS WITHIN REGION	MAJOR CONTRACTS		Revenue R million	Number of employees	SECTOR: CONSTRUCTION WORKS % Private: public	Mining	Industrial	Power	Oil and gas	Water	Real estate	Transport
Building & Housing* Civil Engineering* Projects* Energy* Investments & Concessions* Manufacturing*	**F2016[2]** Uranium plant upgrade in Namibia F2017[2] City of Tshwane's new municipal headquarter's public private partnership project (Munitoria)	F2015	11 841	10 424	55:45	5	–	16	22	7	40	10
		F2016*	10 090	7 360	61:39	7	1	14	10	12	48	8
		F2017[1]	**5 786**	**n/a**	**52:48**	**3**	**4**	**5**	**1**	**13**	**66**	**8**
Building & Housing# Civil Engineering* Projects* Manufacturing#	**F2016[2]** Small works operation in Lubumbashi DRC F2017[2] Boss mining expansion plant in DRC	F2015	420	274	100:00	100	–	–	–	–	–	–
		F2016	99	131	99:1	99	–	–	–	–	1	–
		F2017[1]	**260**	**n/a**	**100:0**	**100**	**–**	**–**	**–**	**–**	**–**	**–**
Building & Housing# Civil Engineering* Projects* Energy* Investments & Concessions*	**F2016[2]** Yaramoko gold mining contract in Burkina Faso F2017[2] Kpone IPP power contract in Ghana	F2015	979	653	100:0	28	–	57	13	–	2	–
		F2016	2 910	1 011	100:0	12	–	88	–	–	–	–
		F2017[1]	**2 378**	**n/a**	**100:0**	**1**	**–**	**99**	**–**	**–**	**–**	**–**
Building & Housing# Civil Engineering# Projects*	**F2016[2]** – F2017[2] –	F2015	12	3	100:00	100	–	–	–	–	–	–
		F2016	–	3	–	–	–	–	–	–	–	–
		F2017[1]	**–**	**n/a**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Investments & Concessions*	**F2016[2]** – F2017[2] –	F2015	623	690								
		F2016	675	698								
		F2017[1]	**n/a**	**n/a**								

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

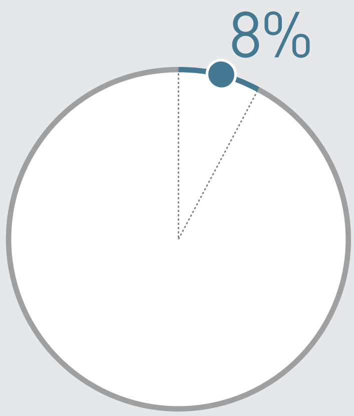
SECTOR FOCUS
MINING

| **MINING** | INDUSTRIAL | POWER | OIL AND GAS | WATER | REAL ESTATE | TRANSPORT |



- SOUTHERN AFRICA
- CENTRAL AFRICA
- WEST AFRICA
- EAST AFRICA

 # Regions where the group has either previous or current operations.



OF GROUP REVENUE

KEY CONTRACTS

2012

South Africa

GROOTEGELUK RUN OF MINE AND WASTE CONTRACT

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

2013

Sierra Leone

TONKOLILI IRON ORE STAGE 1B

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

2014

Democratic Republic of Congo

KIBALI GOLD MINE

The delivery of bulk earthworks and plant-wide civils works, including tailing storage facilities, and the structural, mechanical, piping, electrical and instrumentation installation on the Kibali Gold contract, as well as an associated hydropower plant located in northern DRC. This contract was the largest greenfields gold contract in Africa at the time for the group.

2015

Liberia

NEW LIBERTY GOLD

Group Five Projects completed the New Liberty Gold Mine contract in Liberia.

Our scope included:

AA supply, fabrication, transport and painting of 750 tonnes of structural steel, hand railings, grating, 360 tonnes of site-fabricated tanks and 16 kilometres of piping and instrumentation.

KEY COMPETENCIES

- Multi-disciplinary international mine and process plant constructor
- Consortium partner in EPC^ mine construction
- On-site services contractor
- Supply chain logistics to remote sites
- Design and build of construction camps and mine housing systems
- Mine maintenance
- Construction and operation of mining water treatment plants, including supply of water treatment chemicals
- Mine dewatering and acid drainage
- Shaft development and shaft sinking
- Bulk earthworks

^ *Engineer, procure and construct.*

KEY DIFFERENTIATORS

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

KEY CLIENTS

ENGINEERS
DRA, MDM, Lycopodium, SNC Lavalin, Amec, Sedgman, Senet, SGS Bateman, Ausenco, Hatch

MINING HOUSES
Randgold Resources, ERG, Exxaro, Xstrata, Newmont, Barrick Africa, AngloGold Ashanti, African Minerals, Freeport-McMoRan, Jindal, Kalagadi Manganese, Rox Gold, Husab Uranium, Goldfields, Glencore, MMG, Metorex, Tiger Resources, Aureus Mining, Assmang, Caledonia Mining, Lonmin, Kumba, Rio Tinto

2016

South Africa

YARAMOKO GOLD ENGINEER, PROCURE AND CONSTRUCT CONTRACT

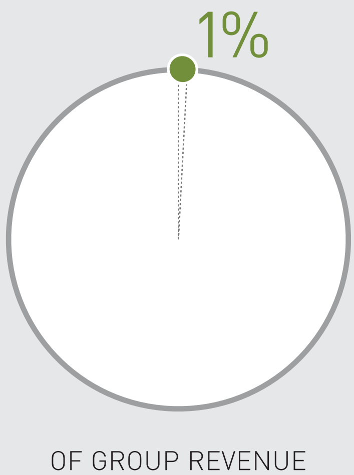
The R500 million joint venture with DRA for Roxgold was executed in South Africa and Burkina Faso. The contract involved 2 400 m^3 of earthworks, 180 tonnes of structural steel, 175 tonnes of plate work, 650 metres of hand railing, 900 m^2 of grating and 250 tonnes of mechanicals. At the peak of construction, there was an attempted coup in Burkina Faso. The efforts of the joint venture resulted in us still handing over more than a month earlier than the contractual completion date. We are in talks for a phase two upgrade.

SECTOR FOCUS
INDUSTRIAL

| MINING | **INDUSTRIAL** | POWER | OIL AND GAS | WATER | REAL ESTATE | TRANSPORT |

- SOUTHERN AFRICA
- MIDDLE EAST

 # Regions where the group has either previous or current operations.



KEY CONTRACTS

2012

South Africa

SAPPI TUGELA MILL

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

2013

South Africa

SASOL FT WAX EXPANSION PHASE II

The scope included site preparation, relocation of existing services, earthworks, demolition, structural steel and concrete foundations for the FT wax expansion contract in Sasolburg. It also included new civil structures, building works and infrastructure development.

2014

Namibia

UPGRADE TO COPPER CONCENTRATE SMELTER IN TSUMEB

A Namibian brownfields contract for Ongoplolo Mining and Processing. The scope of works included supply, fabrication, transportation and installation of structural steel, as well as mechanical, electrical and instrumentation installation.

2015

Ghana

EFFLUENT PLANT

The Accra Breweries Limited effluent water treatment plant in Ghana involved demolishing an existing steel shed, removing an existing slab, earthworks and excavations, bases, bund walls and tanks, building for the plant and control room and connection of piping to the existing system.

KEY COMPETENCIES

- Multi-disciplinary industrial plant constructor
- Factory layout design and build
- Construction services, including civils, building, mechanical and electrical works
- Resident multi-disciplinary maintenance and shutdown services contractor
- Supply of construction steel and building cladding systems

KEY DIFFERENTIATORS

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

KEY CLIENTS

Hulamin, Huntsman Tioxide, Mondi, Toyota, Sappi, Volkswagen, Arcelor Mittal, Mercedes Benz, Anglo American, Taurus Minerals, SAB, Guinness Breweries Ghana, Columbus Stainless, Saldanha Steel, Cementos Mozambique, BHP Billiton

2016

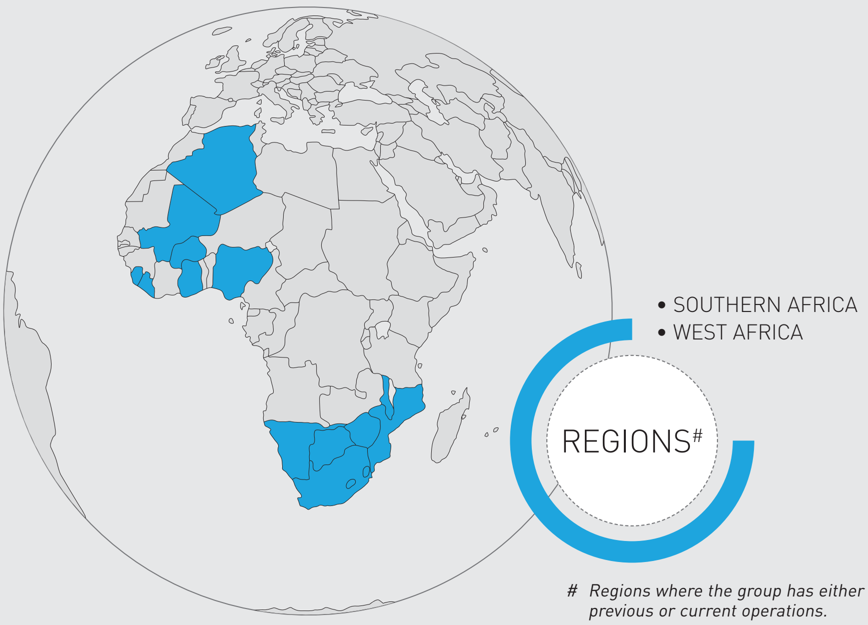
South Africa

AIR LIQUIDE T17

The contract is being executed in two phases and involves the demolition and carting away of existing piles and the installation of underground services such as trenching, pipe installation, testing and backfilling, as well as a number of systems such as stormwater and potable water systems. The scope also includes the construction of a sub-station, concrete foundations and associated concrete structures, as well as roads and paving.

SECTOR FOCUS
POWER

MINING | INDUSTRIAL | **POWER** | OIL AND GAS | WATER | REAL ESTATE | TRANSPORT



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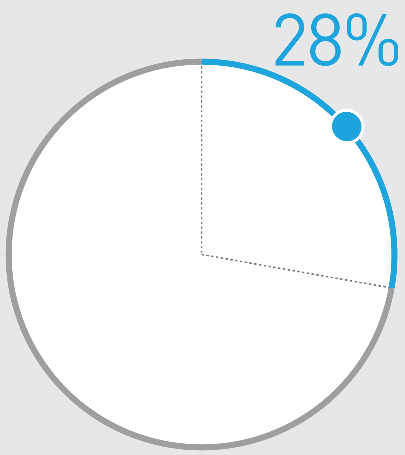


OF GROUP REVENUE

KEY CONTRACTS

2012

South Africa

ESKOM'S KUSILE AIR COOLED CONDENSER COLUMNS

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

2013

South Africa

SASOL HEAT RECOVERY STEAM BOILER CONTRACT

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

2014

South Africa

JASPER 75 MW PHOTOVOLTAIC SOLAR POWER CONTRACT

Following the launch of the South African government's Renewable Energy Independent Power Producer Programme, the group was awarded four renewable energy engineer, procure and construct contracts to deliver two wind farms and two solar power contracts. Grid connection was achieved on all four contracts, with Jasper achieving connection ahead of schedule in F2015.

2015

Mozambique

KUVANINGA POWER CONTRACT

Kuvaninga is a gas-fired engineer, procure and construct greenfields contract in Mozambique, designed to produce 40.29 MW of power. The scope included the installation of gas engines, construction of a yard, modifications to the existing sub-station and transmission lines and a manager housing compound.

KEY COMPETENCIES

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

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

Waste to power

Nuclear construction and services contractor

Renewables power plant operations and maintenance services

^ *Engineer, procure and construct.*

KEY DIFFERENTIATORS

- Track record in EPC power plant delivery in South Africa and the rest of Africa
- Preferred EPC contractor to original equipment manufacturers' technology suppliers
- Capability to co-develop contracts to bankability
- Operations and maintenance experience and systems
- Leading sub-Saharan Africa EPC^ power contractor

KEY CLIENTS

ESKOM

INDEPENDENT POWER PRODUCER DEVELOPERS
Cenpower, Kuvaninga, Geometric Power, Bio-Therm, Gestamp, CPV1, Solar Reserve, Proton, ENEL Green, Engie, Building Energy

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

2016

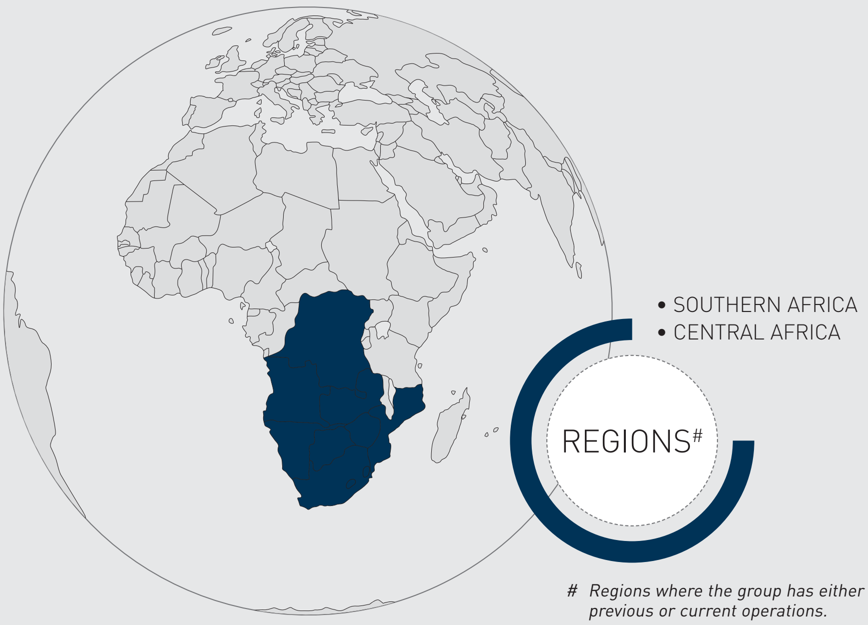
South Africa

ADAMS AND PULIDA SOLAR PLANTS

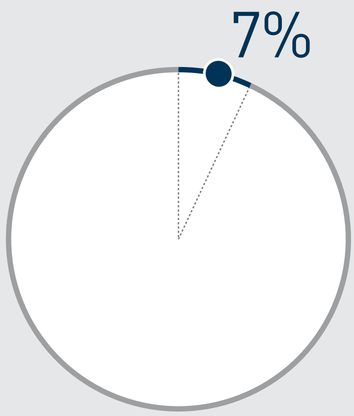
As part of round three of the Renewable Energy Independent Power Producer Programme issued by the Department of Energy in 2014, Group Five was awarded two solar photovoltaic (PV) plant contracts, with a total value of R500 million. The Adams Solar PV plant is located in the Northern Cape and will produce 82.5 MW DC or 75 MW AC electricity. The Pulida Solar PV plant is located in the Free State and will produce 82.5 MW DC or 75 MW AC. Refer to pages 20 to 21 in the printed section of the integrated annual report.

SECTOR FOCUS
OIL AND GAS

| MINING | INDUSTRIAL | POWER | **OIL AND GAS** | WATER | REAL ESTATE | TRANSPORT |



 # Regions where the group has either previous or current operations.



OF GROUP REVENUE

KEY CONTRACTS

2012

South Africa

NMPP PIPELINE PUMP STATIONS

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

2013

South Africa

NMPP TERMINALS

The NMPP inland and coastal terminals contract for Transnet involved the construction of sophisticated petroleum handling and storage facilities in Heidelberg and Durban. This included the civils, mechanical and electrical installation, tankage and piping. Construction was executed by a number of Group Five segments.

2014

Mozambique

ROMPCO GAS LOOP LINE CONTRACT

This involved the construction of a 26-inch diameter underground coated carbon steel pipeline of 127 kilometres to increase capacity of the existing gas pipeline in response to increased gas demand from the Ressano Garcia power plant, located on the Mozambique-South African border.

2015

South Africa

MULTI-DISCIPLINARY CONTRACTS AND MAINTENANCE SERVICES

Multi-disciplinary contracts and maintenance services for Shell across South Africa. The maintenance contract included all daily maintenance and shutdowns at all depots across the country. The multi-disciplinary scope included civils and earthworks, structural steel, tankage (new tank build and tank repairs), piping, mechanical and electrical and instrumentation works.

KEY COMPETENCIES

Multi-disciplinary refinery process plant and infrastructure constructor
Resident multi-disciplinary services contractor
Refinery shutdown and turnaround contractor
Depots upgrade and services call centre
Specialist tankage design and build contractor

KEY DIFFERENTIATORS

- Established oil and gas business
- Experienced shutdown and maintenance contractor to all oil and petrochemical majors
- 24-hour service and maintenance contractor for fuel depots
- Piping and steel fabrication facilities in compliance with ISO 3834
- Tankage and pipeline constructor and services contractor
- API 653 tank inspection and repair services

KEY CLIENTS

Transnet, SAPREF, Engen, Shell, Chevron, BP, Sasol, Total, Air Liquide, PetroSA

2016

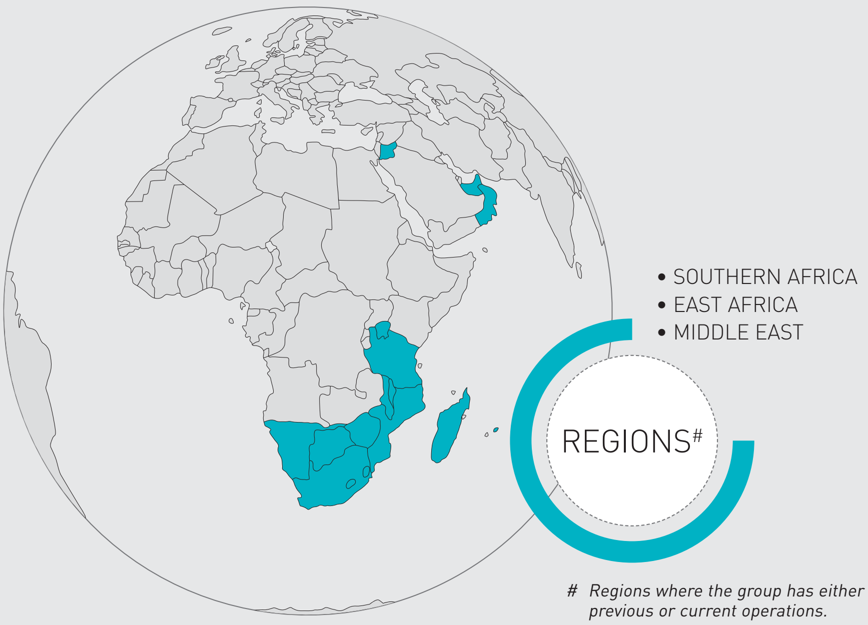
South Africa

SHELL CONTRACTS

Group Five has been in partnership with Shell Downstream South Africa since 2010 and continues to extend services nationally through multi-disciplinary projects and maintenance. During the year, we were involved in projects ranging from R1 million to R40 million. These included plant and systems upgrades through civils, structural, electrical, instrumentation, mechanical, tanks (rebuild and repair) and piping services. Together with our 75 sub-contractors, we managed to achieve 640 000 injury-free hours this year.

SECTOR FOCUS
WATER

| MINING | INDUSTRIAL | POWER | OIL AND GAS | **WATER** | REAL ESTATE | TRANSPORT |



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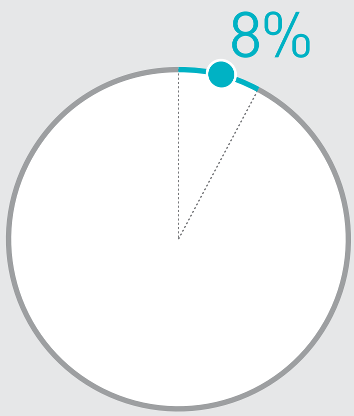


OF GROUP REVENUE

KEY CONTRACTS

2012

South Africa

SPRING GROVE DAM

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

2013

South Africa

SAND BYPASS CONTRACT

Following the successful completion of the group's contract to widen the Durban harbour in 2010, we constructed a sand bypass system that serves to preserve the natural movement of coastal sand. The 70-metre diameter concrete storage hopper was constructed between two and four metres below the water table.

2014

South Africa

ACID MINE DRAINAGE (AMD) FACILITIES

The Trans Caledon Tunnel Authority awarded the fast-track AMD Phase I Treatment Facilities contract to include earthworks, civils works, building, mechanical and electrical processes. At its peak, the contract employed more than 600 people with a solid safety track record and a focus on enterprise development.

2015

South Africa

DARVILL WASTE WATER TREATMENT WORKS UPGRADE

The group constructed the Darvill Waste Water Treatment Works upgrade in KwaZulu-Natal for Umgeni Water. The scope of works included constructing tanks and pump stations and installing pipelines and instrumentation. A challenging element of this contract was the construction of two new egg-shaped Anaerobic Digesters of 34 metres in height and 18 metres in diameter.

KEY COMPETENCIES

Multi-disciplinary constructor of bulk water transport, treatment and storage infrastructure, including reservoirs and dam systems
Complete packaging of EPC^ delivery of bulk water systems
Coastal and sub-marine construction for ports, harbours, jetties and quayside materials handling
Design and manufacture of large-bore spiral-welded water pipes
Supply of construction steel
Supply of fibre cement pipe systems
Construction of abstraction and river diversion works
Construction of intermediate waste water and water purification works

^ *Engineer, procure and construct.*
* *Southern African Development Community.*

KEY DIFFERENTIATORS

- More than 35 years' track record in the water and marine civils sector, which includes some of the largest contracts in the SADC* region
- Dedicated pipe manufacture
- Specialist experience in building pipelines and water treatment facilities
- Partnerships with high-end process and technology suppliers
- Full turnkey offering

KEY CLIENTS

Transnet (ports), Department of Water Affairs (DWAF), Trans Caledon Tunnel Authority (TCTA), Umgeni Water, Rand Water, East Rand Water Company, Lepelle Northern Water, municipalities, city councils

2016

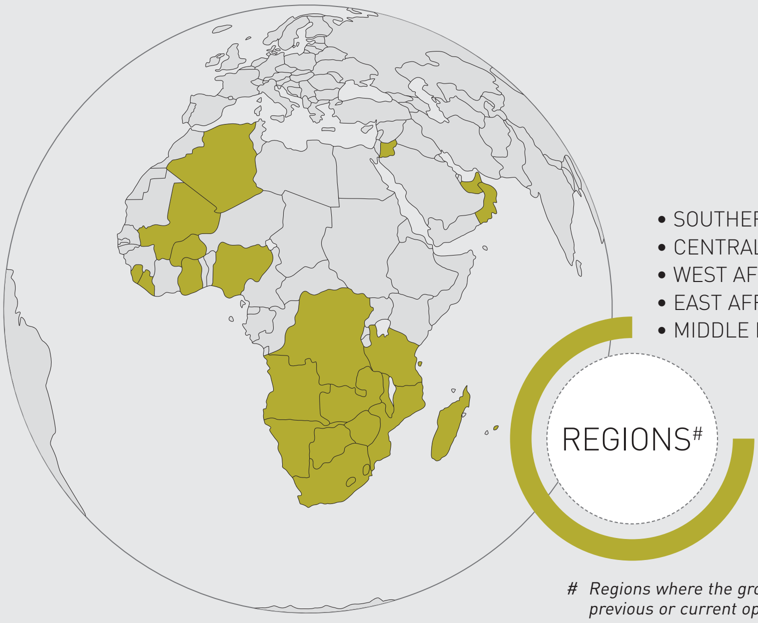
South Africa

A NUMBER OF COMPLEX CONTRACTS

We were involved in a number of water contracts during the year. The Temba water purification plant will become one of the few plants in Africa to utilise ozone dosing in the purification process. The piano key weir structure to be constructed on the almost R500 million Hazelmere contract is a first in South Africa and will allow the supply level to be increased by seven metres. The R400 million Thukela bulk water contract involved the construction of a 200-metre weir across the river, abstraction works with a pump station, a welded steel pipeline and interconnecting pipework, access roads and ancillary works.

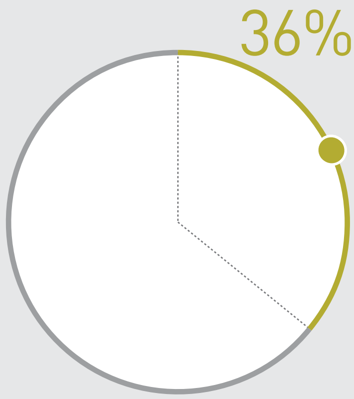
SECTOR FOCUS
REAL ESTATE

| MINING | INDUSTRIAL | POWER | OIL AND GAS | WATER | **REAL ESTATE** | TRANSPORT |



- SOUTHERN AFRICA
- CENTRAL AFRICA
- WEST AFRICA
- EAST AFRICA
- MIDDLE EAST

Regions where the group has either previous or current operations.



OF GROUP REVENUE

KEY CONTRACTS

2012 2013 2014 2015

South Africa

CRYSTAL PARK AFFORDABLE HOUSING

A turnkey development of over 4 000 housing units was secured by the group in Benoni in Gauteng. Group Five Motlekar was the developer and Group Five Housing the contractor. The first phase of the contract was finalised in mid-2014.

Lesotho

MASERU SHOPPING MALL

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

South Africa

BOPHELONG PSYCHIATRIC HOSPITAL

This contract involved the construction of a new psychiatric hospital for the Department of Health. It consisted of various single storey buildings and infrastructure works for the forensic and government patient units.

South Africa

MALL OF AFRICA

Group Five Building, in joint venture, constructed the largest single-phase shopping centre development in Africa at Waterfall City in Johannesburg, with a total building area of 538 000 m^2.
The shopping centre consists of a trucking tunnel to alleviate delivery truck congestion, a fire escape tunnel, six levels of post-tension parking and four levels of retail area, 49 lifts and 22 escalators.

KEY COMPETENCIES

- Developer, equity participant and turnkey design and build contractor in real estate developments in South Africa and the rest of Africa
- Large and high-rise building constructor
- Conventional and low-cost housing contractor
- Design to build contractor, with particular green building expertise
- Public private partnerships (PPPs)
- Fibre cement building materials, including Xella brick technology
- Supply of lightweight steel systems

KEY DIFFERENTIATORS

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

KEY CLIENTS

LARGE PROPERTY DEVELOPERS
Atterbury Waterfall Investment Company, Investec Property Developments, Zenprop Property Holdings, Eris Property Holdings, Billion Property Developments, Richland Property Developments, Growthpoint Property Developments, Steyn City Properties, Liberty Life Properties, Abland Property Developers, Redefine Properties

DEPARTMENT OF PUBLIC WORKS AND LARGE METROS

HEALTHCARE INDUSTRY
Public and private players and national and provincial governments

LARGE MINING GROUPS
Anglo American, AngloGold Ashanti, Anglo Platinum, Lonmin, Assmang, Sasol Mining, Kumba, Rhino Minerals, Konkola Copper, De Beers, Kgalagadi Manganese

2016

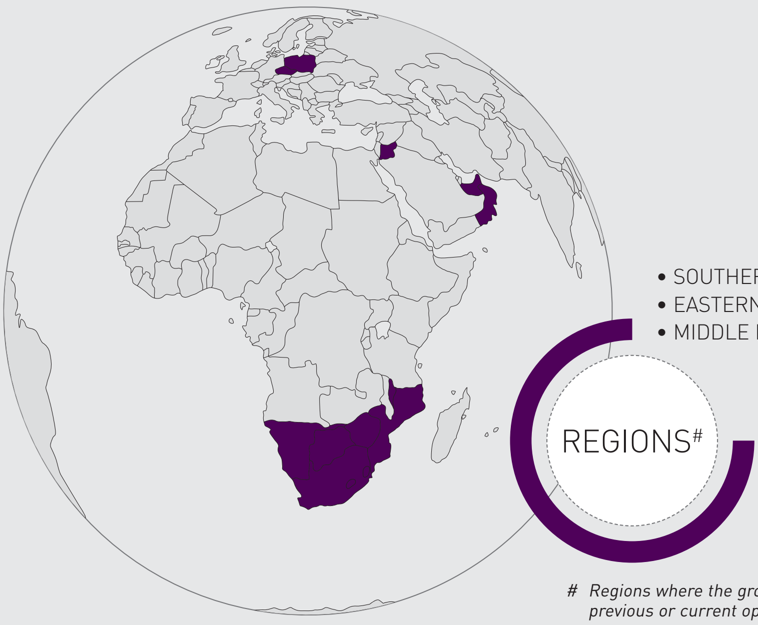
South Africa

NELSON MANDELA CHILDREN'S HOSPITAL

This high-profile hospital is a 238-bed hospital. The construction comprised of reinforced concrete-framed flat slabs which are supported by piled foundations with ground beams, bases and strip footings. At each wing a concrete portal was constructed with glass facades in various tinted glass to complement the total design. A parking deck structure with a semi-basement was constructed to provide parking for 197 vehicles.

SECTOR FOCUS
TRANSPORT

| MINING | INDUSTRIAL | POWER | OIL AND GAS | WATER | REAL ESTATE | **TRANSPORT** |



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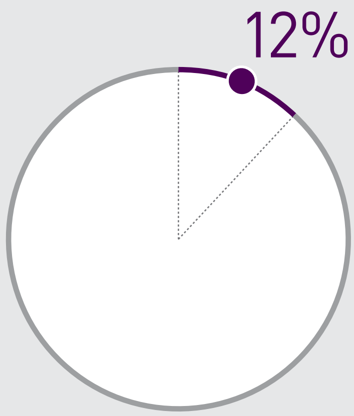


OF GROUP REVENUE

KEY CONTRACTS

2012

South Africa

CHOTA MOTALA INTERCHANGE

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

2013

South Africa

NEW SHIP-TO-SHORE CRANES – DURBAN HARBOUR

Group Five constructed two 720-metre concrete quayside beams and installed crane rails, tie-down anchors and storm pins in the sea-side tunnels to facilitate the installation of new Transnet ship-to-shore (STS) cranes. The seven cranes are the first and largest STS cranes in Africa.

2014

South Africa

UPGRADING OF KURUMAN TO VRYBURG ROAD

The existing surfaced road between the towns of Kuruman and Vryburg in the Northern Cape was upgraded over a distance of 51 kilometres. The upgrading involved improving the existing drainage system, as well as widening the road to accommodate a 7,4-metre surfaced width with one metre shoulders. Bus bays were constructed along the route to improve the public transport system.

2015

South Africa

VELDDRIF ROAD REHABILITATION

This contract continued into F2016 and entails the rehabilitation and widening of 56 kilometres of the MR529 between Velddrif and Piketberg in the Western Cape. The scope includes heavy recycling and new base construction and resurfacing. The contract stipulated a high-quality specification which requires the use of new technology.

KEY COMPETENCIES

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

EPC^ delivery of transport infrastructure

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

Post- and pre-tension capability

Supply of asphalt

Bridge construction

^ *Engineer, procure and construct.*

KEY DIFFERENTIATORS

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

KEY CLIENTS

South African National Roads Agency (SANRAL), Department of Transport, municipalities, town councils, Airports Company of South Africa (ACSA), Transnet, large metros and provincial government, Development Bank of South Africa, Zimbabwe Roads Agency and other African roads agencies, the Ministry of Infrastructure of the Government of Poland, the Ministry of Economy and Transport of Hungary

2016

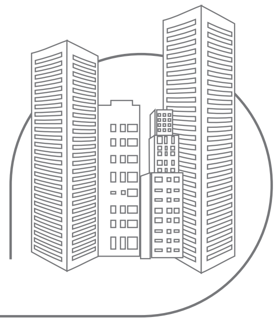
South Africa

INTEGRATED RAPID PUBLIC TRANSPORT NETWORK PACKAGE 4

This R350 million contract comprises the construction of eight kilometres of concrete barriers to separate the dedicated bus lanes from the general public traffic and all associated layer works and ancillary work associated with road construction. Two sub-structures for the bus stations are also being constructed. Major earthworks and widening of the existing road at two intersections were required to accommodate the bus stations.

02

YEAR UNDER REVIEW



KEY MEASURES

TEN-YEAR REVIEW

(R'000)	**2016**	2015	2014
GROUP INCOME STATEMENT			
Revenue	**13 773 618**	13 875 570	15 360 444
Operating profit	**722 280**	366 476	642 954
Other (expenses)/income – net	**–**	–	–
Share of profit/(loss) from equity profit	**27 359**	24 592	28 095
Finance (cost)/income – net	**(14 914)**	(1 622)	(1 779)
Profit before taxation	**734 725**	389 446	669 270
Taxation	**(277 726)**	(109 045)	(229 738)
Profit from continuing operations	**456 999**	280 401	439 532
GROUP STATEMENT OF FINANCIAL POSITION			
Interest of equity holders of parent	**3 545 990**	2 928 378	2 619 675
Non-controlling interest	**86 740**	58 969	73 298
Total equity	**3 632 730**	2 987 347	2 692 973
Non-current liabilities	**326 406**	597 356	635 904
Liabilities directly associated with non-current assets classified as held for sale	**–**	–	23 600
Current liabilities	**6 452 853**	6 680 358	6 580 573
Total liabilities	**6 779 259**	7 277 714	7 240 077
Non-current assets	**2 845 277**	2 067 903	2 067 987
Non-current assets classified as held for sale	**–**	–	49 671
Current assets	**7 566 712**	8 197 158	7 815 392
Total assets	**10 411 989**	10 265 061	9 933 050

	2013	2012	2011	2010	2009	2008	2007
	11 111 377	9 092 851	9 206 998	11 337 588	12 090 236	8 899 578	7 689 168
	482 562	310 929	537 401	890 427	812 900	747 124	415 244
	(11 000)	(415 414)	(540 269)	(325 569)	–	–	–
	14 327	1 163	820	1 347	(69)	140	–
	(4 298)	(11 242)	18 361	27 871	(30 820)	(81 727)	(41 953)
	481 591	(114 564)	16 313	594 076	782 011	665 537	373 291
	(193 977)	(54 888)	(158 143)	(258 297)	(224 567)	(208 041)	(129 560)
	287 614	(169 452)	(141 830)	335 779	557 444	457 496	243 731
	2 154 544	1 808 736	2 148 130	2 486 357	2 373 477	2 006 664	1 612 587
	75 325	68 195	117 565	75 055	34 366	16 517	9 335
	2 229 869	1 876 931	2 265 695	2 561 412	2 407 843	2 023 181	1 621 922
	798 476	723 798	319 529	908 189	959 936	1 172 949	996 622
	31 054	178 361	–	–	–	–	–
	5 726 848	4 750 301	5 185 754	6 480 793	7 005 091	6 053 616	4 269 230
	6 556 378	5 652 460	5 505 283	7 388 982	7 965 027	7 226 565	5 265 852
	1 730 322	1 580 435	1 919 993	2 658 352	2 839 542	2 568 961	2 098 216
	108 177	272 928	53 233	65 153	81 170	135 760	163 967
	6 947 748	5 676 028	5 797 752	7 226 889	7 452 158	6 545 025	4 625 591
	8 786 247	7 529 391	7 770 978	9 950 394	10 372 870	9 249 746	6 887 774

KEY MEASURES

KEY RATIOS

GROUP PERFORMANCE INDICATORS

	2016	2015	2014	2013
(R'000)				
REVENUE				
Engineering & Construction	**11 767 899**	11 875 357	13 452 093	9 341 089
Building & Housing	**4 932 560**	4 885 951	4 430 513	3 236 000
Civil Engineering	**2 493 265**	2 665 751	3 760 143	3 217 121
Projects	**2 443 494**	2 213 758	1 740 812	1 717 748
Energy	**1 898 580**	2 109 897	3 520 625	1 170 220
Investments & Concessions	**1 146 814**	995 125	905 013	728 517
Manufacturing	**935 280**	1 058 795	1 060 077	1 129 487
Joint ventures equity accounted and joint ventures wholly consolidated	**(76 375)**	(53 707)	(56 739)	(87 716)
Total revenue	**13 773 618**	13 875 570	15 360 444	11 111 377
OPERATING PROFIT				
Engineering & Construction	**(228 007)**	62 769	376 993	287 877
Building & Housing	**80 897**	101 116	92 981	38 822
Civil Engineering	**(381 933)**	(95 669)	68 684	106 640
Projects	**37 354**	24 853	120 512	114 693
Energy	**35 675**	32 469	94 816	27 722
Investments & Concessions	**897 556**	237 595	195 446	171 746
Manufacturing	**64 519**	77 425	79 653	30 440
Joint ventures equity accounted and joint ventures wholly consolidated	**(11 788)**	(11 313)	(9 138)	(7 501)
Total operating profit	**722 280**	366 476	642 954	482 562
Total operating profit margin (%)	**5.2**	2.6	4.2	4.3
Over-border revenue (%)	**33**	27	23	32
Cash (utilised)/generated – millions	**(135)**	469	(45)	707
SHAREHOLDER RETURNS				
Earnings per share (R)	**3,75**	2,22	4,01	2,64
Headline earnings per share (R)	**3,35**	2,05	4,07	2,83
Dividend per share (cents)	**72,0**	55,0	100,0	67,0
Net asset value per share (R)	**35,02**	28,96	25,99	21,65
MARKET INDICATORS				
Market price – high (R) per share	**28,98**	43,40	45,65	38,04
Market price – low (R) per share	**13,00**	21,00	36,17	22,05
Market price – year end (R) per share	**20,30**	28,44	41,00	36,70
Market capitalisation – year end (R million)	**2 278,0**	3 191,2	4 596,3	4 079,2
Value of shares traded (R'000)	**975 647**	3 067 395	2 033 268	1 392 096
Number traded (R'000)	**46 484**	94 120	48 264	44 197

2012	2011	2010	2009	2008	2007
7 111 310	7 350 583	9 387 636	9 975 992	7 074 017	6 400 519
2 065 972	2 143 004	3 186 142	2 899 773	2 848 795	3 121 921
2 997 747	3 548 361	4 713 487	4 633 259	2 964 184	2 484 293
1 416 411	1 165 583	680 802	1 462 586	851 803	794 305
631 180	493 635	807 205	980 374	409 235	–
647 739	554 659	591 871	626 795	581 685	533 800
1 333 802	1 301 756	1 358 081	1 487 449	1 243 876	754 849
–	–	–	–	–	–
9 092 851	9 206 998	11 337 588	12 090 236	8 899 578	7 689 168
134 348	471 785	694 971	573 496	384 021	236 483
57 076	134 530	236 620	141 032	140 294	84 276
(33 197)	227 889	310 655	225 733	142 857	105 037
104 302	110 144	122 150	163 570	84 081	47 170
6 167	(778)	25 546	43 161	16 789	–
153 570	108 381	88 458	97 605	164 946	66 711
23 011	(42 765)	106 998	141 799	198 157	112 050
–					
310 929	537 401	890 427	812 900	747 124	415 244
3.4	5.8	7.9	6.7	8.4	5.4
26	25	20	37	34	42
24	(871)	327	954	1 195	60
(2,88)	(2,27)	2,80	5,44	4,47	2,91
1,16	3,26	6,14	5,68	4,70	2,83
36,0	72,0	137,0	130,0	105,0	72,0
18,72	22,38	26,08	25,09	21,41	17,45
32,00	41,00	45,20	58,25	73,80	59,50
21,80	24,40	31,50	26,70	42,00	27,26
22,76	29,90	34,50	34,70	44,90	54,40
2 518,2	3 632,2	4 171,5	4 167,2	5 350,5	6 443,5
1 083 159	1 719 970	2 900 378	3 612 810	5 462 078	3 124 034
43 234	51 951	79 130	92 297	103 436	67 728

KEY MEASURES

GROUP SCORECARDS

THE GROUP HAS REPORTED AGAINST A NUMBER OF SCORECARDS FOR SEVERAL YEARS TO ALLOW READERS TO TRACK OUR PROGRESS.

BBBEE SCORECARD (GROUP FIVE LIMITED)

			CONSTRUCTION CHARTER SCORECARD			
	BBBEE elements	Weighting points	**F2016[1]**	F2015[2]	F2014[3]	F2013[4]
Core components						
Direct empowerment	Ownership	25	**25.0**	25.0	24.8	21.37
	Management control	10	**5.10**	4.42	5.76	8.54
Human resources empowerment	Employment equity	10	**4.35**	3.96	4.17	5.73
	Skills development	15	**14.64**	14.73	14.42	14.16
Indirect empowerment	Preferential procurement	20	**19.0**	19.1	20.0	20.0
	Enterprise development	15	**15.0**	15.0	15.0	15.0
	Socio-economic development	5	**5.0**	5.0	5.0	5.0
Total			**88.12**	87.22	89.14	89.79
Empowerment level			**2**	2	2	2

1 As audited by BEE Verification Agency cc for the year ended 30 June 2016 (the next audit will take place post the F2016 year end).
2 As audited by BEE Verification Agency cc for the year ended 30 June 2015.
3 As audited by BEE Verification Agency cc for the year ended 30 June 2014.
4 As audited by BEE Verification Agency cc for the year ended 30 June 2013.

EMPLOYMENT EQUITY SCORECARD

	F2016	F2015	F2014	F2013	F2012	F2011
Sustainability indicator						
Total employee headcount (all employees)	**9 313**	12 178	14 485	13 659**	10 846*	11 997
Number of unionised employees	**1 442**	2 115	2 494	2 120	2 039	2 285
% of permanent employees on medical schemes	**43**	52	46	49	45	46
% of employees over-border	**24**	19	24	25	25	21
% of black employees within the South African permanent workforce	**88**	89	89	89	88	87
% of black employees in Paterson grades F and E (executive and senior management)	**30**	27	21	19	17	13
Number of black male bursary students	**61**	66	63	42	51	79
As a % of total bursary students	**52**	49	52	55	44	43
Number of black female bursary students	**39**	46	22	12	21	38
As a % of total bursary students	**33**	34	20	16	18	21

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

KEY MEASURES | GROUP SCORECARDS CONTINUED

SKILLS DEVELOPMENT

	F2016	F2015	F2014	F2013	F2012	F2011
Sustainability indicator						
a) Annual value spent on training and development programmes – (R million)	**31,8**	40,2	45,1	37,1	32,3	37,9
i) Total number of training interventions*	**16 698**	13 133	14 928	9 125	12 110	17 234
ii) Total number of training interventions – semi-skilled and unskilled*	**8 898**	5 754	6 029	4 007	5 965	9 415
b) Annual value incurred on bursary expenditure – (R million)	**7,9**	8,4	7,2	5,1	4,6	6,6
i) Number of bursary students	**118**	136	111	76	115	183
ii) Number of female bursary students	**42**	50	26	15	26	43
c) Annual value spent on learnerships and apprenticeships – (R million)	**5,4**	7,2	5,1	3,6	4,0	4,9
i) Learners on learnership and apprenticeship programmes	**170**	186	174	90	144	201
ii) Unemployed learners registered on learnership and apprenticeship programmes	**140**	130	120	66	99	128
d) Number of students on leadership programmes	**96**	28	8	21	22	20
e) Total annual training spend – black employees – (R million)	**13,5**	15,5	19,3	15,4	13,9	18,1

* *For employees.*

PREFERENTIAL PROCUREMENT SCORECARD (GROUP FIVE LIMITED)

TARGET PER BBBEE GENERIC CODE				TARGET PER CONSTRUCTION CHARTER CODE					
	Points	F2016 Target	**Actual F2016[1]**		Points	F2015 Target	Actual F2015[2]	Actual F2014[3]	Actual F2013[4]
Measurement principle				Measurement principle					
Preferential spend with all suppliers	5	80%	**104.4%**	Preferential spend with all suppliers	12	70%	71.0%	73.1%	70.1%
Preferential spend with qualifying small enterprises (and emerging micro-enterprises)	3	15%	**26.5%**	Preferential spend with qualifying small enterprises (and emerging micro-enterprises)	3	15%	24.3%	23.3%	20.1%
Preferential spend with emerging micro-enterprises	4	15%	**14.4%**						
Preferential spend with enterprises that are more than 51% black-owned	9	40%	**38.6%**	Preferential spend with enterprises that are more than 50% black-owned	3	12%	21.1%	18.2%	17.7%
Preferential spend with enterprises that are more than 30% black women-owned	4	12%	**13.7%**	Preferential spend with enterprises that are more than 30% black women-owned	2	8%	5.6%	4.4%	9.5%
Weighted score	25		**24.54**		20		19.4	19.1	20.0

1 *Unaudited.*
2 *As audited by BEE Verification Agency cc for the year ended 30 June 2015 (Group Five).*
3 *As audited by BEE Verification Agency cc for the year ended 30 June 2014 (Group Five).*
4 *As audited by BEE Verification Agency cc for the year ended 30 June 2013 (Group Five).*
* *A weighted score is not done for targets.*

ENTERPRISE DEVELOPMENT SCORECARD

	F2016	F2015	F2014	F2013	F2012	F2011
Sustainability indicator						
Annual value of total direct costs incurred by the group – (R million)	**0,3**	1,1	1,3	0,9	1,5	0,5
Value of funding provided by the group – Total capital due to the group as at 30 June – (R million)	**12,0**	7,5	8,8	9,8	11,5	14,1
Number of black-owned entities with which the group is engaging in significant joint venture partnerships*	**3**	6	12	15	12	12
Number of formal enterprise development partnerships	**16**	11	13	13	12	9
Total value of contracts being executed with black-owned joint venture partners* – (R billion)	**0,8**	1,0	3,1	5,9	4,9	2,0
Construction scorecard points obtained out of 15	**15**	15	15	15	15	15

* *Although not specifically qualifying for enterprise development in terms of the Construction Charter, Group Five has entered into a number of joint venture contracts with black-owned companies.*

SOCIO-ECONOMIC DEVELOPMENT (SED) SCORECARD

	F2016	F2015	F2014	F2013	F2012	F2011
Sustainability indicator						
Targeted SED spend as a % of SA operations' net profit after tax should exceed 1%	**yes**	no*	yes	yes	yes	yes
Total annual spend on SED programmes – (R million)	**3,2**	2,6	6,1	5,6	3,9	6,1
Number of unemployed people trained as part of the People at the Gate programme	**34**	118	536	524	43	207
% of unemployed people securing positions after training	**100**	70	90	80	100	95
Number of non-profit organisations benefiting from the group's SED programmes	**48**	55	75	38	32	35

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

GOVERNANCE

VISION, VALUES AND ETHICS

Delivery on F2016 focus areas:

IN THE GROUP'S F2015 INTEGRATED ANNUAL REPORT, WE OUTLINED A NUMBER OF FOCUS AREAS. BELOW WE INDICATE HOW WE DELIVERED AGAINST THESE:

FOCUS AREAS FOR 2016	DELIVERY
Rolling out competition law training and entrenching procedures in the group.	220 people were trained during the year on competition law
Compliance monitoring, which involves continued evaluation of the main pieces of legislation, as well as ensuring compliance.	Our legal landscape was revised and presented to the board for approval. Compliance monitoring is ongoing and reports are presented to the board
Continued progression in terms of ethics management, with a particular focus on ethics awareness training.	The Ethics@G5 training was launched during the year and more than 1 200 employees received training on the group's code of conduct
Increase the profile and awareness of our Tip-offs Anonymous line.	The awareness campaign for our Tip-offs Anonymous line continues to be rolled out, with the focus being the protection Group Five affords whistle-blowers
Embedding effective due diligence procedures within the group, especially when we work with new joint venture partners and sub-contractors.	An enhanced due diligence framework was implemented and now forms part of the risk assessment process in evaluating all contract risks
Align legal compliance risks to the future growth strategy of the group by identifying regulatory requirements in new jurisdictions.	The legal landscape in new jurisdictions is assessed in detail before entering a new region

INTRODUCTION

THE GROUP'S VISION AND VALUES ARE:

1 **PEOPLE**

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

2 **EXCELLENCE**

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

3 **TRANSFORMATION**

We are working towards sustainable and relevant company transformation.

4 **PERFORMANCE**

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

5 **INNOVATION**

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

6 **INTEGRITY**

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

7 **CLIENT FOCUS**

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

GOVERNANCE | VISION, VALUES AND ETHICS CONTINUED

ETHICS

THE GROUP'S CODE OF CONDUCT CONTINUES TO BE THE CORNERSTONE THAT GUIDES US ON HOW WE DO BUSINESS, HOW WE CONDUCT OURSELVES AND HOW WE ENGAGE WITH OUR STAKEHOLDERS AND COMPETITORS.

In the current economic pressure, there was renewed emphasis and awareness initiatives on training employees on what constitutes unethical business practices, such as bribery and corruption.

The Group Five Code of Conduct covers the following areas:

- **ANTI-COMPETITIVE BEHAVIOUR**
- **PEOPLE AND SAFETY**
- **THE ENVIRONMENT AND COMMUNITIES**
- **ETHICAL BUSINESS PRACTICES**
- **USE OF GROUP FIVE ASSETS AND RESOURCES**
- **STAKEHOLDER ENGAGEMENT**

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

THE GROUP HAS A FORMAL CODE OF ETHICS AND A TIP-OFFS ANONYMOUS LINE.

THE NUMBER IS:

0800 00 48 11

IT IS AN INDEPENDENTLY MANAGED SERVICE TO ENSURE CONFIDENTIALITY.

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

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

In the F2015 integrated annual report the compliance and ethics function committed to training 500 employees every year on the code of conduct. This year, over 1 200 employees were trained. Our enterprise development partners were also included in training workshops.

The Group Five executive committee continues to set the example from a senior level by attending the workshops and ensuring that attendance to the training is mandatory.

In the year under review, there was a significant decrease in the number of reported cases involving fraud and theft. Theft-related reports declined by 50% and fraud-related matters by 76%. All the matters reported were successfully investigated within the group, leading to 22 dismissals of those found guilty of offences relating to the 11 cases of theft and fraud. Criminal charges were laid against the perpetrators, with one being remanded in custody.

New matters that have never been reported before, such as sexual harassment, and the reintroduction of issues that have not surfaced in four years, such as assault matters, were reported. The executive team dealt with both sexual harassment and assault matters by applying the group policies with a firm hand. This led to two disciplinary hearings and one person being dismissed. We have also noted the increase in employees who have breached internal policies and procedures. These breaches were investigated and those whose actions were deemed to be inappropriate are no longer employed at Group Five.

During the year, we worked closely with the South African Police Service (SAPS), as they assisted our internal team with investigations around fraudulent purchase orders. We identified 25 fraudulent orders from individuals using the Group Five letterhead to defraud our suppliers. With the assistance of the SAPS, we were able to arrest some of the external individuals involved. All evidence points to the existence of a syndicate being behind these orders. As a precaution, we advised our suppliers and provided guidelines on how they can verify any future purchase orders.

One of the key investigations undertaken by our internal team this year resulted from a tip-off that six employees were stealing money from our business segment Intertoll. On investigation, the ethics investigators discovered that in fact 16 employees were involved. All employees who were implicated have been through a disciplinary process and have been dismissed. Criminal charges have been laid and the SAPS is finalising its investigation.

ETHICS BREACHES

	F2016	F2015	F2014	F2013	F2012
Abuse of company time	**–**	1	1	2	1
Assault	**2**	–	–	–	–
Bribery and corruption	**1**	–	–	–	–
Bringing the company name into disrepute	**–**	1	2	2	–
Conflicts of interest	**2**	2	7	5	1
Fraud	**5**	21	12	68	31
Gross negligence	**1**	2	1	–	–
Misuse of company property	**2**	3	8	4	2
HR-related complaints	**4**	4	11	6	6
Non-compliance with policies and procedures	**7**	1	4	3	1
Providing false information	**–**	2	2	1	–
Sexual harassment	**2**	–	–	–	–
Theft	**6**	12	9	8	–
Total	**32**	49	57	99	42

GROUP MEMBERSHIP OF INDUSTRY INSTITUTIONS

Group Five employees hold senior positions in the following organisations:

NAME OF ASSOCIATION	POSITION IN GOVERNING BODY	PARTICIPATES IN COMMITTEES OR PROJECTS
BARGAINING COUNCIL FOR THE CIVIL ENGINEERING INDUSTRY	Yes	Yes
SOUTH AFRICAN FEDERATION OF CIVIL ENGINEERING CONTRACTORS	Yes	Yes
CONSTRUCTION ENGINEERING ASSOCIATION	Yes	Yes
BLACK BUSINESS COUNCIL	Yes	Yes
BLACK BUSINESS COUNCIL BUILT ENVIRONMENT	Yes	Yes
DEKRA	No	Yes
BLACK MANAGEMENT FORUM	No	Yes

FOCUS GOING FORWARD

The focus for the legal and compliance function will remain on supporting the delivery of the group's strategy of geographic expansion by providing legal advice on over-border matters and delivering the following services:

- Country risk assessments in new jurisdictions
- Over-border compliance monitoring
- Competition/anti-trust law and anti-bribery and corruption awareness
- Certification for the Group Five ethics programme by the Ethics Institute of South Africa

GOVERNANCE

REGULATORY ENVIRONMENT

Delivery on F2016 focus areas:

IN THE GROUP'S F2015 INTEGRATED ANNUAL REPORT, WE OUTLINED A NUMBER OF FOCUS AREAS. BELOW WE INDICATE HOW WE DELIVERED AGAINST THESE:

FOCUS AREAS FOR 2016	DELIVERY
Confirming the regulatory environment applicable to the group and embedding a continued high-compliance culture with respect to legal compliance and updating policies and procedures.	The Group Five regulatory evaluation was finalised and signed off by the board Awareness of group policies continues to be raised through training initiatives
Evaluation of procurement practices and regulation in key focus countries within Africa.	The regulatory evaluation was completed, with a key focus on the rest of Africa and identifying best practice in all jurisdictions where we have a footprint

INTRODUCTION

THE GROUP FOCUSES ON COMPLIANCE WITH LEGISLATION THAT HAS A DIRECT IMPACT ON ITS LICENCE TO OPERATE.

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

DURING THE YEAR UNDER REVIEW, NO MATERIAL NON-COMPLIANCES WERE IDENTIFIED.

LEGISLATION	RESPONSIBILITY
Companies Act Construction Industry Development Board regulations JSE Listings Requirements King III/King IV requirements	Group company secretarial department
Tax administration	Group finance department
Basic Conditions of Employment Act Labour Relations Act Employment Equity Act	Group HR department
Broad-Based Black Economic Empowerment Act and Amendment Act	Group transformation department
Corporate and commercial procurement legislation	Group legal, risk, compliance and ethics officer
Anti-bribery and anti-corruption legislation Competition law	Group legal, risk, compliance and ethics officer
Safety, health and environment (SHE) legislation	Group SHE manager

RELEVANT NEW LEGISLATION

WITHDRAWAL OF THE CONSTRUCTION SECTOR BBBEE CODE

The Broad-Based Black Economic Empowerment (BBBEE) Act 53 of 2003 made provision for different industry sectors to compile their own BBBEE scorecards, with the intention of increasing transformation in those sectors. It also allowed sectors to make slight amendments to areas where they may have had difficulty meeting certain requirements. Industry sectors were given until 15 November 2015 to submit scorecards for approval. The construction sector did not manage to meet this deadline due to not reaching a final agreement with the Department of Trade and Industry on the content of the new sector code. The Department of Trade and Industry therefore issued a notice confirming that the Construction Sector Codes were withdrawn as of 17 February 2016.

IMPACT ON THE GROUP

With this withdrawal, the construction sector now falls under the general amended code's scorecard. Refer to the section under Broad-Based Black Economic Empowerment (BBBEE) Amendment Bill.

CRIMINALISATION OF COMPETITION LAW

As of 1 May 2016, the Competition Law Act makes provision for criminal action following a conviction of price fixing, cartels, tender collusion and market division.

IMPACT ON THE GROUP

Directors and managers could on conviction be fined up to R500 000 or jailed for a maximum of ten years, or both. Subject to certain conditions in the Companies Act, a director convicted of a cartel criminal offence could be disqualified from being a director. As outlined in the integrated annual report, we continue to educate our employees, directors and managers on appropriate behaviour.

COMPLIANCE ENFORCEMENT

OCCUPATIONAL HEALTH AND SAFETY ACT (OHSA)

On 24 July 2015, a notice was published for the application of a construction work permit required in terms of the 2014 Construction Regulations to the OHSA.

This places the obligation on a client to obtain a permit in certain circumstances before any construction work may be carried out.

IMPACT ON THE GROUP

The group will be responsible for appointing an agent to obtain these permits for all engineer, procure and construct (EPC) contracts, as required by the Act. This process has been included in the EPC contract start-up process.

KING IV CODE OF GOOD CORPORATE GOVERNANCE

The Institute of Directors in Southern Africa (IoDSA) and the King Committee have released the draft version of the latest King Report (King IV) for public comment.

King IV differs from King III in a number of ways. The King Code is now integrated into the King IV Report, with a clear differentiation between principles and practices, with the latter linked to outcomes. The intention is to assist organisations to move beyond a compliance mindset to that of describing how practices will advance progress towards implementing to each principle.

IMPACT ON THE GROUP

King IV has been released for public comment. We are evaluating the report and monitoring the progress and consideration made by the industry.

GOVERNANCE | REGULATORY ENVIRONMENT CONTINUED

COMPLIANCE ENFORCEMENT CONTINUED

INDIGENISATION AND ECONOMIC EMPOWERMENT ACT OF ZIMBABWE

The Act requires foreign-owned companies to offer at least 51% of their shares to indigenous Zimbabweans. Generally aimed at empowering people who were disadvantaged before independence in 1980, the Act seeks to bestow majority ownership and control of the country's resources to the black majority.

IMPACT ON THE GROUP

The impact of this legislation will be experienced by the Investments & Concessions cluster, as they have long term concessions contracts in Zimbabwe. We are in the process of finalising a compliance strategy and are in discussions with the relevant regulator in the country to implement an action plan.

PROPOSED CHANGES TO THE PREFERENTIAL PROCUREMENT POLICY FRAMEWORK ACT REGULATIONS

The South African government has proposed significant changes to the Preferential Procurement Policy Framework Act regulations. The draft amendments were published for comment on 14 June 2016 by National Treasury.

The changes affect all levels of government and state-owned entities relating to a tender award:

80/20 preference point system:

In the current 80/20 preference point system, 80 points are allocated for the lowest price and a maximum of 20 points are allocated to the level of BBBEE status of the supplier. This applies to tenders equal to or above R30 000 to a maximum of R1 million. The draft regulations propose that this threshold for the application of the 80/20 system is increased to R100 million to further stimulate the development of small enterprises.

90/10 preference point system:

Similarly, in the current 90/10 preference point system, 90 points are allocated for price and a maximum of 10 points for BBBEE status. The 90/10 system applies to tenders that are above R1 million, with all applicable taxes included. The proposal in the draft regulations is for the 90/10 rule to apply to tenders above R100 million.

Draft regulations will make it compulsory to sub-contract a minimum of 30% of the value of the contract for all contracts above R30 million to further develop emerging suppliers.

Changes from previous regulations:

- The value of the required BBBEE level has increased for contracts from R1 million to R100 million
- The provisions regarding sub-contracting is mandatory

IMPACT ON THE GROUP

BBBEE

All tenders with a value of R1 million to R100 million will now fall under the 80/20 preference point system, which would mean that our BBBEE score will now play a bigger role in tenders. Refer to pages 120 to 129 for more information on our BBBEE position.

Mandatory sub-contracting

Sub-contracting 30% of works to develop emerging suppliers will now be compulsory. This should not have a big impact on the group, as we have a strategy in place to work with emerging suppliers.

UPDATE ON RELEVANT LEGISLATION REPORTED IN OUR F2015 INTEGRATED ANNUAL REPORT

AMENDMENT OF CONSTRUCTION INDUSTRY DEVELOPMENT REGULATIONS

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

A proposed penalty for paying sub-contractors later than 30 days from date of receipt of their invoices has been suggested. The penalty will be calculated at the repo rate +6%.

UPDATE FROM PREVIOUS YEAR

The amendments are still under discussion and no amendments have been passed as yet. We are closely monitoring developments. If this proposed regulation is passed, it will impact sub-contractor payments. Management are putting measures in place to manage the potential impact.

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

The Construction Sector Code was repealed on 17 February 2016. All new BBBEE certificates will be issued for any construction company under the BBBEE Generic Codes. The new construction sector code negotiation process was concluded at the end of May 2016 with a draft sector code. The draft code will now be evaluated by the Department of Trade and Industry until it is gazetted.

UPDATE FROM PREVIOUS YEAR

Group Five's BBBEE verification audit was completed in October 2015. The group has a valid BBBEE Level 2 certificate in place until October 2016. There is therefore no immediate change to Group Five's status.

COMPLIANCE ENFORCEMENT

COMPETITION LAW CO-OPERATION BY SOUTHERN AFRICAN DEVELOPMENT COMMUNITY (SADC) COUNTRIES

Competition agencies in nine of the 15 countries in the Southern African Development Community have signed a memorandum of understanding (MoU) to provide a framework for co-operation in terms of the enforcement of competition law in the region.

Signatories to the MoU are agencies in:

- Botswana
- Malawi
- Mozambique
- Namibia
- Seychelles
- South Africa
- Swaziland
- Tanzania
- Zambia

IMPACT ON THE GROUP

The revised Group Five competition law policy was approved by the board in the year under review and covers all the Acts of all jurisdictions where we have a business footprint.

ANTI-CORRUPTION

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

DURING THE YEAR, MORE THAN 1 200 EMPLOYEES RECEIVED ANTI-CORRUPTION TRAINING, SIGNIFICANTLY MORE THAN THE 226 IN F2015.

The training focused on South African and international anti-corruption legislation, the Prevention and Combating of Corrupt Activities Act 2004, the United Kingdom's UK Bribery Act and the United States Foreign Corrupt Practices Act.

ANTI-COMPETITION

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

In our F2015 integrated annual report, we stated that there were four matters still pending at the Competition Tribunal. Since then, two of these were withdrawn by the Competition Commission.

To date, the group has not reached settlement with the Commission on two contracts where Group Five Construction (Pty) Limited was implicated.

We submitted an application to the Competition Tribunal requesting it to compel the Commission to furnish us with a copy of the record it used to refer one of the matters.

When this was declined, we approached the Competition Appeal Court. The court ruled that we are entitled to access certain documents in the Commission's possession. Group Five sought access to the Commission's investigation record to meaningfully respond to allegations made against it. The Appeal Court ruled that the Commission must produce the non-restricted portions of its record to Group Five.

However, the Competition Commission has decided to appeal the decision at the Constitutional Court. Both parties have filed their papers and we await the decision.

FOCUS GOING **FORWARD**

In F2017 we will continue to:

- Educate our employees on our legal compliance obligations
- Roll out competition law training across the group
- Ensure an increased over-border understanding of anti-competitive legislation within the group

GOVERNANCE
RISK MANAGEMENT

Delivery on F2016 focus areas:

IN THE GROUP'S F2015 INTEGRATED ANNUAL REPORT, WE OUTLINED A NUMBER OF FOCUS AREAS. BELOW WE INDICATE HOW WE DELIVERED AGAINST THESE:

FOCUS AREAS FOR 2016	DELIVERY
Continued management of the combined assurance process through the combined assurance workgroup.	The combined assurance workgroup continued to monitor and develop mitigation strategies for both strategic and operational risk
Ongoing proactive risk review throughout the contract lifecycle, with direct support provided to the accountable segment/cluster to identify risks and mitigation strategies.	This has been put in place.
Communication of lessons learnt.	We communicated lessons learnt to the board and business segment contracts directors
Analysis of data and trends to assist management in making proactive and strategic decisions.	We continued to analyse data and trends, which allowed management to make more informed strategic decisions
Further risk training within the group to improve risk maturity.	103 risk champions were identified and trained during the year on risk management

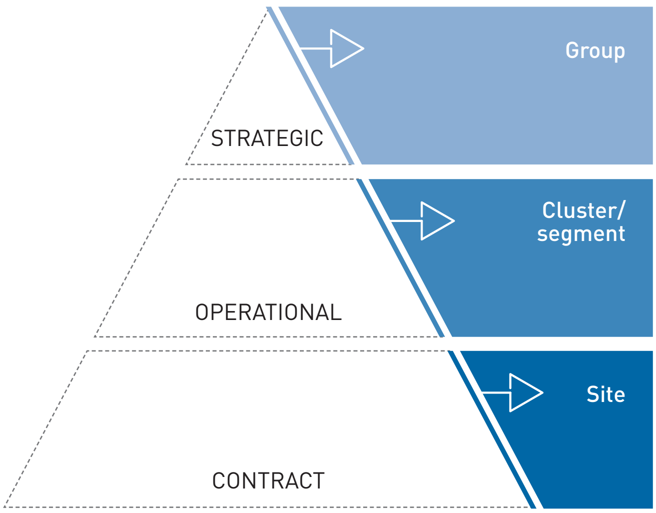
INTRODUCTION

THE GROUP'S RISK MANAGEMENT PHILOSOPHY CONTINUES TO FOCUS ON EFFECTIVE RISK MANAGEMENT THROUGH IDENTIFICATION, ASSESSMENT, QUANTIFICATION AND MITIGATION.

We also focus on managing risk by ensuring the correct controls are in place. Our risk management systems are flexible to meet the demands of an ever-evolving business landscape.

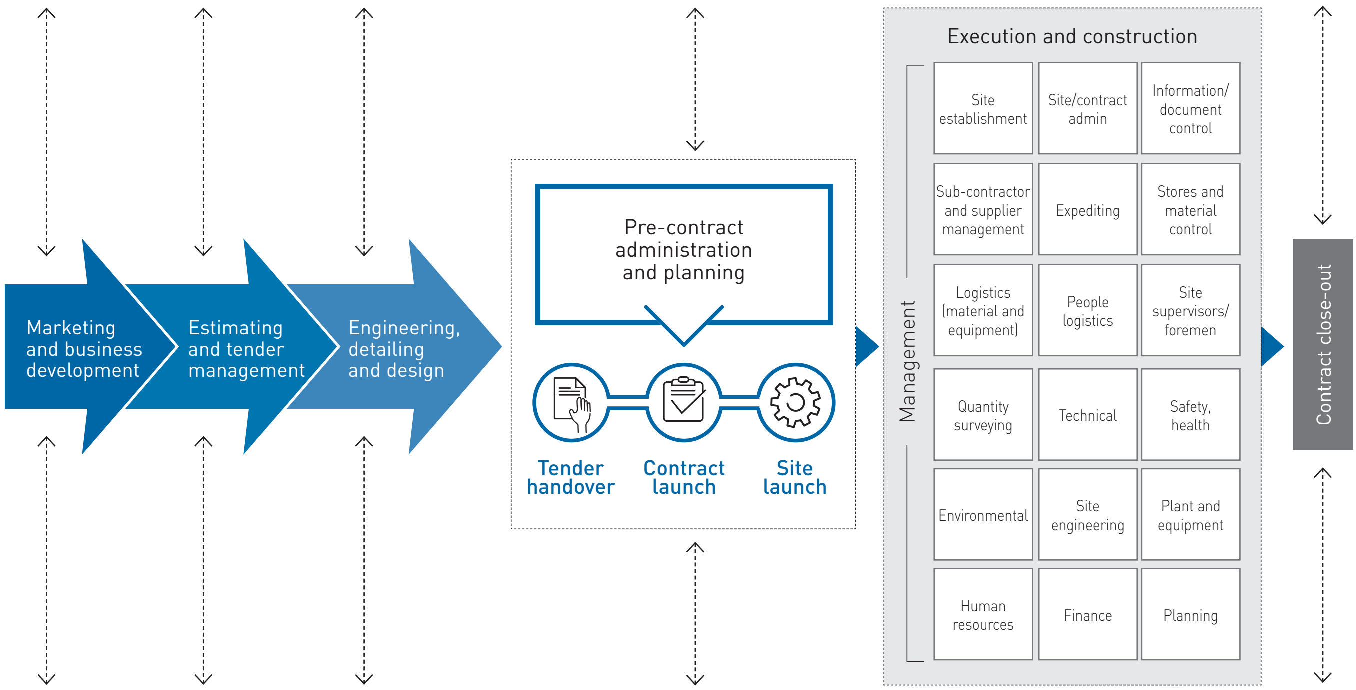
The board risk committee deals primarily with risk management across the group.

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



RISK MANAGEMENT PROGRESSION

We reported in F2015 that we had implemented a new risk-based contract approval procedure, called the Contract Lifecycle (CLC). This update was aimed at addressing the weaknesses identified within the tender and estimating phase of the contract lifecycle. The diagram below demonstrates how the F2015 revised risk-based contract approval procedure was operationalised.



The CLC requires that a contract must meet a number of internal hurdles before the contract sponsor is granted the mandate to pursue the contract. The CLC process allows for a full interrogation of the contract, from financial and over-border regulatory aspects to constructability of the contract. The CLC process has created a culture of robust dialogue with regards to risk and opportunity identification before contracts are started.

The focus area is now increasingly on the management of both risks and opportunities during the execution phase of contracts. Complex and multi-disciplinary contracts are approved and continuously monitored by senior management, with updates and reports provided to the board risk committee on a quarterly basis. One of the key processes introduced into the contract lifecycle process is the monthly updates to the business segment management and the cluster executive team on all contracts.

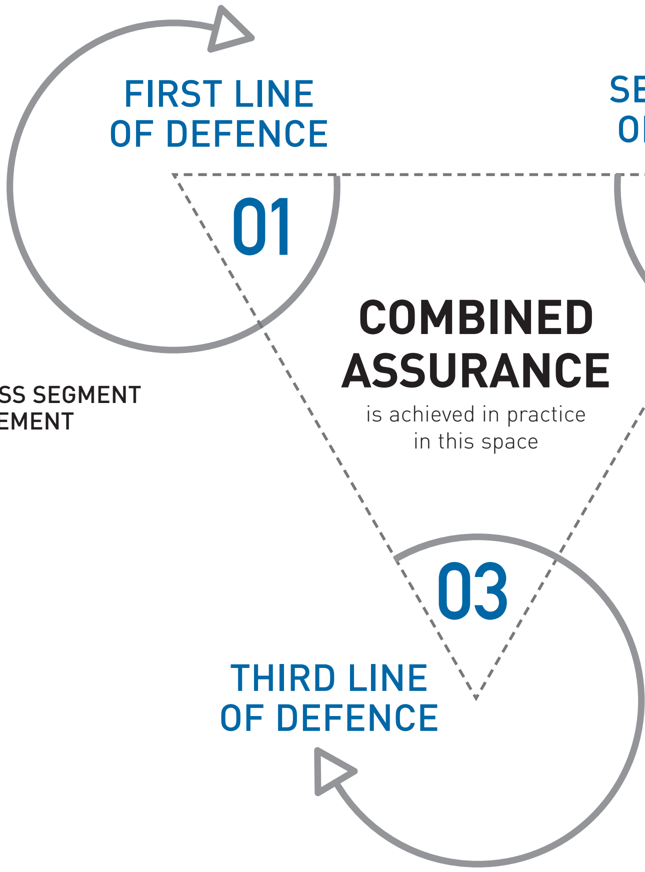
The group risk committee supports the cluster and segment teams by examining and analysing tenders and investment opportunities, subject to senior management approval. In addition, contracts above R600 million are subject to approval by the board risk committee. Certain contracts are referred back to the team for improvements and others are rejected.

GOVERNANCE | RISK MANAGEMENT CONTINUED

THE COMBINED ASSURANCE MODEL

During the year, we further developed the combined assurance model. The continuous engagement between the business segments and the group risk function in the combined assurance workgroup (CAW) improved our view of overall risks and allows us to present a consolidated view of the key risks to the board.

We have also been able to segregate roles and responsibilities between our assurance providers. This ensured the implementation of an independent review of the processes identified. The combined assurance workgroup mitigates the risk of failure to achieve compliance to key business processes. Members include executive committee members responsible for each cluster and each discipline of business, such as human resources and finance. The combined assurance reporting pack is provided to the risk committee on a quarterly basis for their review and approval. Internal audit, together with other external assurance providers, reviews the risk mitigation strategies implemented and provides feedback to the board on their adequacy and effectiveness.



BUSINESS SEGMENT MANAGEMENT

GROUP ASSURANCE SERVICES

- Group legal, risk compliance and ethics
- Safety, health, risk and environment
- Quality

EXTERNAL ASSURANCE SERVICES

- Internal audit
- External audit
- External industry/discipline certification

GOVERNANCE | RISK MANAGEMENT CONTINUED

DEVELOPMENTS DURING THE YEAR

The combined assurance workgroup was created in the latter part of F2015.

The workgroup meets quarterly to assess the completeness of the risks being assured and the adequacy of the mitigation actions implemented by the business.

The CAW responsibilities include the following:

- Discuss key risks reflected in the combined assurance risk plan to ensure the risk plan is valid, accurate and complete
- Agree assurance providers
- Agree the extent of assurance required from each level of defence
- Ensure unnecessary duplication of effort between parties
- Ensure adequacy and coverage of assurance
- Evaluate whether key risks and controls are being effectively managed and mitigated and apply corrective action, as required
- Approve the updated combined assurance risk plan on a quarterly basis

The CAW consists of six exco members, as well as representatives responsible for the implementation of combined assurance:

- Chief financial officer
- Executive committee member– Engineering & Construction
- Executive committee member – Investments & Concessions
- Executive committee member – Manufacturing
- Executive committee member – Human resources
- Executive committee member – Risk

Internal audit is also represented on the CAW and an external audit representative is invited to every alternate meeting.

The creation of this group has resulted in a number of further improvements, such as:

- The quality of controls to mitigate identified risks
- Quarterly tracking of the effectiveness of implemented controls

CAW key focus areas during the year included:

- Finalising the group's key risks
- Developing preventative and mitigating controls to the identified risks
- Monitoring the effectiveness of implemented controls
- Regular reporting to the risk committee
- Entrenching the combined assurance framework

During the previous year, the group implemented a self-assessment control questionnaire. This requires that the first line of defence:

- Personally assesses its adherence to the controls and assurance requirements, as set out by the CAW
- Formally confirms its compliance on a quarterly basis

This improves management accountability and responsibility for the risks in their business and adherence to processes to be followed.

The completed questionnaires are evaluated by the CAW to determine adequacy of actions taken to mitigate risk.

The output of these processes is the combined assurance risk plan (GCARP). The GCARP is presented to exco and the board each year for their final review and approval. Any further risks or controls identified by exco or the board are added onto the GCARP.

THE FINALISED GCARP WAS PRESENTED TO THE BOARD RISK COMMITTEE IN AUGUST 2016 FOR SIGN OFF. THIS PROCESS INCLUDED THE CONTROLS TO BE IMPLEMENTED TO ENSURE THAT KEY RISKS AND CONTROLS ARE MANAGED AND MONITORED WITHIN THE GROUP.

Refer to page 51 for risks and mitigations.

CURRENT KEY GROUP RISKS

The key risks included in the GCARP and mitigating factors are outlined below:

RISKS	CONTROLS/ ACTIONS
Poor selection of contracts, which ties the group into long term contracts and provide inadequate returns.	We formalised our contract approval procedure which ensures that each contract undergoes a stringent selection process prior to submission of the bid to mitigate risks
Community and workforce disruptions resulting in delays in completion of contracts.	A development programme was implemented for all industrial relations practitioners and human resources managers who are leading site IR processes In addition, IR decisions made on site are assessed before finalisation and implementation
Safety and environmental risks are always on our risk agenda, and more so of late due to unfortunate fatalities.	Refer to pages 104 to 112 and 145
Not meeting transformation objectives and dropping to a lower rating.	Refer to pages 120 to 129
Effective cash management at a time of economic and credit pressure.	Refer to CFO's review in the printed section of the integrated annual report
Not achieving over-border adherence to regulations.	We have stringent processes in place for this
Inadequate return for shareholders.	This is a key area of focus for management. Return on investment is continuously evaluated and compared to targeted or tendered returns. Refer to the CFO's review in the printed section of the integrated annual report
Claims and litigation risk.	Legal resources have been deployed to work closely with site employees to verify that the site management adequately manages claims and litigation processes
Highly competitive markets due to foreign and local companies entering our markets and lower commodity prices impacting the roll out of new contracts.	The group has clear strategies in place to manage competition
Poor execution of contracts that can result in margin erosion.	Refer to the CEO's review in the printed section of the integrated annual report
Under-estimating in tenders could result in margin erosion.	Managing directors, general managers and contracts directors review and sign off all tender submissions to ensure accuracy of the bid submission Where contracts require a lengthy negotiation period and a bid document is more than six months old, it has to be resubmitted to the group's risk review committee for re-evaluation and sign off
Poor quality control on site leading to re-work, which results in increased costs and delayed delivery of contracts.	A quality forum was established by the Engineering & Construction executive director. This forum meets quarterly and focuses on contract execution and quality management All business segments have quality improvement as part of their strategies. This is reviewed and monitored at the quality forum
Ensuring our portfolio of assets remains relevant in ongoing market conditions.	Refer to the CEO's review in the printed section of the integrated annual report

GOVERNANCE | **RISK MANAGEMENT** CONTINUED

RISK-BEARING CAPACITY

The risk-bearing capacity model (RBC) is one of the tools used in determining the group's risk appetite.

It acts as a rigid financial capacity measuring tool, while at the same time ensuring that management and the board do not commit to any contracts in excess of the group's financial capacity.

The RBC methodology determines what capacity is still available in the group to take on new contracts and clearly quantifies the monetary value of current contracts.

The group's credit rating also influences the RBC and is taken into consideration when making both operational and strategic decisions.

Our value at risk (VAR), which is a statistical technique used to measure and quantify the level of financial risk within our group over a specific timeframe, reduced during the period under review. This was mainly due to slight adjustments to the methodology applied as a result of certain business and risk factors, as well as slow order intake in the Contracting order book as a result of the weak construction market. There is sufficient capacity available within the group to take on more work.

LOSS-MAKER RATIO

OUR CONTRACT LOSS-/PROFIT-MAKER RATIO FOR THE YEAR BASED ON VALUE OF CONTRACTS WAS

24%

COMPARED TO 35% LAST YEAR.

PROTECTION OF ASSETS

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

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

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

Following the relocation of the majority of Gauteng segments to an integrated central office in F2014, the group reviewed the appropriateness of the business continuity plan at a group and segment level. During this year, we further revised our business continuity strategy. All our South African operations were tested for reaction times and the ability to continue with day-to-day operations in the advent of a disaster. We were successful in our roll out, although some matters need to be addressed.

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

SPECIFIC ENVIRONMENTAL RISKS

Refer to page 145.

FOCUS GOING FORWARD

As outlined in this online section of the integrated annual report, the group experienced an improvement in the loss-/profit-maker ratio this year. Outside of the focus areas and corrective action outlined, the focus for F2017 will be on improving the group's performance through the:

- Management of the risk-bearing capacity and value at risk appetite
- Full integration of the contract lifecycle risk mitigation controls
- Effective contract risk assessment reviews and application of lessons learnt
- Over-border roll out of the group's business continuity plan to all employees of the group
- Legal country risk assessments

GOVERNANCE

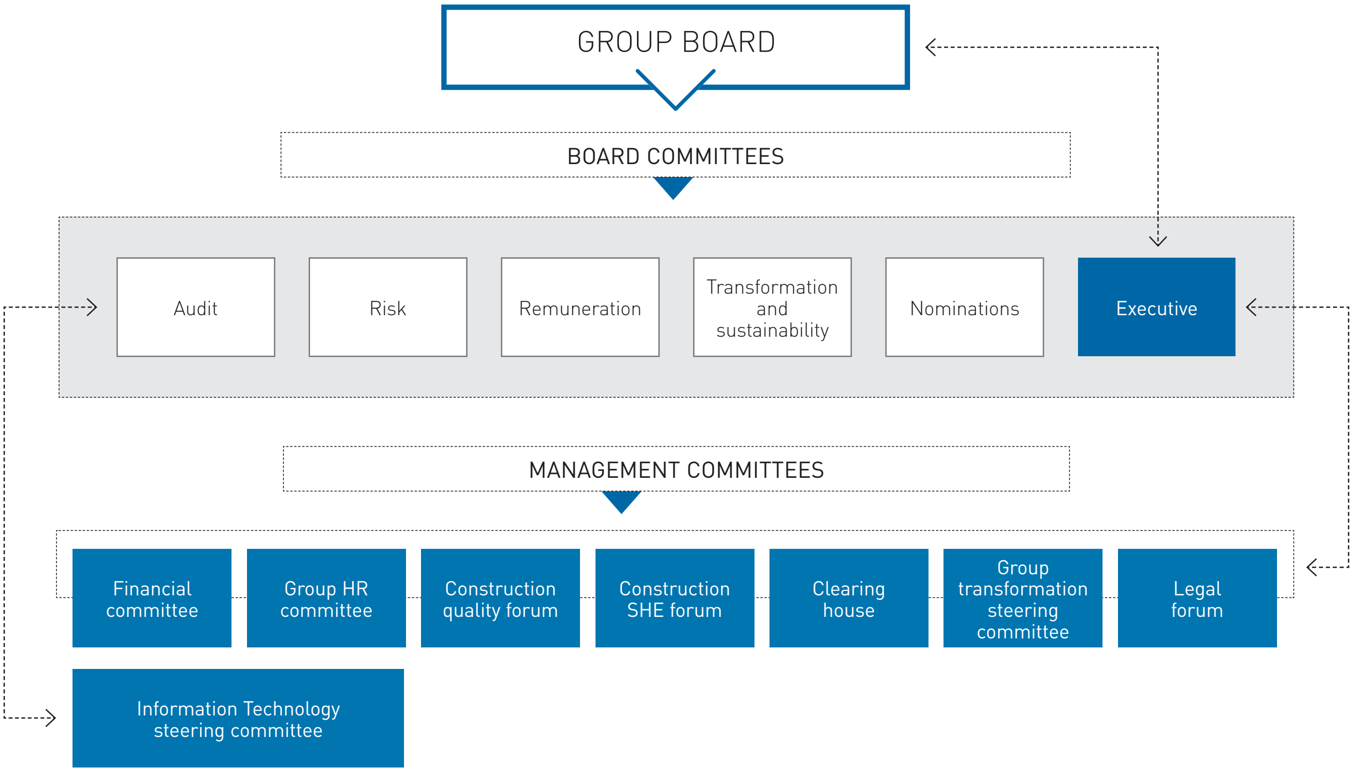
CORPORATE GOVERNANCE REVIEW

THE GROUP FIVE BOARD REMAINS COMMITTED TO UPHOLDING SOUND GOVERNANCE PROCESSES AND ETHICAL LEADERSHIP THROUGH PROVIDING STRATEGIC DIRECTION, APPROVING POLICIES FOR THE EFFECTIVE IMPLEMENTATION OF FORMULATED STRATEGIES, MAINTAINING INFORMED OVERSIGHT ON STRATEGY IMPLEMENTATION PROCESSES AND DISCLOSING PERTINENT ISSUES TO STAKEHOLDERS. AS THE CUSTODIAN OF CORPORATE GOVERNANCE, THE BOARD DISCHARGES ITS RESPONSIBILITY THROUGH POLICIES AND FRAMEWORKS SUPPORTED BY BOARD COMMITTEES AND EXECUTIVE MANAGEMENT.

The board functions within the ambit of an annually reviewed charter through which it maintains oversight on the management and control structure of the group.

The governance framework ensures compliance with laws, regulations and codes of best practice in all countries within which the group operates, including the South African Companies Act 2008 (as amended), the JSE Listings Requirements and the requirements of King III. The draft King IV Report has expanded the application regime of its governance principles to "apply and explain" rather than "apply or explain" as in King III. A detailed review of the current governance processes is being conducted to ensure application of the recommended principles.

GOVERNANCE STRUCTURE



KEY 2016 FOCUS AREAS

Refer to the chairperson's review in the printed section of the integrated annual report for additional information on key board focus areas during the year.

IMPROVEMENTS IN ORGANISATIONAL PROCEDURES

We continue to explore ways to amend board processes to further improve effectiveness.

Examples of improvements made during the year include:

- Review of the scope and mandate of the social and ethics committee to also include the implementation of the group's transformation and sustainability strategies. This change resulted in the renaming of the committee to the transformation and sustainability committee
- Approval of the renewed policy for the appointment of directors to set clear guidelines of the process to be followed
- Enhancement of the board charter to provide for a retirement age for non-executive directors and formally confirm the position of the lead independent director as a standard position of the board and set guidelines for the board evaluation process
- Formal approval of the stakeholder engagement strategy to clearly define key stakeholders, their respective interests and to formulate a matrix of the group's responses. A stakeholder engagement policy was also approved by the board

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

The board continued to review the group's application of the King Code of Governance for South Africa 2009 (King III) principles. The table on pages 64 to 79 was prepared to illustrate the application of the principles contained in King III by the group. As indicated, we believe we are complying with all the relevant principles.

During the year, we also evaluated the draft King IV Report on Corporate Governance for South Africa 2016 (King IV). The group is in the process of reassessing the status of its corporate governance framework and processes against the recommendations of King IV. The key focus for the coming year will be on addressing any areas of non-compliance identified in this analysis. The board believes that the policies and procedures currently in place are in full compliance with the prevailing governance standards.

King IV aims to promote:

- Corporate governance as an integral component of business to ensure enhanced ethical culture
- Performance and value-creation of organisations
- Adequate and effective control by the board
- Building and protecting trust in the organisation in terms of its reputation and legitimacy

KING IV DELIVERABLES WILL REST ON FOUR KEY OVERARCHING RESPONSIBILITIES:	
1	The provision of strategic direction
2	Approval of policies to give effect to the strategy
3	Provision of informed oversight of implementation
4	Performance and disclosure

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. We also 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 4 to 7 we outline our personal journey in terms of further improving our disclosure on integrated reporting and the capital model and how organisations use resources and relationships to create value.

BOARD PROCESSES

During the year, the board guided management's review of the group's risk management processes. This resulted in an enhancement of the group's contract lifecycle policy to improve contract execution.

The approval of the revised stakeholder engagement strategy resulted in the board increasing its support to the executives on significant client engagement and relationship management processes. A stakeholder engagement policy outlining the implementation processes of this strategy has since been defined and endorsed by the board. The board was also involved in the ongoing industry discussions with government in an attempt to restore the sector's relationships with the public sector and to define a common understanding of the implementation and promotion of transformation and sustainability goals in the construction sector.

BOARD EVALUATION

The amendment of the board charter resulted in the crystallisation of the evaluation process of the board. All directors will participate in the annual internal evaluation of the board's performance.

GOVERNANCE | **CORPORATE GOVERNANCE REVIEW** CONTINUED

The questionnaire-based evaluation covers:

- The board's role and agenda setting
- The size, independence and composition of the board
- Director orientation and development
- Attendance and participation in board meetings
- Attendance and participation in board committee meetings
- Board accountability
- Governance practices

The process will also include an assessment of the performance of the chairperson, chief executive officer and the company secretary. Unless determined otherwise, this process will be facilitated by an independent evaluator every three years. The next external evaluation will be conducted in F2017.

An internal evaluation was conducted in the year under review. The board and its committees reviewed the results of these evaluations and are satisfied with the evidence provided about the balance, effectiveness and performance of the board and its committees and the effectiveness and commitment of each director.

ASSESSMENT OF INDEPENDENCE

The independence of long-serving non-executive directors is reviewed annually by the nominations committee, as recommended by King III. In addition to the assessment on participation and effectiveness at meetings, consideration of the directors' independence of behaviour and judgement, as well as the impact and influence is made by the board to determine the extent of independence of the director being evaluated.

The questionnaire-based process entailed disclosure on the external associations and/or relationships of each director to determine the existence of impairment to independence. Directors are required to declare any existing external interests which are placed on record to monitor potential conflicts of interest. Based on the outcome of the review conducted in the year, the board is satisfied that the two long-serving directors exercise independent judgement and act in an independent manner. All nine non-executive directors, including the chairperson, met the independence criteria for F2016.

BOARD APPOINTMENTS

During the year, the procedure for appointments was formalised under the renewed policy for director appointments. The process takes several factors into account, including the prevailing legislative requirements, best practice recommendations and the qualifications and skills of the prospective candidate. The recommendations of the nominations committee are presented to the board for consideration and approval. In the period under review and on recommendation of the nominations committee, a number of changes were approved.

RETIREMENTS

As they have reached the board retirement age of 70, Mr SG Morris and Dr JL Job relinquished their duties as chairpersons of the audit and remuneration committees, respectively, in May. Mr SG Morris further relinquished his duty as the lead independent director of the board. Both members leave the board in August 2016.

The board wishes to express its sincere gratitude to Mr Morris and Dr Job for their invaluable contribution and support to Group Five during their tenure of service.

APPOINTMENTS

Based on the retirements, the board approved the following changes, with effect from May 2016:

- KK Mpinga succeeded SG Morris as lead independent director
- B Ngonyama succeeded SG Morris as chairperson of the audit committee
- W Louw succeeded B Ngonyama as chairperson of the transformation and sustainability committee (previously the social and ethics committee)
- MR Thompson succeeded JL Job as chairperson of the remuneration committee

FOCUS GOING **FORWARD**

In the coming year, a key focus area will be the continued assessment of our processes to determine alignment with the recommendations in King IV. An action plan to ensure full compliance will be compiled.

The board will continue to maintain oversight on the discussions between the group and the Competition Commission to gain an amicable resolution of the matters in question. Of importance is the protection and restoration of the reputation of the group as a good corporate citizen.

As transformation is a key strategic imperative for the group, the board will assist in the review of current processes and policies to promote enhancements.

As changes in the legislative and regulatory framework of the territories within which the group operates continuously require a reassessment of existing policies and procedures to align with new standards of operation, this will remain a focus area.

OPERATIONAL REVIEW

THE CONTINUED TRANSFORMATION OF THE LEGISLATIVE, REGULATORY AND BEST PRACTICE STANDARDS IN THE CORPORATE GOVERNANCE ENVIRONMENT IN SOUTH AFRICA OBLIGES COMPANIES TO CONTINUOUSLY REVIEW CORPORATE GOVERNANCE POLICIES AND PROCEDURES. THIS SECTION OUTLINES THE PROCESSES IMPLEMENTED BY THE GROUP TO RESPOND TO THESE CHANGES.

THE BOARD

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

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

ROTATION AND ELECTION OF DIRECTORS

In accordance with the company's MoI and the provisions of the Companies Act, at least one third of directors retire from the board each year. They may, however, offer themselves for re-election at the appropriate annual general meeting (AGM). In this reporting period, B Ngonyama, W Louw and VM Rague will retire and offer themselves for re-election by shareholders at the 2016 AGM on 31 October 2016.

Mr SG Morris and Dr JL Job retire as directors on 31 August 2016.

Full CVs of directors outlining their qualifications and skills are included on pages 80 to 82.

GOVERNANCE | OPERATIONAL REVIEW CONTINUED

THE CHAIRPERSON

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

NON-EXECUTIVE DIRECTORS

The non-executive directors of the group are MP Mthethwa, NJ Chinyanta, JL Job, W Louw, SG Morris, KK Mpinga, B Ngonyama, VM Rague and MR Thompson. Mr SG Morris and Dr JL Job retire as directors on 31 August 2016. KK Mpinga has assumed the position of lead independent non-executive director, with effect from May 2016. An internal evaluation of Mrs Mthethwa and Mr Mpinga's independence, character and judgement was performed by the board and the assessment confirmed them to have remained unimpaired.

The group's non-executive directors are individuals of high calibre and credibility who contribute significantly to the board's deliberations and decisions. The directors are diverse in their academic qualifications, industry knowledge and experience, race and gender. This diversity enables them to provide the board with the relevant judgement to work effectively when conducting and determining the business affairs of the company. Non-executive directors are required to devote sufficient time to the affairs of the group.

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

CVs of the board members, detailing their value-add to the group, are provided in the printed section of the integrated annual report. For full CVs, refer to pages 80 to 82 of this online section of the integrated annual report.

CHIEF EXECUTIVE OFFICER (CEO)

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

CHIEF FINANCIAL OFFICER (CFO)

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

THE COMPANY SECRETARY

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

The performance of the company secretary, as well as her relationship with the board, is assessed on an annual basis. The board, with the assistance of the nominations committee, considered the competencies, qualifications and experience of the company secretary and also whether she maintains an arm's length relationship with the board. The board is satisfied that she is suitably qualified to fulfil the role. Further information of her qualifications is in the printed section of the integrated annual report and on pages 80 to 82 of this online section of the integrated annual report.

DEALING IN SECURITIES

The group has defined a policy of conduct for directors and employees in terms of dealing in the company's securities. The policy dictates that directors, executive management and the company secretary obtain clearance to trade in Group Five shares from the board. This clearance may not be granted during a closed period, as defined by the Listings Requirements of the Johannesburg Stock Exchange Limited (JSE). The policy also classifies any period where the company is trading under cautionary announcement as a closed and prohibited period. Directors and senior executives are further required to report any dealings in the company's securities by either themselves or their associates to the company secretary for public disclosure on the stock exchange news service, SENS.

CONFLICTS OF INTEREST

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

The group maintains a register of the declarations of conflict and/or personal financial interest that all directors, prescribed officers and segment directors are required to present to the group, where applicable. There were no conflicts of interest in the period under review.

INDEPENDENCE ASSURANCE

Oversight on the group's assurance processes rests within the remit of the audit committee. Both the internal audit department and the external auditors observe the highest standards of business and professional ethics, as well as independence. The head of the internal audit department reports functionally to the chairperson of the audit committee and administratively to the chief financial officer. In line with the internal audit charter, the function of the internal audit department is approved by the audit committee. Internal audit forms an integral part of the combined assurance model and focuses on adding value to the operations of the organisation. The head of the internal audit department attends audit committee meetings to deliver the quarterly executive summary on internal audit.

PricewaterhouseCoopers Inc. (PwC) is the external auditor of the group. The engagement partner responsible for the audit rotates every five years in line with the audit partner rotation requirements. External audit fees are set annually in advance by the audit committee in a manner that does not impact on the scope of the audit. Non-audit services rendered by PwC are limited to ad hoc advice and other assurance-related services. Details of amounts paid to the external auditor are included in the annual financial statements. The board is satisfied that PwC acted with independence during the year. The external auditor attends the annual general meeting of shareholders.

GOVERNANCE | **OPERATIONAL REVIEW** CONTINUED

TIP-OFFS ANONYMOUS LINE

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

THE GROUP HAS A FORMAL CODE OF ETHICS AND A TIP-OFFS ANONYMOUS LINE.

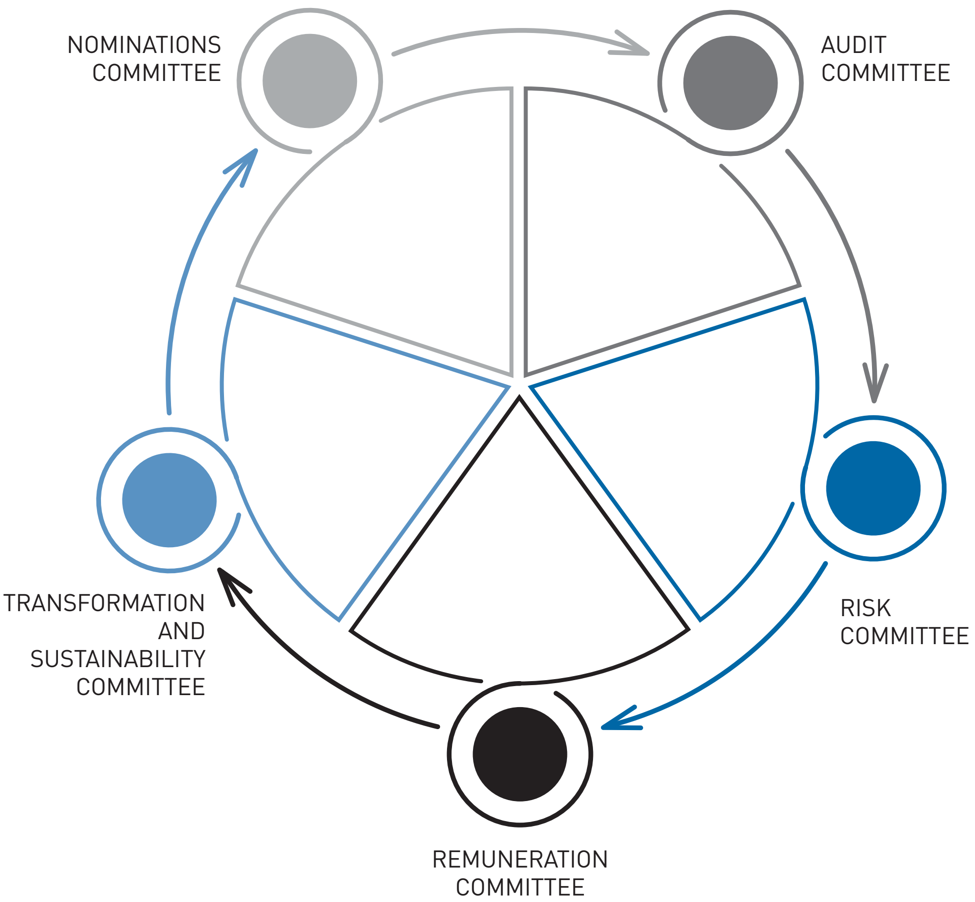
THE NUMBER IS:

0800 00 48 11

IT IS AN INDEPENDENTLY MANAGED SERVICE TO ENSURE CONFIDENTIALITY.

BOARD COMMITTEES

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



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

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

During the year, a temporary mergers and acquisition working group was set up to assist the group with the evaluation of the appropriate strategic positioning of the group and assets. The working group will meet from time to time, as appropriate.

BOARD AND COMMITTEE MEETINGS AND ATTENDANCE (QUARTERLY)

	Board meetings	Audit committee	Risk committee	Remuneration committee	Nominations committee	Transformation and sustainability committee	First appointed	Term of service
Directors								
MP Mthethwa	7/7*	5/6	6/14**	n/a	2/2	n/a	4 Jul 2007	9 years, 0 months
ECJ Vemer (CEO)	7/7	6/6	11/14	BI	n/a	4/4	1 Oct 2014	1 year, 8 months
CMF Teixeira (CFO)	7/7	6/6	10/14**	n/a	n/a	4/4	1 Jun 2008	8 years, 1 month
NJ Chinyanta	7/7	6/6	10/14#	4/5	n/a	n/a	1 Apr 2014	2 years, 3 months
JL Job	7/7	6/6	13/14	5/5*	BI	n/a	1 Nov 2008	7 years, 8 months
W Louw	7/7	5/6	8/14**	n/a	n/a	4/4	1 Apr 2014	2 years, 3 months
SG Morris	7/7	6/6*	14/14	n/a	2/2	n/a	1 Jul 2005	11 years, 0 months
KK Mpinga	7/7	5/6	10/14	n/a	2/2	n/a	1 Jul 2002	14 years, 0 months
B Ngonyama	7/7	5/6	10/14**	n/a	n/a	4/4	1 Apr 2014	2 years, 3 months
VM Rague	6/7	5/6	8/14**	n/a	n/a	n/a	1 Apr 2014	2 years, 3 months
MR Thompson	7/7	6/6	9/14**	5/5	n/a	n/a	1 Apr 2014	2 years, 3 months

BI By invitation.
*** MP Mthethwa, W Louw, B Ngonyama, VM Rague, CMF Teixeira and MR Thompson are not members of the risk committee and their attendance is optional.*

BOARD COMMITTEE MANDATES

The tables list the key areas of focus for each of the board's committees.

AUDIT COMMITTEE

PURPOSE	QUORUM
Acts in line with board-approved terms of reference and is responsible for: • Reviewing the principles, policies and practices adopted in the preparation of the financial statements of the company and ensuring that the interim and annual financial statements of the group and any other formal announcements relating to the group's financial performance comply with statutory and regulatory requirements • Maintaining oversight of stakeholder engagement relating to the company's accounting, auditing, internal control and financial reporting practices • Considering the continued independence of the current external auditor • Recommending the appointment of the external auditors, determining their fees and overseeing the results of the external audit process • Setting principles for the use of the external auditors for non-audit services • Assessing the experience of the finance function and the chief financial officer • Going concern status • Combined assurance • Information Technology governance • Group finance function monitoring	A majority of members present in person or through videoconferencing, closed circuit television or any other telecommunications facilities.
MEETING FREQUENCY AND REPORTING Meets at least four times a year.	
SG Morris was the chairperson until May 2016 when B Ngonyama became the chairperson due to Mr Morris' retirement in August 2016.	

RISK COMMITTEE

PURPOSE	QUORUM
Acts in line with board-approved terms of reference to consider, evaluate and report on: • Technical, operational and contract risk management • Risk policy, framework and methodology • Health, safety and environment • Compliance	A majority of committee members, provided that at least two non-executive directors are present through videoconferencing, closed circuit television or telecommunications facilities.
MEETING FREQUENCY AND REPORTING Meets at least four times a year and whenever required to review major contracts.	
KK Mpinga is the chairperson.	

REMUNERATION COMMITTEE

PURPOSE	QUORUM
Acts in line with board-approved terms of reference to assist in the following: ⊙ Setting and oversight of the remuneration policy of the group ⊙ Annual review and approval of executive director remuneration packages, as well as determination and approval of annual bonuses, performance-based incentives and share incentive schemes ⊙ Reviewing the ongoing appropriateness and relevance of the executive remuneration policy and other executive benefit programmes ⊙ Approving management's recommendations for the average annual increase of employees ⊙ Making recommendations to the board on the remuneration of non-executive directors	A majority of committee members, provided that at least two non-executive directors are present in person or through videoconferencing, closed circuit television or telecommunications facilities.

MEETING FREQUENCY AND REPORTING
Meets at least four times a year and whenever required to make recommendations relating to the remuneration of executive managers, executive directors and non-executives.

Dr JL Job was the chairperson until May 2016 when MR Thompson took over as chairperson due to Dr Job's retirement in August 2016.

TRANSFORMATION AND SUSTAINABILITY COMMITTEE

PURPOSE	QUORUM
Acts in line with board-approved terms of reference to monitor the group's activities on: ⊙ Social and economic development in terms of the Companies Act ⊙ Integrated and sustainability reporting ⊙ Transformation ⊙ Labour and employment ⊙ Organisational integrity/ethics ⊙ Compliance and legal ⊙ Corporate citizenship	A majority of committee members, with at least two non-executive directors being present in person or through videoconferencing, closed circuit television or telecommunications facilities.

MEETING FREQUENCY AND REPORTING
Meets at least four times a year.

B Ngonyama was the chairperson until May 2016 when W Louw became the chairperson.

NOMINATIONS COMMITTEE

PURPOSE	QUORUM
Acts in line with board-approved terms of reference to: ⊙ Make recommendations on the composition of the board in general and any adjustments that are deemed necessary, including the balance between executive, non-executive and independent non-executive directors ⊙ Make recommendations on the skills required on the board ⊙ Ensure that the directors are appointed through a formal process and that the appointment is formalised through an agreement between the company and the director ⊙ Oversee the development of a formal induction programme for new directors ⊙ Drive succession planning, in particular for the chairperson and executive directors and senior management appointments ⊙ Agree, and put in place, a performance contract with the chief executive officer ⊙ Formalise the annual performance reviews of the board as a whole, the respective board committees and individual board members ⊙ Deal with any other nominations matter(s) formally delegated by the board to the committee	A majority of committee members, with at least two non-executive directors being present in person or through videoconferencing, closed circuit television or telecommunications facilities.

MEETING FREQUENCY AND REPORTING
Meets at least twice a year when required.

MP Mthethwa is the chairperson.

KING III COMPLIANCE

Our assessment of King III principles indicate that we have applied. Details are outlined in the application table. As outlined on page 7, the recommendations of the draft King IV Report are being evaluated.

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

KING III PRINCIPLE		SELF-ASSESSED APPLICATION STATUS	COMMENTS
1. ETHICAL LEADERSHIP AND CORPORATE CITIZENSHIP			
1.1	**The board provides effective leadership based on an ethical foundation.**	Applied	The board charter is the overarching policy document that defines the board's powers and operational parameters. It also provides for the delegation of operational responsibilities to management and the board committees. The board charter was comprehensively reviewed, updated and approved by the board in May 2012 to incorporate the provisions of King III and the Companies Act. An annual review of the board charter and the terms of reference of board committees is conducted. The board's directors, including its chairperson, were evaluated during the year as part of the board review process. The board was found to be leading the group effectively. The group continues to enforce the significance of integrity within the organisation, especially in light of the past issues of anti-competitive behaviour within the sector.
1.2	**The board ensures that the company is and is seen to be a responsible corporate citizen.**	Applied	The board has mandated the transformation and sustainability committee with the responsibility of carrying out the legislatively prescribed functions contemplated by Regulation 43(5) of the Companies Regulations 2011, which include, amongst other things, good corporate citizenship. The board has delegated the responsibility for proactive stakeholder engagement to management. Regular feedback is received from various stakeholders, including shareholders, clients, debt funders, media and employees. Refer to pages 8 to 9, which discloses the group's focus on stakeholder engagement. Stakeholder engagement is a standing agenda item on the board's agenda.
1.3	**The board ensures that the company ethics are managed effectively.**	Applied	The group is committed to good governance and ethics. Integrity has been formally identified as one of the group's seven core values. The board approved a revised code of ethics that outlines the ethical values and the conduct expected of its employees in this regard. The compliance manager continues to monitor the group's ethics management systems and is responsible for delivering ethics training programmes. In the year under review, the compliance manager facilitated the revision of the group's code of conduct. The compliance manager also undertook the delivery of workshops on the code of conduct and competition legislation.

KING III PRINCIPLE		SELF-ASSESSED APPLICATION STATUS	COMMENTS
2. BOARD OF DIRECTORS			
2.1	**The board acts as the focal point for and custodian of corporate governance.**	Applied	The board has a formal charter and has full and effective control of the group, with an exclusive mandate over all material resolutions that have to be approved by the board. The board meets as often as is required to fulfil its duties, but at least four times a year.
2.2	**The board appreciates that strategy, risk, performance and sustainability are inseparable.**	Applied	The board and the executive committee formulate and direct group strategy. The group has, over the last few years, focused on ensuring that the business is operated on an integrated and sustainable basis.
2.3	**The board should provide effective leadership based on an ethical foundation.**	Applied	Refer to 1.1.
2.4	**The board should ensure that the company is and is seen to be a responsible corporate citizen.**	Applied	Refer to 1.2.
2.5	**The board should ensure that the company's ethics are managed effectively.**	Applied	Refer to 1.3.
2.6	**The board should ensure that the company has an effective and independent audit committee.**	Applied	The board has an audit committee in place. Its responsibilities are documented in the written terms of reference. The audit committee is constituted fully by independent non-executive directors, the majority of which have a high standard of financial literacy. The audit committee is also comprised of a good balance of economic, legal, corporate governance and technical expertise. The chairperson of the main board neither chairs nor is a member of the audit committee. However, a standard invitation is extended to the chairperson of the main board to attend meetings of the audit committee. A report on the activities, observations and recommendations of the audit committee is included in this online section of the integrated annual report and the chairperson attends the annual general meeting to respond to enquiries from the shareholders, if any.
2.7	**The board should be responsible for the governance of risk.**	Applied	The board is ultimately responsible for the group's risk management process and system of internal control. The board has a risk committee in place. Its mandate includes monitoring the technical, operational and contract risk management process of the group.
2.8	**The board should be responsible for Information Technology (IT) governance.**	Applied	The board is ultimately responsible for the Information Technology (IT) governance processes. The board has delegated the responsibility of the group's IT governance processes to the audit committee. To assist it in the fulfilment of this mandate, the audit committee approved the establishment of an IT steering committee in F2012. IT is a standing audit committee agenda item.

GOVERNANCE | **OPERATIONAL REVIEW** CONTINUED

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

KING III PRINCIPLE		SELF-ASSESSED APPLICATION STATUS	COMMENTS
2. BOARD OF DIRECTORS CONTINUED			
2.9	**The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards.**	Applied	The board is ultimately responsible for the group's compliance with the legal and regulatory requirements. The board has delegated this responsibility to the social and ethics committee, now renamed the transformation and sustainability committee. The group monitors its compliance with prevailing legislation through its internal management system. In the period under review, the compliance manager facilitated the determination of the group's regulatory framework to, inter alia, formulate an action plan that will address all identified areas of non-compliance. Each discipline head is responsible for compliance with the laws and regulations applicable to their area of responsibility. The CFO, group risk officer and HR director are responsible for reporting to the audit committee and the risk committee and ultimately to the board on the status of compliance with financial, safety, health, risk, environment and quality (SHREQ) and human resources legislation.
2.10	**The board should ensure that there is an effective risk-based internal audit.**	Applied	Through the audit committee, the board promotes the standing and value of the group's internal audit department, assesses the adequacy of its resources and the effectiveness of its work and engages with management to ensure audit plans are risk-based.
2.11	**The board should appreciate that stakeholders' perceptions affect the company's reputation.**	Applied	The board has delegated the responsibility of dealing with stakeholder relationships in a proactive and constructive manner to management, with a standing agenda point requiring feedback from the chief executive officer (CEO) and chief financial officer (CFO) on a quarterly basis.
2.12	**The board should ensure the integrity of the company's integrated report.**	Applied	The board has delegated the responsibility of ensuring the integrity of the group's integrated annual report to the audit committee. The adequacy of the CFO, the financial team and the integrated annual report is assessed and formally recorded at the August audit committee meeting.
2.13	**The board should report on the effectiveness of the company's system of internal controls.**	Applied	The board has delegated the responsibility of reporting on the effectiveness of the company's system of internal control to the audit committee. The audit committee relies on representation from management and feedback from the internal audit team and the external auditors. The risk committee is responsible for the implementation of the combined assurance plan and provides the audit committee with regular updates on status and findings.

KING III PRINCIPLE	SELF-ASSESSED APPLICATION STATUS	COMMENTS
2. BOARD OF DIRECTORS CONTINUED		
2.14 The board and its directors should act in the best interests of the company.	Applied	The conduct required of directors is confirmed by the board charter. In line with this, the board is required to act in the best interest of the company by ensuring that individual directors: - Adhere to legal standards of conduct - Are permitted to consult independent professional advice at the group's expense in connection with their duties following an agreed procedure - Disclose real or perceived conflicts to the board and deal with them accordingly - Deal in securities only in accordance with the policy adopted by the board
2.15 The board should consider business rescue proceedings or other turnaround mechanisms as soon as the company is financially distressed, as defined in the Act.	Applied	The board continuously monitors the solvency and liquidity of the group and considers its going concern status. The board is satisfied that it is cognisant of the market conditions within which it operates and would therefore be able to apply business rescue procedures, should the group become financially distressed.
2.16 The board should elect a chairperson of the board who is an independent non-executive director. The CEO of the company should not also fulfil the role of chairperson of the board.	Applied	An independent non-executive director is elected as the chairperson of the board on an annual basis. The CEO therefore does not fulfil the role of chairperson.
2.17 The board should appoint the CEO and establish a framework for the delegation of authority.	Applied	The appointment of the CEO is a matter for consideration by the board as a whole. The board defines the group's levels of authority, reserving specific powers for the board, while delegating others to management. The collective responsibility of the executive management of the company's operations vests with the CEO, who regularly reports to the board on the group's objectives and strategy.
2.18 The board should comprise a balance of power, with a majority of non-executive directors. The majority of non-executive directors should be independent.	Applied	The size of the board is dictated by the MoI, which permits a maximum of 15 directors and prescribes a minimum of four directors. The board comprises a balance of executive and non-executive directors, with all non-executive directors being independent as defined. Each director has one vote on a matter before the board. A majority of the votes cast on a resolution is sufficient to approve that resolution. The chairperson may not have a deciding vote in addition to any deliberative vote.
2.19 Directors should be appointed through a formal process.	Applied	The appointment of directors is a matter for consideration by the board as a whole on the recommendation of a formal recruitment process executed by the nominations committee. All changes in directorships effected during the year were made through a formal process.

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

KING III PRINCIPLE		SELF-ASSESSED APPLICATION STATUS	COMMENTS
2. BOARD OF DIRECTORS CONTINUED			
2.20	**The induction of and ongoing training and development of directors should be conducted through formal processes.**	Applied	A formal induction programme was formulated in F2015 and is further augmented by engagements with select members of the executive teams and site visits.
2.21	**The board should be assisted by a competent, suitably qualified and experienced company secretary.**	Applied	The company secretary is a legally qualified individual who is not a director of the board. The board has assessed the competence of the company secretary and is satisfied with her performance at a functional level. The board is satisfied with the guidance and support received from the company secretary in the current period.
2.22	**The evaluation of the board, its committees and the individual directors should be performed every year.**	Applied	The board charter requires the board to conduct annual evaluations of its performance in terms of its roles and responsibilities, as well as that of individual directors. Each committee evaluates its own performance and reports the results to the board. The board is conscious of the fact that it has two non-executive directors who have served on the board for longer than nine years. An internal evaluation of their independence, character and judgement was performed and the assessment confirmed their independence. An external board evaluation will be done during F2017.
2.23	**The board should delegate certain functions to well-structured committees, but without abdicating its own responsibilities.**	Applied	The board and committees operate under formal terms of reference, which are reviewed on an annual basis to ensure efficiencies within each committee. The chairperson of each committee reports back to the board at each board meeting and the minutes of all committee meetings are circulated to the board. The composition of each committee, as well as a description of its terms of reference, is disclosed in the integrated annual report.
2.24	**A governance framework should be agreed between the group and its subsidiary boards.**	Applied	The board has formalised the respective responsibilities of the board and its subsidiaries through certain governance structures, such as the audit and remuneration committees and social and ethics committee. The social and ethics committee was renamed the transformation and sustainability committee.
2.25	**Companies should remunerate directors and executives fairly and responsibly.**	Applied	The board believes that the group's remuneration policy and strategy are designed to ensure that executives are appropriately remunerated with an acceptable balance between guaranteed and performance-based elements, as well as between short and long term incentives. In the fulfilment of its mandate, the remuneration committee ensures that reward levels benchmark fairly against sector norms.

KING III PRINCIPLE		SELF-ASSESSED APPLICATION STATUS	COMMENTS
2. BOARD OF DIRECTORS CONTINUED			
2.26	**Companies should disclose the remuneration of each individual director and certain senior executives.**	Applied	The company discloses the remuneration of directors and prescribed officers in accordance with the requirements of the Companies Act (71 of 2008, as amended) and the JSE Listings Requirements in its integrated annual report. In addition, it supplements this disclosure with information on remuneration for senior management who are not prescribed officers.
2.27	**Shareholders should approve the company's remuneration policy.**	Applied	The group's remuneration policy is set out in the team remuneration review included in the printed section of the integrated annual report. The group's remuneration policy is tabled at each annual general meeting by way of a non-binding advisory vote.
3. AUDIT COMMITTEE			
3.1	**The board should ensure that the company has an effective and independent audit committee.**	Applied	The company's audit committee operates in terms of a written charter, performs the duties prescribed by the Companies Act (71 of 2008, as amended), meets quarterly, considers detailed reports from management and reports and makes recommendations in writing to the board. The audit committee chairperson regularly reviews the adequacy of the content of the committee agenda and work plan against developing trends in the market to ensure alignment with best practice.
3.2	**Audit committee members should be suitably skilled and experienced independent non-executive directors.**	Applied	The audit committee fully constitutes independent non-executive directors with a high standard of financial literacy. The audit committee also comprises a good balance of economic, legal, corporate governance and technical expertise. The chairperson of the main board neither chairs nor is a member of the audit committee. However, a standard invitation is extended to the chairperson of the main board to attend meetings of the audit committee.
3.3	**The audit committee should be chaired by an independent non-executive director.**	Applied	The audit committee is chaired by a non-executive director of the board. The chairperson of the main board neither chairs nor is a member of the audit committee.
3.4	**The audit committee should oversee integrated reporting.**	Applied	The audit committee is responsible for considering and making recommendations to the board relating to the group's integrated annual report, the financial statements and any other reports (with reference to the financial affairs of the group) for external distribution or publication, including those required by any regulatory or statutory authority.
3.5	**The audit committee should ensure that a combined assurance model is applied to provide a co-ordinated approach to all assurance activities.**	Applied	The audit committee ensures that it obtains regular and comprehensive assurance from the risk committee, external auditor, the internal audit department and/or management in relation to matters such as financial reporting, adequacy of internal controls and veracity of risk management processes. The group's audit committee is responsible for ensuring that a combined assurance model is applied within the group which provides a co-ordinated approach to all assurance activities. The group risk officer provides the audit committee with annual feedback on the group's approach and plan with regard to combined assurance.

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

KING III PRINCIPLE		SELF-ASSESSED APPLICATION STATUS	COMMENTS
3. AUDIT COMMITTEE CONTINUED			
3.6	**The audit committee should satisfy itself of the expertise, resources and experience of the company's finance function.**	Applied	The audit committee performs an annual review of the CFO and the group's finance function. Based on the review conducted in the year under review, the committee has satisfied itself of the appropriateness of the expertise, resources and experience of the CFO and the group's finance function.
3.7	**The audit committee should be responsible for overseeing internal audit.**	Applied	The audit committee's mandate imposes an oversight role with regards to internal audit. The committee monitors internal audit resources, activities, findings and coverage plans through the comprehensive reports submitted by internal audit management at each committee meeting.
3.8	**The audit committee should be an integral component of the risk management process.**	Applied	The board re-arranged the meeting schedule of its committees to enhance the flow of information between forums from an administrative perspective. Accordingly, meetings of the audit committee are preceded by those of the risk committee, with representations made by the group risk officer and the chairperson of the risk committee to the audit committee, which in turn considers the effectiveness of the risk management process on the group's financial reporting. The chairperson of the audit committee is a member of the risk committee. The risk committee has oversight responsibility for the group's risk management programme.
3.9	**The audit committee is responsible for recommending the appointment of the external auditor and overseeing the external audit process.**	Applied	In terms of the audit committee's terms of reference, the audit committee is responsible for recommending the appointment of the external auditor to shareholders, overseeing the external audit process, including concluding on the terms of engagement and audit fees. The audit committee is also responsible for formulating the policy for non-audit services, reportable irregularities and the quality and effectiveness of the external auditor. It monitors the level of non-audit fees on a quarterly basis and formally reviews, evaluates and approves the audit fees each year.
3.10	**The audit committee should report to the board and shareholders on how it discharged its duties.**	Applied	The audit committee provides feedback to the board at each board meeting. Reporting to shareholders occurs through the audit committee report in the integrated annual report. The chairperson of the audit committee also attends annual general meetings to report on the statutory duties, as required.

KING III PRINCIPLE		SELF-ASSESSED APPLICATION STATUS	COMMENTS
4. THE GOVERNANCE OF RISK			
4.1	**The board should be responsible for the governance of risk.**	Applied	The board is ultimately accountable for the group's risk management process and system of internal control. The board has a risk committee in place. Its mandate includes monitoring the technical, operational and contract risk management process of the group.
4.2	**The board should determine the levels of risk tolerance.**	Applied	The board has adopted the levels of risk tolerance utilised by the risk committee and management in determining the group's risk management framework, its risk-bearing capacity and the methodology for rating risks in the group's risk registers.
4.3	**The risk committee or audit committee should assist the board in carrying out its risk responsibilities.**	Applied	The charters of both the risk and audit committees require these forums to assist the board in carrying out its risk governance responsibilities. They provide this assistance by monitoring the group's risk management activities. Both the CFO and the group risk officer provide detailed accounts of the risks identified in the business to the risk and audit committees.
4.4	**The board should delegate to management the responsibility to design, implement and monitor the risk management plan.**	Applied	The objective of risk management in the group is to establish an integrated and effective risk management framework where material risks are identified, quantified and managed to achieve an optimal risk/reward profile. An integrated approach ensures that risk management is incorporated into the day-to-day operational management processes. During the year under review, the risk committee endorsed and recommended a risk management plan and a revised combined assurance model.
4.5	**The board should ensure that risk assessments are performed on a continual basis.**	Applied	The board ensures that effective and ongoing risk assessments are performed. A systematic, documented, formal risk assessment is conducted at least once a year. Risks are prioritised and ranked to focus responses and interventions. A top-down approach is adopted in risk assessments without being limited to strategic and high-end risks only. The board regularly receives and reviews a register of the company's key risks. The risk assessment process involves the risks affecting the various income streams of the company, the critical dependencies of the business, its sustainability and the legitimate interests and expectations of stakeholders. In addition, a defined risk management process is in place which is utilised on a daily basis to assess all risks on a contract through its lifecycle, which commences at pre-bid stage.
4.6	**The board should ensure that frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks.**	Applied	This remains a focus area of the board and management. The management team engages with leading advisory councils in the infrastructure sector to ensure awareness of leading views and emergence of risks. In addition, the management team continues to implement enhancements to the risk management process by, for example, standardising risk management processes and by implementing improvement and assurance controls at an earlier stage of contract assessments.

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

KING III PRINCIPLE		SELF-ASSESSED APPLICATION STATUS	COMMENTS
4. THE GOVERNANCE OF RISK CONTINUED			
4.7	**The board should ensure that management considers and implements appropriate risk responses.**	Applied	The management team identifies and notes the risk responses in the risk register. Risk registers are maintained at a contract, segment and group level.
4.8	**The board should ensure continual risk monitoring by management.**	Applied	The management team identifies and notes the risk responses in the risk register. The board receives assurance from the risk committee and the group risk officer that the management team appropriately identifies, manages, transfers and mitigates risks facing the group.
4.9	**The board should receive assurance regarding the effectiveness of the risk management process.**	Applied	The board receives assurance from the risk committee that it and the management team continually monitor risks facing the group.
4.10	**The board should ensure that there are processes in place enabling complete, timely, relevant, accurate and assessable risk disclosure to stakeholders.**	Applied	Management provided all requested disclosures made by the non-executive directors. The board ensures that the integrated annual report, as well as its public announcements, where necessary, appropriately discloses risk-related information of importance to stakeholders. The release of the group's integrated annual report within two months of the group's financial year end ensures that the information remains timely and relevant.
5. THE GOVERNANCE OF INFORMATION TECHNOLOGY			
5.1	**The board should be responsible for Information Technology (IT) governance.**	Applied	The board is ultimately responsible for the Information Technology (IT) governance processes. The board has delegated the responsibility of the group's IT governance processes to the audit committee. To assist it in the fulfilment of this mandate, the audit committee approved the establishment of an IT steering committee in F2012. IT is a standing audit committee agenda item.
5.2	**IT should be aligned with the performance and sustainability objectives of the company.**	Applied	The group's IT strategy is designed to support the group's business strategy, with the aim of ensuring that the group will operate effectively and remain sustainable.
5.3	**The board should delegate to management the responsibility for the implementation of an IT governance framework.**	Applied	The board is ultimately responsible for the IT governance processes. The board has delegated the responsibility of the group's IT governance processes to the audit committee. To assist it in the fulfilment of this mandate, the audit committee approved the establishment of an IT steering committee in F2012. IT is a standing audit committee agenda item.

KING III PRINCIPLE		SELF-ASSESSED APPLICATION STATUS	COMMENTS
5. THE GOVERNANCE OF INFORMATION TECHNOLOGY CONTINUED			
5.4	**The board should monitor and evaluate significant IT investments and expenditure.**	Applied	The board monitors material IT investments through its consideration of the group's capital expenditure budget, and evaluates the return on investment through reports made by management to the audit committee. Good governance principles apply to all parties in the supply chain or channel for the acquisition and disposal of IT goods or services. All capital expenditure requires prior approval from the CFO and investments or development costs must be evaluated against actual performance.
5.5	**IT should form an integral part of the company's risk management.**	Applied	IT risks form an integral part of the company's risk management activities. The management team regularly demonstrates to the board that the company has adequate business resilience arrangements in place for disaster recovery. The board ensures that the company complies with IT laws and that IT-related rules, codes and standards are considered.
5.6	**The board should ensure that information assets are managed effectively.**	Applied	The board ensures that all personal information is treated by the company as an important business asset. The board ensured that an information security management system was developed, implemented and recorded to ensure security (confidentiality, integrity and availability of information).
5.7	**A risk committee and audit committee should assist the board in carrying out its IT responsibilities.**	Applied	The risk committee assists the board in carrying out its IT governance responsibilities by ensuring that IT risks are adequately addressed through its risk management and monitoring processes. The audit committee assists the board in carrying out its IT governance responsibilities. The IT report forms part of the standing agenda items of the risk and audit committees, which results in the board being made aware of potential risks.
6. COMPLIANCE WITH LAWS, CODES, RULES AND STANDARDS			
6.1	**The board should ensure that the company complies with applicable laws and consider adherence to non-binding rules, codes and standards.**	Applied	The board is ultimately responsible for the group's compliance to legal and regulatory requirements. The board has delegated this responsibility to the social and ethics committee, now renamed the transformation and sustainability committee. The group monitors its compliance to prevailing legislation through its internal management system. The group's compliance management systems are monitored by the compliance manager who presents quarterly reports to the transformation and sustainability committee on the performance in this area. Each discipline head is responsible for compliance with the laws and regulations applicable to their area of responsibility. The CFO, group risk officer and HR director is responsible for reporting to the audit and risk committees and ultimately to the board on the status of compliance to financial, safety, health, risk, environment and quality (SHREQ) and human resources legislation.

GOVERNANCE | **OPERATIONAL REVIEW** CONTINUED

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

KING III PRINCIPLE	SELF-ASSESSED APPLICATION STATUS	COMMENTS
6. COMPLIANCE WITH LAWS, CODES, RULES AND STANDARDS CONTINUED		
6.2 The board and each individual director should have a working understanding of the effect of the applicable laws, rules and standards on the company and its business.	Applied	The induction or ongoing training programmes of directors incorporate an overview of and changes to applicable laws, rules, codes and standards.
6.3 Compliance risk should form an integral part of the company's risk management process.	Applied	The risk of non-compliance is identified, assessed and responded to through the risk management processes. Each discipline head is responsible for compliance with the laws and regulations applicable to their area of responsibility. The CFO, group risk officer and human resources (HR) director are responsible for reporting to both the audit and risk committees and then ultimately to the board on the status of compliance to financial, SHREQ and human resources legislation.
6.4 The board should delegate to management the implementation of an effective compliance framework and processes.	Applied	The board ensures that a legal compliance policy, approved by the board, is implemented by management. The board receives assurance on the effectiveness of the controls around compliance with laws, rules, codes and standards. Compliance with these are incorporated in the code of conduct of the company. The group's compliance management systems are monitored by the compliance manager who presents quarterly reports to the transformation and sustainability committee on the performance in this area. Disclosure is made of material (or immaterial, but often-repeated) regulatory penalties, sanctions or fines for contraventions or non-compliance with statutory obligations that were imposed on the company or any of its directors or officers or a statement that no such events took place. Each discipline head is responsible for compliance with the laws and regulations applicable to their area of responsibility. The CFO, group risk officer and HR director is responsible for reporting to both the audit and risk committees and ultimately to the board on the status of compliance with financial, SHREQ and human resources legislation.

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

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

KING III PRINCIPLE		SELF-ASSESSED APPLICATION STATUS	COMMENTS
8. GOVERNING STAKEHOLDER RELATIONSHIPS CONTINUED			
8.2	**The board should delegate to management to proactively deal with stakeholder relationships.**	Applied	The management team develops a strategy and formulates policies for the management of relationships with each stakeholder grouping. The board oversees the establishment of mechanisms and processes that support stakeholders in constructive engagement with the company. The board encourages shareholders to attend the AGM. Categories of stakeholders are allocated to members of the executive committee who are responsible for ensuring effective engagement.
8.3	**The board should strive to achieve the appropriate balance between its various stakeholder groupings, in the best interests of the company.**	Applied	The board takes into account the legitimate interests and expectations of its stakeholders in its decision-making in the best interests of the company. The group logs queries and concerns from stakeholders and ensures that the material matters are addressed.
8.4	**Companies should ensure the equitable treatment of shareholders.**	Applied	There is equitable treatment of all holders of the same class of shares. The board ensures that minority shareholders are protected.
8.5	**Transparent and effective communication to stakeholders is essential for building and maintaining their trust and confidence.**	Applied	The board has adopted communications guidelines that support a responsible communications programme. Complete, timely, relevant, accurate, honest and accessible information is provided by the company to its stakeholders, while having regard for legal and strategic considerations. The group issues its full integrated annual report, including audited financial statements, on the same day as it releases its year-end results. In addition, the group won the Investment Analysts Society Award for Best Reporting and Communication in the industrial sector seven times. No requests for information in terms of the Promotion of Access to Information Act, 2000 have been lodged with the group in the period under review.
8.6	**The board should ensure that disputes are resolved as effectively, efficiently and expeditiously as possible.**	Applied	The board has adopted formal dispute resolution processes for internal and external disputes.

KING III PRINCIPLE		SELF-ASSESSED APPLICATION STATUS	COMMENTS
9. INTEGRATED REPORTING AND DISCLOSURE			
9.1	**The board should ensure the integrity of the company's integrated annual report.**	Applied	The integrated annual report includes, amongst other matters, the performance and value creation through the value-added statement and other financial and non-financial performance indicators. Sufficient commentary on the financial performance is provided in the integrated annual report. The going concern status is also confirmed in the annual financial statements.
9.2	**Sustainability reporting and disclosure should be integrated with the company's financial reporting.**	Applied	The board includes commentary on the company's financial results in the integrated annual report. The board discloses the group's going concern status. The board ensures that the integrated annual report portrays a balanced view of both the positive and negative impacts of the company's operations and future plans. The integrated annual report discloses the nature of the company's dealings with stakeholders and the outcomes of these dealings.
9.3	**Sustainability reporting and disclosure should be independently assured.**	Applied	Independent external assurance is obtained.

APPLICATION OF JSE CORPORATE GOVERNANCE LISTINGS REQUIREMENTS

REQUIREMENTS	GROUP RESPONSE
The chairperson must be an independent non-executive director or if not, a lead independent director has to be appointed.	The chairperson is an independent non-executive director and a lead independent director is in place.
The board appoints the CEO.	The CEO is appointed by the board.
The audit committee approves both the external auditor's terms of engagement and remuneration.	The audit committee approves the external auditor's terms of reference, their remuneration and the fees spent on non-audit functions.
There is a board committee (either a risk committee or the audit committee) that assists the board in carrying out its risk responsibilities.	There is a risk committee.
There is a board remuneration committee.	There is a remuneration committee.
The nominations committee's terms of reference have been approved by the board and are reviewed every year.	These are approved and reviewed annually.
The company has an audit committee.	There is an audit committee.
There is a nominations committee consisting of board members.	There is a nominations committee consisting of board members.
The company secretary is empowered by the board to effectively perform his or her duties.	The company secretary is empowered to perform her duties.
Procedures for appointments to the board are all of the following: - Formally set out in a policy - Transparent - A matter for the board as a whole (although the board may be assisted by the nominations committee)	A director's appointment policy was approved by the board in the year under review.
The chairperson has not been the CEO of the company in the last three years.	The chairperson has never been the CEO and the CEO has never been the chairperson.
The board is entitled to both appoint and remove the company secretary.	The board may do so.
The company complies with the provisions of the Companies Act, 2008 in relation to the appointment and removal, and the duties allocated, to the company secretary.	The company complies.
The audit committee monitors and reports on the external auditor's independence.	The committee formally considers and approves the audit fee in February of each year and evaluates the spend versus budget at the November meeting. In addition, the committee evaluates the extent of non-audit fees earned as a percentage of the total audit budget quarterly to ensure reasonableness and independence.

REQUIREMENTS	GROUP RESPONSE
The role and function of the company secretary are clearly formulated in writing.	Her role and function are clearly formulated.
The audit committee has defined a policy for non-audit services provided by the external auditor.	The committee evaluates the extent of non-audit fees earned as a percentage of total audit budget quarterly to ensure reasonableness and independence.
A brief CV of each director standing for election or re-election at the annual general meeting (AGM) accompanies the notice of the AGM.	Refer to pages 80 to 82 of this online section of the integrated annual report.
There is a policy addressing division of responsibilities at board level to ensure a balance of power and authority and that no one individual has unfettered powers of decision-making.	The board has a charter that clearly sets out its role and responsibilities, as well as the requirements for its composition and meeting procedures. In terms of this governance charter, each director has one vote on a matter before the board. A majority of the votes cast on a resolution is sufficient to approve that resolution.
The integrated annual report classifies directors as executive, non-executive or independent and provides information about individual directors that shareholders may need to make their own assessments in regard to all of the following: - Independence - Education - Qualification and experience - Length of service and age - Significant other directorships - Political connections - Other relevant information	Refer to the printed section of the integrated annual report and pages 80 to 82 of this online section of the integrated annual report.
The nominations committee comprises the board chairperson and non-executive directors.	Refer to pages 61 to 63 of this online section of the integrated annual report.
The audit committee does both of the following: - Considers and satisfies itself of the suitability, expertise and experience of the financial director every year - Reviews the finance function every year	Refer to page 62 of this online section of the integrated annual report.
Both of the following are disclosed in the integrated annual report regarding each board committee: - Composition - Role and mandate	Refer to pages 61 to 63 of this online section of the integrated annual report.
The company discloses the number of meetings held each year by the board and - each board committee - which meetings each director attended (as applicable)	Refer to page 61 of this online section of the integrated annual report.
The audit committee recommends to shareholders the appointment, re-appointment and removal of the external auditor.	Refer to page 62 of this online section of the integrated annual report.

BOARD OF DIRECTORS

MP (PHILISIWE) MTHETHWA /52

INDEPENDENT CHAIRPERSON OF MAIN BOARD AND NOMINATIONS COMMITTEE

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

PHILISIWE was appointed as CEO of the National Empowerment Fund (NEF) in July 2005. Prior to joining the NEF, Philisiwe worked for a French investment bank in London, was responsible for risk management control at the South African Reserve Bank and worked in the Treasury division at Standard Corporate and Merchant Bank. She was employed as a regional director for Europe by the dti in Germany and France to promote European investment in South Africa. In 2002, she returned to South Africa to become the chief director of the black economic empowerment unit of the dti, which developed the government's broad-based black economic empowerment strategy, the BBBEE Act and the Codes of Good Practice. Philisiwe is also the chairperson of the main board of the Industrial Development Corporation. Amongst her recent accolades are: The Business Women Association's Corporate Business Woman: Year Award 2011, Africa's Business Woman of the Year 2011 by Africa Investor and being appointed "Chevalier de la Legion d'Honneur" (Knight of the National Order of Merit) by the President of France, Nicolas Sarkozy, in recognition of her distinguished achievements. In 2013, Mrs Mthethwa received the Woman of Substance Award from the African Women Chartered Accountants, as well as the Top South African Women's Award from South Africa's Most Influential Women in Business and Government. Philisiwe is also a member of the BRICS Financial Services Working Group, and in 2015, she accepted an appointment as chairperson of the Financial Services and Insurance sub-committee for the SA-India CEOs forum.

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 joined Group Five in 2002. She was appointed to the board and as CFO in 2008. She was at PricewaterhouseCoopers until 2002 where she was a senior audit manager in the energy and mining group.

At Group Five she has filled a number of positions in the group. She achieved the position of CFO within six years of joining the group after clearly demonstrating her ability to operate at a very senior level and to effectively manage numerous complicated business and financial issues. Cristina was awarded the Business Women Association's Corporate Business Woman: Year Award 2013. She is a non-executive director of digitalME (Pty) Limited.

KK (KALAA) MPINGA /55
(Congolese)

LEAD INDEPENDENT NON-EXECUTIVE DIRECTOR

Chairperson of risk committee, member of audit and nominations committees

BSc Agricultural Economics, MSc International Agricultural Development

KALAA was appointed in July 2002 as a non-executive director. Kalaa worked at Bechtel Corporation in San Francisco before joining the LTA Group, a subsidiary of Anglo American Corporation in 1991. In 1995, he joined the new mining business of Anglo American where he was responsible for exploration and the acquisition of resources in Africa. He was appointed as an alternate director of Anglo American Corporation of South Africa in 1997. He left Anglo American in December 2001 and established Mwana Africa Holdings (Mwana) in 2003 and listed it on AIM, London's Stock Exchange's international market for smaller growing companies in 2005 and served as its chief executive officer until June 2015. Kalaa is a director of Global Multi Trade.

SG (STUART) MORRIS /70

OUTGOING INDEPENDENT NON-EXECUTIVE DIRECTOR

Member of audit and risk committees

BCom, CA(SA)

STUART was appointed in July 2005 as a non-executive director. Stuart practised at KPMG South Africa for over 30 years, ultimately as CEO. After KPMG, he became group financial director of Nedbank Group. Stuart's other non-executive directorships include City Lodge Holdings where he is chairperson of the audit committee and a member of the risk committee, Hudaco Industries where he is a member of the audit and risk and nominations committees and chairperson of the remuneration committee, Rolex Watch Company (South Africa) where he is the local director, Sasol Pension Fund where he is chairperson of the board and of the audit and risk and operations committees, Wits Donald Gordon Medical Centre where he is chairperson of the board, audit committee and of exco, Zurich Insurance Company (South Africa) where he is acting chairperson of the board and chairperson of the audit and risk and remuneration committees and Impro REIT Limited where he is chairperson of the board, chairperson of the nominations committee, and member of the audit and remuneration committees.

NJ (JUSTIN) CHINYANTA /56
(Zambian)

INDEPENDENT NON-EXECUTIVE DIRECTOR

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 (Loita Holdings Corporation Africa), a pan-African investment banking and ICT firm based in Mauritius. A lawyer by profession, Justin is a specialist in the financial markets of sub-Saharan Africa with extensive experience in the commercial and investment banking industries in Africa. Justin was appointed as an independent non-executive director who brings strong commercial and project finance experience to the board and extensive pan-African business networks. Justin is a non-executive board member of Ecobank Malawi (chairperson of the risk and credit committee) and chairs the boards of AAR Credit Kenya and Uganda. He is the non-executive vice chairperson of the Zambia Bond and Derivatives Exchange (BADEX), and vice president (Southern Africa) for the Africa Business Roundtable. He is a pioneer member of General Colin Powell and Ms Madeleine Albright's Initiative for Global Development Frontier 100 CEOs. In April 2013, he was appointed to the Duke of Edinburgh's Commonwealth Study Conference Leaders Forum. Prior to co-founding the Loita Group, Justin was a senior officer at Citibank and HSBC's Africa region offices.

DR JL (JOHN) JOB /71

OUTGOING INDEPENDENT NON-EXECUTIVE DIRECTOR

Member of remuneration, audit and risk committees

BSc (Hons), PhD in Physical Chemistry

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

W (WILLEM) LOUW /62

INDEPENDENT NON-EXECUTIVE DIRECTOR

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), Fellow of the South African Academy of Engineering (SAAE)

WILLEM is a civil engineer with extensive project and technical and technology management (capital projects) skills, as well as new business development and integration management experience in the energy and chemical industry, both locally and over-border. Willem currently serves as a director of the Centre for Business Management of Projects with the University of Stellenbosch's Business School, the Executive Development (USB-ED) company. Willem was appointed as an independent non-executive director who brings relevant industrial and engineering and project management experience to the board.

BOARD OF DIRECTORS CONTINUED

B (BABALWA) NGONYAMA /41

INDEPENDENT NON-EXECUTIVE DIRECTOR

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

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

BABALWA is a chartered accountant with extensive experience in the auditing, finance and mining industries. She is the CEO of Sinayo Securities. Babalwa also has several business interests and actively participates in numerous national forums on economic growth and development. She is a founding member of the African Women Chartered Accounting organisation. She currently serves as a member of the boards and audit committee of Impala Platinum Holdings Limited and Barloworld Limited. She also serves as a member of the Clover board and is a member of its audit and risk committees. Babalwa was appointed as an independent non-executive director and brings auditing and financial experience to the board.

VM (VINCENT) RAGUE /63
(Kenyan)

INDEPENDENT NON-EXECUTIVE DIRECTOR

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 extensive experience in advisory services, investments, project and corporate finance, as well as banking, spans Latin America, Europe, Africa and Asia. He currently serves as an independent non-executive director of Kenya Airways and City Lodge, chairperson of Financial Sector Deepening Africa (FSDA), and as an independent trustee of the Pan Africa Infrastructure Development Fund (PAIDF). Vincent was appointed as an independent non-executive director who brings investment, project and corporate finance experience to the board.

MR (MARK) THOMPSON /63

INDEPENDENT NON-EXECUTIVE DIRECTOR

Chairperson of remuneration committee, member of audit committee

BCom, BAcc, LLB, CA(SA)

MARK is both 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 and prior career appointments and from his other current non-executive positions. Mark also serves as a non-executive member of Rand Merchant Bank's audit committee, the FirstRand Banking Group's corporate and investment banking credit committee and the board of the FirstRand group's insurance services subsidiary where he is the chairperson of the audit, risk and compliance committees. He also serves on the board of a large manufacturing company controlled by a private equity fund and as a trustee and member of the investment committee of a substantial medical research foundation. Mark was appointed as an independent non-executive director and brings legal, accounting, corporate finance and performance management experience to the board.

N (NONQABA) KATAMZI (47)

COMPANY SECRETARY

BA Law, LLB, CIBM

NONQABA joined Group Five as company secretary in 2009. Before joining Group Five, she served as company secretary for a number of listed organisations. She is a practised legal advisor who has been admitted to the High Court of Swaziland. Nonqaba has more than ten years' experience in her field.

EXECUTIVE MANAGEMENT

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 80.

WI (WILLIE) ZEELIE /54

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

Member of risk committee

Higher National Diploma Electrical Engineering, Pr Tech Eng, MSAIEE

WILLIE joined Group Five in 2003 and was appointed to exco in 2008. Before joining Group Five, Willie spent 20 years in executive roles in the power industry with groups such as Alstom, Eskom, Reyrolle and ABB. He established Power Systems in 2005 and Group Five Energy in January 2007. He established Engineering & Construction Services in 2010 with a focus on the energy, power, oil and gas and water sectors. He assumed the role of Executive: Engineering & Construction during F2012.

JW (JON) HILLARY /43

EXECUTIVE COMMITTEE MEMBER – INVESTMENTS & CONCESSIONS

BCompt (Hons), CA(SA)

JON was appointed to exco during F2015. Prior to this, Jon ran the successful business of Intertoll, comprising Eastern Europe and Africa for a number of years. Jon joined the group in 2004 as financial director of the Investments & Concessions cluster, before being appointed as the managing director of the Group Five Properties business in 2009. Jon possesses a broad range of internationally-based finance and commercial experience. His focus on execution and delivery bodes well for the cluster going forward. Jon has a clear mandate to deliver on growth over the short to medium term.

JA (JOHN) WALLACE /58

EXECUTIVE COMMITTEE MEMBER – MANUFACTURING

BCom, Hons Programme in Advanced Marketing and Executive Management Programme

JOHN joined Group Five in 2002 and was appointed to exco in 2004. He led the turnaround of Everite in the group. Prior to joining Group Five, he was managing director of several organisations involved in plastic packaging, chemicals and related fields where he repositioned and turned around poorly-performing entities. John has 25 years' experience in leading strategy and the restructuring of businesses.

ST (THEMBA) MOSAI /40

EXECUTIVE COMMITTEE MEMBER – DEVELOPMENTS

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, successfully having led the company for the previous seven years. During his time at Intertoll Africa, Themba was very successful in driving growth into new markets in Africa, including Zimbabwe. Themba is a strong relationship builder, and has a good ability to match client aspirations to the realities of developing, financing, constructing and operating infrastructure assets across Africa. Themba is technical and practical, supported by his Electrical Engineering qualification, as well as tactical, business-minded and strategic, supported by his MBA degree. Since taking on his new role he has already made great strides in further enhancing our position across target African geographies and our profile with both public sector and private sector clients, as well as securing new work and resolving legacy matters in key markets.

GD (GUY) MOTTRAM /50

EXECUTIVE COMMITTEE MEMBER – RISK

Member of risk and transformation and sustainability committees

BCom, LLB

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

J (JESSE) DOORASAMY /45

EXECUTIVE COMMITTEE MEMBER – HUMAN RESOURCES

Member of transformation and sustainability committee

BSoc Sci, BCom (Hons), PG DIP IR

Jesse has ten years of in-depth experience in the group from both an operational and strategic perspective and held the role of Human Resources Director: Construction before his appointment as HR executive and a member of the executive committee. Prior to that, Jesse was the HR director of the Projects segment within Construction. Jesse's experience in the group allows him to bring strong operational knowledge to the group level. As he worked in the group's most internationally-focused division, he has a strong track record in managing human capital issues in the rest of Africa, something that is crucial to the group's continued expansion strategy.

PEOPLE

LABOUR PRACTICES AND DECENT WORK

01 ASPECT: EMPLOYMENT

Delivery on F2016 focus areas:

IN THE GROUP'S F2015 INTEGRATED ANNUAL REPORT, WE OUTLINED A NUMBER OF FOCUS AREAS. THE TABLE INDICATES HOW WE DELIVERED AGAINST THESE:

FOCUS AREAS FOR 2016	DELIVERY
Enhancement of group-wide industrial relations awareness and the implementation of proactive dispute resolution processes.	We completed a comprehensive re-training initiative to create a group standard of proactive engagement and dispute resolution Industrial relations (IR) reporting structures were standardised to ensure early escalation of IR issues when they arise to allow for timeous management and/or specialist intervention
The revision of all temporary/limited duration contracts in line with requirements of the Labour Relations Act.	All employment contracts were amended to comply with the Labour Relations Act
Engagement and industry leadership in the management of the various employee-related governing bodies.	The IR team and executive human resources (HR) leadership continued to engage proactively in all the employer forums represented at the major bargaining councils. The group is taking the lead in an industry-wide initiative to standardise the negotiation of conditions of employment in the building industry
The adoption and integration of quality Information Technology to support our recruitment centre.	We achieved this and embraced social networking as a source of top talent. We also introduced technology to automate and expedite the mass take-on processes necessitated by large infrastructure contracts and maintenance shutdowns
The automation of processes and the reduction in recruitment volumes resulted in a rationalisation of our central talent management and resource function.	The changes have delivered the necessary savings through the reduction of the group's dependence on recruitment agencies
Supervisor and management training will be intensified to enforce on-site adherence to group practices and procedures.	We developed and introduced a series of high-flyer programmes focusing on the retention and development of the top talent across the group. These were augmented by the group's engineering school in the Academy and the quantity surveyor and foreman development programmes
Improve overall ranking in the Corporate Research Foundation's Best Employer survey	We improved our overall ranking from 21^{st} to 11^{th} and were recognised as the best employer in the construction industry

01 **ASPECT: EMPLOYMENT** CONTINUED

INTRODUCTION

THIS YEAR, WE EXPERIENCED VERY CHALLENGING MARKETS IN THE CONSTRUCTION SECTOR, WHICH RESULTED IN RETRENCHMENTS. AGAINST THIS, WE REMAINED FOCUSED ON INVESTING IN OUR CORE EMPLOYEES TO ENSURE WE RETAIN THE CAPACITY TO GROW ONCE THE MARKET IMPROVES. WE REMAIN COMMITTED TO THE CREATION OF A WORKING ENVIRONMENT AND VALUE PROPOSITION THAT IS BOTH COMPETITIVE AND ATTRACTIVE TO OUR EMPLOYEES AND PROSPECTIVE EMPLOYEES.

The group's employee value proposition consists of:

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

BENEFITS TO FULL-TIME EMPLOYEES

The table below outlines key benefits provided to permanent employees over and above salaries.

BENEFITS TO PERMANENT EMPLOYEES

LIFE INSURANCE	Group life insurance	Death benefit – three times annual pensionable earnings
		Tuition fees for school-/college-going dependants
	Group personal accident insurance	Death and disability benefit following an accident – three times annual income on death and up to 75% of income on temporary and total disability
DISABILITY/INCOME PROTECTION	Permanent disability	Up to 75% of income (tax-free)
	Temporary disability	Up to 75% of income (tax-free)
	Education benefit	Tuition fees for dependants
	Group personal accident – injury recuperation cover	100% of income for a maximum of six months
		Permanent disability – three times annual guaranteed earnings
HEALTHCARE – CHOICE BETWEEN FOUR SERVICE PROVIDERS	Discovery Health	13 schemes (Members: 1 980)
	Fedhealth	Four schemes (Members: 57)
	BCIMA*	One scheme (Members: 147)
	Day 1 Health**	One scheme (Members: 82)
RETIREMENT FUNDING	Provident fund	Defined contribution fund (16.5% of retirement funding income (RFI))
	Pension fund	Defined benefit fund (15.5% of RFI)
MATERNITY BENEFITS	Three months' leave	100% of income
	Four months' leave	75% of income
LONG SERVICE LEAVE	After five years	Additional three days per annum
	After ten years	Additional two days per annum and once-off five days' leave
FLEXI-TIME	Core hours 09:00 to 15:00	Integrated central office
CRÈCHE FACILITY	Up to Grade R	Integrated central office
GYM FACILITY	Fully equipped with instructors	Integrated central office
CANTEEN FACILITY	Providing full catering function	Integrated central office
TOLL SUBSIDY	R450 per month	Integrated central office
TRAVEL ALLOWANCE	Based on AA rates and individual requirement	All qualifying employees

* *Building and Construction Industry Medical Aid.*
** *Intertoll Africa (Pty) Limited.*

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

The Labour Relations Act requires that all South African contract and permanent employees earning below the defined income threshold of R205 433 per annum enjoy equal benefits after three months of employment. A detailed review of this requirement revealed that employees remunerated below this threshold are covered by either the Bargaining Council for the Civil Engineering Industry or the Metal and Engineering Industries Bargaining Council or one of the other bargaining arrangements applicable across the group.

PEOPLE | **LABOUR PRACTICES AND DECENT WORK** CONTINUED

01 **ASPECT: EMPLOYMENT** CONTINUED

EMPLOYEE ENGAGEMENT

OVER THE LAST SEVEN YEARS, THE GROUP HAS CONDUCTED AN EMPLOYEE ENGAGEMENT SURVEY ON AN ANNUAL BASIS.

During this year, we took note of best practice and feedback from employees and changed the frequency of this survey to every second year. This allows for more comprehensive roll out of interventions identified.

During F2016, management therefore focused on implementing initiatives to address the survey feedback of F2015.

The group has achieved improved results each year.

DURING THE YEAR, WE ACHIEVED THE BEST EMPLOYER AWARD IN THE CONSTRUCTION SECTOR AND IMPROVED OUR OVERALL RANKING FROM 21ST TO 11TH IN THE PRESTIGIOUS TOP EMPLOYERS SURVEY CONDUCTED BY THE CORPORATE RESEARCH FOUNDATION.

EMPLOYEE SURVEY RESULTS

As we will now conduct our employee survey every second year, the next one is due in F2017. The survey conducted at the end of F2015 reflected significant improvements in all 12 dimensions, with the group surpassing the targeted 70% mark.

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

* *New dimension for F2015.*

DISCIPLINARY AND GRIEVANCE POLICY/ PROCEDURES

The group intensified its focus on ensuring that employees receive comprehensive training in terms of both our code of conduct and our grievance procedure and that all managers and supervisors receive training in the correct application of the group's disciplinary code and procedures. This was done to ensure that line managers are equipped to handle matters which arise and that employees are confident to express themselves and participate in the processes without fear of victimisation. During the year, 327 people were trained in 17 workshops conducted across the group.

We also launched a process through which collective grievances can be aired timeously, which prevents the breakdown of trust and deterioration of relationships on construction sites. This also entails the refusal to negotiate with employees while they are engaged in unprotected industrial action and the issuing of ultimatums with the potential for dismissal of striking workers should they not return to work in a reasonable time.

THE COMPANY'S DISCIPLINARY POLICY AND PROCEDURE provides clear instructions on how managers should deal with cases of misconduct and unsatisfactory performance. The disciplinary code provides directives on how offences warrant progressive discipline and where more serious penalties such as dismissals are required.

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

FORMAL PERFORMANCE MANAGEMENT SESSIONS

During the year, we piloted a revised performance management template across the Engineering & Construction cluster. This is in line with current best practice and required managers to augment the annual performance appraisal sessions with comprehensive feedback on the employee's compliance and conformance with the company's values and the impact of the employee's attitude in the workplace. This was implemented following consistent feedback received through the employee survey, which indicated that the group was not effectively emphasising how to implement the company's values. This process includes the development of an annual and personalised training and development plan. Following this successful pilot, it will now be rolled out across the rest of the group.

This year's overall performance reviews increased to what we see as a norm. However, more work is required to ensure consistency of ratings. This is receiving attention.

	2016	2015	2014	2013	2012
%	**84.0**	82.0	78.2	83.0	82.0

CURRENT EXECUTIVE AND SENIOR MANAGEMENT APPOINTMENT SPLIT

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

91 OUT OF 105 (87%) OF THE CURRENT SENIOR MANAGEMENT POSITIONS ARE HELD BY EMPLOYEES PROMOTED FROM WITHIN THE GROUP.

	FEMALE						MALE						TOTAL	
	Black		White		Total		Black		White		Total			
	F2016	F2015	**F2016**	F2015	**F2016**	F2015	**F2016**	F2015	**F2016**	F2015	**F2016**	F2015	**F2016**	F2015
Category														
External appointment	**3**	3	**–**	–	**3**	3	**6**	7	**5**	8	**11**	15	**14**	18
Internal appointment	**2**	1	**9**	8	**11**	9	**15**	14	**65**	68	**80**	82	**91**	91
Total	**5**	4	**9**	8	**14**	12	**21**	21	**70**	76	**91**	97	**105**	109

PEOPLE | LABOUR PRACTICES AND DECENT WORK CONTINUED

01 **ASPECT: EMPLOYMENT** CONTINUED

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

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

Of the 24% of our workforce outside of South Africa, 62% are employed on a contract-specific basis. This is consistent with our policy of utilising and developing local labour and reducing our dependence on expensive expatriate labour in all but specialised positions. In South Africa, the component of temporary employees is 50%, down from 58% in F2015. This is consistent with our policy of providing permanent work where possible.

	MALE				FEMALE				TOTAL			
	F2016	%	F2015	%	**F2016**	%	F2015	%	**F2016**	%	F2015	%
International	**1 802**	24	1 968	19	**418**	24	431	22	**2 220**	24	2 399	20
Contract-specific	**1 008**	56	1 139	58	**349**	83	355	82	**1 357**	61	1 494	62
Permanent employees	**794**	44	829	42	**69**	17	76	18	**863**	39	905	38
Local	**5 740**	76	8 238	81	**1 353**	76	1 541	78	**7 093**	76	9 779	80
Contract-specific	**2 899**	51	4 866	59	**599**	44	718	47	**3 498**	49	5 584	57
Permanent employees	**2 841**	49	3 372	41	**754**	56	823	53	**3 595**	51	4 195	43
Total	**7 542**	81	10 206	84	**1 771**	19	1 972	16	**9 313**	100	12 178	100

TERMINATION ANALYSIS

The depressed market activity resulted in a decline in our workforce and unfortunate levels of involuntary terminations due to forced retrenchments and limited duration contract terminations. The table below outlines the categories and employees retrenched during the year.

Unfortunately, 85% of the employees affected by the retrenchments were from designated groups. The majority of these terminations were in the unskilled, semi-skilled and skilled artisan and clerical categories where surplus skills do exist. However, 11 young talented junior and eight middle managers from the group in whose leadership and managerial development we invested in recent years, were unfortunately retrenched.

	Unskilled	Semi-skilled	Skilled junior management	Middle management	Executive	Total
Ethnic group						
African	80	219	77	8	–	384
Coloured	6	2	13	–	–	21
Indian	–	2	10	3	–	15
White	–	7	50	14	3	74
Employee reductions	86	230	150	25	3	494

VACANCY ANALYSIS

As would be expected with high levels of retrenchment, the vacancy factor reduced to almost zero. Notwithstanding this reduction, we were active in resourcing key strategic functions such as business and project development and the manning of the mine construction offering in our Civil Engineering segment.

	F2016	F2015	F2014	F2013	F2012
%					
Vacancy analysis	**0.1**	2.2	5.1	8.0	<1

FOCUS GOING FORWARD

In the coming year we will:

- Work towards obtaining an overall top ten rating in the Best Employer survey
- Conduct another employee engagement survey and address the various issues that arise
- Roll out the revised performance management format introduced this year and ensure that our managers have the transactional skills required to engage in this methodology
- Procure the best candidates for the group, with a focus on equity candidates
- Improve the quality of our contract delivery through enhanced employee relations management

PEOPLE

LABOUR PRACTICES AND DECENT WORK

02 ASPECT: LABOUR/MANAGEMENT RELATIONS

Delivery on F2016 focus areas:

IN THE GROUP'S F2015 INTEGRATED ANNUAL REPORT, WE OUTLINED A NUMBER OF FOCUS AREAS. THE TABLE INDICATES HOW WE DELIVERED AGAINST THESE:

FOCUS AREAS FOR 2016	DELIVERY
Further improve management and employee relationships and communication on our sites.	Significant progress was made in this area, with strikes reducing from 26 to eight We rolled out a standardised site communications model, which allows issues to be addressed earlier
Implement a policy that will not tolerate unprotected strikes. This policy entails the refusal to negotiate with employees while they are engaged in unprotected industrial action and the issuing of ultimatums with the potential for dismissal of striking workers should they not return to work in a reasonable time.	This policy was implemented and we now have a reputation for being consistent in this approach During the year, after trying to avoid the dismissal of striking workers, we were forced to eventually dismiss the entire labour team on the Avon Peaking Power Plant
Recruit top talent and develop and provide a series of training interventions to our practitioners to ensure a consistent and predictable approach.	A group-wide industrial action training initiative was implemented, with 327 managers receiving training on our employee relations practices We also offered a series of specialist workshops, with mandatory attendance of all human resources (HR) and industrial relations (IR) practitioners
Further develop standardised policy and procedure documentation for use across the group.	All IR policies were reviewed and amended where necessary to ensure compliance with the latest regulatory developments
Proactively engage with various unions and other employee-related governing bodies to ensure we can anticipate both trends and risks facing the group, while ensuring input into both debate and policy formation.	We play an active role in employee-related governing bodies and are currently taking the lead role in the formation of the proposed Building Bargaining Council

INTRODUCTION

THE EMPLOYEE RELATIONS FUNCTION IS LED BY THE GROUP EXECUTIVE DIRECTOR OF HR. HE IS SUPPORTED AT A CORPORATE LEVEL BY THE HR DIRECTOR: OPERATIONS AND SERVICES AND THE GROUP IR SPECIALIST WHO IS A QUALIFIED LABOUR ATTORNEY.

We created a multi-disciplinary industrial relations leadership group structure last year. This is a centrally co-ordinated team of IR specialists drawn from within the business. Since the creation of this team, we have reviewed and updated all IR policies which led to a significant decline in the number of wildcat/unprocedural strikes.

This reduction is due to our growing policies and procedures and not tolerating unprocedural industrial action and following through on our ultimatums.

However, what was a peaceful year on the labour front following the landmark three-year settlement reached at the Bargaining Council for the Civil Engineering Industry (BCCEI), a single protracted and unprotected strike at the Avon Peaking Power Plant had a significant impact. The strike lasted 33 days and involved 794 employees, accounted for the loss of 26 353 man days, and increased the number of man days lost from 24 209 in F2015 to 29 813 in F2016.

The Avon strike accounted for 89% of the man days lost in the year. The number of unprotected strikes – inclusive of the Avon strike – declined from 26 in F2015 to eight in F2016. Excluding the Avon strike, only 3 460 man days would have been lost.

The group is represented on all major industry negotiating forums.

LEVEL OF UNIONISATION OF THE TOTAL WORKFORCE (BOTH LOCAL AND INTERNATIONAL (LAST FIVE YEARS))

This year, we experienced a strong decline in the level of unionisation in the group, with overall membership declining to 1 442 members compared to last year's 2 115 members. This represents 15% of our total workforce. This reduction can in part be attributed to the ongoing retrenchments in our Civil Engineering segment and more directly to the decline in membership of the Allied Mining and Construction Union (AMCU) in the second half of the year following the termination of around 850 workers due to the unprotected strike at Avon.

Level of unionisation of the total workforce – both local and international (F2012 – F2016):

	F2016	F2015	F2014	F2013	F2012
Total employee headcount (all employees)	**9 313**	12 178	14 485	13 659	10 846
Number of unionised employees	**1 442**	2 115	2 494	2 120	2 039
Union membership as % of total workforce	**15**	17	17	16	19

PROPORTIONAL UNION REPRESENTATION AS A PERCENTAGE OF THE SOUTH AFRICAN WORKFORCE

The number of unionised employees decreased during the year, mainly due to the erosion of membership in AMCU, NUM and NUMSA.

	AMCU	BCAWU	BWAWUSA	GIWUSA	NUM	NUMSA	SACWU	SATAWU	Total
% split									
2016	**–**	**1.63**	**0.38**	**1.37**	**8.94**	**0.74**	**0.57**	**3.01**	**16.64**
2015	1.96	1.46	0.29	1.20	9.46	2.22	0.42	2.58	19.59
2014	0.07	2.42	0.29	1.34	11.33	3.01	0.34	2.36	21.16
2013	0.09	1.66	0.48	1.80	11.86	0.36	0.40	2.80	19.45

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

PEOPLE | LABOUR PRACTICES AND DECENT WORK CONTINUED

02 ASPECT: LABOUR/MANAGEMENT RELATIONS CONTINUED

INCIDENCE AND IMPACT OF STRIKES

The table reflects the incidence and impact of strikes in man days lost across the group's clusters.

Strike action was restricted to the Engineering & Construction cluster.

All strikes were unprotected in terms of the Labour Relations Act. As outlined earlier, excluding the Avon strike, the number of man hours lost would have reduced to below 4 000 compared to 24 000 last year.

Incidence and impact of strikes in man days lost:

	Number of strikes	Union	Total man days lost
ENGINEERING & CONSTRUCTION			
Building	1	–	160
Housing	–	–	–
Civil Engineering	3	–	227
Oil & Gas	1	–	497
Projects	3	AMCU	28 929
Total	8		29 813

CCMA CASES

CCMA referrals reduced from 73 to 70. This is again testimony to the group following the required processes and procedures and the company's consistent adherence to both legislated and internal policies and practices.

The number of cases won at arbitration declined marginally from 88% to 86%. Although we won slightly fewer cases, our overall settlement amount was less than in previous years. This can be attributed to our decision to not settle CCMA cases unless absolutely justified.

	F2016	F2015	F2014	F2013	F2012
Referrals (number of cases)	**70**	73	108	53	68

NOTICE PERIODS REGARDING OPERATIONAL CHANGES

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

LIMITED DURATION CONTRACT EMPLOYEES (LDCs)

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

01

LIMITED DURATION CONTRACTS SPECIFY ANTICIPATED CONTRACTUAL TERMINATION DATE.

02

EMPLOYEES ARE INFORMED OF PROGRAMME CHANGES AS A RESULT OF DELAYS AND/OR ACCELERATION AT WEEKLY SITE/TOOLBOX MEETINGS.

03

EMPLOYEES ARE GIVEN NOTICE IN COMPLIANCE WITH THE BASIC CONDITIONS OF EMPLOYMENT ACT BASED ON THE COMPLETION DATE OF THE CONTRACT.

PERMANENT EMPLOYEES

NON-UNIONISED EMPLOYEES

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

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

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

UNIONISED EMPLOYEES

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

Where the group operates outside the jurisdiction of a collective agreement or bargaining council, we enter into recognition and procedural agreements with organised labour to establish the optimal process.

FOCUS GOING FORWARD

The key focus going forward will be on reinforcing the good work done during this year to further improve management and employee relationships and communication on our sites.

We will also engage the building industry in an attempt to formalise the industry bargaining structure in a vulnerable labour environment.

With the assistance of the group IR leadership structure, we will further standardise both policy and procedure roll out across all aspects of our business.

We will also be focusing on ensuring that all differences in remuneration between employees are based on the allowed criteria in the Employment Equity Act and best practice in this regard.

In line with standard practice, we will continue to proactively engage with various unions and other employee-related governing bodies to ensure we both anticipate trends and risks facing the group and participate in industry policy formation.

PEOPLE

LABOUR PRACTICES AND DECENT WORK

03 ASPECT: HEALTH AND SAFETY

HEALTH

This section covers both occupational and employee health issues.

Delivery on F2016 focus areas:

IN THE GROUP'S F2015 INTEGRATED ANNUAL REPORT, WE OUTLINED A NUMBER OF FOCUS AREAS. BELOW WE INDICATE HOW WE DELIVERED AGAINST THESE:

FOCUS AREAS FOR 2016	DELIVERY
Increasing the comprehensive medicals we provide at our Gauteng central clinic to ensure a complete medical database of our Gauteng employees. This results in proactive management of health with our largest concentration of employees.	• A high standard of medical surveillance was achieved through standardised, risk-based medicals and electronic capturing of results. This allowed for early identification and timeous referral of employees of concern • The new electronic management system allowed the tracing of temporarily unfit employees to ensure attendance to follow-up appointments and early return to work
The new database will ensure the more efficient identification of health risk trends per contract and will allow the team to implement corrective action plans.	• The new database enabled more efficient identification of health risk trends per contract and the implementation of corrective action plans. Occupational medical practitioners are also able to sign off on certificates from their own practice, shortening the turnaround time of access to site/return to work
Further refine our testing of health risks by making them more relevant to each site or area to prevent cost wastage from generic testing.	• Cost wastage was minimised by performing focused, risk-based medicals rather than generic medicals • We revised the agreement with our service provider to ensure cost savings without impacting on quality of services • We launched a new integrated HIV management programme and employees are now offered an HIV test at each medical

INTRODUCTION

GROUP FIVE WORKS WITH AN EXTERNAL INDUSTRY LEADER IN OCCUPATIONAL HEALTH SERVICES TO PROVIDE COMPREHENSIVE AND COST-EFFECTIVE HEALTHCARE SOLUTIONS AS PART OF THE GROUP'S OBJECTIVE OF ZERO HARM.

During the year, we continued to refine our integrated approach to health and wellness, which is not only more cost-effective, but provides the capacity for improved cross-referrals of employees between services, such as employee wellbeing offerings, psycho-social services, occupational medical practitioners and specialists. This system involves one service provider that is responsible for the health of employees' physical and mental wellbeing. The current external health management service provider also offers access to a wide network of primary healthcare through an extensive clinic and hospital network for referral. This provides extensive feedback to incorporate into risk management plans.

Our employee benefit provider performed a comprehensive audit on current employee health and wellness programmes, as well as the return on investment.

Based on the findings, the following strategy was accepted:

GROUP FIVE SEEKS TO IMPROVE THE OVERALL HEALTH AND WELLBEING OF EMPLOYEES BY PROACTIVELY IDENTIFYING, MANAGING AND REDUCING CHRONIC DISEASES OF LIFESTYLE RISKS AND MENTAL HEALTH.

DRAFT STRATEGIC OBJECTIVES WERE COMPILED FOR F2017

- Increase screening to identify and understand risks
- Ensure people access care proactively
- Align reporting to identify, understand, manage and track health risks and health outcomes

Current areas that will be improved include wellness days, employee wellbeing, technology-based screening and focused campaigns, such as occupational health screening, appropriate referral of at-risk individuals and access to care through the medical aid offering.

MEDICAL SURVEILLANCE

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

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

MEDICAL EXAMINATIONS

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

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

MEDICAL EXAMINATIONS

	Pre-employment medicals	Periodical medicals	Exit medicals	Travel medicals	Contractor medicals
F2015/2016	**1 738**	**1 965**	**3 328**	**82**	**2 727***
F2014/2015	2 685	2 886	2 091	60	–
F2013/2014	4 809	2 980	1 605	75	–
F2012/2013	2 765	1 748	973	90	–
F2011/2012	1 839	3 964	2 521	231	–

* *This year is the first year we report on contractors.*

PEOPLE | LABOUR PRACTICES AND DECENT WORK CONTINUED

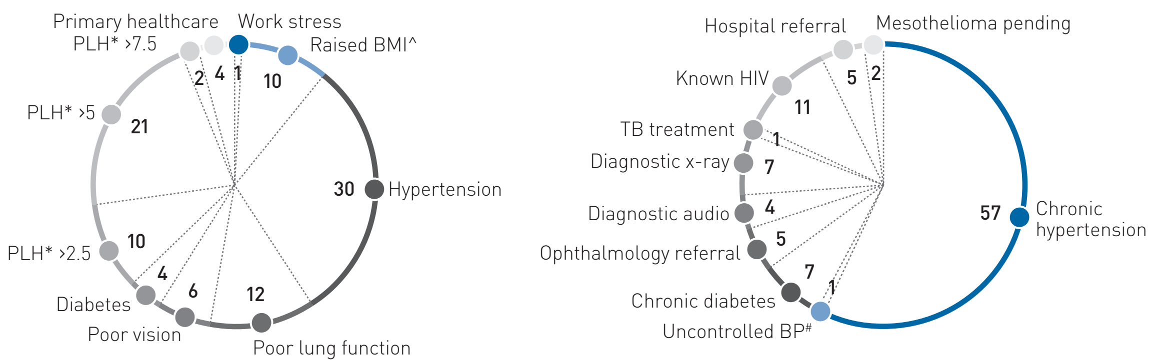
03 ASPECT: HEALTH AND SAFETY CONTINUED

MEDICAL EXAMINATIONS – BY CLUSTER

	Pre-employment medicals	Periodical medicals	Exit medicals	Follow-up medicals	Contractor medicals	Travel medicals
Central Business Services	10	6	6	–	–	2
Engineering & Construction	1 505	1 611	3 218	22	2 514	82
Investments & Concessions	125	–	17	–	6	–
Manufacturing	98	348	87	60	207	–

KEY OCCUPATIONAL HEALTH RISKS

EMPLOYEES OF CONCERN (%)



^ *Body mass index.*
* *PLH – percentage loss of hearing.*
# *Blood pressure.*

GROUP FIVE EMPLOYEE WELLNESS

This section outlines our employees' health concerns following wellness testing.

LIFESTYLE RISK FACTORS

Four main lifestyle risk factors can lead to four major chronic conditions. These conditions are responsible for 60% of global deaths. The risk factors are physical inactivity, poor nutritional choices, smoking and high alcohol consumption.

TODAY

4
Main risk factors

Physical insecurity | Unhealthy diet | Smoking | Excessive alcohol intake

lead to

4
Main chronic diseases

Respiratory disease | Diabetes | Cancer | Cardio-vascular disease

responsible for

60%
of all deaths worldwide

BY 2030

17%
increase in deaths caused by chronic conditions

20%
increase in deaths in Africa

PEOPLE | LABOUR PRACTICES AND DECENT WORK CONTINUED

03 ASPECT: HEALTH AND SAFETY CONTINUED

EMPLOYEES TESTED

THREE groups were tested:

01

EMPLOYEES WHO ATTENDED A WELLNESS DAY EVENT

204 employees

02

EMPLOYEES WHO UNDERWENT A VITALITY CHECK-UP AT A DIFFERENT FACILITY

37 employees

03

EMPLOYEES WHO COMPLETED AN ONLINE VITALITY AGE ASSESSMENT

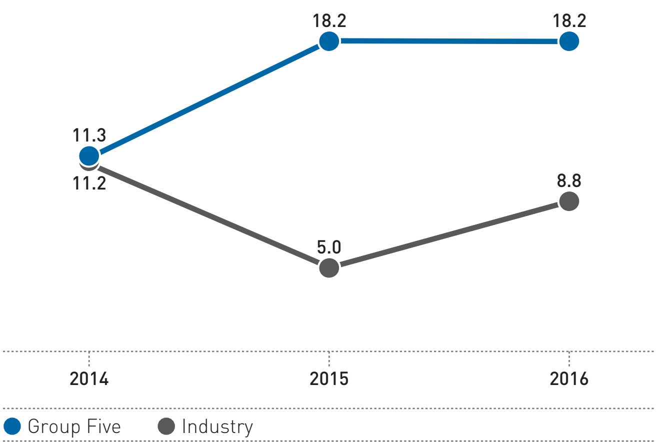
120 employees

GROUP FIVE EMPLOYEE LIFESTYLE RISKS

The following risks were identified amongst those tested:

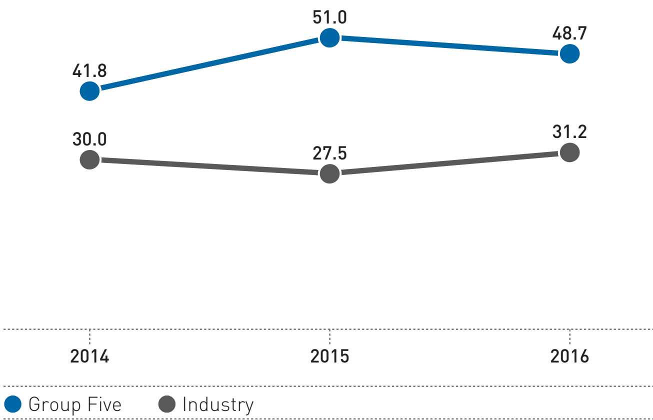
STRESS MANAGEMENT (%)

18% of participants presented high levels of stress. The industry average is 15%.



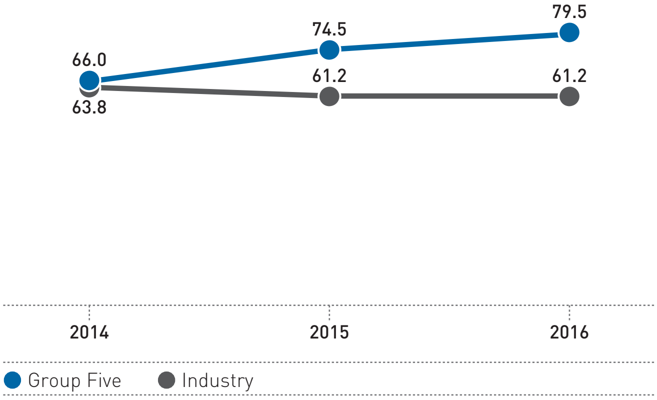
PHYSICAL ACTIVITY (%)

49% of participants are not exercising enough. The industry average is 42%.



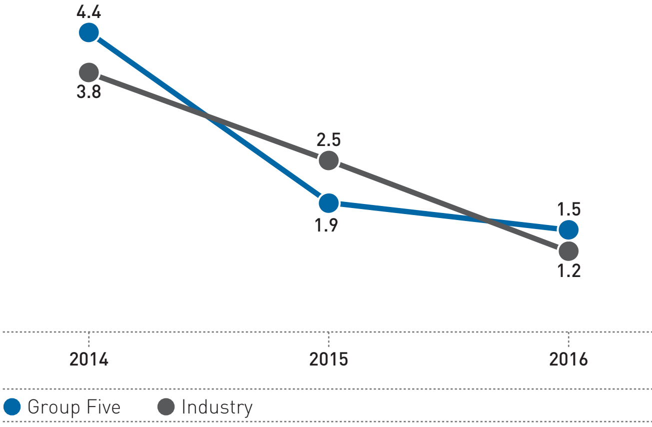
NUTRITION (%)

80% of participants are not eating healthy enough. The industry average is 72%.



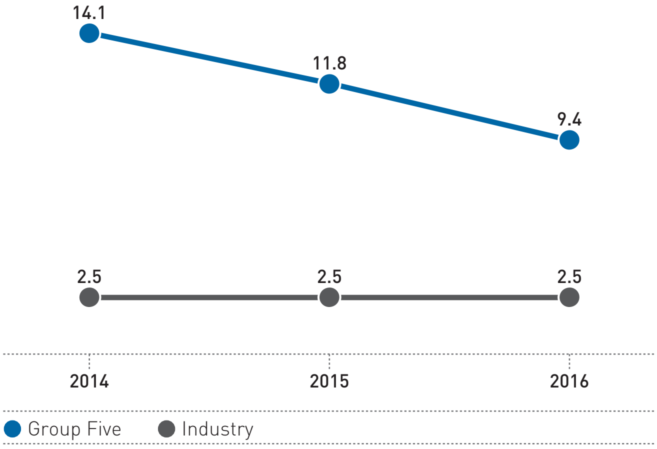
ALCOHOL CONSUMPTION (%)

2% of participants consume too much alcohol. The industry average is 1%.



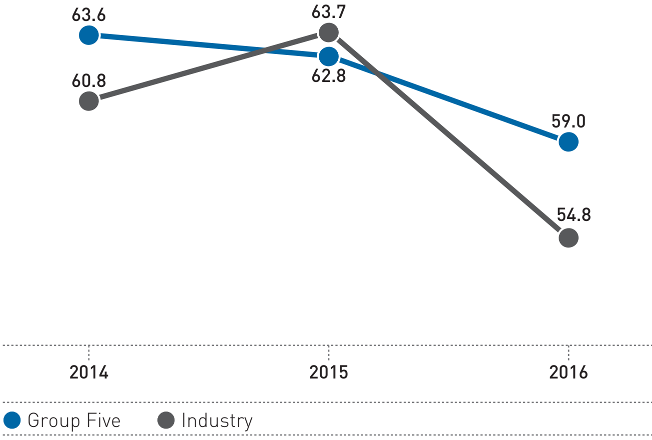
SMOKING (%)

9% of participants smoke. The industry average is 10%.



INTERMEDIATE RISK FACTORS (%)

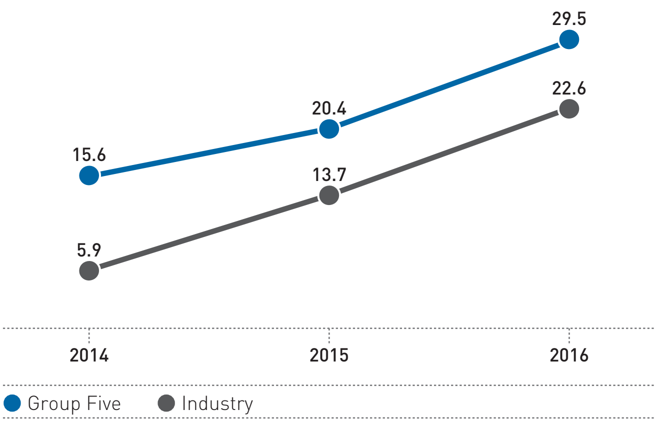
59% of participants are overweight. The industry average is 55%.



03 **ASPECT: HEALTH AND SAFETY** CONTINUED

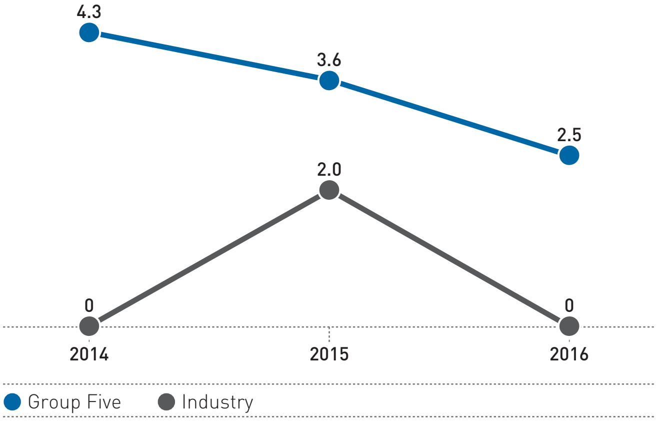
BLOOD PRESSURE

30% are above normal limits. The industry average is 23%.



BLOOD GLUCOSE

3% are above normal limits. The industry average is 0%.



BEHAVIOUR	AT-RISK DEFINITION
PHYSICAL ACTIVITY	Less than 150 minutes of moderate to vigorous activity each week
NUTRITION	Less than five servings of fruit or vegetables per day
SMOKING	Currently smoking
ALCOHOL CONSUMPTION	More than two alcoholic drinks per day

RESULTS FROM THE TESTING WERE DISCUSSED IN THE GROUP'S INTEGRATED WELLNESS COMMITTEE AND A DECISION TAKEN TO CONDUCT A COMPREHENSIVE AUDIT ON CURRENT EMPLOYEE HEALTH AND WELLNESS PROGRAMMES TO COMPILE A STRATEGIC PLAN TO ADDRESS ALL CONCERNS.

OVERALL ENGAGEMENT RATES

During the year, 2 562 employees engaged in our wellness programme. This represents an engagement rate of 23% of total employees. As our benchmark is 60% of total headcount, we have embarked on a campaign to increase awareness.

The counselling component reached 227 people or 2% of headcount. We would like to increase this to 5% of headcount.

Engagement at business segment level was increased and we implemented a monthly programme of information alerts to improve knowledge of the programme, its benefits and how to access services.

PRESENTING CATEGORIES

The highest presenting categories during this financial year were personal problems, followed by legal advice and trauma counselling.

Presenting categories

The main focus areas during sessions were:

	Number of cases	% of total
Personal	81	36
Legal	39	17
Trauma	38	16
Inter-personal	29	13
Financial	16	7
Occupational	13	6
Wellness and health	11	5
Total	227	100

MANAGER REFERRALS

There were eight manager referrals and ten manager-initiated referrals during the year. Manager-initiated referrals are an important early detection mechanism.

HEALTH TRAINING

HIV management induction training was conducted this year.

127 delegates attended the wellness programme induction training and 98 delegates attended HIV management training.

The continuation of education on stress management was recommended as a key focus. The presence of stress should be managed effectively through early identification and referral by managers to minimise the possible impact on the business in terms of absenteeism. Around 40% of absences is directly caused by stress relating to the workplace, such as the impact of long hours, lack of commitment, personal problems and low workplace morale. Health programme advisors will therefore work closely with managers to ensure support is provided to employees who seek further counselling and advice.

MALARIA MANAGEMENT

We experienced a significant reduction in malaria cases this year, mainly due to less over-border contracts, together with continuous prevention measures through focused vector control, employee education and robust site management.

Number of malaria cases

	F2016	F2015	F2014	F2013	F2012
Number of malaria cases	**41**	139	253	176	128

HIV AND AIDS AWARENESS AND TRAINING

We launched a new integrated HIV management programme in March 2016 as part of our integrated health and wellness model. Our intention is to destigmatise HIV to ensure it is approached in the same way as any other lifestyle disease such as high blood pressure or diabetes.

Induction training was done in Gauteng, KwaZulu-Natal and the Western Cape to implement the programme and to emphasise confidentiality and benefits to all employees.

Employees are now offered the opportunity to test with every medical performed during their employment. These are generally annual medicals, but could be more frequent where employees move between contracts.

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

Testing remains voluntary and employees receive counselling before screening to allow them to make informed decisions. Employees with a positive result without medical aid are referred to the most appropriate public clinics in the area and supported by our external medical service provider to ensure professional treatment plans are followed.

Our health service provider follows up with employees in 30 days, 60 days and then six-monthly to ensure they visit the clinic they have been referred to and adhere to the treatment regime to prevent side effects or secondary infections. This also ensures that treatment is not interrupted if they move between sites or provinces.

During the year, 821 screening opportunities were offered, with 246 accepting testing.

To increase our take-up, follow-up training is planned for wellness champions and SHEQ administrators.

FOCUS GOING FORWARD

The focus during the coming year will be on:

- Group induction training to include employee wellbeing and HIV management content to increase awareness and access to benefits available
- Increased assistance for stress management, fatigue management and other lifestyle diseases
- Improved occupational health and wellness screening uptake and risk identification to ensure proactive access to care for chronic conditions, such as hypertension
- Align reporting to identify, manage and track health risks and outcomes

03 ASPECT: HEALTH AND SAFETY CONTINUED

SAFETY

Delivery on F2016 focus areas:

IN THE GROUP'S F2015 INTEGRATED ANNUAL REPORT, WE OUTLINED A NUMBER OF FOCUS AREAS. THE TABLE INDICATES HOW WE DELIVERED AGAINST THESE:

FOCUS AREAS FOR 2016	DELIVERY
Eliminate the reoccurrence of incidents by identifying the root causes.	More involvement from senior management with regards to incident investigation resulted in a reduction of reoccurrences. However, individual behaviour remains a challenge, as can be seen from the unfortunate four fatalities
Implement behaviour-based safety and fatal risk control protocols and leading risk indicators.	Although we have leading systems and processes and continue to improve these based on best practice, we are not having the desired effect on ensuring lasting change in the behaviour from each individual through to management level. As outlined on page 106, we are addressing this
Improve communication on lessons learnt.	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 was communicated widely through the group
Increase site visibility by focusing on continued involvement and proactive engagement on site.	Senior and site management visit sites on a weekly basis
Automation of the reporting of near-miss incidents.	This is being implemented
New construction regulations required more stringent processes to register safety professionals.	All Group Five safety officers applied and submitted information to the regulator, but due to challenges at the regulator only a few have completed registration

INTRODUCTION

THE GROUP'S ZERO HARM CAMPAIGN RESULTED IN A DECREASE IN OUR LOST-TIME INJURY FREQUENCY RATE (LTIFR) FROM 0.15 TO 0.13 DURING F2015. HOWEVER, VERY DISAPPOINTINGLY AND SADLY, WE SUFFERED FOUR FATALITIES IN OUR SUB-CONTRACTOR AND SUPPLIER BASE.

Due to these unfortunate events, we have recommitted to dramatically improve our safety standards on all operations with immediate effect. Zero tolerance to any safety-related non-conformity will be enforced. Focus on consequence management have led to several disciplinary actions, which resulted in the removal of employees and contractors.

OVERVIEW OF FATALITIES RECORDED

Mr Milo Mambozo

13 August 2015

90 Rivonia Road building contract, Gauteng

Mr Milo Mambozo, an employee of Andrew Africa Coatings, a painting sub-contractor, was painting an atrium ceiling on the seventh floor. He unfortunately fell through an opening in the bird cage scaffolding to the ground level. It was found that the deceased was not wearing a safety harness.

Group Five Building, the segment undertaking the contract, instituted the following corrective and preventative actions:

- Work was stopped for a day and safety issues were discussed and rectified
- Employees were again reminded of all safety hazards and the importance of wearing safety harnesses
- Management and employees were again reminded of the importance of conducting daily safety task inspections to ensure all hazards have been identified, addressed and understood before a specific task is undertaken
- Gaps between the end of the birdcage scaffolding and the wall were closed with brackets, scaffold tubes and boards which were wired down
- Additional cover boarding was placed on scaffolding to close the small 100/150 mm gaps between the platform bays
- Hand railings were installed along the edges of the birdcage
- The sub-contractor and Group Five will have combined toolbox talks and daily safety task meetings in the morning to ensure increased communication of work areas and the work planned for the day

Mr Zamindawo Msholoqa

8 January 2016

Avon Peaking Power Plant contract, KwaZulu-Natal

Two employees of SFG Labour Brokers, one a supervisor and the other a rigger, were in the process of positioning a pipe using a crane. The deceased, Mr Zamindawo Msholoqa, was standing on a platform approximately ten metres from ground level during the placement process of the pipe. Mr Msholoqa was wearing his safety harness during the time of the incident, but unfortunately failed to attach it to a suitable anchor point. During the rigging process, Mr Msholoqa stepped backward and fell to the ground level. He was unfortunately declared dead at the hospital.

Group Five Projects, the segment undertaking the contract, instituted the following corrective and preventative actions:

- Work was stopped for three days and safety issues were discussed and rectified
- Disciplinary action was taken against the site supervisor and all other parties who had contributed to the incident
- Employees were again reminded of all safety hazards and the importance of wearing safety harnesses
- Management and employees were again reminded of the importance of conducting daily safety task inspections to ensure all hazards have been identified, addressed and understood before a specific task is undertaken
- The sub-contractor and Group Five will have combined toolbox talks and daily safety task meetings in the morning to ensure increased communication of work areas and the work planned for the day

Mr Tiyo Mbuyiselo

21 April 2016

Velddrif road rehabilitation contract, Northern Cape

Palletised cement bags, used during road stabilisation on the Velddrif road, were delivered by a third party haulage contractor. The cement bags were being unpacked from the delivery vehicle using a tractor loader backhoe (TLB) and stockpiled. Mr Tiyo Mbuyiselo, a casual labourer for the haulage contractor, accompanied the delivery vehicle to site, which was outside of the normal operational procedure for the haulage company. Mr Mbuyiselo was unfortunately run over by the TLB when he walked into the blind spot of the operator as it reversed.

Group Five Civil Engineering, the segment undertaking the contract, instituted the following corrective and preventative actions:

- Work was stopped for four days
- Disciplinary action was taken against transgressors
- All risk assessments and safe working procedures were revised to include additional mitigation measures learnt from the incident investigation. This was re-communicated to all employees
- Management were reminded to actively monitor and enforce compliance
- Pre-planning of activities on site will be signed off by the construction manager and the safety manager prior to any critical task being undertaken
- The sub-contractor and Group Five will have combined toolbox talks and daily safety task meetings in the morning to ensure increased communication of work areas and the work planned for the day

Mr Canney Maelekano

8 June 2016

N3 toll concessions road rehabilitation contract, Gauteng

Mr Canney Maelekano, an employee of VEA Road Maintenance and Construction, was applying road markings within the enclosed section of a road during the time of the incident on the N3 toll concessions rehabilitation contract. A truck operator deviated from standard procedures and reversed approximately 200 metres down the enclosure in which the deceased was marking the road. No spotters or flagmen were present to observe that the reversing of the truck was done in a safe manner, resulting in the truck hitting Mr Maelekano, causing fatal injuries.

Group Five Civil Engineering, the segment undertaking the contract, instituted the following corrective and preventative actions:

- Work was stopped for two days
- Disciplinary action was taken against those found to have deviated from standard operating procedures
- All risk assessments and safe working procedures were revised to include additional mitigation measures learnt from the incident investigation. This was re-communicated to all employees
- Extra spotters were trained to ensure coverage across the site
- The sub-contractor and Group Five will have combined toolbox talks and daily safety task meetings in the morning to ensure increased communication of work areas and the work planned for the day

PEOPLE | LABOUR PRACTICES AND DECENT WORK CONTINUED

03 ASPECT: HEALTH AND SAFETY CONTINUED

ACTIONS TAKEN TO ENSURE SAFE OPERATIONS

1. The safety function between group, cluster and business segments was restructured
2. We took disciplinary action at all levels where required
3. 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 employees who:
   - Refuse to work safely
   - Who fail to follow documented processes
   - Who do not care for their colleagues
4. We will implement consequence management to further engender the cultural change needed to improve safety
5. As all the fatalities were in our sub-contractor 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 lead to the blacklisting of our sub-contractors for repeat breaches of minimum standards of safety
6. We improved controls to prevent employees not wearing the appropriate equipment or putting themselves in dangerous situations
7. We retrained employees to ensure safety equipment is used

SUB-CONTRACTOR MANAGEMENT

Renewed focus will be placed on improving the management of suppliers and sub-contractors within Group Five by implementing a stringent supplier and sub-contractor evaluation process. The aim of this evaluation process is to:

- Decrease business risk and improve programme execution
- Improve system compliance
- Improve safety performance within the construction industry by further educating our sub-contractors and suppliers
- Reduce work stoppages, re-works and penalties as a result of poor performance from suppliers and sub-contractors
- Reduce Group Five's legal liability
- Increase compliance of our suppliers and sub-contractors
- Implement training programmes for sub-contractors around safety, health and environmental (SHE) compliance
- Update our supervisor SHE training
- Improve how our supervisors manage sub-contractor management and compliance

The historic processes in place will be improved by re-evaluating suppliers and contractors on the current vendor list. New suppliers and sub-contractors will undergo a pre-qualification to establish their competency.

Suppliers and/or sub-contractors which are regarded as being critical to Group Five for undertaking a specific task or service or those suppliers and/or sub-contractors who undertake high-risk activities will be part of an additional compliance audit. Only those suppliers and/or sub-contractors that meet the specific requirements will be employed.

The supplier and/or sub-contractor will be given a rating based on their performance in line with the Group Five rating system. Only those listed on the preferred vendor list will be considered for participating in future tender processes.

Continual evaluation of the performance of suppliers and/or sub-contractors will be conducted. Should it be found that they are not maintaining their compliance standards and rating criteria, they will either be downgraded or blacklisted.

0
GROUP FIVE FATALITIES
F2015: 0

4
SUB-CONTRACTOR FATALITIES
F2015: 0

GROUP FIVE EMPLOYEE LTIFR
0.23 ⇨ 0.21
F2015 F2016

GROUP FIVE AND SUB-CONTRACTOR LTIFR IMPROVED
0.15 ⇨ 0.13
F2015 F2016

SUB-CONTRACTOR LTIFR
0.09 ⇨ 0.07
F2015 F2016

SAFETY INCIDENT OVERVIEW

CUMULATIVE FROM JULY 2015 TO JUNE 2016 (ROLLING 12 MONTHS)

	Man hours	First-aid cases	FAFR**	Non-lost-time injury cases	NLTIFR#	Lost-time injury cases	Reported occupational diseases	Fatal injuries	Current LTIFR#	Minor environmental incidents reported	Site inspections conducted	Near misses
Clusters/business segments												
CORPORATE												
Central business services	554 176	–	–	–	–	–	–	–	–	–	–	6
Cluster total	554 176	–	–	–	–	–	–	–	–	–	–	6
INVESTMENTS & CONCESSIONS												
Intertoll Africa	1 657 552	3	0.36	11	1.33	7	–	–	0.84	21	154	108
G5 Properties	10 560	–	–	–	–	–	–	–	–	–	–	–
Cluster total	1 668 112	3	0.36	11	1.32	7	–	–	0.84	21	154	108
MANUFACTURING												
Everite (Fibre Cement)	2 117 540	39	3.68	8	0.76	5	–	–	0.47	2	–	354
BRI	271 427	4	2.95	–	–	–	–	–	–	9	–	82
Pipe	216 825	6	5.53	–	–	1	–	–	0.92	–	6	–
Cluster total	2 605 792	49	3.76	8	0.61	6	–	–	0.46	11	6	436
ENGINEERING & CONSTRUCTION												
Building & Housing												
Coastal	9 300 477	119	2.56	21	0.45	7	–	–	0.15	–	169	1 826
Building	6 892 375	82	2.38	9	0.26	2	–	1	0.09	–	163	1 998
Housing	5 922 108	24	0.81	6	0.20	–	–	–	0.00	–	153	979
Civil Engineering												
Civil Engineering	7 787 215	15	0.39	7	0.18	4	–	2	0.15	–	–	217
Plant & Equipment	647 278	42	12.98	2	0.62	–	–	–	0.00	–	32	38
Projects												
Projects	8 172 664	111	2.72	27	0.66	2	37	1	0.07	29	135	1 171
Power												
Power	1 806 224	34	3.76	2	0.22	–	12	–	0.00	–	58	456
Nuclear												
Nuclear	153 998	7	9.09	2	2.60	1	–	–	1.30	–	19	2
Oil & Gas												
Oil & Gas	3 869 057	25	1.29	7	0.36	–	–	–	0.00	–	252	46
Cluster total	44 551 396	459	2.06	83	0.37	16	49	4	0.09	29	981	6 733
Group total	49 379 476	511	2.07	102	0.41	29	49	4	0.13	61	1 141	7 283

Abbreviations:

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

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

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

PEOPLE | LABOUR PRACTICES AND DECENT WORK CONTINUED

03 ASPECT: HEALTH AND SAFETY CONTINUED

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

Group Five delivered an improved LTIFR in our operations. This followed constant focus on safety awareness over the last few years. Unfortunately, as indicated earlier, we have not had the same effect in our sub-contractor and supplier base. Our focus will therefore shift to aligning our sub-contractors and suppliers with the Group Five SHE requirements and to ensure a level of maturity is achieved.

More frequent and ad hoc site visits will be undertaken by senior management to improve the safety culture and to work more closely with sites to address safety concerns before incidents occur.

%	**F2016**	F2015	F2014	F2013	F2012
LTIFR (permanent employees)^	**0.21**	0.23	0.23	0.21	0.20
LTIFR (sub-contractors)	**0.07**	0.09	0.13	0.33	0.63
Combined#	**0.13**	0.15	0.17	0.27	0.21

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

CONTRACT SAFETY PERFORMANCE

The tables outline business segments that achieved a million LTIFR-free hours by month.

DATES AND SEGMENTS

JULY 2015

- Building & Housing: Building
- Building & Housing: Housing
- Building & Housing: Coastal
- Civil Engineering
- Plant & Formwork
- Projects
- Pipe
- Barnes Reinforcing Industries

AUGUST 2015

- Building & Housing: Building
- Building & Housing: Housing
- Building & Housing: Coastal
- Plant & Formwork
- Projects
- Intertoll Africa
- Pipe
- Barnes Reinforcing Industries

DATES AND SEGMENTS

SEPTEMBER 2015

- Building & Housing: Building
- Building & Housing: Housing
- Plant & Formwork
- Everite
- Pipe
- Barnes Reinforcing Industries

OCTOBER 2015

- Building & Housing: Building
- Building & Housing: Housing
- Building & Housing: Coastal
- Civil Engineering
- Plant & Formwork
- Projects
- Everite
- Barnes Reinforcing Industries

DATES AND SEGMENTS

NOVEMBER 2015

- Building & Housing: Building
- Building & Housing: Housing
- Civil Engineering
- Plant & Formwork
- Projects
- Intertoll Africa
- Pipe
- Barnes Reinforcing Industries

DECEMBER 2015

- Building & Housing: Building
- Building & Housing: Housing
- Building & Housing: Coastal
- Civil Engineering
- Plant & Formwork
- Projects
- Intertoll Africa
- Everite
- Pipe
- Barnes Reinforcing Industries

JANUARY 2016

- Building & Housing: Building
- Building & Housing: Housing
- Building & Housing: Coastal
- Civil Engineering
- Plant & Formwork
- Projects
- Intertoll Africa
- Everite
- Pipe
- Barnes Reinforcing Industries

FEBRUARY 2016

- Building & Housing: Building
- Building & Housing: Housing
- Building & Housing: Coastal
- Civil Engineering
- Plant & Formwork
- Projects
- Intertoll Africa
- Pipe
- Barnes Reinforcing Industries

DATES AND SEGMENTS

MARCH 2016

- Building & Housing: Building
- Building & Housing: Housing
- Building & Housing: Coastal
- Civil Engineering
- Plant & Formwork
- Intertoll Africa
- Everite
- Pipe

APRIL 2016

- Building & Housing: Building
- Building & Housing: Housing
- Building & Housing: Coastal
- Plant & Formwork
- Projects
- Intertoll Africa
- Everite
- Pipe
- Barnes Reinforcing Industries

MAY 2016

- Building & Housing: Building
- Building & Housing: Housing
- Building & Housing: Coastal
- Civil Engineering
- Plant & Formwork
- Projects
- Everite
- Pipe
- Barnes Reinforcing Industries

JUNE 2016

- Building & Housing: Building
- Building & Housing: Housing
- Building & Housing: Coastal
- Civil Engineering
- Plant & Formwork
- Projects
- Everite
- Pipe
- Barnes Reinforcing Industries

PEOPLE | LABOUR PRACTICES AND DECENT WORK CONTINUED

03 ASPECT: HEALTH AND SAFETY CONTINUED

SAFETY AWARDS RECEIVED

DATES AND SEGMENTS	CONTRACTS	AWARD
JULY 2015		
CIVIL ENGINEERING	Kusile	10 million LTI-free man hours
OCTOBER 2015		
INTERTOLL AFRICA	Intertoll Zimbabwe	Gold Award by the National Social Security Authority for Zimbabwe
	Kadoma Plaza	Silver Award by the National Social Security Authority for Zimbabwe
NOVEMBER 2015		
CIVIL ENGINEERING	Kusile	11 million LTI-free man hours
PLANT & EQUIPMENT	Plant & Equipment	1.4 million LTI-free man hours
FEBRUARY 2016		
BUILDING & HOUSING: BUILDING	Mpumalanga High Court	2 million LTI-free man hours
MARCH 2016		
BUILDING & HOUSING: BUILDING	Modderfontein Private Hospital	1 million LTI-free man hours
PROJECTS	Husab Uranium contract, Namibia	2 million LTI-free man hours
APRIL 2016		
CIVIL ENGINEERING	Temba	1 million LTI-free man hours
BUILDING & HOUSING: BUILDING	Nelson Mandela Children's Hospital	1 million LTI-free man hours
APRIL 2016		
PROJECTS	Yaramoko Gold Project in Burkina Faso	Best contractor in environmental performance by ROX Gold

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

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

WORKFORCE REPRESENTED IN HEALTH AND SAFETY COMMITTEES

In compliance with the Occupational Health and Safety Act, 85 of 1993, management and employees continue to demonstrate their commitment towards the health and safety of employees, visitors and contractors by continuously improving the current health and safety workplace procedures at site, segment, cluster and corporate level. This is achieved through various committees, including the health and safety committee. The members of this committee are equally represented by group, employee and trade union members.

SIGNIFICANT RISKS

Key safety risks across the group include:

Working at heights
Road safety and motor vehicle accidents, specifically light duty vehicles
Working in confined spaces
Operating surface mobile and lifting equipment
Equipment safeguarding, such as to prevent moving parts striking someone

To address these risks, the group continues to implement improvements. Refer to pages 105 and 106.

03 **ASPECT: HEALTH AND SAFETY** CONTINUED

FOCUS GOING FORWARD

The group has identified three priority areas for safety in F2017.

1. IMPROVE SUB-CONTRACTOR MANAGEMENT

- Improve and manage supplier and sub-contractor compliance
- Decrease business risk and improve programme execution
- Reduce time and costs
- Increase performance
- Reduce work stoppages and penalties, re-work and legal liabilities
- Enhance sustainability of supplier and sub-contractor management
- Increase competency and compliance

2. CONTINUE TO IMPROVE OUR OPERATING DISCIPLINE

- Implement operational excellence through discipline
- Transform paper programmes into real and tangible results to prevent re-work, injuries, incidents and near misses
- Ensure a good quality product
- Establish a world-class workforce
- Improve communication
- Ensure that employees are closely involved in safety efforts, share our values and demonstrate a strong sense of teamwork
- Supervisors and employees should understand that shortcuts will not be tolerated, that practices must be consistent with procedures and that documentation has to be up to date
- Consistent compliance to procedures will be enforced
- Excellent housekeeping and consistency across all functions should reduce work stoppages or re-work
- A sense of responsibility for individual behaviour on site should be created

3. ENFORCE AND COMMUNICATE THE NEW CODE OF CONDUCT

- The group's commitments are outlined below:
  - Provide a safe and healthy workplace
  - Act with honesty, integrity and fairness
  - Respect the environment and the needs of the communities in which we work
  - Be commercially competitive and astute
  - Establish clear lines of accountability
  - Create a performance-driven culture
  - Encourage and support innovation and technological leadership
- Employees' responsibilities are outlined below:
  - Respect and look after each other, the community and environment
  - Act with honesty, integrity and fairness
  - Work together in the long term interest of the group
  - Speak to supervisors/managers when something seems wrong and share ideas for improvements
  - Assume personal responsibility and accountability

04

ASPECT: TRAINING AND EDUCATION

Delivery on F2016 focus areas:

IN THE GROUP'S F2015 INTEGRATED ANNUAL REPORT, WE OUTLINED A NUMBER OF FOCUS AREAS. THE TABLE INDICATES HOW WE DELIVERED AGAINST THESE:

FOCUS AREAS FOR 2016	DELIVERY
Expand construction skills training through the Group Five Academy.	The Construction Skills Training Academy was substantially augmented through added resources and accreditations across wider construction-related skills disciplines.
Develop and implement programmes that adequately address the core technical disciplines of the group.	The Academy successfully launched the following core programmes: • Engineer development programme • Quantity surveyor development programme • Foreman development programme
Fast-track development programme for identified talent.	The Academy piloted a high-flyer development programme that included an assessment centre, group coaching and customised development programmes.

INTRODUCTION

THE GROUP'S IN-HOUSE CORPORATE UNIVERSITY, THE GROUP FIVE ACADEMY, WAS ESTABLISHED IN 2006. THIS YEAR, IT IS CELEBRATING A DECADE OF DELIVERING BUSINESS-CRITICAL SKILLS DEVELOPMENT PROGRAMMES IN THE GROUP.

Against a tough market and consistent feedback from the group's contract lifecycle and risk reviews, the core focus of the Academy was shifted to a greater emphasis on technical and critical core skills sets. During the year, we also used employees with many years of experience to deliver accredited programmes. As a result of our successful repositioning, we are increasingly being requested to present training on a commercial basis to clients. The robust training programmes for communities around our construction sites also play a role in us successfully securing contracts.

PEOPLE | LABOUR PRACTICES AND DECENT WORK CONTINUED

04 ASPECT: TRAINING AND EDUCATION CONTINUED

OVERALL EXPENDITURE PER CATEGORY OF SPEND

During the year, although overall training expenditure decreased due to economic conditions, we increased the number of employees trained.

Expenditure per category of spend

	F2016	F2015	F2014	F2013	F2012
Categories – R million					
Skills development	**5,4***	8,9*	13,2*	8,2*	6,6*
Technical and professional competence development	**10,1**	9,1	10,4	9,6	7,5
Leadership and management development	**2,5**	8,1	6,9	5,3	3,9
Student management (bursaries)	**7,9**	8,4	7,2	5,1	4,6
Training support costs	**5,9**	5,7	7,4	8,9	9,7
Total	**31,8**	40,2	45,1	37,1	32,3

* *These numbers include overhead costs for our Construction Skills Training Academies.*

SPEND PER OCCUPATIONAL CATEGORY

A key focus during the year was on technical training programmes to further enhance skills in engineering and quantity surveying in our technical and professional levels. We also focused on technical construction-related skills development programmes for our skilled, semi-skilled and unskilled categories due to a continued focus on improving quality on our sites.

	F2016		F2015		F2014		F2013	
	Number of training initiatives	**Annual spend R'000**	Number of training initiatives	Annual spend R'000	Number of training initiatives	Annual spend R'000	Number of training initiatives	Annual spend R'000
Categories								
Top management	**8**	**4**	33	70	22	22	11	20
Senior management	**109**	**64**	120	48	86	267	53	510
Professional and mid-management	**1 723**	**2 009**	1 856	3 949	1 704	4 635	640	2 472
Skilled	**5 960**	**8 318**	5 370	9 735	6 505	8 604	4 414	8 215
Semi-skilled	**6 385**	**4 665**	4 088	3 796	4 176	2 800	3 296	3 030
Unskilled	**2 513**	**634**	1 666	1 239	1 614	857	711	779
Total	**16 698**	**15 694**	13 133	18 837	14 107	17 185	9 125	15 026

THE ACADEMY HAS FOUR FOCUS AREAS:

1. BURSARY PROGRAMME AND LEARNERSHIPS
2. ORGANISATIONAL DEVELOPMENT
3. LEADERSHIP AND MANAGEMENT DEVELOPMENT
4. TECHNICAL SKILLS DEVELOPMENT

1 BURSARY PROGRAMME AND LEARNERSHIPS

	F2016	F2015	F2014	F2013	F2012
Annual bursary expenditure – R million	**7,9**	8,4	7,2	5,1	4,6
Number of bursary students	**118**	136	111	76	115

Spend on our bursary students decreased in line with difficult market conditions. Following the employment of 18 bursary students in the group, we did not appoint new students for the 2016 calendar year, but focused on our adequate pipeline of current bursars. This will be reviewed on an annual basis. During the year, we managed to retain our consistent ratio between black and white bursary students.

The Academy will be launching a development programme for all graduates employed by the group. This will cover those graduates with more than 12 months of service and focus on coaching, development and career mapping. The programme is aimed at increasing the retention rate of bursary students and ensuring a higher percentage reach the milestone of five years of service with the group. Our experience indicates that those who reach this employment goal, remain with the group for a long period after.

	BLACK				WHITE				TOTAL				TOTAL	
	F2016		F2015		**F2016**		F2015		**F2016**		F2015		**F2016**	F2015
	M	**F**	M	F	**M**	**F**	M	F	**M**	**F**	M	F		
Demographics of bursary students	**61**	**39**	66	46	**15**	**3**	20	4	**76**	**42**	86	50	**118**	136

M = Male
F = Female

SPEND ON LEARNERSHIPS AND APPRENTICESHIPS

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

Our learnerships and apprenticeships have therefore been structured to ensure that we only focus on critical programmes.

During the year, the group again implemented the business administration learnership with 15 disabled individuals compared to 11 last year.

	F2016	F2015	F2014	F2013	F2012
Annual spend on learnerships and apprenticeships – R million	**5,4**	7,2	5,1	3,6	4,0
Total number of learners on learnership and apprenticeship programmes and AET*	**170**	186	174	90	144
Number of unemployed learners registered on learnership and apprenticeship programmes	**140**	130	120	66	99
Number of employed learners registered on learnership and apprenticeship programmes and AET	**28**	45	54	24	45
Number of disabled unemployed learners registered on learnership programmes	**15**	11	11	–	–

* *AET was formerly known as ABET.*

PEOPLE | LABOUR PRACTICES AND DECENT WORK CONTINUED

04 ASPECT: TRAINING AND EDUCATION CONTINUED

Learnership and apprenticeship scope and demographics

	NQF level	BLACK Male	BLACK Female	WHITE Male	WHITE Female	Employed
Learnerships						
Business Admin (Various business segments)	4	6	9	–	–	–
Production Technology – Everite	3	21	10	–	–	–
Production Technology – Everite	3	10	–	2	–	12
Building and Civils (Civils – Tippler)	3	10	7	–	–	–
Building and Civils (Coastal – KwaZulu-Natal)	3	4	8	–	–	–
Driver Learnership (Intertoll)	0	3	7	–	–	–
Community House Builder (Housing)	2	3	7	–	–	–
Bricklaying (Coastal – Cape Town)	2	10	–	–	–	10
AET (ABET) – Everite	Various levels	6	–	–	–	6
		73	48	2	–	28
Boilermaking (Apprenticeship – Projects) – Unemployed		11	–	–	–	–
Fitter (Apprenticeship – Projects) – Unemployed		1	–	–	–	–
Rigger (Apprenticeship – Projects) – Unemployed		4	–	–	–	–
Electrician (Apprenticeship – Projects)		2	–	–	–	–
Earthmoving Mechanics (Apprenticeship – P&E) – Unemployed		13	1	–	–	–
Boilermaking (Apprenticeship – Everite) – Unemployed		1	–	–	–	–
Electrician (Apprenticeship – Everite) – Unemployed		2	2	–	–	–
Fitter (Apprenticeship – Everite) – Unemployed		2	1	–	–	–
Instrument Mechanics (Apprenticeship – Everite) – Unemployed		2	3	–	–	–
		38	7	–	–	–

2 ORGANISATIONAL DEVELOPMENT

The organisational development function in the group focuses on three main streams:

- Change management
- Developing collaborative employee behaviour
- Coaching and mentoring of leaders and teams

	BLACK		WHITE		TOTAL
	M	**F**	**M**	**F**	
2016					
Change management	5	2	1	3	11
Team interventions	26	20	2	–	48
Coaching and mentoring	13	–	5	7	25

A core focus during the year was training on multi-disciplinary contracts. 48 employees on two contracts, Kuvaninga in Mozambique and Kpone in Ghana, were trained during the year.

Another first for the group was offering an ontological learning and coaching course to our HR team. This course focuses on the philosophy of how humans learn through language, emotion and body. This particular programme is also offered by business segments for all new directors who attend six months of coaching in ontological behaviour.

3 LEADERSHIP AND MANAGEMENT DEVELOPMENT

A high-flyer development programme was implemented during the year. This programme focuses on the critical skills required to develop into senior leadership positions in the group. 51 high-performing employees with potential to progress into senior leadership positions attended this programme. The high-flyer programme involves rigorous psychometric testing, an intensive assessment centre with numerous business simulation exercises and group coaching. Feedback from attendees and line managers has been very positive. This programme sets the benchmark for future leadership development in the group.

In addition to the high-flyer programme, we continued with our first-line management programmes (Group Five Building Business Basics – G5B3). This year, it included a newly-launched full qualification in first-line management for those employees who have successfully completed the G5B3 short course in management.

The group continues to invest in director-related programmes offered by the Institute of Directors in Southern Africa (IoDSA), as well as our Associate in Management Practices (AIM) programme offered by the University of Cape Town.

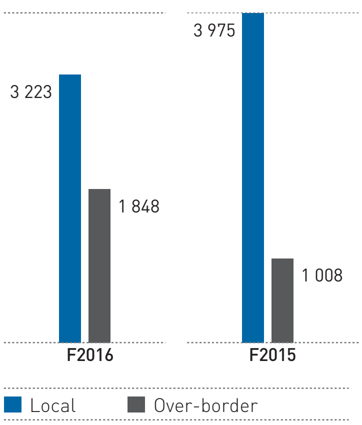
	F2016	F2015	F2014	F2013	F2012
Total annual spend – R million	**2,5**	8,1	6,9	5,3	3,9
Number of students on leaderships programmes	**96**	28	8	21	22

4 TECHNICAL SKILLS DEVELOPMENT

CONSTRUCTION SKILLS TRAINING ACADEMY (CSTA)

The CSTA is accredited to provide training in the construction sector.

5 071 PEOPLE WERE TRAINED AT OUR CSTA THIS YEAR. 3 223 WERE TRAINED IN SOUTH AFRICA AND 1 848 OVER-BORDER.



PEOPLE | LABOUR PRACTICES AND DECENT WORK CONTINUED

04 ASPECT: TRAINING AND EDUCATION CONTINUED

Although local training decreased by 24%, over-border training increased by 45%. The main focus areas of over-border skills development was health and safety and mobile operator training.

	BLACK				WHITE				TOTAL				TOTAL
	F2016		F2015		**F2016**		F2015		**F2016**		F2015		**F2016**
	M	**F**	M	F	**M**	**F**	M	F	**M**	**F**	M	F	
Skills programmes													
Employed learners	**1 928**	**115**	3 732	195	**250**	**11**	–	–	**2 178**	**126**	3 732	195	**2 304**
Unemployed learners	**872**	**45**	23	25	**2**	**–**	–	–	**874**	**45**	23	25	**919**
Over-border employed learners	**1 848**	**–**	1 005	3	**–**	**–**	–	–	**1 848**	**–**	1 005	3	**1 848**
Sub-contractors	**–**	**–**	–	–	**–**	**–**	–	–	**–**	**–**	–	–	**–**
Bursary students	**–**	**–**	–	–	**–**	**–**	–	–	**–**	**–**	–	–	**–**
External entities	**–**	**–**	–	–	**–**	**–**	–	–	**–**	**–**	–	–	**–**
Total	**4 648**	**160**	4 760	223	**252**	**11**	–	–	**4 900**	**171**	4 760	223	**5 071**

M = Male
F = Female

Technical and professional competence development

The use of internal rather than external providers for our short technical competence building workshops decreased the overall spend. The students on our project management programme declined due to a more targeted approach to career development plans and business requirements. Students on registration with professional bodies remain a priority, although the number of students declined due to new students entering the programme and the majority of F2015 students progressing to professional status.

The Academy also continued to deliver a mentoring programme through our engineering school for all young graduate engineers. 90 engineers successfully completed this programme.

During the year, we also launched our quantity surveying development programme, with 16 graduate quantity surveyors.

	F2016	F2015	F2014	F2013
Total annual spend – R million	**10,1**	9,1	10,4	9,6
Number of students on programme for project management	**19**	49	38	22
Number of students on professional registration development programmes	**124**	222	71	75
Short technical workshop attendance	**4 838**	8 645	10 267	6 275
Number of students on engineering school programmes	**90***	–	–	–
Number of students on quantity surveying development programme	**16***	–	–	–
Foreman development programme	**20***	–	–	–

* *New technical programmes launched in F2016.*

AVERAGE ANNUAL HOURS OF TRAINING PER EMPLOYEE BY EMPLOYEE CATEGORY

A decline in average hours in the skilled, semi-skilled and unskilled categories was mainly due to shorter but focused technical training interventions, conducted mainly by internal trainers. The decline in the professional and mid-management levels was due to a more targeted focus on developing critical skills.

	F2016 Average hours	**F2016 Average hours Female**	**F2016 Average hours Male**	F2015 Average hours	F2015 Average hours Female	F2015 Average hours Male
Categories						
Top management	**8**	**8**	**8**	10	8	11
Senior management	**8**	**8**	**8**	8	8	8
Professional and mid-management	**8**	**15**	**11**	13	9	16
Skilled	**27**	**21**	**24**	36	42	30
Semi-skilled	**25**	**21**	**23**	32	34	30
Unskilled	**11**	**12**	**12**	19	22	17

OVER-BORDER TRAINING

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

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

OVER-BORDER TRAINING

	F2016	F2015
Number of training initiatives		
Namibia	**987**	–
DRC	**445**	717
Ghana	**358**	–
Burkina Faso	**58**	–
Mozambique	**16**	138
Liberia	**–**	516
Total	**1 864**	1 371

FOCUS GOING FORWARD

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

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

- Implement a sustainable graduate development programme to ensure retention in our young talent pipeline
- Implement a middle and senior management high-flyer programme
- Ensure a commercially astute Academy offering skills development solutions externally
- Formalise and accredit our engineering school, quantity surveying development school and foreman development programme

PEOPLE

LABOUR PRACTICES AND DECENT WORK

05 ASPECT: DIVERSITY AND EQUAL OPPORTUNITY

Delivery on F2016 focus areas:

IN THE GROUP'S F2015 INTEGRATED ANNUAL REPORT, WE OUTLINED A NUMBER OF FOCUS AREAS. THE TABLE INDICATES HOW WE DELIVERED AGAINST THESE:

FOCUS AREAS FOR 2016	DELIVERY
Achieving greater levels of diversity, particularly in our senior levels through headhunting.	Representation at management level increased from 30% to 31%
The implementation of an accelerated development programme for our top talent.	51 employees were identified and attended the group's high-flyer programme. 48% of this group was from designated groups

NOTWITHSTANDING THE MAJOR HEADCOUNT REDUCTIONS, WE ARE PLEASED TO ADVISE THAT AFRICAN, INDIAN AND COLOURED REPRESENTATION ACROSS ALL MANAGEMENT LEVELS INCREASED FROM 30% TO 31%.*

Executive management remained constant at 25% and both senior and middle management improved. Senior management improved from 28% to 31%, middle management from 30% to 32% and junior management reduced from 78% to 74%, mainly due to retrenchments.

During the year, we launched our high-flyer initiative to accellerate young talent through the ranks to management. We have already seen improved equity representation at the middle management level as a result of this programme. Subsequent to attending this programme, 36% of these candidates have been identified for a promotion in the short to medium term.

* *Paterson grades D, E and F.*

MANAGEMENT

In the context of retrenchments, the focus this year moved to targeted headhunting of key resources. Our dedicated talent management centre was therefore improved to conduct psychometric and other required assessments. This will improve the evaluation of candidates and enable recommendations in terms of the suitability of employees for inclusion in either the high-flyer programme or the group's talent pipeline.

Additional work is required to ensure that when appointments are made at a management level in the segments, focus is placed on recruiting black candidates in general and black female candidates in particular.

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

	SOUTH AFRICAN WORKFORCE							
	F2016				F2015			
	White	**AIC***	**Total**	**AIC* % of total**	White	AIC*	Total	AIC* % of total
Executive (Paterson F-band) Executives and board	6	2	8	25	6	2	8	25
Senior management (Paterson E-band) Segment directors and group directors	22	10	32	31	23	9	32	28
Middle management (Paterson D-band) Segment directors and department heads and skilled professionals	282	130	412	32	326	140	466	30

* *African, Indian and Coloured.*

EMPLOYMENT EQUITY

The key focus this year was to ensure that retrenchments did not undo all the work of previous years. This strategy succeeded at most levels outside of the junior management/skilled category where we experienced a reduction, mainly due to the retrenchment of skilled artisans and clerical employees.

The table outlines the demographic distribution and composition of the South African workforce.

	SOUTH AFRICAN WORKFORCE							
	F2016				F2015			
	White	**AIC***	**Total**	**AIC* % of total**	White	AIC*	Total	AIC* % of total
Executive (Paterson F-band) Executives and board	6	2	8	25	6	2	8	25
Senior management (Paterson E-band) Segment directors and group directors	22	10	32	31	23	9	32	28
Middle management (Paterson D-band) Segment directors and department heads and skilled professionals	282	130	412	32	326	140	466	30
Junior management/skilled (Paterson C-band)	503	1 399	1 902	74	698	2 495	3 193	78
Semi-skilled (Paterson B-band)	31	2 506	2 537	99	61	3 352	3 413	98
Unskilled (Paterson A-band)	17	2 184	2 201	99	6	2 660	2 666	99
Total	861	6 231	7 092	88	1 120	8 658	9 778	89

* *African, Indian and Coloured.*

PEOPLE | LABOUR PRACTICES AND DECENT WORK CONTINUED

05 ASPECT: DIVERSITY AND EQUAL OPPORTUNITY CONTINUED

DEMOGRAPHIC DISTRIBUTION – SOUTH AFRICAN EMPLOYEES

	F2016	F2015	F2014	F2013
%				
White	**12**	11	11	17
African	**74**	76	80	73
Coloured	**10**	9	5	5
Indian	**4**	4	4	5

GENDER DISTRIBUTION – SOUTH AFRICAN EMPLOYEES

	F2016	F2015	F2014	F2013
%				
Female	**19**	16	12	16
Male	**81**	84	88	84

AGE AND GENDER DEMOGRAPHICS – ALL EMPLOYEES

The group's executive and senior management teams are evenly split between the age categories of 31 to 50 and 51 to 65. Segment management teams are predominantly in the 31 to 50 range, which provides a strong pool of successors. The challenge remains to ensure that this grouping has the required demographic representation.

EXECUTIVE COMMITTEE

AGE DIVERSITY

	MALE		FEMALE		ALL
		Total		**Total**	**Total**
Age					
Age 31 – 50	3	**3**	1	**1**	**4**
Age 51 – 65	4	**4**	–	**–**	**4**
Total	7	**7**	1	**1**	**8**

MANAGING DIRECTORS (DIRECTORS AND MORE SENIOR)

AGE DIVERSITY

	MALE		FEMALE		ALL
		Total		**Total**	**Total**
Age					
Age 31 – 50	7	**7**	2	**2**	**9**
Age 51 – 65	10	**10**	–	**–**	**10**
Total	17	**17**	2	**2**	**19**

SEGMENT DIRECTORS

GENDER DIVERSITY

	MALE		FEMALE		ALL
		Total		Total	Total
Age					
Age 31 – 50	45	**45**	9	**9**	**54**
Age 51 – 65	16	**16**	2	**2**	**18**
Age >65	–	**–**	–	**–**	**–**
Total	61	**61**	11	**11**	**72**

ALL EMPLOYEES

GENDER DIVERSITY

	MALE			FEMALE			ALL
	Able	Disabled	Total	Able	Disabled	Total	Total
Age							
Age 18 – 31	2 268	–	**2 268**	704	–	**704**	**2 972**
Age 31 – 50	3 823	17	**3 840**	912	14	**926**	**4 766**
Age 51 – 65	1 435	–	**1 435**	140	–	**140**	**1 575**
Total	7 526	17	**7 543**	1 756	14	**1 770**	**9 313**

EMPOWERMENT OF WOMEN

Participation by women in the construction industry remains low, especially when compared to other sectors in the economy. It is against this backdrop that Group Five launched its Basadi programme, a special initiative focusing on the empowerment of women, which is intended to highlight and address systemic barriers (policy, structural and cultural) that impede the attraction and retention of women.

GROUP FIVE'S BASADI PROGRAMME

The programme was launched in F2011. This year, the Basadi programme was recognised at the third annual Construction Sector Awards as the most innovative women training programme.

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

- The group has successfully attracted, developed and retained women through customised training courses, focused mentorship and the facilitation of access to external networking platforms with leading women from the 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.

PEOPLE | LABOUR PRACTICES AND DECENT WORK CONTINUED

05 ASPECT: DIVERSITY AND EQUAL OPPORTUNITY CONTINUED

ACHIEVEMENTS FROM THE BASADI PROGRAMME

- The group's policies were revised to reflect leading practices that support women achieving both success in their careers and family lives. Examples of these are our maternity policy which is industry-leading in terms of the remuneration paid during maternity leave, our flexitime policy and our crèche facilities at our Waterfall central office
- Since inception of the programme five years ago, over 200 women from junior to senior management have received targeted training relating to women empowerment through our women in business programme
- Women at professional and junior management levels increased from 11% to 18% from F2012 to F2016
- Women at the senior management level increased from 8% to 17% and at top management remained constant at 13%

We have made inroads not only in empowering our female employees, but also externally by supporting women-owned businesses and young girls.

- Group Five has funded the training of two emerging women-owned contracting companies under the guidance of Business & Professional Women, Deloitte and the Department of Trade and Industry
- We entered into a three-year agreement with the Future of the African Daughter (FOTAD), a non-profit organisation, for the funding of high school education focusing on mathematics and science for 15 girls from disadvantaged backgrounds
- Our seven-year sponsorship of the University of Johannesburg's Women in Engineering & the Built Environment (WIEBE) programme, has contributed to the increase of female students pursuing studies in the engineering and built environment disciplines

Two key initiatives were launched during F2016:

01 THE GROUP IMPLEMENTED THE UNITED NATIONS' SEVEN WOMEN EMPOWERMENT PRINCIPLES.

The principles are designed to assist companies to filter their policies, procedures and practices and implement changes to ensure meaningful empowerment of women in the business environment. The group is currently conducting a rigorous review using these principles as a framework for further improvement to this critical business outcome.

02 WE LAUNCHED THE HE-FOR-SHE PROGRAMME WITHIN THE GROUP.

This is a solidarity campaign for gender equality initiated by women from the United Nations. The programme's main goal is to engage men as agents of change for the achievement of gender equality and women's rights by encouraging them to take action against inequalities faced by women and girls. It is grounded in the idea that gender equality is an issue that affects all people socially, economically and politically and therefore seeks to actively involve men and boys in a movement that was originally conceived as a struggle for women by women. The take-up and support of the programme by our men at all levels within the organisation has been very pleasing.

FOCUS GOING FORWARD

Our primary focus will be on ensuring that all opportunities are exploited to achieve higher levels of diversity, particularly in our senior levels. We will address this through both internal initiatives and targeted headhunting.

We will continue with the accelerated development programme for our top talent through the continued roll out of our high-flyer programme to build a successful pipeline for succession.

We will also continue to support initiatives promoting women-owned businesses to enable their market access, especially in the construction value chain.

PREFERENTIAL PROCUREMENT

Delivery on F2016 focus areas:

IN THE GROUP'S F2015 INTEGRATED ANNUAL REPORT, WE OUTLINED A NUMBER OF FOCUS AREAS. THE TABLE INDICATES HOW WE DELIVERED AGAINST THESE:

FOCUS AREAS FOR 2016	DELIVERY
Review the procurement spend profile to establish enabling strategies to meet our objectives.	Strategic alignment of cost drivers to current market dynamics resulted in base cost reductions of up to 50%
Commodity strategies to eliminate inefficiencies and leverage economies of scale.	Spend across business segments on specific commodities through focused interventions returned an average cost reduction of 25% The utilisation of technology advancements addressed process inefficiencies and delivered improved costing. The adoption of an online booking tool for travel bookings reduced costs by almost 50%
Increase validation of compliance certificates.	Vendors that account for 85% of our total procurement spend now have a valid certificate
Supplier development interventions aimed at building capacity and access to black women-owned enterprises.	Strategies in supplier and enterprise development have yielded good results Preferential spend with enterprises that are more than 30% black women-owned increased by 144%
Specific procurement strategies to focus on capability, capacity and cost.	The application of this strategy resulted in a 30% reduction in costs

FOCUS DURING THE YEAR

The introduction of a procurement committee comprising key stakeholders from all business segments during the year provided traction in realising savings and harnessing synergies across the business.

The focus during the year was to align input costs with the prevailing economic conditions to extract value across the supply chain. This was achieved by revisiting key cost drivers on contractual commitments and aligning them with the current business needs and changing market dynamics. The optimisation of our facilities management and the appointment of specialist external service providers where appropriate, resulted in a 49% reduction in overhead costs for these services.

Assisting suppliers to understand their supply chains and downstream costs through sharing knowledge created efficiencies in their processes and reduced costs by up to 30%.

Data analytics were successfully used to identify trends and patterns in spend, which provided opportunities for spend aggregation and leveraging economies of scale to extract value.

Applying this to our industrial gas requirements for the group delivered a reduction in our baseline spend of 35%.

PREFERENTIAL PROCUREMENT SCORECARD

With the repeal of the construction charter in February 2015, the sector is currently being measured on the broad-based black economic empowerment (BBBEE) generic codes until a replacement charter for the construction sector is approved. The introduction of the new generic codes has resulted in a change to the weightings of the different measurement criteria.

The group remains close to the ongoing industry discussions to finalise a new sector scorecard and is being proactive in ensuring that it maintains a Level 2 if the construction sector scorecard is in place by the time of the next audit in October 2016.

PEOPLE | LABOUR PRACTICES AND DECENT WORK CONTINUED

05 ASPECT: DIVERSITY AND EQUAL OPPORTUNITY CONTINUED

The table below reflects the migration from the construction sector scorecard to the generic scorecard for the preferential procurement element.

Two material changes are the weightings of enterprises that are more than 51% black-owned, which increased from 12% to 40% and enterprises that are more than 30% black women-owned from 8% to 12%.

BBBEE SCORECARD – GENERIC SCORECARD COMPARED TO CONSTRUCTION CHARTER SCORECARD

Transformation of the supply chain continues with the results evident in the improvement recorded to date. Preferential spend with all suppliers increased from 71% to 104%.

Preferential spend with enterprises that are more than 51% black-owned increased by 83% and enterprises that are more than 30% black women-owned increased by 144%.

Preferential spend with qualifying small enterprises increased by 9%.

TARGET PER BBBEE GENERIC CODE

Measurement principle	Points	**F2016 Target %**	**Actual F2016[1] %**
Preferential spend with all suppliers	5	**80**	**104.4**
Preferential spend with qualifying small enterprises (and emerging micro-enterprises)	3	**15**	**26.5**
Preferential spend with emerging micro-enterprises	4	**15**	**14.4**
Preferential spend with enterprises that are more than 51% black-owned	9	**40**	**38.6**
Preferential spend with enterprises that are more than 30% black women-owned	4	**12**	**13.7**
Weighted score	25		**24.54**

TARGET PER CONSTRUCTION CHARTER CODE

Measurement principle	Points	F2015 Target %	Actual F2015[2] %	Actual F2014[3] %	Actual F2013[4] %
Preferential spend with all suppliers	12	70	71.0	73.1	70.1
Preferential spend with qualifying small enterprises (and emerging micro-enterprises)	3	15	24.3	23.3	20.1
Preferential spend with enterprises that are more than 50% black-owned	3	12	21.1	18.2	17.7
Preferential spend with enterprises that are more than 30% black women-owned	2	8	5.6	4.4	9.5
	20		19.4	19.1	20.0

1 Unaudited.
2 As audited by BEE Verification Agency cc for the year ended 30 June 2015 (Group Five).
3 As audited by BEE Verification Agency cc for the year ended 30 June 2014 (Group Five).
4 As audited by BEE Verification Agency cc for the year ended 30 June 2013 (Group Five).
** A weighted score is not done for targets.*

FOCUS GOING FORWARD

For the year ahead, our focus areas include:

- Broadening the strategy relating to input costs to realise even greater savings and efficiencies across the supply chain
- Fully realise the potential of the procurement committee to leverage procurement synergies across the group and driving efficiencies
- Developing core procurement skills in collaboration with Group Five's in-house training Academy, which will be one of the key enablers in unlocking maximum value across the supply chain
- Continued alignment of procurement strategies to focus on supplier development and to improve awareness and compliance to the revised BBBEE codes

ENTERPRISE AND SUPPLIER DEVELOPMENT

Delivery on F2016 focus areas:

IN THE GROUP'S F2015 INTEGRATED ANNUAL REPORT, WE OUTLINED A NUMBER OF FOCUS AREAS. THE TABLE INDICATES HOW WE DELIVERED AGAINST THESE:

FOCUS AREAS FOR 2016	DELIVERY
Formalise the mentoring process of enterprise development partners through more regular and focused interactions.	With the new transformation director's office fully resourced this year, significant traction was gained through more regular interaction with all partners. This resulted in positive feedback from partners on the value added to their businesses
Strengthening audit processes around the development of each entity.	The auditing of value added to partners was significantly amended to identify problem areas earlier. This resulted in timeous interventions to the benefit of partners, as well as a greater return on investment for the group
Review and focus on black women-owned construction businesses.	Almost 50% of the new partners who were engaged during the year were black women-owned entities

INTRODUCTION

WITH THE REPEAL OF THE CONSTRUCTION CHARTER IN FEBRUARY 2016, THE CONSTRUCTION SECTOR IS CURRENTLY BEING MEASURED BASED ON THE BROAD-BASED BLACK ECONOMIC EMPOWERMENT (BBBEE) GENERIC CODES UNTIL A REPLACEMENT CHARTER FOR THE CONSTRUCTION SECTOR IS APPROVED.

The introduction of the new generic codes resulted in a change to the weightings of the different measurement criteria. The impact of this change is expected to result in the group dropping from a Level 2 on the construction sector code scorecard currently to a Level 4 on the new BBBEE generic scorecard when audited in October 2016. The group's enterprise development strategy was reviewed and updated to cater for this change, until such time as a new construction sector scorecard is gazetted.

CHANGE IN STRATEGIC FOCUS

Over and above aligning to the new scorecard, the group also implemented a broader enterprise development focus. This involved reviewing the full contracting lifecycle to expand the group's potential for enterprise development. This is a strategic shift from our historic focus on the construction (or build) section of the value chain only.

CONSTRUCTION VALUE CHAIN

DEVELOP → **INVEST** → **DESIGN** → **SUPPLY** → **BUILD** → **OPERATE** → **SERVICE**

We are currently evaluating opportunities in the following areas:

- Operations and maintenance section of our solar contracts
- Plant and equipment
- Pallet manufacturing
- Reinforcing manufacturing and installation

PEOPLE | LABOUR PRACTICES AND DECENT WORK CONTINUED

05 ASPECT: DIVERSITY AND EQUAL OPPORTUNITY CONTINUED

Our key objective remains to develop majority black-owned and black women-owned companies to ensure they develop their capacity to play substantial roles across the contract lifecycle. To this end, we place significant emphasis on facilitating the development and growth of these organisations, as measured by the Construction Industry Development Board (CIDB). During the year, we exited two partnerships that had reached their maturity and entered into six new partnerships. The new partnerships are aligned with the supplier development requirements of the new BBBEE generic codes and are involved in services such as scaffolding, aluminium windows and frames, plumbing and engineering services.

Our steel manufacturing business segment, Barnes Reinforcing Industries, is currently rolling out a new programme to develop small black-owned businesses that will supply alternative markets in areas where we currently do not provide a service. The programme involves assisting these entities with business development and support services. The programme already has three participants and it is intended to involve up to ten small businesses before the end of calendar 2016. We are currently securing external funding to assist these businesses with working capital.

Enterprise and supplier development partnerships

The table below outlines our current development partners and reflects their development from the time they were incorporated into our programme.

Since inception of the group's enterprise development programme in 2008, six of our partners improved their Construction Industry Development Board (CIDB) registration and five have reached the targeted CIDB Level 8. This year, we met all enterprise and supplier development requirements in terms of the new broad-based black economic empowerment (BBBEE) generic codes. This marks the seventh consecutive year of full compliance with the requirements of this element.

	Black ownership	Women ownership	Date joined	CIDB level on joining	Current CIDB level	BBBEE contributor level
Enterprise development partners						
BL Williams (Pty) Limited	95%	48%	2008	6 GB – PE	8 GB – PE	3
Enzani Technologies (Pty) Limited	80%	54%	2009	5 EP – PE	7 EP PE 1 ME – PE	1
Inkanyeli Projects (Pty) Limited	100%	19%	2009	4 GB – PE	7 GB PE	2
Pan African Development (Pty) Limited	100%	40%	2009	6 GB – PE	7 GB PE 7 CE PE	3
Siyakhula Engineering CC	100%	–	2009	1 EB – EP	1 EB – EP	3
UMSO Construction (Pty) Limited	89%	–	2008	6 CE – PE	8 CE – PE, 6 GB PE	2
ENM Trading CC	100%	–	2010	6 GB	8 GB	3
Uvuko Civils (Pty) Limited	100%	100%	2013	7 GB, 5 CE	8 GB PE, 7 CE PE	3
Tsima Construction (Pty) Limited	91%	21%	2015	7 GB, 8 CE	8 GB, 8 CE	3
F2016 new partnerships						
Bhungu Trading Projects CC	100%	–	2016	*	*	3
Thunkuhlo Suppliers, Recycling & Projects (Pty) Limited	100%	100%	2016	*	*	3
Keabetswe Business Enterprises CC	100%	90%	2016	*	*	1
Tanguliza Construction (Pty) Limited	100%	100%	2016	4 CE PE	4 CE PE	1
Bafokeng Plumbing, Engineering, Construction & Trading (Pty) Limited	100%	–	2016	1 SO PE	1 SO PE	3
WillpowerWorx (Pty) Limited	100%	–	2016	*	*	1

CE – Civil engineering
EP – Electrical engineering works (infrastructure)
GB – General building works
ME – Mechanical engineering works
PE – Potential emerging
** – Not CIDB graded*

EMPOWERED JOINT VENTURES

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

	Name of partner/ development entity	Contract/development	Effective partner % holding in venture	**Total value of contract (100%) R'000**	Commence-ment date of contract
ENGINEERING & CONSTRUCTION					
Partner (P)/development entity (DE)					
DE	Umsimbiti Civils (Pty) Limited	Construction of Main Road P577 in Kwadebeka – KwaZulu-Natal	15%	**172 228**	Oct 2011
DE	Umsimbiti Civils (Pty) Limited	Construction of Ethekwini BRT on route C3B Umgeni River to Pinetown along provision road Main Road P577	15%	**178 147**	Sep 2011
P	Pandev African Development (Pty) Limited	Construction of the right of way to the Umgeni Viaduct, including all stations and structures	40%	**333 209**	Mar 2014
P	ENM CC	Building of Bophelong Psychiatric Hospital Phase II – North West	30%	**261 549**	Nov 2015
P	ENM CC	Building of Bophelong Psychiatric Hospital – North West	30%	**516 000**	Nov 2012
P	Trendcon Construction (Pty) Limited	Construction of Tshwane House – Gauteng	36.25%	**1 034 243**	Mar 2015
P	Imbani Construction (Pty) Limited				
DE	Group Five Bongekile joint venture	Construction of Lonmin apartment blocks in Marikana (Phase I) – North West	30%	**76 646**	Mar 2015
INVESTMENTS & CONCESSIONS					
Partner (P)/development entity (DE)					
DE	Kuvula Trade 12 (Pty) Limited	Investment in The Beacon (Eastern Cape)	13%	**120 000**	Jan 2008
DE	Group Five Montagu Developments (Pty) Limited	Investment in Decor on Zambezi – Gauteng	13%	**85 000**	Jan 2008
DE	RFC Developments (Pty) Limited	Investment in The Core – Gauteng	7%	**196 000**	Jan 2008

FOCUS GOING FORWARD

The group will continue to review current enterprise relationships and, where appropriate, exit these to free up capacity to engage in new enterprise and supplier development relationships. Our programme will continue to place increased emphasis on small black women-owned businesses.

The following are some of the key focus areas for F2017:

- Integrate our enterprise development partnerships at a group level to ensure our partners enjoy the full benefit of the group's expertise and not only that of the business segment they have partnered with
- Continue to identify new opportunities within our contract lifecycle to develop sustainable black- and black women-owned businesses
- Ensure that our enterprise development partners take full advantage of the training programmes that are offered by the Group Five Academy
- Further align our strategies to ensure full compliance with the revised construction sector code when it becomes available
- Maximise new government and private sector initiatives to provide additional opportunities for our enterprise development partners

SOCIETY

Delivery on F2016 focus areas:

IN THE GROUP'S F2015 INTEGRATED ANNUAL REPORT, WE OUTLINED A NUMBER OF FOCUS AREAS. THE TABLE INDICATES HOW WE DELIVERED AGAINST THESE:

FOCUS AREAS FOR 2016	DELIVERY
Our socio-economic development (SED) efforts in the rest of Africa will be increased in support of the group's African growth strategy, while at the same time sustaining momentum in our home country of South Africa.	We have implemented initiatives that support communities in all our operations in South Africa and the rest of Africa where we have active contracts
We will continue to focus on the development of communities in the catchment areas of our operations.	All our operations identified and launched various projects through contracts implemented in F2016
We will integrate our SED initiatives towards a more cohesive strategy, with greater emphasis on communication of our initiatives as a way to improve engagement with our key stakeholders.	The group has had early successes in the implementation of its new integrated SED approach where its business segments operating in the same locality worked together to implement one impactful community initiative. Through active engagement of our key stakeholders, we have also seen an increase in media coverage of various causes we support
Continue to further implement community programmes and liaison close to our sites.	Our SED spend bears testimony of our ongoing commitment to ensuring that communities are developed as part of implementation of our various contracts

COMMUNITY ENGAGEMENT

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

Through our core business of construction, we do not only build infrastructure, but also contribute to the building of better lives in communities.

On contracts close to local communities, the employment of local community members should be at least 60% of the total workforce. On each of our contracts, a portion of revenue is set aside during the implementation phase towards the upliftment of local communities in the form of SED and enterprise development.

These programmes include skills training on sites, construction skills programmes, construction of classrooms and installation of water tanks and the donation of furniture and equipment, including materials for local communities when contracts are completed.

COMMUNITY INFRASTRUCTURE INVESTMENTS

Group Five develops infrastructure. An important part of the group's SED programmes is therefore seeking opportunities to partner with governments to assist in either rehabilitating or constructing infrastructure in communities during the lifecycle of a contract. This infrastructure is typically in the form of schools or clinics that are either renovated or built new, surfacing of village roads and building of sporting facilities and installation of water facilities.

LOCAL RECRUITMENT, CAPACITY BUILDING AND SKILLS DEVELOPMENT

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

Our community liaison officers receive regular training to ensure engagement is at the level required to offset the tensions often seen in communities.

05 ASPECT: DIVERSITY AND EQUAL OPPORTUNITY CONTINUED

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

A community liaison officer (CLO) is appointed on each of our key contracts to facilitate interactions with community leaders, local government officials and to facilitate efficient local recruitment.

SOCIO-ECONOMIC DEVELOPMENT

Despite the tough trading conditions experienced by the group, during the year, we continued to support socio-economic development (SED) initiatives, with R3,2 million spent. The group seeks to ensure that its SED spend is targeted to deliver the best possible developmental outcomes for the communities surrounding its operations.

APPROACH TO SOCIO-ECONOMIC DEVELOPMENT

The projects we support are driven by the requirements of local communities, with thorough research, consultation and planning.

Our programme focuses on three areas:

- Education and training
- Infrastructure development
- Social grants

HIGHLIGHTS OF PROGRAMMES IMPLEMENTED

We support projects in various communities throughout South Africa and in the rest of Africa where the group operates. A number of community projects were implemented this year.

PROJECTS IN SOUTH AFRICA

TRAC Mobile Science Laboratories

Group Five sponsors a mobile laboratory and an educator to tutor at five schools in rural Acornhoek in Mpumalanga. There has been a strong improvement in the performance of the learners as a result of this initiative. 75 learners who matriculated in 2015 are now enrolled in science, engineering and technology studies at various higher learning institutions. The learners achieved 14 distinctions and 41 first-class passes.

Some of the students who have benefited from TRAC Mobile Science Laboratories

Suzan Malate was raised by a single parent. She knew the only way she could study after school was to work very hard. She completed Grade 12 at Mafemani-Nxumalo Secondary School in Acornhoek in 2013. She is currently studying towards a pharmacy degree at the University of Limpopo.

Themba Mkhabela, a former learner from Sokisi High School in Acornhoek, passed Grade 12 in 2013. He was the best physical science learner in the Manyeleti Circuit in 2013. He is currently in his third year of chemical engineering at the University of Pretoria. During holidays he continues to assist learners at the Group Five TRAC Laboratory Summer School with mathematics. As a role model in his community, he motivates learners from his previous school to always work hard and utilise all opportunities afforded to them.

Future of the African Daughter (FOTAD)

Group Five has a three-year agreement to sponsor tuition fees for 15 high school girls from previously disadvantaged communities in Gauteng from Grades 10 to 12, with maths and science as part of their core curriculum. The objective of the programme is to encourage the learners to consider careers within science, engineering and technology. Over and above the payment of tuition fees, the girls visit our contract sites during school holidays to gain practical experience of life on construction sites. This year, the learners are in their final Grade 12 year.

PROJECTS IN SOUTH AFRICA CONTINUED

"In my time with Group Five since 2014, I have experienced a lot and gained exposure in the construction business. When I finish school I would like to study civil engineering or environmental science. Thank you Group Five for everything."
Nomava Falakahla

Women in Engineering and Built Environment (WiEBE)

The technical skills required to drive infrastructure development in South Africa and the rest of Africa remain in short supply. The representation of women, particularly in the engineering and built environment sector, is also very low.

Group Five therefore supports the University of Johannesburg's WiEBE programme with the aim of increasing the pool of women in engineering and the built environment professions for the industry. Since 2012, the number of female students' enrolments in the University of Johannesburg's Department of Engineering and Built Environment increased by 5%, while the retention rate increased from 50% to 80%.

Saldanha Skills Development Centre Project

Group Five finalised an agreement with Transnet this year to construct a skills development centre in Saldanha, Western Cape, as part of the Saldanha Tippler contract. The centre will be a satellite training facility under the accreditation of the Group Five Construction Skills Training Academy, which will train local people and employees in construction-related skills.

INITIATIVES IN THE REST OF AFRICA

Ephphata School for the Deaf – Democratic Republic of Congo

Group Five donated power and hand tools and work benches for the carpentry workshop where the learners make and sell furniture to raise funds for the school. We also upgraded their playground by supplying new equipment and repairing old equipment.

Twibombele and Twatasha Schools – Ghana

We refurbished classrooms, donated notebooks, stationery, sports equipment and cleaning materials and erected a classroom, workshop area and library. We also provided recycling bins at various schools to assist them to generate extra income.

Bromley Episcopal Mission School – Liberia

Group Five donated 20 beds, mattresses and bedding to the girls' school as part of international Nelson Mandela Day.

Employee volunteerism, gifts in kind/payroll giving

Over and above the direct financial contributions we make towards the implementation of community projects, we also encourage our employees to become involved in community development. In F2016, several employees were allowed time during their normal working hours to become involved in various group community programmes, to promote skills transfer and to mentor community organisations and emerging enterprises. For example, over 2 000 of our employees volunteered their time to various causes on days such as Nelson Mandela Day and 16 Days of Activism against violence against women and children.

Social impact assessment

Group Five ensures ongoing effectiveness and impact of its community initiatives. Through consultation with local community representatives, government and other key stakeholders before investing in initiatives, the group ensures the implementation of relevant programmes with long term impact instead of only providing once-off grants or donations. Our beneficiary organisations, which often do not have adequate training and capacity, are provided with the skills and resources to effectively manage their organisations. Accountability is also ensured through agreements with the company, as well as regular feedback to the board's transformation and sustainability committee.

05 ASPECT: DIVERSITY AND EQUAL OPPORTUNITY CONTINUED

SEGMENT SED SPEND

During the year, we achieved the target spend of 1% of net profit after tax on socio-economic development programmes. The majority of our business segments were able to identify and implement various programmes in communities close to our contracts in line with our group SED strategy. The integrated group office continued to drive group initiatives.

Below is the breakdown of this year's performance per segment:

R'000	**F2016**	F2015	F2014
ENGINEERING & CONSTRUCTION			
Building & Housing – Building	**530**	433	–
Building & Housing – Housing	**62**	140	155
Building & Housing – Coastal	**306**	139	424
Civil Engineering	**253**	23	56
Civil Engineering – Plant & Equipment	**36**	54	58
Projects	**170**	257	2 266
Energy: Power	**–**	–	9
Energy: Oil & Gas	**9**	40	303
Energy: Nuclear	**–**	–	10
Cluster total	**1 366**	1 086	3 281
INVESTMENTS & CONCESSIONS			
Infrastructure Development Services	**50**	20	–
Transport (Intertoll)	**383**	235	67
Real estate (G5 Properties)	**76**	–	40
Cluster total	**509**	255	107
MANUFACTURING			
Everite	**366**	164	517
Pipe	**–**	–	–
BRI	**47**	32	27
Cluster total	**413**	196	544
Corporate office	**905**	1 017	2 166
Group total SED spend for the year	**3 193***	2 554*	6 098

* *Group total SED spend for the year of R3 145 000 (2015: R2 525 000) adjusted for joint ventures equity accounted and joint arrangements wholly consolidated.*

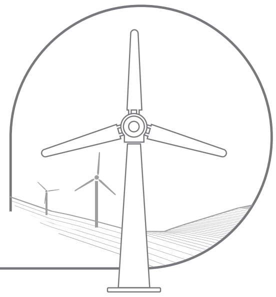
OVER-BORDER SOCIO-ECONOMIC DEVELOPMENT

	Country	Amount of spend Rand
Charity organisations		
Ephphata School for the Deaf	DRC	303 576
Twibombele and Twatasha Schools	Ghana	62 760
Bromley Episcopal Mission School	Liberia	386 036
Total		752 372

FOCUS GOING FORWARD

Group Fives continues to expand its operations in South Africa and in the rest of Africa. Our SED programmes are essential to the sustainability of our business and that of our communities, as well as a key driver for change and transformation. During the year, we reviewed our approach again, with the objective of launching few flagship projects with high impact in the coming year. More focus will be placed on the communication of our initiatives as part of our stakeholder engagement strategy.

ENVIRONMENT



Delivery on F2016 focus areas:

IN THE GROUP'S F2015 INTEGRATED ANNUAL REPORT, WE OUTLINED A NUMBER OF FOCUS AREAS. THE TABLE INDICATES HOW WE DELIVERED AGAINST THESE:

FOCUS AREAS FOR 2016	DELIVERY
Continue to strengthen and improve reporting and seek opportunities to further reduce our carbon footprint.	We implemented monthly reports by segment. The data is utilised to compile a detailed overview of environmental matters to the board. Carbon footprint data forms part of these monthly reports, which allows for effective comparison
Further energy reduction at both fixed and contract sites and, where possible, making use of alternate technologies to reduce our reliance on and use of electricity.	The Manufacturing cluster implemented several energy-efficiency initiatives during this financial year. This resulted in a 15% reduction in the requirement for coal as an energy source. Initiatives to reduce the energy requirements of contract sites are being investigated and a long term contract will be used as a pilot project
With the appointment of a waste management service provider we will be in a position to report our waste in future. This will enable us to set targets for waste reduction and recycling.	The pilot project initiated at the Waterfall central office has seen a 40% waste diversion from landfill The roll out of our service provider's waste recording and reporting process should be completed during F2017
Electronic Carbon Disclosure Project data gathering to improve the quality of the data used to generate the group's carbon footprint, as well as to ensure that all emissions are captured and any associated tax is accurately calculated.	The accuracy of data captured is monitored and reported on a monthly basis. Any discrepancies are addressed immediately to ensure accurate carbon disclosure reporting. The internal system is being updated to cater for changes within the company and the intended carbon tax

INTRODUCTION

GROUP FIVE RECOGNISES THAT THE CONSTRUCTION INDUSTRY IS REGARDED AS ONE OF THE MAJOR CONTRIBUTORS TO ENVIRONMENTAL IMPACTS AND DEGRADATION.

We have therefore committed ourselves to ensure that minimal impact is caused to the immediate environment and communities surrounding our operations.

The Group Five board has implemented a zero harm approach to the environment. By setting this objective, a top-down approach is followed, with each level of management responsible for ensuring that minimal impact is caused to the environment within their cluster, business segment and/or operational area. The group's environmental management system is in line with international standards and best practice. Several policies are in place, which guides how operational activities should be undertaken to minimise the impacts.

A number of committees drive the management system and policies. The committees include the safety, health and environment committee and the social and ethics committee, renamed the transformation and sustainability committee during the year. Most members on these committees are board members. The committees are responsible for ensuring compliance with regulations and other requirements and informing and educating employees, stakeholders and interested and affected parties on environmental matters related to our activities.

Environmental results are actively communicated and disclosed to the public through the required legislative channels, interaction with interested and affected parties and through the Group Five website and reports.

ISO 14001:2004 CERTIFICATION – MANAGEMENT OF THE ENVIRONMENT

Group Five's ISO 14001:2004 management system is certified by an international external third party, which provides assurance to all stakeholders and interested and affected parties.

External audits on compliance are undertaken on an annual basis. No major areas of non-conformance were raised during the external audit, resulting in all segments of the group retaining their certification.

Group Five will focus on transitioning its current ISO 14001:2004 status to ISO 14001:2015. The transition to the new standard will be completed and formally audited during F2017.

GROUP FIVE'S CARBON FOOTPRINT

- The group has voluntarily submitted information to the Carbon Disclosure Project (CDP) for eight years
- The information submitted for CDP occurs after the group's year-end period. The carbon footprint data reported in this review is therefore for the year ended 30 June 2015

FOOTPRINT PER SCOPE

	F2015 (t CO_2e)	F2014 (t CO_2e)	F2013 (t CO_2e)	F2012 (t CO_2e)	F2011 (t CO_2e)	Emission factor	% of total F2015
Scope 1 – Diesel, petrol, coal, LPG, etc	**56 720**	79 459	67 827	50 593	74 481	2.67 kg/litre	11
Scope 2 – Purchased electricity	**51 111**	61 373	61 163	62 071	91 349	0.99 kg CO_2/kWh	10
Scope 3 – Business travel, deliveries	**406 494**	584 093	642 107	793 752	7 958 763	–	79
Total	**514 325**	724 925	771 097	906 416	8 124 593	–	100

SCOPE 1

Direct Group Five emissions only.

SCOPE 2

Indirect emissions from the generation of purchased electricity.

SCOPE 3

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

ENVIRONMENT
CONTINUED

SCOPE 1

DIESEL, PETROL, COAL, LPG, ETC EMISSIONS

GROUP

	F2015*	F2014*	F2013*	F2012*	F2011*
Fuels (MWh)					
Gas/diesel oil	**86 240**	186 419	155 593	105 372	200 173
Motor gasoline	**4 174**	4 624	7 600	4 810	3 436
Bituminous coal	**92 235**	66 923	60 988	61 744	59 268
Liquefied petroleum gas (LPG)	**203**	1 090	5 590	31	–
Sasol gas	**1 330**	2 003	3 846	4 137	4 137
Total (MWh)	**184 182**	261 059	233 617	176 904	267 014

* *MWh of energy.*

Scope 1 reported a 29% reduction in total t CO_2e emissions. A further 30% reduction in the usage of fuels as a source of energy was observed. These changes were due to less active contracts within the Engineering & Construction cluster and lower fuel purchases due to less plant-intensive construction activities and fuel reduction initiatives. Group Five's indirect emissions represented 79% of its emissions. These are emissions Group Five does not directly control and consist of deliveries, sub-contractor and supplier-owned vehicles, flights and employee travel.

CARBON FOOTPRINT PER CLUSTER

	F2015		F2014		F2013		F2012		F2011	
	Carbon footprint (t CO_2e)	**% of total**	Carbon footprint (t CO_2e)	% of total	Carbon footprint (t CO_2e)	% of total	Carbon footprint (t CO_2e)	% of total	Carbon footprint (t CO_2e)	% of total
Cluster										
Engineering & Construction	**24 072**	**42**	48 690	61	39 613	58	19 962	43	41 161	62
Investments & Concessions	**3 513**	**6**	3 267	4	3 727	6	2 303	5	3 689	5
Manufacturing	**29 135**	**52**	27 501	35	24 488	36	23 900	52	22 361	33
Total	**56 720**	**100**	79 458	100	67 828	100	46 165	100	67 211	100

A 49% reduction in the total emissions for the Engineering & Construction cluster was once again due to lower active contracts. The 6% increase in total emissions for the Manufacturing cluster was due to an increase in product manufacturing.

SCOPE 2

PURCHASED ELECTRICITY EMISSIONS

PER CLUSTER (INDIRECT EMISSIONS)

	F2015		F2014		F2013		F2012		F2011	
	Carbon footprint (t CO_2e)	**% of total**	Carbon footprint (t CO_2e)	% of total	Carbon footprint (t CO_2e)	% of total	Carbon footprint (t CO_2e)	% of total	Carbon footprint (t CO_2e)	% of total
Cluster										
Engineering & Construction	**2 456**	**7**	7 811	13	7 867	13	3 716	7	4 497	7
Investments & Concessions	**7 822**	**15**	10 789	16	9 723	16	8 811	17	22 238	32
Manufacturing	**39 926**	**78**	42 774	71	43 574	71	40 160	76	42 097	61
Total	**50 204**	**100**	61 374	100	61 164	100	52 687	100	68 832	100

Although the Manufacturing cluster remained the largest contributor to Scope 2 emissions, consumption was lower due to several energy-efficient initiatives introduced at the Fibre Cement business segment.

SCOPE 3

INDIRECT EMISSIONS

SCOPE 3 EMISSIONS PER CLUSTER (INDIRECT EMISSIONS)

	F2015		F2014		F2013		F2012		F2011	
	Carbon footprint (t CO_2e)	**% of total**	Carbon footprint (t CO_2e)	% of total	Carbon footprint (t CO_2e)	% of total	Carbon footprint (t CO_2e)	% of total	Carbon footprint (t CO_2e)	% of total
Cluster										
Engineering & Construction	**402 976**	**99**	579 825	99	327 871	51	786 691	99	7 951 495	99
Investments & Concessions	**404**	**<1**	464	<1	124 299	19	44	<1	–	–
Manufacturing	**3 922**	**1**	3 805	<1	189 937	30	5 008	<1	6 256	<1
Total	**407 302**	**100**	584 094	100	642 107	100	791 743	100	7 957 751	100

The Engineering & Construction cluster contributes almost 100% of the emissions generated in Scope 3. This is mainly due to the large number of sub-contractors and suppliers required to provide services within this cluster. The 30% reduction in emissions can be attributed to less services and supplies required due to lower activity levels, as well as goods and services purchased by leading joint venture partners, which are not accounted for in Group Five's carbon footprint.

ENVIRONMENT
CONTINUED

EMISSION FACTORS

Following the adjustment of Group Five's reporting boundaries to the control approach, all external joint venture parties are now excluded. The base year was therefore adjusted to F2012. Emissions in the base year were 906 416 t CO_2e. This was significantly higher than the current reporting year, mainly due to the historic inclusion of the Construction Materials cluster, which produced large Scope 1 emissions. The Construction Materials cluster businesses were either sold or integrated into Manufacturing, leading to the significant reduction in the total t CO_2e since 2012. The 49% reduction in Scope 1 t CO_2e in F2015 was due to the decline in active contracts within the Engineering & Construction cluster due to tough market conditions.

Group Five has selected the control approach as a reporting boundary for its carbon footprint. This results in Group Five only recording emissions from operations over which it has financial control. This policy therefore excludes emissions from external joint venture partners. However, as per ISO/CDP requirements, Group Five has the responsibility to make joint venture partners aware of their reporting responsibilities for both carbon and tax purposes.

Group Five utilises the emission factors set by the Department for Environment, Food and Rural Affairs (DEFRA) of the United Kingdom to calculate its carbon emissions. The emission factors are amended annually.

THE SCOPE 2 EMISSION FACTORS ARE DETERMINED BASED ON THE EMISSIONS CALCULATED FOR ELECTRICITY GENERATION WITHIN THAT SPECIFIC COUNTRY. THE COUNTRY-SPECIFIC EMISSION FACTORS ARE PROVIDED ON THE NEXT PAGE.

The DEFRA emission factors which were used to calculate Group Five's Scope 1, 2 and 3 emissions are presented in the tables on this page.

SCOPE 1 – EMISSION FACTORS

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

SCOPE 2 – EMISSION FACTORS

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

SCOPE 3 – EMISSION FACTORS

Description	Value	Unit
Purchased goods and services		
Steel	2.03	kg CO_2e per kg
Water	1.275	kg CO_2e per kl
Cement	0.740	kg CO_2e per kg
Concrete	0.107	kg CO_2e per kg
Bricks	0.240	kg CO_2e per kg
Upstream transportation and distribution		
Average heavy goods vehicles	0.053	kg CO_2e per tonne km
Waste generated in operations		
Municipal solid waste	0.170	t CO_2e per tonne waste
Business travel		
Air travel (short haul)	0.088	kg CO_2e per passenger km
Average distance travelled (short haul)	1 137	km
Downstream transportation and distribution		
Average heavy goods vehicles	0.053	kg CO_2e per tonne km

CARBON DISCLOSURE PROJECT

Group Five is currently implementing emission reduction targets for its fixed sites. It is anticipated that absolute emissions could be reduced by as much as 3% over the next five years, with F2012 as a base year.

To quantify the group's environmental impact and measure its performance against previous years, its impact has been expressed as t CO_2e per permanent employee.

The environmental impact for F2015 amounted to 6.63 t CO_2e per permanent employee. This is 32% less than the 9.72 t CO_2e per permanent employee recorded during F2014.

As indicated earlier, the decrease can be attributed to the decline in active contracts within the Engineering & Construction cluster and energy-efficiency initiatives in the Manufacturing cluster.

As part of the group's commitment to reduce it carbon emissions, the sustainability of sub-contractor and supplier products and/or their effectiveness in meeting the group's environmental requirements are considered when appointing them.

Group Five also chooses environmentally-friendly products where possible and strives to use products and/or raw materials that are sustainable or derived from sustainable sources (such as wooden pallets from sustainable forests) to reduce its carbon footprint.

ENVIRONMENT
CONTINUED

REGULATIONS RELATING TO CARBON TAX

The Draft Carbon Tax Bill, 2015 was released on 2 November 2015 for comment. The marginal carbon tax rate is R120 per tonne CO_2e. However, taking into account all of the proposed tax-free thresholds, the effective proposed carbon tax rate will vary between R6 to R48 per tonne CO_2e. Furthermore, the proposed carbon offsetting allowances will be based on a maximum of 5% or 10% of the total greenhouse gas emissions. The regulations, which sets out the procedure for claiming the carbon offset allowances and for the use of carbon offsets by taxpayers to reduce their carbon tax liability was released on 20 June 2016 for comment. Carbon tax is expected to commence in January 2017.

The group has conducted a detailed analysis.

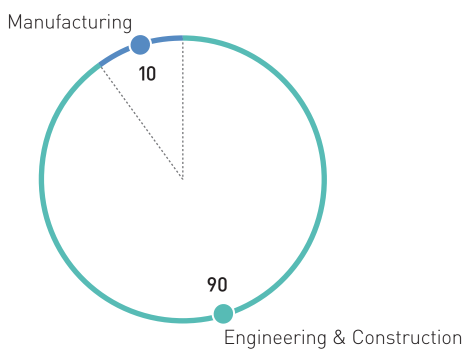
WATER

Group Five operates within several areas where water availability and quality is of concern. A water management plan was approved by the board during this financial year. This will be implemented during F2017. During the year, the group established a baseline for water consumption and set group reduction targets. The focus will first be on setting reduction targets for all fixed operations.

The Manufacturing cluster has introduced a plan to utilise condensate from its silica milling process and boilers to save almost 2% of its monthly water consumption. These initiatives are anticipated to commence during the first quarter of F2017.

All requirements regarding water quality, water released and quantities of water abstracted and utilised within the manufacturing process are closely monitored and reported on a monthly basis.

WATER CONSUMPTION (kl)



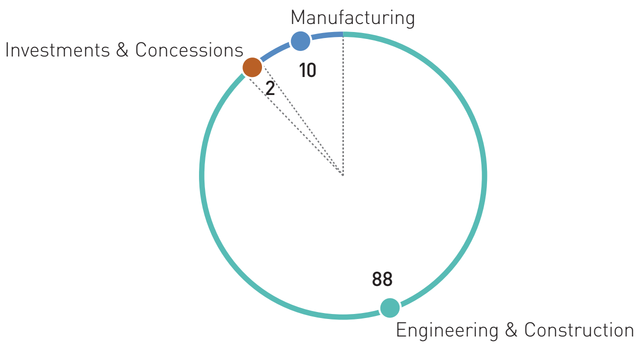
For all construction sites, the focus will be on reducing the requirement to utilise municipally-sourced water (potable water) and to consider alternatives such as borehole water.

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. Any impact on these resources and habitats are closely monitored as part of the construction contracts' environmental key performance indicators, which are reported on a monthly basis.

WASTE MANAGEMENT

Waste is measured and monitored at an operational level and reported on a monthly basis. Group Five has partnered with a waste company to assist with the implementation of a waste reduction programme and accurate waste monitoring at all its operations. An initial target of 5% reduction in waste sent to landfill was set by the group for its Engineering & Construction cluster by the end of F2017. 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. Measures have been put in place to improve the accuracy of waste volumes produced and recycled per waste stream.

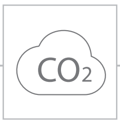
WASTE GENERATED PER CLUSTER (tonne)



During this financial year, an intensive waste recycling programme was implemented at Group Five's Waterfall central office. 40% of waste was diverted from landfill. The recycling of waste generated at the office contributed to a significant saving in carbon emissions, water and energy consumption, as presented below.

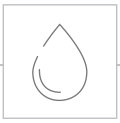
ENVIRONMENTAL ACHIEVEMENTS

The implementation of a corporate environmental programme resulted in several savings.



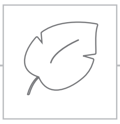
CARBON DIOXIDE SAVED

224 215.17 m^3 CO_2



WATER SAVED

295 605.20 kl



TREES SAVED

192.28 trees

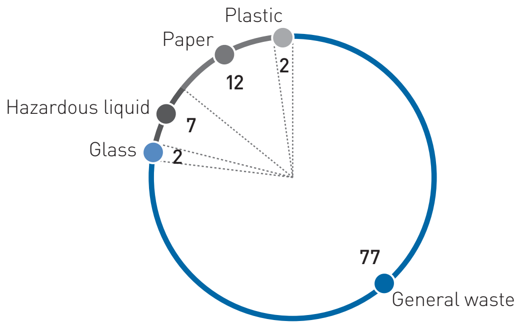
ENERGY SAVED

106 177.84 kWh

WASTE GENERATED

The graph below indicates the waste streams generated, recycled and/or disposed through the waste reduction programme implemented at the Group Five Waterfall central office. Waste generated consists mostly of general office waste. The on-site canteen generated hazardous liquid waste, which included waste from fat traps, old oil and tins (scrap metal).

WASTE GENERATED PER STREAM (%)



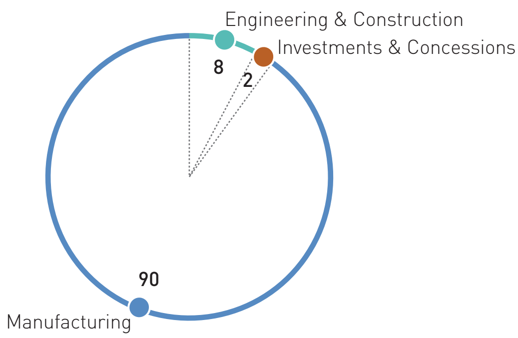
ELECTRICITY CONSUMPTION

Approximately 210 811 megawatt hours (MWh) of energy was consumed during F2015 compared to 261 059 in F2014. Group Five is currently in the process of improving its energy consumption reporting and will set reduction targets during F2017.

The Manufacturing cluster, which is the largest consumer of energy in the group, has already experienced a reduction of 15% in the requirement of bituminous coal due to the automation of its boiler system. A further saving in the cluster's energy consumption will be achieved due to the intended upgrade of the capacitor unit for storage of generated energy and initiatives to reduce diesel consumption.

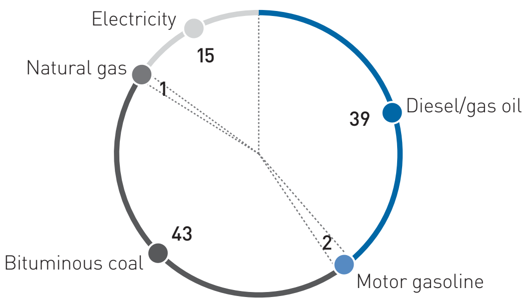
ENVIRONMENT
CONTINUED

ELECTRICITY USAGE (MWh)



The graph below illustrates the sources of energy utilised within Group Five and the usage. Fuel (diesel, petrol, etc) and bituminous coal are the largest sources of energy. These sources are largely utilised within the Engineering & Construction and Manufacturing clusters.

ENERGY CONSUMPTION PER ENERGY SOURCE (MWh)



Group Five's Waterfall central office was rated as a 5-Star certified green building. The consolidation of all business segment head offices within one building in F2014 saw a further reduction in our annual central office energy consumption by 50% (2 000 MWh per annum).

The increase in demand for renewable energy projects resulted in Group Five dedicating two teams under the Engineering & Construction cluster to actively pursue those opportunities. Group Five is currently involved in the construction of two new photovoltaic plants, with the potential to contribute a combined energy generation of 165 megawatt hours (MWh) to the South African national grid. The completion of these two contracts will result in a further reduction in carbon emissions of approximately 1,16 million tonnes of CO_2 equivalent (t CO_2e) for every year of operation.

ENVIRONMENTALLY SUSTAINABLE CONTRACTS

Group Five is a founding member of the Green Building Council of South Africa (GBCSA) 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.

A reduction in carbon emissions is achieved by clients using the green buildings constructed by Group Five. On average, green buildings are expected to save between 30% to 50% of energy (and therefore emissions) through their lifetime when compared to conventional buildings.

GBCSA aims to play a leading role in the transformation of the South African property industry by ensuring that buildings are designed, built and operated in an environmentally sustainable way.

Group Five constructed the following certified green buildings during F2016:

- DStv City (4-Star)
- Novartis (LEED Gold)
- 90 Rivonia (Green Star rating currently under review)

Compared to conventional buildings, and assuming an average of 60 years' lifetime for a building, the average lower emissions of a new green office building over its lifetime is estimated to be ±320 000 t CO_2e.

This is calculated based on the assumption that each green building saves, on average, 50% of electricity compared to a conventional building. In South Africa, power is generated by means of coal-fired power stations which have a grid emission factor of 1.03 t CO_2e/MWh.

ENVIRONMENTAL INCIDENTS AND LITIGATION

No significant environmental incidents were recorded at any of the Group Five operations during this financial year. Minor environmental incidents, such as minor hydrocarbon spills, mixing of waste and concrete spills that are contained on our own sites, are recorded at operational level and reported to the group on a monthly basis. Group Five has set targets to reduce the number of these minor non-reportable environmental incidents by 85% during F2017.

Several of the Group Five operational sites were evaluated by environmental departments as part of their routine inspections. No litigation or prosecution measures were instituted against any of the operations. Commendations were received from the Department of Environmental Affairs on the group's environmental performance at several of its construction sites.

ENVIRONMENTAL RISKS

The following are environmental risks that are continuously monitored:

RISKS		GROUP'S MITIGATION
1	Introduction of a carbon tax in South Africa.	Group Five has implemented a sustainability module within its financial system, which tracks and reports carbon emissions. The system will manage the information required to calculate the proposed taxation liability before the expected implementation date of the carbon tax
2	Changes within environmental legislation and pressure from stakeholders to improve its environmental performance.	Group Five maintains a legal register to ensure that all legislative aspects in relation to its operations have been identified and complied with. Any new legislation is assessed and the possible implications for operations identified and communicated. If required, procedures are amended to ensure that requirements are met. External legal compliance audits are conducted
3	Undertaking activities which might trigger the requirements for an environmental authorisation, licence or permit. Delays in issuing of authorisations, licences or permits by government departments may result in construction programmes not being met and/or delays in the initiation of contracts.	Environmental requirements are reviewed during the tender phase and included in the tender risk processes
4	Monitoring and reporting requirements related to air emissions from mining, manufacturing and asphalt production activities within the Engineering & Construction cluster.	All activities which require annual reporting in line with the National Environmental Management: Air Quality Act were identified. The group safety, health, environment and quality manager is responsible for the reporting of air emissions on an annual basis. These are submitted to the relevant environmental authorities before the due dates
5	Waste regulations now classify all stockpiles from mining activities as hazardous and require specific waste requirements to be undertaken.	Group Five's waste service provider is ensuring legal compliance with all waste regulations
6	Water availability and quality, as the majority of Group Five activities are currently taking place in water scarce regions within Southern Africa and the rest of Africa.	Water availability and quality will be a main focus for Group Five in F2017. Mitigation strategies and identifying opportunities are currently under investigation

FOCUS GOING FORWARD

Group Five will continue to focus on improving its environmental reporting and reducing its environmental impacts. The current water crisis in South Africa will be a main focus for the group during F2017, as this can significantly impact our activities.

Environmental awareness, with a specific focus on legal liability and compliance, will be undertaken in F2017. This will be rolled out at all levels of the organisation, in preparation for the implementation of ISO 14001:2015.

Carbon emission reduction and improvement of data captured within the sustainability module will remain a focus in F2017 in preparation for the intended carbon tax.

ANNUAL FINANCIAL STATEMENTS

03

STATEMENT OF RESPONSIBILITY BY THE BOARD OF DIRECTORS

FOR THE YEAR ENDED 30 JUNE 2016

The directors are responsible for the maintenance of proper accounting records and the preparation, integrity and fair presentation of the group annual financial statements of Group Five Limited and its subsidiaries. The annual financial statements, presented on pages 3 to 97 have been prepared in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act in South Africa and include amounts based on judgements and estimates made by management. The directors also prepared the other information included in the annual report and are responsible for both its accuracy and its consistency with the annual financial statements.

The directors acknowledge that they are ultimately responsible for the process of risk management and the system of internal financial control established by the group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. These standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. The controls are monitored throughout the group and all employees are required to maintain the highest ethical standards in ensuring the group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the group is on identifying, assessing, managing and monitoring all known forms of risk across the group. While operating risk cannot be fully eliminated, the group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management and the internal auditors that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute assurance against material misstatement or loss.

The going concern basis has been adopted in preparing the financial statements. The directors have no reason to believe that the group will not be a going concern in the foreseeable future based on forecasts and available cash resources. The viability of the group is supported by the financial statements.

The financial statements have been audited by the independent accounting firm, PricewaterhouseCoopers Inc., which has been given unrestricted access to all financial records and related data, including minutes of all meetings of shareholders, the board of directors and committees of the board. The directors believe that all representations made to the independent auditors during their audit were valid and appropriate. PricewaterhouseCoopers Inc.'s unmodified audit report is presented on page 11. The financial statements were prepared by the Chief Financial Officer CA(SA) and approved by the board of directors on 5 August 2016 and are signed on its behalf by:

PMthethwa

MP (Philisiwe) Mthethwa
Chairperson

ECJ (Eric) Vemer
Chief executive officer

CM (Cristina) Freitas Teixeira
Chief financial officer

5 August 2016

REPORT OF THE AUDIT COMMITTEE

FOR THE YEAR ENDED 30 JUNE 2016

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

MEMBERSHIP

The Audit Committee for the year under review comprised SG Morris, B Ngonyama, JL Job, KK Mpinga, VM Rague and MR Thompson. The Audit Chairman was SG Morris until the 26th May 2016 when, in anticipation of his impending retirement on 31 August 2016, he relinquished his duty as chairperson and was succeeded by B Ngonyama. All members are independent non-executive directors who have the requisite financial skills and experience to contribute to the committee's deliberations. The committee meets quarterly each year with ad hoc special meetings when required and the Chief Executive Officer, the Chief Financial Officer and representatives from external and internal audit, risk function and the Chairperson of the main board of directors attending each meeting by invitation. Full details on audit committee meetings held and the members' attendance are disclosed in the corporate governance section of the online integrated annual report.

MANDATE AND TERMS OF REFERENCE

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

STATUTORY DUTIES

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

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

INTERNAL CONTROL

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

INTEGRATED REPORTING

The integrated annual report comprises the:

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

Following our review, and having regard to all material factors and risks that may impact on the integrity of the integrated annual report, we accordingly recommend the integrated annual report and consolidated annual financial statements of Group Five Limited for the year ended 30 June 2016 to the board of directors for approval on 5 August 2016.

B Ngonyama
Chairperson of the audit committee

5 August 2016

STATEMENT OF COMPLIANCE BY THE COMPANY SECRETARY

FOR THE YEAR ENDED 30 JUNE 2016

I certify that the company has lodged with the Registrar of Companies all such returns as are required of a public company in terms of the Companies Act, No 71 of 2008 (South Africa) in respect of the year ended 30 June 2016, and all such returns are true, correct and up-to-date.

N (Nonqaba) Katamzi
Company secretary

5 August 2016

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2016

NATURE OF BUSINESS

Group Five Limited is an investment holding company with interests in the building, infrastructural and engineering sectors. The company does not trade and all of its activities are undertaken through its subsidiaries, joint arrangements and associates. The group operates in South Africa, rest of Africa, and Europe. The company is listed on the JSE Limited. The annual financial statements of the holding company is available for inspection at the registered office.

GROUP RESULTS

Headline earnings per share (HEPS) of 335 cents represents an increase of 63.4%, and fully diluted HEPS (FDHEPS) of 335 cents per share an increase of 64.2%, compared to the HEPS and FDHEPS of 205 cents per share 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 68.9% and 69.7% increase respectively over the 222 cents per share and 221 cents per share for F2015.

The difference between earnings and headline earnings in the period is mainly as a result of a profit on a fair value adjustment of an investment property R38,1 million (net of tax), a net loss on disposal of an investment in associate including an impairment of R24,9 million (net of tax) and profit on disposal of property, plant and equipment of R27,3 million (net of tax).

Group revenue remained largely unchanged at R13,8 billion (F2015: R13,9 billion) with an increased revenue from the Investments & Concessions cluster and the Projects segment within the Engineering & Construction cluster being 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 within the Engineering & Construction cluster remained flat for the year.

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 period (F2015: R115,7 million and nil respectively).

The stronger fair values, along with a solid performance from operations, resulted in the Investments & Concessions cluster 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 is therefore reported at R736,5 million. Although the Civil Engineering segment returned to a break-even operating performance in H2 F2016 after reporting losses of R17,1 million in H1 F2016, its results were impacted by a R365,4 million provision for a potential impaired debt.

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%.

The core operating profit does not include a surplus on the group's pension fund of R14,9 million (F2015: R18,9 million) as a result of an actuarial valuation assessment. This gain is included in total earnings. This gain was offset by a share-based payment expense of R0,5 million (F2015: R8,1 million) as a result of the group's BBBEE ownership transaction, which was approved by shareholders in F2013.

The financial statements on pages 12 to 97 set out fully the financial position, results of operations and cash flows for the group for the financial year ended 30 June 2016. Segmental information as approved by the directors relating to the business of the group is set out on pages 18 to 20.

FINANCIAL PERFORMANCE

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 significant fair value gain realised from the group's Eastern European project investment portfolio as a result of underlying project cash-flows being materially better than those originally forecast. The strong fair value gain 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 time of tender submission

DIRECTORS' REPORT
CONTINUED

- 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

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

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

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, whilst assertively maintaining market share and pursuing available contract work.

Performance by the Engineering & Construction cluster continued at low levels, with operating performance below expectations. Of the underlying segments that constitute Engineering & Construction, Building and Housing was again the strongest performer. However, 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 lower due to the overall tight market conditions and continued holding costs through the downturn. Although Civil Engineering's underlying operating performance improved in line with recent guidance provided, its margins were impacted by a material provision raised by the group 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. The Kpone Power contract in Ghana continues to make good progress and is performing in line with plan. The Engineering & Construction cluster has made solid progress in delivery against the operational improvement plan and overall loss-making ratios showing improvement over the prior year.

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.

Group net finance costs of R14,9 million were recorded for the year compared to the net finance costs of R1,6 million in the prior year.

The effective tax rate of 38% (F2015: 28%) was impacted by the taxation effect of the provision raised for potential bad debt mentioned above. The effective tax rate excluding this event was 25%, more comparable to that of the South African statutory tax rate of 28% however is as a result of a prudent approach adopted to the raising of deferred taxation assets and an increase in under-provided taxation from the past year, which was offset by liabilities in jurisdictions with lower taxation rates.

FINANCIAL POSITION

It is pleasing to note that the group's statement of financial position continues to be sound, with a nil net gearing ratio and a decrease in the bank and cash balance to 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.

CASH FLOW

The group generated R449,4 million (F2015: R425,1 million) cash from operations before a minimal level of 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).

Group invested R168,7 million with the acquisition of 12.7% in the M6 Phase 1 project in Hungary, a long term concession with a remaining ten-year term.

After a net cash investment of R149,7 million (F2015: R69,7 million) in plant and equipment and net borrowings repaid of R391,9 million (F2015: net R145,5 million raised), and proceeds on service concessions investments of R142,7 million (F2015: R153,1 million), a net outflow of R134,7 million was realised (F2015: R468,8 million inflow).

The depreciation of the South Africa Rand against foreign currencies, especially the US Dollar, resulted in an enhancement in the South African rand equivalent of foreign cash balances by R355,6 million (F2015: R82,8 million).

CAPITAL EXPENDITURE

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

SUBSIDIARIES, JOINT ARRANGEMENTS AND ASSOCIATES

The interest in subsidiaries, joint arrangements and associated companies, are set out on pages 85 to 94 of this group annual financial statements.

BUSINESS COMBINATIONS

There were no business combinations during the current reporting year. In the prior year the remaining business within the group's discontinued cluster of Construction Materials was transferred into continuing operations. This operation now trades within the Manufacturing cluster.

STATED CAPITAL

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

AUTHORISED:

150 000 000 ordinary shares of no par value.

ISSUED:

112 216 980 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.

SPECIAL RESOLUTIONS

Other than the authorisation to repurchase shares, approval of non-executive directors' remuneration and authority to provide financial support to subsidiary companies, no special resolutions relating to the capital structure, borrowing powers or any other material matter that affects the understanding of the Group were passed.

DIRECTORS' REPORT
CONTINUED

RELATED PARTY TRANSACTIONS

Related parties to the group are identified as the group's directors, prescribed officers, senior management, subsidiaries, joint ventures and associates. Disclosure of transactions with these parties during the year is provided on pages 62 to 67 of the group annual financial statements.

SHAREHOLDER SPREAD

Details of shareholder categories are set out on page 95 to 97 of this report.

DIVIDEND DECLARATION

The group has previously disclosed that the company has adopted an approximate four times basic earnings per share dividend cover policy. This policy is subject to review on a semi-annual basis, prior to dividend declaration, as distributions will be influenced by business growth or movements in earnings as a result of fair value accounting adjustments.

In line with this policy, on 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). This brings the total dividend for the year to 72 cents (F2015: 55 cents). The dividend policy therefore remains unchanged, based on the medium term business outlook and the availability of liquid resources.

The dividend has been declared from income reserves. In terms of the dividend tax the following additional information is disclosed:

- The dividend is subject to dividend tax at 15% (4,50 cents per share)
- The net dividend will therefore be 25,50000 cents per share for shareholders who are not exempt from dividends tax
- The amount of shares in issue at the date of this declaration is 112 223 667 (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.

DIRECTORS AND SECRETARY

The names and brief CVs of the directors appear on pages 26 to 29 of Group Five's 2016 integrated annual report, as well as the online section of the integrated annual report under the corporate governance review, available with the annual financial statements on the group's website. Further information on the directors, including their interest in the shares of the company and share-based remuneration schemes are provided in Annexure 6 and note 22 of the annual financial statements.

No contracts in which the directors share an interest were entered into.

The policy detailing the procedures for appointment to the board is detailed within the review from the company secretary that can be found in the online section of the integrated annual report at www.groupfive.co.za.

Appointments to the board are recommended by the nominations committee and considered by the board as a whole. This involves evaluating the existing balance of skills and experience against the needs of the group.

SG Morris and Dr JL Job, have reached board retirement age of 70 and will therefore retire with effect from 31 August 2016. Both directors have been invaluable members of the board over a number of years, leading the organisation through several critical and complex issues. The board and management team thank them for the key role they played over the years.

In terms of the company's memorandum of incorporation, Ms B Ngonyama, 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, Messrs W Louw and VM Rague offer themselves for re-election.

The board of directors has assessed the performance of the directors standing for election and re-election, and has found them suitable for appointment and reappointment. Refer to Note 22 of the annual financial statements for disclosure on non-executive and executive directors' remuneration.

DIRECTORS' SHAREHOLDINGS

At 30 June 2016, the number of ordinary shares held beneficially and non-beneficially by the current directors was 46 370 and 1 000 respectively (F2015: 46 370 and 1 000 respectively). There has been no material change in their holdings between the year end and the date of this report. Refer to Annexure 6 in the annual financial statements for additional disclosure.

BORROWING POWERS

In terms of the memorandum of incorporation, the company has unlimited borrowing powers. The revised memorandum of incorporation was approved by the shareholders at the previous annual general meeting held in November 2015.

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.

INDUSTRY MATTERS

Management have continued to engage with the Competition Commission with the intent to finally resolve the two remaining long-outstanding matters on fair terms, whilst protecting the interest of all our stakeholders. Whilst some progress has been made this matter remains outstanding. Based on legal counsel assessment, any settlement or liability would be adequately covered by the provision raised in F2013.

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.

Group Five under the leadership of the Board and Chief Executive Officer continues to play a leading role in driving change and transformation in our industry, and is committed to working with the South African Government and all industry stakeholders to increase sector investment and job creation, foster industry innovation and entrepreneurship, and improve positive collaboration between business, government, labour and civil society in achieving sustainable and inclusive industry growth both in South Africa and across the African continent.

SHARE OPTION SCHEMES

Details of the group's share option schemes are set out on page 58.

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.

DIRECTORS' REPORT
CONTINUED

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%.

AUDITORS

PricewaterhouseCoopers Inc. will continue in office in accordance with section 90(6) of the Companies Act. At the annual general meeting shareholders will be requested to appoint PricewaterhouseCoopers Inc. as the group's auditors for the 2017 financial year and it is noted that M Naidoo will be the individual registered auditor who will undertake the audit.

ANNUAL GENERAL MEETING (AGM)

The AGM will be held at 13:00 on 31 October 2016. Refer to pages 98 to 102 of this report for further details of the ordinary and special business for consideration at this meeting.

DOMICILE, COUNTRY OF INCORPORATION AND REGISTERED OFFICE

The company is incorporated in the Republic of South Africa, its domicile and registered offices are No 9 Country Estate Drive, Waterfall Business Estate, Jukskei View, Johannesburg 1662.

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 30 JUNE 2016

TO THE SHAREHOLDERS OF GROUP FIVE LIMITED

REPORT ON THE FINANCIAL STATEMENTS

We have audited the consolidated financial statements of Group Five Limited set out on pages 12 to 94, which comprise the statement of financial position as at 30 June 2016, and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The company's directors are responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated 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 these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Group Five Limited as at 30 June 2016, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

OTHER REPORTS REQUIRED BY THE COMPANIES ACT

As part of our audit of the consolidated 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. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that PricewaterhouseCoopers Inc. has been the auditor of Group Five Limited for 46 years.

PricewaterhouseCoopers Inc

PricewaterhouseCoopers Inc.
Director: M Naidoo
Registered Auditor
Sunninghill

12 August 2016

GROUP INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2016

		GROUP AUDITED	
	Notes	**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	4.1, 21.1	**(2 954 191)**	(3 454 480)
Other staff cost		**(156 201)**	(327 581)
Depreciation	4.2, 8	**(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	9,11	**773 557**	115 726
Operating profit	4	**722 280**	366 476
Share of equity accounted profits		**27 359**	24 592
Finance cost – net	5	**(14 914)**	(1 622)
Finance cost		**(76 351)**	(64 255)
Finance income		**61 437**	62 633
Profit before taxation		**734 725**	389 446
Taxation	6	**(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]	7.1	**3,75**	2,22
Fully diluted earnings per share – [Rand]	7,2	**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

GROUP STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2016

		GROUP AUDITED	
	Notes	**2016**	2015
(R'000)			
Assets			
Non-current assets			
Property, plant and equipment	8	**886 066**	850 547
Investment property	9	**184 186**	103 544
Equity accounted investments	10	**229 194**	210 335
Investments in service concessions	11	**1 230 381**	384 095
Pension fund surplus	21.2	**281 577**	268 815
Deferred taxation	12	**33 873**	40 385
Non-current trade receivables	15	**–**	210 182
Total non-current assets		**2 845 277**	2 067 903
Current assets			
Inventories	13	**290 266**	357 614
Contracts in progress	14	**1 123 899**	884 305
Trade and other receivables	15	**2 897 314**	3 565 303
Cash and cash equivalents	28	**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	16.1	**187 654**	477 234
Provision for employment obligations	21.3	**46 583**	69 407
Provision for environmental rehabilitation	18	**6 559**	6 291
Deferred taxation	12	**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	17	**1 022**	–
Trade and other payables	19	**3 915 954**	4 977 797
Contract-related provisions	20	**35 613**	45 633
Provision for employment obligation	21.3	**12 114**	–
Current taxation payable	27	**53 681**	75 078
Current portion of interest-bearing borrowings	16.1	**563 997**	585 111
Short term borrowings	16.6	**–**	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	
	Notes	**2016**	2015*
(R'000)			
Cash flow from operating activities			
Cash from operations before working capital changes	25	**449 403**	425 144
Working capital changes	26	**30 204**	118 838
Cash generated from operations		**479 607**	543 982
Finance income received	5	**61 437**	62 633
Finance costs paid	5	**(76 351)**	(64 255)
Taxation paid	27	**(250 640)**	(218 453)
Dividends paid	31	**(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	28	**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 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.*

STATED CAPITAL

Authorised:

150 000 000 ordinary shares of no par value.

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

(i) Issue of shares in terms of share scheme:

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

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.

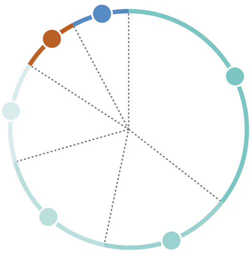
The role of exco is to drive the strategic intent of the group per segment. The executive committee members meet monthly to review the group's performance. Of primary focus to exco is the revenue, operating profit, capital expenditure and current assets per segment. Exco assesses the performance of the 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.

FINANCIAL PERFORMANCE: GROUP REVENUE AND OPERATING PROFIT



Note: Graph represents External revenue F2016 values only.

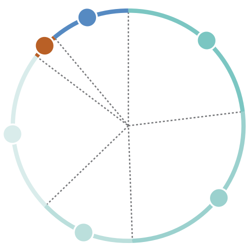
	Gross revenue	Internal revenue	External revenue	Operating profit
2016 (R'000)	REVENUE		OPERATING PROFIT	
Operational segments				
Engineering & Construction	**11 860 690**	**(92 791)**	**11 767 899**	**(236 926)**
Building & Housing	**5 009 031**	**(76 471)**	**4 932 560**	**74 459**
Civil Engineering	**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/(profit) 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**

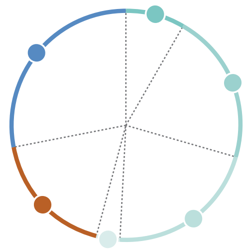
	Gross revenue	Internal revenue	External revenue	Operating profit
2015 (R'000)				
Operational segments				
Engineering & Construction	11 967 481	(92 124)	11 875 357	43 836
Building & Housing	4 920 265	(34 314)	4 885 951	91 383
Civil Engineering	2 723 561	(57 810)	2 665 751	(96 263)
Projects	2 213 758	–	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.

GROUP SEGMENTAL ANALYSIS
CONTINUED

FINANCIAL POSITION: CURRENT ASSETS AND CAPITAL EXPENDITURE





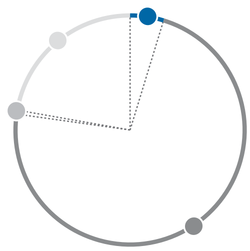
Note: Graphs represent F2016 values only.

(R'000)	2016 CURRENT ASSETS	2015 CURRENT ASSETS	2016 CAPITAL EXPENDITURE	2015 CAPITAL EXPENDITURE
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 (note 8)	**–**	–	**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)	2016 REVENUE	2015 REVENUE
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

An additional group segmental analysis has been included as Annexure 1 as, although exco does not review this information on a monthly basis in order to take strategic decisions, management deems this information to provide additional value-added disclosure to stakeholders. Refer to pages 80 to 84 for details.

ACCOUNTING POLICIES

AS AT 30 JUNE 2016

1. PRINCIPAL ACCOUNTING POLICIES

These consolidated and company financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) of the International Accounting Standards Board and the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS, the JSE Listings Requirements, the Companies Act of South Africa and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncement as issued by the Financial Reporting Standards Council. The accounting policies are consistent with those of the previous year except where indicated otherwise. The financial statements are prepared on the historical cost basis except that, as set out in the accounting policies below, certain items, including derivatives, investment in service concessions and investment property are stated at fair value. The financial statements are prepared on a going concern basis. Set out below are the principal accounting policies used consistently throughout the group. Investments in subsidiaries are carried at cost in the company financial statements. The consolidated financial statements include those of the holding company, its subsidiaries, joint arrangements and associates.

1.1 BASIS OF CONSOLIDATION

a) Business combinations

The acquisition method of accounting is used to account for business combinations by the group. The consideration transferred for the acquisition of a business is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. Subsequently, the carrying amount of non-controlling interest is the amount of the interest at initial recognition plus the non-controlling interest's share of the subsequent changes in equity. Total comprehensive income is attributed to non-controlling interest even if this results in the non-controlling interest having a deficit balance.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of comprehensive income.

b) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

c) Transactions and non-controlling interests

The group treats transactions with non-controlling interests as transactions with equity owners of the group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

d) Joint arrangements

The group has applied IFRS 11 to all joint arrangements as of 1 July 2012. Under IFRS 11, investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The group has assessed the nature of its joint arrangements and determined them to be joint ventures and joint operations.

Joint ventures are accounted for using the equity method. Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long term interests that, in substance, form part of the group's net investment in the joint ventures), the group does not recognise further

ACCOUNTING POLICIES
CONTINUED

losses, unless it has incurred obligations or made payments on behalf of the joint ventures. Loans to joint ventures are included in equity accounted investment in the statement of financial position.

Joint operations are those entities in which the group has joint control. The group accounts for its assets and liabilities, revenue and expenses, as well as its share of assets, liabilities, revenue and expenses of joint operations in the consolidated financial statements.

The results of joint arrangements are included from the effective dates of acquisition and up to the effective dates of derecognition.

Inter-company transactions, balances and unrealised gains on transactions between the group and its joint arrangements are eliminated on consolidation to the extent of the group's interest. Unrealised losses are eliminated and are also considered an impairment indicator of the asset transferred.

e) Associates

Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

The group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post acquisition movements are adjusted against the carrying amount of the investment. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. The total carrying value of associates is evaluated when there is an indication/indicators for impairment.

Unrealised gains on transactions between the group and its associates are eliminated to the extent of the group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the group.

1.2 SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as exco which makes strategic decisions. The basis of segmental reporting is set out on page 18.

1.3 FOREIGN CURRENCY TRANSLATION

a) Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in Rand, which is the group's presentation currency.

b) Transactions and balances

Foreign currency transactions of a group entity are initially translated into its functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the subsequent translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Where appropriate, in order to minimise its exposure to foreign exchange risks, the group enters into forward exchange contracts.

c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

- all resulting exchange differences are recognised as a separate component of equity in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are also taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

1.4 REVENUE RECOGNITION

The group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the group's activities as described below. The group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue relating to long term contracts are accounted for using the percentage of completion method and are measured at the fair value of the consideration received or receivable and include variations and claims; the stage of completion is measured by reference to the relationship of contract costs incurred or significant activity achieved to date for work performed relative to the estimated total costs or total significant activity of the contract. If circumstances arise that may change the original estimates of revenues, costs or extent of progress toward completion, estimates are revised. These revisions may result in increases or decreases in estimated revenues or costs and are reflected in income in the period in which the circumstances that give rise to the revision become known by management.

Property sales are recognised when risks and rewards of ownership are transferred. Revenue from purchased, manufactured or mined products is recognised upon delivery of products and customer acceptance. Revenue from performance of services, including operations and maintenance services, is generally recognised in the period when the services are actually provided and is measured based on contractual rates.

All revenues are stated net of value added taxes and trade discounts, if applicable. Inter-company revenues are eliminated on consolidation. Other income, which is not included in revenue, earned by the group is recognised on the following basis:

- interest income – as it accrues (taking into account the effective yield on the asset);
- dividend income – when the shareholder's right to receive payment is established; and
- investment property and investments in concessions – fair value increases or decreases during the year.

1.5 OPERATING PROFIT

Transactions such as fair value adjustments on service concessions, fair value adjustments on investment property, fair value adjustments on property developments and impairment adjustments are considered to be a part of operating profit but are separately disclosed for additional disclosure as they are transactions in addition to the underlying operating activities of the business units albeit still in the segments core operational control.

1.6 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following categories:

a) Properties

Properties consist of the following:

- occupied property;
- investment property; and
- property development costs (disclosed as inventory and investment property).

The accounting for each category of properties is as follows:

- company occupied property is carried at cost less accumulated depreciation and accumulated impairment, other than land, which is not depreciated. Depreciation is calculated to write off the cost of these properties over their expected useful lives on a straight-line basis to their residual value; generally, buildings are depreciated over 50 years; gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in net profit; and
- property development costs held as inventory and investment property are measured in accordance with accounting policies 1.13 and 1.7 respectively.

b) Capital work in progress

Property, plant and equipment under construction is stated at initial cost and is not depreciated. The cost of self-constructed assets includes expenditure on materials, direct labour, an allocated proportion of project overheads and related borrowing costs. Assets are transferred from capital work in progress to an appropriate category of property, plant and equipment when commissioned and ready for its intended use.

c) Factory plant

Factory plant, including capitalised leased assets, is stated at initial cost less subsequent accumulated depreciation and impairment. Depreciation is calculated to write off the cost of the factory plant to its estimated residual value on a straight-line basis over its expected useful life that can range between 10 and 20 years. Any remaining book value of a component replaced is written off immediately in the income statement. Other repair and maintenance expenditure is charged directly to the income statement as incurred.

d) Mobile plant and vehicles

Mobile plant and vehicles, including capitalised leased assets, are stated at initial cost less subsequent accumulated depreciation and impairment. Where mobile plant and vehicles comprise major components with different useful lives, these components are accounted for and depreciated as separate items and residual values are re-assessed annually. Depreciation is calculated to write off the

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value of mobile plant and vehicles to their estimated residual values on a straight-line basis over their expected useful lives. The expected useful lives are generally three to ten years. The estimated useful lives and residual values are reviewed annually.

e) Computerware and development costs

Computer equipment, including capitalised leased assets, is stated at initial cost less subsequent accumulated depreciation and impairment. Depreciation is calculated to write off the cost of these assets to their estimated residual values on a straight-line basis over their expected useful lives on a component basis. The expected useful lives are generally three years. The estimated useful lives and residual values are reviewed annually.

Development costs that enhance and extend the benefits of computer software programs are recognised as a capital improvement and added to the original cost of the software. These include purchased software and the direct costs associated with the customisation and installation thereof. Development costs recognised as assets are depreciated using the straight-line method over their useful lives, not exceeding a period of ten years.

f) Furniture, fittings and other items

Furniture, fittings and other items are stated at initial cost less subsequent accumulated depreciation and impairment. Depreciation is calculated to write off the cost of these assets to their estimated residual values on a straight-line basis over their expected useful lives on a component basis. The expected useful lives are generally three to five years. The estimated useful lives and residual values are reviewed annually.

g) Replacement and modification expenditure (relate to all categories)

Expenditure incurred to replace or modify a significant component of property, plant and equipment is capitalised and any remaining book value of the component replaced is written off immediately in the income statement. Other repair and maintenance expenditure is charged directly to the income statement as incurred.

h) Gains and losses

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within the income statement as appropriate.

1.7 INVESTMENT PROPERTY

Investment property is property held to generate independent cash flows through rental or capital appreciation, and is carried at fair value with changes in fair value recognised in the income statement.

1.8 IMPAIRMENT ADJUSTMENTS

a) Non-current non-financial assets

Non-current non-financial assets are tested for impairment when there is an indication for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

b) Financial assets: assets carried at amortised cost

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The criteria that the group uses to determine that there is objective evidence of an impairment loss include:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- the group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- it becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- observable data indicating that there is a measurable decrease in the estimated future cash

flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:

(i) adverse changes in the payment status of borrowers in the portfolio; and
(ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

The group first assesses whether objective evidence of impairment exists.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the income statement.

1.9 FINANCIAL ASSETS

The group classifies its financial assets in the following categories; at fair value through profit and loss or loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

a) Financial assets at fair value through profit and loss

Financial assets at fair value through profit and loss are financial assets held for trading or those designated as fair value through profit and loss on initial recognition. These assets are reflected in current and non-current assets respectively. Derivatives are classified as held for trading unless they are designated as hedges. Financial assets carried at fair value through profit and loss are initially recognised at fair value and subsequently carried at fair value. Gains and losses arising from changes in the fair value of the financial assets at fair value through profit and loss category are presented in the income statement in the period in which they arise. The method for estimation of fair value is described within the accounting policy for each financial asset and within the disclosure on judgements and estimates.

b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the statement of financial position date. These are classified as non-current assets. Loans and receivables include trade and other receivables and cash and cash equivalents in the statement of financial position. Loans and receivables are initially recognised at fair value, plus transaction costs, and subsequently carried at amortised cost using the effective interest rate method.

c) Derecognition

Financial assets are derecognised when the right to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

1.10 INVESTMENTS IN SERVICE CONCESSIONS

These investments consist of interests in service concessions over which the group has neither control nor significant influence. These investments are financial assets designated at fair value through profit and loss. They are initially recognised at fair value and subsequently measured at fair value with changes in fair value, recognised in the income statement.

1.11 FINANCIAL INSTRUMENTS

Financial instruments carried on the statement of financial position include cash and cash equivalents (as defined), short term borrowings, investments in service concessions, investment in property development, trade and other receivables, contracts in progress, trade and other payables, interest-bearing borrowings and derivative financial instruments. The particular recognition methods adopted are disclosed in the individual policy statements or notes associated with each item.

1.12 DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The group designates certain derivatives as either:

a) hedges of the fair value of recognised fixed rate liabilities (fair value hedge);
b) hedges of a particular risk associated with a recognised fixed rate liability (fair value hedge) or a highly probable forecast transaction (cash flow hedge); or
c) hedges of a net investment in a foreign operation (net investment hedge).

The group documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The group also documents its assessment, both at hedge inception and on an on-going basis, on whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

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The fair values of various derivative instruments used for hedging purposes are disclosed in note 17. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

a) Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The group applies fair value hedge accounting to hedge the fair value interest rate risk associated with fixed rate borrowings. The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate borrowings is recognised in the income statement within finance costs. The gain or loss relating to the ineffective portion is recognised in the income statement within other operating expenses – net. Changes in the fair value of the hedged fixed rate borrowings attributable to interest rate risk are recognised in the income statement within finance costs.

If the hedging relationship no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used, is amortised to profit or loss over the period to maturity (pull to par).

b) Derivatives at fair value through profit or loss

Certain derivative instruments do not qualify for hedge accounting and are accounted for at fair value through profit or loss. Changes in the fair value of these derivative instruments that do not qualify for hedge accounting are recognised immediately in the income statement within other operating expenses.

1.13 INVENTORIES

Materials, consumable stores, work in progress and finished goods are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the cost of completion and selling expenses. In general, cost is determined on a first-in-first-out basis and includes expenditure incurred in acquiring, manufacturing and transporting the inventory to its present location. The cost of manufactured goods includes direct expenditure and an appropriate proportion of manufacturing overheads. Provision is made for obsolete and slow moving inventory.

Costs that are incurred in or benefit the construction materials process, are accumulated as stockpiles and consist of aggregates finished product. Stockpiles are verified via monthly surveys of estimated tonnes and are valued based on cost of production per tonne. Net realisable value tests are performed annually and represent the estimated future sales price of the product, based on prevailing prices, less estimated costs to completion and sale.

Property development costs held as inventory, which is property held for development and resale, are valued at the lower of cost and net realisable value.

1.14 CONSTRUCTION CONTRACTS

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

A group of contracts is treated as a single construction contract when the group of contracts is negotiated as a single package and the contracts are so interrelated that they are, in effect, part of a single project with an overall profit margin and are performed concurrently or in a continuous sequence.

Contract costs are recognised when incurred. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognised using the percentage of completion method. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

The group uses the "percentage of completion method" to determine the appropriate revenue to recognise in a given period. The stage of completion is measured with reference to the contract costs or major activity incurred up to the statement of financial position date as a percentage of total estimated costs or major activity for each contract. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion and are presented as contracts in progress.

The group also presents as contracts in progress the gross amount due from customers for contract work for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceed progress billings. Progress billings not yet paid by customers and retention are included in trade and other receivables.

The group presents as a liability (excess billings over work done) the gross amount due to customers for contract work for all contracts in progress for which progress billings exceed costs incurred plus recognised profits (less recognised losses).

1.15 TRADE AND OTHER RECEIVABLES

Trade and other receivables are recognised initially at fair value and are subsequently measured at amortised cost using the effective interest method, less provision for impairment.

1.16 CASH AND CASH EQUIVALENTS

For the purpose of the statement of cash flow, cash and cash equivalents comprise bank balances and cash with original maturities of three months or less and also include bank overdrafts repayable on demand. Cash and cash equivalents are reflected at year-end bank statement balance. Where bank overdrafts and cash balances are with the same financial institution and right of set-off exists, they are netted off for disclosure purposes.

1.17 NON-CURRENT ASSETS (OR DISPOSAL GROUPS) CLASSIFIED AS HELD FOR SALE

Non-current assets (or disposal groups) are classified as assets held for sale and stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continued use.

1.18 STATED CAPITAL

Ordinary shares are classified as equity. Issued share capital is stated in the statement of changes in equity at the amount of the proceeds received less directly attributable issue costs. Cost of share options issued after 7 November 2002 have been charged to stated capital as described in note 1.23(d).

1.19 TRADE AND OTHER PAYABLES

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

1.20 BORROWINGS

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method. Where the fair value of the borrowings have been hedged, and qualify for hedge accounting, then the gain or loss on the hedged item attributable to the hedged risk is recognised in the income statement. Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

1.21 CAPITALISATION OF BORROWING COSTS

Borrowing costs, incurred in respect of property developments, investment property, inventory or capital work in progress, that require a substantial period to prepare assets for their intended use, are capitalised up to the date that the development of the asset is ready for its intended use. The amount of direct borrowing costs eligible for capitalisation is the actual borrowing costs incurred on the borrowing during the period less any investment income on the temporary investment of these borrowings. Other borrowing costs are recognised directly in the income statement when incurred.

Cash flows relating to borrowing cost capitalised are presented as part of the related asset in the cash flow.

1.22 TAXATION

The taxation expense represents the sum of the current taxation payable (local and international) and deferred taxation.

The current taxation payable is based on the taxable income for the year. Taxable income differs from net income as reported in the income statement because it includes items of income and expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The group's liability for current taxation uses relevant rates that have been enacted or substantively enacted by the statement of financial position date.

Deferred taxation is accounted for using the balance sheet liability method in respect of temporary differences which arise from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding taxation basis used in the computation of taxable income. Deferred taxation liabilities are recognised for all taxable temporary differences and deferred taxation assets are recognised to the extent that it is probable that taxable income will be available against which deductible temporary differences can be utilised. The carrying value of deferred taxation assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow part of the asset to be recovered.

Current enacted taxation rates are used to determine deferred income taxation. The principal temporary differences arise from depreciation on property, plant and equipment, various provisions, contracting allowances and taxation losses carried forward.

1.23 EMPLOYEE BENEFITS

The accounting policies relating to employee benefits can be categorised into five areas, as follows:

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a) Pension obligations

The group participates in a group defined benefit plan, a number of group defined contribution plans and a number of multi-employer industry plans. The pension plans are funded by payments from employees and by relevant group companies, taking account of the recommendations of independent qualified actuaries. All plans and their assets are managed in separate trustee administered funds. The plans are governed by the Pension Funds Act.

a.i Pension obligations – defined contribution plans

The group's pension accounting costs for the defined contribution plans and multi-employer industry plans are limited to the annually determined contributions.

For defined contribution plans, the group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

a.ii Pension obligations – defined benefit plans

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using discount rates detailed in note 21.2 (i).

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in income.

b) Post-employment obligations

One group company provides post-employment medical costs for certain of its retirees. The expected costs of these benefits are accrued over the period of employment using a methodology similar to that of defined benefit plans. A valuation of this obligation is carried out on a periodic basis by professionally qualified independent actuaries. The post-employment obligations are not funded.

c) Leave pay

Employee entitlements to annual leave are recognised when they accrue to employees. Full provision is made for the estimated liability for annual leave, as a result of services by employees, up to the statement of financial position date.

d) Equity compensation benefits

Share options and appreciation rights are granted to employees in terms of the schemes detailed in note 21.4. The net cost of share options, issued after 7 November 2002, calculated as the difference between the fair value of such options at grant date and the price at which the options were granted, are expensed over their vesting periods on a straight-line basis. The fair value of the share options is measured using the Black-Scholes pricing model. These share options are not subsequently re-valued.

Options exercised are equity settled through a fresh issue of shares or through a repurchase and re-issue of shares by the group.

Cash-settled share-based payments are granted to beneficiaries of the Black Professionals Staff Trust, which Trust was approved by shareholders during the 2013 financial year and to participants eligible to receive bonus shares in terms of the group's long term incentive plan. The cost of these payments is recognised as a cash-settled share based payment transaction over the life of the schemes from the effective date of the transaction to vesting date. (Refer to note 21.4.3.)

e) Profit sharing and bonus plans

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

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

1.24 PROVISIONS

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

1.25 ENVIRONMENTAL REHABILITATION

Estimated long term environmental obligations, comprising rehabilitation, mine and asbestos dump closure, are based on the group's environmental management plans in compliance with current technological, environmental and regulatory requirements.

The net present value of expected rehabilitation cost estimates are recognised and provided for in full in the financial statements. The estimates are reviewed annually and are discounted using pre-tax rates that reflect inflation and the time value of money.

Annual changes in the provision consist of finance costs relating to the change in the present value of the provision and inflationary increases in the provision estimate, as well as changes in estimates. The present value of environmental disturbances created are capitalised to mining assets against an increase in the rehabilitation provision. The rehabilitation asset is amortised as noted in the group's accounting policy. Rehabilitation projects undertaken, included in the estimates, are charged to the provision as incurred.

1.26 LEASED ASSETS

Where assets are acquired under finance lease agreements that transfer to the group substantially all the risks and rewards of ownership, they are capitalised at the lower of the fair value of the leased asset or the present value of the minimum lease payments. The capital element of the leasing commitment is disclosed under current and non-current liabilities. Lease rentals are treated as consisting of capital and interest elements, using the effective interest rate method.

Leased assets are depreciated over the shorter of their useful lives or lease term. The interest amount is charged to the income statement and the capital elements reduce the liability.

1.27 OPERATING LEASES

Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Total rental obligations under operating leases are charged to the income statement on a straight-line basis over the period of the lease, irrespective of the payment terms.

1.28 DIVIDENDS PAID

Dividend distribution to the company's shareholders is recognised as a liability in the group's financial statements in the period in which the dividends are approved by the company's directors.

1.29 EARNINGS PER SHARE

a) Earnings per share is based on attributable profit for the year divided by the weighted average number of ordinary shares in issue during the year. Fully diluted earnings per share is presented when the inclusion of potential ordinary shares has a dilutive effect on earnings per share.

b) Earnings per share from continuing operations is based on attributable profit for the year from continuing operations divided by the weighted average number of ordinary shares in issue during the year. Fully diluted earnings per share is presented when the inclusion of potential ordinary shares has a dilutive effect on earnings per share.

1.30 HEADLINE EARNINGS PER SHARE

Headline earnings per share is based on the same calculation as in 1.29 above except that attributable profit specifically excludes items as set out in Circular 2/2015 replacing circular 2/2013 "Headline Earnings" issued by the South African Institute of Chartered Accountants. Fully diluted headline earnings per share is presented when the inclusion of potential ordinary shares has a dilutive effect on headline earnings per share.

1.31 CONTINGENCIES AND COMMITMENTS

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the group, or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability. Contingencies principally consist of contract specific third party obligations underwritten by banking institutions. Items are classified as commitments where the group commits itself to future transactions, particularly in the acquisition of property, plant and equipment.

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1.32 RELATED PARTY TRANSACTIONS

All subsidiaries, joint arrangements and associated companies of the group are related parties. A list of the major subsidiaries, joint arrangements and associated companies are included on pages 85 to 94 of this integrated annual report. All transactions entered into with subsidiaries and associated companies were under terms no more favourable than those with third parties and have been eliminated in the consolidated group accounts. Director and senior management emoluments, as well as transactions with other related parties, are set out in note 22. There were no other material contracts with related parties.

1.33 DISCONTINUED OPERATIONS

A discontinued operation is a component of an entity that either has been disposed of or is classified as held for sale and

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

USE OF ESTIMATES

The preparation of the financial statements in conformity with International Financial Reporting Standards requires the group's management to make estimates and judgements concerning the future that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. The resulting accounting estimates and judgements can, by definition, only approximate the actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed below.

Each construction contract has specific estimates and judgements attributed to it. A meaningful sensitivity analysis on construction contract estimates and judgements is not practical.

2.1 ESTIMATES MADE IN DETERMINING CHANGES IN ESTIMATED USEFUL LIVES AND RESIDUAL VALUE OF MOBILE PLANT AND EQUIPMENT AND COMPUTER EQUIPMENT

The group maintains a large fleet of mobile plant and equipment and computer equipment. Annual evaluations on estimated useful lives and residual values are performed. These are conducted with reference to external valuations and confirmations supporting the reasonableness of estimates made.

2.2 ESTIMATES REGARDING IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT

The group continually assesses the recoverability of property, plant and equipment. Assets were evaluated with reference to external valuations and confirmations to support the reasonableness of carrying values as part of the assets' annual evaluation process.

2.3 FAIR VALUE OF INVESTMENT PROPERTIES, INVESTMENT IN SERVICE CONCESSIONS

The fair value of these items, which are not traded in an active market, is determined by using valuation techniques. The group uses a variety of methods, including discounted cash flow analysis and makes a variety of assumptions that are mainly based on market conditions existing at statement of financial position date. (Refer to notes 9 and 11 for valuation methodology and significant assumptions used.)

2.4 CONSTRUCTION CONTRACT REVENUE RECOGNITION AND PROFIT TAKING

The group uses the percentage-of-completion method in accounting for its construction contracts. Use of the percentage-of-completion method requires the group to estimate the cost of construction services and activities performed to date as a proportion of the total cost of services and activities to be performed. In addition, judgements are required when recognising and measuring any variations or claims on each contract.

2.5 ESTIMATE OF LEVEL OF PROVISION REQUIRED FOR OBSOLETE STOCK AND DOUBTFUL DEBTS

The group estimates the level of provision required for obsolete stock and doubtful debts on an ongoing basis based on historical experience as well as other specific relevant factors. A comparison between provision and actual loss incurred is performed to assess reasonableness of provisioning methodology. (Refer to notes 13 and 15 for additional disclosure.)

2.6 ESTIMATE OF TAXATION

The group is subject to income tax in numerous jurisdictions. Judgement is required in determining the worldwide provision for income taxes. Corporate and deferred taxation calculations have been determined on the basis of prior year assessed computation methodologies adjusted for changes in taxation legislation in the year. No significant new transactions that require specific additional estimates or judgements have been entered into in the year.

The group recognises the net future benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of the deferred income tax assets requires the group to make estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the group to realise the net deferred taxation assets recorded at the statement of financial position date could be impacted. Additionally, future changes in taxation laws in the jurisdictions in which the group operates could limit the ability of the group to obtain taxation deductions in future periods. Deferred taxation assets are only raised in jurisdictions where there is significant certainty on the probability that legislation on the use of the assets will remain unchanged. In addition, assets are only raised in jurisdictions where the group has secured signed future contracts or orders sufficient to utilise these losses.

2.7 ESTIMATE OF EMPLOYEE BENEFIT LIABILITIES

An updated actuarial valuation is carried out at the end of each financial year for the defined benefit plan and post-employment liabilities of the group. Key assumptions used to determine the net assets and liabilities of these obligations and their sensitivities are set out in notes 21.2 and 21.3. Where valuations are not performed at year end, a review of key assumptions used in the most recent valuation are performed at reporting date to ensure that no material changes in assumptions have occurred, valuations are performed annually.

2.8 FAIR VALUE OF SHARE-BASED COMPENSATION

The fair value of employee share options and share appreciation rights granted are being determined using the Black-Scholes valuation model. The significant inputs into the model are: vesting period and conditions, risk free interest rate, volatility, share price and dividend yield. (Refer to note 21.4 for details on each of the share option schemes.)

2.9 ESTIMATE OF EXPOSURE AND LIABILITIES WITH REGARD TO REHABILITATION COSTS

Estimated non-current environmental obligations, comprising rehabilitation, mine and asbestos dump closure, are based on the group's environmental management plans in compliance with current technological, environmental and regulatory requirements. Actual costs incurred in future periods could differ from estimates. Additionally, future changes to environmental laws and regulations, life of asset and discount rates could affect the carrying amount of their provisions. (Refer to note 18 for valuation methodology and significant assumptions used.)

2.10 ESTIMATES MADE OF CONTINGENT LIABILITIES

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of such contingencies inherently involves the exercise of significant judgement and estimates of the outcome of future events. Disclosure is made in note 23 of the contingent liabilities that the group is exposed to. As a global company, the group is exposed to legal risks. The outcome of any pending and future proceedings cannot be predicted with certainty. Thus, an adverse decision in a lawsuit could result in additional costs that are not covered, either wholly or partly, and that could influence the business and results of operations.

Of particular relevance for the prior periods is that the group made provision for an estimated potential administrative penalty to be levied by the Competition Commission and the effects thereof is included in the 2013 reported results. Stakeholder attention is drawn to the contingent risk of civil claims possibly being lodged against the group, and all construction companies who have been allegedly party to the anti-competitive behaviour, following the Competition Commission release of its findings in June 2013 and the public interest reported in recent months. The Group has in the period been notified on a single client contract claim which lodged against one of the contracts that is under review by the Competition Commission. The Group is well placed to defend this potential R7 million claim.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

3. ADOPTION OF NEW ACCOUNTING STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS

3.1 NEW STANDARDS AND INTERPRETATIONS

The new standards and interpretations effective and adopted in the current year, did not have a significant impact on the Group.

3.2 STANDARDS AND INTERPRETATIONS ISSUED NOT YET EFFECTIVE

There are a number of new standards and amendments to standards which will only be effective after the 2016 financial year. None of these are expected to have a significant impact on the Group except for IFRS 15 – Revenue from contracts with customers, IFRS 9 – Financial instruments and IFRS 16 – Leases.

No standards and interpretations have been early adopted.

ACCOUNTING STANDARDS/ INTERPRETATION	EFFECTIVE DATE	DESCRIPTION
IFRS 15 – Revenue from contracts with customers	**1 January 2018**	The FASB and IASB issued their standard on revenue recognition on 29 May 2014. It is a single, comprehensive revenue recognition model for all contracts with customers to achieve greater consistency in the recognition and presentation of revenue. Revenue is recognised based on the satisfaction of performance obligations, which occurs when control of goods or services transfers to a customer. *Impact: Reassessment of revenue and interest recognition specifically relating to long term contracts. Impacts timing of profit recognition on long term contracts within the income statement*
IFRS 9 – Financial Instruments (2009 & 2010) - Financial liabilities - Derecognition of financial instruments - Financial assets - General hedge accounting	**1 January 2018**	This IFRS is part of the IASB's project to replace IAS 39. IFRS 9 addresses classification and measurement of financial assets and replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortised cost and fair value. The IASB has updated IFRS 9 – Financial instruments to include guidance on financial liabilities and derecognition of financial instruments. The accounting and presentation for financial liabilities and for derecognising financial instruments has been relocated from IAS 39 – Financial instruments: Recognition and measurement', without change, except for financial liabilities that are designated at fair value through profit or loss *Impact: No significant impact expected*

ACCOUNTING STANDARDS/ INTERPRETATION	EFFECTIVE DATE	DESCRIPTION
Amendment to IFRS 9 – Financial instruments, on general hedge accounting	**1 January 2018**	The IASB has amended IFRS 9 to align hedge accounting more closely with an entity's risk management. The revised standard also establishes a more principles-based approach to hedge accounting and addresses inconsistencies and weaknesses in the current model in IAS 39. Early adoption of the above requirements has specific transitional rules that need to be followed. Entities can elect to apply IFRS 9 for any of the following: The own credit risk requirements for financial liabilities. Classification and measurement (C&M) requirements for financial assets. C&M requirements for financial assets and financial liabilities. The full current version of IFRS 9 (that is, C&M requirements for financial assets and financial liabilities and hedge accounting). The transitional provisions described above are likely to change once the IASB completes all phases of IFRS 9. *Impact: No significant impact expected*
Amendments to IFRS 10, 'Consolidated financial statements' and IAS 28,'Investments in associates and joint ventures' on applying the consolidation exemption	**1 January 2016**	The amendments clarify the application of the consolidation exception for investment entities and their subsidiaries. *Impact: No significant impact expected, consolidation exception not applied in group annual financial statements.*
Amendment to IFRS 11, 'Joint arrangements' on acquisition of an interest in a joint operation.	**1 January 2016**	This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions. *Impact: Guidance will be applied in the accounting for prospective acquisitions.*
Amendments to IAS 1,'Presentation of financial statements' disclosure initiative	**1 January 2016**	In December 2014 the IASB issued amendments to clarify guidance in IAS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies *Impact: No significant impact expected*
Amendment to IAS 12 – Income taxes	**1 January 2017**	The amendments were issued to clarify the requirements for recognising deferred tax assets on unrealised losses. The amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. They also clarify certain other aspects of accounting for deferred tax assets. *Impact: The amendments clarify the existing guidance under IAS 12. They do not change the underlying principles for the recognition of deferred tax assets.*

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

ACCOUNTING STANDARDS/ INTERPRETATION	EFFECTIVE DATE	DESCRIPTION
Amendment to IAS 7 – Cash flow statements	**1 January 2017**	In January 2016, the International Accounting Standards Board (IASB) issued an amendment to IAS 7 introducing an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment responds to requests from investors for information that helps them better understand changes in an entity's debt. The amendment will affect every entity preparing IFRS financial statements. However, the information required should be readily available. Preparers should consider how best to present the additional information to explain the changes in liabilities arising from financing activities. *Impact: Additional disclosures relating to the cash flow statement*
IFRS 16 – Leases IFRS 16 supersedes IAS 17, 'Leases', IFRIC 4, 'Determining whether an Arrangement contains a Lease', SIC 15, 'Operating Leases – Incentives' and SIC 27, 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'.	**1 January 2019**	After ten years of joint drafting by the IASB and FASB they decided that lessees should be required to recognise assets and liabilities arising from all leases (with limited exceptions) on the balance sheet. Lessor accounting has not substantially changed in the new standard. The model reflects that, at the start of a lease, the lessee obtains the right to use an asset for a period of time and has an obligation to pay for that right. In response to concerns expressed about the cost and complexity to apply the requirements to large volumes of small assets, the IASB decided not to require a lessee to recognise assets and liabilities for short-term leases (less than 12 months), and leases for which the underlying asset is of low value (such as laptops and office furniture). A lessee measures lease liabilities at the present value of future lease payments. A lessee measures lease assets, initially at the same amount as lease liabilities, and also includes costs directly related to entering into the lease. Lease assets are amortised in a similar way to other assets such as property, plant and equipment. This approach will result in a more faithful representation of a lessee's assets and liabilities and, together with enhanced disclosures, will provide greater transparency of a lessee's financial leverage and capital employed. One of the implications of the new standard is that there will be a change to key financial ratios derived from a lessee's assets and liabilities (for example, leverage and performance ratios). *Impact: The accounting for leases which will result in the recognition of the obligation and asset for long term leases.*

		GROUP AUDITED	
		2016	2015
	(R'000)		
4.	**OPERATING PROFIT**		
	Operating profit is stated after charging/(crediting):		
4.1	STAFF COSTS, INCLUDING RETIREMENT AND BENEFIT CONTRIBUTIONS (SEE NOTE 21.1)	**2 954 191**	3 454 480
4.2	DEPRECIATION	**167 881**	187 138
	Owner-occupied buildings	**2 010**	2 725
	Factory plant	**21 886**	26 383
	Mobile plant and vehicles – purchased	**82 858**	87 287
	Mobile plant and vehicles – leased	**23 952**	33 805
	Computerware and development costs – purchased	**12 458**	15 332
	Computerware and development costs – leased	**2 812**	4 002
	Furniture, fittings and other items – purchased	**21 905**	17 604
4.3	PROFIT ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT	**(37 842)**	(1 469)
4.4	FOREIGN EXCHANGE GAINS – NET	**(63 208)**	(37 723)
4.5	FAIR VALUE LOSSES/(GAINS) ON FINANCIAL INSTRUMENTS		
	Forward exchange contract	**1 022**	(5 188)
4.6	AUDIT REMUNERATION	**25 342**	24 716
	Local	**15 080**	15 570
	Audit services – PwC	**14 984**	15 480
	Audit services Non-PwC	**96**	90
	Foreign	**6 901**	6 665
	Audit services Non-PwC	**2 523**	2 198
	Audit services – PwC	**4 378**	4 467
	Non-audit services	**3 361**	2 481
	PwC	**1 312**	1 699
	Non-PwC	**2 049**	782
4.7	RENTALS UNDER OPERATING LEASES	**97 998**	100 098
	Land and buildings	**88 826**	89 729
	Other equipment	**9 172**	10 369
4.8	REMUNERATION OTHER THAN TO EMPLOYEES	**3 807**	3 236
	Management services	**850**	697
	Technical services	**2 957**	2 539
4.9	INCLUDED IN OTHER SITE AND ADMINISTRATION COST		
	Security	**53 728**	53 883
	Electricity and water	**68 154**	71 447
	Safety	**20 170**	21 391
	Communications	**31 368**	32 253

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

	GROUP AUDITED	
	2016	2015
(R'000)		
5. FINANCE COST – NET		
Finance income:	**61 437**	62 633
Bank balances and cash	**56 765**	47 529
Other finance income	**4 672**	15 104
Finance cost:	**(76 351)**	(64 255)
Unsecured borrowings	**(55 160)**	(44 964)
Secured borrowings and other finance cost	**(21 191)**	(19 291)
Total finance cost – net	**(14 914)**	(1 622)

Finance cost of R8,1 million (2015: R13,7 million) was capitalised in the current year at an average borrowing rate of 9.6% (2015: 8.7%).

6. TAXATION		
South African normal taxation		
Current taxation	**(74 068)**	(36 939)
– current year	**(68 003)**	(27 615)
– prior year	**(6 065)**	(9 324)
Foreign taxation		
Current taxation	**(155 176)**	(62 179)
– current year	**(132 742)**	(59 412)
– prior year	**(22 434)**	(2 767)
Deferred taxation	**(48 482)**	(9 927)
– current year	**(43 258)**	(13 516)
– prior year	**(5 224)**	3 589
	(277 726)	(109 045)
	%	%
Reconciliation of normal taxation rate		
South African normal taxation rate	**28.0**	28.0
Adjusted for:		
– Tax at rates in lower tax jurisdictions	**(15.4)**	(5.5)
– Deferred tax assets not raised	**20.9**	2.8
– Tax under-provided in respect of prior years	**4.4**	2.6
– Income/(expenses) not deductible for tax purposes	**(0.1)**	0.1
Effective rate of taxation	**37.8**	28.0
Estimated taxation losses available for set-off against future taxable income	**1 363 815**	343 236
Potential taxation relief at current taxation rates (unrecognised deferred taxation assets)	**363 343**	47 580

The deferred tax assets depend on sufficient taxable income being earned in future by the subsidiaries concerned.

	GROUP AUDITED 2016	2015
(R'000)		

7. EARNINGS PER SHARE

7.1 EARNINGS PER SHARE

	2016	2015
Earnings for the year – attributable to shareholders	**379 245**	223 884
Shares outstanding 1 July ('000)	**101 125**	100 799
Weighted average number of shares issued during the year ('000)	**22**	96
Weighted average number at end of year ('000)	**101 147**	100 895
Earnings per share (R)	**3,75**	2,22

7.2 FULLY DILUTED EARNINGS PER SHARE

	2016	2015
Earnings for the year – income attributable to shareholders	**379 245**	223 884
Weighted average number at end of year ('000)	**101 147**	100 895
Adjusted for:		
– Inclusion of dilutive shares held by share trusts ('000)	**73**	403
Adjusted weighted average number of shares ('000)	**101 220**	101 298
Fully diluted earnings per share (R)	**3,75**	2,21

7.3 HEADLINE EARNINGS PER SHARE

	2016 Gross pre-tax	2016 Net	2015 Gross pre-tax	2015 Net
Profit for the year		**379 245**		223 884
Adjusted for:	**(56 496)**	**(40 435)**	(21 046)	(17 331)
– Profit on disposal of property, plant and equipment	**(37 842)**	**(27 250)**	(1 469)	(918)
– Profit on fair value adjustment on investment property held by associate company	**–**	**–**	(16 951)	(13 787)
– Fair value adjustment on investment property	**(43 520)**	**(38 051)**	–	–
– Net loss/(profit) on disposal of investment in associate and impairment/(reversal of impairment) of investment in associate	**24 866**	**24 866**	(2 626)	(2 626)
Headline earnings		**338 810**		206 553
Weighted average number of shares ('000)		**101 147**		100 895
Headline earnings per share (R)		**3,35**		2,05

7.4 FULLY DILUTED HEADLINE EARNINGS PER SHARE

	2016	2015
Headline earnings	**338 810**	206 553
Adjusted weighted average number of shares ('000)	**101 220**	101 298
Fully diluted headline earnings per share (R)	**3,35**	2,04

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

(R'000)	GROUP AUDITED 2016	2015
8. PROPERTY, PLANT AND EQUIPMENT		
Total property, plant and equipment		
Cost		
At the beginning of the year	**2 297 936**	2 287 350
Additions	**275 031**	148 596
Transfer from non-current assets classified as held for sale	**–**	56 661
Disposals	**(229 602)**	(194 671)
At the end of the year	**2 343 365**	2 297 936
Accumulated depreciation		
At the beginning of the year	**(1 447 389)**	(1 378 775)
Current year charge	**(167 881)**	(187 138)
Acquisition of additional share of assets in jointly controlled entities	**–**	–
Transfer from non-current assets classified as held for sale	**–**	(27 843)
Disposals	**157 971**	146 367
At the end of the year	**(1 457 299)**	(1 447 389)
Net book value	**886 066**	850 547
Owner-occupied land and buildings		
Cost		
At the beginning of the year	**109 715**	97 342
Additions	**17 011**	2 641
Transfer from non-current assets classified as held for sale	**–**	12 132
Disposals	**(1 550)**	(2 400)
At the end of the year	**125 176**	109 715
Accumulated depreciation		
At the beginning of the year	**(42 101)**	(37 321)
Current year charge	**(2 010)**	(2 725)
Transfer from non-current assets classified as held for sale	**–**	(2 295)
Disposals	**215**	240
At the end of the year	**(43 896)**	(42 101)
Net book value	**81 280**	67 614

A full list of the group's land and buildings is maintained at the registered office.

Capital work in progress		
Cost		
At the beginning of the year	**20 355**	9 503
Additions	**105 882**	30 954
Transfers	**(61 525)**	(20 102)
At the end of the year	**64 712**	20 355

(R'000)	GROUP AUDITED 2016	2015

8. PROPERTY, PLANT AND EQUIPMENT CONTINUED

	2016	2015
Factory plant		
Cost		
At the beginning of the year	**289 208**	268 524
Additions	**382**	3 388
Transfers	**33 406**	14 587
Transfer from non-current assets classified as held for sale	**–**	27 873
Disposals	**(58 581)**	(25 164)
At the end of the year	**264 415**	289 208
Accumulated depreciation		
At the beginning of the year	**(204 013)**	(183 111)
Current year charge	**(21 886)**	(26 383)
Transfer from non-current assets classified as held for sale	**–**	(16 379)
Disposals	**41 055**	21 860
At the end of the end	**(184 844)**	(204 013)
Net book value	**79 571**	85 195
Mobile plant and vehicles – purchased		
Cost		
At the beginning of the year	**1 370 560**	1 416 848
Additions	**131 848**	60 469
Transfers	**68 676**	37 999
Transfer from non-current assets classified as held for sale	**–**	10 070
Disposals	**(162 322)**	(154 826)
At the end of the year	**1 408 762**	1 370 560
Accumulated depreciation		
At the beginning of the year	**(941 985)**	(939 755)
Current year charge	**(82 858)**	(87 287)
Transfers	**(11 979)**	(24 077)
Transfer from non-current assets classified as held for sale	**–**	(5 580)
Disposals	**110 090**	114 714
At the end of the year	**(926 732)**	(941 985)
Net book value	**482 030**	428 575

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

(R'000)	GROUP AUDITED 2016	2015
8. PROPERTY, PLANT AND EQUIPMENT CONTINUED		
Mobile plant and vehicles – leased		
Cost		
At the beginning of the year	**223 745**	232 990
Additions	**14 182**	27 203
Transfers	**(54 322)**	(35 966)
Transfer from non-current assets classified as held for sale	**–**	4 664
Disposals	**–**	(5 146)
At the end of the year	**183 605**	223 745
Accumulated depreciation		
At the beginning of the year	**(53 371)**	(43 978)
Current year charge	**(23 952)**	(33 805)
Transfers	**12 047**	24 077
Transfer from non-current assets classified as held for sale	**–**	(2 327)
Disposals	**–**	2 662
At the end of the year	**(65 276)**	(53 371)
Net book value	**118 329**	170 374
Computerware and development costs – purchased		
Cost		
At the beginning of the year	**162 755**	155 524
Additions	**3 508**	6 685
Transfers	**2 772**	3 482
Transfer from non-current assets classified as held for sale	**–**	240
Disposals	**(1 437)**	(3 176)
At the end of the year	**167 598**	162 755
Accumulated depreciation		
At the beginning of the year	**(148 509)**	(135 886)
Current year charge	**(12 458)**	(15 332)
Transfers	**(68)**	–
Transfer from non-current assets classified as held for sale	**–**	(233)
Disposals	**1 384**	2 942
At the end of the year	**(159 651)**	(148 509)
Net book value	**7 947**	14 246

	GROUP AUDITED	
	2016	2015
(R'000)		

8. PROPERTY, PLANT AND EQUIPMENT CONTINUED

Computerware and development costs – leased		
Cost		
At the beginning of the year	**12 096**	12 096
Additions	**–**	–
Transfers	**–**	–
Disposals	**(3 558)**	–
At the end of the year	**8 538**	12 096
Accumulated depreciation		
At the beginning of the year	**(8 688)**	(4 686)
Current year charge	**(2 812)**	(4 002)
Transfers	**–**	–
Disposals	**3 558**	–
At the end of the year	**(7 942)**	(8 688)
Net book value	**596**	3 408
Furniture, fittings and other items – purchased		
Cost		
At the beginning of the year	**109 502**	94 523
Additions	**2 218**	17 256
Transfers	**10 993**	–
Transfer from non-current assets classified as held for sale	**–**	1 682
Disposals	**(2 154)**	(3 959)
At the end of the year	**120 559**	109 502
Accumulated depreciation		
At the beginning of the year	**(48 722)**	(34 038)
Current year charge	**(21 905)**	(17 604)
Transfer from non-current assets classified as held for sale	**–**	(1 029)
Disposals	**1 669**	3 949
At the end of the year	**(68 958)**	(48 722)
Net book value	**51 601**	60 780

Refer to note 16.5 for details on the total carrying amount of assets encumbered.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

(R'000)	GROUP AUDITED 2016	2015
9. INVESTMENT PROPERTY		
Fair value at the beginning of the year	**103 544**	95 607
Additions	**80 642**	7 937
Change in use from inventory to investment property	**7 083**	–
Borrowing cost capitalised	**7 207**	6 096
Development cost capitalised	**22 832**	1 841
Fair value adjustments through profit and loss	**43 520**	–
Fair value at end of the year	**184 186**	103 544

Investment properties held on the statement of financial position consist of the following:

30 June

Name	Description	Initial cost	**R'000**	R'000
The Angle on Oxford	100% owner of vacant land in Rosebank, Gauteng	92 000	**122 380**	103 544
North Point Industrial Development	100% owner of a vacant land under development in Brackenfell, Western Cape	7 082	**61 806**	–
		99 082	**184 186**	103 544

In assessing the fair value of investment property, valuations include consideration of the title deed information, town planning conditions, locality and improvements made to the property, property vacancy rates in surrounding areas, realised yields on comparative sales as well as micro- and macro-economic conditions pertaining to commercial properties are considered.

In 2014, the group acquired approximately 1.4 hectares of vacant land to be utilised for a proposed 31 000 m^2 (GLA) commercial development including 1 272 m^2 of retail space. The land is situated on the intersection between Oxford and Bompas Roads in the prime business district of Rosebank. Internal valuations were performed by management at 30 June 2016 on the vacant land investment property. No fair value adjustment was deemed necessary based on comparable market information.

During the current year an amount of R7 million development cost capitalised was transferred from inventory as the group undertook phase one of the North Point Development of 13 000 m^2 (GLA) of industrial warehousing situated at the Brackenfell Industrial site in the Western Cape. An external valuations were obtained on the vacant land investment property. The valuation was performed by an independent valuator, Appraisal Corporation, who has experience in the valuation of similar investment property. In comparing the carrying value of investment property to the valuations performed, using applicable and available market related information, a fair value increase of R43,5 million was deemed necessary based on comparable market information.

Both these are considered a level 3 valuation in terms of the fair value hierarchy.

9. INVESTMENT PROPERTY CONTINUED

The analysis below depicts the effect on profit before taxation assuming changes in vacancy, capitalisation rates and rate per square meter on the investment property.

	Increase/(decrease) in fair value and hence profit before taxation as assessed at 30 June	
	2016	2015
(R'000)		
10.00% increase in 2% vacancy factor	**(815)**	(1 037)
10.00% decrease in 2% vacancy factor	**815**	1 037
5% increase in 9.0% (2015 8.9%) capitalisation factor	**(19 016)**	(24 193)
5% decrease in 9.0% (2015 8.9%) capitalisation factor	**21 018**	26 740
10.0% increase in rate per square meter	**5 460**	–
10.0% decrease in rate per square meter	**(5 460)**	–

	GROUP AUDITED	
	2016	2015
(R'000)		
10. EQUITY ACCOUNTED INVESTMENTS		
Associates (note 10.1)	**152 172**	141 484
Joint ventures (note 10.2)	**77 022**	68 851
Total	**229 194**	210 335
10.1 ASSOCIATES		
10.1.1 Investment in associates		
Unlisted associates		
Shares at cost	**34 862**	48 815
Group's share of distributable reserves	**48 786**	45 952
Total non-financial instruments	**83 648**	94 767
10.1.2 Loans to associates		
Loans to associates	**68 524**	46 717
Total financial instruments	**68 524**	46 717
Total	**152 172**	141 484

Loans to associates bear interest at a rate of 13.0% (2015: 13.0%) and have no fixed repayment terms.

No loans are past due at reporting date for which the group has not provided for.

The approximate fair value of loans to associates are R68,9 million. Fair values are determined using the discontinued cash flow method of valuation. These are discounted at appropriated discount rates ranging between 10.5% and 13.0%

During the current year the carrying value of the investment in associates reduced, due to a dilution in shareholding. A loss of R21,4 million was recognised.

The summarised financial information of the group's share in the assets and liabilities, income and expenditure and cash flows are reflected in Annexure 5 on page 91.

NOTES TO THE FINANCIAL STATEMENTS
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(R'000)	GROUP AUDITED 2016	2015
10. EQUITY ACCOUNTED INVESTMENTS CONTINUED		
10.2 JOINT VENTURES		
10.2.1 Investment in joint ventures		
Unlisted joint ventures		
Shares at cost	**6**	6
Group's share of distributable reserves	**12 946**	3 137
Total non-financial instruments	**12 952**	3 143
10.2.2 Loans to joint ventures		
Loans to joint ventures	**64 070**	65 708
Total financial instruments	**64 070**	65 708
Total	**77 022**	68 851

Loans to joint ventures bear interest at an average borrowing rate of 5.9% (2015: 9.25%) with no fixed repayment terms.

No loans are past due at reporting date for which the group has not provided for.

The approximate fair value of loans to joint ventures are R58,3 million. Fair values are determined using the discounted cash flow method of valuation. These are discounted at appropriate discount rates ranging between 9.58% and 10.50%.

The summarised financial information of the joint ventures assets and liabilities, income and expenditure and cash flows are reflected in Annexure 4 on page 89.

(R'000)	GROUP AUDITED 2016	2015
11. INVESTMENTS IN SERVICE CONCESSIONS		
At fair value	**1 230 381**	384 095

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

Details of the significant investments at 30 June 2016 are as follows:

Name of road	Country	Km	% interest	Concessions period	Current status
A1 (Phase I and II)	Poland	151	15	30 years	Operational
M6 (Phase I)	Hungary	59	13	20 years	Operational
M6 (Phase III)	Hungary	78	10	28 years	Operational

The investments in concessions are broken down as follows:	2016	2015
Investments in Hungary and Poland	**1 140 146**	384 095
Other investments	**90 235**	–
Closing balance at the end of the year	**1 230 381**	384 095

Investments in service concessions are made in targeted long term infrastructure projects where the group also has a development, construction and/or operating position. The successful execution of the group's responsibilities in such projects contributes to reducing the project risks so adding value to the project. Such investments typically take the form of equity and subordinated shareholder loans in geared special purpose vehicles formed to undertake the project, such that reductions in the project risk have a leveraged effect on the value of the investment.

11. INVESTMENTS IN SERVICE CONCESSIONS CONTINUED

In December 2015, the group invested R169,7 million and acquired 12,7% of the M6 Phase 1 project, a long term road concession in Hungary with ten-year remaining term.

During the year a fair value gain of R730,1 million (2015: R115,7 million) was realised.

The group values its investments in service concessions at fair value at the time of investing or of making an irrevocable commitment to invest.

Fair values are determined using the discounted cash flow method of valuation using anticipated future cash flows based on market-related exchange and inflation rates. These are discounted at appropriate discount rates that take into account the relevant market and project risks. Potential refinancing gains are not taken into account.

In determining the appropriate discount rate, consideration is given to the stage of completion of the project lifecycle and to the nature of the project. The applicable risk free rate is adjusted by both market and project-specific risk premia in determining the applied discount rate.

Market risk premia are determined with reference to the comparative term government bond yield of the country in which the infrastructure asset is located, and market liquidity. Project risk premia are sector and project specific, and decrease over time when the various design, construction, mobilisation, operations and maintenance, project revenue and project counterparty risks are successfully dealt with or are proven to be mitigated, or when their effects are known with certainty.

Fair values of investments in projects still under construction are considered to be the cost of the investment. Fair values of investments in projects where the effects of significant unmitigated project risks cannot be estimated with certainty (such as traffic risk on certain toll road concessions during early operating periods) are determined using the discounted cash flow method at appropriately high start-up phase risk premia. Where investments in service concessions are denominated in a currency other than Rand, the investments are translated at year end spot rates, being the valuation date.

The investments in the A1 phase 1 & 2 road projects in Poland and M6 phase III project in Hungary are valued by using the discounted cash flow method on the underlying Euro-denominated project cash flows as operations have commenced on all these projects.

The strong fair value profit was realised as a result of:

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

Fair value measurement using:

Observable input:		
Exchange rates – ZAR:EUR	**16,67**	13,64
Unobservable input:		
Discount rate	**11% – 13%**	9% – 14%

The underlying project cash flows are derived from cashflow models provided by the Concession Company Management Board. The primary inputs to such models include the most recent independent traffic study, macroeconomic forecast application, updated overhead budgets and road rehabilitation plans.

A basic sensitivity analysis, calculating the effect on investment valuation from differing exchange rates, on the fair value of investment in these service concessions was performed at 30 June 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 in the discounted cash flow basis of valuation results in a decrease or increase in the valuation of between R84,2 – R96,3 million (2015: R37,1 – R42,9 million).

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

(R'000)	GROUP AUDITED 2016	GROUP AUDITED 2015
12. DEFERRED TAXATION		
Deferred taxation asset	**33 873**	40 385
Deferred taxation liability	**(85 610)**	(44 424)
Net deferred taxation liability at end of year	**(51 737)**	(4 039)
Balance at beginning of year	**(4 039)**	11 611
Charge to the income statement	**(48 482)**	(9 927)
Charge to other comprehensive income	**784**	(5 723)
Balance at end of year	**(51 737)**	(4 039)
The closing balance deferred taxation liability is attributable to the following items:		
Capital allowances	**(50 756)**	(58 870)
Provisions	**781**	51 395
Contract allowances	**(78 747)**	3 436
Estimated tax losses	**76 985**	–
Balance at end of year	**(51 737)**	(4 039)

EXPECTED TO REVERSE IN

	Total deferred taxation (liability)/ asset	1 year	2 – 5 years	>5 years
2016: Deferred taxation reversal (R'000)				
Capital allowances	**(50 756)**	**(5 387)**	**(45 369)**	**–**
Provisions	**781**	**57 880**	**–**	**(57 099)**
Contract allowances	**(78 747)**	**(78 747)**	**–**	**–**
Estimated tax losses	**76 985**	**76 985**	**–**	**–**
	(51 737)	**50 731**	**(45 369)**	**(57 099)**
2015: Deferred taxation reversal (R'000)				
Capital allowances	(58 870)	(7 655)	(51 215)	–
Provisions	51 395	106 048	–	(54 653)
Contract allowances	3 436	3 436	–	–
Estimated tax losses	–	–	–	–
	(4 039)	101 829	(51 215)	(54 653)

	GROUP AUDITED 2016	2015
(R'000)		

13. INVENTORIES

	2016	2015
Property developments in progress	**8 295**	101 609
Consumable stores	**43 042**	42 070
Manufacturing finished goods	**159 879**	133 821
Manufacturing work in progress	**10 307**	7 912
Manufacturing materials	**68 743**	72 202
	290 266	357 614
Inventory obsolescence (Manufacturing) (deducted from carrying value of inventories above)		
Balance at end of year	**2 102**	6 545

No inventories are encumbered.
Borrowing cost of R850k (2015: R7,6 million) was capitalised to property developments in progress.

14. CONTRACTS IN PROGRESS

	2016	2015
Costs incurred plus profits recognised, less estimated losses relating to contracts in progress at year end	**23 055 553**	22 377 428
Progress billings	**(21 931 654)**	(21 493 123)
	1 123 899	884 305

15. TRADE AND OTHER RECEIVABLES

Trade and other receivables include:

	2016	2015
Financial instruments		
– Contract debtors	**2 422 175**	2 398 688
– Less provision for impairment of contract debtors	**(432 650)**	(28 715)
– Trade debtors	**312 908**	302 890
– Less provision for impairment of trade debtors	**(23 106)**	(28 810)
– Retention debtors	**288 419**	222 102
– Other receivables	**141 074**	408 459
– Amounts owing by joint venture partners	**146 133**	274 359
Total financial instruments included in trade and other receivables	**2 854 953**	3 548 973
Non-financial instruments		
– Prepayments	**42 361**	16 330
Total non-financial instruments included in trade and other receivables	**42 361**	16 330
Total trade and other receivables	**2 897 314**	3 565 303

The carrying value of the financial instruments approximates their fair value due to the short term nature of these instruments. (Refer to note 24 for details on credit, currency and interest rate risk).

In the prior year an amount of R210,2 million of trade receivables that are subject to an expected repayment plan in excess of twelve months have been classified as non-current. In the current year the amount was provided for in the provision for impairment on contract debtors.

All trade receivables and other receivables are recognised initially at fair value and subsequently measured at amortised cost. No contract and trade debtors are encumbered. Included in the group's contract and trade debtors balance are debtors with a carrying amount of R416 million (2015: R547 million) which are past due at the reporting date for which the group has not provided as there has not been a significant change in the credit quality and the amounts are still considered recoverable. The group does not hold collateral over these balances.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

(R'000)	GROUP AUDITED 2016	2015

15. TRADE AND OTHER RECEIVABLES CONTINUED

Analysis of the age of financial assets that are past due but not impaired

	2016	2015
Contract debtors		
– One month past due	**25 879**	36 076
– Two months past due	**11 605**	27 355
– Three months past due	**2 602**	32 173
– Four months and greater past due	**365 776**	420 168
	405 862	515 772
Trade debtors		
– One month past due	**863**	4 167
– Two months past due	**518**	8 474
– Three months past due	**1**	2 424
– Four months and greater past due	**8 339**	16 240
	9 721	31 305
Total	**415 583**	547 077

Analysis of the age of financial assets that are past due but not impaired by region

	2016	2015
Contract debtors		
– Central Africa	**106 153**	140 892
– Eastern Africa	**–**	–
– Middle East	**84 104**	35 201
– Southern Africa	**168 875**	288 049
– Western Africa	**46 730**	51 630
	405 862	515 772
Trade debtors		
– Eastern Europe	**61**	–
– Southern Africa	**9 660**	31 305
	9 721	31 305
Total	**415 583**	547 077

In line with IFRS 7 par 6, the group discloses trade receivables that are past due but not impaired by region as management monitors the trade receivables on this basis.

	GROUP AUDITED	
(R'000)	**2016**	2015

15. TRADE AND OTHER RECEIVABLES CONTINUED

Reconciliation of the provision for impairment of trade receivables

Opening balance	**57 525**	46 727
Charges against the provision	**414 317**	17 724
Transfer from non-current assets classified as held for sale	**–**	4 558
Bad debts written off	**(16 086)**	(11 484)
Closing balance	**455 756**	57 525

Analysis of impaired trade receivables

Included in the provision for impairment of trade receivables are individually impaired trade receivables with a balance of R525,6 million (2015: R58,4 million). The impairment recognised represents the difference between the carrying value of these trade receivables and the present value of any expected collections. All impairment amounts incurred during the year are charged to the income statement and recorded with operating costs.

The material increase in the provision for impairment of trade receivables from the prior year is as a result of uncertainty surrounding the recoverability of a previously certified debtor within the Civil Engineering segment. The board has deemed it appropriate to raise a provision of R365,4 million against the debtor.

Gross value of trade receivables that have been individually impaired	**525 632**	58 432
Less: impairment loss against these trade receivables	**(455 756)**	(57 525)
	69 876	907

Analysis of gross value of trade receivables that have been individually impaired by region		
– Eastern Africa	**–**	–
– Western Africa	**16 991**	16 672
– Southern Africa	**488 326**	39 976
– Middle East	**–**	–
– Central Africa	**20 315**	1 784
	525 632	58 432

In line with IFRS 7 par 6, the group discloses trade receivables that have been individually impaired by region as management monitors the trade receivables on this basis.

Ageing of gross value of trade receivables that have been individually impaired

One month past due	**–**	3 168
Two months past due	**287**	24
Three months past due	**171**	1 076
Four months past due	**525 174**	54 164
	525 632	58 432

Carrying amount per currency

The carrying amounts of the group's trade and other receivables are denominated in the following currencies:

South African Rand	**2 153 258**	2 446 283
US Dollars	**70 302**	725 395
United Arab Emirates Dirham	**152 490**	189 853
Other	**521 264**	203 772
	2 897 314	3 565 303

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

16. BORROWINGS

16.1 INTEREST-BEARING BORROWINGS

Unsecured bonds (note 16.3)	**285 712**	285 391
Secured loans bearing variable interest at rates ranging from 7.5% (2015: 7.0%) to 10.00% (2015: 9.75) per annum (note 16.5)	**216 952**	232 929
Unsecured loans bearing variable interest linked to JIBAR ranging from 9.0% (2015: 8.0%) to 10.0% (2015: 9%) and in prior year linked to LIBOR rate ranging from USD 2.03% to 3.23%	**248 987**	544 025
	751 651	1 062 345
Less: current portion disclosed on face of statement of financial position	**(563 997)**	(585 111)
	187 654	477 234
Capital repayable during the years ending 30 June		
2016	**–**	585 111
2017	**563 997**	306 583
2018	**52 834**	51 547
2019	**107 216**	21 013
2020	**15 155**	90 110
2021	**8 424**	7 981
2022	**4 025**	–
	751 651	1 062 345

16.2 FAIR VALUE OF BORROWINGS

The carrying amount of current borrowings is a reasonable approximation of the fair value. The carrying amounts and fair value of the non-current borrowings are as follows:

	Carrying amount		Fair value	
	2016	2015	**2016**	2015
Unsecured bonds	**–**	279 716	**–**	274 424
Secured loans	**187 654**	197 518	**178 246**	186 791
	187 654	477 234	**178 246**	461 215

Fair values are determined using the discounted cash flow method of valuation. These are discounted at appropriate discount rates ranging between 7.50% to 10.18%.

16.3 UNSECURED BONDS

The JSE Limited granted a listing to the group in respect of two senior unsecured notes issued under the group's R1 billion Domestic Medium Term Note Programme.

The two unsecured bonds were issued on 11 April 2012 as follows:

GFC03: R220 million, three-year floating (three-month JIBAR) interest bond was settled on 10 April 2015.

GCF04: R280 million, five-year, 9.485% fixed interest rate payable semi-annually. The settlement date for this bond is 11 April 2017 and hence the fair value of this bond is reflected within the short term portion of interest bearing borrowings.

16. BORROWINGS CONTINUED
16.4 UNSECURED LOANS

During the prior year the group entered into the following borrowing transactions:

- A revolving credit facility for USD20 million bearing a variable interest, linked to LIBOR, at year end of 2.03%. This loan was repaid in September 2015
- Raising of a USD15 million facility in December 2015, of which USD12 million has been utilised, bearing variable interest, linked to LIBOR, at period end of 1.64% which was repaid in May 2016.
- Retaining revolving credit facility for R250 million bearing a variable interest linked to JIBAR, at year end of 9.6% (2015: 8.6%).

(R'000)	GROUP AUDITED 2016	2015
16.5 SECURED LOANS		
Secured loans are secured over:		
Mobile plant, vehicles and computer equipment with a net book value of	**118 925**	173 782

	Less than one year	Between one and five years	Total
2016			
Minimum lease payments	**45 517**	**212 329**	**257 846**
Lease finance charges	**(16 219)**	**(24 675)**	**(40 894)**
	29 298	**187 654**	**216 952**
2015			
Minimum lease payments	52 927	231 772	284 699
Lease finance charges	(17 516)	(34 254)	(51 770)
	35 411	197 518	232 929

(R'000)	GROUP AUDITED 2016	2015
16.6 SHORT TERM BORROWINGS		
Property development borrowings bearing interest at 8.25% per annum in the prior year	**–**	58 125

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

(R'000)	GROUP AUDITED 2016 Assets	2016 Liabilities	2015 Assets	2015 Liabilities
17. DERIVATIVE FINANCIAL INSTRUMENTS				
Derivatives at fair value through profit and loss				
Total forward foreign exchange contracts	**–**	**(1 022)**	–	–
Less: non-current portion: forward foreign exchange contracts	**–**	**–**	–	–
Current portion: forward foreign exchange contracts	**–**	**(1 022)**	–	–

2016: Purchase of USD456,000 at a weighted average rate of R16,01 and purchase of EUR169,118 at a rate of R18,89.

(R'000)	GROUP AUDITED 2016	2015
18. PROVISION FOR ENVIRONMENTAL REHABILITATION		
At 1 July	**6 291**	4 000
Unwinding of discount	**298**	260
Re-measurement of provision	**227**	–
Released from provisions	**(257)**	(335)
Transfer from liabilities associated with non-current assets classified as held for sale	**–**	2 366
At 30 June	**6 559**	6 291

The environmental rehabilitation provision consists of R4 million (2015: R4 million) related to Everite and its costs associated with the close of asbestos waste dumps and R2,6 million (2015: R2,3 million) relating to the closure costs of the Sky Sands Quarry. A risk free rate of 8.7% (2015: 8.3%) and an average inflation rate of 6.6% (2015: 4.7%) were used in the calculation of the estimated net present value of the rehabilitation liabilities.

19. TRADE AND OTHER PAYABLES

	2016	2015
Trade and other payables include:		
Financial instruments		
– Accrued expenses	**1 846 527**	1 853 005
– Trade and other creditors	**503 263**	814 759
– Sub-contractor creditors	**539 902**	606 976
– Retention creditors	**324 492**	312 323
– Amounts owning to joint venture partners	**222 322**	300 974
Total financial instruments included in trade and other payables	**3 436 506**	3 888 037
Non-financial instruments		
– Advance payments received	**479 448**	1 089 760
Total non-financial instruments included in trade and other payables	**479 448**	1 089 760
Total	**3 915 954**	4 977 797

The carrying value of the financial instruments approximates their fair value due to the short term nature of their instruments. (Refer to note 24 for details on the currency and interest risk).

(R'000)	Contract provisions	Sundry provisions	Total

20. CONTRACT RELATED PROVISIONS

	Contract provisions	Sundry provisions	Total
Balance at 30 June 2014	28 470	11 517	39 987
Charged to the income statement	14 436	4 867	19 303
Provision utilised	(5 833)	(7 824)	(13 657)
Balance at 30 June 2015	37 073	8 560	45 633
Charged to the income statement	**1 684**	**(2 612)**	**(928)**
Provision utilised	**(7 636)**	**(1 456)**	**(9 092)**
Balance at 30 June 2016	**31 121**	**4 492**	**35 613**

Contract provisions:
Contract provisions include amounts for sub-contractor estimated billings for which no certification has taken place.

Sundry provisions:
Sundry provisions relate to costs for contract maintenance periods.

The provisions have been determined based on assessments and estimates by management. Actual results could differ from estimates and there is no certainty as to the timing of the cash flows relating to these provisions.

21. EMPLOYEE BENEFITS

21.1 STAFF COSTS

(R'000)	GROUP AUDITED 2016	2015
Wages, salaries and bonuses	**2 750 037**	3 240 894
Retrenchment cost	**45 863**	38 329
Cost of share options	**27 153**	32 166
Pension costs – defined contribution plans (including industry plans)	**139 192**	153 219
Pension costs – defined benefit plan income	**(8 054)**	(10 128)
Service cost	**14 335**	10 403
Net finance income	**(22 389)**	(20 531)
	2 954 191	3 454 480

	Number^	Number^
Number of employees at 30 June:		
Full-time	**4 637**	5 252
Part-time	**4 566**	6 792
	9 203	12 044
South Africa	**6 983**	9 645
Over-border	**2 220**	2 399
	9 203	12 044

^ *Number of employees, including staff employed by joint ventures equity accounted is 9 313 (2015: 12 178).*

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

(R'000)	GROUP AUDITED 2016	2015

21. EMPLOYEE BENEFITS CONTINUED

21.2 PENSION SCHEME

The latest actuarial valuation of the group's defined benefit plan was carried out in March 2016 and was considered by the actuaries to be in a sound financial condition.

21.2(i) A summary of the valuation is presented below:

	2016	2015
Present value of funded obligations	**(375 193)**	(417 653)
Fair value of plan assets	**660 676**	691 090
Surplus	**285 483**	273 437
Non-current assets	**281 577**	268 815
Current assets included in trade and other receivables	**3 906**	4 622
	285 483	273 437

	%	%
The principal assumptions used for accounting purposes were as follows:		
Mortality tables	**PA [90]**	PA [90]
Discount rate	**8.30**	8.80
Expected return on assets	**8.30**	8.80
Future salary increases	**7.50**	7.50
Future pension increases	**4.57**	3.14

The group operates a defined benefit pension plan in South Africa under the regulatory requirements of the Pension fund Act, 1956 (and amendments). Members contribute at a fixed rate of their pensionable salary. The group contributes the balance of the cost at a rate determined by management and trustees based on advice of the actuary. At the normal retirement age (65 for all members with the exception of directors who retire at 60), a pension equal to 2% of the final salary for each year of pensionable service is payable.

The legally required surplus apportionment exercise was carried out as at 29 February 2004. The rules of the fund stipulate that additional surplus arising after the surplus valuation date are for the account of the group as are any future deficits. A gain of R14,9 million was realised in the current year and has been credited to the income statement. During the prior year a gain of R18,9 million was credited against the income statement. Based on the rules of the fund, the company is required to recognise the full asset.

The trustees decided to outsource the fund's pensioners with effect from 1 March 2009. The entire assets in the fund attributable to pensioners as at 31 March 2009 has been utilised in this regard. The Section 14 transfer application to outsourcing active pensioners has been approved by the Financial Services Board and the pensioner assets and liabilities outsourced from the fund.

(R'000)	GROUP AUDITED 2016	2015

21. EMPLOYEE BENEFITS CONTINUED

21.2 PENSION SCHEME CONTINUED

21.2(ii) A reconciliation of the opening and closing balances of plan assets

	2016	2015
Opening value: 1 April	**691 090**	645 286
– Employee contributions	**1 648**	326
– Company contributions	**6 792**	8 746
– Benefit payments	**(66 089)**	(44 470)
– Return on plan assets 8.3% (2015: 8.8%) per annum	**54 914**	55 143
– Expenses	**(2 505)**	(2 724)
– Re-measurements[1]	**(25 174)**	28 783
Closing value: 31 March	**660 676**	691 090

21.2(iii) Closing balance of plan assets is comprised as follows:

	2016	2015
Local assets	**540 978**	565 784
– Equity instruments	**299 256**	313 264
– Fixed instruments	**119 682**	125 306
– Listed property	**59 856**	62 653
– Cash and deposits	**62 184**	64 561
International assets	**119 698**	125 306
– Equity instruments	**119 698**	125 306
Closing value: 31 March	**660 676**	691 090

21.2(iv) Reconciliation of the opening and closing balances of defined benefit obligations

	2016	2015
Projected benefit obligation (PBO): 1 April	**417 653**	411 163
– Service cost	**14 335**	10 403
– Employee contributions	**1 648**	326
– Benefit payments	**(66 089)**	(44 470)
– Interest cost 8.3% (2015: 8.8%) per annum	**32 525**	34 612
– Expenses	**(2 505)**	(2 724)
– Re-measurements:	**(22 374)**	8 343
– (Gain)/loss due to change in salary increase assumption	**(3 256)**	816
– (Gain)/loss due to change in financial assumptions	**(16 966)**	9 402
– Gain – other	**(2 152)**	(1 875)
Closing value: 31 March	**375 193**	417 653

21.2(v) Plan assets and defined benefit obligation by category

	2016	2015
Assets		
– Market value	**660 676**	691 090
Active member liabilities:		
– Active members	**289 495**	334 234
Pensioner liabilities:		
– Pensioners	**14 921**	14 339
SAE surplus (surplus as at 29 February 2004 to be apportioned)	**70 777**	69 080
Total liabilities	**375 193**	417 653
Surplus	**285 483**	273 437
Funding level	**176.1%**	165.5%

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

	GROUP AUDITED 2016	GROUP AUDITED 2015
(R'000)		

21. EMPLOYEE BENEFITS CONTINUED
21.2 PENSION SCHEME CONTINUED
21.2(vi) Net periodic pension cost

	2016	2015
Service cost (net of employee contribution)	**14 335**	10 403
Interest cost	**32 525**	34 612
Return on plan assets	**(54 914)**	(55 143)
Re-measurements[2]	**2 800**	(20 440)
Net periodic pension gain	**(5 254)**	(30 568)

1. *A re-measurement loss arose during the year mainly due to the actual investment return of 4.5% (2015: 14.1%) not exceeding the expected investment return of 8.3% (2015: 8.8%) for the year ended 31 March 2016.*
2. *The company's policy is to recognise re-measurements in full as they arise. The actuarial loss of R25,1 million (2015: R28,8 million gain) on the assets and the re-measurement loss of R22,3 million (2015: R8,3 million gain) on the liabilities gave rise to an overall re-measurement of R2,8 million (2015: R20,4 million) in the current year.*

21.2(vii) Sensitivity analysis

The table below sets out the sensitivity of the valuation results to changes in the key financial assumptions as at 31 March 2016.

(R'000)	A decrease in the discount rate by 1%	An increase in the discount rate of 1%
Total assets	**660 676**	**660 676**
Total liabilities	**417 252**	**340 836**
Surplus	**243 424**	**319 840**
Funding level	**158%**	**193%**
Service cost	**11 114**	**8 409**

(R'000)	An increase in salary of 1%	A decrease in salary of 1%
Total assets	**660 676**	**660 676**
Total liabilities	**390 415**	**361 357**
Surplus	**270 261**	**299 319**
Funding level	**169%**	**183%**
Service cost	**10 251**	**9 040**

(R'000)	Pension increase of 1%	Pension decrease of 1%
Total assets	**660 676**	**660 676**
Total liabilities	**398 423**	**355 375**
Surplus	**262 253**	**305 301**
Funding level	**166%**	**186%**
Service cost	**10 352**	**8 992**

21. EMPLOYEE BENEFITS CONTINUED

21.2 PENSION SCHEME CONTINUED

21.2(vii) Sensitivity analysis continued

The table below sets out the sensitivity of the valuation results to changes in the key financial assumptions as at 31 March 2015.

	A decrease in the discount rate by 1%	An increase in the discount rate of 1%
(R'000)		
Total assets	691 090	691 090
Total liabilities	469 068	375 918
Surplus	222 022	315 172
Funding level	147%	184%
Service cost	16 387	12 693

	An increase in salary of 1%	A decrease in salary of 1%
(R'000)		
Total assets	691 090	691 090
Total liabilities	437 376	399 793
Surplus	253 714	291 297
Funding level	158%	173%
Service cost	15 231	13 531

	Pension increase of 1%	Pension decrease of 1%
(R'000)		
Total assets	691 090	691 090
Total liabilities	444 637	394 666
Surplus	246 453	296 424
Funding level	155%	175%
Service cost	15 306	13 514

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

	GROUP AUDITED	
	2016	2015
(R'000)		
21. EMPLOYEE BENEFITS CONTINUED		
21.3 PROVISION FOR EMPLOYMENT OBLIGATIONS		
Black Professionals Staff Trust and Bonus share scheme share-based payment liability	**29 349**	32 478
Post-employment medical provision	**29 348**	36 929
	58 697	69 407
Non-current assets	**46 583**	69 407
Current assets	**12 114**	–
	58 679	69 407

21.3.1 Black Professionals Staff Trust share-based payment liability

The Black Professionals Staff Trust liability is the obligation recognised as a cash-settled share-based payment transaction following the implementation of a revised BBBEE ownership transaction approved by shareholders in November 2012. (Refer to note 21.4.3.)

Key actuarial assumptions used were:	**2016**	2015
Dividend yield %	**2.81**	2.54
Volatility %	**43.07**	36.06
Risk free interest rate %	**7.78**	7.82
Share price – R	**20.30**	28.44

A sensitivity analysis has been performed to determine the effect of a change due to an increase in the share price on the share based payment liability. A 1% increase/(decrease) in the share price would have the effect of (decreasing)/increasing net profit before taxation by R600 000 (2015: R1,1 million) respectively.

21.3.2 Post-employment medical provision

The group's accrual for post-employment medical provision of R29,3 million (2015: R36,9 million) is based on assumptions used by the independent actuaries which includes appropriate mortality tables, long term estimates of increases in medical costs and appropriate discount rates. Key actuarial assumptions used were:

	2016	2015
Discount rate %	**9.30**	8.20
Mortality table	**PA [90]**	PA [90]
Future salary increases	**7.00**	5.90

A sensitivity analysis has been performed to determine the effect of a change at which former employees are assumed to qualify for, and make an application for, post-employment medical benefits. A 5% (2015: 10%) increase/(decrease) would have the effect of (decreasing)/increasing net profit before taxation by R2,8 million (2015: R8,6 million).

21.4 EMPLOYEE SHARE OPTION SCHEMES

The group issues equity-settled and cash-settled incentives to certain employees. Equity-settled payments are measured at fair value at date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed over the vesting period. Employee share trusts are consolidated within the Group.

21.4.1 The Black Management Scheme (equity-settled)

The purpose of the scheme is to give effect to one of the group's broad-based black economic empowerment objectives, by encouraging black employees within the group, that are employed at management level (being Peromnes Grade 8 and higher or the equivalent from time to time), to remain in the employment of the group and to promote the continued growth of the group by giving such employees, including future employees, an opportunity to acquire shares.

Group Five provided the Black Management Trust with a loan to enable the Black Management Trust to subscribe for 3 791 109 Group Five shares at a price of R16,03 per share. Annual interest on the loan equates to the lesser of dividends received from Group Five shares and the South African prime overdraft rate. Allocations, at the discretion of the board remuneration committee, are made from time to time to earmarked black managers that do not participate in the Management Incentive Scheme.

21. EMPLOYEE BENEFITS CONTINUED

21.4 EMPLOYEE SHARE OPTION SCHEMES CONTINUED

21.4.1 The Black Management Scheme (equity-settled) continued

The Black Management Trust will utilise all the dividends received on the shares to settle any expenses (i.e. audit fees and bank charges) and to service any outstanding funding obligations owed to Group Five. To the extent that surplus cash exists in the Black Management Trust, the trustees will be entitled to distribute the surplus cash to the beneficiaries.

The vesting of shares takes place on the following basis:

- on the second anniversary of the date on which shares were allocated to the beneficiary, 33.3% of the shares will vest;
- on the third anniversary of such date, so many additional shares as represent 33.3% of the shares, allocated to the beneficiary will vest; and
- on the fourth anniversary of such date, the balance of the shares will vest.

A person will cease to be a beneficiary upon:

- ceasing to be an employee of the company within the group, either at all or at least at a management level, other than as a result of retrenchment, unlawful dismissal, constructive dismissal by the employer, disablement, death or retirement in accordance with normal retirement policies of the group; or
- share ownership vesting occurring in respect of such beneficiary's allocated shares; or
- share ownership vesting no longer being available in terms of the scheme in respect of any of such beneficiary's allocated shares.

The initial beneficiaries have appointed two employee management trustees. In addition, an independent trustee has been appointed. The trustees will from time to time vote the allocated shares of a beneficiary in accordance with the directions of that beneficiary. Unallocated shares will be allocated by the trustees as they consider to be in the best interests of future beneficiaries.

21.4.2 Long term incentives plan (LTIP) (cash and equity settled)

The long term incentive plan (LTIP) forms part of variable compensation and is used to attract, retain and motivate employees who influence the long term sustainability and strategic objectives of Group Five. The LTIP consists of three elements:

a) Share Appreciation Rights (SAR) see 24.4.2.1
b) Performance shares – allocate full value of shares to employee (equity-settled). Allocation made to executives and managers in selected Patterson grades in terms of LTIP programme
c) Bonus shares – allocate full value of shares to employee (cash-settled). Allocation made to executives and managers in selected Patterson grades in terms of LTIP programme

21.4.2.1 Management Incentive Scheme – Share Appreciation Rights (SAR) (equity-settled)

Under the Management Incentive Scheme, employees of the group are awarded rights to receive shares in the company based on the value of these awards. Annual allocations of share appreciation rights will be made to executives and managers in the selected Patterson grades in terms of the long term incentive programme. These rights to receive shares are equal to the value of the difference between the exercise price and the SAR grant price. The SAR grant price is equal to share price on grant date.

After vesting, the SAR will become exercisable. Upon exercise by a beneficiary, the company will settle the value of the difference between the exercise price and the SAR grant price, by the delivery of Group Five shares. Group Five may withhold any amounts or make such arrangements as are necessary to meet any liability to taxation or any other liabilities in respect of the SAR grants. The arrangements may include the sale of shares on behalf of the beneficiaries and the use of the proceeds of the sale to meet such liability.

The intention of the Management Incentive Scheme is to purchase Group Five shares in the market to settle the scheme's benefits, so the Management Incentive Scheme will not be as dilutive as normal share option schemes. The company will retain the right to issue new shares at its election, to mitigate the risk of sudden fluctuations in the share price, which could be disruptive to the orderly trade of Group Five shares in the market. The company will be limited to issuing no more than 15% of the company's shares in settlement of benefits of all company share schemes over any ten-year period.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

21. EMPLOYEE BENEFITS CONTINUED

21.4 EMPLOYEE SHARE OPTION SCHEMES CONTINUED

21.4.2 Long term incentives plan (LTIP) (cash and equity settled) continued

21.4.2.1 Management Incentive Scheme – Share Appreciation Rights (SAR) (equity-settled) continued

The sizing of the aggregate incentive schemes and their salient features, are set out in the table below:

	Management Incentive Scheme
Maximum number of shares available to the scheme	**12 911 817***
Threshold as a percentage of current shares issued	**15%**
Maximum number of unexercised shares available to individuals	**2 418 236**
Discount to market value on date of option/SAR	**Nil****
Vesting period	**3 years – 33.3% 4 years – 66.6% 5 years – 100%**
Lapsing period	**7 years**

** At no time will the aggregate number of shares available exceed 12 911 817.*
*** Calculated at date of grant.*

21.4.3 The Black Professionals Staff Trust (cash settled)(refer to 21.3.1)

Group Five believes its employees, particularly its professional staff are key to its success and future growth. In recognition of this it is believed that the introduction of the Black Professionals Staff Trust will entrench a sense of ownership amongst the Black Professionals Staff Trust beneficiaries as well as assist in the incentivisation and retention of these employees.

The Black Professionals Staff Trust will be established to facilitate the participation of Black Professionals Staff Trust beneficiaries by holding the Black Professionals Staff Trust shares and distributing distributable income to the Black Professionals Staff Trust beneficiaries in terms of the Black Professionals Trust deed from time to time.

Group Five provided the Black Professionals Staff Trust with a loan to enable the Black Professionals Staff Trust to subscribe for 10 356 865 shares. Annual interest will accrue at a rate of 9% naca (nominal annual compounded annually) and be repayable, including accrued interest following the amended end date of 7 November 2020.

Once the Black Professionals Staff Trust trustees have exercised their discretion to make a distribution in terms of the Black Professionals Staff Trust deed, the Black Professionals Staff Trust trustees shall distribute distributable income to the Black Professionals Staff Trust beneficiaries who are employed by the Group on the applicable distribution date in accordance with the allocation formula as fully described in the Black Professionals Staff Trust deed. The allocation formula takes into account the band and annual remuneration of each Black Professionals Staff Trust beneficiary and the total number of Black Professionals Staff beneficiaries and will determine the allocation based on a fixed factor allocation per band. Pursuant to this, Black Professionals Staff Trust beneficiaries in higher bands will receive a proportionally higher percentage of annual remuneration in comparison to those in lower bands.

No obligations are imposed on Black Professionals Staff Trust beneficiaries in terms of the Black Professionals Staff Trust deed. Black Professionals Staff Trust beneficiaries may not sell, assign or in any way encumber his/her rights as a Black Professionals Staff Trust beneficiary.

21. EMPLOYEE BENEFITS CONTINUED

21.4 EMPLOYEE SHARE OPTION SCHEMES CONTINUED

21.4.4 Reconciliation of options issued:

	Management Incentive scheme		Previous share Option scheme		Black management Scheme	
	Number	Price R	Number	Price R	Number	Price R
Balance at 30 June 2014	9 075 638	38,37	63 750	12,55	767 223	16,03
New shares granted and accepted	3 081 447	25,60	–	–	40 000	16,03
Shares paid for	(100 210)	31,97	(63 750)	12,55	(187 681)	16,03
Shares lapsed	(2 784 255)	46,45	–	–	(101 261)	16,03
Balance at 30 June 2015	9 272 620	31,77	–	–	518 281	16,03
New shares granted and accepted	**3 455 952**	**21,00**	**–**	**–**	**–**	**16,03**
Shares paid for	**(23 371)**	**20,30**	**–**	**–**	**(109 506)**	**16,03**
Shares lapsed	**(1 959 235)**	**30,14**	**–**	**–**	**(46 768)**	**16,03**
Balance at 30 June 2016	**10 745 966**	**27,94**	**–**	**–**	**362 007**	**16,03**
Number of shares vested and exercisable at 30 June 2016	**2 970 440**	**27,94**	**–**	**–**	**175 313**	**16,03**

	Total	Management Incentive Scheme	Black Management Scheme	The Black Professionals Staff Trust
(R'000)				
Cost of share options year ended 30 June 2016	**27 153**	**24 763**	**1 890**	**500**
Cost of share options year ended 30 June 2015	32 166	20 888	3 204	8 074

The cost of equity-settled share appreciation rights issued during the year ended 30 June 2016 were costed using a Black-Scholes option model and the following factors:

	2016	2015
exercise price R	**21.00**	16.03 – 25.60
share price volatility %*	**45.94**	36.67 – 38.59
risk free interest rate %	**8.00**	6.81
dividend yield %	**2.75**	2.92

** Share price volatility is derived from the historical share price over the last twelve months.*

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

22. RELATED PARTY TRANSACTIONS

22.1 DIRECTORS' EMOLUMENTS

Key management is considered to be executive and non-executive directors.

Executive directors

	Salaries		Bonus*		Retention award**		Total	
	F2016	F2015	**F2016**	F2015	**F2016**	F2015	**F2016**	F2015
(R'000)								
Name								
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
Paid by subsidiaries							**(10 108)**	(19 005)

Non-executive directors' fees

	Fees	Expenses	Total	Fees	Expenses	Total
	F2016			F2015		
Fees, services 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
V Rague	**545**	**163**	**708**	475	94	569
MR Thompson	**703**	**–**	**703**	520	–	520
	7 440	**226**	**7 666**	6 713	101	6 814
Paid by subsidiaries			**(7 666)**			(6 814)

22. RELATED PARTY TRANSACTIONS CONTINUED

22.1 DIRECTORS' EMOLUMENTS CONTINUED

Executive committee members (exco)

	Salaries		Bonus*		Discretionary award**		Total	
	F2016	F2015	**F2016**	F2015	**F2016**	F2015	**F2016**	F2015
(R'000)								
Name								
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
Paid by subsidiaries							**(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 that 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 of Group Five's 2016 integrated report 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 Remuneration Committee 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.*

Executive committee members (exco)

	Long term incentive plan share option expense*	
	F2016	F2015
(R'000)		
Name		
J Doorasamy	**312**	468
JW Hillary	**449**	606
ST Mosai	**300**	446
GD Mottram	**418**	560
CMF Teixeira	**590**	783
MR Upton	**–**	450
ECJ Vemer	**795**	1 070
JA Wallace	**636**	852
WI Zeelie	**660**	845
P le Sueur	**–**	696
AJ McJannet	**–**	661
	4 160	7 437
Paid by subsidiaries	**(4 160)**	(7 437)

* *Refers to the cost to the company of awarding the employee a share appreciation right, determined by IFRS 2 cost for the specific allocation.*

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

22. RELATED PARTY TRANSACTIONS CONTINUED

22.1 DIRECTORS' EMOLUMENTS CONTINUED

Details of executive directors' share options and share appreciation rights

	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
Name of director								
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**

22. RELATED PARTY TRANSACTIONS CONTINUED

22.1 DIRECTORS' EMOLUMENTS CONTINUED

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 officer								
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**

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

22. RELATED PARTY TRANSACTIONS CONTINUED

22.1 DIRECTORS' EMOLUMENTS CONTINUED

Details of prescribed officers' share options and share appreciation rights (including three highest paid members of management) 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 officer								
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	**–**	**20,30**	**–**	**–**	**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**

22. RELATED PARTY TRANSACTIONS CONTINUED

22.1 DIRECTORS' EMOLUMENTS CONTINUED

Details of prescribed officers' share options and share appreciation rights (including three highest paid members of management) 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 officer								
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**

22.2 SUBSIDIARIES, JOINT ARRANGEMENTS AND ASSOCIATES

For a list of related parties refer to Annexure 2 – Interest in Subsidiaries, Annexure 3 – Interest in Joint Operations, Annexure 4 – Investment in Joint Ventures and Annexure 5 – Investment in Associates.

Apart from advances provided to joint venture partners, no other transaction exists that requires additional disclosure.

Refer to notes 15 and 19 of the annual financial statements

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

	GROUP AUDITED	
(R'000)	**2016**	2015
23. COMMITMENTS AND CONTINGENCIES		
Fixed asset commitments		
Contracts placed	**2 271**	38 862
Capital expenditure approved by directors but not placed at 30 June	**217 264**	337 634
	219 535	376 496

The above expenditure will be funded from existing resources and facilities.

There are no fixed asset commitments relating to joint ventures.

The following operating lease commitments mainly relate to building rentals, which consist of corporate office rental for the period 2017 to 2025.

Operating lease commitments		
The future minimum lease payments under non-cancellable operating leases are as follows:		
Not later than one year	**69 686**	75 290
Later than one year and not later than five years	**371 663**	342 564
Later than five years	**328 426**	407 850
	769 775	825 704

Guarantees

Total financial institution-backed guarantees provided to third parties on behalf of subsidiary companies amounted to R6 521 million (2015: R7 144 million). The directors do not believe any exposure to loss is likely. Total facilities in this regard amount to R12 576 million (2015: R12 450 million).

	Rm	Rm
The issued guarantees have the following expiry dates:		
Not later than one year	**3 402**	2 941
Later than one year and not later than five years	**3 109**	4 198
Later than five years	**10**	5
	6 521	7 144
Analysis of guarantees (at contractual amounts):		
Issued in lieu of advance payments received*	**1 504**	2 075
Issued as a guarantee of performance	**3 193**	3 226
Issued in lieu of retention monies received*	**1 793**	1 742
Issued in support of tenders submitted	**4**	16
Issued for non-contract-related activities	**27**	85
	6 521	7 144

* *These financial guarantees relates to services already rendered or amounts recognised as payables in note 19. No additional fair value is attributable to the guarantees.*

Other

The group is, from time to time, involved in various claims and legal proceedings arising in the ordinary course of business.

The directors do not believe that adverse decisions in any pending proceedings or claims against the group will have a material adverse effect on the financial condition or future operations of the group.

Stakeholders' attention is drawn to the contingent risk of civil claims possibly being lodged against the group, and all construction companies who have been party to the anti-competitive behaviour, following the Competition Commission release of its findings in June 2013 and the public interest reported in recent months. 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 the potential R7 million claim.

24. FINANCIAL INSTRUMENTS

Financial instruments carried on the statement of financial position include cash and cash equivalents (as defined), short term borrowings, investments in service concessions, trade and other receivables, contracts in progress, trade and other payables, interest-bearing borrowings and derivative financial instruments.

24.1 FINANCIAL RISK MANAGEMENT OBJECTIVES

Introduction

The group has a risk management and central treasury function that manages the financial risks relating to the group's operations.

The group's liquidity, credit, foreign currency, price and interest rate risk are continuously monitored. The group has developed a comprehensive risk management process to facilitate, control and monitor these risks. This process includes formal documentation of policies, including limits, controls and reporting structures. The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance. The group makes use of derivative financial instruments to hedge certain risk exposures in certain circumstances.

In the course of the group's business operations it is exposed to financial risk relating to liquidity, credit, foreign currency, price and interest rate risk. Risk management relating to each of this risk is detailed below.

Controlling risk in the group

The executive committee (exco) and the management committee (manco) are responsible for risk management activities within the group. Exco meets monthly to review market trends and develop strategies. Treasury is responsible for monitoring currency, interest rate and liquidity risk under the policies approved by the board of directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the group's operating business units. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, and credit risk, use of derivative financial instruments and non-derivative financial instruments, and investments in excess liquidity.

24.2 CAPITAL RISK MANAGEMENT

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The group monitors capital on the basis of a gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total interest-bearing borrowings less cash and cash equivalents. Total equity is as shown in the consolidated statement of financial position.

During 2016, the group's strategy, which remains unchanged, is to maintain the gearing ratio below 33%. The gearing ratio at 30 June 2016 and 2015 was as follows:

	2016	2015
(R'000)		
Total interest-bearing borrowings, including bank overdrafts	**751 651**	1 120 470
Cash on hand	**(3 255 233)**	(3 389 936)
Net debt	**(2 503 582)**	(2 269 466)
Total equity	**3 545 990**	2 928 378
Gearing ratio	**Net ungeared**	Net ungeared

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

24. FINANCIAL INSTRUMENTS CONTINUED

24.3 CATEGORIES OF FINANCIAL INSTRUMENTS

In addition, the financial instruments carried at fair value are disclosed in accordance to a fair value hierarchy.

The hierarchy has three levels that reflect the significance of the inputs used in measuring fair value. These are as follows:

Level 1: Quoted prices unadjusted in active markets for identical assets and liabilities

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly or indirectly derived from prices

Level 3: Inputs for the assets or liability that are not based on observable market data

	Notes	Loans and receivables	Financial assets at fair value through profit and loss designated as such	Financial assets at fair value through profit and loss	Other	Total	Level
30 June 2016 (R'000)							
Assets as per the statement of financial position							
Loans to associates	10.1.2	**68 524**	**–**	**–**	**–**	**68 524**	**n/a**
Loans to joint ventures	10.2.2	**64 070**	**–**	**–**	**–**	**64 070**	**n/a**
Investments in service concessions	11	**–**	**1 230 381**	**–**	**–**	**1 230 381**	**3**
Trade and other receivables	15	**2 854 953**	**–**	**–**	**–**	**2 854 953**	**n/a**
Contracts in progress	14	**1 123 899**	**–**	**–**	**–**	**1 123 899**	**n/a**
Cash and cash equivalents	28	**3 255 233**	**–**	**–**	**–**	**3 255 233**	**n/a**
		7 366 679	**1 230 381**	**–**	**–**	**8 597 060**	

	Notes	Financial liabilities at amortised cost	Financial liabilities held for trading	Other	Total	Level
30 June 2016 (R'000)						
Liabilities as per the statement of financial position						
Interest-bearing borrowings	16.1	**187 654**	**–**	**–**	**187 654**	**n/a**
Excess billings over work done		**1 870 472**	**–**	**–**	**1 870 472**	**n/a**
Trade and other payables	19	**3 436 506**	**–**	**–**	**3 436 506**	**n/a**
Derivative financial instruments	17	**–**	**1 022**	**–**	**1 022**	**3**
Current portion of interest bearing borrowings	16.1	**563 997**	**–**	**–**	**563 997**	**n/a**
		6 058 629	**1 022**	**–**	**6 059 651**	

24. FINANCIAL INSTRUMENTS CONTINUED

24.3 CATEGORIES OF FINANCIAL INSTRUMENTS CONTINUED

	Notes	Loans and receivables	Financial assets at fair value through profit and loss designated as such	Financial assets at fair value through profit and loss	Other	Total	Level
30 June 2015 (R'000)							
Assets as per the statement of financial position							
Loans to associates	10.1.2	46 717	–	–	–	46 717	n/a
Loans to joint ventures	10.2.2	65 708	–	–	–	65 708	n/a
Investments in service concessions	11	–	384 095	–	–	384 095	3
Non-current trade receivables	15	210 182	–	–	–	210 182	n/a
Trade and other receivables	15	3 548 973	–	–	–	3 548 973	n/a
Cash and cash equivalents	28	3 389 936	–	–	–	3 389 936	n/a
Contracts in progress	14	884 305	–	–	–	884 305	n/a
		8 145 821	384 095	–	–	8 529 916	

	Notes	Financial liabilities at amortised cost	Financial liabilities held for trading	Other	Total	Level
30 June 2015 (R'000)						
Liabilities as per the statement of financial position						
Interest-bearing borrowings	16.1	477 234	–	–	477 234	n/a
Excess billings over work done		938 614	–	–	938 614	n/a
Trade and other payables	19	3 888 037	–	–	3 888 037	n/a
Current portion of interest bearing borrowings	16.1	585 111	–	–	585 111	n/a
Short term borrowings	16.6	58 125	–	–	58 125	n/a
		5 947 121	–	–	5 947 121	

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

24. FINANCIAL INSTRUMENTS CONTINUED

24.4 FINANCIAL RISK FACTORS

Market risk

Foreign exchange risk

The group through foreign entities, conducts business in various foreign currencies. As a result, it is subject to the transaction exposure that arises from foreign exchange rate movements between the dates that currency other than functional currency are recorded (foreign sales and purchases) and the dates they are consummated (cash receipts and cash disbursements in foreign currencies). The group may, from time to time, hedge its foreign currency exposures for either purchase or sale transactions through the use of foreign currency forward exchange contracts. Foreign currency denominated construction contracts entered into are primarily US Dollar-based in terms of revenue and cost. Currency exposure arising from the net assets of the group's foreign operations is managed primarily through settling of liabilities in the relevant currencies. Limited foreign currency forward exchange contracts were entered into during the current year. No hedge accounting has been applied.

The carrying amount of the group's foreign currency denominated monetary assets and liabilities at statement of financial position date is as follows:

Foreign currency risk

	Notes	South African Rand	US Dollar	AED	PLN and HUF	Other	Total
30 June 2016 (R'000)							
Assets as per the statement of financial position							
Loans to associate	10.1.2	**38 251**	**30 273**	**–**	**–**	**–**	**68 524**
Loans to joint ventures	10.2.2	**64 070**	**–**	**–**	**–**	**–**	**64 070**
Investments in service concessions*	11	**–**	**–**	**–**	**–**	**1 230 381**	**1 230 381**
Trade and other receivables	15	**2 137 103**	**67 725**	**152 490**	**18 060**	**479 575**	**2 854 953**
Contracts in progress	14	**1 073 847**	**8 557**	**41 301**	**8**	**186**	**1 123 899**
Cash and cash equivalents	28	**1 193 351**	**1 481 680**	**70 486**	**239 355**	**270 361**	**3 255 233**
		4 506 622	**1 588 235**	**264 277**	**257 423**	**1 980 503**	**8 597 060**
Liabilities as per the statement of financial position							
Interest-bearing borrowings	16.1	**185 431**	**–**	**–**	**2 223**	**–**	**187 654**
Excess billings over work done		**916 117**	**818 070**	**–**	**–**	**136 285**	**1 870 472**
Trade and other payables	19	**2 441 878**	**738 009**	**156 859**	**34 801**	**64 959**	**3 436 506**
Derivative financial instruments	17	**1 022**	**–**	**–**	**–**	**–**	**1 022**
Current portion of interest bearing borrowings	16.1	**562 656**	**–**	**–**	**1 341**	**–**	**563 997**
		4 107 104	**1 556 079**	**156 859**	**38 365**	**201 244**	**6 059 651**
Net exposure		**399 518**	**32 156**	**107 418**	**219 058**	**1 779 259**	**2 537 409**

** Euro-denominated investments in service concessions.*

24. FINANCIAL INSTRUMENTS CONTINUED

24.4 FINANCIAL RISK FACTORS CONTINUED

Market risk continued

Foreign exchange risk continued

	Notes	South African Rand	US Dollar	AED	Other	Total
30 June 2015 (R'000)						
Assets as per the statement of financial position						
Loans to associate	10.1.2	46 717	–	–	–	46 717
Loans to joint ventures	10.2.2	65 708	–	–	–	65 708
Investments in service concessions*	11	–	–	–	384 095	384 095
Non-current trade receivables	15	–	210 182	–	–	210 182
Trade and other receivables	15	2 411 678	739 580	189 853	207 862	3 548 973
Cash and cash equivalents	28	1 862 139	1 010 012	29 462	488 323	3 389 936
Contracts in progress	14	786 860	53 767	31 755	11 923	884 305
		5 173 102	2 013 541	251 070	1 092 203	8 529 916
Liabilities as per the statement of financial position						
Interest-bearing borrowings	16.1	474 158	–	–	3 076	477 234
Excess billings over work done		710 879	214 467	–	13 268	938 614
Trade and other payables	19	3 331 803	234 938	166 131	155 165	3 888 037
Current portion of interest-bearing borrowings	16.1	288 371	295 899	–	841	585 111
Short term borrowings	16.6	58 125	–	–	–	58 125
		4 863 336	745 304	166 131	172 350	5 947 121
Net exposure		309 766	1 268 237	84 939	919 853	2 582 795

** Euro-denominated investments in service concessions.*

Sensitivity analyses have been performed to monitor the financial effect of changes in foreign exchange rates. The analysis below depicts the effect on profit before taxation should the exchange rate strengthen or weaken by 10% based on the assets and liabilities at reporting date. The exchange rates applicable to the group's primary functional currencies at the current and previous reporting year end are as follows:

	2016	2015
ZAR: USD	**15,04**	12,29
ZAR: AED	**4,10**	3,35

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

24. FINANCIAL INSTRUMENTS CONTINUED

24.4 FINANCIAL RISK FACTORS CONTINUED

Market risk continued

Foreign exchange risk continued

	Change in exchange rate	Weakening in functional currency resulting in an increase/(decrease) in profit before taxation or reserves R'000	Strengthening in functional currency resulting in an increase/(decrease) in profit before taxation or reserves R'000
As at 30 June 2016			
Net movement		**213 791**	**(213 791)**
Current assets			
Denominated functional currency		**409 045**	**(409 045)**
ZAR: USD	**10%**	**158 824**	**(158 824)**
ZAR: UAE	**10%**	**26 428**	**(26 428)**
ZAR: PLN; HUF	**10%**	**25 742**	**(25 742)**
ZAR: other	**10%**	**198 051**	**(198 051)**
Current liabilities			
Denominated functional currency		**(195 254)**	**195 254**
ZAR: USD	**10%**	**(155 608)**	**155 608**
ZAR: UAE	**10%**	**(15 686)**	**15 686**
ZAR: PLN; HUF	**10%**	**(3 836)**	**3 836**
ZAR: other	**10%**	**(20 124)**	**20 124**
As at 30 June 2015			
Net movement		227 303	(227 303)
Current assets			
Denominated functional currency		335 681	(335 681)
ZAR: USD	10%	201 354	(201 354)
ZAR: UAE	10%	25 107	(25 107)
ZAR: PLN; HUF; other	10%	109 220	(109 220)
Current liabilities			
Denominated functional currency		(108 378)	108 378
ZAR: USD	10%	(74 530)	74 530
ZAR: UAE	10%	(16 613)	16 613
ZAR: PLN; HUF; other	10%	(17 235)	17 235

Cash flow and fair value interest rate risk

Interest rate

The group is exposed to interest rate risk through its cash and cash equivalents and interest-bearing short term and non-current liabilities. Short term interest rate exposure is monitored and managed by corporate treasury and may be hedged from time to time through the use of financial instruments.

A sensitivity analysis has been performed to monitor the effect of changes in interest rates.

24. FINANCIAL INSTRUMENTS CONTINUED

24.4 FINANCIAL RISK FACTORS CONTINUED

Cash flow and fair value interest rate risk continued

Interest rate continued

The analysis below depicts the effect on profit before taxation assuming changes in interest rates:

	Decrease in rate resulting in an increase in profit before taxation		Increase in rate resulting in a decrease in profit before taxation	
	2016	2015	**2016**	2015
Description (R'000)				
Assuming 1% movement in JIBAR rate	**2 490**	2 481	**(2 490)**	(2 481)
Assuming 1% movement in LIBOR rate	**–**	2 959	**–**	(2 959)
Assuming 1% movement in SA prime borrowing rate	**2 170**	2 329	**(2 170)**	(2 329)

Credit risk

Credit risk is the risk of suffering financial loss should any of the group's counterparties fail to fulfil their contractual obligations.

Financial instruments which potentially subject the group to concentrations of credit risk are primarily cash and cash equivalents, trade receivables and loans provided to associates and joint arrangements. With regard to cash and cash equivalents, the group deals primarily with major financial institutions in South Africa and over-border.

Loans provided to associate companies are of a long-term nature and repayments are governed by contractual arrangements. In determining the recoverability of a loan provided, the group considers frequency of repayment, financial performance of the associate and/or joint arrangement and contractual agreements.

The group's customers are concentrated primarily in South Africa but also exist in the rest of Africa, Middle East and Eastern Europe. The majority of the customers are concentrated in the industrial, resource, financial institution and public sectors. The group establishes a provision for impairment based upon factors surrounding the credit risk of specific customers, historical trends and other information.

For trade debtors, estimates are determined with reference to past default experience. Before accepting new trade debtors, use is made of local external credit agencies, where necessary, to assess the potential customer's credit quality. Credit limits are defined by trade debtor and are regularly reviewed.

In determining the recoverability of a trade receivable, the group considers any change in the credit quality of the trade receivable from the date credit was granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and geographically diverse. Accordingly, the directors believe that there is no further credit provision required in excess of the allowed provision for impairment of trade receivable. Management do not expect a loss from fully performing financial assets.

Where appropriate, the group obtains appropriate collateral to mitigate risk. The group did not hold any collateral at 30 June 2016 or 30 June 2015.

The carrying amount of the financial assets represents the group's maximum exposure to credit risk without taking into consideration any collateral provided. The maximum exposure to credit risk in respect of guarantees issued is the maximum amount the group may need to pay under the guarantees, refer to note 23.

The group has the following amounts due from top five debtors:

	Number of customers	**Value Rm**	**% of trade and other receivables**	**% of total revenue**
2016	**5**	**R444,6**	**15.3**	**3.2**
2015	5	R848,7	22.5	6.1

The group has the following credit risk per geographical segment:

	2016	2015
Region (R'000)		
Central Africa	**215 679**	269 379
Eastern Africa	**11 745**	58 492
Eastern 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**	3 565 303

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

24. FINANCIAL INSTRUMENTS CONTINUED

24.4 FINANCIAL RISK FACTORS CONTINUED

Credit risk continued

Central Africa: DRC
Eastern Africa: Mauritius, Tanzania
Europe: Hungary, Poland, Northern Ireland
Middle East: Jordan, UAE
Southern Africa: South Africa, Namibia, Mozambique, Zimbabwe, Botswana
Western Africa: Ghana, Burkina Faso, Sierra Leone, Liberia

The other classes within trade and other receivables do not contain impaired assets. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivable mentioned above. The group does not hold any collateral as security.

Liquidity risk

Liquidity risk is the risk that the group will be unable to meet a financial commitment in any location or currency. The group manages its liquidity risk through its central treasury function. Cash flow forecasting is performed by the operating units of the group and consolidated by central treasury.

Central treasury monitors the rolling forecasts of the group's liquidity requirements to ensure it has sufficient cash to meet operational needs. Such forecasting takes into consideration the group's covenant compliance, compliance with internal balance sheet ratio targets and, if applicable, external regulatory or legal requirements. The following table details the group's remaining contractual maturities for its financial assets and liabilities:

	Notes	Within 1 – 6 months	Within 7 – 12 months	Within 1 – 2 years	Within 2 – 5 years	Greater than 5 years	Total
30 June 2016 (R'000)							
Assets as per the statement of financial position							
Loans to associates	10.1.2	–	–	68 524	–	–	68 524
Loans to joint ventures	10.2.2	–	–	64 070	–	–	64 070
Investments in service concessions	11	–	–	–	–	1 230 381	1 230 381
Trade and other receivables	15	1 647 997	1 206 956	–	–	–	2 854 953
Contracts in progress	14	860 169	263 730	–	–	–	1 123 899
Cash and cash equivalents*	28	3 255 233	–	–	–	–	3 255 233
		5 763 399	**1 470 686**	**132 594**	**–**	**1 230 381**	**8 597 060**
Liabilities as per the statement of financial position							
Interest-bearing borrowings	16.1	–	–	182 979	29 968	–	212 947
Excess billings over work done		1 035 060	835 412	–	–	–	1 870 472
Trade and other payables	19	2 025 852	1 410 654	–	–	–	3 436 506
Derivative financial instruments	17	1 022	–	–	–	–	1 022
Current portion of interest bearing borrowings	16.1	603 141	23 387	–	–	–	626 528
		3 665 075	**2 269 453**	**182 979**	**29 968**	**–**	**6 147 475**

** Cash and cash equivalents is the most liquid asset and disclosed within 1 – 6 months. Cash and cash equivalents will be used to settle current liabilities as they fall due.*

24. FINANCIAL INSTRUMENTS CONTINUED

24.4 FINANCIAL RISK FACTORS CONTINUED

Liquidity risk continued

	Notes	Within 1 – 6 months	Within 7 – 12 months	Within 1 – 2 years	Within 2 – 5 years	Greater than 5 years	Total
30 June 2015 (R'000)							
Assets as per the statement of financial position							
Loans to associates	10.1.2	–	–	46 717	–	–	46 717
Loans to joint ventures	10.2.2	–	–	65 708	–	–	65 708
Investments in service concessions	11	–	–	–	–	384 095	384 095
Non-current trade receivables	15	–	–	226 681	–	–	226 681
Trade and other receivables	15	2 804 051	744 922	–	–	–	3 548 973
Cash and cash equivalents	28	3 389 936	–	–	–	–	3 389 936
Contracts in progress	14	598 325	285 980	–	–	–	884 305
		6 792 312	1 030 902	339 106	–	384 095	8 546 415
Liabilities as per the statement of financial position							
Interest-bearing borrowings	16.1	–	–	408 282	125 818	–	534 100
Excess billings over work done		457 437	481 177	–	–	–	938 614
Trade and other payables	19	3 021 193	866 844	–	–	–	3 888 037
Current portion of interest bearing borrowings	16.1	611 351	26 464	–	–	–	637 815
Short term borrowings	16.6	30 359	30 359	–	–	–	60 718
		4 120 340	1 404 844	408 282	125 818	–	6 059 284

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

	Notes	GROUP AUDITED 2016	2015
(R'000)			
25. CASH FROM OPERATIONS BEFORE WORKING CAPITAL CHANGES			
Profit before taxation		**734 725**	389 446
Adjustments for:			
Depreciation	4.2, 8	**167 881**	187 138
Fair value adjustments	9,11	**(773 557)**	(115 726)
Foreign exchange profit		**(40 725)**	(14 478)
Net loss/(profit) on disposal of investment in associate and impairment/(reversal of impairment) of investment in associate		**24 866**	(2 626)
Profit on disposal of property, plant and equipment	4.3	**(37 842)**	(1 469)
Share-based payment expense		**27 153**	32 166
Finance cost – net	5	**14 914**	1 622
Fair value loss/(gain) on forward exchange contracts		**1 022**	(5 188)
Share of equity accounted profits		**(27 359)**	(24 592)
Pension fund valuation surplus		**(14 846)**	(18 874)
Movement in provisions		**373 171**	(2 275)
		449 403	425 144
26. WORKING CAPITAL CHANGES			
Trade and other payables		**(158 827)**	347
Trade and other receivables		**381 693**	366 953
Contracts in progress		**(252 736)**	(243 864)
Inventories		**60 074**	(4 598)
		30 204	118 838
27. TAXATION PAID			
Taxation owing at the beginning of the year		**(75 078)**	(190 300)
Charge per the income statement		**(277 725)**	(109 045)
Movement in deferred taxation		**48 482**	9 927
Transfer from liabilities associated with non-current assets classified as held for sale		**–**	(4 113)
Taxation owing at the end of the year		**53 681**	75 078
		(250 640)	(218 453)
28. CASH AND CASH EQUIVALENTS AT END OF YEAR			
Bank balances and cash		**3 255 233**	3 389 936
Bank overdrafts		**–**	–
Cash and cash equivalents at end of year		**3 255 233**	3 389 936
29. CATEGORISATION OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents held by the group		**2 859 247**	3 054 055
Cash and cash equivalents held by joint operations		**395 986**	335 881
		3 255 233	3 389 936

30. NON-CASH TRANSACTIONS – CASH FLOW STATEMENT

Excluded from the cash flow statement are additions to fixed assets and investment property amounting to R28,7 million (2015: R31 million) which were funded by finance leases.

(R'000)	GROUP AUDITED 2016	2015

31. DIVIDENDS PAID

		2016	2015
31.1	2015 Final dividend paid: 25 cents (2014: 55 cents) per ordinary share	**25 293**	55 471
31.2	2016 Interim dividend paid: 42 cents (2015: 30 cents) per ordinary share	**42 493**	30 285
		67 786	85 756

These dividends are reflected on the group's statement of changes in equity.

On 5 August 2016, the directors proposed a final dividend of 30 cents per share in respect of the financial year ended 30 June 2016, which will absorb an estimated amount of R33,6 million of shareholders' funds. The dividend will be paid on 26 September 2016 to shareholders registered on the shareholder register on 23 September 2016. This dividend is not reflected in the group's annual financial statements. The total dividend for the financial year will thus be 72 cents per share (2015: 55 cents per share).

ANNEXURE 1 – GROUP SEGMENTAL ANALYSIS

FOR THE YEAR ENDED 30 JUNE 2016

Operating segments reflect the management structure of the group in the year under review and the manner in which performance is evaluated and resources allocated as managed by the group's chief operating decision-maker, defined as the executive committee members (exco) of the group.

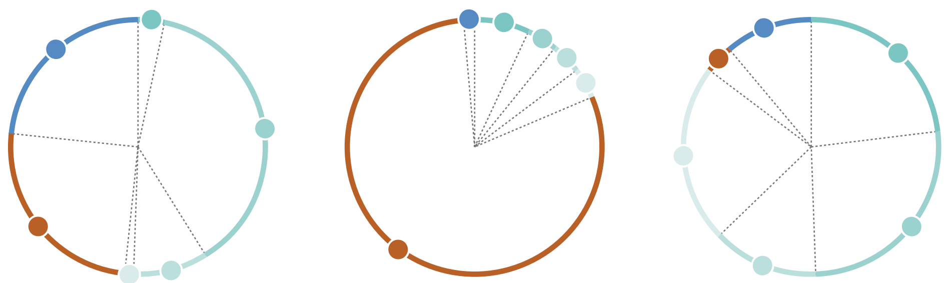
These operating segments for the year under review are listed below.

Of primary focus to exco is the revenue, operating profit, capital expenditure and current assets per segment and revenue per geography.

The required segmental reporting disclosures are provided on page 18 of this report.

In addition, although exco does not review the information included in this Annexure on a monthly basis in order to take strategic decisions, management provides this additional segmental reporting as it deems this information to constitute further value-added disclosure to stakeholders.

STATEMENT OF FINANCIAL POSITION

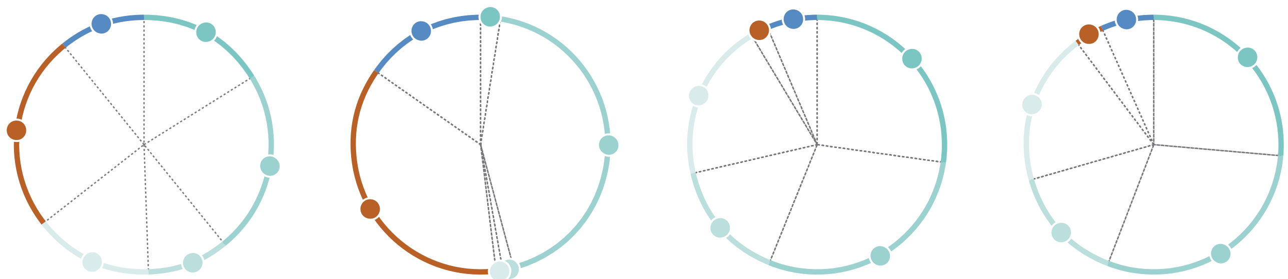


Note: Graphs represent F2016 values only.

(R'000)	Property, plant and equipment and investment property 2016	2015	Other non-current assets (excluding deferred taxation) 2016	2015	Current assets (excluding cash and cash equivalents) 2016	2015
Engineering & Construction	**559 933**	584 223	**316 908**	497 736	**3 732 007**	4 046 432
Building & Housing	**37 481**	26 140	**120 720**	105 738	**1 010 506**	1 241 925
Civil Engineering	**409 911**	422 215	**66 746**	274 295	**1 150 653**	1 471 338
Projects	**102 123**	120 083	**62 304**	52 259	**582 558**	658 873
Energy	**10 418**	15 785	**67 138**	65 444	**988 290**	674 296
Investments & Concessions	**273 137**	163 028	**1 347 482**	496 149	**151 358**	305 216
Manufacturing	**250 459**	221 614	**22 890**	22 913	**483 513**	449 374
Total	**1 083 529**	968 865	**1 687 280**	1 016 798	**4 366 878**	4 801 022
Joint arrangements equity accounted and joint arrangements wholly consolidated	**(13 277)**	(14 774)	**53 872**	56 629	**(55 399)**	6 200
Total	**1 070 252**	954 091	**1 741 152**	1 073 427	**4 311 479**	4 807 222

A description of the products and/or services provided by the segments is disclosed under the operational and financial review of this integrated annual report.

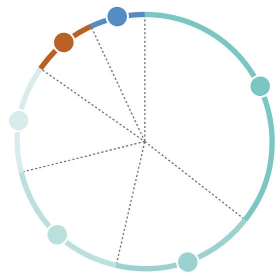
STATEMENT OF FINANCIAL POSITION



	2016	2015	2016	2015	2016	2015	2016	2015
	Total assets (excluding deferred taxation, cash and cash equivalents)		Non-current liabilities (excluding deferred taxation)		Current liabilities (excluding current taxation payable)		Total liabilities (excluding deferred taxation, and current taxation payable	
	4 608 848	5 128 391	**116 656**	382 938	**5 962 484**	5 862 600	**6 079 140**	6 245 538
	1 168 707	1 373 803	**6 608**	110 293	**1 792 481**	2 096 439	**1 799 089**	2 206 732
	1 627 310	2 167 848	**104 232**	175 044	**1 883 322**	1 746 132	**1 987 554**	1 921 176
	746 985	831 215	**3 273**	49 972	**997 660**	992 093	**1 000 933**	1 042 065
	1 065 846	755 525	**2 543**	47 629	**1 289 021**	1 027 936	**1 291 564**	1 075 565
	1 771 977	964 393	**88 300**	102 874	**160 193**	317 477	**248 493**	420 351
	756 862	693 901	**36 415**	68 235	**399 049**	406 020	**435 464**	474 255
	7 137 687	6 786 685	**241 371**	554 047	**6 521 726**	6 586 097	**6 763 097**	7 140 144
	(14 804)	48 055	**(575)**	(1 115)	**(122 554)**	19 183	**(123 129)**	18 068
	7 122 883	6 834 740	**240 796**	552 932	**6 399 172**	6 605 280	**6 639 968**	7 158 212

ANNEXURE 1 – GROUP SEGMENTAL ANALYSIS
CONTINUED

INCOME STATEMENT

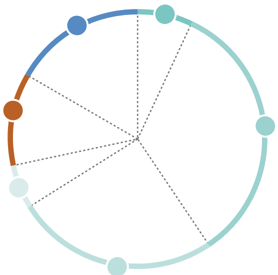


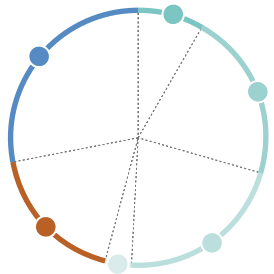
Note: Graphs represent F2016 values only.

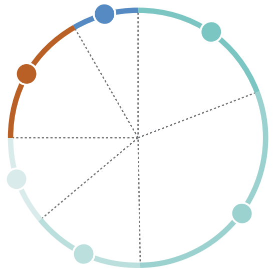
(R'000)	REVENUE 2016	REVENUE 2015	OPERATING PROFIT 2016	OPERATING PROFIT 2015
Engineering & Construction	**11 767 899**	11 875 357	**(228 007)**	62 769
Building & Housing	**4 932 560**	4 885 951	**80 897**	101 116
Civil Engineering	**2 493 265**	2 665 751	**(381 933)**	(95 669)
Projects	**2 443 494**	2 213 758	**37 354**	24 853
Energy	**1 898 580**	2 109 897	**35 675**	32 469
Investments & Concessions	**1 146 814**	995 125	**897 556**	237 595
Manufacturing	**935 280**	1 058 795	**64 519**	77 425
Total	**13 849 993**	13 929 277	**734 068**	377 789
Joint arrangements equity accounted and joint arrangements wholly consolidated on adoption	**(76 375)**	(53 707)	**(11 788)**	(11 313)
Total	**13 773 618**	13 875 570	**722 280**	366 476

A description of the products and/or services provided by the segments is disclosed under the operational and financial review of this integrated annual report.

INCOME STATEMENT



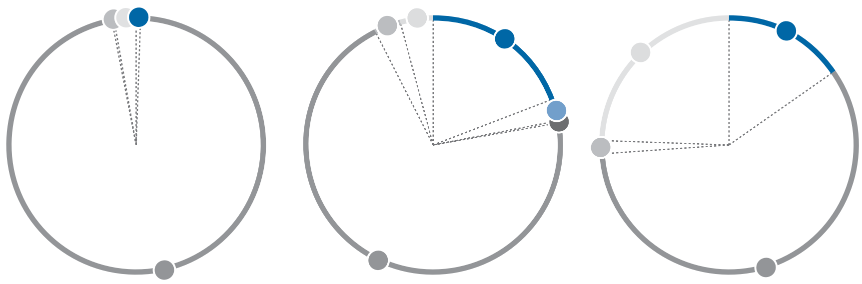




	DEPRECIATION 2016	DEPRECIATION 2015	CAPITAL EXPENDITURE 2016	CAPITAL EXPENDITURE 2015	NUMBER OF EMPLOYEES 2016	NUMBER OF EMPLOYEES 2015
	122 688	137 029	**150 315**	104 694	**7 004**	9 742
	12 319	11 281	**23 347**	7 620	**1 793**	2 501
	57 254	64 178	**58 799**	52 245	**2 849**	2 352
	43 674	50 913	**59 009**	40 509	**1 328**	2 773
	9 441	10 657	**9 160**	4 320	**1 034**	2 116
	20 207	19 266	**49 535**	15 301	**1 551**	1 482
	28 226	33 477	**76 923**	32 594	**758**	954
	171 121	189 772	**276 773**	152 589	**9 313**	12 178
	(3 240)	(2 634)	**(1 742)**	(3 993)	**(110)**	(134)
	167 881	187 138	**275 031**	148 596	**9 203**	12 044

ANNEXURE 1 –
GROUP SEGMENTAL ANALYSIS
CONTINUED

INCOME STATEMENT | STATEMENT OF FINANCIAL POSITION



Note: Graphs represent F2016 values only.

(R'000)	Revenue 2016	Revenue 2015	Total assets (excluding deferred taxation and cash and cash equivalents) 2016	Total assets (excluding deferred taxation and cash and cash equivalents) 2015	Capital expenditure 2016	Capital expenditure 2015
Geographical regions						
Eastern Europe	**674 538**	623 083	**1 381 372**	477 610	**42 762**	9 309
Middle East	**–**	–	**193 791**	222 313	**–**	–
Eastern Africa	**–**	11 763	**11 775**	166 711	**–**	–
Southern Africa	**10 173 372**	11 895 079	**5 020 244**	5 383 433	**161 947**	106 761
Central Africa	**98 850**	419 977	**241 321**	345 121	**4 912**	1 596
Western Africa	**2 903 233**	979 375	**289 184**	191 497	**67 152**	34 923
	13 849 993	13 929 277	**7 137 687**	6 786 685	**276 773**	152 589
Joint arrangements equity accounted and joint arrangements wholly consolidated	**(76 375)**	(53 707)	**(14 804)**	48 055	**(1 742)**	(3 993)
Total	**13 773 618**	13 875 570	**7 122 883**	6 834 740	**275 031**	148 596

ANNEXURE 2 – INTEREST IN SUBSIDIARIES

AT 30 JUNE 2016

	ISSUED ORDINARY SHARE CAPITAL		PERCENTAGE HELD		SHARES AT COST		AMOUNTS OWING BY SUBSIDIARIES	
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015
Direct subsidiaries								
Group Five Construction Limited	**1 000 001**	1 000 001	**100**	100	**14 177**	14 177	**225 637**	298 729
Everite Limited	**51 191 400**	51 191 400	**100**	100	**368 570**	368 570	**–**	–
					382 747	382 747	**225 637**	298 729

Name	Country	Proportion of ordinary shares held by non-controlling interests (%)
PRINCIPAL SUBSIDIARIES DIRECT AND INDIRECT		
Construction material supply:		
Cosmos Asphalt (Proprietary) Limited	South Africa	–
Manufacture of building products:		
Everite (Proprietary) Limited	South Africa	–
Everite Pipes (Proprietary) Limited	South Africa	–
Construction activities:		
Group Five (Botswana) (Proprietary) Limited	Botswana	–
Group Five Building (Proprietary) Limited*	South Africa	–
Group Five Burkina Faso SARL	Burkina Faso	–
Group Five Civil Engineering (Proprietary) Limited*	South Africa	–
Group Five Coastal (Proprietary) Limited*	South Africa	–
Group Five Construction (Ghana) Limited	Ghana	–
Group Five Construction (Kenya) Limited	Kenya	–
Group Five Construction Limited (Malawi)	Malawi	–
Group Five Construction Limited	South Africa	–
Group Five Construction (UK) Limited (Mauritius and Jordan)	United Kingdom	–
Group Five Contractors (Namibia) (Proprietary) Limited	Namibia	–
Group Five DRC SARL	Democratic Republic of Congo	–
Group Five Engineering and Construction (Proprietary) Limited*	South Africa	–
Group Five Housing (Proprietary) Limited*	South Africa	–
Group Five International Limited (Mauritius, Mozambique, Zimbabwe, Dubai)	Mauritius	–
Group Five International (Proprietary) Limited (Tanzania branch)	Tanzania	–
Group Five Lesotho (Proprietary) Limited	Lesotho	–
Group Five Liberia Limited	Liberia	–
Group Five (Mauritius) Limited	Mauritius	–
Group Five Motlekar (Proprietary) Limited	South Africa	49.0
Group Five Nuclear Construction Services (Proprietary) Limited*	South Africa	–
Group Five Oil & Gas (Proprietary) Limited*	South Africa	–
Group Five Plant & Equipment (Proprietary) Limited*	South Africa	–
G5 Power Project Limited	Nigeria	–
Group Five Power International (Proprietary) Limited	South Africa	–
Group Five Power International (Proprietary) Limited (Ghana Branch)	Ghana	–
Group Five Power (Proprietary) Limited*	South Africa	–

ANNEXURE 2 –
INTEREST IN SUBSIDIARIES
CONTINUED

Name	Country	Proportion of ordinary shares held by non-controlling interests (%)
Construction activities continued:		
Group Five Projects (Proprietary) Limited*	South Africa	–
Group Five Sierra Leone Limited	Sierra Leone	–
Group Five Swaziland (Proprietary) Limited	Swaziland	–
Group Five Tanzania Limited	Tanzania	–
Group Five Western Cape (Proprietary) Limited*	South Africa	–
Group Five (Zambia) Limited	Zambia	–
Infrastructure concessions:		
Intertoll (Africa) (Proprietary) Limited	South Africa	–
Intertoll (Proprietary) Limited	South Africa	–
Intertoll-Europe Consulting Close Limited	Netherlands	–
Intertoll Holdings (Proprietary) Limited	South Africa	–
Intertoll Infrastructure Developments B.V.	Netherlands	–
A-Way ITE Autopalya Zartkoreun Mukodo Reszvenytarsasag**	Hungary	50.0
Mecsek Autopalya – Uzemelteto Kartkoruen Mukodo Close Limited**	Hungary	50.0
Intertoll Zimbabwe (Proprietary) Limited (Zimbabwe Branch)	Zimbabwe	–
Intertoll Zimbabwe (Proprietary) Limited	South Africa	–
Intertoll Limited	United Kingdom	–
Intertoll USA Incorporated	United States	–
Infrastructure developments:		
Group Five Infrastructure Developments (Proprietary) Limited*	South Africa	–
Property developments:		
Group Five Property Developments (Proprietary) Limited*	South Africa	–
Duro Brick Company (Proprietary) Limited	South Africa	–
G5 Properties (Proprietary) Limited	South Africa	–
Ruby Mountain Trading 38 (Proprietary) Limited	South Africa	33.0
Windfall 86 Properties (Proprietary) Limited	South Africa	–
CONTROLLED JOINT ARRANGEMENTS		
Construction activities:		
Paarden Eiland Joint Venture	South Africa	25.0
ENM/Bophelong Psychiatric Hospital Joint Venture	South Africa	30.0
Tsela Tshweu Construction Joint Venture	South Africa	36.3
Group Five Bosasa Joint Venture	South Africa	10.0
Group Five Pomeroy CHC Joint Venture	South Africa	40.0
Group Five Pandev IRPTN Joint Venture	South Africa	40.0

NATURE OF BUSINESS

** Acting as an agent for Group Five Construction Limited.*

*** These investments are fully consolidated as the group is exposed to or has the rights to, variable returns from its involvement with the entity and has the ability to affect these returns through its power over the entity.*

- *The group maintains a register of all subsidiaries and non-controlling joint operations available for inspection at the registered office of Group Five Limited*
- *The holding company's interest in the aggregate net profits earned by subsidiaries and joint ventures amounted to R379,2 million profit (2015: R223,9 million profit) respectively*
- *No part of the business of any subsidiary has been managed during the financial period by any third person*
- *Transactions with non-controlling interest relates to distributions to them and their share of profit.*

R'000	2016	2015

AGGREGATE FINANCIAL INFORMATION OF MATERIAL SUBSIDIARIES WITH A NON-CONTROLLING INTEREST

STATEMENT OF CONSOLIDATED FINANCIAL POSITION AS AT 30 JUNE

R'000	2016	2015
Assets		
Non-current assets	**3 481**	2 755
Current assets	**684 487**	709 619
Total assets	**687 968**	712 374
Equity and liabilities		
Shareholders' equity	**222 423**	205 657
Non-current liabilities	**–**	–
Current liabilities	**465 545**	506 717
Total equity and liabilities	**687 968**	712 374
Income statement for the year ended 30 June		
Revenue	**1 285 021**	799 817
Profit before taxation	**208 634**	157 663
Taxation	**(46 106)**	(31 071)
Profit after taxation	**162 528**	126 592
Dividends paid	**(117 093)**	(234 973)
Statement of cash flow for the year ended 30 June		
Cash flow from operating activities	**51 226**	(1 142)
Cash flow from investing activities	**(726)**	(835)
Cash flow from financing activities	**–**	–
Net increase/(decrease) in cash and cash equivalents	**50 500**	(1 977)

ANNEXURE 3 – INTEREST IN JOINT OPERATIONS

FOR THE YEAR ENDED 30 JUNE 2016

The total percentage holding by the group in the equity of significant joint arrangements is as follows:

	Country	Nature of business	Proportion of shares held (%)
Joint venture			
Central Ashanti Gold Joint Venture	Ghana	Construction	50
The Y Joint Venture	Burkina Faso	Construction	50
GPS Joint Venture SARL	DRC	Construction	66
Group Five Al-Qahtani Construction Company	Saudi Arabia	Construction	65
Group Five Construction LLC	UAE	Construction	49
Group Five Iberdrola Joint Venture	South Africa	Engineering & Construction	50:75
Group Five Mid Contracting Joint Venture	Jordan	Construction	50
Group Five Pipe	South Africa	Pipe manufacturing	50
Group Five Pandev Joint Venture	South Africa	Construction	50
Mall of Africa Joint Venture	South Africa	Construction	50
Group Five Thulanda Joint Venture	South Africa	Construction	65
Group Five WEC Consortium	South Africa	Construction	67
Group Five Motlekar Cape Joint Venture	South Africa	Construction	51
Kusile Civils Joint Venture	South Africa	Construction	25
Trotech Joint Venture	South Africa	Construction	50

The group maintains a register of all its joint operations for inspection at the registered office of Group Five Limited.

ANNEXURE 4 – INVESTMENT IN JOINT VENTURES

AT 30 JUNE 2016

The total percentage holding by the group in the equity of significant joint ventures is as follows:

	Country	Nature of business	Number of shares issued	Proportion of shares held (%)
Joint venture				
Barnes Reinforcing Industries (Proprietary) Limited	South Africa	Steel supply	50 ordinary shares of R1 each	50
Group Five AP Investments (Proprietary) Limited	South Africa	Property development	50 ordinary shares of R1 each	50
Group Five AP Developments (Proprietary) Limited	South Africa	Property development	50 ordinary shares of R1 each	50

The investments are equity accounted as the group entered into a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

(R'000)	2016	2015
AGGREGATE FINANCIAL INFORMATION		
STATEMENT OF CONSOLIDATED FINANCIAL POSITION AS AT 30 JUNE		
Group's proportionate share of assets and liabilities:		
Assets		
Non-current assets	**44 980**	45 528
Steel supply	**12 584**	13 132
Property development	**32 396**	32 396
Current assets	**110 218**	110 661
Steel supply	**102 376**	102 176
Property development	**7 842**	8 485
Total assets	**155 198**	156 189
Equity and liabilities		
Shareholders' equity	**11 569**	1 760
Steel supply	**14 995**	7 162
Property development	**(3 426)**	(5 402)
Non-current liabilities	**25 110**	26 931
Steel supply	**575**	1 115
Property development	**24 535**	25 816
Current liabilities	**118 519**	127 498
Steel supply	**99 390**	107 032
Property development	**19 129**	20 466
Total equity and liabilities	**155 198**	156 189

ANNEXURE 4 – INVESTMENT IN JOINT VENTURES
CONTINUED

(R'000)	2016	2015
AGGREGATE FINANCIAL INFORMATION CONTINUED		
INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE		
Group's proportionate share of income and expenditure		
Revenue	**264 245**	307 838
Steel supply	**258 511**	303 236
Property development	**5 734**	4 602
Profit before taxation	**12 404**	10 823
Steel supply	**9 639**	6 832
Property development	**2 765**	3 991
Taxation	**(2 595)**	(4 064)
Steel supply	**(1 806)**	(2 482)
Property development	**(789)**	(1 582)
Profit after taxation	**9 809**	6 759
Steel supply	**7 833**	4 350
Property development	**1 976**	2 409
Dividends paid	**–**	–
Steel supply	**–**	–
Property development	**–**	–
STATEMENT OF CASH FLOW FOR THE YEAR ENDED 30 JUNE		
Group's proportionate share of cash flows		
Cash flow from operating activities	**5 563**	(1 666)
Steel supply	**3 702**	(4 051)
Property development	**1 861**	2 385
Cash flow from investing activities	**(1 742)**	(2 648)
Steel supply	**(1 742)**	361
Property development	**–**	(3 009)
Cash flow from financing activities	**(1 821)**	1 154
Steel supply	**(540)**	688
Property development	**(1 281)**	466
Net increase/(decrease) in cash and cash equivalents	**2 000**	(3 160)
Steel supply	**1 420**	(3 002)
Property development	**580**	(158)

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

ANNEXURE 5 –
INVESTMENT IN ASSOCIATES

AT 30 JUNE 2016

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

	Country	Nature of business	Number of shares issued	Proportion of shares held (%)	**Carrying value 2016 R'000**	Carrying value 2015 R'000
Associate						
Amanz' Abantu Services (Proprietary) Limited	South Africa	Water supply	100 ordinary shares of R1 each	25.5	**5 725**	6 423
Jozi Power Limited	South Africa	Power supply	3 720 000 shares of USD1 each	31.31	**38 346**	35 843
Kalahari Village Mall (Proprietary) Limited	South Africa	Property development	255 ordinary shares of R1 each	13.0^	**19 939**	38 350
Enzani Technologies (Proprietary) Limited	South Africa	Power supply	240 ordinary shares of R1 each	15.0^	**2 500**	4 351
Lesedi Nuclear Services (Proprietary) Limited	South Africa	Power supply	14 000 ordinary shares of R0,10 each	16.05^	**20 675**	19 783
Capital Place Limited	Ghana	Property development	210 600 ordinary shares of GHS1 each	30.0	**31 534**	25 538
Tsela Tshweu Private Company (RF) (Proprietary) Limited	South Africa	Property Development	100 ordinary shares of R1 each	34.24	**33 453**	11 196
					152 172	141 484

^ *The investments are equity accounted as the group has the power to participate in the financial and operating policy decisions of the investee.*

All associate companies listed above are private companies and there are no quoted market prices available for their shares.

ANNEXURE 5 – INVESTMENT IN ASSOCIATES
CONTINUED

(R'000)	2016	2015
AGGREGATE FINANCIAL INFORMATION		
STATEMENT OF CONSOLIDATED FINANCIAL POSITION AS AT 30 JUNE		
Group's proportionate share of assets and liabilities		
Assets		
Non-current assets	**387 869**	290 823
Power supply	**31 247**	31 992
Property development	**355 105**	257 687
Other	**1 517**	1 144
Current assets	**282 998**	341 614
Power supply	**62 292**	62 694
Property development	**206 479**	265 182
Other	**14 227**	13 738
Total assets	**670 867**	632 437
Equity and liabilities		
Shareholders' equity	**63 760**	92 666
Power supply	**59 020**	54 254
Property development	**(2 537)**	33 164
Other	**7 277**	5 248
Non-current liabilities	**121 540**	132 490
Power supply	**4 141**	8 487
Property development	**115 785**	122 776
Other	**1 614**	1 227
Current liabilities	**485 567**	407 281
Power supply	**30 378**	31 946
Property development	**448 336**	366 929
Other	**6 853**	8 406
Total equity and liabilities	**670 867**	632 437

(R'000)

AGGREGATE FINANCIAL INFORMATION CONTINUED

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE

	2016	2015
Group's proportionate share of income and expenditure		
Revenue	**162 460**	212 252
Power supply	**100 629**	62 535
Property development	**22 003**	112 752
Other	**39 828**	36 965
Profit before taxation	**24 159**	25 739
Power supply	**14 010**	12 015
Property development	**7 885**	12 964
Other	**2 264**	760
Taxation	**(6 609)**	(7 906)
Power supply	**(3 149)**	(3 364)
Property development	**(2 888)**	(4 329)
Other	**(572)**	(213)
Profit after taxation	**17 550**	17 833
Power supply	**10 861**	8 651
Property development	**4 997**	8 635
Other	**1 692**	547
Dividends paid	**(4 866)**	–
Power supply	**(4 866)**	–
Property development	**–**	–
Other	**–**	–

ANNEXURE 5 – INVESTMENT IN ASSOCIATES CONTINUED

(R'000)

AGGREGATE FINANCIAL INFORMATION CONTINUED

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 30 JUNE

	2016	2015
Group's proportionate share of cash flows		
Cash flow from operating activities	**194 766**	388 203
Power supply	**4 298**	19 243
Property development	**189 180**	366 975
Other	**1 288**	1 985
Cash flow from investing activities	**(97 048)**	(118 747)
Power supply	**745**	2 631
Property development	**(97 419)**	(121 254)
Other	**(374)**	(124)
Cash flow from financing activities	**(10 950)**	(3 772)
Power supply	**(4 346)**	(8 068)
Property development	**(6 991)**	5 363
Other	**387**	(1 067)
Net increase in cash and cash equivalents	**86 768**	265 684
Power supply	**697**	13 806
Property development	**84 770**	251 084
Other	**1 301**	794

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

ANNEXURE 6 –
ANALYSIS OF SHAREHOLDERS

FOR THE YEAR ENDED 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**

ANNEXURE 6 –
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 Ltd 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 (Pty) Ltd	26 705	0.02
	Totals	**26 705**	**0.02**

		No of Shares	%

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 Ltd 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	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

FOR THE YEAR ENDED 30 JUNE 2016

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, 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, 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 Group Five's 2016 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 nonexecutive 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 Group Five's 2016 integrated annual report be and is hereby approved."

This ordinary resolution is of an advisory nature only and although the board will take the outcome of the vote into consideration when determining the remuneration policy, failure to pass this resolution will not legally preclude the company from implementing the remuneration policy as contained in the integrated annual report.

4. **ORDINARY RESOLUTION NUMBER 4: Re-appointment of auditors**
As set out in the group audit committee report on page 3 of this report, the group audit committee has assessed PricewaterhouseCoopers Incorporated's performance, independence and suitability and has nominated them for reappointment as independent external auditors of the group, to hold office until the next annual general meeting.

"**RESOLVED** that PricewaterhouseCoopers Incorporated, with the designated audit partner being Megandra Naidoo, be and is hereby reappointed as independent external auditors of the group for the ensuing year. Further that the term of engagement and fees be determined by the 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 in 13 October 2010, the Group Five Long Term Share Incentive Plan ("LTIP") approved in 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 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;

NOTICE OF THE ANNUAL GENERAL MEETING
CONTINUED

- this must be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the company and the counter party;
- this authority shall lapse on the earlier of the date of the next annual general meeting of the company or 15 months after the date on which this resolution is passed; and
- the price paid per ordinary share may not be greater than 10% (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 Group Five's 2016 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 95 to 97);
- share capital of the company (page 16).

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

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

NOTICE OF THE ANNUAL GENERAL MEETING
CONTINUED

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

FOR THE YEAR ENDED 30 JUNE 2016

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).

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