INTEGRATED ANNUAL REPORT 2018

GROUP FIVE
structured ingenuity

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04 ANNUAL CONSOLIDATED FINANCIAL STATEMENTS

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

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

OUR FOCUS IS INCREASINGLY SHIFTING TOWARDS CONCESSIONS, DEVELOPMENTS AND OPERATIONS AND MAINTENANCE

WHERE WE HAVE SUCCESSFULLY OPERATED FOR 23 YEARS.

The group is headquartered in South Africa, with operations largely focused on sub-Saharan Africa.

We also operate in countries in Europe. We have operating experience in 29 countries.

ABOUT THIS REPORT

REPORT APPROACH

THIS INTEGRATED ANNUAL REPORT COVERS THE ACTIVITIES OF GROUP FIVE FOR THE 12 MONTHS TO 30 JUNE 2018.

THE BOARD OF DIRECTORS APPROVED THIS REPORT ON 14 DECEMBER 2018.

SCOPE AND BOUNDARY

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

This integrated annual report was compiled whilst considering the recommendations of the Global Reporting Initiative (GRI G4), the King Report on Corporate Governance (King IV) for South African reports and the International Integrated Reporting Council. We have documented our assessment of the King IV principles in a register. Refer to the supplementary report for this information.

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

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

An unqualified audit opinion was issued by the external auditors supporting the fair presentation of the financial results. Without modifying their audit report, an emphasis of matter is referenced with regards to going concern.

Refer to page 10 in the annual consolidated financial statements.

STAKEHOLDER ENGAGEMENT AND MATERIAL ISSUES

The group faced an extremely difficult year, with significant internal and external challenges. This necessitated focused crisis management from the management team and the board.

Even against these challenges, we attempted to communicate to stakeholders as best as we could. As a board and management team we fully understand that more regular engagement with especially shareholders is crucial to ensure continued support for the group. We discuss this further in the board letter to stakeholders.

The board and executive committee considered what constituted material issues to the group during the year.

Refer to page 6.

APPROVALS

The audit committee is responsible for overseeing the content of the integrated annual report. This report was approved on 14 December 2018.

Our independent auditors, PricewaterhouseCoopers Inc., issued an unqualified audit opinion, supporting the fair presentation of the financial results.

Without modifying their audit report, an emphasis of matter is referenced with regards to going concern.

Refer to page 10 in the annual consolidated financial statements.

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

INTEGRATED ANNUAL REPORT

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

SUPPLEMENTARY REPORT

The supplementary report expands on the group's issues and individual stakeholder requirements.

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

This icon indicates where readers can find additional information in the supplementary report.

WE WELCOME FEEDBACK ON OUR INTEGRATED ANNUAL REPORT.

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

SUMMARY OF PERFORMANCE

FINANCIAL PERFORMANCE

Revenue (continued operations)	**R7,3 billion** F2017: R9,9* billion
Operating loss	**R1,4 billion loss** F2017: R718 million loss*
Total order book†	**R11,2 billion** F2017: R14,5 billion
Cash and cash equivalents (continued operations)	**R1,3 billion** F2017: R2,3 billion
Earnings per share	**1 335 cents loss** F2017: 829 cents loss
Fully diluted headline earnings per share	**1 380 cents loss** F2017: 853 cents

* *Restated for the application of IFRS 5 – discontinued operations.*
† *Total order book is the sum of the group's Contracting order book and Operations & Maintenance order book.*

PEOPLE

7 394**

Employees
F2017: 8 472**

1 **Fatality**
F2017: 2

** *Including employees at joint ventures, equity accounted and discontinued operations.*

SEGMENTAL PERFORMANCE

REVENUE

Rm	F2018	F2017
Construction	**5 766**	6 624
South Africa	**4 866**	6 100
Rest of Africa	**900**	524
Engineer, Procure, Construct	**387**	2 185
Investments & Concessions	**1 164**	1 049
Manufacturing	**1 305**	1 094
Total core revenue	**8 622**	10 952

OPERATING (LOSS)/PROFIT

Rm	F2018	F2017
Construction	**(255)**	(831)
South Africa	**(234)**	(744)
Rest of Africa	**(21)**	(87)
Engineer, Procure, Construct	**(1 392)**	(71)
Investments & Concessions	**280**	174
Manufacturing	**70**	69
Total core operating (loss)/profit	**(1 297)**	(659)

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

STRATEGIC PERFORMANCE

Revenue from over-border operations

23%

Annuity^ core operating profit

R280 million

Value of investments in service concessions

R747 million

^ *Operating profit from service concessions and operations & maintenance contracts.*

NON-FINANCIAL PERFORMANCE

Level 1

Contributor to B-BBEE* scorecard

* *Broad-based black economic empowerment.*

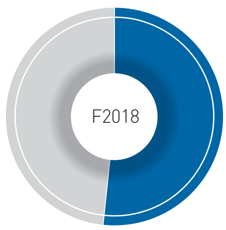
63%

Equity** representation at executive and board level

19.6%

Equity** women ownership

Equity** ownership



51.7%

** *Black, Indian and coloured.*

Electricity consumption at the group was

18% lower

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

MATERIAL ISSUES

1 CONTINUED FATALITIES

- Unfortunately and extremely unacceptably, we suffered another fatality this year following the two of last year and four of the previous year. This marks three years of fatalities in the group, confirming that although we have the correct procedures in place, people are still often not adhering to them

2 WEAK MARKET DEMAND AND THE IMPACT ON OUR ORDER BOOK

- Weak markets resulted in a reduced demand and reduction in volumes and an unwinding of the order book. During the year, our contracting order book declined from R8,7 billion at June 2017 to R6,4 billion

3 THE POOR MARKET AND EXECUTION OF THE KPONE CONTRACT ABSORBED THE GROUP'S FREE CASH AND REQUIRED SHORT TERM BRIDGE FINANCE

- As indicated to the market, the loss-making contract Kpone in Ghana absorbed the group's free cash. The contract was terminated on 30 November 2018
- Our risk-bearing capacity and appetite were hampered and forced us to secure bridge finance to stabilise the group's short term financial liquidity
- The strained short term financial position impacted stakeholder perceptions, which led to reputational damage
- The restructuring and rationalisation of the group, with total retrenchments of 1 000 during the year, closing of businesses and moving out of our head office created substantial uncertainty in our workforce, which had a significant effect on group morale and impacted productivity

4 REPUTATIONAL DAMAGE

- The reputational damage caused by the underperforming Engineer, Procure and Construct (EPC) cluster with all stakeholders impacted the Group Five brand, placing further pressure on the business and on the group's ability to attract and retain talented employees

5 SITE PERFORMANCE AND EXECUTION

- Although significant focus was placed on improving site performance and execution on contracts, our loss-/profit-maker ratio continued to deteriorate. Our Kpone contract had the worst impact on the group, leading to a total loss ratio of 69%. Excluding Kpone, the ratio was 36%, which indicates that our processes on sites are still not translating to a consistently improved performance. As reported, the group is reducing its focus on construction towards developments, investments and operations and maintenance

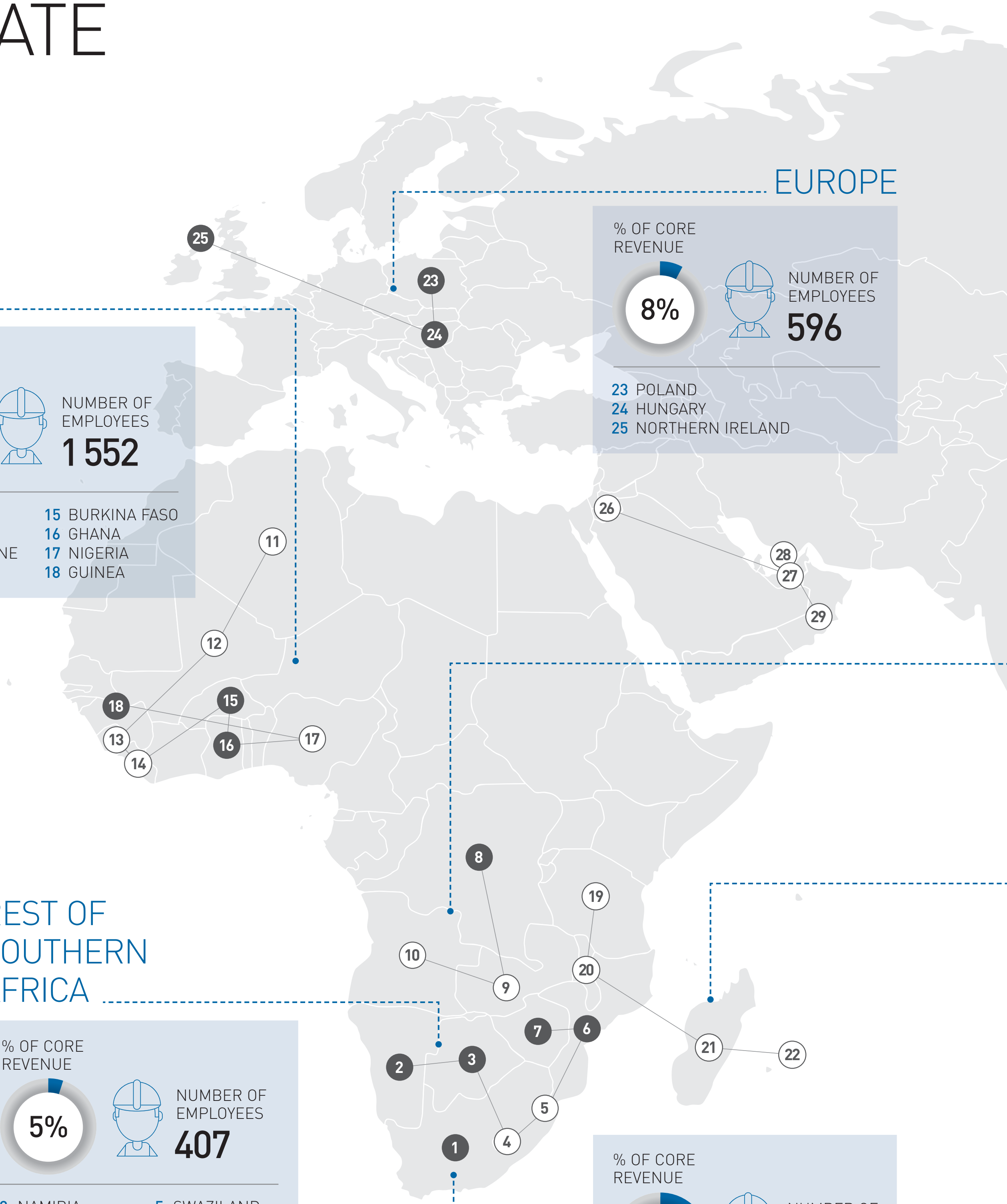
6 REVISED STRATEGY

- As announced to the market, we will decrease our focus on EPC activities, with a key focus on Developments & Investments (D&I) and Operations & Maintenance (O&M). We are also identifying the best structure and solution for Construction going forward.
  As outlined in the CEO's review, we remain focused on continuing to hone this in a market that remains volatile, and against ongoing internal challenges. We are also in discussions with potential investors to identify possible partnerships that will assist us with the implementation of our strategy

ABOUT THE GROUP

01

WHERE WE OPERATE



EUROPE

% OF CORE REVENUE

8%

NUMBER OF EMPLOYEES

596

23 POLAND
24 HUNGARY
25 NORTHERN IRELAND

WEST AFRICA

% OF CORE REVENUE

8%

NUMBER OF EMPLOYEES

1 552

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

REST OF SOUTHERN AFRICA

% OF CORE REVENUE

5%

NUMBER OF EMPLOYEES

407

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

Revenue reflects total core revenue from operations.

Employees reflect total staff thus including staff employed by joint venture equity accounted and discontinued operations.

SOUTH AFRICA

% OF CORE REVENUE

77%

NUMBER OF EMPLOYEES

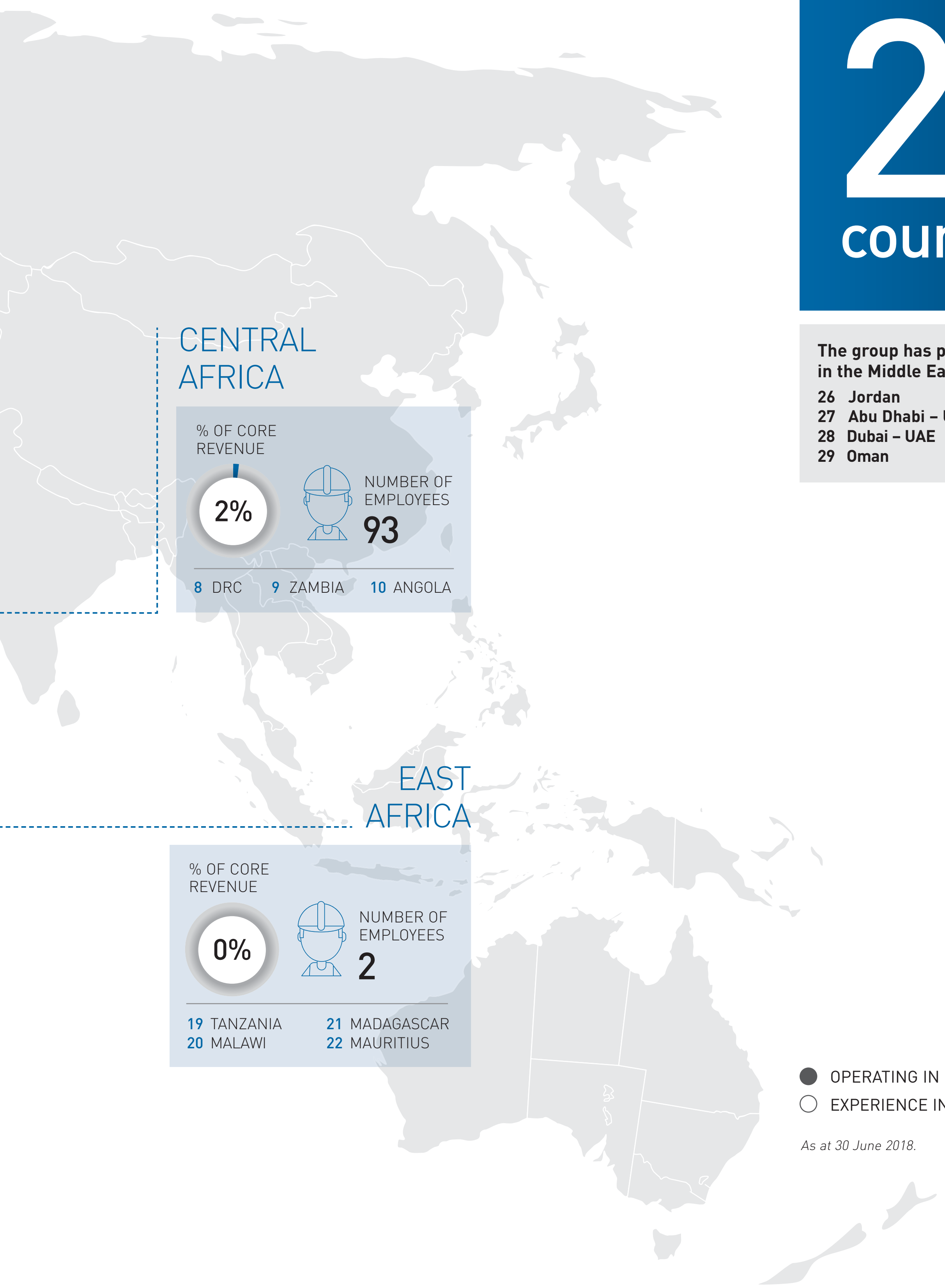
4 744

1 SOUTH AFRICA

GEOGRAPHIC EXPERIENCE IN 29 countries

The group has previously operated in the Middle East.

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



CENTRAL AFRICA

% OF CORE REVENUE
2%

NUMBER OF EMPLOYEES
93

8 DRC 9 ZAMBIA 10 ANGOLA

EAST AFRICA

% OF CORE REVENUE
0%

NUMBER OF EMPLOYEES
2

19 TANZANIA
20 MALAWI
21 MADAGASCAR
22 MAURITIUS

OPERATING IN REGION
EXPERIENCE IN REGION

As at 30 June 2018.

OUR STRUCTURE

GROUP STRUCTURE

AS INDICATED IN THE F2017 REPORT, THE GROUP IMPLEMENTED A NEW STRUCTURE FROM F2018. MANUFACTURING IS CURRENTLY HELD FOR SALE. AS ANNOUNCED POST YEAR-END, THE GROUP IS DECREASING ITS FOCUS ON EPC AND CONSTRUCTION AND MOVING TOWARDS A CORE FOCUS ON INVESTMENTS, CONCESSIONS, DEVELOPMENTS AND OPERATIONS AND MAINTENANCE.

1. CONSTRUCTION – SOUTH AFRICA
   – REST OF AFRICA
2. ENGINEER, PROCURE AND CONSTRUCT (EPC)
3. INVESTMENTS & CONCESSIONS (I&C)
4. MANUFACTURING


4
1
GROUP FIVE
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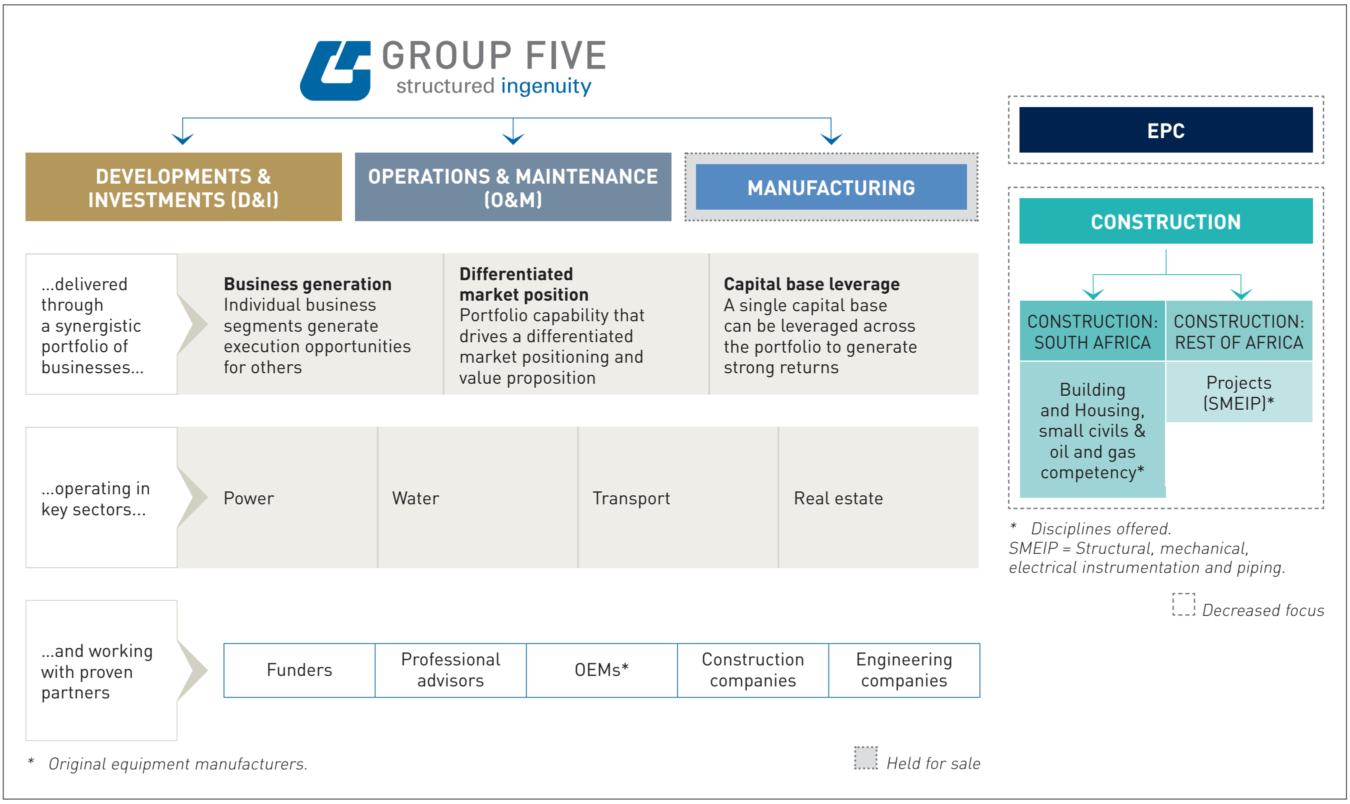
3
2

OUR STRATEGY

THE GROUP AMENDED ITS STRATEGY

We are evaluating options to maximise shareholder value for both the Construction: South Africa and Construction: Rest of Africa businesses and will decrease our focus on engineer, procure and construct (EPC) and Turnkey Project Solutions (TPS) activities. The F2018 structure will therefore be further amended. The group continues to refine its strategy and structure, with a core current focus on Developments & Investments (D&I) and Operations & Maintenance (O&M). D&I will provide the route to market for infrastructure funders, with solid growth expected off the current high base. The O&M cluster aims to build on a long term, annuity base of earnings and cash flow in select markets and defined sectors.



A STRATEGY FOCUSED ON D&I AND O&M

DIFFERENTIATED STRATEGY UNDERPINS COMPETITIVE ADVANTAGES AND IS BASED ON A PROVEN TRACK RECORD

A continued drive and focus on Investments & Concessions' proven approach will continue to deliver:

- Lower development costs
- Better development risk management by leveraging partner capabilities
- Consistent value to Group Five shareholders

EXECUTION CAPABILITIES

- Proven operational track record
- Tried and tested development process
- Experience in deal-structuring skills
- Ability to develop partnerships, which leads to increased local market knowledge

PARTNERSHIPS

- In-country professional relationship network
- Formation of strategic alliances
- Partner with other equity sponsors to contribute towards development costs
- Ability to share risks across partnership network, resulting in lower risk profile for Group Five

CORE FOCUS

- Focus on development projects in targeted countries
- Four key infrastructure pillars
  - Transport
  - Water
  - Power
  - Real estate
- More focused pipeline can deliver a consistent return

Intertoll Europe

Focus on improved operational efficiencies and revenue enhancement. Grow economies of scale.

Intertoll Africa

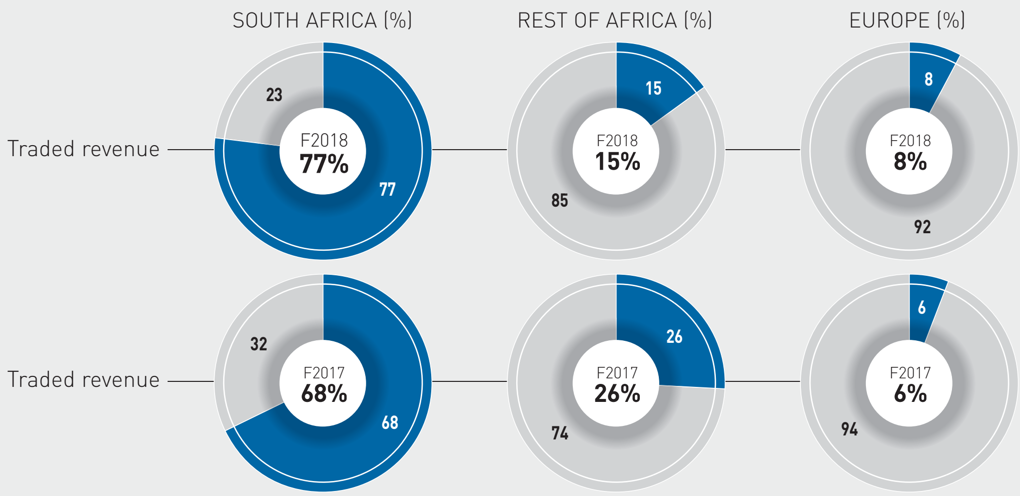
Diversify revenue streams and geographic expansion into new territories.

G5 Properties

Grow a diversified portfolio with a focus on execution of targeted African projects.

HOW WE MEASURE OUR STRATEGY

POSITIONING IN AFRICA AND EUROPE



Over-border %	F2018	F2017
Contracting order book*	11	11
Operations & Maintenance order book**	89	84

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

CREATION OF ANNUITY INCOME TO DELIVER SUSTAINABLE RETURNS

INVESTMENTS & CONCESSIONS

	F2018	F2017
% of group revenue	14	10
Core operating profit – R million	280,3	173,8
Operations & Maintenance order book** – R billion	4,8	5,8
Investment in service concessions at fair value^ – R million	747	667
Investment property at fair value	289	268

^ *Accounted for as equity accounted investments and investments in service concessions.*
** *Valuation to first review date of secured project only, valued using real cash flows.*

ENSURING SUSTAINABILITY – SECURED REVENUE

CONTRACTING ORDER BOOK*

R6,4 billion

F2017: R8,7 billion

ENSURING SUSTAINABILITY – SECURED REVENUE

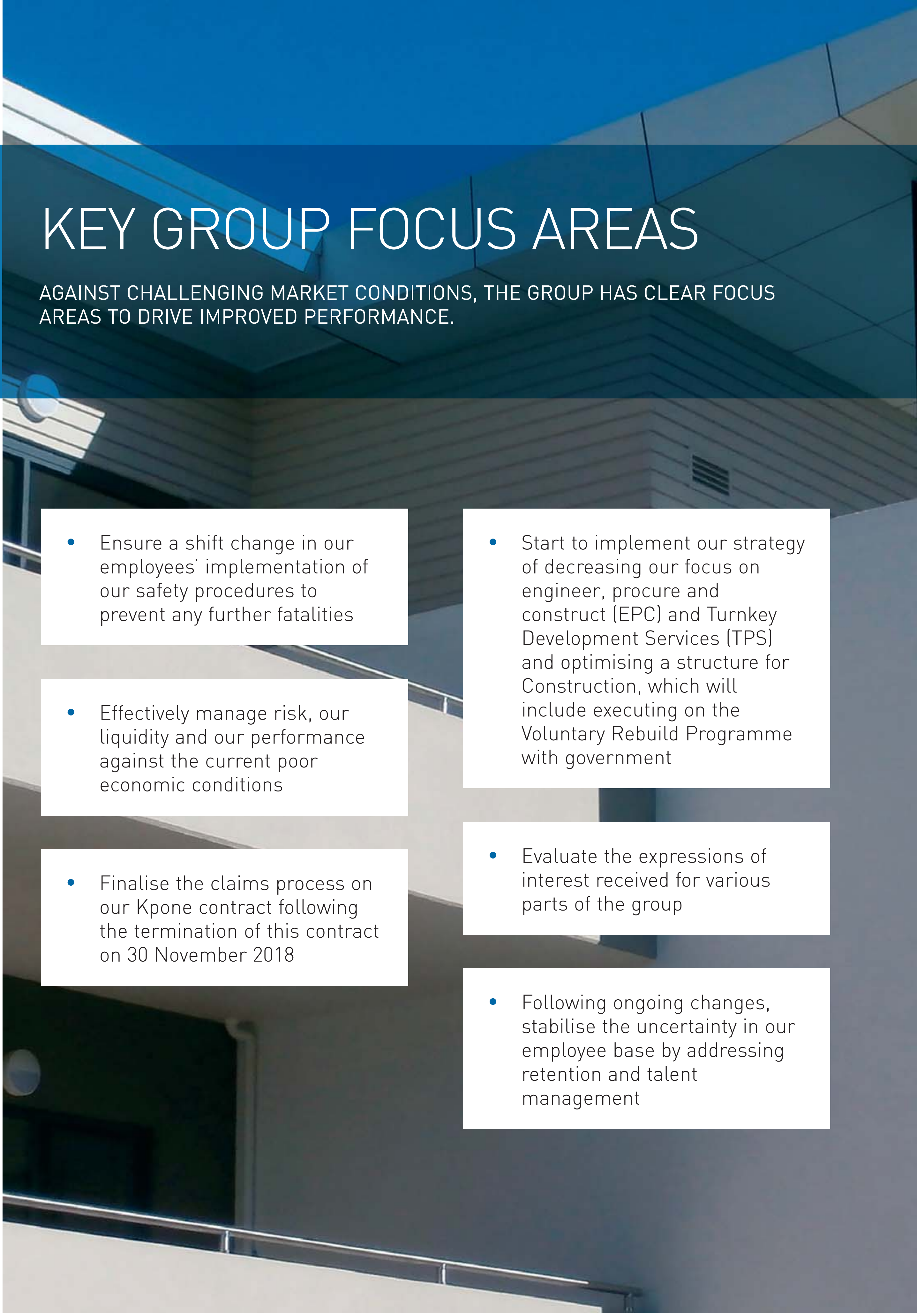
SECURED OPERATIONS AND MAINTENANCE CONTRACTS**

R4,8 billion

F2017: R5,8 billion

* *Construction and EPC fully secured construction works.*

** *Valuation to first review date of secured project only, valued using real cash flows.*



KEY GROUP FOCUS AREAS

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

- Ensure a shift change in our employees' implementation of our safety procedures to prevent any further fatalities

- Effectively manage risk, our liquidity and our performance against the current poor economic conditions

- Finalise the claims process on our Kpone contract following the termination of this contract on 30 November 2018

- Start to implement our strategy of decreasing our focus on engineer, procure and construct (EPC) and Turnkey Development Services (TPS) and optimising a structure for Construction, which will include executing on the Voluntary Rebuild Programme with government

- Evaluate the expressions of interest received for various parts of the group

- Following ongoing changes, stabilise the uncertainty in our employee base by addressing retention and talent management

GROUP FIVE AND THE CAPITALS

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

THE NEXT FEW SPREADS OUTLINE OUR CURRENT POSITION

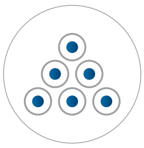
SOURCES OF CAPITAL

FINANCIAL

HUMAN

INTELLECTUAL

SOCIAL AND RELATIONSHIP



MANUFACTURED

NATURAL

OUR BUSINESS ACTIVITIES

WHAT OUR BUSINESS ACTIVITIES DELIVER

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

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

OUR OUTCOMES

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

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

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

FINANCIAL CAPITAL

THE GROUP'S APPROACH

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

In the rest of Africa, market weakness and the time to develop contracts resulted in certain contracts not reaching financial close or bankability status. This impacted our growth strategy on the continent. Against these tough conditions, we focused on securing bridge funding and restructuring the group to improve performance.

Although still cash positive, the group had limited free cash at year-end. This was mainly due to

- the additional cost to completion incurred and estimated to be incurred on the Kpone power contract in Ghana before its termination at the end of November 2018. (Refer to the chief financial officer's review for additional information on the events during the year and post year-end on Kpone)
- a decreasing order book in Construction: South Africa, which resulted in the unwind of the business' working capital and unrecovered overheads
- The further rationalisation of overheads in the Construction businesses and the group's corporate office

We have been able to contribute positively to cash on hand and the funding of working capital in F2018 through the recovery of long-outstanding debtors and conversion of non-current assets and other cash-enhancing initiatives. These cash recoveries and initiatives are expected to provide an enhancement to the group's cash position over a 12- to 18-month period, with initiatives converting into cash to fund working capital on a monthly basis.

Only the Investments & Concessions and Manufacturing clusters generated free cash in F2018.

Refer to the chief financial officer's review for additional information on financial capital.

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

HUMAN CAPITAL

THE GROUP'S APPROACH

The biggest disappointment in terms of human capital during this year was that we had another fatality following the two deaths last year. This is completely unacceptable to us and an area of priority for further corrective action.

People are crucial to how we deliver on our strategy. Unfortunately, during the year, we were forced to implement significant restructuring and retrenchments, with 1 000 permanent and temporary employees retrenched.

Our financial pressure and restructuring activities, including the closing of businesses, also resulted in material uncertainty within our group and with our employees and external stakeholder base.

As we are amending our strategy to ensure a more successful future, this will increasingly require different skills to deliver successfully.

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

KEY MEASURES

- One fatality
- **1 000 people** retrenched
- **63% equity* representation** at executive and board level
- **Only black CEO and black female chairperson** in our sector
- **Sector-leading Level 1** in our most recent broad-based black economic empowerment audit

* *Black, Indian and coloured.*

INTELLECTUAL CAPITAL

THE GROUP'S APPROACH

Our sector and business suffered reputational damage following the extended Competition Commission enquiry into anti-competitive behaviour before 2007 in our sector. This reduced trust by our public and private sector clients.

Although we were the whistle blower, with our very proactive stance with the Commission, which resulted in the catalyst for the investigations, the stark reality is that all the companies in our sector are seen to have disregarded crucial aspects of the intellectual capital pillar, especially two of the most important resources to all companies – reputation and trust.

In addition, following extensive senior management changes and shareholder action against the board last year due to a breakdown in trust, the group's brand was damaged, with stakeholder confidence impacted. This was exacerbated this year by our poor performance and pressure on financial capacity. As a management team, we are working hard to address this.

KEY MEASURES

- **Continued engagement with government and other stakeholders** in rebuilding trust and the finalisation of the Voluntary Rebuild Programme during the year.
- Implementing a plan to **rebuild the group's reputation and stakeholder confidence** following two very volatile years.

SOCIAL AND RELATIONSHIP CAPITAL

THE GROUP'S APPROACH

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

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

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

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

KEY MEASURES

- **R2,7 million** spent on empowerment joint ventures
- **22** enterprise and supplier development **partnerships**

MANUFACTURED CAPITAL

THE GROUP'S APPROACH

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

Our plant and equipment in South Africa is centralised, which allows us to effectively maintain our fleet and limit duplication. During the year, we commenced the rationalisation of our South African fleet against tough market conditions. Our focus is to reduce the extent of fixed costs associated with plant.

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

In the rest of Africa, fleet is owned by the businesses operating in-country, with the same stringent approval procedures as in South Africa.

Annual evaluations on estimated useful lives and residual values are performed. During the year, a full review resulted in asset utilisation being matched to the secured order book and an assessment of the requirements for a unsecured and potential order book. Excess plant was and continues to be disposed of or the businesses restructured to a lower base of trade.

In our Manufacturing cluster, we have a factory in our Fibre Cement business, with a smaller investment in Barnes Reinforcing Industries. Fibre Cement represents the largest plant. We are in the process of disposing of this cluster.

KEY MEASURES

- **Everite** changed its silica milling process, which **decreased milling costs** by 50%
- Everite further **increased** its locally-sourced raw materials, which **saved 10%** on **raw material cost**
- As outlined in the chief financial officer's review, we **decreased plant and equipment** during the year.

NATURAL CAPITAL

THE GROUP'S APPROACH

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

Responding to this challenge, we have implemented a water management plan and set group water reduction targets. This initially centred on all fixed operations in the Manufacturing cluster. The Aerated Autoclaved Concrete (AAC) building material was an outcome of this plan as it drastically reduces the demand for water on building sites when compared to traditional brick and plaster construction.

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

A pollution prevention plan forms part of the environmental management system on all construction sites, especially those construction contracts which operate near sensitive water resources and habitats, such as wetlands. All impacts which the construction sites may have on these resources and habitats are closely monitored as part of the contract's environmental key performance indicators, which are reported on a monthly basis. We continue to identify reduction measures in terms of electricity and waste. Waste reduction initiatives are investigated and implemented per contract due to each contract's specific waste streams and constraints within the specific area in which the contract is situated.

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

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

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

KEY MEASURES

- **No major** environmental incidents for the year
- **Scope 1 emissions** were **37% lower**
- **Electricity** consumption was **18% lower**
- **Everit reduced** water consumption by **30%**
- We constructed **one Green Star building** in F2018 compared to two Green Star buildings in F2017

YEAR UNDER REVIEW

02

OUR TEAM
THE BOARD

NON-EXECUTIVE DIRECTORS

NONYAMEKO MANDINDI – 52

INDEPENDENT CHAIRPERSON

Chairperson of the main board and the nominations committee, member of the remuneration committee

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

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

CORA FERNANDEZ – 44

INDEPENDENT NON-EXECUTIVE DIRECTOR

Chairperson of the audit committee, member of the risk committee

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

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

JACKIE HUNTLEY – 54

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 from the University of the Witwatersrand and her M.A.P. from the 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 with another law firm into the Mkhabela Huntley Attorneys Inc (MHA) as it is known today.

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

DR THABO KGOGO – 42

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 held the position of CEO of SacOil Holdings Limited (SacOil), a JSE listed company, from 2014 until October 2018. He has a strong engineering foundation, with significant experience in South Africa and the rest of the African continent in corporate governance, strategy, restructurings and mergers and acquisitions. This has provided significant value to the board.

NAZEEM MARTIN – 56

INDEPENDENT NON-EXECUTIVE DIRECTOR

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

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

Nazeem has extensive knowledge of and experience in small and medium enterprise (SME) and entrepreneurial business finance, having worked for Business Partners Ltd, a leading, on-scale provider of risk capital, technical assistance and real estate solutions for SMEs in South Africa and selected sub-Saharan countries. His skills and experience in the built environment and his deep understanding of providing advice to an array of businesses has been extremely valuable as a board member of the group. Nazeem will be stepping down from the board on 31 December 2018.

MICHAEL UPTON – 63

INDEPENDENT NON-EXECUTIVE DIRECTOR

Member of the audit and risk committees

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

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

EDWARD WILLIAMS – 62

INDEPENDENT NON-EXECUTIVE DIRECTOR

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

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

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

EXECUTIVE DIRECTORS

THEMBA MOSAI – 42

CEO

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

BSc Electrical Engineering; MBA (Cum Laude)

Themba has been with Group Five for more than 14 years and has been an active and strategic member of the executive team since 2014. In his previous role as executive head of Developments, he enhanced the group's position across targeted African geographies, as well as profiling it with both public and private sector clients, leading to securing new work and resolving legacy matters in key markets. Themba also served as managing director of Intertoll Africa where he successfully led the company for seven years. He is a strong relationship builder, and has a good ability to match client aspirations to the realities of developing, financing, constructing and operating infrastructure assets across Africa. Since his appointment last year, Themba has been focusing on a number of priorities, such as stabilising the team and identifying a new strategy for the group.

CRISTINA FREITAS TEIXEIRA – 45

OUTGOING CFO

Executive committee member

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

Cristina's deep understanding of the group's businesses and implementation of rigorous systems and a disciplined approach to the financial and administration function have been key in successfully managing the group's complex and demanding local and global financial environment. She is also a valuable member of the group's strategic development team. Cristina has led the group's reporting strategy, which has been recognised through a number of awards for reporting and disclosure, including the Investment Analysts Society Award seven times, as well as being the overall South African winner in 2010 and the overall Integrated Annual Report winner at the 57th Institute of Chartered Secretaries/JSE Annual Report Awards in 2012. Cristina has resigned and will leave the group in December 2018.

COMPANY SECRETARY

NONQABA KATAMZI – 49

COMPANY SECRETARY

BA Law; LLB

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

OUR TEAM

EXECUTIVE COMMITTEE

THEMBA MOSAI – 42

CRISTINA FREITAS TEIXEIRA – 45

The chief executive officer and chief financial officer are main board members. Their CVs are contained on page 30.

MARK HUMPHREYS – 51

EXECUTIVE – CONSTRUCTION

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

Mark has 31 years' experience in the construction industry in operational and commercial roles. He joined Group Five as a student and was promoted to managing director of Projects in 2007. He has been instrumental in establishing Group Five's footprint on the African continent, in particular within the mining sector. In 2014, he was promoted to operations director for the Engineering & Construction cluster, focusing mainly on the construction segments. He has been the chief operating officer of the cluster for the last four years and was appointed to the exco in March last year. Mark became the head of the restructured Construction cluster last year.

KUSHIL MAHARAJ – 48

EXECUTIVE – DEVELOPMENTS & INVESTMENTS

MBA; BSc Civil Engineering

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

GUY MOTTRAM – 52

EXECUTIVE – ENGINEER, PROCURE & CONSTRUCT (EPC)

Member of the risk committee

BCom; LLB

Guy heads up the EPC cluster at the group. As indicated, the group will decrease it focus on this work and Guy will assist with the winding down of this cluster as the group moves towards a core focus on infrastructure, development and operations and maintenance only. As head of EPC, he has been focusing on entrenching new procedures on sites to ensure improved cost to completion, more effective action on problem contracts and tighter controls to manage risk and internal challenges and increasing the discipline in terms of adherence to procedures. In his previous role as head of risk, he focused on improved risk management systems, as well as assisting the group in terms of the Voluntary Rebuild Programme with government.

ABEL MUDAU – 42

EXECUTIVE – OPERATIONS & MAINTENANCE

MBA, B.Sc. Chemical Engineering, Post Graduate Diploma (UCT), CMP (Stellenbosch University), Executive Development Programme (GE Management Development Institute, USA)

Abel was appointed as the head of Operations & Maintenance in September 2018. He has many years of experience in strategy and transformation. He joined Group Five in 2015 as a group transformation director and successfully implemented processes and systems which resulted in an improved B-BBEE Scorecard from a level 4 to the current industry-leading level 1. Before his recent appointment, Abel spent 18 months with the Construction cluster, first as Regional Director for the Inland business and then as Head of Construction: South Africa. He was involved in the major restructuring process to improve cost optimisation and operational efficiencies in this cluster.

JUDITH NZIMANDE – 45

EXECUTIVE – HUMAN RESOURCES

MBA, BCom (Hons) in Human Resource Management; Masters in Commerce; Global Executive Development Programme; Strategic Negotiations Programme

Judith joined Group Five in 2017 as the executive director responsible for human capital management. She is a seasoned HR professional with extensive knowledge and more than 20 years' experience in HR-related fields. As she joined the group in extremely difficult conditions, she has had to manage a number of tough employee-related issues, including wide-scale retrenchments and focusing on retention of key employees.

During her career, Judith has received a number of awards, including the Institute of People Management (IPM) HR Director of the Year in 2015 and the KwaZulu-Natal: Richards Bay Business Woman of the Year under the corporate category.

INVITEE TO EXCO

JOHN WALLACE – 60

INVITEE TO EXCO

BCom; Hons Programme in Advanced Marketing; Executive Management Programme

John retired from the group in July 2018, but remains in a strategic role, as well as managing Manufacturing until its sale. He continues to attend exco meetings, now as a permanent invitee. John was with Group Five Manufacturing for 16 years. During this time, Manufacturing has built an impressive track record despite recent extremely difficult economic conditions. John has an exceptionally strong strategic ability, which has been invaluable to the group in driving executive focus on shareholder value-creation opportunities. He has a particular ability to effect change and repair problem entities. For example, he successfully transformed Everite from an asbestos problem-beset company many years ago to a cluster that continues to consistently produce annuity type income for the group.

Nonyameko Mandindi
Chairperson

THIS YEAR WAS UNDENIABLY THE MOST DIFFICULT IN GROUP FIVE'S HISTORY. AS A BOARD, WE HAD TO DEAL WITH SIGNIFICANT CHALLENGES. OUR KEY PRIORITY WAS TO ENSURE THE SURVIVAL OF THE GROUP AND TO FINALISE A FUTURE STRATEGY.

BOARD LETTER TO STAKEHOLDERS

INTRODUCTION

Following an extremely volatile year last year, the group faced an even more challenging year in F2018.

OUR RESULTS WERE MATERIALLY BELOW EXPECTATIONS DUE TO A NUMBER OF REASONS. THESE INCLUDED THE IMPACT OF DELAYED CONTRACT AWARDS OR CONTRACT AWARDS NOT MATERIALISING DUE TO TOUGH MARKET CONDITIONS, AS WELL AS THE COST OF RETRENCHMENTS AND RESTRUCTURING TO ALIGN THE GROUP'S COST STRUCTURE TO THE POOR MARKET CONDITIONS. HOWEVER, THE BIGGEST IMPACT CAME FROM MATERIAL CHARGES AGAINST EARNINGS IN RELATION TO THE EXECUTION ON THE GROUP'S LARGE CONTRACT IN GHANA, KPONE.

These factors put severe strain on the group, resulting in pressure on liquidity. Our finance team worked relentlessly to finalise short term bridging facilities. They did a sterling job in securing funding in an environment where lenders have been extremely cautious about the sector and where companies are starting to revert to business rescue proceedings.

The team has also focused on converting various short term and long term assets to cash to bolster the group's free cash position while implementing additional interventions to rationalise and restructure the group. Refer to the Chief Financial Officer's Review for more information.

KEY SHAREHOLDER FEEDBACK

As a board we have not managed to address all stakeholders and keep them up to date as effectively as we would have liked while we have been in charge of a crises-beset group. For example, we had six independent board meetings and 18 special board meetings outside of our normal meetings this year and were required to focus on the Kpone contract and our group-wide funding partners.

In addition, as we had a new board and several new executive team members, ensuring a smooth transition took time.

In this context, we take our shareholders' frustration about a lack of regular engagement very seriously and have committed to improve this in the coming year.

Shareholder feedback we received this year can be categorised into three broad themes:

1 STRATEGY

Feedback	Our response
Shareholders have supported the actions taken in terms of cost-cutting and identifying the assets for sale. They are also positive about our shift in focus towards Investments & Concessions (restructured post year-end into Developments & Investments and Operations & Maintenance) as the core focus of the group. The dramatic reduction in overheads and activity in Construction and decreased focus on Turnkey Project Solutions and Engineer, Procure and Construct (EPC) were also seen as positive. However, shareholders would have wanted the group to progress this sooner.	The board acknowledges the shareholders' time requirements. However, material operational pressures limited the speed and ability at which the strategy could be implemented. In this context, we: • continued with the implementation of cost reduction and restructuring initiatives • progressed with the disposal of non-core assets, including the disposal of the Manufacturing cluster • reduced our focus on the EPC cluster, with the Ankerlig contract the only remaining contract to be completed within the cluster • accelerated the restructuring and the possible exit activities related to the Construction operations

2 IMPACT OF KPONE AND VIABILITY OF EPC CLUSTER

Feedback	Our response
Due to the significant impact Kpone has had on the group, shareholders have expressed their frustration that the group is now suffering the consequences of taking on an EPC contract which is in excess of its current commercial, technical and financial means. This resulted in an absorption of a significant portion of the group's free cash, including the €40 million proceeds from the F2017 sale of 49% of the Investments & Concessions (I&C) concessions assets to fund the cash requirements on this contract. This not only hampered Investments & Concessions' growth, but also affected the market's valuation of Group Five shares. There was also concern that the completion of the Kpone contract could require funding which would ultimately require the disposal of core assets to fund liabilities. This would remove the main pillars of investment value in Group Five.	The board acknowledges that shareholder value has been significantly impacted. At the time of taking on the Kpone contract, the previous board did consider the value at risk on this contract, which was then within the group's risk-bearing capacity. The current board has worked hard with management to address the ongoing issues on the contract and to follow legal processes to ensure we recoup costs and losses incurred through our contract dispute processes. To prevent further value destruction, as announced, the group has taken the strategic decision to reduce its focus on EPC. As outlined in the Chief Financial Officer's Review, the Kpone contract was terminated by the client on 30 November 2018. The client also issued written demands to the group's bank guarantee providers demanding payment of the full value of bank guarantees in issue of US$106,5 million. Our guarantee providers have paid out this total US$106,5 million demand value to the client. Payment was made on the basis of the legal requirements of on demand bonds, which state that bonds must be separated from the contract and its related contractual claims and disputes, and therefore not on the merits of the contractual claims presented by the client.

3 IMPACT ON REPUTATION AND LOSS OF GOODWILL

Feedback	Our response
The group's poor performance, specifically with regards to the Kpone contract, has significantly impacted our reputation with several stakeholders. The perception has also been that the current board has not acted fast enough to address issues.	The board acknowledges that the group has suffered significant reputational damage, which has impacted the current cost of doing business with all stakeholders. We also understand that shareholders might feel that we have not acted fast enough. However, as a board we attempted to work through the magnitude of issues as fast as possible. Although our underperforming businesses have improved from F2017 to F2018, the improvements were overshadowed by the material losses from the Kpone contract. The board has spent a significant amount of time dealing with matters related to Kpone, the impact it has had on the remaining operations and the ongoing strategy to turn the group around.

BOARD ACTIONS TAKEN

Against extreme pressures, we aimed to address issues in a responsible and effective way.

Outside of the actions outlined under key stakeholder feedback, other key board activities this year included:

- The creation of a sub-committee of the board that exclusively focused on the Kpone issues
- The assessment of various expressions of interest received by the group
- Working with a number of corporate finance advisors on possible disposal options and with debt advisors on capital raising initiatives
- Finalising the valuation for each business and its value against our strategy
- Ongoing assessment of the group's solvency and liquidity conditions, including engaging with advisors as required
- Ensuring the successful disposal of Manufacturing by retaining John Wallace as a consultant post his retirement to conclude on the transaction and to assist the CEO with ongoing strategic initiatives
- Replacing our CFO who resigned with an experienced senior executive to work with the CEO and board to address the group's issues

FOCUS FOR F2019

The board and management have very clear focus areas for F2019 and will continue to work hard to ensure the challenges are addressed. We still have a long way to go, but remain committed to our duty.

Our core focus for the coming year will include:

1. Assisting management to progress the claims process following the termination of the Kpone contract
2. Engaging with shareholders to ensure the correct alignment between the group and its shareholders and ensuring that shareholder value can be unlocked. As announced to the market on 13 December 2018, the board is currently evaluating expressions of interest from a number of parties for various parts of the group to ensure the optimal way forward
3. Finalising initiatives to relieve the group of its debt burden
4. Working with management to address under-performing assets, which could include further business closures
5. Concluding on the disposal of the Manufacturing assets

APPRECIATION

I wish to thank my fellow board members. This has been a very taxing year, with many hours and board meetings dedicated to ensure that the appropriate actions for the group are implemented.

A huge word of appreciation to the management team who worked tirelessly. Our CEO and his executive committee have spent countless hours establishing the new strategy for the group whilst managing the Construction and EPC clusters in an increasingly difficult market.

Our CFO and the finance team had to dedicate extreme hours to the required lender engagements, which successfully put the company onto a more stable footing. I wish to acknowledge our CFO, Cristina Teixeira, who will leave the group in December 2018. Your dedication to this group is greatly appreciated. I welcome our new CFO, Anthony Clacher, who joined us on 12 December 2018.

Our deepest appreciation to our shareholders who have remained supportive and present through our challenging time.

To our clients, we realise our problems have also impacted you.

Lastly, to our employees. It has been an extremely volatile and unsettling period for you. Thank you for staying focused on your daily deliverables as much as possible in this environment.

Themba Mosai
Chief executive officer

AS OUTLINED TO THE MARKET DURING THE YEAR, AGAINST TOUGH MARKET CONDITIONS AND SEVERAL INTERNAL PROBLEMS, WE FACED LIQUIDITY ISSUES, WITH MANAGEMENT UNDER PRESSURE TO IDENTIFY A NEW STRATEGY FOR A MORE SUCCESSFUL FUTURE WHILE ADDRESSING UNDER-PERFORMING BUSINESSES.

CHIEF EXECUTIVE OFFICER'S REVIEW

My first full year as CEO at Group Five was an extremely challenging time, with a number of crucial issues to address.

OUR CURRENT CONTEXT

We are currently operating against a volatile global environment, with our key market of South Africa, which contributes 77% to group revenue, under particular pressure.

In addition to political issues in South Africa, the economy experienced a technical recession during the year. Three credit rating agencies have downgraded our country and still view it as having the potential for further downward pressure. The commercial banks and development financial institutions, including the key state-owned enterprises, were also credit downgraded.

Although we are heartened by President Cyril Ramaphosa's commitment to spend on infrastructure, the timing of this spend remains uncertain. Also, against the current country rating, debt will become more expensive and reduce the viability of mega contracts in our sector, where viability is already often marginal.

The award or availability of only smaller contracts are likely to continue as this accommodates smaller emerging contractors.

Growth statistics in our industry have been consistently negative. According to the South African Reserve Bank, the investments in buildings peaked at around R180 billion in 2009 and have declined since to reach a level of R145 billion this year*.

Investment in non-residential building has been declining rapidly from R90 billion to R70 billion. According to Stats South Africa, this is not expected to recover before 2020. Residential building plans passed are 8% down on last year and have been on a downward trend since 2010. The FNB Index has confirmed that building contractors have been steadily pessimistic, with a score below the neutral 50 since mid-2007.

The correlation between interest rates and building plans passed has also been broken, with a long period of benign interest rates not driving an improving building sector. This confirms that other factors outside the cost of capital are driving decisions not to invest.

Public sector spend, as outlined in the medium term budget, is forecast to decline by 12%. If inflation is taken into account, this actually represents 20%.

The Bureau of Economic Research also forecasted that construction works are destined for further sharp declines, with a recovery only foreseen in 2021.

It is clear that tough conditions are not going to change soon.

ACTIONS TAKEN

In this environment, as a management team we have worked extremely hard to identify the best course of action for the group going forward.

While dealing with several immediate and pressing challenges, we also focused on crystalising a revised strategy. We remain focused on continuing to hone this in a market that remains volatile, and against ongoing internal challenges.

As guided at interim results time, we restructured our business with a focused strategy of Developments & Investments (D&I) and Operations & Maintenance (O&M) as the core businesses of the group.

* *In constant 2015 money.*

Several businesses, specifically within the Construction: South Africa segment, were exited, with some businesses materially downsized. The Construction: South Africa business now includes a focused Building & Housing segment, a smaller refined civil engineering capability and a Structural, Mechanical, Electrical, Instrumentation & Piping (SMEIP) business. The Construction: Rest of Africa business is focused on SMEIP works.

However, based on shareholder engagement, as well as the continued worsening of both the markets and the underperformance in our Construction and Engineer, Procure and Construct (EPC) businesses since identifying this new structure, we concluded that the time has come for us to acknowledge that we need a clear shift in direction.

We therefore presented a few options to the board that were considered for our future path. Following significant analysis and consultation, we have concluded that the best strategy for us is to transform into an infrastructure solutions company.

We therefore announced at results time that a focus on Developments & Investments and Operations & Maintenance going forward will ensure that we concentrate on the areas where we know we can succeed. The Developments & Investments cluster provides the route to market for infrastructure funders. The Operations & Maintenance cluster aims to build on long term, sustainable annuity revenue and cash flow, as well as leveraging current expertise into new sectors and geographies.

Our new strategy will involve a decreased focus on Construction, EPC and the Turnkey Project Solutions business, with an exit from Manufacturing.

Refer to the Strategy spread on page 14.

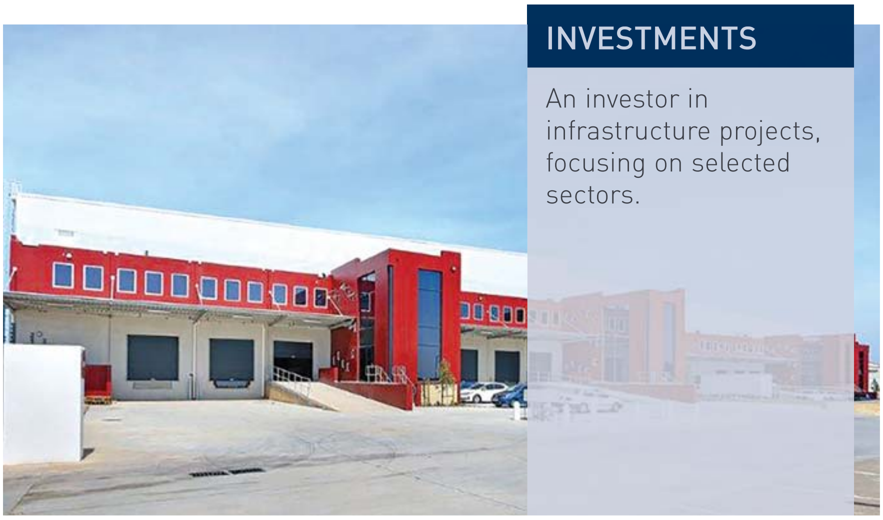
We will concentrate only on sub-Saharan Africa and Europe in the sectors of transport, water, power and real estate.

As a board and management we remain focused on evaluating the strategy to ensure ongoing relevance.

Our new strategy will focus on:

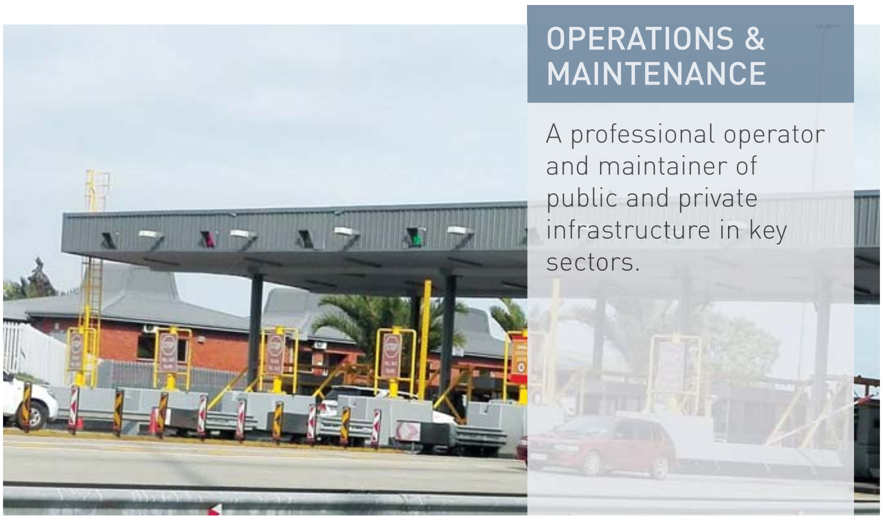
DEVELOPMENTS

A niche co-developer in water, transport and real estate projects.



INVESTMENTS

An investor in infrastructure projects, focusing on selected sectors.



OPERATIONS & MAINTENANCE

A professional operator and maintainer of public and private infrastructure in key sectors.

SAFETY

Despite our continuing emphasis on the need for safety, including compliance with all rules and regulations, sadly and extremely unacceptably, we suffered another sub-contractor fatality this year in the Construction cluster following the two fatalities of last year and four fatalities of the previous year. This marks three years of fatalities in the group.

Our condolences go out to Mr Jabulani Shandu's family. Mr Shandu lost his life when a crane that were being dismantled fell on him when he entered a prohibited barricaded area.

Our evaluations found that safety incidents often involve human error and could have been prevented. In light of this, we have taken firm action by disciplining employees for unsafe behaviour and conducted thorough accident investigations to learn from each accident or near-miss that occurred.

Disciplinary action was taken against 77 people who were found to have violated safety rules and procedures. Of these, 64 received warnings and 13 were dismissed.

OUR PEOPLE

Our employees have been under enormous strain his year while management has been focusing on the turnaround of the group. Unfortunately, we had to retrench 602 permanent employees and almost 400 temporary employees this year. We have also seen the loss of skills to other companies and sectors.

I realise it is extremely taxing for people to focus on their daily jobs in this environment. It is therefore crucial that we implement our new strategy to provide certainty to our employees.

LOOKING FORWARD

The year ahead will remain demanding.

As outlined in the Chief Financial Officer's review, we were placed under significant financial pressure due to the losses on our Kpone contract and the client's claims for the payment of US$106,5 million after the termination of this contract in November 2018.

We have worked hard with our financial partners to manage these events and are focused on identifying the best way forward, which includes discussions with potential investors to identify possible partnerships that will assist us with the finalisation of our new strategy, as well as evaluating expressions of interest received.

Refer to page 18 for our focus areas.

APPRECIATION

I thank the management team for the long hours dedicated to the group and passion they have shown this year. I have relied on your support and acknowledge you as valued management members. As announced at year-end, unfortunately our CFO Cristina Teixeira has resigned. She has been invaluable during her 16 years at Group Five and has been instrumental in managing the group through extremely volatile conditions. I have personally relied on her and will miss working with her.

I also welcome our new CFO, Anthony Clacher who joined us on 12 December 2018.

Anthony has operated as a chartered accountant for more than 25 years and has been in financial director and board roles for more than ten years. He has worked in sectors relevant to Group Five for the last nine years.

Anthony has significant experience in restructurings, asset disposals and challenging business environments, which will bring appropriate skills to the role as Group Five executes on the best strategy.

To the board, you spent a significant amount of hours working with management to identify corrective actions and strategic options. This has not been an easy process.

To our shareholders, we realise that the industry and our group have made your jobs hard. We thank you for the time you have given us to explore different options.

To our clients – it has not been easy on the ground during our year of fighting for our survival.

Lastly, to all our employees, as I have said before, it has been exceptionally taxing to come to work each day not knowing whether you will have a job to come to. Please know that as management we have taken this very seriously and it has been paramount to us to try and save as many jobs as possible.


OVER'S EATERY
PEARLS

Cristina Freitas Teixeira
Chief financial officer

CHIEF FINANCIAL OFFICER'S REVIEW

INTRODUCTION

FOLLOWING AN EXTREMELY VOLATILE YEAR LAST YEAR, GROUP FIVE FACED AN EVEN MORE CHALLENGING YEAR IN F2018.

AS OUTLINED IN THIS REVIEW, THE GROUP REPORTED A NET LOSS OF R1,3 BILLION (F2017: R840,0 MILLION), WITH THE MAIN CONTRIBUTOR BEING THE LOSS REPORTED ON THE GROUP'S INDEPENDENT ENGINEER, PROCURE AND CONSTRUCT (EPC) GAS- AND OIL-FIRED COMBINED CYCLE POWER CONTRACT IN KPONE, GHANA.

Solid results were delivered by Manufacturing and Investments & Concessions (I&C), with continued free cash flow in line with expectations.

Construction achieved improved execution, with a reduction in contract losses over the previous year and profit from contracts trading ahead of plan more than compensating for contracts behind plan. Construction: Rest of Africa had no loss-making contracts and returned to profitability in H2 F2018.

Refer to the operational review section on pages 43 to 52 of this report for additional information on the financial performance per segment.

OVERVIEW OF GROUP RESULTS

Group revenue decreased by 26.2% from R9,9 billion to R7,3 billion, mainly as a result of a 20.2% decrease in revenue from Construction: South Africa and an 82.3% decrease in revenue from our Engineer, Procure and Construct (EPC) cluster. Construction: Rest of Africa grew its revenue by 71.8%, and the I&C cluster's revenue increased by 11.0% compared to F2017. The Manufacturing cluster, reflected as a discontinued operation, increased its revenue by 19.3%.

The group's core operating loss is reported at R1,3 billion (F2017: loss of R659,4 million), with the current period's performance materially impacted by losses of R1,3 billion recognised on the Kpone contract reported in the EPC cluster.

Included in the core operating loss reported in F2017 is an amount of R159,1 million relating to the net present value charge in terms of the recognition of the group's financial contribution of R255 million for the Voluntary Rebuild Programme (VRP) agreement reached with the South African government, as well as a R244 million charge following the commercial close out of the New Multi-Product Pipeline (NMPP) contracts.

Fair value gains on service concessions of R156,2 million (F2017: R98,2 million) are also included in the core operating loss. As a result of the improved fair value gains, the I&C core operating profit improved by 61.3%. The profit from the underlying operations of I&C increased by 64.2% following a more normalised performance after an unexpected claim in Intertoll Africa in the second half of F2017.

The Manufacturing cluster's core operating profit increased by 1.5%. This profit is reflected as a discontinued operation.

Headline earnings per share (HEPS) and fully diluted HEPS (FDHEPS) weakened from a loss of 853 cents per share in F2017 to a loss of 1 380 cents in F2018. Earnings per share (EPS) and fully-diluted EPS (FDEPS) weakened from a loss of 829 cents per share in F2017 to a loss of 1 335 cents per share in the current year.

The group's statement of financial position reflects a net gearing ratio of zero and a bank and cash balance of R1,3 billion as at 30 June 2018 (H1 F2018: R1,7 billion and F2017: R2,3 billion). At year-end the group reported R797,2 million (F2017: R724,8 million) in excess billings over work performed and R379,0 million (F2017: R442,4 million) in advance payments received.

GROUP STATISTICS

	F2018	F2017#
Revenue – R million	**7 348**	9 958
Operating loss – R million	**(1 427)**	(718)
Loss per share – R	**(13,35)**	(8,29)
Fully diluted headline loss per share – R	**(13,80)**	(8,53)
Loss per share – R – continuing activities	**(13,91)**	(8,89)
Fully diluted headline loss per share – R – continuing activities	**(14,36)**	(9,14)
Dividends per share – cents	**–**	14,00
Cash – R million – continuing activities	**1 269**	2 265
Net asset value – R per share	**11,16**	24,82
Net debt to equity ratio	**Ungeared**	Ungeared
Total order book* – R billion	**11,2**	14,5

 # Restated for the application of IFRS 5 – Held for sale and discontinued operations.
** Total order book is the sum of the group's Contracting order book and Operations & Maintenance order book at 30 June.*

BREAKDOWN OF OPERATING LOSS

The group's operating loss was negatively impacted by the following:

Kpone contract (Kpone)
The Kpone contract incurred a significant loss, which impacted the EPC cluster's results.

Unmaterialised unsecured work
Construction: South Africa's results were impacted in H1 F2018 compared to the original forecast.

This was due to the closure and rationalisation of a number of businesses, resulting in the cluster not pursuing opportunities originally anticipated, as well as the lack of contract awards.

Unsecured work materialising later than planned
This impacted Construction's results both in South Africa and the Rest of Africa.

Contract losses and contracts behind plan (net of contracts generating profits ahead of plan) impacting
- The Construction: South Africa segment
- The EPC cluster, excluding the impact of Kpone

Retrenchment costs
These include the costs incurred during the retrenchment process implemented mainly in the Construction: South Africa segment and the group's corporate office.

In contrast, the group's operating loss was reduced by the following:

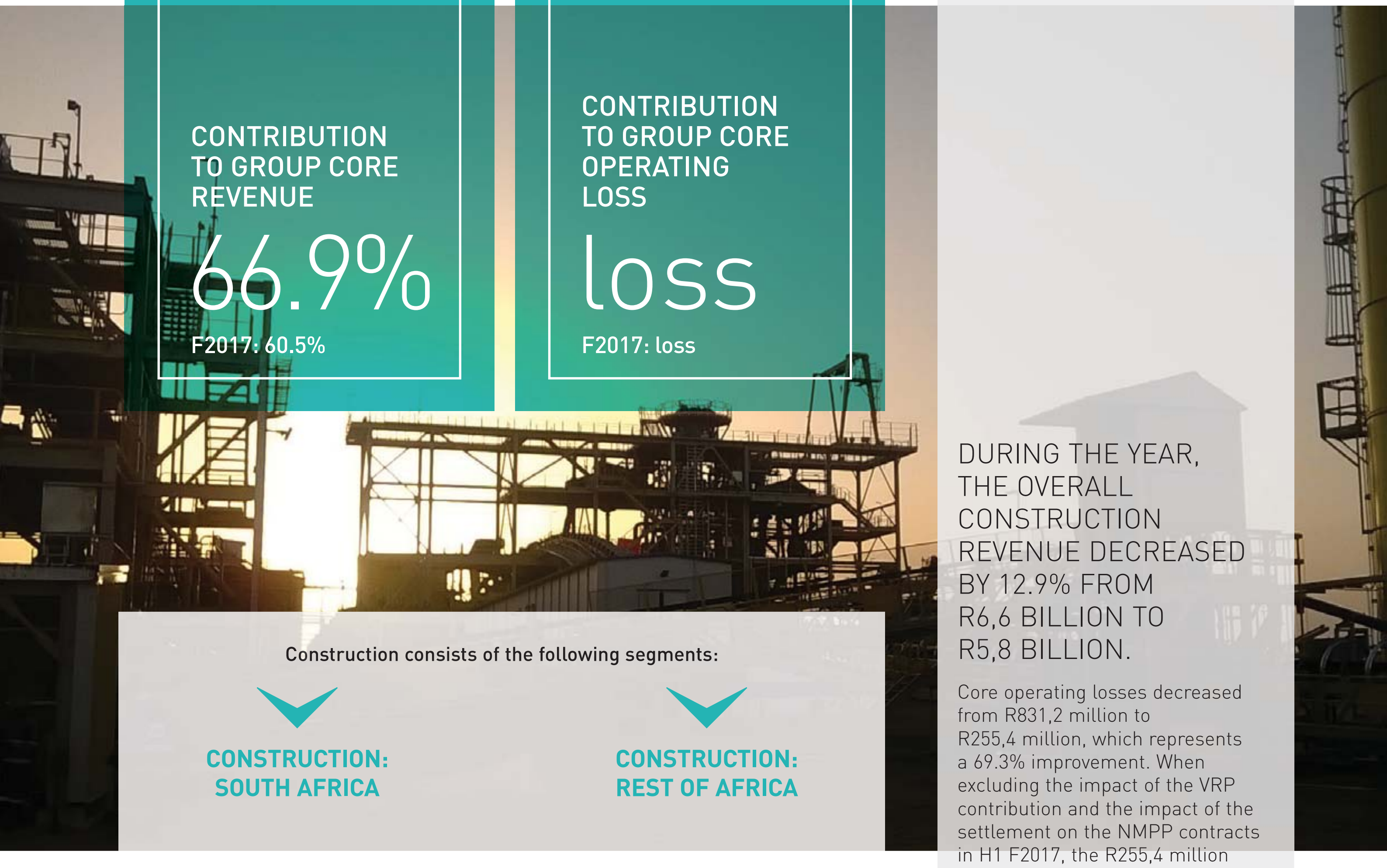
Profit on disposal of joint operation and subsidiaries

Pension fund surplus credited to earnings

Profit on sale of property, plant and equipment, which enhanced mainly Construction: South Africa's results

OPERATIONAL PERFORMANCE

CONSTRUCTION



CONTRIBUTION TO GROUP CORE REVENUE

66.9%

F2017: 60.5%

CONTRIBUTION TO GROUP CORE OPERATING LOSS

loss

F2017: loss

Construction consists of the following segments:

CONSTRUCTION: SOUTH AFRICA

CONSTRUCTION: REST OF AFRICA

	F2018	F2017
Revenue – R million	5 766	6 624
Core operating loss – R million	(255)	(831)
Core operating margin – %	(4,4)	(12,5)
Capital expenditure – R million	16	61
Total Contracting order book* – R million	5 297	7 287
Employees – pax	4 802	4 847

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

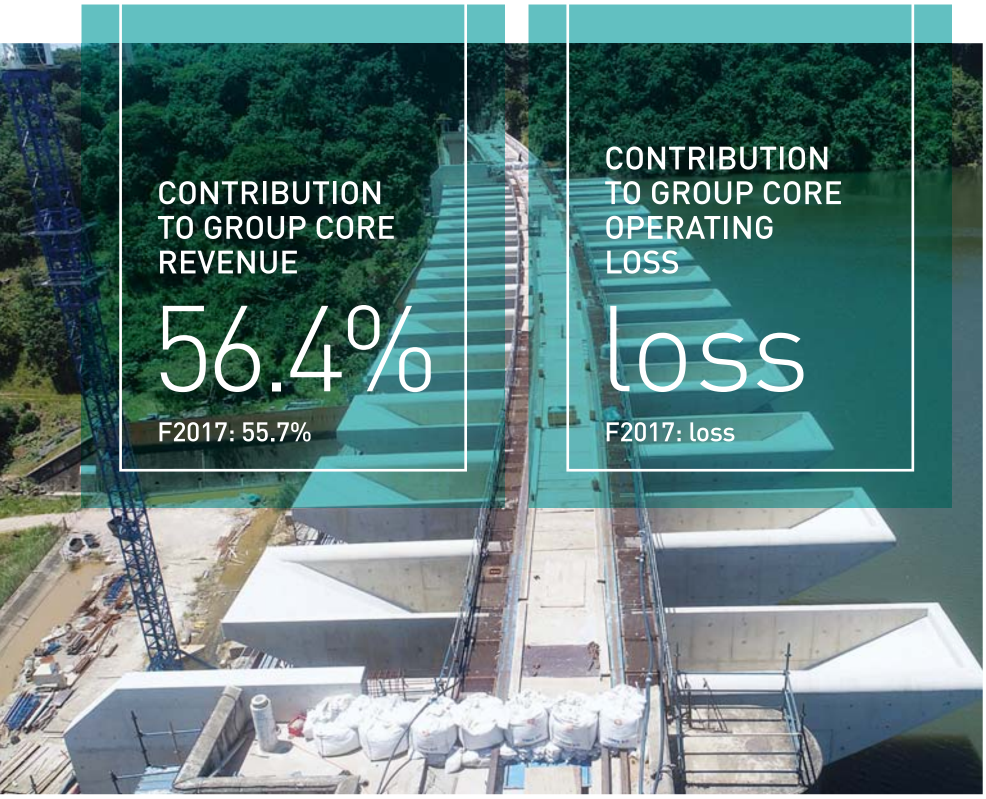
DURING THE YEAR, THE OVERALL CONSTRUCTION REVENUE DECREASED BY 12.9% FROM R6,6 BILLION TO R5,8 BILLION.

Core operating losses decreased from R831,2 million to R255,4 million, which represents a 69.3% improvement. When excluding the impact of the VRP contribution and the impact of the settlement on the NMPP contracts in H1 F2017, the R255,4 million loss for the year represents a R172,7 million improvement over the loss recorded in the F2017 year. These improved results reflect the benefits of the interventions implemented, as described on pages 56 and 57. Included within the current loss is R63,0 million in retrenchment costs.

The Construction one-year secured order book at 30 June 2018 was R4,1 billion. The total secured order book at 30 June 2018 was R5,2 billion (H1 F2018: R6,5 billion and F2017: R7,2 billion), reflecting an expected unwind during the period.

OPERATIONAL PERFORMANCE

CONSTRUCTION: SOUTH AFRICA



	F2018	F2017
Revenue – R million	4 865	6 100
Core operating loss – R million	(234)	(744)
Core operating margin – %	(4,8)	(12,2)
Capital expenditure – R million	22	51
Total Contracting order book* – R million	4 814	6 745
Employees – pax	2 648	3 733

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

Construction: South Africa contributed 56.4% to group revenue (F2017: 55.7%). Revenue decreased by 20.2% from R6,1 billion to R4,9 billion. The cluster delivered an operating loss of R234,0 million, representing a negative operating margin of 4.8%. This was a 68.5% improvement over the prior year, with a 31.3% improvement when the impact of the VRP and NMPP contracts is excluded.

The Construction: South Africa segment achieved improved execution, with a reduction in contract losses over the prior year and profit from contracts trading ahead of plan more than compensating for contracts trading behind plan. However, the closure and downsizing of businesses and the resultant R59,4 million in retrenchment costs during the year impacted the planned profit as the business did not pursue opportunities originally anticipated in the group's plan. Market conditions also remained weak, which delayed contract awards. This impacted the budgeted profit and overhead recovery, as unsecured work did not materialise. Cost overruns were also incurred on a few ongoing contracts.

During the year, the group exited low-cost housing which it delivered through a partnership with Motlekar and only tendered very selectively in Civil Engineering. The Nuclear business was closed and the Oil & Gas business was downsized.

Post year end, Construction: South Africa continued to be right-sized for current market conditions. Although the segment is operating on a much lower cost structure, further interventions are required due to the lack of contract awards and the increased cost of doing business.

The board is working with its corporate finance advisors to evaluate various options to maximise shareholder value for the Construction: South Africa businesses, as well as identifying a structure to address the group's VRP commitments.

Construction: South Africa's secured one-year order book at 30 June 2018 was R3,6 billion. The total secured order book at 30 June 2018, supporting the smaller and downsized Construction, was R4,8 billion (H1 F2018: R5,5 billion and F2017: R6,7 billion).

OPERATIONAL PERFORMANCE

CONSTRUCTION: REST OF AFRICA

	F2018	F2017
Revenue – R million	900	524
Core operating loss – R million	(21)	(88)
Core operating margin – %	(2,4)	(16,7)
Capital expenditure – R million	8	10
Total Contracting order book* – R million	483	542
Employees – pax	2 154	1 113

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

Construction: Rest of Africa contributed 10.4% to group revenue (F2017: 4.8%).

Revenue increased by 71.8% from R524,0 million to R900,4 million.

The segment recorded a profit in H2 F2018 of R29,6 million compared to a loss of R50,9 million in H1 F2018. This resulted in the loss for the full year improving by 75.6% from R87,6 million to R21,4 million.

The Construction: Rest of Africa segment delivered improved execution, with no contract losses and secured profit tracking largely in line with plan. However, as with Construction: South Africa, contract award delays impacted the recovery of overheads incurred in the period. These contracts were awarded post year end. Results were also impacted by an increase in once-off overhead costs to exit countries that are no longer seen as core, as well as retrenchment costs of R3,6 million.

This segment had a good order book, especially in West and Central African mining, with awarded contracts post year end that will enhance performance. As with the South African business, this segment requires a low level of capex investment and will operate on a lower cost structure.

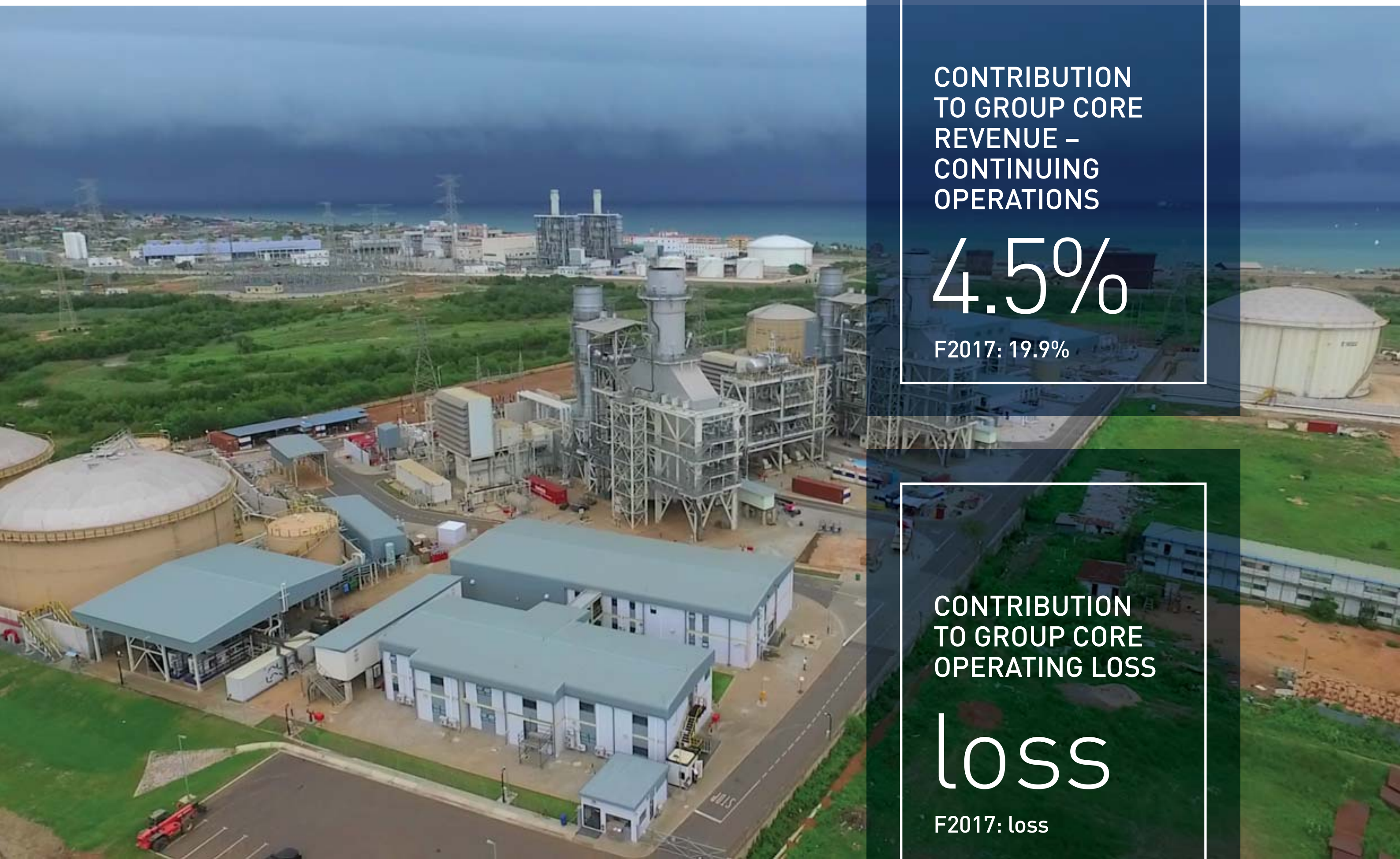
The board is also working with its corporate finance advisors for this segment to evaluate various options to maximise shareholder value.

Construction: Rest of Africa's secured one-year order at 30 June 2018 was R483 million.

The total secured order book at 30 June 2018 was the same at R483 million (H1 F2018: R954,3 million and F2017: R542,4 million).

OPERATIONAL PERFORMANCE

ENGINEER, PROCURE AND CONSTRUCT (EPC)



CONTRIBUTION TO GROUP CORE REVENUE – CONTINUING OPERATIONS

4.5%

F2017: 19.9%

CONTRIBUTION TO GROUP CORE OPERATING LOSS

loss

F2017: loss

	F2018	F2017
Revenue – R million	**387**	2 185
Core operating loss – R million	**(1 393)**	(71)
Core operating margin – %	**(359.8)**	(3.3)
Capital expenditure – R million	**–**	8
Total Contracting order book* – R million	**1 111**	1 436
Total Operations & Maintenance order book** – R million	**65**	142
Employees – pax	**365**	1 222

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

The EPC cluster contributed 4.5% to group revenue (F2017: 20.0%). During the year, revenue decreased by 82.3% from R2,2 billion to R386,9 million.

The core operating loss increased from R71,2 million to R1,4 billion.

OVERVIEW OF KPONE

As stated before, the key contributor to the loss was the Kpone contract in Ghana.

The group reported in a SENS update in H2 F2018 that the client on Kpone requested the plant to be completed and handed over to operate on two fuels only and not the planned three fuels due to the unavailability of natural gas.

Additional charges against earnings were recorded in H2 F2018 due to further costs incurred to complete the contract, the impact of foreign exchange rates and a more stringent approach to the timing of the recognition of certain substantial claims. Although the claims may not have yet met the accounting recognition standards due to being in the early stages of determination through the alternate dispute resolution procedures set out in the respective agreements, Legal Counsel and Senior Legal Counsel, with experience in local and international dispute resolution, have considered the various claims and confirmed that these claims have merit. In determining the additional losses recorded on the contract, the group considered the contract's estimated final outcome based on various scenarios with their relevant associated costs. This resulted in a loss on the contract in F2018 of R1,3 billion (H1 F2018: R649 million).

At year-end the plant was in its final commissioning phase, with the only remaining phase of performance and reliability testing to commence. As committed, after year-end the final commissioning phase continued. However, commissioning could not be completed, with the key delay being a contamination of the fuel provided to the group by the client. The provision of fuel is the client's responsibility. The completion and hand over date was therefore further delayed.

The group continues to progress its contractual rights and entitlements through alternative dispute resolution procedures. These were significantly progressed in the month of October, including a submission to the International Chamber of Commerce (ICC) in Paris in relation to claims against the client.

The group reported in its annual financial statements that it maintained contingent liabilities of R5,1 billion in the form of financial institution-backed guarantees provided to third parties. The most material guarantees in issue relate to Kpone. Included within the guarantees in issue to third parties was a performance bond of US$62,3 million, a retention bond of US$41,5 million and an advance payment bond of US$2,6 million.

As announced on the JSE Securities Exchange (SENS) on 30 November 2018, the Kpone contract was terminated by the client.

In addition, as announced on SENS on 6 November 2018 and 5 December 2018, the client lodged a number of claims and demands on the group relating to the contract. The client also issued written demands to the group's bank guarantee providers demanding payment of the full value of bank guarantees in issue of US$106,5 million.

Our guarantee providers have paid out this total US$106,5 million demand value to the client. Payment was made on the basis of the legal requirements of on-demand bonds, which state that bonds must be separated from the contract and its related contractual claims and disputes, and therefore not on the merits of the contractual claims presented by the client.

In terms of the contract, any amount the group will be held liable for (and/or entitled to) needs to either be agreed between the parties or determined through the dispute resolution mechanism in the contract prior to payment thereof. These demands have not been independently determined and do not reflect the counter claims we are legally entitled to and are pursuing. We continue to progress our own contractual rights and entitlements through the alternative dispute resolution procedures. These include:

- Claims as a result of the late arrival on site of procured goods due to port delays following a change in Ghanaian law affecting the clearing of the goods
- Other material claims for extension of time with costs
- A substantial claim against the design engineer sub-contractor
- Claims against certain sub-contractors due to poor design, delays and additional work caused for the group

We strongly dispute the amount claimed and the demand for its payment. We also deny the client's entitlement to terminate the contract and believe that the purported notice of termination was wrongful and constituted a repudiation of the contract.

The group's financial partners and lenders have confirmed their support in managing any potential liquidity event. This includes lenders agreeing to abide by the creditors' standstill agreement, established when the group entered into its Senior Bridging Facilities Agreement. The standstill agreement imposes limitations on the standstill creditors to take enforcement action against us. Further terms and conditions of this support, including the terms of repayment of any debt, are being finalised with the lenders, therefore supporting the group's liquidity status.

OVERVIEW EXCLUDING KPONE

Outside of Kpone, the EPC cluster currently has only one other active contract, an open cycle gas-fired 90MW power plant contract in South Africa. The earthworks have been completed and the civil engineering commenced in March 2018. The design and engineering work are recovering from a slow start and there have been delays in the client accepting the original equipment manufacturer (OEM) equipment.

The results of this segment were also impacted by retrenchment costs of R3,7 million.

It was decided to decrease our focus on EPC and Turnkey Project Solutions (TPS) activities. Unfortunately, there will be some additional retrenchments and we have started the relevant consultation processes.

The secured one-year order book at 30 June 2018 was R1 billion (81% local). The full secured order book at 30 June 2018 was R1,1 billion (81% local) (H1 F2018: R1,2 million and 79% local and F2017: R1,4 billion and 90% local).

THIS SPREAD SUMMARISES THE GROUP'S TRADED CONTRACTING REVENUE DURING THE YEAR, AS WELL AS THE SECURED CONTRACTING AND OPERATIONS & MAINTENANCE ORDER BOOKS

TRADED CONTRACTING REVENUE

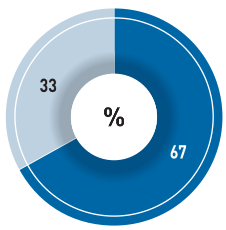
	Total	Building & Housing	Civil Engineering	Projects	Energy
At 30 June 2016 (actual) – R million	11 631	4 933	2 550	1 301	1 705
% over-border	32%	–	37%	74%	58%
At 30 June 2017 (actual) – R million	8 580	4 429	1 945	1 301	905
% over-border	31%	3%	38%	89%	79%

From F2018 the group was restructured into the four clusters of Construction, Engineer, Procure and Construct, Manufacturing and Investments & Concessions. As the operational focus in Construction will be by region as opposed to by discipline the segments within Construction are Construction: South Africa and Construction: Rest of Africa.

	Total	South Africa	Rest of Africa	EPC^
Year to 30 June 2018 (actual) – R million	**6 036**	**4 793**	**900**	**343**
% over-border	**18%**	**3%**	**99%**	**20%**
– Public	**–**	**–**	**2%**	**–**
– Private	**18%**	**3%**	**98%**	**20%**
% local	**82%**	**97%**	**1%**	**80%**
– Public	**34%**	**34%**	**–**	**80%**
– Private	**48%**	**63%**	**1%**	**–**

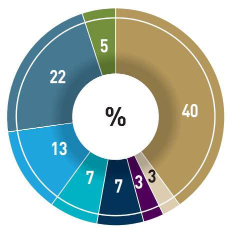
^ *Engineer, Procure and Construct.*

The group's traded Contracting revenue decreased to R6,0 billion (F2017: R8,6 billion).



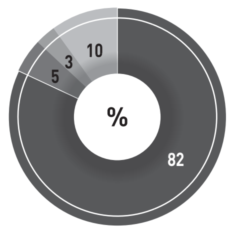
PRIVATE VERSUS PUBLIC (%)

	F2018
Private	67
Public	33



BY SECTOR (%)

	F2018
Real estate – Building	40
Real estate – Housing	3
Transport	3
Oil and gas	7
Water	7
Power	13
Mining	22
Industrial	5



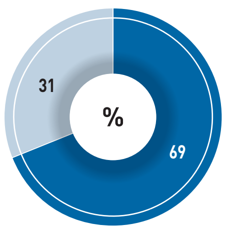
BY CONTRACT TYPE (%)

	F2018
Re-measurable	82
Cost plus	5
Design and build	–
Lump sum	3
EPC	10

SECURED CONTRACTING ORDER BOOK*

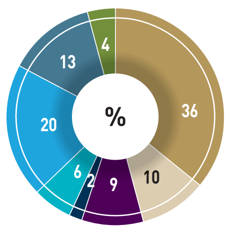
	Total	Construction South Africa	Construction Africa	EPC^
At 30 June 2017 – R million	8 723	6 745	542	1 436
% over-border	11%	5%	100%	10%
At 31 December 2017 – R million	7 705	5 528	954	1 223
% over-border	16%	1%	100%	21%
Year to June 2018 – R million	**6 408**	**4 814**	**483**	**1 111**
% over-border	**11%**	**–**	**100%**	**19%**
– Public	**–**	**–**	**–**	**–**
– Private	**11%**	**–**	**100%**	**19%**
% local	**89%**	**100%**	**–**	**81%**
– Public	**31%**	**23%**	**–**	**81%**
– Private	**58%**	**77%**	**–**	**–**
One-year order book – R million**	**5 166**	**3 651**	**483**	**1 032**
One-year order book as % of F2018 revenue	**81%**			
Total order book as % of F2018 revenue	**100%**			

* *Secured Contracting order book is the total value of construction contracts formally awarded to the group, which still have to be traded, i.e. secured work to be executed by the group. It reflects construction and engineer, procure and construct (EPC) work only and excludes the contribution from the group's other clusters.*
** *Revenue to be executed in F2019 from the group's total secured Contracting order book.*
^ *Engineer, Procure and Construct.*



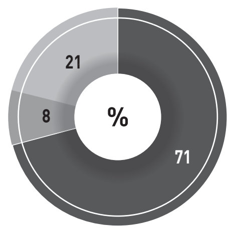
PRIVATE VERSUS PUBLIC (%)

Private	69
Public	31



BY SECTOR (%)

Real estate – Building	36
Real estate – Housing	10
Transport	9
Oil and gas	2
Water	6
Power	20
Mining	13
Industrial	4



BY CONTRACT TYPE (%)

Re-measurable	71
Cost plus	–
Design and build	–
Lump sum	8
EPC	21

The total secured Construction and EPC contracting order book at 30 June 2018 was R6,4 billion, supporting the smaller and downsized Construction and EPC clusters (June 2017: R8,7 billion and June 2016: R11,2 billion).

In addition, the group had R4,8 billion in secured operations and maintenance contracts at 30 June 2018 (June 2017: R5,8 billion and June 2016: R6,1 billion).

The overall group reported order book at June 2018 was therefore R11,2 billion (June 2017: R14,5 billion and June 2016: R17,3 billion).

OPERATIONAL PERFORMANCE

INVESTMENTS & CONCESSIONS

CONTRIBUTION TO GROUP CORE REVENUE

13.5%

F2017: 9.6%

CONTRIBUTION TO GROUP CORE OPERATING PROFIT

profit

F2017: profit

	F2018	F2017
Revenue – R million	**1 164**	1 049
Core operating profit – R million	**280**	174
Core operating margin – %	**24.1**	16.6
Total Operations and Maintenance order book* – R million	**4 760**	5 697
Investment in concessions – R million	**747**	667
Capital Expenditure	**39**	45
Employees – pax	**1 575**	1 650

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

Investments & Concessions (I&C) consists of transport concessions and property developments. The cluster contributed 13.5% (F2017: 9.6%) to group revenue and R280,4 million to group core operating profit (F2017: R173,8 million).

Revenue, which consists primarily of fees for the operation and maintenance of toll roads, increased by 11.0% from R1,0 billion to R1,2 billion.

The core operating profit margin increased from 16.6% to 24.1% on the back of a 61.3% increase in core operating profit of R280,4 million (F2017: R173,8 million). This was supported by a higher quantum of fair value upward adjustments recorded from the group's investment in service concessions of R156,2 million following enhanced project cash flows and the impact of foreign exchange rates at year-end (F2017: R98,2 million). Core profit from the underlying operations therefore rose by 64.2%.

Intertoll Europe's trading results were pleasing despite a reduction in profit in H2 F2018 from a project exited, additional tender development costs and foreign exchange losses on repatriation of funds during H2 F2018 compared to H1 F2018.

Intertoll Africa, comprising South Africa and the rest of Africa, delivered a more normalised performance following an unexpected claim incurred in the second half of F2017.

The Properties business recorded an impairment of an investment property in H2 F2018 of R32,6 million.

The Real Estate business in South Africa experienced a slowdown in projects coming to market due to weak South African market confidence and the group's capital constraints.

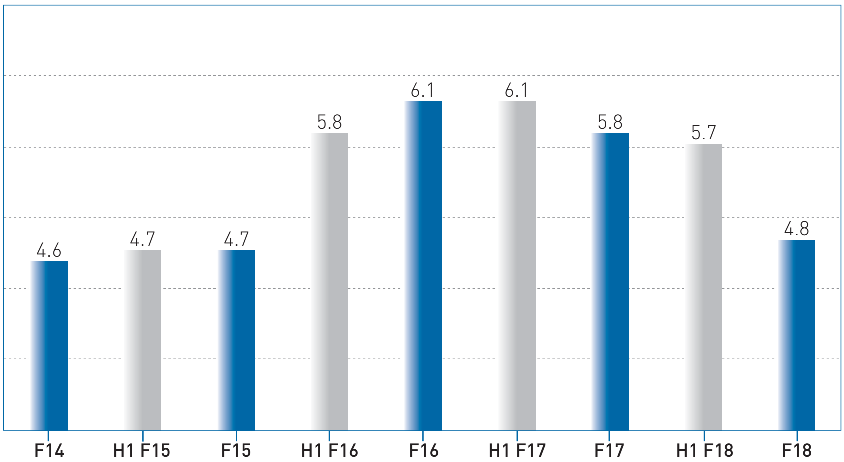
Project commencement was also delayed in the rest of Africa, primarily as a result of the group's capital constraints.

Subsequent to 30 June 2018, the board approved the partial disposal of the group's investment in service concessions assets in Eastern Europe to assist group liquidity.

SECURED O&M ORDER BOOK – ANNUITY INCOME

	Actual revenue			Order book		
Rm	F2016	F2017	**F2018**	F2019	3-year to F2022	**Secured**
Transport	1 008	1 047	**1 156**	979	2 538	**4 760**
Industrial, Oil & Gas	134	196	**57**	–	–	**–**
Power	60	33	**44**	41	23	**65**
Total	1 202	1 276	**1 257**	1 020	2 561	**4 825**

Order book (R billion)



Total secured order book is:

- valuation to first review date of secured projects only
- valued using real cash flows (excluding escalation clauses)

OPERATIONAL PERFORMANCE

MANUFACTURING

CONTRIBUTION TO GROUP CORE REVENUE

15.1%

F2017: 10.0%

CONTRIBUTION TO GROUP CORE OPERATING PROFIT

profit

F2017: profit

	F2018	F2017
Revenue – R million	**1 305**	1 094
Core operating profit – R million	**70**	69
Core operating margin – %	**5.4**	6.3
PPE* – R million	**245**	284
Capital expenditure – R million	**15**	59
Employees – pax	**652**	754

** Property, plant and equipment.*

Manufacturing consists of fibre cement building products business Everite, steel fabrication business Barnes Reinforcing Industries (BRI) and a sand business Sky Sands. Group Five Pipe was disposed of during the year and the rest of the cluster is currently Held for Sale.

The Manufacturing cluster contributed 15.1% (F2017: 10.0%) to group revenue and R70,4 million to group core operating profit (F2017: R69,3 million). Revenue increased by 19.3% from R1,1 billion to R1,3 billion. The reported core operating profit for the year was 1.5% higher, which resulted in a core operating margin of 5.4% (F2017: 6.3%).

This performance was pleasing in tough market conditions.

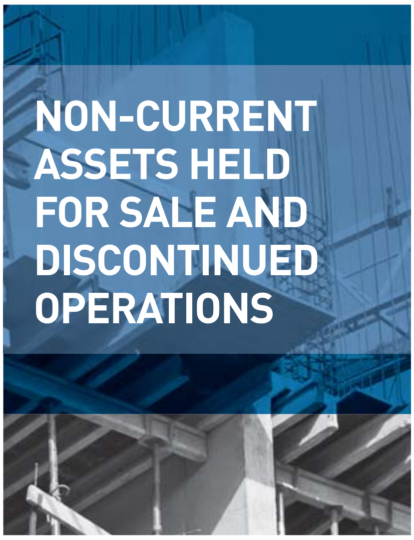
In Everite, pricing pressure continued, with results also impacted by a power interruption in H1 F2018.

To counter these challenges, the team focused on the enhancement of complementary traded goods and exports, as well as improving production efficiencies and strategic supply chain initiatives.

Until the sale of the business has been finalised, management will continue to focus on further cost reductions and efficiency gains in its traditional business entities.

Management will also enhance Autoclaved Aerated Concrete (AAC) production yield and sales.

In the Steel segment, the Group Five Pipe sale process was concluded in H2 F2018. BRI experienced volume improvement, although margin was negatively impacted in an oversupplied market.



NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

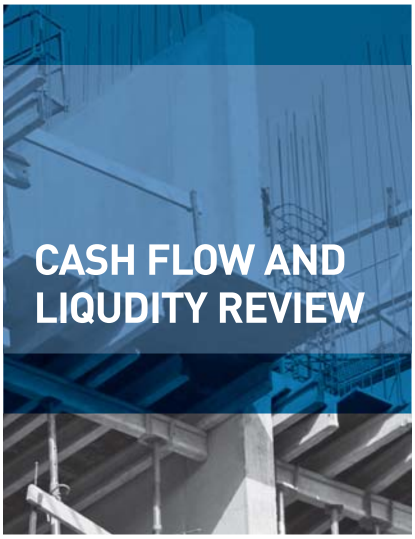
Although the Manufacturing cluster remains a strong performer within the group and contributes solid earnings and cash flow, in line with the group's new strategy it is regarded as a non-core operation.

As announced on SENS on 22 November 2017, the group therefore commenced the disposal of the Manufacturing cluster with the sale of Group Five Pipe to black-owned LB Pipes Proprietary Limited (effective 1 November 2017). Group Five Construction received the R80 million sale proceeds in H2 F2018 and applied it to its working capital requirements.

Multiple, credible, non-binding offers were received by the board for the cluster's Everite and Sky Sands businesses. The disposal due diligence process with the selected bidder is nearing completion and legal document drafting has commenced. The disposal programme of these businesses, as well as the reinforcing steel business, Barnes Reinforcing Industries, remains on track.

The Manufacturing cluster has been classified as held for sale, as the recognition criteria within IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations have been met.

Subsequent to 30 June 2018, the board approved a partial disposal of the group's investment in service concessions assets in Eastern Europe, held through the group's joint venture investment with Aberdeen in Intertoll Capital Partners B.V. The group expects to reduce its current 50% investment to 10%. The proceeds from this disposal will be utilised to settle the group's short-term bridge funding. The transaction is subject to shareholder approval and will be presented to shareholders. The sale will significantly reduce the group's current liabilities and substantially improve its liquidity.



CASH FLOW AND LIQUIDITY REVIEW

The group absorbed R462,8 million (F2017: R244,4 million) cash from continuing operations before a working capital absorption of R749,2 million (F2017: R649,0 million). This resulted in net cash outflow of R1,3 billion (F2017: R1,0 billion) after settlement of taxation liabilities of R86,2 million (F2017: R133,2 million) and cash outflow from discontinued operating activities of R23,1 million (F2017: R71,5 million generated). No dividends were paid to shareholders during the year (F2017: R44,6 million).

The group received proceeds of R90,7 million (F2017: nil) following the disposal of its interest in Group Five Pipe for R80 million and the disposal of the group's 50% share in the Investments & Concessions operations and maintenance contract, A-Way ITE Autopalya Zrt in Hungary, for R10,7 million.

During F2017 the group invested R124,1 million to acquire a 10.0% share in the M6 Phase III project in Hungary, a long term concessions asset. The group further invested R17,0 million in a South African property development project. After a net cash inflow of R52,5 million from property, plant and equipment and investment property disposals and additions (F2017: R41,6 million invested in plant and equipment) and net borrowings raised of R316,5 million, which includes the short term bridge funding of R650 million raised (F2017: net R300,5 million repaid), a net outflow of R920,9 million was realised (F2017: R989,8 million).

The movement of the South African Rand against foreign currencies, especially the US Dollar, resulted in a R40 million inflow (F2017: R128,3 million outflow) in the South African Rand equivalent of foreign cash balances.

IMPACT ON LIQUIDITY

Although still cash positive, the group had limited free cash at year-end. As outlined to stakeholders previously, this was mainly due to:

- The additional cost to completion incurred and estimated to be incurred on the Kpone power contract in Ghana before its termination at the end of November 2018
- A decreasing order book in Construction: South Africa, which resulted in the unwind of the business' working capital and unrecovered overheads
- The further rationalisation of overheads in the Construction businesses and the group's corporate office

LIQUIDITY MANAGEMENT

The board and executive management have implemented strong actions to assess the ongoing financial position of the group. To address the risk of short term cash pressure, management prepared budgets for the 2019 and 2020 financial years, as well as a robust liquidity model which includes cash flow forecasts covering a period of 12 months from the date of these financial statements. These forecasts were reviewed by independent international advisors as part of an Independent Business Review undertaken in May and June 2018. An independent Contracts Officer was appointed at the same time to review and evaluate the group's larger and potentially riskier construction contracts and, amongst other procedures, to consider the accuracy of profit/loss recognition on these contracts. The outcomes of these reviews have been incorporated into the group's forecasts.

The group liquidity model is a monthly consolidation of the group's individual cluster cash flow forecasts.

The cash flow forecasts are based on estimated free cash flow from operations, on a monthly basis, for the Manufacturing cluster, to the estimated date of sale, as well as the Investments & Concessions cluster.

For the Construction and EPC clusters, the cash flow forecasts are prepared by aggregating the forecasted monthly contract cash profit per contract less total expected business overheads. This therefore reflects the cash generation or absorption prior to any further contract awards. In addition, the Construction balance sheet's net current liability position at year-end is included as an outflow, based on the expected timing of outflow, and a normalised working capital, relevant to the reduced business size introduced.

The EPC balance sheet's net current working capital is fully forecast as an outflow.

The total cash absorption from the net current liability, at the year-end reporting date was due to the unwind in net current liabilities. The unwind was due to a natural unwind in cash, with a repayment of contract liabilities, including advance payments and excess billings following a reduced secured order book, as well as liabilities due on loss-making contracts, including Kpone. In addition, insufficient volume of trade to recover committed overheads impacts cash requirements. However, this risk has been consistently monitored during the year, with multiple interventions implemented to reduce overheads and the impact on liquidity.

Due to its materiality, the Kpone contract and its cash flow requirements are separately monitored, with detailed estimated gross cash monthly outflows and inflows.

The cash flows forecasts are prepared monthly and reviewed by management. They are evaluated against forecasted expectations and variances monitored. The forecasts and any variances are presented to the board of directors at least on a quarterly basis or more frequently when required.

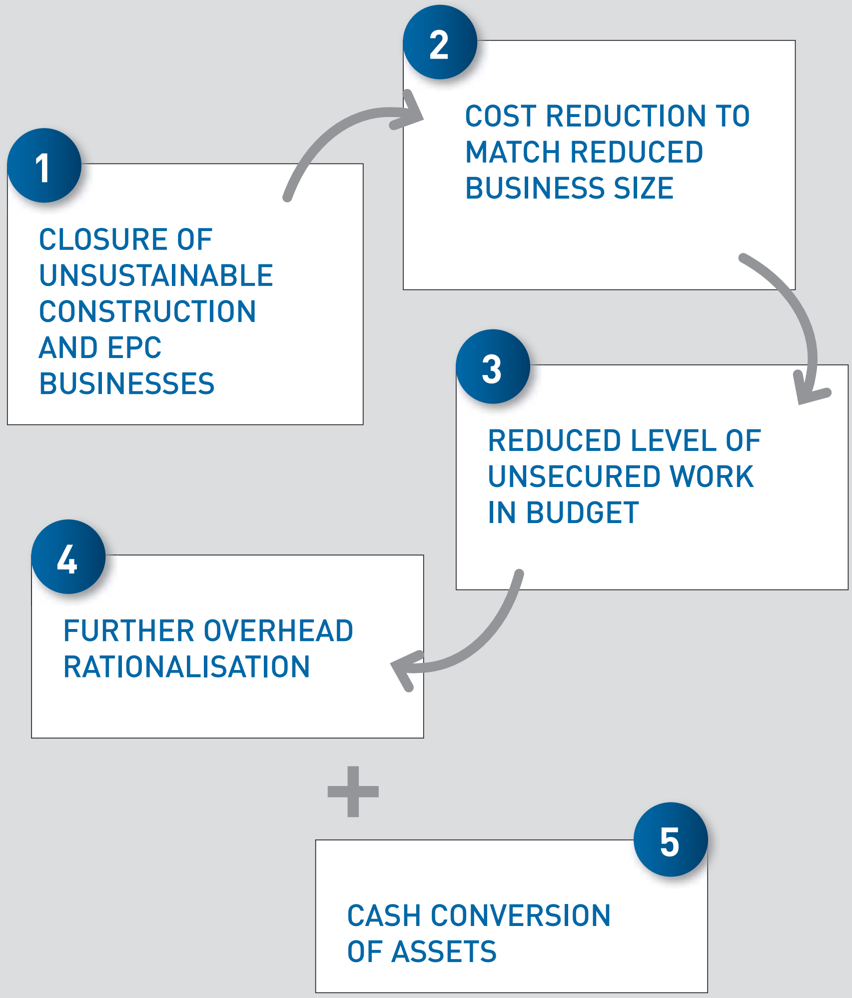
As indicated within the EPC operational review, the group announced on the JSE Securities Exchange (SENS) on 30 November 2018, that the Kpone contract was terminated by the client. The client also issued written demands to the group's bank guarantee providers demanding payment of the full value of bank guarantees in issue of US$106,5 million.

Our guarantee providers have paid out this total US$106,5 million demand value to the client. Payment was made on the basis of the legal requirements of on demand bonds, which state that bonds must be separated from the contract and its related contractual claims and disputes, and therefore not on the merits of the contractual claims presented by the client. The group's financial partners and lenders have confirmed their support in managing any potential liquidity event.

This includes lenders agreeing to abide by the standstill agreement, established when the group entered into its Senior Bridging Facilities Agreement. The standstill agreement imposes limitations on the standstill creditors to take enforcement action against us. Further terms and conditions of this support, including the terms of repayment of any debt, are being finalised with the lenders, therefore supporting the group's liquidity status.

PERFORMANCE AND LIQUIDITY IMPROVEMENT INITIATIVES UNDERTAKEN DURING F2018, WHICH CONTINUE INTO F2019

To address cash outflows, detailed performance and liquidity improvement initiatives have been developed, with their implementation regularly monitored, as follows:



1

CLOSURE OF UNSUSTAINABLE CONSTRUCTION AND EPC BUSINESSES

The F2018 and F2019 forecasts for Construction and EPC were reassessed. This resulted in unsustainable Construction businesses being closed against an evaluation of the availability and reliability of market demand and internal core competency and skills. Following the business closures, Construction South Africa now only includes a focused Building & Housing business, a limited, refined civil engineering capability and a Structural, Mechanical, Electrical, Instrumentation & Piping (SMEIP) business, which is complemented by an oil and gas competency. The Construction: Rest of Africa is focused on SMEIP works only. The EPC cluster is also being downsized.

CONSTRUCTION: SOUTH AFRICA	H1 F2018	H2 F2018
Improvement over prior year. Profit from contracts trading ahead of plan more than contracts behind plan.		
Building	• Kept	• Secured profit did not fully materialise
Housing	• Kept	• Effects of cash constraints (Q3 and Q4) • Underperforming contracts
Low-cost housing	• Exited Motlekar	• Motlekar exit completed
Civils	• Reduced by 75%	• Secured profit did not materialise in year
Roads & Earthworks	• Marked for exit	• Retrenched all overheads, except project teams
Plant & Equipment	• Marked for exit	• Running at breakeven • Exit programme on track
REST OF AFRICA	**H1 F2018**	**H2 F2018**
SMEIP	• Kept	• Good delivery; no contract losses
EPC	**H1 F2018**	**H2 F2018**
Nuclear	• Marked for exit	• Two contracts ongoing; no remaining overheads except project team
Oil & Gas	• Downsized	• Completed
Power	• Retained	• Rightsized
Engineering	• Marked for exit	• Exited

2

COST REDUCTION TO MATCH REDUCED BUSINESS SIZE

The group has focused on cost reduction within the remaining Construction: South Africa segment and the EPC cluster. Significant retrenchments were implemented in the year, with further retrenchments underway in F2019.

Construction: South Africa and Construction: Rest of Africa teams relocated to either the group's owned premises or to more cost-effective rented premises.

The corporate office and the I&C cluster relocated from rented premises to more cost-effective rented offices.

Other cost reductions continue.

COST REDUCTION	H1 F2018	H2 F2018
	• Total annual saving estimated ±R220 million	• Achieved R211 million (annualised)
OVERHEAD-RELATED		
Employees: retrenchments (largely provided for in H1 results and implemented in H1 & Q3 F2018)	• Decision taken to reduce Construction: South Africa, corporate office and EPC • Achieved 18% reduction in H1	• Total of 20% achieved in F2018
OPERATIONS-RELATED		
Employees: retrenchments: Q3	• Benefits to be realised from H2 2018	• R19 million realised of R40 million to June 2019
Plant closure	• In progress	• At breakeven • Exit programme on track
Move to cost-effective premises from previous corporate office	• Construction: South Africa, Rest of Africa, I&C and Corporate were all targeted to move	• Completed in June 2018

3

FOCUSED AND TARGETED CONTRACT SELECTION WITHIN THE DISCIPLINES AND BUSINESSES SELECTED

We continue to undertake a critical evaluation of contracts in the current market conditions. This resulted in us focusing only on work in those disciplines that match the restructured group in terms of available opportunities, internal competencies and a proven track record.

Tendering has been focused on contracts exhibiting more than an 80% probability of being awarded within the group's construction competency and its core capabilities and which conform to a minimum gross profit margin.

H1 F2018	H2 F2018
Reduced level of unsecured work in budget	
Only target unsecured work that is 80% likely and at optimal margins (mainly private sector)	
• Focused on selected disciplines only • Low reliance on unsecured work • Additional contract opportunities available and added to unsecured work focus	**South Africa** • Civils – 100% conversion, with one contract secured • Housing – no contracts secured; at full capacity • Building – contracts awarded, but brand impacted; focus on contract replacement **Rest of Africa** • Strong order book in West and Central Africa

4

FURTHER OVERHEAD RATIONALISATION

We continued with significant overhead rationalisation, which resulted in ongoing savings.

H1 F2018	H2 F2018
• Should unsecured work not materialise in the short term, further overhead cuts will be implemented • These were quantified and resulted in a further R30 million benefit	• Construction: South Africa again reduced its overhead structure • Rest of Africa: Retained its overhead structure against a strong contract conversion rate

5

CASH CONVERSION OF ASSETS

To fund any potential monthly cash absorptions, other cash-enhancing actions have and continue to be addressed. These include:

- Converting long term assets within the group to short term
- Accelerating the realisation of claim opportunities and other short term cash opportunities which are not recorded as assets in favour of the group
- Recovering any long-outstanding debtors due

We have been able to contribute positively to cash on hand and the funding of working capital in F2018 through the recovery of long-outstanding debtors and conversion of non-current assets and other cash-enhancing initiatives. These cash recoveries and initiatives are expected to provide an enhancement to the group's cash position over a 12- to 18-month period, with initiatives converting into cash to fund working capital on a monthly basis.

These cash-enhancing actions are at an advanced stage and include:

- Expected recovery of amounts due to closing out claims relating to contracts at an advanced stage of arbitration
  - Material claims awarded in the group's favour
- Sale of selected property, plant and equipment. These do not constitute held for sale assets, as the accounting criteria have not been met. As the portfolio of long term assets is currently not providing an adequate return, the decision was made to dispose of assets not utilised. The disposal process progressed well during the year
- The group has also received approval for the partial utilisation of the group's pension fund in the year, which enhanced liquidity on a monthly basis. This relates to surplus assets due to the group in excess of member benefits and has been approved by the Financial Sector Conduct Authority.

H1 F2018	H2 F2018	F2019

• Collected R170 million in three months
+
• R80 million expected (Group Five Pipe)
+
• Additional asset-to-cash conversion (non trade balances) of R779 million a focus to June 2019
• R44 million collected since February 2018
+
• R120 million realised, converting into monthly cash over 18 months
	• Collected R227 million in H2, including R80 million for Group Five Pipe
	+
	• R100 million pension fund surplus realised, converting into monthly cash over 17 months
		• Additional asset-to-cash conversion
		• R630 million to collect in F2019, including:
		  ◦ Two large South African awards adjudicated in group's favour
		  ◦ PPE*
		  ◦ Legacy claims
		  ◦ Long-outstanding debtors, etc
		• R30 million collected since year-end
		• Benefit from pension fund surplus realising

* *Property, plant and equipment*

SHORT TERM BRIDGE FUNDING

We established a R650 million short term bridge funding to address the mismatch between the timing of the expected cash recoveries from our internal actions taken and our short term funding requirements. The R650 million secured bridge funding is for a 12-month period until May 2019 and was obtained from a consortium of local banks. The purpose of this facility was to satisfy our short term cash requirements and to allow us to honour short term outflows and realise our assets identified for disposal in an orderly manner.

The liquidity action plans originally set in the earlier part of F2018 excluded opportunities available to the Construction portion of the group to realise assets within its subsidiaries, as initiatives focused at the Construction operating company level. Following the group's weakening liquidity forecasts during the year after additional cash pressure in Construction and increased costs to complete Kpone, these plans were updated to include access to long term assets from entities outside the Construction operating company.

ESTIMATES, ASSUMPTIONS AND JUDGEMENTS CONSIDERED WITHIN THE GROUP'S LIQUIDITY ASSESSMENT

The group's liquidity model forecasts the timing and quantum of key drivers of cash flow. These forecasts include a considerable amount of estimates, assumptions and judgements. The material assumptions are explained on this spread.

1. Secured Construction and EPC contracts trade at their forecasted tendered margins

A key assumption to the Construction and EPC businesses' liquidity forecast is that contracts will be executed in line with forecasted contract margins. Contract performance is re-forecasted on a monthly basis and the liquidity model constantly updated with current contract conditions. Stretch targets in terms of expected cash flows ahead of forecasted margins are only included for selected contracts where they are identified as highly probable. A general provision for possible contract losses (not specific, realised or expected, but rather a general deduction) is included within the construction liquidity model as a reduction to cash. This is based on loss ratios aligned to current trends. Therefore, any contract losses or any reduction in cash profitability from secured work will have a direct impact on the liquidity model. This would be quantified as the extent of the loss/reduction in profitability realised less the unused provision for contract losses already accounted for in the model.

2. Construction contracts identified of greater than 80% probability of being awarded are secured and traded in the period forecasted

Due to the nature of construction contracts, some risk to the certainty in terms of timing and profitability of awards exists. In F2018, the group did experience a delay in contract awards, which impacted the budgeted profit with unsecured work not materialising during the year. In addition, the group is experiencing an increase in the cost of doing business, with input costs to contract bids increasing significantly. In response, the group has included a low level of cash profits from unsecured work within the liquidity model.

The value of cash to be realised as outlined in the liquidity model with respect to cash from Construction operations listed in 1 and 2, approximates 20% of the total liquidity enhancement forecasted for the group in F2019

The liquidity model is materially sensitive to the ability of the Construction cluster to execute their contracts in line with forecasted margins and generating relevant cash on these contracts.

3. Overhead reduction strategies are implemented and achieved

The group forecasts further overhead reduction strategies within its F2019 liquidity model. This includes retrenchments. The liquidity model will be impacted by any intervention not realised. However, we have managed to realise the benefits forecasted since the commencement of the rationalisation and restructuring of the group.

The value of cash benefits, included within the liquidity model, approximates 10% of the total liquidity enhancement forecasted for the group in F2019. Any further reduction in business size as a result of lack of contract awards would necessitate further overhead reduction and retrenchments.

4. EPC business is rationalised within the period

The board has taken the decision to rationalise the EPC cluster. The group does not expect to encounter difficulties with this process.

5. Kpone contract completed within the forecasted cost and time estimated

The executive committee members and the board of directors have been closely monitoring the execution of the Kpone contract. An assessment of cost required to completion date was completed and included in the liquidity model.

At the time of compiling the liquidity model, additional delays in completion, which impacts increasing costs, or any reduction in estimated inflows on the group which places direct pressure on the group's liquidity model in the short term, were factored in. Cash collected from other cash-enhancing actions had to be applied to fund the contract.

After the purported termination of the contract by the client on 30 November 2018, the group's solvency and liquidity model was updated to include the impact of this event.

6. Free cash to be realised from the sale of the Manufacturing business (to date of sale)

The liquidity model includes free cash from operations to be generated by the Manufacturing cluster. The group does not deem there to be risk in this assessment.

7. Net current liability repayments

Full net current liability repayments are forecast and considered within the liquidity model as an outflow. This is based on the expected timing of the outflow and a normalised working capital relevant to the reduced business size introduced. This is referred to as the balance sheet unwind forecast. The unwind is based on a known balance sheet value at reporting period. The normalised working capital required is based on estimates determined on reduced trading volume.

8. Other cash-enhancing actions

A material input into the group's liquidity model is the value of the forecasted cash-enhancing activities. The group has been very successful in the realisation of these opportunities, with R227 million collected by June 2018. An amount of R630 million is estimated to be collected in F2019.

The group's short term liquidity model is very sensitive to these collections and delays in collection could place the group's liquidity under pressure in the short term and could breach short term bridge funding covenants if not carefully managed. The group's executive committee is responsible for the realisation of these actions and monitors this on a weekly basis.

Feedback to the banking consortium lenders is regularly provided on:

- the level of monthly cash-enhancing activities, including within the model
- the rate of conversion of the opportunities
- details on specific items with a timing risk profile
- the impact on financial covenants should collection be delayed
- and the impact on funding requirements or needs of the group should opportunities be delayed

Liquidity:	Low	Medium	High

Sensitivity:	Low	Medium	High

The group's balance sheet and liquidity model are also key inputs into the financial covenants to the short term bridge funding of R650 million. Covenant confirmations are provided to the banking consortium on a monthly basis.

The group has met its financial covenants each month.

In addition, the banking consortium has been provided with updated monthly liquidity models, which are evaluated against forecasted expectations, with variances monitored. The consortium is also provided with an expected monthly forecasted covenant position as a result of any variances to the model.

Expressions of interest continue to be received for the group's assets and operations, with the board of directors of Group Five continuing to objectively assess these with a view to maximising shareholder value.

DISPOSAL OF A PORTION OF THE GROUP'S INVESTMENT IN SERVICE CONCESSIONS ASSETS IN EASTERN EUROPE

Subsequent to 30 June 2018, the board approved the partial disposal of the group's investment in service concessions assets in Eastern Europe, held through the group's joint venture investment with Aberdeen in Intertoll Capital Partners B.V.

We expect to reduce our holding to 10% from the current 50%. This partial disposal relates to the investment in service concessions assets. The proceeds from this disposal will be utilised to settle the group's short term bridge funding. The transaction is subject to shareholder approval. This will significantly reduce the group's current liabilities and improve its liquidity.

AT 30 JUNE 2018

- Group total assets > total liabilities by R1,1 billion
- Group is a solvent entity

and

- Group current liabilities > current assets by R1,0 billion
- Mainly short term bridge funding and Kpone

At 30 June 2018 the group's total assets exceeded total liabilities by R1,1 billion. However, current liabilities exceeded its current assets by R1,0 billion (August 2018: R991 million). This is an indication that the company may require further funding to settle its current obligations and continue as a going concern. The higher than expected current liabilities include the required repayment of the R650 million short term bridge funding by May 2019, as well as costs associated with loss-making contracts, notably Kpone.

To address this:

- Subsequent to 30 June 2018 the board approved the partial disposal of the group's investment in service concessions assets in Eastern Europe, held through its joint venture investment with Aberdeen in Intertoll Capital Partners B.V.
- The proceeds from the disposal of the group's interest in its Manufacturing cluster will also be available for application to current liabilities, once completed

APPRECIATION

This year was the most challenging my team and I have ever had to manage. Thank you especially to my finance team for the many long hours and for your unrelenting support.

My appreciation goes out to our financial stakeholders, especially our lenders who continued to stand by us, even against the volatility we experienced this year.

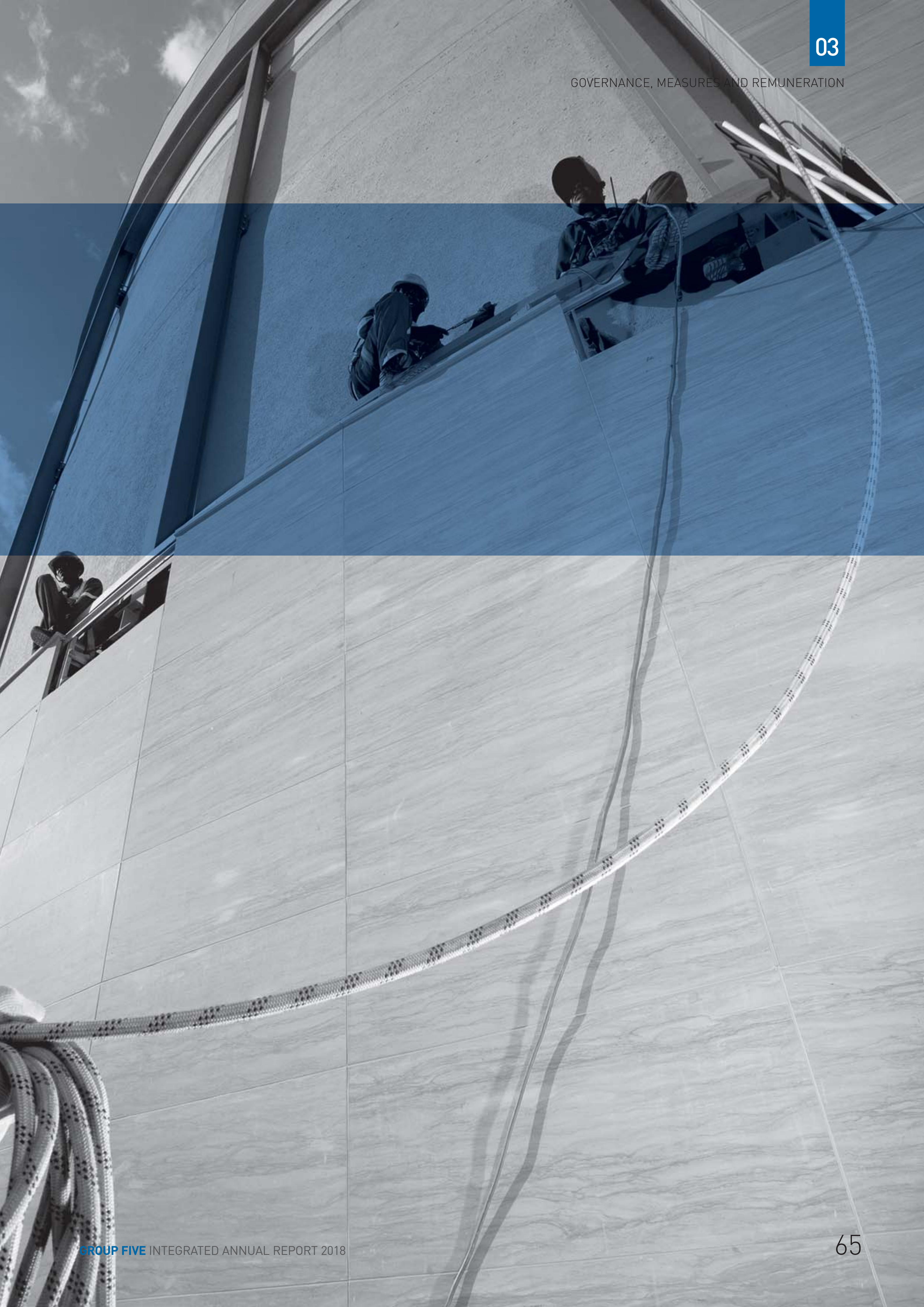
As I leave the group I wish to express my gratitude to everyone who I have worked with during my 16 years.

Group Five has been my home for a long time and it has been a difficult and emotional journey for many of my colleagues and for me over the last few years.

I wish each and every one of my Group Five family well. Thank you for your guidance, support and friendship.

GOVERNANCE, MEASURES AND REMUNERATION

03



GROUP MEASURES

ASSURANCE MEASURES

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

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

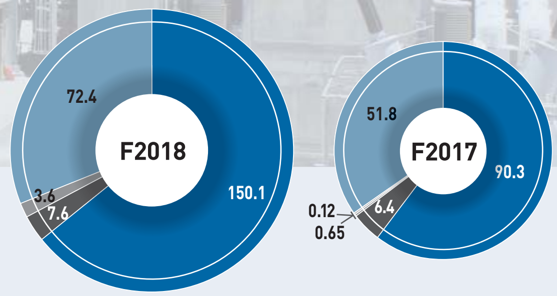
* *PricewaterhouseCoopers Inc.*
^ *Broad-based black economic empowerment.*

ECONOMIC VALUE ADDED

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

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

DISTRIBUTION OF WEALTH CREATED (%)



KEY PERFORMANCE AREAS (%)	F2018	F2017
Employees	150.1	90.3
Providers of equity	7.6	6.4
Providers of funding	3.6	0.6
Socio-economic development	0.2	0.1
Government	72.4	51.8
Funding of discontinued operations	(7.5)	(4.3)
Utilised from retained funds	(126.4)	(45.0)

BASIS OF PREPARATION

The value added statement is derived from the annual financial statements for the year ended 30 June 2018. The financials were prepared in terms of International financial reporting standards and the accounting policies as disclosed in them, adjusted as described below.

Sustainability indicator	F2018 %	F2018 R'000	F2017* %	F2017* R'000
Revenue[2]		8 489 317		11 396 540
Less purchased cost of goods and services[2]		(7 577 562)		(9 526 991)
Value added	82.8	911 755	93.3	1 869 549
Other income[3]	17.2	189 655	6.7	133 624
Wealth created	100.0	1 101 410	100.0	2 003 173
Employees[4]	150.1	1 653 394	90.3	1 808 998
Providers of equity[5]	7.6	83 945	6.4	128 624
Providers of funding[6]	3.6	39 690	0.6	12 985
Social economic development[7]	0.2	1 883	0.1	2 333
Government[8]	72.4	797 326	51.8	1 037 112
Funding of discontinued operations[9]	(7.5)	(82 737)	(4.3)	(85 610)
Generated from retained funds	(126.4)	(1 392 092)	(45.0)	(901 270)
Wealth distribution	100.0	1 101 410	100.0	2 003 172
Number of employees[9]		6 742		7 605
Wealth created per employee (R)		163 365		263 402
Weighted number of shares		101 594		101 340
Wealth created per share (R)		11		20

* Restated for the effect of discontinued operations.
(2) Revenue and purchased costs of goods and services are stated including value added tax (VAT).
(3) Other income consists of share of income from equity accounted investments, including joint ventures and fair value adjustments on investments in concessions.
(4) Distributions to employees exclude employee taxes deducted from their salaries and paid to the respective revenue authorities on their behalf.
(5) Distributions to providers of equity consist of dividends declared and paid during the year and the non-controlling interest for the year.
(6) Distributions to providers of funding consist of net interest expense incurred during the year.
(7) Socio-economic development consists of investment in education, as well as other social initiatives.
(8) Government includes income taxation, deferred taxation, employee taxes and net value added taxation (VAT).
(9) Employees include permanent and temporary employees who are paid salaries and wages. Number of employees, including joint arrangements equity accounted and discontinued operations held for sale is 7 394 (2017: 8 471).

GROUP MEASURES

The group's underperformance was

materially

due to losses recorded by its EPC cluster, notably the Kpone contract in Ghana.

FINANCIAL

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

^ *Engineer, procure and construct.*
* *Continuing operations.*

Equity representation

at management level

improved

from 34% to 37% and women at top, senior and middle management from 16% to 19%.

PEOPLE

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

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

Scope 1 emissions

were 37% lower.

ENVIRONMENT

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

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

Medium term target	F2018 actual	F2018 target	F2017 actual	F2017 target	F2016 actual
Increase	1 090	Increase	1 292	Increase	1 497
Increase	(203)	Increase	(100)	Increase	41
50	27	50	32	40	33
Increase	20	Increase	29	Increase	41
Increase	6	Increase	26	Increase	26
70 of budget	72	70 of budget	62	70 of budget	64
15 – 20	(108.7)	15 – 20	(27.7)	15 –20	12
Growth >CPI	(62)	Growth >CPI	(355)	Growth	63
>33	–	>33	–	733	132
<33 of equity	–	<33 of equity	–	<33 of equity	–
Cash generative	(921)	Cash generative	(990)	Cash generative	480
5 medium term	(19.4)	5 medium term	(7.2)	5 medium term	5.2

Medium term target	F2018 actual	F2018 target	F2017 actual	F2017 target	F2016 actual
<5	7	<5	2^	<5	3^
35	55	40	42	35	56
R1 400	R2 314	R1 800	R1 651	R1 400	R1 940
>90	103	105	91	>90	88
0.20	0.30	0.20	0.20	0.20	0.21
0.20	0.07	0.20	0.10	0.20	0.13
40	37	38	34	35	31
20	19	21	16	20	16
100	100	100	100	100	100

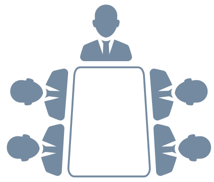
Medium term target	F2018 actual	F2018 target	F2017 actual
4.0 MWh	3.25 MWh	4.0 MWh	7.0 MWh*#
5.99 tonnes CO_2e	3.71 tonnes CO_2e	5.99 tonnes CO_2e	9.7 tonnes CO_2e
0	0	0	0
100	100	100	100

TEAM MEASURES

DURING THE FINANCIAL YEAR, THE GROUP'S NON-EXECUTIVE BOARD MEMBERS WERE RECONSTITUTED FOLLOWING SHAREHOLDER ACTION. THE NEW BOARD HAS HAD TO DEAL WITH EXTREMELY DIFFICULT MARKET AND INTERNAL CONDITIONS.

BOARD OF DIRECTORS

An independent board valuation is conducted annually. As the new board started in the F2018 year, an evaluation will be conducted in F2019.



F2018 FOCUS AREAS*	DELIVERY F2018
Establish a strong and unified board of directors that instils confidence in stakeholders who have been affected by the magnitude of change in a very short time span.	This is work in progress. As outlined on page 34, due to the significant time spent on addressing issues in the group, the board did not manage to address all stakeholders and keep them up to date as effectively as they would have liked.
Rebuild relationships between the board and the executive committee.	The board had extensive engagement with the executive team to gain appreciation of the extent of the challenges faced by the business. The board also focused on working effectively with executive management.
Ensure adequate management depth in the group, with a continued focus on transformation.	In its engagement with the management team, the board crystalised the current depth of the team. It also works closely with the team to implement transformation initiatives. The board is proud of the group achieving a level 1 in its latest audit.
Evaluate the group's strategy, as well as the appropriateness of its clusters, businesses and asset base to ensure value creation for all stakeholders and to meet and exceed its weighted average cost of capital and return on equity targets.	This remains work in progress. The new strategy was signed off by the board, with management tasked with its implementation. The Kpone challenges have however placed strain on the whole group. The board is currently evaluating expressions of interest for parts of the group.
Ensure the efficient allocation of capital in the group.	The group's performance in this space was marred by ongoing problems in the Construction and EPC clusters, especially on the Kpone contract. A new strategy and the optimal allocation of capital were evaluated.
Evaluate the most optimal actions to implement the requirements of the VRP.	In the tough conditions, the board continued to explore ways of efficiently delivering on the obligations arising from the VRP settlement agreement.
Assess the group's internal capacity and structure against the market conditions and strategy.	Significant restructuring was implemented in line with market conditions and the change in strategy.
Reassess the group's risk-bearing capacity, its risk appetite and key risk procedures against its stated strategy and current operational performance.	This was evaluated.

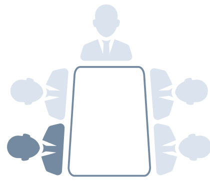
* *Outlined in F2017 integrated annual report.*

FOCUS FOR F2019

- Ongoing engagement with the management team to drive the strategy and sustainability of the group, especially as there will be a new CFO following the current CFO's resignation
- Through its dedicated board sub-committee, the board will continue assisting management with the Kpone contract to pursue claims to protect the group's position
- Continued oversight on the prompt execution of restructure interventions to improve shareholder value
- Further reassess the group's risk-bearing capacity, its risk appetite and key risk procedures against its stated strategy and current operational performance
- Improve communications with stakeholders, in particular shareholders
- Continue to improve governance processes and board efficiency
- Implement a non-executive development programme and board evaluation process
- Review the operational processes and procedures to improve efficiencies and enhance group performance

COMPANY SECRETARY

Evaluated by: The CEO



F2018 FOCUS AREAS*	DELIVERY F2018
ETHICS AND GOVERNANCE	
Adoption of King IV report, where appropriate and applicable.	King IV evaluation was implemented, with a few areas to be finalised.
Review of governance policies and procedures to align with best practice.	This is ongoing. During the year, the group formulated and implemented a non-executive director fee policy, as well as an indexing and record management process for main board and board committee resolutions.
COMPLIANCE WITH LAWS AND REGULATIONS	
Continuous review of group policies and procedures to align with any relevant amendments to legislative and/or regulatory frameworks.	This is ongoing.
Streamlining of secretarial activities across the group's companies, with a focus on enhancing and improving the procedures in the rest of Africa.	Standardisation of secretarial administrative processes to promote full compliance with the group policy was achieved in the period.
DIRECTORS' DUTIES AND INDUCTION	
Induction of newly-appointed non-executive directors.	A directors' induction programme was successfully delivered during the year. The board also engaged with exco and the external auditors to gain a comprehensive understanding of the business.
Reaffirm the schedule for the evaluation of the board and directors.	Due to the recent reconstitution of the board and its focus on the immediate pressures on the group, a schedule for board evaluations was not formulated.
ADHERENCE TO THE COMPANIES ACT AND JSE LISTINGS REQUIREMENTS	
Ongoing review of group policies and procedures to align with requirements.	There were no adverse findings from the group's sponsor, the JSE Limited or the Securities Regulation Panel (SRP).
B-BBEE SCHEME ADMINISTRATION AND SHARE APPRECIATION RIGHT ADMINISTRATION	
Facilitate the winding up of the Management Economic Empowerment Trust.	Ongoing. The Trust still has to be wound up.
Review the administration processes with a view to enhancing the vesting of future allocations made under the LTIP scheme.	A streamlined approach to the administration of vesting instructions by the participants of the scheme was implemented.

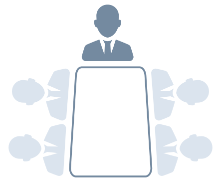
FOCUS FOR F2019

- As outlined in the King IV compliance table, the group will close out on a few outstanding matters in F2019
- Areas of improvement in governance processes and board efficiency will continue to be explored
- The company secretary will support the board and exco in the implementation of the approved strategy
- A non-executive director development programme and board evaluation process will be formulated
- A board evaluation is planned for F2019
- The company secretary will continue to monitor and stay abreast of the regulatory changes, if any, going forward
- The Trust will be wound up
- Administrative processes for the revised LTIP, once approved, will be prepared

* *Outlined in F2017 integrated annual report.*

CHIEF EXECUTIVE OFFICER: THEMBA MOSAI

Evaluated by: The chairperson



F2018 FOCUS AREAS*	DELIVERY F2018
STRATEGY DEVELOPMENT	
Stabilise the group and its people. This will be done through a focus on developing talent and processes to ensure optimal performance and competitiveness.	The group experienced extremely tough trading conditions in F2018, which was compounded by a number of underperforming contracts. In this environment Themba focused on finalising a new strategy for the group and communicated with employees, particularly around retrenchments.
Amend the group's strategy to improve returns and results.	The strategy was changed to ensure a more successful future. Unfortunately, a number of contracts and their close-out costs resulted in a very poor F2018 performance.
Operate cost-effectively, with a particular focus on capital allocation within the businesses in the group to ensure that shareholder returns are improved.	The CEO supported the CFO who led the cost reduction process in the group and who secured bridge funding to recapitalise the group. 1 000 retrenchments were concluded during F2018 to support a leaner organisation.
Deliver a monthly CEO's safety address. This will highlight the importance of adhering to our safety procedures and the role of each employee as a safety officer with authority to decline to work in an unsafe area.	Weekly safety addresses were held at exco, as well as at regular CEO updates that commenced with a safety presentation. Very sadly, we suffered a fatality again this year. Although we have the right policies in place, our people often still do not adhere to these. Disciplinary action was taken.
Re-invigorate and motivate employees to deliver on the group's strategy.	Due to aggressive restructuring, this remains a focus and a challenge for the group. Employees will be educated on the new strategy in the coming year.
OPERATIONAL DELIVERY	
Work closely with the head of the newly-restructured Engineering & Construction cluster to stem any ongoing losses and to drive targeted growth.	The CEO supported his exco team to implement a significant restructuring of the Construction and Engineer, Procure and Construct businesses. This has resulted in a new strategy that will see the group decrease its focus on these businesses.
Assist teams to entrench the new processes and programmes on sites, which will address deviations timeously in Engineering & Construction.	These were implemented, with some improvements experienced.

FOCUS FOR F2019

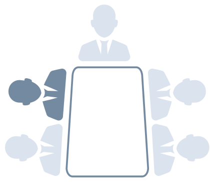
- Implement the optimal strategy for the group
- In line with the new strategy, focus on the significant changes the group will go through in F2019
- Support the finance team's focus on improving the group's overall liquidity
- Work closely with the board and exco on the claims processes following the termination of the Kpone contract
- Ensure improved execution of safety to address ongoing fatalities. This will include strict disciplinary action
- Address employee morale, group culture and the retention of key employees in a volatile internal and external environment
- Engage with government on the expectations around VRP

* *Outlined in F2017 integrated annual report.*

CHIEF FINANCIAL OFFICER: CRISTINA FREITAS TEIXEIRA

Evaluated by: The CEO

Cristina resigned on 1 October 2018 and will be leaving the group in December 2018.

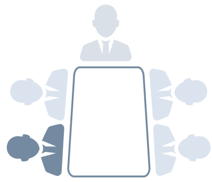


F2018 FOCUS AREAS*	DELIVERY F2018
STRATEGY DEVELOPMENT	
Continue to intervene and support to unlock both short term and long term capital across all clusters, with a particular focus on Engineering & Construction.	Implemented a five-step restructuring and rationalisation plan, which included the rationalisation of businesses, realisation of capital and liquidity enhancement. Cristina was directly responsible for unlocking R120 million capital for the benefit of the group, as well as identifying an additional R779 million capital unlock.
Assist in bedding down the revised operating structure and further refining and reducing overheads, as required.	Developed, guided and implemented the restructuring and rationalisation plan in F2018. Refer to the CFO review and annual financial statements. The operational plan was estimated to realise R220 million annual savings. H1 F2018 reflected a saving of R211 million, with the process ongoing. The employee complement was also reduced by 20%.
Operate cost-effectively, with a particular focus on capital allocation within the businesses in the group to ensure that shareholder returns are improved.	This restructuring plan resulted in the rationalisation of businesses, operational savings and enhanced liquidity management which formed the basis for the liquidity modelling. This supported the group's bridge funding solution and its assessment as a going concern. Cristina advised the board on capital allocation per business in Q1 F2018.
Continue with the negotiations started in F2017 to sub-lease a portion of the group's corporate office in Waterfall following a reduction in headcount in the group and a need to cut costs.	This was completed in June 2018, with R67 million annual savings realised. The benefits will flow in F2019. The group managed to exit its Waterfall offices to more cost-effective offices.
Conclude on the retrenchment and restructure programme at the corporate office.	Cristina led the retrenchment and restructuring programme for the corporate office both in terms of quantification and implementation across all corporate departments. The F2018 year commenced with a budget of 37% lower than F2017. During F2018, the budget was further reduced by 52%. The F2019 budget is now a third of the budget of F2017.
Assist the board to establish the best actions to meet the VRP requirements and the most optimal corporate structure.	Cristina continued to work with the team and board to identify the group's immediate operational needs and aligning the group to its refined future strategy, bearing in mind the VRP requirements.
Work with the new board members to ensure continuity at the group.	Cristina supported the group through a very turbulent time. She worked with the new board members in advising and providing recommendations on matters related to finance and risk, in particular within the Construction and EPC clusters. Cristina worked with the board to ensure the sign off of both the F2017 and F2018 financials.

* *Outlined in F2017 integrated annual report.*

EXECUTIVE: CONSTRUCTION
MARK HUMPHREYS

Evaluated by: The CEO



F2018 FOCUS AREAS*	DELIVERY F2018
STRATEGY DEVELOPMENT	
Finalise the restructuring of the African segment of Construction into a stand-alone business.	This was achieved.
Continue the rightsizing of the Construction cluster, with a particular focus on the correct allocation of capital and the removal of further non-core and non-value-adding businesses.	The cluster was significantly restructured, with several businesses closed and the overhead structure reduced.
Further expand our African footprint.	Construction: Rest of Africa performed well, with no loss-making contracts. The group also secured work in Guinea for the first time.
OPERATIONAL DELIVERY	
Implement ongoing efficiency programmes and processes across the Construction cluster to prevent loss-making contracts. These will include:	A unified cost reporting system was launched across all segments, which improved the accuracy of contract reconciliations.
• Full implementation of the internally-improved contract lifecycle	This was implemented.
• A communications system to enhance execution, with a particular focus on discipline, contract planning, safety and quality	This was completed.

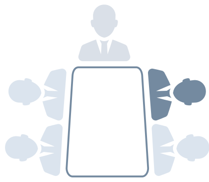
* *Outlined in F2017 integrated annual report.*

FOCUS FOR F2019

- As indicated at results time, the group's focus on Construction will decrease
- Mark will work with the teams in the further restructuring of the cluster

EXECUTIVE: DEVELOPMENTS & INVESTMENTS
KUSHIL MAHARAJ

Evaluated by: The CEO



F2018 FOCUS AREAS*	DELIVERY F2018
STRATEGY DEVELOPMENT	
Achieve traction on the Aberdeen Infrastructure Funds relationship, with the aim to identify further equity investments in similar concessions assets across select markets, together with securing operations and maintenance roles for the group.	The proceeds from the sale of 49.9% of Intertoll Capital Partners (ICP) was unfortunately used by the group as a result of urgent cash needs. Consequently, Intertoll Europe was unable to pursue any equity investment projects with Aberdeen. Intertoll continues to bid on operations and maintenance contracts and was awarded an advisory contract in Turkey. The team is well placed to secure a Polish project.
Convert the South African residential development projects into projects under execution to improve revenue and cash flow.	Work proceeded on one project using internal funding and a previously secured bridging facility. Other projects were unable to proceed due to debt funding constraints.
Secure the required pre-let tenants for the commencement of the commercial and retail pipeline projects in West Africa.	Due to unavailability of development capital the West Africa projects were placed on hold.
Identify innovative structuring of real estate and infrastructure projects that reduces the balance sheet support from the group.	We engaged several equity partners to allow continued participation in infrastructure projects. This has been relatively successful.
OPERATIONAL DELIVERY	
Further advance the progress made in the safety of our operations.	This was achieved through direct interaction with employees to further entrench safety as a work imperative.

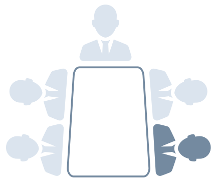
FOCUS FOR F2019

- Grow Intertoll Europe through securing identified projects and joint ventures to further enhance revenue
- Secure partners and/or funding solutions necessary to unlock projects for G5 Properties
- Finalise the respective real estate and infrastructure concessions projects where Group Five is the preferred bidder
- Implement the restructuring of Investments & Concessions (I&C) into Developments & Investments and Operations & Maintenance and the integration of identified businesses outside I&C into the new structure
- In line with the new strategy, focus on the significant changes the group will go through in F2019

* *Outlined in F2017 integrated annual report.*

EXECUTIVE: ENGINEER, PROCURE AND CONSTRUCT^
GUY MOTTRAM

Evaluated by: The CEO



F2018 FOCUS AREAS*	DELIVERY F2018
STRATEGY DEVELOPMENT	
Continue to assist with the implementation of remaining aspects of VRP.	Due to the extensive restructuring and a revised strategy going forward, the implementation of the VRP was delayed. The group is in discussions with government.
Ensure finalisation of the Competition Commission matters.	Leniency on our previously disclosed matters was achieved and we continue to work towards closing out our final two matters.
Work with the CEO and exco to address loss-making contracts and inadequate adherence to safety procedures on sites.	Our loss ratios worsened and unfortunately we suffered two fatalities this year.
Review the group's business continuity plans following the major restructuring.	The restructuring continues.
OPERATIONAL DELIVERY	
Entrench new procedures on sites, such as:	
• Improved cost to completion procedures on all contracts and linking these directly to contract risk registers. This ensures that risks are properly assessed when calculating the cost base of a contract	Successfully implemented.
• An enhanced early-warning dashboard, which will enable management to react much sooner once a contract displays signs of distress	Successfully implemented.
• Tighter controls to manage operational risk and internal challenges on sites	Successfully implemented.
• Increasing the discipline implemented to ensure employees adhere to all our procedures, as well as implement training around lessons learnt	Disciplinary action was taken against several employees throughout the year and our culture of zero tolerance is continuously driven by senior management.

FOCUS FOR F2019

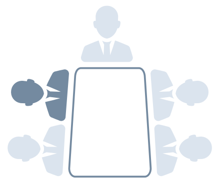
- Against a decreased focus on EPC, work with the teams to drive ongoing improvement on remaining sites
- Work with internal teams on the remaining Competition Commission and VRP processes

^ Guy was the risk officer before becoming the new head of the EPC cluster.
** Outlined in F2017 integrated annual report.*

EXECUTIVE: OPERATIONS & MAINTENANCE
ABEL MUDAU

Evaluated by: The CEO

Abel was the head of Construction: South Africa until September 2018 when he became the new head of Operations & Maintenance. His F2019 focus areas therefore outline his objectives in his new role.



F2018 FOCUS AREAS*	DELIVERY F2018
STRATEGY DEVELOPMENT	
Integrate all the South African operations into one operating entity.	Completed.
Restructure all the support services of SHEQ^, human resources and finance into a shared services model.	Completed.
OPERATIONAL DELIVERY	
Spearhead the rolling out of INVOCOM, an operational communication system to enhance operational efficiency and discipline.	Implemented at all sites.
Drive processes and systems to improve the group's B-BBEE** scorecard to an industry-leading B-BBEE Level 1.	Achieved Level 1 in the recent B-BBEE audit

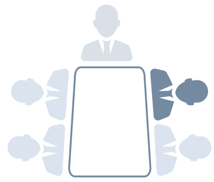
* *Outlined in F2017 integrated annual report.*
^ *Safety, health, environment and quality.*
** *Broad-based black economic empowerment.*

FOCUS FOR F2019

- Implement the over-border strategy to grow the Intertoll Africa business
- Expand the Zimbabwe operations to cover other toll plazas in the country and offer routine road maintenance
- Grow the in-house tolling solutions business to diversify revenue streams beyond only tolling
- Develop and implement a strategy and operations model for the new power operations and maintenance business
- Implement a new operating structure for Operations & Maintenance and integrate the renewable energy business into the new structure

EXECUTIVE: HUMAN RESOURCES
JUDITH NZIMANDE

Evaluated by: The CEO



F2018 FOCUS AREAS*	DELIVERY F2018
STRATEGY DEVELOPMENT	
Conduct the organisational culture survey and change management.	A talent management and succession planning programme was implemented.
Implement employee programmes in volatile market conditions.	A significant cost cutting exercise was implemented.
Implement wide-ranging retrenchment programmes.	Key employees were retained against strategic restructuring and retrenchments across the group.
Ensure effective remuneration by improving internal and external competitiveness.	Remuneration and incentives were evaluated, as outlined in the remuneration review.
Develop a cost optimisation process and implementation.	Wage negotiations were completed.
Contribute to the improvement of the B-BBEE audit.	The employment equity plan was submitted and the group progressed from a level 2 to a market-leading level 1 in the new B-BBEE audit.
OPERATIONAL DELIVERY	
Improve the HR reporting process and systems.	Systems were amended to improve reporting.
Review and update policies and procedures.	Policies and procedures were updated and HR improvements made.
Optimisation of the HR department across all clusters.	Progress was made, with ongoing improvements occurring.

* *Outlined in F2017 integrated annual report.*

FOCUS FOR F2019

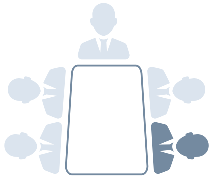
Manage the development and implementation of effective employee management. This will entail:

- The development of a best in class performance management and remuneration scheme system that is aligned to the new strategy
- Enhance talent management and succession planning
- Define a set of behaviours and drive the right culture for the organisation
- Enhance internal communication following significant change
- Devise a new recruitment tool aligned to the new strategy
- Automation of HR systems and processes to enable improved decision-making and progressing the HR function to a more strategic role

EXECUTIVE: MANUFACTURING JOHN WALLACE

Evaluated by: The CEO

John retired in July 2018, but remains at the group for a year to oversee the disposal of Manufacturing in F2019, as well as assisting the CEO with strategic activities and targeted asset disposals.



F2018 FOCUS AREAS*	DELIVERY F2018
STRATEGY DEVELOPMENT	
Maintain existing business volumes and optimise pricing in a highly competitive market.	Volumes were maintained, with nominal growth in certain product groupings. Pricing remained constrained due to reduced demand, competitively-priced substitute products and the current economic environment.
Grow volumes from the commissioned Aerated Autoclaved Concrete (AAC) business to contribute for the first time in F2018.	The full commissioning of the AAC plant proved to be more complex than expected, with numerous raw material quality challenges. However, market demand was strong and the business contributed positively to earnings towards the end of the financial year.
Execute on agreed business plans for sand beneficiation following the award of the mining rights extension.	The group secured a fully executed section 102 extension of new order mining rights, which creates an additional 19 years of mine life if only the easily accessible sand reserve is mined. The sand beneficiation project will therefore now receive increased attention.
Further develop our strategy to cost-effectively serve targeted growth areas in Southern Africa.	Good export growth was achieved in F2018, with most target markets growing their off-take. The strategy of following major South African merchants on their African expansion plans has paid dividends.
Ensure Group Five Pipe's effective market position.	This business was successfully sold during the financial year.
OPERATIONAL DELIVERY	
Launch and grow additional targeted traded products.	The cluster experienced some success in growing the traded goods portfolio and increasing revenue in traditional traded products. The bolt-on acquisition of a share in Sheetrite, a company mainly focused on the supply of fibre cement building materials in late 2017, added to the traded goods portfolio and provided a channel to more remote markets.

* *Outlined in F2017 integrated annual report.*

TEAM REMUNERATION

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

REMUNERATION COMMITTEE CHAIRPERSON'S LETTER

Dear stakeholders

The remuneration committee (remco) is very mindful of the difficult environment in which the executive leadership has been required to deliver on the business' strategic objectives.

During the course of the year, the difficult operating environment – characterised by challenging general economic conditions, and the most protracted and severe downturn in recent history within the construction and engineering sector – resulted in the significant weakening of the group's financial position, necessitating the formulation of a new turnaround strategy for the business.

Remco understands that, within such a difficult operating environment, it is imperative that the group's remuneration philosophy, policies and reward practices support the efforts to retain the critical talent and skillsets required for the successful execution of the business' turnaround strategy.

The group therefore continues to participate in various forums and remuneration surveys, monitoring market trends to inform and review reward practices so that they remain competitive and enable the attraction, retention and development of talent. More specifically, the group's long term incentive plan (LTIP) scheme is being revised and a new, modern LTIP scheme is being developed – combining elements of both long and short term incentive plans – to better align the interests of shareholders and management. This new LTIP scheme will be formally presented to shareholders for approval at the F2019 annual general meeting. In the meantime, the group proposes to consult with shareholders on identifying the best way to retain and incentive participating employees. The group will also present this to its bridge facility lender consortium for approval before implementation.

This report outlines the company's remuneration philosophy and policy for non-executive directors, executive directors and other employees. Equally importantly, it explains how the policy has been implemented and discloses remuneration made during the year under review.

For personal reasons and with deep regret, I must inform you that I will be stepping down as a director of the company and as remco chairperson at the end of 2018. It has been a privilege and pleasure to serve the group's stakeholders since being elected to the board in July 2017. During this period, remco commenced with ensuring the ongoing relevance of the group's reward philosophy, policy and practices. Much more must still be done – a challenge which the new remco will relish.

Finally, I would like to thank remco members and executive management for their dedication, efforts and support during very challenging times. Thank you also to the chairperson of the board for her leadership, wise counsel and support.

Nazeem Martin
Chairperson: Remuneration Committee

THIS REPORT IS STRUCTURED IN **THREE** SECTIONS:

1

Background statement

Page 82.

2

Remuneration policies and principles for voting at the group's next AGM

Page 84.

3

Application of the remuneration policy for voting at the group's next AGM

Page 92.

SECTION

1	2	3
Background statement	Remuneration policies and principles	Application of the remuneration policy

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

LEADERSHIP CHANGES

Following shareholder action in F2017 and the resignation of the previous board, the new remuneration committee was reconstituted on 11 August 2017. The members of the committee are:

CHAIRPERSON

Nazeem Martin

MEMBERS

Jackie Huntley
John Job
Themba Mosai, CEO (by invitation)
Judith Nzimande, Chief Human Resources Officer (by invitation)

The remuneration committee (remco) assists the board to set the remuneration policies for the group, as well as the remuneration of senior employees, executive committee members and prescribed officers.

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

The committee meets at least four times a year and whenever required to make recommendations relating to the remuneration of employees, executive committee members, non-executive directors and general employees.

The committee 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

KEY FOCUS AREAS IN F2018

The committee mainly focused on the retention of senior executives and key individuals, as well as identifying key performance criteria for the executive committee members in line with the new business strategy.

The committee also conducted a review of variable remuneration for executives and segment directors.

ADVICE SOUGHT

The group consulted with remuneration advisors to provide input on a revised variable remuneration structure for executives and segment directors to incentivise, motivate and retain them. An initial proposal was presented to remco in May 2018 for consideration, with a final recommendation made at the remco in November 2018. Shareholder approval will be sought in 2019 for potential implementation in 2020.

The evaluation with our advisors indicated that several companies have recently started to combine the short term and long term incentive programmes into one programme, referred to as deferred incentive plans (DIPs). This involves a combined incentive scheme, such as a deferred bonus plan (DBP). Under a DBP, a portion of a participant's total incentive is paid in cash and the remainder is automatically deferred into bonus shares. DBPs avoid the difficulty associated with setting performance conditions three years in advance by shifting the focus to annual performance periods aligned to a group's turnaround strategy.

However, to ensure that management also maintains a longer term performance focus, a DBP should be accompanied by long term incentive awards with prospective performance conditions. This results in increased management and shareholder alignment and improves the focus on returns and value-creation over the long term.

The remco is considering all these options.

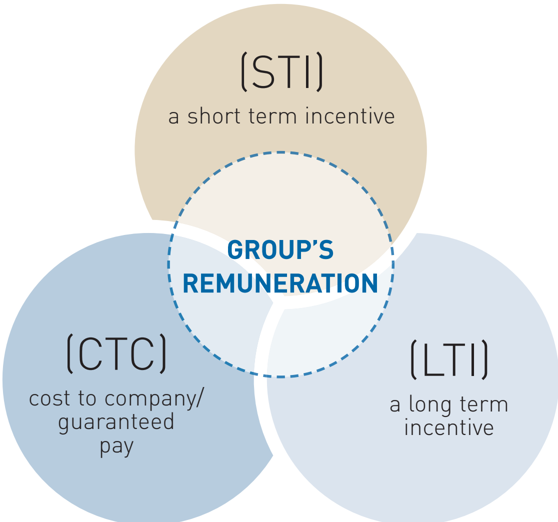
FOCUS FOR F2019

- A revised variable remuneration structure for executives and senior management aligned to the new strategy. Once this has been finalised, shareholder approval will be sought
  - Some options being considered are the implementation of a deferred incentive plan to motivate and retain key employees linked to the turnaround strategy
- Ensure greater alignment between total rewards and achieving business objectives, including improved accountability for delivery
- Implement new key performance indicators for executive committee members that are aligned to the group's new strategy and measure the team against these
- Continue to review our remuneration practices and principles and implement recommendations or amendments, where appropriate
- Develop and implement a framework on ethical and fair pay principles throughout the group

REMUNERATION POLICY OVERVIEW

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

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



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

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

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

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

Our annual reduction of salary anomalies against our pay policy resulted in employees paid within our policy parameters improving from 67% to 72%. During the year, the remco focused on ensuring that the remuneration paid to employees in our core technical grades (Paterson C and D bands) meets the market norms for these positions.

REMUNERATION POLICY

- Our remuneration philosophy aims to attract, retain and motivate skilled and performing employees to execute the group's strategy through a competitive balance of fixed and variable/incentive income
- We follow an integrated approach to remuneration that consists of a total guaranteed package and variable pay consisting of long term incentive and short term incentive schemes
- We grow our own talent through career and succession management and continuous learning and development opportunities
- We constantly review internal parity through job profiling and job evaluation to ensure jobs are graded
- We maintain external competitiveness through continuous salary benchmarking and survey participation to result in competitive pay and good market practice
- Salary scales are updated annually and applied by management in their ongoing remuneration decisions
- Market-related ranges are viewed together with performance and retention when reviewing and increasing remuneration to motivate, reward and retain skills and experience
- We offer comprehensive benefits to ensure that our employees have appropriate cover for most unforeseen life events

REMUNERATION STRUCTURE

	COST TO COMPANY		VARIABLE PAY		
ELEMENT	**BASE PAY**	**BENEFITS**	**SHORT TERM INCENTIVE**	**LONG TERM INCENTIVE**	**PROPOSED DEFERRED INCENTIVE PLAN^**
GROUP FIVE	› Monthly salary › Hourly wage	› Medical aid › Pension fund/ provident fund › Death benefit › Car allowance	› Annual incentive › Bonus scheme	› Share appreciation rights › Performance shares* › Bonus shares	› Annual bonus with deferred component will be presented to remco for shareholders' approval in 2019
WHAT IS THE OBJECTIVE?	› Attraction/ retention	› Provides a comprehensive remuneration offering inclusive of cash and benefits › Retention of skills in terms of the comprehen-siveness of benefits offered	• Rewards company performance • Rewards individual performance • Attraction/retention/ recognition	• Rewards company performance • Rewards individual performance • Attraction/retention • Recognition of contribution to the group's success	• Short to medium term incentive mechanism with a specific focus on finalising the group's turnaround strategy • Motivation/retention • Company performance
WHO IS ELIGIBLE?	› All employees		• Executive committee members • Prescribed officers • Senior management at a corporate, cluster and segment level	• Executive committee members • Prescribed officers • Senior management at a corporate, cluster and segment level	• Key talent vital to the turnaround strategy, as identified by the board and approved by remco
HOW IS THE PAY LEVEL SET?	› Market-based pay according to job grouping, grade and individual performance		• Hurdle rate for payment includes exceeding the weighted average cost of capital (WACC) • Individual award, subject to targets set for profit and cash generation, transformation measures, safety performance and individual performance • Target pay-out based on 120% of CTC for CEO • Maximum pay-out set at 240% of CTC for CEO	• Allocation based on remuneration grade • Target pay set as a percentage of cost to company per participant • Subject to share price appreciation, return on capital target and total shareholder return relative to the sector	• Gatekeeper criteria that interim debt (bridging finance) be paid/settled before formula is applied • The on-target percentage is calculated according to an individual's job grade and adjusted by performance based on the achievement of EBITDA** growth.

* *Performance shares are not allocated to segment senior management, as it is aimed at executive committee members, prescribed officers and senior management at a corporate and cluster level who have a substantial impact on the long term strategic performance of the group.*
** *Earnings before interest, tax, depreciation and amortisation.*
^ *Remco is evaluating all the options. Final recommendations will be presented to shareholders in 2019.*

EMPLOYEE AND EXCO CONTRACTS OF EMPLOYMENT

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

NOTICE PERIOD OF EMPLOYEES

EMPLOYEES:
One month

SEGMENT MANAGEMENT:
Two months

EXECUTIVE MANAGEMENT:
Three months

HOW DOES OUR EXECUTIVE REMUNERATION DIFFER FROM REMUNERATION OF OTHER EMPLOYEES?

Our policy ensures fairness between executive and employee remuneration in the following way:

EMPLOYEES	SEGMENT DIRECTORS/ SENIOR MANAGEMENT	EXECUTIVES/PRESCRIBED OFFICERS
Pay policy		
Paid around 60th and 65th percentile of the market.	Paid around the 60th and 65th percentile of the market.	Paid around the 50th percentile (median of the market).
Short term incentives (STIs)		
Annual performance incentive bonuses are paid subject to the achievement of pre-determined thresholds relating to the performance and position of the group, cluster, segment and individual performance during the financial year. Certain business segments paid performance-related bonuses during the year.	Two thresholds need to be achieved before an STI pay-out will be considered by the remco. During the year, no short term incentives were paid to segment directors due to the poor performance of the group.	Two thresholds need to be achieved before an STI pay-out will be considered by the remco. During the year, no short term incentives were paid to executive management due to the poor performance of the group. However, as outlined on page 88, there were special payments made to three executives based on particular requirements.
Long term incentives (LTIs)		
Employees do not receive LTIs.	Segment directors only receive LTIs if certain hurdles are met. During the year, no LTIs were awarded.	Executive management only receive LTIs if certain hurdles are met. During the year, no LTIs were awarded.
Annual increases		
Finalised in March based on salary benchmarks and performance.	Finalised in March based on salary benchmarks and performance.	Finalised in March based on salary benchmarks and performance.
Average overall increase in March 2018		
4.6%	5.1%	5.0%*
Benefits		
As outlined on page 85, employees receive a range of benefits.	The same benefits as the rest of employees, as well as an overseas travel benefit every five years.	The same benefits as the rest of employees, as well as an overseas travel benefit every three years.
Annual leave days entitlement		
Allocated 15 or 20 days leave depending on seniority and additional three days every five years linked to service.	Allocated 25 days leave per year on appointment as a director. Leave entitlement increases to 30 days after ten years' service.	Allocated 25 days leave per year on appointment as an executive. Leave entitlement increases to 30 days after ten years' service.

* *Only the CEO and new head of Investments & Concessions received increases in F2017 due to their new roles.*

VARIABLE PAY

SHORT TERM INCENTIVES

The group awards management and most salaried employees an annual performance incentive. The actual value awarded is subject to the achievement of pre-determined thresholds relating to the performance and position of the group, cluster, segment and individual performance during the financial year.

Non-executive directors do not participate in any variable pay offering.

For executive committee members, prescribed officers, corporate senior management, segment management and senior management of the group, two thresholds need to be achieved before a short term incentive (STI) pay-out will be considered by the remco.

These are:

THE GROUP ACHIEVING A MINIMUM RETURN ON CAPITAL (ROC)
percentage of no less than the group's weighted average cost of capital (WACC) for the year.

THE GROUP ACHIEVING A PRE-SET MINIMUM LEVEL OF PROFIT BEFORE TAX,
as approved by the main board at the beginning of a financial year.

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

The executive committee members on grade F2-F3 (top and senior management) are on a target bonus of 110% of CTC, with a cap of 220%. Executives on grade E4-F1 are on a target bonus of 100% of CTC and capped at 200%.

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

- In line with King IV, shareholders will again have the opportunity to vote at the next annual general meeting. The vote will focus on:
  - A non-binding advisory vote on part 2 of this report
  - A non-binding advisory vote on part 3 of this report (excluding recommended fees for directors)
  - The recommended fees for directors (included in part 3 of this report)
- In the event that there are 25% or more votes against the approval of the remuneration policy, the group undertakes to do the following:
  - It will make the announcement of the voting results through SENS
  - Shareholders who voted against the policy will be approached to gather information on their dissatisfaction with the policy
  - All issues raised will be consolidated, deliberated upon and, where appropriate, changes will be made as necessary by remco
  - An official response will be crafted to shareholders which outlines actions to be taken on the issues raised

AGM VOTES

	F2017	F2016	F2015
Remuneration policy (% vote in favour)	**86.65%**	89.49%	99.82%
Non-executive directors' fees (R'000)	**R7 757**	R7 440	R6 713

HOW WAS OUR MANAGEMENT REWARDED FOR OUR PERFORMANCE THIS YEAR?

As the group's performance continued to be extremely poor, no executives received normal bonuses.

As outlined below three executives received special payments for particular reasons.

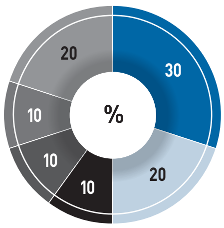
EXECUTIVES	AMOUNTS PAID	REASONS FOR PAYMENT
Kushil Maharaj	R66 000	A calculation error relating to the payment in terms of the retention bonus offered by the previous board resulted in an under-payment last year, which was corrected this year.
John Wallace	R1,1 million	In March 2017, the board offered John a R3,3 million retention award, with a cash payment of R1,1 million (30% of his current cost to company), payable in March 2017, and a once-off offer to participate in an executive share plan. John did not accept the retention incentive and no payment was made in the F2017 year. However, John subsequently accepted the retention award. The cash portion of this was paid this year.
Judith Nzimande	R500 000	Judith was presented with a sign-on bonus at commencement of her employment.

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

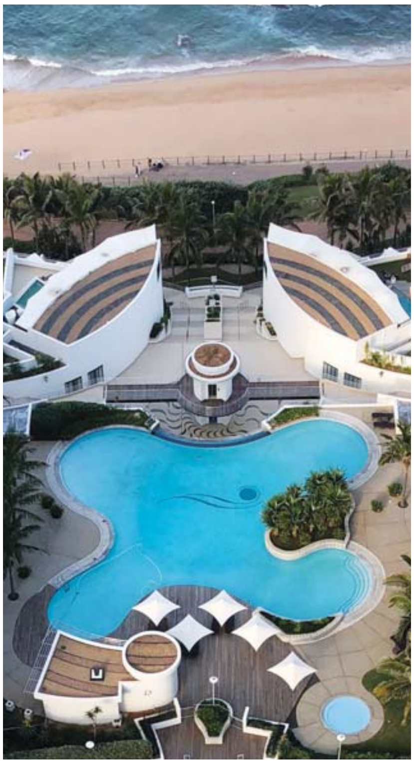
If the thresholds of return on capital and profit before tax – being the hurdle rates for eligibility for payment – are met, a maximum of 15% of group profit before tax (PBT), before accounting for the required accrual of exco's STI, is made available as an incentive pool to 86 individuals. These include the executive committee members, prescribed officers and senior managers of the group. The individual incentive value is based on a grade-related participation percentage between group, cluster and business segment profit before tax.

STI KEY PERFORMANCE AREA WEIGHTINGS

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



KEY PERFORMANCE AREAS	WEIGHTING (%)
Profit before taxation	30
Free cash generated	20
Employment equity	10
Enterprise and supplier development	10
Safety	10
Individual performance	20



EXCO

In its evaluation of performance, the remco considers external and internal factors that may have contributed to the thresholds not being met. The remco may from time to time consider discretionary short term bonuses for an individual, segment or cluster. These are based on the group achieving its profit target, as well as segmental profit targets and individual performance ratings. Discretionary bonuses have only been paid in the past when the group met profit targets.

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

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

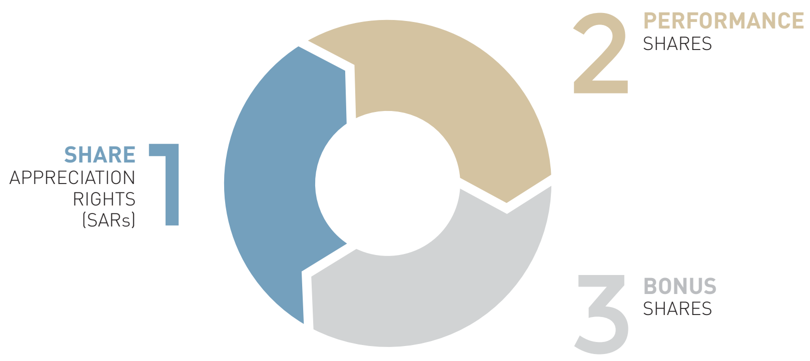
During the year, the CEO worked with executive members to update their KPIs. Executives continued to be measured during F2018 on their KPIs outlined in the integrated annual report last year and this year, but will be formally measured against their new KPIs in F2019.

LONG TERM INCENTIVES

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

The group's LTIP was implemented in February 2014 following its review and approval by shareholders. The first vesting anniversary occurred in February 2017, with the second vesting anniversary in February 2018. As the criteria were not met, no actual vesting took place.

THE CURRENT LTIP CONSISTS OF THREE ELEMENTS:



1 **SHARE APPRECIATION RIGHTS (SARs)**

Value created through share price growth

2 **PERFORMANCE SHARES**

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

3 **BONUS SHARES**

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

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

The combined implementation of the three long term incentive elements was structured in an attempt to allow Group Five to:

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

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

THE CURRENT LONG TERM INCENTIVE POLICY SCHEME HAS NOT YIELDED THE DESIRED RESULTS AS THE SHARE PRICE HAS BEEN CONSISTENTLY LOWER THAN THE ALLOCATION PRICE OF ALL ISSUES AND THE THRESHOLDS FOR THE PERFORMANCE SHARES HAVE ALSO NOT BEEN MET. THE CURRENT LTIP IS THEREFORE BEING EVALUATED BY REMCO.

CURRENT LTIP SUMMARY

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

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

LTIP PERFORMANCE CRITERIA

SARs

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

PERFORMANCE SHARES

There are two threshold measures:

1 RETURN ON CAPITAL (ROC) **2** TOTAL SHAREHOLDER RETURN (TSR)

The award of performance shares is on an equal basis if the group meets these measures.

1 RETURN ON CAPITAL TARGETS

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

2 TOTAL SHAREHOLDER RETURN IS COMPARED AGAINST A PEER GROUP OF COMPANIES

- **A threshold** of at least 8th position against the peer group of nine entities
- **A mid-point** pay target achieved at 5th position against the peer group. Performance against this will result in targeted vesting in terms of the expected reward strategy pay mix
- **A maximum target** achieved at 1st or 2nd position against the peer group
- **A pro-rated vesting** between these points

BONUS SHARES

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

PROFIT BEFORE TAXATION 30%

FREE CASH GENERATED 20%

INDIVIDUAL PERFORMANCE 20%

ENTERPRISE AND SUPPLIER DEVELOPMENT 10%

SAFETY 10%

EMPLOYMENT EQUITY 10%

DURATION OF THE SCHEME

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

The criteria for the components of LTIP:

- Allocation of SAR requires positive share price growth
- Allocation of performance shares is subject to meeting two threshold criteria, i.e. return on capital (ROC) and total shareholder return (TSR)
- Allocation of bonus shares is linked to STI

NO LTIPs HAVE BEEN ISSUED SO FAR AS THE CRITERIA HAVE NOT BEEN MET.

SECTION

1 Background statement

2 Remuneration policies and principles

3 **Application of the remuneration policy**

F2018 SUMMARY OF KEY EVENTS

- The remuneration policy was approved at the annual general meeting (AGM) in November 2017, with 86.65% of shareholders voting in favour of the policy
- The short term incentive bonus scheme for executive directors for F2017 did not pay and discretionary bonuses were considered, but not approved. As outlined on page 88, three executives received special payments for particular reasons
- The current long term incentive scheme did not yield the desired results as the share price was lower than the allocation price of all issues and the thresholds for the performance shares were not met
- We continued to address employees whose packages were outside of our policy parameters. This resulted in employee packages within our policies improving from 67% to 72%

MATERIAL ISSUES MANAGED BY THE REMUNERATION COMMITTEE

COST MANAGEMENT

LTIP AS A RETENTION TOOL FOR KEY EXECUTIVES

EXECUTIVE RETENTION SCHEME

COST MANAGEMENT

In line with tough trading conditions, the group undertook a large restructuring exercise. The Construction cluster was rightsized, we are decreasing our focus on Engineer, Procure and Construct and Turnkey Project Solutions, and the Manufacturing cluster is currently held for sale.

No short term or long term incentives were offered to executives, senior management and segment directors during the period under review. The only payments made were special payments for particular reasons to three executives, as outlined on page 88 and the bonus share component of the long term incentive plan to 60 executives, segment directors and senior managers. This was allocated to eligible employees in February 2015 and vested this year, as these do not have hurdle rates. Refer to pages 97 to 103.

There was an overall annual increase of 4.6% to employees. This consisted of 3.6% performance increases and an additional 1% adjustment for some employees due to job-specific requirements. The total increase was within the approved mandate provided by the remco of 5.0%.

Executive committee members did not receive any increase last year besides the new CEO and head of Investments & Concessions who required adjustments to align with their new job levels. The average increase this year for executives was 5%.

In a further attempt to reduce employee-related costs, the group suspended the payment of the annual December construction shutdown variable reimbursement. This practice involves paying a flat 2 000 kilometres at the relevant travel reimbursement rate for employees who participate in the travel allowance scheme over the annual shutdown period when they are not allowed to claim kilometres travelled.

This resulted in a saving of almost R3,5 million over December 2017 and impacted just over 1 000 employees.

We also amended the leave policy in the last year, which will result in the non-payment of excessive leave. In the past, any days in excess of the allowable accrual as at the end of February each year not taken by 30 June was paid out in cash.

This amendment will result in excessive days credited to non-refundable leave. If not taken within a year, it will be forfeited. Non-refundable leave days may not be cashed in and are not payable on termination of employment.

Employees are encouraged to take leave days due and manage excessive leave balances while the group continues to reduce the associated cost and liability of excessive leave provisions.

LTIP AS A RETENTION TOOL FOR KEY EXECUTIVES

CONTINUED TOUGH TRADING CONDITIONS, COMBINED WITH INTERNAL CHALLENGES, RESULTED IN PERFORMANCE TARGETS NOT BEING MET. THE CURRENT LTIP SCHEME WAS THEREFORE AGAIN UNABLE TO PROVIDE THE ANTICIPATED BENEFITS.

EXECUTIVE RETENTION SCHEME

As the current LTIP has never paid out, the previous board developed a retention plan last year for executive committee members.

This had **two** components:

1. A once-off immediate **cash payment** equal to 30% of the executive's total guaranteed package. This was paid in March 2017.
2. A proposed **share offer** for payment in November 2017 equal to 60% of the executive's total guaranteed package. This was subject to the requisite shareholder approvals being obtained.

This scheme was originally offered to 19 executives. One executive, the CFO, chose not to accept the offer. Another executive, John Wallace, did not accept it when originally offered, but accepted it subsequently. Refer to page 103. Following the appointment of a new head of Investments & Concessions in June 2017, a submission was made to also offer this retention bonus to three segment directors. This resulted in a total of 22 executives and segment directors accepting the offer.

CASH PAYMENT

Although the majority of members was retained, three of the segment director participants resigned post the cash allocation.

This resulted in them paying back the full gross cash portion received on exit.

One participant was retrenched for operational requirements in the period under review and retained the bonus in line with our policy of bonus retention in the case of a no fault exit of an employee.

SHARE PORTION

The share scheme portion of the executive retention plan was not awarded in shares or as cash during the year.

RETENTION CONDITIONS

The retention scheme requires a three-year retention and work-back period from 1 April 2017.

This year, executives were offered an option to retract from the retention scheme that would release them of their obligation to fulfil the work-back period.

One participant, Abel Mudau, previous Head of Construction: South Africa, opted to exit the retention scheme. Post year-end, Abel was appointed as the executive committee member of Operations & Maintenance, effective 1 September 2018.

The settlement of the 60% equity portion of the retention bonus scheme was deferred to.

CHANGES IN THE GROUP EXECUTIVE COMMITTEE

Kushil Maharaj was appointed as the executive committee member for the proposed new Developments & Investments cluster and Guy Mottram as the executive committee member of Engineer, Procure and Construct. As the group will decrease its focus on this cluster, Guy will work with the team in F2019 on the winding down of the cluster. As outlined above, Abel Mudau was appointed as the executive committee member of Operations & Maintenance, effective 1 September 2018. Judith Nzimande joined the group as the new chief human resources officer in October 2017. Mark Humphreys continues to oversee the overall Construction portfolio and John Wallace the Manufacturing cluster until its sale. John retired at the end of the year, but remains as a consultant and invitee to exco for F2019.

EXECUTIVE REMUNERATION

An analysis of market data during the March 2018 annual salary reviews revealed that three of the seven executive committee members were below the 50^{th} percentile (median) instead of at the median in line with the group's policy.

As the variable components of executive remuneration did not pay out, the remuneration committee (remco) approved increases in the range of 4.6% to 5.4% for the executive team.

The one exception was the new chief human resources officer whose salary level was found to be very low. She was therefore awarded a 15.6% increase in March 2018.

In the context of the tough financial conditions in the group, remco agreed to postpone a review of additional anomalies in the executive committee team to later in the year, with a view to implement a gradual rectification programme.

The new STI and LTIP were presented to remco in November 2018 for review and final approval. Following board sign-off it will be presented to shareholders.

INCREASES

EMPLOYEES

We continued the improvements made during the previous years in addressing the remuneration of our core technical skills in Paterson bands C and D.

At an individual employee level, the annual cost to company (CTC) increases are determined by the individual's pay relative to the band he or she is in, as well as the performance of the individual in the role. This process of evaluation concluded with an average performance increase for the group of 3.6% and an annual average group band and retention adjustment of 1.0%. The 1% adjustment was made for individuals who:

- required CTC band adjustments due to job grade changes
- had to be recognised for retention or succession
- needed to be repositioned to ensure remuneration between the 60th and 65th percentile of the average market position of guaranteed base pay

The overall increase of 3.6% and 4.6% for those with an additional 1% adjustment was within the mandate provided by the remco of 5.0%.

Due to a challenging trading environment, the overall increase mandate was lower than previous years and our executive members received increases ranging from 4.6% to 5.4% compared to no increases last year. Only the CEO and the head of Investments & Concessions received increases last year on their new appointments.

The only exception this year was the chief human resources officer who was considered to be at an extremely low level based on our remuneration philosophy.

Our annual reduction in salary anomalies against our pay policy resulted in employees paid within our policy parameters improving from 67% to 72%.

Wage-based employees are remunerated either in line with relevant sectoral determinations, as set out by the Department of Labour, or in line with union-negotiated wages.

The employees governed by the Civil Engineering bargaining council received an increase of 9%. This represented the last annual increase in a three-year wage agreement which concluded in July 2018.

A new three-year wage agreement was agreed. It is valid from 1 September 2018 (subject to promulgation) to 31 August 2021. The agreed increase was 7.5% for year one, with year two and three at 7.5% or CPI, whichever is the greater.

Metal Industries Bargaining Council employees from our Projects and Oil & Gas segments received a 6.7% increase, which was year two of their three-year wage agreement.

In our Manufacturing segment Everite, employees received a 6.5% increase in line with the final year of the three-year wage agreement. New wage negotiations commenced in September 2018, with another three-year wage agreement to be targeted.

Barnes Reinforcing Industries is in the first year of its three-year wage agreement. This commenced on 1 July 2017 at an average increase of 7%.

Intertoll Africa implemented a minimum wage of R5 020 for all bargaining unit employees after 16 days of strike action by trade unions. All salaried employees in the Investments & Concessions cluster received increases at an average of 5%.

NON-EXECUTIVE DIRECTORS

The remco reviews the annual increases of non-executive directors' fees and recommends these to the board. The board of directors in turn recommends the fees for approval by shareholders at the AGM.

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

Directors are not awarded shares in the group and do not have any interests in the group's securities. There was no change in this status between F2017 and F2018.

Board members only receive fees for meetings they attended, with a fee deducted for non-attendance.

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

STI

COMPARATIVE AWARDS AND PAY-OUTS

F2017 awards, which were due to be paid out in F2018

The group did not meet its pre-tax weighted average cost of capital for F2017 and as a result of this, the remco did not approve STI payments to the 86 segment, cluster and executive committee management of the group. However, as outlined on pages 97 to 103, there were cash settlements of bonus shares in line with the long term incentive plan (LTIP) made to some executive committee members. This related to the award in F2015 that vested in F2018. Outside of this, as outlined on page 88, there were special payments made to three executives for particular reasons.

In F2017, no short term incentive in terms of the scheme, which would have been paid in F2018, was earned.

REPRESENTATION WAS MADE TO REMCO BY SOME EXECUTIVES TO GRANT EX-GRATIA BONUSES TO CERTAIN DIRECTORS AND SENIOR MANAGERS OF BUSINESS SEGMENTS WHICH DID MEET THEIR BASIC THRESHOLD OF 75% OF PERFORMANCE. HOWEVER, THE BOARD REJECTED THESE SUBMISSIONS.

The F2018 fees were approved at the November 2017 AGM.

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

The retention incentive required executives to accept or reject the offer. All the executive committee members accepted the retention offer except for the CFO Cristina Freitas Teixeira who left the group in December 2018. Following the appointment of Kushil Maharaj as executive committee member of the Investments & Concessions cluster, he recommended that retention offers are extended to senior management of Intertoll Europe. This was approved and the total amount of R2,5 million was paid in the period under review. Refer to page 100.

Upon acceptance of the offer, the executive member committed to remain in service for three years from 1 April 2017.

Abel Mudau elected to not keep the retention when it was re-offered to executive committee members again this year.

F2018 AWARDS, TO BE PAID OUT IN F2019

In light of the weak financial performance in F2017, the group did not achieve the pre-determined thresholds in terms of the rules of the scheme, and no bonuses were awarded for the F2018 year. There will therefore be no bonuses paid in F2019.

LTI

The second vesting of the LTIP should have occurred in February 2018. This did not take place, as the criteria were not met. The table outlines the criteria and outcomes:

COMPONENT	DESCRIPTION	VESTING OUTCOME
SHARE APPRECIATION RIGHTS	The right to receive shares to the value of the appreciation in the share price over a defined period.	The closing price of the share on 12 April 2018 was R4,06 and the SAR was allocated at R25,60. No SARs were therefore exercisable during this vesting period.
PERFORMANCE SHARE AWARD	Shares which have been conditionally awarded based on delivery, but subject to: • The group meeting certain defined performance criteria • Being in service on the delivery date	For the performance shares to vest, the group had to achieve a three-year rolling average return on capital (ROC) in excess of 11.6%. For the three years under review, the group did not achieve this ROC threshold and the performance shares issued in February 2015 were cancelled.
BONUS SHARE AWARD	The grant of a number of shares with: • A face value at the time of award equal to a percentage of the participants' annual short term incentive • Delivery only conditional on the employee being in service on the delivery date	Those participants that were in service in February 2018 received the value of their bonus shares at R4,06 per share in cash.

BREAKDOWN OF REMUNERATION PACKAGES FOR EXECUTIVES

AS AT THE YEAR-END OF 30 JUNE 2018

The remuneration of members who joined post F2018 will be disclosed in the F2019 integrated annual report.

THEMBA MOSAI – CEO

ELEMENTS OF REMUNERATION		APPLICABLE PERIOD	COST TO COMPANY R'000 IN F2018	TIMING OF PAY-OUTS[1] – R'000					
				F2018	F2019	F2020	F2021	F2022	F2023
LONG TERM INCENTIVE PLAN	Share appreciation rights (SARs)	• SARs granted from F2015 to F2017[7]		33% of SAR award in F2015, exercisable	33% of SAR award in F2015, F2016, exercisable	33% of SAR award in F2015, F2016, F2017 exercisable	33% of SAR award in F2016, F2017 exercisable	33% of SAR award in F2017 exercisable	
	Performance shares	• Performance shares granted in F2015, F2016 and F2017[7]	169[2]	100% of performance share award in F2015, exercisable assuming performance criteria met	100% of performance share award in F2016, exercisable assuming performance criteria met	100% of performance share award in F2017, exercisable assuming performance criteria met			
	Bonus shares	• Bonus shares awarded in F2014, F2015 and F2017[7]		100% of bonus share award in F2015 18		100% of bonus share award in F2017			
+	Cash settlement of bonus shares in line with the long term incentive plan (LTIP), which vested in F2018 relating to the award in F2015.								
SHORT TERM INCENTIVE	Annual short term incentive	F2017[3]							
+	In F2017, no short term incentive in terms of the scheme, which would be paid in F2018, was earned.								
RETENTION AWARD	Retention incentive	F2018[6]							
+	In March 2017, the previous board offered Themba a R2,2 million retention award, with a cash payment of R750 000 (30% of his previous cost to company), payable in March 2017, as well as a once-off offer to participate in an executive share plan. This involved shares to the value of R1,5 million (60% of his previous cost to company) to be issued in November 2017 following approval by shareholders of an executive retention plan to be implemented. This retention incentive requires Themba to remain in service for three years from 1 April 2017. Themba accepted the retention incentive and the cash portion of the payment was made in F2017. The November 2017 payment was not made.								
BASE PAY	Guaranteed total cost to company	March 2017 – Feb 2018[4]	4 250						
		March 2018 – Feb 2019[4]	4 480	4 457[5]					
	External benchmarking of appropriate total cost to company was performed and an increase allocated in line with his new role as CEO.								
TOTAL REMUNERATION PAID IN F2018				**4 475**					

1 *Refers to the financial period in which the remuneration awarded is actually paid to the employee/employee receives the benefit.*
2 *Refers to the cost to the company of awarding the employee a share appreciation right, determined by the IFRS 2 cost for the specific allocation.*
3 *Refers to the short term incentive awarded, relating to the most recent financial year completed. In F2017, no short term incentive, which would be paid in F2018, was earned. In F2018, no short term incentive, which would be paid in F2019, was earned.*
4 *Refers to the remuneration award granted annually, effective at the start of the group's remuneration year in March.*
5 *Any difference between guaranteed cost to company and remuneration actually paid is due to variable benefits paid, as well as ad hoc long service-related awards.*
6 *Following a period of significant senior management departures the remco in F2017 determined that retention awards, in the absence of an effective LTIP, were required to ensure the retention of key employees.*
7 *No share appreciation rights, performance shares or bonus shares were issued in F2018.*

CRISTINA FREITAS TEIXEIRA – CFO

ELEMENTS OF REMUNERATION		APPLICABLE PERIOD	COST TO COMPANY R'000 IN F2018	TIMING OF PAY-OUTS[1] – R'000 F2018	F2019	F2020	F2021	F2022	F2023
LONG TERM INCENTIVE PLAN	Share appreciation rights (SARs)	• SARs granted from F2015 to F2017[7]	272[2]	33% of SAR award in F2015, exercisable	33% of SAR award in F2015, F2016, exercisable	33% of SAR award in F2015, F2016, F2017 exercisable	33% of SAR award in F2016, F2017 exercisable	33% of SAR award in F2017 exercisable	
	Performance shares	• Performance shares granted in F2015, F2016 and F2017[7]		100% of performance share award in F2015, exercisable assuming performance criteria met	100% of performance share award in F2016, exercisable assuming performance criteria met	100% of performance share award in F2017, exercisable assuming performance criteria met			
	Bonus shares	• Bonus shares awarded in F2014, F2015 and F2017[7]		100% of bonus share award in F2015 38		100% of bonus share award in F2017			

Cash settlement of bonus shares in line with the long term incentive plan (LTIP), which vested in F2018 relating to the award in F2015.

				F2018	F2019	F2020	F2021	F2022	F2023
SHORT TERM INCENTIVE	Annual short term incentive	F2017[3]							

In F2017, no short term incentive in terms of the scheme, which would be paid in F2018, was earned.

				F2018	F2019	F2020	F2021	F2022	F2023
RETENTION AWARD	Retention incentive	F2018[6]							

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

				F2018	F2019	F2020	F2021	F2022	F2023
BASE PAY	Guaranteed total cost to company	March 2017 – Feb 2018[4]	3 535						
		March 2018 – Feb 2019[4]	3 718	3 695[5]					

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

		F2018
TOTAL REMUNERATION PAID IN F2018		3 733

1 *Refers to the financial period in which the remuneration awarded is actually paid to the employee/employee receives the benefit.*
2 *Refers to the cost to the company of awarding the employee a share appreciation right, determined by the IFRS 2 cost for the specific allocation.*
3 *Refers to the short term incentive awarded, relating to the most recent financial year completed. In F2017, no short term incentive, which would be paid in F2018, was earned. In F2018, no short term incentive, which would be paid in F2019, was earned.*
4 *Refers to the remuneration award granted annually, effective at the start of the group's remuneration year in March.*
5 *Any difference between guaranteed cost to company and remuneration actually paid is due to variable benefits paid, as well as ad hoc long service-related awards.*
6 *Following a period of significant senior management departures the remco in F2017 determined that retention awards, in the absence of an effective LTIP, were required to ensure the retention of key employees.*
7 *No share appreciation rights, performance shares or bonus shares were issued in F2018.*

MARK HUMPHREYS – EXCO

ELEMENTS OF REMUNERATION		APPLICABLE PERIOD	COST TO COMPANY R'000 IN F2018	TIMING OF PAY-OUTS[1] – R'000					
				F2018	F2019	F2020	F2021	F2022	F2023
LONG TERM INCENTIVE PLAN	Share appreciation rights (SARs)	• SARs granted from F2015 to F2017[7]	477[2]	33% of SAR award in F2015, exercisable	33% of SAR award in F2015, F2016, exercisable	33% of SAR award in F2015, F2016, F2017 exercisable	33% of SAR award in F2016, F2017 exercisable	33% of SAR award in F2017 exercisable	
	Performance shares	• Performance shares granted in F2015, F2016 and F2017[7]		100% of performance share award in F2015, exercisable assuming performance criteria met	100% of performance share award in F2016, exercisable assuming performance criteria met	100% of performance share award in F2017, exercisable assuming performance criteria met			
	Bonus shares	• Bonus shares awarded in F2014, F2015 and F2017[7]		100% of bonus share award in F2015 26		100% of bonus share award in F2017			

Cash settlement of bonus shares in line with the long term incentive plan (LTIP), which vested in F2018 relating to the award in F2015.

				F2018	F2019	F2020	F2021	F2022	F2023
SHORT TERM INCENTIVE	Annual short term incentive	F2017[3]							

In F2017, no short term incentive in terms of the scheme, which would be paid in F2018, was earned.

				F2018	F2019	F2020	F2021	F2022	F2023
RETENTION AWARD	Retention incentive	F2018[6]							

In March 2017, the board offered Mark a R3,1 million retention award, with a cash payment of R1 million (30% of his previous cost to company), payable in March 2017 and a once-off offer to participate in an executive share plan. This involved shares to the value of R2,1 million (60% of his previous cost to company) that would have been issued in November 2017. This retention incentive requires Mark to remain in service for three years from 1 April 2017. Mark accepted the retention incentive and the cash payment was made in F2017. The November 2017 payment was not made.

				F2018	F2019	F2020	F2021	F2022	F2023
BASE PAY	Guaranteed total cost to company	March 2017 – Feb 2018[4]	3 416						
		March 2018 – Feb 2019[4]	3 592	3 667[5]					

External benchmarking of appropriate total cost to company was performed and an increase allocated accordingly.

TOTAL REMUNERATION PAID IN F2018	3 693

1 Refers to the financial period in which the remuneration awarded is actually paid to the employee/employee receives the benefit.
2 Refers to the cost to the company of awarding the employee a share appreciation right, determined by the IFRS 2 cost for the specific allocation.
3 Refers to the short term incentive awarded, relating to the most recent financial year completed. In F2017, no short term incentive, which would be paid in F2018, was earned. In F2018, no short term incentive, which would be paid in F2019, was earned.
4 Refers to the remuneration award granted annually, effective at the start of the group's remuneration year in March.
5 Any difference between guaranteed cost to company and remuneration actually paid is due to variable benefits paid, as well as ad hoc long service-related awards.
6 Following a period of significant senior management departures the remco in F2017 determined that retention awards, in the absence of an effective LTIP, were required to ensure the retention of key employees.
7 No share appreciation rights, performance shares or bonus shares were issued in F2018.

KUSHIL MAHARAJ – EXCO

ELEMENTS OF REMUNERATION		APPLICABLE PERIOD	COST TO COMPANY R'000 IN F2018	TIMING OF PAY-OUTS[1] – R'000					
				F2018	F2019	F2020	F2021	F2022	F2023
LONG TERM INCENTIVE PLAN	Share appreciation rights (SARs)	• SARs granted from F2015 to F2017[7]	251[2]	33% of SAR award in F2015, exercisable	33% of SAR award in F2015, F2016, exercisable	33% of SAR award in F2015, F2016, F2017 exercisable	33% of SAR award in F2016, F2017 exercisable	33% of SAR award in F2017 exercisable	
	Performance shares	• Performance shares granted in F2015, F2016 and F2017[7]		100% of performance share award in F2015, exercisable assuming performance criteria met	100% of performance share award in F2016, exercisable assuming performance criteria met	100% of performance share award in F2017, exercisable assuming performance criteria met			
	Bonus shares	• Bonus shares awarded in F2014, F2015 and F2017[7]		100% of bonus share award in F2015		100% of bonus share award in F2017			
				29					

+ Cash settlement of bonus shares in line with the long term incentive plan (LTIP), which vested in F2018 relating to the award in F2015.

SHORT TERM INCENTIVE	Annual short term incentive	F2017[3]		66					

+ In F2017, no short term incentive in terms of the scheme, which would be paid in F2018, was earned. As a calculation error relating to the payment in terms of the retention bonus offered by the previous board resulted in an under-payment last year, this had to be corrected this year.

RETENTION AWARD	Retention incentive	F2018[6]							

+ In March 2017, the board offered Kushil a R1,8 million retention award, with a cash payment of R615 000 (30% of his current cost to company), payable in March 2017, and a once-off offer to participate in an executive share plan. This involved shares to the value of R1,2 million (60% of his current cost to company) that would have been issued in November 2017. This retention incentive requires Kushil to remain in service for three years from 1 April 2017. Kushil accepted the retention incentive and the cash payment was made in F2017. The November 2017 payment was not made.

BASE PAY	Guaranteed total cost to company	March 2017 – Feb 2018[4]	2 900						
		March 2018 – Feb 2019[4]	3 050	3 135[5]					

External benchmarking of appropriate total cost to company was performed and an increase allocated accordingly.

TOTAL REMUNERATION PAID IN F2018	3 230

1 Refers to the financial period in which the remuneration awarded is actually paid to the employee/employee receives the benefit.
2 Refers to the cost to the company of awarding the employee a share appreciation right, determined by the IFRS 2 cost for the specific allocation.
3 Refers to the short term incentive awarded, relating to the most recent financial year completed. In F2017, no short term incentive, which would be paid in F2018, was earned. In F2018, no short term incentive, which would be paid in F2019, was earned.
4 Refers to the remuneration award granted annually, effective at the start of the group's remuneration year in March.
5 Any difference between guaranteed cost to company and remuneration actually paid is due to variable benefits paid, as well as ad hoc long service-related awards.
6 Following a period of significant senior management departures the remco in F2017 determined that retention awards, in the absence of an effective LTIP, were required to ensure the retention of key employees.
7 No share appreciation rights, performance shares or bonus shares were issued in F2018.

GUY MOTTRAM – EXCO

ELEMENTS OF REMUNERATION		APPLICABLE PERIOD	COST TO COMPANY R'000 IN F2018	TIMING OF PAY-OUTS[1] – R'000 F2018	F2019	F2020	F2021	F2022	F2023
LONG TERM INCENTIVE PLAN	Share appreciation rights (SARs)	• SARs granted from F2015 to F2017[7]	379[2]	33% of SAR award in F2015, exercisable	33% of SAR award in F2015, F2016, exercisable	33% of SAR award in F2015, F2016, F2017 exercisable	33% of SAR award in F2016, F2017 exercisable	33% of SAR award in F2017 exercisable	
	Performance shares	• Performance shares granted in F2015, F2016 and F2017[7]		100% of performance share award in F2015, exercisable assuming performance criteria met	100% of performance share award in F2016, exercisable assuming performance criteria met	100% of performance share award in F2017, exercisable assuming performance criteria met			
	Bonus shares	• Bonus shares awarded in F2014, F2015 and F2017[7]		100% of bonus share award in F2015		100% of bonus share award in F2017			
				31					

Cash settlement of bonus shares in line with the long term incentive plan (LTIP), which vested in F2018 relating to the award in F2015.

				F2018	F2019	F2020	F2021	F2022	F2023
SHORT TERM INCENTIVE	Annual short term incentive	F2017[3]							

In F2017, no short term incentive in terms of the scheme, which would be paid in F2018, was earned.

				F2018	F2019	F2020	F2021	F2022	F2023
RETENTION AWARD	Retention incentive	F2018[6]							

In March 2017, the board offered Guy a R2,4 million retention award, with a cash payment of R810 000 (30% of his current cost to company), payable in March 2017, and a once-off offer to participate in an executive share plan. This involved shares to the value of R1,6 million (60% of his current cost to company) that would have been issued in November 2017. This retention incentive requires Guy to remain in service for three years from 1 April 2017. Guy accepted the retention incentive and the cash payment was made in F2017. The November 2017 payment was not made.

				F2018	F2019	F2020	F2021	F2022	F2023
BASE PAY	Guaranteed total cost to company	March 2017 – Feb 2018[4]	2 700						
		March 2018 – Feb 2019[4]	2 900	3 039[5]					

External benchmarking of appropriate total cost to company was performed and an increase allocated accordingly.

TOTAL REMUNERATION PAID IN F2018	3 070

1 Refers to the financial period in which the remuneration awarded is actually paid to the employee/employee receives the benefit.
2 Refers to the cost to the company of awarding the employee a share appreciation right, determined by the IFRS 2 cost for the specific allocation.
3 Refers to the short term incentive awarded, relating to the most recent financial year completed. In F2017, no short term incentive, which would be paid in F2018, was earned. In F2018, no short term incentive, which would be paid in F2019, was earned.
4 Refers to the remuneration award granted annually, effective at the start of the group's remuneration year in March.
5 Any difference between guaranteed cost to company and remuneration actually paid is due to variable benefits paid, as well as ad hoc long service-related awards.
6 Following a period of significant senior management departures the remco in F2017 determined that retention awards, in the absence of an effective LTIP, were required to ensure the retention of key employees.
7 No share appreciation rights, performance shares or bonus shares were issued in F2018.

JUDITH NZIMANDE – from 1 October 2017 to 31 June 2018

ELEMENTS OF REMUNERATION		APPLICABLE PERIOD	COST TO COMPANY R'000 IN F2018	TIMING OF PAY-OUTS[1] – R'000					
				F2018	F2019	F2020	F2021	F2022	F2023
LONG TERM INCENTIVE PLAN	Share appreciation rights (SARs)	• SARs granted from F2015 to F2017[7]	0[2]	33% of SAR award in F2015, exercisable	33% of SAR award in F2015, F2016, exercisable	33% of SAR award in F2015, F2016, F2017 exercisable	33% of SAR award in F2016, F2017 exercisable	33% of SAR award in F2017 exercisable	
	Performance shares	• Performance shares granted in F2015, F2016 and F2017[7]		100% of performance share award in F2015, exercisable assuming performance criteria met	100% of performance share award in F2016, exercisable assuming performance criteria met	100% of performance share award in F2017, exercisable assuming performance criteria met			
	Bonus shares	• Bonus shares awarded in F2014, F2015 and F2017[7]		100% of bonus share award in F2015		100% of bonus share award in F2017			
+	Cash settlement of bonus shares in line with the long term incentive plan (LTIP), which vested in F2018 relating to the award in F2015.								
SHORT TERM INCENTIVE	Annual short term incentive	F2017[3]		500					
+	Judith joined the group in F2018 and was paid a sign-on bonus.								
RETENTION AWARD	Retention incentive	F2018[6]							
+	Judith joined the group in F2018 post the date of the retention allocation.								
BASE PAY	Guaranteed total cost to company	March 2017 – Feb 2018[4]	–						
		March 2018 – Feb 2019[4]	2 543	1 841[5]					
	External benchmarking of appropriate total cost to company was performed and an increase allocated accordingly.								
TOTAL REMUNERATION PAID IN F2018				**2 341**					

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

JOHN WALLACE – EXCO

ELEMENTS OF REMUNERATION		APPLICABLE PERIOD	COST TO COMPANY R'000 IN F2018	TIMING OF PAY-OUTS[1] – R'000 F2018	F2019	F2020	F2021	F2022	F2023
LONG TERM INCENTIVE PLAN	Share appreciation rights (SARs)	• SARs granted from F2015 to F2017[7]	519[2]	33% of SAR award in F2015, exercisable	33% of SAR award in F2015, F2016, exercisable	33% of SAR award in F2015, F2016, F2017 exercisable	33% of SAR award in F2016, F2017 exercisable	33% of SAR award in F2017 exercisable	
	Performance shares	• Performance shares granted in F2015, F2016 and F2017[7]		100% of performance share award in F2015, exercisable assuming performance criteria met	100% of performance share award in F2016, exercisable assuming performance criteria met	100% of performance share award in F2017, exercisable assuming performance criteria met			
	Bonus shares	• Bonus shares awarded in F2014, F2015 and F2017[7]		100% of bonus share award in F2015 41		100% of bonus share award in F2017			

Cash settlement of bonus shares in line with the long term incentive plan (LTIP), which vested in F2018 relating to the award in F2015.

SHORT TERM INCENTIVE	Annual short term incentive	F2017[3]		1 088					

In F2017, no short term incentive in terms of the scheme, which would be paid in F2018, was earned. A short term bonus was paid as per below.

RETENTION AWARD	Retention incentive	F2018[6]							

In March 2017, the board offered John a R3,3 million retention award, with a cash payment of R1,1 million (30% of his current cost to company), payable in March 2017, and a once-off offer to participate in an executive share plan. This involved shares to the value of R2,2 million (60% of his current cost to company) that would have been issued in November 2017. This retention incentive requires John to remain in service for three years from 1 April 2017. John did not accept the retention incentive and no payment was made in the F2017 year. John subsequently accepted the retention award and payment of the cash portion was made during this year. The November 2017 payment was not made.

BASE PAY	Guaranteed total cost to company	March 2017 – Feb 2018[4]	3 625						
		March 2018 – Feb 2019[4]	3 791	3 965[5]					

External benchmarking of appropriate total cost to company was performed and an increase allocated accordingly.

TOTAL REMUNERATION PAID IN F2018	5 094

1 Refers to the financial period in which the remuneration awarded is actually paid to the employee/employee receives the benefit.
2 Refers to the cost to the company of awarding the employee a share appreciation right, determined by the IFRS 2 cost for the specific allocation.
3 Refers to the short term incentive awarded, relating to the most recent financial year completed. In F2017, no short term incentive, which would be paid in F2018, was earned. In F2018, no short term incentive, which would be paid in F2019, was earned.
4 Refers to the remuneration award granted annually, effective at the start of the group's remuneration year in March.
5 Any difference between guaranteed cost to company and remuneration actually paid is due to variable benefits paid, as well as ad hoc long service-related awards.
6 Following a period of significant senior management departures the remco in F2017 determined that retention awards, in the absence of an effective LTIP, were required to ensure the retention of key employees.
7 No share appreciation rights, performance shares or bonus shares were issued in F2018.

Non-executive directors' fees

Fees, services expenses (R'000)	F2018 Fees	F2018 Expenses	F2018 Total
Name			
N Mandindi	**1 439**	**–**	**1 439**
C Fernandez	**947**	**10**	**957**
J Huntley	**723**	**–**	**723**
JL Job^	**773**	**35**	**808**
TC Kgogo	**733**	**–**	**733**
N Martin	**892**	**5**	**897**
M Upton	**791**	**12**	**803**
EB Williams	**852**	**–**	**852**
Non-executive directors for the full financial year	**7 150**	**62**	**7 210**

^ Dr Job resigned on 13 August 2018.

Fees, services expenses (R'000)	F2017 Fees	F2017 Expenses	F2017 Total
Name			
MP Mthethwa	1 703	312	2 015
NJ Chinyanta	748	–	748
JL Job	221	7	228
W Louw	1 086	89	1 175
SG Morris	166	–	166
KK Mpinga	1 450	23	1 473
B Ngonyama	879	32	911
V Rague	736	285	1 021
MR Thompson	768	3	771
	7 757	751	8 508
Non-executive directors for the full financial year*	5 723	709	6 432
Non-executive directors who resigned in Q4**	1 647	35	1 682
Non-executive directors who retired in August 2016	387	7	394
	7 757	751	8 508

** 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.*

NON-EXECUTIVE DIRECTORS' PROPOSED FEES FOR F2019, SUBJECT TO SHAREHOLDER APPROVAL

There are no increases proposed for F2019.

	F2019 proposed and actual fees (Rand per annum)	Comment	F2018 proposed and actual fees (Rand per annum)
Main board – chairperson	1 039 000	Includes all board and committee attendances, paid quarterly	1 039 000
Lead independent non-executive director*	435 000	Includes basic fee plus attendance fee for four meetings, paid quarterly	435 000
Main board – non-executive director	260 000	Includes basic fee plus attendance fee for four meetings, paid quarterly	260 000
Audit committee – chairperson	254 000	Four meetings, paid quarterly	254 000
Audit committee – member	126 000	Four meetings, paid quarterly	126 000
Remuneration committee – chairperson	173 000	Four meetings, paid quarterly	173 000
Remuneration committee – member	89 000	Four meetings, paid quarterly	89 000
Risk committee – chairperson	173 000	Four meetings, paid quarterly	173 000
Risk committee – member	89 000	Four meetings, paid quarterly	89 000
Nominations committee – chairperson	126 000	Two meetings, paid quarterly	126 000
Nominations committee – member	67 000	Two meetings, paid quarterly	67 000
Transformation & sustainability committee – chairperson	173 000	Four meetings, paid quarterly	173 000
Transformation & sustainability committee – member	89 000	Four meetings, paid quarterly	89 000
Extraordinary services (per hour)	4 000	Applied for ad hoc and/or non-scheduled meetings	4 000

* *The group did not have a lead independent director in F2018 and proposes not having one in F2019 either. The amounts outlined are therefore to indicate what the position would have been paid.*

EXECUTIVE DIRECTORS

	Salaries		LTIP[3] bonus shares settled in cash		Short term incentive bonus[5]		Separation payment		Total	
(R'000)	F2018	F2017	F2018	F2017	F2018	F2017	F2018	F2017	F2018	F2017
Name										
ST Mosai[1]	4 457	355	18	–	–	–	–	–	4 475	355
ECJ Vemer[2]	–	3 516	–	–	–	2 137	8 672	11 157	8 672	16 810
CMF Teixeira[4]	3 695	3 551	38	118	–	2 742	–	–	3 733	6 411
	8 152	7 422	56	118	–	4 879	8 672	11 157	16 880	23 576

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.

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 on the next page.*

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 paid February 2018.*

3 *Long term incentive plan.*

4 *Presented with a retention award, but did not accept award and thus no payment made in the prior year.*

5 *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.*

EXECUTIVE COMMITTEE MEMBERS (EXCO)

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

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

	Salaries		LTIP[6] bonus shares settled in cash		Short term incentive bonus[10]		Retention award[7]		Separation payment		Total	
(R'000)	**F2018**	F2017	**F2018**	F2017	**F2018**	F2017	**F2018**	F2017	**F2018**	F2017	**F2018**	F2017
Name												
J Doorasamy[1]	**–**	3 296	**–**	298	**–**	1 874	**–**	–	**–**	2 161	**–**	7 629
JW Hillary[2]	**–**	3 694	**–**	127	**–**	3 538	**–**	–	**–**	–	**–**	7 359
NM Humphreys[3],[9]	**3 667**	869	**26**	–	**–**	–	**–**	–	**–**	–	**3 693**	869
KR Maharaj[4],[9]	**3 135**	431	**29**	–	**66**	–	**–**	–	**–**	–	**3 230**	431
ST Mosai[5]	**–**	2 439	**–**	62	**–**	1 853	**–**	750	**–**	–	**–**	5 104
GD Mottram	**3 039**	2 763	**31**	85	**–**	1 874	**–**	810	**–**	–	**3 070**	5 532
JN Nzimande[12]	**1 841**	–	**–**	–	**500**	–	**–**	–	**–**	–	**2 341**	–
JA Wallace[8]	**3 965**	3 868	**41**	121	**1 088**	2 624	**–**	–	**–**	–	**5 094**	6 613
WI Zeelie[11]	**–**	4 081	**–**	92	**–**	2 478	**–**	2 500	**–**	–	**–**	9 151
	15 647	21 441	**127**	785	**1 654**	14 241	**–**	4 060	**–**	2 161	**17 428**	42 688

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.
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 him 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 for the 2017 financial year.*
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, per the 2017 financial year.*
5 *Refers to earnings in the period of employment as executive committee member. Earnings as CEO reflected are disclosed in 22.1.*
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 incentive bonus in F2017, which was declined. Short term incentive bonus was presented in F2018 which was accepted and paid.*
9 *Received retention award and bonus shares paid in cash, but prior to becoming a prescribed officer and executive committee member in F2017.*
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 previous financial year, an individual retention award to the value of R5 million was concluded for W Zeelie specifically, with R2,5 million paid in July 2016. A further R2,5 million was to be paid in July 2019, provided he 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. He entered into a consulting agreement with the group with effect from 1 May 2017 to 30 April 2018 which involved him receiving an amount of R3,9 million payable at R450 000 per month in May and June 2017 and R300 000 per month to April 2018.*
12 *Presented with bonus at commencement of employment.*

	Long term incentive plan share option expense*	
(R'000)	**F2018**	F2017
Name		
J Doorasamy	**–**	260
JW Hillary	**–**	357
ST Mosai	**169**	271
GD Mottram	**379**	495
CMF Teixeira	**272**	474
ECJ Vemer	**–**	569
JA Wallace	**519**	706
WI Zeelie	**–**	493
NM Humphreys	**477**	588
KR Maharaj	**251**	363
	2 067	4 576
Paid by subsidiaries	**(2 067)**	(4 576)

* *Refers to the cost to the company of awarding the employee a share appreciation right, determined by IFRS 2 cost for the specific allocation.*

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								
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								
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
2018								
	35 300	**–**	**34,42**	**–**	**–**	**35 300**	**34,42**	**35 300**
	10 605	**–**	**40,68**	**–**	**–**	**10 605**	**40,68**	**7 070**
	4 368	**–**	**1,34**	**(4 368)**	**–**	**–**	**1,34**	**–**
	39 531	**–**	**25,60**	**–**	**(14 531)**	**25 000**	**25,60**	**8 333**
	51 516	**–**	**21,00**	**–**	**–**	**51 516**	**21,00**	**–**
	141 320	**–**		**(4 368)**	**(14 531)**	**122 421**		**50 703**

DETAILS OF EXECUTIVE DIRECTORS' SHARE OPTIONS AND SHARE APPRECIATION RIGHTS CONTINUED

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
CMF TEIXEIRA								
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
2018								
	44 337	**–**	**27,70**	**–**	**(44 337)**	**–**	**27,70**	**–**
	86 600	**–**	**34,42**	**–**	**–**	**86 600**	**34,42**	**86 600**
	22 026	**–**	**40,68**	**–**	**–**	**22 026**	**40,68**	**14 684**
	9 381	**–**	**1,34**	**(9 381)**	**–**	**–**	**1,34**	**–**
	59 712	**–**	**25,60**	**–**	**(21 949)**	**37 763**	**25,60**	**12 588**
	80 092	**–**	**21,00**	**–**	**–**	**80 092**	**21,00**	**–**
	302 148	**–**		**(9 381)**	**(66 286)**	**226 481**		**113 872**

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								
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.

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

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								
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)	–		–

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
NM HUMPHREYS								
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
2018								
	13 910	**–**	**27,70**	**–**	**(13 910)**	**–**	**27,70**	**–**
	54 900	**–**	**34,42**	**–**	**–**	**54 900**	**34,42**	**54 900**
	16 519	**–**	**40,68**	**–**	**–**	**16 519**	**40,68**	**11 013**
	12 348	**–**	**1,34**	**(6 364)**	**–**	**5 984**	**1,34**	**–**
	59 297	**–**	**25,60**	**–**	**(21 797)**	**37 500**	**25,60**	**12 500**
	77 274	**–**	**21,00**	**–**	**–**	**77 274**	**21,00**	**–**
	68 837	**–**	**25,11**	**–**	**–**	**68 837**	**25,11**	**–**
	303 085	**–**		**(6 364)**	**(35 707)**	**261 014**		**78 413**

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								
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
2018								
	42 400	**–**	**34,42**	**–**	**–**	**42 400**	**34,42**	**42 400**
	12 751	**–**	**40,68**	**–**	**–**	**12 751**	**40,68**	**8 501**
	14 144	**–**	**1,34**	**(7 136)**	**–**	**7 008**	**1,34**	**–**
	28 504	**–**	**25,60**	**–**	**(6 787)**	**21 717**	**25,60**	**7 239**
	37 020	**–**	**21,00**	**–**	**–**	**37 020**	**21,00**	**–**
	34 289	**–**	**25,11**	**–**	**–**	**34 289**	**25,11**	**–**
	169 108	**–**		**(7 136)**	**(6 787)**	**155 186**		**58 140**

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
GD MOTTRAM								
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
2018								
	56 619	**–**	**27,70**	**–**	**(56 619)**	**–**	**27,70**	**–**
	71 700	**–**	**34,42**	**–**	**–**	**71 700**	**34,42**	**71 700**
	16 181	**–**	**40,68**	**–**	**–**	**16 181**	**40,68**	**10 787**
	13 665	**–**	**1,34**	**(7 618)**	**–**	**6 047**	**1,34**	**–**
	36 241	**–**	**25,60**	**–**	**(8 629)**	**27 612**	**25,60**	**9 204**
	60 238	**–**	**21,00**	**–**	**–**	**60 238**	**21,00**	**–**
	54 409	**–**	**25,11**	**–**	**–**	**54 409**	**25,11**	**–**
	309 053	**–**		**(7 618)**	**(65 248)**	**236 187**		**91 691**

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								
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
2018								
	55 213	**–**	**27,70**	**–**	**(55 213)**	**–**	**27,70**	**–**
	103 000	**–**	**34,42**	**–**	**–**	**103 000**	**34,42**	**103 000**
	23 240	**–**	**40,68**	**–**	**–**	**23 240**	**40,68**	**15 493**
	18 462	**–**	**1,34**	**(9 998)**	**–**	**8 464**	**1,34**	**–**
	62 479	**–**	**25,60**	**–**	**(22 967)**	**39 513**	**25,60**	**13 171**
	82 358	**–**	**21,00**	**–**	**–**	**82 358**	**21,00**	**–**
	73 049	**–**	**25,11**	**–**	**–**	**73 049**	**25,11**	**–**
	417 801	**–**		**(9 998)**	**(78 180)**	**329 623**		**131 664**

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
WI ZEELIE								
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)	–		–

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