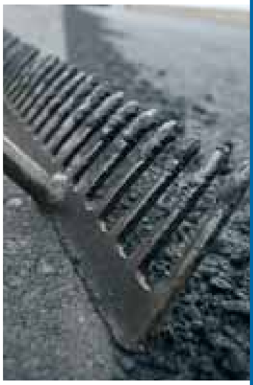
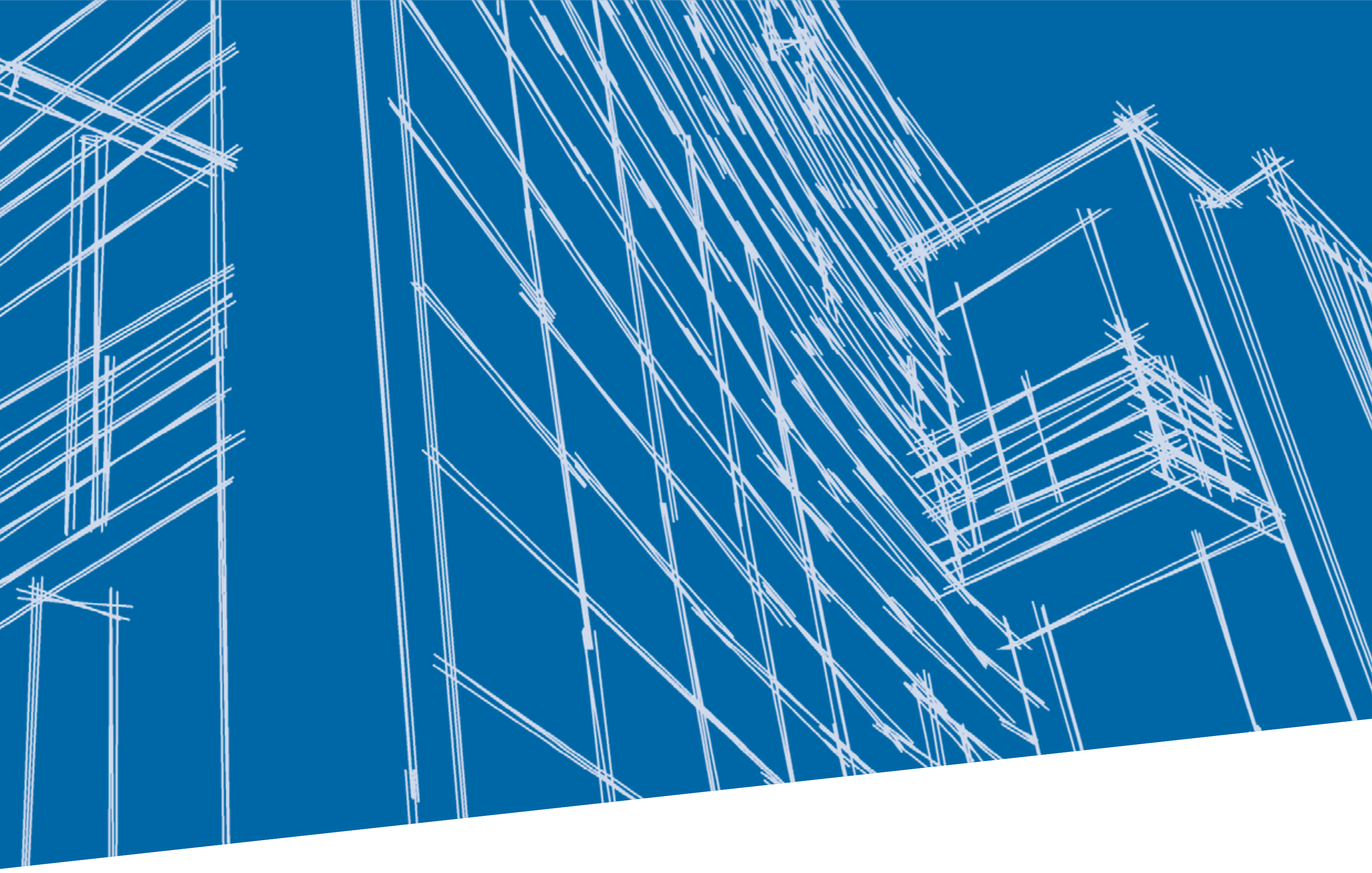
GROUP FIVE
structured ingenuity


INTEGRATED ANNUAL REPORT

2013



How to read our integrated annual report:

▤ This icon indicates where readers can find related information on a particular topic in our printed report.

WWW This icon indicates where readers can find more information on the group's website **www.groupfive.co.za**.

Group Five strives to continually enhance its disclosure to stakeholders. The integrated annual report has therefore been structured differently this year. Instead of reporting on the main areas of focus through various stand-alone reports from management, it presents the key aspects of the group's context, performance and future focus in a sequence of unified information sections. Comments from the board of directors and executive management are included where relevant throughout the report.

Where readers can find information on:

Chairperson's statements	**PG**	10, 11, 14
CEO's statements	**PG**	9, 10, 17, 18
CFO's statements	**PG**	9, 14, 17, 20, 21

Markets remained weak. Against this, the group's strategies in specific sectors and geographies mitigated some of this weakness, with order books remaining stable to positive. During the year, our portfolio of businesses, matched to our sector and geographic focus, was realigned to ensure we add additional value and are able to deliver on a complete infrastructure offering.

The benefits of actions taken in F2012 on de-risking the group from its legacy issues and the investment in future growth allowed management to focus on internal fitness and growth strategies. F2013 was the turnaround year in terms of market and group performance. Our order book recovery continues to be sustained ahead of a gradual improvement in financial performance in F2014.

Against ongoing tough markets, we continued to implement the conservative approach previously adopted in terms of both the quality of the order book secured and our philosophy towards cash preservation to fund activity which will support future profit growth. The earnings delivered in the year demonstrate an improved performance, with an increase in revenue traded and an overall operating margin percentage improvement.

Group Five is a diversified construction, infrastructure concessions and related services group engaged in resources, energy, real estate and infrastructure delivery. The group has a client base in South Africa, the rest of Africa and Eastern Europe. The group has the capability to deliver across the infrastructure lifecycle.

contents

The supplementary section to the integrated annual report contains:

Introduction
- Stakeholder engagement
- Additional assurance information

Year under review
- Ten-year review
- Key ratios
- Group scorecards
- Risk review
- Corporate governance review
- Human resources review
- Additional information on the group's operations
- Detailed Annual Financial Statements

Additional information
- Carbon Disclosure Project report
- Global Reporting Index

REPORT APPROACH

As outlined on the inside front cover of this report, the group did not structure the integrated annual report as stand-alone reports from management this year, but presents the information as an assimilation of the group's performance and focus against its environment.

The report approach is aimed at providing the reader with a clear format to understand the group's core messages.

To arrive at the content for the report, the group again canvassed stakeholders on their information needs. By concentrating on key stakeholder requests we were able to further refine our disclosure. The reader will find questions submitted by key stakeholders throughout the report, with management's responses.

This year's approach also allowed us to include only material matters in the printed integrated annual report. However, as supplementary information is contained in an electronic format to support the printed document, we did not reduce any previous disclosure provided.

The group also considered the new Consultation Draft of the International Framework from the International Integrated Reporting Council and the guidelines for the construction-specific sector supplement of the Global Reporting Initiative (GRI).

The GRI table can be found in the supplementary information to the integrated annual report at **www.groupfive.co.za**.

We welcome feedback on our report. Please contact us at info@groupfive.co.za or +27 11 806 0278.

MATERIAL ISSUES

The material issues for the year were identified through stakeholder feedback, as well as through rigorous internal strategy evaluation. The most material issues were grouped under four key themes, as outlined on this page. A number of additional issues are highlighted throughout the integrated annual report.

Detailed stakeholder feedback is contained in the supplementary information to the integrated annual report at **www.groupfive.co.za**.

MATERIAL ISSUES

Safety incidents	The group experienced an increase in the number of safety incidents and a sub-contractor fatality during the year. We take this seriously, as it relates to the wellbeing of our employees and is against our aim of ensuring zero harm. Our safety performance is also a measure that is very closely linked to securing contracts and ensuring effective delivery, especially in the group's targeted market sectors.	**29, 43, 49, 52 – 53, 55, 62, 66, 72**
Conditions in the group's local market of South Africa	Depressed markets and the slow application of public sector infrastructure, as proposed in the National Development Plan and the Presidential Infrastructure Coordinating Commission. Successful execution and margin achievement against competitive domestic markets. Changing broad-based black economic empowerment regulations. The Competition Commission investigation into the construction sector. The volatile labour environment. Focus on executive remuneration.	**8 – 15, 30, 81**
Progression of the group's strategy to ensure continued delivery across the infrastructure lifecycle in the group's chosen markets	Multi-disciplinary contracts and annuity income expansion. Sector and geographic expansion. Potential change in risk profile – including the expansion in engineer, procure and construct (EPC) contracting and the resultant need to amplify the focus on the group's risk-bearing capacity. Sufficient resources to deliver on strategy.	**24 – 30, 92 – 107**
Legacy issues of Construction Materials and Middle East	The group continued with the process of selling its loss-making Construction Materials cluster. All businesses have been sold with the exception of one, which is in the process of implementation. We await approval from the Department of Mineral Resources (DMR) on the three quarry sales. Limited costs are expected in the new financial year. The group also continued with dormatising its operations in the Middle East. During the year, it focused on collecting assets and closing out on liabilities with suppliers and partners. Positive progress was achieved.	**31, 79 – 80**

01

SECTION 1

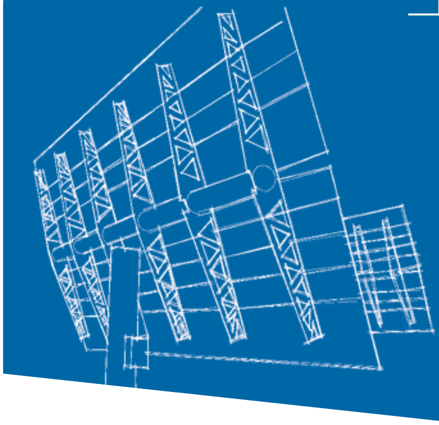
Our operating context

OUR OPERATING CONTEXT

Group Five currently operates in three key geographies – South Africa, the rest of Africa and Eastern Europe, with an operation in the Middle East that is in the process of being mothballed. Our operating context section takes the reader through the key developments in each of our regions, as well as how we addressed their impact.

Markets remained weak. Against this, the group's strategies in specific sectors and geographies mitigated some of this weakness, with order books remaining stable to positive.

The Contracting and Operations and Maintenance (O&M) order books grew in this financial year. The order books at year-end to June 2013 were R14,2 billion and R4,8 billion respectively versus R13,5 billion and R4,6 billion at 31 December 2012 and R11,3 billion and R4,8 billion at 30 June 2012.



How did we grow order books?

We further strengthened our position in the rest of Africa, particularly in the mining and power sectors, together with the group's concessions and construction businesses. We secured several multi-disciplinary contracts involving more of the group's businesses, almost exclusively in regions in which the group has past experience.

In South Africa, our investment over the last few years in future growth areas demonstrated some return on investment, with the group achieving a strong market position in the expanding South African renewable technology power sector. The material contracts added to the Contracting order book in this financial year included the four round one and round two awards of the Renewable Energy Independent Power Producer Procurement Programme (REIPP). This resulted in significant new work for the group. We expect further awards in round three.

The four renewable energy contract awards also include long term operations and maintenance contracts, which enhanced the O&M order book. This order book was further strengthened with additional transport O&M awards in Poland and Zimbabwe.

The first contracts from the nuclear industry in recent years in South Africa were also awarded to the group. In addition, we experienced market share growth in the building and housing markets and in the oil and gas sector.

The Contracting order book was further supplemented by additional building and housing tenders won, with a mix in awards between affordable housing, mine housing contracts and construction contracts at the key Waterfall estate development in Gauteng. These are all aligned to the group's real estate strategy.

During the year, the group commenced its early works contract on the Munitoria public private partnership (PPP) contract in Gauteng, which was in the group's focus for some time.

Tonkolili Iron Ore, stage 1b scrubber, Sierra Leone

South Africa (SA)

What is the competitive landscape?

Despite having suffered substantial job losses, the South African construction and engineering sector remains highly competitive due to the excess capacity accumulated in the run-up to the 2010 "super-cycle".

Pricing pressure eroded margins in general construction and limited training and transformation progress across the sector.

In addition, the slowdown in Europe, Asia, the USA and the Middle East caused increased interest from foreign competitors in the African region.

How is the group addressing this?

We chose not to pursue revenue at unrealistic margins and focused on building capacity in growing markets where technical expertise, innovation, scale and international relationships are differentiators.

This manifested in the group's leading position in PPPs, power, oil and gas and operations and maintenance activities.

WHAT ARE THE KEY DEVELOPMENTS IN THE SA MARKET?

1 Although the outlook in South Africa is positive in the long run, market activity was slow during the year and will remain so in the short term due to a combination of uncertain fiscal performance, the impact of the continuing global financial crisis, uncertain ideology on PPPs and limited capacity in government and supporting bodies.

WHAT IMPACT DOES IT HAVE ON THE GROUP?

Although revenue increased in all four clusters, margins remained under pressure, with the South African private building market most affected. Building and Housing showed a healthy improvement in volume, but still weak margins.

An improvement in general market conditions is only likely from F2014.

HOW WAS IT ADDRESSED DURING THE YEAR?

WE:
- Re-validated our strategy to confirm whether decisions taken remain relevant
- Focused on sectors that drive geographic expansion, such as mining, transport, power and real estate to ensure a balanced spread between South Africa and the rest of Africa
- Focused on mitigating the pressure on margins in Building through attention on execution and supply chain costs. The business also continued to pursue over-border contracts in countries where we have operating experience
- Preserved cash to fund growth
- Remained net un-geared
- Implemented a more efficient structure to support the strategy

This included:
- Establishing the Engineering & Construction cluster to support a growing engineer, procure and construct (EPC) capability with an energy sector focus
- Realigning the Construction cluster to drive effective interaction between segments on multi-disciplinary contracts
- Further improving risk management and cost competitiveness by standardising and aligning practices
- Creating the Strategic Project Development team to work with Infrastructure Development Services to achieve earlier positioning for longer term large infrastructure contracts

Refer to pages 34 to 76 for mitigation actions per cluster.

Q&A

How do you justify investment spend/return on investment on PPP bids and nuclear contracts if government is still unclear on its policy and decision on both?

Mike Upton – *CEO*

As disclosed in F2012, the group invested in growth themes while focusing on reducing unnecessary costs. The spend was therefore not an additional cost to shareholders, but a refocus of spend.

We have seen traction in nuclear, with the group receiving its first award, as well as government policy affirmation that nuclear is a cornerstone of the integrated resource plan. The group invested R16 million in Lesedi Nuclear Services and has received a 64% return in one year in the form of net income and cash dividends received. Although slow, there has been some progress on PPPs where the group is a preferred bidder on several contracts. We have also pre-qualified as a bidder for a new building PPP.

As there are growing fiscal pressures on social spending, the slow economic growth will eventually require ideology to take second place to the urgent structural needs of the South African economy. This will force investment in infrastructure to facilitate private sector investment in growth, especially against the backdrop of 5 – 7% African growth expectations.

To effect this, a material amount of private/public co-operation and funding will be required. For that reason we believe that our combined concessions and construction focus will provide long term value.

Refer to pages 40 and 48.

Do you have the resources and the knowledge to undertake renewable engineer, procure and construct (EPC) contracts?

Kalaa Mpinga – *Chairperson of the risk committee*

Yes, we have EPC experience in power, oil and gas and mining contracts. We have delivered over 1 000 megawatts since 2006. We are mitigating risk and resource constraints in renewable contract delivery by using proven technology and partnering with global EPC power players.

Are there costs that need to be removed from the group if markets remain quiet?

Cristina Teixeira – *CFO*

We undertook a detailed review of overheads in F2012 and were successful in reducing the group's cost base by R112 million. In addition, the group was rightsized by comparing capacity to volumes available. Every segment was affected by the group's "cost-out" programme.

In the Building and Housing segment, sufficient volumes and margin were not achieved in F2013 to optimally recover the cost base required to run the operations. Capacity was retained to support the strategy of local PPPs and over-border growth opportunities. Neither of those materialised in F2013 and although the Building order book recently recovered, it remains at low margins.

Most of the group's other businesses are experiencing growth and recruitment in different areas to those previously reduced. In addition, the group continues with its efficiency programme, which is set to materially reduce risk and the cost base in the coming year.

WHAT ARE THE KEY DEVELOPMENTS IN THE SA MARKET?

2

The South African government launched a National Development Plan, the Infrastructure Development Bill and the Presidential Infrastructure Coordinating Committee.

WHAT IMPACT DOES IT HAVE ON THE GROUP?

Infrastructure planning and delivery has been an African and South African weakness. Although the new developments are promising, funding and implementation remain uncertain. A challenge in implementation is that the Bill does not currently have priority in law over existing regulations and policies. The lack of traction to date resulted in constrained growth from the public sector.

HOW WAS IT ADDRESSED DURING THE YEAR?

The group's development teams engaged with interested stakeholders, including government bodies, in an attempt to successfully structure infrastructure contracts to financial close.

Q&A

What are the limitations to this development plan being implemented? The national plan has been penned, but does the country and government have enough experience and alignment to ensure it materialises?

Philisiwe Mthethwa – *Chairperson*

The biggest limitation is access to funding, as the fiscus is constrained. Project preparation and execution skills in government are also somewhat limited and the ideology on infrastructure ownership not all that clear. There is also mistrust between the private sector and government, which was exacerbated by the investigation into competition irregularities in the construction sector. These must all be factored into an execution plan for delivery of the infrastructure strategy.

WHAT ARE THE KEY DEVELOPMENTS IN THE SA MARKET?

3

17 strategic infrastructure projects (SIPS) have been identified to stimulate South Africa's economy and employment, with a focus on local procurement. The key focus is Transnet with its planned R300 billion spend, although funding may be an issue.

WHAT IMPACT DOES IT HAVE ON THE GROUP?

This provides some guidance to the group as to how government will realign its fiscal and investment priorities and in which sectors and skills sets Group Five should be focusing.

HOW WAS IT ADDRESSED DURING THE YEAR?

The group's sector alignment and skills set fit strongly with government's infrastructure strategy.

During the year, the group also refined its strategic actions to ensure it is aligned to SIPS.

Q&A

What makes Group Five better placed than competitors to tap into the growth in South Africa?

Mike Upton – *CEO*

The group has demonstrated a clear strategy in key sectors, with traction already evident in power, transport and water.

Refer to pages 24, 26 and 94 to 107.

WHAT ARE THE KEY DEVELOPMENTS IN THE SA MARKET?

4 **Competition Commission investigation of the construction industry.**

WHAT IMPACT DOES IT HAVE ON THE GROUP?

It severely impacted the already tenuous public/private relationships. It may force government to drive alternative contracting strategies and possibly invite foreign competition, which may negatively impact job creation.

HOW WAS IT ADDRESSED DURING THE YEAR?

Group Five is the company with the highest number of contracts that received corporate leniency, which demonstrates the group's co-operation and comprehensive and timeous disclosure. In late June 2013, it came to our attention that the Commission is seeking a proposed administrative penalty on four contracts in which we were allegedly implicated and for which no leniency was granted. Based on this, the probability of an administrative penalty materialised and its substantiation and measurability needed to be considered. We have made provision for a potential fine, which has been included in the reported results. The group remains engaged in discussions with the Commission to reach a conclusion and regrets the past behaviours in our group and the industry.

Refer to pages 30 and 81.

Q&A

What is the risk of civil law legal cases?

Guy Mottram – *Group risk officer*

Although civil action is a possibility, our counsel is of the opinion that the chances of claims succeeding are low. However, the group will have to ensure it is prepared for any potential claims and to effectively deal with client concerns.

What is the risk of not being able to access public sector tender lists going forward?

Philisiwe Mthethwa – *Chairperson*

This risk exists and industry communication was published calling for action from the public sector. However, removing contractors from the public sector tender list would result in an elimination of most of the country's skilled capacity on infrastructure delivery. It will therefore not be a responsible action by the public sector, unless this capacity is replaced by foreign contracting companies. This again would not be optimal for South Africa. It will be the responsibility of contracting companies to demonstrate that the industry has turned its back on past behaviours and is ready to support the national programmes.

The Competition Commission process has placed the industry's ethics and compliance at the forefront. What have you changed internally to ensure you operate ethically?

Lindiwe Bakoro – *Chairperson of social and ethics committee*

In addition to the group having been instrumental in uncovering the endemic anti-competitive behaviours of the industry in the past, a number of internal changes to policies were implemented to address this, including Competition Act regulations training on a regular basis. Ethics training was also enhanced, the utilisation of the group's tip-offs line is encouraged and all reports investigated. All joint venture agreements and arrangements must be motivated to, and approved by, the CEO.

WHAT ARE THE KEY DEVELOPMENTS IN THE SA MARKET?

5

Activism regarding executive remuneration.

WHAT IMPACT DOES IT HAVE ON THE GROUP?

Perception of over-payment in the sector, and particularly the group.

Refer to pages 134 to 165.

HOW WAS IT ADDRESSED DURING THE YEAR?

The group's remuneration strategy and earnings ranges were reviewed and restructured.

Additional disclosure is provided this year to allow stakeholders to understand, and more equitably compare, executive remuneration between companies, including:

- Remuneration structures
- Base pay evaluation
- Setting performance targets for short term and long term incentives

A revised long term incentive structure was established and presented to shareholders for approval. The new structure takes shareholders' requirements on executive remuneration into account.

Q&A

Questions have been raised by shareholders and the media concerning the correlation between executive remuneration and the performance of the company. What is the correlation?

John Job – *Chairperson of the remuneration committee*

With respect to executive base pay (or the cost to company), the group benchmarks its executive remuneration against market earnings annually.

With respect to executives' short term incentives in F2011 and F2012, the reported results were negatively impacted by losses in the Middle East and Construction Materials. The board of directors determined that, given the strong underlying performance of the continuing businesses, bonuses will still be paid, but at a lower level. Executive bonuses were therefore determined on an adjusted earnings value.

In addition, it should be noted that the group's executive bonus payment structure requires pay-out of bonuses up to 21 months after the date earned. Bonuses paid in each financial year therefore do not relate to the earnings performance of that financial year.

Refer to pages 141 and 150 to 158.

WHAT ARE THE KEY DEVELOPMENTS IN THE SA MARKET?

6 **Labour issues, such as unrest and collective bargaining.**

WHAT IMPACT DOES IT HAVE ON THE GROUP?

Labour relations at sites have become more complex, with multiple routes of communication due to changes in the union environment and closer government involvement in key contracts, such as Eskom power stations.

HOW WAS IT ADDRESSED DURING THE YEAR?

An internal team was appointed to work with Group Five executives and clients to address areas of concern.

This was mostly successful, although certain Eskom sites in South Africa were difficult due to the scale, number of contracts and contractors, as well as political and socio-economic pressures.

Refer to the human resources review in the supplementary information to the integrated annual report at **www.groupfive.co.za**.

Q&A

How material is rising labour input costs to the group and how do you mitigate increases which could affect profitability?

Junaid Allie – *HR director*

This risk is usually substantially passed on to clients through the inclusion at bid stage estimates of labour inflation. In some cases, contracts allow for escalation against a pre-set formula. However, costs can be an area of risk if changes in labour, wage legislation and rates are not clearly defined in the contract. This can result in an item open to contractual dispute. To address this, the group ensures that the regulatory framework is understood in its risk filter process at bid stage to ensure a clear recourse path, if needed.

WHAT ARE THE KEY DEVELOPMENTS IN THE SA MARKET?

7

A changing broad-based black economic empowerment (BBBEE) landscape.

WHAT IMPACT DOES IT HAVE ON THE GROUP?

Companies are required to revisit their current empowerment status.

HOW WAS IT ADDRESSED DURING THE YEAR?

The group focused on all aspects of the scorecard over the last few years. During the year, the group implemented a new ownership transaction. The group has a very competitive Level 2 BBBEE rating, but is conscious that more needs to be done to adhere to the stringent upcoming scorecard requirements.

www Refer to the human resources review in the supplementary information to the integrated annual report at **www.groupfive.co.za**.

Q&A

How will the group manage dilution on any future BBBEE scheme?

Cristina Teixeira – *CFO*

The group will ensure that ownership is acquired at full market value or, where dilution cannot be prevented, that this can be clearly valued against the strategic return that will be obtained. In addition, the transaction will be approved by shareholders.

You are still a very untransformed group internally in terms of race?

Philisiwe Mthethwa – *Chairperson*

Yes, the group has a long way to go in terms of satisfying the targets it has set for itself and from the Department of Labour. This is an area which will continue to receive focus. However, some good progress was realised over the last few years. When compared to the sector, we have a strong track record in the elements of the scorecard other than ownership. Ownership was addressed to some extent in the current year with the introduction of an employee and bursary trust.

Comparative BBBEE ratios of Group Five against peer group*:

	Weighting	**Group Five F2013****	Group Five F2012**	Lowest score in sector*	Highest score in sector*
Ownership	25%	**21%**	21%	7%	24%
Management control	10%	**9%**	9%	3%	8%
Employment equity	10%	**6%**	6%	4%	7%
Skills development	15%	**14%**	14%	6%	13%
Preferential procurement	20%	**20%**	19%	17%	20%
Enterprise development	15%	**15%**	15%	–%	15%
Socio-economic development	5%	**5%**	5%	3%	5%

* *Based on publicly available peer information as at February 2013.*
** *Based on the group's audited scorecard issued in September 2012 and September 2011 for the 2013 and 2012 years respectively.*

New Central Basin acid mine drainage, Gauteng, South Africa

Rest of Africa

The rest of Africa is under-developed and increasingly favoured by investors, with a focus on infrastructure and development corridors and co-operation on regional economic growth.

What is the competitive landscape?

With the African growth theme now gaining momentum globally, there is an increased interest to operate in Africa. This has resulted in many construction and engineering companies from around the world starting to develop African strategies. There has also been acquisitive activity and aggressive bidding against relatively unknown risks in Africa.

How is the group addressing this?

The group has operated in the rest of Africa for a number of years. The group has also been proactive in aligning itself with certain players that bring international technology and experience. This will enhance the group's own capacity and capability.

THE GROUP'S AFRICAN EXPERIENCE

Group Five is an experienced African contractor that has operated in Africa for an average of 11 years, but with experience in selected countries dating back 24 years. As the group has the most experience and broadest exposure to contracting in Africa amongst its South African infrastructure peer group, we believe this provides the group with "first-mover advantage". Although this experience should result in a lower risk profile, we remain cognisant of the fact that the continent presents many challenges and requires constant focus. The group has a robust risk management system targeted towards particular African conditions.

The group has worked in very remote and logistically-challenging areas with great success and has experience in a number of areas required to successfully execute complex contracts. Due to the focus on effective contract management, the group has not had any material contract losses in Africa in recent years.

On average, results from contracts in the rest of Africa deliver higher margins than in South Africa. The group has also in recent years generated operating margins in excess of tender margins due to efficiencies on contracts.

The group has to date worked in a variety of locations and in a number of regions, as the individual economies are generally relatively small. This flexibility allowed us to optimise contracts as they presented themselves, although always working within strict risk, compliance and resource filters. Our experience in Africa positions us strongly on a continent that has now become a new global growth region, with increased global competition.

During the year, we also established the Strategic Project Development (SPD) team to drive the development of large and multi-disciplinary contracts involving multiple businesses, key account management and African expansion. This team will assist the group to gradually build a more permanent base in terms of the group's in-country African presence to ensure we can more quickly and effectively grow our presence on the continent. Refer to pages 34 to 35.

WHAT ARE THE KEY DEVELOPMENTS IN THE REST OF AFRICA?

1

Africa is set to be the new driver of world economic growth, as it is very under-developed, is rich in resources and human capital, has a rapidly growing middle class and has enjoyed a decade of more than 5% growth.

WHAT IMPACT DOES IT HAVE ON THE GROUP?

As the group has been focused on Africa for many years, with solid experience, this has a very positive impact.

HOW WAS IT ADDRESSED DURING THE YEAR?

We restructured our group and redeployed experienced senior resources to focus on further building the group's African business.

Refer to pages 34 to 35.

Q&A

You say you are creating a more permanent base in the rest of Africa. What exactly does this mean? If that means setting up head offices in the rest of Africa surely that means increased overheads?

Cristina Teixeira – *CFO*

Over the next few years the team will focus on gradually building a more permanent presence in a select number of countries or regions to adequately support our operating teams and enforce compliance and controls, as the expected growth is achieved. This will be done commensurate with the growth and returns expected to be achieved in each region and will involve the establishment of small offices to ensure that the group can more quickly and effectively grow its presence on the continent.

Your order book is not reflecting much African growth?

Mike Upton – *CEO*

We traded in 13 countries during this year. The South African market represented 67% of Contracting revenue traded due to the group having secured certain large local power and real estate contracts. The group's key focus is to support a sector strategy, which will in turn inform growth and diversification in geography. All of the group's Construction segments have experience in operating in the rest of Africa and most businesses traded over-border revenue in the year, which provides higher margins than South Africa.

The table below demonstrates the group's Contracting over-border and South African presence.

% Traded revenue	Total	Building and Housing	Civil Engineering	Projects	E&C
F2013 SA	**67%**	95%	57%	19%	88%
F2013 over-border	**33%**	5%	43%	81%	12%
F2010 SA	**82%**	94%	83%	14%	83%
F2010 over-border	**18%**	6%	17%	86%	17%

You are moving to the rest of Africa, which comes with increased risks. How are you mitigating these?

Guy Mottram – *Group risk officer*

The group has operated in the countries in which it is currently active, other than Zimbabwe, for many years. It has had a particularly good track record over the last five to six years. The group has built an experienced team with an appetite for over-border work. In addition, we identify and develop new talent in the region. During the year, we further strengthened our risk and contract control measures. The table below outlines the group's Contracting order book and indicates that the risk profile of the overall order book in terms of the mix of contract types has not changed significantly, even with the increase in EPC contracts during the year.

R'million	Lump sum	Remeasurable	EPC	Labour-only	Design and build	Cost plus	Total
Central Africa	–	475	–	–	359	80	914
East Africa	–	139	–	–	–	–	139
West Africa	25	245	–	–	–	–	270
Southern Africa	1 541	6 766	2 628	903	250	821	12 909
Total	**1 566**	**7 625**	**2 628**	**903**	**609**	**901**	**14 233**

WHAT ARE THE KEY DEVELOPMENTS IN THE REST OF AFRICA?

2 **Lack of funding**

WHAT IMPACT DOES IT HAVE ON THE GROUP?

Infrastructure contracts cannot proceed without the required funding.

HOW WAS IT ADDRESSED DURING THE YEAR?

The group's strategy is to engage with governments, foreign investors and commercial banks to facilitate funding solutions.

Q&A

What is being done to mitigate public sector funding constraints for infrastructure?

Mike Upton – *CEO*

Globally, there is momentum building to secure funding from multiple sources for African infrastructure. At the World Economic Forum in Cape Town and the African Development Bank Summit in Marrakesh in May 2013, it was reported on many occasions that action is being taken to assemble development funding from multiple sources, such as unutilised funds in African central banks, public pension funds, private equity, sovereign funds and project finance from development finance institutions.

WHAT ARE THE KEY DEVELOPMENTS IN THE REST OF AFRICA?

3 **With extreme demand across Africa, limited fiscal capacity, yet massive infrastructure demand to enable economic growth, there is an opportunity for private equity, PPPs and concessions.**

WHAT IMPACT DOES IT HAVE ON THE GROUP?

The group's experience in concessions, PPPs, build, operate and transfer contracts, funding facilitation and delivery capability places it ideally by consolidating its skills set and solution offering to close the gap between funding and delivery.

HOW WAS IT ADDRESSED DURING THE YEAR?

The group continued to drive the implementation of its African strategy to combine these skills.

Q&A

What about sovereign risk, long term positions in volatile markets, payment risk and limited regulatory frameworks?

Stuart Morris – *Chairperson of the audit committee*

This must be monitored and managed.

Africa is an emerging market of scale and the governance and the regulatory and legal environment is developing quickly. The group has operated over-border for an average of 11 years, with operating experience in some countries spanning 16 – 24 years. Over the years, it has built up significant experience in managing tough conditions.

Also, we would only assume equity positions in sovereigns where these fit the group's risk profile and where the contracts meet credit risk hurdles regarding margins, cash and counterparty risk.

Extensive disclosure on the group's credit risk is provided on page 88 of this integrated annual report and within the annual financial statements in the supplementary information to the integrated annual report at **www.groupfive.co.za**.

WHAT ARE THE KEY DEVELOPMENTS IN THE REST OF AFRICA?

4

Complex operating conditions.

Incidents of corruption in certain countries.

WHAT IMPACT DOES IT HAVE ON THE GROUP?

Logistics is a key issue, with the cost, availability of bulk construction materials and efficiency of supply routes needing to be carefully managed. Supporting our large complement of over-border employees is also difficult, as contracts increasingly move to under-developed areas and new territories.

Incidents of corruption also have to be managed.

HOW WAS IT ADDRESSED DURING THE YEAR?

Managing complex conditions forms part of the group's risk assessments from pre-bid stage. The group has a strong African-focused team and employees also undergo ethics awareness and response training. Employees are provided with hot lines and tip-off lines to be used if they are placed under ethical duress.

Q&A

Has the group, during the financial year, experienced any contract losses as a result of ineffective logistics, procurement delays, inadequate pricing and labour costs in Africa?

Guy Mottram – *Group risk officer*

No, the group has not experienced contract operating losses in Africa during the year. The group's overall loss-maker ratio*, which measures loss-making contracts, improved from 27% last year to 13% this year.

Has the group been posed with any situations during the current year which are in direct conflict with the group's code of ethics or values?

Lindiwe Bakoro – *Chairperson of social and ethics committee*

Yes, operating in Africa comes with those challenges. Unfortunately, the group is experiencing an increase in these scenarios in its home market of South Africa too, as well as over-border. Issues are escalated to senior management to ensure these are disclosed and discussed before strong action is taken. The group remains firm in its zero tolerance to any unlawful or unethical behaviour.

www Refer to the risk review in the supplementary information to the integrated annual report at **www.groupfive.co.za**.

* *The loss-maker ratio is a key measure the group has adopted to monitor its progress towards continuous improvement in contract execution. It is a ratio of loss-making versus profit-making active contracts with a profit or loss greater than R100 000 for the year.*

WHAT ARE THE KEY DEVELOPMENTS IN THE REST OF AFRICA?

5

Unionisation has increased, with communities and labour realising it has some bargaining power now that African economies are growing.

WHAT IMPACT DOES IT HAVE ON THE GROUP?

Increased cost of labour and risk of strikes and labour action.

HOW WAS IT ADDRESSED DURING THE YEAR?

We saw some labour activity during the year, which was satisfactorily and timeously addressed. However, this did highlight the need to increase focus and in-country capability in terms of human resources and industrial relations.

Eastern Europe

What is the competitive landscape?

Adverse international economic and market conditions in Europe resulted in a slowdown in the pipeline of feasible full concessions contracts in Eastern Europe and an increase in affordability issues of new contracts for clients.

How is the group addressing this?

Against this, the group diversified into maintenance-only contracts in Eastern Europe in anticipation of a market recovery.

WHAT ARE THE KEY DEVELOPMENTS IN EASTERN EUROPE?

1 **The build, operate and transfer concessions market has been subdued for the last three years. Contracts launched in prior years have shown good growth and performance during this year.**

WHAT IMPACT DOES IT HAVE ON THE GROUP?

Operating concessions in traditional markets have been won, although with no equity investment opportunities.

The new East European markets in the Balkans have become opportunities in the medium term.

A new cycle of concessions is potentially underway in Eastern Europe, but requires investment in resources and market development, with returns in three to five years.

HOW WAS IT ADDRESSED DURING THE YEAR?

Intertoll is a well recognised brand in Eastern Europe, with development activities in new markets and other regions.

The group secured additional operating contracts and monitored and achieved good performance on existing contracts.

Q&A

The gestation period for projects has always been around two to three years. In the constrained European market, how will that impact your performance going forward, as you currently don't have any projects under development?

Cristina Teixeira – *CFO*

Intertoll is cautiously expanding its service offering in all its markets to include routine road maintenance and maintenance-only projects for both tolled and non-tolled routes, as well as expanding its capability and capacity in tolling technology solutions.

It is moving further east to cover the Balkan states, certain countries in southern Europe, and selected opportunities in Russia and surrounding countries.

Intertoll is also tapping into the emerging opportunities in a number of countries in Africa where it is generally shorter to close projects than in Eastern Europe. The group is currently executing an operations and maintenance and combined toll plaza construction contract in Zimbabwe.

Middle East

What is the competitive landscape?

The Middle East continues to be a highly competitive market, with substantial over-capacity from both domestic indigenous contractors, as well as international contractors.

How is the group addressing this?

The group has curtailed its activities while this environment persists.

WHAT ARE THE KEY DEVELOPMENTS IN THE MIDDLE EAST?

1

Gulf Cooperation Council markets remain weak, with over-capacity, unsatisfactory margins and unpredictable contractual outcomes with some clients.

WHAT IMPACT DOES IT HAVE ON THE GROUP?

The group has suffered significant contract losses and overhead costs.

HOW WAS IT ADDRESSED DURING THE YEAR?

The group withdrew from tendering in the region and focused on completing existing contracts and dormatising its operations.

Q&A

What were the key lessons you learnt in the Middle East that you can apply to your current regions?

Cristina Teixeira – *CFO*

We learnt a number of expensive lessons.

The group needs to first and foremost ensure that the correct leadership is in place to run remote operations and that there is detailed knowledge of local markets, specifically with regards to counterparty risk, local contracting and commercial norms and supply chain conditions.

It is important to limit concentration risk on any single client, region, sector or commodity.

Compliance to the group's country and contract risk filters and policies and procedures is also imperative.

02

SECTION 2

How did we perform against our operating context?

STRATEGIC PERFORMANCE

Against our operating context, the benefits of having a clearer, more focused strategy have started to realise, with the growth investment costs of the past beginning to deliver returns. This section outlines where our strategy succeeded and where action is required.

OUR STRATEGY

TO ACCESS THE FULL INFRASTRUCTURE LIFECYCLE

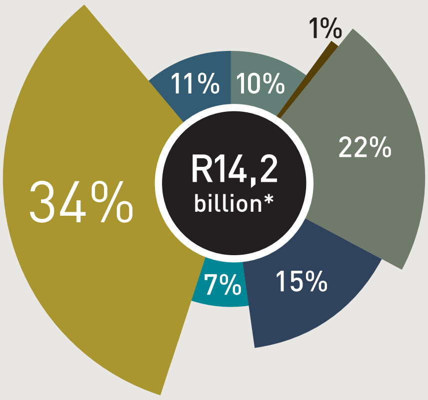
Develop → Invest → Supply → Construct → Operate → Service → Sell

THE GROUP'S STRATEGY HAS FOUR COMPONENTS

1

Focused sector penetration

Sector-specific solutions and strategies.



Established presence in seven sectors

- ● Mining
- ● Industrial
- ● Power
- ● Oil and gas
- ● Water
- ● Real estate
- ● Transport

2

Increased multi-disciplinary offering covers different aspects of the infrastructure value-chain

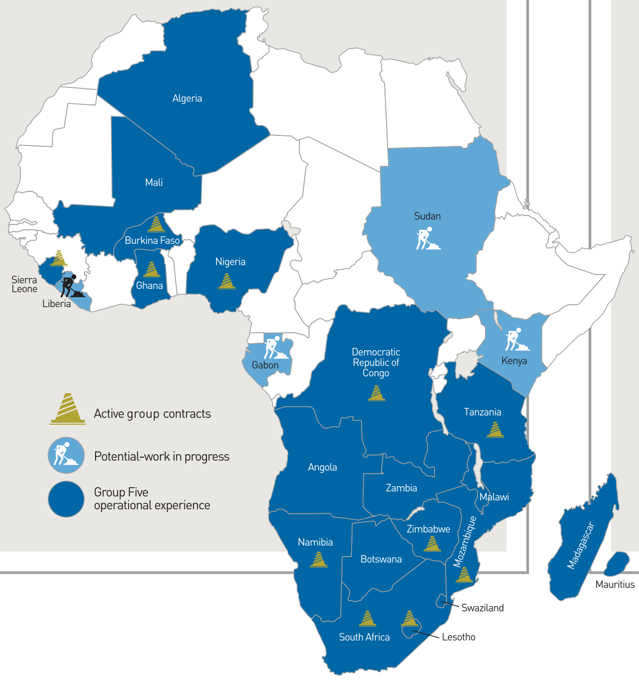
Higher component of multi-disciplinary and engineer, procure and construct (EPC) contracting in the order book as the group's offering evolves.

* *Total secured Contracting order book as at 30 June 2013.*

3

Geographic spread

The group remains strongly focused on Africa and maximising its positioning to benefit from an expected new phase of Southern African infrastructure. Eastern Europe remains a concessions focus.

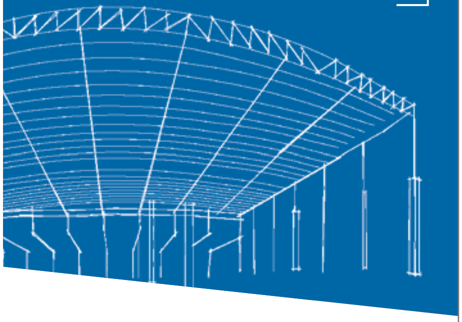


4

Building on annuity earnings stream

Pursuit of annuity income through the group's Investments and Concessions, Engineering & Construction and Manufacturing clusters to balance the cyclicality of construction.

What is Group Five's investment case and differentials?



The group is a vertically integrated infrastructure company.

The group's balance sheet is strong and net un-geared, with free cash flow available.

The group's sector alignment and skills set fit strongly with the governments' infrastructure strategy in South Africa and the rest of Africa.

The group's experience in concessions, PPPs, build, operate and transfer, funding facilitation and delivery capability places it ideally by consolidating its skills set and solution offering to close the gap between funding and delivery shortfalls.

- Group Five is the only South African infrastructure group with a combination of development concessions and construction and operations and maintenance, which allows it to take a lead or facilitation role in developing contracts to financial close.

Delivery on strategy

The next few spreads outline how we delivered on our strategy, outlined on pages 24 – 25.

Strategic focus areas

① Focused sector penetration

Where we succeeded

The table below shows the progression in key sectors in the group's Contracting clusters of Construction and Engineering & Construction (E+C).

	Construction		E+C	
	2013	2012	**2013**	2012
	%	%	**%**	%
■ Mining	**28**	20	**–**	–
■ Industrial	**2**	2	**10**	12
■ Power	**4**	6	**44**	22
■ Oil and gas	**9**	15	**46**	60
■ Water	**6**	5	**–**	–
■ Real estate	**34**	34	**–**	–
■ Transport	**17**	18	**–**	6
Total	**100**	100	**100**	100

Where we need to improve

The progression in the industrial sector was slow during the year due to market constraints.

What we did to address this

Against this, we focused on the energy shortage in South Africa and were able to provide power solutions to industrial companies to offset this. These included contracts for Sasol, Goldfields, Thos Begbie, Tronox and Geometric Power.

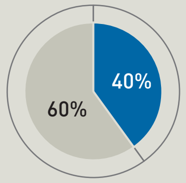
Strategic focus areas

② Increased multi-disciplinary offering to extract multiple revenues and margins from single contracts

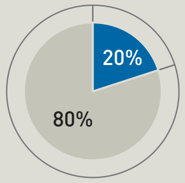
Where we succeeded

Various multi-disciplinary contracts were executed.

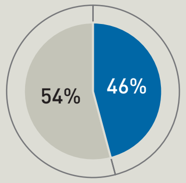
Growing multi-segment/cluster work:



40% multi-disciplinary – traded revenue



20% multi-disciplinary – Contracting order book



46% multi-disciplinary – pipeline

Civil Engineering's participation in multi-disciplinary contracts now contribute 63% to the segment's traded revenue.

Where we need to improve

Enhancing efficiencies in the group's support structure for multi-disciplinary contracts was required.

What we did to address this

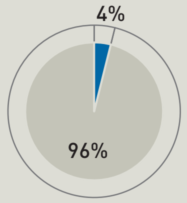
In response, the group structure was refined during the year.

Refer to pages 32 to 33.

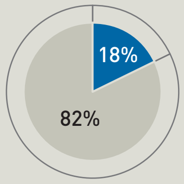
② Accessing more of the infrastructure value-chain, i.e. engineer, procure and construct (EPC)

Although this has a perception of higher risk, the group has moved up the construction value-chain, while ensuring a balance between increased EPC and traditional work.

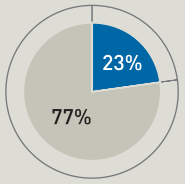
The group's Contracting order book consists of 18% contracts of an EPC nature versus 6% in F2012.



4% EPC – traded revenue



18% EPC – Contracting order book



23% EPC – pipeline

Where we need to improve

The group's size may be a limiting factor in terms of the number and individual scope of EPC contracts it can take on.

What we did to address this

The group refined its risk-bearing capacity assessment processes to ensure real-time assessment of group capacity-at-risk to better inform what risk the group can assume at pre-bid stage.

Strategic focus areas

3 Geographic spread

Where we succeeded

The group has operated in Africa for an average of 11 years, with experience in 18 countries. We believe we have accumulated the most experience and achieved the broadest exposure to multi-disciplinary contracting in Africa amongst our South African peer group.

Refer to page 16.

The group has demonstrated that it is able to quickly mobilise over-border, as well as bring resources home when the workflow requires us to do so. During the year, 32% of the group's revenue was traded over-border. The group secured a number of large South African contracts, particularly power and real estate contracts, which weighted the group's forward-looking Contracting order book to South Africa at June 2013. This again confirmed the group's geographic flexibility to effectively allocate resources to opportunities.

Where we need to improve

We need to ensure an improved spread between South Africa and the rest of Africa. During the year, the South African market represented 68% of revenue due to the group securing certain large local power and real estate contracts.

What we did to address this

Our African presence continues to progress, but as large orders take time to develop, we expect this to flow through to our Contracting order book and revenue from F2014 onwards.

We supported the growth strategy and delivery oversight through the deployment of additional senior resources to Strategic Project Development and Infrastructure Development Services.

Refer to pages 34 to 37.

Strategic focus areas

4 Building an annuity earnings stream

Where we succeeded

During the year, the group secured power operations and maintenance contracts, which provide a new annuity stream in one of our sector focus areas. In addition, we built on the existing transport operations and maintenance position in both Africa and Eastern Europe.

Operations and maintenance (O&M) order book

R millions	Traded F2012	Traded F2013	Secured F2014	Secured three years to F2017	Total to first review date*
Transport	555	**654**	751	1 698	4 411
Industrial and Oil and gas	126	**59**	56	44	101
Power	–	**–**	8	99	279
Total	681	**713**	815	1 841	4 791

* *Secured O&M order book is conservatively valued to first review date only.*

Where we need to improve

Due to delays in the roll out of concessions and PPPs in South Africa, the group's targeted road annuity streams in South Africa have not materialised. We have also not added real estate annuity due to slow growth in the market and the absence of PPP awards.

What we did to address this

The group focused on concession opportunities in the rest of Africa. It is also structuring opportunities to deliver commercially and financially feasible contracts with third parties.

Refer to pages 36 and 43.

Supporting the strategy

To support the execution of the group strategy, we focus on:

1 Ensuring zero harm to our people and the environment.

2 The correct lean and efficient resourcing structure to deliver effectively.

3 Monitoring our risk-bearing capacity to manage growth against our strategy, especially as EPC contracts have the potential to pose higher risk.

Supporting the strategy

Where we succeeded

1

Zero harm in our operations

During the year, a number of multi-disciplinary contracts that have significant complexity in their execution achieved a million man hours without a lost-time injury. Pleasingly, 13 of the group's construction contracts recorded a zero lost-time injury frequency rate (LTIFR). All these contracts support management's view that our target of zero harm is possible.

Where we need to improve	What we did to address this
The group suffered a sub-contractor fatality in January 2013. This, together with an increase in incidents due to public road accidents at remote sites and unskilled labour incidents on some sites, weakened our combined LTIFR to 0.27 from 0.21.	In response to this, management strengthened the focus on safety awareness and renewed the impetus on the group's "Stop for Safety" campaign. Work on each Group Five site was stopped and refresher training was conducted on the group's safety philosophy and non-negotiables. Since this intervention, our safety records improved immediately, with our LTIFR improving over the last quarter from 0.45 to 0.27.

2

Lean and efficient support organisation

The group **shed overhead costs and complexity** and invested in growth themes, such as renewable power and nuclear, which both delivered returns in the year.

Significant change was experienced in the short term with cost saving programmes, the group's restructuring and its co-location and efficiency programme. The redesign of business processes is on track to be completed by the first half of F2014.

Where we need to improve	What we did to address this
To manage the rapid change, increased leadership focus and a more formal change management programme was required.	The group implemented a change management programme through its internal training facility to assist the group's executives and management in communicating and managing change. Certain existing employees were also trained as change agents to support managing directors and executives in implementing change.

Supporting the strategy	Where we need to improve	What we did to address this
3 Monitoring our risk-bearing capacity to manage growth against our strategy.	Capturing and modelling the dynamic movement of the remaining values at risk through the contract lifecycles to easily assess the risk-bearing capacity available.	The group refined its risk-bearing capacity assessment processes to ensure real-time assessment of group capacity-at-risk to better inform what risk the group can assume at pre-bid stage.

In the year under review, two additional strategic focus areas were:

COMPETITION COMMISSION INVESTIGATION IN SOUTH AFRICA

As outlined on page 11, the Competition Commission launched an investigation into anti-competitive behaviour within the construction industry in 2008. We adopted a proactive stance from the start.

Where we need to improve

As part of its proactive internal investigation, the board and management of Group Five identified that the group operated within a collusive industry to which it had contributed through incidents of anti-competitive behaviour. We have on a number of occasions in our public statements over the last four years expressed our deep regret at the anti-competitive behaviour that we found to be present in our business and in the wider industry. The Commission's findings have resulted in substantial reputational damage to the sector and the groups operating in the sector. Our commitment is to continue to drive the group's ethics and compliance programmes, including training for all employees, and to ensure adherence to the group's enhanced risk review processes. These specifically include pre-bid review on contracts with respect to compliance with competition legislation and the CEO's approval on the establishment of all joint venture arrangements.

What we did to address this

The group believes that its most telling response has been its proactive stance against corruption in taking an industry-leading position in supporting the Competition Commission's process to rid the industry of collusive activities. We took immediate and decisive steps from 2009 to gather the necessary information of such behaviour from employees and used this to implement internal corrective action. Group Five considered it appropriate to approach the Commission with the information it had gathered internally regarding past anti-competitive behaviour by its employees and those of other construction companies. We were therefore the whistle-blower on the industry and provided the Commission with much of the information which allowed it to prosecute the construction industry, collect penalties and fines and eliminate the collusive behaviour in the country. Our significant co-operation since 2009 and the provision of vital evidence of the industry's behaviour, as well as our own contraventions, resulted in us becoming the primary leniency candidate.

We are continuing our discussions with the Commission and remain committed to resolving the outstanding matters related to four contracts which were not discovered in our own investigation and where the group is allegedly implicated. The group will engage with our clients individually to address concerns they might have around the group's commitment to ethical business, which is embedded in our core values.

CONCLUDING ON LEGACY ISSUES

Middle East

We continued to receive cash on contracts in line with the agreed repayment plans signed with clients.

We also finalised and settled some old contract claims and reduced the value of under-certified work and debtors with no adverse affect on earnings.

As previously disclosed, we were required to repay an advance payment to our client in June 2013. We have now exited from all contracts.

Where we need to improve

The close-out costs in the Middle East subdued the otherwise good underlying Civil Engineering result. An operating loss of R50,8 million was recorded in the financial year due to contract losses of R15,4 million and overheads of R35,4 million.

Refer to page 80.

A few contracts, although complete, still require official commercial closure, which resulted in continued holding costs.

What we did to address this

The group focused on collecting assets and closing out on liabilities with suppliers and partners. Significant progress was achieved.

Refer to page 81.

Construction Materials

We secured signed agreements for all but one business, which is in the final negotiation stage. However, conditions precedent have delayed final transfer on the sale of the quarry businesses.

Refer to pages 79 to 80.

Where we need to improve

The Department of Mineral Resources' approval is still required on all three quarry sales, although Competition Commission approval was received.

An impairment of R11 million was recorded in the year due to the increase in the cost to sell the remaining business. Limited costs are expected in the new financial year and relate to environmental monitoring of the three quarries and operating losses on the one remaining business until transfer to its new owner.

What we did to address this

The group constantly engages with the Department of Mineral Resources to monitor the status of its application, which is the only outstanding approval required to conclude the sale transactions.

OPERATIONAL PERFORMANCE

The group has a focused operational structure to deliver on its strategy. It comprises four clusters, with an additional two business segments supporting the identification and development of key contracts. These are Strategic Project Development (SPD) and Infrastructure Development Services (IDS). The operational section takes the reader through how the group delivered in each of its clusters.

Group structure to support our strategy

INVESTMENTS AND CONCESSIONS

- **Transport (Intertoll)**
- **Real estate (Property Developments)**

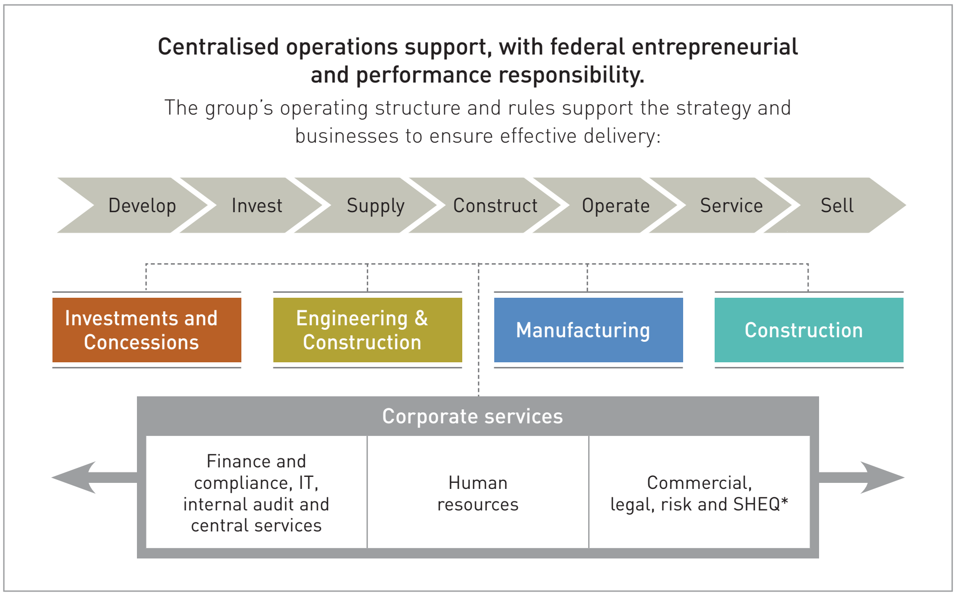
ENGINEERING & CONSTRUCTION

- **Power**
- **Oil and Gas**
- **Nuclear Construction Services**
- **Engineering Services**

Supported by: Strategic Project Development (SPD) and Infrastructure Development Services (IDS)

Group operating rules

Although the group has a centralised support structure and levels of authority with uniform policies and procedures, each cluster is required to retain full ownership and accountability for its alignment to the group strategy, its performance, growth and ultimately its value-add to the group.



Centralised operations support, with federal entrepreneurial and performance responsibility.

The group's operating structure and rules support the strategy and businesses to ensure effective delivery:

Develop → Invest → Supply → Construct → Operate → Service → Sell

- Investments and Concessions
- Engineering & Construction
- Manufacturing
- Construction

Corporate services

Finance and compliance, IT, internal audit and central services	Human resources	Commercial, legal, risk and SHEQ*

* *Safety, health, environment and quality.*

MANUFACTURING

Fibre Cement

Steel

CONSTRUCTION

Building and Housing

Civil Engineering

Projects

Supported by: Strategic Project Development (SPD) and Infrastructure Development Services (IDS)

Group values

We strive to operate by a set of core values. These are intended to be the foundation of the group's culture and are embedded in our strategies and policies and reinforced through the senior team's performance measures. The implementation of the values is also driven through a set of pre-determined monitoring controls.

People | Excellence | Transformation

Group corporate values

The group operates with a consistent set of core values.

Client focus | Integrity | Innovation | Performance

Refer to pages 132 to 133 for the performance criteria of our team.

The group has a formal Code of Ethics, which is communicated widely through the group. The group also has a tip-offs anonymous line where incidents of unethical behaviour can be reported. The number for the line is 0800 00 48 11.

Refer to the risk review in the supplementary information to the integrated annual report at **www.groupfive.co.za**.

The Strategic Project Development (SPD) team is responsible for the development of large and multi-disciplinary contracts involving multiple business segments, key account management and African expansion.

In addition, the group's established Infrastructure Development Services (IDS) team focuses on the development of infrastructure contracts that require project financing, including concessions and public, private partnerships (PPPs).

Where clients require the development of, investment in, construction and operation of an infrastructure asset, the SPD and IDS teams collaborate with the Construction and Engineering & Construction clusters to deliver an integrated and packaged infrastructure solution.

Strategic Project Development (SPD)

Paul le Sueur

Executive committee member

VALUE TO THE GROUP

SPD was established at the end of the previous financial year to enhance the group's ability to deliver across the full infrastructure value chain.

In line with this, the SPD team performs the role of co-ordinator between the various business segments. It is responsible for key strategic account management on large and multi-disciplinary contracts and the African indigenisation and sector penetration of Group Five in its targeted regions and countries.

An important function of the SPD team is its mandate to manage the early contract selection and population of the group's contract target opportunity pipeline.

As this key function is now more centralised, it ensures a continued focus on sector penetration and geographic diversification and enhances alignment on

Head, Africa Project Developments
John Lotz

Head, Corporate and Business Structuring
Wim Fourie

large multi-disciplinary contracts at pre-bid stage. The SPD team leads contract and bid selection to ensure a uniform adherence to group strategy. This results in contract selection and risk review commencing even earlier in the current bid process.

The SPD team has executive oversight on large, multi-disciplinary construction and key account contracts during the construction phase to ensure the group continues to deliver on its promises to key clients. This mandate includes "step-in rights" on any contract to invoke remedial action where there is under-performance in terms of delivery.

Key aspects of the group's strategy are to unlock the funding of contracts, to develop strategic partnerships and to engage governments and foreign investors that are looking for infrastructure implementation enablers. To support this, dedicated senior resources exist in SPD and the IDS teams to champion this opportunity.

The team works closely with the group finance and compliance, safety, health, environment and quality and human resources executives to identify, establish and resource appropriate country and regional offices. The sourcing and staffing of these offices is in progress at a rate commensurate with a clear return on these investments.

MATERIAL ISSUES IN THE YEAR

Material issues	**Group response**
Although the group has a controlled and centralised contract bid process in place, contract selection pre-bid has historically been determined by the business segments. This increased the risk of contracts presented not aligning to the group's strategy.	The group implemented upfront screening and filtering of all contracts by the SPD committee. This reduces operational, commercial and financial risk by ensuring that only opportunities that are appropriate to the group's strategy and technical expertise are pursued.
The need for reliable and relevant country and market information is paramount to determine the bankability of contract enquiries and in pursuing new regions.	Dedicated resources have been allocated to work in-country and to improve intelligence-gathering capability.
Increase market share in established countries of operation through the indigenisation of local operations.	The group has identified and recruited local, competent in-country resources. In line with this, the group has developed a new operating and group support structure that will further improve controls and risk management and provide market traction in the selected territories.
The risk of a silo approach to delivery on multi-disciplinary contracts involving more than one business segment.	The establishment of SPD allows for an oversight function that is independent of the operational execution on the contract. This ensures adherence to commitments and the application of consistent standards and practices by the group.

LOOKING FORWARD

Following the group's track record of contract execution across 18 African countries, it continues to identify countries with high-growth potential in the rest of Africa. The group will expand conservatively based on detailed market evaluation against expected returns.

The team will continue to align itself with companies operating in Africa and aims to become a preferred contractor to South African investors, retailers and developers expanding into the rest of Africa.

SPD will work closely with the IDS team to identify additional funding sources for contracts in the rest of Africa.

Over the next few years, the team will also focus on gradually building a more permanent base in terms of the group's in-country African presence.

Infrastructure Development Services (IDS)

Eric Vemer

Executive committee member

VALUE TO THE GROUP

The IDS team is responsible for the identification and development of infrastructure project opportunities that require financing and where an equity investment and/or a long term operating and maintenance component is available to the group.

These project opportunities are concession and PPP-type contracts and couple the group's extensive construction offering with the financial structuring and contract development expertise developed in the team over the last ten years. As contracts in sub-Saharan Africa increasingly have this requirement, being able to provide a complete financing, design, construct and operations solution to clients, particularly on roads, power and real estate contracts, provides the group with a competitive edge.

During the year, the team developed an innovative solution for the Zimbabwe roads programmes. Based on this experience and expertise, the group sees significant potential for developing construction contracts for the Construction and Engineering & Construction clusters, as well as operations and maintenance business for Intertoll in sub-Saharan Africa through PPP contracts.

IDS is not a trading business, but is managed as a business area measured by its ability to recover its costs through development fees and success fees recovered against contract wins.

MATERIAL ISSUES IN THE YEAR

Material issues	**Group response**
Delay in progressing the N1-N2 Winelands contract, where the group is the preferred bidder.	The IDS team meets regularly with SANRAL* and is actively engaging with its advisors on the legal challenges from the City of Cape Town. Refer to page 40.
The South African government's delay in implementing infrastructure contracts.	In an attempt to assist the government with progressing infrastructure contracts, members of the IDS team proactively support various government workshops on the roll-out of infrastructure contracts and make themselves available to provide a construction sector view on issues surrounding the contracts.
Expanding the contract portfolio into sub-Saharan Africa.	The team increased its knowledge of infrastructure needs for key countries and a number of submissions have been made for selected contracts. These include project financing and operations solutions. The team also sought partners that are active in the region and which have complementary skills to the group.
Kathu Concentrated Solar Power (CSP) contract delays in South Africa.	During the development period, the Department of Energy materially lowered the tariff structure for CSP projects in round 3 of the renewable energy awards. This tariff review resulted in questionable project viability and the group had to reconsider its willingness to participate as a co-developer.

* *The South African National Roads Agency.*

Insufficient resourcing.	The team continues to recruit new talent to ensure operational efficiency and the ability to target key growth areas.
Delays in the tendering and award of new South African CTROM* contracts.	Intertoll awaits the issue of new tenders to bid in the CTROM market.
Slowdown in European markets.	The group continued to develop strategic partnerships in Europe while we wait for the new contracts markets to recover.

* *Comprehensive Toll Road Operations and Maintenance.*

LOOKING FORWARD

The key focus areas for IDS in the coming financial year will be to secure financial close on existing contracts where the group is the preferred bidder, as well as to identify other transport opportunities for PPPs, such as ports, airport terminals or pipelines.

The team will continue to:

- Identify and proactively develop relationships with key sector partners in anticipation of contract opportunities.
- Finalise a competitive financing model that can meet financing requirements for infrastructure contracts in Africa.

The team will prioritise contracts that are related to civil engineering, with highly specialised technical requirements due to its experience in this field.

It will also aim to develop its operations and maintenance model beyond roads by using Intertoll's experience and systems for other operational roles.

CROSS-REFERENCING ICONS

Operational reviews contain questions from stakeholders. Below are the icons for each stakeholder.

Shareholders | Financial analysts | Bankers | Clients | Partners | Employees

Investments and Concessions

Eric Vemer

Executive committee member

Revenue	R729m	F2012: R648m
Total operating profit	R173m	F2012: R154m
Core operating profit	R174m	F2012: R154m
Core operating margin	23.9%	F2012: 23.7%
Secured operations and maintenance annuity order book*	R4 411m	F2012: R4 581m
Investments in concessions	R361m	F2012: R297m
Employees (pax)	1 494	F2012: 1 227

* *Secured long term operations and maintenance order book to first review date as at 30 June 2013.*

Contributed:

6.5%

to group revenue (F2012: 7.4%)

31.6%

to group core operating profit (F2012: 47.8%)

Investments and Concessions consists of:

Transport

Transport comprises Intertoll, which operates full concessions and transport PPPs, including operations and maintenance in Poland, Hungary, South Africa and Zimbabwe.

Real estate

Real estate comprises the group's property development business, which develops, owns and manages selected A-grade property assets. These generate development and investment returns primarily in South Africa. During the current financial year, the segment expanded into the rest of Africa.

VALUE TO THE GROUP

Transport (Intertoll)

Intertoll plays a pivotal role in delivering on the group's strategy by providing steady and predictable returns through long term secured build, own, operate and transfer (BOOT) concessions and operations and maintenance contracts. These can counter-balance some of the effects of the cyclical nature of the construction sector.

There are potentially three sources of returns in this business. The first is annuity-based revenue and resultant profitability from the operations and maintenance of transport infrastructure. The second is achieved through project equity investment returns following the group's direct equity investment. The equity returns are reflected as fair value adjustments to the original cost of investment until disposal date when they are converted into cash proceeds. Investment fair values are reviewed bi-annually and based on the life of expected contract cash flows, which is typically 20 years or more.

Further detail on the fair value adjustment calculation can be found in the annual financial statements in the supplementary information to the integrated annual report at **www.groupfive.co.za**.

Managing director
Intertoll Group
Jon Hillary

Managing director
Intertoll Africa
Themba Mosai

Managing director
Intertoll Europe
Zoltan Pap

Managing director
Property Developments
Kushil Maharaj

For additional operational information, refer to the supplementary information to the integrated annual report at www.groupfive.co.za

Through Intertoll's investment and operations and maintenance capability, it is able to deliver significant returns that are long term in nature. A third benefit to the group is when it secures the construction work associated with, and in addition to, the transport concession.

The segment's margin target of between 15% and 20% has been consistently met. This offsets tighter margins in the Construction cluster and improves the group's blended overall margin.

Intertoll also adds both geographic and brand diversification and enables significant partnering solutions with global construction firms, which provide access to collaboration and strategic relationships.

Real estate (Property Developments)

The group is focused on developing a portfolio of real estate assets. Similarly to the business case for transport, these assets can provide several revenue streams to the group in terms of development fees, equity returns and construction revenues. The business has also recently become active over-border, thus supporting the group's strategy of geographic diversity. Property Developments (PDS) is involved in the development of real estate assets for the public and private sectors. The private sector focus is on the development of A-grade quality real estate assets within the commercial, retail and industrial segments, as well as supporting selected affordable residential developments that currently do not include the group contributing equity, but support the Construction cluster. The public sector focus is on real estate PPPs/concessions, particularly government offices, hospitals, prisons and accommodation.

This focus allows the group to attain superior returns on its real estate investments by deriving development management service fee income and equity returns, as well as deriving construction work at acceptable margins for the Building and Housing segment.

Kalahari Mall, Northern Cape, South Africa

MATERIAL ISSUES IN THE YEAR

Material issues	Group response
Transport	
Delays in South African contracts	The delays surrounding the tendering and award of new South African toll road and Comprehensive Toll Road Operations and Maintenance (CTROM) contracts resulted in slower than predicted growth for the segment and tighter domestic trading conditions. Intertoll awaits the outcome of the legal process underway in relation to the N1-N2 Winelands toll road contract. The segment was awarded preferred bidder status in 2011, but has not moved forward to implementation due to a legal dispute between SANRAL* and the local government. Intertoll also awaits new tenders to bid in the CTROM market. In the absence of clear short term growth drivers in South Africa, the segment redirected resources to the group's African strategy where new PPP and concession opportunities are being pursued.
Slowdown in Eastern European markets	Adverse international economic and market conditions, particularly in Europe, resulted in a slowdown in the pipeline of feasible contracts and an increase in affordability issues of new contracts for clients. Against this, the group diversified into maintenance-only contracts in Eastern Europe in anticipation of a market recovery.
Real estate	
Achieving financial close on PPP/concession contracts	The group is the lead member of two consortia that were appointed as the preferred bidders on the Department of Rural Development and Land Reform (DRD) office accommodation contract, as well as the City of Tshwane's municipal headquarters (Munitoria). Both PPPs have been beset with delays, mainly due to slow government processes. However, an early works programme started at Munitoria. Government is currently defending a legal challenge against the DRD contract, but continues to work towards reaching financial close.
Sell down of residential portfolio	The group has been disposing of its residential portfolio over the last few years. The focus is on disposing assets at market-related prices. Pleasingly, sales in the last nine months improved significantly. To minimise holding costs, units are rented with a provision in the lease that allows for the sale of the units. The remaining carrying value of this residential portfolio is R59 million.
Africa expansion	During the year, the group was awarded a contract to develop and construct an office park in Ghana, The Capital Place. Construction by the group's Building and Housing segment commenced in April 2013 and is expected to be completed in May 2014. This contract is an example of the group's focus on multi-disciplinary works, with the group fulfilling the role of both developer and contractor in Africa.

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* *The South African National Roads Agency.*

Q&A

FROM STAKEHOLDERS

If property yields are so low, how can investment in Property Developments provide the required return on investment for the group?

Group Five is an early stage investor in property development contracts, where the combination of project development fees, management fees, early investor return premiums and the margin opportunity of secured construction contracts combine to deliver a blended return to the group better than our risk-adjusted targeted return on investment.

Q&A FROM STAKEHOLDERS

Why does the group believe fair value adjustments are core and should be included in operating profit? Does the group really have control over these?

Targeting and negotiating investments in concession contracts is a core part of our business skills set and fundamental to our strategy. The investment returns are an integral part of the group's overall economic return from a contract in which it is involved.

The group brings significant expertise to the negotiation phase, specifically around the terms of concession contracts and how those terms will impact on the investment risk and return profile of the equity holders of the concession. Group Five targets early stage investment when fair value returns may be materially influenced by the performance of the specialist construction and operations contractors to the special purpose vehicle (SPV). In turn, a financial investment in the underlying SPV is only made when the group has a significant construction or operational role. The revaluation of an investment is a core component of the blended returns the group achieves on concessions.

What are the key parameters used to determine fair value adjustments and what is the risk of a devaluation stemming from these adjustments?

An investment's fair value is the value of discounted cash flows using the latest estimate of "life of contract cash flows" discounted at a contract-specific risk-adjusted discount rate.

A devaluation on current mature contract investments is realistically only possible where sovereign risk changes occur, such as when a country becomes a riskier investment destination, where government defaults on a contract or with a movement in foreign exchange which affects the translation value of the investment. The group applies a cautious approach in determining fair value of investments.

What risks does Intertoll take on when signing up concessions, i.e. how volatile or at risk are the segment's revenue and profitability assumptions?

Intertoll's risks include:

- Operational performance risk and the consequence of non-performance, being penalties and ultimately termination.
- Toll collection risk (on hard toll contracts), with excessive shortages being for the account of Intertoll.
- Pricing risk over long term contracts, in particular wage escalation.

Intertoll has an established track record and prices its contracts and negotiates contract terms in a risk-averse manner. This ensures a high level of predictability in the business' revenue and profits over the medium to longer term.

FINANCIAL PERFORMANCE

The cluster continues to deliver pleasing results, with an increase in revenue of 12.5% to R728,5 million and a slight core operating margin increase from 23.7% to 23.9%. Included within the core operating margin is upward fair value adjustments of R86,5 million (F2012: R67,5 million), representing an increase in the carrying value of the group's investment in the A1 Phase I and II transport concession in Poland of R51,6 million and the M6 Phase III transport concession in Hungary of R34,9 million. The bulk of the cluster's revenue and profitability stems from the European operations. However, the African business contributed a larger proportion than the prior year following the increased activity in the rest of Africa, notably the Zimbabwean operations and maintenance contract which commenced in F2013. Property Developments continues to contribute marginally to the cluster.

	Year ended 30 June 2013	Year ended 30 June 2012
Revenue (R'000)	**728 517**	647 739
Total operating margin (%)	**23.8**	23.7
Core operating margin (%)	**23.9**	23.7

Environment

This cluster did not experience any major environmental incidents during the year.

For disclosure on the cluster's carbon footprint, refer to the risk review in the supplementary information to the integrated annual report at **www.groupfive.co.za**.

KEY STAKEHOLDER CONCERNS

During the year, the group continued to actively engage with its key stakeholders. The table below outlines material issues raised by key stakeholders.

Concerned group	Concerns raised	Form of engagement	Group response
Transport			
Labour relations climate in South Africa			
Intertoll SA employees	Level of wage increases, increased cost of living, employee benefits and travel and toll booth safety concerns.	Regular employee meetings.	Continuous engagement with employees and The South African Transport and Allied Workers Union and ongoing union negotiations.
Impact of Basel III on project financing ability			
Government	Debt funding is now mismatched with PPP concession agreements, resulting in significant re-finance risk and higher cost of funding.	Engagement with the National Treasury and PPP units to discuss impact and agree solutions.	Open dialogue with lenders and government to assess all available solutions and hybrid models.
Financial institutions and rating agencies	Project and debt finance cost increased, with the availability of funding having reduced. This leads to increased risk being retained by the contract sponsor and the public body.	Ongoing, as well as contract by contract.	Open dialogue with lenders and government to assess available solutions and hybrid models.
Political impasse on tolling and user-pay principles in South Africa			
Government	The ability of SANRAL* to enforce the principle of tolling and user-pay on a national basis for road infrastructure contracts.	Regular meetings with SANRAL and with other ministerial bodies.	Open dialogue with government and authorities to support wherever possible.
Suppliers and business partners	Significant development costs previously incurred by the group and its partners on concessions and PPPs, as well as unclear government policy, have led to concerns about the potential under-recovery of development costs.	On an ongoing basis.	Ongoing interaction and meetings with relevant departments to assess the relevance of contracts.
Real estate			
Impasse on achieving financial close on PPP/concession contracts			
Government	Government's concern over competitor challenges to the tender processes and their ability to achieve financial close on several PPPs.	Continuous engagement.	Proactive engagement with government ministries and treasury to reach finality on outstanding matters.

* *South African National Roads Agency.*

KEY ACHIEVEMENTS

Transport

The successful commencement of the Zimbabwean operations and maintenance contract on the Bulawayo to Harare Road.

The successful award of the S8 maintenance contract in Poland.

Strong financial contribution to the group.

Real estate

The award of Capital Place, a commercial development in Accra, Ghana, where the group acts as both developer and contractor.

Commencement of construction of the 30 000m^2 gross lettable area Kalahari Mall in Upington, South Africa. The group acts as both developer and contractor.

Securing a 30 000m^2 bulk property in an optimal location in Rosebank, South Africa, zoned for commercial use.

Safety update

Investments and Concessions' LTIFR* decreased from 0.60 in F2012 to 0.58 in F2013. Although an improvement, this remains high and is indicative of the risk of roadside working and the relatively low man hours worked in Intertoll.

Refer to the risk review in the supplementary information to the integrated annual report at **www.groupfive.co.za**.

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* *Lost-time injury frequency rate.*

LOOKING FORWARD

Transport

Intertoll has positioned itself for growth both geographically and through a review of its product and service offering. In Eastern Europe the focus is on moving further east to cover the Balkan states, certain countries in southern Europe and selected contracts in Russia and surrounding countries. The stable business platform in Hungary and Poland allows Intertoll to leverage access in these new countries.

In South Africa, the focus is on strengthening market coverage through continued renewal and successful bidding on the existing CTROM contracts, executing on the N1-N2 Winelands contract in the Western Cape within a reasonable time period once SANRAL's legal disputes have been resolved, and continuing to position the group for new national planned tolling routes.

In the rest of Africa, the group is exploring opportunities in a number of countries in Africa, including Zimbabwe (where we are currently executing an operations and maintenance and combined toll plaza construction contract).

Intertoll is also cautiously expanding its service offering in all its markets to include routine road maintenance and maintenance-only contracts for both tolled and non-tolled routes, and expanding its capability and capacity in tolling technology solutions.

A critical aspect to this is ensuring the correct skills base to service the broadening of the group's role in the CTROM market and its further diversification of services and geography.

Real estate

The real estate business will continue to diversify its property portfolio to maximise returns for the group. This may result in a mix of short and long term investments, and a cautious extension of the geographic footprint into areas where the rest of the group has experience.

In South Africa, the business will focus on achieving financial close on contracts currently in the pre-construction phase of development, as well as targeting residential opportunities, such as mining, national priority affordable housing contracts and other residential contracts with secured pre-sales.

The business will also continue to effectively administer the South African Property Opportunities (SAPRO) portfolio it manages and to pursue other portfolio and development management fee opportunities.

Engineering & Construction (E+C)

Willie Zeelie
Executive committee member

Contributed:

10.5%
to group revenue
(F2012: 7.2%)

5.2%
to group core operating profit
(F2012: 1.6%)

Revenue	**Total operating profit**	**Core operating profit**	**Core operating margin**
R1 170m	R30m	R29m	2.4%
F2012: R631m	F2012: R6m	F2012: R5m	F2012: 0.8%
Secured operations and maintenance annuity order book**	**One-year order book***	**Employees (pax)**	
R380m	R2 502m	1 876	
F2012: R278m	F2012: R1 030m	F2012: 808	

* *Secured one-year Contracting order book.*
** *Secured long term operations and maintenance order book to first review date as at 30 June 2013.*

Engineering & Construction (E+C) is an engineer, procure and construct (EPC) and services business.

It is currently focused on the energy sector through its involvement in power and oil and gas contracts, as well as industrial and refinery maintenance services. E+C offers multi-disciplinary contract delivery from feasibility through to supporting bankability and front-end design, as well as project management of contracts during execution to completion.

During the year, E+C was established as a stand-alone cluster. It consists of:

Four focused business units

- **Power**
- **Oil and Gas**
- **Nuclear Construction Services**
- **Engineering Services** which provides mostly internal services across the group

In addition to these results, the group has a 16% interest in Lesedi Nuclear Services.

VALUE TO THE GROUP

This cluster supports the group's strategy of extracting value from the full infrastructure lifecycle by developing turnkey sector solutions and by establishing a capability for development, execution and operations and maintenance within the growing African sectors of energy, power, oil and gas. A future focus will be the water sector.

E+C's markets require specialist resources, processes and partners to develop, engineer, construct and operate contracts throughout Africa.

All the E+C businesses are focused on sectors that are critical to developing countries. The cluster recently secured an enlarged order book, which provides a good line of sight on revenue.

Managing director
Power
Peter de Vries

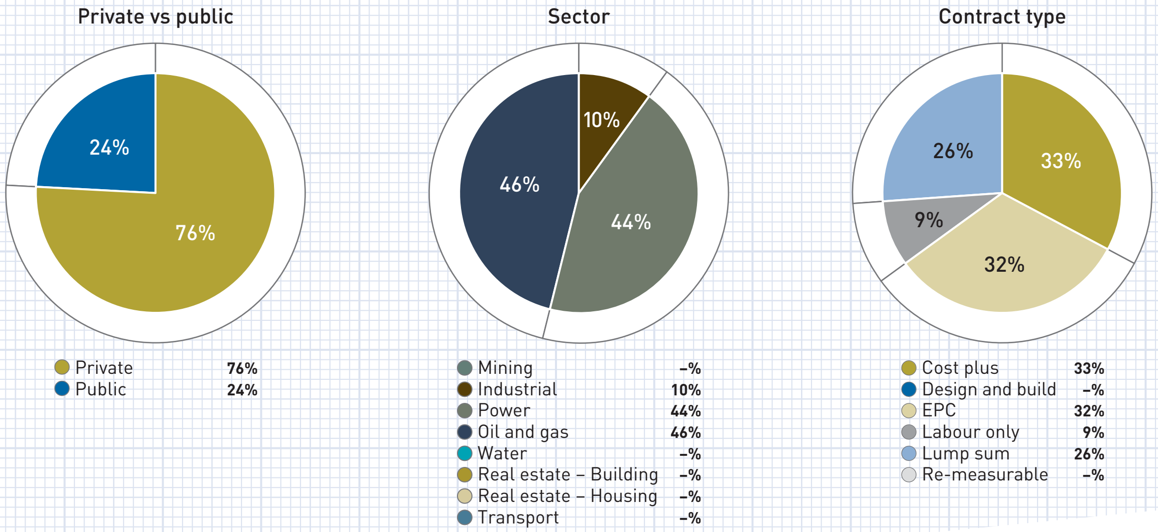
General Manager
Oil and Gas
Dave Morgan

General Manager
Nuclear Construction Services
Des Muller

Director
Engineering Services
Hans Rossocha

For additional operational information, refer to the supplementary information to the integrated annual report at **www.groupfive.co.za**

Revenue for F2013



Soitec concentrated photovoltaic solar power installation

MATERIAL ISSUES IN THE YEAR

Material issues	**Group response**
Manage EPC risk	A full EPC contract includes feasibility, process and detailed design, with responsibility for complete construction, commissioning and handover of a working system. The group's operating approach is to allocate the majority of the process design and performance risk to the technology original equipment manufacturer, which results in a lower risk profile. EPC technical risks around photovoltaic and wind renewable energy power plants are also less onerous than those pertaining to the highly complex gas turbine power plants and EPC alliances for the mining industry which the group has previously successfully executed. However, the group has taken a cautious approach to its entry into the EPC market by partnering with global leaders in renewable and thermal power EPC contracting. These partners have been appointed as the technical leads on the first few renewable contracts awarded to the group in light of their experience in this field.
Secure and retain key resources	Securing and retaining the correct resources for the execution of awarded work in the power and oil and gas sectors was a key focus during the year. To address this, the group recruited in the South African market and focused on training and development of its current team to ensure it builds capacity as the order book grows.
Restructure E+C to deliver on a growing order book	A new dedicated cluster containing focused business segments was established to support the solid growth in the various energy sector capabilities built by the group. The order book increased from R1,5 billion at June 2012 to R3,9 billion at June 2013.
Expand service offering in power	The E+C operations and maintenance (O&M) service offering will be expanded to include power plant O&M. With the success in the award of the long term operations and maintenance orders for wind and solar EPC contracts secured to date, future results will benefit from the secured annuity income.
Developing and providing nuclear construction services	The group established a business, Nuclear Construction Services, during the year. This business will bridge the knowledge and systems gap that exists between the non-nuclear skills and those required to work within a nuclear power plant. Up-skilling and additional certification are pre-requisites for the group to be considered for nuclear construction contracts. Great strides have been made in terms of recognition and certification from international partners, Eskom and other institutions. The nuclear team consists of 25% equity candidates and 50% women.

FINANCIAL PERFORMANCE

During the period, revenue increased by 85.4% from R631,2 million (100% local) to R1,2 billion (88% local). This resulted in the core operating profit margin improving to 2.4% (F2012: 0.8%). Included within these positive trading results are the costs related to its investment in future opportunities and capacity building in nuclear readiness. The secured one-year order book stands at R2,5 billion (91% local) (F2012: R1,0 billion and 71% local). The full secured order book stands at R3,9 billion (85% local) (F2012: R1,5 billion and 66% local).

	Year ended 30 June 2013	Year ended 30 June 2012
Revenue (R'000)	**1 170 220**	631 180
Total operating margin (%)	**2.6**	1.0
Core operating margin (%)	**2.4**	0.8

Environment

This cluster did not experience any major environmental incidents during the year.

For disclosure on the cluster's carbon footprint, refer to the risk review in the supplementary information to the integrated annual report at **www.groupfive.co.za**.

Q&A

FROM STAKEHOLDERS

What are the risks and rewards associated with EPC contracts?

The risks are the concentration and magnitude of revenue, the liability for EPC turnkey delivery against performance metrics and the contractual remedies for non-delivery, which relies on the group's technical partner's own delivery. However, EPC contracts can result in substantial growth of revenues, profit and cash generation in a less contested market and in a multi-disciplinary manner. This provides annuity income for the group and often results in long term strategic relationships.

Is the group looking into renewables outside of South Africa?

Yes, it is a growing theme in Africa. We are focusing on opportunities presented for several contracts in East Africa with our partners on the South African Renewable Energy Independent Power Producer Procurement Programme (REIPP).

KEY STAKEHOLDER CONCERNS

During the year, the group continued to actively engage with its key stakeholders. The table below outlines material issues raised by key stakeholders.

Concerned group	Concerns raised	Form of engagement	Group response
Shortage of competent project management resources			
Clients	Concern over the industry's capacity to deliver on the large number of renewable energy contracts awarded under REIPP in light of the shortage of skills in South Africa. Significant growth in E+C business from recent awards against the need for experienced multi-disciplinary project management skills.	Bid and contract negotiation meetings.	The Group Five internal training academy continues to produce over 30 professional project management and business management graduates per year. In addition, the market is relatively quiet in terms of the volume of large contracts. To date, the group has been able to fill its senior positions.
Contract delays			
Government and state-owned enterprises	Contracts outside of the REIPP programme awarded by the state-owned enterprises (SOEs) are generally behind programme due to client engineering delays and scope expansion.	Regularly.	Proactive and collaborative approach in engaging with SOEs to assist in resolving issues causing delays. These measures resulted in contract variations in terms of value and time extensions. Commercial attentiveness is required at all times in these circumstances.
Contract funding constraints in Africa			
Clients	Limited sources of funding for private or independent power producer contracts in Africa due to sovereign risk and security of funding repayment from power purchase off-take agreements.	Early and ongoing discussions with potential power development clients to assist in raising funds for contracts.	Active feasibility and estimating support for selected potentially technically and commercially viable contracts to create contract opportunities that would otherwise not succeed. The group has demonstrated the success of this strategy over the last few years in West and Central Africa.

KEY ACHIEVEMENTS

Establishment of stand-alone businesses supporting the power and oil and gas sectors, each with a strong order book. This demonstrates traction against the group's stated strategy of building capacity in key sectors.

Securing and closing renewable contracts for both wind and solar energy in South Africa.

Securing and closing four operations and maintenance contracts for power energy in South Africa, which provide future annuity income for the group.

Successful compliance to Eskom's nuclear standards and requirements in South Africa following an audit, which resulted in the group and its partner Lesedi Nuclear Services being awarded the Koeberg PTR Tank contract, which is expected to trade in F2014.

LOOKING FORWARD

Power

The power sector will experience growth in both South Africa and the rest of Africa. In South Africa, the Integrated Resource Plan (IRP) and the Department of Energy's National Electricity Plan will direct the expansion of the electricity supply over the medium to long term. Group Five is well prepared and positioned to respond to the thermal, renewable and nuclear aspects of this plan. In the rest of Africa it is estimated that more than 200 gigawatt of power is required in the next 20 years to address the backlog of energy shortages and to be a driver of economic growth. This will create numerous opportunities for engineer, procure and construct (EPC) companies, such as Group Five.

The group's key focus will be on thermal, gas, hydro and renewable power contracts in South Africa and in West and East Africa. All these contracts require a strong operations and maintenance offering, something that is core to Group Five.

Oil and gas

In the short term, the business diversified its service offering to its South African client base by providing key services of core maintenance, shutdowns and turnarounds, above-ground storage tank (AST) repairs and maintenance, as well as new builds and related capital contracts.

The medium to long term South African market will include the planned next phase of clean fuels implementation in all local refineries. This is expected to generate significant growth from 2015.

The business also anticipates downstream activities in the group's East African target region to accelerate once proposed changes to the regulatory environment in specific countries are formalised and foreign direct investment realised. Downstream activities include the refinement of petroleum crude oil and the processing and purifying of raw natural gas, as well as the marketing and distribution of products derived from crude oil and natural gas.

Nuclear Construction Services

In the short to medium term, the group will focus on supporting Eskom with its current nuclear assets in South Africa.

Eskom's nuclear asset at Koeberg in the Western Cape is established and generating the cheapest and most profitable electricity for the country. To extend its life, Eskom has embarked on a refurbishment programme. The first of the Koeberg contracts was awarded to Group Five and its partner Lesedi Nuclear Services. There are a number of additional upgrades Eskom plans to award this year.

With little or no carbon dioxide (CO_2) and toxic emissions, nuclear power plants are attractive for countries like South Africa which are required to reduce carbon emissions. The South African nuclear build programme will attract multi-national technology suppliers that will offer technology and financing opportunities.

Eskom was appointed by the South African government as the owner/operator for the nuclear new-build programme. The International Atomic Energy Agency was also appointed by the government to perform an integrated nuclear infrastructure review in South Africa to determine South Africa's readiness for a nuclear build programme. The government is expected to make a determination on the nuclear allocation during calendar 2013, which will require Eskom to start the procurement process for the external infrastructure and for the first phase of the next new nuclear power plant. This will result in a four-year engineering and licensing programme and a five-year build programme, with the first power on commercial load by 2025.

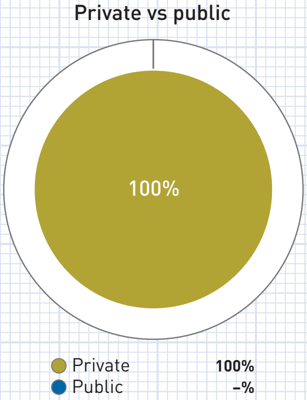
Engineering Services

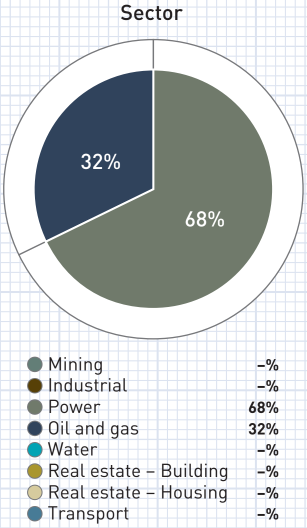
Engineering Services will continue to develop multi-disciplinary contract support requirements for design, engineering and construction methodologies and innovative solutions for E+C and Construction. This can provide a competitive advantage and result in fewer rework requirements.

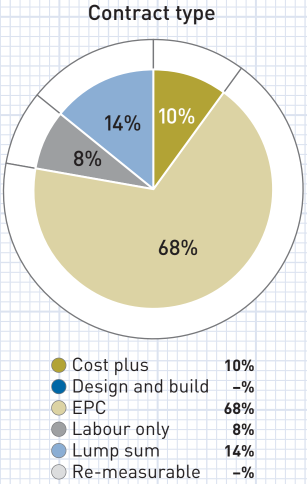
A key focus area is risk management and mitigation in design, specification review, interface engineering oversight and project engineering to reduce the impact of performance risk on EPC contracts.

LOOKING FORWARD

Total secured E+C Contracting order book as at 30 June 2013







Q&A FROM STAKEHOLDERS

Will you invest equity into REIPP?

The group has not invested any equity in the contracts in which it is currently involved. We will consider equity investment in future contracts where these meet the group's risk and return hurdle rates and to the extent that these contracts do not exceed the group's internally set equity investment level against net asset value or the group's risk-bearing capacity.

How do you manage supplier default on EPC, as you guarantee the end product and output?

The group ensures that its suppliers and sub-contractors comply with the same commercial conditions as the group. It enforces the provision of the suppliers' share of financial guarantees. In the event of default, the group has legal recourse through the contracts to remedy non-performance.

How much capacity does E+C have to execute the order book it currently has?

Capacity has been steadily increased to match the order book and expected growth. As an EPC contractor, the contracts consist of construction works and equipment supply. A major portion of the contract is managed by E+C and not executed directly by the group. The resources required are therefore a core team of project and engineering managers rather than a large workforce.

Safety update

Engineering & Construction had no lost-time injuries and maintained its LTIFR* of 0 from last year. This is a huge achievement as the cluster operates in sectors where safety standards are extremely stringent. One of its clients, Sasol, also recognised the cluster as the best contractor in terms of safety.

Refer to the risk review in the supplementary information to the integrated annual report at **www.groupfive.co.za**.

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* *Lost-time injury frequency rate.*

Manufacturing

John Wallace

Executive committee member

Contributed:

9.5%

to group revenue

(F2012: 11.7%)

15.2%

to group core operating profit

(F2012: 14.5%)

Revenue	**Total operating profit**	**Core operating profit**	**Core operating margin**
R1 061m F2012: R1 024m	R78m F2012: R43m	R84m F2012: R46m	7.9% F2012: 4.5%
PP&E*	**Capital expenditure**	**Employees (pax)**	
R189m F2012: R212m	R65m F2012: R25m	1 102 F2012: 1 076	

* *Property, plant and equipment.*

Manufacturing consists of:

Fibre Cement

Fibre Cement comprises the businesses of Everite and Advanced Building Technologies. These businesses manufacture a range of fibre cement roofing and cladding products and modular structures that are used in residential and industrial building applications.

Steel products

Steel comprises the joint venture companies of Barnes Reinforcing Industries (50%) and Group Five Pipe (50%). It manufactures a range of steel reinforcing products that are used in applications within the construction industry, as well as spiral-welded steel pipes used for bulk water transfer schemes.

VALUE TO THE GROUP

Fibre Cement

Everite forms part of Group Five's diversified portfolio of businesses that allows it to deliver across the infrastructure value-chain. Everite is a large manufacturing concern and a South African market leader. It has a diverse client base which assists to mitigate the group's exposure to the cyclical nature of pure construction markets.

Everite is margin-enhancing to the group, remains net un-geared and continues to create strong cash flows.

Everite's constant drive to improve its manufacturing capabilities, as well as to enhance its product range through in-house competencies and with technical partnerships, will ensure its long term sustainability.

The successful addition of Advanced Building Technologies (ABT) to the Everite product portfolio three years ago is of increasing importance to the group. ABT is gaining traction in our markets, especially in support of the South African government's low-cost housing drive and the growing African mining sector. The factory-built nature of the ABT product addresses the issues of on-site skills shortage in the rest of Africa, as the structures are transportable in knock-down format and can be erected quickly in remote areas with limited building skills. ABT structures are typically built in a third of the time of traditional brick and mortar structures. Demand for quick-build solutions is set to continue due to the ongoing shortfall in housing delivery.

Managing director
Everite and ABT
Jurgen Stragier

Technical director
Manufacturing
Cedomir Djordjevic

For additional operational information, refer to the supplementary information to the integrated annual report at **www.groupfive.co.za**

Steel

As a low-cost producer within the reinforcing sector in South Africa, Barnes Reinforcing Industries (BRI) is well placed in a highly competitive sector. The business has evolved into a multi-product, multi-market reinforcing steel manufacturing and trading company. It is an annuity income producer, as it is not cyclically linked to a single industry or sector. BRI has built strong South African and global primary steel mill relationships to ensure continuity of supply and best pricing at all times.

BRI is crucial to the group as it ensures that Group Five contracts are supplied with reinforcing steel, at best price, in times of market shortages.

Group Five Pipe is the market leader in the manufacture of quality spiral-welded large bore water pipes in South Africa. It also has an in-house engineering team able to design and build primary milling, as well as pipe finishing equipment. The business provides the group with the ability to offer a turnkey pipe manufacturing and pipe laying service. It is well placed to benefit from the expected sustainable demand for water pipes in Southern Africa over the next decade.

Steel reinforcing, BRI, Gauteng, South Africa

MATERIAL ISSUES IN THE YEAR

Material issues	**Group response**
Fibre Cement	
Everite	
Safety	The lost-time injury frequency rate (LTIFR) worsened to 1.12. This is a concern to management, as they strive to beat the manufacturing industry accepted norm of achieving an LTIFR of less than one. The incidents have historically led to relatively minor injuries caused by employee neglect in adhering to agreed processes and instructions. To address this, safety awareness at the plant was improved through the adoption of behaviour-based safety regimes. Management focused on correcting the causes of injuries and introduced awareness training to complement physical equipment or process changes. Stringent reporting of all events, including near misses, delivered an improved result in the second half of the financial year.
Industrial action	Everite experienced its first strike in over a decade, as workers aligned to the newly-formed General Industries Workers Union of South Africa went on a protected strike during the latter part of February 2013. Mitigating measures were adopted to ensure that the business continued to operate and that losses and damage were limited. Although the industrial relations environment in South Africa remains dynamic and challenging, management continued to drive good communication and interaction with both unions to proactively deal with labour concerns.
Production capacity across certain product groups	The primary operational challenge in the past year was the ability to cost-effectively manage the factory with a capacity shortage. Targeted capital projects, which were previously delayed until the sustainability of increased market demand could be ascertained, were implemented to mitigate bottlenecks and to free up primary production. With some of the new equipment in place, production processes and factory output improved somewhat. The future commissioning of a new production line will permanently remove this constraint.
Process technology to introduce new chemical and raw material processes	The search for a technology partner was accelerated to address process improvements and to protect Everite's position as market leader.
ABT	
Reliance on one market and region	Sales of ABT units have historically been for temporary housing for a few South African provincial governments. During the year under review, a number of mining and contractor camp developments in Ghana and the DRC were secured through the group's Construction segment activities.
Steel	
BRI	
Safety	BRI had a disappointing year, with a number of minor, yet concerning, incidents. Although LTIFR improved from last year to 1.8, this remains unacceptably high. This has become a significant focus for the entire team, with benefits experienced in the latter part of the financial year. Focused targets have been set for F2014.
Rebar steel shortages	To address steel shortages experienced during the year, the business secured supply from two of the largest mills in South Africa. It also imports steel when commercial considerations are appropriate.

Group Five Pipe	
Safety	The LTIFR was unacceptably high at 2.16. Management strengthened their focus on all elements of safety, with additional shop floor safety officers appointed and an increase in training.
BBBEE*	Although the business achieved a Level 3 BBBEE* rating, it has not met Group Five's transformation standards as it is a joint venture and not led by Group Five. This will remain a focus into the new financial year.

* *Broad-based black economic empowerment.*

FINANCIAL PERFORMANCE

Revenue increased by 3.6% from R1,0 billion in F2012 to R1,1 billion. The reported core operating profit for the year was R83,8 million. This was 80.4% higher than the prior year of R46,5 million, resulting in a core operating margin of 7.9% (F2012: 4.5%). This was achieved against a backdrop of a softening consumer market in South Africa which is impacting overall demand for manufacturing products, as well as numerous challenges in steel shortages and an increasingly volatile industrial relations market. An increase in volumes traded in Group Five Pipe and BRI during the year, along with an improvement in production processes and factory output following implementation of some of the capital expenditure approved for the business, lifted the Manufacturing performance from the last reported results. The modular housing systems business ABT is achieving increased sales as the technology is accepted in more applications. Group Five Pipe delivered good returns with an increased order book. The comparable reporting period also includes closure costs of the steel fabrication business, which were incurred in the first half of F2012.

	Year ended 30 June 2013	Year ended 30 June 2012
Revenue (R'000)	**1 061 257**	1 024 329
Total operating margin (%)	**7.3**	4.2
Core operating margin (%)	**7.9**	4.5

Environment

This cluster did not experience any major environmental incidents during the year.

For disclosure on the cluster's carbon footprint, refer to the risk review in the supplementary information to the integrated annual report at **www.groupfive.co.za**.

Q&A FROM STAKEHOLDERS

What is the sustainability of increased volumes and prices for the Fibre Cement business?

Everite is influenced by external factors, such as the foreign exchange rate which can significantly impact raw material costs and/or the level of import competition. To mitigate the effect of these risks, management focused on product and market development. It continues to grow new market applications for its fibre cement product range. ABT, as a consumer of fibre cement, continued to evolve both with regard to the products offered and the regions served. This continues to create and grow the fibre cement demand. ABT enjoyed recent success in new markets in Africa within the developing mining sector.

What level of increased capacity will be added with additional capex being spent?

We are increasing capacity at all operations within the Manufacturing cluster. The minor capex at Group Five Pipe is initially focused on de-bottlenecking the pipe finishing department. The capex spend at BRI is aligned to market share growth within rebar fabrication, with an additional straight and cut plant being installed. The planned spend at Everite is to build a new production line that will replace existing capacity and will deliver greater output than the old replaced equipment. This will enable Everite to reduce manufacturing costs and deliver enhanced output and returns, as the new technology produces at an increased rate of manufacture.

KEY ACHIEVEMENTS

Fibre Cement

- The management of industrial unrest at Everite, with limited impact on operational performance.
- Winning the first ABT order in the DRC following our strategy of pursuing the African mining market.
- Securing a contract to build 350 permanent low-cost houses in the Eastern Cape. 157 were delivered in the financial year.
- The successful approval of the ABT technology by the NHBRC* as a recognised permanent housing technology.

* *National Home Builder Registration Council.*

Steel

- The management of steel shortages, which ensured the supply of steel to all Group Five construction contracts.
- Accelerating the planned payback period on the capital expansion project of an automatic mesh manufacturing line installed at the end of the previous financial year.
- Group Five Pipe achieved its fifth highest volume in 20 years. The forward order book should deliver record F2014 volumes.

Q&A FROM STAKEHOLDERS

What is the payback period on the additional capacity expansion?

We typically aim for three- to four-year paybacks on more complex and costly capital expansions. Smaller capital projects, such as the de-bottlenecking of Group Five Pipe, have a payback of less than 18 months.

KEY STAKEHOLDER CONCERNS

During the year, the group continued to actively engage with its key stakeholders. The table below outlines material issues raised by key stakeholders.

Concerned group	Concerns raised	Form of engagement	Group response
Safety at the various operating units			
Employees	Incidents of near misses and accidents.	Monthly employee meetings.	Stop for Safety Campaign throughout the cluster and enforced training. Equipment is modified either as a precautionary measure when risk is identified or as a result of an incident. Procedures are modified to ensure no repeat events.
Industrial action at one of our major facilities			
Employees	Union demands, strike activity with regard to intimidation and the safety of non-striking workers. Picketing rules had to be designed in a manner that allowed work at the factory to continue. Non-striking employees requested additional security to ensure their safety.	Daily/weekly during the industrial action period.	We protected non-striking employees, engaged with the striking union, reinforced security measures and strictly enforced the no-work, no-pay principle. Each act of intimidation was investigated and the requisite action taken to protect non-striking employees. We resolved the strike action within four weeks and re-integrated the affected employees into the workplace.
Capacity and technology improvements at each plant			
Clients	Stock outs, delayed delivery or part delivery, delayed projects and client preferences.	Daily/weekly on a sales representative calling schedule.	We improved production scheduling and inventory control and de-constrained current production lines. We will continue to import when necessary to complement local production. We invested in new production capacity when the economic returns supported the investment.

Q&A

FROM STAKEHOLDERS

Provide more information on the technical improvements and partners you are investigating?

We have acquired technical know-how from a renowned European machine designer and work with an industry specialist to improve raw material mixes and the quality of the products we manufacture. We internally installed a machine off these designs and are in the process of building a second new line, which should be commissioned in the second quarter of F2014. We evaluated a number of international technology players as future partners of Everite and are narrowing down the search.

Safety update

The LTIFR* worsened from 0.93 last year to 1.31 due to incidents in all segments of this cluster. This remains an area of concern as management strives to beat the manufacturing industry accepted norm of achieving an LTIFR of less than one. To address this, safety awareness was improved through the adoption of behaviour-based safety regimes. Management focused on correcting the causes of injuries and introduced awareness training to complement physical equipment or process changes. Stringent reporting of all events, including near misses, delivered improved results in the second half of the financial year.

Refer to the risk review in the supplementary information to the integrated annual report at **www.groupfive.co.za**.

* *Lost-time injury frequency rate.*

LOOKING FORWARD

Fibre Cement

In the short to medium term, growth is expected from additional capacity created from withdrawing certain low volume products to focus the lines on longer, more efficient production runs, as well as from new processes and products to the existing Everite offering from a new technology partner.

The spend from lower and middle income-earning South Africans upgrading their homes will also drive sales of fibre cement products. With the steady transfer of title deeds for low-cost government homes to beneficiaries, the desire to upgrade to affordable housing standards will increase. New low-cost government homes and affordable houses are also regularly being specified with fibre cement products, such as ceiling boards, barge boards and fascia boards.

As a result of the recent certification of ABT for permanent accommodation use, the product will become an increasingly accepted form of building in the low-cost and affordable markets. ABT is also well positioned for exports into the growing African mining sector, as well as meeting the demand for fast-build school classrooms in South Africa. The group will focus on further developing ABT through additional product development into pre-fabricated permanent structures, as provincial governments phase out temporary transition structures.

Steel

BRI will grow in parallel with the construction industry and to a lesser extent, the mining sector. However, pure steel trading (as opposed to contract steel fixing) will provide some relief from market downturns.

The group will focus on further differentiating the product offering of BRI by reducing its reliance on low-margin contracted steel fixing.

In the coming year, the team will focus on concluding BRI's capital expansion plan and factory relocation. Over-border business opportunities will be evaluated with imported steel from international suppliers.

Group Five Pipe will deliver more predictable, less cyclical performance off the recent order book growth achieved from its leading market position and the fast-growing water sector. Against this, the group will focus on unlocking internal production constraints through process improvements and focusing on efficiencies to secure favourable future returns.

Construction

Andrew McJannet

Executive committee member

Contributed:

73.4%

to group revenue
(F2012: 73.8%)

48.1%

to group core operating profit
(F2012: 36.2%)

Revenue	Total operating profit	Core operating profit	Core operating margin
R8 171m	R275m	R266m	3.3%
F2012: R6 480m	F2012: R128m	F2012: R116m	F2012: 1.8%

Capital expenditure	Employees (pax)	One-year order book*
R241m	9 187	R8 555m
F2012: R270m	F2012: 7 303	F2012: R7 309m

* *Secured one-year Contracting order book.*

Construction is the largest cluster in the group.

Construction consists of:

- Building and Housing
- Civil Engineering
- Projects

Managing director
Building
Michael van Rooyen

Managing director
Housing
Frank Enslin

Managing director
Coastal
Eduan van Rooyen

Managing director
Civil Engineering
Steve Ryninks

Managing director
Projects
Mark Humphreys

For additional operational information, refer to the supplementary information to the integrated annual report at **www.groupfive.co.za**

Chota Motala Interchange, KwaZulu-Natal, South Africa

Construction – Building and Housing

Revenue R3 236m F2012: R2 066m	Total operating profit R43m F2012: R57m	Core operating profit R40m F2012: R52m	Core operating margin 1.2% F2012: 2.5%
Capital expenditure R6m F2012: R3m	Employees (pax) 2 087 F2012: 2 189	One-year order book* R4 369m F2012: R2 795m	

* *Secured one-year Contracting order book.*

Contributed:

29.1%

to group revenue (F2012: 23.5%)

7.3%

to group core operating profit (F2012: 16.2%)

Building and Housing consists of:

Building

Building is one of South Africa's largest real estate contracting companies. It constructs a range of large structures, such as government buildings, public use infrastructure, healthcare and educational facilities, targeted multi-story mixed-use complexes, commercial buildings, hotels and retail shopping centres.

Housing

Housing constructs large-scale residential contracts for the mining and industrial sectors, private/public sector housing developments and low-cost and affordable housing schemes.

VALUE TO THE GROUP

Building

Building, whilst currently operating in low-margin markets, supports the group by generating strong cash flows and contributing to the group's key strategy of providing a full offering across the infrastructure value chain. It does this through collaboration with other clusters in the group, particularly with Property Developments and Infrastructure Development Services when it is the constructor on public private partnerships (PPPs).

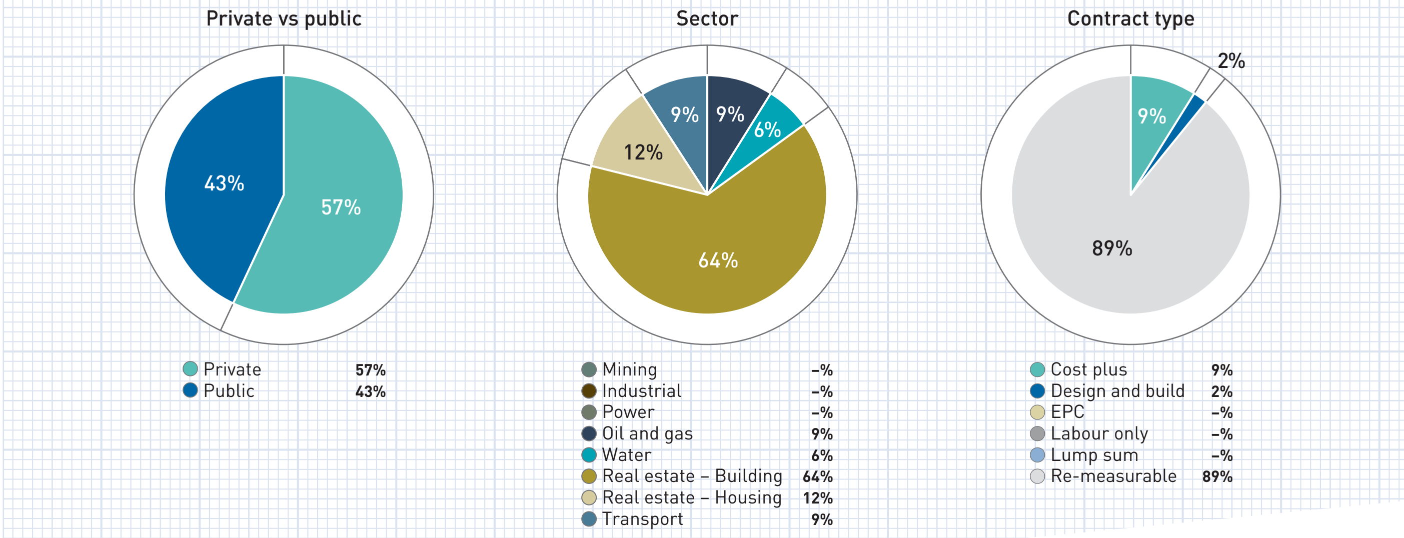
The business currently has a strong secured order book, which provides good visibility on revenues. Despite an excellent execution performance, the business is currently experiencing market-related subdued margins.

Housing

Housing also provides strong cash flow to the group, and currently achieves slightly better margins than Building. It allows the group to offer an integrated development and construction product in housing solutions.

With a strong track record in mining accommodation delivery, the business enhances the group's overall offering to the mining sector. Through its joint venture with Motlekar Holdings and in collaboration with the Property Developments team within the Investments and Concessions cluster, Housing has delivered a number of large-scale, low-cost and affordable housing schemes in support of the government's desire to solve the social housing needs of the country.

Revenue for F2013



Bantry Bay apartments, Western Cape, South Africa

MATERIAL ISSUES IN THE YEAR

Material issues	**Group response**
Building	
Competitive pricing, which is resulting in low operating margins in South Africa	Due to extreme competition and excess capacity in the building market in South Africa, margins across the industry have been under pressure. During the year, the business focused on mitigating this effect through vigorous attention on execution and supply chain costs to protect or enhance the margins experienced in the market. In addition, the business continued to pursue over-border contracts in countries where the group has operating experience. This resulted in the award of a first Building contract in Ghana. This is currently underway.
Delayed contract awards	Against tough market conditions, several local PPPs and over-border contracts which were expected to commence during the year were delayed. The business addressed this through a strong bidding programme on the back of an enhanced reputation earned through good execution. This improvement positions the business well for the new financial year.
Housing	
Public housing delays	Against continued delays in addressing the backlog of public housing in South Africa, the business worked closely with financial institutions and the public sector to realise funding and delivery solutions. As a result, a contract for up to 4 000 houses to be implemented over a period of several years, was secured in Gauteng. This was only partly recorded within the secured order book. In addition, the business focused on the mine housing market, mainly within South Africa. This supported some order book growth.
Pricing pressure	During the year, larger civil and building contractors entered the housing market. This resulted in several contracts being bid at very low prices. In mitigation, the business focused on its integrated offering and delivery track record of large-scale housing schemes rather than bidding at low prices. This resulted in fewer contracts, but the maintenance of margin.

FINANCIAL PERFORMANCE

The Building and Housing segment experienced a difficult financial year, with downward pressure on operating profit. In an environment of low demand, excess supply and a number of contractors in the market continuing to submit tender prices at values which will not cover overhead costs, the ability to reinstate reasonable operating margins remains constrained. Building and Housing revenue increased by 56.6% from R2,1 billion (79% local) to R3,2 billion (95% local). The segment reported a 22.6% decrease in core operating profit from the prior comparable period, from R52,1 million to R40,3 million. This resulted in the overall core operating margin percentage decreasing from 2.5% to 1.2%.

The secured one-year order book stands at R4,4 billion (98% local) (F2012: R2,8 billion and 94% local). The total secured order book stands at R5,6 billion (98% local) (F2012: R3,6 billion and 95% local).

Despite having increased the order book year-on-year, some of the more material anticipated local and over-border contracts were delayed. Although execution was good, the absence of better-margin international work to augment local margins, as well as delayed local revenue, resulted in some under-recovery of overheads. Although in line with forecast and market guidance, the segment therefore reported its lowest operating margin in recent years.

	Year ended 30 June 2013	Year ended 30 June 2012
Revenue (R'000)	**3 236 000**	2 065 972
Total operating margin (%)	**1.3**	2.8
Core operating margin (%)	**1.2**	2.5

KEY ACHIEVEMENTS

Building	**Housing**
The group secured 5 awards in the Waterfall estate in Gauteng during the financial year.	The business further entrenched its leading position in the mine housing market.
Delivery on contracts in terms of time, cost and quality was very successful.	Achieving the budgeted profit despite revenue erosion from delayed contracts.
The total secured order book increased. It now includes an over-border contract in Ghana.	Strong order book that provides good line of sight for F2014 revenue.

Q&A FROM STAKEHOLDERS

Are you not exposed to the risk of bad working capital trends with the growth in the Housing order book, as happened to other players in this same market?

Housing has not experienced working capital pressures to date. We established a working relationship with clients which involves us not starting contracts that cannot be completed due to regulatory or funding constraints and ensuring that contracts are cash positive, or at least neutral, at any point during construction.

KEY STAKEHOLDER CONCERNS

During the year, the group continued to actively engage with its key stakeholders. The table below outlines material issues raised by key stakeholders.

Concerned group	Concerns raised	Form of engagement	Group response
Current level of local building contract margins			
Suppliers and sub-contractors	Increased expectation for decreased supply costs.	Pre- and post-bid meetings and during construction.	Ongoing engagement with suppliers and sub-contractors to structure effective value-added bids that support innovation and differentiate the group's tenders.
Shareholders	Large order book with low margins.	Investor engagements.	The segment is focusing on higher-margin opportunities. Due to the low capital intensiveness of the business and its positive cash flow, the segment still provides adequate returns, although at low margins.
Unlocking opportunities for affordable housing contracts			
Clients (mainly the Department of Human Settlements)	Assistance required with solutions that support the roll out of approved affordable housing and breaking new ground (BNG) developments to address the housing shortage in the country.	Pre- and post-bid meetings.	The group has sufficient capacity, skills and experience to assist. However, implementation has been limited due to the number of issues surrounding these contracts, such as a lack of delivery on retail bank bonding facilities to enable first-time homeowners to secure ownership of homes, lack of site access, delayed environmental clearance for sites and administration issues for certification, payment and contract hand-over. The group will continue to assist the Department of Human Settlements to address these issues.

Q&A FROM STAKEHOLDERS

When is Building's operating margin expected to improve?

As guided, the embedded order book is at South African market-related levels. Some recent tentative signs of operating margin enhancement may point to an improvement later in F2014 at the earliest.

You say you don't chase revenue growth to the detriment of operating margins, but it seems you have done that in Building, as you have a large order book, but guide to the bottom of your operating margin range?

The group did not chase revenue growth, as per its stated strategy. The order book consists of awards for mining sector housing, affordable and breaking new ground housing, contracts at the Waterfall estate development in Gauteng, as well as a recent over-border contract. All these awards are in line with the group's strategy for this segment and each has its own characteristics and margin range. Although the operating margins are currently depressed, the order book includes some traditional private sector work and the mix in our order book provides slightly better margins than that of only traditional local private sector building works.

How much excess capacity remains in the Building market?

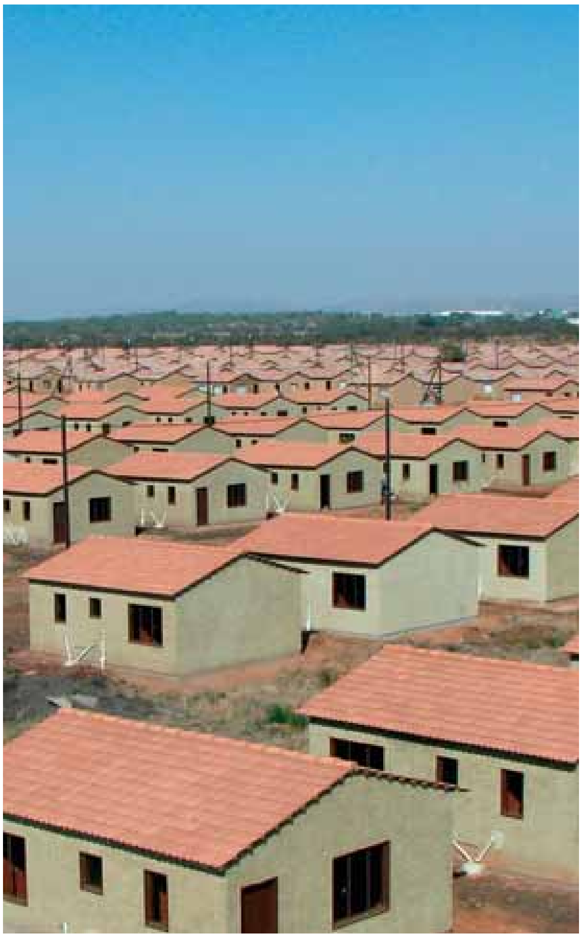
This is difficult to quantify. Volumes have increased, although margins remain low. Capacity is therefore still in excess of demand.

Safety update

Very sadly, following a year of no fatalities, this year a sub-contractor fell to his death on a Building and Housing site in Gauteng in South Africa. Two contractors were busy erecting edge protection and barricading when the decking boards they were standing on collapsed, resulting in both employees falling off the deck and one sustaining fatal injuries. The LTIFR* for the segment therefore worsened from 0.18 last year to 0.32 this year. Management stopped all sites and introduced refresher safety training. This resulted in an improvement towards the end of the financial year.

Refer to the risk review in the supplementary information to the integrated annual report at **www.groupfive.co.za**.

* *Lost-time injury frequency rate.*



LOOKING FORWARD

Building

In partnership with Investments and Concessions, the group achieved preferred bidder status for the Department of Rural Development and Land Affairs, as well as the Munitoria development in the City of Tshwane. Although the main contract still has to be awarded, Building commenced with the demolition of the existing building at Munitoria near year-end.

Our preferred contractor status at Waterfall estate in Gauteng, a 25-year development, will continue to provide consistent construction revenue, provided the business continues to perform to agreed standards.

Additional growth will be generated from contracts in the rest of Africa, with a particular focus on retail developments where the group has been exploring opportunities alongside retailers and developers in a few selected territories where the group has previous operating experience.

Housing

Growth in South Africa will be generated through the execution of the government's national housing programme and the local mining groups' implementation of the revised Mining Charter regarding improved employee housing.

Housing will also remain focused on securing work in the breaking new ground portion of the social housing market through established strategic partnerships. In the rest of Africa, the business identified further opportunities in the mine housing markets, which will be pursued in conjunction with the group's Investments and Concessions cluster.

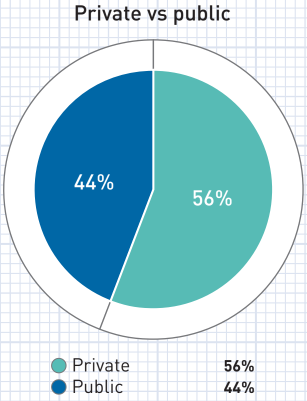
Environment

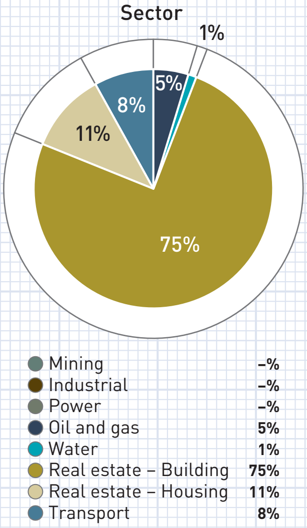
This segment did not experience any major environmental incidents during the year.

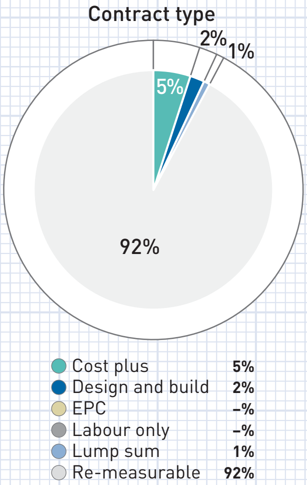
For disclosure on the segment's carbon footprint, refer to the risk review in the supplementary information to the integrated annual report at **www.groupfive.co.za**.

LOOKING FORWARD

Total secured Building and Housing Contracting order book as at 30 June 2013







Construction – Civil Engineering

Contributed:

28.9%

to group revenue (F2012: 34.1%)

19.8%

to group core operating profit (F2012: loss)

Revenue R3 217m F2012: R2 998m	**Total operating profit** R114m F2012: (R33m)	**Core operating profit** R109m F2012: (R38m)	**Core operating margin** 3.4% F2012: (1.3%)
Capital expenditure R166m F2012: R202m	**Employees (pax)** 4 698 F2012: 3 365	**One-year order book*** R3 124m F2012: R3 294m	

* *Secured one-year Contracting order book.*

Civil Engineering undertakes a broad range of contracts for both private and public clients in heavy civil works, large concrete structures, infrastructure works comprising roads, rail, earthworks, marine civils and pipelines.

VALUE TO THE GROUP

Civil Engineering is a substantial part of the group, with sizeable revenue and acceptable margins. It also provides strong cash flows to the group. It has a broad product offering, a growing African footprint, a good reputation in the South African market and a strong position in the areas of South African planned infrastructure roll out.

The segment has a track record of delivering technically complex contracts, which underpins the group's multi-disciplinary construction capability in both South Africa and over-border markets.

It partners with the group's other Construction segments, supports procurement from the Manufacturing cluster and assists Engineering & Construction and Investments and Concessions in their delivery of secured contracts.

How are the over-border contracts progressing?

Civil Engineering secured significant over-border work in the transport, mining and oil and gas sectors. These contracts received favourable reviews from clients, which is very pleasing given the remote site locations of some of these sites and the inherent initial logistics challenges.

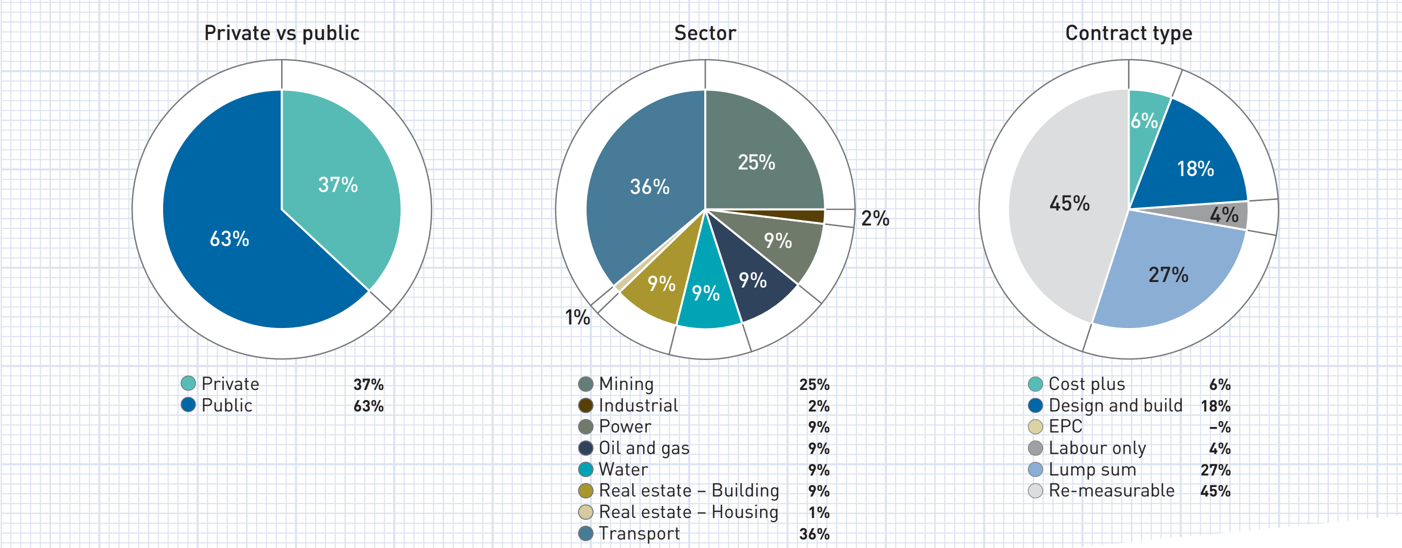
What has your experience been with South African government-owned enterprises as clients and payers? Has there been any absorption in working capital?

We have not generally experienced a lack of payment for work performed. Our clients are national state-owned enterprises and not municipalities where funding issues appear to be the problem. However, our general experience has been that project management and design and engineering activities by our state-owned enterprise clients require attention. This results in time delays and requires continual engagement with clients to mitigate the impact on contract programmes and to manage the resultant commercial risk.

Q&A

FROM STAKEHOLDERS

Revenue for F2013



Springgrove dam, KwaZulu-Natal, South Africa

MATERIAL ISSUES IN THE YEAR

Material issues	**Group response**
South African market decline	To address the low level of activity in the South African market, the group successfully focused on the development of over-border business in the transport and mining sectors.
Low operating margins in the South African market	Against continued over-capacity and margin pressure in South Africa, the segment focused on stringent risk management and efficiency and productivity initiatives. These were supported by the positive influence in mitigating cost escalation through the group's internal supply chain.
Labour volatility in South Africa, especially on large public sector contracts	The group experienced an increased frequency of incidents of industrial action in F2013. The majority of strikes, and associated days lost, occurred mostly on large public sector infrastructure contracts, such as Eskom's Kusile power station and Transnet's New Multi-Products Pipeline. The group continues to engage with unions, industry bodies and clients to work towards solutions. Refer to the human resources review in the supplementary information to the integrated annual report at **www.groupfive.co.za**.
African growth	The business secured 44% of its order book in the rest of Africa. These contracts are focused on the group's multi-disciplinary offering and in territories where we have worked before or for clients familiar to us.
Middle East close-out of operations	In line with its previously-reported decision to exit the Middle East, the group continues to incur overhead costs while it deals with the finalisation of contract claims and securing recoverability of outstanding debts. During the year, it successfully exited from its last active contract, achieved commercial close on some material long-outstanding debts and reduced credit and liquidity exposure in the region.

FINANCIAL PERFORMANCE

Operating profit for the financial year was again affected by operating losses incurred in the Middle East of R50,8 million. The loss in the Middle East in the current year was as a result of R35,4 million in overhead costs and R15,4 million in unanticipated contract losses due to additional costs incurred to complete contracts. Further detail on the costs incurred in the Middle East and actions taken during the year is presented in the financial review on page 80.

Excluding the effects of the Middle East, the Civil Engineering segment delivered a reasonable financial performance, despite the difficult South African trading conditions. This was mainly driven by its strong over-border order book and its growth in revenue in the year. Revenue increased by 7.3% from R3,0 billion (83% local) to R3,2 billion (57% local). The segment reported a R109,3 million core operating profit, resulting in a core operating margin of 3.4% compared to the loss of R37,5 million in the prior year. Excluding the Middle East losses, the core operating margin was 5.0% (F2012: 5.6%).

Civil Engineering's secured one-year order book stands at R3,1 billion (50% local) (F2012: R3,3 billion and 43% local). The full order book is at R3,5 billion (56% local) (F2012: R4,4 billion and 43% local).

	Year ended 30 June 2013	Year ended 30 June 2012
Revenue (R'000)	3 217 121	2 997 747
Total operating margin (%)	3.5	–
Core operating margin (%)	3.4	–

Safety update

Due to a stringent focus on the group's safety campaign, LTIFR* for the segment improved from 0.22 last year to 0.22. Regrettably, a fatality was recorded on a site in the DRC where we work in a joint venture entity in which we have a 30% stake. Safety statistics in this entity are independently recorded and do not form part of the group's safety statistics. We worked with our joint venture partner on ensuring a renewed focus on safety on the site.

Refer to the risk review in the supplementary information to the integrated annual report at **www.groupfive.co.za**.

* *Lost-time injury frequency rate.*

KEY STAKEHOLDER CONCERNS

During the year, the group continued to actively engage with its key stakeholders. The table below outlines material issues raised by key stakeholders.

Concerned group	Concerns raised	Form of engagement	Group response
Wages and conditions of employment			
Employees	Minimum wage, annual increment, various allowances and leave.	Monthly employee meetings.	Ongoing communication, external benchmarking of market-related wages and application of regulated rates.
Organised labour	Minimum wage, annual increments and conditions of employment.	Bargaining council and industry representative bodies.	Ongoing co-operation and direct participation in the formulation and application of agreements reached.
Contract-specific conditions of employment/labour unrest on contracts of national strategic interest			
Employees and clients	Contract allowances and incentives. Consistency of application across all contractors on contracts. Impact of contract-specific agreements on the wider industry.	Facilitated negotiation.	Ongoing co-operation and direct participation in the formulation and application of agreements reached.
Funding availability for infrastructure contracts			
Government and clients	Group assistance to either provide equity funding to contracts or structuring finance for contracts. Understanding PPP and concession methodologies.	Meetings to review contract feasibility and requests for tender submissions.	We do not provide bridging finance on contracts. Where a contract meets the group's pre-determined investment criteria, we may consider assuming an equity stake in opportunities. Part of the group's product offering is the Investments and Concessions cluster, which has the experience and ability to structure turnkey contracts, which includes the sourcing of third-party debt finance.
Financial institutions	Understanding the credit risk applicable to contracts and assisting in financially structuring opportunities.	Meetings to review contract feasibility before commercial and financial close.	The group has established relationships with key debt financiers, infrastructure funds and export credit agencies. Continued engagement with these parties to match solid opportunities with finance will continue.

KEY ACHIEVEMENTS

- Securing and delivering significant mining contracts in the DRC.
- Good progress on a large road infrastructure contract in Zimbabwe.
- Good delivery in terms of time, cost and quality.

Environment

This segment did not experience any major environmental incidents during the year.

For disclosure on the segment's carbon footprint, refer to the risk review in the supplementary information to the integrated annual report at **www.groupfive.co.za**.

Welgedacht Water Care Works, Gauteng, South Africa

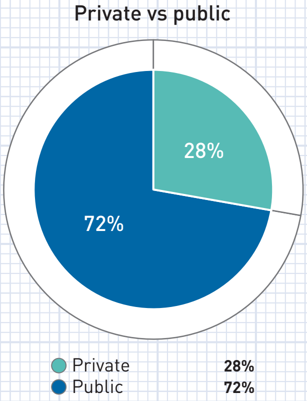
LOOKING FORWARD

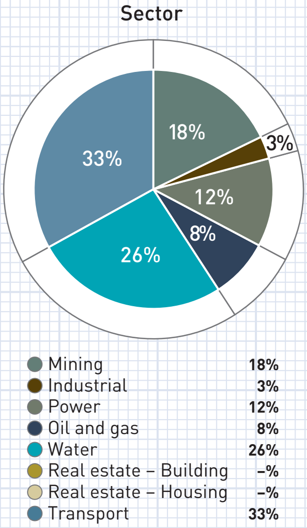
Growth opportunities are expected to be generated from the delayed South African infrastructure programme, although the funding and timing still remain uncertain. The rest of Africa offers medium to long term growth from mining, power, oil and gas and transport sector opportunities. Strong short term performance is dependent on achieving good execution, focusing on supporting key clients and working with the group's Strategic Project Development and Infrastructure Development Services businesses across sectors and geographies. The segment is also developing complementary niche products with the intention to improve its competitiveness in the current tight-margin environment.

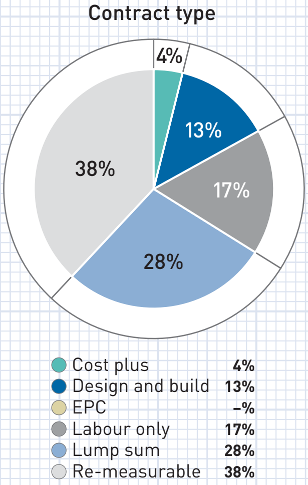
The segment will continue to focus on securing at least a third of its total order book to be executed over timeframes longer than 12 months, while targeting improved margin opportunities.

LOOKING FORWARD

Total secured Civil Engineering Contracting order book as at 30 June 2013


Private vs public


Sector


Contract type

Construction – Projects

Contributed:

15.4%

to group revenue
(F2012: 16.1%)

21.0%

to group core operating profit
(F2012: 31.6%)

Revenue	R1 718m	F2012: R1 416m
Total operating profit	R118m	F2012: R104m
Core operating profit	R116m	F2012: R102m
Core operating margin	6.7%	F2012: 7.2%
Capital expenditure	R69m	F2012: R66m
Employees (pax)	2 402	F2012: 1 749
One-year order book*	R1 062m	F2012: R1 219m

* *Secured one-year Contracting order book.*

Projects is a multi-disciplinary process plant constructor with skills in structural, mechanical, electrical, instrumentation and piping (SMEIP) contracts. It is an experienced African contractor with a specific focus on the mining sector.

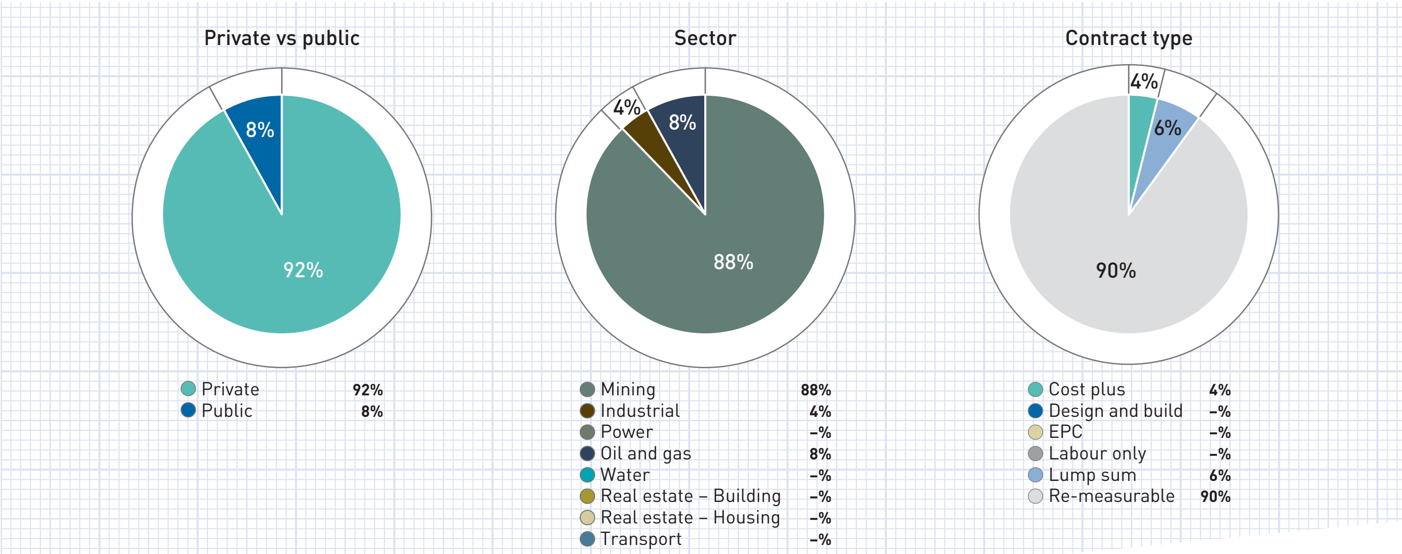
VALUE TO THE GROUP

Projects is a margin-enhancing business that operates successfully in difficult and often very remote environments. It provides the SMEIP capacity of the Construction cluster and supports the group's key strategies of operating both locally and over-border, of participating in multi-disciplinary contracts, and of partnering with other internal businesses. It has the ability to partner with design and project management companies to provide turnkey solutions to clients, primarily in the mining sector. Projects has often assisted other segments within the group to enter the rest of Africa.

MATERIAL ISSUES IN THE YEAR

Material issues	Group response
Growing labour sophistication driving activism in the rest of Africa	The group continues to focus on closer engagement with local labour and their communities. The group is focusing on the permanent indigenisation, training and localisation of human resources in the region.
Tight client contract timeframes	A strong emphasis was placed on supporting client needs for rapid delivery of contracts. This was achieved through management of logistics and participation in the clients' engineering design process to improve the methodology and speed of construction.
Lack of investment in mining in South Africa	Investment in mining in South Africa reduced due to a number of factors, such as labour market uncertainty, changes in legislation, currency movements and international commodity prices. In mitigation, the group is currently active in the coal and iron-ore markets, which remained busy.

Revenue for F2013



Kinsevere Stage II Copper Plant, DRC

FINANCIAL PERFORMANCE

Projects again delivered a solid set of results for the year, with revenue of R1,7 billion (19% local) compared to R1,4 billion (37% local) in the prior year and core operating profit of R115,9 million (F2012: R101,7 million), mainly due to continued strong execution and delivery in South Africa and on over-border contracts. The core operating margin decreased from 7.2% in F2012 to 6.7%. The business' loss-maker ratio remains low.

The secured one-year order book stands at R1,1 billion (41% local) (F2012: R1,2 billion and 19% local). The full secured order book stands at R1,2 billion (37% local) (F2012: R1,8 billion and 37% local).

	Year ended 30 June 2013	**Year ended 30 June 2012**
Revenue (R'000)	**1 717 748**	1 416 411
Total operating margin (%)	**6.9**	7.4
Core operating margin (%)	**6.7**	7.2

KEY ACHIEVEMENTS

Expanded activities within the mining sector into further parts of West Africa and particularly East Africa, with contracts secured in Tanzania and Mozambique and entry into Sierra Leone.

Successful growth in the capacity of the indigenous small works business, which supports our key mining clients in four countries across Africa.

Safety update

Projects had no fatalities during the year. The LTIFR* for the segment was 0.09 from 0 last year due to three lost-time injuries against an increase in contracts. This was proactively addressed through refresher safety training.

Refer to the risk review in the supplementary information to the integrated annual report at **www.groupfive.co.za**.

* *Lost-time injury frequency rate.*

KEY STAKEHOLDER CONCERNS

During the year, the group continued to actively engage with its key stakeholders. The table below outlines material issues raised by key stakeholders.

Concerned group	**Concerns raised**	**Form of engagement**	**Group response**
Sector concentration			
Shareholders	Concentration risk in the mining sector in the rest of Africa at a time when mining capex is expected to reduce in some mineral classes and affect profitability from this segment going forward.	Investor engagements.	The segment secured more South African contracts in sectors other than mining in recent years to reduce reliance on mining in the rest of Africa. In addition, it expanded its capabilities to cover more commodity classes and developed its service offering to ensure that it supports clients in their short term operational capex requirements.
Foreign supply of materials on contracts			
Suppliers	Decreased demand due to the group sourcing from foreign supply partners.	Price and contract negotiations.	The segment will continue to engage with local suppliers to support local procurement as far as possible. However, price and quality competitiveness is a requirement and the group will source abroad, if required.
Wellbeing of people required to execute contracts in remote locations			
Employees and management	Site security, healthcare, rotation of work and leave cycle. Family wellbeing and support, if in need.	Regular engagement at bid and contract award, at mobilisation stage and at daily, weekly and monthly reviews held on site.	The group has an entrenched support structure that prepares employees for remote site duty. All sites have security plans and some have medical response and security personnel on site. Evacuation routes are established before mobilisation. Family support is available through direct engagement and the provision of an external wellness support organisation.

LOOKING FORWARD

The segment is currently expanding into additional sectors and territories in the rest of Africa. The group's expansion in the industrial, power and oil and gas sectors will continue to be supported by the technical skills from the Projects segment.

Projects is increasing its electrical and instrumentation business to further enhance its multi-disciplinary offering and to capture the expected growth in this field that will come from South African infrastructure spend and African industrialisation.

Projects is also well placed to participate in Engineering & Construction's contract stream due to the close collaboration between these two businesses. Further growth will come from expansion of its small works activities for key mining clients in Africa.

Q&A

FROM STAKEHOLDERS

What is the risk that a slowdown in mining capex affects the growth or sustainment of your order book?

Mining capex has underpinned the business model in prior years. Although the segment has been somewhat susceptible to the cyclicality of a few minerals and commodities, this is mitigated by the success achieved in broadening its client base, the number of territories where it operates and the number of minerals and commodities its client base trades in.

What commodities is the business exposed to?

The group works on contracts across gold, zinc, copper-cobalt, iron-ore, coal, diamonds and uranium.

Environment

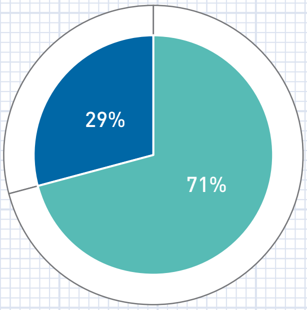
This segment did not experience any major environmental incidents during the year.

For disclosure on the segment's carbon footprint, refer to the risk review in the supplementary information to the integrated annual report at **www.groupfive.co.za**.

LOOKING FORWARD

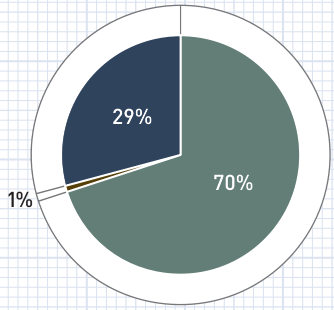
Total secured Projects Contracting order book as at 30 June 2013

Private vs public



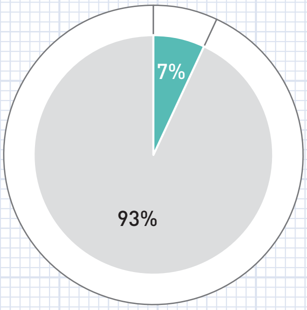
●	Private	**71%**
●	Public	**29%**

Sector



●	Mining	**70%**
●	Industrial	**1%**
●	Power	**–%**
●	Oil and gas	**29%**
●	Water	**–%**
●	Real estate – Building	**–%**
●	Real estate – Housing	**–%**
●	Transport	**–%**

Contract type



●	Cost plus	**7%**
●	Design and build	**–%**
●	EPC	**–%**
●	Labour only	**–%**
●	Lump sum	**–%**
●	Re-measurable	**93%**

The next few pages summarise the group's traded Contracting revenue during the year, as well as the secured Contracting and operations and maintenance order book and opportunity pipeline going forward.

THE YEAR UNDER REVIEW

Over-border Contracting revenue increased from 26% last year to 33% this year. Civil Engineering and Building and Housing represent the largest segments in the group, trading R3,2 billion each on the back of large South African public and private sector contracts, as well as the successful growth of Civil Engineering's African mining client base. The Engineering & Construction cluster achieved a pleasing 85% growth in revenue.

Construction contributed 73.4% to group revenue (F2012: 73.8%)

Engineering & Construction contributed 10.5% to group revenue (F2012: 7.2%)

Contracting traded revenue

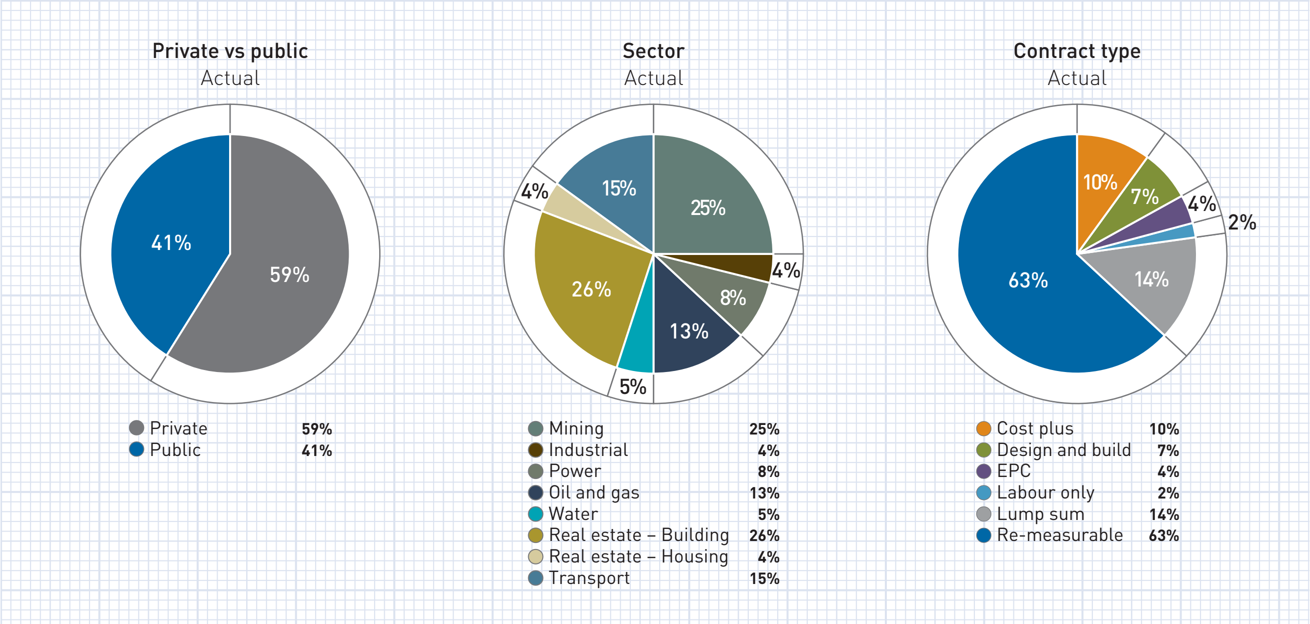
R'million	Total	Building and Housing	Civil Engineering	Projects	Engineering & Construction
Year to 30 June 2011 (actual)	7 350	2 143	3 548	1 167	492
% over-border	27%	30%	15%	66%	4%
Year to 30 June 2012 (actual)	7 111	2 066	2 998	1 416	631
% over-border	26%	21%	17%	63%	–%
Year to 30 June 2013 (actual)	**9 282**	**3 236**	**3 217**	**1 718**	**1 111**
% over-border	**33%**	**5%**	**43%**	**81%**	**12%**
– Public	**8%**	**–**	**23%**	**–**	**–**
– Private	**25%**	**5%**	**20%**	**81%**	**12%**
% local	**67%**	**95%**	**57%**	**19%**	**88%**
– Public	**33%**	**43%**	**40%**	**8%**	**24%**
– Private	**34%**	**52%**	**17%**	**11%**	**64%**

Construction contributed 48.1% to group core operating profit (F2012: 36.2%)

Engineering & Construction contributed 5.2% to group core operating profit (F2012: 1.6%)

The group maintained a good balance between public and private work. Its sector spread continued to develop, with mining growing from 19% last year to 25% this year, mainly in the rest of Africa. Buildings was another strong contributor assisted by market share gains off its reputation for delivery and the growth of the 25-year Waterfall estate development in Gauteng. The revenue mix breakdown by contract type confirms that the risk profile has not changed significantly, with re-measurable contracts remaining the largest contributor even with the increase in EPC contracts during the year.

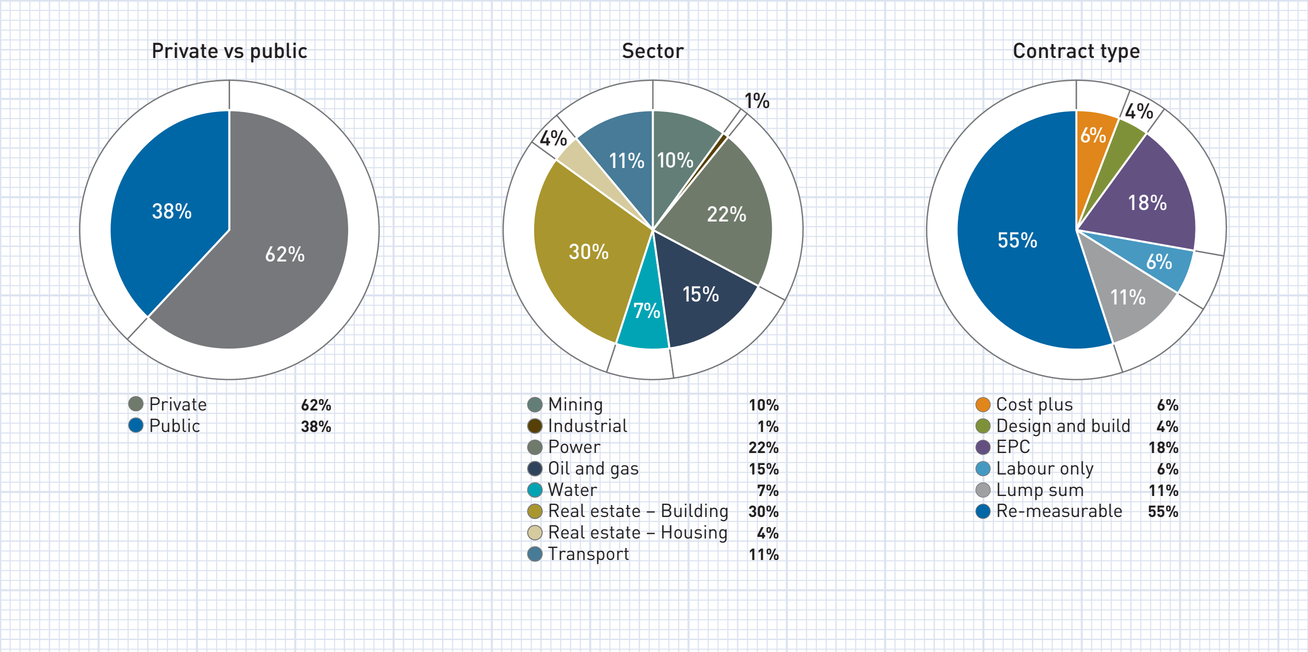
Revenue from the group's Contracting businesses in F2013



CONTRACTING SECURED ORDER BOOK*

The group's Contracting order book is currently weighted towards South African work due to a number of renewable energy and real estate contracts awarded during the year. These awards are also reflected in the sector growth in power and real estate buildings. The group's total Contracting order book as a percentage of F2013 revenue stands at a pleasing 153%.

Revenue per the group's total Contracting secured order book



R'million	Total	Building and Housing	Civil Engineering	Projects	Engineering & Construction
Total order book at 30 June 2012	11 301	3 584	4 412	1 780	1 525
% over-border	38%	5%	57%	63%	34%
Total order book at 31 December 2012	13 501	5 344	4 116	1 427	2 614
% over-border	26%	–	47%	74%	19%
Total order book at 30 June 2013**	**14 233**	**5 611**	**3 547**	**1 192**	**3 883**
% over-border	**21%**	**2%**	**44%**	**63%**	**15%**
– Public over-border	**7%**	**–**	**27%**	**–**	**–**
– Private over-border	**14%**	**2%**	**17%**	**63%**	**15%**
% local	**79%**	**98%**	**56%**	**37%**	**85%**
– Public local	**31%**	**44%**	**45%**	**29%**	**–**
– Private local	**48%**	**54%**	**11%**	**8%**	**85%**
One-year order book ~	11 057	4 369	3 124	1 062	2 502
One-year order book as a % of F2013 revenue	119%	135%	97%	62%	225%
Total order book as a % of F2013 revenue	153%	173%	110%	69%	350%

* *Contracting secured order book is the total value of Construction and Engineering & 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 EPC work only and excludes the contribution from the group's other clusters. The order book is externally and independently assured.*

** *Revenue to be executed from 1 July 2013 based on secured contracts only, i.e. the group's total Construction and Engineering & Construction contracts secured order book.*

~ *Revenue to be executed in F2014 from the group's total Contracting secured order book.*

The operations and maintenance (O&M) order book continued to demonstrate the group's ability to replenish what has been traded and to grow the base, with a solid pipeline for F2014. The total secured order book is R4,8 billion, up from R4,6 billion at December 2012. The operations and maintenance portions of the recently awarded renewable energy contracts are reflected in the power operations and maintenance order book.

Secured operations and maintenance (O&M) order book – annuity income

	Actual revenue			Order book		
Rm	F2011	F2012	**F2013**	F2014	Three-year to F2017	Total secured#
Transport O&M	472	555	**654**	751	1 698	4 411
Industrial, oil and gas O&M	114	126	**59**	56	44	101
Power O&M	–	–	**–**	8	99	279
Total	586	681	**713**	815	1 841	4 791

Total secured O&M order book is conservatively valued to first review date of secured contracts only.

MULTI-YEAR TARGET OPPORTUNITY PIPELINE*

The pipeline of target contracts indicates a focus on power, mining, transport and real estate buildings, with water and oil and gas growing slowly. The mix has changed in the last year in favour of our strategic targeted sectors. In the short to medium term it is still weighted towards the private sector, although with more balance between South Africa and over-border.

	International			Local				
By sector (Rbn)	Public	Private	**Total**	Public	Private	**Total**	Total	**Rbn Value of opportunity pipeline in pre-tender and tender phase**
■ Mining	–	25	**25**	–	18	**18**	43	**30**
■ Industrial	–	4	**4**	–	–	**–**	4	**2**
■ Power	–	12	**12**	4	20	**24**	36	**30**
■ Oil and gas	–	1	**1**	1	3	**4**	5	**3**
■ Water	8	–	**8**	9	–	**9**	17	**3**
■ Real estate – Building	1	4	**5**	3	10	**13**	18	**8**
■ Real estate – Housing	1	2	**3**	1	–	**1**	4	**1**
■ Transport	22	8	**30**	19	3	**22**	52	**25**
	32	56	**88**	37	54	**91**	179	**102**
% over-border							49%	**53%**
% public			36%			41%	39%	**22%**
Rbn								
Value of above opportunity pipeline in pre-tender and tender phase	11	43	**54**	11	37	**48**	102	

* Represents the value of contracts being targeted by the group as at 30 June 2013.

Young engineers are given experience through the Group Five Academy which qualifies them for professional registration with the Engineering Council of SA (ECSA)

FINANCIAL PERFORMANCE

This section outlines the key financial performance areas during the year to provide context to the results.

This spread should be read in conjunction with the audited annual financial statements contained in the supplementary information to the integrated annual report at **www.groupfive.co.za**.

1 Group results

MATERIAL GROUP STATISTICS AS AT 30 JUNE 2013

	AUDITED	
	2013	2012
Number of ordinary shares	**99 506 412**	96 600 761
– Shares in issue	**111 149 510**	110 645 521
– Less: shares held by share trusts	**(11 643 098)**	(14 044 760)
Weighted average shares ('000s)	**97 775**	96 545
Fully diluted weighted average shares ('000s)	**98 402**	96 946
Total operations		
Earnings/(loss) per share – R	**2,79**	(2,88)
Headline earnings per share – R	**2,98**	1,16
Fully diluted earnings/(loss) per share – R	**2,77**	(2,88)
Fully diluted headline earnings per share – R	**2,96**	1,15
Continuing operations		
Earnings per share from continuing operations – R	**3,28**	1,81
Headline earnings per share from continuing operations – R	**3,35**	1,78
Fully diluted earnings per share from continuing operations – R	**3,26**	1,80
Fully diluted headline earnings per share from continuing operations – R	**3,33**	1,77
Dividend cover (based on earnings per share)	**4,2**	–
Dividends per share (cents)	**67,0**	36,0
– Interim	**32,0**	22,0
– Final	**35,0**	14,0
Net asset value per share – R	**21,65**	18,72
Net debt to equity ratio	**–**	–
Current ratio	**1.2**	1.2

Headline earnings (HEPS) of 298 cents per share represents an increase of

156.9%

compared to HEPS of 116 cents per share in F2012.

Fully diluted HEPS from continuing operations (FDHEPS) of 333 cents per share represents an increase of

88.1%

compared to FDHEPS of 177 cents per share in F2012.

Earnings per share (EPS) was

279

cents per share

compared to a loss of 288 cents per share in F2012.

Against ongoing tough markets, we continued to implement the conservative approach previously adopted in terms of both the quality of the order book secured and our philosophy towards cash preservation to fund activity which will support future profit growth.

It is therefore encouraging to see an improvement in the Contracting order book and a good cash position. The overall group earnings delivered during the year demonstrates an improved performance, with an increase in revenue traded and an overall operating margin percentage increase.

The earnings for the period are a consolidation of the following key factors:

An increase in earnings as a result of a pension fund surplus of R29,6 million (gross of tax), with R12 million recorded in the first half of F2013 and a further R17,6 million recorded in the second half of F2013.

A charge against earnings of R25,0 million in the second half of F2013 as a result of the implementation of the group's revised broad-based black economic empowerment (BBBEE) ownership transaction approved by shareholders during this financial year.

Pre-disposal operating losses of R36,8 million (net of tax), in line with forecasts and guidance provided, as well as R11,0 million costs incurred to sell the last Construction Materials' business (reported and recorded in the first half of F2013).

A provision for administrative penalties to be levied by the Competition Commission.

Continued strong performance from Infrastructure Concessions, with additional European toll road operations contracts awarded in the period. This offset delayed start-ups in African toll contracts.

Fair value upward adjustments of R86,5 million (H1 F2013: R29,1 million, F2012: R67,5 million) in the Investments and Concessions cluster.

Growth in the new Engineering & Construction cluster and consistent trading results. This cluster is in the early stages of delivery on contracts.

Robust earnings from the group's Manufacturing cluster.

A mixed performance in Construction
- A weak domestic Building market affected operating margins in this segment, as guided
- Operating losses of R50,8 million (H1 F2013: R33 million) (including close-out overhead costs in line with forecasts and guidance provided) from the Middle East. This deflated an otherwise solid Civil Engineering performance
- A solid performance was achieved by Projects following continued strong activity in African mining resources

2 Disposal of the Construction Materials cluster

During the year, the group progressed with the disposal of its discontinued Construction Materials businesses.

At 30 June 2012, we disclosed that we concluded sale agreements on two of the businesses. The remaining businesses to be sold at the time were mainly three quarries.

During the first half of this financial year, proceeds from these sales were received and an additional business, one of the quarries, was sold and proceeds from this sale collected. In the second half of this financial year, a second quarry was transferred to its new owner and cash received. Pleasingly, the disposal value and therefore the proceeds received, on the businesses sold to date, realised their carrying value determined at 30 June 2012, with no further impairment required.

The sale transaction for the remaining business was agreed and is in the process of implementation. Unfortunately, an impairment of R11,0 million was recorded in the first half of F2013 due to additional costs incurred to sell this business.

As previously communicated, we await approval from the Department of Mineral Resources (DMR) on the three quarry sales to fulfil all the sale conditions precedent. However, the sale agreements reached with the new owners allowed for the transfer of operational control immediately on concluding the sale agreements, including transfer of operating profits and losses on the two quarries sold in F2013. The group still retains responsibility for the environmental monitoring on all quarries until DMR approval has been received. Thus, although limited, the group has forecasted some additional costs in the first half of F2014 in the form of environmental monitoring costs of the three quarries and some operating costs with regards to the remaining business until handover of the remaining quarry to its new owner.

A previously disclosed, Competition Commission approval was received on all transactions.

The losses incurred by Construction Materials in the year are as follows:

Rm	2013	2012
Revenue	68,2	309,7
Pre-disposal operating losses	(45,7)	(70,8)
Impairments to carrying value of assets	(11,0)	(362,1)
Finance costs	(2,8)	(7,4)
Loss before taxation	(59,5)	(440,3)
Taxation benefit	11,7	48,2
Net loss from discontinued operations	(47,8)	(392,1)
Fully diluted loss per share from discontinued operations – R	(0,49)	(4,05)

If Construction Materials were recorded as a continuing operation, the group's operating margin would have reduced from 5.0% to 4.6%.

The carrying value of the discontinued Construction Materials cluster is as follows:

Rm	2013	2012
Assets		
Non-current assets	68,4	155,8
Current assets	21,8	65,1
Non-current assets classified as held for sale	90,2	220,9
Liabilities		
Non-current liabilities	5,0	20,2
Current liabilities	26,1	95,2
Liabilities associated with non-current assets classified as held for sale	31,1	115,4
Net assets	59,1	105,5

3 Exit from the Middle East operations

Good progress was made with our operational withdrawal from the Middle East.

The status of the two material contracts, which were previously terminated by clients and required final close-out is as follows:

DPF, Engineers Office (Meraas)

A payment plan is in place to recover outstanding final certification.

Payments are received on a quarterly basis, with all payments timeously received to date.

The final payment date is December 2015.

470A&B Department of Civil Aviation (DCA)

Due to a material advance payment received at the commencement of the contract, the group remained in a net credit position with the client. There was therefore no credit exposure to be collected.

The group previously advised that:

- The remaining advance payment received by the group was due to be repaid in F2013. (The total advance payment due was reduced in F2012, as the group repaid a portion of it using cash-on-hand specific to the contract.) The remaining advance payment amounted to R185 million at 30 June 2012
- The client agreed to set off any amounts due to the group in relation to other contracts with the DCA against the advance payment still due to be repaid by the group to minimise the cash outflow

Pleasingly, during the year, final resolution on all contracts with the DCA was obtained, with no effect on earnings. The net amount due to the group on these contracts was set off against the net advance to be repaid to the client, leaving R95 million to be repaid.

This was repaid to the client in June 2013, bringing closure and settling this liability.

In addition, during the year, the group:

- Exited from its active contract in Oman.
- Concluded construction on its last remaining active contract, the construction of a road in Jordan.
- Withdrew from tendering activities in all countries, including Dubai, Abu Dhabi, Oman, Qatar and Saudi Arabia.
- Dormatised its operations and shut down its trading office.

Legal entities and regulatory structures have been retained to allow the group to re-enter the region when conditions improve.

A trading loss of R50,8 million was recorded for the financial year (H1 F2013: R33 million) due to contract losses of R15,4 million and overheads (including costs for commercial resources) of R35,4 million.

Achieving final contract closure on key contracts resulted in a significant reduction in the group's risk profile.

The net carrying value of the group's Middle East assets and liabilities at 30 June are outlined in the table below:

Rm	2013	2012
Trade and other receivables	**253,6**	433,9
Work in progress	**43,7**	142,7
Cash and cash equivalents	**40,8**	60,4
Net trade and other payables	**(198,6)**	(609,4)
Net asset value	**139,5**	27,6

The values in the table above represent the DPF contract discussed, as well as another four contracts which were completed and reached final certification, but which require close out and collection. We are actively working with our joint venture partner to ensure closure on these outstanding positions. Therefore, although limited, the group has forecasted additional costs in F2014 to monitor the close out and settlement on remaining contracts.

4 Competition Commission

As outlined on pages 11 and 30, the Competition Commission launched an investigation into alleged anti-competitive behaviour within the construction industry in 2008.

The group has consistently advised stakeholders that, although it received conditional leniency, a zero fine could not be guaranteed until the full industry investigation was concluded.

In late June 2013, it came to our attention that the Commission is seeking a proposed administrative penalty on four contracts which the group did not discover in its own investigation and where the group is allegedly implicated.

Based on evidence intimated by the Commission and their actions taken in late June 2013, the probability of an administrative penalty now materialised and its substantiation and measurability needed to be considered.

Supported by its internal risk assessment and independent senior counsel opinion, the group has made provision for a potential fine. The value is not disclosed at this time, but the effects are included in the reported results.

Stakeholders' attention is drawn to the contingent risk of potential civil claims being lodged against the group and other construction companies that have been party to the anti-competitive behaviour following the Competition Commission release of its findings in June 2013 and the public interest reported in recent months. To date, no claim has been instituted against the group.

5

Revised BBBEE ownership transaction

The early exit of the group's original BBBEE ownership transaction shareholder, Mvelaphanda, from the group's ownership structure, along with the implementation of a Black Professionals Staff Trust and Izakhiwo Imfundo Bursary Trust, was approved by shareholders on 27 November 2012. The transaction was concluded on 16 January 2013 following the fulfilment of all conditions precedent.

The financial effects of the revised transaction were therefore charged against income from the second half of F2013 as follows:

	OWNERSHIP STRUCTURE	
	Implementation of the Izakhiwo Imfundo Bursary Trust transaction	**Implementation of the Black Professionals Staff Trust**
Accounting treatment	Recognised as a non-recurring equity-settled share-based payment. Increase in the group's number of shares in issue by two million shares from grant date.	Recognised as a cash-settled share-based payment transaction over the life of the scheme from the effective date of this transaction to the assumed end date of November 2020. No increase in the weighted average number of shares in issue. However, this must be reassessed at each reporting period.
Estimate of financial effect at date of circular	R12,7 million	R71,4 million
Re-measurement of financial effect on conclusion of transaction	R16,8 million	R94,0 million
Re-measurement of financial effect at year-end	R16,8 million	R142,2 million
Recognised as a charge against earnings in F2013	R16,8 million	R8,2 million

6 Driving growth

The group's traded Contracting revenue and order book are discussed on pages 74 to 76 of this integrated annual report.

The disclosure below is intended to provide additional information in response to stakeholder requests for information with regard to the extent of negotiated contracts within the group's traded Contracting revenue for the year.

	Traded revenue				
Rm	Total	Building and Housing	Civil Engineering	Projects	Engineering & Construction
Total revenue F2013	**9 282**	**3 236**	**3 217**	**1 718**	**1 111**
Negotiated contracts – % of revenue	18%	23%	23%	2%	2%

In addition, we disclose the effect on Contracting revenue from movements in exchange rates for the segments most affected by foreign currency:

R'000	Civil Engineering	Projects
Total traded revenue F2013	**3 217**	**1 718**
Over-border revenue F2013	**1 383**	**1 396**
% over-border revenue	43%	81%
Value of over-border revenue analysed	1 254	543
% of over-border revenue analysed	91%	39%
Increase in revenue as a result of the effect of movements in exchange rates	39	16

The disclosure below is intended to provide additional information in response to stakeholder requests for information, with regards to:

The extent of negotiated contracts within the group's Contracting secured order book.

The effect of foreign exchange rate movements on the group's Contracting secured order book.

The extent to which the Contracting secured order book is enhanced with the addition of new contracts versus the increase in scope of existing contracts.

The trading profile of the secured Contracting order book per annum.

	Contracting secured order book				
Rm	Total	Building and Housing	Civil Engineering	Projects	Engineering & Construction
Total order book at 30 June 2013	**14 233**	**5 611**	**3 547**	**1 192**	**3 883**
Trading profile of the Contracting order book					
– F2014	11 057	4 369	3 124	1 062	2 502
– F2015	3 051	1 199	421	130	1 301
– Later	125	43	2	–	80
Growth in Contracting order book from F2012					
– % of order book growth as a result of new contract awards	79%	91%	79%	22%	78%
– % of order book growth as a result of increase in scope in existing contracts	21%	9%	21%	78%	22%
Negotiated contracts – % of Contracting order book	18%	27%	28%	3%	–%

We also disclose the effect of a movement in exchange rates for the segments most affected by foreign currency on the secured Contracting order book.

R'000	Civil Engineering	Projects
Over-border secured order book	1 570	756
Value of over-border secured order book analysed	1 420	245
% of over-border revenue analysed	90%	32%
Increase in revenue as a result of the effect of the movements in exchange rates	231	33

The group is conscious that its Contracting order book is weighted towards:

Local contracts – yet the group's increased margin profitability has generally been obtained from over-border contracts.

The Building and Housing segment – yet the current year's trading within this segment has generated very low margins.

The Projects segment – the group's Construction business, which delivered the highest contracting margin in F2013, reflects the lowest and shortest secured order book.

In response, we confirm that:

The higher level of local secured order book is due to the award of four EPC contracts as part of the renewable energy programme in South Africa. This constitutes 15% of the secured order book. This is in line with the group's stated strategy and provides the group with not only Contracting order book, but also annuity income in the form of multi-year operations and maintenance contracts.

The margins inherent within the Building and Housing order book are at modestly improved levels from that traded in the year under review.

The contracts executed by the Projects segment are traditionally of a shorter timeframe than that of the other segments. It is therefore not unusual for the business to have a lower order book at commencement of the financial year. The segment has met its internally set ratio of secured order book against forecast revenue at the commencement of the F2014 financial year.

We continue to independently assure our secured Contracting order book to provide stakeholders with a level of confidence on this disclosure. We remain the only South African construction company to do so.

7 Managing exchange rate risk

During the financial year, significant movements in the rates of exchange between the group's domestic currency and the currencies in which the group operates were experienced.

A summary of the exchange rates applicable to the group's primary functional currencies is listed below:

	30 June 2013	31 December 2012	30 June 2012
United States Dollar (USD: ZAR)	**10.0**	8.6	8.5
Euro (EUR: ZAR)	**13.2**	11.3	10.6
United Arab Emirate Dirham (AED: ZAR)	**2.7**	2.3	2.3
Polish Zloty (PLN: ZAR)	**3.0**	2.8	2.5
Hungarian Forint (HUF: ZAR)	**0.044**	0.039	0.037

The effect on net income as a result of foreign exchange movements for the group amounted to a R7,3 million loss (F2012: R12,5 million loss). In contrast, the translation of the various contracts from functional currency to the group's presentation currency of South African Rand had a material positive effect on its statement of comprehensive income to the value of R108 million due to the marked weakening of the South Africa Rand at year-end date.

The effect on the group's individual clusters is as follows:

Investments and Concessions

Foreign exchange risk

Revenue and costs are denominated in underlying foreign currency of Polish Zloty and Hungarian Forint, providing a natural hedge.

The fair value adjustment generated from the re-measurement of these investments in concessions is affected by currency movements.

- Varying Euro-Rand exchange rates by 10% would result in a change to the fair value adjustment of R36,1 million.

Engineering & Construction

Foreign exchange risk

To date, any foreign contracts executed by the cluster has been subject to foreign exchange effects, as described for Construction below.

The South African contracts within the cluster's current order book consist of contracts with a material component of foreign purchases. The foreign exchange risk is monitored on these contracts and various mitigation strategies are implemented. These include securing forward exchange contracts to protect the group from a weakening in the South African Rand

- During the year, the net income statement effect as a result of forward exchange contracts' mark-to-market valuation was R9,1 million credit to earnings.

Manufacturing

Foreign exchange risk

A change in exchange rates can significantly impact raw material costs in both the Fibre Cement and Steel segments.

It can also raise the risk of import competition.

Construction

Foreign exchange risk

Contracts are structured to ensure that the revenue and cost streams provide a natural hedge. The functional currencies of the group's Construction contracts are established to ensure that foreign exchange effects are limited.

African countries are increasingly amending their legislation to require trading in the currency of the applicable country. The group is considering this within its contract risk review processes.

The effect of a change in exchange rate on the Contracting revenue for the year is disclosed on page 83.

8 Margin expectations

The group aims to deliver the following underlying operating margins per cluster and segment:

15% – 20%	Investments and Concessions
3% – 5%	Engineering & Construction
6% – 8%	Manufacturing
2% – 4%	Building and Housing
4% – 6%	Civil Engineering
5% – 8%	Projects

9 Managing interest rate risk

In line with expectations, group net finance cost of R8,3 million were recorded for the period compared to net finance cost of R3,8 million in the prior year due to a year-on-year reduction in other finance income earned.

We are exposed to interest rate risk through our cash and cash equivalents and interest-bearing short term and long term debt.

A sensitivity analysis was performed to monitor the effect of changes in interest rates.

The analysis below depicts the effect on profit before taxation, assuming changes in interest rates.

	Decrease in rate resulting in an increase in profit before taxation		Increase in rate resulting in a decrease in profit before taxation	
Description (R'000)	**F2013**	**F2012**	**F2013**	**F2012**
Assuming a 1% movement in JIBAR	**5 000**	5 000	**(5 000)**	(5 000)
Assuming a 1% movement in LIBOR	**969**	–	**(969)**	–
Assuming a 1% movement in SA prime borrowing rate	**1 621**	1 683	**(1 621)**	(1 683)

As reported in the prior year, the JSE Limited granted a listing to the group in respect of two senior unsecured notes issued under the group's R1 billion Domestic Medium Term Note Programme.

Two unsecured bonds were issued on 11 April 2012:

GFC03: R220 million, three-year, 6.88% floating (three-month JIBAR) interest rate, payable quarterly. The bond settlement due date is 10 April 2015.

GFC04: R280 million, five-year, 9.485% fixed interest rate, payable semi-annually. The settlement date for this bond is 11 April 2017.

The total finance cost incurred for the financial year with respect to these unsecured bonds was R41,8 million.

The primary application of these funds is intended to finance equity investments in power, transport and real estate opportunities and concessions.

10 Investment in growth

Opportunities for equity investments during the year were limited. Delays in the award of PPPs and the achievement of financial close on contract opportunities have limited the opportunity for investment.

During the year, the funding raised through the bond placement was invested as follows:

Investment	**Return**
Share buy-back to establish a revised BBBEE ownership structure – R30 million	Implemented a revised ownership structure and retained the group's competitive Level 2 BBBEE rating.
Investment in Lesedi Nuclear Services – R14 million in addition to the R2 million invested in the prior year	Refer to page 48 of the integrated annual report. Net income attributable to the group from this investment amounted to R2,9 million and a dividend received of R7,4 million.
Investment in Kalahari Village Mall – R20 million	Construction activities underway in the Building and Housing segment. Future development income.
Investment in Nuclear Construction Services in Engineering & Construction – R9 million	Following the establishment of this business, the group was able to achieve the requisite relevant Eskom certification for nuclear sites. This resulted in the first of the Koeberg upgrade awards being awarded to the group and its partner Lesedi Nuclear Services. There are a number of additional upgrades scheduled for the coming financial year.
Establishment of Strategic Project Development and the group's Africa expansion – R4 million	Enhanced geographic spread focus on the rest of Africa. Enhanced alignment on large multi-disciplinary contracts at pre-bid stage. This reduces operational, commercial and financial risk by ensuring that only opportunities that are appropriate to the group's strategy and technical expertise are pursued.

A review of the group's forecasted investment profile for F2014 indicates that the group expects to invest in excess of R130 million in equity investment opportunities.

11 Credit risk profile

Our clients are concentrated primarily in South Africa, as well as in the rest of Africa, the Middle East and Eastern Europe.

The group has the following amounts due from its top five debtors:

	Value Rm	% of trade and other receivables	% of total revenue
2013	**R679,9**	**19.8**	**6.1**
2012	R472,0	17.0	5.4

Pleasingly, the value of assets converted from under-certified work in progress to certified debtors in the year with regard to the Middle East increased during the current financial year. When included within the top five debtors, it contributed to some of the increase in F2013.

An amount of R125 million is expected to be received by end of August 2013 with regard to one of the top five debtors.

The group has the following credit risk per region:

R'000	2013	2012
Central Africa	**373 753**	259 662
Eastern Africa	**36 577**	30 034
Eastern Europe	**30 053**	23 018
Middle East	**302 998**	303 632
Southern Africa	**2 510 669**	1 894 784
Western Africa	**184 177**	156 850
Total trade and other receivables	**3 438 227**	2 667 980

Included within contract and trade debtors is an amount of R558 million (F2012: R730 million). This is defined as being past due for collection, but from which no loss is expected and thus no impairment was raised.

These debtors are aged as follows:

R'000	2013	2012
One month past due	**162 746**	109 776
Two months past due	**89 295**	38 777
Three months past due	**57 672**	5 973
Four months and greater past due	**248 159**	574 979
Total	**557 872**	729 505

Of relevance is:

An amount of R125 million is expected to be received by the end of August 2013 with regard to a specific debt reflected as one month past due date.

With regard to R54 million of the debtors recorded above, mainly reflected as three and four months past due, the group has recourse through either back-to-back agreements with sub-contractors or advance payments-on-hand.

R40 million, reflected under four months past due date, relates to debts due from the Middle East.

In addition, and included within the total trade and other receivables disclosure above, the group is due an amount of R214,7 million in value-added taxation from authorities in the Southern African region.

12

Return on capital equipment investment

In the prior year, we indicated that there was a change in the increased level of expenditure on capital equipment, specifically in the rest of Africa in support of the group's strategy of growth in the region and the infrastructure-related and capital-intensive contracts won.

Expenditure is only incurred once approved by the group's central treasury.

It is based on pre-required levels of return, which is a function of either the group's weighted average cost of capital (WACC) – which was 11.6% in the year – or the WACC based on the cost of new capital, as applicable. The central treasury funding requirements are raised from local debt markets and take into account the group's self-imposed net gearing ratio of a maximum of 33%. The group's current net gearing ratio is nil.

The group purchased the following fixed assets in the year:

R'000	2013	2012
Investments and Concessions	**33 334**	34 922
Engineering & Construction	**8 640**	8 454
Manufacturing	**64 572**	25 368
Construction	**240 877**	270 178
Total	**347 423**	338 922

It was allocated to the following regions:

R'000	2013	2012
Central Africa	**131 758**	92 878
Eastern Africa	**10 407**	660
Eastern Europe	**27 507**	33 653
Middle East	**–**	2 706
Southern Africa	**177 100**	172 275
Western Africa	**651**	36 750
Total	**347 423**	338 922

The group's total property, plant and equipment are allocated to the following regions:

R'000	2013	2012
Central Africa	**193 032**	98 906
Eastern Africa	**10 111**	642
Eastern Europe	**55 463**	47 858
Middle East	**729**	9 818
Southern Africa	**641 469**	659 409
Western Africa	**50 141**	67 734
Total	**950 945**	884 367

In F2014, the group has the following capital requirements (committed or authorised):

R'000	2013	2012
Investments and Concessions	**16 505**	10 310
Engineering & Construction	**12 263**	14 328
Manufacturing	**27 871**	36 009
Construction	**254 528**	332 943
Total	**311 167**	393 590

A review of the return on investment on contract-specific equipment purchased for use in the rest of Africa against their budgeted return indicates that investments have generated net returns in excess of budget.

13 Balance sheet position and the group's liquidity

	2013	2012
Net asset value per share – R	**21,65**	18,72
Net debt to equity ratio	**–**	–
Cash on hand – R millions	**2 957**	2 268
Current ratio	**1.2**	1.2

It is pleasing to note that the group's statement of financial position continues to be sound, with:

A nil net gearing ratio.

An increase in bank and cash balances to R2,9 billion as at 30 June 2013 (30 June 2012: R2,3 billion and 31 December 2012: R2,6 billion).

The current ratio remaining largely unchanged.

An increase in net asset value per share over F2012, although not yet back to F2011 levels.

A profile of realisation of financial assets versus settlement of financial debt. This remains cash positive. Refer to the group's liquidity profile below:

R'000	**Within 1 – 6 months**	**Within 7 – 12 months**	**Within 1 – 2 years**	**Within 2 – 5 years**	**Greater than 5 years**	**Total**
Financial assets	5 729 022	760 060	40 935	72 076	527 418	7 129 511
Financial liabilities	3 772 906	1 340 056	470 098	388 256	–	5 971 316

14 Achieving the required return on equity

The group provides the following additional voluntary disclosures:

	Group margin excluding Middle East losses	**Civil Engineering margin excluding Middle East losses**
Total operating margin %	5.5%	5.1%
Core operating margin %	5.4%	5.0%

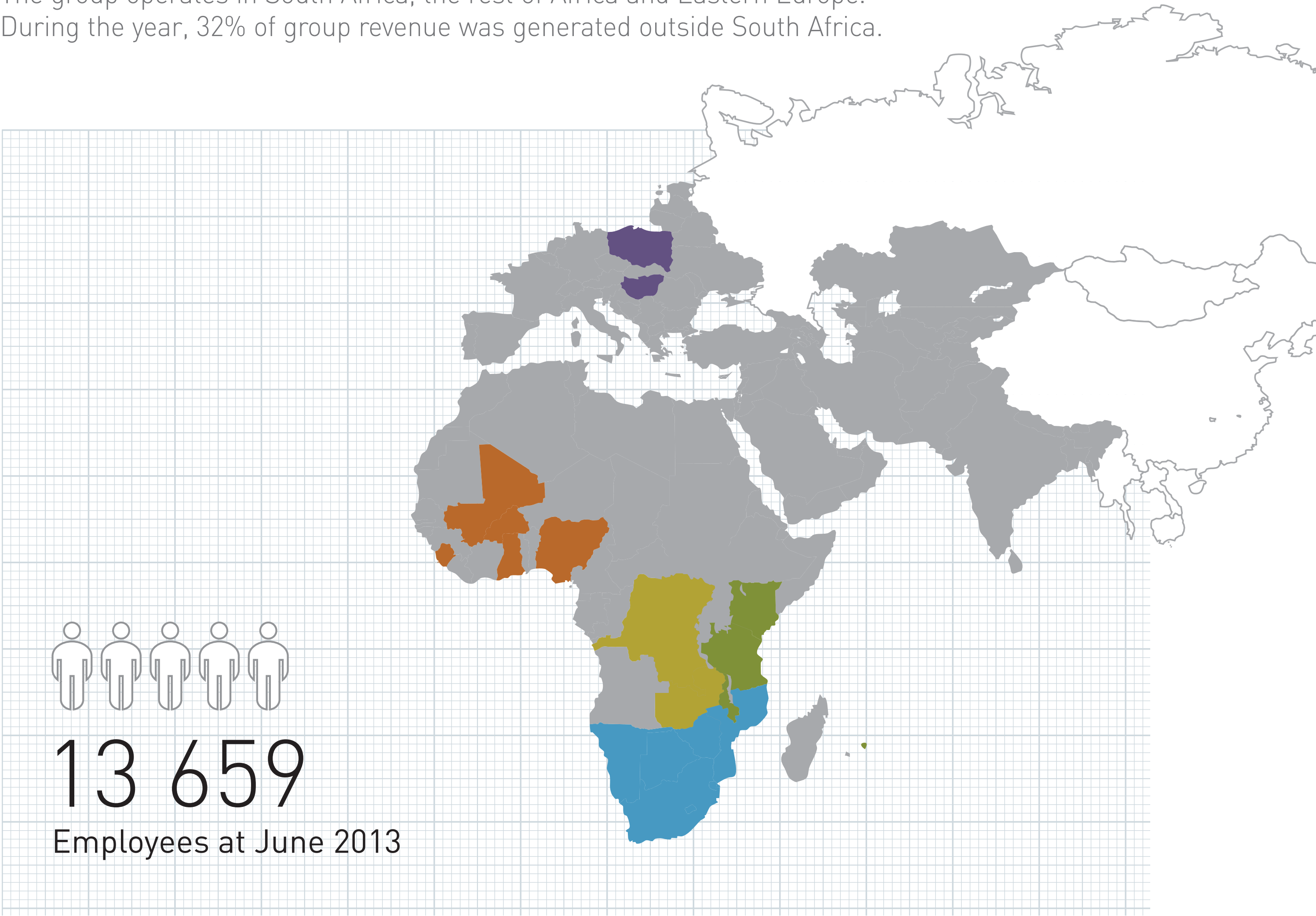
	Headline earnings per share from continuing operations*	**Headline earnings per share from continuing operations* excluding Middle East losses**
Headline earnings – R per share	3,35	3,87

* *Excluding Construction Materials.*

The group has a set target of 15% – 20% return on equity from continuing operations. In the current year, the group did not meet its target, with a return of 13.8%. This was as a result of losses from the Construction Materials cluster and operational losses from the Middle East. We believe the target remains achievable, as these returns have already been achieved from our continuing operations. The return on equity from continuing operations was 16.9%.

Group Five new head office, Waterfall estate, Gauteng, South Africa

The group operates in South Africa, the rest of Africa and Eastern Europe. During the year, 32% of group revenue was generated outside South Africa.



13 659

Employees at June 2013

Southern Africa

Countries of operation

- Namibia*
- Botswana#
- South Africa*
- Lesotho*
- Swaziland#
- Mozambique*
- Zimbabwe*

Segments active within region

- Investments and Concessions*
- Engineering & Construction*
- Manufacturing*
- Building and Housing*
- Civil Engineering*
- Projects*

	F2012	F2013	F2014[1]
Revenue	6 962	**8 580**	9 864
Employees	8 171	**11 067**	n/a
Sector: Construction works			
• Private: public	37%:63%	**47%:53%**	55%:45%
• Mining and industrial	11%	**11%**	3%
• Power	9%	**7%**	17%
• Oil and gas	8%	**5%**	19%
• Water	5%	**7%**	7%
• Real estate	25%	**36%**	37%
• Transport	42%	**34%**	17%

Major contracts:	**F2013**[2]	Zimbabwe roads rehabilitation construction contract.
	F2014[1][2]	Jasper photovoltaic renewable power EPC.

[1] *Based on one-year forward looking secured order book – Contracting only.*

[2] *Key information on selected secured contracts per region.*

* *Operating in region.*

\# *Experience in region.*

Central Africa

Countries of operation
DRC*
Zambia#

Segments active within region

- Manufacturing*
- Building and Housing#
- Civil Engineering*
- Projects*

	F2012	F2013	F2014(1)
Revenue	830	1 389	874
Employees	428	527	n/a
Sector: Construction works			
• Private: public	68%:32%	100%:0%	100%:0%
• Mining and industrial	66%	100%	100%
• Power	–	–	–
• Oil and gas	–	–	–
• Water	–	–	–
• Real estate	34%	–	–
• Transport	–	–	–

Major contracts:	**F2013**(2)	Mongbwalu gold mine earthworks and civils.
	F2014(1)(2)	Kibali gold plant construction.

West Africa

Countries of operation
Burkina Faso*
Ghana*
Nigeria*
Sierra Leone*
Mali#

Segments active within region

- Investments and Concessions*
- Engineering & Construction*
- Building and Housing*
- Civil Engineering*
- Projects*

	F2012	F2013	F2014(1)
Revenue	427	587	210
Employees	894	1 131	n/a
Sector: Construction works			
• Private: public	100%:0%	100%:0%	100%:0%
• Mining and industrial	100%	74%	37%
• Power	–	23%	12%
• Oil and gas	–	–	–
• Water	–	–	–
• Real estate	–	3%	51%
• Transport	–	–	–

Major contracts:	**F2013**(2)	Akyem mining works gold plant.
	F2014(1)(2)	Capital Place property development and construction.

East Africa

Countries of operation
Tanzania*
Malawi#
Mauritius#
Kenya#

Segments active within region

- Civil Engineering#
- Projects*

	F2012	F2013	F2014(1)
Revenue	86	86	110
Employees	104	98	n/a
Sector: Construction works			
• Private: public	90%:10%	100%:0%	100%:0%
• Mining and industrial	80%	100%	100%
• Power	10%	–	–
• Oil and gas	–	–	–
• Water	–	–	–
• Real estate	10%	–	–
• Transport	–	–	–

Major contracts:	**F2013**(2)	Bulyanhulu expansion plant.
	F2014(1)(2)	Bulyanhulu expansion plant.

Eastern Europe

Countries of operation
Poland*
Hungary*

Segments active within region

- Investments and Concessions*

	F2012	F2013	F2014
Revenue	434	488	n/a
Employees	619	831	n/a

SECTOR PERFORMANCE

Mining

Regions: Southern Africa • Central Africa • West Africa • East Africa

Key competencies

- Multi-disciplinary international mine and process plant constructor
- Consortium partner in EPC* mine construction
- Contract crushing and hauling services
- On-site services contractor
- Supply chain logistics to remote sites
- Design and build of construction camps and mine housing systems

* *Engineer, procure and construct.*

Key differentiators

- Experienced African mining and process plant constructor across 18 countries
- Strong repeat business client base
- Reputation for delivery of complex contracts in remote and difficult conditions

Mining experience

Group Five Projects has been active in various African countries for more than 15 years. Its employees can mobilise quickly and effectively and are experienced in procuring and erecting mines for all mineral categories. Group Five Projects has also been successful in completing contracts utilising diverse talent pools. It has an experienced logistics team with vast experience on the continent.

Approximately 35% of Projects' current revenue is derived from construction works for gold mines, with the balance from construction works for mine plants for other mineral classes. These include a diverse range of minerals and metals.

A number of businesses from the Construction cluster and the Engineering & Construction cluster work together on multi-disciplinary contracts in the mining sector that include civil and building works, structural, mechanical, electrical and piping installations and housing, water and power generation solutions.

Coal contracts

In March 2012, Group Five Projects was awarded a contract for the erection and commissioning of a 400 tonnes per hour double stage wash plant for coal processing at an opencast mine at Chirodzi in the Tete province of Mozambique. The client, Jindal Africa, is one of a few companies with mining rights in the coal-rich Moatize region. This is the first plant commissioned by Jindal in Mozambique.

The contract was successfully completed by February 2013. It was Group Five's second coal handling and processing plant in this region. The first contract was in Benga for Segman/Vale, which was completed in F2012.

Group Five is also currently completing a coal handling facility for Exxaro in Lephalale in South Africa, which will feed the new Eskom Medupi power station. This contract is progressing well and scheduled for completion early in F2014.

Key clients

Engineers: DRA, MDM, Lycopodium, SNC Lavilin, Amec
Mining houses: Randgold Resources, ENRC, Exxaro, Newmont, Barrick Africa, AngloGold Ashanti, African Minerals, Freeport-McMoRan, Jindal, Kalagadi Manganese

KEY CONTRACT PER FINANCIAL YEAR

2009

Tenke Fungurume mining contract – Democratic Republic of Congo

Supply, fabrication and installation of structural steel, platework, piping, electrical cabling and instrumentation, as well as installation of mechanical equipment.

2010

Kayelekera uranium contract – Malawi

Erection of piping, structural and mechanical equipment, heavy lifts, as well as electrical and instrumentation works. The plant consisted of 1 168 tonnes of steelwork, 711 tonnes of plate work, 27 kilometres of piping and 52 site-fabricated tanks.

2011

Kinsevere – Democratic Republic of Congo

The structural, mechanical, electrical, instrumentation and piping (SMEIP) supply, construct and commissioning of a copper plant to produce 60 000 tonnes grade A copper per annum.

2012

Grootegeluk run of mine and waste contract – South Africa

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

2013

Tonkolili Iron Ore Stage 1b – Sierra Leone

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

Industrial

Regions: Southern Africa • Middle East

Key competencies

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

Key differentiators

- Track record in civils, heavy mechanical, electrical and piping construction and services
  - – Aluminium, steel, zinc and gold smelting
  - – Petrochemical
  - – Sugar
  - – Paper
  - – Cement

Mechanical maintenance services

Group Five Oil and Gas has been providing bulk mechanical maintenance services to the Huntsman Tioxide Pigment manufacturing facility in KwaZulu-Natal since 2004. Huntsman Pigments is part of the global Huntsman Corporation and is a world leader in the provision of specialist titanium solutions to the food, pharmaceutical and personal care industries around the world.

Following a period of employing several independent service providers, each supplying an aspect of bulk mechanical maintenance services, Huntsman wanted to outsource the required services to Group Five as a single multi-disciplinary service provider.

The parties adopted a collaborative approach by creating a joint management team. Group Five's safety, health, environment and quality (SHEQ) management and HR systems were deployed to the site and specific key performance measures were put in place to measure performance improvements through the phased implementation of Group Five services. These performance metrics are regularly reviewed and revised to ensure continuous improvement in performance to support the client's production process.

Group Five has been providing bulk mechanical maintenance services, including welding, piping work, complete acid tank and equipment overhauls, steam systems, shell and refractory replacement and plant upgrades and shutdowns for nine years.

Work is carried out in strict compliance to all statutory regulations and with full adherence to the Huntsman global environmental, health and safety standards and site-specific policies and procedures.

Key clients

Hulamin, Huntsman Tioxide, Mondi, Toyota, Sappi, Volkswagen, Arcelor Mittal, Mercedes Benz

KEY CONTRACT PER FINANCIAL YEAR

2009

Emirates Aluminium Smelter – UAE

Six packages ranging from a power plant and sub-station building to an anode bake furnace. We also constructed materials handling infrastructure.

2010

Matola cement mill – Mozambique

Demolition of the existing concrete structures, construction of new civil structures, installation of the mill and associated items, structural steel, mechanical items and piping.

2011

Sasol FT wax expansion phase 1 – South Africa

Demolition of existing structures and the re-routing of services. Construction of bulk earthworks, access roads, underground drainage works, structural foundations and building extensions.

2012

Sappi Tugela mill – South Africa

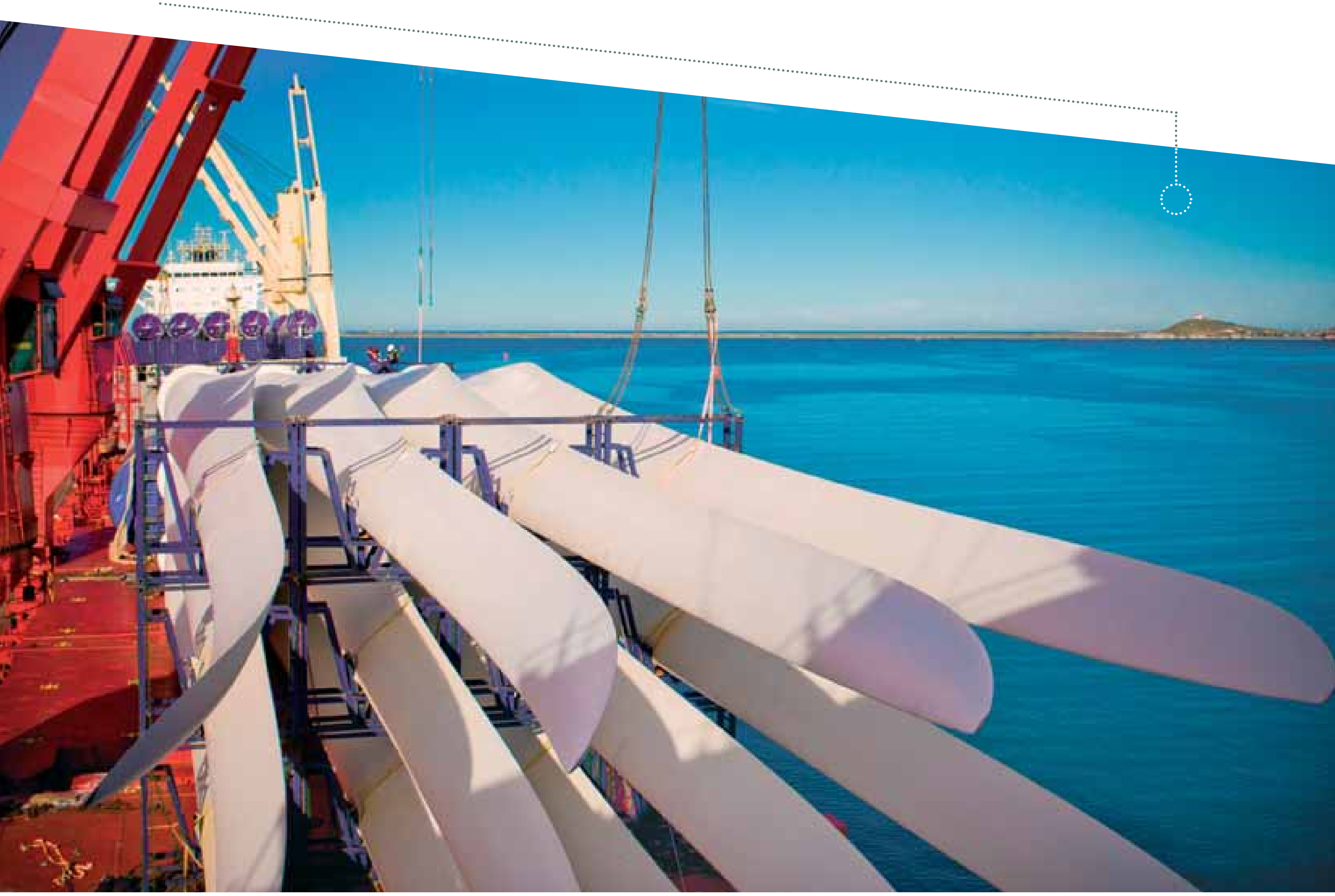
Supply of boiler making, piping and mechanical fabrication and welding services to support the Sappi mill's engineering services and production maintenance units. This is an evergreen core contract that was established in December 1999.

2013

Sasol FT wax expansion phase 2 – South Africa

A typical brownfields petrochemical contract with very demanding safety standards. The scope included site preparation, relocation of existing services, earthworks, demolition, structural steel and concrete foundations for the FT wax expansion contract in Sasolburg. The contract included new civil structures, building works and infrastructure development for phases 1 and 2 of the expansion.

Power



Regions: Southern Africa • West Africa • East Africa

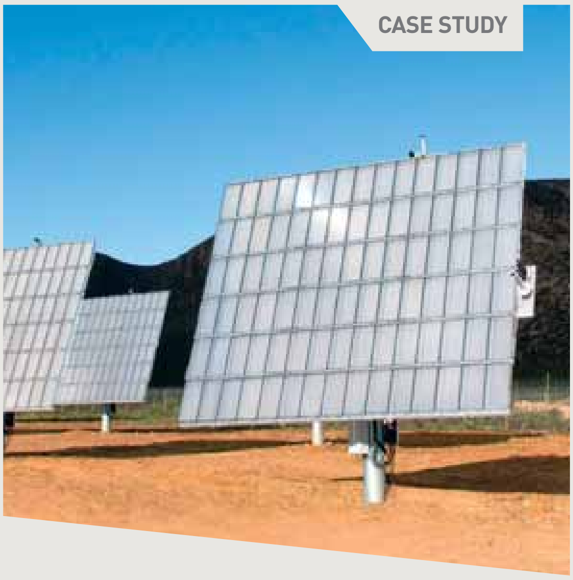
Key competencies

- Power plant co-developer, equity participant and turnkey design and build contractor
- EPC* power plant contractor for thermal, liquid and gas-fuelled power plants and renewables in solar, wind and mini hydro technologies
- Nuclear services contractor
- Plant operations and maintenance services
- Supply of construction steel and advanced building technology systems

Key differentiators

- Track record in EPC* power plant delivery in Africa
- Approved EPC* contractor to General Electric (GE) and other technology providers
- Capability to co-develop contracts to bankability
- Operations and maintenance systems

* *Engineer, procure and construct.*


CASE STUDY

Group Five's renewable energy contracts

A renewable energy capability was established in the Power business a few years ago, as this was identified as a key area of growth, especially wind and solar. This investment delivered returns during the year with the launch of the South African government's Renewable Energy Independent Power Producer Programme (REIPP) phase 1. Group Five was awarded three renewable energy EPC contracts to deliver two wind farms and one solar power contract. Group Five was subsequently awarded a further solar contract under phase 2 of REIPP.

These contracts involve harnessing wind and solar energy to generate electrical power using wind turbines and concentrated and conventional photovoltaic modules respectively. The total generated electrical outputs from these renewable contracts are 212.5MW.

- Soitec – COP17 demonstration unit – 0.5MW
- Klipheuwel Wind Project – 27MW – phase 1
- Noblesfontein Wind Project – 74MW – phase 1
- Touwsrivier CPV Solar Project – 36MW – phase 1
- Jasper PV Solar Project – 75MW – phase 2

The phase 1 construction work is underway, with good progress being made to ensure construction deadlines are met without compromising safety and environmental compliance. The phase 1 contracts will be completed in early calendar 2014, with the phase 2 contract completion scheduled for later in the same year.

An important feature of the group's success in the renewable energy programme is that, in addition to the EPC contracts won, the long term operation and maintenance contracts of these power plants were also secured. This has enhanced the group's blended return.

Key clients

Eskom
Independent power producer developers: Geometric Power, Bio-Therm, Gestamp, Soitec, Solar Reserve and others
Large mining and industrial groups: Tronox, Debswana, Goldfields, Anglo American, Sasol and others

KEY CONTRACT PER FINANCIAL YEAR

2009

Orapa Botswana IPP – Botswana

Engineering and design work, including conceptual works, as well as the procurement of two GE LM6 000 gas turbines.

2010

Sasol OCGT contract – South Africa

Engineer, procure, construct and commission, including performance testing of the open cycle gas turbines (OCGT) as part of the Combined Cycle Power Generation Project at Secunda.

2011

Kusile power station – South Africa

Civil works for a coal-fired power station using flue gas desulphurisation technology.

2012

Eskom's Kusile air cooled condenser columns – South Africa

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

2013

Sasol heat recovery steam boiler contract – South Africa

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

Oil and gas

Regions: Southern Africa • Central Africa

Key competencies

- Multi-disciplinary plant and infrastructure constructor
- Resident multi-disciplinary services contractor
- Refinery shutdown and turnaround contractor
- Specialist tankage design and build contractor

Key differentiators

- Dedicated oil and gas business
- Experienced shutdown and maintenance contractor to all oil and petrochemical majors
- Piping and steel fabrication facilities in compliance with ISO 3834
- Tankage and pipeline constructor and services contractor

CASE STUDY

Reliability and maintenance at Chevron Refinery (Caltex)

The Group Five Oil and Gas mechanical maintenance business has been working at the Chevron Refinery in Cape Town since 1996, with 128 permanent employees based on site. The team is responsible for uninterrupted plant operation. During the last seven years the maintenance team has been actively involved in four complete plant shutdowns and four partial shutdowns at the refinery. These were all successfully completed on time and within budget without any lost time or major incidents. This contract demonstrates Group Five's ability to offer a complete reliability and maintenance package in mechanical, piping, tankage and plant-wide shutdowns.

The team complement has peaked at 680 during shutdowns, as additional teams are mobilised to supplement permanent employees based on site. Maintenance is executed on about 15 plants at any given time. Services cover mechanical, piping, electrical, instrumentation, services and logistics management and capital project integration.

During the year, two shutdowns were successfully completed. The team has an excellent safety record and is now in its sixth year of almost three million injury-free man hours and an overall lost-time injury frequency rate (LTIFR) of 0. This is a great achievement considering the increase in temporary teams during shutdown periods and risky petrochemical conditions.

Key clients

Transnet, SAPREF, Engen, Shell, Chevron, BP, Sasol, Petro SA

KEY CONTRACT PER FINANCIAL YEAR

2009

Engen maintenance shutdown – South Africa

Planned plant maintenance and repair.

2010

NMPP pipeline – South Africa

New multi-products pipeline designed to convey various petroleum products between Durban and Johannesburg.

2011

Sasol Alrode tanks – South Africa

Construction of a new fuel storage facility for Sasol in Johannesburg, using tank technology from HMT, a US-based liquid storage tank partner.

2012

NMPP pipeline pump stations – South Africa

This contract involved the construction of five large pump stations in KwaZulu-Natal for Transnet's NMPP pipeline. This required heavy civils, mechanical and electrical construction. Four of the group's business segments worked as part of the team. Post contract works are in progress.

2013

NMPP terminals – South Africa

The NMPP inland and coastal terminals contract for Transnet involves the construction of sophisticated petroleum handling and storage facilities in Heidelberg and Durban. This includes the civils, mechanical and electrical installation, tankage and piping. Construction is being executed by a number of Group Five businesses working together as a single unit.

Water

Regions: Southern Africa • East Africa • Middle East

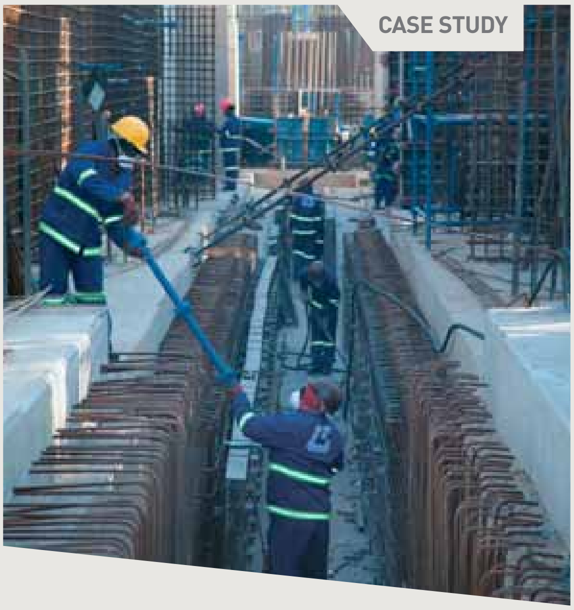
Key competencies

- Multi-disciplinary constructor of bulk water transport, treatment and storage infrastructure, including reservoirs and dam systems
- EPC* delivery of bulk water systems
- Coastal and sub-marine construction for ports, harbours, jetties and quayside materials handling
- Design and manufacture of large bore spiral-welded water pipes
- Supply of construction steel
- Supply of fibre cement pipe systems

Key differentiators

- More than 35 years' track record of delivery in water and marine civils sector, which includes some of the largest contracts in the SADC^ region
- Dedicated pipe manufacture
- Specialist experience in building pipelines and water treatment facilities

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



Water treatment experience

The group has a long track record of executing water contracts. These include a number of large contracts, such as the The East Rand Water Care Company (ERWAT) Waterval upgrade in 2007 and The Northern Waste Water Treatments Works phase 5 upgrade in 2009. Water contracts contributed R1,2 billion to the group between 2008 and 2012.

Three significant contracts for the treatment of water and effluent in Gauteng was recently awarded to Group Five Civil Engineering.

The Trans Caledon Tunnel Authority (TCTA) awarded the Central Basin Treatment acid mine water facility in Johannesburg in South Africa to Group Five in January 2013. The contract is set to be completed by April 2014. Work includes 16 600m^3 of treatment work, reinforced concrete structures, buildings, pipe work inside and beyond the main plant and mechanical and electrical work. Acid mine water is expected to reach critical levels in Johannesburg by the end of 2014 and further tenders are expected over the next few years.

In February 2013, ERWAT awarded Group Five the Module 2 Welgedacht waste water treatment works upgrade. Completion of the work is expected by the middle of 2015.

The works include a large civils component, with 33 000m^3 of concrete structures to be built during the construction of the treatment works.

The City of Tshwane awarded the Group Five/WEC Temba consortium the civils structures and supply and installation of mechanical and electrical equipment at the Temba Water Purification Plant in May 2013. Completion is expected in August 2015.

Key clients

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

KEY CONTRACT PER FINANCIAL YEAR

2009

Vresap pipeline – South Africa

Supply and installation of 126 kilometres of pipeline as a water supply system for Sasol between the Vaal dam and Secunda.

2010

Olifantspoort water treatment works – South Africa

Extension of existing water treatment works for Polokwane to increase capacity by 20 megalitres per day.

2011

BG3 pipeline – South Africa

Group Five Pipe was awarded Rand Water's R124 million BG3 pipeline in 2008. It completed the manufacture, coating and lining of the entire pipeline. The pipes were the largest pipes with the thinnest walls ever to have been manufactured by the group, with new coating and lining technology used.

2012

Spring Grove dam – South Africa

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

The contract is on track for completion in 2013.

2013

Picture courtesy of PixMedia

Sand bypass contract – South Africa

Following the successful completion of the group's contract to widen the Durban harbour in 2010, we are currently constructing a sand bypass system that serves to preserve the natural movement of coastal sand. The facility will pump sand from a concrete storage hopper through a series of pump stations onto Durban's beaches. The 70-metre diameter concrete storage hopper is being constructed between two and four metres below the water table adjacent to an existing quay wall.

SECTOR PERFORMANCE

Real estate

Regions: Southern Africa • Central Africa • West Africa • East Africa • Middle East

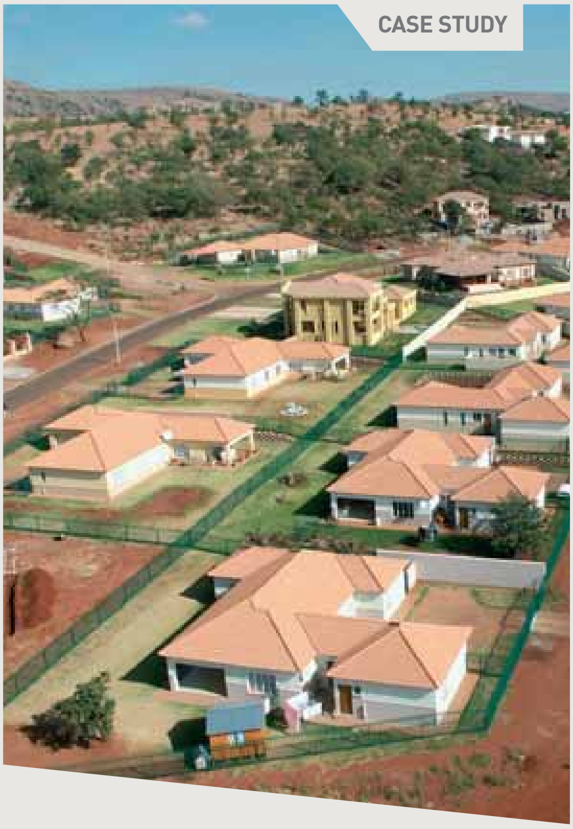
Key competencies

- Developer, equity participant and turnkey design and build contractor in real estate developments
- Large building constructor
- Conventional and low-cost housing contractor
- Design to build contractor, with particular green building expertise
- Public private partnerships (PPPs)

Key differentiators

- Design to build capability
- In-house financial structuring capability for PPP delivery
- Large building capacity and track record
- Specialist mine housing contractor
- Track record in large-scale, low-cost housing contracts
- International delivery capacity in Africa
- Five-star green building contractor

CASE STUDY



Mine housing

Group Five has been associated with the mine housing sector since the 1970s. Over the last ten years, Group Five constructed over 5 000 mine housing units across Southern Africa for some of the major mining houses.

Group Five's broad construction offering and experience in the delivery of large multi-disciplinary contracts allows the client to expand Group Five's involvement beyond the construction of houses to also include the provision of all associated works and services linked to the full infrastructure required for mine villages and towns.

Some of the key contracts in recent years include:

Mine expansion housing contracts for Anglo Platinum in Rustenburg in South Africa consisting of 720 units.

Two relocation villages of 1 800 housing units, as well as all associated infrastructure, for Anglo Platinum in Limpopo in South Africa. These contracts were undertaken as a joint venture with the local community, with 70% of the labour, including sub-contractors, employed from the community.

164 units for Anglo Base Metals in Rosh Pinah in Namibia.

Several mine housing developments in Rustenburg, Thabazimbi, Kathu and Burgersfort in South Africa, with house sizes ranging from 80m^2 to 180m^2.

Key clients

Large property developers: Atterbury Waterfall Investment Company, Investec Property Developments, Zenprop Property Holdings, Eris Property Holdings and Billion Property Developments
Department of Public Works (provincial and national) and large metros
Healthcare industry: public and private players, such as Netcare and Mediclinic, as well as provincial hospitals
Large mining groups: Anglo American, Anglogold Ashanti, Anglo Platinum, Lonmin, Assmang, Sasol Mining, Kumba
MultiChoice Support Services

KEY CONTRACT PER FINANCIAL YEAR

2009

Moses Mabhida soccer stadium – South Africa

Construction of a 70 000-seater stadium, including hospitality boxes, an athletics track, sports field, basement parking and external works.

2010

Brandvlei Prison – South Africa

Demolition of an existing prison and construction of a new prison for 1 000 inmates.

2011

Khayelitsha District Hospital – South Africa

Construction of a new 230-bed hospital in Cape Town for the Department of Public Works.

2012

Crystal Park affordable housing – South Africa

A turnkey development of over 4 000 housing units were secured by the group in Benoni in Gauteng. Group Five Motlekar is the developer and Group Five Housing the contractor. The first phase of the contract will be finalised by mid-2014, with the balance possibly continuing to 2018.

2013

Maseru Shopping Mall – Lesotho

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

Transport

Regions: Southern Africa • Eastern Europe • Middle East

Key competencies

- Co-developer, equity participant and turnkey design and build contractor in transport concessions
- EPC* delivery of transport infrastructure
- Multi-disciplinary constructor of roads, railways, ports, harbours and airports

* *Engineer, procure and construct.*

Key differentiators

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

CASE STUDY

Concessions experience

Group Five Intertoll is well established in Europe, South Africa and the rest of Africa. The group is the leading operations and maintenance group in Eastern Europe, currently operating in Hungary and Poland. The group operates and maintains 2 180 kilometres of motorways.

In recent years, the number of European concession or PPP-type contracts has dwindled given the economic downturn. However, the group continues to explore new opportunities and is currently negotiating and bidding contracts in the Balkans and other targeted locations.

In South Africa, the group operates and maintains approximately 45% of the Comprehensive Toll Road Operations and Maintenance (CTROM) market. The group is the preferred bidder on the R10 billion N1-N2 Wineland concession in the Western Cape.

During the last 18 months, the group secured the toll operations and maintenance and the toll collection equipment supply roles on a 822-kilometre road from Mutare to Plumtree in Zimbabwe. The group implemented its own tolling system on this PPP contract. It bears testimony to Group Five's entrenched experience of working in Africa, its multi-disciplinary capability and its ability to support infrastructure from inception through construction to operations and maintenance.

Key clients

South African National Roads Agency (SANRAL), Airports Company of South Africa, Transnet, large metros and provincial government, Development Bank of South Africa, Zimbabwe Roads Agency, The Ministry of Infrastructure of the Government of Poland, The Ministry of Economy and Transport of Hungary

KEY CONTRACT PER FINANCIAL YEAR

2009

King Shaka International Airport – South Africa

Design and construction of an international airport in KwaZulu-Natal.

2010

Gauteng Freeway Improvement Project – packages A and E – South Africa

Packages included lane additions and improvements to interchanges as part of SANRAL's freeway improvements.

2011

Gauteng Freeway Improvement Project – package E – South Africa

Extensive lane additions and improvements to interchanges as part of SANRAL's freeway improvements.

2012

Chota Motala Interchange – South Africa

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

2013

New ship-to-shore cranes – Durban Harbour – South Africa

Group Five constructed two 720-metre concrete quayside beams, installed crane rails, tie-down anchors and storm pins in the sea-side tunnels to facilitate the installation of new Transnet ship-to-shore (STS) cranes. The seven cranes are the first and largest STS cranes in Africa. The construction took place in the Durban container terminal, with the quay wall strengthened to facilitate off-loading the new large cranes.

03

SECTION 3

What are our future focus areas?

WHAT ARE OUR FUTURE FOCUS AREAS?

This section takes the reader through the group's expectations of markets, as well as its focus areas going forward.

MARKET EXPECTATION

THE GROUP'S MARKET EXPECTATIONS IN ITS KEY REGIONS ARE OUTLINED BELOW:

South Africa

Based on historic trends, independent research indicates that South Africa needs to invest about R5 trillion (USD 650 billion) by 2030*. The South African National Treasury also indicated R3 trillion of planned expenditure on mega-contracts from 2012 – 2020. Despite this commitment from government to the next large infrastructure spend, scheduled to alleviate a stagnant economy, there is still little additional contract work seen.

The effects of the Marikana mining sector tragedy and ongoing labour strife in an unequal society will continue to have an impact. This, together with a politically charged year before national elections in 2014 is set to continue disrupting policy implementation and contribute to low economic growth for some time in South Africa.

The absence of private sector involvement in infrastructure planning and funding due to a lack of government policy direction, and the recent mixed public sector performance in terms of the quality of the delivery of mega-contracts, also raises concerns around the capacity of the public sector to deliver new infrastructure through state-owned enterprises.

A speedy and satisfactory resolution of the impact following the Competition Commission findings around collusion in the industry will also be a key factor in improving the climate for the private sector to become more decisively involved in assisting government's infrastructure programme.

Rest of Africa

In contrast to South Africa, the rest of Africa is set to continue growing at over 5% annually.

The African population is expected to swell to over 1,4 billion people by 2025 from 1 billion in 2009 and to reach 2,5 billion by 2050*. This will result in rapid urbanisation and an expanding demand for retail, leisure, housing, education, healthcare, transport, water and electrical infrastructure.

In the short to long term, development through infrastructure spend and commodities demand will continue, with a growing African pipeline in road, rail, ports and power. The concessions market is also improving.

Middle East

The Middle East has become a highly competitive market, with substantial over-capacity from both domestic indigenous contractors, as well as foreign contractors. The group has curtailed its activities in this region while this over-capacity persists.

Eastern Europe

Eastern Europe is a mixed picture. Although some improvement is expected in the medium term, prospects are focused on operating tolling contracts in additional territories rather than equity concessions, which have longer term attractiveness. There is more opportunity in the Balkan states, certain countries in southern Europe, as well as on selected contracts in Russia and surrounding countries.

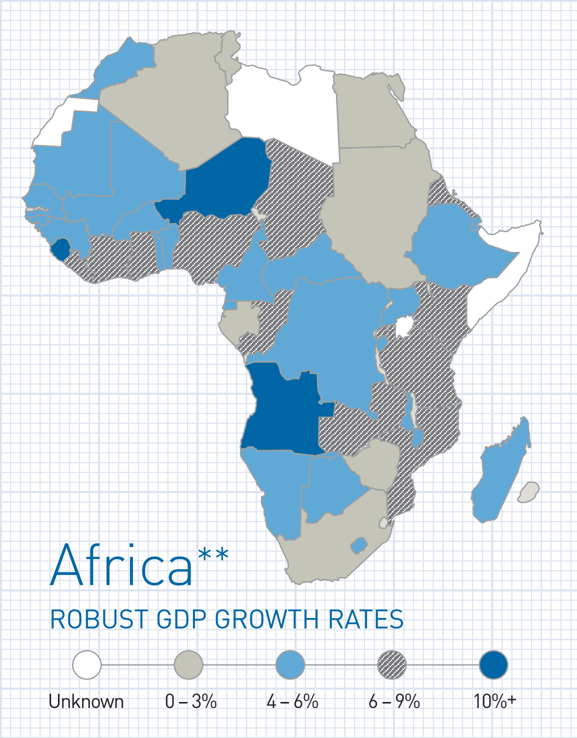
* *IHS Global Insight; Global Water Intelligence Database; IEA; International Transport Forum; McKinsey Global Institute analysis.*

AS OUTLINED IN THE TABLE AND THE MAP, THE GROUP'S KEY TARGET REGION OF AFRICA IS SET TO CONTINUE GROWING STRONGLY.

World economic outlook**

%	2012	2013	2014
World	3.20	**3.30**	4.10
US	2.30	**1.90**	3.00
Eurozone	(0.40)	**(0.3)**	1.00
UK	(0.20)	**1.00**	1.90
Brazil	1.00	**3.10**	4.00
Russia	3.60	**3.30**	3.80
India	4.50	**5.70**	6.40
China	7.80	**8.00**	8.50
Sub-Saharan Africa	4.80	**5.80**	5.70
South Africa	2.50	**2.80**	3.50

*** World Economic Forum.*



WHY ARE WE WELL PLACED AGAINST OUR MARKET EXPECTATIONS?

The group's business offering is designed to maximise its potential in the African growth theme, as well as to access the South African infrastructure roll-out when it commences.

In parallel to this, the group follows a growth strategy of becoming a leading player in the group's selected seven key infrastructure sectors of:

● Mining ● Industrial ● Power ● Oil and gas ● Water ● Real estate ● Transport

HOW WILL WE CREATE VALUE?

OVER THE SHORT TERM

The benefits of the actions taken in F2012 on de-risking the group from its legacy issues and the investment in future growth allowed management to focus on internal fitness and growth strategies.

We expect continued revenue growth in F2014, although margins will remain tight due to market pressure.

Cash preservation will remain a priority to fund growth. The group's balance sheet remains strong, with a net un-geared position.

OVER THE MEDIUM TERM

The group has appealing medium term prospects due to:

- Negotiated and strategic contract wins based on our strategy and focus per sector starting to gain traction.
- Our preferred bidder status on several strategically important and urgent contracts across sub-Saharan Africa.
- Improving medium term margins on the back of growing the rest of African exposure.
- R4,8 billion in annuity (three to five year) operations and maintenance contracts.

KEY MANAGEMENT FOCUS AREAS FOR F2014

Safety	Following an increase in incidents, management will remain focused on safety. We will continue to use "near miss" statistics as a leading indicator of negative safety trends to direct management to where corrective action is required. www For more information, refer to the risk review in the supplementary information to the integrated annual report at **www.groupfive.co.za**.
African growth	African growth requires an investment in systems and resources to penetrate markets, establish local capability and manage a wide range of risks. These include logistics through ports, aggressive tax authorities, cultural diversity, indigenisation demands, shortage of skills, medical and security risks, corruption and counterparty risks and their contractual adherence. Being an experienced African contractor with good support systems provides some advantage to the group in terms of focusing on Africa for growth.
Slow South African growth	As outlined, growth in South Africa is expected to remain slow. Our emphasis on a larger geographic footprint for more of the group's business segments, the beneficial contribution of the group's annuity-type clusters of Investments and Concessions and Manufacturing, the oil and gas sector traded by Engineering & Construction and our strong position in the mining and energy markets in Africa will assist to mitigate, to some extent, the continued weakness in the South African construction and engineering markets.
Volatile South African labour conditions	Labour volatility in the industry impacted certain of our operations and poses a threat to infrastructure delivery. This may delay some revenue on major contracts. Traditional unions are losing members as the new generation of employees wishes to deal directly with employers and to exercise their influence ahead of the 2014 national elections. www For more information, refer to the human resources review in the supplementary information to the integrated annual report at **www.groupfive.co.za**.
BBBEE legislation changes in South Africa	There is a progressive drive to increase the level of BBBEE in organisations and the broader economy. This will require management to further enhance internal transformation and external ownership. www For more information, refer to the human resources review in the supplementary information to the integrated annual report at **www.groupfive.co.za**.
Closing out legacy issues of Middle East and Construction Materials	Repayment plans with clients in the Middle East conclude in December 2015 and the group will therefore need to be engaged in the region until then. However, the group does not expect to incur any sizeable overhead costs beyond F2014, as we aim to have all commercial matters settled and collected as far as possible in F2014. Construction Materials is forecasted to be completed in the first half of F2014. However, that does depend on the approval process from the Department of Mineral Resources.

KEY MANAGEMENT FOCUS AREAS FOR F2014 continued

Expanding position in Eastern Europe	Against slowing markets, we will move our focus further east to the Balkan states, certain countries in southern Europe, as well as selected contracts in Russia and surrounding countries.
Skills and resources	Limited availability of key and experienced employees may become a risk to growth in some areas of the group unless strategically addressed. Against this, there is renewed pressure on the human resources function to support the sourcing and development of the talent pool required, particularly in the context of more complex contracts, African growth and the need for the group to indigenise. The group aimed to address executive retention this year through a review of performance and retention remuneration. Refer to pages 137, 140 to 141 and 150 to 158.
Increased competition	With the African growth theme now gaining momentum globally, there is a new focus on Africa, which has resulted in many construction and engineering companies from around the world starting to display interest. This has included acquisitive strategies and aggressive bidding against relatively unknown risks in Africa. The group has been proactive in aligning itself with a selection of these companies that bring technology and experience, which enhances our own capacity and capability in delivering on our sector and geographic strategies.
Correct structure to deliver on strategy and growth	Our portfolio of businesses, matched to our sector and geographic focus, was realigned to ensure we add additional value and are able to deliver on a complete infrastructure offering. We also invested in dedicated strategic project development resources with specific responsibilities to create new work streams from large contract developments and African expansion. We are progressing our extensive internal fitness programme of redefining our internal processes to provide a lean support structure to mitigate risk and reduce costs. Our focus remains mainly on Africa, with Eastern Europe a secondary market for concessions. The newly-created Engineering & Construction cluster has the correct resources to deliver on the growing turnkey and engineer, procure and construct (EPC) construction and services order book, with a particular emphasis on power and oil and gas. Water will be added in the future.
Succession planning	During the year, the group focused on its group-wide succession planning process. This commenced with a review of the adequacy of succession plans in place for senior management. The executive team is responsible for ensuring that key positions and appropriate succession candidates are identified. Where internal candidates are not available in the short term to fill key positions, management are tasked to develop or recruit suitable candidates into the group. However, the over-arching requirement is to ensure sustainability of performance through an increased focus on the depth in our human capital base. The group will continue to refine its succession planning in the coming year to ensure all critical positions have succession plans in place.

GROUP OUTLOOK

SHORT TERM

As guided to stakeholders, F2013 was the turnaround year in terms of market and group performance.

Our order book recovery continues to be sustained ahead of a gradual improvement in financial performance in F2014.

However, the recovery in South Africa in F2014 may be slower due to the lower-range margins embedded in Construction order books, primarily in Building and Housing.

MEDIUM TO LONG TERM

From F2015, we expect the start of a good trajectory of sustainable growth.

Why?

Our emphasis on:

- A refreshed and clear value proposition.
- Sector-specific targeted resources allocated to capacity building.
- Continued contribution from annuity-type work in Investments and Concessions and Manufacturing, as well as industrial services.
- A disciplined and focused geographic strategy for more of the group's business segments.
- A more efficient support organisation operating from one central location.
- The finalisation of historic problem areas and legacy issues.

04

SECTION 4

How are we measured?

COMBINED ASSURANCE

The group applies a combined assurance model with a co-ordinated approach to all the group's internal and external assurance. This was monitored for the year under review by the group's audit committee.

Further detail on the group's combined assurance processes can be found in the supplementary information to the integrated annual report at **www.groupfive.co.za**.

The group is independently assured by external assurance providers on a variety of ratios each year. In the table below we outline the material ones.

Business process assured	Output from assurance	Status	Assurance provider
Operational/risk/financial			
Value of construction work secured to be executed	Contracting secured order book confirmation	Assured	PricewaterhouseCoopers Inc.
Extent of construction contract profitability	Contract profit-/loss-maker ratio	Assured	PricewaterhouseCoopers Inc.
Economic value added	Value-added statement	Assured	PricewaterhouseCoopers Inc.
Fair presentation in all material aspects – financial position and performance of the group and company	External audit report	Audited	PricewaterhouseCoopers Inc.
Quality			
Quality systems	ISO 9001:2008	Assured – 100% of business segments certified	DEKRA
Health and safety			
LTIFR*	Verified LTIFR statistics	Assured – verified statistics	DEKRA
Procedures and policies	DEKRA certification	Assured – verified procedures	DEKRA
Safety systems	OSHAS 18001:2007	Assured – 100% of business segments certified	DEKRA
Environment			
Carbon emissions	Confirmed carbon disclosure emission	Verified for F2011 and F2012. F2013 being verified	Promethium Carbon
Environmental audits	ISO 14001:2004	Assured – 100% of business segments certified	DEKRA
Empowerment			
BBBEE credentials	BBBEE scorecard	Assured	BEE Verification Agency cc
Human resources			
Employee satisfaction	Employee satisfaction survey	Independently verified	SoftCraft Research
Training and HR systems	ISO 9001:2008	Assured – audited processes	DEKRA and BEE Verification Agency cc
Governance			
Board review	Evaluation of effectiveness of the board and its members	Independent assessment	Heindrick & Struggles
Ethics			
Ethics training	Effectiveness of programme	Independent assessment	Janette Minnaar, contractor to the Ethics Institute of South Africa

* *Lost-time injury frequency rate.*

The Contracting order book and contract profit-/loss-maker ratio were assured for the fourth year in a row and the value-added statement was assured for the second year in a row.

INDEPENDENT ASSURANCE REPORT TO THE DIRECTORS OF GROUP FIVE LIMITED

We have been engaged by the directors of Group Five Limited ("Group Five" or the "Company") to perform an independent limited assurance engagement in respect of Selected Sustainability Information reported in the Company's Integrated Report for the year ending 30 June 2013 (the "Report"). This report is produced in accordance with the terms of our contract with the Company dated 8 July 2013.

Independence and Expertise

We have complied with the International Federation of Accountants' (IFAC) Code of Ethics for Professional Accountants, which includes comprehensive independence and other requirements founded on fundamental principles of integrity, objectivity, and professional competence and due care, confidentiality and professional behaviour. Our engagement was conducted by a multi-disciplinary team of health, safety, environmental and assurance specialists with extensive experience in sustainability reporting.

Scope and Subject Matter

The following Selected Sustainability Information in the Report was selected for an expression of limited assurance:

Contracting order book	75
Profit- and loss-maker ratio	19
Value-added statement	123

We refer to this information collectively as the "Selected Sustainability Information".

We have not carried out any work on data reported for prior reporting periods, nor have we performed work in respect of future projections and targets. We have not conducted any work outside of the agreed scope and therefore restrict our opinion to the Selected Sustainability Information.

Respective responsibilities of the Directors and PricewaterhouseCoopers Inc.

The directors are responsible for selection, preparation and presentation of the Selected Sustainability Information in accordance with the criteria ("Reporting Criteria") set out in the Company's Report. The directors are also responsible for designing, implementing and maintaining of internal controls as the directors determine is necessary to enable the preparation of the Selected Sustainability Information that are free from material misstatements, whether due to fraud or error.

Our responsibility is to form an independent conclusion, based on our limited assurance procedures, on whether anything has come to our attention to indicate that Selected Sustainability Information has not been prepared, in all material respects, in accordance with the Reporting Criteria.

This report, including the conclusion, has been prepared solely for the directors of the Company as a body, to assist the directors in reporting on the Company's sustainable development performance and activities. We permit the disclosure of this report within the Report for the year ended 30 June 2013, to enable the directors to demonstrate they have discharged their governance responsibilities by commissioning an independent assurance report in connection with the Report. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the directors as a body and the Company for our work or this report save where terms are expressly agreed and with our prior consent in writing.

Assurance work performed

We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements 3000: Assurance Engagements other than Audits and Reviews of Historical Financial Information (ISAE 3000) issued by the International Auditing and Assurance Standards Board. This standard requires that we comply with ethical requirements and that we plan and perform the assurance engagement to obtain limited assurance on the Selected Sustainability Information as per the terms of our engagement.

Our work included examination, on a test basis, of evidence relevant to the Selected Sustainability Information. It also included an assessment of the significant estimates and judgements made by the directors in the preparation of the Selected Sustainability Information. We planned and performed our work so as to obtain all the information and explanations that we considered necessary in order to provide us with sufficient evidence on which to base our conclusion in respect of the Selected Sustainability Information.

Our limited assurance procedures primarily comprised:

- reviewing processes that Group Five have in place for determining the Selected Sustainability Information included in the Sustainability Report;
- obtaining an understanding of the systems used to generate, aggregate and report the Selected Sustainability Information in the Sustainability Report;
- conducting interviews with management at Group Five;
- evaluating the data generation and reporting processes against the reporting criteria;
- performing tests on the accuracy of data reported on a sample basis; and
- reviewing the consistency between the Selected Sustainability Information and related statements in Group Five's Sustainability Report.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement under ISAE 3000. Consequently, the nature, timing and extent of procedures for gathering sufficient appropriate evidence are deliberately limited relative to a reasonable assurance engagement, and therefore less assurance is obtained with a limited assurance engagement than for a reasonable assurance engagement.

The procedures selected depend on our judgement, including the assessment of the risk of material misstatement of the Selected Sustainability Information, whether due to fraud or error. In making those risk assessments; we consider internal control relevant to the Company's preparation of the Selected Sustainability Information in order to design procedures that are appropriate in the circumstances.

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

Inherent limitations

Non-financial performance information is subject to more inherent limitations than financial information, given the characteristics of the subject matter and the methods used for determining, calculating, sampling and estimating such information. The absence of a significant body of established practice on which to draw allows for the selection of different but acceptable measurement techniques which can result in materially different measurements and can impact comparability. Qualitative interpretations of relevance, materiality and the accuracy of data are subject to individual assumptions and judgements. The precision of different measurement techniques may also vary. Furthermore, the nature and methods used to determine such information, as well as the measurement criteria and the precision thereof, may change over time.

Conclusion

Based on the results of our limited assurance procedures nothing has come to our attention that causes us to believe that the Selected Sustainability Information for the year ended 30 June 2013, has not been prepared, in all material respects, in accordance with the Reporting Criteria.

Other Matters

The maintenance and integrity of Group Five's website is the responsibility of Group Five's directors. Our procedures did not involve consideration of these matters and, accordingly we accept no responsibility for any changes to either the information in the Report or our independent assurance report that may have occurred since the initial date of presentation on Group Five's Website..

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: Wessie van der Westhuizen

Registered Auditor

Johannesburg

10 August 2013

PERFORMANCE SCORECARDS

The group monitors its performance against targeted measures. The next few pages outline the core group measures and the value added during the year. The value-added statement was independently assured for the second time this year.

Further detail on the group's performance scorecards can be found in the supplementary information to the integrated annual report at **www.groupfive.co.za**.

DELIVERY AGAINST GROUP MEASURES

People

Although the average training spend per employee decreased, the total spend increased from R32,3 million last year to R37,1 million this year.

	Medium term target	F2013 actual	F2013 target	F2012 actual	F2011 actual
Employee turnover (permanent employees) – %	<5	**3^**	10	7^	6^
Employee satisfaction rating – %	>70	**67**	>70	67	67
% of employees trained per annum – %	35	**30**	50	45	49
Average training spend per employee	R1 300	**R1 100**	R2 600	R2 435	R2 601
Construction Charter BBBEE score – %	>80	**90**	>80	89	86
Lost-time injury frequency rate*	0	**0.21**	0	0.20	0.36
Lost-time injury frequency rate**	0	**0.27**	0	0.21	0.54
OHSAS 18001:2007 certification across group – %	100	**100**	100	100	73

^ *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 employees only.*

** *Group Five employees and sub-contractors combined.*

Planet

There was a significant reduction in emissions, mainly due to the nature, number, size and reporting of contracts during the year.

	Medium term target	F2013 actual	F2013 target	F2012 actual	F2011 actual
Electricity usage per employee	–(1)	**6.12MWh(4)***	–(1)	13.65MWh(3)*	11.30MWh(2)*
Carbon footprint per employee	–(1)	**11 tonnes CO$_2$e(4)**	–(1)	23 tonnes CO$_2$e(3)	21 tonnes CO$_2$e(2)
Environmental incidents	–	**–**	–	–	–
ISO 14001:2004 certification across group – %	100	**100**	100	100	77

(1) *Whilst the group's goal is to continuously reduce emission intensity, the capturing and reporting of the carbon footprint still needs to reach maturity before formal reduction targets can be set.*

(2) *Information for the year ended 30 June 2010 (part of the 2011 Carbon Disclosure Project report submitted on 31 May 2011).*

(3) *Information for the year ended 30 June 2011 (part of the 2012 Carbon Disclosure Project report submitted on 31 May 2012).*

(4) *Information for the year ended 30 June 2012 (part of the 2013 Carbon Disclosure Project report submitted on 31 May 2013).*

* *– MWh – megawatt hours.*

Performance

The group is pleased to be able to report improved trading results, with cash generated from operations of R947 million in the year and a return on equity from continuing operations of 16.9%.

	Medium term target	**F2013 actual**	F2013 target	F2012 actual	F2011 actual
Revenue per employee – R'000	Increase	**815**	Increase	843	767
Net profit/(loss) for the year per employee – R'000	Increase	**20**	Increase	(27)	(19)
Geographic diversification (revenue from over-border operations) – %	40	**32**	40	26	25
Secured order book (construction budget secured in order book at start of financial year) – %	70 of budget	**88**	70 of budget	84	58
Return on shareholders' equity – continuing operations – %	15 – 20	**16.9**	15 – 20	10.3	24.0
Fully diluted headline earnings per share – % growth	growth	**157.4**	Return to growth	(62.9)	(44.8)
Product diversification – (total operating profit from non-construction businesses) – %	>33	**45**	>33	59	22
Net gearing – %	<33 of equity	**–**	<33 of equity	–	–
Cash generated/(utilised) from operations – R million	cash generative	**947**	cash generative	579	(482)
Total operating margin – %	5 medium term	**5.0**	5 medium term	3.8	6.9

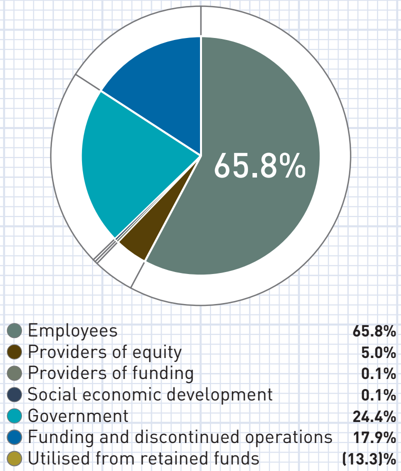
ECONOMIC VALUE ADDED

Value-added statement depicting distribution to government, including all taxes.

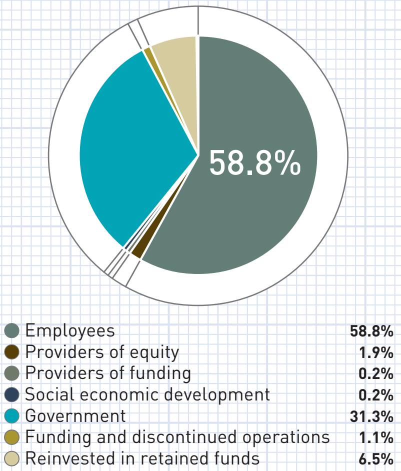
Sustainability indicator	%	F2012 (R'000)	**%**	**F2013 (R'000)**
Revenue[1]		9 804 457		**12 613 306**
Less: purchased cost of goods and services[1]		(7 106 636)		**(9 145 766)**
Value added	97.5	2 697 821	**97.2**	**3 467 540**
Other income	2.5	68 680	**2.8**	**97 418**
Wealth created	100	2 766 501	**100**	**3 564 958**
Employees[2]	65.8	1 819 241	**58.8**	**2 096 719**
Providers of equity	5.0	138 438	**1.9**	**67 468**
Providers of funding	0.1	3 800	**0.2**	**8 265**
Social economic development	0.1	3 730	**0.2**	**5 525**
Government[3]	24.4	673 392	**31.3**	**1 116 178**
Funding of discontinued operations	17.9	496 449	**1.1**	**39 413**
(Utilised from)/reinvested in retained funds	(13.3)	(368 549)	**6.5**	**231 390**
Wealth distribution	100.0	2 766 501	**100**	**3 564 958**
Number of employees		10 414		**13 659**
Wealth created per employee (R)		265 652		**260 997**
Weighted average number of shares		96 545		**97 775**
Wealth created per share (R)		28,66		**36,46**

[1] Including value-added taxation (VAT).
[2] Excluding employee taxes.
[3] Includes income taxation, deferred taxation, employee taxes and net value-added taxation (VAT).

Distribution of wealth created – F2012



Distribution of wealth created – F2013

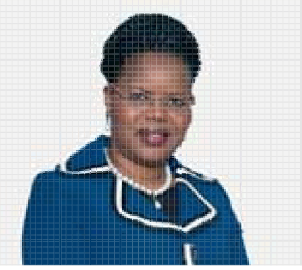


THE TEAM'S MEASURES

This section takes the reader through the value our team adds to the group and how they performed against their key performance indicators.

For information on how this relates to the team's remuneration, refer to the remuneration report on pages 150 to 165.

The board of directors



CHAIRPERSON ✻

P (Philisiwe) Mthethwa (49)

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

Chairperson of main board and nominations committee

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

CHIEF EXECUTIVE OFFICER ◇

MR (Mike) Upton (58)

BSc Electrical Engineering, Professional Engineer (Pr Eng), Business Management Diploma (Newcastle, UK), FSAIEE

Executive committee member, member of risk committee, member of social and ethics committee

Mike adds significant value to the development of the group's strategy through his extensive experience in multi-disciplinary engineering and infrastructure contracts. He has a keen understanding of the macro context in which the group operates, its strategy and new business opportunities and how to deliver on them. Mike has an empowering management style, which has produced an inclusive culture enhanced by the diversity of ideas generated from within the group. He encourages the continuous development of employees and has entrenched a performance- and quality-orientated culture.

CHIEF FINANCIAL OFFICER ◇

CM (Cristina) Freitas Teixeira (40)

BCom, BCompt (Hons), CA(SA)

Executive committee member, member of social and ethics committee

Cristina has a deep understanding of the group's businesses and instils a rigorous systems and disciplined approach to the financial and administration function across the group. This has been a key factor in her track record of successfully managing the group's complex and demanding local and global financial environment. Under her guidance, the group's financial position has been very robust and has gained the confidence of the group's business partners. She is also a valuable member of the group's strategic development team. Cristina has led the group's reporting strategy. This has been recognised through a number of awards for reporting and disclosure, including the Investment Analysts Society (IAS) award for six years in a row, as well as being the overall South African winner in 2010 and being the overall integrated annual report winner at the 57th Institute of Chartered Secretaries/JSE Annual Report awards in 2012.

INDEPENDENT NON-EXECUTIVE DIRECTOR

LE (Lindiwe) Bakoro (39)

BCom, Post-graduate diploma in Accounting, H Dip Tax Law, MCom, CA(SA)

Chairperson of social and ethics committee, member of audit committee, member of remuneration committee

Lindiwe brings strong experience in project finance, with a particular focus on infrastructure contracts. She has a questioning mind and strong financial acumen. She provides valuable financial advice and guidance in support of the group's financial position. In F2013, Lindiwe became the chairperson of the group's social and ethics committee on the retirement of Baroness Linda Chalker.

✻ Independent non-executive director

◇ Executive director

INDEPENDENT NON-EXECUTIVE DIRECTOR

Dr JL (John) Job (68)

BSc (Hons), PhD in Physical Chemistry

Chairperson of remuneration committee, member of audit committee, member of risk committee

John brings significant operational, executive and strategic leadership experience to the group. He assists the group and management with evaluating new opportunities and is able to question decisions on a very practical level. He has a particularly strong ability to identify potential problem areas and provide advice on resolutions. During the year, John led the group's proactive engagement with stakeholders with respect to executive remuneration and its new long term incentive programme.

LEAD INDEPENDENT NON-EXECUTIVE DIRECTOR

SG (Stuart) Morris (67)

BCom, CA(SA)

Chairperson of audit committee, member of nominations committee, member of risk committee

Stuart is a very experienced executive in South Africa, with an ability to critically assess controls and financial risks and to advise on the adequacy of systems and procedures. He provides a solid sounding board to the group's financial team and the chief financial officer. Stuart is also the board's lead independent non-executive director. During the year, he continued to provide substantial value with respect to material matters the group had to deal with, including the board oversight of the group's engagement with the Competition Commission, the group's new broad-based black economic empowerment transaction, the disposal of the Construction Materials businesses and the group's withdrawal from Middle East operations.

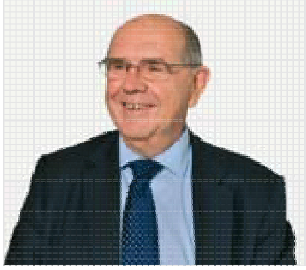
INDEPENDENT NON-EXECUTIVE DIRECTOR

KK (Kalaa) Mpinga (52) (Congolese)

BSc Agricultural Economics, MSc International Agricultural Development

Chairperson of risk committee, member of audit committee, member of nominations committee

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



INDEPENDENT NON-EXECUTIVE DIRECTOR

DDS (Struan) Robertson (British) (63)

BSc (Mech) Eng, MBA

Member of audit committee, member of risk committee, member of social and ethics committee

Struan brings international and very relevant construction, engineering and strategic experience to the board, particularly in the oil and gas sector. His experience of managing a major UK contracting business and his commitment to health and safety in the workplace has already been of particular benefit to the board through the prioritisation of safety in the board risk committee.

COMPANY SECRETARY

N (Nonqaba) Katamzi (44)

BA Law, LLB, CIBM

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

The board of directors

Performance against key performance indicators

CHAIRPERSON – Evaluated by: Independent evaluation by Institute of Directors/shareholders through annual general meeting

Key performance areas	How impact is measured	DELIVERY F2013
Focused and unified board	Focused and unified board.	The independent board performance review indicated that the board is providing sound corporate governance and is working well with executive management. Succession planning was found to be an area to address, as well as the need for some additional skills on the board.
No conflicts of interest	No conflicts of interest.	No conflicts of interest were declared this year.
Breaches of governance/ compliance	Breaches of governance/ compliance.	No breaches of governance occurred in the year. Compliance continued to be reviewed by the board on a quarterly basis.
Annual work plan delivery and improved board complement	Annual work plan delivery and improved board complement.	Board schedule and objectives were met. The board review process was presented to the board post year-end.
Ensuring effective board and exco interactions	Adherence to group policy for group strategy setting, budget approval and regular engagement.	The board meets formally on a quarterly basis, with additional strategy sessions every six months involving the executive committee (exco). The exco members also attend board meetings when required. Exco members present material contract risk reviews to the board in line with the group's pre-set levels of authority. Ad hoc additional board meetings were held during the year to address the group's new BBBEE transaction, long term incentive programme and addressing competition matters in light of the Competition Commission of South Africa's investigation into the sector.
Board review	Board review.	The independent board performance review indicated that the board is providing sound corporate governance and is working well with executive management. Succession planning was found to be an area to address, as well as the need for some additional skills on the board.
Completion of CEO appraisal	Completion of CEO appraisal.	CEO appraisal completed.
Board attendance	Board attendance.	Board and the sub-committee attendance remained good throughout the year.

CEO – Evaluated by: Chairperson and Lead independent non-executive director

Key performance areas	How impact is measured	DELIVERY F2013
Leadership	Employee satisfaction survey.	The employee survey and employee engagement rates improved slightly to 67.7%. This was a significant achievement during tough market conditions and in a year where substantial internal restructuring took place.
BBBEE	Construction Charter scorecard rating.	The group successfully replaced its BBBEE ownership transaction with a new employee scheme and educational trust. It retained its Level 2 contributor status, with full points awarded in its preferential procurement element.

CEO – Evaluated by: Chairperson and Lead independent non-executive director

Key performance areas	How impact is measured	DELIVERY F2013
Safety	Group lost-time injury frequency rate (LTIFR) and fatalities.	The group suffered one sub-contractor fatality in January 2013 and the combined LTIFR worsened from 0.21 to 0.27. The CEO and exco implemented a group-wide intervention, with positive consequences, which resulted in an improvement in the second half of the financial year. Refer to the risk review in the supplementary information to the integrated annual report at **www.groupfive.co.za**.
Client focus	Client survey and market feedback.	No formal client survey was undertaken, but feedback received was mostly positive in terms of delivery and experience in dealing with employees. Evidence of this is reflected in letters and awards received. The employee survey also revealed a 79.2% positive client focus. Some clients did, however, express concern around the Competition Commission of South Africa's investigation into anti-competitive behaviour in the construction sector.
Capacity building	Employees trained annually.	Although training initiatives decreased to 9 125 due to tough market conditions, the group still increased its spend from R32,3 million last year to R37,1 million this year. This shows the group's commitment to long term sustainability, employee retention and capacity building.
Organisational development and succession	Structural and resource alignment with strategy and goals.	A refreshed strategy and leaner operating model required a new structure. This was implemented and the refocused clusters were well received by employees and the market. All clusters delivered performance improvements against the group strategy.
Compliance/risk management	External audit report.	Unqualified audit achieved.
Group strategic development	Strength of order book as % of one-year's revenue.	Contracting one-year and total order book at 119% and 153% respectively of current year's Contracting revenue.
Group financial performance	HEPS/EPS growth.	HEPS year-on-year growth of 157%. EPS year-on-year growth, with R2,79 per share achieved versus a loss of (R2,88) in the prior year.
Stakeholder communication and interaction	Client, investor and board communications feedback.	The group won the overall award for integrated reporting from the Institute of Chartered Secretaries during the year. An independent external media survey was undertaken, which found that the Competition Commission investigation overshadowed most other news. Group Five's performance results and the CEO's accessibility for opinion and comment were, however, seen as positives.
Inter-company initiatives and group procurement	% of revenue, which includes multiple business segment collaboration.	38% of revenue included multiple business segment collaboration.

CFO – **Evaluated by:** CEO and chair of audit committee

Key performance areas	How impact is measured	DELIVERY F2013
Leadership	Employee satisfaction survey.	The employee survey and employee engagement rates improved slightly to 67.7%. This was a significant achievement during tough market conditions and in a year when substantial internal restructuring took place.
Group financial performance and position	Actual versus targets to group over-arching financial goals.	HEPS year-on-year growth of 157%. EPS year-on-year growth, with R2,79 per share achieved versus a loss of (R2,88) in the prior year. Cash on hand was R2,9 billion, a R710 million increase from F2012. Return on equity from continuing operations was 16.9% against a target set of 15% – 20%.
Financial risk management	Global credit rating (GCR).	The GCR rating was amended from long term National A and short term National A_1 to long term National A- and short term National A_1- due to a change in GCR's house view on the construction sector.
BBBEE	Construction Charter scorecard rating.	The group successfully replaced its BBBEE ownership transaction and retained its Level 2 contributor status, with an improvement and full points awarded in its preferential procurement element.
Organisational development and succession	Structural and resource alignment with strategy and goals.	A refreshed strategy and leaner operating model required a new structure to be implemented. This was implemented and the refocused clusters were well received by employees and the market. The clusters all delivered performance improvements against the group strategy.
External and internal compliance management	External and internal audit.	No material adverse internal or external audit findings. Unqualified audit opinion achieved.
Technology enhancement and development	Extent of connectivity, integration, relevant and reliable management information.	100% site connectivity, disaster recovery plan in place, tested and externally verified as effective. Management information adjusted to support the new operating structure which comprises four business clusters. Paperless internet-based board and exco management packs introduced.
Stakeholder communication and interaction	Investor and financial institution feedback.	The group won the overall award for integrated reporting from the Institute of Chartered Secretaries during the year. An independent external media survey was undertaken, which found that the Competition Commission investigation overshadowed most other news. Group Five's performance results and the CEO's accessibility for opinion and comment were, however, seen as positives.

NON-EXECUTIVE DIRECTORS – **Evaluated by:** Independent evaluation by Institute of Directors/review by independent board evaluation service provider/shareholders through annual general meeting

Key performance areas	How impact is measured	DELIVERY F2013
Skills, experience and technical knowledge on strategy, performance, resources, transformation, standards of conduct and evaluation of performance	Evaluation of board skills against business requirements.	The independent board performance review indicated that the board is providing sound corporate governance and is working well with executive management. Succession planning was found to be an area to address, as well as the need for some additional skills on the board.
Level of contribution as a board member	Attendance at required meetings and contribution to meetings.	All board meetings and sub-committees met the required quorum to be constituted, which allowed for the appropriate level of engagement and skills to be present.
Offering sufficient time to Group Five	Number of other commitments and results of annual board evaluation.	All board meetings and sub-committees met the required quorum to be constituted. Board members were readily available to assist the executive team. Ad hoc additional board meetings were held during the year to address the group's new BBBEE transaction, long term incentive programme and addressing competition matters in light of the Competition Commission of South Africa's investigation into the sector.

COMPANY SECRETARY – **Evaluated by:** Chief financial officer

Key performance areas	How impact is measured	DELIVERY F2013
Ethics and governance	Code of ethics maintenance and communication, effective management of tip-offs anonymous line.	The social and ethics committee functions effectively. During the year under review, a permanent and internal forensic investigative officer was appointed. This resulted in even more focus being placed on our ethics drive and an increased number of incidents being detected and investigated. Formal ethics and governance training continued and the group's tip-offs line continues to be communicated, with improved levels of usage.
Compliance with laws and regulations	Compliance exceptions, statutory and corporate status.	The group's continued operations met all material statutes and compliance requirements.
Directors' duties and induction	% of directors trained/inducted and adherence to laws and requirements.	There were no new directors during the year. The current directors were further developed through site visits and management presentations to the board.
Adherence to the Companies Act and JSE Listings Requirements	Status of adherence and discretionary rating by manager.	No adverse findings from the group's sponsor, the JSE Limited or Securities Regulation Panel (SRP).
BBBEE scheme administration and share appreciation right administration	Effective administration of black management scheme (BMS) and share appreciation rights scheme.	Enhancement of the group's management systems in terms of the employee scheme administration process resulted in effective delivery of shares and services to participants.

The executive committee

EXECUTIVE – HUMAN RESOURCES

MJ (Junaid) Allie (43)

BPharm, MBA (2012)

Member of social and ethics committee

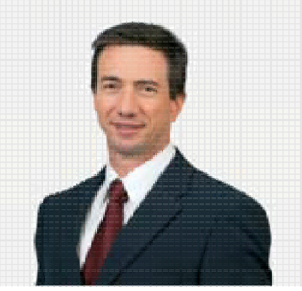
Junaid has made a material difference in terms of driving a human resources and transformation strategy in the group. He has significantly improved internal communications, with employee feedback and retention improving each year. He has particular experience with managing change in organisations. He has focused on instilling a performance management culture, driving transformation initiatives and leading the change management programmes aligned to the group's internal restructuring. During the year under review, Junaid led the group's government relations strategy and was instrumental in the group retaining market leader status with its Level 2 BBBEE rating. He was also appointed as executive chairperson of Group Five Pipe during the year.

EXECUTIVE – STRATEGIC PROJECT DEVELOPMENT

P (Paul) le Sueur (56)

BSc QS, MAQS, RQS, RICS, MSc Building Management

Paul has a wealth of construction, project management and commercial knowledge. Over the years, he has built strategic relationships with both public and private clients. His experience, relationship building and operational management skills is of significant advantage in his new role which is directed at driving the group's sector and African growth strategies and exercising an oversight role on large contract implementation.



EXECUTIVE – CONSTRUCTION

AJ (Andrew) McJannet (50)

BSc Eng (Civil), BA (PPE), MA (Oxon), Pr Eng, MSAICE

Member of risk committee

Andrew has been with the group for just over 25 years and brings a wealth of operational and management experience to his role as the executive of Construction. He has technical, operational and commercial expertise in heavy construction, with an ingrained ability to deliver highly specialised and complex contracts. He has a keen understanding of integrating businesses, which he has successfully done in the amalgamation of the group's heavy civils, roads and earthworks and over-border civil engineering operations. This skill has already been invaluable in his new role of aligning all the group's Construction businesses.

EXECUTIVE – RISK

GD (Guy) Mottram (47)

BCom, LLB

Member of risk committee, member of social and ethics committee

Guy has solid experience of commercial matters. This, together with his formal legal training, ensures that opportunities and risks are approached with a business sense while being rooted in an understanding of legal requirements. Guy has successfully driven the development of the group's zero harm safety regime and risk management processes over the last few years. As a member of the Engineering and Construction Risk Institute, he is able to consider leading global trends for application in the group. During the year, Guy was instrumental in leading the group's proactive engagement with the Competition Commission.

EXECUTIVE – INVESTMENTS AND CONCESSIONS

ECJ (Eric) Vemer (48)

BSc Eng (Civil) (Hons), MBA

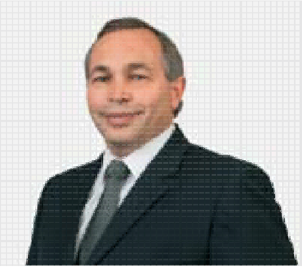
Eric has very strong skills in financial engineering and structuring, as well as corporate finance. His combination of solid operational and financial experience brings a unique value offering to the group. This is particularly relevant in his business area of Investments and Concessions, which allows the group to achieve a strategy of developing contracts that combine construction activities with long term annuity income on operating contracts and returns where equity is invested. Eric is a valued member of the group's strategic development team.

EXECUTIVE – MANUFACTURING

JA (John) Wallace (55)

BCom, Hons Programme in Advanced Marketing and Executive Management Programme

John has an extremely strong strategic ability, which has been invaluable to the group. He is able to identify opportunities in markets and establish businesses which can capitalise on these opportunities and enhance value for the group. He has a particular ability to effect change and repair problem entities. John has applied this expertise in the honing of the Manufacturing business portfolio and in leading the disposal of the discontinued Construction Materials business. John is an active member of the group's strategic development team.



EXECUTIVE – ENGINEERING AND CONSTRUCTION (E+C)

WI (Willie) Zeelie (51)

Higher National Diploma Electrical Engineering, Pr Tech Eng, MSAIEE

Willie brings years of experience in multi-disciplinary engineering and infrastructure contracts, with a robust marketing and business development ability. He has an established track record in the power and energy sectors and has successfully led the team that developed the group's engineer, procure and construct (EPC) capability through which numerous power plant contracts in South Africa and the rest of Africa have been delivered. Willie has also been instrumental in developing the group's technical abilities in oil and gas and in the renewable energy market.

Executive committee

Performance against key performance indicators

EXECUTIVE COMMITTEE (EXCO) – **Evaluated by:** CEO

Key performance areas	How impact is measured	DELIVERY F2013
Leadership	Employee satisfaction survey.	The group conducted a change readiness survey in April 2012 and took the required actions to address the concerns raised. These included the communication and implementation of structural changes. The group's employee engagement survey was maintained, with management style returning to the F2011 rate of 68.1%. However, employees still rated the company in the Top Company category.
BBBEE	Achievements of transformation targets and Construction Charter scorecard rating.	The group successfully exited from its ownership transaction with the Mvelaphanda group and implemented and updated its BBBEE ownership transaction. It retained its Level 2 contributor status with an improvement and full points awarded in its preferential procurement element.
Delivery to the group	Achievement against key focus areas.	The implementation of strategic initiatives progressed well in terms of sectors, geography and multi-disciplinary and annuity revenue streams. Exco delivered well against the planned profit, cash and return on equity, despite a remnant drag on costs from the discontinued Construction Materials cluster, the Middle East withdrawal and a provision for a Competition Commission fine.
Organisational development and succession	Effectiveness of succession and development plans.	A refreshed strategy and leaner operating model required a new structure to be implemented. This was implemented and the refocused clusters were well received by employees and the market. All clusters delivered performance improvements against the group strategy. The group implemented its succession planning process when the structure changes were announced earlier in the year.
Technology/skills acquisition and development	Adoption of new technologies.	Technology became a key growth driver in the year. E+C secured four EPC renewable energy power contracts. Investments and Concessions delivered new toll road infrastructure in Zimbabwe with in-house tolling systems. Everite progressed its own fibre cement technology through the implementation of new production facilities.
Safety	Group and cluster LTIFR and fatalities.	The group suffered one sub-contractor fatality in January 2013. The Group Five employee LTIFR worsened from 0.21 to 0.22 and the combined LTIFR from 0.21 to 0.27. The CEO and exco implemented a group-wide intervention, with positive consequences, which resulted in an improvement in the second half of the financial year.
Compliance and quality	Audit reports.	External, internal and ISO audits clear.

EXECUTIVE COMMITTEE – **Evaluated by:** CEO

Key performance areas	How impact is measured	DELIVERY F2013
Group strategic development in area of responsibility	Discretionary rating by manager.	The executives reviewed strategy, structure and resources and reinforced the group's sector strategy, resolved to expand and further indigenise the group's African footprint and completed a restructure of the group's operational structure to simplify the organisation and focus executive resources on the strategic growth areas.
Teamwork	Discretionary rating by manager.	The group's employee engagement survey was maintained, with management style returning to the F2011 rate of 68.1%. However, employees still rated the company in the Top Company category. The executive team was aligned on an individual and team basis. This had a marked impact on teamwork, collaboration and performance.
Stakeholder relations	Market survey.	The employee survey and employee engagement rates were maintained. This was a significant achievement during tough market and company conditions during the year. No formal client survey was undertaken, but feedback received was mostly positive in terms of delivery and experience in dealing with employees. Evidence of this is reflected in letters and awards received. Some clients did, however, express concern around the Competition Commission of South Africa's investigation into anti-competitive behaviour in the construction sector.

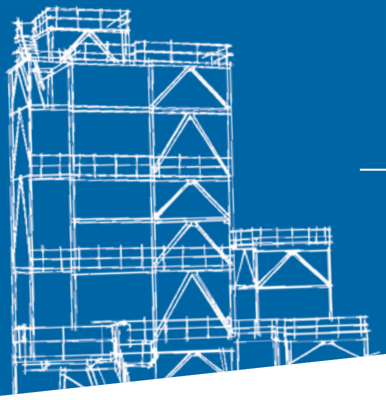
THE TEAM'S REMUNERATION

Large bore, spiral welded steel pipe, Group Five Pipe, Gauteng, South Africa

The remuneration report is based on the principles, guidance and requirements of the King Code of Governance Principles (King III), the Companies Act and the JSE Listings Requirements. In addition, during the year, key stakeholders provided feedback on the group's previous remuneration report and policy, which were considered and incorporated in the group's revised remuneration policy for F2014.

These are outlined on pages 143 to 149.

This report has been divided into two sections:



1 The first section is a report back on the implementation of the group's remuneration policy, as communicated in the 2012 integrated annual report and accordingly approved by shareholders at the group's annual general meeting (AGM) on 6 November 2012.

2 The second section outlines the group's proposed remuneration policy for F2014. This requires an annual non-binding vote from shareholders. The remuneration policy includes the implementation details of the long term incentive programme (LTIP), as approved by shareholders at the group's special general meeting on 27 November 2012.

Section 1

INTRODUCTION

Remuneration remains a very topical issue in the workplace. In South Africa, controversy around remuneration has increased, with strike action and demands by unions for minimum wages and social benefits, as well as greater scrutiny of executive remuneration, especially in the context of under-performing sectors.

At Group Five, the poor performance of the construction sector, the losses and impairments from the group's Construction Materials cluster and Middle East business impacted group results in F2012 and F2013 and added to the level of scrutiny by stakeholders of the remuneration received by the group's executives.

The remuneration committee (remco) therefore considered all these issues in setting the remuneration policy for F2014 while implementing the policy approved by shareholders and taking into account the long term incentive programme (LTIP), which was approved at the group's special general meeting on 27 November 2012.

THE REMUNERATION COMMITTEE

The committee assists the board in setting the remuneration policies for the group, as well as the remuneration of particularly the executive team and the group's prescribed officers.

Independent non-executive director Dr John Job was the chairperson of the remuneration committee (remco) for the second year. During the year, the independent non-executive directors of the committee were Mrs LE Bakoro and Mr OA Mabandla. Mr Mabandla served on the committee until his resignation from the main board and its sub-committees on 6 May 2013. CEO Mike Upton and Group HR director Junaid Allie attend the remuneration committee as invitees.

The remuneration policy, as detailed on page 143, is in line with the group's remuneration strategy. The remco is mandated to address senior employees' remuneration, as well as considering and approving the remuneration policies for all other employees. The committee issues the mandate for annual employee increases and employee benefits. The committee also advises the main board of directors and makes recommendations to shareholders on fees for directors and non-executive directors. The remuneration activities and authorisation matrix are presented on page 136.

Table of remuneration activities and authorisation matrix

Governance	Finance	Company secretary	Executive team	Remuneration committee	Group Five board of directors	Shareholders	Social and ethics committee
Remuneration policy and strategy							
Researches and recommends			Implements, administers and monitors effectiveness of policy. Recommends changes to ensure alignment to strategy	Approval, oversight and review of the effectiveness of the policy and strategy	Final approval	Non-binding vote	Informed
Remuneration awards and conditions of employment							
Prepares and recommends	Consults	Consults	Provides input to performance and endorses recommendations to remco	Sets executive pay policies and amounts. Approves annual group-wide increase mandate. Approves annual executive increases	Final approval		Informed
Structure and pay mix							
Recommends	Consults			Approves	Advised	Informed	Informed
Performance metrics for variable pay							
Recommends	Consults		Provides input on performance and endorses recommendations to remco	Approves	Final approval	Consults, informs and approves through a non-binding vote of the policy	
Governance							
Consults	Consults	Advises, controls and assures	Informs	Informs	Informs	Informs	Informed
Shareholder engagement							
Consults	Consults			Informs and consults			
Non-executive director fees and payments							
Advises	Consults	Consults		Recommends to the board	Recommends to shareholders	Approves	

KEY FOCUS AREAS

During the year, a key focus was to recommend a competitive rewards programme to the board to ensure that base remuneration of all employees and executives reflects an acceptable balance between responsible remuneration and market competitiveness, retention and skills attraction.

As outlined in the human resources review in the supplementary information to the integrated annual report at **www.groupfive.co.za**, a material issue in terms of remuneration of minimum wage-earning employees this year was more aggressive union demands and an increase in associated strikes in the market. A significant number of the issues raised were linked to remuneration, as well as demands to significantly increase minimum wages and the inclusion of additional costs such as travel allowances, food, accommodation and site-specific allowances. The demand list also includes social benefits, such as health insurance and pension contributions.

In terms of the rest of our salaried employees, the human resources department continued to focus on informing employees of the group's remuneration policy and its approach to rewarding performance.

With executive remuneration, the committee spent significant time on the design of, approval and implementation of the group's LTIP that comes into effect in F2014. The previous LTIP approved by shareholders in 2005 depended only on the issuing of share appreciation rights (SARs). SAR structures generally run the risk of significant wealth creation when share prices appreciate, while the downside is that there is no reward and a limited way of ensuring executive retention when market sentiment is low and the share price under-performs.

The continued under-performance of the group's share price in the market downturn rendered a negative value to all SARs issued during 2007 and 2008 and exercised under this scheme in 2010, 2011 and 2012. The scheme in its current form therefore does not cater well for the cyclical nature of the construction sector and has proven ineffective in its ability to motivate or retain the participants due to its reliance on an ever-increasing share price.

The new LTIP offers a balance between market sentiment, shareholder value creation and individual performance and retention. During the LTIP approval process, additional consultation with shareholders was undertaken at shareholders' request to gain an understanding of their needs and expectations. A supplement to the LTIP circular was issued in November 2012 to address shareholder-specific concerns that were not addressed in the original circular. The requisite more than 75% of shareholders voted in favour of the LTIP at the November 2012 special general meeting.

This report provides additional disclosure regarding the timing of "benefits earned" versus date of "benefits paid" based on questions around executive remuneration and specifically that of the CEO.

As part of our executive retention strategy, payments in terms of the group's short term incentive (STI) are staggered, with final payment being made 21 months after the end of the period for which they are awarded. Bonuses paid in each financial year therefore do not relate to the earnings performance of that financial year.

Refer to pages 150 to 158.

REMUNERATION SYSTEMS

The group's remuneration systems comprise the following:

1 Remuneration policy and strategy

2 Human resources processes and administration

3 Job grading and pay scales

4 Performance management

5 Incentive schemes

6 Benefits

1

Remuneration policy and strategy

The remuneration policy, as detailed on page 153, aims to attract, retain and motivate skilled and performing employees to execute the business strategy.

The group offers an integrated remuneration and reward model, which comprises a cost to company component (CTC) or guaranteed pay, a short term incentive (STI) and a long term incentive programme (LTIP). The group's pay mix is compared to the market(s) from which it attracts and recruits employees.

Refer to page 143 for a diagram of the group's integrated approach.

Cost to company or guaranteed pay

The relatively small number of comparable listed construction companies has made the gathering of equivalent construction sector remuneration data challenging. However, in the current year a newly-established survey that focuses on the construction sector provided some valuable data. Data in the engineering and project engineering markets, sectors to which we lose and attract individuals from, remains limited. To address this, an independent remuneration consultant specialising in both the construction and engineering and other relevant sectors was engaged this year to ensure appropriate benchmarking of jobs and salary bands.

Significant time was spent on ensuring that jobs were appropriately graded and job titles consistently applied throughout the group. This was achieved through a focus on alignment following the group's restructure in July 2012.

Annual increases are awarded in March. The board approved an overall average increase for salaried employees of 7% and allowed for an additional 2% adjustment specifically for individuals who required salary band adjustments due to either job grade changes or to allow the group to position employees within its policy guideline of remuneration between the 60th and 65th percentile of the market average position.

At an individual employee level, the annual cost to company (CTC) increase in base pay is determined by the individual's performance relative to his or her peers in that grade and in the same role. The average performance increase for the group was 7.8%.

During March 2013, post the implementation of the annual increase, the group achieved its remuneration pay position objective of being between the 60th and 65th percentile.

Wage-based employees are paid either in line with relevant sectoral determinations, as set out by the Department of Labour, or in line with union-negotiated wages. The group has a low union representation of 16% of employees. The employees governed by the civil engineering sectoral determination received an increase of 8%, Everite employees 10% and Intertoll Africa employees 10%. A number of unprotected, illegal strikes by unions demanding higher wages were seen on government-related large contracts where the group is working, such as the Eskom Kusile power station and the Transnet New Multi-Products Pipeline (NMPP). The group continues to follow a principle of applying minimum wages and annual industry increases, as defined by the Department of Labour or the sectoral determination. If the group's client issues an instruction to pay more or offer additional benefits, we take this as a variation order and implement accordingly. We have been found to be compliant with labour regulations on all sites.

2

Human resources processes and administration

The group continues to refine its administrative processes. As the group changed job grading systems during the year, care had to be taken to transition to the new grading system in a systematic manner. Pleasingly, no significant administration issues were encountered.

The group implemented an electronic market salary benchmarking tool in 2009 called the Electronic Compensation Management Tool (ECMT), which it continues to refine. This contributed to the accuracy of reporting and decision-making.

3

Job grading and pay scales

The group follows a job grading system to ensure that salaried employees are paid at a level which meets market expectations for that particular job category. Due to the limited market data in the sector and the broad banding approach used in the Peromnes grading system, during the year the group transitioned to the Paterson grading system. The Paterson system is a frequently-used, globally recognised grading system. When compared to the Peromnes system, it provides an additional seven salary bands which assists in ensuring that there is adequate differentiation between positions and remuneration paid on the defined levels.

The conversion process involved an independent re-grading of all executive and prescribed officer positions, which highlighted that a number of individual adjustments were required. The grading of core and critical construction and engineering roles at senior and middle management were regarded as the priority. Over a period of time, we will revalidate the grading of all the roles in the group.

As anticipated, the move to the Paterson grading system uncovered pay gaps and weaknesses in the previous grading system, and highlighted a number of positions where we were at risk of losing employees to the market. These gaps have now been addressed.

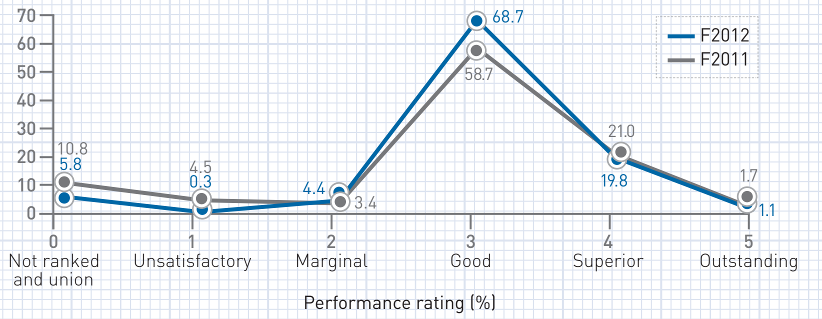
4

Performance management

The group has key performance measures in place for all employees.

The graph below reflects the performance curves over the years of F2011 and F2012, as performance reviews for F2013 are still in progress. The curves confirm that the group met the intent of its policy to have a pay for performance philosophy. The curve this year (based on F2012 performance) reflects the weaker financial performance experienced. Year-on-year the same percentage of employees were evaluated as having met expectations. However, as expected in F2011 more employees were evaluated as having performed at a level which exceeded expectations. It is important to the group to continue to drive a pay for performance culture to ensure individual output is correctly rewarded.

Year-on-year comparison of performance ratings between F2011 and F2012



All employees have an annual performance review. The executive committee members are reviewed by the CEO. The CEO's performance is reviewed by the chairperson, the lead independent non-executive director and the chairperson of the remuneration committee. This performance rating informs the annual guaranteed increase, should the executive be eligible. The performance of the board and the executive team is appraised against a set of clear objectives and key performance areas.

Refer to pages 126 to 129 and 132 to 133.

5

Incentive schemes

Variable pay – Short term incentives (STIs)

Subject to meeting the performance criteria set out in the remuneration policy, the group grants management and most salaried employees an annual performance incentive. The pay-out is subject to thresholds and the performance of the group, the cluster or segment and the individual's performance over the financial year of the company. Non-executive directors do not participate in any variable pay offering. The four clusters of Investments and Concessions, Engineering & Construction, Manufacturing and Construction generally performed well. However, overall performance was affected by continued weak markets, operating losses from the delayed sale of some of the group's discontinued Construction Materials business and losses from the Middle East.

The group's executive bonus (STI) payment structure results in pay-out of bonuses up to 21 months after the earnings period against which these bonuses were awarded. Bonuses paid in each financial year therefore do not relate to the earnings performance of that financial year. Due to this, the short term incentive pay-outs this year reflected the weaker performance in F2011 and F2012. The incentives awarded in F2012 were on average 55% of what was earned in F2011. It should be noted that the short term incentives earned in a particular financial year is paid out in the ratios of 35/25/25/15 over 21 months. Refer to page 141.

Comparative awards and pay-outs

The incentive earned by the executives for their F2012 performance was on average 37% of their annual salaries. The CEO earned a bonus of 25% of his annual guaranteed income CTC against the targeted bonus of 140% of annual CTC.

	CEO	Executives	Prescribed officers
F2012 STI awarded as a % of annual cost to company	25%	35%	30%
F2012 STI awards as a % of F2011 awards	23%	45%	58%

Note: The awards made are paid out over four tranches and not in one year.

Short term incentive tiered pay-outs

Timeline	% pay-out of first year's award	% pay-out of second year's award	% pay-out of third year's award
September year one	**35%**		
March year one	**25%**		
September year two	**25%**	**35%**	
March year two	**15%**	**25%**	
September year three		**25%**	**35%**
March year three		**15%**	**25%**
September year four			**25%**
March year four			**15%**

Variable pay – Long term incentives (LTIs)

In line with the group's approved F2013 remuneration policy, we use a share appreciation rights (SARs) scheme as our long term incentive programme. During the year, this was the only long term incentive programme used by the group. An allocation of SARs was made to eligible executives and prescribed officers in May 2013 according to the rules of the scheme.

The group's new long term incentive scheme, which was approved in November 2012, is detailed in the remuneration policy. This will come into effect in F2014.

Refer to pages 145 to 149.

Special retention measure

As the group was in a closed period for an extended time in F2012 due to the cautionary issued on the sale of Construction Materials, SAR awards were not allocated in F2012. In light of this, the board approved a special once-off cash/share retention offer post the closed period in F2013 to selected prescribed officers and executives whose retention is critical to the delivery of the group's strategy and ongoing performance. The retention period extends over a two-year period.

The awards were based on the retention risk of the individual, with the average value of the individual award being 112% of the individual's fixed pay based on a sliding scale of the risk and value-add of the individual, with 50% cash being paid to the individual after the first year (June 2013) and 50% of the cash being paid in the following year (June 2014). Individuals were encouraged to purchase shares on the open market once the cautionary was lifted. Those individuals who opted to purchase shares were granted 100% of their cash immediately after the closed period to purchase shares. All participants opted to have at least a portion allocated to purchase shares. Should individuals leave the group during the retention period, they will be required to refund the group at a level of 140% of the award granted.

6

Benefits

Group Five offers a number of employee benefits, as approved by the remuneration committee. All permanent employees are required to participate and contribute to a retirement fund. Over and above this, salaried employees are required to be members of a medical aid either through Group Five or as a member of a spouse's medical aid. In addition to the risk benefits offered in conjunction with membership of the group's retirement fund, the group offers death and disability insurance cover through a Group Personal Accident (GPA) insurance policy to all permanent and temporary employees. Similarly to the base pay, the group reviews these offerings on a regular basis to ensure it remains competitive to the prevailing market trends and conditions.

Employee and director contracts of employment

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

The notice period of employees is as follows:

- **Employees** – one month
- **Business segment/unit directors** – two months
- **General managers, managing directors, executives and the CEO** – three months

Non-executive directors' fees and rotation of duties

The remuneration committee reviews the annual increases of non-executive directors' fees and recommends these to the board. The board in turn recommends the fees to the shareholders at the annual AGM. The current fee schedule was approved by shareholders at the AGM in November 2012.

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-standing serving director. Therefore, depending on the size of the board, this may translate to retirement on a two- or three-year basis.

The chairperson of the board is remunerated on a fixed fee for the year. The other non-executive board members are paid a base fee for their appointment as main board members and an attendance fee for each meeting. The chairpersons of the sub-committees of the board are paid a fixed fee for the year and the members of these committees are paid an attendance fee for each meeting. A penalty fee is applicable to a board member for failing to attend a scheduled meeting.

Details of non-executive directors' fees are detailed on page 159.

LOOKING FORWARD

In the coming year, the group will implement the remuneration policy approved by shareholders, as detailed on page 143, with particular focus on the new LTIP.

The HR team will also be required to refine its approach and administration of expatriate and third country nationals to ensure they are paid competitively.

We will continue to bed down our new job grading process by ensuring that all core roles are correctly graded and that employees understand clearly how they are remunerated.

It is expected that negotiations with labour unions will be challenging, as the trend has been to demand significantly higher increases than what is affordable to companies. There will also be a requirement for public sector clients to become involved in negotiations, as they would be deemed to be able to prescribe minimums over and above legislated minimums for critical national contracts.

Section 2

REMUNERATION POLICY F2014

The remuneration policy aims to attract, retain and motivate skilled and performing employees to execute the business strategy. It aims to reward performing individuals who create sustainable growth aligned to the long term interest of the organisation and to balance the ability of the board and management to fairly, equitably, competitively and accurately reward employees in line with value created for shareholders. A pay for performance philosophy applies, which is enhanced with a performance management process.

The group offers an integrated remuneration and reward model. This consists of a cost to company component (CTC) or guaranteed portion, a short term incentive (STI) and a long term incentive programme (LTIP). The group's pay mix is compared to the market from which it attracts and recruits employees.

Group Five integrated approach

	Elements	Group Five	Strategic intent	Eligibility	Pay criteria
Variable pay	**Long term incentive**	**Share appreciation rights** **Performance shares** **Elected cash or bonus shares**	Reward long term company performance Attraction/retention	Executives Prescribed officers	Allocation based on seniority Target pay is 57% of CTC Subject to share appreciation, return on capital and total shareholder return
	Short term incentive	**Annual incentive bonus scheme**	Reward company performance Reward individual performance Attraction/retention/ recognition	Executives Prescribed officers	Hurdle rate for payment includes return on investment and % profit thresholds Individual pay subject to profit and cash generation, transformation measures and individual performance Target pay-out 1.4 x CTC Maximum pay-out 3 x CTC
Cost to company	**Base pay**	**Monthly salary** **Hourly wage**	Skills Knowledge Experience Attraction/retention Individual performance	All employees	Market-based pay and individual skills and performance
	Benefits	**Medical aid** **Pension fund/ provident fund** **Death benefit** **Car allowance**			

COST TO COMPANY OR GUARANTEED PAY

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

The annual CTC increase in base pay is determined based on individual performance criteria, the company's financial performance being met and the wage inflation for that job category. Our wage-based employees are paid in line with relevant sectoral determinations, as set out by the Department of Labour or in line with union-negotiated wages or client requirements above the legislated minimum levels.

PERFORMANCE MANAGEMENT

Annual performance reviews are required for all employees in the group. The performance of the board and the executive team is appraised against a set of clear objectives and key performance areas to ensure they are remunerated fairly and responsibly. The annual performance review of the executives is conducted by the CEO, with the CEO's performance review conducted by the nominations committee and approved by the board. Executive and senior management members are measured and remunerated according to the alignment, achievement and contribution to the group's strategy, the group's financial performance, cluster performance and individual performance.

VARIABLE PAY

Short term incentives

The group grants management and most salaried employees an annual performance incentive based on performance for that particular financial year. This is based on meeting or exceeding group, business segment/unit, contract and individual performance over the financial year of the company.

Employees are measured against a set of individual, job or site-specific criteria. These standards have to be met or exceeded for the incentive to be paid.

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

At the level of executive and prescribed officers of the company, two thresholds need to be met before an incentive pay-out is considered by the remuneration committee. These are:

- Meeting the group's minimum percentage of return on investment of 15% (the target range for F2014 is 15-20%)
- Meeting a minimum headline earnings level, as approved by the main board for F2014

On-target performance, with all thresholds and measures met, will result in executives earning an incentive bonus of 1.4 times their annual cost to company. The incentive is capped at three times the individual's annual cost to company (CTC). Going forward, the incentive earned will be paid out over two tranches at six-monthly intervals, starting in September following the financial year-end. This staggered payment contributes to retention and sustainable performance of the individual. This is a change from the historic pay-outs, which took place in four tranches. This change was implemented, as the value of the final payment was often insignificant and detracted from the rationale of having a short term incentive bonus which paid out relatively soon after performance.

If the two thresholds of return on investment and headline earnings are met, a maximum of 15% of group profit before tax (PBT) is made available as an incentive pool to about 120 individuals, which include the executives, prescribed officers and senior managers of the company. The individual incentive value is set based on a grade-related participation percentage of company and cluster or segment profit after tax.

The performance criteria and their respective weightings are as follows:

35%	Profit
15%	Cash
20%	Individual performance
10%	Alignment to group strategy
20%	BBBEE

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

Long term incentives

The long term incentive scheme 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.

Annual LTIP awards

The LTIP consists of three elements:

- **Share appreciation rights (SARs)** – value created through share price growth
- **Performance shares** – full value shares – value created through returns to shareholders relative to competitors
- **Bonus shares** – full value shares – value created through short term performance and strategy alignment

The executives and selected senior managers of the company in Paterson grades F to D (Peromnes 1 to 5), who are in good standing with the organisation and at the discretion of the remuneration committee, will be offered a weighted combination of the LTIP elements.

It is envisaged that the combined implementation of the long term incentive elements will allow Group Five to remain competitive in its annual cash incentives and share-based incentives, reward long term sustainable company performance, retain senior employees and ensure that executives share a significant level of personal risk along with the company's shareholders.

The weighted combination also allows the positives and negatives of any one element issued in isolation to offset each other.

Summary of respective LTIP elements

LTIP element	SARs – address share price	Performance shares – address returns	Bonus shares – address performance
Eligibility	Executives and senior managers.	Executives and selected senior managers.	Executives and senior managers.
Vesting period	Three years from date of allocation, in equal tranches on the third, fourth and fifth anniversaries, on condition that performance criteria are met.	On the third anniversary of the award to the extent that performance indicators are met.	On the third anniversary, conditional on continued employment.
Performance criteria	Share price underpinned relative to strike price.	A three-year rolling average of the indicators outlined on page 147 will be applied.	Headline earnings and non-financial targets, as informed by the short term incentive criteria in the year prior to allocation. Targets to be proactively set and disclosed in the remuneration report. Targets to be moderated with a peer or index comparison.
Termination	No-fault termination – all SARs regardless of whether vested or not will be settled. Fault termination or resignation – all SARs not previously settled will be cancelled.	No-fault termination – performance shares will be pro-rated and settled. Fault termination or resignation – all performance shares will be cancelled.	No-fault termination – all bonus shares will be settled. Fault termination or resignation – all bonus shares will be cancelled.
Settlement	Settled through equity, as far as is practical through share purchase on the open market.	Settled through equity, as far as is practical, through share purchase on the open market.	As far as is practical, settled through cash.
F2014 performance measure	The SARs by its nature is self-regulated by the share price that is market-driven.	Return on capital (ROC) on our own capital. Group total shareholder return relative to seven peers. Refer to page 147.	Based on the short term measures of earnings, cash generation, return on capital, non-strategic criteria and individual performance.

SARs

The SAR element is largely the same as the current Group Five SAR plan, approved in 2005. However, it has greater alignment to the remuneration guidelines of King III and the JSE requirements.

The SAR element of the new LTIP includes the same methodology for allocation:

- Based on the job grade, the annual multiple of guaranteed earnings (AMOGE) divided by the volume-weighted average price (VWAP) to determine the face value and number of SARs to be issued
- A standard five-year vesting period is applicable, with the first tranche vesting after three years

The set AMOGE will be reduced to accommodate the additional LTIP elements introduced.

LTIP – Full value share awards – performance shares

These are awarded to executives and senior managers in salary bands from D to F who influence and impact long term strategic performance of the group. Performance shares are issued as full value shares and are closely aligned to the interests of shareholders and executives by rewarding superior financial performance. It is paid out after three years of vesting.

LTIP – Full value share awards – bonus shares

Bonus shares are earned based on the past financial year's performance. The measures adopted for the short term incentive scheme (STI) are used and they are settled in shares or cash, should the recipient elect so. As these bonus shares are linked to the prior year's STI annual cash incentive, it establishes a firm link between company and individual performance, as well as individual reward and retention.

On an annual basis, executives, senior managers and key talent will receive a grant of bonus shares or cash in the form of a banked cash allocation, which is paid out in the future. The value of bonus shares granted will be linked to the annual STI cash bonus scheme. It will match, according to a specific ratio, the annual cash incentive accruing to the executive, but paid out after three years of vesting periods from date of allocation.

F2014 LTIP AWARDS

The award mix for F2014 will be as follows:

Job types – participants and allocations of grants

Grouping	Participant numbers	Reward strategy – incentive pay mix	Recommended policy – Face value grants		
			Share appreciation rights	Performance shares (@ target)	Bonus shares
		LTIP (expected value*)	Face value as % of CTC	Face value as % of CTC	Face value as % of ACI
①	2	☑ 71%	32%	28.0%	6.9%
②	2	☑ 57%	32%	18.6%	6.9%
③	4	☑ 43%	32%	10.0%	8.1%
④	11	☑ 29%	32%	10.0%	10%
⑤	7	☑ 29%	32%	10.0%	13.3%
⑥	85	☑ 29%	32%	–	20%

* *After the time restriction. Refer to page 148.*

LTIP VESTING PERIODS AND CONDITIONS

SARs

Vesting in equal tranches, no earlier than the third, fourth and fifth anniversaries of their allocation, with the provision that the share appreciation has been achieved.

Performance shares

Vesting only occurs to the extent that the company's specified performance criteria over the intervening three-year period were met.

Bonus shares

No performance criteria govern their vesting, as they are effectively granted in recognition of an individual's past performance and are not tied to future company performance.

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/or performance. No additional performance measure is applied.

Performance shares

The remuneration committee will adopt two measures, which are currently return on capital (ROC) and total shareholder return. The measures will be applied as follows:

- As a gatekeeper, a three-year rolling average of ROC will be applied, with a minimum of 11.6% needing to be achieved for the scheme to be activated
- In addition to the performance hurdle, the performance shares will vest to the extent that the combined performance criteria are met (50% ROC and 50% total shareholder return (TSR))

Firstly, return on capital targets will be set that provide for:

A threshold (the WACC). Performance below that 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.

Secondly, total shareholder return (TSR) will be compared against a peer group of companies:

A threshold of ninth position against peer group.

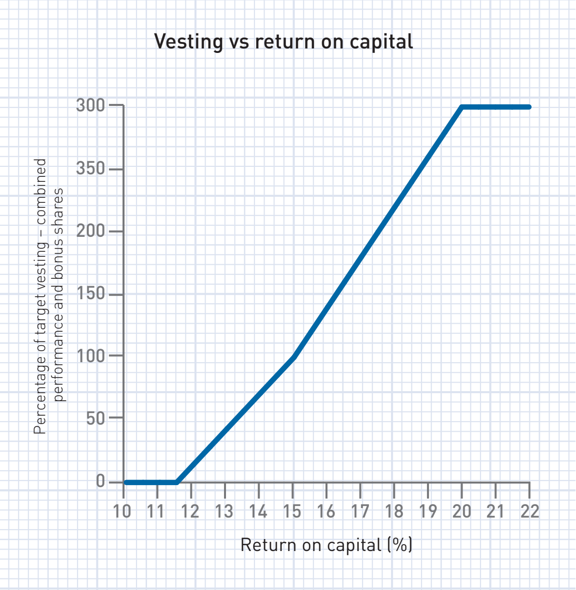
A mid-point pay target achieved at fifth position against peer group.

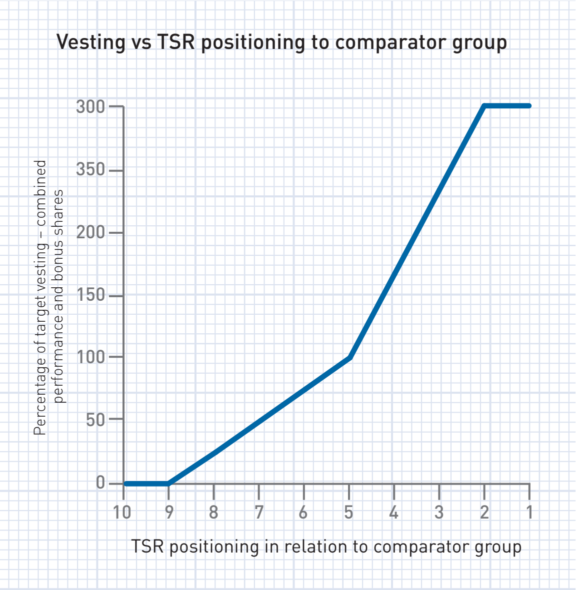
A maximum target achieved at first or second position against peer group.

Pro-rated vesting between these points.

The sliding scale pay-out will be applied as per the graphs below.

The main board of directors and the remuneration committee will revise the performance criteria annually for future grant and will communicate this proactively, prior to the grant, in the annual remuneration report.





Bonus shares

Bonus shares are a means of retention and are based on the performance in the preceding financial year at the time of the allocation. This will be based on the short term/annual incentive measures, which include meeting the group's annual financial targets of:

Company headline earnings (35%).

Generation of free cash (15%).

ROC of 10%.

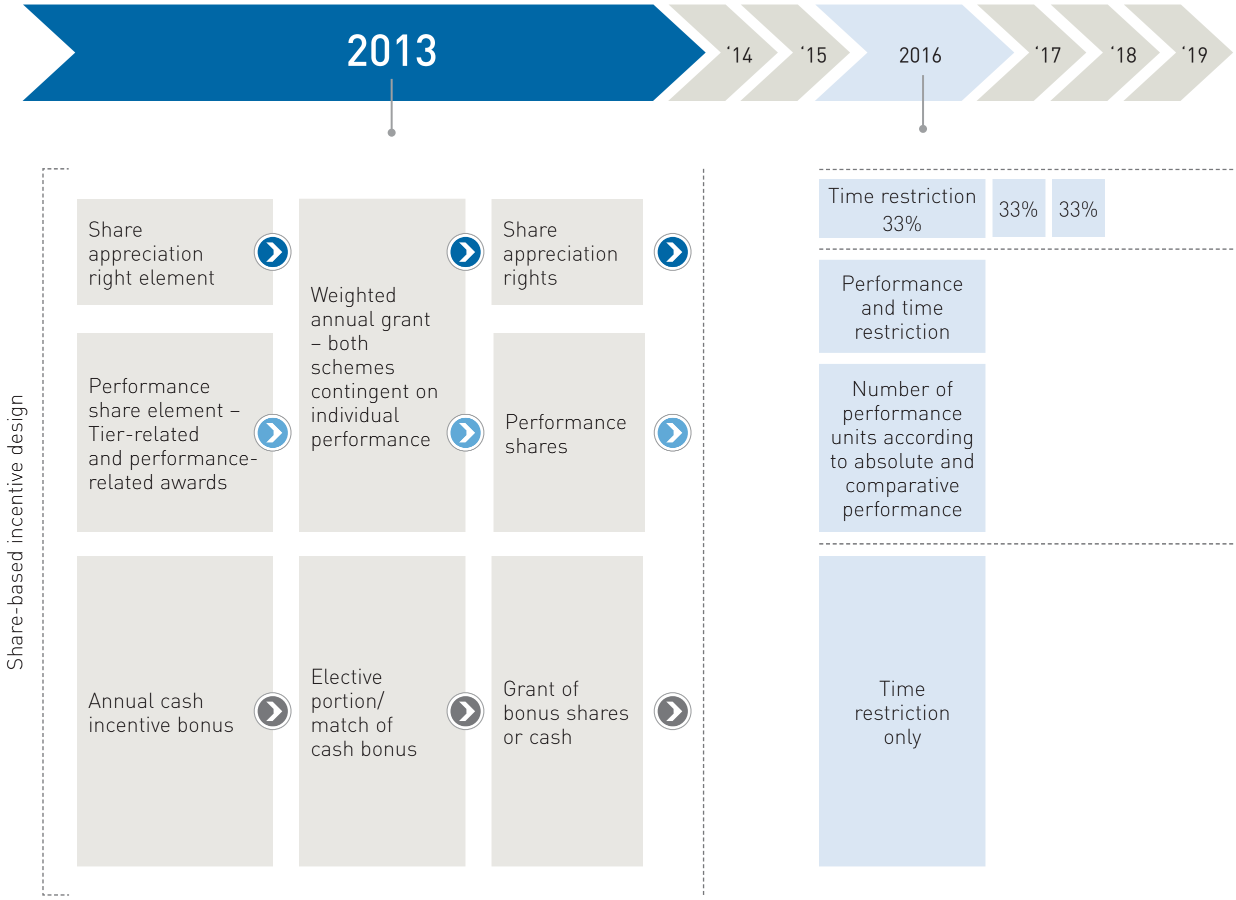
Strategic non-financial measures in the year (30%).

The individual's personal performance measures (20%).

Combining the performance criteria will result in a reward and retention strategy based on a full spectrum of share, strategic and operational performance. The group believes this ensures shareholder alignment.

The following schematic captures the essence of the combined elements of the LTIP.

Timeline



SETTLEMENT

SARs

SARs will be settled, subject to the achievement of the performance, in equal thirds on the third, fourth and fifth anniversaries. It does not have to be exercised until the sixth anniversary. If not exercised then, they will lapse. SARs will be settled through equity, as far as is practical, with shares purchased in the open market.

Performance shares

As far as is practical, it is envisaged that settlement will be in equity, with shares purchased in the open market.

Bonus shares

As far as is practical, it is envisaged that settlement will be in cash.

It is expected that the total number of shares to be issued in honouring this LTIP over the suggested five-year allocation period and the seven-year vesting period, will not exceed 3% of total issued capital.

ELIGIBILITY

Any executive or senior manager of Group Five or its subsidiaries may be selected by the board to be participants of the LTIP. Eligibility includes employees in positions graded in the range between Paterson F and Paterson D. It is anticipated that all executives and senior managers will receive allocations in terms of the share appreciation right element on an annual basis, with awards in terms of the performance share element and grants in terms of the bonus share element.

TERMINATION OF EMPLOYMENT

Termination of employment is based on the definition of no-fault termination versus that of fault termination. No-fault termination is the termination of employment of a participant by the company due to:

Death.

Injury, disability or ill health, in each case as certified by a qualified medical practitioner nominated by the company.

Severance based on operational requirements, as contemplated in the Labour Relations Act (LRA).

Retirement on or after retirement date.

The company by which he/she is employed ceasing to be a member of Group Five.

Mutual agreement.

The company in which he/she is employed being transferred to a transferee which is not a member of Group Five.

Fault termination will be a dismissal for misconduct, poor performance or a resignation by the participant.

The following provisions will apply under circumstances of termination:

Share appreciation rights

If employment is terminated for no-fault reasons prior to the settlement of share appreciation rights, all share appreciation rights allocated, whether vested or not, will immediately be settled.

If a participant ceases to be employed due to a fault termination, all share appreciation rights not previously settled shall be deemed to have been cancelled, unless the board determines otherwise.

Performance shares

If employment is terminated for no-fault reasons, the performance shares will be pro-rated for the time period until the termination date as if the target performance criteria was met at date of termination, and then settled.

If employment is terminated for fault reasons, the performance shares will be cancelled.

Bonus shares

In the case of bonus shares that have been granted, if employment is terminated for no-fault reasons, the accelerated vesting of the bonus shares will occur and they will be settled.

If employment is terminated for fault reasons, the bonus shares will be cancelled.

Duration of the scheme

It is envisaged that the scheme will have five annual offers (with a combination of allocations of SARs, awards of performance shares and grants of bonus shares). These will vest over a seven-year period.

NON-EXECUTIVE DIRECTORS' FEES

The remuneration committee reviews the annual increases of non-executive directors' fees and recommends these to the board. They in turn recommend the fees to the shareholders at the annual general meeting (AGM). Non-executive directors' fees are approved by shareholders, with the current fee schedule to be approved at the 2013 AGM.

The chairperson of the board is remunerated on a fixed fee for the year. The rest of the non-executive board members are paid a base fee for being main board members, as well as being paid an attendance fee for each meeting. The chairpersons of the sub-committees of the board are paid a fixed fee for the year. A penalty fee is applicable to a board member for failing to attend a scheduled meeting.

Details of non-executive directors' fees are detailed on page 159.

REMUNERATION OUTLINE

The following pages outline a breakdown of the total remuneration packages of the CEO, CFO and prescribed officers per remuneration year (which at Group Five runs from March to February each year). We indicate the total cost to company per employee, as well as how this is paid out.

Mike Upton – CEO

	Elements of remuneration	Applicable period	Cost to company R'000	Timing of pay-outs*					
				F2013	F2014	F2015	F2016	F2017	F2018
Long term incentive plan	Share appreciation right (SARs)	F2013	1 413[1]				33% exercisable	33% exercisable	33% exercisable
				2 095**	360				
Short term incentive	Annual short term incentive	F2012 F2011#	900[2]	540 1 555#	360				
			4 245						
Base pay	Basic salary	March 2013 – Feb 2014	3 324[3]	4 140**					
	Benefits	March 2013 – Feb 2014	921[3]						
Total remuneration package			6 558						
Special retention award F2013 – F2014			3 849	3 127**	722				
Total remuneration paid in F2013				**9 362***	**1 082**				

Long term incentive plan: The remco approved a standard allocation of 185 000 SARs at an issue price of R34,42. The vesting period is three years.

Short term incentive: Although at an overall group level, the group did not perform against expectations due to the losses from the Construction Materials and the Middle East businesses, the underlying businesses performed well. All fundamentals in the business remained sound and the team achieved success against the group's strategy. Based on this, the remuneration committee awarded a limited annual incentive.

 # The second tranche payment of the short term incentive bonus from the F2011 entitlement.

Base pay: Due to the results of a detailed independent CEO benchmarking analysis and a positive review of performance against deliverables set by the board, the remco awarded an increase to the CEO from R3 789 000 to R4 245 000.

Special retention award: In the absence of a 2012 long term incentive plan, the remco approved a retention award of R3 849 000 in F2013. The retention period is two years.

1 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.

2 Refers to the entitlement awarded relating to the most recent financial year completed and awarded.

3 Refers to the remuneration award granted annually, which starts at the beginning of the remuneration year, which at the group is March.

** Refers to the financial period in which the remuneration awarded is actually paid to the employee.*

*** The F2013 pay-out agrees to page 160, which indicates employees' benefits paid during the financial year.*

Cristina Teixeira – CFO

	Elements of remuneration	Applicable period	Cost to company R'000	F2013	F2014	F2015	F2016	F2017	F2018
Long term incentive plan	Share appreciation right (SARs)	F2013	661[1]				33% exercisable	33% exercisable	33% exercisable

The remco approved a standard allocation of 86 6000 SARs at an issue price of R34,42. The vesting period is three years.

+

	Elements of remuneration	Applicable period	Cost to company R'000	F2013	F2014	F2015	F2016	F2017	F2018
				1 220**	360				
Short term incentive	Annual short term incentive	F2012 F2011#	900[2]	540 680#	360				

Although at an overall group level, the group did not perform against expectations due to the losses of the Construction Materials and the Middle East businesses, the underlying businesses performed well. Furthermore, as Cristina played a critical role in ensuring that the group's financial position and reporting process remained sound, remco awarded a limited annual incentive.

The second tranche payment of the short term incentive bonus from the F2011 entitlement.

+

	Elements of remuneration	Applicable period	Cost to company R'000	F2013	F2014	F2015	F2016	F2017	F2018
			2 483						
Base pay	Basic salary	March 2013 – Feb 2014	1 971[3]						
	Benefits	March 2013 – Feb 2014	512[3]	2 337**					

Due to the results of a detailed independent CFO benchmarking analysis and a positive review of performance against deliverables set by the board, the remco awarded an increase to the CFO from R2 258 000 to R2 483 000.

	Cost to company R'000	F2013	F2014
Total remuneration package	4 044		
Special retention award F2013 – F2014	2 867	2 867**	–

In the absence of a 2012 long term incentive plan, the remco approved a retention award of R2 867 000 in F2013. The retention period is two years.

	Cost to company R'000	F2013	F2014
Total remuneration paid in F2013		**6 424***	**360**

1 *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.*
2 *Refers to the entitlement awarded relating to the most recent financial year completed and awarded.*
3 *Refers to the remuneration award granted annually, which starts at the beginning of the remuneration year, which at the group is March.*
* *Refers to the financial period in which the remuneration awarded is actually paid to the employee.*
** *The F2013 pay-out agrees to page 160, which indicates employees' benefits paid during the financial year.*

Prescribed officer 1

	Elements of remuneration	Applicable period	Cost to company R'000	F2013	F2014	F2015	F2016	F2017	F2018
Long term incentive plan	Share appreciation right (SARs)	F2013	799[1]				33% exercisable	33% exercisable	33% exercisable

The remco approved a standard allocation of 104 600 SARs at an issue price of R34,42. The vesting period is three years.

⊕

	Elements of remuneration	Applicable period	Cost to company R'000	F2013	F2014
				1 137**	280
Short term incentive	Annual short term incentive	F2012 F2011#	700[2]	420 717#	280

This prescribed officer's business did not meet profit expectations, as margins remained under pressure. However, as he ensured that the forward-looking order book closed strongly in the year and that all fundamentals in the business were sound, he was awarded a limited annual incentive of R700 000.

 # The second tranche payment of the short term incentive bonus from the F2011 entitlement.

⊕

	Elements of remuneration	Applicable period	Cost to company R'000	F2013
			3 000	
Base pay	Basic salary	March 2013 – Feb 2014	2 287[3]	
	Benefits	March 2013 – Feb 2014	713[3]	2 942**

This individual met the set performance expectations in the year and was within the individual's salary band following a change to the Paterson job grading system. The remco approved an increase from R2 844 000 to R3 000 000.

	Cost to company R'000	F2013	F2014
Total remuneration package	4 499		
Special retention award F2013 – F2014	3 629	3 629**	–

In the absence of a 2012 long term incentive plan, the remco approved a retention award of R3 629 000 in F2013. The retention period is two years.

	F2013	F2014
Total remuneration paid in F2013	**7 708***	**280**

1 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.

2 Refers to the entitlement awarded relating to the most recent financial year completed and awarded.

3 Refers to the remuneration award granted annually, which starts at the beginning of the remuneration year, which at the group is March.

** Refers to the financial period in which the remuneration awarded is actually paid to the employee.*

*** The F2013 pay-out agrees to page 160, which indicates employees' benefits paid during the financial year.*

Prescribed officer 2

	Elements of remuneration	Applicable period	Cost to company R'000	Timing of pay-outs*					
				F2013	F2014	F2015	F2016	F2017	F2018
Long term incentive plan	Share appreciation right (SARs)	F2013	786[1]				33% exercisable	33% exercisable	33% exercisable
	The remco approved a standard allocation of 103 000 SARs at an issue price of R34,42. The vesting period is three years.								
⊕				999**	280				
Short term incentive	Annual short term incentive	F2012 F2011#	700[2]	420 579#	280				
	This prescribed officer's business did not meet profit and revenue expectations. However, as the individual's portfolio was extended to assist the management team with problem areas, the remuneration committee awarded a limited bonus of R700 000. *# The second tranche payment of the short term incentive bonus from the F2011 entitlement.*								
⊕			2 954						
Base pay	Basic salary	March 2013 – Feb 2014	2 240[3]						
	Benefits	March 2013 – Feb 2014	714[3]	2 943**					
	This individual met the set performance expectations in the year and was within the individual's salary band following a change to the Paterson job grading system. An increase from R2 789 000 to R2 954 000 was awarded.								
Total remuneration package			4 440						
Special retention award F2013 – F2014			3 570	3 570**	–				
	In the absence of a 2012 long term incentive plan, the remco approved a retention award of R3 570 000 in F2013. The retention period is two years.								
Total remuneration paid in F2013				**7 512***	**280**				

1 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.
2 Refers to the entitlement awarded relating to the most recent financial year completed and awarded.
3 Refers to the remuneration award granted annually, which starts at the beginning of the remuneration year, which at the group is March.
** Refers to the financial period in which the remuneration awarded is actually paid to the employee.*
*** The F2013 pay-out agrees to page 160, which indicates employees' benefits paid during the financial year.*

Prescribed officer 3

	Elements of remuneration	Applicable period	Cost to company R'000	F2013	F2014	F2015	F2016	F2017	F2018
Long term incentive plan	Share appreciation right (SARs)	F2013	799[1]				33% exercisable	33% exercisable	33% exercisable

The remco approved a standard allocation of 104 600 SARs at an issue price of R34,42. The vesting period is three years.

	Elements of remuneration	Applicable period	Cost to company R'000	F2013	F2014	F2015	F2016	F2017	F2018
⊕				1 750**	520				
Short term incentive	Annual short term incentive	F2012	1 300[2]	780	520				
		F2011#		970#					

This prescribed officer's business exceeded profit expectation, which significantly contributed to the group's overall performance. The individual has also been recognised for his contribution to the longer term strategy of the group. Based on this, the remuneration committee awarded a bonus of R1 300 000 to the individual.

 # The second tranche payment of the short term incentive bonus from the F2011 entitlement.

	Elements of remuneration	Applicable period	Cost to company R'000	F2013	F2014	F2015	F2016	F2017	F2018
⊕			3 000						
Base pay	Basic salary	March 2013 – Feb 2014	2 279[3]						
	Benefits	March 2013 – Feb 2014	721[3]	2 973**					

This individual exceeded the set expectations in the year. Based on this performance, he received an increase from R2 730 000 to R3 000 000.

	Cost to company R'000	F2013	F2014
Total remuneration package	5 099		
Special retention award F2013 – F2014	3 450	2 803**	647

In the absence of a 2012 long term incentive plan, the remco approved a retention award of R3 450 000 in F2013. The retention period is two years.

	Cost to company R'000	F2013	F2014
Total remuneration paid in F2013		7 526*	1 167

*Timing of pay-outs**

1 *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.*

2 *Refers to the entitlement awarded relating to the most recent financial year completed and awarded.*

3 *Refers to the remuneration award granted annually, which starts at the beginning of the remuneration year, which at the group is March.*

* *Refers to the financial period in which the remuneration awarded is actually paid to the employee.*

** *The F2013 pay-out agrees to page 160, which indicates employees' benefits paid during the financial year.*

Prescribed officer 4

	Elements of remuneration	Applicable period	Cost to company R'000	Timing of pay-outs*					
				F2013	F2014	F2015	F2016	F2017	F2018
Long term incentive plan	Share appreciation right (SARs)	F2013	838[1]				33% exercisable	33% exercisable	33% exercisable
	Standard allocation of 109 800 SARs at an issue price of R34,42. The vesting period is three years.								
⊕				1 325**	480				
Short term incentive	Annual short term incentive	F2012 F2011#	1 200[2]	720 605#	480				
	This prescribed officer's business met profit expectations and contributed to the group's overall performance. The individual was also responsible for assisting with the management of the group's exit from the Middle East before taking on his larger role. Based on this, the remuneration committee awarded a bonus of R1 200 000. *# The second tranche payment of the short term incentive bonus from the F2011 entitlement.*								
⊕			3 150						
Base pay	Basic salary	March 2013 – Feb 2014	2 457[3]						
	Benefits	March 2013 – Feb 2014	693[3]	2 959**					
	The individual was promoted and took on a much larger responsibility. Following a market benchmarking process his salary was adjusted to meet the market range for a similar role. Based on this, as well as his past performance, the remuneration committee approved an increase from R2 900 000 to R3 150 000.								
Total remuneration package			5 188						
Special retention award F2013 – F2014			2 507	2 037**	470				
	In the absence of a 2012 long term incentive plan, the remco approved a retention award of R2 507 000 in F2013. The retention period is two years.								
Total remuneration paid in F2013				**6 321***	**950**				

1 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.
2 Refers to the entitlement awarded relating to the most recent financial year completed and awarded.
3 Refers to the remuneration award granted annually, which starts at the beginning of the remuneration year, which at the group is March.
** Refers to the financial period in which the remuneration awarded is actually paid to the employee.*
*** The F2013 pay-out agrees to page 160, which indicates employees' benefits paid during the financial year.*

Prescribed officer 5

	Elements of remuneration	Applicable period	Cost to company R'000	Timing of pay-outs* F2013	F2014	F2015	F2016	F2017	F2018
Long term incentive plan	Share appreciation right (SARs)	F2013	639[1]				33% exercisable	33% exercisable	33% exercisable
Short term incentive				1 137**	360				
	Annual short term incentive	F2012	900[2]	540	360				
		F2011#		597#					
Base pay			2 400						
	Basic salary	March 2013 – Feb 2014	1 928[3]	2 752**					
	Benefits	March 2013 – Feb 2014	472[3]						
Total remuneration package			3 939						
Special retention award F2013 – F2014			2 715	2 206**	509				
Total remuneration paid in F2013				**6 095***	**869**				

Long term incentive plan: The remco approved a standard allocation of 83 700 SARs at an issue price of R34,42. The vesting period is three years.

Short term incentive: This prescribed officer contributed to the overall position of the group in the public sector and contributed to the group's transformation process. The individual was also recognised for his contribution to the longer term strategy and structuring of the group. Based on this, the remuneration committee awarded a bonus of R900 000.

 # The second tranche payment of the short term incentive bonus from the F2011 entitlement.

Base pay: This individual exceeded the set expectations in the year. Based on this performance, the remuneration committee approved an increase from R2 148 000 to R2 400 000.

Special retention award: In the absence of a 2012 long term incentive plan, the remco approved a retention award of R2 715 000 in F2013. The retention period is two years.

1 *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.*

2 *Refers to the entitlement awarded relating to the most recent financial year completed and awarded.*

3 *Refers to the remuneration award granted annually, which starts at the beginning of the remuneration year, which at the group is March.*

* *Refers to the financial period in which the remuneration awarded is actually paid to the employee.*

** *The F2013 pay-out agrees to page 160, which indicates employees' benefits paid during the financial year.*

Prescribed officer 6

	Elements of remuneration	Applicable period	Cost to company R'000	F2013	F2014	F2015	F2016	F2017	F2018
Long term incentive plan	Share appreciation right (SARs)	F2013	745[1]				33% exercisable	33% exercisable	33% exercisable

A standard allocation of 97 600 SARs at an issue price of R34,42. The vesting period is three years.

	Elements of remuneration	Applicable period	Cost to company R'000	F2013	F2014	F2015	F2016	F2017	F2018
				825**	240				
Short term incentive	Annual short term incentive	F2012 F2011#	600[2]	360 465#	240				

This prescribed officer's business met the financial expectations and the cluster built a strong forward-looking order book. The individual was recognised for his contribution to the longer term strategy of the group. Based on this, the remuneration committee awarded a bonus of R600 000.

 # The second tranche payment of the short term incentive bonus from the F2011 entitlement.

	Elements of remuneration	Applicable period	Cost to company R'000	F2013	F2014	F2015	F2016	F2017	F2018
			2 800						
Base pay	Basic salary	March 2013 – Feb 2014	2 153[3]						
	Benefits	March 2013 – Feb 2014	647[3]	2 542**					

This individual met the set expectations in the year and also had a grade adjustment as his business grew substantially in revenue, order book and employee headcount. Based on this performance, the remuneration committee approved an increase from R2 300 000 to R2 800 000.

	Cost to company R'000	F2013	F2014
Total remuneration package	4 145		
Special retention award F2013 – F2014	2 667	2 667**	–

In the absence of a 2012 long term incentive plan, the remco approved a retention award of R2 667 000 in F2013. The retention period is two years.

		F2013	F2014
Total remuneration paid in F2013		**6 034***	**240**

1 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.

2 Refers to the entitlement awarded relating to the most recent financial year completed and awarded.

3 Refers to the remuneration award granted annually, which starts at the beginning of the remuneration year, which at the group is March.

** Refers to the financial period in which the remuneration awarded is actually paid to the employee.*

*** The F2013 pay-out agrees to page 160, which indicates employees' benefits paid during the financial year.*

Prescribed officer 7

	Elements of remuneration	Applicable period	Cost to company R'000	Timing of pay-outs* F2013	F2014	F2015	F2016	F2017	F2018
Long term incentive plan	Share appreciation right (SARs)	F2013	547[1]				33% exercisable	33% exercisable	33% exercisable
	The remco approved a standard allocation of 71 700 SARs at an issue price of R34,42. The vesting period is three years.								
				886**	240				
Short term incentive	Annual short term incentive	F2012	600[2]	360	240				
		F2011#		526#					
	Though the group overall did not perform to expectation, due to the losses of the Construction Materials and Middle East business, the underlying business performed well. The individual met the set performance in his area in support of group operations. Based on this, remco awarded a bonus of R600 000 to the individual. *# The second tranche payment of the short term incentive bonus from the F2011 entitlement.*								
			2 057						
Base pay	Basic salary	March 2013 – Feb 2014	1 558[3]						
	Benefits	March 2013 – Feb 2014	499[3]	1 993**					
	This individual met the set expectations in the year. Based on this performance, the remco approved an increase from R1 922 000 to R2 057 000.								
Total remuneration package			3 204						
Special retention award F2013 – F2014			1 226	996**	230				
	In the absence of a 2012 long term incentive plan, the remco approved a retention award of R1 226 000 in F2013. The retention period is two years.								
Total remuneration paid in F2013				**3 875***	**470**				

1 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.

2 Refers to the entitlement awarded relating to the most recent financial year completed and awarded.

3 Refers to the remuneration award granted annually, which starts at the beginning of the remuneration year, which at the group is March.

** Refers to the financial period in which the remuneration awarded is actually paid to the employee.*

*** The F2013 pay-out agrees to page 160, which indicates employees' benefits paid during the financial year.*

DIRECTOR AND SENIOR MANAGEMENT REMUNERATION

Non-executive directors' fees

Fees, services expenses	**Fees 30 June 2013 (R'000)**	**Expenses 30 June 2013 (R'000)**	**Total 30 June 2013 (R'000)**	Fees 30 June 2012 (R'000)	Expenses 30 June 2012 (R'000)	Total 30 June 2012 (R'000)
Name						
P Mthethwa	**915**	**13**	**928**	794	–	794
LE Bakoro	**522**	**46**	**568**	401	–	401
L Chalker*	**238**	**11**	**249**	517	149	666
OA Mabandla~	**256**	**–**	**256**	445	–	445
SG Morris	**873**	**–**	**873**	951	–	951
KK Mpinga	**463**	**–**	**463**	479	–	479
DDS Robertson^	**629**	**290**	**919**	450	–	450
JL Job	**565**	**6**	**571**	580	–	580
	4 461	**366**	**4 827**	4 617	149	4 766

* *Retired on 6 November 2012.*
~ *Appointed 1 August 2011 and resigned on 6 May 2013.*
^ *Appointed 1 August 2011.*

Non-executive directors' proposed fees for F2014, subject to shareholder approval

Position	**F2014 proposed fees (R per annum)**	Comment	F2013 proposed fees (R per annum)
Main board – chairperson	**860 000**	Includes all board and committee attendances	782 800
Lead independent non-executive director	**360 600**	includes basic fee plus attendance fee for four meetings	337 000
Main board – non-executive director	**215 000**	includes basic fee plus attendance fee for four meetings	195 500
Audit committee – chairperson	**211 000**	Four meetings	195 500
Audit committee – member and attendee	**105 000**	Four meetings	98 000
Remuneration committee – chairperson	**143 000**	Four meetings	130 400
Remuneration committee – member and attendee	**73 500**	Four meetings	68 600
Risk committee – chairperson	**143 000**	Four meetings	130 400
Risk committee – member and attendee	**73 500**	Four meetings	68 600
Nominations committee – chairperson*	**105 000**	Two meetings	98 000
Nominations committee – member and attendee	**55 500**	Two meetings	51 700
SED committee – chairperson	**143 000**	Four meetings	130 400
SED committee – member and attendee	**73 500**	Four meetings	68 600
Extraordinary services (per hour)	**3 000**	Applied for ad hoc and/or non-scheduled meetings. Capped at daily rate of R19 600	2 800

A deduction of R15 000 per meeting will apply for non-attendance at a scheduled meeting and R30 000 will be payable for attendance at a special board meeting.

* *Included in chairperson's fee.*

Executive directors

	Salaries		Bonus(1)		Retention award(2)		Total	
(R'000)	**30 June 2013**	30 June 2012*	**30 June 2013**	30 June 2012	**30 June 2013**	30 June 2012	**30 June 2013**	30 June 2012
Name								
MR Upton	**4 140**	3 799	**2 095**	5 045	**3 127**	–	**9 362**	8 844
CMF Teixeira	**2 337**	2 167	**1 220**	2 760	**2 867**	–	**6 424**	4 927
	6 477	5 966	**3 315**	7 805	**5 994**	–	**15 786**	13 771

In line with the requirements of the Companies Act 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 below as per the recommended practice suggested in 2.26.2 of the King III code.

Executive committee members (exco)

	Salaries		Bonus(1)		Retention award(2)		Total	
(R'000)	**30 June 2013**	30 June 2012	**30 June 2013**	30 June 2012	**30 June 2013**	30 June 2012	**30 June 2013**	30 June 2012
Name								
Prescribed officer 1	**2 942**	2 793	**1 137**	2 822	**3 629**	–	**7 708**	5 615
Prescribed officer 2	**2 943**	2 763	**999**	2 251	**3 570**	–	**7 512**	5 014
Prescribed officer 3	**2 973**	2 531	**1 750**	2 870	**2 803**	–	**7 526**	5 401
Prescribed officer 4	**2 959**	2 481	**1 325**	1 790	**2 037**	–	**6 321**	4 271
Prescribed officer 5	**2 752**	2 080	**1 137**	2 380	**2 206**	–	**6 095**	4 460
Prescribed officer 6	**2 542**	1 945	**825**	2 113	**2 667**	–	**6 034**	4 058
Prescribed officer 7	**1 993**	1 890	**886**	1 932	**996**	–	**3 875**	3 822
	19 104	16 483	**8 059**	16 158	**17 908**	–	**45 071**	32 641

Senior management** (excluding CEO, CFO and exco)

	Salaries		Bonus(1)		Retention award(2)		Total	
(R'000)	**30 June 2013**	30 June 2012	**30 June 2013**	30 June 2012	**30 June 2013**	30 June 2012	**30 June 2013**	30 June 2012
Total earnings	**32 084**	24 932	**10 150**	15 272	**5 538**	–	**47 772**	40 204
	32 084	24 932	**10 150**	15 272	**5 538**	–	**47 772**	40 204

** *With regards to F2013, senior management refers to the individuals depicted within this integrated annual report, excluding the CEO, CFO and exco.*

(1) *This indicates the gross bonus paid to the employee in the financial year under review. It does not represent the gross bonus awarded for the year, as the period to which the bonus relates is different to that when the bonus is paid. Bonuses awarded in a year are paid to employees in the two financial years following the award period. For a full reconciliation between the bonus awarded per financial year and the timing of payment, refer to pages 150 to 158.*

(2) *During the year, the remuneration committee approved a retention award to members of the executive committee and selected members of senior management. Recipients were encouraged to purchase shares in Group Five with the award received. Payments reflected above do not represent the full value awarded to the employee, but rather the value (before taxation) of the award actually paid to date. Where employees opted to receive their retention award in cash to buy shares, payment was received in November 2012 and shares were required to be purchased by the employee. The employee is only entitled to trade or dispose of 50% of the value of this award after 30 June 2013 and the remaining 50% after 30 June 2014. Employees who opted to receive retention awards in cash only received 50% of their award on 30 June 2013. The balance of the award will be made on 30 June 2014 on the assumption that the individual remains in the group's employ and in good standing. Refer to pages 150 to 158 for disclosure of the total value of award per individual and the timing of the pay-out.*

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
MR Upton								
2012								
	400 000	–	30,44	–	–	400 000	30,44	400 000
	71 000	–	54,81	–	–	71 000	54,81	71 000
	100 000	–	50,20	–	–	100 000	50,20	100 000
	100 000	–	43,07	–	–	100 000	43,07	66 667
	166 000	–	28,63	–	–	166 000	28,63	110 667
	150 484	–	34,09	–	–	150 484	34,09	50 161
	138 154	–	27,70	–	–	138 154	27,70	–
	1 125 638	–		–	–	1 125 638		798 495
2013								
	400 000	**–**	**30,44**	**400 000**	**–**	**–**	**30,44**	**–**
	71 000	**–**	**54,81**	**–**	**–**	**71 000**	**54,81**	**71 000**
	100 000	**–**	**50,20**	**–**	**–**	**100 000**	**50,20**	**100 000**
	100 000	**–**	**43,07**	**–**	**–**	**100 000**	**43,07**	**100 000**
	166 000	**–**	**28,63**	**166 000**	**–**	**–**	**28,63**	**–**
	150 484	**–**	**34,09**	**–**	**–**	**150 484**	**34,09**	**100 323**
	138 154	**–**	**27,70**	**–**	**–**	**138 154**	**27,70**	**46 051**
	–	**185 000**	**34,42**	**–**	**–**	**185 000**	**34,42**	**–**
	1 125 638	**185 000**		**566 000**	**–**	**744 638**		**417 374**
CMF Teixeira								
2012								
	25 000	–	24,77	–	–	25 000	24,77	25 000
	25 000	–	54,81	–	–	25 000	54,81	25 000
	25 000	–	50,20	–	–	25 000	50,20	25 000
	200 000	–	42,84	–	–	200 000	42,84	133 333
	72 000	–	28,63	–	–	72 000	28,63	48 000
	71 740	–	34,09	–	–	71 740	34,09	23 913
	66 175	–	27,70	–	–	66 175	27,70	–
	484 915	–		–	–	484 915		280 246
2013								
	25 000	**–**	**24,77**	**25 000**	**–**	**–**	**24,77**	**–**
	25 000	**–**	**54,81**	**–**	**–**	**25 000**	**54,81**	**25 000**
	25 000	**–**	**50,20**	**–**	**–**	**25 000**	**50,20**	**25 000**
	200 000	**–**	**42,84**	**–**	**–**	**200 000**	**42,84**	**200 000**
	72 000	**–**	**28,63**	**–**	**–**	**72 000**	**28,63**	**72 000**
	71 740	**–**	**34,09**	**–**	**–**	**71 740**	**34,09**	**47 827**
	66 175	**–**	**27,70**	**–**	**–**	**66 175**	**27,70**	**22 058**
	–	**86 600**	**34,42**	**–**	**–**	**86 600**	**34,42**	**–**
	484 915	**86 600**		**25 000**	**–**	**546 515**		**391 885**

Details of prescribed officers' share options and share appreciation rights (including three highest paid members of management)

Prescribed officer	Options granted – opening balance	Options granted during the current year	Strike price	Options exercised and paid	Options lapsed	Options granted – closing balance	Strike price	Options vested – closing balance
Prescribed officer 1								
2012								
	18 750	–	12,55	–	–	18 750	12,55	18 750
	200 000	–	30,44	–	–	200 000	30,44	200 000
	42 000	–	54,81	–	–	42 000	54,81	42 000
	53 000	–	50,20	–	–	53 000	50,20	53 000
	100 000	–	28,63	–	–	100 000	28,63	66 667
	90 818	–	34,09	–	–	90 818	34,09	30 273
	83 377	–	27,70	–	–	83 377	27,70	–
	587 945	–		–	–	587 945		410 690
2013								
	18 750	**–**	**12,55**	**–**	**–**	**18 750**	**12,55**	**18 750**
	200 000	**–**	**30,44**	**200 000**	**–**	**–**	**30,44**	**–**
	42 000	**–**	**54,81**	**–**	**–**	**42 000**	**54,81**	**42 000**
	53 000	**–**	**50,20**	**–**	**–**	**53 000**	**50,20**	**53 000**
	100 000	**–**	**28,63**	**–**	**–**	**100 000**	**28,63**	**100 000**
	90 818	**–**	**34,09**	**–**	**–**	**90 818**	**34,09**	**60 545**
	83 377	**–**	**27,70**	**–**	**–**	**83 377**	**27,70**	**27 792**
	–	**104 600**	**34,42**	**–**	**–**	**104 600**	**34,42**	**–**
	587 945	**104 600**		**200 000**	**–**	**492 545**		**302 087**
Prescribed officer 2								
2012								
	42 000	–	54,81	–	–	42 000	54,81	42 000
	53 000	–	50,20	–	–	53 000	50,20	53 000
	99 000	–	28,63	–	–	99 000	28,63	66 000
	89 762	–	34,09	–	–	89 762	34,09	29 921
	82 408	–	27,70	–	–	82 408	27,70	–
	366 170	–		–	–	366 170		190 921
2013								
	42 000	**–**	**54,81**	**–**	**–**	**42 000**	**54,81**	**42 000**
	53 000	**–**	**50,20**	**–**	**–**	**53 000**	**50,20**	**53 000**
	99 000	**–**	**28,63**	**99 000**	**–**	**–**	**28,63**	**–**
	89 762	**–**	**34,09**	**–**	**–**	**89 762**	**34,09**	**59 841**
	82 408	**–**	**27,70**	**–**	**–**	**82 408**	**27,70**	**27 469**
	–	**103 000**	**34,42**	**–**	**–**	**103 000**	**34,42**	**–**
	366 170	**103 000**		**99 000**	**–**	**370 170**		**182 310**

Prescribed officer	Options granted – opening balance	Options granted during the current year	Strike price	Options exercised and paid	Options lapsed	Options granted – closing balance	Strike price	Options vested – closing balance
Prescribed officer 3								
2012								
	125 000	–	30,44	–	–	125 000	30,44	125 000
	34 000	–	54,81	–	–	34 000	54,81	34 000
	150 000	–	50,20	–	–	150 000	50,20	150 000
	91 000	–	28,63	–	–	91 000	28,63	60 667
	81 842	–	34,09	–	–	81 842	34,09	27 281
	75 469	–	27,70	–	–	75 469	27,70	–
	557 311	–		–	–	557 311		396 948
2013								
	125 000	**–**	**30,44**	**125 000**	**–**	**–**	**30,44**	**–**
	34 000	**–**	**54,81**	**–**	**–**	**34 000**	**54,81**	**34 000**
	150 000	**–**	**50,20**	**–**	**–**	**150 000**	**50,20**	**150 000**
	91 000	**–**	**28,63**	**91 000**	**–**	**–**	**28,63**	**–**
	81 842	**–**	**34,09**	**–**	**–**	**81 842**	**34,09**	**54 561**
	75 469	**–**	**27,70**	**24 905**	**–**	**50 564**	**27,70**	**–**
	–	**104 600**	**34,42**	**–**	**–**	**104 600**	**34,42**	**–**
	557 311	**104 600**		**240 905**	**–**	**421 006**		**238 561**
Prescribed officer 4								
2012								
	25 000	–	24,77	–	–	25 000	24,77	25 000
	100 000	–	54,81	–	–	100 000	54,81	100 000
	39 000	–	50,20	–	–	39 000	50,20	39 000
	75 000	–	28,63	–	–	75 000	28,63	50 000
	72 514	–	34,09	–	–	72 514	34,09	24 171
	66 889	–	27,70	–	–	66 889	27,70	–
	378 403	–		–	–	378 403	–	238 171
2013								
	25 000	**–**	**24,77**	**25 000**	**–**	**–**	**24,77**	**–**
	100 000	**–**	**54,81**	**–**	**–**	**100 000**	**54,81**	**100 000**
	39 000	**–**	**50,20**	**–**	**–**	**39 000**	**50,20**	**39 000**
	75 000	**–**	**28,63**	**25 000**	**–**	**50 000**	**28,63**	**50 000**
	72 514	**–**	**34,09**	**–**	**–**	**72 514**	**34,09**	**48 343**
	66 889	**–**	**27,70**	**22 073**	**–**	**44 816**	**27,70**	**–**
	–	**109 800**	**34,42**	**–**	**–**	**109 800**	**34,42**	**–**
	378 403	**109 800**		**72 073**	**–**	**416 130**		**237 343**
Prescribed officer 5								
2012								
	150 000	–	51,00	–	–	150 000	51,00	150 000
	50 000	–	50,20	–	–	50 000	50,20	50 000
	68 000	–	28,63	–	–	68 000	28,63	45 333
	67 938	–	34,09	–	–	67 938	34,09	22 646
	62 668	–	27,70	–	–	62 668	27,70	–
	398 606	–		–	–	398 606		267 979
2013								
	150 000	**–**	**51,00**	**–**	**–**	**150 000**	**51,00**	**150 000**
	50 000	**–**	**50,20**	**–**	**–**	**50 000**	**50,20**	**50 000**
	68 000	**–**	**28,63**	**–**	**–**	**68 000**	**28,63**	**68 000**
	67 938	**–**	**34,09**	**–**	**–**	**67 938**	**34,09**	**45 292**
	62 668	**–**	**27,70**	**–**	**–**	**62 668**	**27,70**	**20 889**
	–	**83 700**	**34,42**	**–**	**–**	**83 700**	**34,42**	**–**
	398 606	**83 700**		**–**	**–**	**482 306**		**334 181**

Prescribed officer	Options granted – opening balance	Options granted during the current year	Strike price	Options exercised and paid	Options lapsed	Options granted – closing balance	Strike price	Options vested – closing balance
Prescribed officer 6								
2012								
	19 000	–	54,81	–	–	19 000	54,81	19 000
	100 000	–	50,20	–	–	100 000	50,20	100 000
	70 000	–	28,63	–	–	70 000	28,63	46 667
	63 362	–	34,09	–	–	63 362	34,09	21 121
	58 170	–	27,70	–	–	58 170	27,70	–
	310 532	–		–	–	310 532		186 788
2013								
	19 000	**–**	**54,81**	**–**	**–**	**19 000**	**54,81**	**19 000**
	100 000	**–**	**50,20**	**–**	**–**	**100 000**	**50,20**	**100 000**
	70 000	**–**	**28,63**	**70 000**	**–**	**–**	**28,63**	**–**
	63 362	**–**	**34,09**	**61 015**	**–**	**2 347**	**34,09**	**2 347**
	58 170	**–**	**27,70**	**–**	**–**	**58 170**	**27,70**	**19 390**
	–	**97 600**	**34,42**	**–**	**–**	**97 600**	**34,42**	**–**
	310 532	**97 600**		**131 015**	**–**	**277 117**		**140 737**
Prescribed officer 7								
2012								
	45 000	–	12,55	–	–	45 000	12,55	45 000
	150 000	–	30,44	–	–	150 000	30,44	150 000
	30 000	–	54,81	–	–	30 000	54,81	30 000
	37 000	–	50,20	–	–	37 000	50,20	37 000
	69 000	–	28,63	–	–	69 000	28,63	46 000
	61 672	–	34,09	–	–	61 672	34,09	20 557
	56 619	–	27,70	–	–	56 619	27,70	–
	449 291	–		–	–	449 291		328 557
2013								
	45 000	**–**	**12,55**	**–**	**–**	**45 000**	**12,55**	**45 000**
	150 000	**–**	**30,44**	**150 000**	**–**	**–**	**30,44**	**–**
	30 000	**–**	**54,81**	**–**	**–**	**30 000**	**54,81**	**30 000**
	37 000	**–**	**50,20**	**–**	**–**	**37 000**	**50,20**	**37 000**
	69 000	**–**	**28,63**	**–**	**–**	**69 000**	**28,63**	**69 000**
	61 672	**–**	**34,09**	**–**	**–**	**61 672**	**34,09**	**41 115**
	56 619	**–**	**27,70**	**–**	**–**	**56 619**	**27,70**	**18 873**
	–	**71 700**	**34,42**	**–**	**–**	**71 700**	**34,42**	**–**
	449 291	**71 700**		**150 000**	**–**	**370 991**		**240 988**

Details of share options and share appreciation rights issued to senior management** (excluding CEO, CFO and exco)

	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
2012								
	40 000	–	12,28			40 000	12,28	40 000
	97 500	–	24,77	–	–	97 500	24,77	97 500
	75 000	–	31,87	–	–	75 000	31,87	75 000
	177 000	–	54,81	–	–	177 000	54,81	177 000
	219 000	–	50,20	–	–	219 000	50,20	219 000
	116 124	–	16,03	23 129	–	92 995	16,03	43 186
	457 000	–	28,63	–	–	457 000	28,63	304 667
	412 647	–	34,09	–	–	412 647	34,09	137 549
	391 943	–	27,70	–	–	391 943	27,70	–
	1 986 214	–		23 129	–	1 963 085		1 093 902
2013								
	78 750	**–**	**24,77**	**78 750**	**–**	**–**	**24,77**	**–**
	75 000	**–**	**31,87**	**–**	**–**	**75 000**	**31,87**	**75 000**
	155 000	**–**	**54,81**	**–**	**–**	**155 000**	**54,81**	**155 000**
	199 300	**–**	**50,20**	**–**	**–**	**199 300**	**50,20**	**199 300**
	434 000	**–**	**28,63**	**83 000**	**–**	**303 000**	**28,63**	**303 000**
	372 162	**–**	**34,09**	**-**	**–**	**372 162**	**34,09**	**248 108**
	362 478	**–**	**27,70**	**17 070**	**–**	**332 298**	**27,70**	**90 646**
	83 402	**40 517**	**16,03**	**67 100**	**–**	**56 819**	**16,03**	**9 523**
	–	**659 300**	**34,42**	**–**	**–**	**659 300**	**34,42**	**–**
	1 760 092	**699 817**		**245 920**	**–**	**2 152 879**		**1 080 577**

*** With regard to F2013, senior management refers to the individuals depicted within this integrated annual report, excluding the CEO, CFO and exco.*

05

SECTION 5

Summary consolidated annual financial statements

DIRECTORS' RESPONSIBILITY STATEMENT

for the year ended 30 June 2013

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

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

The integrated annual report was approved by the board on 2 August 2013 and is signed on its behalf:

P (Philisiwe) Mthethwa
Chairperson

2 August 2013

MR (Mike) Upton
Chief executive officer

2 August 2013

CMF (Cristina) Teixeira
Chief financial officer

2 August 2013

REPORT OF THE INDEPENDENT AUDITOR

for the year ended 30 June 2013

ON THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF GROUP FIVE LIMITED

The summary consolidated financial statements, which comprise the summary consolidated statement of financial position as at 30 June 2013, and the summary consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and related notes, as set out on pages 170 to 180, are derived from the audited consolidated financial statements of Group Five Limited for the year ended 30 June 2013. We expressed an unmodified audit opinion on those consolidated financial statements in our report dated 10 August 2013. Our auditor's report on the audited consolidated financial statements contained an Other Matter paragraph (refer below).

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

Directors' Responsibility for the Summary Consolidated Financial Statements

The company's directors are responsible for the preparation of a summary of the audited consolidated financial statements in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports, set out in basis of preparation note to the summary consolidated financial statements and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

Auditor's Responsibility

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

Opinion

In our opinion, the summary consolidated financial statements derived from the audited consolidated financial statements of Group Five Limited for the year ended 30 June 2013 are consistent, in all material respects, with those consolidated financial statements, in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports, set out in basis of preparation note to the summary consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

The Other Matter paragraph in our audit report dated 10 August 2013 states that as part of our audit of the consolidated financial statements for the year ended 30 June 2013, we have read the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated financial statements. These reports are the responsibility of the respective preparers. The Other Matter paragraph states that, based on reading these reports, we have not identified material inconsistencies between these reports and the audited consolidated financial statements. The paragraph furthermore states that we have not audited these reports and accordingly do not express an opinion on these reports. The Other Matter paragraph does not have an effect on the summary consolidated financial statements or our opinion thereon.

PricewaterhouseCoopers Inc

PricewaterhouseCoopers Inc.
Director: AJ Rossouw
Registered Auditor
Sunninghill
10 August 2013

SUMMARY CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2013

These consolidated annual financial statements comprise a summary of the audited consolidated annual financial statements of the group for the year ending 30 June 2013 that were approved by the board on 2 August 2013.

The summary consolidated annual financial statements are not the group's statutory accounts and do not contain all the disclosures required by International Financial Reporting Standards. Reading the summary consolidated annual financial statements, therefore, is not a substitute for reading the audited consolidated annual financial statements of the group, as they do not contain sufficient information to allow for a complete understanding of the results and state of affairs of the group. The audited consolidated annual financial statements are available online at www.groupfive.co.za, or may be obtained from the company secretary. The annual financial statements have been audited by the independent accounting firm, PricewaterhouseCoopers Inc. Their unmodified audit report is available for inspection at the group's registered office and their opinion on these summary consolidated annual financial statements is on page 169.

BASIS OF PREPARATION

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

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

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

The financial statements were prepared by the Chief Financial Officer CA(SA) and approved by the board of directors on 2 August 2013 and are signed on its behalf by:

P (Philisiwe) Mthethwa
Chairperson

MR (Mike) Upton
Chief executive officer

CMF (Cristina) Teixeira
Chief financial officer

2 August 2013

GROUP INCOME STATEMENT

for the year ended 30 June 2013

	AUDITED	
(R'000)	2013	2012
Construction and related revenue	9 341 089	7 111 310
Invoiced value of goods and services supplied	1 762 435	1 644 244
Property sales and development fees	27 339	27 824
Revenue – continuing operations	11 130 863	8 783 378
Cost of material	1 640 291	1 370 182
Cost of sub-contractors	4 237 061	3 216 699
Direct payroll cost	2 554 903	2 232 800
Other staff cost	246 004	254 902
Depreciation	244 142	165 356
Plant costs	786 352	555 363
Manufacturing distribution cost	143 024	132 197
Site administration costs	401 684	389 637
Other administration cost	408 017	202 361
Operating expenses before fair value adjustments	10 661 478	8 519 497
Operating profit before fair value adjustments	469 385	263 881
Fair value adjustment relating to investment in service concessions	86 482	56 652
Fair value adjustment relating to investment properties – net	–	10 865
Operating profit	555 867	331 398
Share of profit of associates	10 936	1 163
Finance cost – net	(8 265)	(3 800)
Finance cost	(59 074)	(79 487)
Finance income	50 809	75 687
Profit before taxation	558 538	328 761
Taxation	(211 884)	(106 032)
Profit after taxation from continuing operations	346 654	222 729
Loss for the year from discontinued operations	(47 796)	(452 841)
Profit/(loss) for the year	298 858	(230 112)
Profit/(loss) attributable to:		
Equity shareholders of Group Five Limited	272 651	(278 405)
Non-controlling interest	26 207	48 293
	298 858	(230 112)
Earnings/(loss) per share – [Rand]	2,79	(2,88)
Fully diluted earnings/(loss) per share – [Rand]	2,77	(2,88)
Earnings per share from continuing operations – [Rand]	3,28	1,81
Fully diluted earnings per share from continuing operations – [Rand]	3,26	1,80

GROUP STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2013

(R'000)	AUDITED 2013	2012
Profit/(loss) for the year	298 858	(230 112)
Other comprehensive income		
Exchange difference on translating foreign operations*	107 856	68 411
Other comprehensive income for the year	107 856	68 411
Total comprehensive income/(loss) for the year	406 714	(161 701)
Total comprehensive income/(loss) attributable to:		
Equity shareholders of Group Five Limited	380 507	(209 994)
Non-controlling interest	26 207	48 293
	406 714	(161 701)

* *With no resultant tax impact. Item that may be reclassified subsequently to profit or loss.*

DETERMINATION OF GROUP HEADLINE EARNINGS

for the year ended 30 June 2013

(R'000)	AUDITED 2013	2012
Attributable profit/(loss)	272 651	(278 405)
Adjusted for (net of tax)	18 474	389 982
– Net loss on disposal of property, plant and equipment and investment property	5 405	3 675
– Impairment of associate/(profit) on disposal of subsidiary	2 069	(36)
– Net profit on fair value adjustments on investment property	–	(7 720)
– Impairment of non-current assets classified as held for sale	11 000	394 063
Headline earnings	291 125	111 577

GROUP STATEMENT OF FINANCIAL POSITION

as at 30 June 2013

(R'000)	AUDITED 2013	2012
Assets		
Non-current assets		
Property, plant and equipment	**950 945**	884 367
Investment property	**–**	9 025
Investment in associates	**61 362**	37 549
Loan to associates	**6 463**	4 657
Investments in service concessions	**360 684**	296 635
Investment in property developments	**–**	8 716
Pension fund surplus	**166 734**	137 049
Deferred taxation	**58 094**	55 743
Non-current trade receivables	**95 302**	116 245
Total non-current assets	**1 699 584**	1 549 986
Current assets		
Inventories	**294 174**	288 181
Contracts in progress	**285 371**	541 869
Derivative financial instruments	**21 358**	–
Trade and other receivables	**3 438 227**	2 667 980
Cash and cash equivalents	**2 957 148**	2 268 226
Total current assets	**6 996 278**	5 766 256
Non-current assets classified as held for sale	**108 177**	272 928
Total assets	**8 804 039**	7 589 170
Equity and liabilities		
Equity attributable to equity holders of the parent		
Stated capital	**1 229 568**	1 219 119
Retained earnings	**937 482**	709 979
Other components of equity	**(12 506)**	(120 362)
	2 154 544	1 808 736
Non-controlling interest	**71 855**	67 968
Total equity	**2 226 399**	1 876 704
Non-current liabilities		
Interest-bearing borrowings	**684 982**	613 464
Provision for employment obligations	**49 295**	33 935
Provision for environmental rehabilitation	**4 000**	4 000
Deferred taxation	**12 359**	15 921
Non-current trade payables	**51 009**	59 270
Total non-current liabilities	**801 645**	726 590
Current liabilities		
Excess billings over work	**1 321 798**	828 113
Trade and other payables	**4 155 301**	3 778 412
Derivative financial instruments	**–**	854
Contract-related provisions	**36 806**	59 294
Current taxation payable	**117 994**	38 956
Current portion of non-current interest-bearing borrowings	**82 389**	63 240
Short term borrowings	**30 653**	38 646
Total current liabilities	**5 744 941**	4 807 515
Liabilities associated with non-current assets classified as held for sale	**31 054**	178 361
Total liabilities	**6 577 640**	5 712 466
Total equity and liabilities	**8 804 039**	7 589 170

GROUP STATEMENT OF CASH FLOW

for the year ended 30 June 2013

	AUDITED	
(R'000)	2013	2012
Cash flow from operating activities		
Cash from operations before working capital changes	694 579	424 692
Working capital changes	252 795	154 460
Cash generated from operations	947 374	579 152
Finance income received	50 809	75 687
Finance costs paid	(59 074)	(77 201)
Taxation paid	(127 268)	(107 921)
Dividends paid	(45 148)	(40 548)
Cash effects of operating activities (discontinued operations)	5 393	(18 290)
Cash effects of operating activities	772 086	410 879
Cash flow from investing activities		
Acquisition of property, plant and equipment	(272 034)	(303 162)
Acquisition of investment property, associates and service concessions	(20 434)	(11 653)
Proceeds on disposal of property, plant and equipment	50 438	102 854
Proceeds on disposal of investment property	52 233	13
Cash effects of investing activities (discontinued operations)	55 908	19 184
Cash effects of investing activities	(133 889)	(192 764)
Cash flow from financing activities		
Changes in associates/non-controlling interest	(18 780)	(103 601)
Proceeds on repayment of service concessions loans	22 433	24 745
Long term interest-bearing borrowings raised	96 943	500 000
Long and short term interest-bearing borrowings repaid	(110 751)	(646 428)
Buy back of shares net of proceeds from share options	(19 793)	–
Cash effects of financing activities (discontinued operations)	(40 174)	(44 882)
Cash effects of financing activities	(70 122)	(270 166)
Effects of exchange rates on cash and cash equivalents	141 974	76 205
Net increase in cash and cash equivalents	710 049	24 154
Cash and cash equivalents at beginning of year	2 258 933	2 234 779
Cash and cash equivalents at end of year	2 968 982	2 258 933
Included in cash and cash equivalents per the statement of financial position	2 957 148	2 268 226
Included in non-current assets classified as held for sale	11 834	(9 293)
	2 968 982	2 258 933

GROUP CAPITAL EXPENDITURE AND DEPRECIATION

for the year ended 30 June 2013

	AUDITED	
(R'000)	2013	2012
• Capital expenditure for the year	347 423	338 922
• Capital expenditure committed or authorised for the next year	311 167	393 590
• Depreciation for the year	244 142	165 356

GROUP STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2013

	Number of ordinary shares issued	Number of shares held by share trust	Net shares issued to public	Stated capital R'000	Foreign currency translation reserve R'000	Distri-butable reserves R'000	**Equity share-holders R'000**	Non-controlling interest R'000	**Total R'000**
Balance at 30 June 2011	121 477 858	(25 473 079)	96 004 779	1 307 971	(188 773)	1 028 932	**2 148 130**	117 565	**2 265 695**
Issue of shares from share trust	–	595 982	595 982	–	–	–	**–**	–	**–**
Cancellation of shares	(11 015 959)	11 015 959	–	(117 945)	–	–	**(117 945)**	–	**(117 945)**
Issue of shares in terms of BEE ownership scheme in lieu of dividends	183 622	(183 622)	–	–	–	–	**–**	–	**–**
Share-based payment expense	–	–	–	29 093	–	–	**29 093**	–	**29 093**
Total comprehensive income	–	–	–	–	68 411	(278 405)	**(209 994)**	48 293	**(161 701)**
Net (loss)/profit for the year	–	–	–	–	–	(278 405)	**(278 405)**	48 293	**(230 112)**
Translation differences arising from foreign operations	–	–	–	–	68 411	–	**68 411**	–	**68 411**
Distribution to non-controlling interests	–	–	–	–	–	–	**–**	(97 890)	**(97 890)**
Dividends paid	–	–	–	–	–	(40 548)	**(40 548)**		**(40 548)**
Balance at 30 June 2012	110 645 521	(14 044 760)	96 600 761	1 219 119	(120 362)	709 979	**1 808 736**	67 968	**1 876 704**
Issue of shares to share trust in terms of share scheme	440 032	(440 032)	–	–	–	–	**–**	–	**–**
Issue of shares from share trust	–	905 651	905 651	10 207	–	–	**10 207**	–	**10 207**
Issue of shares in terms of BEE ownership scheme in lieu of dividends	63 957	(63 957)	–	–	–	–	**–**	–	**–**
Share buy back	(12 356 865)	12 356 865		(30 000)	–	–	**(30 000)**	–	**(30 000)**
Issue of shares to Izakhiwo Imfundo Bursary Trust	2 000 000		2 000 000	–	–	–	**–**	–	**–**
Issue of shares to Black Professionals Staff Trust	10 356 865	(10 356 865)	–	–	–	–	**–**	–	**–**
Share-based payment expense	–	–	–	30 242	–	–	**30 242**	–	**30 242**
Total comprehensive income	–	–	–	–	107 856	272 651	**380 507**	26 207	**406 714**
Net profit for the year	–	–	–	–		272 651	**272 651**	26 207	**298 858**
Translation differences arising from foreign operations	–	–	–	–	107 856	–	**107 856**	–	**107 856**
Distribution to non-controlling interests	–	–	–	–	–	–	**–**	(22 320)	**(22 320)**
Dividends paid	–	–	–	–	–	(45 148)	**(45 148)**	–	**(45 148)**
Balance at 30 June 2013	111 149 510	(11 643 098)	99 506 412	1 229 568	(12 506)	937 482	**2 154 544**	71 855	**2 226 399**

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

(i) Issue of shares in terms of share scheme:

Date	**Price**	**Number of shares**
March 2013	R28,30 to R35,56	70 760
April 2013	R34,11 to R37,50	160 717
May 2013	R34,60 to R38,04	195 152
June 2013	R37,27 to R37,88	13 403
Total		440 032

(ii) Issue of shares in terms of the group's BEE external ownership transactions, whereby shares are issued in lieu of dividends:

Date	**Price**	**Number of shares**
October 2012	R26,91	63 957

(iii) Buy back of 12 356 865 shares from previous BBBEE shareholder, Mvelaphanda, and re-issuance of 10 356 865 of these shares to the newly established Black Professionals Staff Trust and 2 000 000 to the Izakhiwo Imfundo Bursary Trust, in line with the BBBEE ownership transaction approved by shareholders during the current financial year.

Non-controlling interest

Non-controlling interest mainly relates to profit share of joint ventures controlled by the entity.

GROUP SEGMENTAL ANALYSIS

for the year ended 30 June 2013

SEGMENT INFORMATION

Operating segments reflect the management structure of the group for the period under review and the manner in which performance is evaluated and resources allocated as managed by the group's chief operating decision maker, defined as the executive committee members (exco) of the group.

These operating segments for the year under review are defined as:

Operating segment	**Revenue source**
🟧 **Investments and Concessions**	– Equipment supply, operations and maintenance revenue in concession contract developments in the transport sector – Rental and development sales of A-grade property assets generating development and investment returns
🟨 **Engineering & Construction**	– Multi-disciplinary project delivery from feasibility through to supporting bankability and front-end design, as well as project management of contracts during execution to completion, with a focus on the energy sector, including power plant construction and nuclear construction services – Industrial services contractor
🟦 **Manufacturing**	– Manufacture and sale of fibre cement products – exterior and interior walling, ceiling boards, roof tiles and pipes, fibre cement-clad, steel-framed modular housing systems – Manufacture and sale of steel products, including scaffolding, formwork and steel reinforcing for use in concrete structures, fabricated steel structures and large bore steel pipes
🟩 **Construction**	
– Building and Housing	– Building and housing contractor for large real estate and related infrastructure contracts
– Civil Engineering	– Civil engineering contractor for roads, ports, airports, pipelines and large structures in the mining and industrial sectors
– Projects	– Engineering projects contractor for structural, mechanical, piping and electrical engineering, as well as complete plant construction solutions

In prior years, Projects and Engineering & Construction were consolidated into a single segment called Engineering and reported within the Construction cluster. With effect from 1 July 2012, the group was restructured with the Engineering & Construction business now reported as a separate cluster from Construction and the Projects business remaining as a segment within the Construction cluster.
The Engineering & Construction (E+C) business was established to deliver technology-based EPC, multi-disciplinary project management and construction, operations and services solutions to selected sectors such as Power, Oil and Gas and Water.
Prior year comparatives have been restated accordingly.

The group is focused by discipline and each discipline is led by an executive committee member.

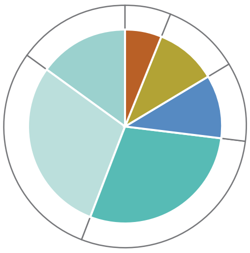
The role of exco is to drive the strategic intent of the group per segment. The executive committee members meet monthly to review the group's performance. Of primary focus to exco is the revenue, operating profit, capital expenditure and current assets per segment. Exco assesses the performance of the operating segments based on a measure of adjusted operating profit. This measurement basis excludes the effects of non-operational income and expenditure from the operating segments such as pension fund surpluses, profit/loss on sale or impairment of subsidiaries, re-measurement of employment obligations and share option cost on the Izakhiwo Imfundo Bursary Trust which is not controlled by the group. Gains or losses on disposal of property, plant and equipment as well as investment property and fair value adjustments on service concessions, investment in property development and investment property are not adjusted as these are deemed to be in the segment's core operational control. The operating profit does not include any impairment adjustments. As exco reviews operating profit, the results of discontinued operations are not included in the measure of operating profit.

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

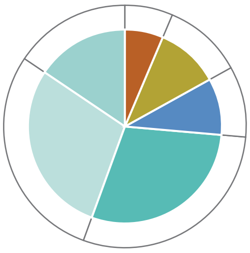
The segmental information presented below includes the reconciliation of IFRS measures presented on the face of the income statement to non-IFRS measures which are used by management to analyse the group's performance.

FINANCIAL PERFORMANCE: GROUP REVENUE AND OPERATING PROFIT

Revenue



Operating profit



Note: Graphs represent F2013 values only.

2013 (R'000)	Gross revenue	Internal revenue	External revenue	Operating profit
Operational segments				
🟧 **Investments and Concessions**	728 517	–	728 517	174 352
🟨 **Engineering & Construction**	1 174 171	(3 951)	1 170 220	28 521
🟦 **Manufacturing**	1 221 731	(160 474)	1 061 257	83 848
Construction	8 403 763	(232 894)	8 170 869	265 563
🟩 Building and Housing	3 331 779	(95 779)	3 236 000	40 332
⬜ Civil Engineering	3 354 236	(137 115)	3 217 121	109 287
🟩 Projects	1 717 748	–	1 717 748	115 944
	11 528 182	(397 319)	11 130 863	552 284
Adjustment for non-operational items				
Pension fund valuation surplus				29 579
Izakhiwo Imfundo Bursary trust: share-based payment expense				(16 813)
Impairment of investment in associate – Investments and Concessions				(2 069)
Re-measurement of employment obligation				(7 114)
Operating profit per income statement				555 867

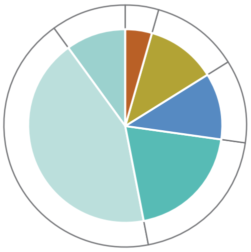
2012 (R'000)	Gross revenue	Internal revenue	External revenue	Operating profit
Operational segments				
🟧 **Investments and Concessions**	647 739	–	647 739	153 795
🟨 **Engineering & Construction***	631 180	–	631 180	5 021
🟦 **Manufacturing**	1 164 849	(140 520)	1 024 329	46 490
Construction*	6 573 146	(93 016)	6 480 130	116 294
🟩 Building and Housing	2 139 449	(73 477)	2 065 972	52 133
⬜ Civil Engineering	2 998 800	(1 053)	2 997 747	(37 541)
🟩 Projects*	1 434 897	(18 486)	1 416 411	101 702
	9 016 914	(233 536)	8 783 378	321 600
Adjustment for non-operational items				
Pension fund valuation surplus				15 790
Impairment of investment in associate – Investments and Concessions				(1 399)
Re-measurement of employment obligation				(4 593)
Operating profit per income statement				331 398

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

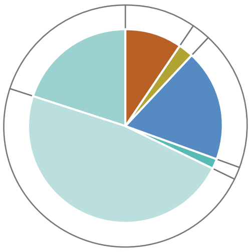
* *Restated due to the establishment of Engineering & Construction as a stand alone cluster, previously reported with the Projects business as the Engineering segment.*

FINANCIAL POSITION: CURRENT ASSETS AND CAPITAL EXPENDITURE

Current assets



Capital expenditure



Note: Graphs represent F2013 values only.

	Current assets		Capital expenditure	
Operational segments (R'000)	**2013**	**2012***	**2013**	**2012***
■ **Investments and Concessions**	**191 956**	234 850	**33 334**	34 922
■ **Engineering & Construction**	**467 703**	264 371	**8 640**	8 454
■ **Manufacturing**	**452 377**	459 931	**64 572**	25 368
Construction	**2 927 094**	2 538 878	**240 877**	270 178
■ Building and Housing	**808 717**	689 507	**6 054**	2 638
■ Civil Engineering	**1 716 557**	1 352 077	**166 147**	201 851
■ Projects	**401 820**	497 294	**68 676**	65 689
	4 039 130	3 498 030	**347 423**	338 922
Bank balances and cash	**2 957 148**	2 268 226	**–**	–
Total current assets per statement of financial position	**6 996 278**	5 766 256	**–**	–
Property, plant and equipment – additions	**–**	–	**347 423**	338 922

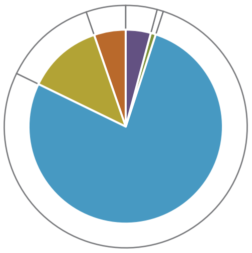
* *Restated due to the establishment of Engineering & Construction as a stand alone cluster, previously reported with the Projects business as the Engineering segment.*

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

GEOGRAPHICAL INFORMATION

South Africa is regarded as the group's country of domicile. As described, the various geographies are monitored via operational hubs and thus disclosed as such below.

Revenue



Note: Graphs represent F2013 values only.

Geographical regions (R'000)	**2013**	**2012**
■ Eastern Europe	**488 493**	433 948
■ Middle East	**–**	43 805
■ Eastern Africa	**86 251**	85 986
■ Southern Africa	**8 580 022**	6 962 809
■ Central Africa	**1 389 137**	830 197
■ Western Africa	**586 960**	426 633
	11 130 863	8 783 378
Per income statement	**11 130 863**	8 783 378

GROUP STATISTICS

for the year ended 30 June 2013

	AUDITED 2013	AUDITED 2012
Number of ordinary shares	99 506 412	96 600 761
– Shares in issue	111 149 510	110 645 521
– Less: shares held by share trusts	(11 643 098)	(14 044 760)
Weighted average shares ('000s)	97 775	96 545
Fully diluted weighted average shares ('000s)	98 402	96 946
Total operations		
Earnings/(loss) per share – R	2,79	(2,88)
Headline earnings per share – R	2,98	1,16
Fully diluted earnings/(loss) per share – R	2,77	(2,88)
Fully diluted headline earnings per share – R	2,96	1,15
Continuing operations		
Earnings per share from continuing operations – R	3,28	1,81
Headline earnings per share from continuing operations – R	3,35	1,78
Fully diluted earnings per share from continuing operations – R	3,26	1,80
Fully diluted headline earnings per share from continuing operations – R	3,33	1,77
Dividend cover (based on earnings per share)	4,2	–
Dividend per share (cents)	67,0	36,0
– Interim	32,0	22,0
– Final	35,0	14,0
Net asset value per share – R	21,65	18,72
Net debt to equity ratio	–	–
Current ratio	1.2	1.2

ESTIMATES AND CONTINGENCIES

The group makes estimates and assumptions concerning the future, particularly with regard to construction contract profit taking, provisions, arbitrations and claims and various fair value accounting policies. Of particular relevance for this reporting period is that the group has made provision for an estimated potential Competition Commission fine, the value of which is not disclosed at this time, but the effects thereof is included in the reported results. Accounting estimates and judgements can, by definition, only approximate the actual results and the actual results may differ from such estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Stakeholders' attention is drawn to the contingent risk of potential civil claims being lodged against the group and other construction companies that have been party to the anti-competitive behaviour following the Competition Commission release of its findings in June 2013 and the public interest reported in recent months. To date, no claim has been instituted against the group.

Total financial institution guarantees given to third parties on behalf of subsidiary companies amounted to R4 369 million as at 30 June 2013, compared to R4 310 million as at 30 June 2012 and R4 596 million as at 31 December 2012.

DIVIDEND DECLARATION

On 2 August 2013, the directors declared a gross dividend of 35 cents per ordinary share (35 cents per ordinary share net of dividend withholding tax and STC credits) (2012: 14 cents). This brings the total dividend for the year to 67 cents (2012: 36 cents).

The dividend has been declared from income reserves.

In terms of the new Dividends Tax effective 1 April 2012, the following additional information is disclosed:

- The dividend is subject to dividend withholding tax at 15%. In determining dividend withholding tax, STC credits must be taken into account.
- The STC credits utilised per share amounts to 35 cents per share.
- There is no tax payable, which results in a net dividend of 35 cents per share to shareholders who are not exempt from dividends withholding tax.
- The amount of shares in issue at the date of this declaration is 111 149 150 (99 506 412 exclusive of treasury shares) and the company's tax reference number is 9625/077/71/5.

In order to comply with the requirements of STRATE, the relevant details are:

Event	**Date**
Last day to trade (cum-dividend)	Thursday, 19 September 2013
Shares to commence trading (ex-dividend)	Friday, 20 September 2013
Record date (date shareholders recorded in books)	Friday, 27 September 2013
Payment date	Monday, 30 September 2013

No share certificates may be dematerialised or rematerialised between Friday, 20 September 2013 and Friday, 27 September 2013, both dates inclusive.

ANALYSIS OF SHAREHOLDERS

at 30 June 2013

1. SHAREHOLDER SPREAD

	No of shareholders	%	No of shares	%
1 – 1 000 shares	3 606	71.72	983 639	0.89
1 001 – 10 000 shares	891	17.72	3 035 086	2.73
10 001 – 100 000 shares	370	7.36	12 138 209	10.92
100 001 – 1 000 000 shares	143	2.84	41 997 261	37.78
1 000 001 shares and over	18	0.36	52 995 315	47.68
Totals	**5 028**	**100.00**	**111 149 510**	**100.00**

2. DISTRIBUTION OF SHAREHOLDERS

	No of shareholders	%	No of shares	%
Banks	56	1.11	6 380 368	5.74
Close corporations	22	0.44	129 362	0.12
Empowerment trusts	3	0.06	13 634 512	12.26
Endowment funds	28	0.56	664 043	0.60
Individuals	4 058	80.71	5 542 116	4.99
Insurance companies	45	0.89	3 555 606	3.20
Investment companies	13	0.26	1 208 126	1.09
Medical schemes	11	0.22	335 986	0.30
Mutual funds	173	3.44	38 206 635	34.37
Nominees and trusts	318	6.32	1 405 473	1.26
Other corporations	11	0.22	9 982	0.01
Private companies	59	1.17	2 895 309	2.60
Public companies	5	0.10	20 263	0.02
Retirement funds	225	4.48	37 153 143	33.43
Share trust	1	0.02	8 586	0.01
Totals	**5 028**	**100.00**	**111 149 510**	**100.00**

3. PUBLIC/NON-PUBLIC SHAREHOLDERS

	No of shareholders	%	No of shares	%
Non-public shareholders	19	0.38	14 681 681	13.21
Directors of the company	2	0.04	361 179	0.32
Executive committee members of the company	7	0.14	504 984	0.45
Senior management of the company	6	0.12	172 420	0.16
Empowerment trusts	3	0.06	13 634 512	12.27
Share trust	1	0.02	8 586	0.01
Public shareholders	5 009	99.62	96 467 829	86.79
Totals	**5 028**	**100.00**	**111 149 510**	**100.00**

4. BENEFICIAL SHAREHOLDERS HOLDING 5% OR MORE

	No of shares	%
Government Employees Pension Fund	19 146 216	17.23
Group Five Limited Black Professionals Staff Trust	12 356 865	11.12
Coronation Fund Managers	12 065 034	10.85
Totals	**43 568 115**	**39.20**

5. DIRECTORS OF THE COMPANY

	No of shares	%
MR Upton	286 750	0.26
CMF Teixeira	74 429	0.07
Totals	**361 179**	**0.33**

6. EXECUTIVE COMMITTEE MEMBERS OF THE COMPANY

	No of shares	%
MJ Allie	39 524	0.04
P le Sueur	176 330	0.16
AJ McJannet	39 119	0.04
GD Mottram	30 703	0.03
E Vemer	50 000	0.04
JA Wallace	82 150	0.07
WI Zeelie	87 158	0.08
Totals	**504 984**	**0.46**

7. SENIOR MANAGEMENT OF THE COMPANY

	No of shares	%
FH Enslin	41 829	0.04
JW Hillary	34 464	0.03
NM Humphreys	56 500	0.05
KR Maharaj	10 000	0.01
S Ryninks	15 927	0.01
JAE Stragier	13 700	0.01
Totals	**172 420**	**0.15**

8. EMPOWERMENT TRUSTS

	No of shares	%
Group Five Limited Black Professionals Staff Trust	12 356 865	11.12
Black Management Scheme	1 259 749	1.13
Black Management Scheme – exiting participants	17 898	0.02
Totals	**13 634 512**	**12.27**

9. SHARE TRUST

	No of shares	%
Rivonia Share Scheme Services (Proprietary) Limited	8 586	0.01
Totals	**8 586**	**0.01**

10. TOP TWENTY BENEFICIAL SHAREHOLDERS BY SIZE

Rank	Name of shareholder	No of shares	%
1	Government Employees Pension Fund	19 146 216	17.23
2	Group Five Limited Black Professionals Staff Trust	12 356 865	11.12
3	Coronation Fund Managers	12 065 034	10.85
4	Sanlam	4 990 060	4.49
5	Investment Solutions	4 794 328	4.31
6	Old Mutual	2 987 469	2.69
7	Dimensional Fund Advisors	2 681 001	2.41
8	Fidelity	2 479 014	2.23
9	Metal & Engineering Industries	2 159 671	1.94
10	Ellerine Brothers	2 144 991	1.93
11	Mines Pension Fund	1 863 582	1.68
12	Allan Gray	1 632 441	1.47
13	Prudential	1 491 603	1.34
14	Absa Group Pension Fund	1 485 648	1.34
15	Transnet Pension Fund	1 474 069	1.33
16	Eskom Pension & Provident Fund	1 438 473	1.29
17	Black Management Scheme	1 259 749	1.13
18	Strategic Investment Service Management Company	1 116 734	1.00
19	Namibian Government Institutions Pension Fund	985 518	0.89
20	Momentum Investments	951 385	0.86
Totals		**79 503 851**	**71.53**

TOP TEN COUNTRIES BASED ON BENEFICIAL SHAREHOLDERS

Rank	Name of shareholder	No of shares	%
1	South Africa	98 418 571	88.55
2	USA	5 683 410	5.11
3	Luxembourg	2 890 418	2.60
4	Namibia	1 499 530	1.35
5	Ireland	964 043	0.87
6	Sweden	366 500	0.33
7	UK	362 541	0.33
8	Norway	261 000	0.23
9	Swaziland	231 820	0.21
10	Australia	141 673	0.13
Totals		**110 819 506**	**99.71**

NOTICE OF THE AGM

GROUP FIVE LIMITED

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

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the annual general meeting of shareholders of the company will be held at the registered office of Group Five, 371 Rivonia Boulevard, Rivonia, on Tuesday, 5 November 2013 at 11:00, for the purpose of dealing with the following business and considering, and if deemed fit, passing with or without modification, the following resolutions:

1. **ORDINARY RESOLUTION NUMBER 1: Receive, consider and approval of annual financial statements**
   To receive, consider and approve the annual financial statements of the group for the year ended 30 June 2013, together with the directors' and independent auditors' reports and the audit committee's report.

2. **ORDINARY RESOLUTION NUMBERS 2.1 TO 2.2: Re-election of directors**
   To re-elect by separate resolutions, directors of the company in accordance with the Companies Act 71 of 2008 (as amended) ("the Companies Act") and the company's Memorandum of Incorporation which provide that at least one-third of the directors, being those longest in office at the date of the annual general meeting, should retire, but that such directors may offer themselves for re-election:

   2.1 **ORDINARY RESOLUTION NUMBER 2.1**
   Philisiwe Mthethwa nee Buthelezi who retires by rotation and being eligible offers herself for re-election; and

   2.2 **ORDINARY RESOLUTION NUMBER 2.2**
   Struan Robertson who retires by rotation and being eligible offers himself for re-election.

   A brief CV in respect of each director standing for re-election appears on page 124 to 125 of this integrated annual report as well as in the online section of the integrated annual report.

3. **ORDINARY RESOLUTION NUMBER 3: Appointment of group audit committee members subject, where necessary, to their re-appointment as directors of the company in terms of the resolutions in paragraph 2 above:**
   "**RESOLVED THAT** an audit committee comprising independent, non-executive directors, as provided in section 94(4) of the Companies Act, set out below, be and is hereby appointed by way of a separate resolution and in terms of section 94(2) of the Companies Act to hold office until the next annual general meeting and to perform the duties and responsibilities stipulated in section 94(7) of the Companies Act and King III and to perform such other duties and responsibilities as may from time to time be delegated by the board of directors for the company and all subsidiary companies:

   3.1 SG Morris (chairperson);
   3.2 LE Bakoro (member);
   3.3 JL Job (member);
   3.4 KK Mpinga (member); and
   3.5 DDS Robertson (member)."

4. **ORDINARY RESOLUTION NUMBER 4: Appointment of group social and ethics committee members**
   "**RESOLVED THAT** a social and ethics committee, as provided in section 72(4) of the Companies Act and regulation 43 of the Companies Regulations, 2011 ("Regulations"), set out below, be and is hereby appointed by way of a separate resolution and in terms of regulation 43(2) of the Regulations to hold office until the next annual general meeting and to perform the duties and responsibilities stipulated in regulation 43(5) of the Regulations and to perform such other duties and responsibilities as may from time to time be delegated by the board of directors for the company and all subsidiary companies:

   4.1 LE Bakoro (chairperson);
   4.2 DDS Robertson (member);
   4.3 MR Upton (member);
   4.4 CM Teixeira (member);
   4.5 MJ Allie (member); and
   4.6 GD Mottram (member)."

5. **ORDINARY RESOLUTION NUMBER 5: Approval of remuneration policy**
   "**RESOLVED** to approve, through a non-binding advisory vote, the company's remuneration policy and its implementation, as set out in the Remuneration Report contained on page 143 to 149 of this integrated annual report."

6. **ORDINARY RESOLUTION NUMBER 6: Re-appointment of auditors**
   To re-appoint PricewaterhouseCoopers Inc., with the designated audit partner being Mr AJ Rossouw, as independent auditors of the company for the ensuing year and that the term of engagement and fees be determined by the audit committee.

7. **ORDINARY RESOLUTION NUMBER 7: Control of authorised but unissued shares**
   "**RESOLVED THAT** the authorised but unissued shares in the capital of the company be and are hereby placed under the control and authority of the directors of the company and that the directors of the company be and are hereby authorised and empowered to allot, issue and otherwise dispose of such shares to such person or persons on such terms and conditions and at such times as the directors of the company may from time to time and at their discretion deem fit, subject to the provisions of the Companies Act, the Memorandum of Incorporation of the company and the JSE Limited ("JSE") Listings Requirements, when applicable. The issuing of shares granted under this authority will be limited to Group Five's existing contractual obligations to issue shares, including for purposes of the Group Five Share Appreciation Right Scheme (SARS) approved on 13 October 2010, the Group Five Long Term Share Incentive Plan (LTIP) approved on 27 November 2012, any scrip dividend and/or capitalisation share award, and shares required to be issued for the purpose of carrying out the terms of the SARS and LTIP employee schemes."

8. **ORDINARY RESOLUTION NUMBER 8: Authority to sign all documents required**
   "RESOLVED THAT any one of the directors and/or the group secretary be and is hereby authorised to do all such things and sign all documents and procure the doing of all such things and the signature of all such documents as may be necessary or incidental to give effect to all ordinary and special resolutions to be proposed at the annual general meeting at which this resolution will be proposed."

9. **SPECIAL RESOLUTION NUMBER 1: Authorisation of non-executive directors' remuneration**
   "RESOLVED THAT the proposed remuneration of non-executive directors for the year ended 30 June 2014 be approved as follows:

	F2014	F2013
Main board – chairperson	**R860 000**	R782 800
Main board – non-executive director	**R215 000**	R195 500
Lead independent director	**R360 600**	R337 000
Audit committee – chairperson	**R211 000**	R195 000
Audit committee – member	**R105 000**	R98 000
Remuneration committee – chairperson	**R143 000**	R130 400
Remuneration committee – member	**R73 500**	R68 600
Risk committee – chairperson	**R143 000**	R130 400
Risk committee – member	**R73 500**	R68 600
Nominations committee – member	**R55 500**	R51 700
Social and ethics committee – chairperson	**R143 000**	R130 400
Social and ethics committee – member	**R73 500**	R68 600
Extraordinary services – per hour	**R3 000**	R2 800

10. **SPECIAL RESOLUTION NUMBER 2: General authority to repurchase shares**
    "RESOLVED THAT, subject to compliance with the JSE Listings Requirements, the Companies Act and the Memorandum of Incorporation of the company, the directors of the company be and are hereby authorised at their discretion to procure that the company or subsidiaries of the company acquire by repurchase on the JSE ordinary shares issued by the company provided that:
    - the number of ordinary shares acquired in any one financial year shall not exceed 20% (twenty percent) of the ordinary shares in issue at the date on which this resolution is passed;
    - this must be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the company and the counterparty;
    - this authority shall lapse on the earlier of the date of the next annual general meeting of the company or 15 months after the date on which this resolution is passed; and
    - the price paid per ordinary share may not be greater than 10% (ten percent) above the weighted average of the market value of the ordinary shares for the five business days immediately preceding the date on which a purchase is made."

RATIONALE FOR THE AUTHORITY

The rationale for this special resolution is to authorise the directors, if they deem it appropriate in the interests of the company, to procure that the company or subsidiaries of the company acquire or repurchase ordinary shares issued by the company subject to the restrictions contained in the above resolution. At the present time, the directors have no specific intention with regard to the utilisation of this authority which will only be used if the circumstances are appropriate. The directors, after considering the effect of a repurchase of up to 20% (twenty percent) of the company's issued ordinary shares, are of the opinion that if such repurchase is implemented:

- the company and the group will be able to pay their debts in the ordinary course of business for a period of 12 months after the date of this notice;
- the recognised and measured assets of the company and the group in accordance with the accounting policies used in the latest audited annual group financial statements, will exceed the liabilities of the company and the group for a period of 12 months after the date of this notice;
- the ordinary capital and reserves of the company and the group will be adequate for the purposes of the business of the company and the group for a period of 12 months after the date of this notice; and
- the working capital of the company and the group will be adequate for the purposes of the business of the company and the group for a period of 12 months after the date of this notice.

The directors undertake that:

- the company or the group will not repurchase securities during a prohibited period as defined in paragraph 3.67 of the JSE Listings Requirements unless the company has a repurchase programme in place where the dates and quantities of securities to be traded during the relevant prohibited period are fixed (not subject to any variation) and full details of the programme have been disclosed in an announcement released on SENS prior to the commencement of the prohibited period;
- an announcement will be made when the company has cumulatively repurchased 3% of the initial number of the relevant class of securities, and for each 3% (three percent) in aggregate of the initial number of that class acquired thereafter;
- the company will only appoint one agent to effect any repurchase(s) on its behalf;
- prior to entering the market to repurchase the company's securities, a company resolution to authorise the repurchase will have been passed in accordance with the requirements of section 48 of the Companies Act, and stating that the board has acknowledged that it has applied the solvency and liquidity test as set out in section 4 of the Companies Act and has reasonably concluded that the company will satisfy the solvency and liquidity test immediately after completing the proposed distribution; and
- the company will not enter the market to repurchase the company's securities until the company's sponsor has provided written confirmation to the JSE regarding the adequacy of the company's working capital in accordance with Schedule 25 of the JSE Listings Requirements.

DISCLOSURES REQUIRED IN TERMS OF THE JSE LISTINGS REQUIREMENTS

The following information is provided in accordance with paragraph 11.26 of the JSE Listings Requirements and relates to special resolution number 2 above.

LITIGATION STATEMENT

Other than disclosed or accounted for in the annual financial statements, the directors of the company, whose names are given on page 124 to 125 of this report, are not aware of any legal or arbitration proceedings, pending or threatened against the group, which may have or have had a material effect on the group's financial position in the 12 months preceding the date of this notice of annual general meeting. Please refer to pages 30 of this integrated annual report for additional information on the Competition Commission of South Africa investigation into the Construction industry and its current and future effect on the group.

DIRECTORS' RESPONSIBILITY STATEMENT

The directors, whose names are given on page 124 to 125 of this report, collectively and individually accept full responsibility for the accuracy of the information given in special resolution number 2, and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statements false or misleading and that all reasonable enquiries to ascertain such facts have been made and that this resolution and additional disclosure in terms of paragraph 11.26 of the JSE Listings Requirements pertaining thereto contain all information required by law and the JSE Listings Requirements.

MATERIAL CHANGES

Other than the facts and developments reported on in these annual financial statements, there have been no material changes in the affairs, financial or trading position of the group since the signature date of this integrated annual report and the posting date thereof.

The following disclosures required in terms of the JSE Listings Requirements are set out in accordance with the reference pages in the integrated annual report of which this notice forms part:
- directors and management (pages 124 to 125 and 130 to 131);
- major shareholders of the company (page 181 to 182);
- directors' interests in securities (page 181); and
- share capital of the company (page 175)

11. **SPECIAL RESOLUTION NUMBER 3: General authority to provide financial assistance to related companies and inter-related companies**
    "**RESOLVED** as a special resolution in terms of the Companies Act that the provision by the company of any direct or indirect financial assistance as contemplated in section 45 of the Companies Act to any 1 (one) or more related or inter-related companies of the company, be and is hereby approved, provided that:

    1. (i) the specific recipient or recipients of such financial assistance;
       (ii) the form, nature and extent of such financial assistance; and
       (iii) the terms and conditions under which such financial assistance is provided are determined by the board of directors of the company from time to time;
    2. the board has satisfied the requirements of section 45 of the Companies Act in relation to the provision of any financial assistance;
    3. such financial assistance to a recipient thereof is, in the opinion of the board of directors of the company, required for the purpose of:
       (i) meeting all or any of such recipient's operating expenses (including capital expenditure); and/or
       (ii) funding the growth, expansion, reorganisation or restructuring of the businesses or operations of such recipient; and/or
       (iii) any other purpose, which in the opinion of the board of directors of the company, is directly or indirectly in the interests of the company; and
    4. the authority granted in terms of this special resolution shall end 2 (two) years from the date of adoption of this special resolution."

RATIONALE FOR THE AUTHORITY

The rationale for special resolution number 3 is to grant the directors of Group Five the authority to provide direct or indirect financial assistance through the lending of money, guaranteeing of a loan or other obligation and securing any debt or obligation, to its subsidiaries, associates and inter-related companies.

12. **To transact such other business as may be transacted at an annual general meeting.**

RECORD DATE

The board of directors of the company have set Friday, 25 October 2013, as the record date for determining which shareholders are entitled to participate in and vote at the annual general meeting.

VOTING AND PROXIES

A member entitled to attend and vote at the annual general meeting is entitled to appoint a proxy/proxies to attend, speak, and on a poll, vote in his/her stead. A proxy need not to be a member of the company. A form of proxy is attached for the convenience of any certificated shareholder and own-name registered dematerialised shareholder who cannot attend the annual general meeting, but who wishes to be represented thereat.

CERTIFICATED SHAREHOLDERS AND DEMATERIALISED SHAREHOLDERS WITH OWN-NAME REGISTRATION

Shareholders wishing to attend the annual general meeting have to ensure beforehand with the transfer secretaries of the company that their shares are in fact registered in their own name. Should this not be the case and the shares are registered in another name or in the name of a nominee company, it is incumbent on shareholders attending the meeting to make the necessary arrangements with that party to be able to attend and vote in their capacity.

DEMATERIALISED SHAREHOLDERS

Shareholders who have dematerialised their shares and who wish to attend the annual general meeting have to request their Central Securities Depository Participant ("CSDP") or broker to provide them with a Letter of Representation. Should shareholders who have dematerialised their ordinary shares wish to vote by proxy, they must provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between the dematerialised shareholders and their CSDP or broker.

PROXIES

The instrument appointing a proxy and the authority (if any) under which it is signed must reach the transfer secretaries of the company at the address given below, by no later than 11:00 on Friday, 1 November 2013. On a poll, every shareholder of the company present in person or represented by proxy shall have one vote for every share held in the company by the shareholder.

By order of the board

N Katamzi
Company secretary
2 August 2013

Registered office
Group Five Limited
371 Rivonia Boulevard
Rivonia
2128

PO Box 3951
Rivonia
2128

Transfer secretaries
Computershare Investor Services
(Pty) Limited
70 Marshall Street
Johannesburg 2001

PO Box 61051
Marshalltown
2107

FORM OF PROXY

GROUP FIVE LIMITED

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

For use at the annual general meeting of the holders of ordinary shares in the company ("Group Five shareholders") to be held at the registered office of Group Five, 371 Rivonia Boulevard, Rivonia on Tuesday, 5 November 2013 ("the annual general meeting") at 11:00. Group Five shareholders who have dematerialised their Group Five shares through a CSDP or broker must not complete this form of proxy and must provide their CSDP or broker with their voting instructions, except for Group Five shareholders who have elected own-name registration in the sub-register through a CSDP or broker and certificated shareholders, which shareholders must complete this form of proxy and lodge it with the transfer secretaries. Holders of dematerialised Group Five shares wishing to attend the annual general meeting must inform their CSDP or broker of such intention and request their CSDP/broker to issue them with the relevant authorisation to attend.

I/We

of (address)

being the registered holder/s of ordinary shares in the capital of the company, hereby appoint (see note 1):

1. or, failing him/her

2. or, failing him/her

3. or, failing him/her

the chairperson of the annual general meeting as my/our proxy to act for me/us at the annual general meeting for the purposes of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed thereat and at each adjournment thereof and to vote for and/or against the resolutions and/or abstain from voting in respect of the ordinary shares registered in my/our name/s in accordance with the instructions/notes on the reverse side hereof.

Proposed ordinary/special resolutions		**In favour**	**Against**	**Abstain**
1.	**Ordinary resolution number 1:** Receive, consider and approve the annual financial statements for the year ended 30 June 2013			
2.	**Ordinary resolution number 2:** Re-election of directors 2.1 Re-election of P Mthethwa nee Buthelezi as director 2.2 Re-election of DDS Robertson as director			
3.	**Ordinary resolution number 3:** Appointment of group audit committee members 3.1 Election of SG Morris as member and chairperson of group audit committee 3.2 Election of LE Bakoro as member of group audit committee 3.3 Election of JL Job as member of group audit committee committee 3.4 Election of KK Mpinga as member of group audit committee 3.5 Election of DDS Robertson as member of group audit committee			
4.	**Ordinary resolution number 4:** Appointment of group social and ethics committee members 4.1 Election of LE Bakoro as member and chairperson of group social and ethics committee 4.2 Election of DDS Robertson as member of social and ethics committee 4.3 Election of MR Upton as member of social and ethics committee 4.4 Election of CM Teixeira as member of social and ethics committee 4.5 Election of MJ Allie as member of social and ethics committee 4.6 Election of GD Mottram as member of social and ethics committee			
5.	**Ordinary resolution number 5:** Approval of remuneration policy			
6.	**Ordinary resolution number 6:** Re-appointment of auditors			
7.	**Ordinary resolution number 7:** Control of authorised but unissued shares			
8.	**Ordinary resolution number 8:** Authority to sign all documents required			
9.	**Special resolution number 1:** Authorisation of non-executive directors' remuneration			
10.	**Special resolution number 2:** General authority to repurchase shares			
	Special resolution number 3: General authority to provide financial assistance to related companies and inter-related companies			

A member entitled to attend and vote at the annual general meeting may appoint one or more proxies to attend, vote, speak and act in his stead. A proxy need not be a member of the company.

Signed at on 2013

Signature

assisted by me (where applicable)
(State capacity and full name) (see note 10). Please use block letters.

Please read the notes on the reverse side hereof.

NOTES TO THE FORM OF PROXY

1. This form of proxy must only be used by certificated ordinary shareholders or dematerialised ordinary shareholders who hold dematerialised ordinary shares with "own-name" registrations.
2. Dematerialised ordinary shareholders are reminded that the onus is on them to communicate with their CSDP or broker.
3. A Group Five shareholder may insert the name of a proxy or the names of two alternative proxies of his/her choice in the spaces provided, with or without deleting "the chairperson of the general meeting", but any such deletion must be initialled by the Group Five shareholder concerned.
4. If two or more proxies attend the meeting, then that person attending the meeting whose name appears first on the form of proxy, and whose name is not deleted, shall be regarded as the validly appointed proxy.
5. The authority of a person signing a form of proxy in a representative capacity must be attached to the form of proxy unless that authority has already been recorded by the company's transfer secretaries or waived by the chairperson of the annual general meeting.
6. In order to be effective, forms of proxy must reach the registered office of the company or the company's transfer secretaries at least 48 hours before the time appointed for holding the meeting (excluding Saturdays, Sundays and public holidays).
7. Any alteration or correction made to this form of proxy must be initialled by the signatory/(ies).
8. If this form of proxy is returned without any indication as to how the proxy should vote, the proxy will be entitled to vote or abstain from voting as he thinks fit.
9. The delivery of the duly completed form of proxy shall not preclude any member or his duly authorised representative from attending the meeting, speaking and voting instead of such duly appointed proxy.
10. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the company.
11. Where there are joint holders of any shares:
    - any one holder may sign this form of proxy; and
    - the vote(s) of the senior shareholders (for that purpose seniority will be determined by the order in which the names of shareholders appear in the company's register of members) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint shareholder(s).

Registered office
371 Rivonia Boulevard
Rivonia
2128

PO Box 3951
Rivonia 2128

Transfer secretaries
Computershare Investor Services (Pty) Limited
70 Marshall Street
Johannesburg
2001

PO Box 61051
Marshalltown 2107

Feedback over the last few years indicated that most stakeholders would prefer an abbreviated printed annual report, which we produced for the first time in F2008.

This year, we again condensed the printed section of our integrated annual report, with additional information available on our website. Not printing a detailed report this year resulted in a saving of 410 000 sheets of paper.

This integrated annual report is printed on Magno, a paper produced in South Africa. It is certified by the Forest Stewardship Council and Programme for the Endorsement of Forest Certification Schemes (PEFC)/Chain of Custody. The paper is essentially chlorine free and manufactured from acid free pulp. Only wood from sustainable forests is used.

STUDIO 5

GROUP FIVE
structured ingenuity

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