GROUP FIVE
structured ingenuity

ONLINE SECTION OF THE

INTEGRATED ANNUAL REPORT

17

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

GROUP FIVE IS A LEADING AFRICAN CONSTRUCTION, CONCESSIONS AND MANUFACTURING GROUP WITH THE ABILITY TO DELIVER ACROSS THE FULL INFRASTRUCTURE LIFECYCLE.

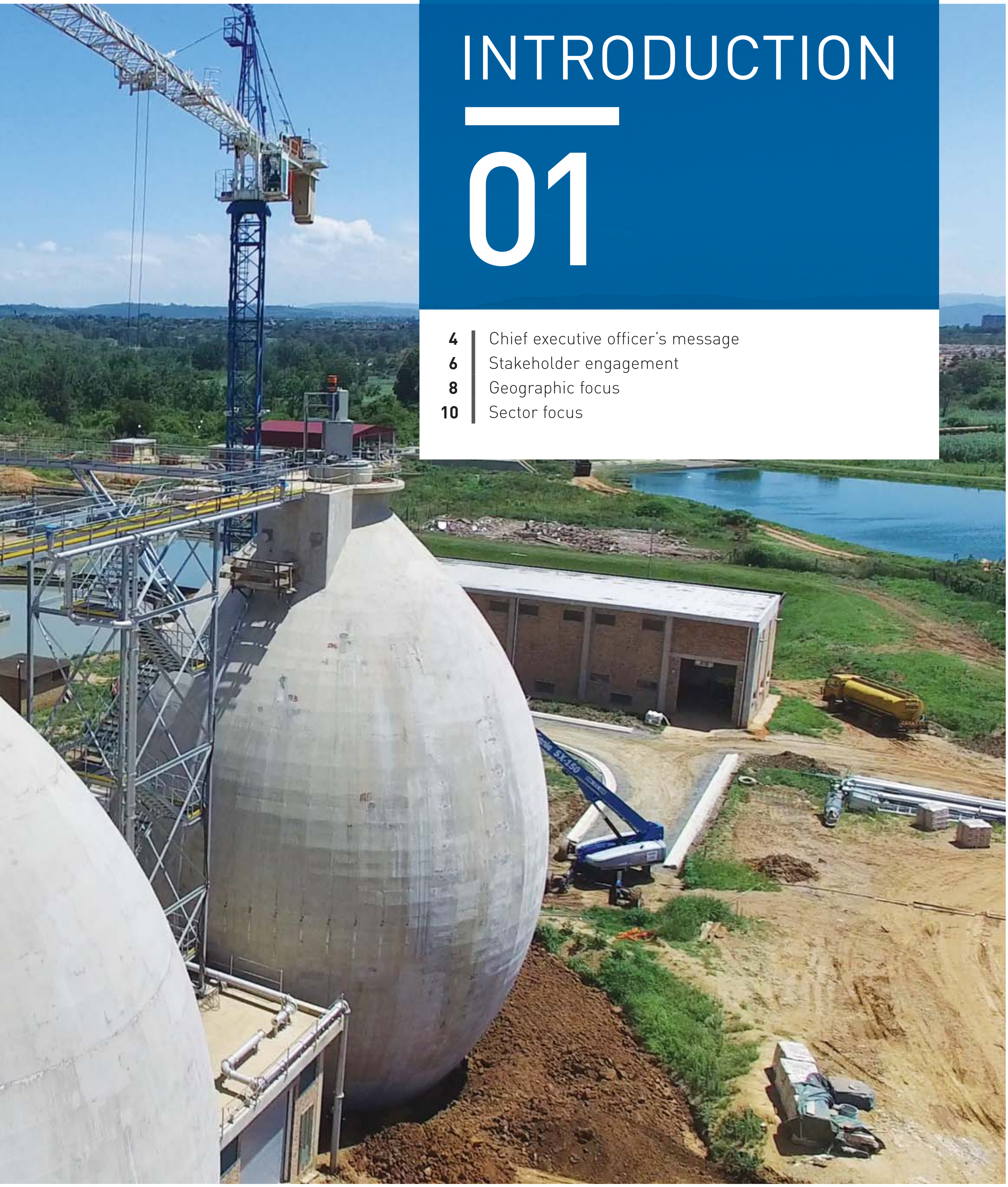
WE CREATE INFRASTRUCTURE SOLUTIONS.

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.

INTRODUCTION

01



INTRODUCTION

AS OUTLINED IN THE PRINTED SECTION OF THE INTEGRATED ANNUAL REPORT, THIS YEAR WAS ONE OF THE TOUGHEST IN GROUP FIVE'S HISTORY.

CHIEF EXECUTIVE OFFICER'S MESSAGE

THEMBA MOSAI
CHIEF EXECUTIVE OFFICER

I was appointed as permanent CEO in May this year in a context of tough market conditions, a poor financial performance and the volatility of a number of executive management departures and significant retrenchments.

The executive management changes resulted in huge uncertainty in our business and external stakeholder base, culminating in shareholder action that reconstituted the board. This placed huge strain on the group and our employees.

As a management team, we are looking forward to settling the group following the appointment of new non-executive directors just after our year end.

SAFETY

The biggest disappointment in terms of people during this year was the two fatalities we experienced. As the new CEO, this is totally unacceptable to me. My heart goes out to the families of the deceased.

Following investigation, it seems that 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 safety address from me, empowering our safety officers and reminding them of their authority, as well as constantly reminding our employees that safety starts with each of them and that they are all safety officers.

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

KEY FOCUS AREAS

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

Although we have a sound strategy, as a group we have not executed fast and efficiently enough on our strategy against deteriorating market conditions. It is therefore imperative to heighten our focus on 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 a key area for our leadership to ensure we move towards a culture of discipline, with ethics underpinning our behaviour.

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.

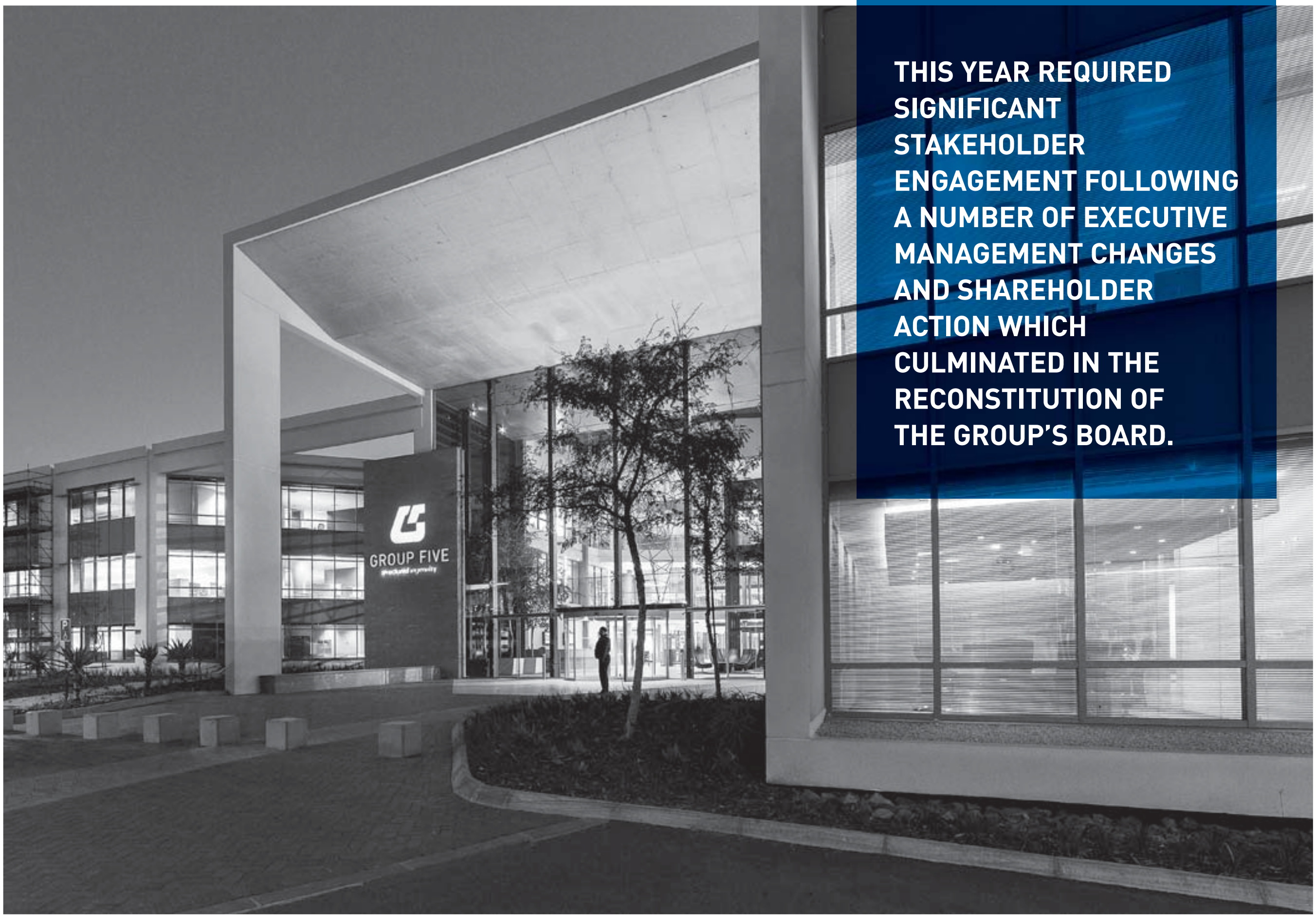
One of the key aspects during this year in our sector was signing the Voluntary Rebuild Programme agreement with government. We have also communicated our intent to implement a broad-based black economic empowerment transaction and have commenced with this process.

Although we are a Level 3 contributor on the broad-based black economic empowerment generic scorecard and have 60.59% black ownership and 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.

I realise that we have a number of issues to address, which will take time. But, I am confident that we have the right people in place to execute on our strategy and to improve our performance going forward.

I look forward to working with the board, management team and employees in F2018 and am confident that we will turn the group around to its rightful position.

STAKEHOLDER ENGAGEMENT



THIS YEAR REQUIRED SIGNIFICANT STAKEHOLDER ENGAGEMENT FOLLOWING A NUMBER OF EXECUTIVE MANAGEMENT CHANGES AND SHAREHOLDER ACTION WHICH CULMINATED IN THE RECONSTITUTION OF THE GROUP'S BOARD.

We engaged with a range of stakeholders, in particular shareholders, bankers, clients and employees to ensure we address their concerns. This involved significant management time.

We also sadly again experienced fatalities in our operations, which required increased interaction with employees to ensure they understand the importance of always operating within our required processes and procedures. Refer to pages 109 to 113.

Following widespread retrenchments, employee interaction also increased during the year.

We continued our interaction with government on the Voluntary Rebuild Programme. Refer to pages 42 to 43 in the printed section of the integrated annual report.

Clients remained a key stakeholder to ensure delivery on contracts and requirements, especially as we continue to have loss-making contracts in Engineering & Construction.

As outlined on page 134, communities close to our operations are crucial to our success, with several training programmes and employment from local people close to our sites.

The coming year promises to remain challenging, with ongoing political and economic pressure in especially our home market of South Africa. We have a dedicated stakeholder engagement strategy in place and look forward to working with our newly-constituted board to rebuild relationships that were placed under strain this year.

REASONS FOR ENGAGEMENT

EMPLOYEES

Employees drive our business through their enterprise, skills and commitment.

CLIENTS

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

GOVERNMENT AS A REGULATOR

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

BUSINESS ORGANISATIONS

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

BUSINESS PARTNERS

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

PROVIDERS OF FINANCIAL RESOURCES

(including debt providers and equity shareholders)

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

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

ANALYSTS AND MEDIA

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

COMMUNITIES

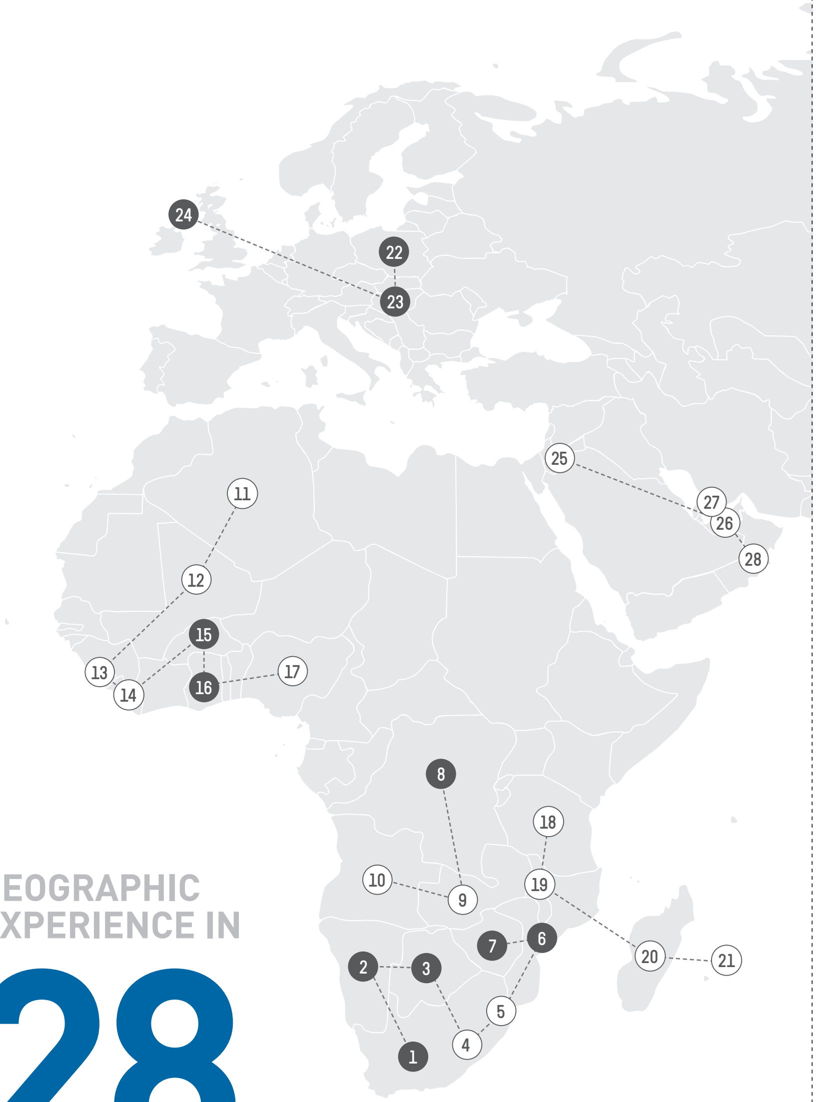
We engage with communities that are located around our contracts, as the people in communities live and work close to our operations. Understanding and aiming to meet their needs is critical to ensure the successful completion of contracts, especially in the context of South Africa where community unrest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

EDUCATION AND TRAINING INSTITUTIONS

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

GEOGRAPHIC FOCUS

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



GEOGRAPHIC EXPERIENCE IN

28 countries

OPERATING IN REGION

EXPERIENCE IN REGION

* *As at 30 June 2017.*

SOUTHERN AFRICA

COUNTRIES OF OPERATION

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

CENTRAL AFRICA

COUNTRIES OF OPERATION

8 DRC*
9 ZAMBIA#
10 ANGOLA#

WEST AFRICA

COUNTRIES OF OPERATION

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

EAST AFRICA

COUNTRIES OF OPERATION

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

EUROPE

COUNTRIES OF OPERATION

22 POLAND*
23 HUNGARY*
24 NORTHERN IRELAND*

MIDDLE EAST

COUNTRIES OF OPERATION

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

The group also maintains a development office in the USA.

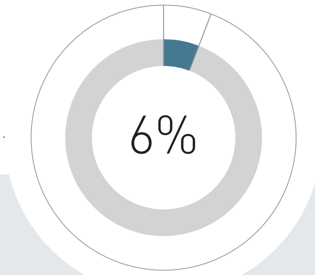
					SECTOR: CONSTRUCTION WORKS %							
SEGMENTS WITHIN REGION	**MAJOR CONTRACTS**		Revenue R million	Number of employees	Private: public	Mining	Industrial	Power	Oil and gas	Water	Real estate	Transport
Building & Housing* Civil Engineering* Projects* Energy* Investments & Concessions* Manufacturing*	**F2017^2** City of Tshwane's new municipal headquarter's public private partnership (Munitoria) **F2018^2** Ankerlig Power Station	F2016	10 090	7 360	61:39	7	1	14	10	12	48	8
		F2017	7 540	5 816	58:42	2	4	7	4	10	62	11
		F2018^2	5 445	n/a	59:41	9	5	19	3	7	54	3
Building & Housing* Civil Engineering Projects* Manufacturing#	**F2017^2** Boss mining expansion plant in DRC **F2018^2** Hydro Sluicing project based in Kakanda East	F2016	99	131	99:1	99	–	–	–	–	1	–
		F2017	410	118	100:0	100	–	–	–	–	–	–
		F2018^2	4	n/a	100:0	100	–	–	–	–	–	–
Building & Housing* Civil Engineering Projects* Energy* Investments & Concessions*	**F2017^2** Kpone IPP contract in Ghana **F2018^2** Natougou gold mining contract	F2016	2 910	1 011	100:0	12	–	88	–	–	–	–
		F2017	2 159	1 687	100:0	2	1	97	–	–	–	–
		F2018^2	838	n/a	100:0	46	–	54	–	–	–	–
Building & Housing# Civil Engineering# Projects*	**F2017^2** – **F2018^2** –	F2016	–	3	–	–	–	–	–	–	–	–
		F2017	–	3	–	–	–	–	–	–	–	–
		F2018^2	–	n/a								
Investments & Concessions*	**F2017[2]** – **F2018[2]** –	F2016	675	698								
		F2017	691	735								
		F2018^2	n/a	n/a								

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

SECTOR FOCUS

THE GROUP OPERATES IN A NUMBER OF KEY SECTORS. THE NEXT FEW SPREADS OUTLINE OUR POSITIONING.

MINING



OF GROUP REVENUE

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

KEY CONTRACTS

(YEARS)

13

Sierra Leone

TONKOLILI IRON ORE STAGE 1B

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

14

Democratic Republic of Congo

KIBALI GOLD MINE

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

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Liberia

NEW LIBERTY GOLD

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

Our scope included:

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

KEY COMPETENCIES

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

^ *Engineer, procure and construct.*

KEY DIFFERENTIATORS

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

KEY CLIENTS

ENGINEERS

DRA, Lycopodium, SNC-Lavalin, Sedgman, SENET, SGS Bateman, Ausenco, Hatch, Fluor, AMEC Foster Wheeler

MINING HOUSES

Randgold Resources, Eurasian Resources Group, Exxaro, Xstrata, Newmont, Barrick Africa, AngloGold Ashanti, African Minerals, Freeport-McMoRan, Jindal Africa, Kalagadi Manganese, Roxgold, Husab Uranium, Gold Fields, Glencore, MMG, Tiger Resources, Aureus Mining, Assmang, Caledonia Mining, Lonmin, Kumba, Rio Tinto, Ruashi Mining, Anglo American, SepFluor, Sasol Mining, De Beers, Debswana, Vedanta

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South Africa

YARAMOKO GOLD ENGINEER, PROCURE AND CONSTRUCT CONTRACT

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

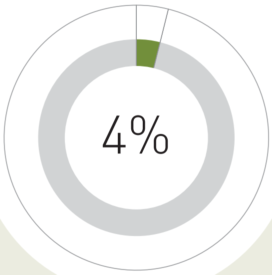
17

South Africa

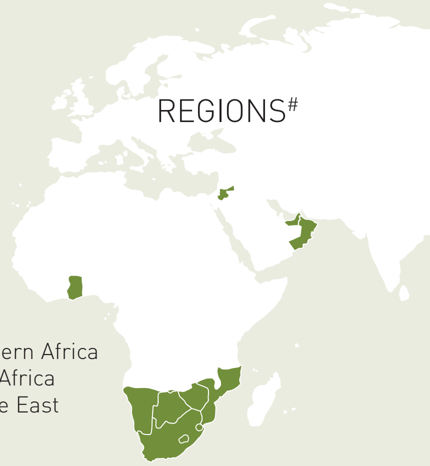
NOKENG FLUORSPAR CONTRACT

Nokeng is a greenfields EPC contract with DRA for the construction of a processing plant producing a mineral used in fluoride, lithium batteries and pharmaceuticals. South Africa has the largest global deposits of this mineral. DRA will design the plant, with Group Five responsible for the construction. The contract is close to Pretoria in Gauteng and will provide work to approximately 300 labourers at its peak and transfer skills to unemployed people.

INDUSTRIAL



OF GROUP REVENUE



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

KEY CONTRACTS

(YEARS)

13

South Africa

SASOL FT WAX EXPANSION PHASE II

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

14

Namibia

UPGRADE TO COPPER CONCENTRATE SMELTER IN TSUMEB

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

15

Ghana

EFFLUENT PLANT

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

KEY COMPETENCIES

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

KEY DIFFERENTIATORS

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

KEY CLIENTS

Hulamin, Huntsman Tioxide, Mondi, Toyota, Sappi, Volkswagen, ArcelorMittal, Mercedes-Benz, Anglo American, Taurus Minerals, SAB, Guinness Ghana Breweries, Columbus Stainless, Saldanha Steel, Cimentos de Moçambique, BHP Billiton, Accra Brewery, Tongaat Hulett, AfriSam, Illovo Sugar, thyssenkrupp

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South Africa

AIR LIQUIDE T17

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

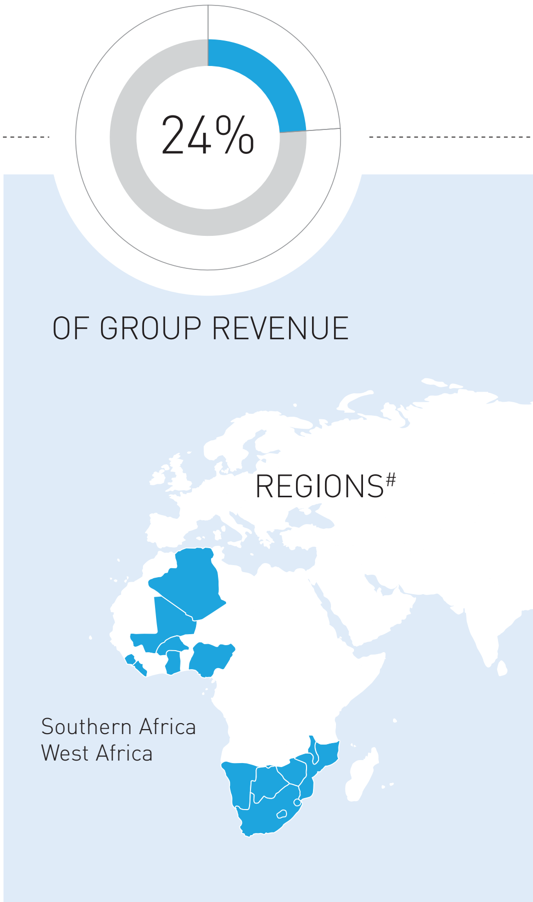
17

South Africa

SALDANHA TIPPLER III CONTRACT

The Saldanha Transnet Tippler contract is a civil engineering infrastructure contract to replace the current tipplers. We will construct a three-storey equipment and control building, the main vault structure and a tunnel, as well as a structural steel shed and stormwater works. The contract is part of a large long term infrastructure upgrade and development programme planned in the Saldanha Bay area. The programmes includes rail links, roads and bridges, enabling works and a number of other packages.

POWER



Regions where the group has either previous or current operations.

KEY CONTRACTS
(YEARS)

13

South Africa

SASOL HEAT RECOVERY STEAM BOILER CONTRACT

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

14

South Africa

JASPER 75 MW PHOTOVOLTAIC SOLAR POWER CONTRACT

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

15

Mozambique

KUVANINGA POWER CONTRACT

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

KEY COMPETENCIES

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

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

Waste to power

Renewables power plant operations and maintenance services

KEY DIFFERENTIATORS

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

^ *Engineer, procure and construct.*

KEY CLIENTS

Eskom, General Electric, Siemens

INDEPENDENT POWER PRODUCER DEVELOPERS

Cenpower, Kuvaninga, Geometric Power, BioTherm Energy, Gestamp, CPV1, SolarReserve, Proton, Enel Green Power, ENGIE, Building Energy, Doosan

LARGE MINING AND INDUSTRIAL GROUP

Tronox, Debswana, Gold Fields, Anglo American, Sasol, Thos Begbie and others

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South Africa

ADAMS AND PULIDA SOLAR PLANTS

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

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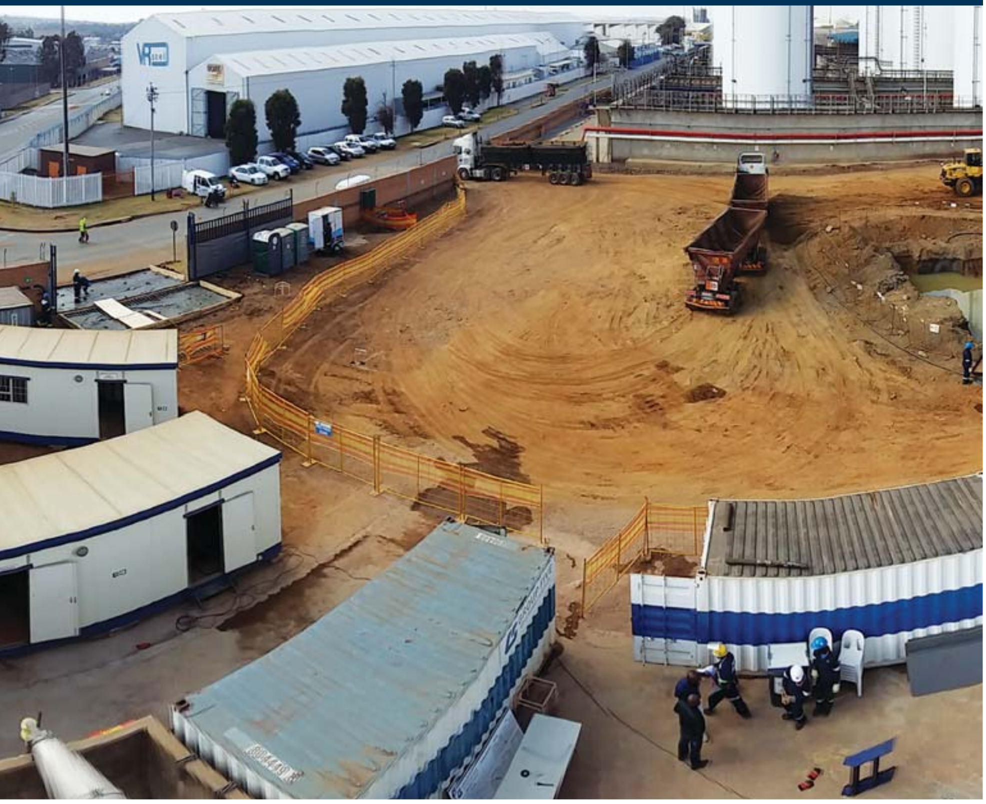
South Africa

ANKERLIG ENGINEER, PROCURE AND CONSTRUCT (EPC) POWER CONTRACT

Group Five was selected as the EPC contractor for this Eskom contract following a competitive tender process due to our previous experience in undertaking EPC contracts of this nature. This contract involves the engineering, procurement, construction and commissioning of a 90 MW power plant using General Electric gas turbines, as well as transformers, switchgear, emergency start generators, fuel supply and water supply.

The contract was awarded just before the year end.

OIL AND GAS



4%

OF GROUP REVENUE

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

KEY CONTRACTS

(YEARS)

13

South Africa

NMPP TERMINALS

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

14

Mozambique

ROMPCO GAS LOOP LINE CONTRACT

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

15

South Africa

MULTI-DISCIPLINARY CONTRACTS AND MAINTENANCE SERVICES

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

KEY CLIENTS

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

KEY COMPETENCIES

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

KEY DIFFERENTIATORS

- Established oil and gas business
- Experienced shutdown and maintenance contractor to all oil and petrochemical majors
- 24-hour service and maintenance contractor for fuel depots
- Tankage and pipeline constructor and services contractor
- API 653 tank inspection and repair services

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South Africa

SHELL CONTRACTS

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

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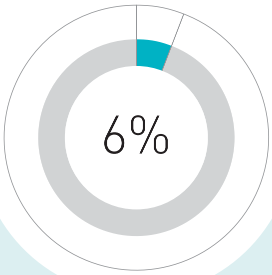
South Africa

SASOL CONTRACT

Group Five was awarded a contract for the fabrication and construction of civil works, structural steel and piping through Fluor for an additional oxygen capacity at Sasol in Secunda. The contract included the reticulation of more than 7 000 metres of piping for high and low pressure nitrogen, oxygen and high pressure steam. The works were undertaken within an operating refinery which required stringent safety and quality control measures. To limit the on-site construction risk, a modular construction approach was designed by Fluor which involved the pre-loading of pipes onto support structures in an offsite facility.

WATER



OF GROUP REVENUE

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

KEY CONTRACTS

(YEARS)

13

South Africa

SAND BYPASS CONTRACT

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

14

South Africa

ACID MINE DRAINAGE (AMD) FACILITIES

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

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South Africa

DARVILL WASTE WATER TREATMENT WORKS UPGRADE

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

KEY CLIENTS

Transnet (ports), Department of Water Affairs (DWAF), Trans-Caledon Tunnel Authority (TCTA), Umgeni Water, Rand Water, East Rand Water Care Company, Lepelle Northern Water, Sedibeng Water, Lesotho Highlands Water Project (LHWP), municipalities, city councils

KEY COMPETENCIES

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

Complete packaging of EPC^ delivery of bulk water systems

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

Design and manufacture of large-bore spiral-welded water pipes

Supply of construction steel

Supply of fibre cement pipe systems

Construction of abstraction and river diversion works

Construction of intermediate waste water and water purification works

KEY DIFFERENTIATORS

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

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

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South Africa

A NUMBER OF COMPLEX CONTRACTS

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

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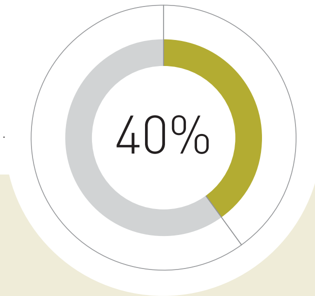
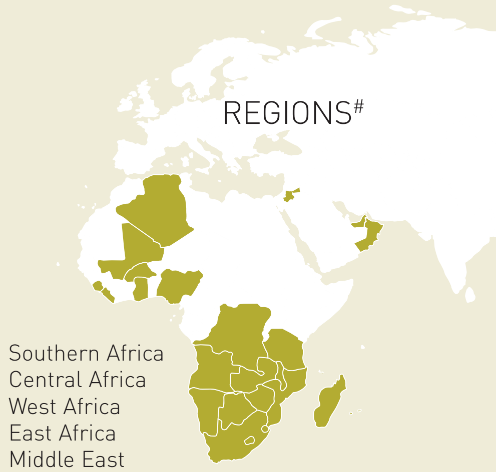
South Africa

CONSTRUCTION OF FIRST CONCRETE PIANO KEY WEIR IN SOUTH AFRICA

Group Five was awarded the contract to construct the first concrete piano key weir system in South Africa and the largest in the world. The Hazelmere dam is one of KwaZulu-Natal's main sources of bulk water supply. The concrete weir increases the dam wall height by seven metres and its capacity by 109%. This will increase the water available to the North Coast by ten million cubic metres per year.

REAL ESTATE





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

KEY CONTRACTS

(YEARS)

13

South Africa

MASERU SHOPPING MALL

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

14

South Africa

BOPHELONG PSYCHIATRIC HOSPITAL

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

15

South Africa

MALL OF AFRICA

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

KEY COMPETENCIES

Developer, equity participant and turnkey design and build contractor in real estate developments in South Africa and the rest of Africa

Large and high-rise building constructor

Conventional and low-cost housing contractor

Design to build contractor, with particular green building expertise

Public private partnerships (PPPs)

Fibre cement building materials, including Xella brick technology

Supply of lightweight steel systems

KEY DIFFERENTIATORS

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

KEY CLIENTS

LARGE PROPERTY DEVELOPERS

Atterbury Waterfall Investment Company, Investec Property Developments, Zenprop Property Holdings, Eris Property Holdings, Billion Property Developments, Richland Property Developments, Growthpoint Property Developments, Steyn City Properties, Liberty Life Properties, Abland Property Developers, Redefine Properties, IHS, Old Mutual Properties, Ingenuity Properties, Group Five Property Development, Rabie Property Development, Attacq Properties, Victoria & Alfred Waterfront, Oceans Umhlanga, Montagprop

DEPARTMENT OF PUBLIC WORKS AND LARGE METROS HEALTHCARE INDUSTRY

Public and private players and national and provincial governments

LARGE MINING GROUPS

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

16

South Africa

NELSON MANDELA CHILDREN'S HOSPITAL

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

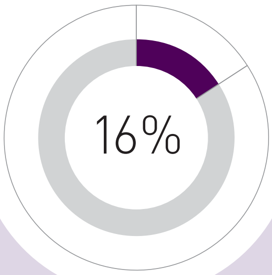
17

South Africa

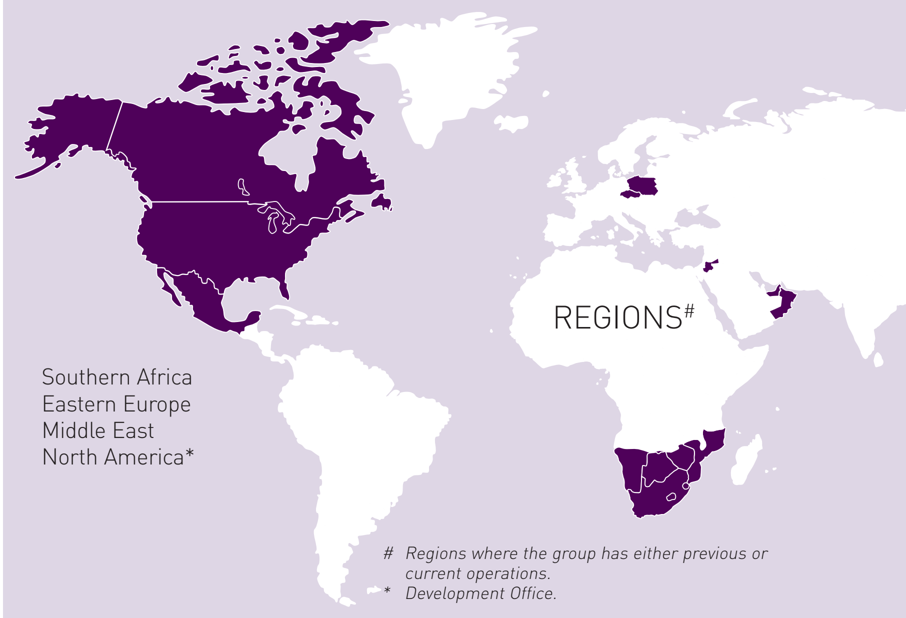
MELROSE ARCH DEVELOPMENT

Group Five is the main contractor on the One on Whiteley development at Melrose Arch in Gauteng. The contract consists of five levels of structured parking involving concrete, formwork and post tensioning of almost 40 000 m^2. The development connects to the current Melrose Arch super basement, motor showrooms and workshops. It includes a ten-storey, 150-room Marriott hotel, with a further 200 executive apartments and conference facilities, as well as an eight-storey, 241-apartment building.

TRANSPORT



OF GROUP REVENUE



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

KEY CONTRACTS

(YEARS)

13

South Africa

NEW SHIP-TO-SHORE CRANES – DURBAN HARBOUR

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

14

South Africa

UPGRADING OF KURUMAN TO VRYBURG ROAD

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

15

South Africa

VELDDRIF ROAD REHABILITATION

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

KEY COMPETENCIES

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

EPC^ delivery of transport infrastructure

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

Post- and pre-tension capability

Supply of asphalt

Bridge construction

KEY DIFFERENTIATORS

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

^ *Engineer, procure and construct.*

KEY CLIENTS

South African National Roads Agency (SANRAL), Department of Transport, municipalities, town councils, Airports Company of South Africa (ACSA), Transnet, N3TC, Saldanha Bay IDZ, large metros and provincial government, Development Bank of South Africa, Zimbabwe Roads Agency and other African roads agencies, the Ministry of Infrastructure of the Government of Poland, the Ministry of Economy and Transport of Hungary

16

South Africa

INTEGRATED RAPID PUBLIC TRANSPORT NETWORK PACKAGE 4

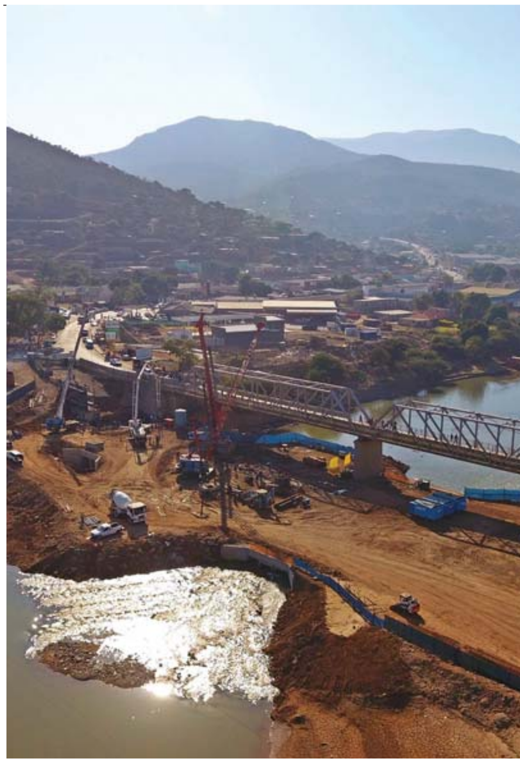
This R350 million contract comprises the construction of eight kilometres of concrete barriers to separate the dedicated bus lanes from the general public traffic and all associated layer works and ancillary work associated with road construction. Two sub-structures for the bus stations are also being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

17

South Africa

TUGELA BRIDGE CONTRACT

The group is constructing a two-lane bridge over the Tugela river that will replace the old single-steel bridge. To build the sub-structure bases below the normal river level involved constructing coffer dams, installing sheet piling in the excavations to ensure safe working conditions for the workforce and utilising a constant de-watering system to keep the excavations dry. The teams had to maximise productivity during the dry winter months to complete the sub-structure before the start of the anticipated summer rains. At certain times, the river rose by two metres in a matter of hours.



YEAR UNDER REVIEW

02

KEY MEASURES

TEN-YEAR REVIEW

(R'000)	F2017	F2016
Group income statement		
Revenue	**10 800 702**	13 773 618
Operating (loss)/profit	**(653 811)**	722 280
Other (expenses)/income – net	**–**	–
Share of profit/(loss) from equity accounted profits	**41 853**	27 359
Finance (cost)/income – net	**(7 235)**	(14 914)
(Loss)/profit before taxation	**(619 193)**	734 725
Taxation	**(153 452)**	(277 726)
(Loss)/profit from continuing operations	**(772 645)**	456 999
Group statement of financial position		
Interest of equity holders of parent	**2 521 571**	3 545 990
Non-controlling interest	**70 133**	86 740
Total equity	**2 591 704**	3 632 730
Non-current liabilities	**530 188**	326 406
Liabilities directly associated with non-current assets classified as held for sale	**–**	–
Current liabilities	**4 477 754**	6 452 853
Total liabilities	**5 007 942**	6 779 259
Non-current assets	**2 404 047**	2 845 277
Non-current assets classified as held for sale	**–**	–
Current assets	**5 195 599**	7 566 712
Total assets	**7 599 646**	10 411 989

F2015	F2014	F2013	F2012	F2011	F2010	F2009	F2008
13 875 570	15 360 444	11 111 377	9 092 851	9 206 998	11 337 588	12 090 236	8 899 578
366 476	642 954	482 562	310 929	537 401	890 427	812 900	747 124
–	–	(11 000)	(415 414)	(540 269)	(325 569)	–	–
24 592	28 095	14 327	1 163	820	1 347	(69)	140
(1 622)	(1 779)	(4 298)	(11 242)	18 361	27 871	(30 820	(81 727)
389 446	669 270	481 591	(114 564)	16 313	594 076	782 011	665 537
(109 045)	(229 738)	(193 977)	(54 888)	(158 143)	(258 297)	(224 567)	(208 041)
280 401	439 532	287 614	(169 452)	(141 830)	335 779	557 444	457 496
2 928 378	2 619 675	2 154 544	1 808 736	2 148 130	2 486 357	2 373 477	2 006 664
58 969	73 298	75 325	68 195	117 565	75 055	34 366	16 517
2 987 347	2 692 973	2 229 869	1 876 931	2 265 695	2 561 412	2 407 843	2 023 181
597 356	635 904	798 476	723 798	319 529	908 189	959 936	1 172 949
–	23 600	31 054	178 361	–	–	–	–
6 680 358	6 580 573	5 726 848	4 750 301	5 185 754	6 480 793	7 005 091	6 053 616
7 277 714	7 240 077	6 556 378	5 652 460	5 505 283	7 388 982	7 965 027	7 226 565
2 067 903	2 067 987	1 730 322	1 580 435	1 919 993	2 658 352	2 839 542	2 568 961
–	49 671	108 177	272 928	53 233	65 153	81 170	135 760
8 197 158	7 815 392	6 947 748	5 676 028	5 797 752	7 226 889	7 452 158	6 545 025
10 265 061	9 933 050	8 786 247	7 529 391	7 770 978	9 950 394	10 372 870	9 249 746

KEY RATIOS

GROUP PERFORMANCE INDICATORS

(R'000)	2017	2016	2015	2014
Revenue				
Engineering & Construction	**8 808 759**	11 767 899	11 875 357	13 452 093
Building & Housing	**4 428 936**	4 932 560	4 885 951	4 430 513
Civil Engineering	**1 945 306**	2 493 265	2 665 751	3 760 143
Projects	**1 300 654**	2 443 494	2 213 758	1 740 812
Energy	**1 133 863**	1 898 580	2 109 897	3 520 625
Investments & Concessions	**1 049 234**	1 146 814	995 125	905 013
Manufacturing	**1 094 416**	935 280	1 058 795	1 060 077
Adjustment for joint ventures equity accounted and joint ventures wholly consolidated on adoption of IFRS 11	**(151 707)**	(76 375)	(53 707)	(56 739)
Total revenue – continuing operations	**10 800 702**	13 773 618	13 875 570	15 360 444
Operating profit				
Engineering & Construction	**(881 520)**	(228 007)	62 769	376 993
Building & Housing	**(138 980)**	80 897	101 116	92 981
Civil Engineering	**(225 851)**	(381 933)	(95 669)	68 684
Projects	**(251 233)**	37 354	24 853	120 512
Energy	**(265 456)**	35 675	32 469	94 816
Investments & Concessions	**174 821**	897 556	237 595	195 446
Manufacturing	**72 811**	64 519	77 425	79 653
Adjustment for joint ventures equity accounted and joint ventures wholly consolidated on adoption of IFRS 11	**(19 923)**	(11 788)	(11 313)	(9 138)
Total operating profit – continuing operations	**(653 811)**	722 280	366 476	642 954
Total operating profit margin (%)	**(6.1)**	5.2	2.6	4.2
Over-border revenue (%)	**32**	33	27	23
Cash (utilised)/generated – millions	**(990)**	(135)	469	(45)
Shareholder returns				
Earnings per share (R)	**(8,29)**	3,75	2,22	4,01
Headline earnings per share (R)	**(8,53)**	3,35	2,05	4,07
Dividend per share (cents)	**14,0**	72,0	55,0	100,0
Net asset value per share (R)	**24,82**	35,02	28,96	25,99
Market indicators				
Market price – high (R) per share	**29,00**	28,98	43,40	45,65
Market price – low (R) per share	**15,10**	13,00	21,00	36,17
Market price – year end (R) per share	**18,60**	20,30	28,44	41,00
Market capitalisation – year end (R million)	**2 088,0**	2 278,0	3 191,2	4 596,3
Value of shares traded (R'000)	**964 230**	975 647	3 067 395	2 033 268
Number traded (R'000)	**44 600**	46 484	94 120	48 264

	2013	2012	2011	2010	2009	2008
	9 341 089	7 111 310	7 350 583	9 387 636	9 975 992	7 074 017
	3 236 000	2 065 972	2 143 004	3 186 142	2 899 773	2 848 795
	3 217 121	2 997 747	3 548 361	4 713 487	4 633 259	2 964 184
	1 717 748	1 416 411	1 165 583	680 802	1 462 586	851 803
	1 170 220	631 180	493 635	807 205	980 374	409 235
	728 517	647 739	554 659	591 871	626 795	581 685
	1 129 487	1 333 802	1 301 756	1 358 081	1 487 449	1 243 876
	(87 716)	–	–	–	–	–
	11 111 377	9 092 852	9 206 998	11 337 588	12 090 236	8 899 578
	287 877	134 348	471 785	694 971	573 496	384 021
	38 822	57 076	134 530	236 620	141 032	140 294
	106 640	(33 197)	227 889	310 655	225 733	142 857
	114 693	104 302	110 144	122 150	163 570	84 081
	27 722	6 167	(778)	25 546	43 161	16 789
	171 746	153 570	108 381	88 458	97 605	164 946
	30 440	23 011	(42 765)	106 998	141 799	198 157
	(7 501)	–	–	–	–	–
	482 562	310 929	537 401	890 427	812 900	747 124
	4.3	3.4	5.8	7.9	6.7	8.4
	32	26	25	20	37	34
	707	24	(871)	327	954	1 195
	2,64	(2,88)	(2,27)	2,80	5,44	4,47
	2,83	1,16	3,26	6,14	5,68	4,70
	67,0	36,0	72,0	137,0	130,0	105,0
	21,65	18,72	22,38	26,08	25,09	21,41
	38,04	32,00	41,00	45,20	58,25	73,80
	22,05	21,80	24,40	31,50	26,70	42,00
	36,70	22,76	29,90	34,50	34,70	44,90
	4 079,2	2 518,2	3 632,2	4 171,5	4 167,2	5 350,5
	1 392 096	1 083 159	1 719 970	2 900 378	3 612 810	5 462 078
	44 197	43 234	51 951	79 130	92 297	103 436

GROUP SCORECARDS

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

BBBEE* SCORECARD (GROUP FIVE LIMITED)

The F2017 scorecard follows amended categories in line with the amended Broad-Based Black Economic Empowerment Codes of Good Practice. The group was last audited in October 2016 in line with the Generic Codes. In the upcoming audit in October 2017, it is expected that the group will be audited in line with the new Construction Sector Code.

BBBEE elements	Weighting points	F2017[1]
Ownership	25	**25.00**
Management control	15	**6.08**
Skills development	20	**14.78**
Enterprise and supplier development	40	**40.51**
Socio-economic development	5	**5.00**
Overall score		**91.37**

* *Broad-based black economic empowerment.*

CONSTRUCTION CHARTER CODE SCORECARD

BBBEE elements	Weighting points	F2016[2]	F2015[3]	F2014[4]	F2013[5]
Ownership	25	25.00	25.00	24.80	21.37
Management control	15	5.10	4.42	5.76	8.54
Employment equity	10	4.35	3.96	4.17	5.73
Skills development	20	14.64	14.73	14.42	14.16
Preferential procurement	20	19.00	19.10	20.00	20.00
Enterprise and supplier development	40	15.00	15.00	15.00	15.00
Socio-economic development	5	5.00	5.00	5.00	5.00
		88.09	87.21	89.15	89.80
		2	2	2	2

1 *As audited by BEE Verification Agency cc for the year ended 30 June 2016.*
2 *As audited by BEE Verification Agency cc for the year ended 30 June 2015.*
3 *As audited by BEE Verification Agency cc for the year ended 30 June 2014.*
4 *As audited by BEE Verification Agency cc for the year ended 30 June 2013.*
5 *As audited by BEE Verification Agency cc for the year ended 30 June 2012.*

EMPLOYMENT EQUITY SCORECARD

Sustainability indicator	F2017	F2016	F2015	F2014	F2013	F2012
Total employee headcount (all employees)	**8 472**	9 313	12 178	14 485	13 659**	10 846*
Number of unionised employees	**1 345**	1 442	2 115	2 494	2 120	2 039
% of permanent employees on medical schemes	**44**	43	52	46	49	45
% of employees over-border	**35**	24	19	24	25	25
% of black employees within the South African permanent workforce	**82**	88	89	89	89	88
% of black employees in Paterson grades F and E (executive and senior management)	**31**	30	27	21	19	17
Number of black male bursary students	**49**	61	66	63	42	51
As a % of total bursary students	**56**	52	49	52	55	44
Number of black female bursary students	**39**	39	46	22	12	21
As a % of total bursary students	**44**	33	34	20	16	18

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

SKILLS DEVELOPMENT

Sustainability indicator	F2017	F2016	F2015	F2014	F2013	F2012
a) Annual value spent on training and development programmes – (R million)	**33,6**	31,8	40,2	45,1	37,1	32,3
i) Total number of training interventions*	**12 451**	16 698	13 133	14 928	9 125	12 110
ii) Total number of training interventions – semi-skilled and unskilled*	**7 492**	8 898	5 754	6 029	4 007	5 965
b) Annual value incurred on bursary expenditure – (R million)	**6,6**	7,9	8,4	7,2	5,1	4,6
i) Number of bursary students	**88**	118	136	111	76	115
ii) Number of female bursary students	**39**	42	50	26	15	26
c) Annual value spent on learnerships and apprenticeships – (R million)	**6,2**	5,4	7,2	5,1	3,6	4,0
i) Learners on learnership and apprenticeship programmes	**154**	170	186	174	90	144
ii) Unemployed learners registered on learnership and apprenticeship programmes	**134**	140	130	120	66	99
d) Number of students on leadership programmes	**95**	96	28	8	21	22
e) Total annual training spend – black employees – (R million)	**11,1**	13,5	15,5	19,3	15,4	13,9

* *For employees.*

PREFERENTIAL PROCUREMENT SCORECARD (GROUP FIVE LIMITED)

BBBEE Generic Code				Construction Charter Code					
Measurement principle	Points	**F2017 Target**	**Actual F2017[1]**	Measurement principle	Points	F2016 Target	Actual F2016[2]	Actual F2015[3]	Actual F2014[4]
Preferential spend with all suppliers	5	**80%**	**84.7%**	Preferential spend with all suppliers	12	70%	71.0%	73.1%	70.1%
Preferential spend with qualifying small enterprises (and emerging micro-enterprises)	3	**15%**	**21.3%**	Preferential spend with qualifying small enterprises (and emerging micro-enterprises)	3	15%	24.3%	23.3%	20.1%
Preferential spend with emerging micro-enterprises	4	**15%**	**13.7%**						
Preferential spend with enterprises that are more than 51% black-owned	9	**40%**	**28.4%**	Preferential spend with enterprises that are more than 50% black-owned	3	12%	21.1%	18.2%	17.7%
Preferential spend with enterprises that are more than 30% black women-owned	4	**12%**	**10.4%**	Preferential spend with enterprises that are more than 30% black women-owned	2	8%	5.6%	4.4%	9.5%
Weighted score	25		**23.51**	Weighted score	20		19.40	19.10	20.00

1 As audited by BEE Verification Agency cc for the year ended 30 June 2016 (Group Five).
2 As audited by BEE Verification Agency cc for the year ended 30 June 2015 (Group Five).
3 As audited by BEE Verification Agency cc for the year ended 30 June 2014 (Group Five).
4 As audited by BEE Verification Agency cc for the year ended 30 June 2013 (Group Five).
** A weighted score is not done for targets.*

ENTERPRISE DEVELOPMENT SCORECARD

Sustainability indicator	**2017**	F2016	F2015	F2014	F2013	F2012
Annual value of total direct costs incurred by the group – (R million)	**0,6**	0,3	1,1	1,3	0,9	1,5
Value of funding provided by the group – total capital due to the group as at 30 June – (R million)	**16,8**	12,0	7,5	8,8	9,8	11,5
Number of black-owned entities with which the group is engaging in significant joint venture partnerships*	**6**	3	6	12	15	12
Number of formal enterprise development partnerships	**17**	16	11	13	13	12
Total value of contracts being executed with black-owned joint venture partners* – (R billion)	**2,9**	0,8	1,0	3,1	5,9	4,9
Construction scorecard points obtained out of 15	**15**	15	15	15	15	15

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

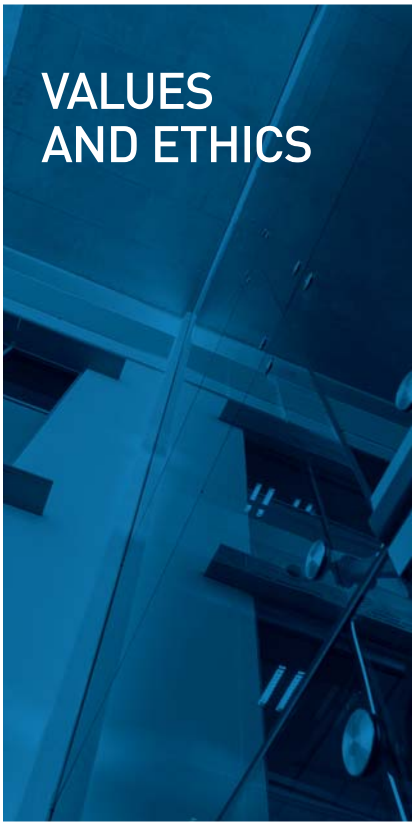
SOCIO-ECONOMIC DEVELOPMENT (SED) SCORECARD

Sustainability indicator	**2017**	F2016	F2015	F2014	F2013	F2012
Targeted SED spend as a % of SA operations' net profit after tax should exceed 1%	**yes**	yes	no*	yes	yes	yes
Total annual spend on SED programmes – (R million)	**2,4**	3,2	2,6	6,1	5,6	3,9
Number of unemployed people trained as part of the People at the Gate programme	**54**	34	118	536	524	43
% of unemployed people securing positions after training	**100**	100	70	90	80	100
Number of non-profit organisations benefiting from the group's SED programmes	**35**	48	55	75	38	32

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

THE GROUP'S CODE OF CONDUCT IS THE CORNERSTONE THAT GUIDES US ON HOW WE DO BUSINESS.

GOVERNANCE



VALUES AND ETHICS

DELIVERY ON F2017 FOCUS AREAS:

IN THE GROUP'S F2016 INTEGRATED ANNUAL REPORT, WE OUTLINED A NUMBER OF FOCUS AREAS. THE TABLE INDICATES HOW WE DELIVERED AGAINST THESE:

FOCUS AREAS FOR 2017	DELIVERY
Country risk assessments in new jurisdictions.	The country risk assessments were completed and we now have legal risk registers for all new jurisdictions entered into during F2017
Over-border compliance monitoring.	This was completed for high-risk countries, with no major non-compliance in any jurisdiction
Competition/anti-trust law and anti-bribery and corruption awareness.	The awareness and training was rolled out across the group
Certification for the Group Five ethics programme by the Ethics Institute of South Africa.	Group Five has joined the Coalition for Ethical Operations and ceased membership of the Ethics Institute of South Africa. This change has temporarily delayed the certification of our Code of Conduct. This is expected to be completed by the end of F2018

INTRODUCTION

The group's values are:

1 People

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

2 Excellence

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

3 Transformation

We are working towards sustainable and relevant group transformation.

4 Client focus

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

5 Innovation

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

6 Integrity

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

7 Performance

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

ETHICS

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

In the current economic context, there was a renewed emphasis and awareness on training employees on what constitutes unethical business practices.

The Group Five Code of Conduct covers the following areas:

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

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

The number is:

0800 00 48 11

IT IS AN INDEPENDENTLY MANAGED SERVICE TO ENSURE CONFIDENTIALITY.

SUSPICIOUS BEHAVIOUR AND TRANSGRESSIONS ARE REPORTED THROUGH OUR TIP-OFFS ANONYMOUS LINE. THE TIP-OFFS ANONYMOUS LINE IS OPERATED BY AN INDEPENDENT THIRD PARTY, WITH STRICT ADHERENCE TO KEEPING THE IDENTITY OF THE WHISTLE BLOWER CONFIDENTIAL.

The group compliance and ethics officer reports quarterly on all tip-offs to the Group Five transformation & sustainability committee. The nature of transgressions, the outcome of the investigation, recommendations on the actions to be taken and any subsequent disciplinary hearings are outlined.

In the year under review, the compliance and ethics function held 37 training workshops and trained 438 employees.

During the year, there was an increase in the number of reported cases involving fraud, corruption and theft. Reported fraud-related matters increased from five to eight, bribery and corruption increased from one to four and the misuse of group assets increased from two to four. Incidents of petty theft increased from six to seven. Employees were dismissed following investigations. Our evaluations indicate that these increases are due to improved awareness on reporting transgressions. All the matters reported were successfully investigated by internal resources, leading to 16 dismissals.

There was a decrease in the number of reported violations relating to non-compliance with policies and procedures following continuous training to ensure employees fully understand what is expected of them.

In our F2016 integrated annual report, we indicated that we had to deal with allegations of sexual harassment within our group for the first time in four years. During this year, there was another two sexual allegations in two business segments. Our CEO and the executive committee adopt a zero tolerance approach to matters that threaten the safety or wellbeing of employees in the workplace. Two disciplinary hearings were conducted and both employees implicated in the alleged sexual harassments were dismissed.

During last year, we identified over 100 fraudulent purchase order reports from Group Five suppliers that were being targeted by individuals using the Group Five letterhead to defraud them. With the assistance of the SAPS, we were able to arrest a number of the individuals involved. However, some incidents continued during the year and the group continues to work with the SAPS. As a precaution, we are continuously updating our suppliers and have provided guidelines on how they can verify Group Five-related purchase orders for authenticity.

REPORTED ETHICS VIOLATIONS

	F2017	F2016	F2015	F2014	F2013
Abuse of group time	**–**	–	1	1	2
Assault	**1**	2	–	–	–
Bribery and corruption	**4**	1	–	–	–
Bringing the group into disrepute	**1**	–	1	2	2
Conflicts of interest	**2**	2	2	7	5
Fraud	**8**	5	21	12	68
Gross negligence	**1**	1	2	1	–
Misuse of group property	**4**	2	3	8	4
HR-related complaints	**4**	4	4	11	6
Non-compliance with policies and procedures	**3**	7	1	4	3
Providing false information	**–**	–	2	2	1
Sexual harassment	**2**	2	–	–	–
Theft	**7**	6	12	9	8
Total	**37**	32	49	57	99

GROUP MEMBERSHIP OF INDUSTRY INSTITUTIONS

Group Five employees hold senior positions in the following organisations:

Name of association	Position in governing body	Participation in committees or projects
Bargaining Council for the Civil Engineering Industry	Yes	Yes
South African Federation of Civil Engineering Contractors	Yes	Yes
Construction Engineering Association	Yes	Yes
Black Business Council Built Environment	Yes	Yes
DEKRA	No	Yes
Black Management Forum	No	Yes

FOCUS FOR F2018

- Continued alignment of our policies and procedures to ensure it is in line with new legislation
- Further awareness of what constitutes sexual harassment to prevent additional cases
- Continued awareness of potential fraudulent orders to all our stakeholders and suppliers
- Additional training on the Group Five Anti-Bribery and Anti-Corruption Policy

DELIVERY ON F2017 FOCUS AREAS:

IN THE GROUP'S F2016 INTEGRATED ANNUAL REPORT, WE OUTLINED A NUMBER OF FOCUS AREAS. BELOW WE INDICATE HOW WE DELIVERED AGAINST THESE:

FOCUS AREAS FOR 2017	DELIVERY
Educate our employees on our legal compliance obligations	Group Five employees received continuous training on key regulatory compliance requirements
Roll out competition law training across the group	Competition law training was rolled out
Ensure an increased over-border understanding of anti-competitive legislation within the group	The Group Five Competition Law Policy was revised and now incorporates all the anti-competitive/anti-trust laws from the jurisdictions where Group Five has a footprint

INTRODUCTION

THE GROUP USES A RISK-BASED APPROACH TO CONCENTRATE ON KEY LEGISLATION THAT IMPACTS OUR LICENCE TO OPERATE.

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

DURING F2017, NO MATERIAL NON-COMPLIANCES WERE IDENTIFIED.

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

RELEVANT NEW LEGISLATION

PREFERENTIAL PROCUREMENT REGULATIONS, 2017

The Preferential Procurement Regulations, 2017 came into effect from 1 April 2017. The changes affect all levels of government and state-owned entities relating to tender awards.

80/20 preference point system
In the current 80/20 preference point system, 80 points are allocated for the lowest price and a maximum of 20 points allocated to the level of the broad-based black economic empowerment (BBBEE) status of the supplier. This applies to tenders equal to or above R30 000 to a maximum of R50 million. The regulations propose that this threshold for the application of the 80/20 system is increased to R50 million to further stimulate the development of small enterprises.

90/10 preference point system
In the current 90/10 preference point system, 90 points are allocated for price and a maximum of 10 points for BBBEE status. The 90/10 system applies to tenders that are above R50 million, inclusive of applicable taxes.

The regulations require sub-contracting a minimum of 30% of the value of the contract for all contracts above R30 million to further develop emerging suppliers. The tenderer must choose a sub-contractor from a list approved by National Treasury.

Changes from previous regulations
- The value of the required BBBEE level for contracts has increased
- The provisions regarding sub-contracting are mandatory

IMPACT ON THE GROUP

BBBEE
All tenders with a value of R30 000 to R50 million will now fall under the 80/20 preference point system, which will mean that our BBBEE rating will now play a bigger role in tenders. As we have a good rating, we are confident that we are able to manage this.

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

NEW CONSTRUCTION SECTOR CODE

The BBBEE Act 53 of 2003 provided for different industry sectors to compile their own BBBEE scorecards, with the intention of increasing transformation in those sectors. It also allowed sectors to make slight amendments to areas where they may have had difficulty meeting certain requirements. The draft Construction Sector Code was completed and Gazetted for public comment last year. During March 2017, the Construction Sector Charter Council alignment team completed the incorporation of public comments and inputs into the draft Code. These are currently in the process of being ratified by the Department of Trade and Industry.

IMPACT ON THE GROUP

It is expected that the new Construction Sector Code will be Gazetted before the renewal of our current BBBEE certificate in October 2017. We are confident we can continue to achieve a good rating.

RELEVANT NEW LEGISLATION CONTINUED

AMENDMENT OF COMPETITION ACT 89 OF 1998

The amendment states that any person commits an offence when they obstruct the course of justice or when they knowingly provide false information to the Commission or the Tribunal.

The commencement of the amendment has not yet been Gazetted.

IMPACT ON THE GROUP

Any person committing an offence will be fined or imprisoned or subject to both a fine and imprisonment if they transgress this amendment. As a group we have provided significant training and awareness to employees to ensure transparency and to offer assistance with any investigations by the Commission or Tribunal.

CODE OF GOOD PRACTICE ON THE PREPARATION, IMPLEMENTATION AND MONITORING OF THE EMPLOYMENT EQUITY PLAN (EMPLOYMENT EQUITY ACT)

A revised Code on the preparation and implementation of an employment equity plan commenced on 28 April 2017. The amendments focus on equitable representation and treatment in the workplace.

IMPACT ON THE GROUP

The group is currently running various empowerment programmes. The group's employment equity report has also highlighted an improvement in performance through the appointment of black directors. The group has an executive and senior management succession plan that is in line with the equity plan. The board's gender diversity policy aims to ensure gender diversity on the board of directors. This has been approved.

THE FINANCIAL INTELLIGENCE CENTRE AMENDMENT (FICA) ACT 1 OF 2017

The implementation of the provisions of FICA will commence on 2 October 2017.

The focus of the Act is on:

- Customer due diligence measures
- Record-keeping requirements
- Anti-money laundering and counter-terrorist financing
- Governance and training
- Monitoring of business relationships with foreign prominent public officials
- Monitoring of business relationships of a domestic influential person

IMPACT ON THE GROUP

The group is affected, as any clients that enter into transactions and business relationships with accountable institutions are bound by its provisions. The group is currently updating its client due diligence processes to ensure we fully understand the nature and potential risks.

RELEVANT NEW LEGISLATION CONTINUED

CYBERCRIMES AND CYBERSECURITY BILL B6 OF 2017

The bill aims to impose penalties on cybercrimes and to criminalise the unlawful securing of data, as well as the distribution of data messages which are harmful. The penalties consist of a fine, imprisonment or both.

The bill will also amend provisions of the Regulation of Interception of Communications and Provision of Communication-related Information Act 70 of 2002.

IMPACT ON THE GROUP

Cybercrimes remain a growing risk. The bill covers new crimes and offences, as well as the safety of organisations and individuals. The bill has been tabled in Parliament. We are currently conducting a formal evaluation of its impact.

JUDICIAL MATTERS AMENDMENT BILL B14 OF 2016

The bill aims to amend the Promotion of Equality and Prevention of Unfair Discrimination Act 4 of 2000 to add HIV/AIDS status to the definition of "prohibited grounds" of discrimination. The bill has been tabled for further discussion.

IMPACT ON THE GROUP

The group follows a non-discriminatory culture and is confident that the new legislation will not have an impact.

EXPROPRIATION BILL B4 OF 2015

The bill will enable an expropriating authority to expropriate property for public purposes or in the public interest.

The bill will ensure that the person whose property is expropriated will receive just and equitable compensation.

IMPACT ON THE GROUP

This will affect the group, as we own immovable property and have immovable property rights. Its impact will be dependent on the areas to be targeted for expropriation. The bill has been approved by Parliament and we await its commencement. We are evaluating the bill and are in the process of implementing measures to mitigate its impact.

COMPLIANCE ENFORCEMENT UPDATED

KING IV CODE OF GOOD CORPORATE GOVERNANCE

The Institute of Directors in Southern Africa (IoDSA) and the King Committee released King IV to be effective in respect of the financial years starting on or after 1 April 2017. However, disclosures on its application are immediately encouraged.

King IV has moved from "apply or explain" to "apply and explain" and has reduced the previous 75 principles to 17 principles. King IV also deals with information and technology governance (or IT governance) in more detail.

UPDATE FROM PREVIOUS YEAR

A gap analysis was performed by the compliance function and the company secretary and the group will migrate from King III to King IV in the coming year.

UPDATE ON RELEVANT LEGISLATION REPORTED IN OUR F2016 INTEGRATED ANNUAL REPORT

AMENDMENT OF CONSTRUCTION INDUSTRY DEVELOPMENT REGULATIONS

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

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

UPDATE FROM PREVIOUS YEAR

The commencement of these regulations has not been announced. The group utilises a stringent sub-contractor management system that ensures that all payments are made timeously. This will therefore have a minimal impact on the group.

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

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

UPDATE FROM PREVIOUS YEAR

Group Five's BBBEE verification audit was completed in October 2016. The group has a valid BBBEE Level 3 certificate in place until October 2017. There is therefore no immediate change to Group Five's status. The group is confident that it will maintain a good rating under the new code.

ANTI-CORRUPTION

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

During the year, more than 400 employees received training on the group's Code of Conduct

The training focused on the group's seven values. The Code of Conduct is also in the process of being updated.

ANTI-COMPETITION

Whilst some progress has been made, the group has not reached finalisation on two remaining matters with the Competition Commission.

We are of the view that any potential settlement or liability can be adequately covered by the provision raised by the group in F2013.

During the year, the group, together with six other construction companies, entered into a voluntary agreement with the government of South Africa to implement a programme of initiatives to significantly accelerate transformation of the construction sector in South Africa. The agreement also addresses the construction companies' exposure to potential claims for damages from certain identified public entities' contracts 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 contracts 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 outstanding claims by the Competition Commission of South Africa with regards to administrative penalties which may be levied against the group.

The group's engagement with the Competition Commission therefore continues.

In addition to existing enterprise development programmes, companies will 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 their 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 group, as well as penalties, calculated in accordance with a formula, for failure to meet these targets.

The settlement agreement stipulates that the groups will be released from their responsibility for the development initiatives of emerging contractors if they dispose of no less than a 40% economic interest in their South African civil engineering and general building construction business to an enterprise that is more than 51% black-owned, managed and controlled.

The new board will determine the next steps based on the best interests of the group and shareholders to ensure it meets the requirements of the VRP.

FOCUS FOR F2018

- Closing out the two remaining matters with the Competition Tribunal
- Implementing the detail around the voluntary agreement with government
- Continuous training on anti-bribery and anti-corruption

A KEY CRITERIA THAT IS USED IN ASSESSING ANY EXPRESSION OF INTEREST RECEIVED BY THE GROUP IS WHETHER THE PROPOSAL HAS THE ABILITY TO ENHANCE SHAREHOLDER VALUE.

RISK MANAGEMENT

INTRODUCTION

THE GROUP'S RISK MANAGEMENT PHILOSOPHY CONTINUES TO CONCENTRATE ON EFFECTIVE RISK MANAGEMENT BY OPERATING WITHIN THE BOUNDARIES OF THE GROUP'S APPROVED RISK PARAMETERS.

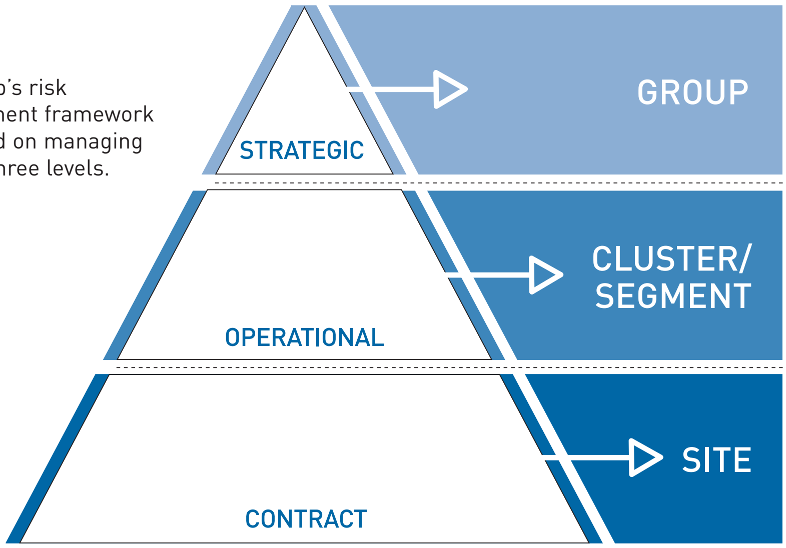
We also manage risk through ensuring the correct controls are in place and that the group's risk parameters are fully understood and implemented. Our risk management systems are flexible to meet the demands of an ever-evolving business landscape.

DELIVERY ON F2017 FOCUS AREAS:

IN THE GROUP'S F2016 INTEGRATED ANNUAL REPORT, WE OUTLINED A NUMBER OF FOCUS AREAS. BELOW WE INDICATE HOW WE DELIVERED AGAINST THESE:

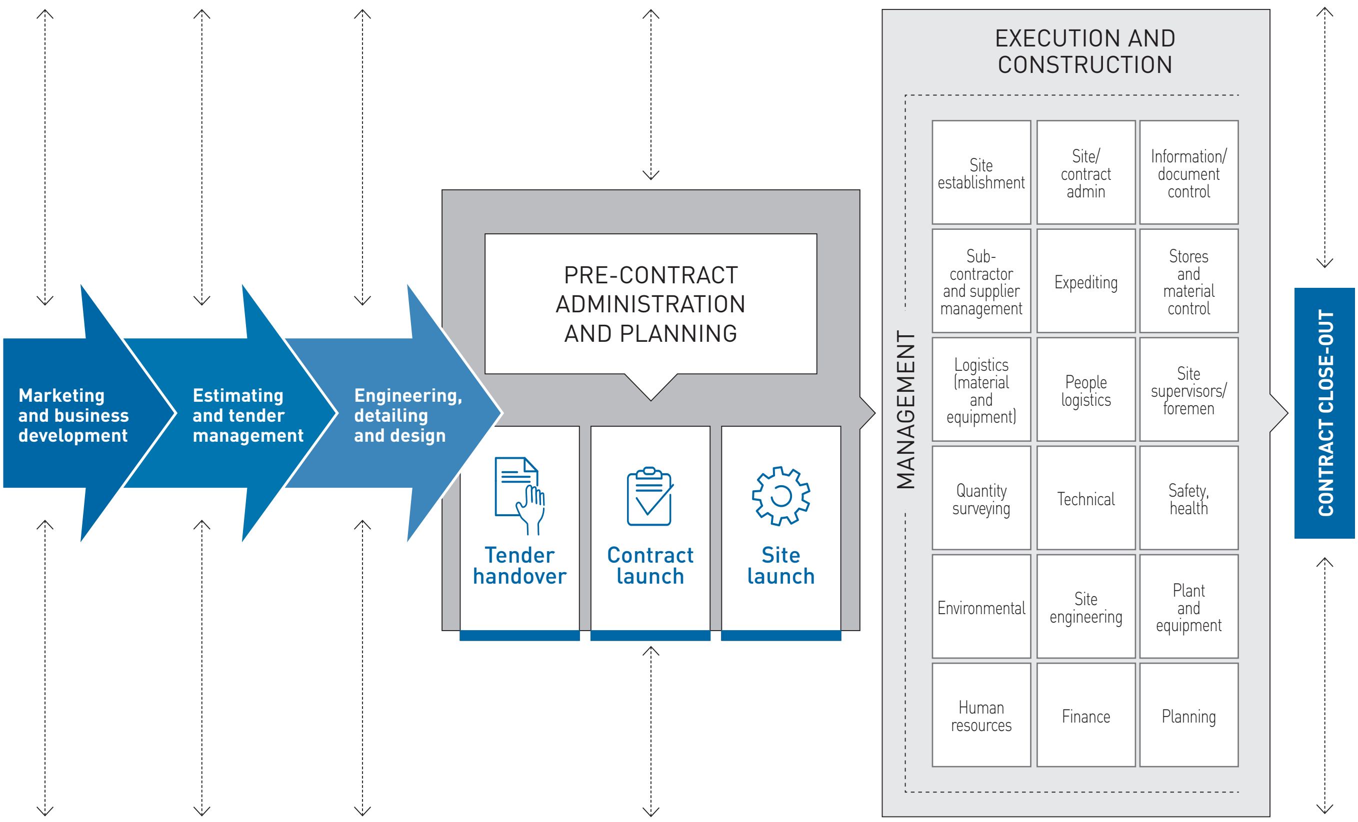
FOCUS AREAS FOR F2017	DELIVERY
Management of the group's risk-bearing capacity and value at risk appetite.	We continue to manage the group's risk-bearing capacity by consistently updating the values at risk and comparing that to our risk capacity. Each time we tender for a contract or investment, the value at risk arising from taking on a new contract is added to compare the new position to our risk appetite and risk-bearing capacity
Full integration of the contract lifecycle (CLC) risk mitigation controls.	The CLC process was fully integrated into our operating procedures We also launched the Invocom® site and contract effectiveness methodology as the construction-wide methodology for ensuring effective delivery. This is currently being rolled out across all sites
Effective contract risk assessment reviews and application of lessons learnt.	The cost to complete review process was implemented and is assisting in addressing contract risks
Over-border roll out of the group's business continuity plan to all employees of the group.	Although the over-border business continuity plans were finalised in our Investments & Concession's European operations, the roll out in Africa in Engineering & Construction was delayed due to the current group restructure
Country risk assessments.	Country risk assessments were conducted and will be used to assess the viability of countries we wish to operate in. These assessments will also form the basis for our country compliance framework to be rolled out in F2018

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



RISK MANAGEMENT PROGRESSION

The contract lifecycle (CLC) has been fully embedded into our daily operating procedures and is maturing as expected. The diagram below demonstrates how the CLC procedure operates.



The CLC requires a contract to pass through a number of internal hurdles within the business development and estimating and tender management phase before the contract sponsor is granted the mandate to pursue the contract. The CLC process allows for a full interrogation of the contract. This includes financial and over-border regulatory aspects through the contract process.

THE COMBINED ASSURANCE MODEL

During the year under review, we continued with the implementation of the combined assurance model.

The ongoing engagement between the business segments and the group risk function in the combined assurance workgroup (CAW) has improved our view of both group-wide risks, as well as segment-specific risks.

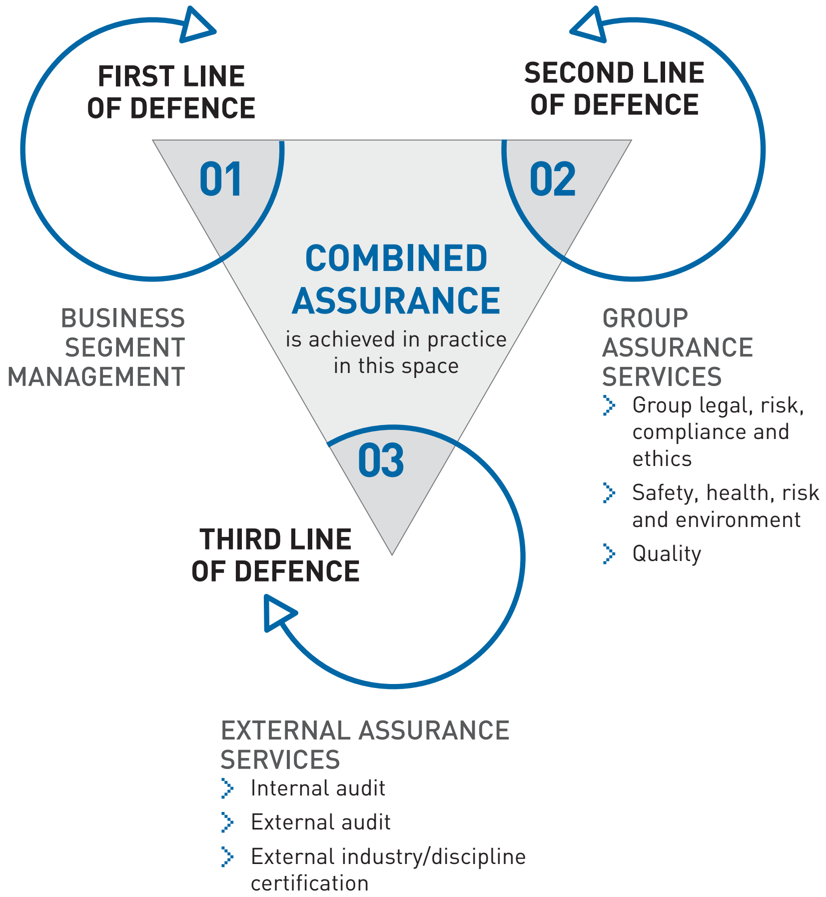
This allows us to present a consolidated view of the key strategic and operational risks to the board.

We have also been able to segregate roles and responsibilities between our assurance providers. This ensured the implementation of a review of the assurance processes identified per provider. The combined assurance reporting pack is provided to the risk committee twice a year for their consideration and approval.

The workgroup meets bi-annually to assess the completeness of the risks being assured and the adequacy of the mitigation actions implemented by the business. However, when a material risk emerges between these meetings, it is dealt with immediately by the group risk executive in conjunction with the relevant executive and operations teams. The output and findings of the meeting are presented to the risk committee at the quarterly board meetings relating to the December and June quarters to assist the risk committee to assess the effectiveness of procedures and to support the appropriateness of the financial results.

The CAW responsibilities include:

- Discussing key risks reflected in the combined assurance risk plan to ensure the risk plan is valid, accurate and complete
- Finalising assurance providers
- Finalising the extent of assurance required from each level of defence



- Ensuring unnecessary duplication of effort between parties
- Evaluating the outcome of the assurance provider assessment from the previous reporting date and determining whether key risks and controls are effectively managed and mitigated, and applying corrective action if required

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

- Chief financial officer
- Executive committee members:
  - Engineering & Construction
  - Investments & Concessions
  - Manufacturing
  - Human resources
  - Risk

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

The creation of this group has resulted in a number of improvements, including the quality of controls used to mitigate identified risks and bi-annual tracking of the effectiveness of implemented controls.

RISK-BEARING CAPACITY

The risk-bearing capacity (RBC) model is one of the tools used to determine the group's risk capacity against its risk appetite.

It acts as a rigid financial capacity measuring tool which ensures that management and the board do not commit to any contracts, investments or opportunities in excess of the group's financial capacity.

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

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

Our value at risk (VAR), which is a statistical technique used to measure and quantify the level of financial risk within our group, reduced during the period under review. This was mainly due to slight adjustments to certain business and risk factors, including legacy issues that were dealt with and closed out during the year under review, as well as slow order intake in the Contracting order book as a result of the weak construction market. This lowered the amount of risk being taken on during the year under review.

The RBC is dependent on the group's financial capacity and its ability to access capital. As a result of a weak financial performance for the year, coupled with a reduction in free cash flow and in indirect banking facilities provided, the group's RBC reduced.

LOSS-/PROFIT-MAKER RATIO

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

33%

COMPARED TO 24% LAST YEAR.

The loss-/profit-maker ratio weakened from 24% to 33%, which is similar to the 35% in F2015. This ratio was mainly impacted by an underperformance from the Civil Engineering and Projects business segments. These segments are receiving significant attention from cluster and executive management. When including the impairment raised for the New Multi Product Pipeline (NMPP) contract, the ratio is 48%.

PROTECTION OF ASSETS

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

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

CATEGORY OF INSURANCE

1 ASSETS

All-risk insurance for property, machinery, stock in trade, as well as business interruption/loss of profit insurance for Manufacturing segments.

2 COMMERCIAL CRIME/FIDELITY GUARANTEE

Provides insurance to the group for the theft of money or loss incurred by collusion or fraud by employees.

3 PUBLIC LIABILITY

General liability covering 14 classes of public liability cover.

4 PROFESSIONAL INDEMNITY

Provides insurance for errors and omissions in design and detailing by a suitably-qualified professional.

5 PLANT ALL RISKS

All-risk cover for plant and equipment (excluding vehicles classified as motor) owned or hired by Group Five.

6 CONTRACT WORKS

Covers contract works.

7 MOTOR

Own damage and third party liability insurance for all vehicles owned, leased or hired by Group Five.

8 DIRECTORS' AND OFFICERS' LIABILITY

Protection of directors and officers in their personal capacity for wrongful acts on behalf of the group.

9 SASRIA

Insurance against riots, public disorder and terrorism for the following classes of insurance:

- Assets
- Motor
- Plant
- Contract works

CURRENT KEY GROUP RISKS

The next section outlines information on the key group risks.

1 SAFETY

We tragically suffered two fatalities this year following the four last year. Refer to page 110 for further information. This is unacceptable to the group and our condolences go out to the families of the deceased. We also experienced a deterioration in our lost-time injury frequency rate (LTIFR) for employees and sub-contractors from 0.13 in F2016 to 0.15 in F2017, particularly in the Engineering & Construction cluster. Although we do not find this result acceptable, the LTIFR has remained within our maximum target of 0.2 and the severity of incidences reported has improved.

We have entrenched policies and procedures in place, but the nature of incidents indicate that we are still not making enough of an impact on the mindset of our employees in terms of never operating outside of expected actions.

In light of this, we have revised the programme for operational discipline and made it mandatory for all sites to implement a behaviour-based safety (BBS) programme. This coincided with several other significant safety initiatives. These include the use of a progressive discipline process that establishes negative consequences for failing to comply as expected and performing daily job safety analyses. Discipline processes include verbal warnings, written warnings, probation, suspension with or without pay and termination. During the year, numerous disciplinary hearings were held as a result of safety transgressions. Several final written warnings were issued and three employees were dismissed, with a number of sub-contractors removed from our vendor lists.

Whilst our renewed improvement programme is still in its infancy, improvements have been noted.

We also monitor contracts running behind time completion to prevent any unintentional lapses in safety procedures and actions under the pressure of meeting timelines. We use real-time contract dashboards to monitor and anticipate possible distressed contracts.

This allows our safety management to intervene at an earlier stage and ensures that these sites receive increased attention to completion. We believe these actions will result in a continued improvement in the behaviour of our employees in terms of safety.

2 ACCESS TO CAPITAL

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.

In the rest of Africa, the time to bring contracts to financial close has resulted in certain contracts not being feasible. This has impacted our growth strategy on the continent.

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

Our balance sheet has continued to remain robust, with nil gearing and free cash flow. This is an unusual feature in a very cyclical business such as Group Five. We also receive annuity-style cash flow from our Manufacturing and Investments & Concessions clusters.

However, 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 confirmed their willingness to support the remaining executive directors and management, the volatility of these changes resulted in certain financial partners capping the utilisation of funding or introducing stricter procedures for the utilisation of facilities.

This, together with a reducing order book, resulted in some unwind of our cash position, with excess billings and the repayment of advance payment. However, we were still able to repay debt of R300,5 million.

3 SENIOR MANAGEMENT CHANGES

We experienced material internal change, with heightened shareholder engagement in the second half of the financial year and a call for an extraordinary general meeting by a major shareholder in the last quarter to remove the non-executive members of the board, a discomfort from banking partners following a number of director and executive committee member resignations, employee uncertainty following these management changes and the ultimate reconstitution of our board.

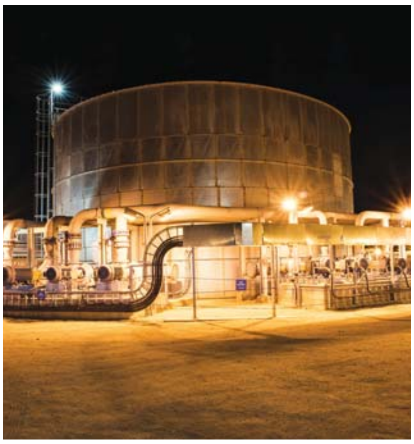
These changes have been taxing on our employees. We have attempted to communicate with all stakeholders and support especially employees during this time.

Following the executive committee and director changes, the key priority as a management team has been to stabilise the uncertainty in our employee base by timeously appointing executive committee members to the vacant roles. These have pleasingly been internally-sourced, which demonstrates our success in succession planning. Management also communicated with employees to provide comfort that our business strategy and fundamentals remain unaffected by these management changes, whilst addressing the retention of key employees in this time of uncertainty.

We believe we have the right people in the right positions in our executive team to ensure we can implement our strategy, supported by our new structure.

4 CLUSTER-SPECIFIC RISKS

ENGINEERING & CONSTRUCTION



Our challenges in this cluster are as a result of both external conditions and internal issues.

External issues

As outlined by the recent gross domestic product (GDP) figures released by Stats SA, the South African economy is now in a technical recession, with the construction sector showing virtually no growth for the year under review.

Against this, the group took swift action to restructure further to adapt to the poor market conditions. This resulted in a new operating structure and retrenchments. However, as markets are set to continue to be depressed, we will remain under pressure.

Certain sectors in Africa, such as energy, power and mining, are showing signs of recovery. The group is therefore refocusing its efforts towards these opportunities.

Internal issues

The most pressing internal issue remains contract execution. This year, our contract loss-/profit-maker ratio worsened. Our loss-/profit-maker ratio measures the number of loss-making versus profit-making contracts based on value.

As outlined in previous years, we have assessed the root causes of operational errors and implementing corrective action.

The group believes that its policies, procedures and systems are adequate, but that employees' adherence to these, as well as a more consistent and disciplined approach to our project management needs to improve.

During the year, we continued to retrench in line with market conditions, as well as implement increased accountability at a site level to create a more effective project delivery model.

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, should drive increasingly predictable outcomes on future contracts.

4 CLUSTER-SPECIFIC RISKS CONTINUED

INVESTMENTS & CONCESSIONS

External issues

Economic/fiscal policy risk

The most significant risk to success that impacts the majority of the Investments & Concessions markets is governments' commitment to implement projects as public private partnerships (PPPs) and concessions, as well as the commitment to ensure the effective implementation of the regulatory and commercial frameworks that will allow projects to be banked with private finance.

In Europe, we are experiencing an improving trend in prospective projects, supported by the quality of the clusters' current secured projects and strong new partners.

However, in South Africa and the rest of Africa, we continue to experience limited project prospects, with only a few positive signs of potential PPP implementation following recent engagement between the public and private sector.

Geographic risk

In-country political dynamics and vested interests often present challenges. These need to be carefully managed to ensure the effective operational and financial delivery of our businesses.

Internal issues

Resources

The partnership with Aberdeen (see below) has led to the establishment of a vehicle to increase the speed of execution on the group's strategy, as it ensures the alignment of both opportunities and their funding.

This necessitates additional resources to deliver on this strategy.

The group is therefore currently identifying commercial and financial structuring skills. To address this, the group has embarked on a process to recruit accordingly.

In Intertoll Africa, actions are underway to recruit additional business development skills.

Access to capital

Investments & Concessions invests in long term infrastructure assets which require capital. We have in the past only participated in a limited way in these opportunities, with typical investments of 10% to 15% due to the group's size and market capitalisation and inability to solely invest large amounts of capital.

As announced last year, 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. As part of the transaction, AIF was set to acquire a 49.99% stake in Intertoll Europe's underlying PPP project investment portfolio, which houses Group Five's key European investment and concessions assets.

Intertoll Europe's PPP project investment portfolio currently comprises a 15.00% holding in Gdansk Transport Company SA, a 10.00% holding in Mecsek autopalya koncesszios zrt and a 12.67% holding in M6 Duna autopalya koncesszios zrt.

Following implementation of the transaction, Group Five now holds 50.01% of the seed assets and AIF holds the remaining 49.99%. Both parties' interests in the seed assets are held through Intertoll Capital Partners BV, a joint venture established to facilitate this partnership with the parties' relative interests within the joint venture subject to future investments.

The transaction creates a strategic alliance with AIF. AIF will co-invest with Group Five in future projects that provide access to capital, improving Group Five's ability to participate in the development, investment and 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.

Financial close on the Gdansk Transport Company portion of the transaction was achieved in May 2017, and financial close on the M6 assets was achieved in June 2017.

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% on M6 Phase III and the on-sale thereof before financial year end.

In G5 Properties, the team is exploring different options, which include potentially creating a property fund/company in which the group can co-invest with other players to ensure a small stake in a more meaningful segment of the market to increase investment opportunities and returns.

4 CLUSTER-SPECIFIC RISKS CONTINUED

MANUFACTURING

External issues

Poor economic growth will continue to limit the momentum required to meaningfully drive demand for our manufactured products within South Africa.

To address this, the cluster has a dedicated strategy to grow its effective market through:

- Driving exports to neighbouring states to offset poor domestic demand
- Investigating partnering opportunities to establish a small manufacturing unit over-border if export volumes support the investment
- Further developing our Xella business to materially grow alternative revenue streams in lightweight building materials
- Growing our portfolio of traded and complementary products to drive additional revenue growth

The threat of import competition is increasing, as the continent of Africa is achieving around 5% annual economic growth and is recognised as one of the fastest-developing markets in the world.

Recent oil and gas finds, as well as an improving infrastructure, have attracted some of the larger international manufacturers to South Africa.

Import competition is also evident from other developing markets with equally weak currencies. We attempt to mitigate this through continually driving efficiencies, benchmarking ourselves against global leaders and automating wherever possible through machine upgrades and product rationalisation.

The cost of manufacturing in South Africa is rising rapidly, as well as the cost of operating, including the expense of especially power and labour. We mitigate this by continually implementing alternative options, reducing our headcount and by outsourcing labour-intensive activities.

Internal issues

Retention of key resources is crucial in this cluster. To address this, certain key individuals have been identified and included in a retention incentive.

Additional internal issues include:

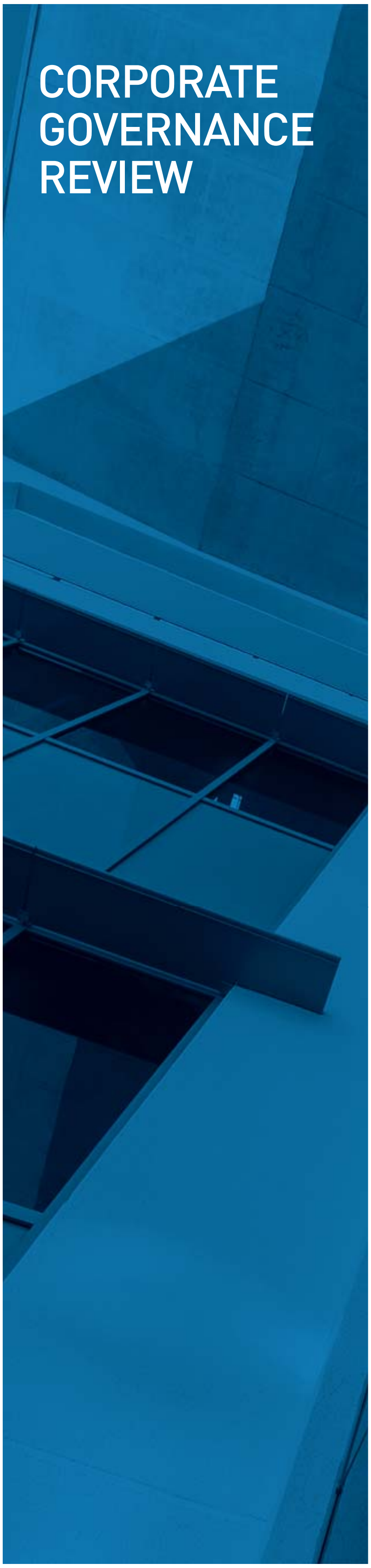
1. **In Fibre Cement:**
   - The team will have to maintain existing business volumes and optimise pricing in a highly competitive market and ensure that the commissioned Aerated Autoclaved Concrete (AAC) business contribute for the first time in F2018.
   - Continued new product development will remain critical, including launching and growing the new insulation range of products.
   - Maintaining existing business volumes and optimise pricing in a highly competitive market
   - Launching and growing additional targeted traded products
   - Executing on agreed business plans for sand beneficiation following the award of the mining rights extension
2. **In Steel:**
   - Further developing our strategy to cost-effectively serve targeted growth areas in Southern Africa
   - Appropriately positioning Group Five Pipe

SPECIFIC ENVIRONMENTAL RISKS

Refer to page 149.

FOCUS FOR F2018

- With South African markets remaining depressed, we will continue to supplement our local strategy with further expansion into the rest of Africa and other chosen geographies
- We will also continue to implement tighter controls to manage operational risk and internal challenges in the Engineering & Construction cluster. We will increase the discipline implemented to ensure employees adhere to 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



CORPORATE GOVERNANCE REVIEW

F2017 WAS VERY VOLATILE FOR THE GROUP, WITH SIGNIFICANT BOARD MATTERS REQUIRING ATTENTION AND RESOLUTION. LANDMARK SHAREHOLDER ACTION LAUNCHED IN THE SECOND HALF OF THE YEAR RESULTED IN A FULL RECONSTITUTION OF THE NON-EXECUTIVE MEMBERS OF THE BOARD, WITH A NEW BOARD APPOINTED POST YEAR END.

The new board has confirmed its commitment to address the group's immediate challenges which includes the rebuilding of relationships, as well as instilling confidence in all stakeholders.

The board is committed to upholding sound governance processes and ethical leadership through providing strategic direction, approving policies for the effective implementation of formulated strategies, maintaining informed oversight on strategy implementation processes and disclosing pertinent issues to stakeholders. The board of directors remains the custodians of good corporate governance.

INTRODUCTION

The board functions within the ambit of a written charter through which it maintains oversight of the management and control structure of the group. A decision was made by the company secretary to postpone the annual review of the charter, as well as the terms of reference of board committees for F2017 pending the conclusion of the King IV Report on Corporate Governance for South Africa 2016 (King IV) readiness analysis. The group is on track to address the King IV requirements by the effective date guided by the King Committee, which for Group Five is the 2018 financial year.

The group's governance framework, as outlined on the next page, remains intact and continues to promote Group Five's compliance with laws, regulations and codes of best practice in all countries within which the group operates, including the South African Companies Act 2008 (as amended) (the Act), the JSE Listings Requirements and the requirements of King III.

King IV

King IV was published on 1 November 2016, with an effective date in respect of financial years commencing on or after 1 April 2017. The group has evaluated its readiness to adopt King IV and will report its adherence in the F2018 integrated annual report, as required.

JSE

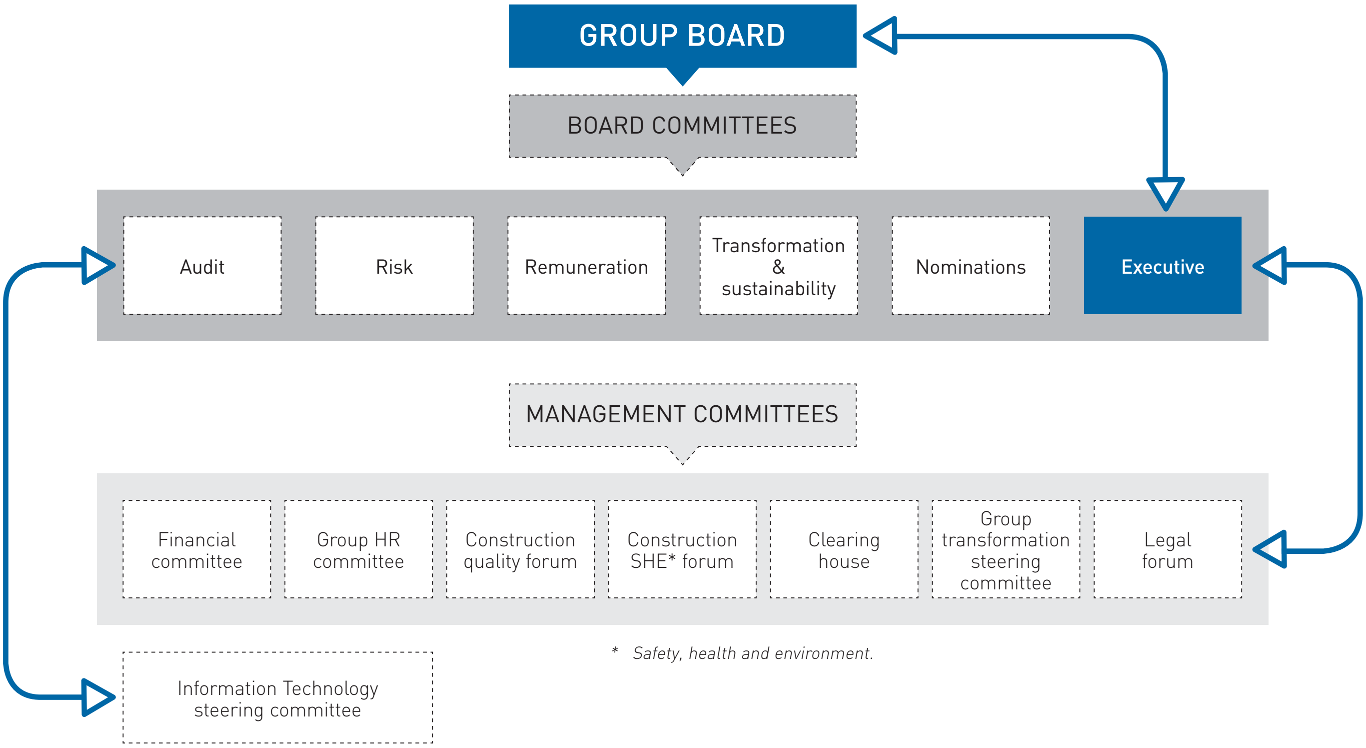
On 22 May 2017, the Johannesburg Stock Exchange (JSE) announced that it had made amendments to its JSE Listings Requirements in relation to the adoption of the King IV Report on Corporate Governance and other governance arrangements, including a race diversity policy and the publication of a compliance report pursuant to the Broad-Based Black Economic Empowerment Amendment Act, 2013 (BBBEE Act). It has also circulated a letter confirming the implementation dates of certain amendments.

Although the JSE encourages early implementation, the implementation dates for the amendments are 1 October 2017 with regards to the application and disclosure of King IV amendments on any documents, including circulars and annual reports. All integrated annual reports issued from June 2018 must comply with the disclosure of the policy on the promotion of race diversity at board level. From 19 June 2017, the group is required to publish its BBBEE compliance certificate in line with the BBBEE Act, 2013.

The board is therefore of the view that the policies and procedures currently in place are in compliance with the prevailing governance standards. The key focus for the coming year will be on addressing areas of non-compliance identified in the King IV gap analysis.

GOVERNANCE STRUCTURE

The diagram below depicts the group's governance framework that is implemented across the group.



* *Safety, health and environment.*

KEY 2017 FOCUS AREAS

THIS SECTION OUTLINES KEY GOVERNANCE FOCUS AREAS FOR THE BOARD IN F2017.

SHAREHOLDER ACTIVISM

The board in place during F2017 was called to respond to the demands for an extraordinary general meeting (EGM) issued in terms of section 61(3) of the Companies Act 71 of 2008 (the Act) by Allan Gray Group Limited (Allan Gray), a major shareholder of the group. The purpose of the EGM was to remove the non-executive directors and for the appointment of five non-executive directors to replace them. A consultative process, conducted between the board and two other shareholders, resulted in the identification of three additional candidates for shareholder consideration at the EGM. On 23 June 2017, the board issued the notice to shareholders convening the EGM on 24 July 2017 to consider the appointment of the eight non-executive directors whose details are provided on pages 84 to 85. The notice announced the resignation of the current non-executive directors of the board from the date of the EGM.

BOARD PROCESSES

The previous board continued to explore ways to amend board processes to improve effectiveness during F2017.

Examples of improvements made during the year include:

- Review and approval of a three-year gender equity growth plan
- Adoption and approval of a gender diversity policy of the board, which involved endorsing a voluntary gender equity target of 30% women representation on its membership
- Review and approval of the group's whistle blowing policy to, amongst others, adopt an enhanced process for the elevation of harassment allegations and anonymous disclosures made under this procedure.

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

The board continued to review the group's application of the King Code of Governance for South Africa 2009 (King III). The table on pages 68 to 80 was prepared to illustrate the application of the principles contained in King III by the group. Based on the shareholder action launched against the non-executive board members, which resulted in the full reconstitution of the non-executive member component of the board, we believe the group has not complied with some aspects of King III during the year.

BOARD EVALUATION

In terms of the board charter, all directors are required to participate in the annual internal evaluation of the board's performance. This is a questionnaire-based process that covers specific performance areas that are deemed critical to promoting efficiencies of the board's governance processes, including assessments on the performance of the chairperson, chief executive officer and the company secretary. In last year's report we disclosed that the services of an independent evaluator will be secured to facilitate the board evaluation process. This was not conducted.

ASSESSMENT OF INDEPENDENCE

The assessment of the independence of non-executive directors is one of the key elements of the board evaluation process. In the questionnaire-based annual process, directors are required to disclose the nature and extent of existing relationships, if any, that may impinge on their standard of independence and also ascertain whether the independence of other directors remains unimpaired. The independence of long-serving non-executive directors is reviewed annually by the nominations committee. In addition to the assessment on participation and effectiveness at meetings, consideration of the directors' independence of behaviour and judgement, as well as the impact and influence, is made by the board to determine the extent of independence of the director being evaluated. Directors are required to declare any existing external interests which are placed on record to monitor potential conflicts of interest. A review of the independence of directors was not conducted for F2017.

CHANGES IN DIRECTORSHIP

The group discloses the following changes in directorships and memberships of board committees for the F2017 year:

Retirements

Stuart Morris and John Job retired as independent non-executive directors of the group on 31 August 2016.

Resignations

NAME	OFFICE(S) HELD	EFFECTIVE DATE
Eric Vemer	Executive director and CEO	28 February
Mark Thompson	Independent non-executive director and remuneration committee chairperson	6 April
Babalwa Ngonyama	Independent non-executive director, audit committee and mergers & acquisitions working group chairperson	5 May
Philisiwe Mthethwa	Independent non-executive director and chairperson of the board	24 July
Kalaa Mpinga	Lead independent non-executive director and risk committee chairperson	24 July
Justin Chinyanta	Independent non-executive director	24 July
Willem Louw	Independent non-executive director and transformation & sustainability committee chairperson	24 July
Vincent Rague	Independent non-executive director	24 July

Impact of non-executive director resignations

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

Following the resignation of Babalwa Ngonyama as non-executive director, the audit committee was not quorate from 6 May 2017 until 11 August 2017, with no chairperson and only two members until 24 July 2017 and no members following the resignation of Kalaa Mpinga and Vincent Rague on 24 July 2017.

Although Babalwa Ngonyama was the chairperson and Mark Thompson a member of the mergers & acquisitions working group, as an ad hoc non-permanent committee of the board, its non-quorate position was not as significant.

The previous board of directors determined that, despite the resignations of the two non-executive directors, the board remained in compliance with the prevailing legislative and regulatory requirements and properly constituted. The board also determined that no material contraventions to the Companies Act were caused by the un-quorate board committees. The Companies Act affords the board the opportunity to rectify the composition of the audit committee within a stated period where a vacancy is created on this forum. The previous board therefore pronounced that attendance to all board committee meetings was compulsory from the May quarter until their resignation date of 24 July 2017.

Appointments

Following the resignation of Eric Vemer, the board appointed Themba Mosai as acting CEO on 1 March 2017. The board subsequently confirmed Mr Mosai's appointment as executive director and permanent CEO of the board on 23 May 2017.

Following the conclusion of the EGM of shareholders discussed earlier, shareholders appointed eight non-executive directors on 24 July 2017.

Director appointments effected for the period and post year end are accordingly confirmed as:

NAME	OFFICE(S) HELD	EFFECTIVE DATE
Themba Mosai	Executive director and CEO	23 May
Cora Fernandez	Independent non-executive director	24 July at the extraordinary general meeting of shareholders
Jackie Huntley	Independent non-executive director	
Dr John Job	Independent non-executive director	
Dr Thabo Kgogo	Independent non-executive director	
Nonyameko Mandindi	Independent non-executive director	
Nazeem Martin	Independent non-executive director	
Michael Upton	Non-executive director	
Edward Williams	Independent non-executive director	

NEW BOARD COMPOSITION POST YEAR END

At a board meeting held on 11 August 2017, the newly-appointed board considered and debated the constitution of the board of directors and the board committees. The board accordingly proposed and agreed that the reconstitution of the board and its committees be effected as follows, subject only to shareholder approval where required.

NAME	OFFICE(S) HELD	EFFECTIVE DATE
Nonyameko Mandindi	Chairperson of the board and nominations committee chairperson	
Cora Fernandez	Audit committee chairperson	
Edward Williams	Risk committee chairperson	11 August 2017
Nazeem Martin	Remuneration committee chairperson	
Jackie Huntley	Transformation & sustainability committee chairperson	

Following the reconstitution of the committees, the table below outlines the members and invited attendees of the committees, subject only to shareholder approval where required.

AUDIT	RISK	NOMINATIONS	REMUNERATION	TRANSFORMATION & SUSTAINABILITY
Cora Fernandez[1]*	Edward Williams[1]	Nonyameko Mandindi[1]	Nazeem Martin[1]	Jackie Huntley[1]
John Job*	Cora Fernandez	Thabo Kgogo	Jackie Huntley	Nazeem Martin
Thabo Kgogo*	Thabo Kgogo	Nazeem Martin	John Job	Edward Williams
Nazeem Martin*	Michael Upton		Themba Mosai[3]	Themba Mosai[2]
Michael Upton*	Themba Mosai[2]		Human resources director[3]	Human resources director[2]
Themba Mosai[3]	Guy Mottram[1]			Cristina Freitas Teixeira[3]
Cristina Freitas Teixeira[3]	Cristina Freitas Teixeira[3]			Guy Mottram[3]
Guy Mottram[3]	Mark Humphreys[3]			
	Peter de Vries[3]			

* *Subject to shareholder approval.*
1 *Chairperson.*
2 *Executive member.*
3 *Invitee.*

During F2016, a mergers & acquisitions working group was created to assist the group with the evaluation of the appropriate strategic positioning of the group and assets. The new board of directors has determined that it is more appropriate for the main board to assume this responsibility and address and consider any matters in this regard. This working group is therefore no longer required. Should a working group or a permanent mergers & acquisitions committee be required, it will be established in due course.

FOCUS FOR F2018

In the coming year, the group will be required to align with the recommendations of King IV. The group has evaluated its readiness to adopt King IV and will report on this as required in F2018.

A review of the charter and terms of reference of board committees planned for F2017 was deferred to F2018 to ensure that the recommendations of King IV can be incorporated into any changes proposed.

The board will continue to maintain oversight on the discussions between the group and the Competition Commission to gain an amicable resolution of the outstanding matters. The protection and restoration of the reputation of the group as a credible corporate citizen is paramount.

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

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

OPERATIONAL REVIEW

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

THE BOARD

Group Five continues to follow the unitary board governance structure comprising both executive and non-executive directors. Its composition stimulates the balance of power and authority and precludes any director from domineering decision-making. As disclosed on page 53, F2017 was characterised by changes in directorships.

During the year, the board maintained a composition of two executive directors, being the chief executive officer (CEO) and the chief financial officer (CFO), with the complement of non-executive directors decreasing from nine at the commencement of the financial year to five independent non-executive directors at year end. These five directors resigned with effect from 24 July 2017 and were replaced by eight independent non-executive directors who were appointed on the same day.

The duties, responsibilities and powers of the board, the delegation of authority and matters reserved for its authority are all set out in a written charter, which is available on the group's website. The board charter is subject to the provisions of the Companies Act, the JSE Listings Requirements, the group's memorandum of incorporation (MoI) and all other applicable legislation. The committees of the board also operate in accordance with the parameters set out in written terms of reference. A review of the charter and terms of reference of board committees planned for F2017 was deferred to F2018 to ensure that the recommendations of King IV can be incorporated into any changes proposed.

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

Rotation and election of directors

Although the full board of directors were only appointed on 24 July 2017, in accordance with the company's MoI and the provisions of the JSE Listings Requirements, at least one third of directors retire from the board each year. Three directors therefore need to retire at the forthcoming annual general meeting (AGM). They may, however, offer themselves for re-election at the AGM. In line with clause 24.6.2 of the group's memorandum of incorporation, the determination of who should retire was determined by lot. Dr John Job, Dr Thabo Kgogo and Edward Williams therefore retire and offer themselves for re-election by shareholders at the 2017 AGM on 7 November 2017. The board recommends them for re-election.

PG Full CVs of directors outlining their qualifications and skills are included on pages 84 to 86.

THE CHAIRPERSON

The chairperson leads the board and is responsible for ensuring its effectiveness in the discharge of its duties. The chairperson is reappointed annually in accordance with King III, with the results of the annual performance evaluation guiding this process. No annual performance evaluation was performed during the year. The board continued to operate under the chairpersonship of Philisiwe Mthethwa for the full financial year until her resignation date, which was effective on 24 July 2017. Mrs Mthethwa was an independent non-executive chairperson. The roles and responsibilities of Mrs Mthethwa were documented and approved by the board and were separate from those of the CEO. Mrs Mthethwa chaired the nominations committee and was not a member of any other board committee.

Through membership of the nominations committee, the chairperson is also responsible for the annual appraisal of the CEO's performance together with the lead independent non-executive director, as well as participating in the succession planning of executive directors.

NON-EXECUTIVE DIRECTORS

The non-executive directors of the group during the year were Philisiwe Mthethwa, Kalaa Mpinga, Justin Chinyanta, Willem Louw, John Job, Stuart Morris, Babalwa Ngonyama, Mark Thompson and Vincent Rague. Refer to page 55 for their resignation dates. Mr Mpinga was the lead independent non-executive director, with effect from May 2016 until his resignation.

The following independent non-executive directors were appointed on 24 July 2017: Cora Fernandez, Jackie Huntley, Dr John Job, Dr Thabo Kgogo, Nonyameko Mandindi, Nazeem Martin, Michael Upton and Edward Williams.

These non-executive directors are individuals of high calibre and credibility who will contribute significantly to the board's deliberations and decisions. The directors are diverse in their academic qualifications, industry knowledge and experience, race and gender. This diversity will enable them to provide the board with the relevant judgement to work effectively when conducting and determining the business affairs of the group. Non-executive directors are required to devote sufficient time to the affairs of the group. Whilst no limitations are imposed by the board charter, or otherwise, on the number of other appointments directors may accept, approval from the chairperson must be obtained prior to the acceptance of additional commitments which may affect the time directors can devote to the group.

CHIEF EXECUTIVE OFFICER (CEO)

The board defines the group's levels of authority, reserving specific powers for the board, whilst delegating others to management. The group's CEO is responsible for the execution of the group's strategy and reports to the board. The CEO chairs the exco that comprises six members and is responsible for the day-to-day management of the group's affairs.

During the year, the previous CEO, Eric Vemer, resigned from the board and as CEO on 28 February. The board appointed Themba Mosai as permanent CEO and executive director on 23 May.

As CEO, Themba is responsible for formulating and recommending strategies and policies to the board and plays a critical role in the operations and success of the group. He is also accountable to the board to achieve the group's goals within the framework of delegated authority.

A performance appraisal of the outgoing CEO was conducted in the financial year by the chairperson and the remuneration committee.

The nominations committee will conduct an appraisal of the newly-appointed CEO in F2018.

CHIEF FINANCIAL OFFICER (CFO)

Cristina Freitas Teixeira continues to serve on the board as an executive director and CFO of the group. The board of directors that served for the year confirmed the CFO's expertise and experience at the group's board meetings.

The board of directors, appointed post F2017, has acted with a required degree of care, skill and diligence in the assessment of the CFO since their appointment date on 24 July 2017. They consider her expertise and experience appropriate.

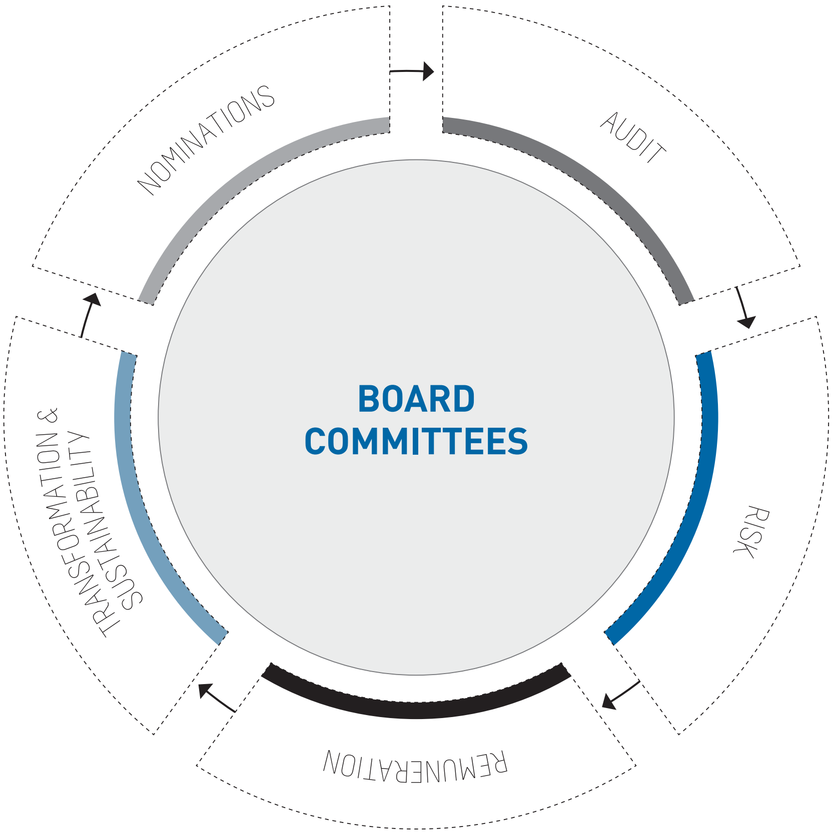
THE COMPANY SECRETARY

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

The performance of the company secretary, as well as her relationship with the board, is assessed on an annual basis.

BOARD COMMITTEES

The board had five permanent committees and one ad hoc working group, the mergers & acquisitions group, through which it operated this year. The permanent committees are:



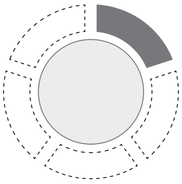
The board delegates specific responsibilities to committees to facilitate the discharge of its duties through oversight on the respective specialist areas.

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

BOARD COMMITTEE MANDATES

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

AUDIT COMMITTEE



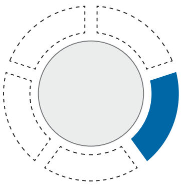
PURPOSE	QUORUM
Acts in line with board-approved terms of reference and is responsible for: › Reviewing the principles, policies and practices adopted in the preparation of the financial statements of the group and ensuring that the interim and annual financial statements of the group and any other formal announcements relating to the group's financial performance comply with statutory and regulatory requirements › Maintaining oversight of stakeholder engagement relating to the group's accounting, auditing, internal control and financial reporting practices › Considering the continued independence of the current external auditor › Recommending the appointment of the external auditors, determining their fees and overseeing the results of the external audit process › Setting principles for the use of the external auditors for non-audit services › Assessing the experience of the finance function and the chief financial officer › Going concern status › Combined assurance › Information Technology governance › Group finance function monitoring	A majority of members present in person or through videoconferencing, closed circuit television or telecommunications facilities.

Meeting frequency and reporting

Meets at least four times a year.

Babalwa Ngonyama was the chairperson until her date of resignation on 5 May 2017. Cora Fernandez was appointed as the chairperson from 11 August 2017, subject to shareholder approval.

RISK COMMITTEE



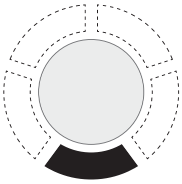
PURPOSE	QUORUM
Acts in line with board-approved terms of reference to consider, evaluate and report on: › Technical, operational and contract risk management › Risk policy, framework and methodology › Health, safety and environment › Compliance	A majority of committee members, provided that at least two non-executive directors are present through videoconferencing, closed circuit television or telecommunications facilities.

Meeting frequency and reporting

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

Kalaa Mpinga was the chairperson until his date of resignation on 24 July 2017. Edward Williams was appointed as the chairperson from 11 August 2017.

REMUNERATION COMMITTEE



PURPOSE

Acts in line with board-approved terms of reference to assist in:

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

QUORUM

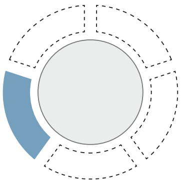
A majority of committee members, provided that at least two non-executive directors are present in person or through videoconferencing, closed circuit television or telecommunications facilities.

Meeting frequency and reporting

Meets at least four times a year and whenever required to make recommendations relating to the remuneration of executive committee members and non-executive directors.

Mark Thompson was the chairperson until his date of resignation on 6 April 2017. Nazeem Martin was appointed as the chairperson from 11 August 2017.

TRANSFORMATION & SUSTAINABILITY COMMITTEE



PURPOSE

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

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

QUORUM

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

Meeting frequency and reporting

Meets at least four times a year.

Willem Louw was the chairperson until his date of resignation on 24 July 2017. Jackie Huntley was appointed as the chairperson from 11 August 2017.

NOMINATIONS COMMITTEE

PURPOSE

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

- Making recommendations on the composition of the board in general and any adjustments that are deemed necessary, including the balance between executive, non-executive and independent non-executive directors
- Making recommendations on the skills required on the board
- Ensuring that the directors are appointed through a formal process and that the appointment is formalised through an agreement between the group and the director
- Overseeing the development of a formal induction programme for new directors
- Driving succession planning, in particular for the chairperson and executive directors and senior management appointments
- Agreeing, and putting in place, a performance contract with the chief executive officer
- Formalising the annual performance reviews of the board as a whole, the respective board committees and individual board members
- Dealing with any other nominations matter(s) formally delegated by the board to the committee

QUORUM

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

Meeting frequency and reporting

Meets at least twice a year when required.

Philisiwe Mthethwa was the chairperson until her date of resignation on 24 July 2017. Nonyameko Mandindi was appointed as the chairperson from 11 August 2017.

BOARD AND COMMITTEE MEETINGS AND ATTENDANCE

Main board	Audit	Risk	Remuneration	Nomination	Trans-formation & sustainability	Mergers & acquisitions ad hoc working group[8]	First appointed	Term of service
Philisiwe Mthethwa – Chairperson								
23/29[1]	4/5[7]	4/13[7]	–	0 /1[1]	–	–	04.07.07	10 years
Eric Vemer[3] – CEO								
9/29	5/5[7]	11/13	2/3[7]	–	3/3	4/6	01.10.14	2 years, 5 months
Themba Mosai[6] – CEO								
13/29	–	2/13	–	–	–	2/6	23.04.17	1 month
Cristina Freitas Teixeira – CFO								
24/29	5/5[7]	9/13[7]	–	–	2/3	6/6	01.06.08	9 years, 1 month
Justin Chinyanta – Independent NED								
16/29	4/5[7]	9/13	3/3	–	–	3/6	01.04.14	3 years, 3 months
John Job[2] – Independent NED								
2/29	2/5	1/13	1/3	–	–	–	01.11.08	7 years, 9 months
Willem Louw – Independent NED								
22/29	5/5	13/13	–	1/1	3/3[1]	–	01.04.14	3 years, 3 months
Stuart Morris[2] – Independent NED								
2/29	2/5	2/13	–	–	–	–	01.07.05	11 years, 1 month
Kalaa Mpinga – Lead independent NED								
23/29	5/5	12/13[1]	–	1/1	–	–	01.07.02	15 years
Babalwa Ngonyama[5] – Independent NED								
13/29	5/5[1]	10/13	–	1/1	3/3	6/6[1]	01.04.14	3 years, 1 months
Vincent Rague – Independent NED								
18/29	4/5	9/13	1/3	–	–	–	01.04.14	3 years, 3 months
Mark Thompson[4] – Independent non-executive								
13/29	5/5	8/13[7]	3/3[1]	n/a	n/a	4/6	01.04.14	3 years, 1 month

BOARD AND COMMITTEE MEETINGS AND ATTENDANCE CONTINUED

Main board	Audit	Risk	Remuneration	Nomination	Transformation & sustainability	Mergers & acquisitions ad hoc working group[8]
Quarterly board meetings						
5	3	3	3	1	3	–
Contract review meetings						
3	–	10	–	–	–	–
Special board meetings						
16*	2	–	–	–	–	6
Special closed board meetings – full board not invited						
5	–	–	–	–	–	–
Special board meetings						
16*	2	–	–	–	–	6
Total						
29	5	13	3	1	3	6

1 Chairperson.
2 Retired 31 August 2016.
3 Resigned 28 February 2017.
4 Resigned 6 April 2017.
5 Resigned 5 May 2017.
6 Appointed 23 May 2017.
7 By invitation.
8 Ad hoc committee established 1 April 2016.
9 Insufficient notice time provided for meeting, but MoI allows reduction of time and process if approved by the chairperson.
** Insufficient notice time provided for two meetings, but MoI allows reduction of time and process if approved by the chairperson.*
NED = non-executive director.

Minutes of board and committee meetings

The company secretary attended all meetings, other than those indicated above as closed meetings. The company secretary is responsible for maintaining complete and accurate minutes of the meeting of the board and its sub-committees and include any declaration made by a director in terms of section 75 and every resolution made by the board in the minutes. The company secretary is responsible for ensuring that the minutes are properly recorded in accordance with the Act. Minutes of the meetings held between 8 May and 23 July 2017 have not yet been prepared by the reporting date. Electronic recordings of all meetings have, however, been retained.

CHANGES IN EXECUTIVE MANAGEMENT

The following changes in the directorship of a major subsidiary of the group was reported in the period under review:

Resignations/retrenchments

NAME	OFFICE(S) HELD	EFFECTIVE DATE
William Zeelie	Executive committee member – Engineering & Construction	31 March
Jesse Doorasamy	Executive committee member – Human resources	30 June
Jon Hillary	Executive committee member – Investments & Concessions	30 June

Appointments

NAME	OFFICE(S) HELD	EFFECTIVE DATE
Mark Humphreys	Executive committee member – Engineering & Construction	31 March
Kushil Maharaj	Executive committee member – Investments & Concessions	23 May

DEALING IN SECURITIES

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

CONFLICTS OF INTEREST

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

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

The process for disclosing real or perceived conflicts to the board is outlined in the board charter. A record of all disclosures made in pursuit of this process is maintained by the company secretary.

INDEPENDENCE ASSURANCE

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

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

TIP-OFFS ANONYMOUS LINE

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

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

The number is:

0800 00 48 11

IT IS AN INDEPENDENTLY MANAGED SERVICE TO ENSURE CONFIDENTIALITY.

KING III COMPLIANCE

Our assessment of our application to King III principles are outlined in the application table. The group has also conducted an internal evaluation on its readiness to adopt King IV.

Due to shareholder action launched against non-executive board members, which resulted in the full reconstitution of the non-executives of the board, we believe the group has not complied with certain King III requirements this year, as outlined in this table.

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

KING III PRINCIPLE	SELF-ASSESSED APPLICATION STATUS	COMMENTS
1. ETHICAL LEADERSHIP AND CORPORATE CITIZENSHIP		
1.1 The board provides effective leadership based on an ethical foundation.	Not applied	The board charter is the overarching policy document that defines the board's powers and operational parameters. It also provides for the delegation of operational responsibilities to management and the board committees. The board charter was comprehensively reviewed, updated and approved by the board in May 2012 to incorporate the provisions of King III and the Companies Act. A decision was made by the company secretary to postpone the annual review of the charter, as well as the terms of reference of board committees for F2017 pending the conclusion of the King IV readiness analysis. In terms of the board charter, all directors are required to participate in the annual internal evaluation of the board's performance. This was not conducted in F2017. A major shareholder called for the reconstitution of the entire non-executive director component of the board during the year as it questioned their ability to effectively lead the group. We therefore disclose this aspect to not have been applied during the year. A new board was appointed on 24 July 2017.
1.2 The board ensures that the company is and is seen to be a responsible corporate citizen.	Applied	The board has mandated the transformation & sustainability committee with the responsibility of carrying out the legislatively prescribed functions contemplated by Regulation 43(5) of the Companies Regulations 2011, which include, amongst other things, good corporate citizenship. The board has delegated the responsibility for proactive stakeholder engagement to management. Regular feedback is received from various stakeholders, including shareholders, clients, debt funders, media and employees. Refer to pages 6 to 7, which discloses the group's stakeholder engagement. Stakeholder engagement is a standing agenda item on the board's agenda. A major shareholder called for the reconstitution of the entire non-executive director component of the board during the year as it questioned their ability to effectively lead the group. Although this led to strained stakeholder engagement, we believe the group remained a responsible citizen. A new board was appointed on 24 July 2017.
1.3 The board ensures that the company ethics are managed effectively.	Applied	The group is committed to good governance and ethics. Integrity has been formally identified as one of the group's seven core values. The compliance manager continues to monitor the group's ethics management systems and is responsible for delivering ethics training programmes. This was delivered during the year.

KING III PRINCIPLE	SELF-ASSESSED APPLICATION STATUS	COMMENTS
2. BOARD OF DIRECTORS		
2.1 The board acts as the focal point for and custodian of corporate governance.	Not applied	The board charter is the overarching policy document that defines the board's powers and operational parameters. It also provides for the delegation of operational responsibilities to management and the board committees. The board charter was comprehensively reviewed, updated and approved by the board in May 2012 to incorporate the provisions of King III and the Companies Act. A decision was made by the company secretary to postpone the annual review of the charter, as well as the terms of reference of board committees for F2017 pending the conclusion of the King IV readiness analysis. In terms of the board charter, all directors are required to participate in the annual internal evaluation of the board's performance. This was not conducted in F2017. A major shareholder called for the reconstitution of the entire non-executive director component of the board during the year as it questioned their ability to effectively lead the group. We therefore disclose this aspect to not have been applied during the year. A new board was appointed on 24 July 2017.
2.2 The board appreciates that strategy, risk, performance and sustainability are inseparable.	Applied	The board and the executive committee formulate and direct group strategy. Over the last few years, the group has ensured that it operates in an integrated and sustainable basis.
2.3 The board should provide effective leadership based on an ethical foundation.	Not applied	Refer to 1.1.
2.4 The board should ensure that the company is and is seen to be a responsible corporate citizen.	Applied	Refer to 1.2.
2.5 The board should ensure that the company's ethics are managed effectively.	Applied	Refer to 1.3.
2.6 The board should ensure that the company has an effective and independent audit committee.	Applied	Following the resignation of Babalwa Ngonyama as a non-executive director, the audit committee was not quorate from 6 May until 11 August 2017, with no chairperson and only two members until 24 July 2017 and then no members following the resignation of Kalaa Mpinga and Vincent Rague on 24 July 2017. The previous board of directors determined that, despite the resignations of the two non-executive directors, the board remained in compliance with the prevailing legislative and regulatory requirements and properly constituted. The board also determined that no material contraventions to the Companies Act were caused by the un-quorate board committees. It was further noted that the Companies Act affords the board the opportunity to rectify the composition of the audit committee within a stated period where a vacancy is created on this forum. The previous board therefore pronounced that attendance to all board committee meetings was compulsory from the May quarter until their resignation date of 24 July 2017. On 11 August 2017, the audit committee was again fully constituted.

KING III PRINCIPLE	SELF-ASSESSED APPLICATION STATUS	COMMENTS
2. BOARD OF DIRECTORS CONTINUED		
2.7 The board should be responsible for the governance of risk.	Applied	The board is ultimately responsible for the group's risk management processes and systems of internal control. The board has a risk committee in place. Its mandate includes monitoring the technical, operational and contract risk management processes of the group.
2.8 The board should be responsible for Information Technology (IT) governance.	Applied	The board is ultimately responsible for the Information Technology (IT) governance processes. The board has delegated the responsibility of the group's IT governance processes to the audit committee. To assist it in the fulfilment of this mandate, the audit committee approved the establishment of an IT steering committee in F2012. IT is a standing audit committee agenda item.
2.9 The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards.	Applied	The board is ultimately responsible for the group's compliance with the legal and regulatory requirements. The board has delegated this responsibility to the transformation & sustainability committee. The group monitors its compliance with prevailing legislation through its internal management system. Each discipline head is responsible for compliance with the laws and regulations applicable to their area of responsibility. The CFO, group risk officer and HR director are responsible for reporting to the audit committee and the risk committee and ultimately to the board on the status of compliance with financial, safety, health, risk, environment and quality (SHREQ) and human resources legislation.
2.10 The board should ensure that there is an effective risk-based internal audit.	Applied	Through the audit committee, the board promotes the standing and value of the group's internal audit department, assesses the adequacy of its resources and the effectiveness of its work and engages with management to ensure audit plans are risk-based.
2.11 The board should appreciate that stakeholders' perceptions affect the company's reputation.	Applied	The board has delegated the responsibility of dealing with stakeholder relationships in a proactive and constructive manner to management, with a standing agenda point requiring feedback from the chief executive officer (CEO) and chief financial officer (CFO) on a quarterly basis. A major shareholder called for the reconstitution of the entire non-executive director component of the board during the year as it questioned their ability to effectively lead the group. This required significant stakeholder engagement by the previous board and executive management. A new board was appointed on 24 July 2017.
2.12 The board should ensure the integrity of the company's integrated report.	Applied	The board has delegated the responsibility of ensuring the integrity of the group's integrated annual report to the audit committee. The adequacy of the CFO, the financial team and the integrated annual report is assessed and formally recorded at the August audit committee meeting. As the audit committee was reconstituted with the required quorum on 11 August 2017, the integrated annual report and its integrity was considered and approved.

KING III PRINCIPLE	SELF-ASSESSED APPLICATION STATUS	COMMENTS
2. BOARD OF DIRECTORS CONTINUED		
2.13 The board should report on the effectiveness of the company's system of internal controls.	Applied	The board has delegated the responsibility of reporting on the effectiveness of the group's system of internal control to the audit committee. The audit committee relies on representation from management and feedback from the internal audit team and the external auditors. The risk committee is responsible for the implementation of the combined assurance plan and provides the audit committee with regular updates on status and findings. The board was reconstituted on 24 July 2017, and has considered the group's system of internal controls and its effectiveness.
2.14 The board and its directors should act in the best interests of the company.	Not applied	A major shareholder called for the reconstitution of the entire non-executive director component of the board during the year as it questioned their ability to effectively lead the group. We therefore disclose this aspect to not have been applied during the year as the shareholder action culminated in the full reconstitution of the non-executive members of the board.
2.15 The board should consider business rescue proceedings or other turnaround mechanisms as soon as the company is financially distressed, as defined in the Act.	Applied	The board continuously monitors the solvency and liquidity of the group and considers its going concern status.
2.16 The board should elect a chairperson of the board who is an independent non-executive director. The CEO of the company should not also fulfil the role of chairperson of the board.	Applied	An independent non-executive director is elected as the chairperson of the board on an annual basis. The CEO therefore does not fulfil the role of chairperson.
2.17 The board should appoint the CEO and establish a framework for the delegation of authority.	Applied	The appointment of the CEO is a matter for consideration by the board as a whole. The board defines the group's levels of authority, reserving specific powers for the board, whilst delegating others to management. The collective responsibility of the executive management of the group's operations vests with the CEO, who regularly reports to the board on the group's objectives and strategy.
2.18 The board should comprise a balance of power, with a majority of non-executive directors. The majority of non-executive directors should be independent.	Applied	The size of the board is dictated by the MoI, which permits a maximum of 15 directors and prescribes a minimum of four directors. The board comprised a balance of executive and non-executive directors, with all non-executive directors being independent as defined, during the year. Each director has one vote on a matter before the board. A majority of the votes cast on a resolution is sufficient to approve that resolution. The chairperson may not have a deciding vote in addition to any deliberative vote.

KING III PRINCIPLE	SELF-ASSESSED APPLICATION STATUS	COMMENTS
2. BOARD OF DIRECTORS CONTINUED		
2.19 Directors should be appointed through a formal process.	Applied	The appointment of directors is a matter for consideration by the board as a whole on the recommendation of a formal recruitment process executed by the nominations committee. All changes in directorships effected during the year were made through a formal process. On 24 July 2017, shareholders appointed eight new non-executive directors.
2.20 The induction of and ongoing training and development of directors should be conducted through formal processes.	Applied	A formal induction programme was formulated for the new non-executive directors.
2.21 The board should be assisted by a competent, suitably qualified and experienced company secretary.	Applied	The company secretary is a legally qualified individual who is not a director of the board. The board has assessed the competence of the company secretary and is satisfied with her performance at a functional level. The board is satisfied with the guidance and support received from the company secretary in the current period.
2.22 The evaluation of the board, its committees and the individual directors should be performed every year.	Not applied	The board charter requires the board to conduct annual evaluations of its performance in terms of its roles and responsibilities, as well as that of individual directors. Each committee evaluates its own performance and reports the results to the board. A board evaluation was not performed in F2017.
2.23 The board should delegate certain functions to well-structured committees, but without abdicating its own responsibilities.	Applied	The board and committees operate under formal terms of reference, which are reviewed on an annual basis to ensure efficiencies within each committee. As outlined earlier, a number of committees did not have the required quorum during the year. However, the previous board of directors determined that, despite the resignations, the board remained in compliance with the prevailing legislative and regulatory requirements and properly constituted. The board also determined that no material contraventions to the Companies Act were caused by the un-quorate board committees.
2.24 A governance framework should be agreed between the group and its subsidiary boards.	Applied	The board has formalised the respective responsibilities of the board and its subsidiaries through certain governance structures, such as the audit and remuneration committees and social and ethics committee. Although certain committees did not have a quorum during the year, the governance framework remained in place.
2.25 Companies should remunerate directors and executives fairly and responsibly.	Applied	The board believes that the group's remuneration policy and strategy are designed to ensure that executives are appropriately remunerated with an acceptable balance between guaranteed and performance-based elements, as well as between short and long term incentives.
2.26 Companies should disclose the remuneration of each individual director and certain senior executives.	Applied	The group discloses the remuneration of directors and prescribed officers in accordance with the requirements of the Companies Act (71 of 2008, as amended) and the JSE Listings Requirements in its integrated annual report.
2.27 Shareholders should approve the company's remuneration policy.	Applied	The group's remuneration policy is set out in the team remuneration review included in the printed section of the integrated annual report. The group's remuneration policy is tabled at each annual general meeting by way of a non-binding advisory vote.

KING III PRINCIPLE	SELF-ASSESSED APPLICATION STATUS	COMMENTS
3. AUDIT COMMITTEE		
3.1 The board should ensure that the company has an effective and independent audit committee.	Applied	The group's audit committee operates in terms of a written charter, performs the duties prescribed by the Companies Act (71 of 2008, as amended), meets quarterly, considers detailed reports from management and reports and makes recommendations in writing to the board. The audit committee chairperson regularly reviews the adequacy of the content of the committee agenda and work plan against developing trends in the market to ensure alignment with best practice. Following the resignation of Babalwa Ngonyama as non-executive director, the audit committee was not quorate from 6 May until 11 August 2017, with no chairperson and only two members until 24 July 2017 and no members following the resignation of Kalaa Mpinga and Vincent Rague on 24 July 2017. The previous board of directors determined that, despite the resignations of the two non-executive directors, the board remained in compliance with the prevailing legislative and regulatory requirements and properly constituted. The board also determined that no material contraventions to the Companies Act were caused by the un-quorate board committees. It was further noted that the Companies Act affords the board the opportunity to rectify the composition of the audit committee within a stated period where a vacancy is created on this forum. The previous board therefore pronounced that attendance to all board committee meetings was compulsory from the May quarter until their resignation date of 24 July 2017. On 11 August 2017, the audit committee was again fully constituted.
3.2 Audit committee members should be suitably skilled and experienced independent non-executive directors.	Applied	The audit committee was reconstituted on 11 August 2017 following a number of resignations. The new committee fully constitutes independent non-executive directors with a high standard of financial literacy. The audit committee also comprises a good balance of commercial, corporate governance and technical expertise. The chairperson of the main board neither chairs nor is a member of the audit committee. However, a standard invitation is extended to the chairperson of the main board to attend meetings of the audit committee.
3.3 The audit committee should be chaired by an independent non-executive director.	Applied	The audit committee was reconstituted on 11 August 2017 following a number of resignations. The new audit committee is chaired by a non-executive director of the board. The chairperson of the main board neither chairs nor is a member of the audit committee.
3.4 The audit committee should oversee integrated reporting.	Applied	The audit committee was reconstituted on 11 August 2017 following a number of resignations. The new audit committee was responsible for considering and making recommendations to the board relating to the group's integrated annual report, the financial statements and any other reports (with reference to the financial affairs of the group) for external distribution or publication, including those required by any regulatory or statutory authority.

KING III PRINCIPLE	SELF-ASSESSED APPLICATION STATUS	COMMENTS
3. AUDIT COMMITTEE CONTINUED		
3.5 The audit committee should ensure that a combined assurance model is applied to provide a coordinated approach to all assurance activities.	Applied	The audit committee was reconstituted on 11 August 2017 following a number of resignations. The audit committee will ensure that it obtains regular and comprehensive assurance from the risk committee, external auditor, the internal audit department and/or management in relation to matters such as financial reporting, adequacy of internal controls and veracity of risk management processes. The group's audit committee is responsible for ensuring that a combined assurance model is applied within the group which provides a coordinated approach to all assurance activities. The group risk officer provides the audit committee with annual feedback on the group's approach and plan with regard to combined assurance.
3.6 The audit committee should satisfy itself of the expertise, resources and experience of the company's finance function.	Applied	The board of directors that served for the year confirmed the CFO's expertise and experience and the group's finance at the group's board meetings. The current board of directors has acted with a required degree of care, skill and diligence in the assessment of the CFO since their appointment date on 24 July 2017 and considers her expertise and experience appropriate.
3.7 The audit committee should be responsible for overseeing internal audit.	Applied	The audit committee was reconstituted on 11 August 2017 following a number of resignations. The new audit committee's mandate imposes an oversight role with regards to internal audit. The committee monitors internal audit resources, activities, findings and coverage plans through the comprehensive reports submitted by internal audit management at each committee meeting.
3.8 The audit committee should be an integral component of the risk management process.	Applied	The audit committee was reconstituted on 11 August 2017 following a number of resignations. In the past, the board re-arranged the meeting schedule of its committees to enhance the flow of information between forums from an administrative perspective. Accordingly, meetings of the audit committee are preceded by those of the risk committee, with representations made by the group risk officer and the chairperson of the risk committee to the audit committee, which in turn considers the effectiveness of the risk management process on the group's financial reporting. The chairperson of the audit committee is a member of the risk committee. The risk committee has oversight responsibility for the group's risk management programme.
3.9 The audit committee is responsible for recommending the appointment of the external auditor and overseeing the external audit process.	Applied	The audit committee was reconstituted on 11 August 2017 following a number of resignations. In terms of the audit committee's terms of reference, the audit committee is responsible for recommending the appointment of the external auditor to shareholders, overseeing the external audit process, including concluding on the terms of engagement and audit fees. The audit committee is also responsible for formulating the policy for non-audit services, reportable irregularities and the quality and effectiveness of the external auditor. It monitors the level of non-audit fees on a quarterly basis and formally reviews, evaluates and approves the audit fees each year.
3.10 The audit committee should report to the board and shareholders on how it discharged its duties.	Applied	The audit committee provides feedback to the board at each board meeting. Reporting to shareholders occurs through the audit committee report in the integrated annual report. The chairperson of the audit committee also attends annual general meetings to report on the statutory duties, as required. The audit committee was reconstituted on 11 August 2017 following a number of resignations and will ensure effective reporting.

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

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

KING III PRINCIPLE	SELF-ASSESSED APPLICATION STATUS	COMMENTS
5. THE GOVERNANCE OF INFORMATION TECHNOLOGY CONTINUED		
5.5 IT should form an integral part of the group's risk management.	Applied	IT risks form an integral part of the company's risk management activities. The management team regularly demonstrates to the board that the group has adequate business resilience arrangements in place for disaster recovery. The board ensures that the group complies with IT laws and that IT-related rules, codes and standards are considered.
5.6 The board should ensure that information assets are managed effectively.	Applied	The board ensures that all personal information is treated by the group as an important business asset. The board ensured that an information security management system was developed, implemented and recorded to ensure security (confidentiality, integrity and availability of information).
5.7 A risk committee and audit committee should assist the board in carrying out its IT responsibilities.	Applied	The risk committee assists the board in carrying out its IT governance responsibilities by ensuring that IT risks are adequately addressed through its risk management and monitoring processes. The audit committee assists the board in carrying out its IT governance responsibilities. The IT report forms part of the standing agenda items of the risk and audit committees, which results in the board being made aware of potential risks.
6. COMPLIANCE WITH LAWS, CODES, RULES AND STANDARDS		
6.1 The board should ensure that the company complies with applicable laws and consider adherence to non-binding rules, codes and standards.	Applied	The board is ultimately responsible for the group's compliance with legal and regulatory requirements. The board has delegated this responsibility to the transformation & sustainability committee. The group monitors its compliance with prevailing legislation through its internal management system. The group's compliance management systems are monitored by the compliance manager who presents quarterly reports to the transformation & sustainability committee on the performance in this area. Each discipline head is responsible for compliance with the laws and regulations applicable to their area of responsibility. The CFO, group risk officer and HR director is responsible for reporting to the audit and risk committees and ultimately to the board on the status of compliance with financial, safety, health, risk, environment and quality (SHREQ) and human resources legislation.
6.2 The board and each individual director should have a working understanding of the effect of the applicable laws, rules and standards on the company and its business.	Applied	The induction or ongoing training programmes of directors incorporate an overview of and changes to applicable laws, rules, codes and standards.
6.3 Compliance risk should form an integral part of the company's risk management process.	Applied	The risk of non-compliance is identified, assessed and responded to through the risk management processes. Each discipline head is responsible for compliance with the laws and regulations applicable to their area of responsibility. The CFO, group risk officer and human resources (HR) director are responsible for reporting to both the audit and risk committees and then ultimately to the board on the status of compliance with financial, SHREQ and human resources legislation.

KING III PRINCIPLE	SELF-ASSESSED APPLICATION STATUS	COMMENTS
6. COMPLIANCE WITH LAWS, CODES, RULES AND STANDARDS CONTINUED		
6.4 The board should delegate to management the implementation of an effective compliance framework and processes.	Applied	The board ensures that a legal compliance policy, approved by the board, is implemented by management. The board receives assurance on the effectiveness of the controls around compliance with laws, rules, codes and standards. Compliance with these are incorporated in the Code of Conduct of the group. The group's compliance management systems are monitored by the compliance manager who presents quarterly reports to the transformation & sustainability committee on the performance in this area. Disclosure is made of material (or immaterial, but often-repeated) regulatory penalties, sanctions or fines for contraventions or non-compliance with statutory obligations that were imposed on the group or any of its directors or officers or a statement that no such events took place. Each discipline head is responsible for compliance with the laws and regulations applicable to their area of responsibility. The CFO, group risk officer and HR director is responsible for reporting to both the audit and risk committees and ultimately to the board on the status of compliance with financial, SHREQ and human resources legislation.
7. INTERNAL AUDIT		
7.1 The board should ensure that there is an effective risk-based internal audit.	Applied	The group has an internal audit function. This function evaluates the group's governance processes and performs an objective assessment of the effectiveness of risk management and the internal control framework. The internal audit function systematically analyses and evaluates business processes and associated controls. The internal audit function adheres to the Institute of Internal Auditors' standards and code of ethics. The internal audit function provides a source of information, as appropriate, regarding instances of fraud, corruption, unethical behaviour and irregularities.
7.2 Internal audit should follow a risk-based approach to its plan.	Applied	The internal audit plan and approach are informed by the strategy and risks of the group. This is a risk-based programme.
7.3 Internal audit should provide a written assessment of the effectiveness of the company's system of internal control and risk management.	Applied	Internal audit provides a written assessment of the systems of internal control and risk management to the board. This is provided on a quarterly basis with the submission of the internal audit department's report to the audit committee.
7.4 The audit committee should be responsible for overseeing internal audit.	Applied	The internal audit department reports on its work, findings and recommendations at each meeting of the audit committee and presents its coverage plan annually to the audit committee for approval. The head of internal audit periodically meets with the chairperson of the audit committee.
7.5 Internal audit should be strategically positioned to achieve its objectives.	Applied	The internal audit function is independent and objective and reports functionally to the audit committee. The committee reviews the resources and skills of the function on an annual basis to ensure it is adequate to address risk and assurance requirements.

KING III PRINCIPLE	SELF-ASSESSED APPLICATION STATUS	COMMENTS
8. GOVERNING STAKEHOLDER RELATIONSHIPS		
8.1 The board should appreciate that stakeholders' perceptions affect a company's reputation.	Applied	The board has delegated the responsibility of dealing with stakeholder relationships in a proactive and constructive manner to management, with a standing agenda point requiring feedback from the chief executive officer (CEO) and chief financial officer (CFO) on a quarterly basis. As outlined earlier, a major shareholder called for the reconstitution of the entire non-executive director component of the board during the year as it questioned their ability to effectively lead the group. This required significant stakeholder engagement by the previous board and executive management. A new board was appointed on 24 July 2017.
8.2 The board should delegate to management to proactively deal with stakeholder relationships.	Applied	The board has delegated the responsibility of dealing with stakeholder relationships in a proactive and constructive manner to management, with a standing agenda point requiring feedback from the chief executive officer (CEO) and chief financial officer (CFO) on a quarterly basis. A major shareholder called for the reconstitution of the entire non-executive director component of the board during the year as it questioned their ability to effectively lead the group. This required significant stakeholder engagement by the previous board and executive management. A new board was appointed on 24 July 2017.
8.3 The board should strive to achieve the appropriate balance between its various stakeholder groupings, in the best interests of the company.	Applied	The board has delegated the responsibility of dealing with stakeholder relationships in a proactive and constructive manner to management, with a standing agenda point requiring feedback from the chief executive officer (CEO) and chief financial officer (CFO) on a quarterly basis. A major shareholder called for the reconstitution of the entire non-executive director component of the board during the year as it questioned their ability to effectively lead the group. This required significant stakeholder engagement by the previous board and executive management. A new board was appointed on 24 July 2017.
8.4 Companies should ensure the equitable treatment of shareholders.	Applied	There is equitable treatment of all holders of the same class of shares. The board ensures that minority shareholders are protected. A major shareholder called for the reconstitution of the entire non-executive director component of the board during the year as it questioned their ability to effectively lead the group. This required significant engagement with especially major shareholders, which was done on an equitable basis. A new board was appointed by shareholders on 24 July 2017.
8.5 Transparent and effective communication to stakeholders is essential for building and maintaining their trust and confidence.	Applied	A major shareholder called for the reconstitution of the entire non-executive director component of the board during the year as it questioned their ability to effectively lead the group. This required significant engagement with a number of major stakeholders, which was done on an equitable basis. A new board was appointed by shareholders on 24 July 2017. The group issues its full integrated annual report, including audited financial statements, on the same day as it releases its year-end results. In addition, the group won the Investment Analysts Society Award for Best Reporting and Communication in the industrial sector seven times. No requests for information in terms of the Promotion of Access to Information Act, 2000 were lodged with the group in the year under review.

KING III PRINCIPLE	SELF-ASSESSED APPLICATION STATUS	COMMENTS
8. GOVERNING STAKEHOLDER RELATIONSHIPS CONTINUED		
8.6 The board should ensure that disputes are resolved as effectively, efficiently and expeditiously as possible.	Applied	The board has adopted formal dispute resolution processes for internal and external disputes. During the year, a shareholder launched action against the non-executive members of the board which resulted in the reconstitution of the non-executive members.
9. INTEGRATED REPORTING AND DISCLOSURE		
9.1 The board should ensure the integrity of the company's integrated annual report.	Applied	The new audit committee was appointed on 11 August 2017 and confirmed the integrity of the group's integrated annual report. The integrated annual report includes, amongst other matters, the performance and value creation through the value-added statement and other financial and non-financial performance indicators. Sufficient commentary on the financial performance is provided in the integrated annual report. The going concern status is also confirmed in the annual financial statements.
9.2 Sustainability reporting and disclosure should be integrated with the company's financial reporting.	Applied	The board and management ensure that the integrated annual report portrays a balanced view of both the positive and negative impacts of the group's operations and future plans. The integrated annual report discloses the nature of the group's dealings with stakeholders and the outcomes of these dealings. This year, it includes information on the shareholder action launched against the previous board, which culminated in a full reconstitution of the non-executive members of the board. The group also publishes a detailed online section of the integrated report that contains sustainability information.
9.3 Sustainability reporting and disclosure should be independently assured.	Applied	Independent external assurance is obtained to the extent deemed necessary. Refer to pages 77 to 78 in the printed section of the integrated annual report.

APPLICATION OF JSE CORPORATE GOVERNANCE LISTINGS REQUIREMENTS

REQUIREMENTS	GROUP RESPONSE
The chairperson must be an independent non-executive director or if not, a lead independent director has to be appointed.	The chairperson is an independent non-executive director.
The board appoints the CEO.	The CEO is appointed by the board.
The audit committee approves both the external auditor's terms of engagement and remuneration.	The audit committee approves the external auditor's terms of reference, their remuneration and the fees spent on non-audit functions.
There is a board committee (either a risk committee or the audit committee) that assists the board in carrying out its risk responsibilities.	There is a risk committee.
There is a board remuneration committee.	There is a remuneration committee.
The nominations committee's terms of reference have been approved by the board and are reviewed every year.	These are approved and reviewed annually. They were not reviewed in F2017, but will be in F2018.
The company has an audit committee.	There is an audit committee.
There is a nominations committee consisting of board members.	There is a nominations committee consisting of board members.
The company secretary is empowered by the board to effectively perform his or her duties.	The company secretary is empowered to perform her duties.

REQUIREMENTS	GROUP RESPONSE
Procedures for appointments to the board are all of the following: › Formally set out in a policy › Transparent › A matter for the board as a whole (although the board may be assisted by the nominations committee)	A director's appointment policy was approved by the board in the prior year.
The chairperson has not been the CEO of the company in the last three years.	The chairperson has never been the CEO and the CEO has never been the chairperson.
The board is entitled to both appoint and remove the company secretary.	The board may do so.
The company complies with the provisions of the Companies Act, 2008 in relation to the appointment and removal, and the duties allocated, to the company secretary.	The group complies.
The audit committee monitors and reports on the external auditor's independence.	The committee formally considers and approves the audit fee in February of each year and evaluates spend versus budget at the November meeting. In addition, the committee evaluates the extent of non-audit fees earned as a percentage of the total audit budget quarterly to ensure reasonableness and independence. The auditors support their independence at audit committee meetings.
The role and function of the company secretary are clearly formulated in writing.	Her role and function are clearly formulated.
The audit committee has defined a policy for non-audit services provided by the external auditor.	The committee evaluates the extent of non-audit fees earned as a percentage of total audit budget quarterly to ensure reasonableness and independence.
A brief CV of each director standing for election or re-election at the annual general meeting (AGM) accompanies the notice of the AGM.	Refer to pages 84 to 85 of this online section of the integrated annual report.
There is a policy addressing division of responsibilities at board level to ensure a balance of power and authority and that no one individual has unfettered powers of decision-making.	The board has a charter that clearly sets out its role and responsibilities, as well as the requirements for its composition and meeting procedures. In terms of the governance charter, each director has one vote on a matter before the board. A majority of the votes cast on a resolution is sufficient to approve that resolution.

REQUIREMENTS	GROUP RESPONSE
The integrated annual report classifies directors as executive, non-executive or independent and provides information about individual directors that shareholders may need to make their own assessments in regard to all of the following: › Independence › Education › Qualification and experience › Length of service and age › Significant other directorships › Political connections › Other relevant information	Refer to the printed section of the integrated annual report and pages 84 to 86 of this online section of the integrated annual report.
The nominations committee comprises the board chairperson and non-executive directors.	Refer to page 63 of this online section of the integrated annual report.
The audit committee does both of the following: › Considers and satisfies itself of the suitability, expertise and experience of the financial director every year › Reviews the finance function every year	Refer to page 61 of this online section of the integrated annual report.
Both of the following are disclosed in the integrated annual report regarding each board committee: › Composition › Role and mandate	Refer to pages 61 to 63 of this online section of the integrated annual report.
The company discloses the number of meetings held each year by the board and each board committee and which meetings each director attended (as applicable)	Refer to pages 64 to 65 of this online section of the integrated annual report.
The audit committee recommends to shareholders the appointment, reappointment and removal of the external auditor.	This is done each year.
Adoption of King IV.	Group Five will be required to adopt King IV from 1 October 2017. At the time of reporting, a readiness gap analysis had been compiled to identify areas to address in preparation for adoption.
Race diversity policy.	In terms of the JSE Listings Requirements, the board is obliged to adopt a race diversity policy by 1 June 2018. A proposal will be tabled for the board's consideration and adoption in the ensuing year.
Broad-based black economic empowerment.	Group Five is required to advise the JSE in writing of the publication of the annual compliance report prepared in line with section 13G(2) of the BEE Amendment Act, unless an exemption can be provided to the JSE. Group Five is presently a Level 3 contributor. Group Five is due for its next annual audit in October 2017 and will accordingly comply with this new requirement on conclusion of the audit.

BOARD OF DIRECTORS

NON-EXECUTIVE DIRECTORS

Nonyameko Mandindi 51

CHAIRPERSON

Chairperson of the main board and 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, LDM, for ten years during which time the firm grew to become one of the influential players in the industry.

She has played various roles in the construction sector, including advising government on procurement reform and the introduction of public private partnerships in South Africa. She was involved in ground-breaking public infrastructure contracts, such as the Gautrain, Mangaung Prison, Maputo Corridor, Orlando Stadium and OR Tambo Airport expansions. She has had extensive experience in infrastructure and property investments in several countries in the rest of Africa.

Nonyameko joined SSI Engineers and Environmental Consultants as CEO in December 2011 and championed the subsequent rebranding to Royal HaskoningDHV. Following this, she was appointed as business line director for South and Eastern Africa in addition to her portfolio. She served on the Global Executive Council of Royal HaskoningDHV and chaired a number of the group subsidiary boards. Nonyameko has served on several corporate boards as a non-executive director and in leadership positions in a number of professional and business organisations. She is the recipient of the prestigious Women's Property Network Five Star Award, which recognises women leaders in the property sector.

She serves on the boards of Hudaco Industries Limited, Hudaco Trading (Pty) Ltd and SVA Architects and ITISA (Pty) Ltd in non-executive capacities. She is also an executive director of her property development and investment venture, Kusile Africa, and a women investment company, Petals Global.

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 served on a number of boards and committees, which included the audit and risk committee of Sanlam Employee Benefits, as well as the investment committee of Sanlam Private Equity and Sanlam Investment Management Corporate Governance Unit. She has also previously served on the board of the South African Venture Capital and Private Equity Association (SAVCA) for two years and was elected chairperson. She currently serves on the board of Sphere Holdings Limited and is also chairperson of the Sphere Holdings remuneration committee. In 2006, Cora was awarded the top private equity dealmaker award by ABSIP and in 2008 was a recipient of the Sanlam CEO's award.

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 obtained her BProc and LLB Degrees at the University of the Witwatersrand and her M.A.P. at Wits Business School. Jackie was admitted as an attorney of the High Court of South Africa during 1998. In 1999, Jackie founded the firm Huntley Inc, which in 2006 was merged into the Mkhabela Huntley Adekeye Inc (MHA) as it is known today.

Jackie is the chairperson of the board of MHA. She is a non-executive director at Telkom SA Limited and Capitec Bank Limited. Jackie was previously a non-executive director at Blue Label Telecoms Limited, PetroSA (Pty) Ltd and Air Traffic Navigation Services (Pty) Ltd.

Dr John Job 72

INDEPENDENT NON-EXECUTIVE DIRECTOR

Member of the audit and risk committees

First appointed to the board of Group Five: November 2008

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

JOHN obtained his BSc (Hons) in Chemistry at the University of the Witwatersrand and later a PhD in Chemistry at McGill University in Montreal, Canada. John is a former Group Five independent non-executive director and served on the board between November 2008 and May 2016. He was the CEO of Sentrachem Limited from 1991 to 1998 and an executive director of Sappi Limited until his retirement in 2005. After that he served as a non-executive director on Sappi's board until 2006 and was chairperson of Global Forest Products from 2005 to 2007. He has served on a number of boards, including Telkom Limited, Armscor and Denel. He is also a director of a number of unlisted private companies and charitable foundations like the WWF. John has served on many board committees as a member, as well as acting chairperson.

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. In his capacity at SacOil, Thabo developed a new strategy for the organisation which has seen it grow in its ambition to be an integrated oil and gas company with a focus on Africa. He has also been instrumental in the development of governance structures at SacOil and has improved cash flow generation. Prior to joining SacOil, he held various managerial positions at PetroSA, South Africa, since 2003, including acting chief operating officer and executive Vice President: Operations. Thabo previously served on the PetroSA Ghana board and currently serves as an executive director of SacOil Holdings Limited and a non-executive director of AfricOil. He also served as the chairperson for the Society of Petroleum Engineers (SPE) Southern Africa Chapter: 2009 to 2011.

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 Limited (BPL), a leading, on-scale provider of risk capital, technical assistance and real estate solutions for SMEs in South Africa and selected sub-Saharan countries. He spent more than 18 years at BPL, retiring in 2016 as managing director of the company and CEO of Business Partners International (Pty) Ltd (BPI), the subsidiary through which BPL conducts business in Africa and elsewhere.

Nazeem is a founding member of the Wallflower Group – a business started in August 2016 to build up interests in the real estate, food/aquaculture, healthcare and education sectors. He also periodically consults and advises on raising, establishing and operationalising funds for the International Finance Corporation, the private sector arm of the World Bank, and for the Middle East Investment Initiative. He also mentors SME fund managers for the IFC. Nazeem obtained his BA Degree (1982) and Diploma in Higher Education (1983) at the University of Cape Town (South Africa), and a Master of Urban Planning Degree (1987) at Hunter College of the City University of New York. He also participated in and completed the Advanced Management Programme at Harvard Business School in 2008. Nazeem is a non-executive director at BPL and E-squared (Pty) Ltd. Nazeem was previously an executive director of BPL, non-executive director of TerraSan Limited, SA Private Equity Association, V&A Waterfront Properties and a founding director of Metropolitan Trading Company.

Michael Upton 62

NON-EXECUTIVE DIRECTOR

Member of the audit and risk committees

First appointed to the board of Group Five: March 2007

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

MICHAEL obtained a BSc Electrical Engineering Degree (University of Cape Town) and is a Professional registered Engineer (Pr Eng) with the Engineering Council of South Africa. Michael further obtained a Business Management Diploma (Newcastle, UK) and is a Fellow of the South African Institute of Electrical Engineers (SAIEE).

Michael is a former CEO of Group Five and retired in November 2014 in accordance with the group's employment policy. Michael joined Group Five in 2002 and was appointed as chief executive officer in 2007.

During Michael's tenure as CEO, he strategically repositioned Group Five as an integrated engineering, construction and concessions group, driving the group's expansion into Africa and new capabilities such as power and oil and gas. Michael focused strongly on skills and empowerment development during his tenure, creating the Group Five Academy in 2006. He initiated Group Five's proactive approach to the Competition Commission investigation and encouraged industry peers into dialogue with the voluntary rebuilding programme (VRP) agreement with government in 2016. During Michael's time as CEO, Group Five received recognition as best employer for five consecutive years. He nurtured and maintained good relationships between the board and executive committee until his retirement. Prior to joining Group Five, Michael gained over 20 years' experience in manufacturing, engineering, commercial marketing and international technology partnerships, construction and services across the African continent and Middle East with NEI (Rolls Royce Industries) and ABB.

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 held the position of executive chairperson for Phumaf Consulting Engineers since 2008. Prior to this, he was the managing director of Phumelela Africa Professional Engineers. He became a managing member of Asigang Investments cc., a position that he still holds. 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. Edward is a member of the SA Institution of Civil Engineering, SA Institution of Municipal Engineering, SA Association of Consulting Engineers and SA Black Technical & Allied Careers Organisation.

EXECUTIVE DIRECTORS

Themba Mosai 41

CEO

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

BSc Electrical Engineering; MBA (Cum Laude)

THEMBA was appointed as interim CEO in March this year and permanent CEO in May. Since taking over the leadership role, he has focused on stabilising the team after significant changes and working with the team on addressing the loss-making Engineering & Construction cluster. Before becoming CEO, Themba was appointed to the exco during F2015 to lead the Developments team. In this role he made great strides in further enhancing the group's position across target African geographies and its profile with both public sector and private sector clients, as well as securing new work and resolving legacy matters in key markets. Prior to joining the exco, Themba was the managing director of Intertoll Africa, successfully having led the company for the previous seven years. During his time at Intertoll Africa, Themba was very successful in driving growth into new markets in Africa, including Zimbabwe. Themba is a strong relationship builder, and has a good ability to match client aspirations to the realities of developing, financing, constructing and operating infrastructure assets across Africa. Themba is technical and practical, supported by his Electrical Engineering qualification, as well as tactical, business-minded and strategic, supported by his MBA Degree.

Cristina Freitas Teixeira 44

CHIEF FINANCIAL OFFICER

Executive committee member

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

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

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

COMPANY SECRETARY

Nonqaba Katamzi 48

COMPANY SECRETARY

BA Law; LLB; CIBM

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

EXECUTIVE COMMITTEE

Themba Mosai 41

Cristina Freitas Teixeira 44

PG The chief executive officer and chief financial officer are main board members. Their CVs are contained on page 86.

Mark Humphreys 50

EXECUTIVE COMMITTEE MEMBER – CONSTRUCTION

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

MARK joined Group Five in 1988 as a student. During the last 30 years, he has developed extensive construction and project leadership experience and led numerous large multi-disciplinary contracts on the African continent. He became the managing director of Projects in 2007 and was instrumental in establishing Group Five's footprint in the rest of Africa, in particular within the mining sector. In 2014, he was promoted to operations director for the Engineering & Construction cluster. He has been the chief operating officer of the cluster for the last two years, leading the drive to implement best practice and lessons learnt between the construction segments and facilitating the improvement of the construction lifecycle and the recent new systems and processes to address the poor performance of the cluster. Mark was appointed to the exco in March this year and becomes the head of the newly-restructured Construction cluster for F2018.

Kushil Maharaj 47

EXECUTIVE COMMITTEE MEMBER – INVESTMENTS & CONCESSIONS

MBA; BSc Civil Engineering

KUSHIL first joined the group in 1995 in the Construction cluster where he focused for ten years on infrastructure and real estate development, public private partnerships, toll concessions and construction management. He joined the group's Investments & Concessions cluster in 2004 to concentrate on property development, with particular expertise in capital raising and property transactions in sub-Saharan Africa. He left the group to join the Absa Development Company in 2007 where he structured and developed large-scale integrated mixed-use real estate projects. He re-joined Group Five in 2011 to develop the group's property business, which he rebranded into G5 Properties and successfully grew this business' asset base and project pipeline. He was appointed to the exco as the head of Investments & Concessions in May 2017.

Guy Mottram 51

EXECUTIVE COMMITTEE MEMBER – RISK

Member of the risk committee

BCom; LLB

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

John Wallace 59

EXECUTIVE COMMITTEE MEMBER – MANUFACTURING

BCom; Hons Programme in Advanced Marketing; Executive Management Programme

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

PEOPLE

LABOUR PRACTICES AND DECENT WORK

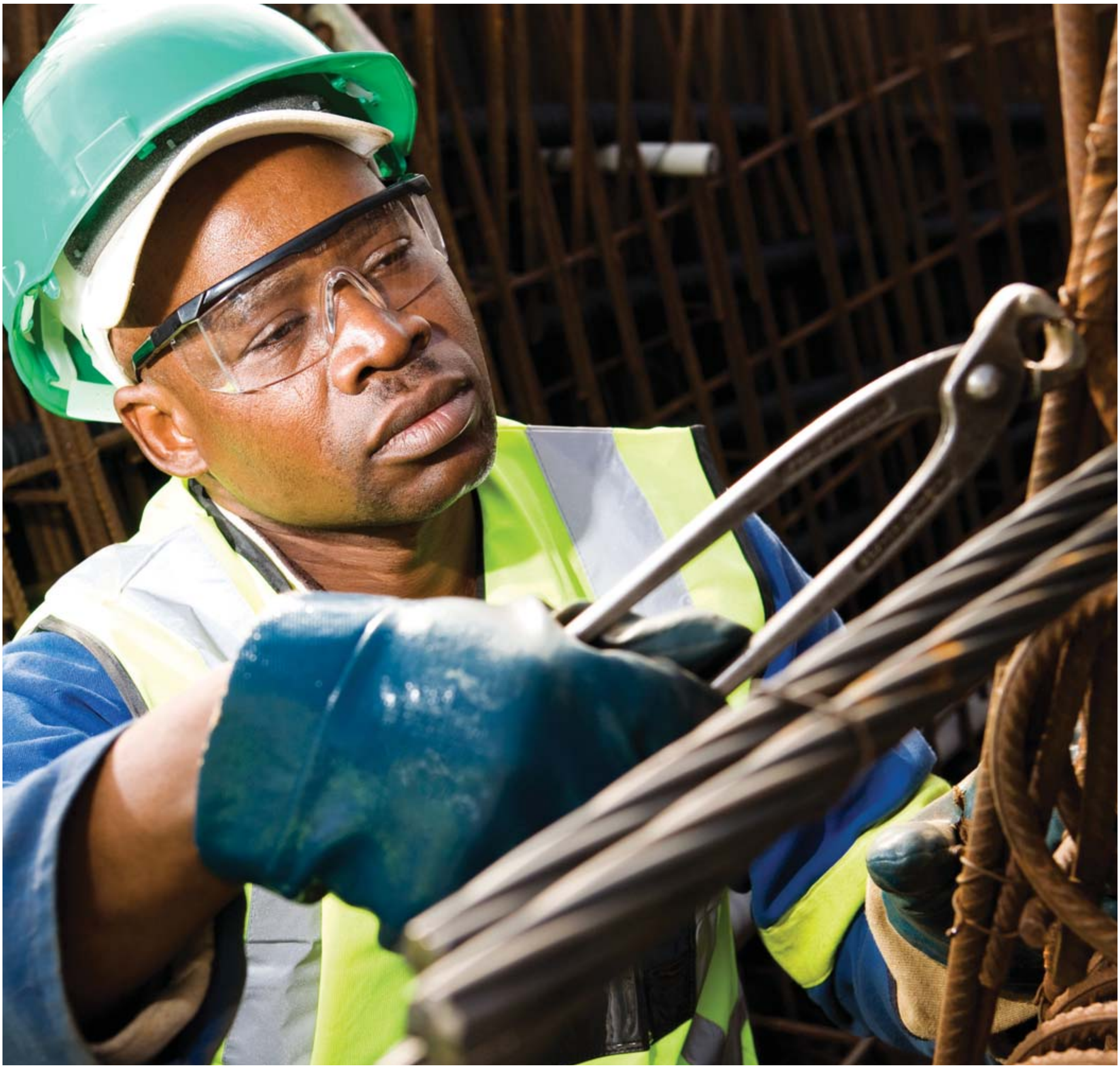
Aspect:

1 Employment
2 Labour/ management relations
3 Health and safety
4 Training and education
5 Diversity and equal opportunity

DELIVERY ON F2017 FOCUS AREAS:

IN THE GROUP'S F2016 INTEGRATED ANNUAL REPORT, WE OUTLINED A NUMBER OF FOCUS AREAS. THE TABLE INDICATES HOW WE DELIVERED AGAINST THESE:

FOCUS AREAS FOR F2017	DELIVERY
Work towards obtaining an overall top ten rating in the Best Employer survey.	We retained our position as a Best Employer in the Construction Sector. However, we did not achieve a top ten rating due to a lack of spend on certain IT-enabled HR processes in the current tough environment
Conduct another employee engagement survey and address the various issues that arise.	We conducted an employee engagement survey at business segment level and not group level. This was due to significant retrenchments in specifically the Engineering & Construction cluster
Roll out the revised performance management format introduced in F2016 and ensure that our managers have the transactional skills required to engage in this methodology.	This was rolled out successfully, with positive feedback from both line management and employees
Procure the best candidates for the group, with a focus on equity candidates.	Our employment equity performance improved at most levels, with a particularly strong improvement at senior level
Improve the quality of our contract delivery through enhanced employee relations management.	Our man days lost due to strikes were at 13 211 days lost against 29 813 in F2016. A large contributor to this was our enhanced employee relations management systems and processes put in place over the last year



INTRODUCTION

CONDITIONS IN THE CONSTRUCTION SECTOR WERE VERY CHALLENGING THIS YEAR, WHICH RESULTED IN A LARGE ORGANISATIONAL RESTRUCTURE AND RESULTANT RETRENCHMENTS. 255 EMPLOYEES LEFT THE GROUP THROUGH VOLUNTARY AND FORCED RETRENCHMENTS.

We followed consultation processes that complied with the legal requirements in terms of the Labour Relations Act (LRA). In addition to LRA requirements, the group offered counselling and support to employees to deal with the transition. Of the forced retrenchments there was only one referral to the CCMA. This is currently in progress.

We also remained focused on investing in our remaining employees to ensure we retain the capacity to grow once the market improves. We remain committed to the creation of a conducive working environment and value proposition that is both competitive and attractive to our employees and prospective employees.

The group's employee value proposition consists of:	
Quality people management and people management systems	Group-wide career development opportunities
Continuous development through our comprehensive training suite of programmes	Integrated talent management
Competitive remuneration	A values-based leadership culture

BENEFITS TO FULL-TIME EMPLOYEES

The table below outlines key benefits provided to permanent employees over and above cash remuneration:

BENEFITS TO PERMANENT EMPLOYEES		
LIFE ASSURANCE	Group life assurance	Death benefit – three times annual pensionable earnings
		Tuition fees from pre-school to tertiary education in the event of death
		Funeral cover for the employee, spouse and dependants
		Additional funeral cover at reduced group negotiated rates for immediate and extended family members
	Group personal accident insurance	Death benefit following an accident of three times annual income
DISABILITY/INCOME PROTECTION	Total temporary disability	Up to 75% of pensionable income (tax-free), plus retirement fund waiver of 15.5% to 16.5%
	Medical aid contribution protector	12 months' medical aid premiums
	Mortgage protector	Certain members can claim three to 24 months' bond instalments depending on their medical aid status
	Group personal accident – injury recuperation cover	100% of income for a maximum of six months
		Permanent disability – three times annual guaranteed earnings Temporary total and partial disability benefit – benefit paid as a percentage of income on a sliding scale of severity of disabling injury
	Group personal accident – injury on duty and road accident cover assistance	Assistance with submission of claims and additional supporting documents and advice
HEALTHCARE	Various service providers	27 plan options (Members: 1 639)
		Low-cost scheme for permanent employees in the construction industry (Members: 172)
		Emergency evacuation for employees travelling over-border
HIV MANAGEMENT PROGRAMME	Various service providers	Included in scheme benefits and employer fully funded for uncovered lives
MEDICAL INSURANCE COVER	Gap cover	Join with no underwriting to fund the shortfall of in-hospital cover up to 500% above the medical aid scheme rate and co-payments for a schedule of procedures
		12-month premium waiver in the event of disability, death or retrenchment
		Includes dental insurance options
RETIREMENT FUNDING	Provident fund	Defined contribution fund (15.5% to 16.5% of retirement funding income [RFI]), plus additional 1% employer-funded contribution for middle to top management
		Life-stage default investment range plus three opt-out investment portfolios to choose from
	Pension fund	Defined benefit fund

BENEFITS TO PERMANENT EMPLOYEES CONTINUED

MATERNITY BENEFITS	Three months' leave	100% of income after ten months' service
	Four months' leave	75% of income or three months at 100% income and month four at 75% after ten months' service
LONG SERVICE BENEFITS	After five years	Additional three days annual leave per annum
		Certificate of recognition
	After ten years	Additional two days per annum and once-off five days' leave every ten years thereafter
		Cash benefit paid every ten years from R2 000 to R8 000
FLEXI-TIME	Core hours 09:00 to 15:00	Integrated central office
CRÈCHE FACILITY	Up to Grade R and school holiday programme up to the age of 12	Integrated central office
GYM FACILITY	Fully equipped with instructors	Integrated central office
CANTEEN FACILITY	Providing full catering function	Integrated central office
EMPLOYEE ASSISTANCE PROGRAMME	Counselling and advice	All employees, including their families and anyone residing with them
DIVIDEND PAYMENTS	Staff trust that pays out dividends bi-annually	All African, Coloured and Indian employees from technically qualified to middle management levels, with a good performance rating
TRAVEL ALLOWANCE	Certain travel categories	Qualifying employees
EDUCATION BENEFIT	Travel benefit every three to five years depending on seniority to encourage senior management to attend international conferences and seminars to stay abreast of trends and provide relevant exposure	All top and senior management (Paterson D4 and higher)

Funeral cover

During the annual risk rate review, our funeral cover for permanent salaried employees increased from R10 000 per member to R20 000 per member, spouse and child at no additional cost to the member.

Income continuation

The group's income continuation policy was amended in F2014 to shorten the time for claiming disability, as well as relaxing the definition. To date, 43 people have claimed. This change has resulted in a cost saving to the group as the waiting period was historically funded by the employer before inception of the policy. This resulted in a R3,5 million saving in the last three years.

Employees are also able to receive the required medical care and recover at home, without loss of income. They are allowed to either recover to such an extent that they are able to reintegrate into the workforce or they receive an income to their normal retirement date or death.

Medical aid

During the year, the group changed its medical insurance company to offer more comprehensive benefits and cover.

Black Professionals Staff Trust

The Trust was introduced in F2013. It offers black employees in junior and middle management voting rights on certain group issues, as well as dividends earned on 10% of the group's share issue. Eligible employees receive dividend pay-outs twice a year, which assists with the retention of our skilled and performing equity candidates.

Average dividend paid to participating employees to date:

Management level	Paterson grade	**F2017**	F2016	F2015	F2014
Technically qualified/supervisory	C2	**R2 034**	R2 774	R1 316	R3 410
	C3	**R4 475**	R6 104	R2 892	R7 502
Junior management	C4	**R6 509**	R8 878	R4 209	R10 913
	C5	**R13 018**	R17 756	R8 384	R21 825
Middle management/professionals/specialists	D1	**R13 018**	R17 756	R8 428	R21 825
	D2	**R24 409**	R33 292	R15 700	R40 922

Provident fund

The management committee of the Group Five Provident Fund meets quarterly to review its performance. The committee is currently exploring the possibility of including passive investment portfolios and money market options to expand the offering to employees in these challenging market conditions.

The benefits apply to all monthly-paid employees (mostly employees from junior management and above) and those not covered by a collective bargaining arrangement.

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

DISCIPLINARY AND GRIEVANCE POLICY/ PROCEDURES

The group intensified its focus on ensuring that employees receive comprehensive training in terms of both our updated Code of Conduct and our grievance procedure. Managers and supervisors received training on the correct application of the group's disciplinary code and procedures. This will ensure that line managers are equipped to handle issues and that employees are confident to express themselves and participate in the processes without fear of victimisation. During the year, 114 people were trained in 11 workshops.

We also launched a process that allows for collective grievances to be aired timeously to prevent the breakdown of trust and deterioration of relationships on construction sites. This entails the refusal to negotiate with employees whilst they are engaged in unprotected industrial action and the issuing of ultimatums with the potential for dismissal of striking workers if they do not return to work in a reasonable time.

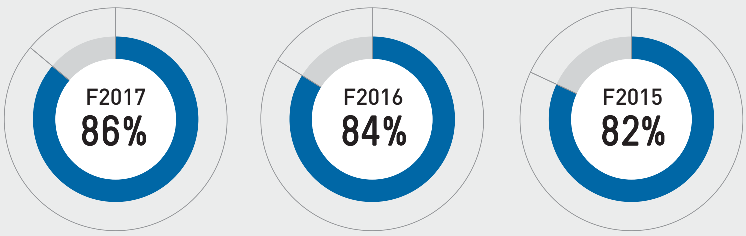
The group's disciplinary policy and procedures provide clear instructions on how managers should deal with cases of misconduct and unsatisfactory performance. The disciplinary code provides directives on how offences warrant progressive discipline and where more serious penalties such as dismissals are required.

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

FORMAL PERFORMANCE MANAGEMENT SESSIONS

Our improved performance management template was rolled out across the group after the successful launch within the Engineering & Construction cluster. The comprehensive feedback on employees' compliance and conformance with the group's values and the impact of the employee's attitude has resulted in greater collaboration between line managers and their direct reports in performance improvement plans.

This year's overall performance reviews conducted, increased to 86% of salaried employees. We also ensured that the consistency of ratings improved across the group. We are pleased to report that the outcome of these efforts have resulted in improved consistency in the ratings.



CURRENT EXECUTIVE AND SENIOR MANAGEMENT SPLIT

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

81 out of 119 (68%) of the current senior management positions are held by employees promoted from within the group.

Of particular relevance this year was the appointment of Themba Mosai as our new CEO, Kushil Maharaj as the new head of Investments & Concessions and Mark Humphreys as the Executive of Construction. They have all been with the group for numerous years.

	Female						Male							
	AIC*		White		Total		AIC*		White		Total		Total	
Category	F2017	F2016	F2017	F2016	F2017	F2016	F2017	F2016	F2017	F2016	F2017	F2016	F2017	F2016
External appointment	9	3	1	–	10	3	8	6	20	5	28	11	38	14
Internal appointment	7	2	11	9	18	11	30	15	33	65	63	80	81	91
Total	16	5	12	9	28	14	38	21	53	70	91	91	119	105

* *African, Indian and Coloured.*

BREAKDOWN BY GEOGRAPHY AND GENDER

(permanent and contract-specific employees)

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

Of the 35% of our workforce outside of South Africa, during the year, 66% was employed on a contract-specific basis. This is consistent with our policy of utilising and developing local labour and reducing our dependence on expensive expatriate labour in all but specialised positions. In South Africa, the component of temporary employees was 42%, down from 49% in F2016. This was largely due to the reduction in the number of contracts we executed.

	Male				Female				Total			
	F2017	%	F2016	%	**F2017**	%	F2016	%	**F2017**	%	F2016	%
International	**2 551**	37	1 802	24	**446**	27	418	24	**2 997**	35	2 220	24
Contract-specific	**1 838**	72	1 008	56	**139**	31	349	83	**1 977**	66	1 357	61
Permanent employees	**713**	28	794	44	**307**	69	69	17	**1 020**	34	863	39
South Africa	**4 281**	63	5 740	76	**1 194**	73	1 353	76	**5 475**	65	7 093	76
Contract-specific	**1 799**	42	2 899	51	**507**	42	599	44	**2 306**	42	3 498	49
Permanent employees	**2 482**	58	2 841	49	**687**	58	754	56	**3 169**	58	3 595	51
Total	**6 832**	81	7 542	81	**1 640**	19	1 771	19	**8 472**	100	9 313	100

TERMINATIONS

The tough trading conditions resulted in a decline in our workforce and unfortunate levels of involuntary terminations due to forced retrenchments and limited duration contract terminations.

Unfortunately, 73% of the employees affected by the retrenchments were from designated groups, as the majority of terminations was in the semi-skilled and skilled artisan and clerical categories where surplus skills existed.

VACANCY ANALYSIS

As can be expected following a period of retrenchments, the vacancy factor remained close to zero. We ensured that we maintain core skills, as well as resourced new functions in the restructured Engineering & Construction cluster into two separate clusters.

%	**F2017**	F2016	F2015	F2014	F2013	F2012
Vacancy analysis	**0.3**	0.1	2.2	5.1	8.0	<1

FOCUS FOR F2018

- Review our employee benefits offering and assess the equality of the offering across the different employee categories and identify the duplication of benefits offered by numerous service providers to optimise benefits and save costs for employees and the group
- Review the definition of pensionable earnings to select risk cover in line with individual employee requirements and their particular life stages instead of the current standard offering
- Stabilise the current workforce and re-energise our people after the restructuring
- Integrate the new leadership from a change management perspective

PEOPLE

LABOUR PRACTICES AND DECENT WORK

Aspect:

1 Employment
2 Labour/ management relations
3 Health and safety
4 Training and education
5 Diversity and equal opportunity

DELIVERY ON F2017 FOCUS AREAS:

IN THE GROUP'S F2016 INTEGRATED ANNUAL REPORT, WE OUTLINED A NUMBER OF FOCUS AREAS. THE TABLE INDICATES HOW WE DELIVERED AGAINST THESE:

FOCUS AREAS FOR F2017	DELIVERY
Further improve management and employee relationships and communication on our sites.	Our man days lost due to labour disruptions decreased by 55%
Engage the building industry in an attempt to formalise the industry bargaining structure in a vulnerable labour environment.	This is ongoing
With the assistance of the group IR leadership, further standardise both policy and procedure roll out across all aspects of our group.	Significant progress was achieved in this area
Ensuring that all differences in remuneration between employees are based on the allowed criteria in the Employment Equity Act and best practice in this regard.	The group continues to lead in this area and further reduced our salary anomalies by 47%
Continue to proactively engage with various unions and other employee-related governing bodies to ensure we anticipate trends and risks facing the group and participate in industry policy formation.	We continue our leadership roles at the various industry bodies. Our proactive approach was instrumental in achieving the reduction in man days lost

INTRODUCTION

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

We achieved pleasing progress following the creation of our multi-disciplinary industrial relations leadership group structure. During the year, we further refined our IR policies and procedures, with the roll out of an updated disciplinary policy and procedure. This simplified our processes and ensures the fair treatment of employees and the group in disciplinary processes.

The group continues to be represented on all major industry negotiating forums.

LEVEL OF UNIONISATION OF THE TOTAL WORKFORCE (both local and international (last five years))

This year, our union membership remained stable at 1 400 members compared to last year's 1 422 members. Due to a decrease in our total workforce, our relative union percentage of total employees increased to 16% compared to 15% last year.

LEVEL OF UNIONISATION OF THE TOTAL WORKFORCE – BOTH LOCAL AND INTERNATIONAL (F2012 – F2017):

	F2017	F2016	F2015	F2014	F2013
Total employee headcount (all employees)	**8 472**	9 313	12 178	14 485	13 659
Number of unionised employees	**1 345**	1 422	2 115	2 494	2 120
Union membership as % of total workforce	**16**	15	17	17	16

PROPORTIONAL UNION REPRESENTATION AS A PERCENTAGE OF THE SOUTH AFRICAN WORKFORCE

Although the number of unionised employees remained stable during the year, their representation as a percentage of the South African workforce increased to 21% due to the large reduction in headcount in South Africa. NUMSA's representation increased due to their membership drive within the construction sector.

	AMCU	BCAWU	BWAWUSA	GIWUSA	NUM	NUMSA	SACWU	SATAWU	**Total**
% Split									
F2017	**–**	**1.94**	**0.53**	**1.79**	**9.13**	**4.33**	**–**	**3.54**	**21.26**
F2016	–	1.63	0.38	1.37	8.94	0.74	0.57	3.01	**16.64**
F2015	1.96	1.46	0.29	1.20	9.46	2.22	0.42	2.58	**19.59**
F2014	0.07	2.42	0.29	1.34	11.33	3.01	0.34	2.36	**21.16**
F2013	0.09	1.66	0.48	1.80	11.86	0.36	0.40	2.80	**19.45**

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

INCIDENCE AND IMPACT OF STRIKES

Strike action was restricted to the Engineering & Construction cluster. The table reflects the incidence and impact of strikes in man days lost across the cluster. As a result of our revised policies and procedures, we experienced a reduction in man days lost.

All strikes were unprotected in terms of the Labour Relations Act. This will be a priority in the coming year, as unprotected strikes are unfortunately becoming the norm. More than half of our man days lost were as a result of service delivery issues in the wider socio-political environment rather than issues linked to our operations. We are embarking on increased community liaison to prevent unrelated community issues from impacting our operations.

INCIDENCE AND IMPACT OF STRIKES IN MAN DAYS LOST

ENGINEERING & CONSTRUCTION	Number of strikes	Man days lost
Building	5	11 304
Housing	7	1 223
Civil Engineering	3	513
Oil & Gas	–	–
Projects	–	–
Total	15	13 040

CCMA CASES

CCMA referrals reduced from 70 to 28. This was mainly due to significant training programmes on correct disciplinary procedures and consistent adherence to both legislated and internal policies and practices. This is particularly pleasing during a year where the group instituted significant restructuring.

	F2017	F2016	F2015	F2014	F2013	F2012
Referrals (number of cases)	**28**	70	73	108	53	68

NOTICE PERIODS REGARDING OPERATIONAL CHANGES

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

Limited duration contract employees (LDCs)

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

Permanent employees

Non-unionised employees

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

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

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

Unionised employees

Collective bargaining agreements specify the processes to be followed when operational requirements require job losses. The group is a signatory to agreements with the Steel and Engineering Industries Federation of South Africa, the South African Forum of Civil Engineering Contractors, the Bargaining Council of the Civil Engineering Industry, the Construction Industry Bargaining Council, the Gauteng Building Voluntary Bargaining Forum and various regional bargaining councils.

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

1

Limited duration contracts specify anticipated contractual termination date.

2

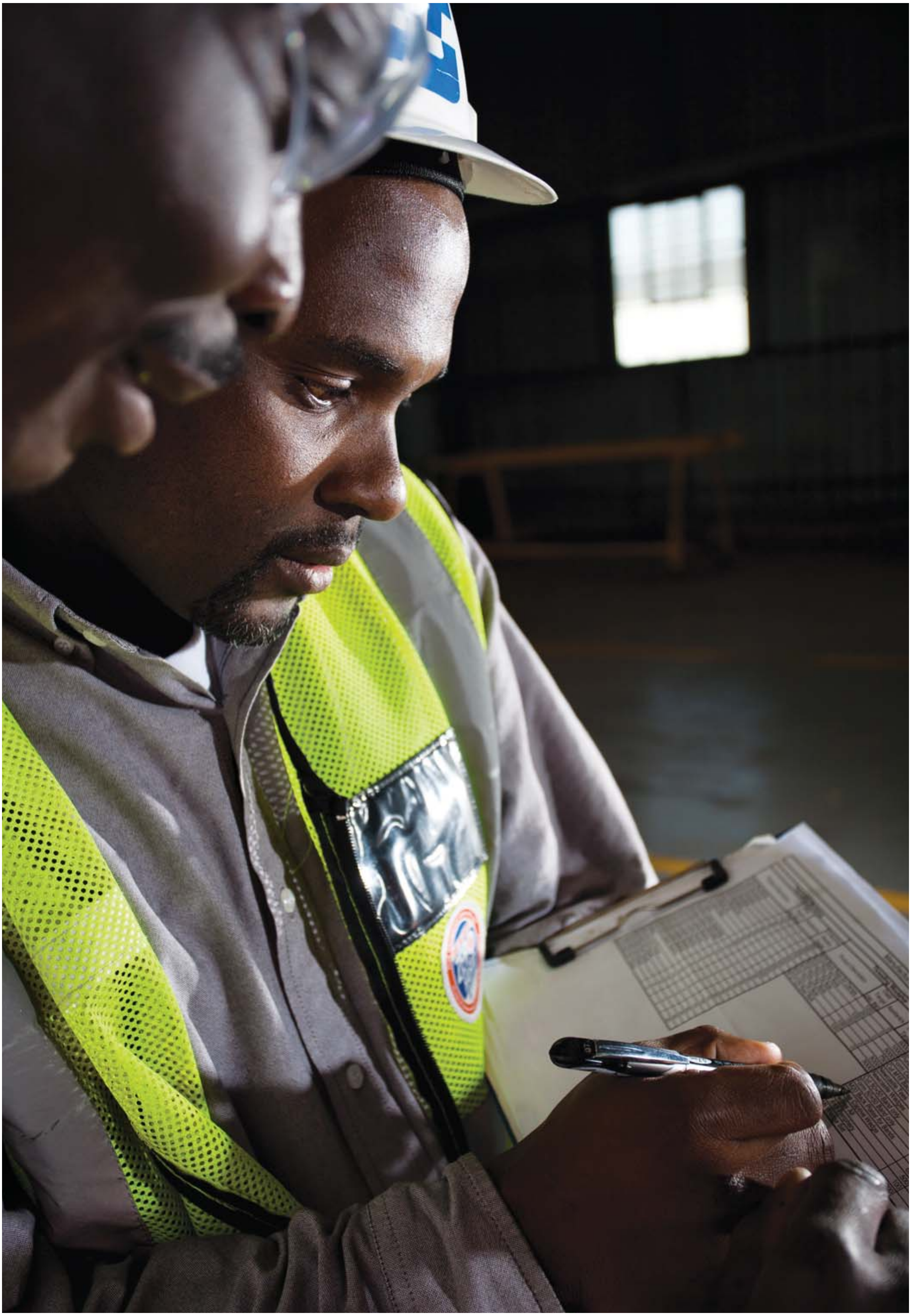
Employees are informed of programme changes as a result of delays and/or acceleration at weekly site/ toolbox talks.

3

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

FOCUS FOR F2018

- Working closely with communities around our sites to ensure that socio-political unrest does not spill over onto our operations. We will engage with community leaders in an attempt to achieve this
- Use the lessons learnt from CCMA referrals by employees to further improve our IR processes and procedures to ensure industrial harmony throughout our operations



PEOPLE

LABOUR PRACTICES AND DECENT WORK

Aspect:

1 Employment
2 Labour/management relations
3 Health and safety
4 Training and education
5 Diversity and equal opportunity

HEALTH

This section addresses both occupational health and employee wellness issues.

DELIVERY ON F2017 FOCUS AREAS:

IN THE GROUP'S F2016 INTEGRATED ANNUAL REPORT, WE OUTLINED A NUMBER OF FOCUS AREAS. BELOW WE INDICATE HOW WE DELIVERED AGAINST THESE:

FOCUS AREAS FOR F2017	DELIVERY
Group induction training to include employee wellbeing and HIV management to increase awareness and access to benefits available.	Group induction content was updated with information on employee wellbeing and HIV management
Increased assistance for stress and fatigue management and other lifestyle diseases.	This was completed, with a range of campaigns addressing these issues during the year
Improved occupational health and wellness screening uptake and risk identification to ensure proactive access to care for chronic conditions, such as hypertension.	Screening and job-specific occupational risk profiles were increased
Align reporting to identify, manage and track health risks and outcomes.	Employee medical screening is done by various service providers. We have implemented a standard template for capturing information to ensure alignment

INTRODUCTION

GROUP FIVE WORKS WITH AN EXTERNAL INDUSTRY LEADER IN OCCUPATIONAL HEALTH SERVICES TO PROVIDE COMPREHENSIVE AND COST-EFFECTIVE HEALTHCARE SOLUTIONS.

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

Group Five seeks to improve the overall health and wellbeing of employees by proactively identifying, managing and reducing chronic diseases.

MEDICAL SURVEILLANCE

Group Five's medical surveillance programme is managed through an accredited service provider.

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

MEDICAL EXAMINATIONS

The information below outlines the number of occupational employee medicals conducted during the year, with the main issues identified.

A total of 5 780 medical assessments were undertaken in F2017 compared to 8 102 in F2016. The decline was attributable to the decrease in the number of contracts. Sub-contractor medicals declined significantly from 2 727 in F2016 to 787 in F2017 due to most contractors using their own preferred service providers.

During medical assessments, the following four issues were identified as predominant diseases:

Noise-induced hearing loss	755
Hypertension	357
Decreased lung function	158
Raised body mass index (BMI)	123

Whilst hypertension and raised body mass index are critical health issues, of particular concern is the increase in noise-induced hearing loss and decreased lung functions, as they are occupational diseases that fall within occupational compensation categories. Most of the noise-induced hearing loss cases were reported within the Engineering & Construction cluster. Of the 755 noise-induced hearing loss cases, 15 were referred for compensation. The decreased lung function cases were also identified in Engineering & Construction.

All employees diagnosed with possible noise-induced hearing loss are closely monitored to prevent further deterioration. The teams are ensuring that employees wear their ear protection devices correctly. Affected employees are also offered counselling and information on noise exposure risk, its adverse health effects and how to mitigate exposure and prevent further deterioration.

We implemented a noise-induced hearing loss awareness training programme at all our sites this year. The objective of this programme is to increase the understanding of noise-induced hearing loss and its impact on employees and the group. An awareness workshop was held with safety, health, environment and quality (SHEQ) managers to improve their knowledge on implementing risk control measures and proactive interventions for employees showing signs of early hearing impairment.

To mitigate the risk of decreased lung functioning, we reiterated that workers should use protective face masks during work, that dusty areas should be wetted down and that smoking reduces the ability to clear dust and increases the risk of lung cancer.

The employees affected by hypertension and raised body mass index are referred to their medical practitioners. We continually offer awareness programmes on hypertension, raised body mass index and other lifestyle conditions.

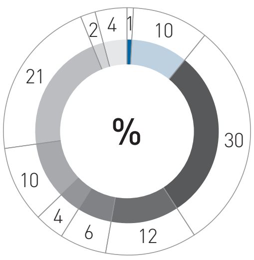
MEDICAL EXAMINATIONS – GROUP

	Pre-employment medicals	Periodical medicals	Exit medicals	Travel medicals	Contractor medicals
F2016/F2017	**1 484**	**1 708**	**1 652**	**149**	**787**
F2015/F2016	1 738	1 965	3 328	82	2 727
F2014/F2015	2 685	2 886	2 091	60	–
F2013/F2014	4 809	2 980	1 605	75	–
F2012/F2013	2 765	1 748	973	90	–

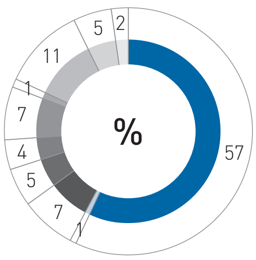
MEDICAL EXAMINATIONS – BY CLUSTER

	Pre-employment medicals	Periodical medicals	Exit medicals	Follow-up medicals	Contractor medicals	Travel medicals
Central Business Services	14	1	2	1	–	–
Engineering & Construction	1 288	1 385	1 599	12	615	148
Investments & Concessions	65	38	18	–	–	1
Manufacturing	117	284	33	31	172	–

KEY OCCUPATIONAL HEALTH RISKS



EMPLOYEES OF CONCERN (%)



Work stress	1	Diabetes	4
Raised BMI^	10	PLH* >2.5	10
Hypertension	30	PLH* >5	21
Poor lung function	12	PLH* >7.5	2
Poor vision	6	Primary healthcare	4

Chronic hypertension	57	Diagnostic X-ray	7
Uncontrolled BP#	1	TB treatment	1
Chronic diabetes	7	HIV known	11
Ophthalmology referral	5	Hospital referral	5
Diagnostic audio	4	Mesothelioma pending	2

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

GROUP FIVE EMPLOYEE WELLNESS

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

Lifestyle risk factors

Four main lifestyle risk factors often lead to four major chronic conditions. These conditions are responsible for 60% of global deaths.

These are physical inactivity, poor nutritional choices, smoking and high alcohol consumption.

EMPLOYEES TESTED

THREE groups were tested

1

EMPLOYEES WHO ATTENDED A WELLNESS DAY EVENT

175 employees

2

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

64 employees

3

EMPLOYEES WHO COMPLETED AN ONLINE VITALITY AGE ASSESSMENT

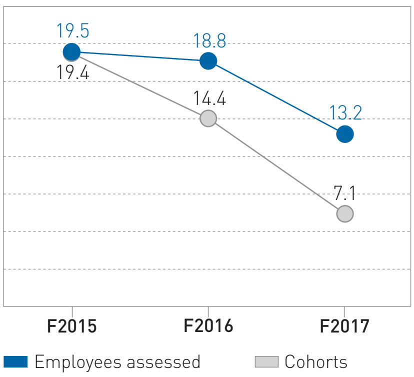
115 employees

Group Five employee lifestyle risks

The following risks were identified amongst those tested:

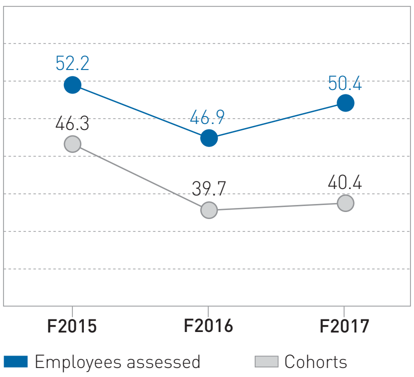
STRESS MANAGEMENT (%)

13.2% of participants presented high levels of stress. This decreased from 18% last year. The industry average is 13.9%.



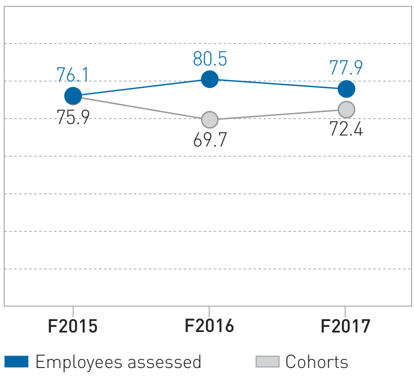
PHYSICAL ACTIVITY (%)

50.4% of participants are not exercising enough. This was 46.9% last year. The industry average is 40.8%.



NUTRITION (%)

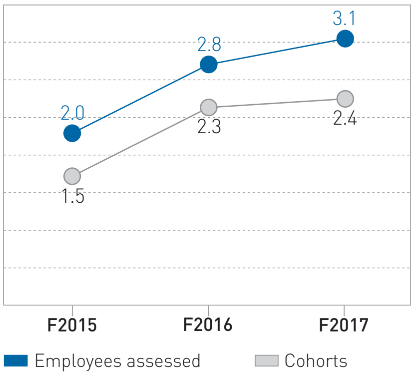
77.9% of participants are not eating healthy enough. This was 80.5% last year. The industry average is 71.9%.



Note: *Cohorts – the health provider uses the same set of data, for the same individual, over a three-year period to establish common statistical characteristics.*

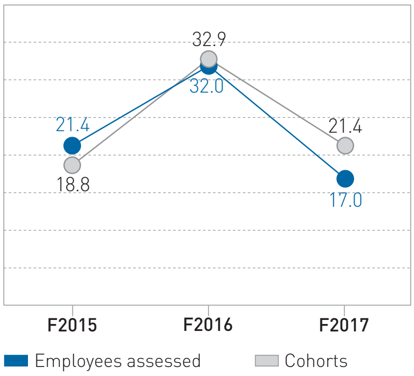
ALCOHOL CONSUMPTION (%)

3.1% of participants consume too much alcohol. This was 2.8% last year. The industry average is 13.9%.



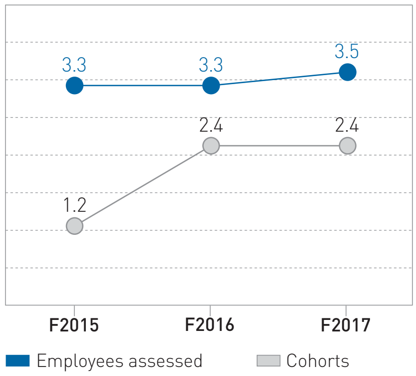
BLOOD PRESSURE

17% are above normal limits, which was down from 32% last year. The industry average is 23%.



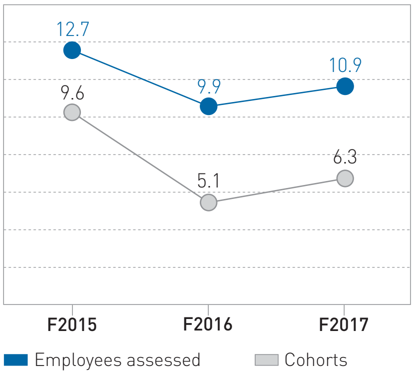
BLOOD GLUCOSE

3.5% are above normal limits, up from last year's 3.3%. The industry average is 0%.



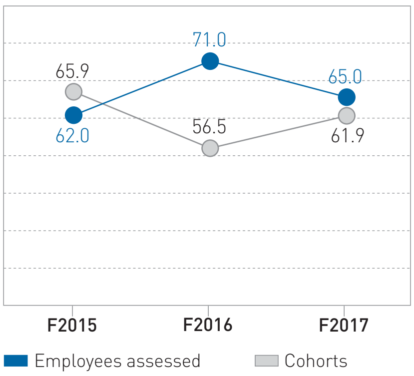
SMOKING (%)

10.9% of participants smoke. This was 9.9% last year. The industry average is 14.1%.



INTERMEDIATE RISK FACTORS (%)

65% of participants are overweight. This was 71% last year. The industry average is 55%.



To address areas of concern, we will be introducing a new mandatory formal referral programme in cases where external intervention is required. This will ensure that an official record of referred employees is kept. We will continue to remind workers that they can approach the group for help and will continue to educate employees on the dangers of uncontrolled glucose and alcohol abuse.

BEHAVIOUR	AT-RISK DEFINITION
Physical activity	Less than 150 minutes of moderate to vigorous activity each week
Nutrition	Less than five servings of fruit or vegetables per day
Smoking	Currently smoking
Alcohol consumption	More than two alcoholic drinks per day
Overweight	BMI more than or equal to 25

GROUP FIVE EMPLOYEE ASSISTANCE PROGRAMME

Group Five implemented an employee assistance programme (EAP) in calendar 2010. This programme supports employees in the areas of personal and/or work-related issues that may impact their job performance, health and mental and emotional wellbeing.

During the year, 208 people were counselled as part of the EAP. This represents almost 4% of the South African headcount of 5 475. This was an increase from F2016 when the counselling component was 2% of headcount.

The group is focusing on increasing the number of employees using the counselling services to 5% or more of the South African headcount. Increased awareness of the services being offered and referrals will be driven through managers and supervisors.

Engagement type

Face-to-face counselling remains the preferred medium for employees, with telephonic counselling the second most preferred.

Employees who have utilised face-to-face counselling were offered access to accredited professional psychologists and social workers. Although the number of cases reported this year was 112, each case is allocated an average of four counselling sessions depending on the treatment required.

Engagement type	F2017	F2016
Face-to-face counselling	**112**	108
Tele-counselling	**67**	84
On-site clinic	**27**	20
On-site trauma counselling	**2**	15
Total	**208**	227

Overall engagement rates

During the year, 985 employees used the EAP compared to 2 454 last year. The decrease was due to less training, wellness events and website engagements due to the tough economic environment.

Overall engagement	F2017	F2016
Telephone	**192**	101
E-mail	**27**	37
E-support	**–**	2
Meetings	**5**	6
SMS	**318**	1 713
Training	**4**	9
Website	**437**	132
Wellness days	**2**	454
Total points of contact	**985**	2 454

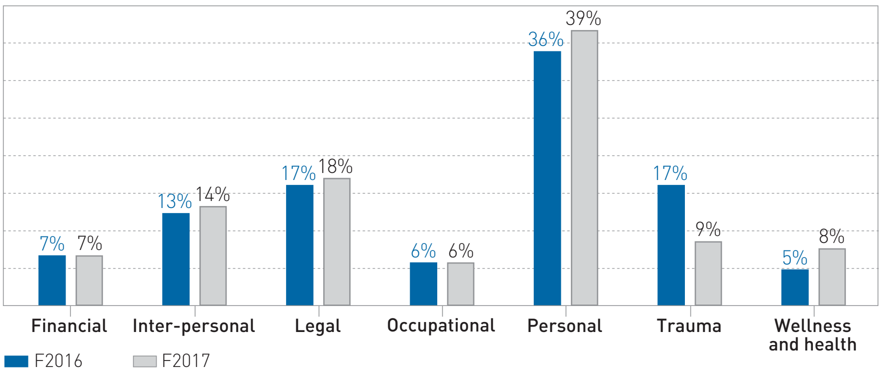
Presenting categories

The highest presenting categories during F2017 were personal (increased from 36% in F2016 to 39% in F2017), legal (increased from 17% in F2016 to 18% in F2017) and inter-personal (increased from 13% in F2016 to 14% in F2017).

The majority of presenting reasons during the year was personal stress, followed by legal advice and personal adjustment difficulties. As the programme aims to build resilience, we are pleased with the increase in employees reaching out to manage personal matters before it impacts their working environment.

Presenting categories

YEAR-ON-YEAR COMPARISON



Areas for improvement

During the year, areas for improvement of the EAP were identified. These include:

- Improved communication of the offering and clinics amongst current and new employees, both on sites and at the central office
- Training of managers on the EAP to ensure teams are aware of the benefits and referral procedures for employees who require the services

HEALTH TRAINING

At the first workshop held in April 2017, 22 health and safety managers from across the group met to discuss the importance of raising awareness of health issues on site. The team prioritised noise-induced hearing loss due to an increase in employees either not using the provided ear protection devices or the incorrect use when working in high noise zones. The team is addressing this.

Training and awareness promotion continues on topics such as substance abuse, fatigue management, diabetes, hypertension and cholesterol.

MALARIA MANAGEMENT

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

Number of malaria cases	F2017	F2016	F2015	F2014	F2013
	22	41	139	253	176

HIV AND AIDS AWARENESS AND TRAINING

A new integrated HIV management programme was launched in March 2016. The aim of the programme is to de-stigmatise HIV to ensure it is approached in a similar way to other lifestyle diseases such as high blood pressure or diabetes.

Employees are now provided with the opportunity to test with every medical performed during their employment. The group has a policy on HIV/Aids which encourages ongoing awareness, training, counselling and testing, with the emphasis on confidentiality and no discrimination. Treatment is either facilitated through the medical aid or through government health systems.

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

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

During the year, 954 screening opportunities were offered, with 244 employees accepting testing.

To increase the take-up of testing, the following areas have been identified as key focus areas:

FOCUS AREAS	ACTIONS
1 Awareness and education	Make use of various communications platforms to convey the message, such as site campaigns, posters and newsletters.
2 Increase enrolment in the HIV disease management programme	Conduct awareness training on the confidentiality aspects of the programme and the rights of each employee.
3 Further enhance the occupational hygiene programme	Conduct occupational hygiene assessments based on employee risk profiles.

FOCUS FOR F2018

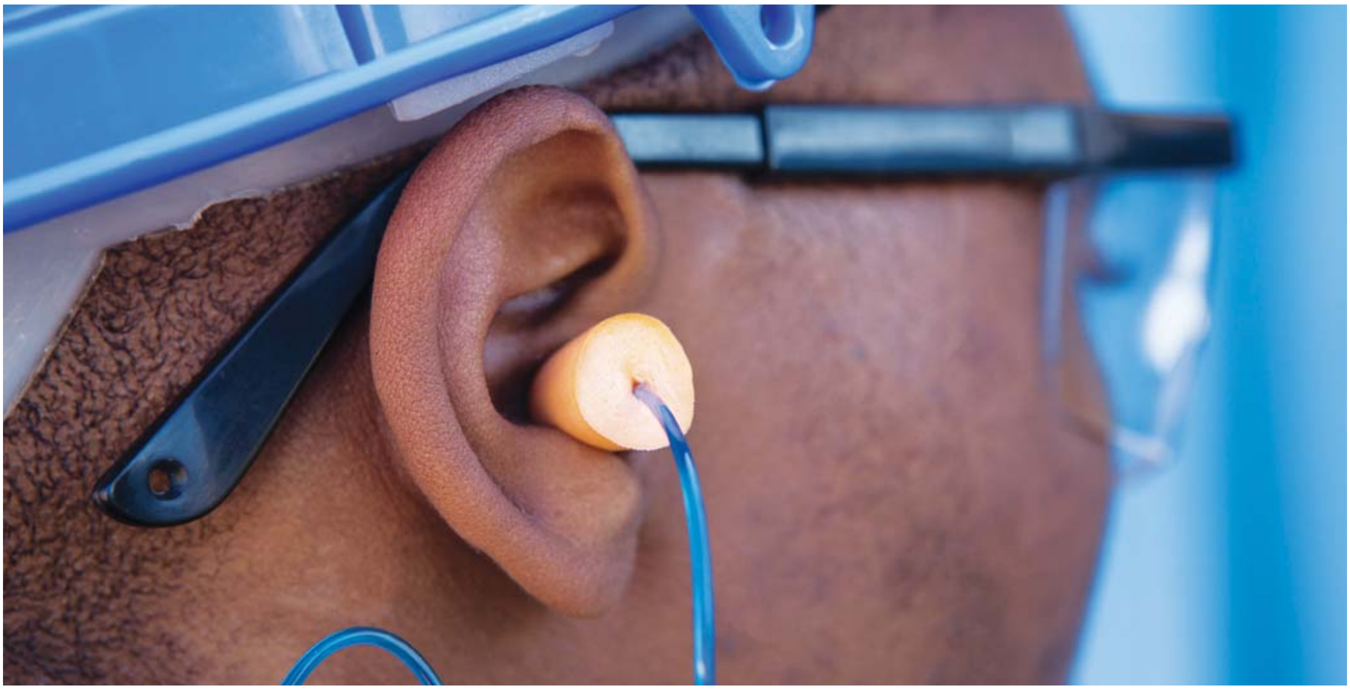
- Implement health risk and occupational hygiene assessments, including noise, dust, vibration, ergonomics, psychological and biological monitoring
- Prepare job-specific occupational risk profiles to supplement medical fitness certificates
- Ensure that the investigations of occupational-related diseases, the reporting of the diseases and the follow up are completed
- Provide effective primary healthcare and the follow up of all pre-existing conditions that exacerbate occupational injuries and diseases
- Improve the overall wellness programme by prioritising occupational health
- Address fatigue management and increase awareness campaigns around conditions such as hypertension, cholesterol and substance abuse

SAFETY

DELIVERY ON F2017 FOCUS AREAS:

IN THE GROUP'S F2016 INTEGRATED ANNUAL REPORT, WE OUTLINED A NUMBER OF FOCUS AREAS. THE TABLE INDICATES HOW WE DELIVERED AGAINST THESE:

FOCUS AREAS FOR F2017	DELIVERY
CONTINUE TO IMPROVE OUR OPERATING DISCIPLINE	
• Transform paper programmes into real and tangible results to prevent re-work, injuries, incidents and near misses • Improve safety communication and ensure that employees are closely involved in safety efforts, share our values and demonstrate a strong sense of teamwork • Supervisors and employees should understand that shortcuts will not be tolerated, that practices must be consistent with procedures and that documentation has to be up to date • Consistent compliance with procedures will be enforced and a sense of responsibility for individual behaviour on site should be created	• Contract specifications were communicated and compliance with procedures was enforced • Although we have significant areas for improvement with ongoing fatalities, during the year there was an improvement in cooperation between management, supervisors, employees and sub-contractors to continuously manage safety risk • Communication was improved and supervisors were re-trained to ensure they understand they are responsible for monitoring the site health and safety programme and must set an example that will foster positive attitudes towards health and safety • Employees were also trained on their responsibility for their own safety and that of their co-workers Although these measures have all made an impact and we have very good procedures in place, we sadly suffered fatalities again this year. It seems that we are still not managing to change the mindset of our people in terms of never operating outside of procedures.
ENFORCE AND COMMUNICATE THE CODE OF CONDUCT	
The group's commitments in the Code of Conduct are outlined below: • Provide a safe and healthy workplace • Act with honesty, integrity and fairness • Respect the environment and the needs of the communities in which we work • Establish clear lines of accountability • Create a performance-driven culture • Encourage and support innovation and technological leadership	• The new Code was signed off by the board. It has been communicated and compliance is continually monitored. However, as we sadly suffered fatalities again this year, it seems that we are still not managing to change the mindset of our people in terms of never operating outside of procedures
Employees' responsibilities in the Code of Conduct are outlined below: • Respect and look after each other, the community and the environment • Act with honesty, integrity and fairness • Work together in the long term interest of the group • Speak to supervisors/managers when something seems wrong and share ideas for improvements • Assume personal responsibility and accountability	• A behaviour-based safety programme was implemented. However, as we sadly suffered fatalities again this year, it seems that we are still not managing to change the mindset of our people in terms of never operating outside of procedures



INTRODUCTION

THE SAFETY OF OUR EMPLOYEES IS OF UTMOST IMPORTANCE. WE BELIEVE THAT A SAFETY CULTURE STARTS WITH OUR TEAM LEADERS AND EXTENDS TO ALL WHO WORK FOR GROUP FIVE.

Despite our continuing emphasis on Zero Harm, during the year we sadly experienced two fatalities in our operations. This follows last year's four deaths and clearly points to a failure by the group to change the mindset of our people to continue operating safely at all times.

The fatalities at Everite in Manufacturing and at the Kpone Independent Power Plant in Ghana indicate that our employees are still not following our prescribed safety procedures at all times.

During the year, although our lost-time injury frequency rate (LTIFR) for employees and sub-contractors remained within our target of 0.2 and our employee LTIFR improved slightly, the sub-contractor LTIFR worsened from 0.07 to 0.10. We take this very seriously, as this clearly indicates that as a group we need to reflect on why we are still not changing the way our sub-contractors act on our sites and how our employees adhere to procedures.

In light of this, we have taken firm action, which includes a monthly CEO safety address, empowering our safety officers and confirming their responsibility, as well as constantly reminding our employees and sub-contractors that safety starts with each of them and that they are all safety officers. To reinvigorate the focus on safety, all employees and sub-contractors were reminded that whilst quality and productivity are important goals, they will never take precedence over the safety of our employees. Site management were urged to ensure that proper training programmes, safe working procedures, facilities and equipment are provided and that all operations are performed with the utmost regard for safety.

We have also further developed the group's sub-contractor management standard to guide operations on how to manage sub-contractors on site. All sub-contractors are required to demonstrate how they will meet the group's health and safety requirements and how they will communicate these standards to their site employees. During the year, we refreshed our safety performance targets for sub-contractors on their individual contracts. Our safety department also supports sub-contractors that require further development to reach the required standard.

During the year, we improved the programme for operational discipline and made it mandatory for all sites to implement a behaviour-based safety (BBS) programme. The BBS programme implementation, with the expectation that each employee and sub-contractor complete and submit at least one safety observation a month, coincided with several other significant safety initiatives. We have a competent safety team to address behavioural and psychological components that may have a direct impact on employees' and contractors' motivation and willingness to work safely. The group safety team includes the identification of critical improvement areas and developing appropriate safety improvement action plans. This process will strengthen our safety culture by ensuring the correct identification and classification of human failures during incident investigation.

These initiatives required employee and contractor involvement at all levels, including improving discipline processes, the use of a progressive discipline process that establishes negative consequences for failing to comply as expected and performing daily safety analyses. The progressive discipline system includes verbal warnings, written warnings, probation, suspension with or without pay, and termination.

Whilst the BBS programme is still in its infancy, an improvement in safety performance has been experienced.

OVERVIEW OF FATALITIES

Mr Lesiba P Letsoko – (Group Five employee)

13 April 2017
Manufacturing

On 13 April 2017, Mr Lesiba Letsoko was found at the base of a silica mill at Everite in the Manufacturing cluster by a colleague. He sustained amputations of both arms and a laceration to the left side of his forehead, which resulted in him succumbing from these injuries. After having examined the scene of the incident, it seems that Mr Letsoko unfortunately stood in an unsafe position whilst attending to a fault in either the ball feeder chute or a possible blockage in the silica chute whilst the plant was still running.

The nature of the mechanical fault could not be established, as there was no evidence of problems reported with the system on the day of the accident, and the plant was still running normally when the body was found.

The exact cause of the incident therefore remains unknown.

ACTIONS TAKEN

- The plant was stopped and all employees were briefed regarding the fatal incident
- Trauma counselling for employees and the deceased's family was provided on the same day
- A new larger platform was installed
- An automatic off switch was installed on the silica conveyor in the event of the door opening
- Mesh was installed to prevent access to the moving part of the mill
- All employees were re-trained on the updated risk assessments, cleaning and unblocking work instructions, as well as on operational discipline. They were reminded that disciplinary action will be taken if anyone knowingly violates group policies and procedures

Mr Anthony Sarkodie – (Group Five employee)

8 May 2017
Engineering & Construction

On 8 May 2017, Mr Anthony Sarkodie, a Group Five Ghanaian employee, was walking at the Kpone Independent Power Plant in Ghana.

An operating crane unfortunately 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 the excavation. The employee was rushed to hospital, but was unfortunately 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.

ACTIONS TAKEN

- Work was stopped for incident investigation and witness statements
- The site was barricaded, the scaffolding inspected and processes evaluated
- Counselling was conducted for all affected parties
- A risk review was completed to update the top ten risks on site
- Employees were re-trained on operational discipline and reminded that disciplinary action will be taken if anyone knowingly violates group policies and procedures

SAFETY STATISTICS

Key indicators	F2017	F2016
Fatalities – Group Five employees	2	–
Fatalities – Sub-contractor employees	–	4
Total number of fatalities	2	4
LTIFR – Group Five employees	0.20	0.21
LTIFR – Sub-contractor employees	0.10	0.07
Combined LTIFR	0.15	0.13

SAFETY INCIDENT OVERVIEW

CUMULATIVE FROM JULY 2016 TO JUNE 2017 (12 MONTHS ROLLING)

Clusters/ Business segments	Man hours	First-aid cases	FAFR**	Non-lost-time injury cases	NLTI FR	Lost-time injury cases	Occupational diseases reported	Fatal injuries	Current LTIFR*	Environ-mental incidents reported	Site inspections conducted	Near misses
Corporate												
Central business services	432 768	–	–	–	–	–	–	–	–	–	–	–
Cluster total	432 768	–	–	–	–	–	–	–	–	–	–	–
Investments & Concessions												
Intertoll Africa	2 023 340	1	0.10	1	0.10	3	–	–	0.30	6	355	38
G5 Properties	10 560	–	–	–	–	–	–	–	–	–	–	–
Cluster total	2 033 900	1	0.10	1	0.10	3	–	–	0.29	6	355	38
Manufacturing												
Everite (Fibre Cement)	2 054 160	28	2.73	6	0.58	4	–	1	0.49	2	10	321
BRI	281 718	12	8.52	1	0.71	–	–	–	–	1	10	136
Pipe	154 982	7	9.03	1	1.29	–	–	–	–	–	–	1
Cluster total	2 490 860	47	3.77	8	0.64	4	–	1	0.40	3	20	458
Engineering & Construction												
Building & Housing												
Coastal	11 868 230	117	1.97	39	0.66	10	–	–	0.17	–	256	3 392
Building	5 678 217	154	5.42	–	–	4	–	–	0.14	20	168	1 555
Housing	2 397 547	–	–	7	0.58	1	–	–	0.08	1	29	600
Civil Engineering												
Civil Engineering	4 892 628	9	0.37	14	0.57	1	–	–	0.04	–	–	232
Plant & Equipment	547 423	21	7.67	–	–	2	–	–	0.73	–	40	22
Projects												
Projects	3 211 437	44	2.74	8	0.50	–	22	–	–	1	76	375
Power												
Power	5 333 965	12	0.45	6	0.22	1	2	1	0.07	–	100	423
Nuclear												
Nuclear	220 215	2	1.82	1	0.91	1	–	–	0.91	–	34	26
Oil and Gas												
Oil & Gas	1 794 488	18	2.01	3	0.33	1	–	–	0.11	1	108	12
Cluster total	35 944 150	377	2.10	78	0.43	21	24	1	0.12	23	811	6 637
Group total	40 901 678	425	2.08	87	0.43	28	24	2	0.15	32	1 186	7 133

Abbreviations:

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

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

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

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

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

Our total man hours worked, decreased from 49 379 476 in F2016 to 40 901 678 in F2017 due to the decline in the number of contracts. The overall lost-time injury frequency rate (LTIFR) of 0.15 compared to an LTIFR of 0.13 in F2016. The number of lost-time incidents (LTIs) improved slightly from 29 in F2016 to 28 in F2017. The incident severity rate improved from 6.5 in F2016 to 5.3 in F2017.

Sub-contractor man hours decreased from 27 144 544 in F2016 to 21 259 660 in F2017 due to the decline in the number of contracts. The number of sub-contractor LTIs increased from eight in F2016 to ten in F2017. The sub-contractor LTIFR increased from 0.07 in F2016 to 0.10 in F2017. We are focusing on improving this.

To address sub-contractor health and safety performance, we have established a programme for pre-qualification, evaluation/selection and development of our sub-contractors which will be implemented in the new financial year. Although we had measures in place to evaluate sub-contractors, these were not implemented effectively.

Going forward, sub-contractors will be pre-qualified by reviewing their safety programmes, safety training documents and safety statistics. A formal safety review of sub-contractors will be performed by the group safety department. Any sub-contractor that has an unapproved safety status will not be used on any of our sites.

Our ultimate target remains zero injuries and zero fatalities. To reach this goal, our group safety committee and senior management review and analyse all safety incidents on a monthly basis and apply stringent management protocols, programmes and systems. Every safety incident is investigated by the relevant business segment managers and supported by the group safety, health, environment and quality (SHEQ) manager. Findings are reported to the executive committee and the sustainability, risk and compliance committee and escalated to the board if required.

	F2017	F2016	F2015	F2014	F2013
%					
LTIFR (employees)^	**0.20**	0.21	0.23	0.23	0.21
LTIFR (sub-contractors)	**0.10**	0.07	0.09	0.13	0.33
Combined#	**0.15**	0.13	0.15	0.17	0.27

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

KEY SAFETY AWARDS RECEIVED

SEGMENT	CONTRACT	AWARD
Building & Housing: Coastal	Terminal 1	11 million LTI free man hours
	Table Bay Mall	1 million LTI free man hours
Building & Housing: Housing	Mpemba	1 million LTI free man hours
	Dingleton Re-settlement Project	7 million LTI free man hours
Building & Housing: Building	Werksman	Awarded 2017 MBA North regional safety competition first place for category: R300 million to R500 million
	Gateway	Awarded second place 2017 MBA North regional safety completion result for category: R75 million to R150 million
Oil & Gas	Total	Achieved Green status
	Shell	Achieved Green status
	BP	Achieved certification
	Sasol	Achieved Green status
	Shell Alrode	1.85 million LTI free man hours

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

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

WORKFORCE REPRESENTED IN HEALTH AND SAFETY COMMITTEES

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

SIGNIFICANT RISKS

Key safety risks across the group include:

- Fall from heights
- Slips, trips and falls
- Caught in/on/between material or equipment
- Contact with machinery
- Handling (lifting, pulling, pushing) material
- Struck by/against material or equipment
- Motor vehicle accidents
- Overexertion, overloading and overexposure
- Lack of adherence to safety rules and procedures

FOCUS FOR F2018

The safety framework for F2018 was signed off by the group safety committee and senior management. It sets out key focus areas to address the challenges experienced by the group during this year. It enforces strong leadership through active management and collective ownership and to create healthier, safer workplaces by targeting risk priorities and implementing effective measuring and monitoring systems.

Although a number of the focus areas are already contained in the group's policies and procedures and way of operating, the renewed safety framework attempts to increase the implementation and accountability on the ground. This will result in decisive disciplinary action if anyone knowingly violates group policies and procedures.

Supervisors are responsible for participating and monitoring the site health and safety programme and must set an example that will foster positive attitudes towards health and safety. Safety performance, measured by lagging and leading indicators, was integrated into the performance contracts of all levels of management this year to drive accountability throughout our operations.

AREAS	ACTIONS
Provide strong leadership	› Health and safety to be increasingly discussed at senior management team meetings to remain top of mind and to track safety performance
Actively manage health and safety	› Line managers will now have health and safety performance included in their performance agreements › Employees and contractors have to familiarise themselves with and follow the guidance outlined in health and safety policies › Employees and contractors have to report any work-related accident, ill health or near miss which occurs to them on or off sites › Employees and contractors have to report any deterioration of the provided protective equipment and work environment
Strict measuring and monitoring of health and safety	› Site managers have to report health and safety issues which may be of importance to the group safety committee › Site safety officers have to continue providing comprehensive reports of their health and safety activities › Segment safety, health and environmental managers have to review all health and safety site audits and discuss future recommendations with segment management
Improved reporting of accidents, incidents and near misses	› All accidents, incidents and near-miss reports have to be accurately recorded › Trends should be increasingly analysed to develop a risk profile to identify key risks across the group

PEOPLE

LABOUR PRACTICES AND DECENT WORK

Aspect:

1 Employment

2 Labour/management relations

3 Health and safety

4 Training and education

5 Diversity and equal opportunity

DELIVERY ON F2017 FOCUS AREAS:

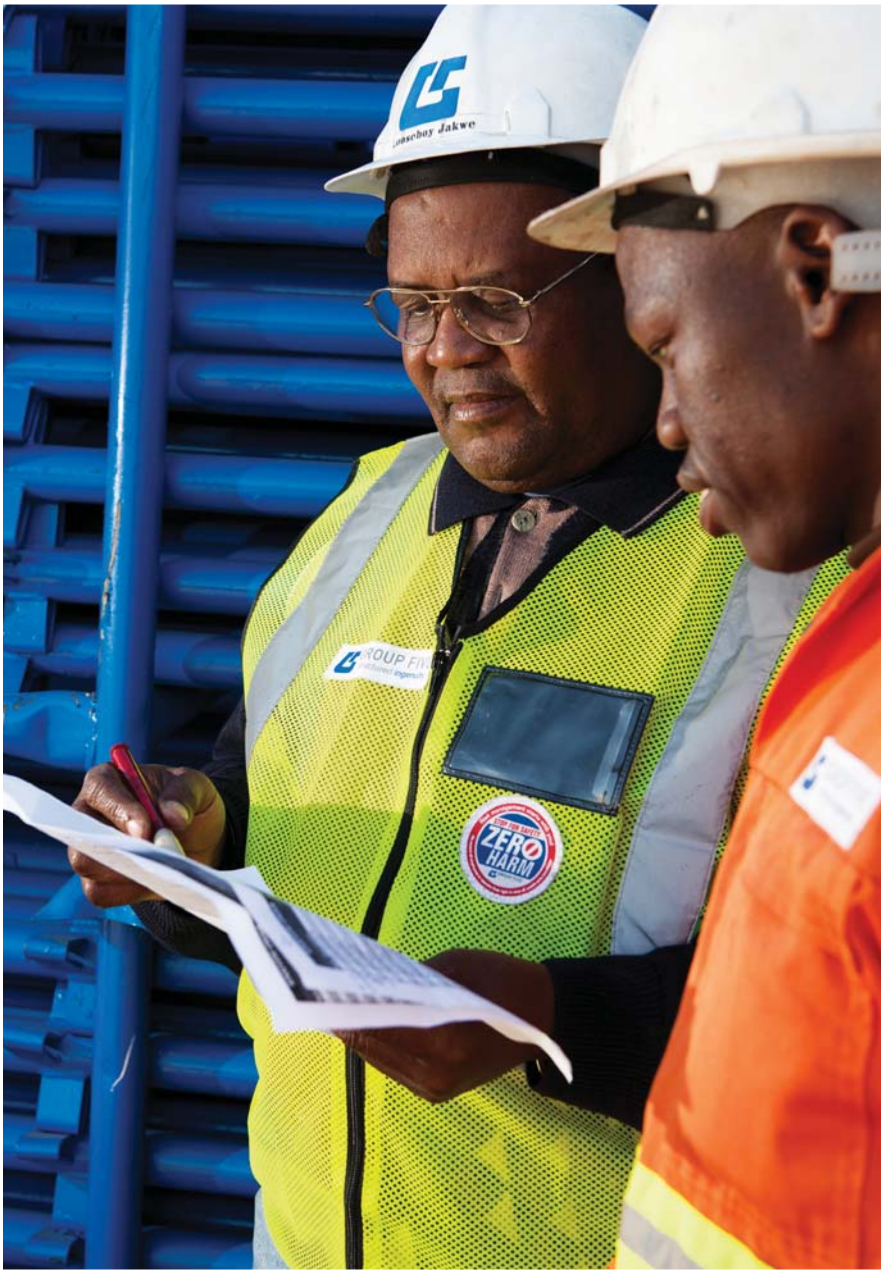
IN THE GROUP'S F2016 INTEGRATED ANNUAL REPORT, WE OUTLINED A NUMBER OF FOCUS AREAS. THE TABLE INDICATES HOW WE DELIVERED AGAINST THESE:

FOCUS AREAS FOR F2017	DELIVERY
Focus on core and critical skills sets, such as engineering, quantity surveying and commercial skills.	We launched a successful quantity surveyor development programme for junior and intermediate quantity surveyors. In addition, we further rolled out our engineering school programmes and assisted with the training of the newly-launched contract methodology that ensures consistency in commercial reporting on contracts across the group
Implement a sustainable graduate development programme to ensure retention of our young talent.	A young professional development programme was launched in partnership with an external provider
Implement a middle and senior management high-flyer programme.	A formal senior and middle management high-flyer development programme was integrated into our Academy programmes
Ensure commercially-successful technical skills development solutions for external parties.	Our Construction Skills Training Academy (CSTA) delivered against expectations and is now seen as a differentiator in securing contracts for the group
Formalise and accredit our engineering school, quantity surveying school and foreman development programme	These programmes were further enhanced to offer credits or continuous development points in certain modules

INTRODUCTION

THE GROUP'S IN-HOUSE TRAINING FACILITY, THE ACADEMY, CONTINUED TO SUCCESSFULLY DELIVER ON SKILLS DEVELOPMENT REQUIREMENTS FOR THE GROUP, AS WELL AS FOR ENTERPRISE DEVELOPMENT PARTNERS AND THE COMMUNITIES CLOSE TO OUR OPERATIONS.

Against very tough trading conditions, the Academy focused on business-critical training initiatives, such as our engineering school, quantity surveying school and foreman development. Over and above the critical programmes, the Academy continued to roll out our very successful first-line management programme and extended it to include a formal qualification in general management. We also continued to invest in the completion of our learnership in business administration for 15 disabled people.



OVERALL EXPENDITURE PER CATEGORY OF SPEND

Our skills development spend increased in the year due to the large training component on our flagship Saldanha Transnet Tippler contract, which represented 23% of the total skills development spend.

A number of our programmes, such as our learnership in business administration for disabled people and national certificate programmes, concluded in this reporting period. Our bursary spend declined in line with our reduced intake. We continue to monitor this and will review it regularly in line with market conditions.

Categories – R million	**F2017**	F2016	F2015	F2014	F2013	F2012
Skills development	**11,5***	5,4*	8,9*	13,2*	8,2*	6,6*
Technical and professional competence development	**9,0**	10,1	9,1	10,4	9,6	7,5
Leadership and management development	**1,7**	2,5	8,1	6,9	5,3	3,9
Student management (bursaries)	**6,6**	7,9	8,4	7,2	5,1	4,6
Training support costs	**4,8**	5,9	5,7	7,4	8,9	9,7
Total	**33,6**	31,8	40,2	45,1	37,1	32,3

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

SPEND PER OCCUPATIONAL CATEGORY

Following our decision to concentrate on critical training initiatives, there was a decrease in spend in our professional, middle management, skilled and unskilled occupational categories. At these levels our attention migrated to shorter technical and core competency workshops by using our own internal resources to facilitate and present externally-accredited programmes. For our top and senior management levels, our expenditure was in line with our skills development and employment equity targets to train black employees.

	F2017		F2016		F2015		F2014		F2013	
Categories	**Number of training initiatives**	**Annual spend R'000**	Number of training initiatives	Annual spend R'000	Number of training initiatives	Annual spend R'000	Number of training initiatives	Annual spend R'000	Number of training initiatives	Annual spend R'000
Top management	**10**	**12**	8	4	33	70	22	22	11	20
Senior management	**55**	**238**	109	64	120	48	86	267	53	510
Professional and middle management	**1 031**	**1 870**	1 723	2 009	1 856	3 949	1 704	4 635	640	2 472
Skilled	**3 863**	**4 688**	5 960	8 318	5 370	9 735	6 505	8 604	4 414	8 215
Semi-skilled	**5 974**	**4 851**	6 385	4 665	4 088	3 796	4 176	2 800	3 296	3 030
Unskilled	**1 518**	**544**	2 513	634	1 666	1 239	1 614	857	711	779
Total	**12 451**	**12 203**	16 698	15 694	13 133	18 837	14 107	17 185	9 125	15 026

THE ACADEMY HAS FOUR FOCUS AREAS:

1 BURSARY PROGRAMME AND LEADERSHIP

2 ORGANISATIONAL DEVELOPMENT

3 LEADERSHIP AND MANAGEMENT

4 TECHNICAL SKILLS DEVELOPMENT

1 BURSARY PROGRAMME AND LEADERSHIP

	F2017	F2016	F2015	F2014	F2013	F2012
Annual bursary expenditure – R million	**6,6**	7,9	8,4	7,2	5,1	4,6
Number of bursary students	**88**	118	136	111	76	115

All our 24 bursary scheme graduates who completed their studies last year were employed in the group and are currently completing their first year's graduate development programme. In line with current market conditions, we will not appoint any new students onto our bursary programme next year. Our current 88 students will meet our resource requirements until F2019. We will review this on an annual basis.

The Academy launched a young professional development programme for graduates who have been employed by the group for more than a year. This programme aims to reduce the number of graduates who leave the group within five years of employment. Although the programme is in its infancy, it has been successful so far, with learning applied in the graduates' daily working environment.

DEMOGRAPHICS OF BURSARY STUDENTS

	Black				White				Total				Total	
	F2017		F2016		**F2017**		F2016		**F2017**		F2016		**F2017**	F2016
	M	**F**	M	F	**M**	**F**	M	F	**M**	**F**	M	F	**M**	F
Number of students	**49**	**39**	61	39	**–**	**–**	15	3	**49**	**39**	76	42	**88**	118

M = Male
F = Female

LEARNERSHIPS AND APPRENTICESHIPS

Effective learnership and apprenticeship programmes continue to be a key requirement for successfully tendering in the public sector. Our market-leading performance in this area has resulted in public sector and parastatal players requesting our learnership and apprenticeship programmes as part of the skills development offering to the surrounding communities where our contracts are executed. For example, we are currently offering a learnership to 13 local people at our Saldanha Transnet Tippler contract.

During the year, 15 disabled learners on the business administration learnership concluded the formal academic component of their studies. These candidates are currently completing the practical component within various business segments.

SPEND AND NUMBER OF LEARNERS

	F2017	F2016	F2015	F2014	F2013	F2012
Annual spend on learnerships and apprenticeships – R million	**6,2**	5,4	7,2	5,1	3,6	4,0
Total number of learners on learnerships and apprenticeship programmes and AET	**154**	170	186	174	90	144
Number of unemployed learners registered on learnership and apprenticeship programmes	**134**	140	130	120	66	99
Number of employed learners registered on learnerships and apprenticeship programmes and AET	**20**	28	45	54	24	45
Number of disabled unemployed learners registered on learnership programmes	**15**	15	11	11	–	–

* *AET was formerly known as ABET.*

Scope and demographics

LEARNERSHIPS

F2017	NQF level	Black Male	Black Female	White Male	White Female	Employed	Unemployed	**Total**
Business Administration	4	7	8	–	–	–	15	**15**
Production Technology – Everite	2	21	8	–	–	–	29	**29**
Production Technology – BRI	2	2	–	–	–	–	2	**2**
Building and Civil Engineering (Civils – Tippler contract)	3	9	7	–	–	–	16	**16**
Building and Civil Engineering (Coastal)	3	4	8	–	–	–	12	**12**
Building and Civil Engineering (Coastal)	3	3	9	–	–	–	12	**12**
Driver Learnership (Intertoll)	–	3	7	–	–	10	–	**10**
Customer Service Learnership (Intertoll)	–	8	2	–	–	–	10	**10**
Community House Builder (Housing)	2	3	6	–	–	–	9	**9**
Bricklaying (Coastal)	2	10	–	–	–	10	–	**10**
		70	55	–	–	20	105	**125**

APPRENTICESHIPS

F2017	Black		White				
	Male	Female	Male	Female	Employed	Unemployed	**Total**
Boilermaking (Apprenticeship – Projects) – Unemployed	8	–	–	–	–	8	**8**
Fitter (Apprenticeship – Projects) – Unemployed	1	–	–	–	–	1	**1**
Rigger (Apprenticeship – Projects) – Unemployed	5	–	–	–	–	5	**5**
Electrician (Apprenticeship – Projects)	1	–	–	–	–	1	**1**
Mechanical (Apprenticeship – Plant & Equipment) – Unemployed	4	–	–	–	–	4	**4**
Apprenticeship – Everite (Unemployed)	5	5	–	–	–	10	**10**
	24	5	–	–	–	29	**29**

2 ORGANISATIONAL DEVELOPMENT

During the year, the group launched a new performance management system that enables line managers and employees to manage performance not only at key performance indicator level, but also at engagement and attitude levels.

The programme uses the group's seven core values to underpin our review process. We have received very positive feedback from both line managers and employees. More than 250 employees and line managers attended this training, with significantly improved performance reviews.

We also launched the Invocom® site and contract effectiveness methodology as the construction-wide methodology for ensuring effective delivery.

Invocom® evaluates previous performance and results and sets goals for the future by analysing areas of weakness and success. Team performance is reviewed, goals are set, obstacles are identified and actions agreed to ensure high performance and appropriate behaviour in day-to-day operations.

In the coming year, this initiative will be further embedded within the operational site requirements of the group.

F2017	Black		White		
	M	F	M	F	**Total**
Performance management	79	108	18	53	**258**
Invocom®	224	38	134	44	**440**
Coaching	32	–	15	2	**49**

3 LEADERSHIP AND MANAGEMENT DEVELOPMENT

The group continued with the Group Five Building Business Basics (G5B3) first-line management programme. This programme has been designed to develop first-time managers' skills.

During the time between workshops, practical projects are applied in the working environment, with the support of a line manager. Successful completion of the programme is dependent on the timeous submission of projects, as well as a portfolio of submissions to a requisite standard.

We have also rolled out a formal qualification in first-line management for those employees who have successfully completed the G5B3 short course in management.

We continued with leadership development at senior management levels, with three of our senior managers who attended globally-recognised programmes.

	F2017	F2016	F2015	F2014	F2013	F2012
Total annual spend – R million	**1,8**	2,5	8,1	6,9	5,3	3,9
Number of students on leadership programmes	**95**	96	28	8	21	22

4 TECHNICAL SKILLS DEVELOPMENT

Construction Skills Training Academy
During the year, we repositioned the Construction Skills Academy (CSTA) by placing more emphasis on delivering essential internal and external technical skills development programmes. The CSTA is working closely with sector education and training authorities to ensure our programmes remain accredited.

During the previous year, we became the preferred bidder on the Saldanha Transnet Tippler contract where we are running a formal training centre for the community. We have trained 560 people on various short courses, all related to health and safety training. Over and above short courses, we have also successfully completed a learnership in the building and civil engineering environment with 13 community members. The project also employs five civil engineering interns, one trainee quantity surveyor and two trainee foremen.

Our in-house Group Five business segments remain a key priority, with training mainly addressing safety.

People trained this year totalled 2 522. Those trained in South Africa represented 2 096 and 426 over-border.

In line with market conditions, our South African training interventions decreased by 35% and our over-border site training decreased by 77%. The main focus of over-border skills development remains health and safety training, although we also rolled out operator and other skills enhancement areas.

PEOPLE | LABOUR PRACTICES AND DECENT WORK | ASPECT 4: TRAINING AND EDUCATION CONTINUED

SKILLS PROGRAMMES

	Black				White				Total				Total	
	F2017		F2016		F2017		F2016		F2017		F2016		F2017	F2016
	M	F	M	F	M	F	M	F	M	F	M	F		
Employed learners	782	96	1 928	115	91	6	250	11	873	102	2 178	126	975	2 304
Unemployed learners	449	32	892	45	20	1	2	–	469	33	894	45	502	939
Over-border employed learners	38	1	1 848	–			–	–	38	1	1 848	–	39	1 848
Sub-contractors	305	22	–	–	13	–	–	–	318	22	–	–	340	–
Bursary students			–	–			–	–			–	–		–
External entities	140	10	–	–	7	1	–	–	147	11	–	–	158	–
Total	1 714	161	4 668	160	131	8	252	11	1 845	169	4 920	171	2 014	5 091

M = Male
F = Female

Technical and professional competence development
The Academy continues with technical programmes. These programmes currently represent 26% of the programmes we offer and addresses job performance. To assist with this, we have used the expertise of retired and in-house mentors as facilitators.

SPEND AND NUMBER OF STUDENTS

	F2017	F2016	F2015	F2014	F2013
Total annual spend – R million	9,0	10,1	9,1	10,4	9,6
Number of students on programme for project management	19	19	49	38	22
Number of students on professional registration development programmes	73	124	222	71	75
Short technical workshop attendance	3 268	4 838	8 645	10 267	6 275
Number of students on engineering school programmes*	13	90	–	–	–
Number of students on quantity surveying development programme*	6	16	–	–	–
Foreman development programme*	18	20	–	–	–

* *New technical programmes launched in F2016.*

AVERAGE ANNUAL HOURS OF TRAINING PER EMPLOYEE BY EMPLOYEE CATEGORY

Our average hours trained were consistent with our previous reporting periods, with an increase in training for women. This is in line with our aim to empower women in the group. Refer to pages 126 to 127. During the year, we saw a particular increase in women attending our longer and more formal qualification programmes.

	F2017 Average hours	F2017 Average hours Female	F2017 Average hours Male	F2016 Average hours	F2016 Average hours Female	F2016 Average hours Male
Top management	8	–	16	8	8	8
Senior management	14	19	10	8	8	8
Professional and mid-management	17	10	24	8	15	11
Skilled	28	42	14	27	21	24
Semi-skilled	19	20	19	25	21	23
Unskilled	10	9	11	11	12	12

OVER-BORDER TRAINING

Over-border training declined significantly due to less contracts awarded in the rest of Africa for the year under review. Despite the slowdown, the CSTA still secured work, mainly at our Ghana Kpone Independent Power Plant. This contract and the Boss 50 contract in the Democratic Republic of Congo remain our over-border skills priority contracts due to the stage of execution which requires additional skills on site.

Our focus areas in these countries remain health and safety training, as well as legal and compliance offerings. Certain construction-related and health and safety training programmes were also rolled out at the Hilton Mixed Used Development contract in Gaborone in Botswana.

OVER-BORDER TRAINING

Number of training initiatives	**F2017**	F2016	F2015
Namibia	**–**	987	–
DRC	**123**	445	717
Ghana	**256**	358	–
Burkina Faso	**–**	58	–
Mozambique	**–**	16	138
Liberia	**–**	–	516
Botswana	**47**	–	–
Total	**426**	1 864	1 371

FOCUS FOR F2018

- Grow our CSTA through internal and external training
- Roll out our young professional development programme to the remainder of the nominated delegates
- Embed the Invocom® methodology across all operational levels in the group to ensure a consistent approach to site-based execution
- Closely align the business to the new Construction Sector Charter scorecard to achieve the maximum points for skills development
- Launch a leading supply chain management development programme to unlock additional value in the supply chain

PEOPLE

LABOUR PRACTICES AND DECENT WORK

Aspect:

1 Employment

2 Labour/management relations

3 Health and safety

4 Training and education

5 Diversity and equal opportunity

DELIVERY ON F2017 FOCUS AREAS:

IN THE GROUP'S F2016 INTEGRATED ANNUAL REPORT, WE OUTLINED A NUMBER OF FOCUS AREAS. THE TABLE INDICATES HOW WE DELIVERED AGAINST THESE:

FOCUS AREAS FOR F2017	DELIVERY
Ensure that all opportunities are exploited to achieve higher levels of diversity, particularly at our senior levels. We will address this through both internal initiatives and targeted headhunting.	Our senior management representation declined from 31% to 30% due to the restructuring in the group. However, our exco representation improved from 25% to 38%
Continue with the accelerated development programme for our top talent through the continued roll out of our high-flyer programme to build a successful pipeline for succession.	The high-flyer programme continued, with an additional 24 high-potential successors on the programme.
Continue to support initiatives promoting women-owned businesses to enable their market access, especially in the construction value chain.	We improved our procurement from black women-owned businesses by 34% in the year. This will further increase in the coming year

INTRODUCTION

THE YEAR WAS DOMINATED BY HEADCOUNT REDUCTIONS IN LINE WITH THE REDUCED OPERATIONS IN ESPECIALLY THE ENGINEERING & CONSTRUCTION CLUSTER. EVEN AGAINST THIS, AFRICAN, INDIAN AND COLOURED (AIC) REPRESENTATION ACROSS ALL MANAGEMENT LEVELS INCREASED FROM 31% TO 34%.*

* *Middle and senior management and the exco.*

Executive committee (exco) management improved from 25% AIC to 38% AIC with our new CEO, Themba Mosai, and a new head of Investments & Concessions, Kushil Maharaj.

AIC representation at senior management reduced from 31% to 30% due to the restructuring within the group. Middle management improved from 32% to 34% and junior management improved from 74% to 75%. These movements led to an increase across all management levels from 31% to 34%.

We continued with the roll out of our high-flyer development programme after the success of the first programme. 82% of employees on this programme are from the AIC group. We have already seen promotions of those who have completed the programme, which further improved the pool of succession candidates within the group.

MANAGEMENT

The key focus was on retaining scarce skills, as well as diversity achievements against reducing our numbers in line with our operations. It is pleasing to report that our overall diversity was enhanced in spite of significant retrenchments.

Coaching was implemented for all new managing directors. This assisted them to quickly settle into their new roles, especially in the leadership component of their roles.

SOUTH AFRICAN WORKFORCE

	F2017				F2016			
	White	AIC*	Total	AIC* % of total	White	AIC	Total	AIC* % of total
Executive Executives and board	5	3	8	38	6	2	8	25
Senior management Segment directors and group directors	19	8	27	30	22	10	32	31
Middle management Segment directors, department heads and skilled professionals	255	134	389	34	282	130	412	32

* *African, Indian and Coloured.*

EMPLOYMENT EQUITY

A key priority this year was on ensuring that retrenchments did not impact the improvements seen in previous years. This was achieved, with an improvement from 31% to 34% for all management levels, with only a slight reduction at the semi-skilled level due to the lack of new contracts where semi-skilled employees are mostly employed.

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

SOUTH AFRICAN WORKFORCE

	F2017				F2016			
	White	AIC*	Total	AIC* % of total	White	AIC	Total	AIC* % of total
Executive Executives and board	5	3	8	38	6	2	8	25
Senior management Segment directors and group directors	19	8	27	30	22	10	32	31
Middle management Segment directors and department heads and skilled professionals	255	134	389	34	282	130	412	32
Junior management/skilled	384	1 124	1 508	75	503	1 399	1 902	74
Semi-skilled	40	2 418	2 458	98	31	2 506	2 537	99
Unskilled	9	1 076	1 085	99	17	2 184	2 201	99
Total	712	4 763	5 475	87	861	6 231	7 092	88

* *African, Indian and Coloured.*

DEMOGRAPHIC DISTRIBUTION – SOUTH AFRICAN EMPLOYEES

%	F2017	F2016	F2015	F2014
White	**13**	12	11	11
African	**72**	74	76	80
Coloured	**10**	10	9	5
Indian	**5**	4	4	4

Due to less contracts during the year, the demographic split of our South African employees was proportionally skewed this year due to the majority of contract-based employees being from the AIC groups.

GENDER DISTRIBUTION – SOUTH AFRICAN EMPLOYEES

%	F2017	F2016	F2015	F2014
Female	**22**	19	16	12
Male	**78**	81	84	88

Our gender representation improved to above 20% for the first time. We will attempt to continue maintaining this through our focused initiatives, as outlined on pages 126 to 127.

AGE AND GENDER DEMOGRAPHICS – ALL EMPLOYEES

The group's executive and senior management teams are split between the age categories of 31 to 50 and 51 to 65. Segment management teams are predominantly in the 31 to 50 range, which provide a strong pool of successors.

EXECUTIVE COMMITTEE

Age diversity	Male	Female	Total
Age 31 to 50	4	1	5
Age 51 to 60	3	–	3
Total	7	1	8

MANAGING DIRECTORS (DIRECTORS AND MORE SENIOR)

Age diversity	Male	Female	Total
Age 31 to 50	15	3	18
Age 51 to 60	8	1	9
Total	23	4	27

SEGMENT DIRECTORS

Gender diversity	Male	Female	Total
Age 31 to 50	28	7	35
Age 51 to 60	18	1	19
Total	46	8	54

ALL EMPLOYEES

	F2017						
	Male		**Male**	**Female**		**Female**	
Gender diversity	**Abled**	**Disabled**	**Total**	**Abled**	**Disabled**	**Total**	**Total**
Age 18 to 30	**1 254**	**–**	**1 254**	**474**	**2**	**476**	**1 730**
Age 31 to 50	**4 381**	**10**	**4 391**	**1 029**	**10**	**1 039**	**5 430**
Age 51 to 65	**1 132**	**5**	**1 137**	**118**	**2**	**120**	**1 257**
Age >65	**50**	**–**	**50**	**5**	**–**	**5**	**55**
Total	**6 817**	**15**	**6 832**	**1 626**	**14**	**1 640**	**8 472**

	F2016						
	Male		Male	Female		Female	
Gender diversity	Abled	Disabled	Total	Abled	Disabled	Total	Total
Age 18 to 30	2 268	–	2 268	704	–	704	2 972
Age 31 to 50	3 823	17	3 840	912	14	926	4 766
Age 51 to 65	1 379	–	1 379	138	–	138	1 517
Age >65	56	–	56	2	–	2	58
Total	7 526	17	7 543	1 756	14	1 770	9 313

EMPOWERMENT OF WOMEN

Group Five took a leading position in the construction industry in F2011 to improve the representation and empowerment of women in the construction sector as a business priority. This led to the launch of the group's Basadi programme. This programme is intended to increase gender diversity and to address barriers that impede the attraction and retention of women. The group's leadership is highly supportive of the initiative, which is also aimed at shifting attitudes and culture in the group.

The Basadi programme has evolved over the years into a broad-based forum comprising men and women. It has now been renamed the Basadi Forum.

The forum's main aim remains that of empowering women and addressing gender disparities. It continues to yield very encouraging results. Substantial progress has been made in identifying the barriers to women having fulfilling careers in our sector, especially at site level where conditions are often not conducive.

WOMEN IN WATER PROGRAMME

Group Five is in the final stages of concluding an agreement with the Department of Water and Sanitation's incubator programme that seeks to develop women-owned construction and related businesses to develop and deliver key contracts in the water sector. This initiative will cover the entire construction value chain, from development to design and construction, as well as operating and maintaining water plants.

Group Five is providing the technical expertise in the incubation process, as well as in the execution phase of water contracts. The group will therefore either form joint ventures or use select black-owned businesses as sub-contractors. A group of 17 black women-owned businesses have been shortlisted for this initiative.

ACHIEVEMENTS OF BASADI

Since its inception, the programme has managed to increase the visibility of issues faced by women in the group and the sector at large. At an industry level, the programme has facilitated business support and offered mentorship by the group's relevant experts to a number of black women-owned businesses.

Several female employees have received training through innovative training programmes, networking platforms have been created for them to interact with other business women in the industry and in South Africa, and many have been promoted into senior roles.

Until F2014, women comprised only 15% of the permanent Group Five workforce. Although an improvement at 22% of the group during F2017, we believe there is a lot more that should be done for the advancement of women.

BELOW ARE SOME OF THE MILESTONES DURING THE LAST FOUR YEARS:

- Over 200 women trained and 353 promoted
- First female contracts director and managing director appointed
- Good progress made on closing the remuneration gap between men and women
- Policies amended to support women to ensure success in their career and family lives, including flexi-time, diversity, maternity leave and an on-site childcare facility
- Basadi initiated a three-year agreement with Future of the African Daughter as part of our socio-economic development initiatives to fund high school education focusing on mathematics and science for 15 girls from disadvantaged backgrounds. The learners were mentored by various Group Five female employees during the three years. All girls have successfully passed Grade 12. Most are now pursuing further studies at tertiary institutions, with the majority having chosen studies within the science, engineering and technology disciplines
- Our seven-year sponsorship of the University of Johannesburg's Women in Engineering and Built Environment (WiEBE) programme has now been completed. This programme contributed to the increase of female students studying towards engineering and the built environment professions
- The group has signed the UN Women's Seven Principles for Women Empowerment and the "He-for-She" initiatives to promote a gender diverse workplace

FOCUS FOR F2018

- Continue the progress made in terms of diversity especially at management levels
- Further build on the progress achieved by the Basadi Forum

PREFERENTIAL PROCUREMENT

DELIVERY ON F2017 FOCUS AREAS:

IN THE GROUP'S F2016 INTEGRATED ANNUAL REPORT, WE OUTLINED A NUMBER OF FOCUS AREAS. THE TABLE INDICATES HOW WE DELIVERED AGAINST THESE:

FOCUS AREAS FOR F2017	DELIVERY
Broaden the strategy relating to supply chain input costs to realise even greater savings and efficiencies across the supply chain.	An average reduction of 20% in costs on certain services was achieved
Fully realise the potential of the procurement committee to leverage procurement synergies across the group and drive efficiencies.	Best practice is now shared across the group's supply chain professionals, with the resultant increased efficiencies
Develop core procurement skills in collaboration with Group Five's in-house training Academy to unlock maximum value across the supply chain.	The supply chain training and development intervention was put on hold due to other training priorities and will be implemented in the coming year
Continued alignment of procurement strategies to focus on supplier development and to improve awareness and compliance with the revised Broad-Based Black Economic Empowerment (BBBEE) Codes.	The increase in our preferential procurement score from 20.0 to 23.5 played a role in us achieving a market-leading Level 3 position

FOCUS DURING THE YEAR

With the tough trading environment, the group assessed the opportunities within the supply chain to reduce costs. This exercise resulted in renegotiated contracts with large suppliers, especially service-related contracts on items such as communications. This led to cost reductions of up to 35% of contract value.

Our continued use of data analytics further enabled the group to rationalise its supplier base and reduce the administrative effort required in its maintenance.

During the year, we also collaborated with new and existing suppliers to identify early adoption opportunities to ensure reduced costs. An example of this is our migration to a new travel service provider that facilitates optimal booking costs. This resulted in a projected saving of 35% on international travel for F2018 through real-time access to costs. Our car hire service provider has also recently launched a mobile application which allows the user to remotely access the hired vehicle which reduces administration time. The group is amongst the first companies to adopt this technology.

A new focus area during the year was assisting our suppliers to manage their supply chains to reduce input costs. As a result of our review and optimisation strategy, we were able to reduce a supplier's cost base by up to 30%.

PREFERENTIAL PROCUREMENT ELEMENT OF THE SECTOR SCORECARD

The comparative progression for the coming year is based on the Generic Sector Codes until the new BBBEE Construction Sector Code is finalised. We remain close to the ongoing industry discussions with regards to the promulgation of the new code. The group is ensuring that it complies with both the Generic Sector Code and the draft Construction Sector Code ahead of its next audit in October 2017.

BBBEE SCORECARD – PREFERENTIAL PROCUREMENT PERFORMANCE

We continue with the ongoing transformation of the supply chain, with our overall preferential spend increasing from 71% to 85% of our total spend. This is above our 80% target. We are on track to achieve the target of a 100% spend with preferential suppliers in the next two years.

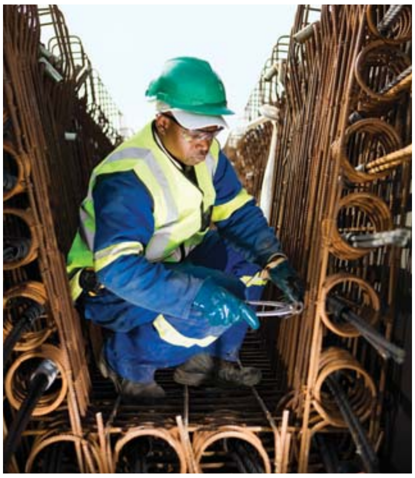
Preferential spend with enterprises that are more than 51% black-owned and enterprises that are more than 30% black women-owned increased by 34% and 85% respectively.

BBBEE Generic Code				Construction Charter Code					
Measurement principle	Points	**F2017 Target**	**Actual F2017[1]**	Measurement principle	Points	F2016 Target	Actual F2016[2]	Actual F2015[3]	Actual F2014[4]
Preferential spend with all suppliers	5	**80%**	**84.7%**	Preferential spend with all suppliers	12	70%	71.0%	73.1%	70.1%
Preferential spend with qualifying small enterprises (and emerging micro-enterprises)	3	**15%**	**21.3%**	Preferential spend with qualifying small enterprises (and emerging micro-enterprises)	3	15%	24.3%	23.3%	20.1%
Preferential spend with emerging micro-enterprises	4	**15%**	**13.7%**						
Preferential spend with enterprises that are more than 51% black-owned	9	**40%**	**28.4%**	Preferential spend with enterprises that are more than 50% black-owned	3	12%	21.1%	18.2%	17.7%
Preferential spend with enterprises that are more than 30% black women-owned	4	**12%**	**10.4%**	Preferential spend with enterprises that are more than 30% black women-owned	2	8%	5.6%	4.4%	9.5%
Weighted score	25		**23.51**	Weighted score	20		19.40	19.10	20.00

1 As audited by BEE Verification Agency cc for the year ended 30 June 2016 (Group Five).
2 As audited by BEE Verification Agency cc for the year ended 30 June 2015 (Group Five).
3 As audited by BEE Verification Agency cc for the year ended 30 June 2014 (Group Five).
4 As audited by BEE Verification Agency cc for the year ended 30 June 2013 (Group Five).
** A weighted score is not done for targets.*

FOCUS FOR F2018

- Further implement procurement processes that comply with supply chain best practice
- Continue to save costs and improve processes
- Integrate the group's procurement strengths into our supply chain to optimise the supply to the group from a cost perspective
- Further strengthen our team of supply chain professionals through appropriate training initiatives



ENTERPRISE AND SUPPLIER DEVELOPMENT

DELIVERY ON F2017 FOCUS AREAS:

IN THE GROUP'S F2016 INTEGRATED ANNUAL REPORT, WE OUTLINED A NUMBER OF FOCUS AREAS. THE TABLE INDICATES HOW WE DELIVERED AGAINST THESE:

FOCUS AREAS FOR F2017	DELIVERY
Review current enterprise partnerships and, where appropriate, exit these to free up capacity to engage in new enterprise and supplier development relationships.	After a detailed review of our enterprise partnerships, the group exited one partnership and added significant resources to augment the service offerings of the remaining partners
Increased emphasis on small black women-owned businesses.	The group is in the final stages of concluding an agreement with the Department of Water and Sanitation to provide incubation opportunities for black women-owned construction and related businesses in the water sector
Integrate our enterprise development partnerships at a group level.	Significant progress was achieved, with the current group restructuring allowing access at a group level
Continue to identify new opportunities within our contract lifecycle to develop sustainable black and black women-owned businesses.	We integrated nine black businesses into the supply chain in our Manufacturing cluster. In addition, the group facilitated funding to assist small businesses to grow their capacity and revenue
Ensure that our enterprise development partners take full advantage of the training programmes that are offered by the Group Five Academy.	During the year, we trained a much larger number of our enterprise development partners' employees compared to previous years
Further align our strategies to ensure full compliance with the revised Construction Sector Code when it is Gazetted.	We are fully aligned to the draft revised Construction Sector Code and expect to achieve full points for the enterprise and supplier development element
Maximise new government and private sector initiatives to provide additional opportunities for our enterprise development partners.	We made full use of the funding capacity of Small Enterprise Funding Agencies (SEFAs) to assist our partners with funding. We also met the requirement on several contracts to provide 30% of the procurement spend to local small black-owned businesses

INTRODUCTION

THE FINALISATION OF A NEW CONSTRUCTION SECTOR CODE IS IN THE FINAL STAGES, AS THE DRAFT CODE WAS ISSUED FOR PUBLIC COMMENT IN OCTOBER 2016 AND CONCLUDED IN DECEMBER 2016.

We are anticipating that our next broad-based black economic empowerment (BBBEE) audit in October 2017 will be based on this new code and not the Generic Scorecard as in the past. However, we are ensuring that we comply with both codes.

Our Level 3 achievement on the Generic Scorecard in our last audit in October 2016 positioned us amongst the most transformed in the construction sector. We are anticipating a continued strong rating with the new codes.

STRATEGIC FOCUS

As communicated in our F2016 integrated annual report, enterprise development opportunities were broadened from only our Contracting operations to a wider spectrum of initiatives and partners.

Partnerships in place during F2017 include:

Plant & Equipment

Our Plant & Equipment segment entered into a partnership with ENM Holdings, a black-owned company, to use the under-utilised plant within the group. This partnership is in the process of finalising an agreement with one of the provincial departments to provide the plant and equipment for small, medium and micro-enterprises to participate in construction contracts without having to fund equipment purchases.

Women in Water incubation programme

The group is in the final stages of concluding an agreement with the Department of Water and Sanitation to incubate women-owned construction and related businesses to develop and deliver key contracts in the water sector. This initiative will address the entire construction value chain, from development to design and construction, as well as operating and maintaining water plants.

Group Five is amongst the incubators selected to provide the technical expertise. The group will therefore either form joint ventures or use selected black-owned businesses as sub-contractors. A group of 17 black women-owned businesses have been shortlisted for this initiative.

Pallet manufacturing

Our Fibre Cement business Everite has set aside its existing pallet manufacturing business to develop a sustainable black-owned business that can offer pallets on a commercial basis to Everite and other clients. The business has already reached annual revenue of R15 million and is expected to grow further by targeting additional clients. Everite will remain a key client and will also continue to extend business development services until the company is fully sustainable and generating the targeted level of profitability.

Property development

G5 Properties signed an enterprise development agreement with a small black-owned property development business. The Group Five team is currently assisting the business to develop a site it owns into a residential settlement. As the company also has construction abilities, we aim to assist this business to provide up to 30% of the construction-related activities for our residential developments in Gauteng.

Personal protective equipment (PPE)

The group's entire PPE requirement of almost R40 million per annum was awarded to two black-owned suppliers. One of the companies is a BBBEE Level 4 company, with a black ownership percentage of 63% and black women ownership of almost 25%. The second company is a BBBEE Level 2 and has black women ownership of 51%. This has significantly transformed our supply chain.

We have also started discussions to assist these businesses to access markets beyond South Africa where the group has a strong presence, with the initial focus on the Democratic Republic of Congo and Ghana.

Barnes Reinforcing Industries (BRI) small business development

The Small Business Finance Agency has approved a Credit Insurance Guarantee facility of around R30 million to BRI in Manufacturing. This facility is being used to assist small black businesses with working capital.

BRI is also assisting these businesses with business development services. To date, almost R16 million has been provided in credit guarantees to nine companies. These companies achieved sales of over R45 million in F2017. Around 61 direct and 71 indirect jobs have so far been created through this programme.

This initiative is allowing BRI access to new markets outside of Group Five.

ENTERPRISE AND SUPPLIER DEVELOPMENT PARTNERSHIPS

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

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

ENTERPRISE AND SUPPLIER DEVELOPMENT PARTNERSHIPS

Enterprise Development Partners	Black ownership	Women ownership	Date joined	CIDB level on joining	Current CIDB level	BBBEE level
Inkanyeli Projects (Pty) Ltd	100%	–	2009	4 GB PE	7 GB PE	4
Thukuhlo Projects (Pty) Ltd	100%	100%	2016	1 GB	**5 GB	1
Uvuko Civils and Construction	100%	100%	2012	8GB 7CE	8GB 7CE	7
B.L. Williams Construction (Pty) Ltd	88%	48%	2009	6 GB PE	8 GB	3
ENM Trading CC	100%	–	2010	6 GB	8 GB	1
WillpowerWorx (Pty) Ltd	100%	100%	2016	*	*	1
Pan African Development (Pty) Ltd	100%	40%	2009	6 GB PE	7 GB 7 CE	3
Tanguliza Construction (Pty) Ltd	100%	100%	2016	4 CE PE	6 CE 1GB	1
Bhunga Trading Projects CC	100%	–	2016	*	*	1
Enzani Technologies (Pty) Ltd	82%	53%	2009	5 EP PE	8 EP 1 ME	3
Bafokeng Plumbing (Pty) Ltd	100%	–	2015	*	*	1
Keabetswe Construction (Pty) Ltd	100%	90%	2016	5 GB	5 GB	1
UMSO Construction (Pty) Ltd	78%	8.7%	2008	6 CE PE	8 CE 6 GB	2
Eyethu Reinforcing (Pty) Ltd	100%	40%	2015	*	*	1
F2017 NEW PARTNERSHIPS						
Mamokete Projects (Pty) Ltd	100%	100%	2017	1 GB 1 CE	2 CE PE ** 5 GB PE	1
Thulanda Consultants (Pty) Ltd	100%	–	2017	1 GB 1 CE 1 ME 1 EP	1 GB 1 CE 1 ME 1 EP	1
Nsimbi (Pty) Ltd	100%	–	2017	*	*	1

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

EMPOWERED JOINT VENTURES

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

	Name of partner/ development entity	Contract/development	Effective partner % holding in venture	Total value of contract R'000	Commencement date of contract
ENGINEERING & CONSTRUCTION					
Partner (P)/development entity (DE)					
DE	Umsimbiti Civils (Pty) Ltd	Construction of Main Road P577 in Kwadebeka – KwaZulu-Natal	15%	195 119	Oct 2011
		Construction of Ethekwini BRT on route C3B Umgeni River to Pinetown	15%	205 880	Sep 2011
P	Pandev African Development (Pty) Ltd	Construction of the right of way to the Umngeni Viaduct, including all stations and structures	40%	400 096	Mar 2014
P	ENM CC	Building of Bophelong Psychiatric Hospital Phase 2 – North West	30%	222 052	Nov 2015
		Building of Bophelong Psychiatric Hospital – North West	30%	525 686	Nov 2012
		Jouberton Community Centre – North West	30%	146 867	Sep 2016
		North West Provisional Legislature Building – North West	30%	199 939	Dec 2016
P	Trencon Construction (Pty) Ltd Imbani Construction (Pty) Ltd	Construction of Tshwane House – Gauteng	36,25%	1 007 150	Mar 2015
DE	Group Five Bongekile Joint Venture	Construction of Lonmin apartment blocks in Marikana (Phase 1) – North West	30%	77 348	Mar 2015

FOCUS FOR F2018

- Continue to evaluate the viability of each enterprise development relationship and adjust our strategies to cater for market dynamics
- Exiting relationships that are not yielding the intended outcomes, whilst at the same time bringing in new partners that show the potential to grow and transform the landscape within our sector

SOCIETY

DELIVERY ON F2017 FOCUS AREAS:

IN THE GROUP'S F2016 INTEGRATED ANNUAL REPORT, WE OUTLINED A NUMBER OF FOCUS AREAS. THE TABLE INDICATES HOW WE DELIVERED AGAINST THESE:

FOCUS AREAS FOR F2017	DELIVERY
During the year, we reviewed our approach, with the objective of launching few flagship projects with higher impact.	We exited certain programmes at group level that were not in line with our objectives. This resulted in us ending our funding of two programmes after three and eight years respectively
Increased focus will be placed on the communication of our initiatives as part of our stakeholder engagement strategy.	We continued to communicate our community initiatives to our stakeholders through various platforms such as social media, our website and presentations at public platforms such as events and conferences
Further implement community programmes in close proximity to our sites.	The main beneficiaries of our community programmes are those living close to our contract sites. During the year, we had 22 community initiatives in place, with the largest at our Transnet Tippler contract in Saldanha

COMMUNITY ENGAGEMENT

Our efforts on community engagement produced the intended benefits to our sites where we have seen improved cohesion between our contracts and the communities surrounding them. The partnerships we have proactively developed have assisted in skills transfer and economic opportunities integrated into the supply chain.

Our group industrial relations specialists have continued their engagement with communities and relevant government departments in close proximity to our contracts. This continues to ensure we have a smoother start-up and conclusion of contracts. Our general practice of setting aside a portion of revenue during the implementation phase of contracts towards the upliftment of local communities in the form of socio-economic development and enterprise development remains successful. These programmes include skills training on sites, construction skills programmes, construction of classrooms and installation of water tanks and the donation of furniture and equipment, including materials for local communities when contracts are completed.

In F2016, Group Five Civil Engineering was awarded the Tippler 3 contract in Saldanha by Transnet. The supplier development allocation on the contract included a significant skills development spend. The plan included the erection of a training facility and related skills development initiatives. To date, the facility has been completed, with 560 training interventions. The facility offers classroom and practical training and will also be used for community upliftment programmes.

Community infrastructure investments

Group Five is an infrastructure development group. An important part of the group's programmes is partnerships with governments to assist in either rehabilitating or constructing social infrastructure in communities during the lifecycle of a contract. This infrastructure is typically in the form of schools or clinics that are either renovated or newly-built, surfacing of village roads and building of sporting facilities and installation of water facilities.

Local recruitment, capacity building and skills development

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

Successful engagement with local communities, as well as our trained community liaison officers and their effective relationships with community leaders, have assisted us to manage relationships on our construction contracts during the year. A community liaison officer is appointed on each of our key contracts to facilitate interactions with community leaders, local government officials and to facilitate efficient local recruitment.

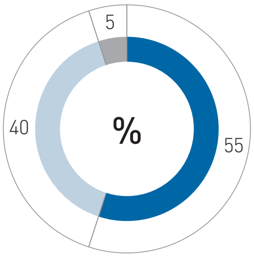
SOCIO-ECONOMIC DEVELOPMENT

Group Five is committed to uplifting communities in South Africa and the rest of Africa, as many remain confronted with poverty and unemployment.

Through the group's SED interventions, we continue to assist in the implementation of a number of poverty alleviation programmes in the communities around our contracts. Our SED programmes deliberately aims to develop and empower women and the youth, as we see those groups as the most marginalised.

In line with the revised SED strategy, we concentrated on a smaller base of initiatives and increased our focus on a few impactful flagship initiatives that assist with fostering sustainable development.

The focus areas of our new strategy and the revised funding split per area are outlined below:



FOCUS AREAS (% OF BUDGET)

	F2016
Education and training	55
Infrastructure development	40
Social grants	5

Even against the financial challenges we faced this year, we did not falter in our commitment to community upliftment.

We spent R2,4 million this year (F2016: R3,1 million), which met the required 1% target of net profit after tax spend in line with the Generic Codes.

PROJECTS IN SOUTH AFRICA

TRAC MOBILE SCIENCE LABORATORIES

Group Five sponsors a mobile laboratory and an educator to tutor five schools in rural Acornhoek in the Mpumalanga province in South Africa. This programme assists with building skills for learners completing Grade 12, as well as offering funds to continue with their studies.

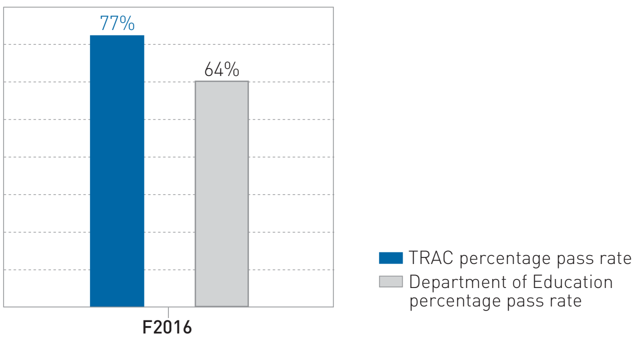
Many of the learners come from very poor socio-economic backgrounds and do not have the financial means to study after school. Through the bursary application support programme, several learners are assisted with furthering their studies. To date, a total of 232 learners have registered for tertiary studies, with 72 learners being bursary recipients. Four learners obtained scholarships to pursue their medical studies outside South Africa in Russia and Cuba.

In addition to the five schools the laboratory supports, we have recently extended assistance to the community at large through weekend programmes for local schools.

The Grade 12 pass rate for the schools in the Group Five sponsorship programme in calendar 2015 was 65%, which pleasingly increased to 77% in calendar 2016 for physical science. There were also 14 distinctions and 42 first-class passes in calendar 2016 compared to 14 distinctions and 41 first classes in calendar 2015.

In comparison, the Department of Education's national Grade 12 pass rate only increased from 59% in calendar 2015 to 62% in calendar 2016.

PASS RATE (%)



FUTURE OF THE AFRICAN DAUGHTER (FOTAD)

Group Five's three-year agreement to sponsor 15 high school girls from poor communities in Gauteng from Grades 10 to 12 in mathematics and science ended in December 2016. The objective of the programme was to encourage the learners to consider careers within the science, engineering and technology (SET) sector. All the learners passed their final exams and have taken on various career choices, with the majority having chosen studies within the SET sector.

In July 2015, as part of the winter exposure, one of the attendees said:

"Since 2014, I have experienced a lot and met many women who inspired me. When I finish my matric I would like to do a construction-related course. Thank you Group Five for everything."

WOMEN IN ENGINEERING AND BUILT ENVIRONMENT (WiEBE)

In an attempt to assist the country and our sector to address the skills deficiency within the engineering and built environment, Group Five supported the University of Johannesburg's WiEBE programme to increase the pool of women in this sector. The contract ended in February 2017.

Since 2012, the number of female students at the University of Johannesburg's Department of Engineering and Built Environment increased by 5%, with a retention rate increase from 50% to 80%.

SALDANHA SKILLS DEVELOPMENT CENTRE

Group Five is the principal contractor for the Transnet Tippler contract. As part of the agreement, Group Five constructed a skills development centre in Saldanha. Training for local people in construction-related skills under the accreditation of the Group Five Construction Skills Training Academy has started.

PROGRESS TO DATE:

Bursaries

Three students studying BSc Civil Engineering at the University of Cape Town are enrolled for the second year on the bursary programme. They have all passed their current exams and will be doing their on-site training during their holiday.

Interns

There are five students on the internship programme completing practical training.

Learnerships

There are currently ten unemployed local people on the Build & Civils learnership. 20 more unemployed locals from the West Coast College completed the assessments and are being considered for the Construction Learnership.

Trainee foremen

There are currently two local people on the trainee foreman programme.

UPCOMING INITIATIVES

A range of training initiatives involving 15 construction-related skills programmes are planned for implementation. This will benefit more than 400 members of the communities living in close proximity to our sites. Focus areas include foreman development, concrete technology, scaffolding and health and safety training.

Bursaries will also continue. Mathematics and science programmes will also be offered to Grade 10 learners on weekends.

EMPLOYEE VOLUNTEERISM, GIFTS IN KIND/PAYROLL GIVING

Employee involvement is an important element of the group's SED strategy. Employees are encouraged to become actively involved in community development during working hours. Our employees also often donate from their own funds. For example, every winter employees contribute towards the purchasing of blankets for impoverished communities.

In F2017, more than 300 employees were involved in various group community programmes and volunteered their time to various causes on days such as Nelson Mandela Day and 16 Days of Activism to address violence against women and children.

SOCIAL IMPACT ASSESSMENT

Monitoring and managing the impact of our planned interventions is important to Group Five. This is achieved through consultation with local community representatives, government and other key stakeholders before investing in initiatives. Our strategy is also long term, as this provides an opportunity to have a more meaningful impact instead of only providing once-off grants or donations. Our beneficiaries have to report back, with agreements in place with the group, as well as regular feedback to the board's transformation & sustainability committee.

SED SPEND

R'000	F2017	F2016	F2015
Engineering & Construction			
Building	**175**	530	433
Housing	**103**	62	140
Coastal	**347**	306	139
Civil Engineering	**313**	253	23
Plant & Equipment	**–**	36	54
Projects	**37**	170	257
Power	**–**	–	–
Oil & Gas	**47**	9	40
Nuclear	**–**	–	–
Cluster total	**1 022**	1 366	1 086
Investments & Concessions			
Infrastructure Development Services	**–**	50	20
Intertoll	**290**	383	235
G5 Properties	**–**	76	–
Cluster total	**290**	509	255
Manufacturing			
Everite	**66**	366	164
Pipe	**–**	–	–
BRI	**22**	47	32
Cluster total	**88**	413	196
Corporate Business Services	**1 012**	905	1 017
Group SED spend for the year	**2 412**	3 193	2 554

OVER-BORDER SOCIO-ECONOMIC DEVELOPMENT

The group focuses on SED programmes in our key countries of operation. Below we outline information on two of our over-border countries.

Ghana

We continue to support the Tarakadi community which is in the vicinity of certain of our contracts in Ghana. Last year, we erected a classroom, workshop and library. This year, we have been able to sponsor a programme that trains 1 500 teachers from various schools around the area, as well as offering a number of scholarships to performing learners.

Zimbabwe

We responded to an appeal by the Ministry of Health in Zimbabwe to assist with the renovation of staff accommodation at one of their clinics along the Plumtree to Mutare road, which the group's Investments & Concessions cluster is operating and maintaining. The clinic services more than 200 households in the rural community of Mutare. Due to the lack of adequate accommodation, some of the staff sleep inside the facility. The project entails renovating a staff house and converting the existing garage into two bedrooms. The project is still underway.

OVER-BORDER SED SPEND

Country	Initiative	Amount of spend R'000
Zimbabwe	Staff accommodation for clinic	**140**
Ghana	Teach the Teacher and scholarships	**146**
	Donation to Osu Children's Home in Accra	**7**
	Total spend	**293**

FOCUS FOR F2018

- The SED and community strategy will remain focused on supporting effective initiatives that foster sustainable development for the communities around our operations
- Increased effort will be placed on group initiatives, such as mobile science laboratories for high schools in Mpumalanga, initiatives that empower young girls and women, as well as other initiatives currently being negotiated for certain communities in Limpopo near our recently-awarded Grootegeluk (GG6) expansion contract

ENVIRONMENT

DELIVERY ON F2017 FOCUS AREAS:

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FOCUS AREAS FOR F2017	DELIVERY
Improve environmental reporting and reduce environmental impacts.	The monthly environmental reporting allows for identification and effective control of potential environmental impacts/risks on each contract and within the various business segments. Environmental risk identification and management continue to be further improved
The water crisis in South Africa will be a priority for the group during F2017, as this can significantly impact our activities.	A water management audit was conducted at several of the major construction contracts and within the Manufacturing cluster to identify areas of water wastage and opportunities to reduce the need for the use of potable water. A water management plan was drafted, which is in the process of being rolled out
Environmental awareness, with a specific focus on legal liability and compliance, will be undertaken in F2017. This will be rolled out at all levels of the group in preparation for the implementation of ISO 14001:2015.	Environmental training was undertaken
Carbon emission reduction and improvement of data captured within the sustainability module will remain key in F2017 in preparation for the intended carbon tax.	The accuracy of data captured is monitored and reported on a monthly basis. The internal system is currently being updated to cater for changes within the group and the intended carbon tax
Align the current group environmental management system with the ISO 14001:2015 international standard.	This was done. Training and awareness on the new system will be rolled out in the coming year

INTRODUCTION

GROUP FIVE RECOGNISES THAT AS AN INFRASTRUCTURE GROUP ITS ACTIVITIES CONTRIBUTE TO ENVIRONMENTAL DEGRADATION. WE THEREFORE TAKE ALL REASONABLE MEASURES TO PREVENT AND/OR MINIMISE OUR IMPACT ON THE ENVIRONMENT THROUGH THE IMPLEMENTATION OF AN ENVIRONMENTAL MANAGEMENT SYSTEM IN LINE WITH INTERNATIONAL STANDARDS AND BEST PRACTICE.

A top-down approach is followed, with each level of management responsible to ensure that the operations within their cluster manages its environmental impact.

A safety, health and environmental committee that is led by an executive committee member, as well as a transformation & sustainability committee consisting of members of the board, are responsible for ensuring that the environmental management system and the various environmental group policies are enforced. The committees are also responsible for ensuring compliance with regulations and educating employees, stakeholders and interested and affected parties on environmental matters related to the group's activities.

Group Five actively communicates its environmental performance to the public through the required legislative channels and on the group's website.

ISO 14001:2004 CERTIFICATION

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

External audits on system compliance are undertaken annually. During the external audit, no major areas of non-conformance were raised. Minor areas to address included updating the audit checklist, reviewing the criteria used to rate risk and implementing detailed targets and objectives. All segments of the group therefore retained their certification.

Group Five is in the process of transitioning its current ISO 14001:2004 status to comply with the requirements of ISO 14001:2015. A transitional audit to evaluate compliance with the new standard will take place during the second quarter of F2018.

EMISSIONS

We changed our reporting approach in F2012 to only report on the emissions of those activities we have financial control over. Emissions related to joint venture activities where Group Five is not the leading party are therefore excluded from calculations. The baseline was adjusted in F2012 with emissions at 906 416 metric tonne CO_2 equivalent (tCO_2e). Due to several significant changes within the group, a large reduction in the emissions (total metric tonne CO_2 equivalent) was observed since F2012. The significant decrease can mainly be attributed to the selling or integration of certain components within the previous Construction Materials cluster and the significant reduction in active contracts in Engineering & Construction due to tough market conditions.

GROUP FIVE'S CARBON FOOTPRINT

- The group has voluntarily submitted information to the Carbon Disclosure Project (CDP) for nine years
- The information submitted for CDP occurs after the group's year end. The carbon footprint data reported in this review is therefore for the year ended 30 June 2016
- The group follows a financial control approach for recording its emissions
- F2012 was selected as the baseline year due to the change in the reporting approach

FOOTPRINT PER SCOPE

	F2016 (tCO_2e)	F2015 (tCO_2e)	F2014 (tCO_2e)	F2013 (tCO_2e)	F2012 (tCO_2e)	Emission factor	% of total F2016
Scope 1 – Diesel, petrol, coal, LPG, etc	**46 058**	56 720	79 459	67 827	50 593	2.67 kg /litre	14
Scope 2 – Purchased electricity	**44 251**	51 111	61 373	61 163	62 071	0.99 kg CO_2/kWh	14
Scope 3 – Business travel, deliveries	**235 889**	406 494	584 093	642 107	793 752	–	72
Total	**326 198**	514 325	724 925	771 097	906 416	–	100

Total Greenhouse Gas (GHG) emissions for F2016 (326 198 tCO_2e) decreased by 37% compared to F2015 (514 325 tCO_2e). The decrease was mainly due to a reduction in man hours. F2016 GHG emissions compared to the baseline year (F2012: 906 416 tCO_2e) reduced by 64%.

SCOPE 1

Direct Group Five emissions only.

SCOPE 2

Indirect emissions from the generation of purchased electricity.

SCOPE 3

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

SCOPE 1 – DIRECT EMISSIONS*
CARBON FOOTPRINT PER CLUSTER

	F2016		F2015		F2014		F2013		F2012	
Cluster	**Carbon footprint (tCO_2e)**	**% of total**	Carbon footprint (tCO_2e)	% of total	Carbon footprint (tCO_2e)	% of total	Carbon footprint (tCO_2e)	% of total	Carbon footprint (tCO_2e)	% of total
Engineering & Construction	**27 935**	**61**	24 072	42	48 690	61	39 613	58	19 962	43
Investments & Concessions	**3 753**	**8**	3 513	6	3 267	4	3 727	6	2 303	5
Manufacturing	**14 370**	**31**	29 135	52	27 501	35	24 488	36	23 900	52
Total	**46 058**	**100**	56 720	100	79 458	100	67 828	100	46 165	100

Scope 1 emissions relate to sources owned or controlled by the group, such as from boilers, vehicles and furnaces.

Scope 1 emissions for F2016 were 19% lower than those reported in F2015 and 1% lower than the baseline in F2012. The reduction in Scope 1 emissions from F2015 can be attributed to the conclusion of various plant-intensive contracts within the Engineering & Construction cluster at the end of F2015. A 20% increase in fuel usage (2 190 749 litres) was observed compared to F2015 due to the start-up of new contracts at the end of F2016.

The Engineering & Construction cluster remains the largest contributor to Scope 1 emissions and contributed 61%. This was followed by the Manufacturing cluster which contributed 31%.

* *Diesel, petrol, coal, LPG, etc.*

SCOPE 2 – ENERGY INDIRECT EMISSIONS*
PER CLUSTER (INDIRECT EMISSIONS)

	F2016		F2015		F2014		F2013		F2012	
Cluster	**Carbon footprint (tCO_2e)**	**% of total**	Carbon footprint (tCO_2e)	% of total	Carbon footprint (tCO_2e)	% of total	Carbon footprint (tCO_2e)	% of total	Carbon footprint (tCO_2e)	% of total
Engineering & Construction	**4 838**	**11**	2 456	5	7 811	13	7 867	13	3 716	7
Investments & Concessions	**8 574**	**19**	7 822	15	10 789	17	9 723	16	8 811	17
Manufacturing	**30 838**	**70**	39 926	80	42 774	70	43 574	71	40 160	76
Total	**44 250**	**100**	50 204	100	61 374	100	61 164	100	52 687	100

Scope 2 emissions are indirect emissions associated with the purchase and consumption of electricity. Scope 2 emissions decreased by 12% from F2015 and by 16% when compared to the baseline year in F2012.

The Manufacturing cluster remains the largest consumer of electricity due to its operational requirements. It contributed 70% of the total Scope 2 emissions of the group. The increase in Scope 2 emissions within the Investments & Concessions cluster was due to a 9% increase in the electricity consumption from its European operations due to severe weather conditions experienced during F2016.

* *Purchased electricity emissions.*

SCOPE 3 – OTHER INDIRECT EMISSIONS
PER CLUSTER (INDIRECT EMISSIONS)

	F2016		F2015		F2014		F2013		F2012	
Cluster	**Carbon footprint (tCO_2e)**	**% of total**	Carbon footprint (tCO_2e)	% of total	Carbon footprint (tCO_2e)	% of total	Carbon footprint (tCO_2e)	% of total	Carbon footprint (tCO_2e)	% of total
Engineering & Construction	**231 633**	**98**	402 976	99	579 825	99	327 871	51	786 691	99
Investments & Concessions	**379**	**<1**	404	<1	464	<1	124 299	19	44	<1
Manufacturing	**3 877**	**2**	3 922	1	3 805	<1	189 937	30	5 008	<1
Total	**235 889**	**100**	407 302	100	584 094	100	642 107	100	791 743	100

The Engineering & Construction cluster contributed 98% of the emissions generated in Scope 3. This is mainly due to the large number of sub-contractors and suppliers required to provide services within this cluster. The 42% reduction in emissions compared to F2015 was due to less services and supplies required in tough market conditions, as well as supplies and services purchased by leading joint venture partners which are not accounted for in Group Five's carbon footprint.

EMISSION FACTORS

The group utilises emission factors set by the Department for Environment, Food and Rural Affairs (DEFRA) in the United Kingdom to calculate its Greenhouse Gas emissions associated with the consumption and combustion of the various sources which are known to contribute to climate change. The emission factors are utilised to calculate and convert the quantities of a specific substance consumed. This is expressed in a CO_2 equivalent (CO_2e). The DEFRA emission factors which were used to calculate Group Five's Scope 1, 2 and 3 emissions are presented in the tables below.

SCOPE 1 – EMISSION FACTORS

Description	Value	Unit
Diesel	**2.67**	kg CO_2e per litre
Petrol	**2.30**	kg CO_2e per litre
LPG	**3.16**	kg CO_2e per kg
Weighted vehicle average emission factor	**0.20428**	kg CO_2e per km
Other bituminous coal	**2.44**	kg CO_2e per tonne
Natural gas	**0.056**	tCO_2e per tonne

The Scope 2 emission factors are determined based on the emissions calculated for electricity generation within that specific country. The country-specific emission factors for those countries in which electricity consumption was reported are indicated in the table below.

SCOPE 2 – EMISSION FACTORS

Description	Value	Unit
South Africa	**1.027**	CO_2e per MWh
Zimbabwe	**0.596**	CO_2e per MWh
Ghana	**0.080**	CO_2e per MWh
Burkina Faso	**0.637**	CO_2e per MWh
DRC	**0.002**	CO_2e per MWh
Hungary grid	**0.317**	CO_2e per MWh

SCOPE 3 – EMISSION FACTORS

Description	Value	Unit
Purchased goods and services		
Steel	**2.03**	kg CO_2 per kg
Water	**1.275**	kg CO_2 per litre
Cement	**0.740**	kg CO_2 per litre
Concrete	**0.107**	kg CO_2 per litre
Bricks	**0.240**	kg CO_2 per litre
Upstream transportation and distribution		
Average heavy goods vehicles	**0.053**	tCO_2e per tonne km
Waste generated in operations		
Municipal solid waste	**0.170**	tCO_2e per tonne waste
Business travel		
Air travel (short haul)	**0.088**	kg CO_2e per passenger km
Average distance travelled (short haul)	**1.137**	km
Downstream transportation and distribution		
Average heavy goods vehicles	**0.053**	kg CO_2e per tonne km

CARBON DISCLOSURE PROJECT

Group Five has put reduction targets in place for its fixed sites. Reduction targets of 3% over a period of five years were set during F2012 for all fixed sites.

In the Manufacturing cluster, a reduction of 22% was seen compared to F2012 and a 2% reduction compared to F2015. The reductions are mainly due to lower activities in continued tough market conditions.

To quantify the group's environmental impact and measure its performance against previous years, its impact is being expressed as tCO_2e per permanent employee. Due to significant retrenchments in F2016, the base of employees for the calculation was much lower. This resulted in the relative tCO_2e per permanent employee being 32% higher than F2015, even though the total tCO_2e was actually 37% lower. The environmental impact for F2016 amounted to 9,7 tCO_2e per permanent employee.

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

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

REGULATIONS RELATING TO CARBON TAX

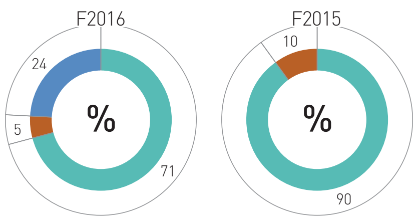
The intended implementation of the carbon tax during F2017 was delayed. A new intended implementation date has not been announced yet, although it is anticipated to come into effect from 1 January 2018. It is unknown whether the current draft Carbon Tax Bill published in 2015 will be revised and updated. The group remains prepared for the intended implementation.

WATER

South Africa's three economic hubs (Gauteng, KwaZulu-Natal and Western Cape) faced a Level 3 water crisis during the F2016 year. The water restrictions required consumers within the three provinces to reduce their water usage by as much as 30%. Businesses operating within these areas that were not capable of reducing their water needs were required to apply for exemption. Strict penalties were implemented on those that did not lower consumption.

Group Five has operations within all three of the affected provinces. We prioritised water consumption within the Engineering & Construction and Manufacturing clusters, with a water management plan implemented. These included measures to monitor and reduce water consumption at all its operations.

A 32% reduction in water consumption was observed during F2016 compared to the previous year. This was mainly due to less activity within the Engineering & Construction cluster. Water reduction targets for F2018 were proposed, which involves a 5% reduction of water within the Engineering & Construction cluster.



WATER CONSUMPTION (% kl)

	F2016	F2015
Engineering & Construction	71	90
Investments & Concessions	5	–
Manufacturing	24	10

Figure 1: Water consumption (F2015/F2016).

Engineering & Construction

The Engineering & Construction cluster contributed 71% of the F2016 water usage within the group, with approximately 1 012 332 kilolitres of water used.

The usage is approximated, as an exact water use calculation is challenging in this cluster due to:

- Water being mostly included in the contract as a free issue item or alternatively being supplied by the client. This is not metered
- Water obtained from free-standing pipes not being metered and/or being shared with other contractors within the area
- Water tankers filled at free-standing pipes being logged on a log sheet, but only as an estimation
- Certain utility bills and/or lease payments not providing a split between electricity and water

Water is obtained from various sources, including municipal, borehole, private entities and open water sources. Where water is obtained from boreholes, private entities and open water sources, it is ensured that the water usage is authorised and that the abstraction volumes remain within the authorised limits. The group also takes care to ensure that none of its water use requirements negatively impact the environment and communities.

Activities which contribute to significant water usage include stabilisation and compaction activities, concrete-related activities, hydro-testing and dust suppression.

Investments & Concessions

The water usage in the Investments & Concessions cluster contributed to only 5% (30 846 kl) of the total water consumption of the group for F2017. This cluster largely focuses on general operations and maintenance of properties such as the watering of the landscape, washing of lanes and general domestic use within the office building.

Manufacturing

The Manufacturing cluster contributed 24% of the total water consumption of the group in F2016.

Everite within the Manufacturing cluster utilises a closed loop water system for the articulation of water through the process plant. However, it has to top up water loss during the manufacturing process from the municipal water line. Everite requires approximately 248 534 kilolitres of water per annum, which are obtained from the Midvaal municipal water line.

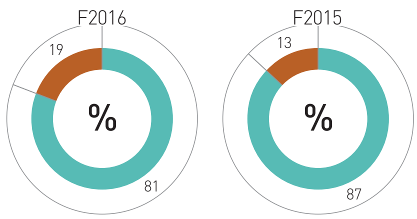
The Manufacturing process requires potable water (treated water) to prevent compromising the quality of the product. It is estimated that approximately 30% of water utilised during the fibre cement production process is lost, as it is absorbed by the product during the manufacturing process. Furthermore, Everite makes use of three boilers which requires approximately 10 000 litres of water per hour to operate. Water for the boilers are also obtained from the Midvaal municipal water line. Opportunities for water use reduction have been proposed and further investigation with regards to its feasibility is underway.

The water management plan is intended to ensure that water consumption is accurately recorded and reported going forward. This will assist in determining whether reduction targets are being met.

WASTE MANAGEMENT

Group Five only makes use of registered waste service providers to dispose of waste at authorised landfill sites. Service providers which want to render a waste disposal service to the group are required to provide evidence of the safe disposal of all waste removed from sites in the form of a waste manifest signed by the receiving landfill representative.

Hazardous waste generated are of small quantities, with strict requirements and the use of formal hazardous waste service providers. Where required, the group is registered with the South African Waste Information System (SAWIS) centre, which is the only system for capturing and monitoring hazardous waste generated.



WASTE (% tonnes)

	F2016	F2015
Engineering & Construction	81	87
Investments & Concessions	19	13
Manufacturing	–	–

Figure 2: Volume of waste generated (F2015/F2016).

Engineering & Construction

Engineering & Construction's waste generation represented 87% of the group's waste generation.138 164 metric tonnes of waste were generated in this cluster in F2016, which was 6% less than what was reported in F2015. The majority of waste within this cluster originates from building rubble and packaging materials, such as crates, pallets, wrapping and other packaging materials. Opportunities for increased waste reduction and re-use are investigated on all contracts to reduce the need to send waste to landfill.

Investments & Concessions

Waste generated within the Investments & Concessions cluster is insignificant and consists mostly of general waste that are created during the operational processes of the toll plazas. Although waste segregation is undertaken at the plazas, the waste is incorporated within the local municipal waste collection services and is therefore not taken for recycling. Where feasible, the plazas have engaged with service providers within the local communities to remove recyclable waste.

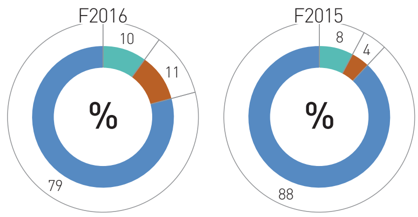
Manufacturing

The Manufacturing cluster contributed 13% of the waste generated in F2016, which was 6% less than F2015. The majority of the waste generated within this cluster are sorted into different waste streams on site and sent for recycling. The Everite business segment is in possession of a waste licence and their waste disposal site is monitored by an external environmental specialist in line with the requirements of the waste licence.

ENERGY AND ELECTRICITY CONSUMPTION

Electricity consumption for F2016 was 201 689 megawatt hours (MWh), which was 4% lower than F2015 (210 811 MWh). The reduction in consumption was due to less activity within the Engineering & Construction cluster, as well as the upgrading of the capacitor unit for storing energy at Everite.

The Manufacturing cluster remains the largest user of electricity within the group due to its plant operations.



ELECTRICITY USAGE (% MWh)

	F2016	F2015
Engineering & Construction	10	8
Investments & Concessions	11	4
Manufacturing	79	88

Figure 3: Electricity consumption (F2015/F2016).

A total of 107 399 megawatt hours (MWh) of energy was generated in F2016 from sources other than electricity. The 42% reduction in MWh from F2015 to F2016 was due to tough market conditions within the Engineering & Construction cluster and a reduction in the demand for construction materials produced by the Manufacturing cluster.

Diesel generators remain the largest source of providing power within the Engineering & Construction cluster.

A 35% reduction in energy produced from the utilisation of fuel was seen from F2015 to F2016.

GROUP

Fuels (MWh of energy)	F2016	F2015	F2014	F2013	F2012	F2011
Gas/diesel oil	**109 598**	86 240	186 419	155 593	105 372	200 173
Motor gasoline	**3 029**	4 174	4 624	7 600	4 810	3 436
Bituminous coal	**46 628**	92 235	66 923	60 988	61 744	59 268
Liquefied petroleum gas (LPG)	**146**	203	1 090	5 590	31	–
Sasol gas	**2 003**	1 330	2 003	3 844	4 137	4 137
Total (MWh)	**161 404**	184 182	261 059	233 615	176 904	267 014

* *MWh of energy.*

To quantify and express the group's environmental impact in relation to its energy consumption, the use of energy in megawatt hours is expressed as MWh per permanent employee. As previously mentioned, F2016 saw a significant reduction in permanent employees compared to F2015. The relative MWh per permanent employee was therefore much higher (59%) than that reported during the previous financial year at 7.0 MWh versus 4.4 MWh.

ENVIRONMENTALLY SUSTAINABLE CONTRACTS

The Green Building Council of South Africa (GBCSA) aims to play a leading role in the transformation of the South African property industry by ensuring that buildings are designed, built and operated in an environmentally sustainable way. Due to the technologies and environmentally sustainable designs of Green Star and Leadership in Energy and Environmental Design (LEED) buildings, these buildings have a 30% to 50% lower Greenhouse Gas emission footprint over its lifespan compared to conventional buildings.

As a founding member of the GBCSA, Group Five remains active in the Green Star building construction space and the construction of LEED buildings. The group constructed two Green Star and two LEED buildings during F2017, in comparison to the two Green Star buildings and one LEED building constructed during F2016.

The buildings constructed during the group's current financial year (F2017) include the following:

Allandale and Gateway Office parks – Two LEED buildings

Tshwane House and Waterfall Business Campus – Green Star buildings

ENVIRONMENTAL INCIDENTS AND LITIGATION

No significant environmental incidents were recorded at any of the Group Five operations. Minor environmental incidents, such as minor hydrocarbon spills, mixing of waste and concrete spills that are contained on our own sites, are recorded at operational level and reported to the group on a monthly basis.

A reduction of 60% in minor non-reportable environmental incidents was recorded for F2016. The reduction target of 85% was therefore not achieved. However, this was not due to an increase in incidents, but following improved awareness and compliance in terms of reporting incidents. The group will continue to create awareness of the importance of noting and reporting incidents and will strive to achieve the 85% reduction target set in F2015.

Several of the Group Five operational sites were evaluated by environmental departments as part of their routine inspections. No litigation or prosecution measures were instituted against any operations. Minor areas for improvement were immediately addressed and feedback provided to the relevant responsible departments. All permits and licences remain intact.

COMPARED TO CONVENTIONAL BUILDINGS, AND ASSUMING AN AVERAGE OF 60 YEARS' LIFETIME FOR A BUILDING, THE AVERAGE LOWER EMISSIONS OF A NEW GREEN OFFICE BUILDING OVER ITS LIFETIME IS ESTIMATED TO BE ±320 000 tCO_2e. THIS IS CALCULATED BASED ON THE ASSUMPTION THAT EACH GREEN BUILDING SAVES, ON AVERAGE, 50% OF ELECTRICITY COMPARED TO A CONVENTIONAL BUILDING. IN SOUTH AFRICA, POWER IS GENERATED BY MEANS OF COAL-FIRED POWER STATIONS WHICH HAVE A GRID EMISSION FACTOR OF 1.03 tCO_2e/MWh.

ENVIRONMENTAL RISKS

The following environmental risks are continuously monitored:

	Risks	Group's mitigation
1	Introduction of a carbon tax in South Africa.	We are prepared for the carbon tax which might now be implemented from 1 January 2018.
2	Changes within environmental legislation and pressure from stakeholders to improve its environmental performance.	Changes and potential risk exposures are actively communicated and mitigation measures put in place to ensure compliance within affected operations or activities. External legal compliance audits are undertaken as part of the group's responsibility to ensure its operations are fully compliant with all applicable legislation.
3	Undertaking activities which might trigger the requirements for an environmental authorisation, licence or permit. Delays in issuing of authorisations, licences or permits by government departments may result in construction programmes not being met and/or delays in the initiation of contracts.	Engagement with clients on environmental requirements is undertaken during the tender phase. Potential delays as a result of environmental authorisation requirements are included in our tender risk registers. Engagement with authorities at the commencement of contracts assists with streamlining the authorisation processes and preventing contractual delays.
4	Monitoring and reporting requirements related to air emissions from mining, manufacturing and asphalt production activities within the Engineering & Construction cluster.	Emissions monitoring and reporting are undertaken on an annual basis and results submitted to the relevant reporting authorities by the safety, health and environmental managers. Emissions remain within the stipulated limits, with no incidents of emission exceedance reported to date.
5	Water availability and quality, as the majority of Group Five activities are currently taking place in water scarce regions within Southern Africa and the rest of Africa.	Group Five has a water management plan which identifies areas where water consumption can be reduced. The feasibility and financial impact of proposed reduction initiatives are currently being investigated. The availability and quality of water resources remains a significant risk to the group's operations, especially in the Western Cape operations.
6	Implementation of the compulsory monitoring and reporting on Greenhouse Gas emissions will have a financial impact, as well as put additional strain on responsible resources. Operations which do not meet the required air emissions standards might be required to upgrade to new technologies.	We work closely with regulating authorities to ensure reports are submitted on time and comply with reporting requirements.

FOCUS FOR F2018

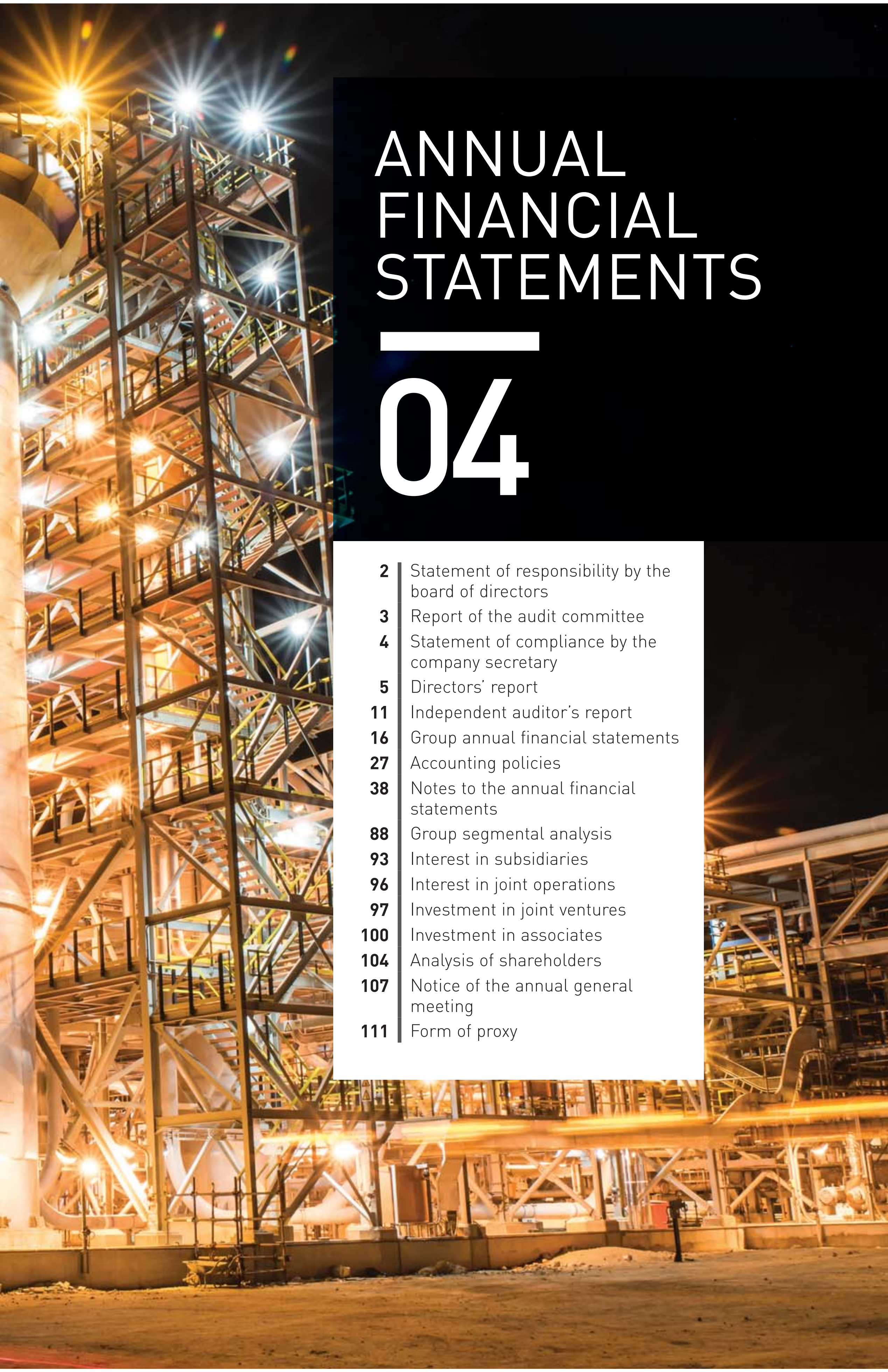
We will continue to improve our environmental indicators. We recognise the severity of the current water situation within parts of South Africa, and therefore remain focused on reducing water consumption throughout our operational footprint, with special attention given to the Western Cape.

Further attention will be placed on identifying risks and opportunities associated with climate change and embedding these in the group's business model.

The continuous integration of environmental obligations and stakeholders' expectations throughout each aspect of the business will be evaluated to ensure their expectations are met.

The transition of the current environmental management system to the new standard requirements will be rolled out in preparation for the ISO 14001:2015 certification audit during May 2018.

Environmental awareness of employees will continue to increase the general understanding at all levels of the group.



ANNUAL FINANCIAL STATEMENTS

04

Statement of responsibility by the board of directors

for the year ended 30 June 2017

The directors are responsible for the maintenance of proper accounting records and the preparation, integrity and fair presentation of the group annual financial statements of Group Five Limited and its subsidiaries. The annual financial statements, presented on pages 3 to 106 have been prepared in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act in South Africa and include amounts based on judgements and estimates made by management. The directors also prepared the other information included in the annual report and are responsible for both its accuracy and its consistency with the annual financial statements.

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

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

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

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

Report of the audit committee

for the year ended 30 June 2017

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

MEMBERSHIP AND TRANSITION ARRANGEMENTS

The audit committee for the year under review comprised B Ngonyama, SG Morris, JL Job, KK Mpinga, VM Rague and MR Thompson. Refer to the corporate governance report for details of audit committee member resignations.

To address the issue of a un-quorate audit committee between the 5 May 2017 and 11 August 2017, following the chairperson's resignation on that date, the previous board pronounced that attendance to all the audit committee meetings be compulsory for all board members from May 2017 until the board's resignation on 24 July 2017. In addition the previous board held a special board meeting on the 23 July 2017, immediately preceding the board's resignation, to attend to the approval of the financial results for the current financial year and issued a trading statement in this regards on 24 July 2017. The previous board was thus satisfied that it had considered, executed and discharged its responsibilities during the year in accordance with its mandate.

JL Job, TC Kgogo, MR Upton were appointed to the board of directors on 24 July 2017 and appointed as audit committee members on 11 August 2017, along with C Fernandez who was appointed as audit committee chairperson. All members are independent non-executive directors who have the requisite financial skills and experience to contribute to the committee's deliberations. The committee meets quarterly each year with ad hoc special meetings when required and the Chief Executive Officer, the Chief Financial Officer and representatives from external and internal audit, risk function and the chairperson of the main board of directors attending each meeting by invitation. Full details on audit committee meetings held and the members' attendance are disclosed in the corporate governance section of the online integrated annual report.

The audit committee is responsible for overseeing the content of the integrated annual report. As the board of directors were 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. This interim audit committee met on the 10 August 2017 to consider the group financial results and integrated annual report.

MANDATE AND TERMS OF REFERENCE

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

STATUTORY DUTIES

The committee adopts a work plan annually in advance in order to manage the discharge of its responsibilities under the Companies Act, King III, its own charter and the JSE regulations. In addition, the audit committee pays particular attention to areas of significant judgement, including contract claims and profit recognition and assessments of uncertain taxation positions, due to the number of tax jurisdictions in which the group operates across Africa and Eastern Europe. During the current year, the committee also paid particular attention to the strategic equity partnership transaction with Aberdeen Infrastructure Funds.

The board of directors are satisfied that they have acted with the necessary degree of care, skill and diligence in the approval of the integrated report and annual financial statements.

The external and internal auditors have unfettered access to the audit committee and its members, and both present formal reports to the committee. The chairperson of the audit committee meets quarterly with the Head of Internal Audit and, at least annually, the external auditors meet independently with the committee. The committee has satisfied itself that the external auditor was independent of the company, as set out in section 94(8) of the Companies Act, No 71 of 2008, which includes consideration of compliance with criteria relating to independence or conflicts of interest as prescribed by the Independent Regulatory Board of Auditors.

INTERNAL CONTROL

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

INTEGRATED REPORTING

The integrated annual report comprises the:

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

Following our review, and having regard to all material factors and risks that may impact on the integrity of the integrated annual report, we accordingly recommend the integrated annual report and consolidated annual financial statements of Group Five Limited for the year ended 30 June 2017 to the board of directors for approval on 17 August 2017.

C (Cora) Fernandez
Chairperson of the audit committee

17 August 2017

Statement of compliance by the company secretary

for the year ended 30 June 2017

I certify that the company has lodged with the Registrar of Companies all such returns as are required of a public company in terms of the Companies Act, No 71 of 2008 (South Africa) in respect of the year ended 30 June 2017, and all such returns are true, correct and up-to-date.

N (Nonqaba) Katamzi
Company secretary

17 August 2017

Directors' report

for the year ended 30 June 2017

NATURE OF BUSINESS

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

GROUP RESULTS

Headline earnings per share (HEPS) 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.

The difference between earnings and headline earnings this year was mainly as a result of a profit on the fair value adjustment of an investment property held by an associate company and profits on disposal of property, plant and equipment.

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% in a declining market 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 higher 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 in F2016 by a provision for a potential impaired debt in Engineering & Construction.

The financial statements on pages 16 to 106 set out fully the financial position, results of operations and cash flows for the group for the financial year ended 30 June 2017. Segmental information as approved by the directors relating to the business of the group is set out on pages 22 to 26.

Financial performance

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:

R159,1 million	The recognition of the group's financial socio-economic contribution of the Voluntary Rebuilding Programme (VRP) with the government of South Africa.	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 relating to the annual discount unwind.	
R244 million	Transnet New Multi Product Pipeline (NMPP)	The commercial close out and final settlement of the long-outstanding NMPP contracts	
R40,5 million	Additional restructuring costs	Following the R7,3 million impact in H1, 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.	
R470 million	A reduction in profitability from the underlying Engineering & Construction segments against guidance.	H1 R172 million H2 R298 million	Profitability reduced due to unsecured orders that did not materialise and continued margin erosion.

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 as a result of an undetected overpayment to the group over several years by a key client based on an error from the client's consulting engineer.

In line with expectations, group net finance costs of R7,2 million were recorded for the year compared to the net finance costs of R14,9 million in the prior year.

The effective tax rate of 25% against a loss before tax (F2016 tax rate: 38%) was impacted by:

- the taxation effect of the VRP
- a more conservative approach adopted on the tax treatment of a transaction, and its resultant impact on the group's deferred taxation asset
- unrecognised deferred taxation assets

In the prior year, taxation rates were impacted by the non-deductibility of a provision raised for a potential bad debt.

Financial position

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

Cash flow

The group absorbed R170,9 million (F2016: R449,4 million generated) cash from operations before a working capital absorption of R640,1 million (F2016: R30,2 million generated). This resulted in a net cash outflow from operating activities of R1,0 billion (F2016: R146,3 million) after settlement of taxation liabilities of R149,1 million (F2016: R250,6 million) and dividends paid to shareholders of R44,6 million (F2016: R67,8 million).

The group invested R124,1 million with the acquisition of 10.0% in the M6 Phase III project in Hungary. This is a long term concession.

After a net cash investment of R91,0 million (F2016: R149,7 million) in plant and equipment, net borrowings repaid of R300,5 million (F2016: net R391,9 million), and proceeds on service concessions investments of R785,4 million (F2016: R142,7 million), a net outflow of R989,8 million was realised (F2016: R134,7 million).

The depreciation of the South African Rand against foreign currencies, especially the US Dollar, resulted in a R128,3 million outflow (F2016: R355,6 million enhancement) in the South African Rand equivalent of foreign cash balances.

This resulted in a net outflow of R990,0 million (F2016: R134,7 million).

Capital expenditure

Details on capital expenditure by segment are set out on page 25 of this integrated annual report.

SUBSIDIARIES, JOINT ARRANGEMENTS AND ASSOCIATES

The interest in subsidiaries, joint arrangements and associated companies, are set out on pages 93 to 103 of this integrated annual report.

BUSINESS COMBINATIONS

There were no business combinations during the current reporting period.

In December 2016 the company entered into a sale and purchase agreement and shareholders' agreement with Aberdeen Infrastructure Funds (AIF), a wholly-owned subsidiary of Aberdeen Asset Management Plc. This transaction involved AIF's acquisition of a 49.99% stake in Intertoll Europe's underlying public private partnership (PPP) project investment portfolio, which houses Group Five's key European investments and concessions assets. The cash consideration of approximately EUR43,0 million 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 achieved financial close before financial year end, with proceeds of EUR40 million relating to the seed assets and EUR4,3 million relating to the purchase of the investment in M6 Phase III, referred to below. All proceeds were received by 30 June 2017.

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".

Following implementation of the transaction, Group Five holds 50.01% of the seed assets and AIF the remaining 49.99%. Both parties' interests in the seed assets are held through Intertoll Capital Partners BV, a joint venture established to facilitate this partnership (the JV). The parties' relative interests within the JV are subject to change based on future investments. The transaction created a strategic alliance with AIF, which will co-invest with the group in future projects that require access to 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, while 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. In acquiring further equity investments within the JV, it is the group's intention to continue co-investing in the JV. 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 in terms of the sale of a 10% stake in M6 Mecsek by a co-shareholder 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. Group Five and AIF therefore now jointly hold the additional 10% stake in M6 Mecsek (50.01% and 49.99% respectively).

As a result of these transactions, the seed assets, as well as the additional 10% stake in M6 Mecsek, which would have been reflected as investment in service concessions carried at fair value through profit and loss, have been reclassified as an equity accounted joint venture on the group's balance sheet as at 30 June 2017.

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 20 of this group annual financial statements. The authorised and issued share capital is as follows:

Authorised:

150 000 000 ordinary shares of no par value.

Issued:

112 258 283 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:

Issue of shares in terms of share scheme:

Date of shares	Price	Number
July 2016	R20,75	6 687
September 2016	R24,20 – R25,69	34 616
		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 credit amount of R2 million (F2016: R0,5 million expense) was recorded 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.

SPECIAL RESOLUTIONS

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

RELATED PARTY TRANSACTIONS

Related parties to the group are identified as the group's directors, prescribed officers, senior management, subsidiaries, joint ventures and associates. Disclosure of transactions with these parties during the year is provided on pages 68 to 74 of the group annual financial statements.

SHAREHOLDER SPREAD

Details of shareholder categories are set out on pages 104 to 106 of this integrated annual report.

DIVIDEND DECLARATION

The group 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 expectations, acquisition activity 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.

DIRECTORS AND SECRETARY

The following changes in the board of directors occurred during the financial year:

- Mr SG Morris and Dr JL Job, having reached the board retirement age of 70, retired on 31 August 2016
- Mr ECJ Vemer resigned from the board and as CEO with effect from 28 February 2017
- Mr MR Thompson resigned with effect from 6 April 2017
- Ms B Ngonyama resigned with effect from 5 May 2017
- Ms MP Mthethwa, Mr KK Mpinga, Mr NJ Chinyanta, Mr W Louw and Mr VM Rague resigned with effect from 24 July 2017
- Mr ST Mosai was appointed as acting CEO on 1 March 2017 and as permanent CEO on 23 May 2017
- Following the conclusion of the extraordinary general meeting of shareholders on 24 July 2017, and acceptance by the directors of their election as non-executive directors of the company, the group announced the appointments of Ms N Mandindi, Ms C Fernandez, Ms RJ Huntley, Dr JL Job, Dr TC Kgogo, Mr N Martin, Mr MR Upton and Mr EB Williams as non-executive directors, with effect from 24 July 2017

The new board is committed to restoring stability to the group after a period of significant change. The members have the appropriate skills and expertise to assist the management team to lead Group Five back to a sound base and pleasing returns for shareholders. The members were nominated and voted on by shareholders and are committed to addressing the immediate challenges without losing sight of the importance of also having a more medium and long term strategy horizon

The names and brief CVs of the directors appear on pages 36 to 39 of Group Five's 2017 integrated annual report as well as the online section of the integrated annual report under the corporate governance review, available with the annual financial statements on the group's website. Further information on the directors, including their interest in the shares of the company and share-based remuneration schemes are provided in Annexure 6 and note 22 of the annual financial statements.

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

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

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

DIRECTORS' SHAREHOLDINGS

At 30 June 2017, the number of ordinary shares held beneficially and non-beneficially by the current directors was 49 233 and 1 000 respectively (F2016: 46 370 and 1 000 respectively). There has been no material change in their holdings between the year end and the date of this report. Refer to Annexure 6 in the annual financial statements for additional disclosure.

BORROWING POWERS

In terms of the memorandum of incorporation, the company has unlimited borrowing powers. The revised memorandum of incorporation was approved by the shareholders at the previous annual general meeting held in October 2016.

GOING CONCERN

The directors believe that the group has adequate financial resources to continue in operation for the foreseeable future and accordingly, the annual 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.

INDUSTRY MATTERS

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 regard 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.
    - 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 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.

SHARE OPTION SCHEMES

Details of the group's share option schemes are set out on page 65.

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

The group settled bond: 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 Domestic Medium Term Note 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.

AUDITORS

PricewaterhouseCoopers Inc. will continue in office in accordance with section 90(6) of the Companies Act. At the annual general meeting shareholders will be requested to appoint PricewaterhouseCoopers Inc. as the group's auditors for the 2018 financial year and it is noted that M Naidoo will be the individual registered auditor who will undertake the audit.

ANNUAL GENERAL MEETING (AGM)

The AGM will be held at 11:00 on 7 November 2017. Refer to pages 107 to 110 of this report for further details of the ordinary and special business for consideration at this meeting.

DOMICILE, COUNTRY OF INCORPORATION AND REGISTERED OFFICE

The company is incorporated in the Republic of South Africa, its domicile and registered offices are No 9 Country Estate Drive, Waterfall Business Estate, Jukskei View, Johannesburg 1662.

Independent auditor's report

for the year ended 30 June 2017

TO THE SHAREHOLDERS OF GROUP FIVE LIMITED

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Group Five Limited (the Company) and its subsidiaries (together the Group) as at 30 June 2017, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

What we have audited

Group Five Limited's consolidated financial statements set out on pages 16 to 103 comprise:

- the Group statement of financial position as at 30 June 2017;
- the Group income statement for the year then ended;
- the Group statement of comprehensive income for the year then ended;
- the Group statement of changes in equity for the year then ended;
- the Group statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

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 consolidated financial statements* section of our report.

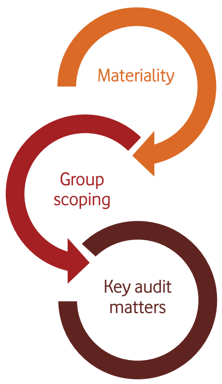
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group 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).

Our audit approach

Overview



Overall group materiality

- Overall group materiality: R128,162,313, which represents 1% of average consolidated revenue for the 2015, 2016 and 2017 financial years.

Group audit scope

- The Group comprises of 167 components, 20 of which require full scope audits and 23 requiring specified procedures.

Key Audit Matters

- Estimation uncertainty involved in construction contract accounting;
- Assessment of tax positions; and
- Strategic partnership with Aberdeen.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall group materiality	R 128,162,313
How we determined it	1% of average consolidated revenue for the 2015, 2016 and 2017 financial years.
Rationale for the materiality benchmark applied	We selected revenue as our materiality benchmark because, in our view, it reflects the activity levels of the Group and it is a benchmark against which the performance of the Group can be consistently measured in circumstances of volatile year-on-year earnings. This benchmark has remained a key driver of the Group's business. We chose 1% based on our professional judgement, after consideration of the range of qualitative materiality thresholds that we would typically apply and the cyclical nature of the construction industry.

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group consists of 167 subsidiaries, associates and joint ventures (referred to as components). We performed full scope audits on 20 components due to their financial significance, and specified procedures on 23 components in respect of which certain transactions and balances were material to the Group. The remaining components represent insignificant subsidiaries, associates and joint ventures for group scoping purposes.

In establishing the overall approach to the group audit, we determined the type of work that needed to be performed by us, as the group engagement team, or component auditors from other PwC network firms or other networks operating under our instruction. Where the work was performed by component auditors, we determined the level of involvement we needed to have in the audit work at those components to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the consolidated financial statements as a whole.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
ESTIMATION UNCERTAINTY INVOLVED IN CONSTRUCTION CONTRACT ACCOUNTING	
Revenue relating to long term contracts comprises more than 83% of the Group's revenue. Revenue is accounted for using the percentage of completion method and is measured at the fair value of the consideration received or receivable and includes variations and claims. The stage of completion is measured by reference to the relationship of contract costs incurred to date for work performed relative to the estimated total costs of the contract. There is a high level of judgement involved in estimating total costs of the contracts and estimating the outcome of claims. For this reason, revenue recognition determined on a percentage of completion basis, is considered a matter of most significance to our audit. Estimates and judgements are made based on the best available information at the time of approval of the financial statements, as indicated in the significant judgements and estimates note (note 2.4).	We selected a sample of construction contracts across the Group for testing. Audit procedures performed in assessing the appropriateness of estimates and judgements in accounting for construction contracts, included: › Assessment of the reasonableness of significant assumptions and estimates, relating to the final cost of completion of the contract, final estimated revenue, claims recognised and penalties recognised, through inspection of contract documentation (e.g. bill of quantities, tender budgets and forecasts and correspondence between the contractor and client); › Making use of our internal quantity surveying expertise to assess the reasonableness of total contract costs through performance of site visits and inspection of contract documentation (e.g. tender budgets and forecasts and bill of quantities); › Discussions of the status of projects with management, quantity surveyors and contract directors involved on the projects; › Agreement of certified revenue amounts recognised to contracts documentation (e.g. revenue certificates and variation orders); › Agreement of contract cost amounts to subcontractor certificates and supplier invoices. › Recomputation of percentage of completion calculations; and › Discussion of the status of legal proceedings on construction contracts with management and their attorneys, in order to form our own view regarding the appropriateness of assumptions and estimates.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
ASSESSMENT OF TAX POSITIONS	
The Group operates in a number of tax jurisdictions across Africa and Eastern Europe. There are various complexities involved in the treatment, recognition and measurement of tax positions in each of these jurisdictions (e.g. compliance with different tax legislation/tax treatment in different jurisdictions and resolution of disputes/disagreements with foreign tax authorities). These include judgements and estimates made in concluding on foreign tax positions and accounting for controlled foreign companies. As such, the assessment of tax positions in the Group is considered a matter of most significance to our audit due to judgement arising from considerations relating to recognition and measurement of tax transactions and balances, and the materiality of balances in relation to the consolidated financial statements as a whole. Estimates and judgement exercised in respect of tax positions are disclosed in note 2.6 to the consolidated financial statements.	We made use of our internal taxation expertise to perform an assessment of material tax positions faced by the Group and to assess the adequacy of provisions recognised in respect of potential tax consequences. We performed the following procedures: › Held discussions with management to obtain an understanding of their assessment of tax positions across the Group; › Held independent discussions with tax consultants engaged by management in the foreign tax jurisdictions in order to obtain an understanding of tax disputes with revenue authorities and to assess the adequacy of tax provisions raised. › Liaised and held discussions with colleagues with taxation expertise in those foreign tax jurisdictions to assess the adequacy of tax provisions raised; › Inspected the tax computations of local entities, material to the Group, in order to assess the appropriateness of tax transactions and balances recognised; and › Obtained written confirmations from the Group's attorneys of their independent assessment of tax matters in order to assess the appropriateness of tax transactions and balances recognised.
STRATEGIC PARTNERSHIP WITH ABERDEEN	
The Group entered into a strategic partnership with Aberdeen Infrastructure Funds during the current financial year. Investments in European service concessions were disposed of to Intertoll Capital Partners B.V. (ICP) during the current year. The Group holds a 50.01% interest in ICP, with Aberdeen Infrastructure Funds holding the remaining 49.99%. Significant judgement was exercised (disclosed in note 11) in determining the accounting treatment for the disposal of the investments in concessions and the acquisition of the investment in ICP. For purposes of our audit we have identified the transaction entered into with Aberdeen Infrastructure Funds as a matter of most significance to our audit due to the complexity of the accounting treatment and the significance of the investments in concession balance to the Group.	We used our technical accounting expertise to evaluate the appropriateness of the treatment applied in accounting for the transactions entered into with Aberdeen Infrastructure Funds. Our evaluation included: › Inspection of the signed contracts with Aberdeen Infrastructure Funds; and › Assessment of the appropriateness of the accounting treatment applied by management in accordance with International Financial Reporting Standards. We made use of our taxation expertise to consider the tax treatment of the transaction, and to assess compliance with tax regulations of the relevant countries.

Other information

The directors are responsible for the other information. The other information comprises the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate as required by the Companies Act of South Africa and the other information contained in the Integrated Annual Report, which we obtained prior to the date of this auditor's report. Other information does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements 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 consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements 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 consolidated financial statements

The directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, 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 consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements 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 these consolidated financial statements.

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 consolidated financial statements, 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 Group'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 consolidated and separate financial statements 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.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. 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 them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that PricewaterhouseCoopers Inc. has been the auditor of Group Five Limited for 47 years.

Pricewaterhouse Coopers Inc

PricewaterhouseCoopers Inc.
Director: M Naidoo
Registered Auditor
2 Eglin Road
Sunninghill

18 August 2017

Group income statement

for the year ended 30 June 2017

(R'000)	Notes	Group Audited 2017	2016
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	4.1, 21.1	**(2 550 651)**	(2 954 191)
Other staff cost		**(159 075)**	(156 201)
Depreciation	4.2, 8	**(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	9, 11	**98 156**	773 557
Operating (loss)/profit	4	**(653 811)**	722 280
Share of equity accounted profits		**41 853**	27 359
Finance cost – net	5	**(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	6	**(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]	7.1	**(8,29)**	3,75
Fully diluted earnings per share – [Rand]	7.2	**(8,29)**	3,75

Group statement of comprehensive income

for the year ended 30 June 2017

(R'000)	Group Audited 2017	2016
(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

Group statement of financial position

As at 30 June 2017

(R'000)	Notes	Group Audited 2017	2016
Assets			
Non-current assets			
Property, plant and equipment	8	**862 418**	886 066
Investment property	9	**267 685**	184 186
Equity accounted investments		**928 659**	229 194
Equity accounted investments – other	10	**309 550**	229 194
Equity accounted investments – service concessions	10	**619 109**	–
Investments in service concessions	11	**48 136**	1 230 381
Pension fund surplus	21.2	**272 917**	281 577
Deferred taxation	12	**24 232**	33 873
Total non-current assets		**2 404 047**	2 845 277
Current assets			
Inventories	13	**262 460**	290 266
Contracts in progress	14	**472 934**	1 123 899
Derivative financial instruments	17	**11**	–
Trade and other receivables	15	**2 194 793**	2 897 314
Cash and cash equivalents	28	**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	16.1	**256 923**	187 654
Provision for employment obligations	21.3	**40 020**	46 583
Provision for environmental rehabilitation	18	**5 516**	6 559
Non-current – trade and other payables	19	**124 018**	–
Deferred taxation	12	**103 711**	85 610
Total non-current liabilities		**530 188**	326 406
Current liabilities			
Excess billings over work		**724 814**	1 870 472
Derivative financial instruments	17	**–**	1 022
Trade and other payables	19	**3 333 105**	3 915 954
Contract-related provisions	20	**41 885**	35 613
Provision for employment obligation	21.3	**13 627**	12 114
Current taxation payable	27	**21 178**	53 681
Current portion of interest-bearing borrowings	16.1	**343 145**	563 997
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)	Notes	Group Audited 2017	2016
Cash flow from operating activities			
Cash from operations before working capital changes	25	**(170 905)**	449 403
Working capital changes	26	**(640 197)**	30 204
Cash (utilised)/generated from operations		**(811 102)**	479 607
Finance income received	5	**54 939**	61 437
Finance costs paid	5	**(57 114)**	(76 351)
Taxation paid	27	**(149 119)**	(250 640)
Dividends paid	31	**(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 concession 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	28	**2 265 401**	3 255 233

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.*

STATED CAPITAL

Authorised:

150 000 000 ordinary shares of no par value.

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

(i) Issue of shares in terms of share scheme:

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

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 focused 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.

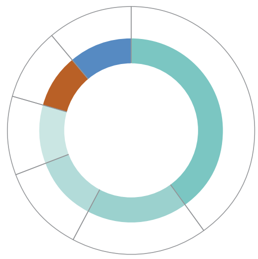
Management do not believe that there are any additional segments that require separate reporting. The reportable operating segments derive their revenue as described above. The group is also considered by geographical segment due to the extensive geographic footprint maintained by the group. The geographies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

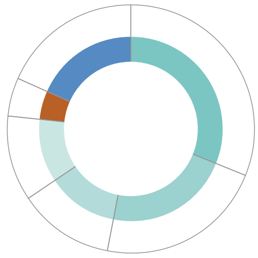
(R'000)	Gross revenue	Internal revenue	External revenue	Operating (loss)/profit
2017				
Operational segments				
Engineering & Construction	**8 885 957**	**(77 198)**	**8 808 759**	**(902 420)**
Building & Housing	**4 495 274**	**(66 338)**	**4 428 936**	**(148 851)**
Civil Engineering	**1 956 166**	**(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)**

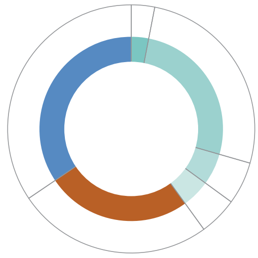
FINANCIAL PERFORMANCE: GROUP REVENUE AND OPERATING PROFIT CONTINUED

(R'000)	Gross revenue	Internal revenue	External revenue	Operating profit
2016				
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





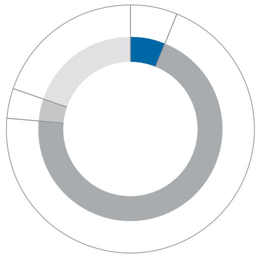
Note: Graphs represent F2017 values only.

(R'000)	CURRENT ASSETS 2017	CURRENT ASSETS 2016	CAPITAL EXPENDITURE 2017	CAPITAL EXPENDITURE 2016
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 (note 8)			**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)	2017 REVENUE	2016 REVENUE
Geographical regions		
Eastern Europe	**690 798**	674 538
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

An additional group segmental analysis has been included as Annexure 1, although the exco does not review this information on a monthly basis in order to take strategic decisions, management deems this information to provide additional value-added disclosure to stakeholders. Refer to pages 88 to 92 for details.

Accounting policies

as at 30 June 2017

1. PRINCIPAL ACCOUNTING POLICIES

These consolidated and company financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) of the International Accounting Standards Board and the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS, the JSE Listings Requirements, the Companies Act of South Africa and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncement as issued by the Financial Reporting Standards Council. The accounting policies are consistent with those of the previous year except where indicated otherwise. The financial statements are prepared on the historical cost basis except that, as set out in the accounting policies below, certain items, including derivatives, investment in service concessions and investment property are stated at fair value. The financial statements are prepared on a going concern basis. Set out below are the principal accounting policies used consistently throughout the group. Investments in subsidiaries are carried at cost in the company financial statements. The consolidated financial statements include those of the holding company, its subsidiaries, joint arrangements and associates.

1.1 Basis of consolidation

a) Business combinations

The acquisition method of accounting is used to account for business combinations by the group. The consideration transferred for the acquisition of a business is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. Subsequently, the carrying amount of non-controlling interest is the amount of the interest at initial recognition plus the non-controlling interest's share of the subsequent changes in equity. Total comprehensive income is attributed to non-controlling interest even if this results in the non-controlling interest having a deficit balance.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of comprehensive income.

b) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

c) Transactions and non-controlling interests

The group treats transactions with non-controlling interests as transactions with equity owners of the group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

d) Joint arrangements

The group has applied IFRS 11 to all joint arrangements as of 1 July 2012. Under IFRS 11, investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The group has assessed the nature of its joint arrangements and determined them to be joint ventures and joint operations.

Joint ventures are accounted for using the equity method. Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long term interests that, in substance, form part of the group's net investment in the joint ventures), the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures. Loans to joint ventures are included in equity accounted investment in the statement of financial position.

Joint operations are those entities in which the group has joint control. The group accounts for its assets and liabilities, revenue and expenses, as well as its share of assets, liabilities, revenue and expenses of joint operations in the consolidated financial statements.

The results of joint arrangements are included from the effective dates of acquisition and up to the effective dates of derecognition.

Inter-company transactions, balances and unrealised gains on transactions between the group and its joint arrangements are eliminated on consolidation to the extent of the group's interest. Unrealised losses are eliminated and are also considered an impairment indicator of the asset transferred.

e) Associates
Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

The group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. The total carrying value of associates is evaluated when there is an indication/indicators for impairment.

Unrealised gains on transactions between the group and its associates are eliminated to the extent of the group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the group.

1.2 Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the exco which makes strategic decisions. The basis of segmental reporting is set out on page 22.

1.3 Foreign currency translation

a) Functional and presentation currency
Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in Rand, which is the group's presentation currency.

b) Transactions and balances
Foreign currency transactions of a group entity are initially translated into its functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the subsequent translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Where appropriate, in order to minimise its exposure to foreign exchange risks, the group enters into forward exchange contracts.

c) Group companies
The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are also taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

1.4 Revenue recognition

The group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the group's activities as described below. The group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue relating to long term contracts are accounted for using the percentage of completion method and are measured at the fair value of the consideration received or receivable and include variations and claims; the stage of completion is measured by reference to the relationship of contract costs incurred or significant activity achieved to date for work performed relative to the estimated total costs or total significant activity of the contract. If circumstances arise that may change the original estimates of revenues, costs or extent of progress toward completion, estimates are revised. These revisions may result in increases or decreases in estimated revenues or costs and are reflected in income in the period in which the circumstances that give rise to the revision become known by management.

Property sales are recognised when risks and rewards of ownership are transferred. Revenue from purchased, manufactured or mined products is recognised upon delivery of products and customer acceptance. Revenue from performance of services, including operations and maintenance services, is generally recognised in the period when the services are actually provided and is measured based on contractual rates.

All revenues are stated net of value added taxes and trade discounts, if applicable. Inter-company revenues are eliminated on consolidation. Other income, which is not included in revenue, earned by the group is recognised on the following basis:

- interest income – as it accrues (taking into account the effective yield on the asset);
- dividend income – when the shareholder's right to receive payment is established; and
- investment property and investments in concessions – fair value increases or decreases during the year.

1.5 Operating profit

Transactions such as fair value adjustments on service concessions, fair value adjustments on investment property, fair value adjustments on property developments and impairment adjustments are considered to be a part of operating profit but are separately disclosed for additional disclosure as they are transactions in addition to the underlying operating activities of the business units, albeit still in the segment's core operational control.

1.6 Property, plant and equipment

Property, plant and equipment consist of the following categories:

a) Properties

Properties consist of the following:

- occupied property;
- investment property; and
- property development costs (disclosed as inventory and investment property).

The accounting for each category of properties is as follows:

- company occupied property is carried at cost less accumulated depreciation and accumulated impairment, other than land, which is not depreciated. Depreciation is calculated to write off the cost of these properties over their expected useful lives on a straight-line basis to their residual value; generally, buildings are depreciated over 50 years; gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in net profit; and
- property development costs held as inventory and investment property are measured in accordance with accounting policies 1.13 and 1.7 respectively.

b) Capital work in progress

Property, plant and equipment under construction is stated at initial cost and is not depreciated. The cost of self-constructed assets includes expenditure on materials, direct labour, an allocated proportion of project overheads and related borrowing costs. Assets are transferred from capital work in progress to an appropriate category of property, plant and equipment when commissioned and ready for its intended use.

c) Factory plant

Factory plant, including capitalised leased assets, is stated at initial cost less subsequent accumulated depreciation and impairment. Depreciation is calculated to write off the cost of the factory plant to its estimated residual value on a straight-line basis over its expected useful life that can range between 10 and 20 years. Any remaining book value of a component replaced is written off immediately in the income statement. Other repair and maintenance expenditure is charged directly to the income statement as incurred.

d) Mobile plant and vehicles

Mobile plant and vehicles, including capitalised leased assets, are stated at initial cost less subsequent accumulated depreciation and impairment. Where mobile plant and vehicles comprise major components with different useful lives, these components are accounted for and depreciated as separate items and residual values are re-assessed annually. Depreciation is calculated to write off the value of mobile plant and vehicles to their estimated residual values on a straight-line basis over their expected useful lives. The expected useful lives are generally three to ten years. The estimated useful lives and residual values are reviewed annually.

e) Computerware and development costs

Computer equipment, including capitalised leased assets, is stated at initial cost less subsequent accumulated depreciation and impairment. Depreciation is calculated to write off the cost of these assets to their estimated residual values on a straight-line basis over their expected useful lives on a component basis. The expected useful lives are generally three years. The estimated useful lives and residual values are reviewed annually.

Development costs that enhance and extend the benefits of computer software programs are recognised as a capital improvement and added to the original cost of the software. These include purchased software and the direct costs associated with the customisation and installation thereof. Development costs recognised as assets are depreciated using the straight-line method over their useful lives, not exceeding a period of ten years.

f) **Furniture, fittings and other items**
Furniture, fittings and other items are stated at initial cost less subsequent accumulated depreciation and impairment. Depreciation is calculated to write off the cost of these assets to their estimated residual values on a straight-line basis over their expected useful lives on a component basis. The expected useful lives are generally three to five years. The estimated useful lives and residual values are reviewed annually.

g) **Replacement and modification expenditure (relate to all categories)**
Expenditure incurred to replace or modify a significant component of property, plant and equipment is capitalised and any remaining book value of the component replaced is written off immediately in the income statement. Other repair and maintenance expenditure is charged directly to the income statement as incurred.

h) **Gains and losses**
Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within the income statement as appropriate.

1.7 Investment property

Investment property is property held to generate independent cash flows through rental or capital appreciation, and is carried at fair value with changes in fair value recognised in the income statement.

1.8 Impairment adjustments

a) **Non-current non-financial assets**
Non-current non-financial assets are tested for impairment when there is an indication for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

b) **Financial assets: assets carried at amortised cost**
The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The criteria that the group uses to determine that there is objective evidence of an impairment loss include:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- the group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- it becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
  (i) adverse changes in the payment status of borrowers in the portfolio; and
  (ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

The group first assesses whether objective evidence of impairment exists.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the income statement.

1.9 Financial assets

The group classifies its financial assets in the following categories; at fair value through profit and loss or loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

a) Financial assets at fair value through profit and loss

Financial assets at fair value through profit and loss are financial assets held for trading or those designated as fair value through profit and loss on initial recognition. These assets are reflected in current and non-current assets respectively. Derivatives are classified as held for trading unless they are designated as hedges. Financial assets carried at fair value through profit and loss are initially recognised at fair value and subsequently carried at fair value. Gains and losses arising from changes in the fair value of the financial assets at fair value through profit and loss category are presented in the income statement in the period in which they arise. The method for estimation of fair value is described within the accounting policy for each financial asset and within the disclosure on judgements and estimates.

b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the statement of financial position date. These are classified as non-current assets. Loans and receivables include trade and other receivables and cash and cash equivalents in the statement of financial position. Loans and receivables are initially recognised at fair value, plus transaction costs, and subsequently carried at amortised cost using the effective interest rate method.

c) Derecognition

Financial assets are derecognised when the right to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

1.10 Investments in service concessions

These investments consist of interests in service concessions over which the group has neither control nor significant influence. These investments are financial assets designated at fair value through profit and loss. They are initially recognised at fair value and subsequently measured at fair value with changes in fair value, recognised in the income statement.

1.11 Financial instruments

Financial instruments carried on the statement of financial position include cash and cash equivalents (as defined), short term borrowings, investments in service concessions, investment in property development, trade and other receivables, contracts in progress, trade and other payables, interest-bearing borrowings and derivative financial instruments. The particular recognition methods adopted are disclosed in the individual policy statements or notes associated with each item.

1.12 Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The group designates certain derivatives as either:

a) hedges of the fair value of recognised fixed rate liabilities (fair value hedge);
b) hedges of a particular risk associated with a recognised fixed rate liability (fair value hedge) or a highly probable forecast transaction (cash flow hedge); or
c) hedges of a net investment in a foreign operation (net investment hedge).

The group documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The group also documents its assessment, both at hedge inception and on an ongoing basis, on whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative instruments used for hedging purposes are disclosed in note 17. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

a) Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The group applies fair value hedge accounting to hedge the fair value interest rate risk associated with fixed rate borrowings. The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate borrowings is recognised in the income statement within finance costs. The gain or loss relating to the ineffective portion is recognised in the income statement within other operating expenses – net. Changes in the fair value of the hedged fixed rate borrowings attributable to interest rate risk are recognised in the income statement within finance costs.

If the hedging relationship no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used, is amortised to profit or loss over the period to maturity (pull to par).

b) Derivatives at fair value through profit or loss
Certain derivative instruments do not qualify for hedge accounting and are accounted for at fair value through profit or loss. Changes in the fair value of these derivative instruments that do not qualify for hedge accounting are recognised immediately in the income statement within other operating expenses.

1.13 Inventories

Materials, consumable stores, work in progress and finished goods are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the cost of completion and selling expenses. In general, cost is determined on a first-in-first-out basis and includes expenditure incurred in acquiring, manufacturing and transporting the inventory to its present location. The cost of manufactured goods includes direct expenditure and an appropriate proportion of manufacturing overheads. Provision is made for obsolete and slow moving inventory.

Costs that are incurred in or benefit the construction materials process, are accumulated as stockpiles and consist of aggregates finished product. Stockpiles are verified via monthly surveys of estimated tonnes and are valued based on cost of production per tonne. Net realisable value tests are performed annually and represent the estimated future sales price of the product, based on prevailing prices, less estimated costs to completion and sale.

Property development costs held as inventory, which is property held for development and resale, are valued at the lower of cost and net realisable value.

1.14 Construction contracts

A construction contract is a contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology, and functions, or their ultimate purpose or use.

A group of contracts is treated as a single construction contract when the group of contracts is negotiated as a single package and the contracts are so interrelated that they are, in effect, part of a single project with an overall profit margin and are performed concurrently or in a continuous sequence.

Contract costs are recognised when incurred. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognised using the percentage of completion method. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

The group uses the "percentage of completion method" to determine the appropriate revenue to recognise in a given period. The stage of completion is measured with reference to the contract costs or major activity incurred up to the statement of financial position date as a percentage of total estimated costs or major activity for each contract. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion and are presented as contracts in progress.

The group also presents as contracts in progress the gross amount due from customers for contract work for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceed progress billings. Progress billings not yet paid by customers and retention are included in trade and other receivables.

The group presents as a liability (excess billings over work done) the gross amount due to customers for contract work for all contracts in progress for which progress billings exceed costs incurred plus recognised profits (less recognised losses).

1.15 Trade and other receivables

Trade and other receivables are recognised initially at fair value and are subsequently measured at amortised cost using the effective interest method, less provision for impairment.

1.16 Cash and cash equivalents

For the purpose of the statement of cash flow, cash and cash equivalents comprise bank balances and cash with original maturities of three months or less and also include bank overdrafts repayable on demand. Cash and cash equivalents are reflected at year-end bank statement balance. Where bank overdrafts and cash balances are with the same financial institution and right of set-off exists, they are netted off for disclosure purposes.

1.17 Non-current assets (or disposal groups) classified as held for sale

Non-current assets (or disposal groups) are classified as assets held for sale and stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continued use.

1.18 Stated capital

Ordinary shares are classified as equity. Issued share capital is stated in the statement of changes in equity at the amount of the proceeds received less directly attributable issue costs. Cost of share options issued after 7 November 2002 have been charged to stated capital as described in note 1.23(d).

1.19 Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

1.20 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method. Where the fair value of the borrowings have been hedged, and qualify for hedge accounting, then the gain or loss on the hedged item attributable to the hedged risk is recognised in the income statement. Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

1.21 Capitalisation of borrowing costs

Borrowing costs, incurred in respect of property developments, investment property, inventory or capital work in progress, that require a substantial period to prepare assets for their intended use, are capitalised up to the date that the development of the asset is ready for its intended use. The amount of direct borrowing costs eligible for capitalisation is the actual borrowing costs incurred on the borrowing during the period less any investment income on the temporary investment of these borrowings. Other borrowing costs are recognised directly in the income statement when incurred.

Cash flows relating to borrowing cost capitalised are presented as part of the related asset in the cash flow.

1.22 Taxation

The taxation expense represents the sum of the current taxation payable (local and international) and deferred taxation.

The current taxation payable is based on the taxable income for the year. Taxable income differs from net income as reported in the income statement because it includes items of income and expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The group's liability for current taxation uses relevant rates that have been enacted or substantively enacted by the statement of financial position date.

Deferred taxation is accounted for using the balance sheet liability method in respect of temporary differences which arise from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding taxation basis used in the computation of taxable income. Deferred taxation liabilities are recognised for all taxable temporary differences and deferred taxation assets are recognised to the extent that it is probable that taxable income will be available against which deductible temporary differences can be utilised. The carrying value of deferred taxation assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow part of the asset to be recovered.

Current enacted taxation rates are used to determine deferred income taxation. The principal temporary differences arise from depreciation on property, plant and equipment, various provisions, contracting allowances and taxation losses carried forward.

1.23 Employee benefits

The accounting policies relating to employee benefits can be categorised into five areas, as follows:

a) Pension obligations

The group participates in a group defined benefit plan, a number of group defined contribution plans and a number of multi-employer industry plans. The pension plans are funded by payments from employees and by relevant group companies, taking account of the recommendations of independent qualified actuaries. All plans and their assets are managed in separate trustee administered funds. The plans are governed by the Pension Funds Act.

a.i Pension obligations – defined contribution plans

The group's pension accounting costs for the defined contribution plans and multi-employer industry plans are limited to the annually determined contributions.

For defined contribution plans, the group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

a.ii Pension obligations – defined benefit plans
A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using discount rates detailed in note 21.2 (i).

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in income.

b) Post-employment obligations
One group company provides post-employment medical costs for certain of its retirees. The expected costs of these benefits are accrued over the period of employment using a methodology similar to that of defined benefit plans. A valuation of this obligation is carried out on a periodic basis by professionally qualified independent actuaries. The post-employment obligations are not funded.

c) Leave pay
Employee entitlements to annual leave are recognised when they accrue to employees. Full provision is made for the estimated liability for annual leave, as a result of services by employees, up to the statement of financial position date.

d) Equity compensation benefits
Share options and appreciation rights are granted to employees in terms of the schemes detailed in note 21.4. The net cost of share options, issued after 7 November 2002, calculated as the difference between the fair value of such options at grant date and the price at which the options were granted, are expensed over their vesting periods on a straight-line basis. The fair value of the share options is measured using the Black-Scholes pricing model. These share options are not subsequently re-valued.

Options exercised are equity settled through a fresh issue of shares or through a repurchase and re-issue of shares by the group.

Cash-settled share-based payments are granted to beneficiaries of the Black Professionals Staff Trust, which Trust was approved by shareholders during the 2013 financial year and to participants eligible to receive bonus shares in terms of the group's long term incentive plan. The cost of these payments is recognised as a cash-settled share-based payment transaction over the life of the schemes from the effective date of the transaction to vesting date. (Refer to note 21.4.3.)

e) Profit sharing and bonus plans
A liability for employee benefits, in the form of profit sharing and bonus plans, is recognised in trade and other payables when there is no realistic alternative but to settle the liability and if at least one of the following conditions is met:

- there is a formal plan and the amounts to be paid are capable of being reliably estimated; or
- past practice has created a valid expectation by employees that they will receive a bonus/profit sharing and amounts can be determined before the time of issuing the financial statements.

1.24 Provisions

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

1.25 Environmental rehabilitation

Estimated long term environmental obligations, comprising rehabilitation, mine and asbestos dump closure, are based on the group's environmental management plans in compliance with current technological, environmental and regulatory requirements.

The net present value of expected rehabilitation cost estimates are recognised and provided for in full in the financial statements. The estimates are reviewed annually and are discounted using pre-tax rates that reflect inflation and the time value of money.

Annual changes in the provision consist of finance costs relating to the change in the present value of the provision and inflationary increases in the provision estimate, as well as changes in estimates. The present value of environmental disturbances created are capitalised to mining assets against an increase in the rehabilitation provision. The rehabilitation asset is amortised as noted in the group's accounting policy. Rehabilitation projects undertaken, included in the estimates, are charged to the provision as incurred.

1.26 Leased assets

Where assets are acquired under finance lease agreements that transfer to the group substantially all the risks and rewards of ownership, they are capitalised at the lower of the fair value of the leased asset or the present value of the minimum lease payments. The capital element of the leasing commitment is disclosed under current and non-current liabilities. Lease rentals are treated as consisting of capital and interest elements, using the effective interest rate method.

Leased assets are depreciated over the shorter of their useful lives or lease term. The interest amount is charged to the income statement and the capital elements reduce the liability.

1.27 Operating leases

Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Total rental obligations under operating leases are charged to the income statement on a straight-line basis over the period of the lease, irrespective of the payment terms.

1.28 Dividends paid

Dividend distribution to the company's shareholders is recognised as a liability in the group's financial statements in the period in which the dividends are approved by the company's directors.

1.29 Earnings per share

a) Earnings per share is based on attributable profit for the year divided by the weighted average number of ordinary shares in issue during the year. Fully diluted earnings per share is presented when the inclusion of potential ordinary shares has a dilutive effect on earnings per share.

b) Earnings per share from continuing operations is based on attributable profit for the year from continuing operations divided by the weighted average number of ordinary shares in issue during the year. Fully diluted earnings per share is presented when the inclusion of potential ordinary shares has a dilutive effect on earnings per share.

1.30 Headline earnings per share

Headline earnings per share is based on the same calculation as in 1.29 above except that attributable profit specifically excludes items as set out in Circular 2/2015 replacing circular 2/2013 "Headline Earnings" issued by the South African Institute of Chartered Accountants. Fully diluted headline earnings per share is presented when the inclusion of potential ordinary shares has a dilutive effect on headline earnings per share.

1.31 Contingencies and commitments

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the group, or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability. Contingencies principally consist of contract specific third party obligations underwritten by banking institutions. Items are classified as commitments where the group commits itself to future transactions, particularly in the acquisition of property, plant and equipment.

1.32 Related party transactions

All subsidiaries, joint arrangements and associated companies of the group are related parties. A list of the major subsidiaries, joint arrangements and associated companies are included on pages 93 to 103 of this integrated annual report. Director and senior management emoluments, as well as transactions with other related parties, are set out in note 22. There were no other material contracts with related parties.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Use of estimates

The preparation of the financial statements in conformity with International Financial Reporting Standards requires the group's management to make estimates and judgements concerning the future that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. The resulting accounting estimates and judgements can, by definition, only approximate the actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed below.

Each construction contract has specific estimates and judgements attributed to it. A meaningful sensitivity analysis on construction contract estimates and judgements is not practical.

2.1 Estimates made in determining changes in estimated useful lives and residual value of mobile plant and equipment and computer equipment

The group maintains a large fleet of mobile plant and equipment and computer equipment. Annual evaluations on estimated useful lives and residual values are performed. These are conducted with reference to external valuations and confirmations supporting the reasonableness of estimates made.

2.2 Estimates regarding impairment of property, plant and equipment

The group continually assesses the recoverability of property, plant and equipment. Assets were evaluated with reference to external valuations and confirmations to support the reasonableness of carrying values as part of the assets' annual evaluation process.

2.3 Fair value of investment properties, investment in service concessions

The fair value of these items, which are not traded in an active market, is determined by using valuation techniques. The group uses a variety of methods, including discounted cash flow analysis and makes a variety of assumptions that are mainly based on market conditions existing at statement of financial position date. (Refer to notes 9 and 11 for valuation methodology and significant assumptions used.)

2.4 Construction contract revenue recognition and profit taking

The group uses the percentage-of-completion method in accounting for its construction contracts. Use of the percentage-of-completion method requires the group to estimate the cost of construction services and activities performed to date as a proportion of the total cost of services and activities to be performed. In addition, judgements are required when recognising and measuring any variations or claims on each contract.

2.5 Estimate of level of provision required for obsolete stock and doubtful debts

The group estimates the level of provision required for obsolete stock and doubtful debts on an ongoing basis based on historical experience, as well as other specific relevant factors. A comparison between provision and actual loss incurred is performed to assess reasonableness of provisioning methodology. (Refer to notes 13 and 15 for additional disclosure.)

2.6 Estimate of taxation

The group is subject to income tax in numerous jurisdictions. Judgement is required in determining the worldwide provision for income taxes. Corporate and deferred taxation calculations have been determined on the basis of prior year assessed computation methodologies adjusted for changes in taxation legislation in the year. No significant new transactions that require specific additional estimates or judgements have been entered into in the year.

The group recognises the net future benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of the deferred income tax assets requires the group to make estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the group to realise the net deferred taxation assets recorded at the statement of financial position date could be impacted. Additionally, future changes in taxation laws in the jurisdictions in which the group operates could limit the ability of the group to obtain taxation deductions in future periods. Deferred taxation assets are only raised in jurisdictions where there is significant certainty on the probability that legislation on the use of the assets will remain unchanged. In addition, assets are only raised in jurisdictions where the group has secured signed future contracts or orders sufficient to utilise these losses.

2.7 Estimate of employee benefit liabilities

An updated actuarial valuation is carried out at the end of each financial year for the defined benefit plan and post-employment liabilities of the group. Key assumptions used to determine the net assets and liabilities of these obligations and their sensitivities are set out in notes 21.2 and 21.3. Where valuations are not performed at year end, a review of key assumptions used in the most recent valuation are performed at reporting date to ensure that no material changes in assumptions have occurred, valuations are performed annually.

2.8 Fair value of share-based compensation

The fair value of employee share options and share appreciation rights granted are being determined using the Black-Scholes valuation model. The significant inputs into the model are: vesting period and conditions, risk free interest rate, volatility, share price and dividend yield. (Refer to note 21.4 for details on each of the share option schemes.)

2.9 Estimate of exposure and liabilities with regards to rehabilitation costs

Estimated non-current environmental obligations, comprising rehabilitation, mine and asbestos dump closure, are based on the group's environmental management plans in compliance with current technological, environmental and regulatory requirements. Actual costs incurred in future periods could differ from estimates. Additionally, future changes to environmental laws and regulations, life of asset and discount rates could affect the carrying amount of their provisions. (Refer to note 18 for valuation methodology and significant assumptions used.)

2.10 Estimates made of contingent liabilities

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of such contingencies inherently involves the exercise of significant judgement and estimates of the outcome of future events. Disclosure is made in note 23 of the contingent liabilities that the group is exposed to. As a global company, the group is exposed to legal risks. The outcome of any pending and future proceedings cannot be predicted with certainty. Thus, an adverse decision in a lawsuit could result in additional costs that are not covered, either wholly or partly, and that could influence the business and results of operations.

Of particular relevance for the prior periods is that the group made provision for an estimated potential administrative penalty to be levied by the Competition Commission and the effects thereof is included in the 2013 reported results. Stakeholder attention is drawn to the contingent risk of civil claims possibly being lodged against the group, and all construction companies who have been allegedly party to the anti-competitive behaviour, following the Competition Commission release of its findings in June 2013.

Whilst some progress has been made, the management team continues to engage with the Competition Commission with the intent to finally resolve the two matters on fair terms.

Notes to the annual financial statements

for the year ended 30 June 2017

3. ADOPTION OF NEW ACCOUNTING STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS

3.1 New standards and interpretations

There are a number of new standards, improvements and interpretations effective and adopted in the current year with only the following expected to have an impact on the group:

ACCOUNTING STANDARDS/ INTERPRETATION	EFFECTIVE DATE	DESCRIPTION
Amendments to IAS 1 – 'Presentation of Financial Statements' disclosure initiative'	1 January 2016	In December 2014, the IASB issued amendments to clarify guidance in IAS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies. *Impact: No significant impact expected.*
Amendments to IAS 27 – 'Separate Financial Statements' on equity accounting	1 January 2016	In this amendment the IASB has restored the option to use the equity method to account for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements. *Impact: Consider guidance during preparation of separate annual financial statements. Currently, equity method option not applied in the separate annual financial statements.*
Amendment to IFRS 7 – Financial Instruments: Disclosures	1 January 2016	Applicability of the offsetting disclosures to condensed interim financial statements. The amendment removes the phrase 'and interim periods within those annual periods' from paragraph 44R, clarifying that these IFRS 7 disclosures are not required in the condensed interim financial report. However, the IASB noted that IAS 34 requires an entity to disclose an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the entity since the end of the last annual reporting period. Therefore, if the IFRS 7 disclosures provide a significant update to the information reported in the most recent annual report, the IASB would expect the disclosures to be included in the entity's condensed interim financial report. *Impact: Consider guidance during preparation of condensed interim financial statements.*

3.2 Standards and interpretations issued not yet effective

There are a number of new standards and amendments to standards which will only be effective after the 2017 financial year. None of these are expected to have a significant impact on the group except for IFRS 15 – Revenue from Contracts with Customers, IFRS 9 – Financial Instruments and IFRS 16 – Leases.

No standards and interpretations have been early adopted.

ACCOUNTING STANDARDS/ INTERPRETATION	EFFECTIVE DATE	DESCRIPTION
IFRS 15 – Revenue from Contracts with Customers	**1 January 2018**	The FASB and IASB issued their standard on revenue recognition on 29 May 2014. It is a single, comprehensive revenue recognition model for all contracts with customers to achieve greater consistency in the recognition and presentation of revenue. Revenue is recognised based on the satisfaction of performance obligations, which occurs when control of goods or services transfers to a customer. *Impact: Reassessment of revenue and interest recognition specifically relating to long term contracts. Impacts timing of profit recognition on long term contracts within the income statement.*
Amendment to IFRS 15 – Revenue from Contracts with Customers	**1 January 2018**	The IASB has amended IFRS 15 to clarify the guidance, but there were no major changes to the standard itself. The amendments comprise clarifications of the guidance on identifying performance obligations, accounting for licences of intellectual property and the principal versus agent assessment (gross versus net revenue presentation). New and amended illustrative examples have been added for each of these areas of guidance. The IASB has also included additional practical expedients related to transition to the new revenue standard. *Impact: Reassessment of revenue and interest recognition specifically relating to long term contracts. Impacts timing of profit recognition on long term contracts within the income statement.*
IFRS 9 – Financial Instruments (2009 & 2010) › **Financial liabilities** › **Derecognition of financial instruments** › **Financial assets** › **General hedge accounting**	**1 January 2018**	This IFRS is part of the IASB's project to replace IAS 39. IFRS 9 addresses classification and measurement of financial assets and replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortised cost and fair value. The IASB has updated IFRS 9 – Financial Instruments to include guidance on financial liabilities and derecognition of financial instruments. The accounting and presentation for financial liabilities and for derecognising financial instruments has been relocated from IAS 39 – Financial Instruments: Recognition and measurement, without change, except for financial liabilities that are designated at fair value through profit or loss. *Impact: No significant impact expected.*
Amendment to IFRS 9 – Financial Instruments, on general hedge accounting	**1 January 2018**	The IASB has amended IFRS 9 to align hedge accounting more closely with an entity's risk management. The revised standard also establishes a more principles-based approach to hedge accounting and addresses inconsistencies and weaknesses in the current model in IAS 39. *Impact: No significant impact expected.*

ACCOUNTING STANDARDS/ INTERPRETATION	EFFECTIVE DATE	DESCRIPTION
Amendments to IFRS 10 – 'Consolidated Financial Statements' and IAS 28 – 'Investments in Associates and Joint Ventures' on sale or contribution of assets	**Effective date postponed**	The postponement applies to changes introduced by the IASB in 2014 through narrow-scope amendments to IFRS 10 – 'Consolidated Financial Statements' and IAS 28 – 'Investments in Associates and Joint Ventures'. Those changes affect how an entity should determine any gain or loss it recognises when assets are sold or contributed between the entity and an associate or joint venture in which it invests. The changes do not affect other aspects of how entities account for their investments in associates and joint ventures. The reason for making the decision to postpone the effective date is that the IASB is planning a broader review that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures. *Impact: No significant impact expected.*
Amendments to IFRS 2 – Share-based Payments	**1 January 2018**	This amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority. *Impact: No significant impact expected.*
IFRIC 22 – Foreign currency transactions and advance consideration	**1 January 2018**	This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made, as well as for situations where multiple payment/receipts are made. The guidance aims to reduce diversity in practice. *Impact: Consider guidance on advance payments received in foreign currencies.*
Amendment to IAS 12 – Income Tax	**1 January 2017**	The amendments were issued to clarify the requirements for recognising deferred tax assets on unrealised losses. The amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. They also clarify certain other aspects of accounting for deferred tax assets. *Impact: The amendments clarify the existing guidance under IAS 12. They do not change the underlying principles for the recognition of deferred tax assets.*
Amendment to IAS 7 – Cash Flow Statements	**1 January 2017**	In January 2016, the IASB issued an amendment to IAS 7 introducing an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment responds to requests from investors for information that helps them better understand changes in an entity's debt. The amendment will affect every entity preparing IFRS financial statements. However, the information required should be readily available. Preparers should consider how best to present the additional information to explain the changes in liabilities arising from financing activities. *Impact: Additional disclosures relating to the cash flow statement.*

ACCOUNTING STANDARDS/ INTERPRETATION	EFFECTIVE DATE	DESCRIPTION
IFRS 16 – Leases	1 January 2019	This standard replaces the current guidance in IAS 17 and is a far reaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. IFRS 16 supersedes IAS 17 – 'Leases', IFRIC 4 – 'Determining whether an Arrangement contains a Lease', SIC 15 – 'Operating Leases – Incentives' and SIC 27 – 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. *Impact: The accounting for leases which will result in the recognition of the obligation and asset for long term leases, of which corporate office lease being most material. Refer to note 23.*
IAS 40 – Investment Property Transfers of Investment Property	1 January 2018	These amendments clarify that to transfer to, or from, investment properties there must be a change in use. To conclude if a property has changed use there should be an assessment of whether the property meets the definition. This change must be supported by evidence. *Impact: No significant impact expected.*
Annual improvements 2014 – 2016	1 January 2017 & 1 January 2018	These amendments impact three standards: IFRS 1 – 'First-time Adoption of IFRS', regarding the deletion of short term exemptions for first-time adopters regarding IFRS 7, IAS 19, and IFRS 10 effective 1 January 2018. IFRS 12 – 'Disclosure of Interests in Other Entities' regarding clarification of the scope of the standard. The amendment clarified that the disclosure requirement of IFRS 12 is applicable to interest in entities classified as held for sale except for summarised financial information (para B17 of IFRS 12). Previously, it was unclear whether all other IFRS 12 requirements were applicable for these interests. These amendments should be applied retrospectively for annual periods beginning on or after 1 January 2017. IAS 28 – 'Investments in Associates and Joint Ventures' regarding measuring an associate or joint venture at fair value. IAS 28 allows venture capital organisations, mutual funds, unit trusts and similar entities to elect measuring their investments in associates or joint ventures at fair value through profit or loss (FVTPL). The IASB clarified that this election should be made separately for each associate or joint venture at initial recognition. Effective 1 January 2018. *Impact: No significant impact expected.*

		Group Audited 2017	Group Audited 2016
	(R'000)		
4.	**OPERATING LOSS/(PROFIT)**		
	Operating loss/(profit) is stated after charging/(crediting):		
4.1	Staff costs, including retirement and benefit contributions (see note 21.1)	**2 550 651**	2 954 191
4.2	Depreciation	**156 461**	167 881
	Owner-occupied buildings	**2 775**	2 010
	Factory plant	**20 305**	21 886
	Mobile plant and vehicles – purchased	**87 064**	82 858
	Mobile plant and vehicles – leased	**21 738**	23 952
	Computerware and development costs – purchased	**8 049**	12 458
	Computerware and development costs – leased	**555**	2 812
	Furniture, fittings and other items – purchased	**15 975**	21 905
4.3	Profit on disposal of property, plant and equipment	**(10 558)**	(37 842)
4.4	Foreign exchange gains – net	**(13 956)**	(63 208)
4.5	Fair value (gains)/losses on financial instruments		
	Forward exchange contract	**(11)**	1 022
4.6	Audit remuneration	**26 847**	25 342
	Local	**16 302**	15 080
	Audit services – PwC	**16 225**	14 984
	Audit services Non-PwC	**77**	96
	Foreign	**6 153**	6 901
	Audit services – PwC	**4 393**	4 378
	Audit services Non-PwC	**1 760**	2 523
	Non-audit services	**4 392**	3 361
	PwC	**2 316**	1 312
	Non-PwC	**2 076**	2 049
4.7	Rentals under operating leases	**95 261**	97 998
	Land and buildings	**86 701**	88 826
	Other equipment	**8 560**	9 172
4.8	Remuneration other than to employees	**3 588**	3 807
	Management services	**413**	850
	Technical services	**3 175**	2 957
4.9	Included in other site and administration cost		
	Security	**58 323**	53 728
	Electricity and water	**76 239**	68 154
	Safety	**24 943**	20 170
	Communications	**26 295**	31 368

(R'000)	Group Audited 2017	2016
5. FINANCE COST – NET		
Finance income:	**57 330**	61 437
Bank balances and cash	**49 374**	56 765
Other finance income	**7 956**	4 672
Finance cost:	**(64 565)**	(76 351)
Unsecured borrowings	**(40 832)**	(55 160)
Secured borrowings and other finance cost	**(23 733)**	(21 191)
Total finance cost – net	**(7 235)**	(14 914)

Finance cost of R13,0 million (2016: R8,1 million) was capitalised in the current year at an average borrowing rate of 9.7% (2016: 9.6%).

(R'000)	2017	2016
6. TAXATION		
South African normal taxation		
Current taxation	**(50 746)**	(74 068)
– current year	**(49 863)**	(68 003)
– prior year	**(883)**	(6 065)
Foreign taxation		
Current taxation	**(65 870)**	(155 176)
– current year	**(75 914)**	(132 742)
– prior year	**10 044**	(22 434)
Deferred taxation	**(36 836)**	(48 482)
– current year	**(30 768)**	(43 258)
– prior year	**(6 068)**	(5 224)
	(153 452)	(277 726)
	%	%
Reconciliation of normal taxation rate		
South African normal taxation rate	**(28.0)**	28.0
Adjusted for:		
– Tax at rates in higher/(lower) tax jurisdictions	**1.5**	(15.4)
– Deferred tax assets not raised	**47.1**	20.9
– Tax (over)/under-provided in respect of prior years	**(0.1)**	4.4
– Expenses/(income) not deductible for tax purposes	**4.3**	(0.1)
Effective rate of taxation	**24.8**	37.8
Estimated taxation losses available for set-off against future taxable income	**1 081 122**	1 363 815
Potential taxation relief at current taxation rates (unrecognised deferred taxation assets)	**197 726**	363 343

The deferred tax assets depend on sufficient taxable income being earned in future by the subsidiaries concerned.

(R'000)	Group Audited 2017	2016
7. EARNINGS PER SHARE		
7.1 Earnings per share		
(Loss)/earnings for the year – attributable to shareholders	**(840 046)**	379 245
Shares outstanding 1 July ('000)	**101 250**	101 125
Weighted average number of shares issued during the year ('000)	**90**	22
Weighted average number at end of year ('000)	**101 340**	101 147
(Loss)/earnings per share (R)	**(8,29)**	3,75
7.2 Fully diluted earnings per share		
(Loss)/earnings for the year – income attributable to shareholders	**(840 046)**	379 245
Weighted average number at end of year ('000)	**101 340**	101 147
Adjusted for:		
– Inclusion of dilutive shares held by share trusts ('000)	**–**	73
Adjusted weighted average number of shares ('000)	**101 340**	101 220
Fully diluted (loss)/earnings per share (R)	**(8,29)**	3,75

	Group Audited 2017 Gross pre-tax	2017 Net	2016 Gross pre-tax	2016 Net
7.3 Headline earnings per share				
(Loss)/profit for the year		**(840 046)**		379 245
Adjusted for:	**(32 760)**	**(24 849)**	(56 496)	(40 435)
– Profit on disposal of property, plant and equipment	**(10 558)**	**(7 847)**	(37 842)	(27 250)
– Fair value adjustment on investment property held by associate company included in equity accounted profit	**(22 828)**	**(17 453)**	–	–
– Fair value adjustment on investment property	**–**	**–**	(43 520)	(38 051)
– Net (profit)/loss on shareholding changes in investment in associates	**(615)**	**(443)**	21 391	21 391
– Impairment of investment in associate and joint venture	**1 241**	**894**	3 475	3 475
Headline (loss)/earnings		**(864 895)**		338 810
Weighted average number of shares ('000)		**101 340**		101 147
Headline (loss)/earnings per share (R)		**(8,53)**		3,35
7.4 Fully diluted headline earnings per share				
Headline (loss)/earnings		**(864 895)**		338 810
Adjusted weighted average number of shares ('000)		**101 340**		101 220
Fully diluted headline (loss)/earnings per share (R)		**(8,53)**		3,35

(R'000)	Group Audited 2017	2016
8. PROPERTY, PLANT AND EQUIPMENT		
Total property, plant and equipment		
Cost		
At the beginning of the year	**2 343 365**	2 297 936
Additions	**163 915**	275 031
Disposals	**(497 601)**	(229 602)
At the end of the year	**2 009 679**	2 343 365
Accumulated depreciation		
At the beginning of the year	**(1 457 299)**	(1447 389)
Current year charge	**(156 461)**	(167 881)
Disposals	**466 499**	157 971
At the end of the year	**(1 147 261)**	(1 457 299)
Net book value	**862 418**	886 066
Owner-occupied land and buildings		
Cost		
At the beginning of the year	**125 176**	109 715
Additions	**712**	17 011
Transfers	**(23 074)**	–
Disposals	**(1 807)**	(1 550)
At the end of the year	**101 007**	125 176
Accumulated depreciation		
At the beginning of the year	**(43 896)**	(42 101)
Current year charge	**(2 775)**	(2 010)
Transfers	**17 202**	–
Disposals	**1 807**	215
At the end of the year	**(27 662)**	(43 896)
Net book value	**73 345**	81 280
A full list of the group's land and buildings is maintained at the registered office.		
Capital work in progress		
Cost		
At the beginning of the year	**64 712**	20 355
Additions	**47 666**	105 882
Transfers	**(96 226)**	(61 525)
At the end of the year	**16 152**	64 712

	Group Audited	
(R'000)	**2017**	2016
8. PROPERTY, PLANT AND EQUIPMENT CONTINUED		
Factory plant		
Cost		
At the beginning of the year	**264 415**	289 208
Additions	**11 640**	382
Transfers	**76 991**	33 406
Disposals	**(50 196)**	(58 581)
At the end of the year	**302 850**	264 415
Accumulated depreciation		
At the beginning of the year	**(184 844)**	(204 013)
Current year charge	**(20 305)**	(21 886)
Transfers	**–**	–
Disposals	**50 086**	41 055
At the end of the year	**(155 063)**	(184 844)
Net book value	**147 787**	79 571
Mobile plant and vehicles – purchased		
Cost		
At the beginning of the year	**1 408 762**	1 370 560
Additions	**60 803**	131 848
Transfers	**43 678**	68 676
Disposals	**(429 797)**	(162 322)
At the end of the year	**1 083 446**	1 408 762
Accumulated depreciation		
At the beginning of the year	**(926 732)**	(941 985)
Current year charge	**(87 064)**	(82 858)
Transfers	**(24 462)**	(11 979)
Disposals	**398 959**	110 090
At the end of the year	**(639 299)**	(926 732)
Net book value	**444 147**	482 030
Mobile plant and vehicles – leased		
Cost		
At the beginning of the year	**183 605**	223 745
Additions	**24 550**	14 182
Transfers	**(9 599)**	(54 322)
Disposals	**(75)**	–
At the end of the year	**198 481**	183 605
Accumulated depreciation		
At the beginning of the year	**(65 276)**	(53 371)
Current year charge	**(21 738)**	(23 952)
Transfers	**6 330**	12 047
Disposals	**48**	–
At the end of the year	**(80 636)**	(65 276)
Net book value	**117 845**	118 329

(R'000)	Group Audited 2017	2016
8. PROPERTY, PLANT AND EQUIPMENT CONTINUED		
Computerware and development costs – purchased		
Cost		
At the beginning of the year	167 598	162 755
Additions	7 713	3 508
Transfers	38 648	2 772
Disposals	(9 569)	(1 437)
At the end of the year	204 390	167 598
Accumulated depreciation		
At the beginning of the year	(159 651)	(148 509)
Current year charge	(8 049)	(12 458)
Transfers	(21 720)	(68)
Disposals	9 496	1 384
At the end of the year	(179 924)	(159 651)
Net book value	24 466	7 947
Computerware and development costs – leased		
Cost		
At the beginning of the year	8 538	12 096
Additions	–	–
Transfers	(8 538)	–
Disposals	–	(3 558)
At the end of the year	–	8 538
Accumulated depreciation		
At the beginning of the year	(7 942)	(8 688)
Current year charge	(555)	(2 812)
Transfers	8 497	–
Disposals	–	3 558
At the end of the year	–	(7 942)
Net book value	–	596
Furniture, fittings and other items – purchased		
Cost		
At the beginning of the year	120 559	109 502
Additions	10 831	2 218
Transfers	(21 880)	10 993
Disposals	(6 157)	(2 154)
At the end of the year	103 353	120 559
Accumulated depreciation		
At the beginning of the year	(68 958)	(48 722)
Current year charge	(15 975)	(21 905)
Transfers	14 153	–
Disposals	6 103	1 669
At the end of the year	(64 677)	(68 958)
Net book value	38 676	51 601

Refer to note 16.5 for details on the total carrying amount of assets encumbered.

(R'000)	Group Audited 2017	2016
9. INVESTMENT PROPERTY		
Fair value at the beginning of the year	**184 186**	103 544
Additions	**83 499**	80 642
Change in use from inventory to investment property	**–**	7 083
Borrowing cost capitalised	**13 037**	7 207
Development cost capitalised	**70 462**	22 832
Fair value adjustments through profit and loss	**–**	43 520
Fair value at end of the year	**267 685**	184 186

Investment properties held on the statement of financial position consist of the following:

30 June

Name	Description	Initial cost	R'000	R'000
The Angle on Oxford	100% owner of vacant land in Rosebank, Gauteng	92 000	**131 985**	122 380
North Point Industrial Development	100% owner of a vacant land under development in Brackenfell, Western Cape	7 082	**135 700**	61 806
		99 082	**267 685**	184 186

In assessing the fair value of investment property, valuations include consideration of title deed information, town planning conditions, locality and improvements made to the property, property vacancy rates in surrounding areas, realised yields on comparative sales as well as micro- and macro-economic conditions pertaining to commercial properties.

In 2014, the group acquired approximately 1.4 hectares of vacant land to be utilised for a proposed 31 000 m^2 gross lettable area (GLA) commercial development, including 1 272 m^2 of retail space. The land is situated on the intersection between Oxford and Bompas Roads in the prime business district of Rosebank. Internal valuations were performed by management at 30 June 2017 on the vacant land investment property. No fair value adjustment was deemed necessary based on comparable market information.

During the current year, construction progressed well on phase one of the North Point Development, comprising of 13 000 m^2 gross lettable area (GLA) of industrial warehousing situated at the Brackenfell Industrial site in the Western Cape with estimated completion date being 31 August 2017. Internal valuations were performed by management at 30 June 2017 on the investment property under development. No fair value adjustment was deemed necessary based on comparable market information. In the prior year, an external valuation was obtained on the vacant land investment property. The valuation was performed by an independent valuator, Appraisal Corporation, who has experience in the valuation of similar investment property. In comparing the carrying value of investment property to the valuations performed, using applicable and available market-related information, a fair value increase of R43,5 million was deemed necessary in the prior year based on comparable market information.

Both these internal valuations are considered level 3 valuations in terms of the fair value hierarchy.

Both these investment properties are funded by loans to the value of R187 million (2016: R84,6 million). Refer to note 16.5 for details.

9. INVESTMENT PROPERTY CONTINUED

The analysis below depicts the effect on profit before taxation assuming changes in vacancy, capitalisation rates and rate per square metre on the investment property.

	Group	
	Audited	
	Increase/(decrease) in fair value and hence profit before taxation as assessed at 30 June	
(R'000)	**2017**	2016
10.00% increase in 2% vacancy factor	**(1 145)**	(815)
10.00% decrease in 2% vacancy factor	**1 145**	815
5% increase in 9.5% (2016 9.0%) capitalisation factor	**(26 745)**	(19 016)
5% decrease in 9.5% (2016 9.0%) capitalisation factor	**29 527**	21 018
10.0% increase in rate per square metre	**5 460**	5 460
10.0% decrease in rate per square metre	**(5 460)**	(5 460)

	Group	
	Audited	
(R'000)	**2017**	2016
10. EQUITY ACCOUNTED INVESTMENTS		
Associates (note 10.1)	**216 490**	152 172
Joint ventures – other (note 10.2)	**93 060**	77 022
Total	**309 550**	221 194
Joint ventures – service concessions (note 10.3)	**619 109**	–
Total	**928 659**	229 194
10.1 Associates		
10.1.1 Investment in associates		
Unlisted associates		
Shares at cost	**42 151**	34 862
Group's share of distributable reserves	**79 975**	48 786
Total non-financial instruments	**122 126**	83 648
10.1.2 Loans to associates		
Loans to associates	**94 364**	68 524
Total financial instruments	**94 364**	68 524
Total	**216 490**	152 172

Loans to associates bear interest at a rate of 13.0% (2016: 13.0%) and have no fixed repayment terms.

No loans are past due at reporting date for which the group has not provided for.

The approximate fair value of loans to associates is R91,1 million (F2016: R68,9 million). Fair values are determined using the discounted cash flow method of valuation. These are discounted at appropriate discount rates ranging between 10.25% to 13.0% (2016: 10.5% and 13.0%).

During the year, the carrying value of the investment in associates increased, due to a share buy back with respect to associate Amanz' Abantu Services (Proprietary) Limited. A gain of R615 000 was recognised.

The summarised financial information of the group's share in the assets and liabilities, income and expenditure and cash flows are reflected in Annexure 5 on page 100.

Dividends of R1,9 million (2016: R4,9 million) were received from associates during the year.

(R'000)	Group Audited 2017	2016
10. EQUITY ACCOUNTED INVESTMENTS CONTINUED		
10.2 Joint ventures – other		
10.2.1 Investment in joint ventures		
Unlisted joint ventures		
Shares at cost	**6**	6
Group's share of distributable reserves	**20 321**	12 946
Total non-financial instruments	**20 327**	12 952
10.2.2 Loans to joint ventures		
Loans to joint ventures	**72 733**	64 070
Total financial instruments	**72 733**	64 070
Total	**93 060**	77 022

Loans to joint ventures bear interest at an average borrowing rate of 6.25% (2016: 5.9%) with no fixed repayment terms.

No loans are past due at reporting date for which the group has not provided for.

The approximate fair value of loans to joint ventures is R66,5 million (2016: R58,3 million). Fair values are determined using the discounted cash flow method of valuation. These are discounted at appropriate discount rates ranging between 6.25% and 10.25% (2016: 9.58% and 10.50%).

The summarised financial information of the joint ventures' assets and liabilities, income and expenditure and cash flows are reflected in Annexure 4 on page 97.

(R'000)	Group Audited 2017	2016
10.3 Joint ventures – service concessions		
Unlisted joint ventures		
Shares at cost (transfer from investment in service concessions)	**619 109**	–
Total non-financial instruments	**619 109**	–

The R619 million consists of the group's interest in foreign toll road concessions. These investments are now recorded as an investment in joint ventures. Refer to note 11 for further details.

The summarised financial information of the joint ventures' assets and liabilities, income and expenditure and cash flows are reflected in Annexure 4 on page 97.

(R'000)	Group Audited 2017	2016
11. INVESTMENTS IN SERVICE CONCESSIONS		
At fair value	**48 136**	1 230 381

The investments consist of the group's interest in foreign toll road concessions.

Details of the significant investments at 30 June 2017 are as follows:

Name of road	Country	Km	% interest	Concessions period	Current status
A1 (Phase I and II)	Poland	151	7.50	30 years	Operational
M6 (Phase I)	Hungary	59	6.35	20 years	Operational
M6 (Phase III)	Hungary	78	10.00	28 years	Operational

The investments in concessions are broken down as follows:

(R'000)	Group Audited 2017	2016
Investments in Hungary and Poland	**619 109**	1 140 146
Other investments	**48 136**	90 235
Total	**667 245**	1 230 381
Transfer to equity accounted investments	**(619 109)**	–
Closing balance at end of year	**48 136**	1 230 381

Investments in service concessions are investments made in targeted long term infrastructure projects where the group also has a development, construction and/or operating position. Such investments typically take the form of equity and subordinated shareholder loans in geared special purpose vehicles formed to undertake the project, such that reductions in the project risk have a leveraged effect on the value of the investment. These investments represent investments in foreign toll road concessions, as well as investments in two Bulgarian development projects.

The group values its investments in service concessions at fair value at the time of investing or of making an irrevocable commitment to invest. Fair values are determined using the discounted cash flow method of valuation using anticipated future cash flows based on market-related exchange and inflation rates. These are discounted at appropriate discount rates that take into account the relevant market and project risks. Potential refinancing gains are not taken into account.

In determining the appropriate discount rate, consideration is given to the stage of completion of the project lifecycle and to the nature of the project. The applicable risk free rate is adjusted by both market and project-specific risk premia in determining the applied discount rate.

Market risk premia are determined with reference to the comparative term government bond yield of the country in which the infrastructure asset is located, and market liquidity. Project risk premia are sector- and project-specific, and decrease over time when the various design, construction, mobilisation, operations and maintenance, project revenue and project counterparty risks are successfully dealt with or are proven to be mitigated, or when their effects are known with certainty.

Fair values of investments in projects still under construction are considered to be the cost of the investment. Fair values of investments in projects where the effects of significant unmitigated project risks cannot be estimated with certainty (such as traffic risk on certain toll road concessions during early operating periods) are determined using the discounted cash flow method at appropriately high start-up phase risk premia. Where investments in service concessions are denominated in a currency other than Rand, the investments are translated at year-end spot rates, being the valuation date. The investments in the A1 phase I & II road projects in Poland and M6 phase III project in Hungary are valued by using the discounted cash flow method on the underlying Euro-denominated project cash flows as operations have commenced on all these projects.

11. **INVESTMENTS IN SERVICE CONCESSIONS** CONTINUED

The underlying project cash flows are derived from cash flow models provided by the Concession Company Management Board. The primary inputs to such models include the most recent independent traffic study, macro-economic forecast application, updated overhead budgets and road rehabilitation plans.

The carrying value of the Bulgarian assets were assessed in the current financial year utilising internal and external valuations. This resulted in a decrease in the carrying value of the assets of R42 million following an impairment of R33 million and a downward fair value adjustment of R9 million due to the strengthening of the South African Rand.

During the year, a net fair value gain of R98,2 million (2016: R730,1 million) was realised.

The strong fair value profit in the prior year was realised as a result of:

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

Fair value measurement using:

Observable input:		
Exchange rates – ZAR:EUR	**14,80**	16,67
Unobservable input:		
Discount rate	**11% – 13%**	11% – 13%

A basic sensitivity analysis, calculating the effect on investment valuation from differing exchange rates, on the fair value of investment in these service concessions was performed at 30 June 2017.

The effect, when varying Euro-Rand exchange rates by 10% on fair values of these investments, is R168,4 million (2016: R114,0 million). Similarly, every 10% increase or decrease in the discount rates used in the discounted cash flow basis of valuation results in a decrease or increase in the valuation of between R112,7 million to R127,2 million (2016: R84,2 million to R96,3 million).

In December 2016, the company entered into a sale and purchase agreement and shareholders' agreement with Aberdeen Infrastructure Funds ("AIF"), a wholly-owned subsidiary of Aberdeen Asset Management Plc., pursuant to which AIF acquired a 49.99% stake in Intertoll Europe's underlying Public-Private-Partnership ("PPP") project investment portfolio, which houses Group Five's key European transport investment and concessions assets, for a total cash consideration of R638 million. All conditions precedent to the transaction were fulfilled in the second half of the financial year. The transaction created a strategic alliance between Group Five and AIF to support the growth of the group's PPP business. The agreement will enable Group Five to source and participate in further attractive global concessions assets, alongside AIF, with the potential to procure new O&M roles for the group in the future, without having to solely invest large amounts of capital.

In February 2017, Group Five also exercised its pre-emptive right with regards to a sale of a 10% stake in M6 Mecsek by a co-shareholder for a cash consideration of EUR8,70 million and to on-sell 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). Group Five thus holds 50.01% of the overall assets of its European portfolio and AIF holds the remaining 49.99%. in a joint venture entity established to facilitate this partnership focused on both the existing asset base, as well as future investments.

Following the transaction with AIF, these transport investments no longer meets the criteria to be accounted for as an investment in service concession but rather that of an investment in joint venture. The closing balance at year end was thus transferred to equity accounted investments. Refer note 10.3.

(R'000)	Group Audited 2017	2016
12. DEFERRED TAXATION		
Deferred taxation asset	**24 232**	33 873
Deferred taxation liability	**(103 711)**	(85 610)
Net deferred taxation liability at end of year	**(79 479)**	(51 737)
Balance at beginning of year	**(51 737)**	(4 039)
Charge to the income statement	**(36 836)**	(48 482)
Charge to other comprehensive income	**9 094**	784
Balance at end of year	**(79 479)**	(51 737)
The closing balance deferred taxation liability is attributable to the following items:		
Capital allowances	**(59 442)**	(50 756)
Provisions	**(31 022)**	781
Contract allowances	**(43 480)**	(78 747)
Estimated tax losses*	**54 465**	76 985
Balance at end of year	**(79 479)**	(51 737)

		Expected to reverse in		
(R'000)	Total deferred taxation liability	1 year	2 – 5 years	>5 years
2017: Deferred taxation reversal				
Capital allowances	**(59 442)**	**(6 322)**	**(53 120)**	**–**
Provisions	**(31 022)**	**26 208**	**–**	**(57 230)**
Contract allowances	**(43 480)**	**(43 480)**	**–**	**–**
Estimated tax losses	**54 465**	**43 458**	**11 007**	**–**
	(79 479)	**19 864**	**(42 113)**	**(57 230)**
2016: Deferred taxation reversal				
Capital allowances	(50 756)	(5 387)	(45 369)	–
Provisions	781	57 880	–	(57 099)
Contract allowances	(78 747)	(78 747)	–	–
Estimated tax losses	76 985	76 985	–	–
	(51 737)	50 731	(45 369)	(57 099)

* *Deferred taxation assets raised by management due to sufficient future taxable income expected to be earned by the subsidiaries.*

	(R'000)	Group Audited 2017	Group Audited 2016
13.	**INVENTORIES**		
	Property developments in progress	**13 054**	8 295
	Consumable stores	**38 279**	43 042
	Manufacturing finished goods	**149 593**	159 879
	Manufacturing work in progress	**18 850**	10 307
	Manufacturing materials	**42 684**	68 743
		262 460	290 266
	Inventory obsolescence (Manufacturing) (deducted from carrying value of inventories above) Balance at end of year	**842**	2 102
	No inventories are encumbered.		
	No borrowing costs have been capitalised to property developments in progress in 2017 (2016: R850 000).		
14.	**CONTRACTS IN PROGRESS**		
	Costs incurred plus profits recognised, less estimated losses relating to contracts in progress at year end	**22 666 515**	23 055 553
	Progress billings	**(22 193 581)**	(21 931 654)
		472 934	1 123 899
15.	**TRADE AND OTHER RECEIVABLES**		
	Trade and other receivables include:		
	Financial instruments		
	– Contract debtors	**1 862 432**	2 422 175
	– Less provision for impairment of contract debtors	**(430 172)**	(432 650)
	– Trade debtors	**323 211**	312 908
	– Less provision for impairment of trade debtors	**(16 026)**	(23 106)
	– Retention debtors	**177 539**	288 419
	– Other receivables	**181 773**	141 074
	– Amounts owing by joint venture partners	**43 737**	146 133
	Total financial instruments included in trade and other receivables	**2 142 494**	2 854 953
	Non-financial instruments		
	– Prepayments	**52 299**	42 361
	Total non-financial instruments included in trade and other receivables	**52 299**	42 361
	Total trade and other receivables	**2 194 793**	2 897 314

The carrying value of the financial instruments approximates their fair value due to the short term nature of these instruments. (Refer to note 24 for details on credit, currency and interest rate risk).

All trade receivables and other receivables are recognised initially at fair value and subsequently measured at amortised cost. No contract and trade debtors are encumbered. Included in the group's contract and trade debtors balance are debtors with a carrying amount of R347 million (2016: R416 million) which are past due at the reporting date for which the group has not provided as there has not been a significant change in the credit quality and the amounts are still considered recoverable. The group does not hold collateral over these balances.

(R'000)	Group Audited 2017	2016
15. TRADE AND OTHER RECEIVABLES CONTINUED		
Analysis of the age of financial assets that are past due but not impaired		
Contract debtors		
– One month past due	**80 210**	25 879
– Two months past due	**13 090**	11 605
– Three months past due	**8 653**	2 602
– Four months and greater past due	**238 574**	365 776
	340 527	405 862
Trade debtors		
– One month past due	**1 523**	863
– Two months past due	**704**	518
– Three months past due	**1 389**	1
– Four months and greater past due	**3 161**	8 339
	6 777	9 721
Total	**347 304**	415 583
Analysis of the age of financial assets that are past due but not impaired by region		
Contract debtors		
– Central Africa	**51 009**	106 153
– Middle East	**–**	84 104
– Southern Africa	**277 608**	168 875
– Western Africa	**11 910**	46 730
	340 527	405 862
Trade debtors		
– Eastern Europe	**6 403**	61
– Southern Africa	**374**	9 660
	6 777	9 721
Total	**347 304**	415 583

In line with IFRS 7 par 6, the group discloses trade receivables that are past due but not impaired by region as management monitors the trade receivables on this basis.

	Group Audited	
(R'000)	**2017**	2016
15. TRADE AND OTHER RECEIVABLES CONTINUED		
Reconciliation of the provision for impairment of trade receivables		
Opening balance	**455 756**	57 525
Charges against the provision	**10 482**	414 317
Bad debts written off	**(20 040)**	(16 086)
Closing balance	**446 198**	455 756
Analysis of impaired trade receivables		
Included in the provision for impairment of trade receivables are individually impaired trade receivables with a balance of R503,3 million (2016: R525,6 million). The impairment recognised represents the difference between the carrying value of these trade receivables and the present value of any expected collections. All impairment amounts incurred during the year are charged to the income statement and recorded with operating costs.		
The material increase in the provision for impairment of trade receivables in the prior year is as a result of uncertainty surrounding the recoverability of a previously certified debtor within the Civil Engineering segment. The board had deemed it appropriate to raise a provision of R365,4 million against the debtor. Although positive traction was made in H1 F2017 in resolving a portion of the disputed amounts, the group continues a cautious stance with the full provision remaining unaltered until cash flow from the client recommences.		
Gross value of trade receivables that have been individually impaired	**503 360**	525 632
Less: impairment loss against these trade receivables	**(446 198)**	(455 756)
	57 162	69 876
Analysis of gross value of trade receivables that have been individually impaired by region		
– Western Africa	**34 833**	16 991
– Southern Africa	**447 644**	488 326
– Middle East	**2 057**	–
– Central Africa	**18 826**	20 315
	503 360	525 632
In line with IFRS 7 par 6, the group discloses trade receivables that have been individually impaired by region as management monitors the trade receivables on this basis.		
Ageing of gross value of trade receivables that have been individually impaired		
One month past due	**–**	–
Two months past due	**–**	287
Three months past due	**–**	171
Four months past due	**503 360**	525 174
	503 360	525 632
Carrying amount per currency		
The carrying amounts of the group's trade and other receivables are denominated in the following currencies:		
South African Rand	**1 712 931**	2 153 258
US Dollars	**226 644**	70 302
United Arab Emirates Dirham	**37 186**	152 490
Other	**218 032**	521 264
	2 194 793	2 897 314

(R'000)	Group Audited 2017	2016
16. BORROWINGS		
16.1 Interest-bearing borrowings		
Unsecured bonds (note 16.3)	–	285 712
Secured loans bearing variable interest at rates ranging from 6.78% (2016: 7.5%) to 9.50% (2016: 10.00%) (note 16.5)	317 644	216 952
Unsecured loans bearing variable interest linked to prime at 11.5% and a fixed interest rate of 25% on cedi loan (2016: Unsecured loans bearing variable interest linked to JIBAR at 9%)	282 424	248 987
	600 068	751 651
Less: current portion disclosed on face of statement of financial position	(343 145)	(563 997)
Non-current portion (secured loans)	256 923	187 654
Capital repayable during the years ending 30 June		
2017	–	563 997
2018	343 145	52 834
2019	29 414	107 216
2020	205 665	15 155
2021	12 229	8 424
2022	8 501	4 025
2023	1 114	–
	600 068	751 651

16.2 Fair value of borrowings

The carrying amount of current borrowings is a reasonable approximation of the fair value. The carrying amounts and fair value of the non-current borrowings are as follows:

	Carrying amount		Fair value	
	2017	2016	2017	2016
Secured loans	256 923	187 654	253 400	178 246
	256 923	187 654	253 400	178 246

Fair values are determined using the discounted cash flow method of valuation. These are discounted at appropriate discount rates ranging between 9.17% to 9.75% (2016: 7.50% to 10.18%).

16.3 Unsecured bonds

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

The group continues to maintain the Domestic Medium Term Note (DMTN) programme with Group Five Limited as Borrower. No notes have been issued under this programme.

16.4 Unsecured loans

During the current year, the group entered into the following borrowing transactions:

- The R250 million revolving credit facility was converted to a R190 million overnight money market facility
- The group secured a R190 million overdraft facility. As at 30 June 2017, the overdraft was not utilised
- The group secured a GHC 35 million Cedi facility bearing interest at 25%. The facility is available until March 2018. As at 30 June 2017, GHC 31 million had been drawn down

16. BORROWINGS CONTINUED

(R'000)	Group Audited 2017	2016
16.5 Secured loans		
Secured loans are secured over:		
Investment property and mobile plant, vehicles and computer equipment with a net book value of	**385 530**	241 305

(R'000)	Group Audited Less than one year	Between one and five years	Total
2017			
Minimum lease payments	**84 562**	**289 859**	**374 421**
Lease finance charges	**(23 840)**	**(32 937)**	**(56 777)**
	60 722	**256 922**	**317 644**
2016			
Minimum lease payments	45 517	212 329	257 846
Lease finance charges	(16 219)	(24 675)	(40 894)
	29 298	187 654	216 952

Leased assets relating to mobile plant, vehicles and computer equipment are not subject to renewal clause, purchase options or escalation clauses.

(R'000)	Group Audited 2017 Assets	2017 Liabilities	2016 Assets	2016 Liabilities
17. DERIVATIVE FINANCIAL INSTRUMENTS				
Derivatives at fair value through profit and loss				
Total forward foreign exchange contracts	**11**	**–**	–	(1 022)
Less: non-current portion: forward foreign exchange contracts	**–**	**–**	–	–
Current portion: forward foreign exchange contracts	**11**	**–**	–	(1 022)

Purchase of USD292,489 at a weighted average rate of R13,09 (2016: Purchase of USD456,000 at a weighted average rate of R16,01 and purchase of EUR169,118 at a rate of R18,89).

(R'000)	Group Audited 2017	2016
18. PROVISION FOR ENVIRONMENTAL REHABILITATION		
At 1 July	**6 559**	6 291
Unwinding of discount	**480**	298
Re-measurement of provision	**(1 233)**	227
Released from provisions	**(290)**	(257)
At 30 June	**5 516**	6 559

The environmental rehabilitation provision consists of R4 million (2016: R4 million) relating to Everite and its costs associated with the close of asbestos waste dumps and R1,5 million (2016: R2,6 million) relating to the closure costs of the Sky Sands Quarry. A risk free rate of 8.6% (2016: 8.7%) and an average inflation rate of 6.0% (2016: 6.6%) was used in the calculation of the estimated net present value of the rehabilitation liability.

(R'000)	Group Audited 2017	2016
19. TRADE AND OTHER PAYABLES		
Trade and other payables include:		
Financial instruments		
– Accrued expenses	**1 532 104**	1 846 527
– Trade and other creditors	**503 665**	503 263
– Sub-contractor creditors	**475 364**	539 902
– Retention creditors	**290 053**	324 492
– Amounts owning to joint venture partners	**89 522**	222 322
Total financial instruments included in trade and other payables	**2 890 708**	3 436 506
Non-financial instruments		
– Advance payments received	**442 397**	479 448
Total non-financial instruments included in trade and other payables	**442 397**	479 448
Total	**3 333 105**	3 915 954

The carrying value of the financial instruments approximates their fair value due to the short term nature of these instruments. (Refer to note 24 for details on the currency and interest risk).

R124 million of trade payables with payment terms greater than one year disclosed under non-current trade payables. This relates to the socio-economic contribution in terms of the agreement with the South African government.

(R'000)	Contract provisions	Sundry provisions	Total
20. CONTRACT-RELATED PROVISIONS			
Balance at 30 June 2015	37 073	8 560	45 633
Charged to the income statement	1 684	(2 612)	(928)
Provision utilised	(7 636)	(1 456)	(9 092)
Balance at 30 June 2016	31 121	4 492	35 613
Charged to the income statement	**23 130**	**1 047**	**24 177**
Provision utilised	**(16 762)**	**(1 143)**	**(17 905)**
Balance at 30 June 2017	**37 489**	**4 396**	**41 885**

Contract provisions:
Contract provisions include amounts for sub-contractor estimated billings for which no certification has taken place.

Sundry provisions:
Sundry provisions relate to costs for contract maintenance periods.

The provisions have been determined based on assessments and estimates by management. Actual results could differ from estimates and there is no certainty as to the timing of the cash flows relating to these provisions.

(R'000)	Group Audited 2017	2016
21. EMPLOYEE BENEFITS		
21.1 Staff costs		
Wages, salaries and bonuses	**2 406 099**	2 750 037
Retrenchment cost	**40 520**	45 863
Cost of share options	**762**	27 153
Pension costs – defined contribution plans (including industry plans)	**121 467**	139 192
Pension costs – defined benefit plan income	**(18 197)**	(8 054)
Service cost	**9 614**	14 335
Net finance income	**(27 811)**	(22 389)
	2 550 651	2 954 191

	Number^	Number^
Number of employees at 30 June:		
Full-time	**4 154**	4 637
Part-time	**4 205**	4 566
	8 359	9 203
South Africa	**5 362**	6 983
Over-border	**2 997**	2 220
	8 359	9 203

^ *Number of employees, including staff employed by joint ventures equity accounted is 8 472 (2016: 9 313).*

(R'000)	Group Audited 2017	2016
21.2 Pension scheme		
The latest actuarial valuation of the group's defined benefit plan was carried out in March 2017 in line with the year end of the pension fund and was considered by the actuaries to be in a sound financial condition. The fair value at 30 June 2017 approximates a similar value.		
21.2(i) A summary of the valuation is presented below:		
Present value of funded obligations	**(374 574)**	(375 193)
Fair value of plan assets	**651 923**	660 676
Surplus	**277 349**	285 483
Non-current assets	**272 917**	281 577
Current assets included in trade and other receivables	**4 432**	3 906
	277 349	285 483

	%	%
The principal assumptions used for accounting purposes were as follows:		
Mortality tables	**PA [90]**	PA [90]
Discount rate	**9.80**	8.30
Expected return on assets	**9.80**	8.30
Future salary increases	**8.00**	7.50
Future pension increases	**4.57**	4.57

21. **EMPLOYEE BENEFITS** CONTINUED

21.2 Pension scheme continued

The group operates a defined benefit pension plan in South Africa under the regulatory requirements of the Pension Funds Act, 1956 (and amendments). Members contribute at a fixed rate of their pensionable salary. The group contributes the balance of the cost at a rate determined by management and trustees based on advice of the actuary. At the normal retirement age (65 for all members with the exception of directors who retire at 60), a pension equal to 2% of the final salary multiplied by the number of years of pensionable service is payable.

The legally required surplus apportionment exercise was carried out as at 29 February 2004. The rules of the fund stipulate that additional surplus arising after the surplus valuation date are for the account of the group as are any future deficits. A gain of R18,2 million was realised in the current year and has been credited to the income statement. During the prior year, a gain of R14,9 million was credited against the income statement. Based on the rules of the fund, the company is required to recognise the full asset.

The trustees decided to outsource the fund's pensioners with effect from 1 March 2009. The entire assets in the fund attributable to pensioners as at 31 March 2009 has been utilised in this regard. The Section 14 transfer application to outsourcing active pensioners has been approved by the Financial Services Board and the pensioner assets and liabilities outsourced from the fund.

		Group	
		Audited	
	(R'000)	2017	2016
21.2(ii)	**A reconciliation of the opening and closing balances of plan assets**		
	Opening value: 1 April	660 676	691 090
	– Employee contributions	1 328	1 648
	– Company contributions	6 146	6 792
	– Benefit payments	(43 175)	(66 089)
	– Return on plan assets 9.8% (2016: 8.3%) per annum	62 882	54 914
	– Expenses	(3 252)	(2 505)
	– Re-measurements[1]	(32 682)	(25 174)
	Closing value: 31 March	651 923	660 676
21.2(iii)	**Closing balance of plan assets is comprised as follows:**		
	Local assets	535 160	540 978
	– Equity instruments	291 906	299 256
	– Fixed instruments	116 763	119 682
	– Listed property	58 381	59 856
	– Cash and deposits	68 110	62 184
	International assets	116 763	119 698
	– Equity instruments	116 763	119 698
	Closing value: 31 March	651 923	660 676
21.2(iv)	**Reconciliation of the opening and closing balances of defined benefit obligations**		
	Projected benefit obligation (PBO): 1 April	375 193	417 653
	– Service cost	9 614	14 335
	– Employee contributions	1 328	1 648
	– Benefit payments	(43 175)	(66 089)
	– Interest cost 9.8% (2016: 8.3%) per annum	35 071	32 525
	– Expenses	(3 252)	(2 505)
	– Re-measurements:	(205)	(22 374)
	– (Gain)/loss due to change in salary increase assumption	(2 780)	(3 256)
	– Loss/(gain) due to change in financial assumptions	7 226	(16 966)
	– Gain – other	(4 651)	(2 152)
	Closing value: 31 March	374 574	375 193

	Group	
	Audited	
(R'000)	2017	2016
21. EMPLOYEE BENEFITS CONTINUED		
21.2 Pension scheme continued		
21.2(v) Plan assets and defined benefit obligation by category		
Assets		
– Market value	651 923	660 676
Active member liabilities:		
– Active members	289 024	289 495
Pensioner liabilities:		
– Pensioners	12 354	14 921
SAE surplus (surplus as at 29 February 2004 to be apportioned)	73 196	70 777
Total liabilities	374 574	375 193
Surplus	277 349	285 483
Funding level	174.0%	176.1%
21.2(vi) Net periodic pension cost		
Service cost (net of employee contribution)	9 614	14 335
Interest cost	35 071	32 525
Return on plan assets	(62 882)	(54 914)
Re-measurements[2]	32 477	2 800
Net periodic pension gain	14 280	(5 254)

1. *A re-measurement loss arose during the year mainly due to the actual investment return of 4.7% (2016: 4.5%) not exceeding the expected investment return of 9.8% (2016: 8.3%) for the year ended 31 March 2017.*
2. *The company's policy is to recognise re-measurements in full as they arise. The actuarial loss of R37,7 million (2016: R25,1 million) on the assets and the re-measurement loss of R205 000 (2016: R22,3 million gain) on the liabilities gave rise to an overall re-measurement loss of R32,5 million (2016: R2,8 million) in the current year.*

21.2(vii) Sensitivity analysis

The table below sets out the sensitivity of the valuation results to changes in the key financial assumptions as at 31 March 2017.

(R'000)	A decrease in the discount rate by 1%	An increase in the discount rate of 1%
Total assets	651 923	651 923
Total liabilities	416 121	340 650
Surplus	235 802	311 273
Funding level	157%	191%
Service cost	11 848	9 183

(R'000)	An increase in salary of 1%	A decrease in salary of 1%
Total assets	651 923	651 923
Total liabilities	389 025	361 381
Surplus	262 898	290 542
Funding level	168%	180%
Service cost	10 962	9 837

(R'000)	Pension increase of 1%	Pension decrease of 1%
Total assets	651 923	651 923
Total liabilities	397 978	354 698
Surplus	253 945	297 225
Funding level	164%	184%
Service cost	11 126	9 736

21. **EMPLOYEE BENEFITS** CONTINUED

21.2 **Pension scheme** continued

21.2(vii) **Sensitivity analysis** continued

The table below sets out the sensitivity of the valuation results to changes in the key financial assumptions as at 31 March 2016.

(R'000)	A decrease in the discount rate by 1%	An increase in the discount rate of 1%
Total assets	660 676	660 676
Total liabilities	417 252	340 836
Surplus	243 424	319 840
Funding level	158%	193%
Service cost	11 114	8 409

(R'000)	An increase in salary of 1%	A decrease in salary of 1%
Total assets	660 676	660 676
Total liabilities	390 415	361 357
Surplus	270 261	299 319
Funding level	169%	183%
Service cost	10 251	9 040

(R'000)	Pension increase of 1%	Pension decrease of 1%
Total assets	660 676	660 676
Total liabilities	398 423	355 375
Surplus	262 253	305 301
Funding level	166%	186%
Service cost	10 352	8 992

		Group Audited 2017	2016
	(R'000)	**2017**	2016
21.	**EMPLOYEE BENEFITS** CONTINUED		
21.3	**Provision for employment obligations**		
	Black Professionals Staff Trust and bonus share scheme share-based payment liability	**25 991**	29 349
	Post-employment medical provision	**27 656**	29 348
		53 647	58 697
	Non-current liability	**40 020**	46 583
	Current liability	**13 627**	12 114
		53 647	58 697
21.3.1	**Black Professionals Staff Trust share-based payment liability**		
	The Black Professionals Staff Trust liability is the obligation recognised as a cash-settled share-based payment transaction following the implementation of a revised BBBEE ownership transaction approved by shareholders in November 2012. (Refer to note 21.4.3.)		
	Key actuarial assumptions used were:		
	Dividend yield %	**2.35**	2.81
	Volatility %	**39.57**	43.07
	Risk free interest rate %	**7.21**	7.78
	Share price – R	**18,60**	20,30
	A sensitivity analysis has been performed to determine the effect of a change due to an increase in the share price on the share-based payment liability. A 1% increase/(decrease) in the share price would have the effect of (decreasing)/increasing net profit before taxation by R350 000 (2016: R600 000) respectively.		
21.3.2	**Post-employment medical provision**		
	The group's accrual for post-employment medical provision of R27,7 million (2016: R29,3 million) is based on assumptions used by the independent actuaries which includes appropriate mortality tables, long term estimates of increases in medical costs and appropriate discount rates. Key actuarial assumptions used were:		
	Discount rate %	**8.10**	9.30
	Mortality table	**PA [90]**	PA [90]
	Future salary increases %	**5.30**	7.00

A sensitivity analysis has been performed to determine the effect of a change at which former employees are assumed to qualify for, and make an application for, post-employment medical benefits. A 5% (2016: 5%) increase/(decrease) would have the effect of (decreasing)/increasing net profit before taxation by R2,9 million (2016: R2,8 million).

21.4 Employee share option schemes

The group issues equity-settled and cash-settled incentives to certain employees. Equity-settled payments are measured at fair value at date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed over the vesting period. Employee share trusts are consolidated within the Group.

21.4.1 The Black Management Scheme (equity-settled)

The Black Management Scheme was implemented on 1 November 2005. The scheme is completed, with only 26 667 shares remaining unexercised at year end.

The purpose of the scheme is to give effect to one of the group's broad-based black economic empowerment objectives, by encouraging black employees within the group who are employed at management level to remain in the employment of the group and to promote the continued growth of the group by giving such employees, including future employees, an opportunity to acquire shares.

Group Five provided the Black Management Trust with a loan to enable the Black Management Trust to subscribe for 3 791 109 Group Five shares at a price of R16,03 per share. Annual interest on the loan equates to the lesser of dividends received from Group Five shares and the South African prime overdraft rate. Allocations, at the discretion of the board remuneration committee, are made from time to time to earmarked black managers that do not participate in the Management Incentive Scheme.

The Black Management Trust will utilise all the dividends received on the shares to settle any expenses (i.e. audit fees and bank charges) and to service any outstanding funding obligations owed to Group Five. To the extent that surplus cash exists in the Black Management Trust, the trustees will be entitled to distribute the surplus cash to the beneficiaries.

The vesting of shares takes place on the following basis:

- on the second anniversary of the date on which shares were allocated to the beneficiary, 33.3% of the shares will vest;
- on the third anniversary of such date, so many additional shares as represent 33.3% of the shares, allocated to the beneficiary will vest; and
- on the fourth anniversary of such date, the balance of the shares will vest.

A person will cease to be a beneficiary upon:

- ceasing to be an employee of the company within the group, either at all or at least at a management level, other than as a result of retrenchment, unlawful dismissal, constructive dismissal by the employer, disablement, death or retirement in accordance with normal retirement policies of the group; or
- share ownership vesting occurring in respect of such beneficiary's allocated shares; or
- share ownership vesting no longer being available in terms of the scheme in respect of any of such beneficiary's allocated shares.

The initial beneficiaries have appointed two employee management trustees. In addition, an independent trustee has been appointed. The trustees will from time to time vote the allocated shares of a beneficiary in accordance with the directions of that beneficiary. Unallocated shares will be allocated by the trustees as they consider to be in the best interests of future beneficiaries.

21.4.2 Long term incentive plan (LTIP) (cash- and equity-settled)

The group's LTIP was implemented in February 2014 following its approval by shareholders. The employee share scheme remains active.

The long term incentive plan (LTIP) forms part of variable compensation and is used to attract, retain and motivate employees who influence the long term sustainability and strategic objectives of Group Five. The LTIP consists of three elements:

a) Share appreciation rights (SARs) see 24.4.2.1
b) Performance shares – allocate full value of shares to employee (equity-settled). Allocation made to executives and managers in selected Paterson grades in terms of LTIP programme
c) Bonus shares – allocate full value of shares to employee (cash-settled). Allocation made to executives and managers in selected Paterson grades in terms of LTIP programme

21. EMPLOYEE BENEFITS CONTINUED

21.4 Employee share option schemes continued

21.4.2 Long term incentive plan (LTIP) (cash- and equity-settled) continued

21.4.2.1 Management Incentive Scheme – share appreciation rights (SARs) (equity-settled) continued

Under the Management Incentive Scheme, employees of the group are awarded rights to receive shares in the company based on the value of these awards. Annual allocations of share appreciation rights will be made to executives and managers in the selected Paterson grades in terms of the long term incentive programme. These rights to receive shares are equal to the value of the difference between the exercise price and the SAR grant price. The SAR grant price is equal to the share price on grant date.

After vesting, the SAR will become exercisable. Upon exercise by a beneficiary, the company will settle the value of the difference between the exercise price and the SAR grant price, by the delivery of Group Five shares. Group Five may withhold any amounts or make such arrangements as are necessary to meet any liability to taxation or any other liabilities in respect of the SAR grants. The arrangements may include the sale of shares on behalf of the beneficiaries and the use of the proceeds of the sale to meet such liability.

The intention of the Management Incentive Scheme is to purchase Group Five shares in the market to settle the scheme's benefits, so the Management Incentive Scheme will not be as dilutive as normal share option schemes. The company will retain the right to issue new shares at its election, to mitigate the risk of sudden fluctuations in the share price, which could be disruptive to the orderly trade of Group Five shares in the market. The company will be limited to issuing no more than 15% of the company's shares in settlement of benefits of all company share schemes over any ten-year period.

The sizing of the aggregate incentive schemes and their salient features, are set out in the table below:

	Management Incentive Scheme
Maximum number of shares available to the scheme	12 911 817*
Threshold as a percentage of current shares issued	0
Maximum number of unexercised shares available to individuals	2 418 236
Discount to market value on date of option/SAR	Nil**
Vesting period	3 years – 33.3%
	4 years – 66.6%
	5 years – 100%
Lapsing period	7 years

* *At no time will the aggregate number of shares available exceed 12 911 817.*
** *Calculated at date of grant.*

21.4.3 The Black Professionals Staff Trust (cash-settled) (refer to 21.3.1)

The implementation of the 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 scheme's end date is 7 November 2020.

Group Five believes its employees, particularly its professional staff are key to its success and future growth. In recognition of this it is believed that the introduction of the Black Professionals Staff Trust will entrench a sense of ownership amongst the Black Professionals Staff Trust beneficiaries, as well as assist in the incentivisation and retention of these employees.

The Black Professionals Staff Trust will be established to facilitate the participation of Black Professionals Staff Trust beneficiaries by holding the Black Professionals Staff Trust shares and distributing distributable income to the Black Professionals Staff Trust beneficiaries in terms of the Black Professionals Trust deed from time to time.

Group Five provided the Black Professionals Staff Trust with a loan to enable the Black Professionals Staff Trust to subscribe for 10 356 865 shares. Annual interest will accrue at a rate of 9% naca (nominal annual compounded annually) and be repayable, including accrued interest following the amended end date of 7 November 2020.

Once the Black Professionals Staff Trust trustees have exercised their discretion to make a distribution in terms of the Black Professionals Staff Trust deed, the Black Professionals Staff Trust trustees shall distribute distributable income to the Black Professionals Staff Trust beneficiaries who are employed by the group on the applicable distribution date in accordance with the allocation formula as fully described in the Black Professionals Staff Trust deed. The allocation formula takes into account the band and annual remuneration of each Black Professionals Staff Trust beneficiary and the total number of Black Professionals Staff Trust beneficiaries and will determine the allocation based on a fixed factor allocation per band. Pursuant to this, Black Professionals Staff Trust beneficiaries in higher bands will receive a proportionally higher percentage of annual remuneration in comparison to those in lower bands.

No obligations are imposed on Black Professionals Staff Trust beneficiaries in terms of the Black Professionals Staff Trust deed. Black Professionals Staff Trust beneficiaries may not sell, assign or in any way encumber his/her rights as a Black Professionals Staff Trust beneficiary.

21. EMPLOYEE BENEFITS CONTINUED

21.4 Employee share option schemes continued

21.4.4 Reconciliation of options issued:

	Management Incentive Scheme		Black Management Scheme	
	Number	Price R	Number	Price R
Balance at 30 June 2015	9 272 620	31,77	518 281	16,03
New shares granted and accepted	3 455 952	21,00	–	16,03
Shares paid for	(23 371)	20,30	(109 506)	16,03
Shares lapsed	(1959 235)	30,14	(46 768)	16,03
Balance at 30 June 2016	10 745 966	27,94	362 007	16,03
New shares granted and accepted	**3 407 887**	**25,10**	**–**	**16,03**
Shares paid for	**(276 549)**	**19,48**	**(281 761)**	**16,03**
Shares lapsed	**(5 087 505)**	**28,46**	**(53 579)**	**16,03**
Balance at 30 June 2017	**8 789 799**	**26,68**	**26 667**	**16,03**
Number of shares vested and exercisable at 30 June 2017	**2 274 374**	**26,68**	**–**	**–**

(R'000)	Total	Management Incentive Scheme	Black Management Scheme	Black Professionals Staff Trust
Cost of share options year ended 30 June 2017	**762**	**2 408**	**414**	**(2 060)**
Cost of share options year ended 30 June 2016	27 153	24 763	1 890	500

The cost of equity-settled share appreciation rights issued during the year ended 30 June 2017 were costed using a Black-Scholes option model and the following factors:

	2017	2016
exercise price R	**25,10**	21,00
share price volatility %*	**48.82**	45.94
risk free interest rate %	**7.96**	8.00
dividend yield %	**2.81**	2.75

* *Share price volatility is derived from the historical share price over the last 12 months.*

22. RELATED PARTY TRANSACTIONS

22.1 Directors' emoluments

Key management is considered to be executive and non-executive directors.

Executive directors

(R'000)	Salaries		LTIP[3] bonus shares settled in cash		Short term incentive bonus[6]		Discretionary award		Retention award[4]		Separation payment		Total	
	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 the Group Five's 2017 integrated annual report.

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 scheme, 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.

Non-executive directors' fees

	F2017			F2016		
Fees, services expenses (R'000)	Fees	Expenses	Total	Fees	Expenses	Total
Name						
MP Mthethwa	**1 703**	**312**	**2 015**	1 421	–	1 421
NJ Chinyanta	**748**	**–**	**748**	653	–	653
JL Job	**221**	**7**	**228**	807	63	870
W Louw	**1 086**	**89**	**1 175**	644	–	644
SG Morris	**166**	**–**	**166**	1 208	–	1208
KK Mpinga	**1 450**	**23**	**1 473**	716	–	716
B Ngonyama	**879**	**32**	**911**	743	–	743
V Rague	**736**	**285**	**1 021**	545	163	708
MR Thompson	**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*	**5 723**	**709**	**6 432**	3 979	163	4 142
Non-executive directors who resigned in Q4**	**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

** 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.*
*** An amount of R98k was paid for time spent on additional ad hoc special meetings which took place in Q4 of the financial year.*

22. **RELATED PARTY TRANSACTIONS** CONTINUED

22.1 Directors' emoluments continued

Executive committee members (exco)

(R'000)	Salaries		LTIP[6] bonus shares settled in cash		Short term incentive bonus[10]		Discretionary award		Retention award[7]		Retrenchment payment		Total	
	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 per prescribed officer, please refer to the Group Five's 2017 integrated annual report.

1. *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.*
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 executive committee member. Earnings as CEO reflected 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 scheme, were required to ensure the retention of key personnel.*
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.*
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.*

Executive committee members (exco)

(R'000)	Long term incentive plan share option expense*	
	F2017	F2016
Name		
J Doorasamy	**260**	312
JW Hillary	**357**	449
ST Mosai	**271**	300
GD Mottram	**495**	418
CMF Teixeira	**474**	590
ECJ Vemer	**569**	795
JA Wallace	**706**	636
WI Zeelie	**493**	660
NM Humphreys	**588**	–
KR Maharaj	**363**	–
	4 576	4 160
Paid by subsidiaries	**(4 576)**	(4 160)

* *Refers to the cost to the company of awarding the employee a share appreciation right, determined by IFRS 2 cost for the specific allocation.*

22. RELATED PARTY TRANSACTIONS CONTINUED

22.1 Directors' emoluments continued

Details of executive directors' share options and share appreciation rights

Name of director	Options granted – opening balance	Options granted during the current year	Strike price	Options exercised and paid	Options lapsed	Options granted – closing balance	Strike price	Options vested – closing balance
ECJ VEMER								
2016								
	25 659	–	27,70	–	–	25 659	27,70	25 659
	104 600	–	34,42	–	–	104 600	34,42	69 733
	37 316	–	40,68	–	–	37 316	40,68	–
	16 956	–	20,30	–	–	16 956	20,30	–
	99 609	–	25,60	–	–	99 609	25,60	–
	–	135 714	21,00	–	–	135 714	21,00	–
	284 140	135 714		–	–	419 854		95 392
2017								
	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 ECJ Vemer did in fact not lapse but were instead 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
ST MOSAI								
2016								
	11 891	–	16,03	(2 467)	–	9 424	16,03	8 339
	35 300	–	34,42	–	–	35 300	34,42	23 533
	13 919	–	40,68	–	–	13 919	40,68	–
	6 870	–	20,30	–	–	6 870	20,30	–
	39 531	–	25,60	–	–	39 531	25,60	–
	–	51 516	21,00	–	–	51 516	21,00	–
	107 511	51 516		(2 467)	–	156 560		31 872
2017								
	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**

22. RELATED PARTY TRANSACTIONS CONTINUED

22.1 Directors' emoluments continued

Details of executive directors' share options and share appreciation rights continued

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
CMF TEIXEIRA								
2016	200 000	–	42,84	–	(200 000)	–	42,84	–
	71 740	–	34,09	–	–	71 740	34,09	71 740
	44 337	–	27,70	–	–	44 337	27,70	44 337
	86 600	–	34,42	–	–	86 600	34,42	57 733
	34 828	–	40,68	–	–	34 828	40,68	–
	14 126	–	20,30	–	–	14 126	20,30	–
	59 712	–	25,60	–	–	59 712	25,60	–
	–	80 092	21,00	–	–	80 092	21,00	–
	511 343	80 092		–	(200 000)	391 435		173 810
2017	**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
J DOORASAMY								
2016	7 460	–	16,03	(3 729)	–	3 731	16,03	–
	24 400	–	34,42	–	–	24 400	34,42	16 267
	14 454	–	40,68	–	–	14 454	40,68	–
	7 695	–	20,30	–	–	7 695	20,30	–
	44 176	–	25,60	–	–	44 176	25,60	–
	–	60 238	21,00	–	–	60 238	21,00	–
	98 185	60 238		(3 729)	–	154 694		16 267
2017	**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 J Doorasamy in F2017 which would have vested in February 2018 and August 2019 were settled in cash on resignation. The cash value assigned to these shares amounted to R232k.

22. RELATED PARTY TRANSACTIONS CONTINUED

22.1 Directors' emoluments continued

Details of prescribed officers' share options and share appreciation rights (including three highest paid members of management) continued

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
JW HILLARY								
2016								
	13 321	–	34,09	–	–	13 321	34,09	13 321
	24 214	–	27,70	–	–	24 214	27,70	24 214
	53 000	–	34,42	–	–	53 000	34,42	35 333
	20 924	–	40,68	–	–	20 924	40,68	–
	13 533	–	20,30	–	–	13 533	20,30	–
	52 653	–	25,60	–	–	52 653	25,60	–
	–	68 623	21,00	–	–	68 623	21,00	–
	177 645	68 623		–	–	246 268		72 868
2017								
	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)**	**–**		**–**
NM HUMPHREYS								
2016								
	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
2017								
	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**

22. RELATED PARTY TRANSACTIONS CONTINUED

22.1 Directors' emoluments continued

Details of prescribed officers' share options and share appreciation rights (including three highest paid members of management) continued

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
KR MAHARAJ								
2016								
	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
2017								
	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**
GD MOTTRAM								
2016								
	69 000	–	28,63	–	(69 000)	–	28,63	–
	61 672	–	34,09	–	–	61 672	34,09	61 672
	56 619	–	27,70	–	–	56 619	27,70	56 619
	71 700	–	34,42	–	–	71 700	34,42	47 800
	21 237	–	40,68	–	–	21 237	40,68	–
	11 059	–	20,30	–	–	11 059	20,30	–
	36 241	–	25,60	–	–	36 241	25,60	–
	–	60 238	21,00	–	–	60 238	21,00	–
	327 528	60 238		–	(69 000)	318 766		166 091
2017								
	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**

22. RELATED PARTY TRANSACTIONS CONTINUED

22.1 Directors' emoluments continued

Details of prescribed officers' share options and share appreciation rights (including three highest paid members of management) continued

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
JA WALLACE								
2016								
	30 519	–	34,09	–	–	30 519	34,09	30 519
	55 213	–	27,70	–	–	55 213	27,70	55 213
	103 000	–	34,42	–	–	103 000	34,42	68 667
	36 748	–	40,68	–	–	36 748	40,68	–
	14 863	–	20,30	–	–	14 863	20,30	–
	62 479	–	25,60	–	–	62 479	25,60	–
	–	82 358	21,00	–	–	82 358	21,00	–
	302 822	82 358		–	–	385 180		154 399
2017								
	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**
WI ZEELIE								
2016								
	19 778	–	27,70	–	–	19 778	27,70	19 778
	97 600	–	34,42	–	–	97 600	34,42	65 067
	37 316	–	40,68	–	–	37 316	40,68	–
	10 056	–	20,30	–	–	10 056	20,30	–
	74 121	–	25,60	–	–	74 121	25,60	–
	–	114 285	21,00	–	–	114 285	21,00	–
	238 871	114 285		–	–	353 156		84 845
2017								
	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)**	**–**		**–**

22.2 Subsidiaries, joint arrangements and associates

For a list of related parties refer to Annexure 2 – Interest in Subsidiaries, Annexure 3 – Interest in Joint Operations, Annexure 4 – Investment in Joint Ventures and Annexure 5 – Investment in Associates.

Apart from advances provided to joint venture partners, no other transaction exists that requires additional disclosure.

Refer to notes 15 and 19 of the annual financial statements.

(R'000)	Group Audited 2017	2016
23. COMMITMENTS AND CONTINGENCIES		
Fixed asset commitments		
Contracts placed	**11 076**	2 271
Capital expenditure approved by directors but not placed at 30 June	**122 454**	217 264
	133 530	219 535

The above expenditure will be funded from existing resources and facilities.

There are no fixed asset commitments relating to joint ventures.

The following operating lease commitments mainly relate to building rentals, which consist of corporate office rental for the period 2018 to 2025.

Operating lease commitments

The future minimum lease payments under non-cancellable operating leases are as follows:	2017	2016
Not later than one year	**71 340**	69 686
Later than one year and not later than five years	**303 913**	371 663
Later than five years	**319 267**	328 426
	694 520	769 775

Guarantees

Total financial institution-backed guarantees provided to third parties on behalf of subsidiary companies amounted to R5 498 million (2016: R6 521 million). The directors do not believe any exposure to loss is likely. Total facilities in this regards amount to R10 582 million (2016: R12 576 million).

Rm	2017	2016
The issued guarantees have the following expiry dates:		
Not later than one year	**4 306**	3 402
Later than one year and not later than five years	**1 136**	3 109
Later than five years	**56**	10
	5 498	6 521
Analysis of guarantees (at contractual amounts):		
Issued in lieu of advance payments received*	**833**	1 504
Issued as a guarantee of performance	**2 806**	3 193
Issued in lieu of retention monies received*	**1 753**	1 793
Issued in support of tenders submitted	**45**	4
Issued for non-contract-related activities	**61**	27
	5 498	6 521

* *These financial guarantees relate to services already rendered or amounts recognised as payables in note 19. No additional fair value is attributable to the guarantees.*

Other

The group is, from time to time, involved in various claims and legal proceedings arising in the ordinary course of business.

The directors do not believe that adverse decisions in any pending proceedings or claims against the group will have a material adverse effect on the financial condition or future operations of the group.

Stakeholders' attention is drawn to the contingent risk of civil claims possibly being lodged against the group, and all construction companies who have been party to the anti-competitive behaviour, following the Competition Commission release of its findings in June 2013.

Whilst some progress has been made, the management team continues to engage with the Competition Commission with the intent to finally resolve the two matters on fair terms.

24. FINANCIAL INSTRUMENTS

Financial instruments carried on the statement of financial position include cash and cash equivalents (as defined), short term borrowings, investments in service concessions, trade and other receivables, contracts in progress, trade and other payables, interest-bearing borrowings and derivative financial instruments.

24.1 Financial risk management objectives

Introduction

The group has a risk management and central treasury function that manages the financial risks relating to the group's operations.

The group's liquidity, credit, foreign currency and interest rate risk are continuously monitored. The group has developed a comprehensive risk management process to facilitate, control and monitor these risks. This process includes formal documentation of policies, including limits, controls and reporting structures. The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance. The group makes use of derivative financial instruments to hedge certain risk exposures in certain circumstances.

In the course of the group's business operations it is exposed to financial risk relating to liquidity, credit, foreign currency and interest rate risk. Risk management relating to each of this risk is detailed below.

Controlling risk in the group

The executive committee (exco) and the management committee (manco) are responsible for risk management activities within the group. The exco meets monthly to review market trends and develop strategies. Treasury is responsible for monitoring currency, interest rate and liquidity risk under the policies approved by the board of directors. Group treasury identifies, evaluates and hedges financial risks in close cooperation with the group's operating business units. The board approves written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, and credit risk, use of derivative financial instruments and non-derivative financial instruments, and investments in excess liquidity.

24.2 Capital risk management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The group monitors capital on the basis of a gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total interest-bearing borrowings less cash and cash equivalents. Total equity is as shown in the consolidated statement of financial position.

During 2017, the group's strategy, which remains unchanged, is to maintain the gearing ratio below 33%. The gearing ratio at 30 June 2017 and 2016 was as follows:

(R'000)	**2017**	2016
Total interest-bearing borrowings, including bank overdrafts	**600 068**	751 651
Cash on hand	**(2 265 401)**	(3 255 233)
Net debt	**(1 665 333)**	(2 503 582)
Total equity	**2 521 571**	3 545 990
Gearing ratio	**Net ungeared**	Net ungeared

24. FINANCIAL INSTRUMENTS CONTINUED

24.3 Categories of financial instruments

In addition, the financial instruments carried at fair value are disclosed in accordance to a fair value hierarchy.

The hierarchy has three levels that reflect the significance of the inputs used in measuring fair value. These are as follows:

Level 1: Quoted prices unadjusted in active markets for identical assets and liabilities

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly or indirectly derived from prices

Level 3: Inputs for the assets or liabilities that are not based on observable market data

(R'000)	Notes	Loans and receivables	Financial assets at fair value through profit and loss designated as such	Financial assets at fair value through profit and loss	Other	Total	Level
30 June 2017							
Assets as per the statement of financial position							
Loans to associates	10.1.2	**94 364**	**–**	**–**	**–**	**94 364**	**n/a**
Loans to joint ventures	10.2.2	**72 733**	**–**	**–**	**–**	**72 733**	**n/a**
Equity accounted investments – service concessions	10.3	**–**	**619 109**	**–**	**–**	**619 109**	**n/a**
Investments in service concessions	11	**–**	**48 136**	**–**	**–**	**48 136**	**3**
Derivative financial instruments	17	**–**	**–**	**11**	**–**	**11**	**3**
Trade and other receivables	15	**2 142 494**	**–**	**–**	**–**	**2 142 494**	**3**
Contracts in progress	14	**472 934**	**–**	**–**	**–**	**472 934**	**n/a**
Cash and cash equivalents	28	**2 265 401**	**–**	**–**	**–**	**2 265 401**	**n/a**
		5 047 926	**667 245**	**11**	**–**	**5 715 182**	

(R'000)	Notes	Financial liabilities at amortised cost	Financial liabilities held for trading	Other	Total	Level
30 June 2017						
Liabilities as per the statement of financial position						
Interest-bearing borrowings	16.1	**256 923**	**–**	**–**	**256 923**	**n/a**
Excess billings over work done		**724 814**	**–**	**–**	**724 814**	**n/a**
Trade and other payables (current and non-current)	19	**3 014 726**	**–**	**–**	**3 014 726**	**n/a**
Current portion of interest-bearing borrowings	16.1	**343 145**	**–**	**–**	**343 145**	**n/a**
		4 339 608	**–**	**–**	**4 339 608**	

24. FINANCIAL INSTRUMENTS CONTINUED

24.3 Categories of financial instruments continued

(R'000)	Notes	Loans and receivables	Financial assets at fair value through profit and loss designated as such	Financial assets at fair value through profit and loss	Other	Total	Level
30 June 2016							
Assets as per the statement of financial position							
Loans to associates	10.1.2	68 524	–	–	–	68 524	n/a
Loans to joint ventures	10.2.2	64 070	–	–	–	64 070	n/a
Investments in service concessions	11	–	1 230 381	–	–	1 230 381	3
Trade and other receivables	15	2 854 953	–	–	–	2 854 953	n/a
Contracts in progress	14	1 123 899	–	–	–	1 123 899	n/a
Cash and cash equivalents	28	3 255 233	–	–	–	3 255 233	n/a
		7 366 679	1 230 381	–	–	8 597 060	

(R'000)	Notes	Financial liabilities at amortised cost	Financial liabilities held for trading	Other	Total	Level
30 June 2016						
Liabilities as per the statement of financial position						
Interest-bearing borrowings	16.1	187 654	–	–	187 654	n/a
Excess billings over work done		1 870 472	–	–	1 870 472	n/a
Trade and other payables	19	3 436 506	–	–	3 436 506	n/a
Derivative financial instruments	17	–	1 022	–	1 022	3
Current portion of interest-bearing borrowings	16.1	563 997	–	–	563 997	n/a
		6 058 629	1 022	–	6 059 651	

24. **FINANCIAL INSTRUMENTS** CONTINUED

24.4 Financial risk factors

Market risk

Foreign exchange risk

The group through foreign entities, conducts business in various foreign currencies. As a result, it is subject to the transaction exposure that arises from foreign exchange rate movements between the dates that currency other than functional currency are recorded (foreign sales and purchases) and the dates they are consummated (cash receipts and cash disbursements in foreign currencies). The group may, from time to time, hedge its foreign currency exposures for either purchase or sale transactions through the use of foreign currency forward exchange contracts. Foreign currency denominated construction contracts entered into are primarily US Dollar-based in terms of revenue and cost. Currency exposure arising from the net assets of the group's foreign operations is managed primarily through settling of liabilities in the relevant currencies. Limited foreign currency forward exchange contracts were entered into during the current year. No hedge accounting has been applied.

The carrying amount of the group's foreign currency denominated monetary assets and liabilities at statement of financial position date is as follows:

Foreign currency risk

(R'000)	Notes	South African Rand	US Dollar	AED	PLN and HUF	Other	Total
30 June 2017							
Assets as per the statement of financial position							
Loans to associate	10.1.2	**64 091**	**30 273**	**–**	**–**	**–**	**94 364**
Loans to joint ventures	10.2.2	**72 733**	**–**	**–**	**–**	**–**	**72 733**
Equity accounted investments – service concessions	10.3	**–**	**–**	**–**	**–**	**619 109**	**619 109**
Investments in service concessions*	11	**–**	**–**	**–**	**–**	**48 136**	**48 136**
Derivative financial instruments	17	**11**	**–**	**–**	**–**	**–**	**11**
Trade and other receivables	15	**1 685 248**	**223 762**	**37 186**	**7 663**	**188 635**	**2 142 494**
Contracts in progress	14	**193 464**	**128 904**	**–**	**10**	**150 556**	**472 934**
Cash and cash equivalents^^	28	**1 081 520**	**133 474**	**39 158**	**179 610**	**831 639**	**2 265 401**
		3 097 067	**516 413**	**76 344**	**187 283**	**1 838 075**	**5 715 182**
Liabilities as per the statement of financial position							
Interest-bearing borrowings	16.1	**251 170**	**–**	**–**	**5 753**	**–**	**256 923**
Excess billings over work done		**701 819**	**13 886**	**–**	**–**	**9 109**	**724 814**
Trade and other payables (current and non-current)	19	**2 248 292**	**404 748**	**27 850**	**86 618**	**247 218**	**3 014 726**
Current portion of interest-bearing borrowings	16.1	**248 090**	**–**	**–**	**2 628**	**92 427**	**343 145**
		3 449 371	**418 634**	**27 850**	**94 999**	**348 754**	**4 339 608**
Net exposure		**(352 304)**	**97 779**	**48 494**	**92 284**	**1 489 321**	**1 375 574**

* *Euro-denominated investments in service concessions.*
^^ *Other includes Euro-denominated cash and cash equivalents equivalent to ZAR700 million.*

24. FINANCIAL INSTRUMENTS CONTINUED

24.4 Financial risk factors continued

Market risk continued

Foreign exchange risk continued

(R'000)	Notes	South African Rand	US Dollar	AED	PLN and HUF	Other	Total
30 June 2016							
Assets as per the statement of financial position							
Loans to associate	10.1.2	38 251	30 273	–	–	–	68 524
Loans to joint ventures	10.2.2	64 070	–	–	–	–	64 070
Investments in service concessions*	11	–	–	–	–	1 230 381	1 230 381
Trade and other receivables	15	2 137 103	67 725	152 490	18 060	479 575	2 854 953
Contracts in progress	14	1 073 847	8 557	41 301	8	186	1 123 899
Cash and cash equivalents	28	1 193 351	1 481 680	70 486	239 355	270 361	3 255 233
		4 506 622	1 588 235	264 277	257 423	1 980 503	8 597 060
Liabilities as per the statement of financial position							
Interest-bearing borrowings	16.1	185 431	–	–	2 223	–	187 654
Excess billings over work done		916 117	818 070	–	–	136 285	1 870 472
Trade and other payables	19	2 441 878	738 009	156 859	34 801	64 959	3 436 506
Derivative financial instruments	17	1 022	–	–	–	–	1 022
Current portion of interest-bearing borrowings	16.1	562 656	–	–	1 341	–	563 997
		4 107 104	1 556 079	156 859	38 365	201 244	6 059 651
Net exposure		399 518	32 156	107 418	219 058	1 779 259	2 537 409

* *Euro-denominated investments in service concessions.*

Sensitivity analyses have been performed to monitor the financial effect of changes in foreign exchange rates. The analysis below depicts the effect on profit before taxation should the exchange rate strengthen or weaken by 10% based on the assets and liabilities at reporting date. The exchange rates applicable to the group's primary functional currencies at the current and previous reporting year end are as follows:

	2017	**2016**
ZAR:USD	**12,97**	**15,04**
ZAR:PLN	**3,49**	**3,77**
ZAR:HUF	**0,048**	**0,052**

24. **FINANCIAL INSTRUMENTS** CONTINUED

24.4 Financial risk factors continued

Market risk continued

Foreign exchange risk continued

	Change in exchange rate	Weakening in functional currency resulting in an increase/(decrease) in profit before taxation or reserves R'000	Strengthening in functional currency resulting in an increase/(decrease) in profit before taxation or reserves R'000
As at 30 June 2017			
Net movement		**172 788**	**(172 788)**
Current assets		**261 811**	**(261 811)**
Denominated functional currency			
ZAR:USD	10%	**51 641**	**(51 641)**
ZAR:AED	10%	**7 634**	**(7 634)**
ZAR:PLN; HUF	10%	**18 728**	**(18 728)**
ZAR:other	10%	**183 808**	**(183 808)**
Current liabilities		**(89 023)**	**89 023**
Denominated functional currency			
ZAR:USD	10%	**(41 863)**	**41 863**
ZAR:AED	10%	**(2 785)**	**2 785**
ZAR:PLN; HUF	10%	**(9 500)**	**9 500**
ZAR:other	10%	**(34 875)**	**34 875**
As at 30 June 2016			
Net movement		213 791	(213 791)
Current assets		409 045	(409 045)
Denominated functional currency			
ZAR:USD	10%	158 824	(158 824)
ZAR:AED	10%	26 428	(26 428)
ZAR:PLN; HUF	10%	25 742	(25 742)
ZAR:other	10%	198 051	(198 051)
Current liabilities		(195 254)	195 254
Denominated functional currency			
ZAR:USD	10%	(155 608)	155 608
ZAR:AED	10%	(15 686)	15 686
ZAR:PLN; HUF	10%	(3 836)	3 836
ZAR:other	10%	(20 124)	20 124

24. FINANCIAL INSTRUMENTS CONTINUED

24.4 Financial risk factors continued

Cash flow and fair value interest rate risk

Interest rate

The group is exposed to interest rate risk through its cash and cash equivalents and interest-bearing short term and non-current liabilities. Short term interest rate exposure is monitored and managed by corporate treasury and may be hedged from time to time through the use of financial instruments.

A sensitivity analysis has been performed to monitor the effect of changes in interest rates.

The analysis below depicts the effect on profit before taxation assuming changes in interest rates:

	Decrease in rate resulting in an increase in profit before taxation		Increase in rate resulting in a decrease in profit before taxation	
Description (R'000)	**2017**	2016	**2017**	2016
Assuming 1% movement in JIBAR rate	**–**	2 490	**–**	(2 490)
Assuming 1% movement in SA prime borrowing rate	**5 076**	2 170	**(5 076)**	(2 170)

Credit risk

Credit risk is the risk of suffering financial loss should any of the group's counterparties fail to fulfil their contractual obligations.

Financial instruments which potentially subject the group to concentrations of credit risk are primarily cash and cash equivalents, trade receivables and loans provided to associates and joint arrangements. With regards to cash and cash equivalents, the group deals primarily with major financial institutions in South Africa and over-border.

The group's cash and cash equivalents at year end were held in accounts with financial institutions with the following Moody's credit ratings:

Financial institution credit rating (R'000)	**2017**
A1	**772 516**
A2	**22 497**
Aa1	**111 229**
Aa3	**14 310**
B1	**18 819**
B3	**96**
Ba1	**48 208**
Baa1	**192**
Baa2	**1 151 318**
Baa3	**35 913**
Unrated	**90 303**
Total cash and cash equivalents	**2 265 401**

Loans provided to associate companies are of a long term nature and repayments are governed by contractual arrangements. In determining the recoverability of a loan provided, the group considers frequency of repayment, financial performance of the associate and/or joint arrangement and contractual agreements.

The group's customers are concentrated primarily in South Africa but also exist in the rest of Africa, Middle East and Europe. The majority of the customers are concentrated in the industrial, resource, financial institution and public sectors. The group establishes a provision for impairment based upon factors surrounding the credit risk of specific customers, historical trends and other information.

For trade debtors, estimates are determined with reference to past default experience. Before accepting new trade debtors, use is made of local external credit agencies, where necessary, to assess the potential customer's credit quality. Credit limits are defined by trade debtor and are regularly reviewed.

24. **FINANCIAL INSTRUMENTS** CONTINUED

24.4 Financial risk factors continued

Credit risk continued

In determining the recoverability of a trade receivable, the group considers any change in the credit quality of the trade receivable from the date credit was granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and geographically diverse. Accordingly, the directors believe that there is no further credit provision required in excess of the allowed provision for impairment of the trade receivable. Management do not expect a loss from fully performing financial assets.

Where appropriate, the group obtains appropriate collateral to mitigate risk. The group did not hold any collateral at 30 June 2017 or 30 June 2016.

The carrying amount of the financial assets represents the group's maximum exposure to credit risk without taking into consideration any collateral provided. The maximum exposure to credit risk in respect of guarantees issued is the maximum amount the group may need to pay under the guarantees, refer to note 23.

The group has the following amounts due from top five debtors:

	Number of customers	Value Rm	% of trade and other receivables	% of total revenue
2017	**5**	**339**	**15.5**	**3.1**
2016	5	445	15.3	3.2

The group has the following credit risk per geographical segment:

Region (R'000)	**2017**	2016
Central Africa	**116 288**	215 679
Eastern Africa	**825**	11 745
Europe	**21 721**	31 575
Middle East	**37 188**	152 490
Southern Africa	**1 869 278**	2 308 290
Western Africa	**149 493**	177 535
Total trade and other receivables	**2 194 793**	2 897 314

Central Africa: DRC
Eastern Africa: Mauritius
Europe: Hungary, Poland, Northern Ireland
Middle East: Jordan, UAE
Southern Africa: South Africa, Namibia, Mozambique, Zimbabwe, Botswana
Western Africa: Ghana, Burkina Faso

The other classes within trade and other receivables do not contain impaired assets. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivable mentioned above. The group does not hold any collateral as security.

24. FINANCIAL INSTRUMENTS CONTINUED

24.4 Financial risk factors continued

Liquidity risk

Liquidity risk is the risk that the group will be unable to meet a financial commitment in any location or currency. The group manages its liquidity risk through its central treasury function. Cash flow forecasting is performed by the operating units of the group and consolidated by central treasury.

Central treasury monitors the rolling forecasts of the group's liquidity requirements to ensure it has sufficient cash and facilities to meet operational needs. Such forecasting takes into consideration the group's covenant compliance, compliance with internal balance sheet ratio targets and, if applicable, external regulatory or legal requirements. The following table details the group's remaining contractual maturities for its financial assets and liabilities:

(R'000)	Notes	Within 1 – 6 months	Within 7 – 12 months	Within 1 – 2 years	Within 2 – 5 years	Greater than 5 years	Total
30 June 2017							
Assets as per the statement of financial position							
Loans to associates	10.1.2	–	–	35 008	59 356	–	94 364
Loans to joint ventures	10.2.2	–	–	72 733	–	–	72 733
Equity accounted investments – service concessions	10.3	–	–	–	–	619 109	619 109
Investments in service concessions	11	–	–	–	–	48 136	48 136
Derivative financial instruments	17	11	–	–	–	–	11
Trade and other receivables	15	1 141 073	1 001 421	–	–	–	2 142 494
Contracts in progress	14	467 550	5 384	–	–	–	472 934
Cash and cash equivalents*	28	2 265 401	–	–	–	–	2 265 401
		3 874 035	1 006 805	107 741	59 356	667 245	5 715 182
Liabilities as per the statement of financial position							
Interest-bearing borrowings	16.1	–	9 277	266 614	23 245	–	299 136
Excess billings over work done		530 942	193 872	–	–	–	724 814
Trade and other payables (current and non-current)	19	1 707 433	1 240 061	21 250	63 750	127 500	3 159 994
Current portion of interest-bearing borrowings	16.1	302 876	94 042	–	–	–	396 918
		2 541 251	1 537 252	287 864	86 995	127 500	4 580 862

* *Cash and cash equivalents is the most liquid asset and disclosed within 1 – 6 months. Cash and cash equivalents will be used to settle current liabilities as they fall due.*

24. **FINANCIAL INSTRUMENTS** CONTINUED

24.4 Financial risk factors continued

Liquidity risk continued

(R'000)	Notes	Within 1 – 6 months	Within 7 – 12 months	Within 1 – 2 years	Within 2 – 5 years	Greater than 5 years	Total
30 June 2016							
Assets as per the statement of financial position							
Loans to associates	10.1.2	–	–	68 524	–	–	68 524
Loans to joint ventures	10.2.2	–	–	64 070	–	–	64 070
Investments in service concessions	11	–	–	–	–	1 230 381	1 230 381
Trade and other receivables	15	1 647 997	1 206 956	–	–	–	2 854 953
Contracts in progress	14	860 169	263 730	–	–	–	1 123 899
Cash and cash equivalents*	28	3 255 233	–	–	–	–	3 255 233
		5 763 399	1 470 686	132 594	–	1 230 381	8 597 060
Liabilities as per the statement of financial position							
Interest-bearing borrowings	16.1	–	–	182 979	29 968	–	212 947
Excess billings over work done		1 035 060	835 412	–	–	–	1 870 472
Trade and other payables	19	2 025 852	1 410 654	–	–	–	3 436 506
Derivative financial instruments	17	1 022	–	–	–	–	1 022
Current portion of interest-bearing borrowings	16.1	603 141	23 387	–	–	–	626 528
		3 665 075	2 269 453	182 979	29 968	–	6 147 475

* *Cash and cash equivalents is the most liquid asset and disclosed within 1 – 6 months. Cash and cash equivalents will be used to settle current liabilities as they fall due.*

			Group	
			Audited	
	(R'000)	Notes	2017	2016
25.	**CASH FROM OPERATIONS BEFORE WORKING CAPITAL CHANGES**			
	Profit before taxation		(619 193)	734 725
	Adjustments for:			
	Depreciation	4.2, 8	156 461	167 881
	Fair value adjustments	9	(98 156)	(773 557)
	Foreign exchange profit		(24 818)	(40 725)
	Impairment on investment in associate and joint venture		1 241	3 475
	Net (profit)/loss on shareholding changes in associate		(615)	21 391
	Voluntary Rebuild Programme contribution		137 816	–
	Profit on disposal of property, plant and equipment	4.3	(10 558)	(37 842)
	Share-based payment expense		762	27 153
	Finance cost – net	5	7 235	14 914
	Fair value (gain)/loss on forward exchange contracts		(1 033)	1 022
	Share of equity accounted profits		(41 853)	(27 359)
	Pension fund valuation surplus		(24 343)	(14 846)
	Contract in progress impaired		238 874	–
	Movement in provisions		107 275	373 171
			(170 905)	449 403
26.	**WORKING CAPITAL CHANGES**			
	Trade and other payables		(1 820 211)	(158 827)
	Trade and other receivables		732 452	381 693
	Contracts in progress		414 016	(252 736)
	Inventories		33 546	60 074
			(640 197)	30 204
27.	**TAXATION PAID**			
	Taxation owing at the beginning of the year		(53 681)	(75 078)
	Charge per the income statement		(153 452)	(277 725)
	Movement in deferred taxation		36 836	48 482
	Taxation owing at the end of the year		21 178	53 681
			(149 119)	(250 640)
28.	**CASH AND CASH EQUIVALENTS AT END OF YEAR**			
	Bank balances and cash		2 265 401	3 255 233
	Bank overdrafts		–	–
	Cash and cash equivalents at end of year		2 265 401	3 255 233
29.	**CATEGORISATION OF CASH AND CASH EQUIVALENTS**			
	Cash and cash equivalents held by the group		1 677 833	2 859 247
	Cash and cash equivalents held by joint operations		587 568	395 986
			2 265 401	3 255 233

30. NON-CASH TRANSACTIONS – CASH FLOW STATEMENT

Excluded from the cash flow statement are additions to fixed assets and investment property amounting to R115 million (2016: R28,7 million) which were funded by borrowings.

			Group	
			Audited	
	(R'000)	Notes	2017	2016
31.	**DIVIDENDS PAID**			
31.1	2016 Final dividend paid: 30 cents (2015: 25 cents) per ordinary share		**30 390**	25 293
31.2	2017 Interim dividend paid: 14 cents (2016: 42 cents) per ordinary share		**14 226**	42 493
			44 616	67 786

These dividends are reflected on the group's statement of changes in equity.

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.

Annexure 1 – Group segmental analysis

for the year ended 30 June 2017

Operating segments reflect the management structure of the group in the year under review and the manner in which performance is evaluated and resources allocated as managed by the group's chief operating decision-maker, defined as the executive committee members (exco) of the group.

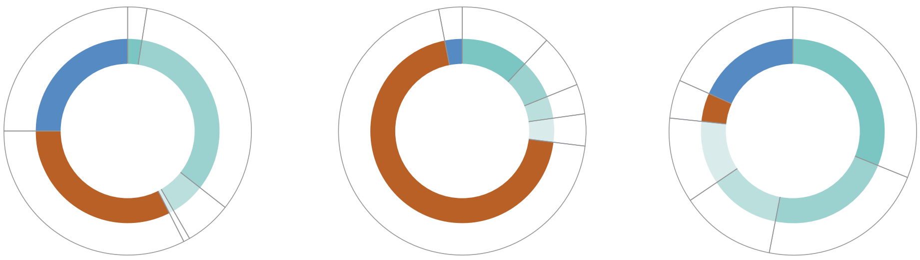
These operating segments for the year under review are listed below.

Of primary focus to the exco is the revenue, operating profit, capital expenditure and current assets per segment and revenue per geography.

The required segmental reporting disclosures are provided on page 22 of this report.

In addition, although the exco does not review the information included in this Annexure on a monthly basis in order to take strategic decisions, management provides this additional segmental reporting as it deems this information to constitute further value-added disclosure to stakeholders.

STATEMENT OF FINANCIAL POSITION

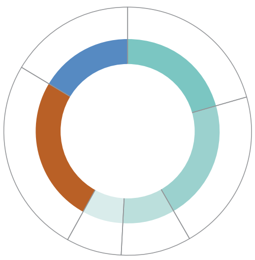
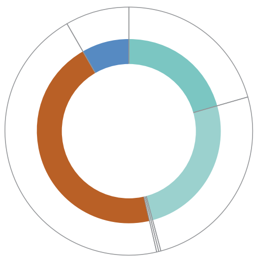
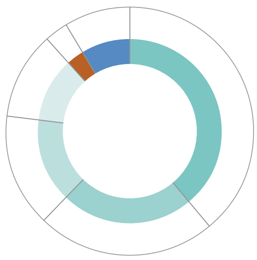
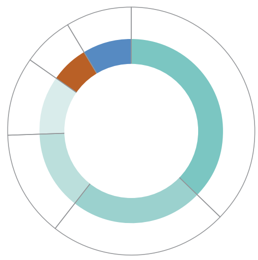


Note: Graphs represent F2017 values only.

(R'000)	Property, plant and equipment and investment property 2017	2016	Other non-current assets (excluding deferred taxation) 2017	2016	Current assets (excluding cash and cash equivalents) 2017	2016
Engineering & Construction	**487 787**	559 933	**327 468**	316 908	**2 313 094**	3 732 007
Building & Housing	**31 801**	37 481	**146 568**	120 720	**937 695**	1 010 506
Civil Engineering	**377 111**	409 911	**81 849**	66 746	**665 584**	1 150 653
Projects	**69 643**	102 123	**45 820**	62 304	**379 234**	582 558
Energy	**9 232**	10 418	**53 231**	67 138	**330 581**	988 290
Investments & Concessions	**375 735**	273 137	**839 866**	1 347 482	**151 151**	151 358
Manufacturing	**284 203**	250 459	**36 218**	22 890	**548 026**	483 513
Total	**1 147 725**	1 083 529	**1 203 552**	1 687 280	**3 012 271**	4 366 878
Joint arrangements equity accounted and joint arrangements wholly consolidated	**(17 622)**	(13 277)	**46 160**	53 872	**(82 073)**	(55 399)
Total	**1 130 103**	1 070 252	**1 249 712**	1 741 152	**2 930 198**	4 311 479

A description of the products and/or services provided by the segments is disclosed under the operational and financial review of this integrated annual report.

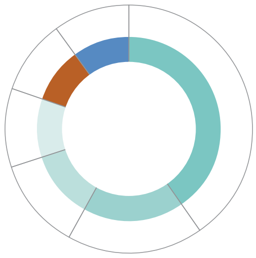
STATEMENT OF FINANCIAL POSITION

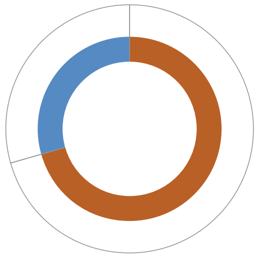
   

2017	2016	**2017**	2016	**2017**	2016	**2017**	2016
Total assets (excluding deferred taxation, cash and cash equivalents)		Non-current liabilities (excluding deferred taxation)		Current liabilities (excluding current taxation payable)		Total liabilities (excluding deferred taxation, and current taxation payable	
3 128 349	4 608 848	**199 486**	116 656	**4 018 268**	5 962 484	**4 217 754**	6 079 140
1 116 064	1 168 707	**88 621**	6 608	**1 771 365**	1 792 481	**1 859 986**	1 799 089
1 124 545	1 627 310	**107 826**	104 232	**1 057 562**	1 883 322	**1 165 388**	1 987 554
494 696	746 985	**1 624**	3 273	**675 938**	997 660	**677 562**	1 000 933
393 044	1 065 846	**1 415**	2 543	**513 403**	1 289 021	**514 818**	1 291 564
1 366 752	1 771 977	**193 761**	88 300	**137 800**	160 193	**331 561**	248 493
868 445	756 862	**34 916**	36 415	**389 454**	399 049	**424 370**	435 464
5 363 546	7 137 687	**428 163**	241 371	**4 545 522**	6 521 726	**4 973 685**	6 763 097
(53 533)	(14 804)	**(1 686)**	(575)	**(88 946)**	(122 554)	**(90 632)**	(123 129)
5 310 013	7 122 883	**426 477**	240 796	**4 456 576**	6 399 172	**4 883 053**	6 639 968

ANNEXURE 1 – GROUP SEGMENTAL ANALYSIS CONTINUED

INCOME STATEMENT





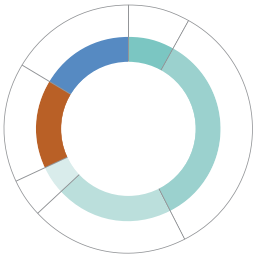
Note: Graphs represent F2017 values only.

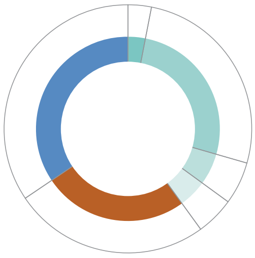
(R'000)	Revenue 2017	Revenue 2016	Operating (loss)/profit 2017	Operating (loss)/profit 2016
Engineering & Construction^	**8 808 759**	11 767 899	**(881 520)**	(228 007)
Building & Housing	**4 428 936**	4 932 560	**(138 980)**	80 897
Civil Engineering	**1 945 306**	2 493 265	**(225 851)**	(381 933)
Projects	**1 300 654**	2 443 494	**(251 233)**	37 354
Energy	**1 133 863**	1 898 580	**(265 456)**	35 675
Investments & Concessions	**1 049 234**	1 146 814	**174 821**	897 556
Manufacturing	**1 094 416**	935 280	**72 811**	64 519
Total	**10 952 409**	13 849 993	**(633 888)**	734 068
Joint arrangements equity accounted and joint arrangements wholly consolidated on adoption	**(151 707)**	(76 375)	**(19 923)**	(11 788)
Total	**10 800 702**	13 773 618	**(653 811)**	722 280

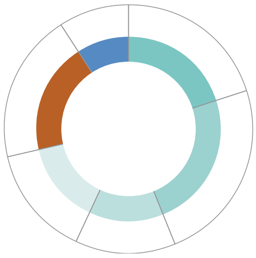
^ *The Kpone Independent Power Plant engineer, procure and construct (EPC) contract contributed more than 10% of group revenue.*

A description of the products and/or services provided by the segments is disclosed under the operational and financial review of this integrated annual report.

INCOME STATEMENT



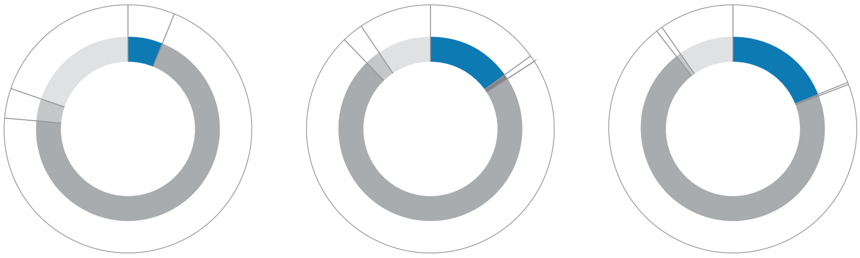




	Depreciation		Capital expenditure		Number of employees	
	2017	2016	**2017**	2016	**2017**	2016
	108 731	122 688	**68 715**	150 315	**6 068**	7 004
	13 263	12 319	**5 550**	23 347	**1 706**	1 793
	54 516	57 254	**45 343**	58 799	**2 027**	2 849
	33 017	43 674	**9 666**	59 009	**1 113**	1 328
	7 935	9 441	**8 156**	9 160	**1 222**	1 034
	24 589	20 207	**44 075**	49 535	**1 650**	1 551
	26 036	28 226	**58 971**	76 923	**754**	758
	159 356	171 121	**171 761**	276 773	**8 472**	9 313
	(2 895)	(3 240)	**(7 846)**	(1 742)	**(113)**	(110)
	156 461	167 881	**163 915**	275 031	**8 359**	9 203

ANNEXURE 1 – GROUP SEGMENTAL ANALYSIS CONTINUED

INCOME STATEMENT | STATEMENT OF FINANCIAL POSITION



Note: Graphs represent F2017 values only.

(R'000)	Revenue 2017	Revenue 2016	Total assets (excluding deferred taxation and cash and cash equivalents) 2017	Total assets (excluding deferred taxation and cash and cash equivalents) 2016	Capital expenditure 2017	Capital expenditure 2016
Geographical regions						
Eastern Europe	**690 798**	674 538	**812 923**	1 381 372	**32 666**	42 762
Middle East	**–**	–	**49 059**	193 791	**–**	–
Eastern Africa	**–**	–	**1 900**	11 775	**458**	–
Southern Africa	**7 692 956**	10 173 372	**3 851 457**	5 020 244	**120 978**	161 947
Central Africa	**409 636**	98 850	**152 781**	241 321	**1 246**	4 912
Western Africa	**2 159 019**	2 903 233	**495 426**	289 184	**16 413**	67 152
	10 952 409	13 849 993	**5 363 546**	7 137 687	**171 761**	276 773
Joint arrangements equity accounted and joint arrangements wholly consolidated	**(151 707)**	(76 375)	**(53 533)**	(14 804)	**(7 846)**	(1 742)
Total	**10 800 702**	13 773 618	**5 310 013**	7 122 883	**163 915**	275 031

Annexure 2 – Interest in subsidiaries

at 30 June 2017

	Issued ordinary share capital		Percentage held		Shares at cost		Amounts owing by subsidiaries	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016
Direct subsidiaries								
Group Five Construction Limited	**1 000 001**	1 000 001	**100**	100	**14 177**	14 177	**175 891**	225 637
Everite Limited	**51 191 400**	51 191 400	**100**	100	**368 570**	368 570	**–**	–
					382 747	382 747	**175 891**	225 637

Name	Country	Proportion of ordinary shares held by non-controlling interests (%)
PRINCIPAL SUBSIDIARIES DIRECT AND INDIRECT		
Construction material supply:		
Cosmos Asphalt (Proprietary) Limited	South Africa	–
Manufacture of building products:		
Everite (Proprietary) Limited	South Africa	–
Everite Pipes (Proprietary) Limited	South Africa	–
Construction activities:		
Group Five (Botswana) (Proprietary) Limited	Botswana	–
Group Five Building (Proprietary) Limited*	South Africa	–
Group Five Burkina Faso SARL	Burkina Faso	–
Group Five Civil Engineering (Proprietary) Limited*	South Africa	–
Group Five Coastal (Proprietary) Limited*	South Africa	–
Group Five Construction (Ghana) Limited	Ghana	–
Group Five Construction (Kenya) Limited	Kenya	–
Group Five Construction Limited (Malawi)	Malawi	–
Group Five Construction Limited	South Africa	–
Group Five Construction (UK) Limited (Mauritius and Jordan)	United Kingdom	–
Group Five Contractors (Namibia) (Proprietary) Limited	Namibia	–
Group Five DRC SARL	Democratic Republic of Congo	–
Group Five Engineering and Construction (Proprietary) Limited*	South Africa	–
Group Five ET Construction PLC	Ethiopia	–
Group Five Housing (Proprietary) Limited*	South Africa	–
Group Five International Limited (Mauritius, Mozambique, Zimbabwe, Dubai)	Mauritius	–
Group Five International (Proprietary) Limited (Tanzania branch)	Tanzania	–
Group Five Lesotho (Proprietary) Limited	Lesotho	–
Group Five Liberia Limited	Liberia	–
Group Five (Mauritius) Limited	Mauritius	–
Group Five Motlekar (Proprietary) Limited	South Africa	49.0
Group Five Nuclear Construction Services (Proprietary) Limited*	South Africa	–
Group Five Oil & Gas (Proprietary) Limited*	South Africa	–
Group Five Plant & Equipment (Proprietary) Limited*	South Africa	–
G5 Power Project Limited	Nigeria	–
Group Five Power International (Proprietary) Limited	South Africa	–
Group Five Power International (Proprietary) Limited (Ghana branch)	Ghana	–
Group Five Power (Proprietary) Limited*	South Africa	–
Group Five Projects (Proprietary) Limited*	South Africa	–
Group Five Sierra Leone Limited	Sierra Leone	–
Group Five Swaziland (Proprietary) Limited	Swaziland	–
Group Five Tanzania Limited	Tanzania	–
Group Five Western Cape (Proprietary) Limited*	South Africa	–
Group Five (Zambia) Limited	Zambia	–

ANNEXURE 2 – INTEREST IN SUBSIDIARIES CONTINUED

Name	Country	Proportion of ordinary shares held by non-controlling interests (%)
Infrastructure concessions:		
Group Five Energy Limited	United Kingdom	–
Intertoll (Africa) (Proprietary) Limited	South Africa	–
Intertoll (Proprietary) Limited	South Africa	–
Intertoll-Europe Consulting Close Limited	Netherlands	–
Intertoll Holdings (Proprietary) Limited	South Africa	–
Intertoll Infrastructure Developments B.V.	Netherlands	–
A-Way ITE Autopalya Zartkoreun Mukodo Reszvenytarsasag**	Hungary	50.0
Mecsek Autopalya – Uzemelteto Kartkoruen Mukodo Close Limited**	Hungary	50.0
Intertoll Zimbabwe (Proprietary) Limited (Zimbabwe branch)	Zimbabwe	–
Intertoll Zimbabwe (Proprietary) Limited	South Africa	–
Intertoll Limited	United Kingdom	–
Intertoll USA Incorporated	United States of America	–
Infrastructure developments:		
Group Five Infrastructure Developments (Proprietary) Limited*	South Africa	–
Property developments:		
Group Five Property Developments (Proprietary) Limited*	South Africa	–
Duro Brick Company (Proprietary) Limited	South Africa	–
G5 Properties (Proprietary) Limited	South Africa	–
Ruby Mountain Trading 38 (Proprietary) Limited	South Africa	33.0
Windfall 86 Properties (Proprietary) Limited	South Africa	–
Augusta Hills Development Company (Proprietary) Limited	South Africa	–
CONTROLLED JOINT ARRANGEMENTS		
Construction activities:		
ENM/Group Five NWP Legislative Joint Venture	South Africa	30.0
ENM/Bophelong Psychiatric Hospital Joint Venture	South Africa	30.0
Tsela Tshweu Construction Joint Venture	South Africa	36.3
ENM/Group Five Jouberton Community Centre Joint Venture	South Africa	30.0
Group Five Pomeroy CHC Joint Venture	South Africa	40.0
Group Five Pandev IRPTN Joint Venture	South Africa	40.0

NATURE OF BUSINESS

** Acting as an agent for Group Five Construction Limited.*
*** These investments are fully consolidated as the group is exposed to or has the rights to, variable returns from its involvement with the entity and has the ability to affect these returns through its contractual right over the entity.*

- *The group maintains a register of all subsidiaries and non-controlling joint operations available for inspection at the registered office of Group Five Limited.*
- *The holding company's interest in the aggregate net profits earned by subsidiaries and joint ventures amounted to R840,0 million loss (2016: R379,2 million profit) respectively.*
- *No part of the business of any subsidiary has been managed during the financial period by any third person.*
- *Transactions with non-controlling interest relates to distributions to them and their share of profit.*

R'000	2017	2016
AGGREGATE FINANCIAL INFORMATION OF MATERIAL SUBSIDIARIES WITH A NON-CONTROLLING INTEREST		
Statement of consolidated financial position as at 30 June		
Assets		
Non-current assets	4 413	3 481
Current assets	507 328	684 487
Total assets	511 741	687 968
Equity and liabilities		
Shareholders' equity	188 949	222 423
Non-current liabilities	–	–
Current liabilities	322 792	465 545
Total equity and liabilities	511 741	687 968
Income statement for the year ended 30 June		
Revenue	1 152 496	1 285 021
Profit before taxation	175 977	208 634
Taxation	(40 211)	(46 106)
Profit after taxation	135 766	162 528
Dividends paid	(203 212)	(117 093)
Statement of cash flow for the year ended 30 June		
Cash flow from operating activities	(160 108)	51 226
Cash flow from investing activities	(932)	(726)
Cash flow from financing activities	–	–
Net (decrease)/increase in cash and cash equivalents	(161 040)	50 500

Annexure 3 – Interest in joint operations

for the year ended 30 June 2017

The total percentage holding by the group in the equity of significant joint arrangements is as follows:

	Country	Nature of business	Proportion of shares held (%)
Joint operation			
Central Ashanti Gold Joint Venture	Ghana	Construction	50
The Y Joint Venture	Burkina Faso	Construction	50
Group Five Construction LLC	UAE	Construction	49
Group Five Iberdrola Joint Venture	South Africa	Engineering & Construction	50:75
Group Five Pipe	South Africa	Pipe manufacturing	50
Group Five Thulanda Joint Venture	South Africa	Construction	65
Kgalagadi Pipeline Joint Venture	South Africa	Construction	45
Group Five WEC Consortium	South Africa	Construction	67
Group Five Motlekar Cape Joint Venture	South Africa	Construction	51
Kusile Civils Joint Venture	South Africa	Construction	25
Trotech Joint Venture	South Africa	Construction	50

The group maintains a register of all its joint operations for inspection at the registered office of Group Five Limited.

Annexure 4 – Investment in joint ventures

at 30 June 2017

The total percentage holding by the group in the equity of significant joint ventures is as follows:

	Country	Nature of business	Number of shares issued	Proportion of shares held (%)
Joint venture				
Barnes Reinforcing Industries (Proprietary) Limited	South Africa	Steel supply	50 ordinary shares of no par value	50
Glen Acre 16 (Proprietary) Limited	South Africa	Property development	50 ordinary shares of no par value	50
Group Five AP Investments (Proprietary) Limited	South Africa	Property development	50 ordinary shares of no par value	50
Group Five AP Developments (Proprietary) Limited	South Africa	Property development	50 ordinary shares of no par value	50
Intertoll Capital Partners B.V.	Netherlands	Investments holding	10 000 ordinary shares of no par value	50.01

The investments are equity accounted as the group entered into a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

AGGREGATE FINANCIAL INFORMATION

– Relating to investments not considered material to the reporting entity

	Group Audited 2017	Group 2016
(R'000)	**2017**	2016
Statement of consolidated financial position as at 30 June		
Group's proportionate share of assets and liabilities:		
Assets		
Non-current assets	**50 018**	44 980
Steel supply	17 622	12 584
Property development	32 396	32 396
Current assets	**170 984**	110 218
Steel supply	145 437	102 376
Property development	25 547	7 842
Total assets	**221 002**	155 198
Equity and liabilities		
Shareholders' equity	**20 220**	11 569
Steel supply	21 377	14 995
Property development	(1 157)	(3 426)
Non-current liabilities	**42 911**	25 110
Steel supply	22 728	575
Property development	20 183	24 535
Current liabilities	**157 871**	118 519
Steel supply	118 954	99 390
Property development	38 917	19 129
Total equity and liabilities	**221 002**	155 198

(R'000)	Group Audited 2017	2016
AGGREGATE FINANCIAL INFORMATION CONTINUED		
Income statement for the year ended 30 June		
Group's proportionate share of income and expenditure		
Revenue	324 542	264 245
Steel supply	318 905	258 511
Property development	5 637	5 734
Profit before taxation	11 513	12 404
Steel supply	8 880	9 639
Property development	2 633	2 765
Taxation	(2 817)	(2 595)
Steel supply	(2 498)	(1 806)
Property development	(319)	(789)
Profit after taxation	8 696	9 809
Steel supply	6 382	7 833
Property development	2 314	1 976
Dividends paid	–	–
Steel supply	–	–
Property development	–	–

(R'000)	Group Audited 2017	2016
AGGREGATE FINANCIAL INFORMATION CONTINUED		
Statement of cash flow for the year ended 30 June		
Group's proportionate share of cash flows		
Cash flow from operating activities	**(10 631)**	5 563
Steel supply	**(15 309)**	3 702
Property development	**4 678**	1 861
Cash flow from investing activities	**(8 451)**	(1 742)
Steel supply	**(8 451)**	(1 742)
Property development	**–**	–
Cash flow from financing activities	**17 801**	(1 821)
Steel supply	**22 153**	(540)
Property development	**(4 352)**	(1 281)
Net (decrease)/increase in cash and cash equivalents	**(1 281)**	2 000
Steel supply	**(1 607)**	1 420
Property development	**326**	580

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

AGGREGATE FINANCIAL INFORMATION

– Relating to investment material to the reporting entity

(R'000)	Group Audited 2017	2016
Investment in Intertoll Capital Partners B.V.		
Statement of consolidated financial position at 30 June		
100% of assets and liabilities		
Assets		
Non-current assets	**1 268 611**	–
Current assets	**44 279**	–
	1 312 890	–
Equity and liabilities		
Shareholders' interest	**1 175 523**	–
Non-current liabilities	**129 626**	–
Current liabilities	**7 741**	–
	1 312 890	–

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

Annexure 5 – Investment in associates

as at 30 June 2017

The total percentage holding by the group in the equity of significant associates is as follows:

	Country	Nature of business	Number of shares issued	Proportion of shares held (%)	**Carrying value 2017 R'000**	Carrying value 2016 R'000
Associate						
Amanz' Abantu Services (Proprietary) Limited	South Africa	Water supply	900 ordinary shares of R1 each	28.3*	**5 600**	5 725
Jozi Power Limited	South Africa	Power supply	3 720 000 shares of USD1 each	31.31	**35 781**	38 346
Kalahari Village Mall (Proprietary) Limited	South Africa	Property development	255 ordinary shares of R1 each	13.0^	**30 239**	19 939
Enzani Technologies (Proprietary) Limited	South Africa	Power supply	240 ordinary shares of R1 each	15.0^	**2 777**	2 500
Lesedi Nuclear Services (Proprietary) Limited	South Africa	Power supply	14 000 ordinary shares of R0,10 each	16.05^	**15 708**	20 675
Capital Place Limited	Ghana	Property development	210 600 ordinary shares of GHS1 each	30.0	**43 480**	31 534
Tsela Tshweu Private Company (RF) (Proprietary) Limited	South Africa	Property development	100 ordinary shares of R1 each	34.24	**79 968**	33 453
Zuriclox (Proprietary) Limited	South Africa	Property development	200 ordinary shares of R0,50 each	25.0	**2 937**	–
					216 490	152 172

^ *The investments are equity accounted as the group has the contractual right to participate in the financial and operating policy decisions of the investee.*
* *During the year, the group's investment increased from 25.5% to 28.3% as a result of a share buy-back transaction.*

All associate companies listed above are private companies and there are no quoted market prices available for their shares.

(R'000)	Group Audited 2017	2016^
AGGREGATE FINANCIAL INFORMATION		
Statement of consolidated financial position as at 30 June		
Group's proportionate share of assets and liabilities		
Assets		
Non-current assets	**678 764**	**387 869**
Power supply	31 109	31 247
Property development	645 975	355 105
Other	1 680	1 517
Current assets	**151 615**	**282 998**
Power supply	56 967	62 292
Property development	78 313	206 479
Other	16 335	14 227
Total assets	**830 379**	**670 867**
Equity and liabilities		
Shareholders' equity	**106 058**	**70 354**
Power supply	46 334	59 020
Property development	52 509	4 057
Other	7 215	7 277
Non-current liabilities	**641 649**	**518 247**
Power supply	1 816	4 141
Property development	639 525	512 492
Other	308	1 614
Current liabilities	**82 672**	**82 266**
Power supply	39 926	30 378
Property development	32 254	45 035
Other	10 492	6 853
Total equity and liabilities	**830 379**	**670 867**

^ *Certain comparatives have been reclassified to provide improved presentation and disclosure.*

(R'000)	Group Audited 2017	Group Audited 2016
AGGREGATE FINANCIAL INFORMATION CONTINUED		
Income statement for the year ended 30 June		
Group's proportionate share of income and expenditure		
Revenue	309 839	162 460
Power supply	67 454	100 629
Property development	190 110	22 003
Other	52 275	39 828
Profit/(loss) before taxation	43 353	24 159
Power supply	(4 068)	14 010
Property development	48 265	7 885
Other	(844)	2 264
Taxation	(10 196)	(6 609)
Power supply	(1 495)	(3 149)
Property development	(9 003)	(2 888)
Other	302	(572)
Profit/(loss) after taxation	33 157	17 550
Power supply	(5 563)	10 861
Property development	39 262	4 997
Other	(542)	1 692
Dividends paid	(1 967)	(4 866)
Power supply	(1 967)	(4 866)
Property development	–	–
Other	–	–

(R'000)	Group Audited 2017	Group Audited 2016
AGGREGATE FINANCIAL INFORMATION CONTINUED		
Statement of cash flow for the year ended 30 June		
Group's proportionate share of cash flows		
Cash flow from operating activities	46 908	194 766
Power supply	(483)	4 298
Property development	45 825	189 180
Other	1 566	1 288
Cash flow from investing activities	(163 862)	(97 048)
Power supply	138	745
Property development	(163 837)	(97 419)
Other	(163)	(374)
Cash flow from financing activities	(3 631)	(10 950)
Power supply	(2 326)	(4 346)
Property development	–	(6 991)
Other	(1 305)	387
Net (decrease)/increase in cash and cash equivalents	(120 585)	86 768
Power supply	(2 671)	697
Property development	(118 012)	84 770
Other	98	1 301

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

Annexure 6 – Analysis of shareholders

for the year ended 30 June 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	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 Trusts	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**

	No of shares	%
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**
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
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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