GROUP FIVE
structured ingenuity

INTEGRATED ANNUAL REPORT

17

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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.

ABOUT THIS REPORT

REPORT APPROACH

THIS INTEGRATED ANNUAL REPORT COVERS THE ACTIVITIES OF GROUP FIVE FOR THE 12 MONTHS TO 30 JUNE 2017.

THE BOARD OF DIRECTORS APPROVED THIS REPORT ON 17 AUGUST 2017.

PRINTED SECTION

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

ONLINE SECTION

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

THESE TWO SECTIONS TOGETHER CONSTITUTE THE GROUP'S INTEGRATED ANNUAL REPORT.

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

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

WE WELCOME FEEDBACK ON OUR INTEGRATED ANNUAL REPORT.

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

SCOPE AND BOUNDARY

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

This integrated annual report was compiled whilst considering the recommendations of the Global Reporting Initiative (GRI G4), the King Report on Corporate Governance (King III) for South African reports and the International Integrated Reporting Council. We have documented our assessment of the King III principles in a register. Refer to the online section of the integrated annual report. We have also conducted a gap analysis in preparation for the implementation of King IV.

The new board takes note of the more outcomes-orientated nature of King IV and that the accountability for an ethical culture, good performance and effective control within the group and constructive relationships with stakeholders rest with the board. This was particularly relevant during the year where shareholder action led to the reconstitution of the previous board.

Group Five has always reported on how our teams are measured. On pages 84 to 91, we again outline the key performance measures. As a new board, we will carefully review our integrated annual report to continue enhancing disclosures and expand transparency in line with King IV requirements.

We take cognisance of The Code for Responsible Investing in South Africa as we believe that environmental, social and governance matters are mainstream and not peripheral issues, especially at a time when the world is facing serious sustainability challenges. As a group, we have published a separate sustainability report for a number of years that aims to address the key aspects responsible investors require for their investment decisions. Refer to the online section of the integrated annual report.

The printed section of the integrated annual report includes audited summary consolidated annual financial statements on pages 124 to 141, which were extracted from the audited consolidated annual financial statements.

The complete set of these statements is available in the online section of the integrated annual report.

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

STAKEHOLDER ENGAGEMENT AND MATERIAL ISSUES

During the latter part of the year, we experienced a significant increase in stakeholder engagement, especially with employees, shareholders and banking partners due to numerous resignations in the executive management.

These initial engagements were followed by one of the group's major shareholders calling for the removal of the non-executive directors of the Group Five board.

This required the board and executive management to respond to requests for clarification with urgency and respect.

The non-executive members of the previous board resigned with effect from 24 July 2017. Eight new non-executive members were appointed at the extraordinary general meeting on the same day.

The new board members express their commitment to work with management and stakeholders to address the group's challenges.

The board and executive committee considered what constituted material issues to the group. As outlined on page 6, we include what we believe were the key issues during the year.

APPROVALS

The audit committee is responsible for overseeing the content of the integrated annual report. As the board of directors was only appointed on 24 July 2017 and the committees only established on 11 August 2017, this report was approved by an interim audit committee (which consisted of all directors) and recommended to the full board for its approval.

Our independent auditors, PricewaterhouseCoopers Inc., issued an unmodified audit opinion on the consolidated annual financial statements and on the summary consolidated annual financial statements.

The unmodified audit opinion on the group's consolidated annual financial statements is incorporated in the consolidated annual financial statements and can be found in the online section of the integrated annual report. The unmodified audit opinion on the summary consolidated annual financial statements can be found on page 125 of this integrated annual report.

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

We are pleased to again release our integrated annual report on the same day as our results release date, which is within 40 business days of the group's year end. We have published our report on our results day for more than ten years.

SUMMARY OF PERFORMANCE

FINANCIAL

REVENUE
R10,8 billion
F2016: R13,8 billion

OPERATING (LOSS)/PROFIT
R654 million loss
F2016: R722 million profit

RETURN ON EQUITY
-27.7%
F2016: 11.7%

TOTAL ORDER BOOK
R14,6 billion
F2016: R17,3 billion

CASH AND CASH EQUIVALENTS
R2,3 billion
F2016: R3,3 billion

OPERATING MARGIN
-6.1%
F2016: 5.2%

EARNINGS PER SHARE
829 cents loss
F2016: 375 cents earnings

DIVIDENDS PER SHARE
14 cents
F2016: 72 cents

PEOPLE

8 472
EMPLOYEES
F2016: 9 313

2
FATALITIES
F2016: 4

REVENUE

Rm	F2017	F2016
Engineering & Construction	**8 809**	11 767
Building & Housing	**4 429**	4 932
Civil Engineering	**1 945**	2 493
Projects	**1 301**	2 443
Energy	**1 134**	1 899
Investments & Concessions	**1 049**	1 147
Manufacturing	**1 094**	935
Total	**10 952**	13 849

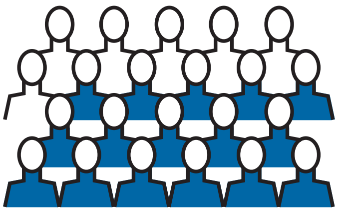
CORE OPERATING (LOSS)/PROFIT

Rm	F2017	F2016
Engineering & Construction	**(902)**	(237)
Building & Housing	**(149)**	74
Civil Engineering	**(231)**	(381)
Projects	**(254)**	37
Energy	**(268)**	33
Investments & Concessions	**174**	917
Manufacturing	**69**	56
Total	**(659)**	736

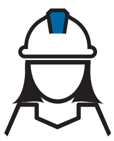
PG
Refer to the CEO's review and the CFO's review.

SOCIAL

LEVEL
3
CONTRIBUTOR
TO BBBEE*
SCORECARD



61%
BLACK OWNERSHIP



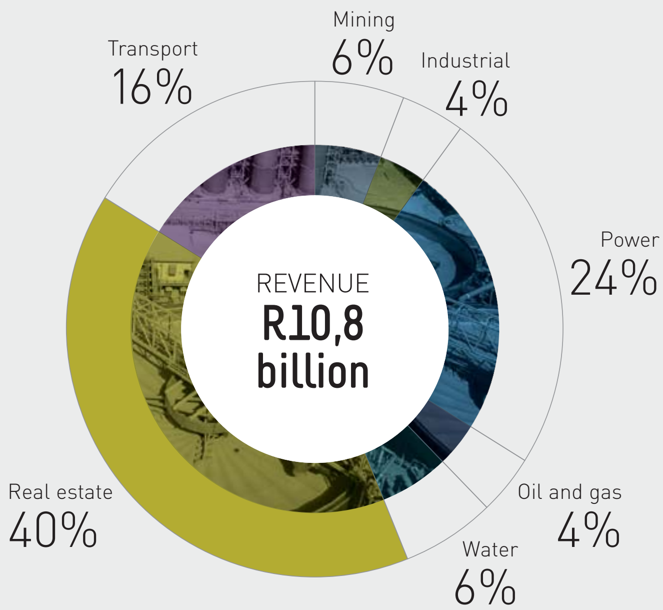
19%
BLACK WOMEN OWNERSHIP

* *Broad-based black economic empowerment.*

STRATEGY

Revenue from over-border operations	32%
Percentage of Contracting revenue from multi-disciplinary and EPC^ contracts	55%
Annuity^^ core operating profit	R243 million

ESTABLISHED PRESENCE IN SEVEN SECTORS



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

OUR CONTEXT DURING THE YEAR

THIS SPREAD OUTLINES OUR MATERIAL ISSUES AND KEY RISKS. THE GROUP FINALISED ITS MATERIAL ISSUES BASED ON STAKEHOLDER FEEDBACK AND INTERNAL PROCESSES.

MATERIAL ISSUES

1 FATALITIES IN OUR OPERATIONS

- The group suffered two fatalities this year following last year's four fatalities. This loss of life is completely unacceptable to the management and the board. Although we have entrenched policies and procedures in place, the nature of incidents indicates that we are still not making enough of an impact on the mindset of our employees and sub-contractors to never operate outside of expected safety requirements

PG CEO's review

2 MANAGING SIGNIFICANT CHANGE

- We continue to operate against challenging markets in all our territories, which requires adaptability
- As an industry, economic and transformation pressures in our home market of South Africa will continue to increase, as our sector is insufficiently transformed
  - One of the key developments during this year in our sector was the signing of the Voluntary Rebuild Programme (VRP) agreement with government. The new board will carefully evaluate the best approach in terms of implementing the VRP requirements, which will receive attention in the coming year

PG CEO's review

CFO's review

3 UNLOCKING VALUE AND EVALUATING THE MOST OPTIMAL STRUCTURE

- We are conscious that our financial performance has been weak. It is vital to implement actions that will unlock value from our assets and improve returns to shareholders
  - As the group's board of directors has only recently been reconstituted, it will commence F2018 with an evaluation of the group's strategy and the appropriateness of its clusters, businesses and asset base to ensure value creation for all stakeholders
- During the year, we restructured our operations and continued to address our execution of contracts in Engineering & Construction
  - The group believes that its policies, procedures and systems are adequate, but that employees need to improve adherence to these. We also require a more consistent and disciplined approach to project management
- Poor and underperforming businesses weigh heavily on the minds of shareholders, the board and management

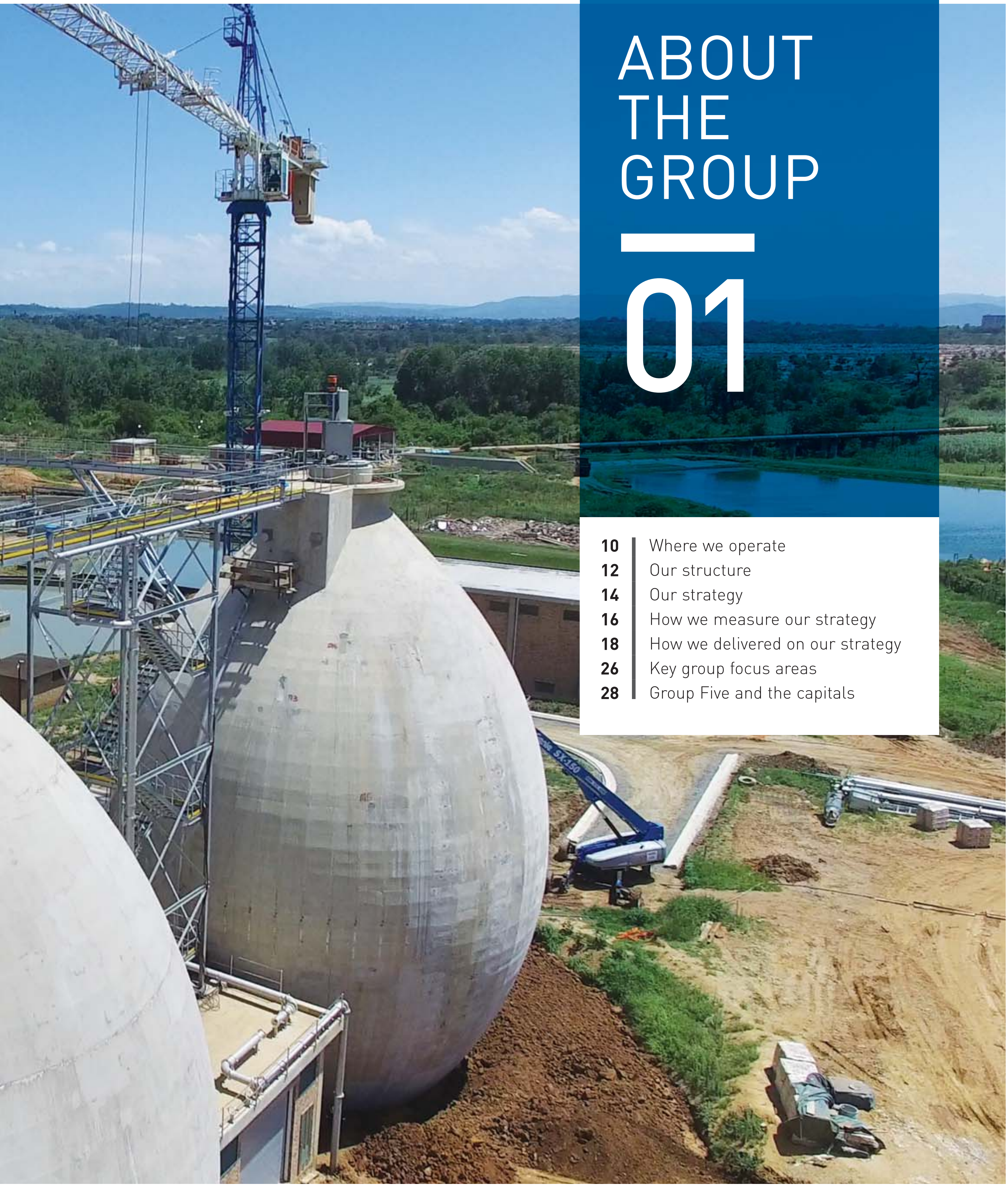
PG CEO's review

CFO's review

IT IS VITAL TO IMPLEMENT ACTIONS THAT WILL UNLOCK VALUE FROM OUR ASSETS AND IMPROVE RETURNS TO SHAREHOLDERS.

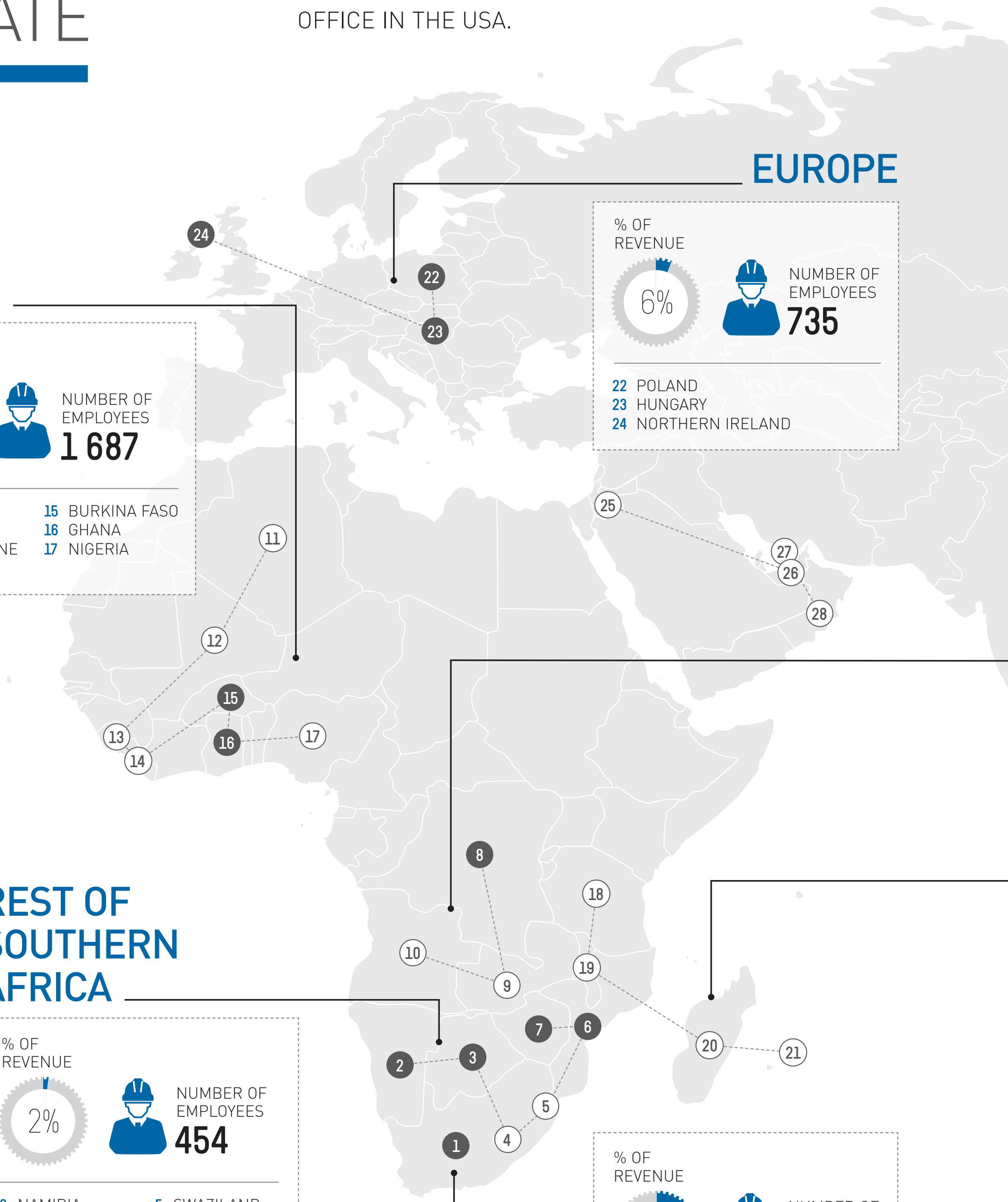
ABOUT THE GROUP

01



WHERE WE OPERATE

WE HAVE A GROWING CLIENT BASE IN SOUTH AFRICA, THE REST OF AFRICA AND EUROPE. WE HAVE A SMALL DEVELOPMENT OFFICE IN THE USA.



EUROPE

% OF REVENUE
6%

NUMBER OF EMPLOYEES
735

22 POLAND
23 HUNGARY
24 NORTHERN IRELAND

WEST AFRICA

% OF REVENUE
20%

NUMBER OF EMPLOYEES
1 687

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

REST OF SOUTHERN AFRICA

% OF REVENUE
2%

NUMBER OF EMPLOYEES
454

2 NAMIBIA
3 BOTSWANA
4 LESOTHO
5 SWAZILAND
6 MOZAMBIQUE
7 ZIMBABWE

SOUTH AFRICA

% OF REVENUE
68%

NUMBER OF EMPLOYEES
5 475

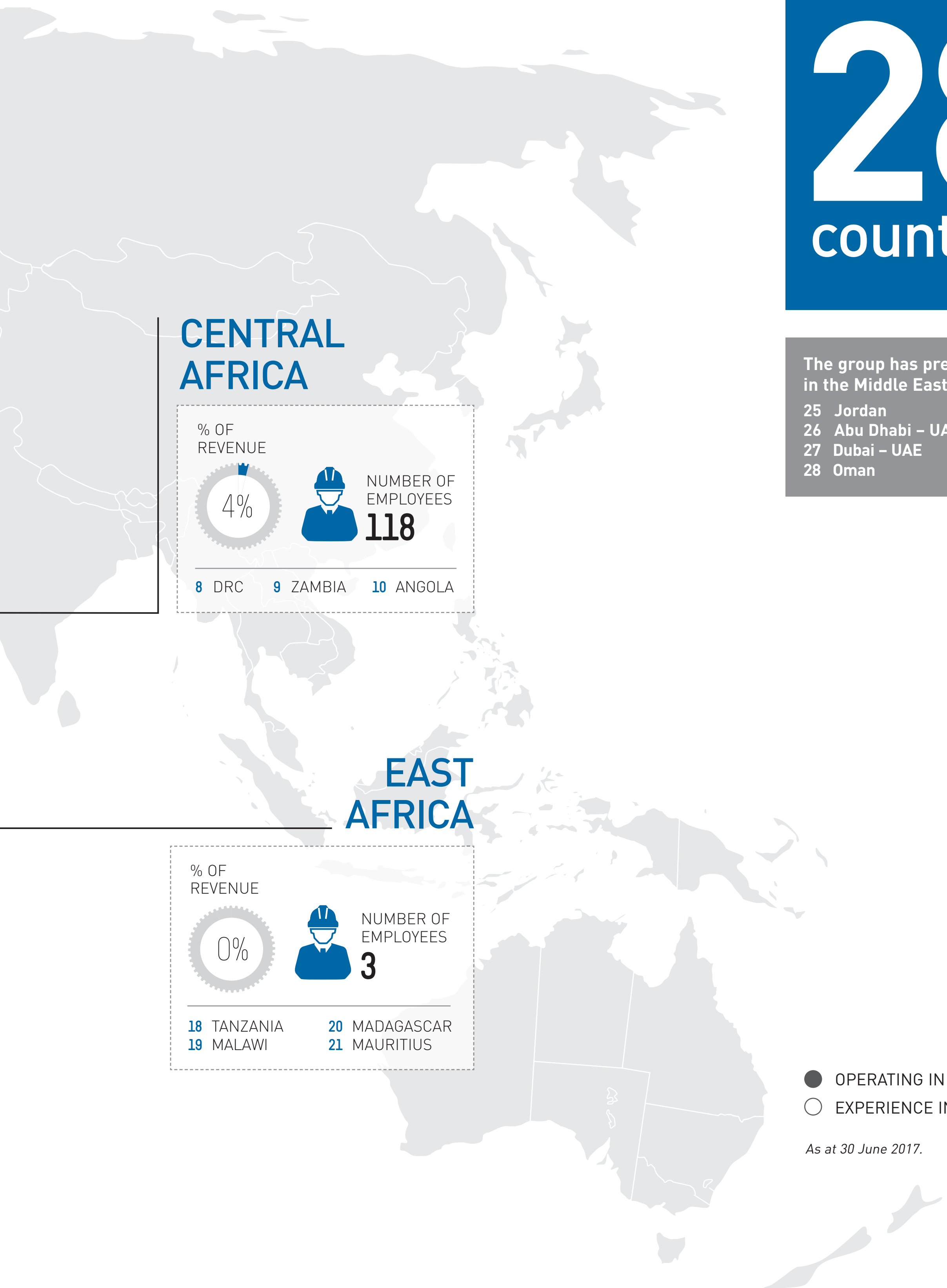
1 SOUTH AFRICA

GEOGRAPHIC EXPERIENCE IN

28 countries

The group has previously operated in the Middle East.

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



CENTRAL AFRICA

% OF REVENUE

4%

NUMBER OF EMPLOYEES

118

8 DRC   9 ZAMBIA   10 ANGOLA

EAST AFRICA

% OF REVENUE

0%

NUMBER OF EMPLOYEES

3

18 TANZANIA
19 MALAWI
20 MADAGASCAR
21 MAURITIUS

● OPERATING IN REGION
○ EXPERIENCE IN REGION

As at 30 June 2017.

OUR STRUCTURE

F2017 GROUP STRUCTURE

Engineering & Construction

- Building & Housing
- Civil Engineering
- Projects
- Energy

Investments & Concessions

– Transport
– Real Estate

Manufacturing

– Fibre Cement
– Steel

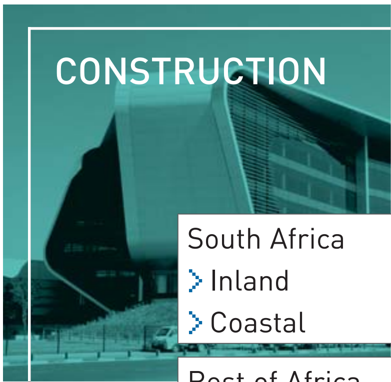
As part of our business turnaround process, the **Engineering & Construction** cluster was split into two clusters:

- **Construction:**
  - South Africa and Rest of Africa
- **Engineer, Procure and Construct** (EPC)

The group will report against this new structure from F2018. The new structure will result in more focused businesses with appropriate resources and cost bases relevant to the regions and service offerings provided.

The **Investments & Concessions** and **Manufacturing** clusters will remain the same.

REVISED GROUP STRUCTURE FOR F2018



CONSTRUCTION

South Africa
- Inland
- Coastal

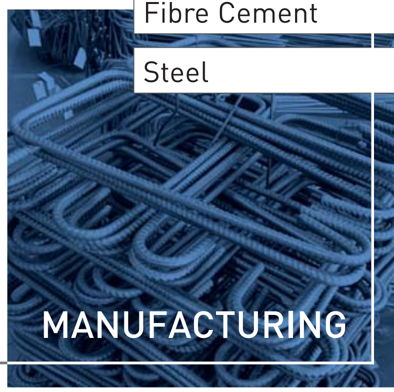
Rest of Africa

INVESTMENTS & CONCESSIONS

Transport

Real Estate

ENGINEER, PROCURE AND CONSTRUCT



Fibre Cement

Steel

MANUFACTURING

THE GROUP STRUCTURE WILL CHANGE IN F2018 FROM THREE TO FOUR CLUSTERS.

OUR STRATEGY

OUR STRATEGY IS TO OPERATE ACROSS THE INFRASTRUCTURE VALUE CHAIN THAT ENABLES THE EXTRACTION OF MULTIPLE REVENUES FROM TARGET CONTRACTS, THE GENERATION OF AN IMPROVED BLENDED GROUP OPERATING MARGIN AND THE CREATION OF ANNUITY INCOME TO DELIVER SUSTAINED RETURNS.

OUR AIM IS TO BE:

Africa's leading infrastructure project development, construction and concessions group.

Southern Africa's leading lightweight dry building materials manufacturer.

A leading African and European toll motorway development, investment and operating group.

WE ARE CONCENTRATING ON GENERATING FUTURE RETURNS THAT ARE ATTRACTIVE TO SHAREHOLDERS.

This is being driven through:

- Securing a quality order book and revenue growth, with a strong emphasis on leading partnerships and a client-centric approach
- Improving our operating performance and efficiencies
- Reducing overhead costs and complexity
- Evaluating options for optimising the capital invested in the group

CLUSTER STRATEGIES

IN F2017, WE OPERATED AS THREE CLUSTERS. FROM F2018, WE WILL OPERATE IN FOUR CLUSTERS.

ENGINEERING & CONSTRUCTION

The Engineering & Construction cluster offers discipline-based construction and engineer, procure and construct (EPC) services.

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

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

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

INVESTMENTS & CONCESSIONS

Investments & Concessions provides annuity income, cash generation and earnings to the group. Intertoll Africa is cautiously expanding its footprint as an African development, motorway concessions and operations and maintenance group. Intertoll Europe is growing its position as a specialist motorway development, investment and operations group based in Europe. Intertoll also has a development office in the USA.

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

MANUFACTURING

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

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

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

GOING FORWARD, THE ENGINEERING & CONSTRUCTION CLUSTER WILL OPERATE AS TWO CLUSTERS.

TO DELIVER ON OUR STRATEGY, WE WILL FOCUS ON:

Construction

- Quality revenue, curbing margin erosion and stemming contract losses

Engineer, Procure and Construct (EPC)

- Further develop our success in executing power contracts as EPC contracts to other sectors

HOW WE MEASURE OUR STRATEGY

EXTRACTION OF MULTIPLE REVENUES

% of Contracting revenue from multi-disciplinary contracts

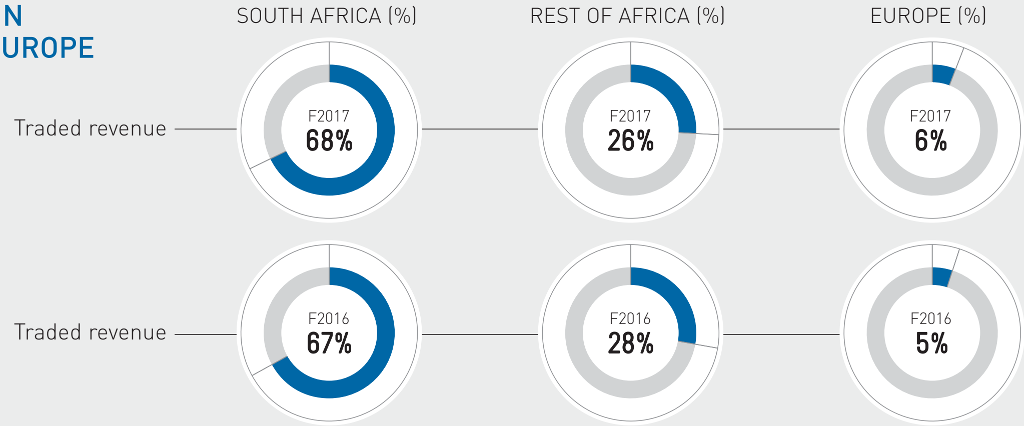
TRADED REVENUE	ORDER BOOK	PIPELINE
29%	33%	47%
F2016: 41%	F2016: 36%	F2016: 59%

BLENDED MARGIN FROM HIGHER VALUE-ADDING MODELS

% of Contracting revenue from engineer, procure and construct (EPC) contracts

TRADED REVENUE	ORDER BOOK	PIPELINE
26%	25%	44%
F2016: 26%	F2016: 27%	F2016: 47%

POSITIONING IN AFRICA AND EUROPE



Over-border %	F2017	F2016
Contracting order book*	11	31
Operations & Maintenance order book**	84	89
Multi-year target opportunity pipeline***	44	45

* *Total value of construction contracts formally awarded to the group still to be traded, i.e. secured work to be executed by the group.*

** *Value of operations and maintenance contracts formally awarded to the group still to be executed.*

*** *Value of contracts being targeted by the group.*

ENSURING SUSTAINABILITY – SECURED REVENUE

CONTRACTING ORDER BOOK*

R8,7 billion

F2016: R11,2 billion

ENSURING SUSTAINABILITY – SOURCES OF FUTURE REVENUE

MULTI-YEAR OPPORTUNITY PIPELINE***

R151 billion

F2016: R164 billion

CREATION OF ANNUITY INCOME TO DELIVER SUSTAINABLE RETURNS

INVESTMENTS & CONCESSIONS

	F2017	F2016
% of group revenue	10	8
Core operating profit – R million	173,8	917,4
Operations & Maintenance order book** – R billion	5,8	6,1
Investment in service concessions at fair value^ – R million	667	1 230
Investment property at fair value	268	184

^ *Accounted for as equity accounted investments and investments in service concessions.*

MANUFACTURING

	F2017	F2016
% of group revenue	10	7
Core operating profit – R million	69,3	55,9

HOW WE DELIVERED ON OUR STRATEGY

INVESTMENTS & CONCESSIONS

ANNUITY INCOME AND CASH TO THE GROUP

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

The cluster's strategy is to:

- Grow its position as a specialist motorway development, investment and operations group based in Europe through Intertoll Europe
- Be the leading African development, motorway concessions and operations and maintenance group through Intertoll Africa

The cluster realises this strategy by participating in both long term operations and maintenance contracts, as well as investing in long term road infrastructure assets in the form of investments in public private partnerships (PPPs). The investment in these assets requires application of capital. We have in the past participated in these opportunities in a limited way, with typical investments of 10% to 15% due to Group Five's size and market capitalisation and its inability to solely invest large amounts of capital.

The group entered into a sale and purchase agreement and shareholders' agreement with Aberdeen Infrastructure Funds (AIF) in F2017. AIF is the infrastructure investment unit of Aberdeen Asset Management Plc (Aberdeen), an asset manager with £301 billion (R5,2 trillion) of global assets under management.

BENEFITS OF THE AIF TRANSACTION:

1 **Locks in operations and maintenance contracts** as Group Five has the preferred partner status for negotiations on these contracts.

2 **New markets and opportunities for collaboration:** AIF has projects in Spain, Slovakia, the UK and the USA, which allows for increased collaboration between the partners.

3 **Pre-qualification for public private partnerships (PPPs):** The partnership provides an improved offering to the bidding consortia for targeted project PPPs.

4 **Alternative revenue streams:** The partnership with AIF will give Group Five access to alternative revenue stream contracts.

5 **Access to capital:** AIF enhances the group's access to capital to fast-track its investment strategy.

6 **Participation in brownfields projects:** Brownfields projects allow immediate commencement of projects compared to greenfields projects where lead times can be two to three years.

As part of the agreement, AIF acquired a 49.99% stake in Intertoll Europe's underlying PPP project investment portfolio, which houses Group Five's key European investment and concessions assets, for a total cash consideration of approximately EUR40,1 million. The agreement will enable Group Five to source and participate in further attractive global concessions assets, alongside AIF, with the potential to procure new operations and maintenance roles for the group, without having to solely invest large amounts of capital. The transaction achieved financial close before financial year end, with proceeds from the transaction received by 30 June 2017.

In February 2017, Group Five also exercised its pre-emptive right in terms of the sale of a 10% stake in M6 Mecsek by a co-shareholder for a cash consideration of EUR8,70 million and on-sold 49.99% of this stake to AIF for EUR4,35 million. Group Five and AIF therefore now jointly hold the additional 10% stake in M6 Mecsek (50.01% and 49.99% respectively).

AIF will co-invest with Group Five in future projects by providing access to capital and improving Group Five's ability to participate in the development and investment, as well as the operations and maintenance of global concessions assets. Intertoll Europe will retain its entire operations and maintenance capability and current contract portfolio, whilst enhancing its prospects to secure new projects.

The partners will attempt to acquire further equity investments in similar concessions assets across select markets. They will aim to secure any operations and maintenance roles corresponding to these new investment assets for Group Five to deliver on the group's strategy of growing its operations and maintenance order book and annuity income. The parties have agreed to a minimum five-year lock-in period in terms of the transaction agreements.

Group Five and AIF also successfully completed a transaction on the M6 Phase I project in Hungary that will lock in the operations and maintenance for Intertoll for the rest of the project life.

During 2017, Group Five and AIF commenced working together, targeting a number of projects in both Europe and the USA.

AIF will co-invest with Group Five in future projects by providing access to capital.

MANUFACTURING

GROW EARNINGS IN RECESSIONARY TIMES

2

THE MANUFACTURING CLUSTER BALANCES THE CYCLICALITY OF CONSTRUCTION REVENUE.

In times of economic downturns, as is currently being experienced in especially South Africa where the country has entered a recession, Manufacturing continues to deliver robust results.

This is achieved through management's ongoing search for earnings growth that results in a reasonable performance in a pressurised market and exceptional growth in strong markets.

The team's response to current weak markets are outlined below.

MANAGEMENT ACTIONS	EXAMPLES
1 **Curtail cost increases through:** › Negotiations with suppliers › Backward integration into producing certain raw materials › Outsourcing costly labour-intensive activities › Saving on energy costs through the optimal scheduling of plant operating times	The local production of our specific grade of cellulose reinforced fibres ended in 2015, which forced our Fibre Cement business Everite to import materials. This doubled our raw material input costs. To address this, management worked with a number of industry players in the pulp industry to develop a local substitute for a large percentage of the company's requirements. This has resulted in 30% cost savings per year when compared to the cost of imported fibre.
2 **Drive output efficiency through:** › Achieving our stretch targets of removing costs from the production process › Improved product output › Automating where feasible › Using technology to increase output	The boiler automation project at Everite led to around 40% reduction in the cost of coal consumed in producing steam for the fibre cement production process. This significantly reduced our carbon footprint. The project involved designing and investing in system controllers that continuously minimises coal consumption and steam generation.
3 **Seek alternative revenue opportunities to better recover the fixed cost of business through:** › Fully leveraging our sustainable market advantage of being the largest supplier of fibre cement building products in South Africa › Optimally using the supply chain to distribute complementary traded goods › Driving volumes to achieve economic returns, including addressing our lead times and stock holding costs	Traded goods as a percentage of revenue doubled over the last two years to represent approximately 10% of revenue. We offer a range of complementary building products that can be transported very cost-effectively to our fragmented market. These products include ceiling cornices, profiled roof sheets in fibre cement and polycarbonate, insulation, joiners, fasteners and adhesives.

ENGINEERING & CONSTRUCTION

ENGINEER, PROCURE AND CONSTRUCT CONTRACT – KPONE

As reported in F2016, the group was awarded the USD410 million independent power plant on a engineer, procure and construct (EPC) contract in December 2014 by Ghanaian group Cenpower Generation Company Limited (Cenpower) for the design and build of the 350 megawatt (MW) gas- and oil-fired combined cycle power plant in the municipality of Kpone in Ghana.

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

As an EPC turnkey contract, our responsibility includes the full design, engineering, procurement, logistics, construction and commissioning of all equipment required to complete and hand over to the client. Construction works include the commissioning of a tri-fuel (gas, diesel and crude oil) combined cycle power plant, including a seawater cooling system, marine works, sub-sea tunnelling works, a transmission line and a collector sub-station.

Although the group has been faced with challenging site conditions, logistical hurdles and varying weather conditions, steady progress has been achieved since the commencement of the contract in the second half of F2015. The contract has now entered its final construction and commissioning stage. Despite more than 12 months in cumulative delays,

the contract is expected to be completed in the fourth quarter of the 2017 calendar year.

As outlined with the F2017 interim results release in February 2017 and in the market announcement in May 2017, design and certain tunnelling delays have been experienced. The tunnelling delays have been resolved and the completion of the steam pipe system, as well as the on-shore and off-shore seawater intake chamber system is now on the critical path to completion.

The design delays, together with the late arrival of procured items on site following a change in Ghanaian law during the contract, negatively impacted the completion date. These delays will result in a completion date post the contractual date, with potential penalties. However, when considered together with claims on the contract to which the group has assessed its entitlement, we do not expect this to further negatively impact the contract's profit recognition reported to 30 June 2017. The contract continues to receive dedicated senior and executive management attention in line with its contract size.

The Kpone contract supports the progression of our strategy from only responding to contract enquiries to identifying opportunities in our preferred sectors, assisting developers and achieving financial close and executing EPC contracts.

KPONE CONTINUED

MANAGING RISK

RISK FACTORS	MITIGATION FACTORS
Country	• The group has operated in Ghana for more than 16 years, with the elections and change in government during the year not impacting the contract
Regulatory	• All regulatory dispensations received before commencement of the contract remain in place. The contract's financial and legal structure has proven to be sound during the life of the contract, with the contract operating on a split contract basis for the on-shore and off-shore scope of works • During the course of the contract, certain changes in Ghanaian law impacted the dispensations previously granted. This included the application of indirect taxes and exemption from import duties and taxes – Due to the strength of the financial and taxation structures implemented prior to the commencement of the contract, the change in law with regard to indirect taxation did not impact the contract, although it introduced an increased administration process – In addition, the exemption from import duties and taxes was contractually scoped out of the contract at commencement • The increased costs associated with the seawater intake resulted in a higher proportion of the costs being incurred within the in-country contract portion. This resulted in an in-country assessed loss that is not able to be utilised or offset against taxable profits in South Africa and for which a material deferred tax asset was not raised
Logistics	• The change in the regulatory dispensation resulted in delays in the delivery of equipment for all companies operating in Ghana. Shipments were held up at customs and took longer to obtain port clearance and those that arrived in port after the change in law were also delayed due to clearing congestion • Despite these delays, all major equipment is now on site. The contract makes provision for relief in the event of any changes in law
Procurement	• Supplier and sub-contractor performance guarantees have been received and all major equipment orders have been placed • Half of the contract value relates to procured equipment, of which 99% has been procured and most installed • The main product suppliers, who provide product-specific technical advisors, are currently on site supervising commissioning
Operational	• Construction reached its peak in June 2017, with commissioning functions taking place in parallel • The majority of deliverables have been completed or installed. These include: – The major components, such as the gas turbines, heat recovery steam generators and steam turbines – The main power plant sub-station which was handed over to the client – The gas intake pipeline, which was procured and installed • The seawater intake system remains key. All four sea tunnels have now been completed, which removed this aspect from the programme's critical path. The intake structure has been purchased and delivered to site and is ready to be installed • The critical paths that remain on this contract include the completion of: – The steam piping system – The seawater intake chamber, both on-shore and off-shore

Design risk	- An essential element of the contract is the professional design. The group contracted with WorleyParsons RSA as the design engineering sub-contractor. Their scope includes concept and detail design, procurement support, construction and commissioning support until handover to the client's team - The designs are now largely complete and back-to-back agreements are in place for design liabilities and responsibilities
Currency	- The contract is a US Dollar-designated contract - As the group has adequately structured this contract, including the flow of funds, the impact of a weakening local currency and the risk of loss on conversion of currencies have been minimised
Repatriation	- The flow of funds or the ability to repatriate funds have been successful since commencement of the contract
Credit	- Funding was guaranteed under the privately financed public private partnership structure - The equity partners are all reputable regional and international players. Limited equity was required to be provided by the partners and was received in the early stages of the contract - The debt funding is underwritten by a consortium of South African banks under SA Export Credit Insurance cover - The receipt of funds has flowed well in terms of the milestones that have been met. However, based on not meeting certain milestones due to design delays and regulatory changes as outlined earlier, cash receipt against the original programme was impacted. Although the contract remains cash positive, these delays placed the contract under cash flow pressure in the second half of F2017. An improvement was seen by year end - These delays will result in a completion date post the contractual date, with potential penalties. However, when considered together with claims on the contract to which the group has assessed its entitlement, we do not expect this to negatively impact the contract's cash flow at the completion of the contract
Resources	- The contract is being led by an experienced group of contracts directors and managers who either have experience of working in Ghana or were part of the successful delivery of a similar plant in South Africa - The manpower on site is currently in excess of 1 500 people, with 90% local Ghanaian employees - The project team is working well with sub-contractors, with no major interface issues - The construction team continues to deliver well on various packages and the project management team on site is delivering according to expectations even under difficult conditions
Safety, health and environment	- The safety record reached four million lost-time/fatality-free man hours before an unfortunate fatality occurred. On 8 May 2017, Mr Anthony Sarkodie, a Group Five Ghanaian employee, was walking on site when an operating crane struck a piece of overhead scaffolding, which resulted in a 2,5-metre scaffold board of almost 20 kilograms dislodging and falling from 34 metres high onto Mr Sarkodie. Although he was wearing a hard hat and all the required protective gear, the force caused him to lose balance and fall into an excavation. He was rushed to hospital, but was sadly pronounced dead on arrival. It was confirmed that he sustained a basal skull fracture and broken lower bones in his arm. The investigation indicated that he unfortunately walked through a barricaded area and was in a part of the plant where he did not work - Environmental management has been excellent with no findings raised - Malaria and other illnesses have been well managed

KEY GROUP FOCUS AREAS

AGAINST CHALLENGING MARKET CONDITIONS, THE GROUP HAS CLEAR FOCUS AREAS TO DRIVE IMPROVED PERFORMANCE.

SHORT TERM

- Ensure a shift change in our employees' implementation of our safety procedures to prevent any further fatalities
- Deliver shareholder value by rightsizing our Construction clusters and stemming contract losses
- Position our Engineer, Procure and Construct (EPC) cluster for growth in the four identified growth sectors of Energy, Infrastructure, Plant & Processes and Smart Cities
- Effectively manage risk and our performance against the current poor economic conditions
- Execute on the Voluntary Rebuild Programme with government
- Leverage our relationship with Aberdeen Infrastructure Funds to expand our concessions business
- Following significant change this year, it will be crucial to stabilise the uncertainty in our employee base, by addressing retention and talent management

MEDIUM TERM

- Enhance earnings from our refocused corporate structure
- Ensure growth in our EPC cluster
- Improve returns
- Create measurable growth from established partnerships
- Further partnerships aligned to our investment development strategy

LONG TERM

- Realise returns from our growth sectors of:

Energy	Infrastructure (water and transport)	Plant & Processes	Smart Cities

- Deliver sustained earnings and cash flow

PG Refer to CEO's review and CFO's review.

GROUP FIVE AND THE CAPITALS

Recent developments in integrated reporting have been driven by the International Integrated Reporting Council (IIRC) to promote communication about value creation as the next step in the evolution of corporate reporting. At the heart of the new reporting drive is an integrated model, which demonstrates how six capitals represent all the resources and relationships organisations use to create value.

WE ARE AT THE START OF OUR JOURNEY IN DEFINING OUR APPROACH TO THESE ISSUES. THE NEXT FEW SPREADS OUTLINE OUR CURRENT POSITION.

SOURCES OF CAPITAL

Financial

Human

Intellectual

Social and relationship

Manufactured

Natural

OUR BUSINESS ACTIVITIES

WHAT OUR BUSINESS ACTIVITIES DELIVER

We are an African construction, concessions and manufacturing group that delivers across the full infrastructure lifecycle. We are headquartered in South Africa, with operations in the rest of Africa. We also operate in countries in Europe.

We are involved in project development, investment, construction, operations and maintenance and the manufacturing and supply of construction products.

OUR OUTCOMES

Our output is the services and products we deliver to stakeholders.

We monitor our output through measures and feedback from our key stakeholders:

Employees	Employee satisfaction ratings
Clients	Repeat business and positive engagement
Government	Constructive engagement
Providers of financial resources	Financial facilities
Analysts and media	Positive coverage and good relationships
Communities	Effective community liaison, with no adverse actions from the communities where we operate
Shareholders	Our returns

DURING THE LAST FEW YEARS, WE HAVE FACED A TOUGH ECONOMIC ENVIRONMENT, ESPECIALLY IN SOUTH AFRICA AND THE REST OF AFRICA. FINANCIAL CAPITAL HAS BECOME SCARCE, WITH INFRASTRUCTURE DEVELOPMENT FAILING TO APPROACH THE LEVEL NEEDED TO ENSURE FINANCIAL ROBUSTNESS AND JOB CREATION.

FINANCIAL CAPITAL

The group's approach

During the last few years, we have faced a tough economic environment, especially in South Africa and the rest of Africa. Financial capital has become scarce, with infrastructure development failing to approach the level needed to ensure financial robustness and job creation. F2017 has been especially impacted. Financial performance for the year was weak, affected by both external market conditions and internal inefficiencies.

In the rest of Africa, market weakness and the time to develop contracts resulted in certain contracts not reaching financial close or bankability status. This impacted our growth strategy on the continent.

Even against these tough conditions, over the last few years, we have had no reduction in financial facilities, with our banking partners supporting us and even increasing our direct and indirect lending.

Our balance sheet has continued to remain robust, with nil gearing and free cash flow – which is unusual in a very cyclical business such as Group Five. However, with a reducing order book and an inability by the Engineering & Construction cluster to replace traded revenue sufficiently to recover overheads, free cash flow is now substantially reduced. Only the Investments & Concessions and Manufacturing clusters are generating free cash.

During F2017, particularly in the second half of the year, we had a number of executive changes and the reconstitution of our board following shareholder action. Although our bankers have confirmed their willingness to support the remaining executive directors and management, the volatility of these changes resulted in certain financial partners introducing stricter procedures for the utilisation of these facilities.

Against this landscape, and following a reducing order book, we saw a natural unwinding cash position of excess billings and advance payment repayments. However, the group was still able to repay net debt of R300,5 million.

A priority for the group has been the weak performance for the year, which did not meet the group's weighted average cost of capital and return on equity targets and therefore did not create value. This underperformance is managed and monitored by the group, as well as at asset level for all long term assets.

The group also aims to provide relevant non-financial information to enable investors focused on responsible investing to make informed decisions about Group Five.

Key measures

PG

Refer to CFO's review.

THE BIGGEST DISAPPOINTMENT IN TERMS OF HUMAN CAPITAL DURING THIS YEAR WAS THE TWO FATALITIES WE EXPERIENCED. THIS IS COMPLETELY UNACCEPTABLE TO US AND AN AREA OF PRIORITY FOR FURTHER CORRECTIVE ACTION. ZERO FATALITIES ARE THE ONLY ACCEPTABLE GOAL.

PG Refer to CEO's review.

HUMAN CAPITAL

The group's approach

The biggest disappointment in terms of human capital during this year was the two fatalities we experienced. This is completely unacceptable to us and an area of priority for further corrective action. Zero fatalities is the only acceptable goal.

People are crucial to how we deliver on our strategy. Unfortunately, during the year, we faced both significant management changes at an executive level, as well as retrenchments, mainly in our Engineering & Construction cluster.

Several executive management changes resulted in huge uncertainty in our business and external stakeholder base, culminating in shareholder action that reconstituted the non-executive directors of the board.

As our strategy also continues to progress from traditional tendered markets to one where we take a leading role in creating infrastructure, and operating and maintaining those project assets, the skills sets required to deliver have changed over the last few years.

In South Africa, ensuring transformation in our workforce is also a crucial aspect of managing our human and intellectual resources.

Key measures

- Two fatalities
- Four exco members left the group
- 255 people retrenched
- Fully-reconstituted the non-executive directors of the board
- Increasingly remunerating skills for an integrated team delivery mindset and working on multi-disciplinary, multi-year contracts, rather than remunerating only for individual and annual business segment performance
- Sector-leading Level 3 in our most recent audit based on the broad-based black economic empowerment Generic Scorecard
- First black CEO appointed this year

INTELLECTUAL CAPITAL

The group's approach

As a sector and business undergoing scrutiny and having suffered huge reputational damage following the extended Competition Commission enquiry into anti-competitive behaviour pre-2007 in our sector, we have directly and indirectly been impacted as a result of reduced trust by our public and private sector clients.

Although we were the whistle blower, with our very proactive stance with the Commission resulting in the catalyst for the investigations, the stark reality is that all the companies in 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.

During the year, extensive senior management changes and shareholder action against the board due to a breakdown in trust also damaged the group's brand, with stakeholder confidence impacted.

Key measures

- Continued engagement with government in rebuilding trust and the finalisation of the Voluntary Rebuild Programme during the year.
- Replacing the employees who left the group with internal successors, which demonstrates the depth of management
- The shareholder vote in July resulted in a reconstituted board that is supported by shareholders

SOCIAL AND RELATIONSHIP CAPITAL

The group's approach

Group Five not only builds and operates infrastructure, but also employs people from local communities adjacent to our sites. The sourcing process has to be carefully managed, as our employment requirements on sites often do not match the expectations and skills levels of the community, particularly as our contracts and employment opportunities are shorter term in nature. To address this, we engage with elected counsellors and the Department of Labour or equivalent bodies through our community liaison officers.

Training people located in close proximity to our sites is also an important part of our development strategy to ensure value is added and that we have much-needed skills for our sites. When our contracts end, we leave behind skilled and experienced resources with improved opportunities for ongoing employment.

Another crucial part of our community programmes is supporting local businesses through procurement of a wide range of locally-sourced services and products. Contracts generally set aside a portion of revenue during the implementation phase towards the upliftment of local communities in the form of social programmes and supplier and enterprise development.

We also form joint ventures in several of our businesses with emerging contractors to ensure the development of smaller businesses.

Key measures

- 677 local community members employed on our sites this year
- 142 local people trained close to our operations this year
- R82,26 million spent on local procurement
- 6 significant empowered joint ventures

MANUFACTURED CAPITAL

The group's approach

The group owns certain properties, such as plant yards, and rents other properties, such as its central office.

Our plant and equipment in South Africa is centralised, which allows us to effectively maintain our fleet and limit duplication.

We categorise our assets in terms of replacement, expansion and project-specific segments. Each asset purchased is motivated to the group treasury department to ensure demonstrable returns on investment.

In the rest of Africa, fleet is owned by the businesses operating on the ground, with the same stringent sign-off procedures as in South Africa.

Annual evaluations on estimated useful lives and residual values are performed. During the year, a full review resulted in assets being matched to the secured order book and the assessment of unsecured and potential order book. The disposal of non-critical assets have commenced.

In our Manufacturing cluster, we have a factory in our Fibre Cement business and Group Five Pipe, with a smaller investment in Barnes Reinforcing Industries.

Fibre Cement represents the largest plant, with continued innovation implemented. Refer to page 21.

Key measures

- 30% cost saving at Everite by replacing imported raw product with a local substitute
- Boiler automation reduced the cost of coal at Everite by 40%
- Refer to the CFO's review for the evaluation of return on manufactured capital, including:
  - Return on investment in long term assets

NATURAL CAPITAL

The group's approach

In our Manufacturing cluster, where we produce building materials, water scarcity and inconsistent water quality in South Africa have become growing issues with a direct impact on our business.

Responding to this challenge, we have implemented a water management plan and set group reduction targets. This has initially centred on all fixed operations in the Manufacturing cluster. A good example of this is our new Aerated Autoclaved Concrete (AAC) building material which drastically reduces the demand for water on building sites when compared to traditional brick and plaster construction.

For construction sites, we have been reducing our water consumption and the need to utilise treated water, using less water-intensive construction methodologies and wherever possible, to use raw water, such as boreholes, as an alternative.

A pollution prevention plan forms part of the environmental management system on all construction sites, especially those construction contracts which operate near sensitive water resources and habitats, such as wetlands. All impacts which the construction sites may have on these resources and habitats are closely monitored as part of the contract's environmental key performance indicators, which are reported on a monthly basis. We 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 constraints within the specific area in which the contract is situated.

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.

Our Sky Sands mining operation in the Manufacturing cluster was awarded an integrated water use licence, as well as a New Order Mining Right for its mining operation. Exceptional care is taken not to disturb sensitive environmentally protected wetlands during the mining process.

A portion of the mined sand is consumed at our Everite manufacturing plant where a recent project to optimise milled sand production resulted in around 30% reduction in process water consumed.

Relevant measures*

- No major environmental incidents for the year
- Total Greenhouse Gas (GHG) emissions was 37% lower
- Water use reduced by 32%
- Electricity consumption was 4% lower
- Waste generation in Engineering & Construction and Manufacturing decreased by 6%. Investments & Concessions' waste generation is immaterial
- We constructed two Green Star and two LEED** buildings in F2017 compared to two Green Star and one LEED building constructed in F2016

** The group submits its environmental information post year end as part of the Carbon Disclosure Project. These numbers are therefore for the year ending June 2016.*
*** Leadership in Energy and Environmental Design.*

YEAR UNDER REVIEW

02

OUR TEAM

THE BOARD

NON-EXECUTIVE DIRECTORS

EXECUTIVE DIRECTORS

COMPANY SECRETARY

NON-EXECUTIVE DIRECTORS

1. Nonyameko Mandindi 51

CHAIRPERSON

Chairperson of the main board and the nominations committee

BSc (Quantity Surveyor) (University of Natal); Executive Masters in Positive Leadership and Strategy IE (Spain)

NONYAMEKO is a professional quantity surveyor and has worked for two of the listed construction companies in her career. She was also a partner and executive chairperson of one of the largest professional quantity surveying firms in South Africa and more recently, the CEO of an engineering firm. Nonyameko is one of very few professionals who has been involved in every aspect of the infrastructure and property investment and development value chain. Nonyameko's skills and experience in the construction industry places her in an excellent position to offer relevant advice to Group Five.

2. Cora Fernandez 43

INDEPENDENT NON-EXECUTIVE DIRECTOR

Chairperson of the audit committee, member of the risk committee

BCom (University of Cape Town); BCompt (Hons) (UNISA); CA(SA), 1999

CORA has a strong financial and investment background through various leadership roles at Sanlam, including that of CEO of the Institutional Business at Sanlam Investment Holdings, managing director of Sanlam Investment Management and CEO of Sanlam Private Equity. Prior to this, she worked for Tiso Private Equity and Ethos Private Equity.

3. Jackie Huntley 53

INDEPENDENT NON-EXECUTIVE DIRECTOR

Chairperson of the transformation & sustainability committee, member of the remuneration committee

BProc and LLB (Wits); M.A.P. (Wits Business School)

JACKIE has extensive business experience and has served on the boards of businesses that have required change management, as well as businesses experiencing rapid growth. The experience of founding and running her own firm is extremely valuable and will add to her ability to give council as a board member of the group.

4. Dr John Job 71

INDEPENDENT NON-EXECUTIVE DIRECTOR

Member of the audit and remuneration committees

BSc (Hons); PhD Chemistry (McGill University, Montreal (Canada))

JOHN was on the Group Five board until 2016. He has significant experience in large capital projects and business strategy. His experience in dealing with large projects will again provide value to Group Five, as well as his institutional knowledge and stability to the management team during the recent time of change. John has a particularly strong ability to identify potential problem areas and provide advice on resolutions.

5. Dr Thabo Kgogo 41

INDEPENDENT NON-EXECUTIVE DIRECTOR

Member of the audit, risk and nominations committees

PhD, Petroleum Engineering (Imperial College London); MSc, Petroleum Engineering (University of London); Diploma of Imperial College, Petroleum Engineering (Imperial College London); BSc, Chemical Engineering (University of Cape Town)

THABO has held the position of CEO of SacOil Holdings Limited (SacOil), a JSE listed company, since 2014. He has a strong engineering foundation, with significant experience in South Africa and the rest of the African continent in corporate governance, strategy, restructurings and mergers and acquisitions. This will provide significant value to the board.

6. Nazeem Martin 55

INDEPENDENT NON-EXECUTIVE DIRECTOR

Chairperson of the remuneration committee, member of the nominations, audit and transformation & sustainability committees

BA and Diploma in Higher Education (University of Cape Town); M. Urban Planning (Hunter College, City University of New York); Advanced Management Program (Harvard Business School)

NAZEEM has extensive knowledge of and experience in small and medium enterprise (SME) and entrepreneurial business finance, having worked for Business Partners Ltd, a leading, on-scale provider of risk capital, technical assistance and real estate solutions for SMEs in South Africa and selected sub-Saharan countries. His skills and experience in the built environment and his deep experience in providing advice to an array of businesses will be extremely valuable as a board member of the group.

7. Michael Upton 62

NON-EXECUTIVE DIRECTOR

Member of the audit and risk committees

BSc Electrical Engineering; Management Development Programme (MDP); Pr Eng, SAIEE

MICHAEL's experience as the former CEO of Group Five and his extensive experience in the construction and engineering industries will add invaluable skills to the group following a period of management changes. He will bring additional skills, experience and institutional memory to the business. Michael has experience in relevant sectors, particularly in multi-disciplinary and infrastructure markets. He understands cultural issues very well, with a particular ability to empower people and address employee issues.

8. Edward Williams 61

INDEPENDENT NON-EXECUTIVE DIRECTOR

Chairperson of the risk committee, member of the transformation & sustainability committee

BSc Civil Engineering (University of North Carolina at Charlotte) (USA) (1991); Diploma in Industrial Drafting Technology (USA) (1982); Associate Degree – Civil Engineering Technology (USA), 1989

EDWARD has South African and global construction experience, including leading projects relating to sewage and water reticulation, hydraulics and hydrology, public transport and street design. This has given him a strong engineering foundation and project management expertise after having led and managed several complex public and private sector construction projects. Through his experience he has also been involved in stakeholder engagement across various relevant stakeholders.

EXECUTIVE DIRECTORS

9. Themba Mosai [41]

CEO

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

BSc Electrical Engineering; MBA (Cum Laude)

THEMBA has been with Group Five for over 13 years and has been an active and strategic member of the executive team since 2014. In his previous role as executive head of Developments, he enhanced the group's position across targeted African geographies, as well as profiling it with both public and private sector clients, leading to securing new work and resolving legacy matters in key markets. Themba also served as managing director of Intertoll Africa where he successfully led the company for seven years. He 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. He was appointed as the interim CEO in March this year and permanent CEO in May. Since his appointment, Themba has been focusing on a number of priorities, such as stabilising the team and restructuring the poor-performing Engineering & Construction cluster.

10. Cristina Freitas Teixeira [44]

CFO

Executive committee member

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

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

COMPANY SECRETARY

11. Nonqaba Katamzi [48]

COMPANY SECRETARY

BA Law; LLB; CIBM

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

OUR TEAM

EXECUTIVE COMMITTEE

1. Themba Mosai 41

2. Cristina Freitas Teixeira 44

PG

The chief executive officer and chief financial officer are main board members. Their CVs are contained on page 38.

3. Mark Humphreys 50

EXECUTIVE – CONSTRUCTION

NH Dip Quantity Surveying (1991); CMP (Stellenbosch University, 1999); EDP (GIBS, 2008)

MARK has almost 30 years' experience in the construction industry in operational and commercial roles. He joined Group Five in 1988 as a student. He was promoted to managing director of Projects in 2007. He has been instrumental in establishing Group Five's footprint on the African continent, in particular within the mining sector. In 2014, he was promoted to operations director for the Engineering & Construction cluster, focusing mainly on the construction segments. He has been the chief operating officer of the cluster for the last two years and was appointed to the exco in March this year. Mark becomes the head of the newly-restructured Construction cluster for F2018.

4. Kushil Maharaj 47

EXECUTIVE – INVESTMENTS & CONCESSIONS

MBA; BSc Civil Engineering

KUSHIL has extensive experience in real estate deal structuring and development, infrastructure development, toll concessions and construction management. He worked in various roles in Group Five's Engineering & Construction cluster for ten years before moving to the Investments & Concessions cluster in 2004. Since then, he has concentrated on property development inside Group Five and with Absa Development Company. Under his leadership, the group's property business was rebranded into G5 Properties and has progressively grown its asset base and project pipeline across the continent. He was appointed to the exco as the head of Investments & Concessions in May 2017.

5. Guy Mottram 51

EXECUTIVE – RISK

Member of the risk committee

BCom; LLB

GUY has solid experience in commercial matters. This, together with his formal legal training, ensures that opportunities and risks are approached with a business sense, whilst being rooted in an understanding of legal requirements.

During the last few years, Guy and his team has implemented improved risk management processes in the poor-performing Engineering & Construction cluster, which culminated in a number of new systems this year. Guy has also been instrumental in the group's negotiations in terms of the Voluntary Rebuild Programme with government.

6. John Wallace 59

EXECUTIVE – MANUFACTURING

BCom; Hons Programme in Advanced Marketing; Executive Management Programme

JOHN has been with Group Five Manufacturing for 15 years. During this time, Manufacturing has built an impressive track record despite recent extremely difficult economic conditions. John has an exceptionally strong strategic ability, which has been invaluable to the group in driving executive focus on shareholder value-creation opportunities. He has a particular ability to effect change and repair problem entities. For example, he successfully transformed Everite from an asbestos problem-beset company many years ago to a segment that continues to consistently produce annuity income for the group. John has applied his expertise to the honing of the Manufacturing business portfolio and in pursuit of opportunities to support the current business and to expand into aligned areas for future growth.

THIS YEAR WAS DEFINING FOR GROUP FIVE, WITH LANDMARK SHAREHOLDER ACTION LAUNCHED IN THE SECOND HALF OF THE YEAR WHICH RESULTED IN A FULL RECONSTITUTION OF THE NON-EXECUTIVE MEMBERS OF THE BOARD.

BOARD LETTER TO STAKEHOLDERS

NONYAMEKO MANDINDI
CHAIRPERSON

INTRODUCTION

As a newly-established board, we are extremely conscious of the impact these volatile last few months have had on the group, our external stakeholders and employees.

The shareholder action commenced after several executives and non-executives left the group. The Group Five succession planning proved effective, with the executive positions filled with internal employees. This assisted in some way to create a smoother transition and sustainability in the organisation. However, no group can be left unaffected by so many high-level changes so quickly, in what could easily be described as a perfect storm in a significantly weak market.

Extensive restructuring initiatives were also undertaken mainly in the group's largest cluster, Engineering & Construction.

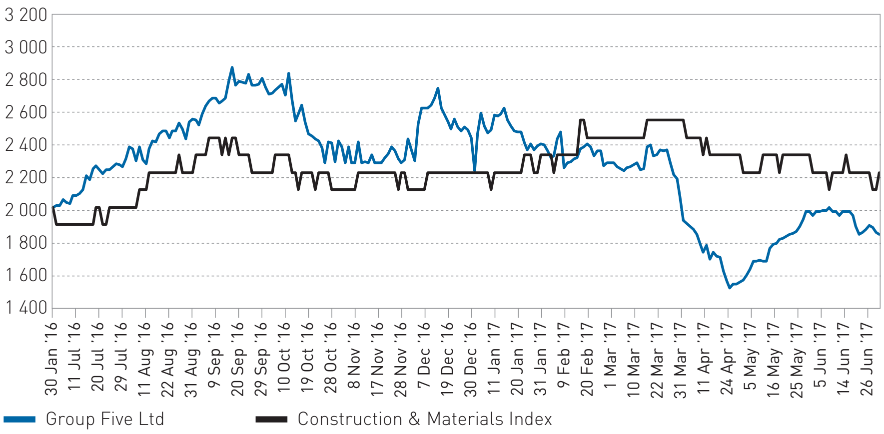
The graphs below illustrate the market's response and shareholder dissatisfaction to the information flow from February 2017. Prior to February 2017, the group traded ahead of the Construction & Materials Index and the JSE All Share Index. However, during the last quarter of the year, Group Five's share price underperformed materially. It decreased from 2 375 cents per share on 23 February 2017 to 1 736 cents per share on 26 July 2017.

Following the senior management changes, the remaining management team was left with the tremendous challenge of stabilising the group and dealing with groundbreaking shareholder intervention and action.

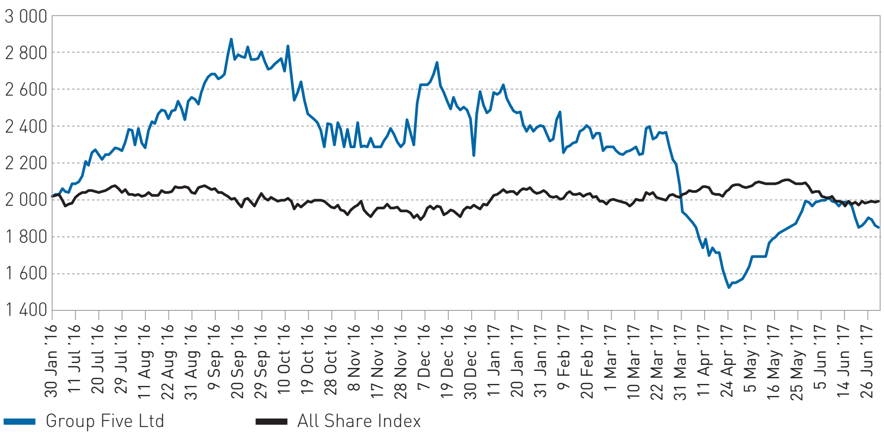
The level of stakeholder engagement increased dramatically towards the end of the year, with key stakeholders, including shareholders, debt providers, employees, clients and partners requesting multiple engagements to seek clarity, essentially taking management's focus away from operations.

It is therefore crucial that the new board works with management to address remaining stakeholder concerns. As outlined in the CEO's review, it is especially difficult for employees to remain focused on their daily deliverables in the face of such material uncertainty. As demonstrated by the financial results, Group Five also has a number of immediate challenges to address to turn its ailing Engineering & Construction cluster back to profitability.

GROUP FIVE LTD VS CONSTRUCTION & MATERIALS INDEX



GROUP FIVE LTD VS ALL SHARE INDEX



INVESTOR CONCERNS

As a listed company, the requirements of all of our stakeholders are considered, although the group's investors have been particularly vocal during this year. We have therefore taken into consideration what our shareholders have conveyed to the group over the last few months.

1

Board reconstitution

Shareholders expressed huge concern that a major shareholder felt it necessary to reconstitute the previous board. They have asked us, as a new board, to confirm that we will consider the concerns raised by this shareholder and address these adequately.

2

Management continuity

Analysts, fund managers and shareholders have recently applied a high risk premium to Group Five shares due to executive departures and the perceived loss of corporate memory. As a new board and leadership team, we will have to demonstrate to investors that Group Five has the required depth of experience and requisite skills to lead the group.

3

The operating environment

Shareholders are requesting clear direction on how the group will address a weakening South African economy, which has resulted in reduced opportunities in both the private and public sector, which impacted the Contracting order book. In addition, the market shift from large infrastructure contracts to smaller contract awards by the public sector requires a different strategy for a listed company such as Group Five. It is crucial to indicate to investors how the group intends to re-position its Engineering & Construction cluster in light of the current market environment.

4

Delivering on the commitments made within the Voluntary Rebuild Programme (VRP)

Investors require clarity on the new board's approach to the VRP and meeting its requirements.

5

Efficient allocation of capital

The allocation of capital in the group is a key consideration for investors and will be vital given the shortage of capital for growth and expansion, especially in the context of the cash absorption in Engineering & Construction. Although the group's financial partners have not fully removed funding, most have introduced stricter procedures for utilisation of facilities.

PG Refer to the CEO's review and the CFO's review.

6

Addressing the optimal corporate structure

The uncertainty over whether the assets or businesses of the group will be unbundled from within the listed entity weighs heavily on investors' minds. Some investors believe that a potential unbundling of the Investments & Concessions cluster to realise its intrinsic value could be a mistake, as this business provides important stability to the group's earnings and cash flows and assists to balance a cyclical construction sector. However, others question why the returns from such a strong business should be applied to fund an underperforming Engineering & Construction cluster and would prefer an unbundling, allowing investors to choose which business they wish to be invested in. This will be a key issue for the board and management to clarify and finalise.

7

Contract risk

A prevailing concern is the magnitude of the large engineer, procure and construct (EPC) Kpone Independent Power Plant contract in Ghana within the group's portfolio and how management will ensure its successful completion.

Continued underperformance within the Civil Engineering and Project segments also remains a concern.

KEY FOCUS AREAS

In light of these key shareholder issues, as the new board, our immediate priorities include:

1. Establishing a strong and unified board of directors that instils confidence in stakeholders who have been affected by the magnitude of change in a very short span of time
2. Rebuilding relationships between the board and the executive committee
3. Ensuring adequate management depth in the group, with a continued focus on transformation
4. Evaluating the group's strategy, as well as the appropriateness of its clusters, businesses and asset base to ensure value creation for all stakeholders and to meet and exceed its weighted average cost of capital and return on equity targets
5. Ensuring the efficient allocation of capital in the group
6. Evaluating the most optimal actions to implement the requirements of the VRP
7. Assessing the group's internal capacity and structure against the market conditions and strategy
8. Reassessing the group's risk-bearing capacity, its risk appetite and key risk procedures against its stated strategy and current operational performance

CONCLUSION

The board acknowledges the support provided by stakeholders, especially shareholders, following our recent appointment at the extraordinary general meeting of shareholders. We are confident that the board members have the appropriate skills and expertise to assist the management team to lead Group Five back to a sound base and improve returns to our shareholders.

We are committed to working with the management team to address the immediate challenges without losing sight of the importance of also having a more medium and long term strategy horizon. In the short time since 24 July 2017, the new board has started functioning energetically. Group dynamics have been robust, critical and invigorating. This bodes well for the functioning of the board and the governance of the group.

As a team we will dedicate the required time to lead the group from the current volatile conditions to a more stable and constructive base.

INTRODUCTION

SINCE MY APPOINTMENT AS INTERIM CEO OF THE GROUP IN MARCH AND AS PERMANENT CEO IN MAY 2017, AS A GROUP AND TEAM WE HAVE HAD TO DEAL WITH A NUMBER OF DIFFICULT ISSUES.

CHIEF EXECUTIVE OFFICER'S REVIEW

THEMBA MOSAI
CHIEF EXECUTIVE OFFICER

Our home market of South Africa faced significant economic, financial and political challenges. Against this, as a group we also experienced huge change, with heightened shareholder engagement in the last quarter and a call for an extraordinary general meeting by a major shareholder and employee uncertainty with a number of executive management resignations and the reconstitution of the non-executive directors of our board.

These changes have been taxing on our people. It is not easy to remain focused on daily deliverables when as a team you are operating in such a fluid environment. As the CEO, together with the management team, we have attempted to communicate with stakeholders and support especially employees during this time.

STRATEGY AND RESTRUCTURE

We are conscious that our financial performance has been weak.

As a group we have not executed fast and efficiently enough on our strategy against deteriorating market conditions.

It is important that the group is structured to respond more effectively to the changing market dynamics. We have implemented cost-cutting initiatives for the last few years, but with the continued market decline we had to make a number of additional difficult decisions this year. We implemented the restructuring of the group started last year to create an efficient organisation in response to the market. This, unfortunately, resulted in further retrenchments, with a total of 255 employees having left us this year.

Since my appointment, I have concentrated on the three key issues of execution, people and processes. We have reduced the size of our group and de-layered our operations to become leaner and faster, with a strong emphasis on transparency in all our major risk areas. This allows us to move resources to where it is most needed as the markets dictate. New real-time site systems will also allow us to become aware of issues earlier in the process.

STABILISING OUR TEAM

Following a number of executive management changes and retrenchments, we have aimed to stabilise the uncertainty this has brought to our employee base by addressing retention and talent management. I believe we now have the right people in the right positions in our executive team to ensure we can implement our strategy and new structure.

Going forward, it is key to appoint a new human resources executive committee member to drive a performance culture. We have made pleasing progress in this regard.

We also have a new board in place and I look forward to working with them to ensure we can move forward in a constructive way to address the crucial aspects of performance.

DRIVING ACCOUNTABILITY

As a group it is imperative to heighten our accountability. We are improving how we resource our management and how their roles are defined to ensure expectations are clearly communicated and that people are held accountable. Performance and talent management will be key to ensure we move towards a culture of discipline.

We have to progress from margin erosion to margin enhancement and adequately reward winners and demand accountability for poor performance.

As outlined in previous years, we have assessed the root causes of operational errors in Engineering & Construction and implemented corrective action.

The group believes that its policies, procedures and systems are adequate, but that employees need to improve adherence to these. We also require a more consistent and disciplined approach to project management.

To assist the project management teams with improved adherence to systems and increased accountability, we introduced two new procedures and systems. These will allow management to assess their contracts more timeously.

The first is a more detailed analysis of the cost to completion of all our contracts. This links directly to the project risk registers and ensures that these risks are properly assessed when calculating the cost base of a contract. This will provide a more accurate assessment of the contract's performance from an early stage in the contract. Secondly, we implemented an enhanced early-warning dashboard, which will enable management to react much sooner if a contract starts displaying signs of financial distress. This, together with the restructuring of our teams, will drive increasingly predictable outcomes on future contracts.

It is vital that we implement actions that will unlock value from our assets and improve returns to shareholders.

SAFETY

Not one of our changes implemented during the year matter if our people are not kept safe at our operations. This year, we sadly suffered two fatalities following the four last year. As the new CEO of the group, this is totally unacceptable to me. My heart goes out to the families of the deceased.

Although we have entrenched policies and procedures in place, the nature of incidents indicate that we are still not making enough of an impact on the mindset of our employees to never operate outside of expected actions. We have taken swift action, which has included a monthly CEO safety address, empowering our safety officers and reminding them of their authority, as well as constantly confirming to our employees that safety starts with each of them and that they are all safety officers.

During the year, numerous disciplinary hearings were held as a result of safety transgressions. Several final written warnings were issued and three employees dismissed, with a number of sub-contractors removed from our vendor list.

As a management team we are working closely with our safety teams to promote a culture in Group Five that ensures that we all go home safely at the end of each working day.

TRANSFORMATION

Another key matter is ensuring we remain relevant in South Africa and the rest of Africa, where the majority of our income is earned. As an industry, both economic and transformational pressures are increasing and our sector continues to be viewed as insufficiently transformed.

One of the key aspects during this year in our sector was signing the Voluntary Rebuild Programme agreement with government.

Although we are a Level 3 contributor on the broad-based black economic empowerment Generic Scorecard and have 60.59% black ownership, including a 19.35% black women ownership, a lot more needs to be done to change how we operate.

My role as the CEO is to create an environment where talent is cherished no matter the source. I believe this can be done without fear or favour as the sustainability of Group Five is paramount.

UNLOCKING VALUE

It is vital to implement actions that will unlock value from our assets and improve returns to shareholders.

As outlined earlier, in line with this, we restructured our operations and continue to improve the execution of our contracts in Engineering & Construction. These changes will result in more focused businesses with appropriate resources and cost bases relevant to the regions and service offerings provided.

The board and management will also review the most optimal structure for the group going forward to ensure we enhance shareholder value.

APPRECIATION

First and foremost, thank you to the Group Five team for supporting me as the new CEO. This has probably been one of the most taxing years the group has ever faced in its more than 40 years of being listed. To the executive team, a lot has been asked of you. My appreciation goes out to you.

We have a strong team in place, with the support of a new board and our stakeholders. I look forward to working with our new board members.

Thank you to our clients for remaining with us during turbulent times.

I express my gratitude to our banking partners who have stood by us in these difficult conditions.

The coming year is set to remain volatile, but I am confident that with the guidance of our board and the support of my colleagues and our stakeholders we will be able to successfully navigate these conditions.

LOOKING FORWARD

As outlined on page 26, we are clear on our deliverables. In the coming year, we will concentrate on turning this group around from the crises of the year to a more stable footing that will allow us to create sustained growth.

In our newly-restructured **Construction** cluster, we will create a business that:

- Is agile enough and responsive to the market
- Has sufficient scale to execute, retain talent, raise facilities and remain a leading contractor in South Africa and the rest of Africa
- Allows visibility into its operations for senior management and ease of intervention

In our **EPC** cluster, we will:

- Develop the competencies required to grow as an EPC player on the African continent and select markets outside of Africa
- Recruit and retain top talent to lead our efforts in this space
- Continuously improve our risk processes for large EPC contracts
- Sharpen our contract selection criteria

In **Investments & Concessions**, we will:

- Ensure traction on the Aberdeen Infrastructure Funds relationship and identify joint acquisitions of further equity investments in similar concessions assets across select markets, together with securing operations and maintenance roles for the group
- Convert the South African residential development projects into projects under execution to improve revenue and cash flow
- Secure the required pre-let tenants for the commencement of the commercial and retail pipeline projects in West Africa
- Identify innovative structuring options for real estate and infrastructure projects that reduce balance sheet support from the group

In **Manufacturing**, we will:

- Maintain existing business volumes and optimise pricing in a highly competitive market
- Ensure the commissioned Aerated Autoclaved Concrete (AAC) business contributes for the first time in F2018
- Launch and grow the new insulation range of products
- Execute on agreed business plans for sand beneficiation following the award of our mining rights extension
- Further develop our strategy to cost-effectively serve targeted growth areas in Southern Africa
- Ensuring Group Five Pipe's effective market position

INTRODUCTION

THE GROUP'S PERFORMANCE FOR THE YEAR WAS MATERIALLY BELOW EXPECTATIONS, WITH AN OPERATING LOSS DUE TO A POOR PERFORMANCE IN ENGINEERING & CONSTRUCTION BASED ON MARKET CONDITIONS AND INTERNAL EXECUTION ISSUES, RECOGNITION OF THE GROUP'S CONTRIBUTION TO VRP*, COMMERCIAL CLOSE OUT ON NMPP** AND RETRENCHMENT COSTS.

* *Voluntary Rebuild Programme with the South African government.*
** *Transnet's New Multi Product Pipeline.*

CHIEF FINANCIAL OFFICER'S REVIEW

CRISTINA FREITAS TEIXEIRA
CHIEF FINANCIAL OFFICER

Group revenue decreased by 21.6% from R13,8 billion to R10,8 billion, mainly as a result of a 25% decrease in revenue from the Engineering & Construction cluster. Revenue from all this cluster's segments traded lower than the prior year. The Manufacturing cluster grew its revenue by 17.0% and the Investments & Concessions cluster's revenue decreased by 8.5% compared to F2016.

The group's core operating profit decreased from R736,5 million profit to a loss of R659,3 million. The prior year's results reflect a high base due to stronger than usual fair value gains realised on service concessions (R730,1 million) and fair value gains on investment property (R43,5 million) in Investments & Concessions. This was offset at a group level in F2016 by a provision for a potential impaired debt in Engineering & Construction.

Headline earnings per share (HEPS) and fully diluted HEPS (FDHEPS) decreased from a profit of 335 cents per share in F2016 to a loss of 853 cents in F2017. Earnings per share (EPS) and fully diluted EPS (FDEPS) decreased from a profit of 375 cents per share in F2016 to a loss of 829 cents per share in the current year.

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 bank and cash balance of R2,3 billion as at 30 June 2017 (F2016: R3,3 billion and H1 F2017: R2,8 billion). At year end, the group reported R724,8 million (F2016: R1,9 billion) in excess billings over work performed and R442,4 million (F2016: R479,4 million) in advance payments received.

GROUP RESULTS

Group statistics for the year ended 30 June 2017:

	F2017	F2016
Revenue – R million	**10 801**	13 774
Operating (loss)/profit – R million	**(654)**	722
Earnings per share – cents	**(829)**	375
Fully diluted headline earnings per share – cents	**(853)**	335
Dividends per share – cents	**14**	72
Cash – R million	**2 265**	3 255
Net asset value – R per share	**24,82**	35,02
Net debt to equity ratio	**Ungeared**	Ungeared
Return on equity – %	**(27.7)**	11.7
Total order book* – R million	**14 562**	17 336

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

The group's performance for the year was materially below expectations, with an operating loss compared to a profit in the prior year. The main reasons for this loss are summarised below:

<table>
<tr><td>R159,1 million</td><td>The recognition of the group's financial socio-economic contribution to the Voluntary Rebuild Programme (VRP) with the government of South Africa.</td><td colspan="2">The VRP is a programme of initiatives that will significantly accelerate transformation of the South African construction sector, as announced on the JSE SENS on 11 October 2016.

Although payment will occur at R21,25 million per annum over a 12-year period (totalling R255 million), the full liability must be recorded in the current year, as this represents the period in which the obligation has been incurred. R159,1 million, reflecting the net present value of the liability, was therefore charged in full against earnings in this year. In addition, an amount of R7,5 million is included as a finance cost charge relating to the annual discount unwind.</td></tr>
<tr><td>R244 million</td><td>Transnet's New Multi Product Pipeline (NMPP)</td><td colspan="2">The commercial close out and final settlement of the long-outstanding NMPP contracts.</td></tr>
<tr><td>R40,5 million</td><td>Additional restructuring costs</td><td colspan="2">Following the R7,3 million impact in H1, an additional R33,2 million in costs were incurred in H2 and charged against earnings. This follows further rightsizing of the underlying operating business segments and the associated realignment of the group's support structures.</td></tr>
<tr><td rowspan="2">R470 million</td><td rowspan="2">A reduction in profitability from the underlying Engineering & Construction segments against guidance</td><td>H1 R172 million</td><td rowspan="2">Profitability reduced due to unsecured orders that did not materialise and continued margin erosion.</td></tr>
<tr><td>H2 R298 million</td></tr>
</table>

The group's Manufacturing cluster delivered a strong result in markets that further contracted. Although the Investments & Concessions cluster continued to perform well on the back of a solid performance by the European operations, the cluster's results were impacted by an unexpected claim at Intertoll Africa following the detection of an overpayment to the group over several years by a key client based on an error from the client's consulting engineer.

OPERATIONAL PERFORMANCE

ENGINEERING & CONSTRUCTION

CONTRIBUTION TO GROUP CORE REVENUE

80.4%

F2016: 85.0%

CONTRIBUTION TO GROUP CORE OPERATING (LOSS)/PROFIT

loss

F2016: loss

	F2017	F2016
Revenue – R million	8 809	11 767
Core operating loss – R million	(902)	(237)
Core operating margin – %	(10.2)	(2.0)
Capital expenditure – R million	69	150
Total Contracting order book* – R million	8 723	11 241
Total Operations & Maintenance order book** – R million	142	224
Employees – pax	6 068	7 004

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

Engineering & Construction consists of the following segments:

BUILDING & HOUSING
CIVIL ENGINEERING
PROJECTS
ENERGY

The Engineering & Construction cluster contributed 80.4% to group revenue (F2016: 85.0%). Over-border work contributed 31% (F2016: 32%) to cluster revenues. Revenue decreased by 25.1% from R11,8 million to R8,8 billion.

The cluster delivered an operating loss of R902,4 million, representing a core operating margin of -10.2%. The R236,9 million loss in the prior year included a R365,4 million provision for a problematic debtor in Civil Engineering, as discussed later. Excluding the cost impact of the VRP agreement, the margin was -8.4% or a loss of R743,3 million.

Although the Contracting order book decreased in the second half of the year, the decline was less than the first half. However, the ongoing order book decline resulted in negative operational gearing as costs could not be reduced quickly enough. Continued competitive market conditions translated into tighter margins on work secured, although remaining at acceptable levels compared to the group's target returns.

The results were impacted by a number of issues:

- Additional retrenchment costs of R40,5 million in the year
- The VRP agreement, which impacted both the Building & Housing and Civil Engineering segments
- The commercial close out and final settlement of previously-disclosed long-outstanding South African public NMPP contracts, as reported to the market in the SENS announcement of 14 December 2016
  - A decision was taken by the group to enter into a settlement agreement on these contracts instead of embarking on what was expected to be a protracted and expensive commercial and legal process to recover material costs incurred in previous periods. This settlement agreement impacted the Civil Engineering and Project segments and, most materially, the Energy segment. The conclusion of this matter has allowed the group to remove non-performing assets, improve the group's balance sheet and ensure additional liquidity for the group, with the uncertainty of an outcome removed
- Continued weak trading conditions which impacted all segments and led to a subdued order intake for the cluster during the year. This included:
  - Housing contracts which could not reach financial close
  - Decreased levels of awards in the civils market and the competitive landscape in the roads sector, which impacted the Civil Engineering segment
  - Low tendering activity in the mining and oil and gas sectors which impacted the Projects and Energy segments
  - Although bidding activity in the power sector remains buoyant, the length of time taken to achieve contract awards resulted in only one award in the power business within the Energy segment, during the fourth quarter of F2017. This impacted the recovery of direct and indirect overheads and the profitability of this segment through the year
- Contract losses due to operational difficulties and inefficiencies on sites. This mainly affected the Projects and Civil Engineering segments

The Kpone Independent Power Plant contract in Ghana continues to make good progress. Although the group has been faced with challenging site conditions, logistical hurdles and varying weather conditions, steady progress has been achieved since the commencement of the contract in the second half of F2015. The contract has now entered its final commissioning stage. Despite more than 12 months in cumulative delays, the contract is expected to be completed in the fourth quarter of the 2017 calendar year. As outlined in the F2017 interim results and the market announcement of May 2017, design delays, which was sub-contracted to a major international engineering company, and certain tunnelling delays have been experienced. The tunnelling delays have been resolved and the completion of the steam pipe system, as well as the on-shore and off-shore seawater intake chamber system are now on the critical path to completion. Refer to page 22.

The design delays, together with the late arrival of procured items on site following a change in Ghanaian law during the contract, negatively impacted the completion date. Although the delay due to the change in law forms part of the client's scope of responsibility, this will result in a completion date post the contractual date. However, when considered together with claims on the contract to which the group has assessed its entitlement, the group does not expect this to further negatively impact the contract's profit recognition reported to 30 June 2017.

OPERATIONAL PERFORMANCE

BUILDING & HOUSING

CONTRIBUTION TO GROUP CORE REVENUE

40.3%

F2016: 35.6%

CONTRIBUTION TO GROUP CORE OPERATING (LOSS)/PROFIT

loss

F2016: 10.1%

BUILDING & HOUSING

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

	F2017	F2016
Revenue – R million	4 429	4 932
Core operating (loss)/profit – R million	(149)	74
Core operating margin – %	(3.4)	1.5
Capital expenditure – R million	6	23
Total Contracting order book* – R million	3 964	5 552
Employees – pax	1 706	1 793

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

FINANCIAL PERFORMANCE

REVENUE (R'000)	CORE OPERATING MARGIN (%)
R4 428 936	**loss**
F2016: R4 932 560	**F2016: 1.5**

YEAR UNDER REVIEW

Building & Housing's results continue to reflect a tight trading environment operating on very thin margins.

Revenue decreased by 10.2% from R4,9 billion (100% local) to R4,4 billion (97% local). The segment reported a core operating loss of R148,9 million (F2016: R74,5 million profit), mainly due to accounting for the Building & Housing segment's portion of the contribution to the VRP. This resulted in the overall core operating margin percentage decreasing from 1.5% to -3.4%. Excluding this, the segment reported a core operating loss of R42,2 million and a margin of -1.0%. This loss was mainly as a result of unsecured work not materialising in line with plan within the Housing segment, as well as a provision of R28 million raised on a possible irrecoverable advance to a joint venture partner. The segment incurred retrenchment costs of R3,3 million in H2 F2017.

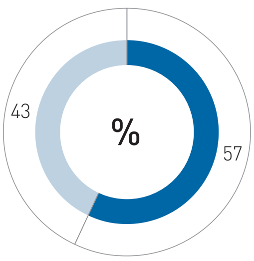
A landmark contract within Building was the City of Tshwane's public private partnership for its new municipal headquarters (Munitoria). This contract reached successful completion during the year.

The Housing segment completed some notable contracts for the mining sector. The public sector has been difficult. Despite a number of significant opportunities, lead times confirming contract financing prior to construction commencement, as well as delayed start-ups and on-site delays remain an issue.

LOOKING FORWARD

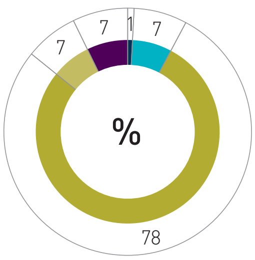
Although the building market has been vibrant for the financial year in the private sector, this segment maintains a balanced order book between public and private contracts. Whilst tender enquiries continue to be at an acceptable level, and the value of new contracts secured is encouraging, competition remains strong. The medium to longer term outlook for the building market is less certain in a rising domestic interest rate environment.

Whilst replacement work in the private sector has been difficult to secure in this market, there are various contracts available where existing mines are being recapitalised and expanded. However, the largest opportunities exist in offering housing on a number of multi-disciplinary local and over-border contracts. The Housing strategy is to create a new pipeline of work within the private sector, especially residential developments in the social and entry-level markets. The Housing team recently secured the first of these contracts and the group anticipates that this could become a significant negotiated multi-year pipeline in the years to come. This will provide greater certainty of future order book growth at acceptable margins.



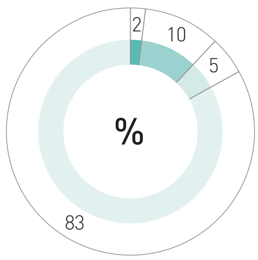
PRIVATE VERSUS PUBLIC

- Private
- Public



BY SECTOR

- Mining
- Industrial
- Power
- Oil and gas
- Water
- Real estate – Building
- Real estate – Housing
- Transport



BY CONTRACT TYPE

- Cost plus
- Design and build
- EPC
- Labour only
- Lump sum
- Re-measurable

OPERATIONAL PERFORMANCE

CIVIL ENGINEERING

CONTRIBUTION TO GROUP CORE REVENUE

17.8%

F2016: 18.0%

CONTRIBUTION TO GROUP CORE OPERATING (LOSS)/PROFIT

loss

F2016: loss

CIVIL ENGINEERING

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

	F2017	F2016
Revenue – R million	1 945	2 493
Core operating loss – R million	(231)	(381)
Core operating margin – %	(11.9)	(15.3)
Capital expenditure – R million	45	59
Total Contracting order book* – R million	1 606	2 951
Employees – pax	2 027	2 849

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

FINANCIAL PERFORMANCE

REVENUE (R'000)	CORE OPERATING MARGIN
R1 945 306	**loss**
F2016: R2 493 265	F2016: loss

YEAR UNDER REVIEW

This segment reported a 22.0% decrease in revenue from R2,49 billion (63% local) to R1,94 billion (62% local), whilst core operations generated an unacceptable loss of R231,2 million for the year (F2016: R381,2 million loss after recording a R365,4 million provision for a potential impaired debt). The overall core operating margin percentage improved from -15.3% to -11.9%, but remains unacceptable.

As previously communicated, this segment raised a R365,4 million provision for a potential debtor in the prior year. Although positive traction was made in H1 F2017 in resolving a portion of the disputed amounts, the group continues to adopt a cautious stance, with the full provision remaining unaltered until cash flow from the client recommences. No further traction was achieved in H2 F2017.

Included within the core operating loss is Civil Engineering's portion of the financial contribution to the VRP. Excluding this, the segment still reported a core operating loss of R178,8 million and a core operating margin of -9.2%.

The segment's results were impacted in H1 F2017 by the commercial close out and final settlement of the previously-disclosed long-outstanding NMPP public contracts. Excluding the impact of the NMPP settlement agreement and government agreements, performance would still have been weak, with a core operating loss of R156,6 million. R49,0 million of this was incurred in H1 F2017 and R107,3 million in the second half of the financial year, resulting in an operating margin of -8.0%.

As cautioned at interim results time, the segment was expected to be impacted further by restructuring costs, which could not be defined at the time. The second half was therefore weaker than guided, due to the R14,1 million in retrenchment costs to rightsize the segment to match its view on future market demand and conditions, as well as additional costs incurred on certain contracts, mainly roads and earthworks, now completed.

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

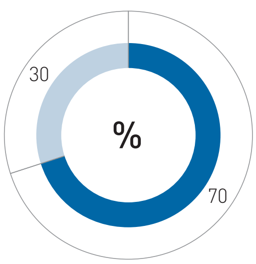
Order intake remains challenging. The volume of awarded work is very low, with strong competition experienced across all roads, earthworks and civils contracts. Tender activity is at an all-time low and highly competitive.

LOOKING FORWARD

The segment is focusing on securing over-border contracts and multi-disciplinary contracts with the Projects segment. Some success was achieved, with awards prior to financial year end. Committed expenditure under the South African government's capital programme and a revival in commodity prices should bolster prospects in the civil engineering and infrastructure markets in South Africa and the rest of Africa.

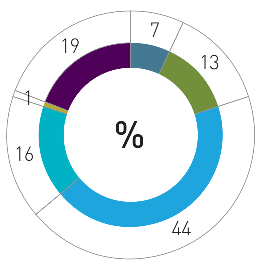
Industry Insight reports that "the estimated value of civil projects out to tender during the second quarter of 2017 fell by 39% year-on-year, following the decrease of 43% year-on-year during the first quarter of 2017. This means the value of tenders released during the first two quarters of 2017 has declined by over 40% compared to the same period last year. The drop in tender values is broad-based, affecting all provinces across the country, except for a marginal increase in tender values in the Northern Cape."

In line with this, delays have been experienced by the group, with contract award times of between six to 12 months. With the depressed South African economic growth and financial limitations experienced by state owned entities, an improvement in the short term is not anticipated. The segment has therefore been further rightsized and the operations teams split to focus separately on civil engineering and roads and earthworks.



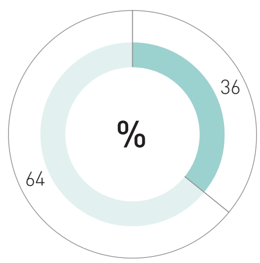
PRIVATE VERSUS PUBLIC

- Private
- Public



BY SECTOR

- Mining
- Industrial
- Power
- Oil and gas
- Water
- Real estate – Building
- Real estate – Housing
- Transport



BY CONTRACT TYPE

- Cost plus
- Design and build
- EPC
- Labour only
- Lump sum
- Re-measurable

OPERATIONAL PERFORMANCE
PROJECTS

CONTRIBUTION TO GROUP CORE REVENUE

11.9%

F2016: 17.6%

CONTRIBUTION TO GROUP CORE OPERATING (LOSS)/PROFIT

loss

F2016: 5.0%

PROJECTS

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

	F2017	F2016
Revenue – R million	1 301	2 443
Core operating (loss)/profit – R million	(254)	37
Core operating margin – %	(19.5)	1.5
Capital expenditure – R million	10	59
Total Contracting order book* – R million	1 617	1 509
Employees – pax	1 113	1 328

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

FINANCIAL PERFORMANCE

REVENUE (R'000)	CORE OPERATING MARGIN (%)
R1 300 654	**loss**
F2016: R2 443 494	F2016: 1.5

LOOKING FORWARD

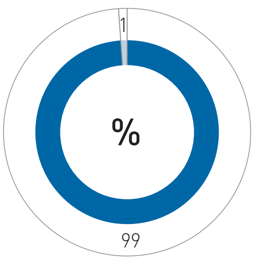
Whilst the mining sector remains depressed, select prospects are being pursued, most notably in the gold and minerals sectors. The segment continues to support group tenders in the energy markets. A gradual improvement in the number of enquiries for African mining contracts has been noted and the outlook for F2018 has been improved after securing a pleasing amount of work within the mining sector.

YEAR UNDER REVIEW

During the year, revenue was severely under pressure and decreased by 46.8% from R2,4 billion (26% local) to R1,3 billion (11% local). Core operating profit decreased from R36,6 million to R254,2 million loss. This was partially due to the impact of the commercial close out and final settlement of the NMPP public contracts in H1 F2017. Excluding the impact of the settlement agreement reached on the NMPP contracts, the segment reported a core operating loss of R225,1 million and an operating margin of -17.3%, with a core operating loss of R106,4 million incurred in H1 F2017 and R118,7 million in H2 F2017.

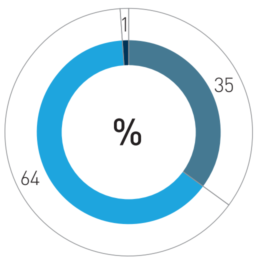
As communicated at interim results time, the segment was impacted by losses incurred on a contract due to additional unrecoverable costs incurred in H1 F2017 which could not be recovered. This contract is now complete and intervention included the removal of the senior contracts management.

In H2 F2017, the segment incurred R9,1 million in retrenchment costs to rightsize the business following a reduction in market volumes that nearly halved revenue. In addition, subdued tendering activity in the mining and oil and gas sectors resulted in a reduced order intake for the segment. This impacted the recovery of direct and indirect overheads. Additional retrenchments were actioned at the end of the financial year, with the benefits to be generated in F2018. The segment also deferred the continued recognition of a claim on a contract which experienced labour unrest and malicious damage, as this could not be recovered through insurance entitlement. The group continues to pursue its entitlement on this contract.



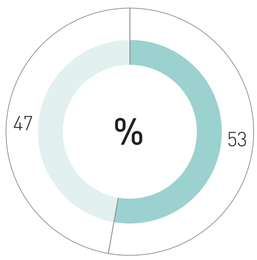
PRIVATE VERSUS PUBLIC

- Private
- Public



BY SECTOR

- Mining
- Industrial
- Power
- Oil and gas
- Water
- Real estate – Building
- Real estate – Housing
- Transport



BY CONTRACT TYPE

- Cost plus
- Design and build
- EPC
- Labour only
- Lump sum
- Re-measurable

OPERATIONAL PERFORMANCE
ENERGY

CONTRIBUTION TO GROUP CORE REVENUE

10.4%

F2016: 13.7%

CONTRIBUTION TO GROUP CORE OPERATING (LOSS)/PROFIT

loss

F2016: 4.5%

	F2017	F2016
Revenue – R million	**1 134**	1 899
Core operating (loss)/profit – R million	**(268)**	33
Core operating margin – %	**(23.6)**	1.7
Total Contracting order book* – R million	**1 536**	1 229
Total Operations & Maintenance order book** – R million	**142**	224
Employees – pax	**1 222**	1 034

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

Energy consists of:

POWER

OIL & GAS

NUCLEAR CONSTRUCTION SERVICES

ENGINEERING SERVICES
provides mostly internal services across the group

FINANCIAL PERFORMANCE

REVENUE (R'000)	CORE OPERATING MARGIN (%)
R1 133 863	**loss**
F2016: R1 898 580	**F2016: 1.7**

YEAR UNDER REVIEW

During the year, revenue decreased by 40.3% from R1,9 billion (42% local) to R1,1 billion (40% local).

Core operating profit decreased from R33,2 million to R268,1 million loss. This resulted in a core operating profit margin of -23.6% (F2016: 1.7% profit).

The extremely weak results in H1 F2017 were mainly as a result of the impact of the commercial close out and final settlement of previously-disclosed long-outstanding NMPP contracts. Excluding this impact, the segment reported a core operating profit of R11,5 million in H1 F2017 and a margin of 2.0%.

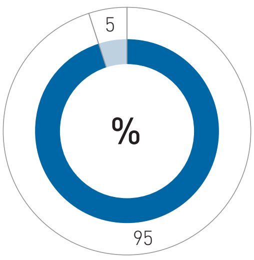
However, the segment was materially impacted in H2 F2017 by an under-recovery of direct overheads following a reduced rate of trade and lower levels of contract awards against budget. Although the group has been actively bidding thermal, gas and alternative fuels contracts, it was impacted by the 18-month delay in the financial close of the renewables programme. Awards in this segment are traditionally lumpy and this business was most impacted by the lack of contract awards, which was anticipated to be awarded and traded in H2 F2017. The segment incurred R8,1 million in retrenchment costs in June 2017.

Although progress continues to be made on the secured Koeberg contract, Group Five Nuclear is still not trading at sufficiently high volumes to cover the business overheads. To reduce the ongoing level of holding costs, the group has made a decision to consolidate its activities in the nuclear sector and rationalise its cost structure.

LOOKING FORWARD

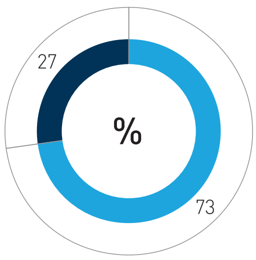
Bidding activity levels across Africa on a number of significant power contracts continue to be strong. Competition levels are high, with the incubation period from budget to tendering and order placement remaining long and often unpredictable. A number of notable contracts have been tendered within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

The South African energy sector is very cyclical. The group will continue to adjust and respond to this cyclicality.



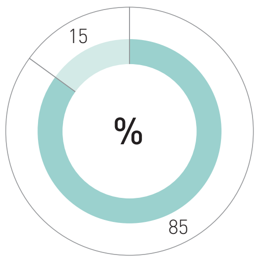
PRIVATE VERSUS PUBLIC

- Private
- Public



BY SECTOR

- Mining
- Industrial
- Power
- Oil and gas
- Water
- Real estate – Building
- Real estate – Housing
- Transport



BY CONTRACT TYPE

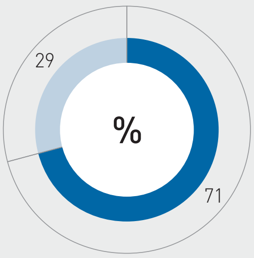
- Cost plus
- Design and build
- EPC
- Labour only
- Lump sum
- Re-measurable

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

TRADED CONTRACTING REVENUE

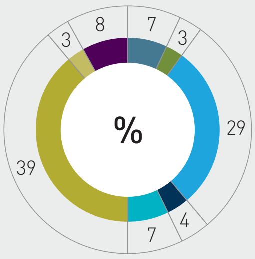
R million	Total	Building & Housing	Civil Engineering	Projects	Energy
Year to 30 June 2015 (actual)	11 694	4 886	2 666	2 214	1 928
% over-border	26%	–	38%	70%	25%
Year to 30 June 2016 (actual)	11 631	4 933	2 550	2 443	1 705
% over-border	32%	–	37%	74%	58%
Year to 30 June 2017 (actual)	**8 580**	**4 429**	**1 945**	**1 301**	**905**
% over-border	**31%**	**3%**	**38%**	**89%**	**79%**
– Public	**–**	**–**	**–**	**–**	**–**
– Private	**31%**	**3%**	**38%**	**89%**	**79%**
% local	**69%**	**97%**	**62%**	**11%**	**21%**
– Public	**29%**	**43%**	**31%**	**1%**	**–**
– Private	**40%**	**54%**	**31%**	**10%**	**21%**

The group's traded Contracting revenue decreased to R8,6 billion (F2016: R11,6 billion).



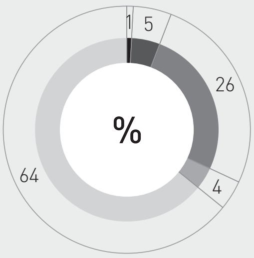
PRIVATE VERSUS PUBLIC (%)

	F2017
Private	71
Public	29



BY SECTOR (%)

	F2017
Mining	7
Industrial	3
Power	29
Oil and gas	4
Water	7
Real estate – Building	39
Real estate – Housing	3
Transport	8



BY CONTRACT TYPE (%)

	F2017
Cost plus	1
Design and build	5
EPC	26
Lump sum	4
Re-measurable	64

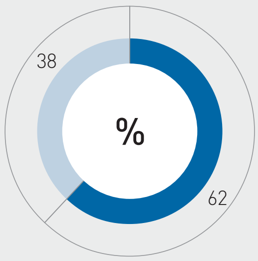
SECURED CONTRACTING ORDER BOOK

R million	Total	Building & Housing	Civil Engineering	Projects	Energy
At 30 June 2016	11 241	5 552	2 951	1 509	1 229
% over-border	31%	5%	36%	78%	78%
At 31 December 2016	9 623	5 682	1 972	1 187	782
% over-border	20%	5%	30%	54%	59%
At 30 June 2017*	**8 723**	**3 964**	**1 606**	**1 617**	**1 536**
% over-border	**11%**	**4%**	**10%**	**34%**	**10%**

From F2018, the group will operate in four clusters, namely Construction, Engineer, Procure and Construct (EPC), Manufacturing and Investments & Concessions. Within the Construction cluster, delivery will be by region as opposed to by discipline. The segments within Construction will therefore be Construction: South Africa (Inland and Coastal regions) and Construction: Rest of Africa. Managing directors have been appointed to lead these businesses, with general managers supporting the operational delivery by discipline within these regions.

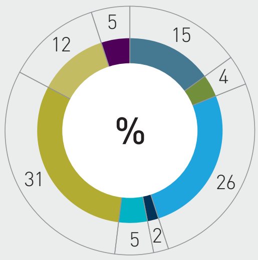
R million	**Total**	**South Africa**	**Rest of Africa**	**EPC^**
At 30 June 2017*	**8 723**	**6 745**	**542**	**1 436**
% over-border	**11%**	**5%**	**100%**	**10%**
– Public	**–**	**–**	**–**	**–**
– Private	**11%**	**5%**	**100%**	**10%**
% local	**89%**	**95%**	**–**	**90%**
– Public	**38%**	**30%**	**–**	**90%**
– Private	**51%**	**65%**	**–**	**–**
One-year order book**	**6 287**	**4 929**	**542**	**816**
One-year order book as a % of F2017 revenue	**73%**			
Total order book as a % of F2017 revenue	**101%**			

* *Secured Contracting order book is the total value of construction contracts formally awarded to the group, which still have to be traded, i.e. secured work to be executed by the group. It reflects construction and engineer, procure and construct (EPC) work only and excludes the contribution from the group's other clusters.*
** *Revenue to be executed in F2018 from the group's total secured Contracting order book.*
^ *Engineer, procure and construct.*



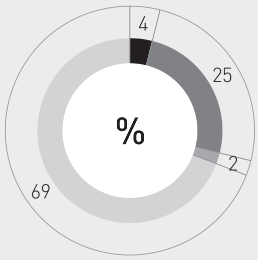
PRIVATE VERSUS PUBLIC (%)

Private	62
Public	38



BY SECTOR (%)

Mining	15
Industrial	4
Power	26
Oil and gas	2
Water	5
Real estate – Building	31
Real estate – Housing	12
Transport	5



BY CONTRACT TYPE (%)

Cost plus	4
Design and build	–
EPC	25
Lump sum	2
Re-measurable	69

SECURED OPERATIONS & MAINTENANCE ORDER BOOK – ANNUITY INCOME

	Actual revenue			Order book		
R million	F2015	F2016	**F2017**	F2018	Three-year to F2021	**Total secured#**
Transport	892	1 008	**1 047**	1 486	2 426	**5 697**
Industrial, Oil and gas	157	134	**196**	–	–	**–**
Power	24	60	**33**	50	93	**142**
Total	1 073	1 202	**1 276**	1 536	2 519	**5 839**

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

The group has R5,8 billion in secured Operations & Maintenance contracts. This provides solid annuity revenue and income in line with the group's focused priorities which include the reduction of earnings volatility.

MULTI-YEAR TARGET OPPORTUNITY PIPELINE*

Total as at 30 June 2017: R151 billion

	International			Local					
R billion	**Total**	Private	Public	**Total**	Private	Public	**F2017 Total**	H1 F2017 Total	**F2017 Pre-tender and tender stage^**
By sector									
Mining	**12**	12	–	**7**	7	–	**19**	17	**7**
Industrial	**1**	1	–	**12**	10	2	**13**	2	**2**
Power	**35**	35	–	**1**	1	–	**36**	64	**2**
Oil and gas	**2**	1	1	**1**	1	–	**3**	8	**1**
Water	**2**	–	2	**12**	–	12	**14**	12	**11**
Building	**5**	5	–	**25**	17	8	**30**	40	**27**
Housing	**–**	–	–	**1**	1	–	**1**	5	**1**
Transport	**10**	–	10	**25**	–	25	**35**	45	**33**
Total	**67**	54	13	**84**	37	47	**151**	193	**84**
Pre-tender and tender^	**17**	7	10	**67**	23	44			

** Represents the value of contracts being targeted by the group as at 30 June 2017.*
^ Value of opportunities within the pipeline in the pre-tender and tender stage.

The value of the group's target opportunity pipeline stands at R151 billion, with R84 billion of this pipeline currently in the tender and pre-tender stage. This is lower than the R193 billion pipeline and R97 billion tender and pre-tender pipeline reported in December 2016. The pipeline indicates ongoing strong demand in the power and transport sector, continued activity in real estate and an improving mining sector.

OPERATIONAL PERFORMANCE

INVESTMENTS & CONCESSIONS

CONTRIBUTION TO GROUP CORE REVENUE

9.6%

F2016: 8.3%

CONTRIBUTION TO GROUP CORE OPERATING (LOSS)/PROFIT

profit

F2016: 124.6%

	F2017	F2016
Revenue – R million	**1 049**	1 147
Core operating profit – R million	**174**	917
Core operating margin – %	**16.6**	80.0
Total Operations & Maintenance order book* – R million	**5 697**	5 871
Investment in concessions^ – R million	**667**	1 230
Employees – pax	**1 650**	1 551

* *Secured long term Operations & Maintenance order book to first review date as at 30 June (Transport).*
^ *Accounted for as equity accounted investments and investment in service concessions.*

TRANSPORT

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

PROPERTY

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

FINANCIAL PERFORMANCE

REVENUE (R'000)	CORE OPERATING MARGIN (%)
R1 049 234	**16.6**
F2016: R1 146 814	F2016: 80.0

LOOKING FORWARD

Attractive opportunities within select markets in Sub-Saharan Africa are being pursued by Intertoll Africa.

Additional new prospects are being explored in the region, including the UK, Czech Republic, Poland, Greece and Turkey. Positive early-stage progress has been made with the development of concessions road prospects in North America, working together with existing European partners in that region.

G5 Properties continues to develop select prospects across sub-Saharan Africa.

The cluster contributed 9.6% (F2016: 8.3%) to group revenue and R173,8 million to group core operating profit (F2016: 124.6%).

Revenue, which consists primarily of fees for the operation and maintenance of toll roads, decreased by 8.5% from R1,1 billion to R1,0 billion.

The core operating profit margin decreased from 80.0% to 16.6% on the back of core operating profit of R173,8 million (F2016: R917,4 million). As expected, the quantum of fair value upward adjustments recorded from the group's investment in service concessions of R98,2 million was significantly lower than the prior year (F2016: R773,6 million). As indicated in F2016, fair value adjustments for the current year was expected to return to normalised levels. This net fair value adjustment represents an upward fair value adjustment on transport concessions of R140,3 million and a downward fair value adjustment of R42 million on the group's Bulgarian development assets.

The R730,1 million fair value gains in F2016 in the investment in service concessions recorded were due to:

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

This resulted in the actual underlying project cash flows that were materially better in F2016 than those originally forecast in the base-case models compiled at the time of project financial close. The improved cash flow was the primary driver for the significant growth in the value of the investments.

Intertoll Africa's operating profit was materially impacted by an unexpected claim. This stems from an undetected overpayment to the group over several years by a key client based on an error from the client's consulting engineer. Notwithstanding the claim, the underlying business in both South Africa and Zimbabwe is performing well. Profitability was somewhat reduced due to additional equipment supply and legal costs. To enhance performance, the team continues to focus on cost efficiencies, with good progress made towards targets.

In Intertoll Europe, the 20-year Westlink DBFO1 contract in Belfast (Northern Ireland), which commenced in H2 F2016, has operated ahead of expectations in its first full year of operations. Intertoll Europe was also awarded a six-year operations and maintenance contract in Poland. This has commenced and is performing in line with expectations. The remainder of Intertoll Europe's projects continues to perform strongly.

G5 Properties performed in line with expectations and is making steady progress with the development of its current portfolio of industrial, mixed-use and residential projects in South Africa. In South Africa, several residential projects have been launched, whilst the projects in the rest of Africa are largely dependent on securing tenants for a number of commercial projects.

As outlined on page 18, the group entered into a sale and purchase agreement and shareholders' agreement with Aberdeen Infrastructure Funds (AIF), a wholly-owned subsidiary of Aberdeen Asset Management Plc. in December 2016. This involved AIF acquiring a 49.99% stake in Intertoll Europe's underlying PPP project investment portfolio.

OPERATIONAL PERFORMANCE

MANUFACTURING

CONTRIBUTION TO GROUP CORE REVENUE

10.0%

F2016: 6.8%

CONTRIBUTION TO GROUP CORE OPERATING (LOSS)/PROFIT

profit

F2016: 7.6%

	F2017	F2016
Revenue – R million	**1 094**	935
Core operating profit – R million	**69**	56
Core operating margin – %	**6.3**	6.0
PPE* – R million	**284**	250
Capital expenditure – R million	**59**	77
Employees – pax	**754**	758

* *Property, plant and equipment.*

FIBRE CEMENT

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

STEEL

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

FINANCIAL PERFORMANCE

REVENUE (R'000)	CORE OPERATING MARGIN (%)
R1 094 416	**6.3**
F2016: R935 280	F2016: 6.0

The Manufacturing cluster contributed 10.0% (F2016: 6.8%) to group revenue, and R69,4 million to group core operating profit (F2016: 7.6% of group core operating profit).

Revenue increased by 17.0% from R935,3 million to R1,1 billion. The reported core operating profit for the year was R69,4 million, which was 23.9% higher than the prior year's core operating profit of R56,0 million. This resulted in a core operating margin of 6.3% (F2016: 6.0%).

The South African manufacturing market was subdued, with business confidence deteriorating. This impacted demand for our manufactured range of products. The ability to pass on inflationary price increases was affected by competing complementary products and imports. However, the internal cost of production continued to rise as demand for higher wages and the rising cost of energy squeezed margins.

Against this challenging environment, the Manufacturing operations have performed exceptionally well by increasing both revenue and earnings. The Fibre Cement business grew volumes by aggressively defending local market share, whilst growing export volumes into Southern Africa. The strategy of growth into alternative revenue streams bore fruit, with a pleasing increase in traded goods revenues and contribution. A number of internal efficiency projects, especially in the area of raw material procurement and processing, positively impacted performance. The continued focus on labour productivity led to the overall cost of production achieving its robust targets, with core operating profit increasing.

The AAC lightweight building material plant was fully commissioned during the financial year and will start contributing to results from F2018.

The Steel businesses performed reasonably well in an oversupplied civil engineering market, with little demand and a high level of price competition. This was achieved through stringent focus on cost efficiencies and cost associated to deliver product to market.

LOOKING FORWARD

Looking forward, the market is not expected to recover in the short term and management will be focusing on further cost reductions and efficiency gains in its traditional business entities.

Revenue and margin growth will be driven through additional exports, growth in the AAC process output and sales, additional traded goods opportunities and further market penetration in the rural market growth nodes in South Africa.

STRATEGIC EQUITY PARTNERSHIP – EUROPEAN TRANSPORT SERVICE CONCESSIONS ASSETS

THE GROUP REACHED AN AGREEMENT WITH ABERDEEN INFRASTRUCTURE FUNDS (AIF), A WHOLLY-OWNED SUBSIDIARY OF ABERDEEN ASSET MANAGEMENT PLC, FOR AIF TO ACQUIRE A 49.99% STAKE IN INTERTOLL EUROPE'S UNDERLYING PUBLIC PRIVATE PARTNERSHIP (PPP) PROJECT INVESTMENT PORTFOLIO FOR A TOTAL CONSIDERATION OF APPROXIMATELY EUR43,0 MILLION*.

* *Determined as price at transaction date, adjusted for dividends and interest at time of announcement. The cash consideration was structured to include accrued interest from the effective date of 1 April 2016 to the financial closing date, after deducting accrued distributions to be paid to AIF and including contract performance payments due to the underlying investment portfolio companies at the closing date.*

The transaction created a strategic alliance with AIF, which will co-invest with the group in future projects.

At the date of the transaction, Intertoll Europe's PPP project investment portfolio comprised a 15.00% holding in Gdansk Transport Company SA (GTC), Poland, a 10.00% holding in Mecsek autopalya koncesszios zrt (M6 Mecsek), Hungary, and a 12.67% holding in M6 Duna autopalya koncesszios zrt (M6 Duna), Hungary. Intertoll Europe's interests in GTC, M6 Mecsek and M6 Duna together represent the "seed assets".

Road concessions	Country	Financial close	Km	Intertoll equity	Concessions period
GTC (Phase I)**	Poland	2005	151	15.00%	30 years
GTC (Phase II)**	Poland	2009			
M6 Mecsek (Phase III)	Hungary	2007	78	10.00%	28 years
M6 Duna (Phase I)	Hungary	2006	59	12.67%	20 years

*** Collectively referred to as GTC.*

Following implementation of the transaction, Group Five holds 50.01% of the seed assets and AIF the remaining 49.99%. Both parties' interests are held through Intertoll Capital Partners B.V. (ICP), a joint venture established to facilitate this partnership (the JV). The parties' relative interests within the JV are subject to change based on their level of participation in future investments.

The transaction created a strategic alliance with AIF, which will co-invest with the group in future projects that require capital. This should improve Group Five's ability to participate in the development, investment, operations and maintenance of global concessions assets without having to invest large amounts of capital on its own.

Intertoll Europe therefore retains its entire operations and maintenance (O&M) capability and current contract portfolio, whilst its prospects for securing new projects are enhanced.

Going forward, the JV will direct its efforts to acquiring further equity investments in similar concessions assets across select markets. It is the group's intention to continue co-investing in the JV through further equity investments. Where Group Five elects not to co-invest proportionately alongside AIF, the group will accordingly dilute its shareholding within the JV. The parties have further agreed to a minimum five-year lock-in period in terms of the transaction agreements. The JV will endeavour to secure any O&M roles corresponding to new

investment assets for Group Five, thereby delivering on the group's strategy of growing its O&M order book and annuity income.

In February 2017, Group Five also exercised its pre-emptive right to acquire a further 10% stake in the M6 Phase III concession for a cash consideration of EUR8,70 million. In line with the strategic intent of the JV formed with AIF, the group elected to on-sell 49.99% of this stake to AIF for EUR4,35 million.

Combined with its existing stake in M6 Phase III, the group now holds a 10% interest in M6 Phase III with the JV holding a combined 20% interest in the M6 Phase III project.

Both transactions achieved financial close in H2 F2017.

The group received EUR40 million*** (R576 million) in cash for the original seed assets and EUR4,3 million (R62 million) for the acquisition of 10% in M6 Phase III and the on-sale thereof before financial year end.

The transaction proceeds have been retained offshore by the group for potential co-investment in new projects alongside AIF through the JV. Co-investment will be subject to securing projects and based on appropriate rates of return.

The taxation treatment of this transaction was considered at the time of approval of the transaction and a taxation opinion was obtained. Once financial close was reached, opinions were obtained from senior and junior tax council that supports the group's intended taxation treatment. For auditing and accounting purposes, a more conservative approach was adopted, which resulted in a charge against earnings and a reduction of the group's deferred taxation asset, but without any resultant cash impact.

The group recorded an upward fair value adjustment on these service concessions of R84,1 million in H1 F2017 followed by an upward fair value adjustment of R56,2 million in H2 F2016, matching the closing carrying value at year end to the disposal consideration.

These investments consist of interests in 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 any changes recognised in the income statement and recorded as investments in service concessions. Following the sale and purchase agreement transaction with AIF, these transport investments no longer meet the accounting criteria of investments in service concessions, but that of an investment in joint venture. They are therefore accordingly reflected as an investment in joint venture at 30 June 2017 and will be equity accounted from F2018. The underlying investments held by the JV will continue to be recorded at fair value through profit and loss.

The only remaining assets designated as investment in service concessions therefore relate to the group's investment in two Bulgarian development projects. The carrying value of these assets were assessed during the current financial year by utilising internal and external valuations. This resulted in a R42 million decrease in their carrying value, represented by a R33 million impairment in H2 F2017 and a R9 million downward fair value adjustment due to the strengthening of the South African Rand.

*** *Determined as price at transaction date, adjusted for dividends and interest. Additional dividends, over that forecast, was received directly by the group in H2 F2017 prior to financial close date, resulting in a reduction in the purchase consideration.*

CORPORATE STRATEGY

AS THE GROUP'S BOARD OF DIRECTORS HAS ONLY RECENTLY BEEN RECONSTITUTED, IT WILL COMMENCE THE 2018 FINANCIAL YEAR WITH AN EVALUATION OF THE GROUP'S STRATEGY, AS WELL AS THE APPROPRIATENESS OF ITS CLUSTERS, BUSINESSES AND ASSET BASE TO ENSURE VALUE CREATION FOR ALL STAKEHOLDERS.

The board of directors is also required to address how the group will deliver on its commitments made within the Voluntary Rebuild Programme (VRP).

Our key focus is to implement actions to unlock value from our assets and improve returns and our performance for shareholders.

To support the board of directors in determining the appropriate value unlock and corporate strategy, the following actions have been executed to date:

- An evaluation of the value of the group's assets and businesses (a sum-of-the-parts valuation) was performed by an independent corporate finance team
- This valuation will be used by the newly-constituted board of directors as a base for indicative value per asset and business and will assist in the determination of where resources and capital should be invested and applied for growth

Poor and underperforming businesses weigh heavily on the minds of shareholders, the board and management.

The group is conscious of delivering on its commitments. To address its emerging contractor obligation, it must either:

- commit to mentoring up to three emerging black-owned enterprises to develop the necessary skills, systems, status and quantity of work to sustain a cumulative combined annual revenue equal to at least 25% of the group's annual revenue by 2024
  - The referenced revenue is from civil engineering and building works delivered in South Africa
  - Aligned to this obligation are fixed interim period transformation targets for each construction company, as well as penalties, calculated in accordance with a formula, for failure to meet such targets
- or dispose of no less than a 40% economic interest in its South African civil engineering and general building construction business to an enterprise that is more than 51% black owned, managed and controlled
  - The settlement agreement stipulates that the group will be released from its responsibility for the development initiatives of the emerging contractors above if the group enters into a BBBEE transaction

The new board is evaluating the best approach to meet the VRP commitment, as well as address the fact that the group's current BBBEE transaction expires in 2020 to ensure that it remains business relevant with clients and broader stakeholders.

Any potential BBBEE ownership transaction has to:

- be aligned to the group's strategy, which is currently being reconfirmed by the board of directors
- meet the requirements of the VRP commitments, as well as the group's business imperatives

The asset level at which a transaction will be proposed to shareholders will be determined based on the group's strategy.

Although we have implemented cost-cutting initiatives over the last few years, the continued market weakness required ongoing retrenchments.

CORPORATE STRUCTURE

AS OUTLINED ON PAGE 12, THE ENGINEERING & CONSTRUCTION CLUSTER WILL OPERATE IN TWO CLUSTERS IN F2018.

This restructure will result in more focused businesses with appropriate resources and cost bases relevant to the regions and service offerings, as well as the operating structures aligned to the regulatory environment in which the businesses trade.

This will not only reduce cost and overhead structures, with the consolidation of a number of discipline-led businesses, but also improve the financial and commercial risk management. To date, a singular discipline-led business could operate across multiple legal entities but not take sole accountability and responsibility for those legal entities. A restructured business which operates per legal entity and regulatory jurisdiction will allow for sole accountability and responsibility.

In the last three years, headcount has been reduced by 41% from 14 308 employees in June 2014 to 8 472 at June 2017. Compared to this, the group's revenue decreased from R15,3 billion in F2014 to R10,8 billion this year, a total decrease of 29%.

In the second half of F2017, 175 employees were retrenched within the Engineering & Construction cluster at a cost of R33,2 million. Additional cost-cutting initiatives are currently underway at the corporate office, with a target of realising an additional R100 million in savings. This includes a restructuring and, unfortunately, a retrenchment process, with a targeted reduction of 30% of the corporate employees.

EFFECTIVE CASH MANAGEMENT AND ACCESS TO CAPITAL

OUR MARKETS HAVE BEEN EXPERIENCING ECONOMIC AND CREDIT PRESSURES OVER THE LAST FEW YEARS, ESPECIALLY IN THE CURRENT YEAR.

The South African construction industry remains a particularly challenging market within which to operate. Contracts in the rest of Africa also have long incubation periods to reach financial close and award.

Against this, a focus on effective cash management, specifically in the Engineering & Construction cluster, is critical.

Pleasingly, we have not experienced a reduction in financial facilities and our banking partners continued to support us.

The group has been able to preserve financial health, with a solid balance sheet and free cash flow. This is unusual in a very cyclical business. Our diversification through three distinct clusters and businesses has also assisted us by introducing annuity-style cash flow.

In the rest of Africa, contracts can take an extended time to reach financial close. This is mainly due to economic conditions in the countries, as well as some in-country pressures, such as political and regulatory aspects. These conditions have resulted in a lack of funding and contracts remaining un-bankable. This has impacted our growth strategy in the rest of Africa.

During the current year, specifically the second half of the financial year, the group was met with numerous challenges, a weak performance, significant changes in senior management and a reconstitution of the non-executive directors of the board. Although our financial partners have not fully removed funding, most have either placed a cap on utilisation (i.e. capped their risk to levels of funding already provided) or introduced stricter procedures for utilisation of facilities.

Against a landscape of a reducing order book, we experienced an expected and natural unwinding cash position, with excess billings and advance payment repayments. However, the group was still able to repay net debt of R300,5 million.

The group commenced the F2017 financial year with R3,2 billion in cash.

Material cash movements in the year are outlined below:

MOVEMENTS	CASH IMPACT
Unwinding of excess billings and advance payments, with a reduced order book and large contracts nearing completion	Cash unwind of R1,2 billion
Settlement of net debt	Cash unwind of R300,5 million
Acquisition of 10% in M6 Phase III service concession	Cash investment of R124 million
Taxation and dividends paid	R194 million payment

These cash impacts were offset by dividends received from investments in service concessions of R147 million and proceeds of R638 million received from the disposal of 49.99% of the group's Intertoll Europe's public private partnership project investment portfolio to Aberdeen Investment Funds, as reflected on page 18.

Contract losses and unrecovered overheads were funded by cash collection through focused intervention to enhance working capital, as well as utilising some free cash.

All these movements resulted in a closing cash balance of R2,3 billion.

The cash flow statement is reflected on page 130 of the annual financial statements.

CAPITAL REDUCTION AND RETURN ON CAPITAL

OPTIMISING CAPITAL EMPLOYED HAS RECEIVED SIGNIFICANT ATTENTION DURING THE YEAR, WITH DIRECT INTERVENTION BY THE CEO AND CFO.

The primary focus for each business in setting their business plans at the commencement of the financial year was the requirement to meet and exceed pre-determined targeted return on capital. Business plans were only approved once this requirement was achieved. In cases where this could not be met, teams provided evidence to the executive committee and board when conditions were expected to recover to allow the generation of acceptable returns, as well as the short term interventions to remedy the position as best as possible.

For a number of reasons and very disappointingly, the adequate return on capital by businesses and therefore the group was not achieved.

The Engineering & Construction cluster was mainly impacted by:

- Continued weak trading conditions, which affected all the segments. This resulted in a subdued order intake and a reduction in the level of work secured to generate a return for the businesses' invested capital
  - The Energy segment was hit the hardest, as its power contract award only occurred at the end of the financial year. This deferred profit generation from F2017 into F2018

- The Building & Housing segment was also materially impacted with a lower level of trade from housing
- Contract losses, which mainly affected the Projects and Civil Engineering segments due to contract operational difficulties and ineffective execution. This depressed the segments' performance and their return on capital. The group's contract loss-/profit-making ratio for the year was 48% including the impairment impact of the NMPP. Excluding this, the ratio remains high at 33% compared to 24% in F2016

In addition, Engineering & Construction required additional retrenchments in H2, which was not originally anticipated. This had a cost of R33,2 million in the second half.

The Investments & Concessions cluster was impacted by an unexpected claim in the Intertoll Africa business following the discovery of an overpayment to the group over several years as a result of an error by a client's consulting engineer. The group was required to provide for the repayment of this overpayment.

RETURN ON CAPITAL

ENGINEERING & CONSTRUCTION – Cluster did not meet target

- No segments met targets
- Weak performance
- The team is focusing on excess capital, with a pleasing reduction in current assets past due, as well as a direct focus on long term asset reduction

INVESTMENTS & CONCESSIONS – Cluster achieved target

- Achieved due to Intertoll Europe's performance
- Intertoll Africa and G5 Properties did not achieve targets

MANUFACTURING – Cluster was just below target

- Everite was near target
- Low profitability impacted Pipe returns
- BRI exceeded target

Capital evaluation can be summarised as follows:

NON-CURRENT ASSETS	CARRYING VALUE Rm	F2017 RETURN
Investment and equity accounted service concessions	**667**	25.85%* (F2016: 108.1%).
Investment property	**268**	–% (F2016: 26.4%).
Pension fund asset	**273**	The pension fund asset represents the additional surplus arising after the surplus valuation and apportionment date to which the group is entitled, although it is not immediately accessible. A loss of R8,1 million (F2016: R12 million gain) was recognised. A review of the pension asset has been performed, with an expectation that a portion of the asset will be realised in the short term. This will enhance value to the group.
Other equity accounted investments	**310**	16.3% (F2016: 15.9%).
Property, plant and equipment	**862**	Property, plant and equipment mainly consist of assets in various locations in South Africa and the rest of Africa, and to a lesser extent in Europe. This portfolio of long term assets is currently not providing adequate return and is receiving considerable attention by management.
Engineering & Construction	**482**	R288 million managed through central plant services operates at a 45% utilisation rate and is not meeting return targets. The executive committee is monitoring the capital reduction of initiatives at an asset level.
Investments & Concessions	**105**	Meeting return targets.
Manufacturing	**275**	Meeting return targets.

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

We have also increasingly aligned management incentives to the achievement of returns. This focus is expected to heighten in the coming year. F2018 plans have been interrogated by the executive committee a number of times and presented to the new board of directors for approval, with return on capital as its primary focus.

APPRECIATION

This year was one of the most challenging my team and I have had to manage. Thank you to my colleagues for the many long hours and the support given to me. My appreciation goes out to especially our financial stakeholders, including bankers and shareholders, who continued to support us, even against the volatility we experienced this year. I look forward to working with the new board members to address the current under-performance of the group and to ensure the turnaround of Group Five.


STOP
TOLL GATE
STOP
TOLL GATE

GOVERNANCE, MEASURES AND REMUNERATION

03

GROUP MEASURES

ASSURANCE MEASURES

THE GROUP IS INDEPENDENTLY ASSURED BY EXTERNAL ASSURANCE PROVIDERS ON A VARIETY OF MEASURES EACH YEAR. THE TABLE OUTLINES THE MATERIAL ONES.

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

* *PricewaterhouseCoopers Inc.*

INDEPENDENT AUDITOR'S REPORT

TO THE DIRECTORS OF GROUP FIVE LIMITED

OUR OPINION

In our opinion, the economic value added statement of Group Five Limited (the Company) and its subsidiaries (together the Group) for the year ended 30 June 2017 is prepared, in all material respects, in accordance with the basis of preparation described in the economic value added statement.

What we have audited

Group Five Limited's economic value added statement set out on page 80 comprise:

- the economic value added statement for year ended 30 June 2017; and
- the notes to the economic value added statement, which include a summary of significant accounting policies.

This report should be read in conjunction with the audited consolidated financial statements of the Group for the year ended 30 June 2017 in the online section of the Integrated Annual Report at www.group5.co.za.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the economic value added statement section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B).

EMPHASIS OF MATTER – BASIS OF ACCOUNTING AND RESTRICTION ON USE

We draw attention to the basis of preparation described in the economic value added statement. The economic value added statement is prepared to support the Group's disclosure of its value-added for sustainability purposes. As a result the economic value added statement may not be suitable for another purpose. Our report is intended solely for the directors of the Company and should not be used by any other parties. We agree to the publication of our report in the Integrated Annual Report for the year ended 30 June 2017 provided it is clearly understood by the recipients of the Integrated Annual Report that they enjoy such receipt for information only and that we accept no duty of care to them in respect of our report. Our opinion is not modified in respect of this matter.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the Integrated Annual Report and financial statements for the year ended 30 June 2017. Other information does not include the economic value added statement and our auditor's report thereon.

Our opinion on the economic value added statement does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the economic value added statement, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the economic value added statement or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE ECONOMIC VALUE ADDED STATEMENT

The directors are responsible for the preparation and presentation of the economic value added statement in accordance with the basis of preparation described in the economic value added statement, for determining that the basis of preparation is acceptable in the circumstances and for such internal control as the directors determine is necessary to enable the preparation of the economic value added statement that is free from material misstatement, whether due to fraud or error.

In preparing the economic value added statement, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE ECONOMIC VALUE ADDED STATEMENT

Our objectives are to obtain reasonable assurance about whether the economic value added statement as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this economic value added statement.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the economic value added statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the economic value added statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the economic value added statement. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with then all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

PricewaterhouseCoopers Inc

PricewaterhouseCoopers Inc.
Director: M Naidoo
Registered Auditor
Sunninghill

18 August 2017

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

A number of these measures are linked to management's key performance indicators.

ECONOMIC VALUE ADDED

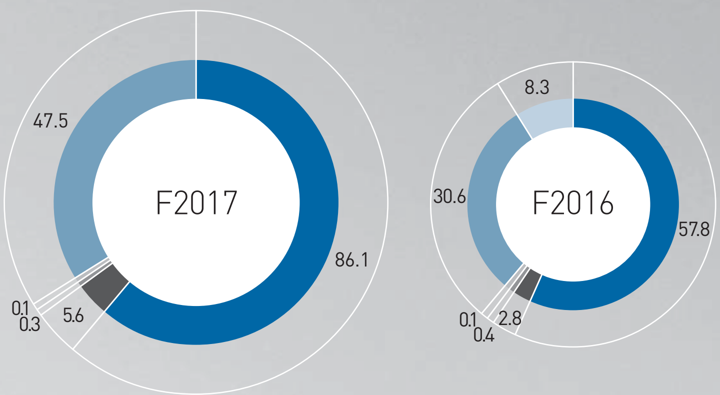
BASIS OF PREPARATION

The value-added statement is derived from the annual financial statements (AFS) for the year ended 30 June 2017. The AFS were prepared in terms of International Financial Reporting Standards and the accounting policies as disclosed in the AFS and adjusted as described in the notes.

	%	F2017 (R'000)	%	F2016 (R'000)
Sustainability indicator				
Revenue[1]		**12 358 106**		15 410 052
Less: purchased cost of goods and services[1]		**(10 221 541)**		(12 114 216)
Value added	**93.8**	**2 136 565**	80.4	3 295 836
Other income[2]	**6.2**	**140 009**	19.6	800 916
Wealth created	**100.0**	**2 276 574**	100.0	4 096 752
Employees[3]	**86.1**	**1 959 749**	57.8	2 369 191
Providers of equity[4]	**5.6**	**128 624**	2.8	117 769
Providers of funding[5]	**0.3**	**7 235**	0.4	14 914
Socio-economic development[6]	**0.1**	**2 400**	0.1	3 145
Government[7]	**47.5**	**1 079 835**	30.6	1 252 503
Funds (utilised)/retained	**(39.6)**	**(901 269)**	8.3	339 230
Wealth distribution	**100.0**	**2 276 574**	100.0	4 096 752
Number of employees[8]		**8 359**		9 203
Wealth created per employee (R)		**272 350**		445 154
Weighted number of shares ('000)		**101 340**		101 147
Wealth created per share (R)		**22**		41

1 *Revenue and purchased cost of goods and services are stated including value-added tax.*
2 *Other income consists of share of income from equity-accounted investments, including joint ventures and fair value adjustments on investments in concessions and investment property.*
3 *Distributions to employees exclude employee taxes deducted from their salaries and paid to the respective revenue authorities on their behalf.*
4 *Distributions to providers of equity consist of dividends declared and paid during the year and the non-controlling interest for the year.*
5 *Distributions to providers of funding consist of net interest expense incurred during the year.*
6 *Socio-economic development consists of investment in education and other social initiatives.*
7 *Government includes income taxation, deferred taxation, employee taxes and net value-added taxation (VAT).*
8 *Employees include permanent and temporary employees who are paid salaries and wages. Number of employees, including joint arrangements equity accounted, is 8 472 (2016: 9 313).*

DISTRIBUTION OF WEALTH CREATED (%)



KEY PERFORMANCE AREAS (%)	F2017	F2016
Employees	86.1	57.8
Providers of equity	5.6	2.8
Providers of funding	0.3	0.4
Socio-economic development	0.1	0.1
Government	47.5	30.6
Funding (utilised)/retained	(39.6)	8.3

GROUP MEASURES

The group's underperformance was as a result of a decreasing Contracting order book, resulting in an inability to replace traded revenue and recover overheads, coupled with contract losses.

The board is **evaluating** each underperforming business to ensure the group meets and exceeds its weighted average cost of capital and return on equity targets.

FINANCIAL

- Revenue per employee (medium term) – R'000
- Net (loss)/profit for the year per employee – R'000
- Geographic diversification (revenue from over-border operations) – %
- Multi-disciplinary revenue of Contracting revenue – %
- EPC^ revenue of Contracting revenue – %
- Secured order book (Contracting budget secured in order book at start of financial year) – %
- Return on shareholders' equity – long term – %
- Fully diluted headline earnings per share – % (decrease)/growth
- Product diversification – (total operating profit from non-Contracting businesses) – %
- Net gearing – %
- Cash (utilised)/generated from operations – R million
- Total operating margin – %

^ *Engineer, procure and construct.*

Women at Group Five increased from 15% of the permanent workforce to 22% in the last three years.

In F2017, **black representation** at management level improved from 31% to 34%.

PEOPLE

- Employee turnover (permanent employees) – %
- Employees trained per annum – %
- Average training spend per employee
- Construction Charter BBBEE score
- Lost-time injury frequency rate* (Group Five employees)
- Lost-time injury frequency rate** (Sub-contractors)
- % of AIC^^ at top management, senior management and middle management
- % of women at top management, senior management and middle management
- OHSAS 18001:2007 certification across group – %

^ *These numbers relate to voluntary terminations only and do not include involuntary labour turnover as a result of retrenchments and non-renewal of contracts.*
* *Group Five permanent employees in South Africa and the rest of Africa.*
** *Group Five permanent employees in South Africa and the rest of Africa and sub-contractors combined.*
^^ *African, Indian and Coloured.*

Water consumption **reduced** by 32%, energy from fuel by 35% and electricity use by 4%.

ENVIRONMENT

- Electricity usage per employee**
- Carbon footprint per employee**
- Significant environmental incidents
- ISO 14001:2004 certification across group – %

* *MWh – megawatt hours.*
** *Electricity usage per employee and carbon footprint per employee information in each financial year relates to the actual usage in the previous year.*
\# *A significant reduction in permanent employees due to the group restructuring resulted in the relative MWh per employee being higher than previous years.*

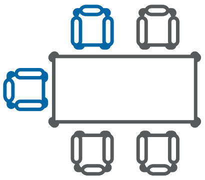
Medium term target	**F2017 actual**	**F2017 target**	F2016 actual	F2016 target	F2015 actual
Increase	**1 292**	**Increase**	1 497	Increase	1 152
Increase	**(100)**	**Increase**	41	Increase	19
50	**32**	**40**	33	40	27
Increase	**29**	**Increase**	41	Increase	30
Increase	**26**	**Increase**	26	Increase	12
70 of budget	**62**	**70 of budget**	64	70 of budget	79
15 – 20	**(27.7)**	**15 –20**	12	15 – 20	8
Growth >CPI	**(355)**	**Growth**	63	Growth	49
>33	**–**	**733**	132	>33	87
<33 of equity	**–**	**<33 of equity**	–	<33 of equity	–
Cash generative	**(811)**	**Cash generative**	480	Cash generative	544
5 medium term	**(6.1)**	**5 medium term**	5.2	5 medium term	2.6

Medium term target	**F2017 actual**	**F2017 target**	F2016 actual	F2016 target	F2015 actual
<5	**2^**	**<5**	3^	<5	3^
35	**42**	**35**	56	35	41
R1 400	**R1 651**	**R1 400**	R1 940	R1 300	R1 480
>90	**91**	**>90**	88	>85	87
0.20	**0.20**	**0.20**	0.21	–	0.23
0.20	**0.10**	**0.20**	0.13	–	0.15
40	**34**	**35**	31	35	28
20	**16**	**20**	16	18	14
100	**100**	**100**	100	100	100

Medium term target	**F2017 actual**	**F2017 target**	F2016 actual
4.0 MWh	**7.0 MWh*#**	**5.03 MWh***	4.20 MWh*
5.99 tonnes CO_2e	**9.7 tonnes CO_2e**	**9.44 tonnes CO_2e**	10.76 tonnes CO_2e
–	**–**	**–**	–
100	**100**	**100**	100

TEAM MEASURES

DURING THE YEAR, THE GROUP'S NON-EXECUTIVE BOARD MEMBERS WERE RECONSTITUTED FOLLOWING SHAREHOLDER ACTION. THE NEW BOARD IS COMMITTED TO REGAINING THE TRUST OF ITS INTERNAL AND EXTERNAL STAKEHOLDERS TO ENSURE THE STABILITY OF THE GROUP AND ITS MANAGEMENT TEAM.



BOARD OF DIRECTORS

EVALUATED BY: Internal evaluation and independent external evaluation by the Institute of Directors/shareholders through annual general meeting

AREAS OF FOCUS FOR F2018

AS OUTLINED ON PAGE 43, THE NEW BOARD HAS A NUMBER OF CLEAR DELIVERABLES FOR F2018. THE CHAIRPERSON AND NON-EXECUTIVE BOARD MEMBERS WILL BE MEASURED AGAINST THESE FOCUS AREAS. THESE ARE:

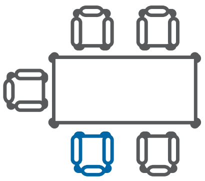
- Establishing a strong and unified board of directors that instils confidence in stakeholders who have been affected by the magnitude of change in a very short time span
- Rebuilding relationships between the board and the executive committee
- Ensuring adequate management depth in the group, with a continued focus on transformation
- Evaluating the group's strategy, as well as the appropriateness of its clusters, businesses and asset base to ensure value creation for all stakeholders and to meet and exceed its weighted average cost of capital and return on equity targets
- Ensuring the efficient allocation of capital in the group
- Evaluating the most optimal actions to implement the requirements of the VRP
- Assessing the group's internal capacity and structure against the market conditions and strategy
- Reassessing the group's risk-bearing capacity, its risk appetite and key risk procedures against its stated strategy and current operational performance

COMPANY SECRETARY

EVALUATED BY: The CFO

KEY PERFORMANCE AREAS	DELIVERY F2017	FOCUS FOR F2018
ETHICS AND GOVERNANCE	Delivery of anti-bribery and corruption awareness presentation to the previous board. A number of revised work plans or policies approved, including: › Ethics and compliance work plans › Revised whistle blowing policy › Board gender diversity policy Refresher workshops were also conducted and the board was supported during the additional meetings and activities required in the year due to shareholder action.	Adoption of King IV report, where appropriate and applicable. Review of governance policies and procedures to align with best practice.
COMPLIANCE WITH LAWS AND REGULATIONS	The group's operations met all material statutes and compliance requirements.	Continuous review of group policies and procedures to align with any relevant amendments to legislative and/or regulatory frameworks. Streamlining of secretarial activities across the group's companies, with a focus on enhancing and improving the procedures in the rest of Africa.
DIRECTORS' DUTIES AND INDUCTION	The evaluation of the board and directors who served during F2017 was not conducted.	Induction of newly-appointed non-executive directors. Reaffirm the schedule for the evaluation of the board and directors going forward.
ADHERENCE TO THE COMPANIES ACT AND JSE LISTINGS REQUIREMENTS	There were no adverse findings from the group's sponsor, the JSE Limited or Securities Regulation Panel (SRP).	Ongoing review of group policies and procedures to align with requirements.
BBBEE SCHEME ADMINISTRATION AND SHARE APPRECIATION RIGHT ADMINISTRATION	All acceptances to vesting offers issued in terms of the Black Management Economic Empowerment Scheme (BMS) were processed in line with participants' instructions. Vesting of the first allocations made under the long term incentive plan (LTIP) was administered to the satisfaction of participants.	Facilitate the winding up of the BMS Trust. Review the administration processes with a view to enhancing the vesting of future allocations made under the LTIP scheme.

EXCO KEY PERFORMANCE AREAS



CHIEF EXECUTIVE OFFICER: THEMBA MOSAI

The new CEO, Themba Mosai, became interim CEO in March of this year and permanent CEO in May. Before that, he was the head of the Developments team. Themba's delivery on his key performance areas during this year therefore focuses on both roles, with F2018 only focusing only on his responsibilities as CEO.

EVALUATED BY: The chairperson

KEY PERFORMANCE AREAS	DELIVERY F2017
STRATEGY DEVELOPMENT Developments	The Developments team concluded on key focus markets and sectors and successfully received finance in the form of non-recourse at risk development funding to support the development of projects. Following Themba's appointment as CEO, the Developments role was moved to within the Investments & Concessions cluster to further optimise the synergy between resources. This will assist the group in maintaining both sector and geographic focus, whilst utilising one pool of resources.
Group	Following management changes and shareholder action to reconstitute the board, Themba engaged with a number of stakeholders to communicate the strategy and future of the group. Themba also worked with the CFO on aspects of the Voluntary Rebuild Programme agreement with government. Since being appointed as CEO, Themba has focused on executing on strategic initiatives to rightsize the business and restructure for improved performance. A retrenchment process in the Engineering & Construction cluster was continued and it was restructured to allow increased accountability and responsibility at cluster level. Themba also assisted in the process of appointing a new head of Investments & Concessions.
OPERATIONAL DELIVERY	The Developments team successfully strengthened its partnerships as a key lever for success. The group was part of two consortia that were awarded preferred bidder status on two major contracts in the rest of Africa. These contracts are now under negotiation, with financial close on at least one expected within 12 months.

FOCUS FOR F2018

In F2018, Themba's key performance areas will include:

- Stabilising the group and its people. This will be done through a focus on the group's talent and processes to ensure optimal performance and competitiveness
- Driving the group's strategy successfully to improve returns and results
- Working closely with the heads of the newly-restructured Engineering & Construction cluster to stem any ongoing losses and to drive targeted growth
- Assisting teams to entrench the new processes and programmes on sites to address deviations timeously in Engineering & Construction
- Operating cost-effectively, with a particular focus on capital allocation within the businesses in the group to ensure that shareholder returns are improved
- Delivering a monthly CEO's safety address. This will highlight the importance of adhering to our safety procedures and the role of each employee as a safety officer with authority to decline to work in an unsafe area. This authority is sacrosanct
- Re-invigorating and motivating employees to deliver on the group's strategy

CHIEF FINANCIAL OFFICER: CRISTINA FREITAS TEIXEIRA

EVALUATED BY: The CEO

KEY PERFORMANCE AREAS	DELIVERY F2017
STRATEGY DEVELOPMENT	Cristina provided strategic guidance to the board as an executive member of the mergers & acquisitions working group to determine the individual cluster and consolidated valuation of the group. She also provided key support on crystalising the financial aspects of the Voluntary Rebuild Programme. Cristina was a key player in the restructuring of the Engineering & Construction cluster and the corporate office against poor market conditions. She introduced additional real-time financial metrics and dashboards at Engineering & Construction to assess the viability of individual businesses and disciplines to enable the correct decisions during times of material market changes. These metrics include marginal costing analysis, working capital conversion, capital allocation and return enhancement. These dashboards have resulted in a material refocus and reassessment of businesses. Cristina implemented focused interventions on the reduction of both long term and short term capital, with a specific focus on Engineering & Construction. Cristina has been central to ensuring continuity and stability of the group in a volatile year. She provided significant support to a number of stakeholders, including bankers, analysts and investors, as well as employees. She continues to provide this support to the CEO and the newly-appointed board of directors.
OPERATIONAL DELIVERY	Cristina implemented a number of measures in terms of cost savings. These included the: › Realisation of R25 million cash savings at the corporate office in the year › Identification of further changes to realise an additional R100 million saving at the corporate office in F2018, which includes a restructuring and retrenchment process Cristina also introduced reporting software to enhance the real-time reporting of financial and non-financial data within Engineering & Construction.

FOCUS FOR F2018

In F2018, Cristina's key performance areas will include:

- Continuing to intervene and support to unlock both short term and long term capital across all clusters, with a particular focus on Engineering & Construction
- Assisting in bedding down the revised operating structure and further refining and reducing overheads, as required
- Operating cost-effectively, with a particular focus on capital allocation within the businesses in the group to ensure that shareholder returns are improved
- Continuing with the negotiations started in F2017 to sub-lease a portion of the group's corporate office in Waterfall following a reduction in headcount in the group and a need to cut costs
- Concluding on the retrenchment and restructure programme at the corporate office
- Assisting the board to establish the best actions to meet the VRP requirements and the most optimal corporate structure
- Working with the new board members to ensure continuity at the group

EXCO KEY PERFORMANCE AREAS CONTINUED

EXECUTIVE: MARK HUMPHREYS

Mark Humphreys was appointed as the head of Engineering & Construction and an exco member from 31 March 2017. He also remains the chief operations officer for the cluster. From F2018, he will become the head of the newly-restructured Construction cluster.

EVALUATED BY: The CEO

KEY PERFORMANCE AREAS	DELIVERY F2017
STRATEGY DEVELOPMENT	During the year, Mark and his team: › Started the restructuring of the cluster into two focused clusters of Construction and Engineer, Procure and Construct (EPC). The group will report on this basis from F2018 › Realigned and consolidated the Construction cluster to move from a discipline-focus to a more regional focus of Inland and Coastal (which represents South Africa) and the Rest of Africa › Implemented a strategic review to manage the construction operations against poor market conditions. This culminated in the closure of a number of non-core operations and services
OPERATIONAL DELIVERY	All segments were reviewed from a cost perspective and costs were reduced to reflect the prevailing market conditions. The contract lifecycle was refreshed across the cluster to ensure improved consistency across the segments. An enhanced standard cost reporting process and system, along with a renewed discipline methodology was implemented to ensure the earlier detection of problem contracts and improved efficiencies on sites.

FOCUS FOR F2018

In F2018, Mark's key performance areas will include:

- Finalising the restructuring of the African segment of Construction into a stand-alone business
- Continuing the rightsizing of the Construction cluster, with a particular focus on the correct allocation of capital and the removal of further non-core and non-value-adding businesses
- Further expanding our African footprint
- Implementing ongoing efficiency programmes and processes across the Construction cluster to prevent loss-making contracts. These will include:
  - Risk detection dashboards
  - A communications system to enhance execution, with a particular focus on discipline, contract planning, safety and quality
  - Full implementation of the internally-improved contract lifecycle

EXECUTIVE: KUSHIL MAHARAJ

Kushil was appointed to the exco team as head of Investments & Concessions in May 2017. The delivery during the year therefore focuses only on his previous role as head of G5 Properties, with the areas for F2018 encapsulating the entire Investments & Concessions cluster as that will be his areas of focus going forward.

EVALUATED BY: The CEO

KEY PERFORMANCE AREAS	DELIVERY F2017
STRATEGY DEVELOPMENT	During the last six years, Kushil has progressively grown G5 Properties' asset base and pipeline across the African continent. During the year, G5 Properties made steady progress with the development of its current portfolio of industrial, mixed-use and residential projects in South Africa, whilst continuing to develop select prospects across sub-Saharan Africa. G5 Properties is seeking to establish a co-investment vehicle for projects outside South Africa. The strategy is progressing well, with interested investors already identified and engaged. During the year, two large-scale strategic projects were secured that will be an important contributor to the Housing segment's order book.
OPERATIONAL DELIVERY	During the year: › A strong performance was achieved for the commercial and retail operating assets › Good progress was seen on the construction phase and leases for the industrial development in Cape Town secured › A residential development in Midrand, Gauteng, commenced › Pleasing progress experienced towards the closing of the public private partnership in Côte d'Ivoire

FOCUS FOR F2018

In F2018, Kushil's key performance areas will include:

- Achieving traction on the Aberdeen Infrastructure Funds relationship, with the aim to identifying joint acquisition of further equity investments in similar concessions assets across select markets, together with securing operations and maintenance roles for the group
- Further advancing the progress made in the safety of our operations
- Converting the South African residential development projects into projects under execution to improve revenue and cash flow
- Securing the required pre-let tenants for the commencement of the commercial and retail pipeline projects in West Africa
- Identifying innovative structuring of real estate and infrastructure projects that reduces the balance sheet support from the group

EXCO KEY PERFORMANCE AREAS CONTINUED

EXECUTIVE: GUY MOTTRAM

EVALUATED BY: The CEO

KEY PERFORMANCE AREAS	DELIVERY F2017
STRATEGY DEVELOPMENT The group's strategy in terms of risk management is to focus on effective risk management rather than complete risk elimination. The group focuses on operating within the boundaries of the group's approved risk parameters. The group manages risk through ensuring the correct controls are in place and that the group's risk parameters are fully understood and implemented. Our risk management systems are flexible to meet the demands of an ever-evolving business landscape.	During the year, Guy: › Worked closely with the previous CEO to finalise the Voluntary Rebuild Programme (VRP) with government. This resulted in an industry-wide agreement with government and six listed construction companies › Continued negotiations with the Competition Commission in an attempt to close out on the group's remaining two matters › Worked with the exco team to manage the group's key risks, including managing ongoing fatalities
OPERATIONAL DELIVERY	He also: › Worked with the Engineering & Construction cluster to implement an enhanced risk management and discipline methodology to detect problem contracts earlier on sites › Worked with his team to draft the risk appetite policy document, which was signed off by the board and implemented › Assisted the previous CEO with negotiations to close out two major contractual negotiations to unlock outstanding claims

AREAS REQUIRING FOCUS IN F2018

In F2018, Guy's key performance areas will include:

- Continuing to assist with the implementation of remaining aspects of VRP
- Ensuring finalisation of the Competition Commission matters
- Working with the CEO and exco to address loss-making contracts and inadequate adherence to safety procedures on sites

This will involve entrenching new procedures on sites, such as:

- Improved cost to completion procedures on all contracts and linking these directly to contract risk registers. This ensures that risks are properly assessed when calculating the cost base of a contract
- An enhanced early-warning dashboard, which will enable management to react much sooner once a contract displays signs of distress
- Tighter controls to manage operational risk and internal challenges on sites
- Increasing the discipline implemented to ensure employees adhere to all our procedures, as well as implement training around lessons learnt

The group's business continuity plans will be revised in F2018 following the major restructuring during the year to ensure that these are still appropriate and effective.

EXECUTIVE: JOHN WALLACE

EVALUATED BY: The CEO

KEY PERFORMANCE AREAS	DELIVERY F2017
STRATEGY DEVELOPMENT	During the year, John led his team to: › Successfully grow the contribution of alternative revenue and earnings streams at Everite to offset the current market, with significant growth in traded goods and more than 20% growth in exports with higher margins achieved › Grow reinforcing steel volumes by around 10% through the acquisition of equipment from a failing competitor. Group Five Pipe's performance was also improved
OPERATIONAL DELIVERY	› Fully commission the new Aerated Autoclaved Concrete (AAC) plant at Everite to mitigate dependence on fibre cement manufactured products › Grow reinforcing steel volumes in the face of a falling South African civil engineering sector › Manage the sand business whilst awaiting the award of our mining rights extension › Successfully navigate the pipe business in a recessionary, oversupplied steel pipe market

FOCUS FOR F2018

In F2018, John's key performance areas will include:

- Maintaining existing business volumes and optimise pricing in a highly competitive market
- Growing volumes from the commissioned AAC business to contribute for the first time in F2018
- Launching and growing additional targeted traded products
- Executing on agreed business plans for sand beneficiation following the award of the mining rights extension
- Further developing our strategy to cost-effectively serve targeted growth areas in Southern Africa
- Ensuring Group Five Pipe's effective market position

TEAM REMUNERATION

THIS REMUNERATION REVIEW IS BASED ON THE PRINCIPLES, GUIDANCE AND REQUIREMENTS OF THE KING CODE OF GOVERNANCE PRINCIPLES (KING III), THE COMPANIES ACT AND THE JSE LISTINGS REQUIREMENTS.

F2017 ACHIEVEMENTS

- The remuneration policy was approved at the annual general meeting (AGM) in November 2016, with 89.49% of shareholders voting in favour of the policy
- Shareholders were consulted on enhancements to the remuneration policy during the year. Their input is being integrated into a suggested new long term incentive plan (LTIP)
- We continued to address employees whose packages are currently outside of our policy parameters. This resulted in employee packages within our policies improving from 76% to 83%

FOCUS AREAS FOR F2018

- Ensure greater alignment between remuneration and achieving business objectives, including improved accountability
- A revised LTIP policy will be considered by the newly-appointed board of directors. Following this, shareholder approval will be sought
- Continue to review our remuneration practices and principles and implement recommendations or amendments, where appropriate
- Address the cost effectiveness and flexibility of some of our benefit offerings and implement amendments to bring this in line with best practice

THIS REPORT COMPRISES THREE SECTIONS:

1

Material matters considered by the remuneration committee that was in place until 6 April 2017

PG 94

2

Remuneration policies and principles for shareholders' vote at the AGM in November 2017

PG 96

3

Application of the remuneration policy

PG 102

SECTION:

1 Material matters considered by the remuneration committee that was in place until 6 April 2017

2 Remuneration policies and principles for shareholders' vote at the AGM in November 2017

3 Application of the remuneration policy

COST MANAGEMENT

In line with tough trading conditions, the group undertook a large restructuring exercise, predominantly in the Engineering & Construction cluster.

This resulted in 255 retrenchments in the group. We followed the required consultation processes and employees were supported to deal with the challenges associated with the restructuring.

LTIP AS A RETENTION TOOL FOR KEY EXECUTIVES

Due to tough trading conditions, together with internal challenges resulting in performance targets not being met, the LTIP was unable to provide the anticipated benefits, which could compromise the retention of key executives.

The remco therefore felt it necessary to develop a retention plan for executive committee members. This included a once-off immediate cash payment in March 2017, together with a proposed share offer to be made in November 2017, subject to a suggested revision to the LTIP scheme. This will require shareholder approval. This cash payment and share offer require a three-year retention and work-back period. The share offer can be settled in cash if the revised LTIP does not obtain requisite approvals. Details of the revised LTIP will be presented to shareholders for approval once the new board of directors have considered the appropriateness of the scheme.

In addition to this retention plan, at the commencement of the financial year, an individual retention award to the value of R5 million was concluded specifically for Willie Zeelie, the previous executive committee member of Engineering & Construction. R2,5 million was paid in July 2016. A further R2,5 million was to be paid in July 2019, provided Willie was still in the employ of the group and had achieved his F2019 key performance indicators set at the beginning of that financial year. There were no service conditions attached to the initial payment of R2,5 million and there was no requirement to repay this amount to the group following Willie's resignation in F2017.

CHANGES IN THE GROUP EXECUTIVE COMMITTEE

The remco was required to address the departure of our previous chief executive officer (CEO), Eric Vemer, and the appointment of Themba Mosai as our new CEO. An external benchmarking exercise was completed before finalising the guaranteed pay of the new CEO. In addition, the appointment of Kushil Maharaj as the executive committee member of the Investments & Concessions cluster was executed in accordance with the group's remuneration policy.

As outlined on page 105, the previous board agreed to pay the previous CEO, Eric Vemer, a separation payment of R19,7 million. This was calculated based on the remaining term of his contract of employment, as well as the value of LTIP awards at separation date. An amount of R11,1 million was paid on his departure, with the balance of R8,7 million payable in February 2018.

Willie Zeelie resigned from the group with effect from 31 March 2017. Willie entered into a consulting agreement with the group from 1 May 2017 to 30 April 2018 at a value of R3,9 million.

On 31 March 2017, Jon Hillary, the previous executive committee member of the Investments & Concessions cluster, resigned. Refer to page 109.

As outlined on page 108, a mutual separation agreement was reached with our previous human resources executive committee member, Jesse Doorasamy, with effect from 30 June 2017. This involved his retrenchment to address operational requirements. An amount of R2,2 million was paid to Jesse in this regard.

SHAREHOLDER CONSULTATION

During the year, the previous chairperson of the remuneration committee consulted shareholders and sought independent external advice to:

1. Identify areas for improvement to the group's remuneration processes
2. Assist with benchmarking to ensure leading practices
3. Create a revised long term incentive plan (LTIP) to address deficiencies in the current scheme

The feedback from shareholders will be incorporated into the revised plan, which will be presented to the new board of directors for approval prior to seeking shareholder approval.

A summary of the feedback and our actions to address these are outlined below:

SHAREHOLDER FEEDBACK	ACTIONS TO ADDRESS, AS DETERMINED BY THE REMCO IN PLACE DURING F2017
1. Formal shareholding of executives to be targeted at 300% of base pay.	This is being included in the revised LTIP, with a phased approach to achieve the targeted 300%.
2. Performance targets of the short term incentive scheme (STI) to be disclosed.	Refer to page 98. We are increasingly aligning management incentives to the achievement of returns. This focus will heighten in the coming year.
3. Performance targets for the return on capital (ROC) measure on the LTIP to be disclosed.	Refer to page 101.
4. F2017 STI payments to be reflected in the F2017 integrated report (traditionally we disclosed payments only once they were actually made, which resulted in us disclosing payments relating to the previous financial year).	We incorporated this feedback and also disclose STI payments relating to the year in which it is earned, but not yet paid, for the first time. In F2017, no short term incentive, which would be paid in F2018, was earned.
5. The remuneration policy should shift the mix of performance pay from short term incentives to more long term incentives.	This is being considered in the formulation of the revised LTIP.
6. The LTIP should be revised to remove the share appreciation right and bonus share elements to retain only the performance share element.	This is being considered in the formulation of the revised LTIP.

The shareholder feedback and previous remco determinations will be considered by the newly-established board and the remco in determining any proposed incentive schemes going forward.

SECTION:

1 Material matters considered by the remuneration committee that was in place until 6 April 2017

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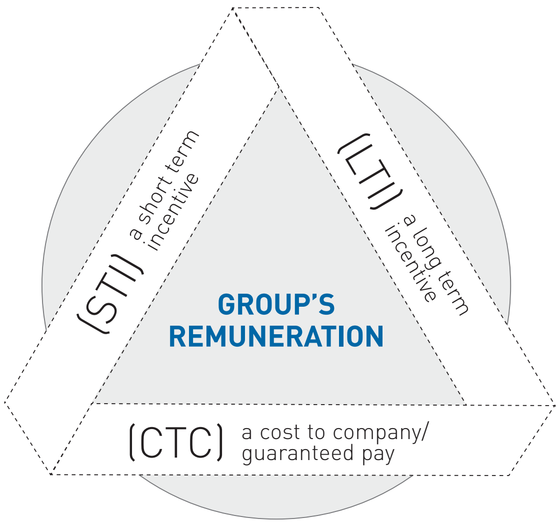
REMUNERATION POLICY

TEAM REMUNERATION

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

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



The remuneration committee (remco) assists the board in setting the remuneration policies for the group, as well as the remuneration of senior employees, executive committee members and prescribed officers. Independent non-executive director Mark Thomson was the chairperson of the remco until his resignation on 6 April 2017. Justin Chinyanta served as independent non-executive director to the board and the remco. Vincent Rague was appointed to the remco in November 2016. Following the resignation of Mark Thompson as non-executive director, the remco was not quorate from 7 April until 11 August 2017, with no chairperson and only two members until 24 July 2017, and then no members following the resignation of Justin Chinyanta and Vincent Rague on 24 July 2017.

During the reporting year, the CEO Eric Vemer and the group human resources executive committee member Jesse Doorasamy attended the remco meetings until their departure from the group in February 2017 and June 2017 respectively.

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

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

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

- **General** – HR, administration, safety, etc
- **Finance and IT** – accountants, IT, etc
- **Operations** – logistics, quality, etc
- **Engineering and technical** – core construction positions
- **Commercial** – quantity surveying and estimating positions
- **Manufacturing** – manufacturing positions

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

Our annual reduction of salary anomalies against our pay policy resulted in employees paid within our policy parameters improving from 76% to 83%. During the year, the remco focused on ensuring that the remuneration paid to employees in our core technical grades (Paterson C and D bands) met the market norms for these positions.

REMUNERATION STRUCTURE

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

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

Executive committee members, prescribed officers and senior management at corporate, cluster and segment level are offered overseas travel every three to five years to facilitate exposure and development. One senior management member attended a business course in the USA during the year.

EMPLOYEE AND EXCO CONTRACTS OF EMPLOYMENT

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

Notice period of employees

EMPLOYEES:	One month
SEGMENT MANAGEMENT:	Two months

VARIABLE PAY

Short term incentives

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

These are:

01

THE GROUP ACHIEVING A MINIMUM RETURN ON CAPITAL (ROC)

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

02

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

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

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

Our policy is structured to result in 55% OF THE CEO'S REMUNERATION BEING DIRECTLY LINKED TO THE GROUP'S PERFORMANCE and 45% to individual performance. 52% of the remuneration of the CFO and 51% of the remuneration of the rest of the executive committee is linked to group performance.

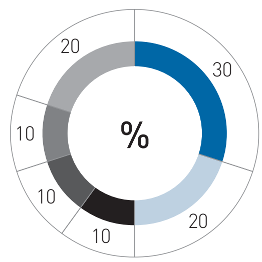
The STI rewards short term group performance and is paid out over two tranches at six-monthly intervals commencing in September following the financial year end in which it was earned.

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

PG Refer to Section 3, page 103, for disclosure on payments made during the year.

STI KEY PERFORMANCE AREA WEIGHTINGS

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



KEY PERFORMANCE AREAS WEIGHTING (%)

Profit before taxation	30
Free cash generated	20
Employment equity	10
Enterprise and supplier development	10
Safety	10
Individual performance	20

BOARD AND EXCO

The performance of the board and the executive committee (exco) is appraised against a set of clear objectives and key performance indicators (KPIs) to ensure they are remunerated fairly and responsibly. The KPIs of the exco team are aligned to the annual priorities set by the CEO, as well as against the strategic objectives agreed with the board. Executive and senior management members are measured and remunerated according to their alignment, achievement and contribution to the group's strategy, financial performance, cluster performance, segment performance and individual performance.

PG Refer to pages 84 to 91 for the KPIs of the board, CEO, CFO and the exco.

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

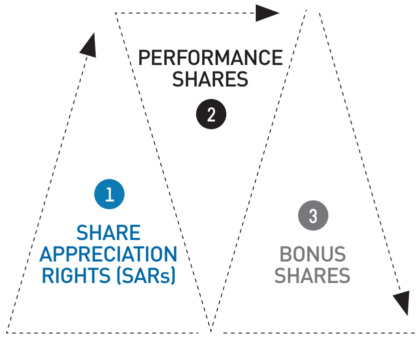
All payments in terms of the short term incentive scheme are based on audited year-end results. The bonuses paid out therefore always relate to the results of the previous year.

LONG TERM INCENTIVES

The long term incentive plan (LTIP) forms part of variable compensation and is used to attract, retain and motivate employees who influence the long term sustainability and strategic objectives of Group Five. The purpose is to foster sustainable performance or value creation over the long term, which is aligned to the group's strategy and which enhances shareholder value. Its main characteristic is the promise to deliver value over a future vesting period, once performance criteria are met or exceeded.

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

THE CURRENT LTIP CONSISTS OF THREE ELEMENTS:



1 **SHARE APPRECIATION RIGHTS (SARs)**
Value created through share price growth

2 **PERFORMANCE SHARES**
Full value shares – value created through returns to shareholders relative to competitors

3 **BONUS SHARES**
Full value shares – value created through short term performance and strategy alignment

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

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

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

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

LTIP summary

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

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

LTIP PERFORMANCE CRITERIA

SARs

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

Performance shares

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

RETURN ON CAPITAL TARGETS

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

TOTAL SHAREHOLDER RETURN IS COMPARED AGAINST A PEER GROUP OF COMPANIES

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

Bonus shares

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

30%
PROFIT BEFORE TAXATION

20%
FREE CASH GENERATED

20%
INDIVIDUAL PERFORMANCE

10%
ENTERPRISE AND SUPPLIER DEVELOPMENT

10%
SAFETY

10%
EMPLOYMENT EQUITY

DURATION OF THE SCHEME

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

SECTION:

1 Material matters considered by the remuneration committee that was in place until 6 April 2017

2 Remuneration policies and principles for shareholders' vote at the AGM in November 2017

3 Application of the remuneration policy

SECTION 2 OUTLINES THE GROUP'S REMUNERATION POLICY.
SECTION 3 OUTLINES HOW WE HAVE APPLIED IT DURING THE YEAR.

INCREASES

EMPLOYEES

We continued the improvements made during the previous years in addressing the remuneration of our core technical skills in Paterson bands C and D. This year, we moved these employees from the entry levels of their salary bands to the mid-point of their bands to ensure their retention.

At an individual employee level, the annual cost to company (CTC) increases are determined by the individual's pay relative to the band he or she is in, as well as the performance of the individual in the role. This process of evaluation concluded with an average performance increase for the group of 4.1% against the mandated 5.0%. The average group band adjustment of 1.5% was against the mandated 1.0% for individuals who either required CTC band adjustments due to job grade changes or who needed to be repositioned to ensure remuneration between the 60th and 65th percentile of the average market position of guaranteed base pay.

The overall increase of 5.7% was within the mandate provided by the remco of 6.0%. This shift from performance to retention reflects alignment to our market conditions to retain critical skills.

Due to a challenging trading environment, the executive committee members did not receive a salary increase.

The only members who had an increase in base pay was Themba Mosai following his appointment as CEO and Kushil Maharaj as an exco member and new head of Investments & Concessions.

Our annual reduction in salary anomalies against our pay policy resulted in employees paid within our policy parameters improving from 76% to 83%. This will continue to be an annual focus and we expect further improvements going forward.

Wage-based employees are remunerated either in line with relevant sectoral determinations, as set out by the Department of Labour, or in line with union-negotiated wages. The group has a low level of union representation at 16% of employees. The employees governed by the civil engineering sectoral determination received an increase of 8% as the second annual increase in a three-year wage agreement. For year three the agreed increase is 9% respectively or CPI plus 2%, whichever is greater in each year. Metal Industries Bargaining Council employees from our Projects and Oil & Gas segments received a 7.0% increase, being year three of their three-year wage agreement. In our Manufacturing segment Everite, employees received a 6.5% increase in year two of a three-year wage agreement, with a 6.5% increase in year three, provided CPI does not exceed 6.5% in December 2017. Intertoll Africa implemented a 8.6% increase for F2017.

NON-EXECUTIVE DIRECTORS

The remco reviews the annual increases of non-executive directors' fees and recommends these to the board. The board of directors in turn recommends the fees for approval by shareholders at the AGM. The F2017 fees were approved at the November 2016 AGM and the recommended fee schedule for F2018 is disclosed on page 115 and presented to shareholders for consideration and approval with the form of proxy ahead of the November 2017 AGM.

In light of the group's difficult trading conditions, the new board of directors accepted and proposes to shareholders an unchanged fee structure from F2017 for F2018.

The chairperson of the board is remunerated based on a fixed fee for the year. The remainder of the non-executive board members receive a base fee for their main board membership and an attendance fee per meeting. In addition, the chairpersons of each sub-committee of the board receive a fixed fee for their roles. Members of sub-committees receive an attendance fee per meeting.

Board members only receive fees for meetings they attended.

A third of non-executive directors are required to retire on an annual basis, but can offer themselves for re-election. The determination of candidates for retirement is informed by the longest-serving director. Therefore, depending on the size of the board, this may translate to retirement on a two- or three-year basis. For the current year, in light of the fact that all non-executive directors were appointed on 24 July 2017, the directors are equal in their length of time served. The directors required to retire were therefore selected by random selection.

PG Refer to page 115 for the directors' remuneration during F2017.

STI

Comparative awards and pay-outs

F2016 awards, paid in the F2017 year

The group exceeded its pre-tax weighted average cost of capital for F2016 by R181 million. As a result of this, the remco made a pool of R68 million available for STI payments to the more than 100 segment, cluster and executive committee management of the group.

The previous CEO Eric Vemer was awarded an STI bonus of R4,3 million or 82% of his CTC as a result of the improved results in F2016. This was against a targeted bonus of 120% of CTC. An amount of R2,1 million was paid in F2017 prior to his resignation, in line with the policy. The remainder of the bonus required Eric to have been in the employ of the group on 31 March 2017. As Eric resigned with effect from 28 February 2017, this amount was no longer payable. However, he was paid a separation payment. Refer to page 105.

The current CEO Themba Mosai was awarded an STI bonus of R1,9 million or 74% of his CTC at the time as the head of Developments following improved results in F2016.

The CFO Cristina Freitas Teixeira was awarded an STI bonus of R2,7 million or 76% of her CTC against a targeted STI bonus of 110% of CTC.

The rest of the exco received STI bonuses that were on average 75% of CTC versus the targeted 100% of CTC.

F2017 awards, to be paid out in F2018

This year, we also disclose the STI bonus information relating to the F2017 performance.

In F2017, no short term incentive in terms of the scheme, which would be paid in F2018, was earned. Should the remco determine that an STI bonus is due, this would be a discretionary allocation, with payment in F2018.

Following the resignation of Mark Thompson as non-executive director, the remco was not quorate from 7 April until 11 August 2017, with no chairperson and only two members until 24 July 2017, and then no members following the resignation of Justin Chinyanta and Vincent Rague on 24 July 2017.

The remco has recently been re-established with the chairperson Nazeem Martin and members appointed on 11 August 2017. The STI allocations and entitlement for F2017 will be considered by the remco in due course.

As mentioned earlier, following a number of executive departures from the group, the previous board offered retention bonuses to executive committee members. This included a once-off immediate cash payment in March 2017 together with a proposed share offer to be made in November 2017, subject to a proposed revision to the LTIP scheme which would need to be approved by shareholders.

The retention incentive required executives to accept or reject the offer. All the executive committee members accepted the retention offer except for the CFO Cristina Freitas Teixeira and the Manufacturing executive committee member John Wallace. Upon acceptance of the offer, the executive member committed to remain in service for three years from 1 April 2017. The share offer can be settled in cash if the revised LTIP does not obtain requisite approvals.

LTI

The first vesting of the LTIP occurred in February 2017 on the following basis:

COMPONENT	DESCRIPTION	VESTING OUTCOME
SHARE APPRECIATION RIGHTS	The right to receive shares to the value of the appreciation in the share price over a defined period.	The closing price of the share on 23 February 2017 was R24,77 and the SAR was allocated at R40,80. No SARs were therefore exercisable during this vesting period.
PERFORMANCE SHARE AWARD	Shares which have been conditionally awarded based on delivery, but subject to: › The group meeting certain defined performance criteria › Being in service on the delivery date	For the performance shares to vest, the group had to achieve a three-year rolling average return on capital (ROC) in excess of 11.6%. For the three years under review, the group did not achieve this ROC threshold and the performance shares issued in February 2014 were cancelled.
BONUS SHARE AWARD	The grant of a number of shares with: › A face value at the time of award equal to a percentage of the participants' annual short term incentive › Delivery only conditional on the employee being in service on the delivery date	Those participants that were in service in February 2017 received the value of their bonus shares at R24,77 per share in cash.

LOOKING FORWARD

The new remuneration committee will finalise its detailed focus areas for F2018 during its first meetings.

Below we outline a number of general areas:

- Revision of our remuneration policy to ensure that it is aligned to the group's strategy and to make recommendations where appropriate. As discussed earlier, any amendments will consider shareholders' feedback received during the year
- Equitable distributions of returns, generated above the weighted cost of capital (WACC) between management and shareholders
- A revised LTIP that takes shortcomings in the current scheme into account will be considered by the new board and presented to shareholders for approval in due course
- Benefit offerings will be reviewed to ensure flexibility around employee life stages, as well as cost effectiveness

BREAKDOWN OF REMUNERATION PACKAGES

ERIC VEMER – CEO until 28 February 2017

ELEMENTS OF REMUNERATION		APPLICABLE PERIOD	COST TO COMPANY R'000 IN F2017	TIMING OF PAY-OUTS[1] – R'000 F2017	F2018	F2019	F2020	F2021	F2022
LONG TERM INCENTIVE PLAN	Share appreciation rights (SARs)	SARs granted from F2012 to F2017	569[2]	33% of SAR award in F2013, F2014, exercisable	33% of SAR award in F2015, exercisable	33% of SAR award in F2015, F2016, exercisable	33% of SAR award in F2015, F2016, F2017 exercisable	33% of SAR award in F2016, F2017 exercisable	33% of SAR award in F2017 exercisable
	Performance shares	Performance shares granted in F2015, F2016 and F2017		100% of performance share award in F2014, exercisable assuming performance criteria met	100% of performance share award in F2015, exercisable assuming performance criteria met	100% of performance share award in F2016, exercisable assuming performance criteria met	100% of performance share award in F2017, exercisable assuming performance criteria met		
	Bonus shares	Bonus shares awarded in F2014, F2015 and F2017		100% of bonus share award in F2014	100% of bonus share award in F2015		100% of bonus share award in F2017		
				–					

+ Cash settlement of bonus shares in line with the long term incentive plan (LTIP). This vested in F2017 relating to the award in F2014.

ELEMENTS OF REMUNERATION		APPLICABLE PERIOD	COST TO COMPANY R'000 IN F2017	F2017	F2018	F2019	F2020	F2021	F2022
SHORT TERM INCENTIVE	Annual short term incentive	F2016[3]		2 137					

+ The group exceeded its pre-tax weighted average cost of capital for F2016. As a result, the remco approved STI payments. The CEO Eric was paid a R2,1 million STI bonus as a result of the improved results in F2016.

ELEMENTS OF REMUNERATION		APPLICABLE PERIOD	COST TO COMPANY R'000 IN F2017	F2017	F2018	F2019	F2020	F2021	F2022
RETENTION AWARD	Retention incentive	F2017		–					

+ Not applicable, as retention incentives were issued post the CEO's departure.

ELEMENTS OF REMUNERATION		APPLICABLE PERIOD	COST TO COMPANY R'000 IN F2017	F2017	F2018	F2019	F2020	F2021	F2022
SEPARATION PAYMENT	Separation payment	F2017		11 157					

+ The CEO received a separation payment of R19,7 million, which was calculated based on the remaining term of his contract of employment, as well as the value of LTIP awards at separation date. An amount of R11,1 million was paid on his departure, with the balance of R8,7 million payable in February 2018.

ELEMENTS OF REMUNERATION		APPLICABLE PERIOD	COST TO COMPANY R'000 IN F2017	F2017	F2018	F2019	F2020	F2021	F2022
BASE PAY	Guaranteed total cost to company	March 2016 – Feb 2017[4]	5 225						
		March 2017 – Feb 2018[4]	5 225	3 516[5]					

External benchmarking of appropriate total cost to company was performed. Due to a challenging trading environment, the executive committee members did not receive a salary increase. The reduction in annual value paid is due to the CEO leaving the group eight months into the financial year.

TOTAL REMUNERATION PAID IN F2017	16 810

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

THEMBA MOSAI – INTERIM CEO from 1 March 2017 and CEO from 23 May 2017

ELEMENTS OF REMUNERATION		APPLICABLE PERIOD	COST TO COMPANY R'000 IN F2017	TIMING OF PAY-OUTS[1] – R'000					
				F2017	F2018	F2019	F2020	F2021	F2022
LONG TERM INCENTIVE PLAN	Share appreciation rights (SARs)	SARs granted from F2012 to F2017	271[2]	33% of SAR award in F2013, F2014, exercisable	33% of SAR award in F2015, exercisable	33% of SAR award in F2015, F2016, exercisable	33% of SAR award in F2015, F2016, F2017 exercisable	33% of SAR award in F2016, F2017 exercisable	33% of SAR award in F2017 exercisable
	Performance shares	Performance shares granted in F2015, F2016 and F2017		100% of performance share award in F2014, exercisable assuming performance criteria met	100% of performance share award in F2015, exercisable assuming performance criteria met	100% of performance share award in F2016, exercisable assuming performance criteria met	100% of performance share award in F2017, exercisable assuming performance criteria met		
	Bonus shares	Bonus shares awarded in F2014, F2015 and F2017		100% of bonus share award in F2014 62	100% of bonus share award in F2015		100% of bonus share award in F2017		
+	Cash settlement of bonus shares in line with the long term incentive plan (LTIP), which vested in F2017 relating to the award in F2014.								
SHORT TERM INCENTIVE	Annual short term incentive	F2016[3]		1 853					
+	The group exceeded its pre-tax weighted average cost of capital for F2016. As a result, the remco approved STI payments. Themba was paid a R1,9 million STI bonus. In F2017, no short term incentive in terms of the scheme, which would be paid in F2018, was earned. Should the remco determine that an STI bonus is due, this would form a discretionary allocation, with payment in F2018.								
RETENTION AWARD	Retention incentive	F2017[6]		750					
+	In March 2017, the board offered Themba a R2,2 million retention award with a cash payment of R750 000 (30% of his previous cost to company), payable in March 2017, as well as a once-off offer to participate in an executive share plan. This involves shares to the value of R1,5 million (60% of his previous cost to company) to be issued in November 2017 following approval by shareholders of an executive retention plan to be implemented. This retention incentive requires Themba to remain in service for three years from 1 April 2017. Themba accepted the retention incentive and the cash portion of the payment was made in the year.								
BASE PAY	Guaranteed total cost to company	March 2016 – Feb 2017[4]	2 500						
		March 2017 – Feb 2018[4]	4 250	2 794[5]					
	External benchmarking of appropriate total cost to company was performed. Due to a challenging trading environment, the executive committee members did not receive a salary increase. The increase in the annual value paid is due to the adjustment of total cost to company following Themba's appointment as CEO.								
TOTAL REMUNERATION PAID IN F2017				5 459					

1 *Refers to the financial period in which the remuneration awarded is actually paid to the employee/employee receives the benefit.*
2 *Refers to the cost to the company of awarding the employee a share appreciation right, determined by the IFRS 2 cost for the specific allocation.*
3 *Refers to the short term incentive awarded, relating to the most recent financial year completed. During F2016, no short term incentive was paid. A discretionary award was determined by the remco and paid to the employee. In F2017, no short term incentive, which would be paid in F2018, was earned.*
4 *Refers to the remuneration award granted annually, effective at the start of the group's remuneration year in March.*
5 *Any difference between guaranteed cost to company and remuneration actually paid is due to variable benefits paid, as well as ad hoc long service-related awards.*
6 *Following a period of significant senior management departures, including the CEO, the remco determined that retention awards, in the absence of an effective LTIP, were required to ensure the retention of key employees.*

CRISTINA FREITAS TEIXEIRA – CFO

ELEMENTS OF REMUNERATION		APPLICABLE PERIOD	COST TO COMPANY R'000 IN F2017	TIMING OF PAY-OUTS[1] – R'000					
				F2017	F2018	F2019	F2020	F2021	F2022
LONG TERM INCENTIVE PLAN	Share appreciation rights (SARs)	SARs granted from F2012 to F2017	474[2]	33% of SAR award in F2013, F2014, exercisable	33% of SAR award in F2015, exercisable	33% of SAR award in F2015, F2016, exercisable	33% of SAR award in F2016, F2017 exercisable	33% of SAR award in F2016, F2017 exercisable	33% of SAR award in F2017 exercisable
	Performance shares	Performance shares granted in F2015, F2016 and F2017		100% of performance share award in F2014, exercisable assuming performance criteria met	100% of performance share award in F2015, exercisable assuming performance criteria met	100% of performance share award in F2016, exercisable assuming performance criteria met	100% of performance share award in F2017, exercisable assuming performance criteria met		
	Bonus shares	Bonus shares awarded in F2014, F2015 and F2017		100% of bonus share award in F2014 118	100% of bonus share award in F2015		100% of bonus share award in F2017		

+ Cash settlement of bonus shares in line with the long term incentive plan (LTIP). This vested in F2017 relating to the award in F2014.

				F2017	F2018	F2019	F2020	F2021	F2022
SHORT TERM INCENTIVE	Annual short term incentive	F2016[3]		2 742					

+ The group exceeded its pre-tax weighted average cost of capital for F2016. As a result, the remco approved STI payments. Cristina was paid a R1,9 million STI bonus as a result of the improved results in F2016. In F2017, no short term incentive in terms of the scheme, which would be paid in F2018, was earned. Should the remco determine that an STI bonus is due, this would form a discretionary allocation, with payment in F2018.

				F2017	F2018	F2019	F2020	F2021	F2022
RETENTION AWARD	Retention incentive	F2017[6]		–					

+ In March 2017, the board offered Cristina a R3,2 million retention award with a cash payment of R1,1 million (30% of her current cost to company), payable in March 2017, as well as a once-off offer to participate in an executive share plan. This will involve shares to the value of R2,1 million (60% of her current cost to company) to be issued in November 2017 following approval by shareholders of an executive retention plan to be implemented. This retention incentive requires Cristina to remain in service for three years from 1 April 2017. Cristina did not accept the retention incentive and no payment was made in the year.

				F2017	F2018	F2019	F2020	F2021	F2022
BASE PAY	Guaranteed total cost to company	March 2016 – Feb 2017[4]	3 535						
		March 2017 – Feb 2018[4]	3 535	3 551[5]					

External benchmarking of appropriate total cost to company was performed. Due to a challenging trading environment, the executive committee members did not receive a salary increase.

TOTAL REMUNERATION PAID IN F2017	**6 411**

1 *Refers to the financial period in which the remuneration awarded is actually paid to the employee/employee receives the benefit.*
2 *Refers to the cost to the company of awarding the employee a share appreciation right, determined by the IFRS 2 cost for the specific allocation.*
3 *Refers to the short term incentive awarded, relating to the most recent financial year completed. During F2016, no short term incentive was paid. A discretionary award was determined by the remco and paid to the employee. In F2017, no short term incentive, which would be paid in F2018, was earned.*
4 *Refers to the remuneration award granted annually, effective at the start of the group's remuneration year in March.*
5 *Any difference between guaranteed cost to company and remuneration actually paid is due to variable benefits paid, as well as ad hoc long service-related awards.*
6 *Following a period of significant senior management departures, including the CEO, the remco determined that retention awards, in the absence of an effective LTIP, were required to ensure the retention of key employees.*

TEAM REMUNERATION | BREAKDOWN OF REMUNERATION PACKAGES CONTINUED

JESSE DOORASAMY

ELEMENTS OF REMUNERATION		APPLICABLE PERIOD	COST TO COMPANY R'000 IN F2017	TIMING OF PAY-OUTS[1] – R'000					
				F2017	F2018	F2019	F2020	F2021	F2022
LONG TERM INCENTIVE PLAN	Share appreciation rights (SARs)	SARs granted from F2012 to F2017	260[2]	33% of SAR award in F2013, F2014, exercisable	33% of SAR award in F2015, exercisable	33% of SAR award in F2015, F2016, exercisable	33% of SAR award in F2015, F2016, F2017 exercisable	33% of SAR award in F2016, F2017 exercisable	33% of SAR award in F2017 exercisable
	Performance shares	Performance shares granted in F2015, F2016 and F2017		100% of performance share award in F2014, exercisable assuming performance criteria met	100% of performance share award in F2015, exercisable assuming performance criteria met	100% of performance share award in F2016, exercisable assuming performance criteria met	100% of performance share award in F2017, exercisable assuming performance criteria met		
	Bonus shares	Bonus shares awarded in F2014, F2015 and F2017		100% of bonus share award in F2014 298	100% of bonus share award in F2015		100% of bonus share award in F2017		

\+ Cash settlement of bonus shares in line with the long term incentive plan (LTIP). This vested in F2017 relating to the award in F2014.

ELEMENTS OF REMUNERATION		APPLICABLE PERIOD	COST TO COMPANY R'000 IN F2017	F2017	F2018	F2019	F2020	F2021	F2022
SHORT TERM INCENTIVE	Annual short term incentive	F2016[3]		1 874					

\+ The group exceeded its pre-tax weighted average cost of capital for F2016. As a result, the remco approved STI payments. Jesse was paid a R1,9 million STI bonus as a result of the improved results in F2016. In F2017, no short term incentive in terms of the scheme, which would be paid in F2018, was earned. Should the remco determine that an STI bonus is due, this would form a discretionary allocation, with the payment in F2018. Jesse's retrenchment and mutual separation agreement determines that should there be an allocation for F2017, a bonus for him will be considered on the same basis as the remainder of the executive management team.

ELEMENTS OF REMUNERATION		APPLICABLE PERIOD	COST TO COMPANY R'000 IN F2017	F2017	F2018	F2019	F2020	F2021	F2022
RETENTION AWARD	Retention incentive	F2017[6]		–					

\+ Not applicable. A retention award was not issued, as Jesse's exit date was determined before the award of the incentives.

ELEMENTS OF REMUNERATION		APPLICABLE PERIOD	COST TO COMPANY R'000 IN F2017	F2017	F2018	F2019	F2020	F2021	F2022
RETRENCHMENT PAYMENTS	Retrenchment payments	F2017		2 161					

\+ A mutual separation agreement was reached which involved Jesse's retrenchment to address operational requirements. An amount of R2,2 million was paid to Jesse in this regard.

ELEMENTS OF REMUNERATION		APPLICABLE PERIOD	COST TO COMPANY R'000 IN F2017	F2017	F2018	F2019	F2020	F2021	F2022
BASE PAY	Guaranteed total cost to company	March 2016 – Feb 2017[4]	2 700						
		March 2017 – Feb 2018[4]	2 700	3 296[5]					

External benchmarking of appropriate total cost to company was performed. Due to a challenging trading environment, the executive committee members did not receive a salary increase. The amount paid is in excess of Jesse's annual total cost to company, as it includes leave days due paid of R257 000 and a director's flight benefit of R185 000.

TOTAL REMUNERATION PAID IN F2017	**7 629**

1 *Refers to the financial period in which the remuneration awarded is actually paid to the employee/employee receives the benefit.*
2 *Refers to the cost to the company of awarding the employee a share appreciation right, determined by the IFRS 2 cost for the specific allocation.*
3 *Refers to the short term incentive awarded, relating to the most recent financial year completed. During F2016, no short term incentive was paid. A discretionary award was determined by the remco and paid to the employee. In F2017, no short term incentive, which would be paid in F2018, was earned.*
4 *Refers to the remuneration award granted annually, effective at the start of the group's remuneration year in March.*
5 *Any difference between guaranteed cost to company and remuneration actually paid is due to variable benefits paid, as well as ad hoc long service-related awards.*
6 *Following a period of significant senior management departures, including the CEO, the remco determined that retention awards, in the absence of an effective LTIP, were required to ensure the retention of key employees.*

JON HILLARY – EXCO

ELEMENTS OF REMUNERATION		APPLICABLE PERIOD	COST TO COMPANY R'000 IN F2017	TIMING OF PAY-OUTS[1] – R'000 F2017	F2018	F2019	F2020	F2021	F2022
LONG TERM INCENTIVE PLAN	Share appreciation rights (SARs)	SARs granted from F2012 to F2017	357[2]	33% of SAR award in F2013, F2014, exercisable	33% of SAR award in F2015, exercisable	33% of SAR award in F2015, F2016, exercisable	33% of SAR award in F2015, F2016, F2017 exercisable	33% of SAR award in F2016, F2017 exercisable	33% of SAR award in F2017 exercisable
	Performance shares	Performance shares granted in F2015, F2016 and F2017		100% of performance share award in F2014, exercisable assuming performance criteria met	100% of performance share award in F2015, exercisable assuming performance criteria met	100% of performance share award in F2016, exercisable assuming performance criteria met	100% of performance share award in F2017, exercisable assuming performance criteria met		
	Bonus shares	Bonus shares awarded in F2014, F2015 and F2017		100% of bonus share award in F2014 127	100% of bonus share award in F2015		100% of bonus share award in F2017		

\+ Cash settlement of bonus shares in line with the long term incentive plan (LTIP). This vested in F2017 relating to the award in F2014.

				F2017	F2018	F2019	F2020	F2021	F2022
SHORT TERM INCENTIVE	Annual short term incentive	F2016[3]		3 538					

\+ The group exceeded its pre-tax weighted average cost of capital for F2016. As a result, the remco approved STI payments. John was paid a R3,5 million STI bonus as a result of the improved results in F2016. In F2017, no short term incentive in terms of the scheme, which would be paid in F2018, was earned.

				F2017	F2018	F2019	F2020	F2021	F2022
RETENTION AWARD	Retention incentive	F2017[6]		–					

\+ In March 2017, the board offered Jon a R2,9 million retention award, with a cash payment of R960 000 (30% of his current cost to company), payable in March 2017, and a once-off offer to participate in an executive share plan. This will involve shares to the value of R1,9 million (60% of his current cost to company) to be issued in November 2017 following approval by shareholders of an executive retention plan to be implemented. This retention incentive required Jon to remain in service for three years from 1 April 2017. Jon did not accept the retention incentive and no payment was made in the year. Jon resigned on 31 March 2017.

				F2017	F2018	F2019	F2020	F2021	F2022
BASE PAY	Guaranteed total cost to company	March 2016 – Feb 2017[4]	3 200						
		March 2017 – Feb 2018[4]	3 200	3 694[5]					

External benchmarking of appropriate total cost to company was performed. Due to a challenging trading environment, the executive committee members did not receive a salary increase.

TOTAL REMUNERATION PAID IN F2017	7 359

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

MARK HUMPHREYS – EXCO

ELEMENTS OF REMUNERATION		APPLICABLE PERIOD	COST TO COMPANY R'000 IN F2017	TIMING OF PAY-OUTS[1] – R'000					
				F2017	F2018	F2019	F2020	F2021	F2022
LONG TERM INCENTIVE PLAN	Share appreciation rights (SARs)	SARs granted from F2012 to F2017	588[2]	33% of SAR award in F2013, F2014, exercisable	33% of SAR award in F2015, exercisable	33% of SAR award in F2015, F2016, exercisable	33% of SAR award in F2015, F2016, F2017 exercisable	33% of SAR award in F2016, F2017 exercisable	33% of SAR award in F2017 exercisable
	Performance shares	Performance shares granted in F2015, F2016 and F2017		100% of performance share award in F2014, exercisable assuming performance criteria met	100% of performance share award in F2015, exercisable assuming performance criteria met	100% of performance share award in F2016, exercisable assuming performance criteria met	100% of performance share award in F2017, exercisable assuming performance criteria met		
	Bonus shares	Bonus shares awarded in F2014, F2015 and F2017		100% of bonus share award in F2014 88	100% of bonus share award in F2015		100% of bonus share award in F2017		
+	Cash settlement of bonus shares in line with the long term incentive plan (LTIP). This vested in F2017 relating to the award in F2014.								
SHORT TERM INCENTIVE	Annual short term incentive	F2016[3]		1 855					
+	The group exceeded its pre-tax weighted average cost of capital for F2016. As a result, the remco approved STI payments. Mark was paid a R1,8 million STI bonus as a result of the improved results in F2016. In F2017, no short term incentive in terms of the scheme, which would be paid in F2018, was earned. Should the remco determine that an STI bonus is due, this would form a discretionary allocation, with payment in F2018.								
RETENTION AWARD	Retention incentive	F2017[6]		1 025					
+	In March 2017, the board offered Mark a R3,1 million retention award, with a cash payment of R1 million (30% of his previous cost to company), payable in March 2017 and a once-off offer to participate in an executive share plan. This will involve shares to the value of R2,1 million (60% of his previous cost to company) to be issued in November 2017 following approval by shareholders of an executive retention plan to be implemented. This retention incentive requires Mark to remain in service for three years from 1 April 2017. Mark accepted the retention incentive and the cash payment was made in the year.								
BASE PAY	Guaranteed total cost to company	March 2016 – Feb 2017[4]	3 416						
		March 2017 – Feb 2018[4]	3 416	3 471[5]					
	External benchmarking of appropriate total cost to company was performed. Due to a challenging trading environment, the executive committee members did not receive a salary increase.								
TOTAL REMUNERATION PAID IN F2017				**6 439[7]**					

1 Refers to the financial period in which the remuneration awarded is actually paid to the employee/employee receives the benefit.
2 Refers to the cost to the company of awarding the employee a share appreciation right, determined by the IFRS 2 cost for the specific allocation.
3 Refers to the short term incentive awarded, relating to the most recent financial year completed. During F2016, no short term incentive was paid. A discretionary award was determined by the remco and paid to the employee.
4 Refers to the remuneration award granted annually, effective at the start of the group's remuneration year in March.
5 Any difference between guaranteed cost to company and remuneration actually paid is due to variable benefits paid, as well as ad hoc long service-related awards.
6 Following a period of significant senior management departures, including the CEO, the remco determined that retention awards, in the absence of an effective LTIP, were required to ensure the retention of key employees.
7 The F2017 pay-out reflects the total value paid to the employee whereas page 119 reflects the value for the period in office only as required by the Companies Act.

GUY MOTTRAM – EXCO

ELEMENTS OF REMUNERATION		APPLICABLE PERIOD	COST TO COMPANY R'000 IN F2017	TIMING OF PAY-OUTS[1] – R'000					
				F2017	F2018	F2019	F2020	F2021	F2022
LONG TERM INCENTIVE PLAN	Share appreciation rights (SARs)	SARs granted from F2012 to F2017	495[2]	33% of SAR award in F2013, F2014, exercisable	33% of SAR award in F2015, exercisable	33% of SAR award in F2015, F2016, exercisable	33% of SAR award in F2015, F2016, F2017 exercisable	33% of SAR award in F2016, F2017 exercisable	33% of SAR award in F2017 exercisable
	Performance shares	Performance shares granted in F2015, F2016 and F2017		100% of performance share award in F2014, exercisable assuming performance criteria met	100% of performance share award in F2015, exercisable assuming performance criteria met	100% of performance share award in F2016, exercisable assuming performance criteria met	100% of performance share award in F2017, exercisable assuming performance criteria met		
	Bonus shares	Bonus shares awarded in F2014, F2015 and F2017		100% of bonus share award in F2014 85	100% of bonus share award in F2015		100% of bonus share award in F2017		

+ Cash settlement of bonus shares in line with the long term incentive plan (LTIP). This vested in F2017 relating to the award in F2014.

SHORT TERM INCENTIVE	Annual short term incentive	F2016[3]		1 874					

+ The group exceeded its pre-tax weighted average cost of capital for F2016. As a result, the remco approved STI payments. Guy was paid a R1,9 million STI bonus as a result of the improved results in F2016. In F2017, no short term incentive in terms of the scheme, which would be paid in F2018, was earned. Should the remco determine that an STI bonus is due, this would form a discretionary allocation, with payment in F2018.

RETENTION AWARD	Retention incentive	F2017[6]		810					

+ In March 2017, the board offered Guy a R2,4 million retention award, with a cash payment of R810 000 (30% of his current cost to company), payable in March 2017, and a once-off offer to participate in an executive share plan. This involves shares to the value of R1,6 million (60% of his current cost to company) to be issued in November 2017 following approval by shareholders of an executive retention plan to be implemented. This retention incentive requires Guy to remain in service for three years from 1 April 2017. Guy accepted the retention incentive and the cash payment was made in the year.

BASE PAY	Guaranteed total cost to company	March 2016 – Feb 2017[4]	2 700						
		March 2017 – Feb 2018[4]	2 700	2 763[5]					

External benchmarking of appropriate total cost to company was performed. Due to a challenging trading environment, the executive committee members did not receive a salary increase.

TOTAL REMUNERATION PAID IN F2017	5 532

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

KUSHIL MAHARAJ – EXCO

ELEMENTS OF REMUNERATION		APPLICABLE PERIOD	COST TO COMPANY R'000 IN F2017	TIMING OF PAY-OUTS[1] – R'000					
				F2017	F2018	F2019	F2020	F2021	F2022
LONG TERM INCENTIVE PLAN	Share appreciation rights (SARs)	SARs granted from F2012 to F2017	363[2]	33% of SAR award in F2013, F2014, exercisable	33% of SAR award in F2015, exercisable	33% of SAR award in F2015, F2016, exercisable	33% of SAR award in F2015, F2016, F2017 exercisable	33% of SAR award in F2016, F2017 exercisable	33% of SAR award in F2017 exercisable
	Performance shares	Performance shares granted in F2015, F2016 and F2017		100% of performance share award in F2014, exercisable assuming performance criteria met	100% of performance share award in F2015, exercisable assuming performance criteria met	100% of performance share award in F2016, exercisable assuming performance criteria met	100% of performance share award in F2017, exercisable assuming performance criteria met		
	Bonus shares	Bonus shares awarded in F2014, F2015 and F2017		100% of bonus share award in F2014 49	100% of bonus share award in F2015		100% of bonus share award in F2017		

\+ Cash settlement of bonus shares in line with the long term incentive plan (LTIP). This vested in F2017 relating to the award in F2014.

ELEMENTS OF REMUNERATION		APPLICABLE PERIOD	COST TO COMPANY R'000 IN F2017	F2017	F2018	F2019	F2020	F2021	F2022
SHORT TERM INCENTIVE	Annual short term incentive	F2016[3]		1 354					

\+ The group exceeded its pre-tax weighted average cost of capital for F2016. As a result, the remco approved STI payments. Kushil was paid a R1,3 million STI bonus as a result of the improved results in F2016. In F2017, no short term incentive in terms of the scheme, which would be paid in F2018, was earned. Should the remco determine that an STI bonus is due, this would form a discretionary allocation, with payment in F2018.

ELEMENTS OF REMUNERATION		APPLICABLE PERIOD	COST TO COMPANY R'000 IN F2017	F2017	F2018	F2019	F2020	F2021	F2022
RETENTION AWARD	Retention incentive	F2017[6]		615					

\+ In March 2017, the board offered Kushil a R1,8 million retention award, with a cash payment of R615 000 (30% of his current cost to company), payable in March 2017, and a once-off offer to participate in an executive share plan. This will involve shares to the value of R1,2 million (60% of his current cost to company) to be issued in November 2017 following approval by shareholders of an executive retention plan to be implemented. This retention incentive requires Kushil to remain in service for three years from 1 April 2017. Kushil accepted the retention incentive and the cash payment was made in the year.

ELEMENTS OF REMUNERATION		APPLICABLE PERIOD	COST TO COMPANY R'000 IN F2017	F2017	F2018	F2019	F2020	F2021	F2022
BASE PAY	Guaranteed total cost to company	March 2016 – Feb 2017[4]	2 270						
		March 2017 – Feb 2018[4]	2 900	2 814[5]					

External benchmarking of appropriate total cost to company was performed. Due to a challenging trading environment, the executive committee members did not receive a salary increase. The increase in the annual value paid is due to the adjustment of his total cost to company following Kushil's appointment as an Investments & Concessions executive committee member.

TOTAL REMUNERATION PAID IN F2017	4 832[7]

1 *Refers to the financial period in which the remuneration awarded is actually paid to the employee/employee receives the benefit.*
2 *Refers to the cost to the company of awarding the employee a share appreciation right, determined by the IFRS 2 cost for the specific allocation.*
3 *Refers to the short term incentive awarded, relating to the most recent financial year completed. During F2016, no short term incentive was paid. A discretionary award was determined by the remco and paid to the employee.*
4 *Refers to the remuneration award granted annually, effective at the start of the group's remuneration year in March.*
5 *Any difference between guaranteed cost to company and remuneration actually paid is due to variable benefits paid, as well as ad hoc long service-related awards.*
6 *Following a period of significant senior management departures, including the CEO, the remco determined that retention awards, in the absence of an effective LTIP, were required to ensure the retention of key employees.*
7 *The F2017 pay-out reflects the total value paid to the employee whereas page 120 reflects the value for the period in office only as required by the Companies Act.*

JOHN WALLACE – EXCO

Elements of remuneration		Applicable period	Cost to company R'000 in F2017	Timing of pay-outs[1] – R'000					
				F2017	F2018	F2019	F2020	F2021	F2022
LONG TERM INCENTIVE PLAN	Share appreciation rights (SARs)	SARs granted from F2012 to F2017	706[2]	33% of SAR award in F2013, F2014, exercisable	33% of SAR award in F2015, exercisable	33% of SAR award in F2015, F2016, exercisable	33% of SAR award in F2015, F2016, F2017 exercisable	33% of SAR award in F2016, F2017 exercisable	33% of SAR award in F2017 exercisable
	Performance shares	Performance shares granted in F2015, F2016 and F2017		100% of performance share award in F2014, exercisable assuming performance criteria met	100% of performance share award in F2015, exercisable assuming performance criteria met	100% of performance share award in F2016, exercisable assuming performance criteria met	100% of performance share award in F2017, exercisable assuming performance criteria met		
	Bonus shares	Bonus shares awarded in F2014, F2015 and F2017		100% of bonus share award in F2014 121	100% of bonus share award in F2015		100% of bonus share award in F2017		

+ Cash settlement of bonus shares in line with the long term incentive plan (LTIP). This vested in F2017 relating to the award in F2014.

Elements of remuneration		Applicable period	Cost to company R'000 in F2017	F2017	F2018	F2019	F2020	F2021	F2022
SHORT TERM INCENTIVE	Annual short term incentive	F2016[3]		2 624					

+ The group exceeded its pre-tax weighted average cost of capital for F2016. As a result, the remco approved STI payments. John was paid a R2,6 million STI bonus as a result of the improved results in F2016. In F2017, no short term incentive in terms of the scheme, which would be paid in F2018, was earned. Should the remco determine that an STI bonus is due, this would form a discretionary allocation, with payment in F2018.

Elements of remuneration		Applicable period	Cost to company R'000 in F2017	F2017	F2018	F2019	F2020	F2021	F2022
RETENTION AWARD	Retention incentive	F2017[6]		–					

+ In March 2017, the board offered John a R3,3 million retention award, with a cash payment of R1,1 million (30% of his current cost to company), payable in March 2017, and a once-off offer to participate in an executive share plan. This will involve shares to the value of R2,2 million (60% of his current cost to company) to be issued in November 2017 following approval by shareholders of an executive retention plan to be implemented. This retention incentive requires John to remain in service for three years from 1 April 2017. John has not accepted the retention incentive and no payment was made in the year.

Elements of remuneration		Applicable period	Cost to company R'000 in F2017	F2017	F2018	F2019	F2020	F2021	F2022
BASE PAY	Guaranteed total cost to company	March 2016 – Feb 2017[4]	3 625						
		March 2017 – Feb 2018[4]	3 625	3 868[5]					

External benchmarking of appropriate total cost to company was performed. Due to a challenging trading environment, the executive committee members did not receive a salary increase.

TOTAL REMUNERATION PAID IN F2017	**6 613**

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

WILLIE ZEELIE – EXCO

ELEMENTS OF REMUNERATION		APPLICABLE PERIOD	COST TO COMPANY R'000 IN F2017	TIMING OF PAY-OUTS[1] – R'000 F2017	F2018	F2019	F2020	F2021	F2022
LONG TERM INCENTIVE PLAN	Share appreciation rights (SARs)	SARs granted from F2012 to F2017	493[2]	33% of SAR award in F2013, F2014, exercisable	33% of SAR award in F2015, exercisable	33% of SAR award in F2015, F2016, exercisable	33% of SAR award in F2015, F2016, F2017 exercisable	33% of SAR award in F2016, F2017 exercisable	33% of SAR award in F2017 exercisable
LONG TERM INCENTIVE PLAN	Performance shares	Performance shares granted in F2015, F2016 and F2017		100% of performance share award in F2014, exercisable assuming performance criteria met	100% of performance share award in F2015, exercisable assuming performance criteria met	100% of performance share award in F2016, exercisable assuming performance criteria met	100% of performance share award in F2017, exercisable assuming performance criteria met		
LONG TERM INCENTIVE PLAN	Bonus shares	Bonus shares awarded in F2014, F2015 and F2017		100% of bonus share award in F2014 92	100% of bonus share award in F2015		100% of bonus share award in F2017		

+ Cash settlement of bonus shares in line with the long term incentive plan (LTIP). This vested in F2017 relating to the award in F2014.

				F2017	F2018	F2019	F2020	F2021	F2022
SHORT TERM INCENTIVE	Annual short term incentive	F2016[3]		2 478					

+ The group exceeded its pre-tax weighted average cost of capital for F2016. As a result, the remco approved STI payments. Willie was paid a R2,5 million STI bonus as a result of the improved results in F2016.

				F2017	F2018	F2019	F2020	F2021	F2022
RETENTION AWARD	Retention incentive	Individual retention award		2 500					

+ At the commencement of the financial year, an individual retention award to the value of R5 million was concluded for Willie specifically, with R2,5 million paid in July 2016. A further R2,5 million was to be paid in July 2019, provided Willie was still employed by the group and provided he had successfully concluded on his F2019 key performance areas which would have been agreed at the commencement of F2019. There is no requirement to repay the initial cash retention payment made in July 2016 following his resignation from the group in F2017.

				F2017	F2018	F2019	F2020	F2021	F2022
BASE PAY	Guaranteed total cost to company	March 2016 – Feb 2017[4]	4 250						
BASE PAY	Guaranteed total cost to company	March 2017 – Feb 2018[4]	4 250	4 081[5]					

External benchmarking of appropriate total cost to company was performed. Due to a challenging trading environment, the executive committee members did not receive a salary increase. Willie entered into a consulting agreement with the group with effect from 1 May 2017 to 30 April 2018 which involves him receiving an amount of R3,9 million payable at R450 000 per month in May and June 2017 and R300 000 per month to April 2018.

TOTAL REMUNERATION PAID IN F2017	**9 151**

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

NON-EXECUTIVE DIRECTORS' FEES

	F2017			F2016		
Fees, services expenses (R'000)	Fees	Expenses	Total	Fees	Expenses	Total
Name						
MP Mthethwa[4]	**1 703**	**312**	**2 015**	1 421	–	1 421
NJ Chinyanta[4]	**748**	**–**	**748**	653	–	653
JL Job[1]	**221**	**7**	**228**	807	63	870
W Louw[4]	**1 086**	**89**	**1 175**	644	–	644
SG Morris[1]	**166**	**–**	**166**	1 208	–	1208
KK Mpinga[4]	**1 450**	**23**	**1 473**	716	–	716
B Ngonyama[3]	**879**	**32**	**911**	743	–	743
V Rague[4]	**736**	**285**	**1 021**	545	163	708
MR Thompson[2]	**768**	**3**	**771**	703	–	703
	7 757	**751**	**8 508**	7 440	226	7 666
Fees, services expenses (R'000)						
Non-executive directors for the full financial year[5]	**5 723**	**709**	**6 432**	3 979	163	4 142
Non-executive directors who resigned in Q4[6]	**1 647**	**35**	**1 682**	1 446	–	1 446
Non-executive directors retired in August 2016	**387**	**7**	**394**	2 015	63	2 078
	7 757	**751**	**8 508**	7 440	226	7 666

1 *Retired with effect 31 August 2016.*
2 *Resigned with effect 6 April 2017.*
3 *Resigned with effect 5 May 2017.*
4 *Resigned with effect 24 July 2017.*
5 *An amount of R1,1 million was paid for time spent on additional ad hoc special meetings which took place in Q4 of the financial year.*
6 *An amount of R98 000 was paid for time spent on additional ad hoc special meetings which took place in Q4 of the financial year.*

NON-EXECUTIVE DIRECTORS' PROPOSED FEES FOR F2018, SUBJECT TO SHAREHOLDER APPROVAL

In light of the group's difficult trading conditions, the new board of directors accepted and proposes to shareholders an unchanged fee structure from F2017 to F2018.

	F2018 proposed fees (Rand per annum)	Comment	F2017 proposed fees (Rand per annum)
Main board – chairperson	**1 039 000**	Includes all board and committee attendances, paid quarterly	1 039 000
Lead independent non-executive director	**435 000**	Includes basic fee plus attendance fee for four meetings, paid quarterly	435 000
Main board – non-executive director	**260 000**	Includes basic fee plus attendance fee for four meetings, paid quarterly	260 000
Audit committee – chairperson	**254 000**	Four meetings, paid quarterly	254 000
Audit committee – member	**126 000**	Four meetings, paid quarterly	126 000
Remuneration committee – chairperson	**173 000**	Four meetings, paid quarterly	173 000
Remuneration committee – member	**89 000**	Four meetings, paid quarterly	89 000
Risk committee – chairperson	**173 000**	Four meetings, paid quarterly	173 000
Risk committee – member	**89 000**	Four meetings, paid quarterly	89 000
Nominations committee – chairperson*	**126 000**	Two meetings, paid quarterly	126 000
Nominations committee – member	**67 000**	Two meetings, paid quarterly	67 000
Transformation & sustainability committee – chairperson	**173 000**	Four meetings, paid quarterly	173 000
Transformation & sustainability committee – member	**89 000**	Four meetings, paid quarterly	89 000
Extraordinary services (per hour)	**4 000**	Applied for ad hoc and/or non-scheduled meetings	4 000

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

* *Included in chairperson's fee.*

Executive directors

	Salaries		LTIP[3] bonus shares settled in cash		Short term incentive bonus[6]		Discretionary award		Retention award[4]		Separation payment		Total	
(R'000)	F2017	F2016	F2017	F2016	F2017	F2016	F2017	F2016	F2017	F2016	F2017	F2016	F2017	F2016
Name														
ST Mosai[1]	355	–	–	–	–	–	–	–	–	–	–	–	355	–
ECJ Vemer[2]	3 516	4 950	–	–	2 137	–	–	1 000	–	–	11 157	–	16 810	5 950
CMF Teixeira[5]	3 551	3 408	118	–	2 742	–	–	750	–	–	–	–	6 411	4 158
	7 422	8 358	118	–	4 879	–	–	1 750	–	–	11 157	–	23 576	10 108

The table above reflects earnings for the period in office as an executive director, as required by the Companies Act and not full earnings for the year. For disclosure on total earnings for each executive director, please refer to pages 105 to 114.

1 *Appointed as CEO on 23 May 2017. These earnings refer to the period of employment as CEO. Earnings as an executive committee member are reflected below.*
2 *Resigned with effect from 28 February 2017. The CEO received a separation payment of R19,7 million, which was calculated based on the remaining term of his contract of employment, as well as the value of LTIP awards at separation date. An amount of R11,1 million was paid on his departure, with the balance of R8,7 million payable in February 2018.*
3 *Long term incentive plan.*
4 *Following a period of significant senior management departures, including the CEO, the remco determined that retention awards, in the absence of an effective LTIP, were required to ensure the retention of key personnel.*
5 *Presented with a retention award but did not accept award and thus no payment made in the year.*
6 *The group exceeded its pre-tax weighted average cost of capital for F2016. As a result, the remco approved STI payments which, in line with the STI policy, were paid in F2017.*

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

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

Executive committee members (exco)

	Salaries		LTIP[6] bonus shares settled in cash		Short term incentive bonus[10]		Discretionary award		Retention award[7]		Retrenchment payment		Total	
(R'000)	F2017	F2016	F2017	F2016	F2017	F2016	F2017	F2016	F2017	F2016	F2017	F2016	F2017	F2016
Name														
J Doorasamy[1]	3 296	2 631	298	–	1 874	–	–	500	–	–	2 161	–	7 629	3 131
JW Hillary[2], [8]	3 694	2 999	127	–	3 538	–	–	1 000	–	–	–	–	7 359	3 999
NM Humphreys[3], [9]	869	–	–	–	–	–	–	–	–	–	–	–	869	–
KR Maharaj[4], [9]	431	–	–	–	–	–	–	–	–	–	–	–	431	–
ST Mosai[5]	2 439	2 356	62	–	1 853	–	–	500	750	–	–	–	5 104	2 856
GD Mottram	2 763	2 892	85	–	1 874	–	–	500	810	–	–	–	5 532	3 392
JA Wallace[8]	3 868	3 597	121	–	2 624	–	–	750	–	–	–	–	6 613	4 347
WI Zeelie[11]	4 081	4 296	92	–	2 478	–	–	–	2 500	–	–	–	9 151	4 296
	21 441	18 771	785	–	14 241	–	–	3 250	4 060	–	2 161	–	42 688	22 021

The table above reflects earnings for the period in office as a prescribed officer, as required by the Companies Act and not full earnings for the year. For disclosure on total earnings for each prescribed officer, please refer to pages 105 to 114.

1 *Resigned with effect from 31 March 2017. An agreement was reached which involved Jesse's retrenchment. An amount of R2,2 million was paid to Jesse.*
2 *Resigned with effect from 31 March 2017.*
3 *Appointed to the exco on 31 March 2017. As required by the Companies Act, only earnings for the period in office as a prescribed officer, being from 1 April to 30 June 2017, are reflected above.*
4 *Appointed to the exco on 23 May 2017. As required by the Companies Act, only earnings for the period in office as a prescribed officer, being from 1 June to 30 June 2017, are reflected above.*
5 *Refers to earnings in the period of employment as an executive committee member. Earnings as the CEO are disclosed above.*
6 *Long term incentive plan.*
7 *Following a period of significant senior management departures, including the CEO, the remco determined that retention awards, in the absence of an effective LTIP, were required to ensure the retention of key employees.*
8 *Presented with a retention award, but did not accept award and thus no payment made in the year.*
9 *Received retention award, discretionary award and bonus shares paid in cash, but prior to becoming a prescribed officer and executive committee member.*
10 *The group exceeded its pre-tax weighted average cost of capital for F2016. As a result, the remco approved STI payments which, in line with the STI policy, were paid in F2017.*
11 *At the commencement of the financial year, an individual retention award to the value of R5 million was concluded for Willie specifically, with R2,5 million paid in July 2016. A further R2,5 million was to be paid in July 2019, provided Willie was still employed by the group and provided he had successfully concluded on his F2019 key performance areas which would have been agreed at the commencement of F2019. There is no requirement to repay the initial cash retention payment made in July 2016 following his resignation from the group in F2017. Willie entered into a consulting agreement with the group with effect from 1 May 2017 to 30 April 2018 which involves Willie receiving an amount of R3,9 million payable at R450 000 per month in May and June 2017 and R300 000 per month to April 2018.*

Details of executive directors' share options and share appreciation rights

Name of director	Options granted – opening balance	Options granted during the current year	Strike price	Options exercised and paid	Options lapsed	Options granted – closing balance	Strike price	Options vested – closing balance
ERIC VEMER								
F2016								
	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
F2017								
	25 659	**–**	**27,70**	**–**	**(25 659)**	**–**	**27,70**	**–**
	104 600	**–**	**34,42**	**–**	**(104 600)**	**–**	**34,42**	**–**
	37 316	**–**	**40,68**	**–**	**(37 316)**	**–**	**40,68**	**–**
	16 956	**11 745**	**18,60**	**–**	**(28 701)**	**–**	**18,60**	**–**
	99 609	**–**	**25,60**	**–**	**(99 609)**	**–**	**25,60**	**–**
	135 714	**–**	**21,00**	**–**	**(135 714)**	**–**	**21,00**	**–**
	–	**124 851**	**25,11**	**–**	**(124 851)**	**–**	**25,11**	**–**
	419 854	**136 596**		**–**	**(556 450)**	**–**		**–**

The options reflected as lapsed above with regards to the previous CEO Eric Vemer did not lapse, but were paid out in cash on resignation. The value assigned to these shares amounted to R2,1 million.

Name of director	Options granted – opening balance	Options granted during the current year	Strike price	Options exercised and paid	Options lapsed	Options granted – closing balance	Strike price	Options vested – closing balance
THEMBA MOSAI								
F2016								
	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
F2017								
	9 424	**–**	**16,03**	**(9 424)**	**–**	**–**	**16,03**	**–**
	35 300	**–**	**34,42**	**–**	**–**	**35 300**	**34,42**	**35 300**
	13 919	**–**	**40,68**	**–**	**(3 314)**	**10 605**	**40,68**	**3 535**
	6 870	**–**	**18,60**	**(2 502)**	**–**	**4 368**	**18,60**	**–**
	39 531	**–**	**25,60**	**–**	**–**	**39 531**	**25,60**	**–**
	51 516	**–**	**21,00**	**–**	**–**	**51 516**	**21,00**	**–**
	–	**50 379**	**25,11**	**–**	**(50 379)**	**–**	**25,11**	**–**
	156 560	**50 379**		**(11 926)**	**(53 693)**	**141 320**		**38 835**

Name of director 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
CRISTINA FREITAS TEIXEIRA								
F2016								
	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
F2017								
	71 740	**–**	**34,09**	**–**	**(71 740)**	**–**	**34,09**	**–**
	44 337	**–**	**27,70**	**–**	**–**	**44 337**	**27,70**	**44 337**
	86 600	**–**	**34,42**	**–**	**–**	**86 600**	**34,42**	**86 600**
	34 828	**–**	**40,68**	**–**	**(12 802)**	**22 026**	**40,68**	**7 342**
	14 126	**–**	**18,60**	**(4 745)**	**–**	**9 381**	**18,60**	**–**
	59 712	**–**	**25,60**	**–**	**–**	**59 712**	**25,60**	**–**
	80 092	**–**	**21,00**	**–**	**–**	**80 092**	**21,00**	**–**
	–	**71 235**	**25,11**	**–**	**(71 235)**	**–**	**25,11**	**–**
	391 435	**71 235**		**(4 745)**	**(155 777)**	**302 148**		**138 279**

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

Prescribed officers	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
JESSE DOORASAMY								
F2016								
	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
F2017								
	3 731	**–**	**16,03**	**(3 731)**	**–**	**–**	**16,03**	**–**
	24 400	**–**	**34,42**	**–**	**(24 400)**	**–**	**34,42**	**–**
	14 454	**–**	**40,68**	**–**	**(14 454)**	**–**	**40,68**	**–**
	7 695	**6 047**	**18,60**	**(13 742)**	**–**	**–**	**18,60**	**–**
	44 176	**–**	**25,60**	**–**	**(44 176)**	**–**	**25,60**	**–**
	60 238		**21,00**	**–**	**(60 238)**	**–**	**21,00**	**–**
	–	**54 409**	**25,11**		**(54 409)**	**–**	**25,11**	**–**
	154 694	**60 456**		**(17 473)**	**(197 677)**	**–**		**–**

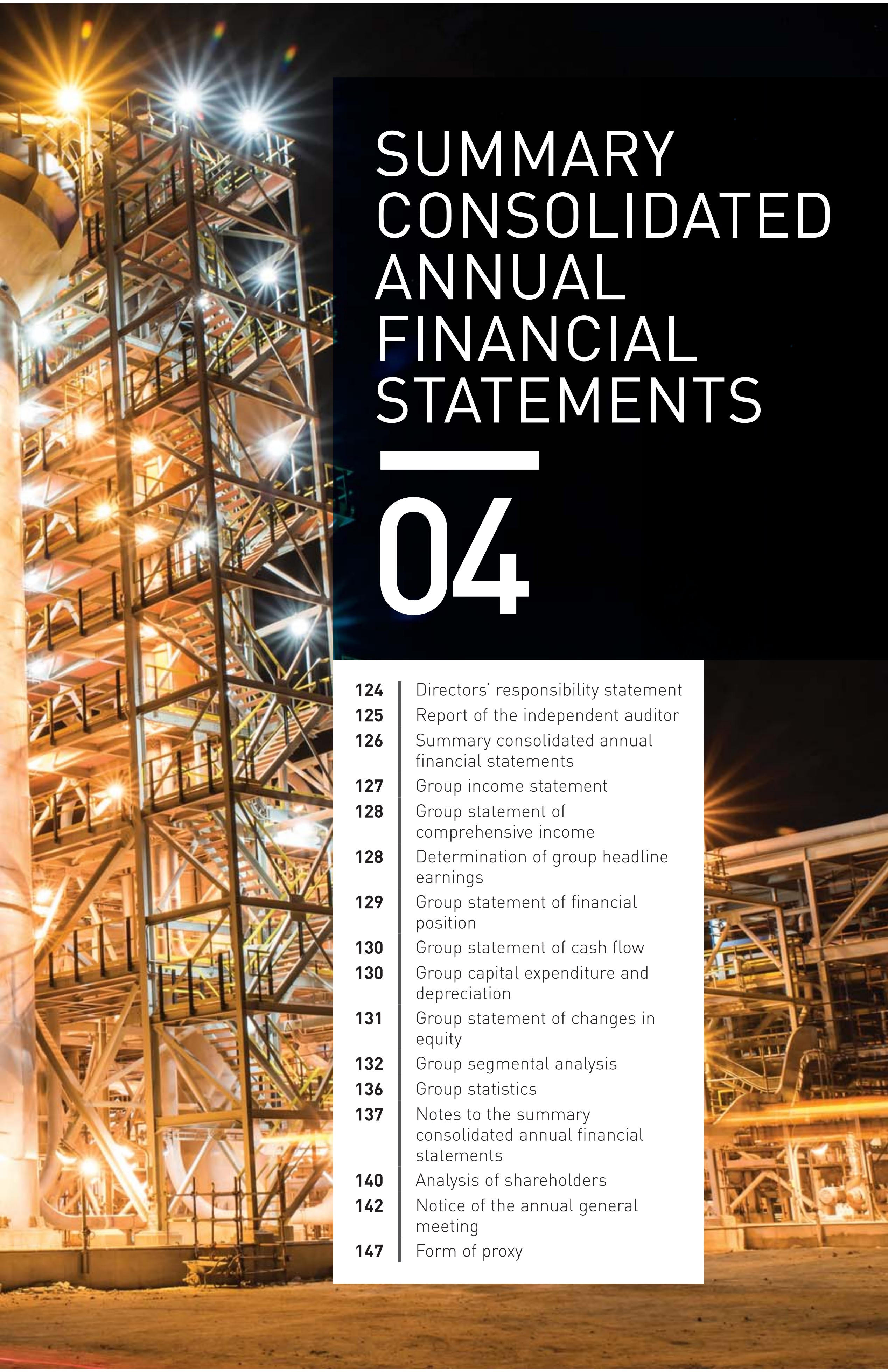
Bonus shares awarded to Jesse in F2017 would have vested in February 2018 and August 2019. These were settled in cash on resignation. The cash value assigned to these shares amounted to R232 000.

Prescribed officers 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
JON HILLARY								
F2016								
	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
F2017								
	13 321	**–**	**34,09**	**–**	**(13 321)**	**–**	**34,09**	**–**
	24 214	**–**	**27,70**	**–**	**(24 214)**	**–**	**27,70**	**–**
	53 000	**–**	**34,42**	**–**	**(53 000)**	**–**	**34,42**	**–**
	20 924	**–**	**40,68**	**–**	**(20 924)**	**–**	**40,68**	**–**
	13 533	**11 413**	**18,60**	**(5 147)**	**(19 799)**	**–**	**18,60**	**–**
	52 653	**–**	**25,60**	**–**	**(52 653)**	**–**	**25,60**	**–**
	68 623	**–**	**21,00**	**–**	**(68 623)**	**–**	**21,00**	**–**
	–	**64 485**	**25,11**		**(64 485)**	**–**	**25,11**	**–**
	246 268	**75 898**		**(5 147)**	**(317 019)**	**–**		**–**
MARK HUMPHREYS								
F2016								
	13 910	–	27,70	–	–	13 910	27,70	13 910
	54 900	–	34,42	–	–	54 900	34,42	36 600
	21 681	–	40,68	–	–	21 681	40,68	–
	9 936	–	20,30	–	–	9 936	20,30	–
	59 297	–	25,60	–	–	59 297	25,60	–
	–	77 274	21,00	–	–	77 274	21,00	–
	159 724	77 274		–	–	236 998		50 510
F2017								
	13 910	**–**	**27,70**	**–**	**–**	**13 910**	**27,70**	**13 910**
	54 900	**–**	**34,42**	**–**	**–**	**54 900**	**34,42**	**54 900**
	21 681	**–**	**40,68**	**–**	**(5 162)**	**16 519**	**40,68**	**5 506**
	9 936	**5 984**	**18,60**	**(3 572)**	**–**	**12 348**	**18,60**	**–**
	59 297	**–**	**25,60**	**–**	**–**	**59 297**	**25,60**	**–**
	77 274	**–**	**21,00**	**–**	**–**	**77 274**	**21,00**	**–**
	–	**68 837**	**25,11**	**–**	**–**	**68 837**	**25,11**	**–**
	236 998	**74 821**		**(3 572)**	**(5 162)**	**303 085**		**74 316**

TEAM REMUNERATION | BREAKDOWN OF REMUNERATION PACKAGES CONTINUED

Prescribed officers 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
KUSHIL MAHARAJ								
F2016								
	13 520	–	16,03	–	–	13 520	16,03	9 013
	42 400	–	34,42	–	–	42 400	34,42	28 267
	16 736	–	40,68	–	–	16 736	40,68	–
	9 105	–	20,30	–	–	9 105	20,30	–
	28 504	–	25,60	–	–	28 504	25,60	–
		37 020	21,00	–	–	37 020	21,00	–
	110 265	37 020		–	–	147 285		37 280
F2017								
	13 520	**–**	**16,03**	**(13 520)**	**–**	**–**	**16,03**	**–**
	42 400	**–**	**34,42**	**–**	**–**	**42 400**	**34,42**	**42 400**
	16 736	**–**	**40,68**	**–**	**(3 985)**	**12 751**	**40,68**	**4 250**
	9 105	**7 008**	**18,60**	**(1 969)**	**–**	**14 144**	**18,60**	**–**
	28 504	**–**	**25,60**	**–**	**–**	**28 504**	**25,60**	**–**
	37 020	**–**	**21,00**	**–**	**–**	**37 020**	**21,00**	**–**
	–	**34 289**	**25,11**	**–**	**–**	**34 289**	**25,11**	**–**
	147 285	**41 297**		**(15 489)**	**(3 985)**	**169 108**		**46 650**
GUY MOTTRAM								
F2016								
	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
F2017								
	61 672	**–**	**34,09**	**–**	**(61 672)**	**–**	**34,09**	**–**
	56 619	**–**	**27,70**	**–**	**–**	**56 619**	**27,70**	**56 619**
	71 700	**–**	**34,42**	**–**	**–**	**71 700**	**34,42**	**71 700**
	21 237	**–**	**40,68**	**–**	**(5 056)**	**16 181**	**40,68**	**5 394**
	11 059	**6 047**	**18,60**	**(3 441)**	**–**	**13 665**	**18,60**	**–**
	36 241	**–**	**25,60**	**–**	**–**	**36 241**	**25,60**	**–**
	60 238	**–**	**21,00**	**–**	**–**	**60 238**	**21,00**	**–**
	–	**54 409**	**25,11**	**–**	**–**	**54 409**	**25,11**	**–**
	318 766	**60 456**		**(3 441)**	**(66 728)**	**309 053**		**133 713**

Prescribed officers 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
JOHN WALLACE								
F2016								
	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
F2017								
	30 519	**–**	**34,09**	**–**	**(30 519)**	**–**	**34,09**	**–**
	55 213	**–**	**27,70**	**–**	**–**	**55 213**	**27,70**	**55 213**
	103 000	**–**	**34,42**	**–**	**–**	**103 000**	**34,42**	**103 000**
	36 748	**–**	**40,68**	**–**	**(13 508)**	**23 240**	**40,68**	**7 747**
	14 863	**8 464**	**18,60**	**(4 865)**	**–**	**18 462**	**18,60**	**–**
	62 479	**–**	**25,60**	**–**	**–**	**62 479**	**25,60**	**–**
	82 358	**–**	**21,00**	**–**	**–**	**82 358**	**21,00**	**–**
	–	**73 049**	**25,11**	**–**	**–**	**73 049**	**25,11**	**–**
	385 180	**81 513**		**(4 865)**	**(44 027)**	**417 801**		**165 960**
WILLIE ZEELIE								
F2016								
	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
F2017								
	19 778	**–**	**27,70**	**–**	**(19 778)**	**–**	**27,70**	**–**
	97 600	**–**	**34,42**	**–**	**(97 600)**	**–**	**34,42**	**–**
	37 316	**–**	**40,68**	**–**	**(37 316)**	**–**	**40,68**	**–**
	10 056	**6 810**	**18,60**	**(3 728)**	**(13 138)**	**–**	**18,60**	**–**
	74 121	**–**	**25,60**	**–**	**(74 121)**	**–**	**25,60**	**–**
	114 285	**–**	**21,00**	**–**	**(114 285)**	**–**	**21,00**	**–**
	–	**101 553**	**25,11**	**–**	**(101 553)**	**–**	**25,11**	**–**
	353 156	**108 363**		**(3 728)**	**(457 791)**	**–**		**–**



SUMMARY CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

04

Directors' responsibility statement

for the year ended 30 June 2017

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

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

The integrated annual report was approved by the board on 17 August 2017 and is signed on its behalf:

N (Nonyameko) Mandindi
Chairperson

17 August 2017

ST (Themba) Mosai
Chief executive officer

17 August 2017

CM (Cristina) Freitas Teixeira
Chief financial officer

17 August 2017

Report of the independent auditor

for the year ended 30 June 2017

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

Opinion

The summary consolidated annual financial statements of Group Five Limited, set out on pages 127 to 139 of the 2017 Integrated Annual Report, which comprise the group statement of financial position as at 30 June 2017, the group income statement, group statements of comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of Group Five Limited for the year ended 30 June 2017.

In our opinion, the accompanying summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements, in accordance with the JSE Limited's (JSE) requirements for summary financial statements, as set out in the 'Basis of preparation' note to the summary consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

Summary Consolidated Financial Statements

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

The Audited Consolidated Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 18 August 2017. That report also includes communication of key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period.

Director's Responsibility for the Summary Consolidated Financial Statements

The directors are responsible for the preparation of the summary consolidated financial statements in accordance with the requirements of the JSE's requirements for summary financial statements, set out in the 'Basis of preparation' note to the summary consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

Auditor's Responsibility

Our responsibility is to express an opinion on whether the summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), *Engagements to Report on Summary Financial Statements.*

PricewaterhouseCoopers Inc

PricewaterhouseCoopers Inc.
Director: M Naidoo
Registered Auditor
Sunninghill

18 August 2017

Summary consolidated annual financial statements

for the year ended 30 June 2017

These consolidated annual financial statements comprise a summary of the audited consolidated annual financial statements of the group for the year ended 30 June 2017 that were approved by the board on 17 August 2017.

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

BASIS OF PREPARATION

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

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

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

The financial statements were prepared by the Chief Financial Officer CA(SA) and approved by the board of directors on 17 August 2017 and are signed on its behalf by:

N (Nonyameko) Mandindi
Chairperson

ST (Themba) Mosai
Chief executive officer

CM (Cristina) Freitas Teixeira
Chief financial officer

17 August 2017

Group income statement

for the year ended 30 June 2017

	Group	
	Audited	
(R'000)	F2017	F2016
Construction and related revenue	8 914 146	11 860 870
Revenue from goods and services supplied	1 884 022	1 803 147
Property sales and development fees	2 534	109 601
Revenue	10 800 702	13 773 618
Cost of material	(1 739 126)	(3 139 937)
Cost of sub-contractors	(5 241 553)	(5 285 291)
Direct payroll cost	(2 550 651)	(2 954 191)
Other staff cost	(159 075)	(156 201)
Depreciation	(156 461)	(167 881)
Plant costs	(528 574)	(606 985)
Manufacturing distribution cost	(133 064)	(136 202)
Site administration costs	(330 655)	(570 852)
Other administration cost	(713 510)	(807 355)
Operating expenses	(11 552 669)	(13 824 895)
Operating loss before fair value adjustments	(751 967)	(51 277)
Fair value adjustment relating to investment in service concessions and investment property	98 156	773 557
Operating (loss)/profit	(653 811)	722 280
Share of equity accounted profits	41 853	27 359
Finance cost – net	(7 235)	(14 914)
Finance cost	(64 565)	(76 351)
Finance income	57 330	61 437
(Loss)/profit before taxation	(619 193)	734 725
Taxation	(153 452)	(277 726)
(Loss)/profit for the year	(772 645)	456 999
(Loss)/profit attributable to:		
Equity shareholders of Group Five Limited	(840 046)	379 245
Non-controlling interest	67 401	77 754
	(772 645)	456 999
Earnings per share – [Rand]	(8,29)	3,75
Fully diluted earnings per share – [Rand]	(8,29)	3,75

Group statement of comprehensive income

for the year ended 30 June 2017

(R'000)	Group Audited F2017	Group Audited F2016
(Loss)/profit for the year	**(772 645)**	456 999
Other comprehensive (loss)/income		
Items that may be subsequently reclassified to profit or loss		
Exchange difference on translating foreign operations	**(111 244)**	281 842
Items that will not be reclassified to profit or loss		
Re-measurements of pension fund	**(32 477)**	(2 800)
Tax on re-measurement of pension fund	**9 094**	784
Other comprehensive (loss)/income for the year	**(134 627)**	279 826
Total comprehensive (loss)/income for the year	**(907 272)**	736 825
Total comprehensive (loss)/income attributable to:		
Equity shareholders of Group Five Limited	**(974 673)**	659 071
Non-controlling interest	**67 401**	77 754
Total comprehensive (loss)/income for the year	**(907 272)**	736 825

Determination of group headline earnings

for the year ended 30 June 2017

(R'000)	Group Audited F2017	Group Audited F2016
Attributable (loss)/profit for the year	**(840 046)**	379 245
Adjusted for (net of tax)	**(24 849)**	(40 435)
– Profit on disposal of property, plant and equipment	**(7 847)**	(27 250)
– Impairment of investment in associate and joint venture	**894**	3 475
– Net (gain)/loss on shareholding changes in investment in associates	**(443)**	21 391
– Profit on fair value adjustment on investment property held by associate company	**(17 453)**	–
– Fair value adjustment on investment property	**–**	(38 051)
Headline (loss)/earnings	**(864 895)**	338 810

Group statement of financial position

as at 30 June 2017

(R'000)	Group Audited F2017	F2016
Assets		
Non-current assets		
Property, plant and equipment	**862 418**	886 066
Investment property	**267 685**	184 186
Equity accounted investments	**928 659**	229 194
Equity accounted investments	**309 550**	229 194
Equity accounted investments – service concessions	**619 109**	–
Investments in service concessions	**48 136**	1 230 381
Pension fund surplus	**272 917**	281 577
Deferred taxation	**24 232**	33 873
Total non-current assets	**2 404 047**	2 845 277
Current assets		
Inventories	**262 460**	290 266
Contracts in progress	**472 934**	1 123 899
Derivative financial instruments	**11**	–
Trade and other receivables	**2 194 793**	2 897 314
Cash and cash equivalents	**2 265 401**	3 255 233
Total current assets	**5 195 599**	7 566 712
Total assets	**7 599 646**	10 411 989
Equity and liabilities		
Equity attributable to equity holders of the parent		
Stated capital	**1 192 364**	1 197 494
Retained earnings	**961 610**	1 869 655
Foreign currency translation reserve	**367 597**	478 841
Equity – shareholders	**2 521 571**	3 545 990
Non-controlling interest	**70 133**	86 740
Total equity	**2 591 704**	3 632 730
Non-current liabilities		
Interest-bearing borrowings	**256 923**	187 654
Provision for employment obligations	**40 020**	46 583
Provision for environmental rehabilitation	**5 516**	6 559
Deferred taxation	**103 711**	85 610
Non-current – trade and other payables	**124 018**	–
Total non-current liabilities	**530 188**	326 406
Current liabilities		
Excess billings over work	**724 814**	1 870 472
Derivative financial instruments	**–**	1 022
Trade and other payables	**3 333 105**	3 915 954
Contract-related provisions	**41 885**	35 613
Provision for employment obligation	**13 627**	12 114
Current taxation payable	**21 178**	53 681
Current portion of interest-bearing borrowings	**343 145**	563 997
Short term borrowings	**–**	–
Total current liabilities	**4 477 754**	6 452 853
Total liabilities	**5 007 942**	6 779 259
Total equity and liabilities	**7 599 646**	10 411 989

Group statement of cash flow

for the year ended 30 June 2017

(R'000)	Group Audited F2017	F2016
Cash flow from operating activities		
Cash from operations before working capital changes	**(170 905)**	449 403
Working capital changes	**(640 197)**	30 204
Cash (utilised)/generated from operations	**(811 102)**	479 607
Finance income received	**54 939**	61 437
Finance costs paid	**(57 114)**	(76 351)
Taxation paid	**(149 119)**	(250 640)
Dividends paid	**(44 616)**	(67 786)
Cash effects of operating activities	**(1 007 012)**	146 267
Cash flow from investing activities		
Acquisition of property, plant and equipment	**(132 614)**	(259 151)
Acquisition of investment property	**(1 280)**	(5 592)
Proceeds on disposal of property, plant and equipment	**41 659**	109 474
Dividends received from equity accounted investments	**1 967**	4 866
Acquisition of investment in service concession	**(124 122)**	(168 683)
Loans to equity accounted investments	**(41 096)**	(21 234)
Proceeds on service concessions investments	**147 114**	142 669
Proceeds on disposal of service concessions investments	**638 300**	–
Cash effects of investing activities	**529 928**	(197 651)
Cash flow from financing activities		
Distribution to non-controlling interest	**(84 008)**	(49 983)
Interest-bearing borrowings raised	**103 414**	186 654
Interest-bearing borrowings repaid	**(403 932)**	(578 560)
Proceeds from share options	**149**	2 985
Cash effects of financing activities	**(384 377)**	(438 904)
Effects of exchange rates on cash and cash equivalents	**(128 371)**	355 585
Net decrease in cash and cash equivalents	**(989 832)**	(134 703)
Cash and cash equivalents at beginning of year	**3 255 233**	3 389 936
Cash and cash equivalents at end of year	**2 265 401**	3 255 233

Group capital expenditure and depreciation

for the year ended 30 June 2017

(R'000)	Group Audited F2017	F2016
– Capital expenditure for the year	**163 915**	275 031
– Capital expenditure committed or authorised for the next year	**133 530**	219 535
– Depreciation for the year	**156 461**	167 881

Group statement of changes in equity

for the year ended 30 June 2017

	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 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**
Issue of shares to share trust in terms of share scheme (i)	41 303	(41 303)	–	–	–	–	**–**	–	**–**
Issue of shares from share trust	–	344 324	344 324	149	–	–	**149**	–	**149**
Share-based payment credit	–	–	–	(5 279)	–	–	**(5 279)**	–	**(5 279)**
Total comprehensive income	–	–	–	–	(111 244)	(863 429)	**(974 673)**	67 401	**(907 272)**
Loss for the year	–	–	–	–	–	(840 046)	**(840 046)**	67 401	**(772 645)**
Pension fund re-measurement	–	–	–	–	–	(32 477)	**(32 477)**	–	**(32 477)**
Tax on pension fund re-measurement	–	–	–	–	–	9 094	**9 094**	–	**9 094**
Exchange differences arising from foreign operations	–	–	–	–	(111 244)	–	**(111 244)**	–	**(111 244)**
Distribution to non-controlling interests	–	–	–	–	–	–	**–**	(84 008)	**(84 008)**
Dividends paid	–	–	–	–	–	(44 616)	**(44 616)**	–	**(44 616)**
Balance at 30 June 2017	112 258 283	(10 664 180)	101 594 103	1 192 364	367 597	961 610	**2 521 571**	70 133	**2 591 704**

* *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.*

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 2017

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 structured by segment (discipline) within a cluster and each cluster is led by an executive committee member.

The role of the 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 the exco is the revenue, operating profit, capital expenditure and current assets per segment. The 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.

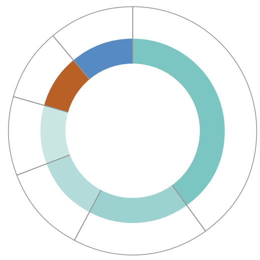
Management do not believe that there are any additional segments that require separate reporting. The reportable operating segments derive their revenue as described above. The group is also considered by geographical segment due to the extensive geographic footprint maintained by the group. The geographies 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.

From 1 July 2017, the group has been restructured into four clusters, namely Construction, EPC, Manufacturing and Investments & Concessions. Within the Construction cluster, operational focus will be delivery by region as opposed to by discipline and thus the segments within Construction will be Construction South Africa (Inland and Coastal regions) and Construction Rest of Africa. Managing Directors have been appointed to lead these businesses, with general managers supporting the operational delivery by discipline within these regions.

FINANCIAL PERFORMANCE: GROUP REVENUE AND OPERATING PROFIT

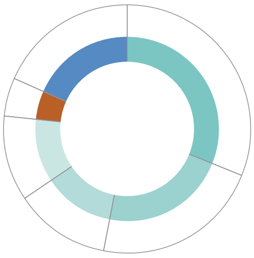


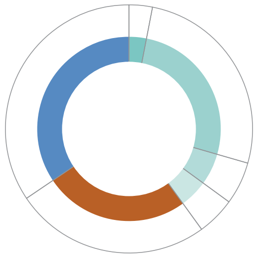
Note: Graph represents External revenue F2017 values only.

(R'000)	Gross revenue	Internal revenue	External revenue	Operating (loss)/profit
F2017				
Operational segments				
Engineering & Construction	**8 885 957**	**(77 198)**	**8 808 759**	**(902 420)**
Building & Housing	**4 495 274**	**(66 338)**	**4 428 936**	**(148 851)**
Civil Engineering	**1 956 166**	**(10 860)**	**1 945 306**	**(231 258)**
Projects	**1 300 654**	**–**	**1 300 654**	**(254 239)**
Energy	**1 133 863**	**–**	**1 133 863**	**(268 072)**
Investments & Concessions	**1 054 615**	**(5 381)**	**1 049 234**	**173 772**
Manufacturing	**1 223 152**	**(128 736)**	**1 094 416**	**69 351**
	11 163 724	**(211 315)**	**10 952 409**	**(659 297)**
Joint arrangements equity accounted and joint arrangements wholly consolidated			**(151 707)**	**(19 923)**
			10 800 702	**(679 220)**
Adjustment for non-operational items				
Pension fund surplus				**24 343**
Net profit on increase in shareholding in associate				**615**
Impairment on investment in associate and joint venture				**(1 241)**
Re-measurement of employment obligation				**1 692**
Operating loss per income statement				**(653 811)**
F2016				
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

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

FINANCIAL POSITION: CURRENT ASSETS AND CAPITAL EXPENDITURE





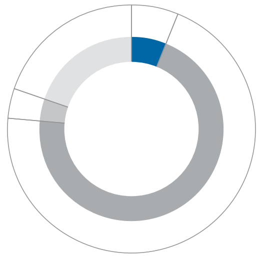
Note: Graphs represent F2017 values only.

(R'000)	F2017 CURRENT ASSETS	F2016 CURRENT ASSETS	F2017 CAPITAL EXPENDITURE	F2016 CAPITAL EXPENDITURE
Operational segments				
Engineering & Construction	**2 313 094**	3 732 007	**68 715**	150 315
Building & Housing	**937 695**	1 010 506	**5 550**	23 347
Civil Engineering	**665 584**	1 150 653	**45 343**	58 799
Projects	**379 234**	582 558	**9 666**	59 009
Energy	**330 581**	988 290	**8 156**	9 160
Investments & Concessions	**151 151**	151 358	**44 075**	49 535
Manufacturing	**548 026**	483 513	**58 971**	76 923
	3 012 271	4 366 878	**171 761**	276 773
Joint arrangements equity accounted and joint arrangements wholly consolidated	**(82 073)**	(55 399)	**(7 846)**	(1 742)
	2 930 198	4 311 479	**163 915**	275 031
Bank balances and cash	**2 265 401**	3 255 233		
Total current assets per statement of financial position	**5 195 599**	7 566 712		
Property, plant and equipment – additions			**163 915**	275 031

The measures of current assets and capital expenditure have been disclosed for each reportable segment as these are regularly provided to the 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 F2017 values only.

(R'000)	F2017 REVENUE	F2016 REVENUE
Geographical regions		
Eastern Europe	**690 798**	674 538
Eastern Africa	**–**	–
Southern Africa	**7 692 956**	10 173 372
Central Africa	**409 636**	98 850
Western Africa	**2 159 019**	2 903 233
	10 952 409	13 849 993
Joint arrangements equity accounted and joint arrangements wholly consolidated	**(151 707)**	(76 375)
Per income statement	**10 800 702**	13 773 618

Group statistics

as at 30 June 2017

	Group	
	Audited	
(R'000)	F2017	F2016
Number of ordinary shares	101 594 103	101 249 779
– Shares in issue	112 258 283	112 216 980
– *Less:* shares held by share trusts	(10 664 180)	(10 967 201)
Weighted average number of shares ('000s)	101 340	101 147
Fully diluted weighted average number of shares ('000s)	101 340	101 220
EPS – R	(8,29)	3,75
HEPS – R	(8,53)	3,35
Fully diluted EPS – R	(8,29)	3,75
Fully diluted HEPS – R	(8,53)	3,35
Dividends per share (cents)	14,00	72,00
– Interim	14,00	42,00
– Final	–	30,00
Net asset value per share – R*	24,82	35,02
Net debt to equity ratio	net ungeared	net ungeared
Current ratio	1,16	1,20

EPS: Earnings per share.
HEPS: Headline earnings per share.
* *Net asset value relates to that attributable to equity holders of the parent.*

Notes to the summary consolidated annual financial statements

for the year ended 30 June 2017

BASIS OF PREPARATION

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

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

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

ESTIMATES AND CONTINGENCIES

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

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

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

Whilst some progress has been made, the management team continues to engage with the Competition Commission with the intent to finally resolve the two remaining matters on fair terms. Based on legal counsel assessment, any potential settlement or liability would be adequately covered by the provision raised by the group in F2013.

As outlined on SENS on 11 October 2016, the group entered into an agreement with the government of the Republic of South Africa (the VRP), together with six other construction companies, to implement a programme of initiatives to significantly accelerate transformation of the South African construction sector. The VRP also addresses the construction companies' exposure to potential claims for damages from certain identified public entity projects arising primarily from the fast-track settlement process launched by the South African Competition Authorities in February 2011.

- The settlement agreement comprises:
  - A financial contribution by the construction companies into a jointly-administered trust fund
  - The objective of the fund will be the development, enhancement and transformation of the construction industry, as well as the promotion of social infrastructure for all South Africans
  - The group has committed to contributing an amount of R255 million through annual payments of R21,25 million over a 12-year period, commencing in F2017
  - The total payment to be made to the fund by Group Five may be reduced by any claims or potential claims for damages that certain identified public entities have made, or may be entitled to make, against the group in relation to projects listed in the agreement. The payment is limited to the total contribution by Group Five of R255 million
  - The agreement does not address or eliminate any claims by the Competition Commission of South Africa with regards to administrative penalties which may be levied on the group. The group's engagement with the Competition Commission therefore continues
- Certain transformation commitments over and above the current broad-based black economic empowerment (BBBEE) sector requirements
  - In addition to existing enterprise development programmes, Group Five can either:
    - commit to mentoring up to three emerging black-owned enterprises to develop the necessary skills, systems, status and quantity of work to sustain a cumulative combined annual revenue equal to at least 25% of each of the group's annual revenue by 2024
      - works delivered in South Africa
      - Aligned to this obligation are fixed interim period transformation targets for each construction company, as well as penalties, calculated in accordance with a formula, for a failure to meet such targets
    - or dispose of not less than a 40% economic interest in its South African civil engineering and general building construction business to an enterprise that is more than 51% black owned, managed and controlled
      - The settlement agreement stipulates that the group will be released from its responsibility for the development initiatives of the emerging contractors if the group enters into a BBBEE transaction.

The group has communicated its intent to implement a BBBEE transaction to honour its responsibilities in this regard. The VRP commitment, together with the fact that the group's current BBBEE transaction expires in 2020 and the requirement to remain relevant with its clients and broader stakeholder base requires a refocus on the group's ownership strategy. Any BBBEE ownership transaction must be aligned to the group's strategy, which is currently being assessed by the newly-established board of directors.

Total financial institution guarantees given to third parties on behalf of subsidiary companies amounted to R5 498 million as at 30 June 2017, compared to R5 484 million as at 31 December 2016 and R6 521 million as at 30 June 2016.

FINANCIAL INSTRUMENTS

Financial instruments other than investments in service concessions, currently reflected as equity accounted investments and investments in service concessions, are measured at carrying value which approximates their fair value.

The group's investments in service concessions is reflected on the statement of financial position as "equity accounted investments in service concessions" and "investment in service concessions" It values its investment in service concessions at fair value at the time of investing or making an irrevocable commitment to invest. Fair values are determined using the discounted cash flow method of valuation using anticipated future cash flow based on market-related exchange and inflation rates. The relevant South African Rand to Euro exchange rate used was R14,80 (F2016: R16,67).

The cash flows are discounted at appropriate rates that take into account the relevant market and project risks. Discount rates ranging between 11% and 13% were used in the period under review (F2016: 11% to 13%).

STATED CAPITAL

The movements in the number of shares during the year under review are summarised in the statement of changes in equity on page 131 of this report. The authorised and issued share capital is as follows:

Authorised:

150 000 000 ordinary shares of no par value.

Issued:

112 258 283 ordinary shares of no par value (F2016: 112 216 980).

All shares have been fully paid up.

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

Date	Price	Number of shares
July 2016	R20,75	6 687
September 2016	R24,20 – R25,69	34 616
Total		**41 303**

10 664 180 shares (F2016: 10 967 201) 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 estimated share-based payment benefit with respect to the Black Professionals Staff Trust at year-end date was R24,7 million (June 2016: R46,8 million, December 2016: R56,8 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. A amount of R2 million (F2016: R0,5 million expense) was credit to earnings in F2017.

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 2017. However, this is required to be reassessed at each reporting period.

BOND ISSUE UNDER THE BOND EXCHANGE OF SOUTH AFRICA (BESA) DOMESTIC MEDIUM TERM NOTES (DMTN) PROGRAMME

The group settled GFC 04 (R280 million) in April 2017 and subsequently deregistered the Domestic Medium Term Note Programme with Group Five Construction Limited as Borrower.

The group maintains the DMTN Programme with Group Five Limited as Borrower.

No notes have been issued under this programme.

Global Credit Ratings agency awarded the group a long term National BBB+ credit rating and short term National A2- credit rating.

BORROWINGS

During the current year, in addition to the trade asset-backed capital equipment finance leases and property-backed finance, the group secured a GHC 35 million cedi facility bearing fixed interest at 25%. The facility is available until March 2018. As at 30 June 2017, GHC 31 million had been drawn down.

During the year, the R250 million revolving credit facility was converted to a R190 million overnight money market facility bearing a variable interest, linked to prime of 11.5%. As at 30 June 2017, the overdraft was not utilised.

RELATED PARTY TRANSACTIONS

Related parties to the group are identified as the group's directors, prescribed officers, senior management, subsidiaries, joint ventures and associates. Disclosure of transactions with these parties during the year is provided in the group annual financial statements available online at www.groupfive.co.za.

GOING CONCERN

The directors believe that the group has adequate financial resources to continue in operation for the foreseeable future and accordingly, the financial statements have been prepared on a going concern basis. The board is not aware of any new material changes that may adversely impact the group. The board is not aware of any material non-compliance with statutory or regulatory requirements. The board is not aware of any pending changes in legislation in any of the major countries in which it operates that may affect the group.

EVENTS AFTER REPORTING DATE

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 2017 or the results of its operations or cash flows for the year then ended.

DIVIDEND DECLARATION

The group has previously disclosed that it has 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 are influenced by business growth or movements in earnings as a result of fair value accounting adjustments.

The new board has made the decision to not declare a dividend at year end. This was based on their commitment to conduct a detailed review of the group's strategy positioning and growth requirements. The board will conclude on a dividend decision by the next reporting period.

Analysis of shareholders

for the year ended 30 June 2017

		No of shareholders	%	No of shares	%
1.	**SHAREHOLDER SPREAD**				
	1 – 1 000 shares	3 394	74.54	846 066	0.75
	1 001 – 10 000 shares	724	15.90	2 448 203	2.18
	10 001 – 100 000 shares	295	6.48	10 440 239	9.30
	100 001 – 1 000 000 shares	120	2.64	33 773 743	30.09
	1 000 001 shares and over	20	0.44	64 750 032	57.68
	Totals	**4 553**	**100.00**	**112 258 283**	**100.00**
2.	**DISTRIBUTION OF SHAREHOLDERS**				
	Banks/Brokers	41	0.90	8 879 224	7.91
	Close Corporations	17	0.37	85 782	0.08
	Empowerment Trusts	2	0.04	12 658 129	11.28
	Endowment Funds	32	0.70	605 003	0.54
	Government	2	0.04	65 425	0.06
	Individuals	3 737	82.08	3 682 817	3.28
	Insurance Companies	45	0.99	5 077 485	4.52
	Investment Companies	4	0.09	716 505	0.64
	Medical Schemes	18	0.40	605 239	0.54
	Mutual Funds	132	2.90	39 707 595	35.36
	Other Corporations	8	0.18	10 132	0.01
	Private Companies	51	1.12	1 085 356	0.97
	Public Companies	8	0.18	33 263	0.03
	Retirement Funds	226	4.96	38 138 957	33.97
	Share Trust	1	0.02	6 051	0.01
	Trusts	229	5.03	901 320	0.80
	Totals	**4 553**	**100.00**	**112 258 283**	**100.00**
3.	**PUBLIC/NON-PUBLIC SHAREHOLDERS**				
	Non-public shareholders	**10**	**0.22**	**12 852 542**	**11.45**
	Directors of the company	2	0.04	50 233	0.04
	Executive committee members of the company	3	0.07	138 129	0.12
	Empowerment Trusts	4	0.09	12 658 129	11.28
	Share Trust	1	0.02	6 051	0.01
	Public shareholders	**4 543**	**99.78**	**99 405 741**	**88.55**
	Totals	**4 553**	**100.00**	**112 258 283**	**100.00**
4.	**BENEFICIAL SHAREHOLDERS HOLDING 5% OR MORE**				
	Government Employees Pension Fund			20 172 188	17.97
	Allan Gray			13 909 849	12.39
	Group Five Ltd Black Professionals Staff Trust			10 356 865	9.23
	Coronation Fund Managers			7 148 344	6.37
	Totals			**51 587 246**	**45.96**
5.	**DIRECTORS OF THE COMPANY**				
	ST Mosai			2 863	0.00
	CMF Teixeira			47 370	0.04
	Totals			**50 233**	**0.04**
6.	**EXECUTIVE COMMITTEE MEMBERS OF THE COMPANY**				
	NM Humphreys			30 276	0.03
	GD Mottram			25 703	0.02
	JA Wallace			82 150	0.07
	Totals			**138 129**	**0.12**

	No of shares	%
7. EMPOWERMENT TRUSTS		
Group Five Ltd Black Professionals Staff Trust	10 356 865	9.23
Izakhiwo Imfundo Trust	2 000 000	1.78
Group Five Black Management Scheme	286 237	0.25
Group Five Black Management Scheme – Exiting Participants	15 027	0.01
Totals	**12 658 129**	**11.27**
8. SHARE TRUST		
Rivonia Share Scheme Services (Pty) Ltd	6 051	0.01
Totals	**6 051**	**0.01**

9. TOP 20 BENEFICIAL SHAREHOLDERS

Rank	Name of shareholder	No of shares	%
1	Government Employees Pension Fund	20 172 188	17.97
2	Allan Gray	13 909 849	12.39
3	Group Five Ltd Black Professionals Staff Trust	10 356 865	9.23
4	Coronation Fund Managers	7 148 344	6.37
5	Sanlam	4 869 168	4.34
6	Dimensional Fund Advisors	3 927 771	3.50
7	Investment Solutions	3 702 124	3.30
8	Fidelity	3 517 356	3.13
9	Eskom Pension & Provident Fund	2 828 358	2.52
10	Old Mutual	2 745 298	2.45
11	Vanguard	2 234 025	1.99
12	Izakhiwo Imfundo Trust	2 000 000	1.78
13	Metal & Engineering Industries	1 860 301	1.66
14	Transnet Pension Fund	1 647 501	1.47
15	Prime Investments	1 286 995	1.15
16	Public Service Pension Fund	1 274 747	1.14
17	National Fund for Municipal Workers	1 070 743	0.95
18	APG Retirement Funds	1 013 630	0.90
19	MMI Holdings Ltd	970 461	0.86
20	Strategic Investment Service Management Company	930 122	0.83
Totals		**87 465 846**	**77.93**

10. TOP TEN COUNTRIES BASED ON BENEFICIAL SHAREHOLDERS

Rank	Name of country	No of shares	%
1	South Africa	96 159 481	85.68
2	USA	6 852 848	6.11
3	UK	4 265 901	3.80
4	Luxembourg	2 928 393	2.61
5	Swaziland	1 291 693	1.15
6	Namibia	666 214	0.59
7	Hong Kong	29 541	0.03
8	Sweden	12 000	0.01
9	Netherlands	7 133	0.01
10	Lesotho	6 141	0.01
Totals		**112 219 345**	**100.00**

Notice of the annual general meeting

for the year ended 30 June 2017

GROUP FIVE LIMITED

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

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the annual general meeting of shareholders of the company will be held at the registered office of Group Five, No 9 Country Estate Drive, Waterfall Business Estate, Jukskei View, Johannesburg, on Tuesday, 7 November 2017 at 11:00, to consider and, if deemed fit, pass, with or without modification, the ordinary and special resolutions set out below and to deal with such other business as may be lawfully dealt with at the meeting.

Presentation to shareholders of:

- The consolidated annual financial statements of the company and its subsidiaries for the year ended 30 June 2017
- Directors' report
- Independent auditor's report
- Audit committee report

The complete annual financial statements are available on http://www.groupfive.co.za/ir_annuals.php

Resolutions for consideration and adoption

1. **ORDINARY RESOLUTION NUMBER 1: Re-election of directors**
Dr John Job, Dr Thabo Kgogo and Edward Williams 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, Dr John Job, Dr Thabo Kgogo and Edward Williams offer themselves for re-election.

1.1 ORDINARY RESOLUTION NUMBER 1.1
"RESOLVED that Dr John Job be and is hereby re-elected as a director of the company with effect from 7 November 2017."

1.2 ORDINARY RESOLUTION NUMBER 1.2
"RESOLVED that Dr Thabo Kgogo be and is hereby re-elected as a director of the company with effect from 7 November 2017."

1.3 ORDINARY RESOLUTION NUMBER 1.3
"RESOLVED that Edward Williams be and is hereby re-elected as a director of the company with effect from 7 November 2017."

The board of directors has assessed the performance of the directors standing for re-election and has found them suitable and recommends them for reappointment. A brief CV of each director standing for re-election appears on page 37 of this integrated annual report, as well as in the online section of the integrated annual report.

2. **ORDINARY RESOLUTION NUMBER 2: Election of group audit committee members subject, where necessary, to their reappointment as directors of the company in terms of the resolutions in paragraph 1 above.**
To elect by separate resolutions a group audit committee comprising independent non-executive directors, as provided in section 94(4) of the Companies Act, No 71 of 2008 (as amended) ("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 Cora Fernandez be and is hereby elected as a member and chairperson of the group audit committee of the company with effect from 11 August 2017."

2.2 ORDINARY RESOLUTION NUMBER 2.2
"RESOLVED that Dr John Job be and is hereby elected as a member of the group audit committee of the company with effect 11 August 2017."

2.3 ORDINARY RESOLUTION NUMBER 2.3
"RESOLVED that Dr Thabo Kgogo be and is hereby elected as a member of the group audit committee of the company with effect from 11 August 2017."

2.4 ORDINARY RESOLUTION NUMBER 2.4
"RESOLVED that Nazeem Martin be and is hereby elected as a member of the group audit committee of the company with effect from 11 August 2017."

2.5 ORDINARY RESOLUTION NUMBER 2.5
"RESOLVED that Michael Upton be and is hereby elected as a member of the group audit committee of the company with effect from 11 August 2017."

3. **ORDINARY RESOLUTION NUMBER 3: Approval of remuneration policy**
"RESOLVED through a non-binding advisory vote, the company's remuneration policy (excluding the remuneration of non-executive directors for their services as directors and members of the board or statutory committees) and its implementation, as set out in the remuneration report contained on pages 92 to 104 of this integrated annual report be and is hereby approved."

This ordinary resolution is of an advisory nature only and although the board will take the outcome of the vote into consideration when determining the remuneration policy, failure to pass this resolution will not legally preclude the company from implementing the remuneration policy as contained in the integrated annual report.

4. **ORDINARY RESOLUTION NUMBER 4: Reappointment of auditors**
As set out in the group audit committee report in the audited annual financial statements, contained within the supplementary section of the integrated annual report available online at www.groupfive.co.za, the group audit committee has assessed PricewaterhouseCoopers Incorporated's performance, independence and suitability and has nominated them for reappointment as independent external auditors of the group, to hold office until the next annual general meeting.

"RESOLVED that PricewaterhouseCoopers Incorporated, with the designated audit partner being Megandra Naidoo, be and is hereby reappointed as independent external auditors of the group for the ensuing year. Further, that the terms of engagement and fees be determined by the group audit committee."

5. **ORDINARY RESOLUTION NUMBER 5: Control of authorised but unissued shares**
"RESOLVED that the authorised but unissued shares in the capital of the company be and are hereby placed under the control and authority of the directors of the company and that the directors of the company be and are hereby authorised and empowered to allot, issue and otherwise dispose of such shares to such person or persons on such terms and conditions and at such times as the directors of the company may from time to time and at their discretion deem fit, subject to the provisions of the Companies Act, the Memorandum of Incorporation of the company and the JSE Limited ("JSE") Listings Requirements, when applicable. The issuing of shares granted under this authority will be limited to Group Five's existing contractual obligations to issue shares, including for purposes of the Group Five Share Appreciation Right Scheme ("SARS") approved on 13 October 2010, the Group Five Long Term Share Incentive Plan ("LTIP") approved on 27 November 2012, any scrip dividend and/or capitalisation share award, and shares required to be issued for the purpose of carrying out the terms of the SARS and LTIP employee schemes."

6. **ORDINARY RESOLUTION NUMBER 6: Authority to sign all documents required**
"RESOLVED that any one of the directors and/or the group secretary be and is hereby authorised to do all such things and sign all documents and procure the doing of all such things and the signature of all such documents as may be necessary or incidental to give effect to all ordinary and special resolutions to be proposed at the annual general meeting at which this resolution will be proposed."

7. **SPECIAL RESOLUTION NUMBER 1: Authorisation of non-executive directors' remuneration**
"RESOLVED that the proposed fees of non-executive directors for the year ended 30 June 2018 be approved as follows:

	F2017 (actual)	**F2018 (proposed)**
Main board – chairperson	R1 039 000	**R1 039 000**
Main board – non-executive director	R260 000	**R260 000**
Lead independent director	R435 000	**R435 000**
Audit committee – chairperson	R254 000	**R254 000**
Audit committee – member	R126 000	**R126 000**
Remuneration committee – chairperson	R173 000	**R173 000**
Remuneration committee – member	R89 000	**R89 000**
Risk committee – chairperson	R173 000	**R173 000**
Risk committee – member	R 89 000	**R 89 000**
Nominations committee – chairperson	R 126 000	**R 126 000**
Nominations committee – member	R 67 000	**R 67 000**
Transformation & sustainability committee – chairperson	R173 000	**R173 000**
Transformation & sustainability committee – member	R 89 000	**R 89 000**
Extraordinary services – per hour	R4 000	**R4 000**

The approval of the F2018 non-executive directors' fees shall be exclusive of Value Added Tax.

8. **SPECIAL RESOLUTION NUMBER 2: General authority to repurchase shares**
"RESOLVED that, subject to compliance with the JSE Listings Requirements, the Companies Act and the Memorandum of Incorporation of the company, the directors of the company be and are hereby authorised at their discretion to procure that the company or subsidiaries of the company acquire by repurchase on the JSE ordinary shares issued by the company provided that:
- the number of ordinary shares acquired in any one financial year shall not exceed 20% (twenty percent) of the ordinary shares in issue at the date on which this resolution is passed;
- this must be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the company and the counterparty;
- this authority shall lapse on the earlier of the date of the next annual general meeting of the company or 15 months after the date on which this resolution is passed; and
- the price paid per ordinary share may not be greater than 10% (ten percent) above the weighted average of the market value of the ordinary shares for the five business days immediately preceding the date on which a purchase is made."

RATIONALE FOR THE AUTHORITY

The rationale for this special resolution is to authorise the directors, if they deem it appropriate in the interests of the company, to procure that the company or subsidiaries of the company acquire or repurchase ordinary shares issued by the company subject to the restrictions contained in the above resolution. At the present time, the directors have no specific intention with regard to the utilisation of this authority which will only be used if the circumstances are appropriate. The directors will only undertake a repurchase if they of the opinion that:

- 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 further 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 37 of this integrated annual report, collectively and individually accept full responsibility for the accuracy of the information given in special resolution number 2, and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statements false or misleading and that all reasonable enquiries to ascertain such facts have been made and that this resolution and additional disclosure in terms of paragraph 11.26 of the JSE Listings Requirements pertaining thereto contain all information required by law and the JSE Listings Requirements.

MATERIAL CHANGES

Other than the facts and developments reported on in these annual financial statements, there have been no material changes in the affairs, financial or trading position of the group since the signature date of this integrated annual report and the posting date thereof.

The following disclosures required in terms of the JSE Listings Requirements are set out in accordance with the reference pages in this integrated annual report of which this notice forms part:

- major shareholders of the company (pages 140 to 141); and
- share capital of the company (page 131).

9. SPECIAL RESOLUTION NUMBER 3: General authority to provide financial assistance to related and inter-related companies

"RESOLVED as a special resolution in terms of the Companies Act that the provision by the company of any direct or indirect financial assistance as contemplated in section 45 of the Companies Act to any 1 (one) or more related or inter-related companies of the company, be and is hereby approved, provided that:

1. (i) the specific recipient or recipients of such financial assistance;
   (ii) the form, nature and extent of such financial assistance;
   (iii) the terms and conditions under which such financial assistance is provided are determined by the board of directors of the company from time;
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, 27 October 2017, 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. It is recommended that completed forms of proxy must be received by the transfer secretaries of the company, Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank 2196, (PO Box 61051, Marshalltown, 2107) no later than 15 minutes before the commencement of the meeting on Tuesday, 7 November 2017. However, shareholders are entitled to deliver voting proxies to the Chairman of the annual general meeting at any time prior to the vote.

All beneficial owners of Group Five shares who have dematerialised their shares through a central securities depository participant (CSDP) or broker, other than those with own-name registration, and all beneficial owners of shares who hold certificated shares through a nominee, must provide their CSDP, broker or nominee with their voting instructions, in accordance with the agreement between the beneficial owner and the CSDP, broker or nominee. Should such beneficial owners wish to attend the meeting in person, they must request their CSDP, broker or nominee to issue them with the appropriate letter of representation. Group Five does not accept responsibility and will not be held liable for any failure on the part of a CSDP or broker to notify such Group Five shareholder of the annual general meeting.

ELECTRONIC PARTICIPATION BY SHAREHOLDERS

In compliance with the provisions of the Companies Act, Group Five intends to offer shareholders reasonable access, through electronic facilities, to participate in the annual general meeting by means of a conference call facility. Shareholders will be able to listen to the proceedings and raise questions should they wish to do so. Shareholders are invited to indicate their intention to make use of this facility by applying in writing (including details on how the shareholder or representative (including proxy) can be contacted) to the transfer secretaries, at the address above. The aforesaid application is to be received by the transfer secretaries at least 7 (seven) business days prior to the annual general meeting, namely Friday 27, October 2017. The transfer secretaries will, by way of e-mail, provide information enabling participation to those shareholders who have made such application. Voting will not be possible via the electronic facility and shareholders wishing to exercise their voting rights at the annual general meeting are required to be represented at the meeting either in person, by proxy or by letter of representation as provided for in the Notice of Annual General Meeting.

The company reserves the right not to provide for electronic participation at the annual general meeting if it determines that it is not practical to do so, or an insufficient number of shareholders (or their representatives or proxies) request to participate in this manner.

By order of the board

N Katamzi
Company secretary
17 August 2017

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
Rosebank Towers
15 Biermann Avenue
Rosebank 2196

PO Box 61051
Marshalltown
2107

Form of proxy

GROUP FIVE LIMITED

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

For use at the annual general meeting of the holders of ordinary shares in the company ("Group Five shareholders") to be held at the registered office of Group Five, No 9 Country Estate Drive, Waterfall Business Estate, Jukskei View, Johannesburg on Tuesday, 7 November 2017 ("the annual general meeting") at 11:00. Group Five shareholders who have dematerialised their Group Five shares through a CSDP or broker must not complete this form of proxy and must provide their CSDP or broker with their voting instructions, except for Group Five shareholders who have elected own-name registration in the sub-register through a CSDP or broker and certificated shareholders, which shareholders must complete this form of proxy and lodge it with the transfer secretaries. Holders of dematerialised Group Five shares wishing to attend the annual general meeting must inform their CSDP or broker of such intention and request their CSDP/broker to issue them with the relevant authorisation to attend.

I/We

of (address)

being the registered holder/s of ordinary shares in the capital of the company, hereby appoint (see note 1):

1. or, failing him/her

2. or, failing him/her

3. or, failing him/her

the chairperson of the annual general meeting as my/our proxy to act for me/us at the annual general meeting for the purposes of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed thereat and at each adjournment thereof and to vote for and/or against the resolutions and/or abstain from voting in respect of the ordinary shares registered in my/our name/s in accordance with the instructions/notes on the reverse side hereof.

Proposed ordinary/special resolutions	In favour	Against	Abstain
Ordinary Resolutions			
1. Ordinary Resolution 1: Re-election of directors			
1.1 Election of Dr John Job as a director			
1.2 Election of Dr Thabo Kgogo as a director			
1.3 Election of Edward Williams as a director			
2. Ordinary Resolution 2: Election of group audit committee members			
2.1 Election of Cora Fernandez as member and chairperson of the group audit committee			
2.2 Election of Dr John Job as member of the group audit committee			
2.3 Election of Dr Thabo Kgogo as member of the group audit committee			
2.4 Election of Nazeem Martin as member of the group audit committee			
2.5 Election of Michael Upton 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: Reappointment 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 2017

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 2017

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 15 minutes before the time appointed for holding the meeting.
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/she thinks fit.
9. The delivery of the duly completed form of proxy shall not preclude any member or his/her duly authorised representative from attending the meeting, speaking and voting instead of such duly appointed proxy.
10. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the company.
11. Where there are joint holders of any shares:
    - any one holder may sign this form of proxy; and
    - the vote(s) of the senior shareholders (for that purpose seniority will be determined by the order in which the names of shareholders appear in the company's register of members) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint shareholder(s).

Registered office
Group Five Limited
No 9 Country Estate Drive
Waterfall Business Estate
Jukskei View
Johannesburg 1662

Postnet Suite 500
Private Bag X26
Sunninghill
2157

Transfer secretaries
Computershare Investor Services (Pty) Limited
Rosebank Towers
15 Biermann Avenue
Rosebank 2196

PO Box 61051
Marshalltown
2107

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

www.groupfive.co.za