GROUP FIVE
structured ingenuity

INTEGRATED ANNUAL REPORT 2014

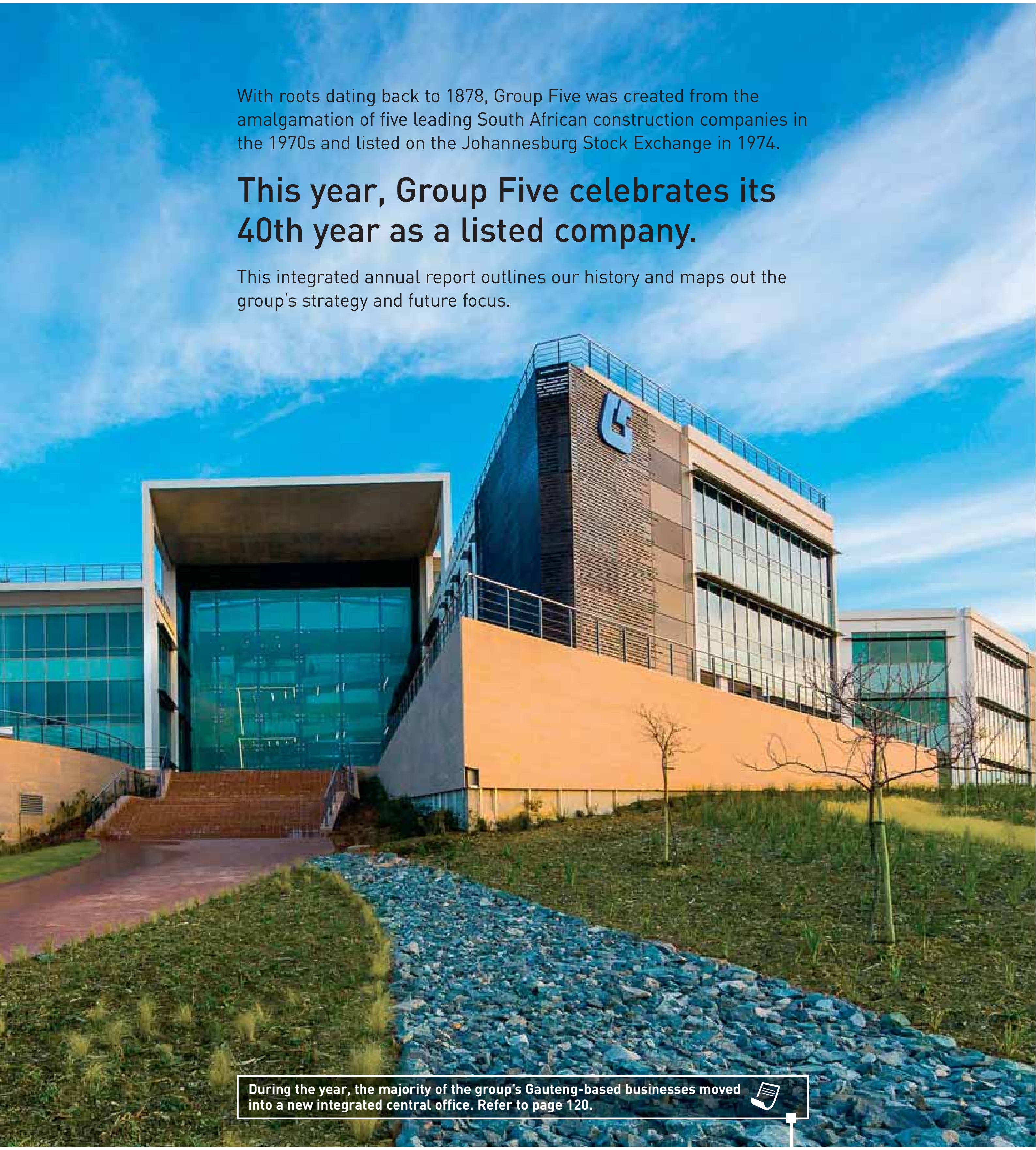
40
YEARS
1974 – 2014

CONTENTS

With roots dating back to 1878, Group Five was created from the amalgamation of five leading South African construction companies in the 1970s and listed on the Johannesburg Stock Exchange in 1974.

This year, Group Five celebrates its 40th year as a listed company.

This integrated annual report outlines our history and maps out the group's strategy and future focus.



During the year, the majority of the group's Gauteng-based businesses moved into a new integrated central office. **Refer to page 120.**

About this report

REPORT APPROACH

This integrated annual report covers the activities of Group Five for the 12 months to 30 June 2014, our 40th year as a listed entity. We remain one of the few companies on the JSE Limited to publish our integrated annual report on the same day as our results are released, which is within 45 days of the group's year-end. The board of directors approved this report on 5 August 2014.

The integrated annual report once again aims to provide concise, relevant and reliable information. A supplementary section of the integrated annual report which expands on the group's issues and individual stakeholder requirements is available on the group's website (**www.groupfive.co.za**).

SCOPE AND BOUNDARY

The group's businesses operate in South Africa, the rest of Africa and Europe.

The integrated annual report has been compiled while considering the recommendations of the new Global Reporting Initiative (GRI G4), the King III Report on Corporate Governance (King III) for South African reports, as well as the new International Integrated Reporting Council. We have documented our assessment of the 75 King III principles in a register. Although we are not in a position to fully report against G4 yet, we outline a response table to certain of the new relevant GRI indicators. Both these can be found on our website.

The printed section of the integrated annual report includes summarised audited consolidated annual financial statements from page 152, which were extracted from the audited consolidated annual financial statements. The complete set of these financial statements is available on our website. The financial statements comply with International Financial Reporting Standards (IFRS), JSE Listings Requirements and the South African Companies Act.

APPROVALS

The audit committee is responsible for overseeing the content of this report and recommended the report to the board for its approval.

Our independent auditors, PricewaterhouseCoopers Inc., issued an audit opinion on the consolidated annual financial statements and on the summarised consolidated annual financial statements. The unmodified audit opinion on the group's consolidated annual financial statements is incorporated in the consolidated annual financial statements. The audit opinion on the summarised consolidated annual financial statements can be found on page 153 of this integrated annual report. References to future financial performance in the integrated annual report have not been reviewed or reported on by our auditors.

The group also assures a number of non-financial measures. This year, we commissioned two additional measures for assurance – that of the group's lost-time injury frequency rate (LTIFR) for permanent employees in South Africa and the rest of Africa and the secured Operations and Maintenance order book. Refer to pages 92 to 97 for our assurance information.

We welcome feedback on our integrated annual report. Please contact us at **info@groupfive.co.za** or +27 10 060 1557.

WWW King III and GRI information is contained in the supplementary section of the integrated annual report at www.groupfive.co.za.

HOW TO READ OUR INTEGRATED ANNUAL REPORT:

This icon indicates where readers can find related information on a particular topic in our printed section of the integrated annual report.

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

CASE STUDY The integrated annual report contains case studies which demonstrate delivery on key strategic issues.

HOW WE PERFORMED:

Revenue*	Operating profit*	Cash
up 39% to **R15,3 billion**	up 22% to **R646,8 million**	unchanged at **R2,9 billion**

Net asset value	Earnings per share	Total dividends per share
up 20% to **R25,99** per share	up 52% to **401 cents** per share	up 49% to **100 cents** per share

* *From continuing operations.*

WHERE READERS CAN FIND INFORMATION ON:

1. Chairperson's statements

Philisiwe Mthethwa

During the year, we had a particular focus on client relationships in the delivery of increasingly large and complex contracts and in addressing public sector client concerns following the Competition Commission findings with regards to the construction sector's past anti-competitive practices in South Africa. Employees were also a priority due to the drive to retain and attract talent and ensure diversity in our workforce, as well as concerns over volatile labour relations in South Africa.

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2. CEO's statements

Mike Upton

The group faced the continuation of a more difficult operating environment than expected due to the intensity of several external and internal conditions. These factors required the executive team to re-prioritise resources primarily towards addressing three inter-linked material issues, whilst maintaining traction towards its long term strategic objectives and achieving a competitive performance.

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3. CFO's statements

Cristina Freitas Teixeira

Against tough market conditions, the group's strategic positioning and business model delivered a broader infrastructure offering, which contributed to the solid performance.

We are therefore pleased to report improved results, with increased revenue, operating profit and earnings over the comparable reporting period.

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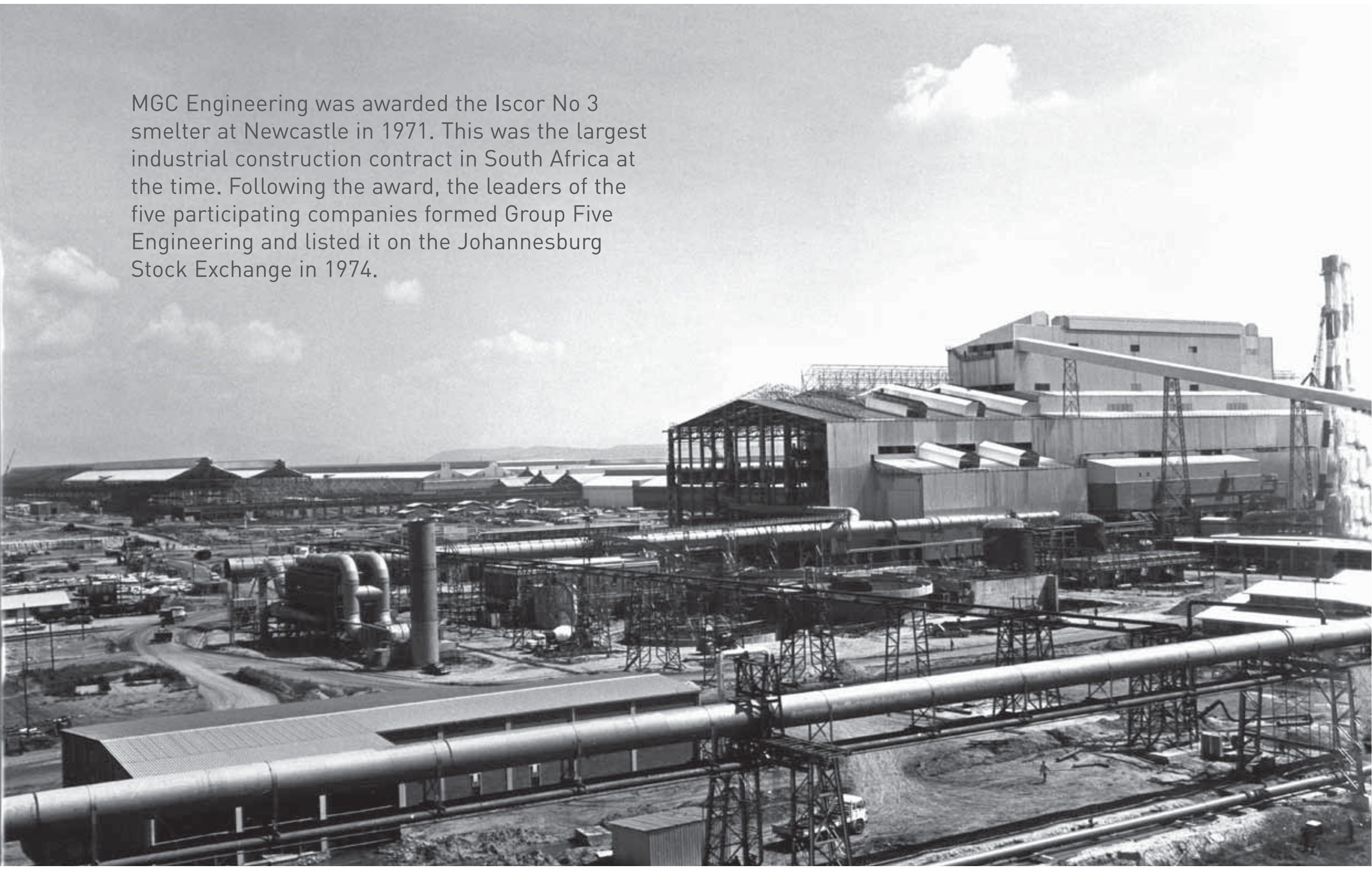
History of Group Five

Group Five was created
from the amalgamation of

five companies.

1	2	3	4	5
McLaren & Eger	**CMGM**	**Peter Clogg Construction**	**Basil Read**	**MGC Engineering**
Formed in 1928 by engineers JW "Mac" McLaren and Ford Eger in Cape Town.	Formed in 1947 by Morgan, Gunning and Mitchell, three young engineers who left Roberts Construction to establish their own company.	Formed in 1969 by engineer Peter Clogg, supported by Mike Lupton-Smith and Dries Prinsloo.	Formed in 1952 by Basil Read, a civil engineer.	Originated in 1971 as a consortium comprising Peter Clogg Construction, MGM and Gilles Mason Construction. This entity was established specifically to tender for the Iscor No 3 smelter contract.



MGC Engineering was awarded the Iscor No 3 smelter at Newcastle in 1971. This was the largest industrial construction contract in South Africa at the time. Following the award, the leaders of the five participating companies formed Group Five Engineering and listed it on the Johannesburg Stock Exchange in 1974.

A NUMBER OF CRUCIAL CORPORATE TRANSACTIONS FOLLOWED OVER THE YEARS, WHICH FURTHER ADDED TO THE STRONG LINEAGE OF COMPANIES THAT WERE INCORPORATED INTO GROUP FIVE.

Savage & Lovemore

Formed by Andrew Savage and David Lovemore after the Second World War in Port Elizabeth. It acquired Fowler Construction and Combrink Construction and RH Morris, whose origins can be traced back to 1878. This group was the oldest building company in South Africa at the time.

Darling and Hodgson (D&H)

Formed by Sandy Darling and Bill Hodgson in 1934. D&H acquired Savage & Lovemore and a 30% shareholding in Group Five in 1982 and was incorporated into the group in 1984.

Goldstein Building

Merged with Group Five in 1989.

Many iconic infrastructure

contracts

have been delivered by Group Five over the years. Some firsts for the group include:

First construction contract over-border

In 1975 the group was awarded a contract in Lesotho to construct the foundation of a treatment plant at the Letseng Diamond mine. Construction took place at over three kilometres above sea level in the Lesotho Mountains. Employees working on the site endured long periods of below zero temperatures and snow to successfully complete the works in 1976.

First industrial operations and maintenance contract

The group was awarded a petrochemical refinery maintenance contract for Engen Refinery in joint venture with Brown & Root (USA) in 1997. This contract established the group's expertise in industrial plant maintenance, with 450 maintenance employees on site.

First equity investment in a concessions contract

In 1995 the group invested equity in the first public private partnership motorway project in Hungary, the M5 motorway, which was also one of the first motorways in Eastern Europe. Two additional phases were added after Phase I and although the group disposed of its investment in 2009, our business Intertoll has remained the operator since 1995.

Enters the Middle East

An office was opened in Dubai in 2004 and a partnership agreement established with local UAE contractor Al Naboodah. By the end of 2005 the group had secured contracts of more than R1 billion in Dubai, including works for the Department of Civil Aviation to construct their airport cargo terminals.

First contractor to complete a 4-Star green-rated building

The group was awarded Phase II of Nedbank's 45 000m^2 integrated central office which was certified as the first 4-Star green-rated building in South Africa. The contract commenced in August 2008 and was completed in March 2010.

1974 1975 1976 1977 1978 1979 1980 1981 1982 1983 1984 1985 1986 1987 1988 1989 1990 1991 1992 1993 1994 1995 1996 1997 1998 1999 2000

First and largest turnkey engineer, procure and construct (EPC) contract

The design and construction of a world-class international airport, King Shaka International Airport in KwaZulu-Natal, was delivered on time ahead of the 2010 FIFA Soccer World Cup.

First significant independent power producer contract

IBOM Nigeria was a multi-disciplinary EPC contract for the design, supply, construction and performance testing of a 180 MW open cycle gas-fired power plant in Akwa Ibom State, Nigeria.

First renewable energy contract in South Africa

Two wind and two solar contracts were undertaken in F2014 as part of the Renewable Energy Independent Power Producer Procurement Programme Window 1 and 2.

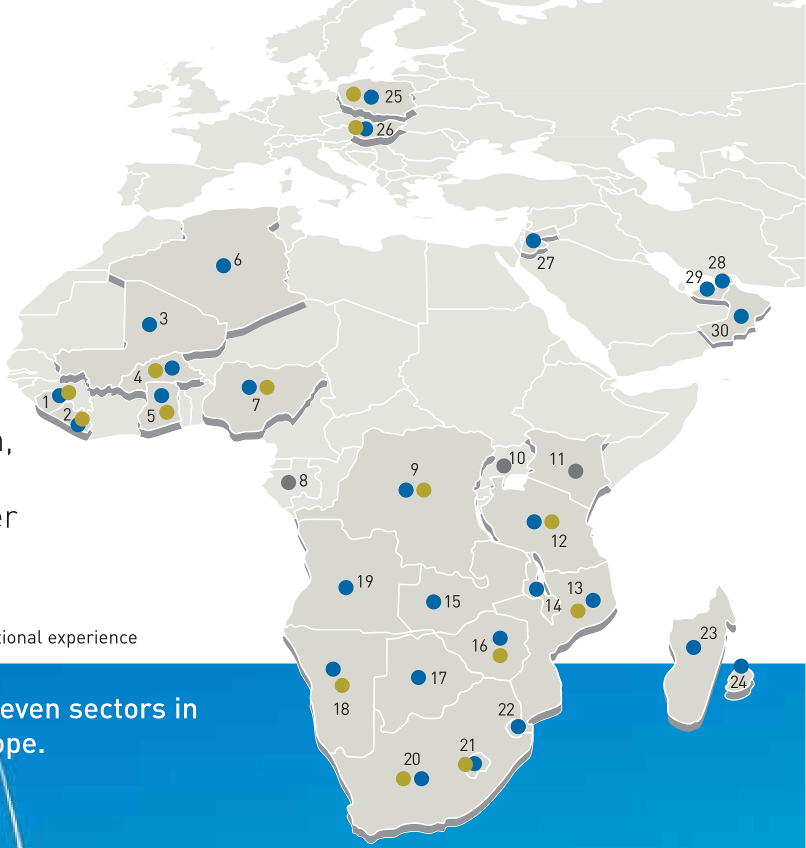
Successful delivery of a number of FIFA 2010 Soccer World Cup contracts

The group successfully delivered the Moses Mabhida soccer stadium in KwaZulu-Natal. In addition, the group was awarded two road improvement packages, Packages A and E, as part of the Gauteng Freeway Improvement Project Programme in preparation for the 2010 FIFA Soccer World Cup.

Largest contract executed

Transnet's New Multi-Product Pipeline and terminal infrastructure compares in scale and complexity with some of the largest pipeline contracts in the world. This contract involves the construction of a nationally strategic new 700 kilometre pipeline and associated infrastructure designed to convey various petroleum products between Durban and Johannesburg. The pipeline commenced with commercial operations in December 2011. In addition, the contract includes the construction of pump stations and petroleum handling and storage facilities, some of which will be completed during F2015.

2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014



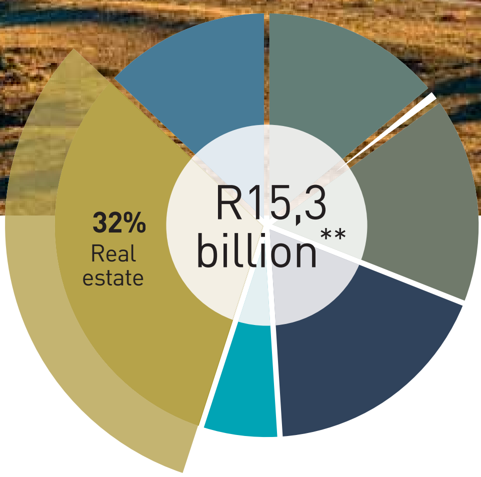
Today,

we have become a diversified construction, infrastructure concessions and related services group with the capability to deliver across the full infrastructure lifecycle.

● Active group contracts ● Potential work in progress* ● Group Five operational experience

We have a growing international client base in seven sectors in South Africa, the rest of Africa and Eastern Europe.

1. Sierra Leone
2. Liberia
3. Mali
4. Burkina Faso
5. Ghana
6. Algeria
7. Nigeria
8. Gabon
9. DRC
10. Uganda
11. Kenya
12. Tanzania
13. Mozambique
14. Malawi
15. Zambia
16. Zimbabwe
17. Botswana
18. Namibia
19. Angola
20. South Africa
21. Lesotho
22. Swaziland
23. Madagascar
24. Mauritius
25. Poland
26. Hungary
27. Jordan
28. Dubai
29. Abu Dhabi
30. Oman



Established presence in seven sectors

- **14%** Mining
- **1%** Industrial
- **16%** Power
- **18%** Oil and gas
- **6%** Water
- **32%** Real estate
- **13%** Transport

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EMPLOYEES
at 30 June 2014

* *Focus countries, although not trading yet.*
** *F2014 revenue from continuing operations.*

The evidence of what we do can be seen in the roads and railway lines that link city to city, in the harbours and airports that traffic people and goods, in the homes and offices that accommodate changing lifestyles and new ways of working, in the power plants and energy pipelines that light up lives, generate industrial development and fuel the drive to progress, in the dams and treatment plants that green the wastelands and bring clean drinking water to millions and in the mines and factories that harvest the wealth of nations and harness the potential of industry.

We have an assembly of skills and capabilities from development to design, from construction to operation and from project management to maintenance. We have a full portfolio, allowing us to work on massive, complex infrastructure contracts, from inception to completion and beyond.

The real power of what we do is around how we operate. We have defined this as:

structured ingenuity

The ability to deliver products and services according to tried and tested methodologies, integrated with the rigorous management of risk, guided by our safety, health and environmental philosophy of Zero Harm, across a multitude of disciplines and markets.

The ability to seek and find the solution that dwells inside the problem by using the power of innovation, in smart and unexpected ways.

Structured Ingenuity is the value we add, not just for our key stakeholders, but for everyone whose needs we serve through the infrastructure we create.

Our strategy and structure

THE GROUP'S STRATEGY IS TO ACCESS THE FULL INFRASTRUCTURE LIFECYCLE.

Capability to deliver over the whole lifecycle

GROUP CLUSTERS	DEVELOP	INVEST	DESIGN	SUPPLY	BUILD	OPERATE	SERVICE
Investments and Concessions	●	●				●	
Engineering & Construction			●	●	●	●	●
Manufacturing			●	●			
Construction				●	●		●

Multiple revenues and improved blended margin

THE GROUP'S TARGET SECTORS

Mining

Industrial

Power

Oil and gas

Water

Real estate

Transport

GROUP STRATEGY

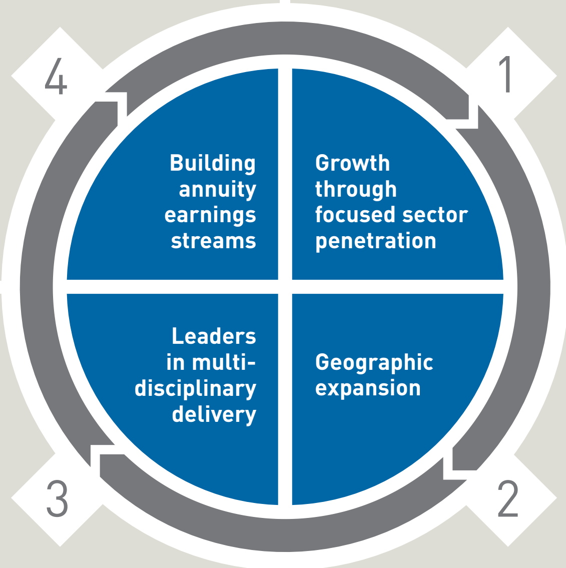
The group's strategy has four components:

ANNUITY STREAMS

- Manufacturing
- Concessions
- Public private partnerships
- Properties
- Operations and maintenance services

SECTORS

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



MULTI-DISCIPLINARY CAPABILITY

- Multi-segment execution
- Engineer, procure and construct

GEOGRAPHIES

- Africa
- Eastern Europe

How did our strategy deliver during the year?

1 Capacity to deliver infrastructure solutions for clients in seven target sectors 44

- The traded Contracting revenue for the year reflects a **more balanced representation by sector**, with an increase in the power and oil and gas sectors and a lesser focus on the mining and transport sectors
- However, following the near completion of three of the four renewable power contracts in South Africa and a quiet oil and gas and industrial market, recent contract awards have been within the real estate sector. This resulted in **further concentration of the order book by sector**. Pleasingly, we saw an increase in contracts won within the water sector

2 Geographic expansion aligned to the group's target sectors 46

- South Africa represented 76% of the group's total traded revenue for the year, an increase from the 68% in the previous year due to sizeable contract awards in the previous reporting period in the real estate and renewable power sectors
- The **total secured Contracting order book continues to be South African-weighted**, with 80% of revenue to be traded from local contracts. The rest of Southern Africa and West Africa represent 13% and 4%, respectively

3 Capability to deliver complex multi-disciplinary contracts through internal alignment of group resources 48

- In F2013 we reported that our estimated traded revenue from multi-disciplinary contracts in F2014 would be 20%. Pleasingly, we were **able to enhance on the opportunities available for internal alignment and collaboration**, with multi-disciplinary revenue for the year of 27%
- Looking forward, 18% of our Contracting order book and 21% of our Contracting pipeline provide opportunity for multi-disciplinary contracts

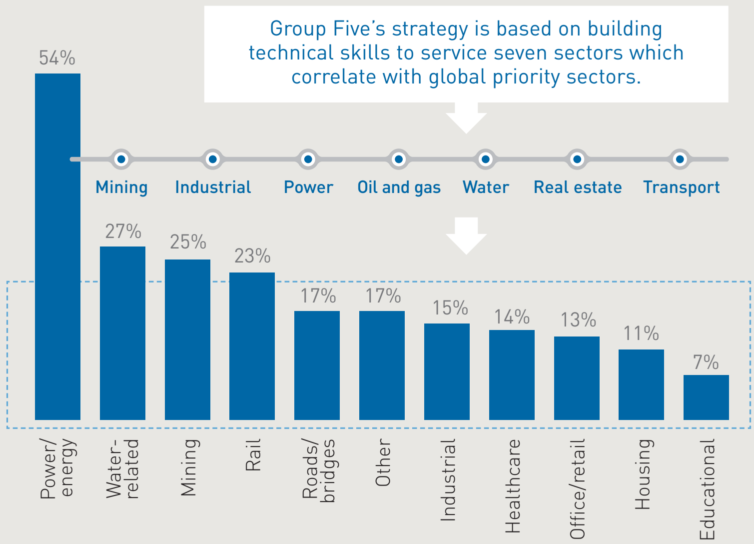
4 Building long-cycle annuity income streams 50

- Our secured **Operations and Maintenance order book is R4,6 billion to date of first review only**. This revenue stream provides good line of sight on profitability until F2023. Only one new project was secured in the year under review, as the timeframe taken to develop projects and achieve commercial and financial close is protracted
- In addition, **profit from non-Contracting businesses was 43% of group profit**, relatively unchanged from 47% last year

STRATEGY SUPPORTED BY GLOBAL RESEARCH

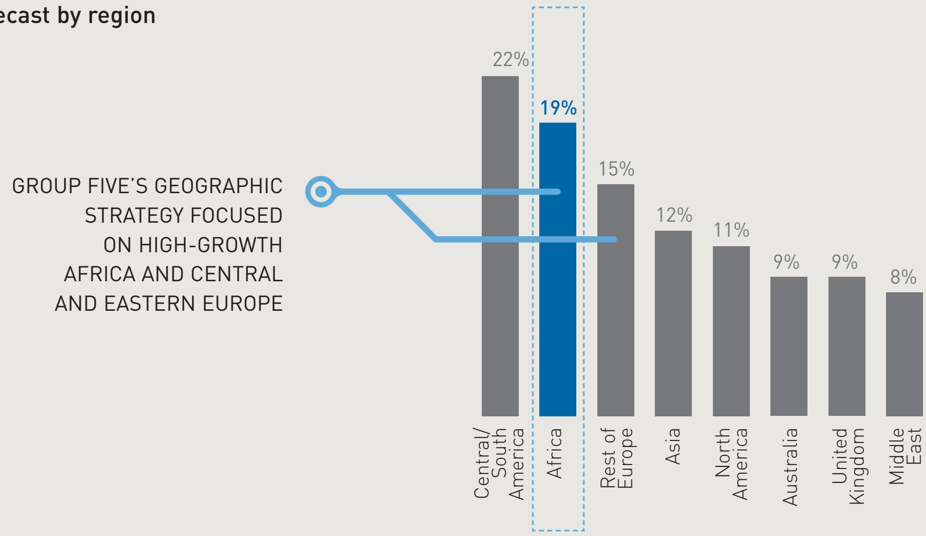
The group's strategy is reviewed annually and benchmarked against a selection of independent infrastructure market and strategy surveys. A recent global and regional survey conducted with 165 companies supports Group Five's geographic and seven infrastructure sector selection, which correlate to priority public and private sector spend. The graphs below outline the percentage of respondents who selected key sectors and regions in terms of their expected growth.

Top priorities for new industry sectors



Sample size: 165 companies, ten from South Africa

Growth forecast by region



Source: KPMG

VALUES

We strive to operate against a set of core values. These are intended to be the foundation of the group's culture and are imbedded in our strategies and policies and reinforced through the senior team's performance measures.

Refer to pages 106 to 111 and 114 to 115.

GROUP CORPORATE VALUES: People – Excellence – Transformation – Client focus – Integrity – Innovation – Performance

THE GROUP'S STRATEGY IS DELIVERED THROUGH A FOCUSED OPERATING AND SUPPORT STRUCTURE

Over the last few years, the operating structure has been refined to ensure effective delivery on our strategy of accessing more of the infrastructure value chain, with a focus on multi-disciplinary contracts in addition to our traditional general construction works.

Our group structure comprises four clusters, with an additional strategic client-facing business area supporting the identification and development of key contracts. Strategic Project Developments (SPD) is mainly responsible for the sourcing and development of large and multi-disciplinary contracts involving multiple segments across Construction and Engineering & Construction, key account management and African expansion. Within SPD, the group is further developing the specialist large contract leadership required to enhance delivery.

GROUP STRUCTURE ALIGNED TO DELIVER ON THE STRATEGY

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 group strategy, its performance, growth and ultimately its value-add to the group.

KEY STRATEGIC FOCUS AREAS

The forward-looking strategic agenda continues to focus on the group's four market-facing strategies, as well as an internally-focused supporting strategy.

The board has determined that management's strategic approach is sound and that the internal efficiency programme that was implemented during F2012 to F2014 has been a success.

With this as a backdrop, the forward-looking strategic agenda is in place, with the focus now on implementation due to slower progress in some areas against tough market conditions and resource constraints.

Our key strategic focus areas over the next year to three years will be:

STRATEGY ELEMENTS	FORWARD-LOOKING ACTIONS
1 CAPACITY TO DELIVER INFRASTRUCTURE SOLUTIONS FOR CLIENTS IN SEVEN TARGET SECTORS	• The sectors where the group will invest specific resources to drive growth in South Africa and the rest of Africa will be primarily oil and gas, power and transport, whilst maintaining our leading position in African mining. The real estate and water sectors currently offer selective opportunities • We have a presence in all our target sectors in South Africa and will continue to seek technical partnerships to further enhance our offering • The sector assessment will also dictate where our specific geographic growth will be achieved • In Central and Eastern Europe (CEE), the group strategy is to primarily access the concessions of transport infrastructure
2 GEOGRAPHIC EXPANSION ALIGNED TO THE GROUP'S TARGET SECTORS	• The group has successfully traversed much of sub-Saharan Africa and selected CEE countries at a contract level. However, the strategy is now focused on becoming an embedded infrastructure group in countries and regions that require the group's skills on a more sustainable basis in their relevant economic sectors to deliver their high-growth potential • The group will continue to create permanent, but lean, operating structures that are aligned to this strategy
3 CAPABILITY TO DELIVER COMPLEX MULTI-DISCIPLINARY CONTRACTS THROUGH INTERNAL ALIGNMENT OF GROUP RESOURCES	• We have successfully transitioned into a competent single source multi-disciplinary contract delivery partner to our target clients • However, the demand for this offering has recently exceeded our capacity. We are therefore now focused on building this capability more directly rather than relying on an amalgamation of existing segment resources at site level • This will be done through the group's SPD structure • The Group Five in-house training facility, The Academy, will be redirected to focus on building depth in construction and project management skills to resource this strategy
4 BUILDING LONG-CYCLE ANNUITY INCOME STREAMS	• As can be seen in our Operations and Maintenance order book, we have demonstrated our strategy at work, with the accumulation of a growing number of contracts that deliver multi-year returns • The public private partnership/concessions opportunities in selected African and CEE markets remain a key focus that has the potential to further drive growth across the group's operations, provide long term secured revenue, profit and cash to the business, and above-average returns to shareholders
5 INTERNAL FITNESS	• The group acted early in the industry downcycle, with a number of initiatives that simplified how we work, with financial and risk mitigation benefits to follow • The group has adopted a continuous improvement culture in this regard, which was further facilitated by the majority of Gauteng segments moving into an integrated central office

CASE STUDY

A renewable energy capability was established in the Power business within the Engineering & Construction cluster a few years ago, as this was identified as a key area of growth, especially wind and solar contracts. The investment incurred in establishing the capability has delivered returns following the launch of the South African government's Renewable Energy Independent Power Producer Programme (REIPP). To date, Group Five was awarded four renewable energy EPC contracts to deliver two wind farms and two solar power contracts.

These contracts involve harnessing wind and solar energy to generate electrical power using wind turbines and either concentrated (CPV) or conventional (PV) solar photovoltaic modules. The total generated electrical outputs from these renewable contracts are 212.5 megawatt (MW).

Group Five has a strong track record in EPC power plant delivery in Africa and is an approved EPC contractor to General Electric and other global technology providers. The group has the capability to co-develop contracts to bankability, implement turnkey EPC delivery and offer operations and maintenance services post the completion of construction.

- Soitec – COP17 CPV demonstration unit – 0.5 MW
- Klipheuwel Wind Project – 27 MW
  – Grid connection achieved December 2013
- Noblesfontein Wind Project – 74 MW
  – Grid connection achieved April 2014
- Touwsrivier CPV Solar Project – 36 MW
  – Grid connection achieved January 2014
- Jasper PV Solar Project – 75 MW
  – Grid connection targeted September 2014

An important feature of the group's success in the South African renewable energy programme is securing the long term operations and maintenance contracts of these power plants in addition to the EPC contracts won. This enhances the group's blended return on its investment into the renewable power market and adds to the group's strategy of growing annuity business to counter the cyclical nature of the construction sector and providing sustainable long term secured revenue and profitability.

In the current year, EPC contracts contributed 15% to the group's traded Contracting revenue.

As the construction of these contracts near completion, renewable energy contracts represent only 2% of the group's total secured order book, but the group is expected to trade R165 million in Operations and Maintenance revenue in F2015 to F2018 as these contracts come into operation and the next phase of the group's income stream commences.

Experience in engineer, procure and construct (EPC), with a current focus on **renewable** energy power plant EPCs

As a board, one of our key areas of focus is the monitoring of the group's engagement with all stakeholders. This is a standing item on our main board meeting agenda. The board receives quarterly updates on stakeholder engagement, with a specific focus on addressing areas of concern.

Philisiwe Mthethwa Chairperson

How our stakeholders impact our strategy

INTRODUCTION

This spread outlines our key stakeholders, why we engage with them, what the priority issues were for them during the year and how, as a board, we measure whether we are successfully addressing their concerns.

During the year, we had a particular focus on client relationships in the delivery of increasingly large and complex contracts and in addressing public sector client concerns following the Competition Commission findings with regards to the construction sector's past anti-competitive practices in South Africa. Employees were also a priority due to the drive to retain and attract talent and ensure diversity in our workforce, as well as concerns over volatile labour relations in South Africa. Engaging with employees on change management was also required during the year due to the move by the majority of the group's Gauteng businesses into an integrated central office for the first time.

On pages 20 to 23 we outline the key areas of concern communicated to us by stakeholders. We remain cognisant of the need to continue to address their issues.

Our employee survey indicated an improvement over the prior year and our results are now the highest they have ever been since the survey started in 2010.

We are pleased with the progress made in some of the areas of engagement during the year:

- Our employee survey indicated an improvement over the prior year and our results are now the highest they have ever been since the survey started in 2010. The strong improvements in culture and values and strategy, direction and leadership are particularly pleasing, as they reflect the outcome of a strong drive from the executive management during the year. Our ongoing focus on reviewing employee benefits resulted in vastly improved group disability insurance and insurance for employees travelling over-border
- Effective client engagement that led to awards across our key target growth sectors, which resulted in revenue and order book growth – particularly in power, real estate and mining in the rest of Africa
- Group Five has been at the forefront of seeking industry, government and black business engagement and rebuilding trust post the Competition Commission findings in South Africa. This has involved liaising with the industry representative body, The South African Federation of Civil Engineering Contractors (SAFCEC), in implementing a task team approach to working with government and addressing the most optimal manner in which to support the country's urgent infrastructure requirements
- Attracting new technical partnerships, particularly for the Renewable Energy Independent Power Producer Procurement Programme in South Africa where we successfully implemented four engineer, procure and construct (EPC) contracts
- Continued support from our debt and equity providers, with feedback indicating that they believe we have good financial risk controls and a centralised support structure which assists in ensuring that the executives remain close to issues
- In terms of investor and media communications, we won an Investment Analysts Society sector award for the seventh time, confirming that we provide robust disclosure

WHY DO WE ENGAGE?

EMPLOYEES

Employees have created our business through their enterprise, skill and commitment. We conduct regular feedback processes and aim to have open lines of communications to balance the concerns of current employees with the needs of the business. A group-wide employee survey, which reached 2 262 permanent and limited duration contract employees in South Africa, was conducted in June 2014. The results achieved were the highest ever.

CLIENTS

Our existence and growth depend on the group understanding the requirements of our public and private sector clients and providing effective solutions and infrastructure in line with their needs. Our client interactions inform our strategy reviews, business planning and budgeting and direct our resources. By engaging well with clients upfront and through the lifecycle of their contracts, we create client loyalty and repeat business.

GOVERNMENT AS A REGULATOR

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

BUSINESS ORGANISATIONS

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

BUSINESS PARTNERS

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

PROVIDERS OF FINANCIAL RESOURCES

(including debt providers and equity shareholders)

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

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

The group continuously engages with this stakeholder group with transparent and complete information to allow users to evaluate the group, its strategy and management in determining their support and investment.

ANALYSTS AND MEDIA

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

Communicating adequately with this group of stakeholders aims to promote accurate public reporting that prevents adverse impacts on the group.

COMMUNITIES

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

As part of our socio-economic development (SED) programmes, we also work closely with communities to establish how we can impact positively and strive to add value to their lives.

EDUCATION AND TRAINING INSTITUTIONS

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

WHAT WERE THE KEY STAKEHOLDER ISSUES DURING THE YEAR?

1 SAFETY

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Safety continues to be a key priority for a number of stakeholders due to the impact on lives and delivery of contracts. We have a stringent focus on safety and support our drive for Zero Harm through policies, systems and training, as well as holding management accountable. Although our overall safety indicators improved, we sadly and unacceptably suffered three fatalities during the current financial year.

How do we measure this?

Fatalities → Lost-time injury frequency rate → Near misses → Safety awards

Refer to page 57 for performance against our measures.

2 CHANGE AND TRANSFORMATION

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Transformation remains key to a range of stakeholders to ensure the group meets their expectations and commitments in terms of diversity and procurement. We have clear targets and development programmes in place for the advancement of employees, with a specific focus now on the improvement in senior management transformation, as measured by employment equity statistics.

How do we measure this?

Broad-based black economic empowerment (BBBEE) scorecard

The group has a sector-leading Level 2 BBBEE rating, with a new certificate issued in February 2014. The group scored 89.1%, the highest amongst competitors.

Ownership

The group's black ownership improved from 26.9% in 2013 to 34.6% in 2014. Black female ownership doubled from 4.3% in 2013 to 8.9% in 2014.

Employment equity

The group's scorecard allocation by level was amended during the year, which resulted in a technically lower score for employment equity. However, in reality we made good progress, with African, Indian and Coloured junior management representation improving to 76%, middle management to 29% and senior management to 23%.

Skills development

The group achieved 14.42 out of 15 points in terms of the skills development element of the BBBEE scorecard. Total spend increased by over 20% from R37,1 million last year to R45,1 million this year. This resulted in 1.9% of payroll spend from 1.6% last year. An average of R1 314 was spent per employee compared to R1 100 in the last financial year.

3 COMPLIANCE AND ETHICAL BUSINESS OPERATIONS

82

Following the Competition Commission findings in the construction sector last year, our home market of South Africa has a lot to do to bridge the mistrust between business and government.

How the group complies to regulations and guidelines, as well as how ethically it operates, therefore remains vital. The group has had no reported incidents of non-compliance to regulations and reinforced the communication of its Code of Ethics and business practices to all employees during the last few years. This has been supported by focused training programmes.

How do we measure this?

Breaches of compliance

Each executive committee member, together with the segment's managing directors, are directly responsible for ensuring compliance to relevant laws and regulations within their discipline of responsibility or business.

In addition, a central compliance manager has been appointed to enhance monitoring. Quarterly feedback is provided to the audit and risk committees.

There were no known breaches of legislative laws and regulations during the year.

Incidents of ethical and governance non-compliance

15 incidents of ethical non-compliance by employees occurred, which resulted in 12 employees being dismissed and three employees receiving written warnings. Most of the incidents were theft due to the employees experiencing financial difficulty

WWW Refer to the supplementary section of the integrated annual report.

4 MANAGING VOLATILE LABOUR RELATIONS AND JOB CREATION

40

The group's home market of South Africa experienced extreme labour volatility, including some incidents of violent and criminal actions driven by demands for wage increases and additional job creation, as well as some political motivation. Labour relations at sites have become more complex, with multiple routes of communication due to changes in the union environment, with a number of additional inexperienced unions to engage with and closer government involvement in key public sector contracts, such as power stations. An increasing number of strikes are unprotected.

Together with our clients, we are taking a firm stance to deal with unruly and unprotected labour unrest and associated community activism, as this is a material risk to the safety of our employees and to the delivery of large, mainly public sector contracts.

We continue to engage with our employees and the communities around our operations to support job creation and development against the needs of the operations, with a key focus on:

- internal promotions
- employee recognition initiatives
- training and development for future career progression
- training of unskilled members of the community to enhance skills development in the areas in which we work
- resourcing of contracts with individuals from the communities where we operate, as far as possible

How do we measure this?

Labour volatility

- Man days lost
- Union memberships

Refer to page 41 for performance against our measures.

Job creation and development

Internal promotions

As part of our employee value proposition, the group aspires to provide career and personal development opportunities to all our employees. A key measure of our success is the number of senior management appointments made from within the ranks of our employees. 80 out of 106 (75%) of the current senior management positions are held by employees promoted from within the group.

Training

Total training spend increased by 21% from R37,1 million last year to R45,1 million.

Community job creation programmes

The group's People at the Gate initiative was started in F2009 and focuses on employment of local skills around our sites. This programme has resulted in almost 1 800 community members from around our sites being trained. Of these, 90% were employed on our sites, with these jobs mostly being the community members' first formal jobs.

5

CAPACITY TO DELIVER ON CONTRACTS

52

As the group is increasingly involved in complex and larger contracts, stakeholders require confidence that the group has the capacity to deliver.

We are currently executing in a much more competitive market against the backdrop of severe shortages of key skills, particularly off the four-year decline in the industry from 2009, with the consequential loss of available core skills in areas such as specialist sub-contractors.

Our group strategy also directs that we joint venture with technical partners and build capacity to work as the lead contractor on larger contracts, generally for more technical work in chosen sectors. As measured by the group's progression against its sector and multi-disciplinary strategy, we have successfully made progress in addressing this stakeholder requirement.

How do we measure this?

Contract loss-/profit-maker ratio

	F2014	F2013	F2012
Contract loss-/profit-maker ratio*	**23%**	13%	27%**

* *The contract loss-/profit-maker ratio is a key measure the group 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 (measured by value).*
This sustainability indicator has been externally assured for the fifth year in a row. Refer page 93.

** *Excluding Middle East losses, the contract loss-/profit-maker ratio was 14%.*

The Building and Housing segment reported a pleasingly low contract loss-/profit-maker ratio, which demonstrates its ability to deliver contract profit in a very lean margin environment. This also illustrates the success of the group's strategy of not bidding on tenders which do not meet the group's risk appetite.

The Civil Engineering segment reported a weaker contract loss-/profit-maker ratio, with a few contracts requiring corrective action. Refer to page 72. Although the contract loss-/profit-maker ratio increased in the year, the estimated final position on most contracts is still profitable.

Excluding one particularly difficult contract in Civil Engineering which recorded a loss in the year, the contract loss-/profit-maker ratio would have been 18%.

Pleasingly, the group's contract margin enhancer ratio remains in excess of the contract margin absorber ratio. These internally monitored ratios indicate the extent to which tender margins are enhanced or reduced.

Senior level employee turnover

Our senior employee turnover is 4%, which is lower than industry norms. This stability assists us in developing successors in an industry where mentorship of emerging talent is critical in addressing the skills shortage.

Measure of spare capacity

The group has identified this as an area of weakness, with around 20 senior technical positions to be filled across the clusters and segments. The group has implemented a talent review process both internally and externally to address this. It is expected that these resources will be employed during F2015.

5. CAPACITY TO DELIVER ON CONTRACTS continued

Client confidence in the group indicated by negotiated contracts:

	Group's traded Contracting revenue					
	F2014			F2013		
	R millions	**% of traded revenue negotiated***	**% of traded revenue tendered**	R millions	% of traded revenue negotiated*	% of traded revenue tendered
Building and Housing	**4 430**	**37%**	**63%**	3 236	23%	77%
Civil Engineering	**3 760**	**19%**	**81%**	3 217	23%	77%
Projects	**1 741**	**–%**	**100%**	1 718	2%	98%
Engineering & Construction**	**3 297**	**3%**	**97%**	1 111	12%	88%
Total Contracting revenue	**13 228**	**18%**	**82%**	9 282	18%	82%

** Contracts where the group is invited to submit a bid.*
*** Excluding Operations and Maintenance revenue.*

Although the year-on-year percentage of revenue traded from negotiated contracts remains unchanged at 18%, it is pleasing to note that the segment with the largest revenue in the financial year is also the segment with the highest percentage of negotiated contracts. Negotiated contracts in Building and Housing's revenue increased from 23% last year to 37% this year.

In line with tendering norms for these businesses, the level of negotiated contracts within Projects and Engineering & Construction remains low.

Client confidence in the group indicated by awards of work with repeat clients:

	Group's traded Contracting revenue					
	F2014			F2013		
	R millions	**% of traded revenue won with repeat clients**	**% of traded revenue won with new clients**	R millions	% of traded revenue won with repeat clients	% of traded revenue won with new clients
Building and Housing	**4 430**	**55%**	**45%**	3 236	70%	30%
Civil Engineering	**3 760**	**96%**	**4%**	3 217	99%	1%
Projects	**1 741**	**26%**	**74%**	1 718	47%	53%
Engineering & Construction**	**3 297**	**49%**	**51%**	1 111	62%	38%
Total Contracting revenue	**13 228**	**61%**	**39%**	9 282	75%	25%

*** Excluding Operations and Maintenance revenue.*

The Civil Engineering segment continues to trade with its traditional client base, with only a slight diversification in the year.

The decrease in the repeat client work in the Projects segment was due to the segment securing additional South African revenue and securing new clients following further diversification into new regions.

The Engineering & Construction segment revenue included revenue on the four renewable energy contracts in South Africa, which represented a new client base for the segment and the group.

01

Year under review

The group faced the continuation of a more difficult operating environment than expected due to the intensity of several external and internal factors.

26

How our strategy assisted us to deliver against our material issues

60

Financial and operational performance

Reflecting on the year under review, the group faced the continuation of a more difficult operating environment than expected due to the intensity of several external and internal factors. The executive team was required to re-prioritise resources primarily towards addressing three inter-linked material issues, whilst maintaining traction towards the group's long term strategic objectives and achieving a competitive performance.

Mike Upton Chief executive officer

How our strategy assisted us to deliver against our material issues

In presenting this integrated annual report, management attempted to provide the reader with a simpler and more focused document that cuts to the chase of the business of Group Five and how the group's over-arching strategy and its business model assisted us to proactively identify and deal with the current volatility in our external market and the impact on our internal environment.

As outlined on pages 18 to 23, we have taken care to properly identify and understand stakeholders, their role in the definition of our strategy and their areas of concern.

We are recognised for our transparency in disclosure and regard our engagements with key stakeholders, who determine the group's sustainability, a primary responsibility of the board and the executive.

The elevation of our stakeholder base in this integrated annual report has been a valuable exercise for management to better understand our diverse and sometimes conflicting responsibilities in satisfying stakeholder demands.

The identification and illustration of the material matters are unpacked over the next few spreads. We have aimed to give the reader an in-depth illustration of the industry and the group's operating context, as well as how we managed to redirect our resources to enable the posting of a solid result for F2014.

As outlined on page 14, many of the matters highlighted and the initiatives implemented will remain a focus for the year ahead, as the operating environment remains tough. There are competing demands from stakeholders to grow within a stagnating South African economic context that is experiencing over-capacity versus a longer term more bullish outlook for the rest of Africa and Eastern Europe.

Material issue

one

CHALLENGING CONDITIONS IN OUR KEY MARKETS

Lack of spend in target geographies and spare capacity in our home market of South Africa

- Market conditions during the year
- Order book
- Pressure on margins
- Requirement to preserve cash

Labour volatility, mainly in our home market of South Africa

Material issue

two

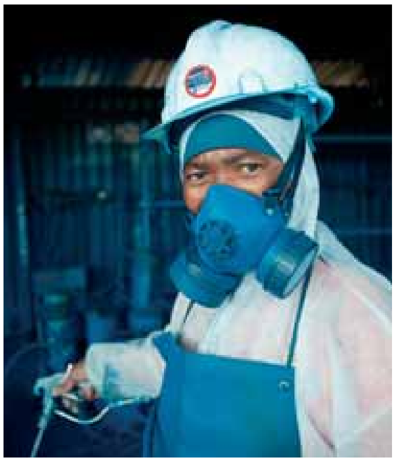
OPERATIONALISING OUR STRATEGY

Sector and geographic diversity

Multi-disciplinary offering at contract level and depth of experience in target markets

Developing annuity earnings streams

Capacity building and internal fitness



Material issue

three

FURTHER MATURITY IN SAFETY CULTURE REQUIRED

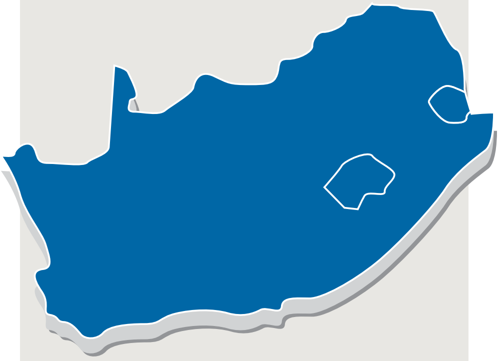
Managing safety incidents

MATERIAL ISSUE ONE	**Challenging conditions in our key markets**
MATERIAL ISSUE TWO	Operationalising our strategy
MATERIAL ISSUE THREE	Further maturity in safety culture required

Conditions in our key markets were challenging during the year, with a lack of spend in our target geographies and continued spare capacity and labour volatility in our home market of South Africa.

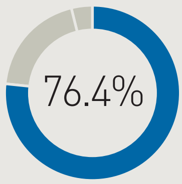
Lack of spend in target geographies and spare capacity in South Africa

- **Market conditions during the year**
- Order book
- Pressure on margins
- Requirement to preserve cash



South Africa

South Africa represented 76.4% of group revenue during the year



Market dynamics included:

- Increased volatility due to:
  - Uncertainty around national government elections
  - Significant labour unrest in many sectors
  - Continued lack of traction in large-scale public infrastructure
  - A weak Rand
  - Increased fuel and electricity prices
- The risk of a country credit downgrade, resulting in a slowdown in activities by both public and private organisations

Investments and Concessions

TRANSPORT Activity from the South African National Roads Agency (SANRAL) has slowed somewhat, with more competitive pricing. However, against significant public negativity in the past, policy support for road tolling appears to be more positive. The group's transport-focused business Intertoll continues to provide services to the mature SANRAL Comprehensive Toll Road Operations and Maintenance (CTROM) market in South Africa. This market is currently showing limited growth opportunities, together with some labour volatility and operational project risks.

REAL ESTATE There has been increased activity in large building real estate for corporates and retail, although construction margins remain thin. Banks continue to be reluctant to fund entry-level housing. However, the prospect for securing core anchor commercial or industrial tenants in support of property development projects has improved.

INFRASTRUCTURE DEVELOPMENTS Ongoing public sector delays in the implementation of public private partnership (PPP) projects, together with increased cost of project finance, resulted in project affordability and financial closure challenges.

Engineering & Construction (E+C)

POWER The roll out of the Renewable Energy Independent Power Producer Procurement Programme (REIPP) by the Department of Minerals and Energy (DME) was implemented, with projects from Window 1 and 2 in progress. Window 3 is in preferred bidder stage and Window 4's closing date has to be confirmed. As the renewable programme attracted international attention, this market has become more competitive. Tariffs awarded by the DME are also expected to decrease in the coming round of awards, with future awards to be less attractive to engineer, procure and construct (EPC) players. A new round of coal independent power producer projects (IPPs) similar to the renewable public private partnerships (PPPs) was launched by the DOE. Limited IPP projects were present in the market in the current year, although several industrial and mining co-generation projects are under development.

OIL AND GAS The oil and gas maintenance market remained active, with oil majors such as Shell, Engen, Sasol, Chevron and PetroSA requiring active maintenance, shutdown and turnaround work. A R40 billion programme to upgrade South Africa's oil refineries to produce cleaner fuel was delayed, with activity likely in the next two years. Labour productivity due to industrial and community action impacted some contracts in this market.

NUCLEAR The South African government announced its support for a nuclear build programme in the February 2014 state of the nation address, with the new minister of the DME expressing her support for nuclear energy. The release of the updated Integrated Resource Plan later in 2014 is expected to feature a nuclear build programme, with first power targeted for 2025.

Manufacturing

FIBRE CEMENT Our Fibre Cement business Everite experienced a very sluggish South African market due to diminished consumer spending, as well as more competition in the distributor market due to imports and the increased use of substitute products. As South Africa has high input and labour costs, other developing countries with comparably weak currencies are able to be more competitive.

In our Advanced Building Technologies (ABT) market, government is increasingly supportive of introducing innovative building technologies.

CONSTRUCTION STEEL Our construction steel business BRI saw very disappointing market activity in the South African building sector, with market over-capacity and aggressive competition, which resulted in very thin margins.

STEEL PIPE Our steel pipe business Group Five Pipe is experiencing increased orders based on the public recognition by government that a water crisis is looming in South Africa.

Construction

BUILDING AND HOUSING Due to extreme competition and spare capacity in the building market in South Africa, margins across the industry have been under pressure for some time. During the year, a small improvement in tender margins was seen, as some volume returned to the upper end of the market and in the public and private healthcare sector. Several local PPPs, which were expected to commence during the year, continue to be delayed.

The housing market remains a significant opportunity for the group. However, there are continued delays in addressing the funding and bureaucratic processes required to address the backlog of public housing in South Africa. Although mining houses started spending to address the requirement to improve their employee housing, the labour volatility in the sector resulted in some delays.

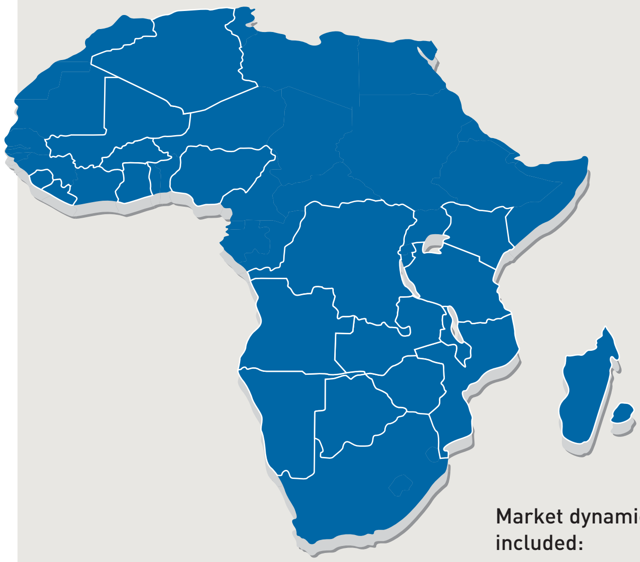
CIVIL ENGINEERING The civil engineering market continues to be severely impacted, with limited large contract awards and depressed margins. Public sector infrastructure roll out remained slow, with funding and implementation uncertain. This lack of traction constrained growth in much-needed primary public sector infrastructure, which in turn constrained growth in the private sector.

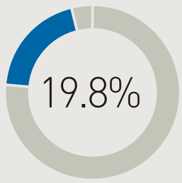
PROJECTS Outside of the major mechanical and electrical works in progress on the Eskom power stations, the heavy plant construction market in South Africa is under pressure.

The market saw significant slowdown in mining, affecting private sector contract awards. Continued labour volatility affected the running of public sector contracts, with limited awards in the period.

Lack of spend in target geographies and spare capacity in South Africa

- **Market conditions during the year**
- Order book
- Pressure on margins
- Requirement to preserve cash





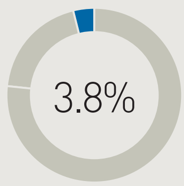
Rest of Africa

The rest of Africa represented 19.8% of group revenue during the year

Market dynamics during the year included:

The overall growth rate in sub-Saharan Africa exceeds that of most other regions worldwide, driven by expanding economic activities and urbanisation.

- Decreased commodity demand, which resulted in some slowdown in mining expenditure within the private African sector, with some exceptions where the group's reputation for delivery was rewarded with several large contracts
- Lack of award of public infrastructure contracts
- Increased international competition by global players



Eastern Europe

Eastern Europe represented 3.8% of group revenue during the year

Market dynamics during the year included:

- An increasing appetite in the region for the public private partnership/ concessions infrastructure model, which attracted competition and resulted in some competitors accepting materially higher risk and lower returns at levels which are not sustainable in the long term

Investments and Concessions

TRANSPORT African growth opportunities are encouraging. However, international competitor entry continues to increase.

REAL ESTATE The key focus in our real estate business is on the private sector, with selective assessment of PPP opportunities. Commercial/retail real estate markets in the rest of Africa are developing, with activity supported by South African retailers, banks and developers.

INFRASTRUCTURE DEVELOPMENTS Although there is significant debt and equity project finance available in the rest of Africa, developing contracts and matching funds available to appropriately structured bankable projects continues to be challenging.

Engineering & Construction (E+C)

POWER Power markets are becoming competitive over-border, with a number of foreign players accessing these markets due to the slowdown and recessions in their own home markets. There is some impetus being gained, although these contracts have long development timeframes of at least two years.

OIL AND GAS Our oil and gas business is currently only focused on South Africa. However, the business will increasingly expand into the rest of Africa to access the significant oil and gas opportunities in countries such as Mozambique.

NUCLEAR Our nuclear business is only focused on South Africa.

Manufacturing

FIBRE CEMENT African markets show good potential for building materials. Our Fibre Cement business Everite's export revenue portion is currently 6%. We have a renewed focus on the export market in Southern Africa, as well as niche overseas opportunities.

CONSTRUCTION STEEL Our construction steel business BRI is primarily focused on South Africa, with exports of commodity weld mesh and straight lengths to Southern African countries through local agents. BRI has supplied reinforcing steel on a supply-only basis to internal over-border contracts in previous years.

STEEL PIPE Our steel pipe business Group Five Pipe is only focused on South Africa, where the water market is developing. We do continually assess neighbouring countries' water pipe opportunities and based on the supply chain costs or scale of the contract, we would evaluate supply from our factory or the possibility of establishing certain manufacturing equipment in the foreign country.

Construction

BUILDING AND HOUSING Although the building and housing market is growing, there is not yet a huge volume of work. The group is focusing on the private market in West Africa (principally Ghana and Nigeria), as well as some opportunities in Mozambique, Zambia and Zimbabwe. The public sector is not as attractive due to sovereign risk. The PPP market will continue to be developed, with medium to long term potential.

CIVIL ENGINEERING AND PROJECTS Whilst the general African mining sector slowed, global economic growth is set to improve, which should benefit these businesses in the medium term. In the short term, timing of contract awards will continue to be uncertain.

Public sector contract opportunities for civil engineering are numerous, although there was very little traction in contract awards in the current year.

The threat of Eastern competition in the rest of Africa is real, particularly where sources of finance or investment decisions are based in the East.

Investments and Concessions

TRANSPORT Income in this market is derived from the group's transport concessions, housed in Intertoll.

Growth opportunities are available in new territories, which requires us to extend our geographic reach into new markets further east in Eastern Europe, outside of our traditional Polish and Hungarian markets. New projects are being considered in the Balkan states, Russia and their neighbouring countries.

Lack of spend in target geographies and spare capacity in South Africa

Market conditions during the year
Order book
Pressure on margins
Requirement to preserve cash

How we reacted: Order book

Impact

Although revenue grew strongly based on previously secured orders, the current order book was impacted by the lack of spend in both the public and private sector, along with significant competition and spare capacity in all the group's geographies.

The order book remains weighted to the group's positioning in South African real estate and power awards.

The group is in firm negotiations for an over-border contract which will significantly enhance the order book. If successful, trading will commence in F2015.

The **CIVIL ENGINEERING** order book, which has traditionally better margins and longer term contracts, was particularly affected.

There was some improvement in the contract awards secured by the **PROJECTS** business despite the market conditions in South Africa and the rest of Africa.

The **FIBRE CEMENT** and **CONSTRUCTION STEEL** businesses were impacted by lower volumes due to the local economic slowdown.

South African **CONCESSIONS** opportunities are limited due to indecisiveness on government policy. No concessions opportunity was secured during the year. In the rest of Africa, although no concessions opportunity was secured, the group progressed with the implementation of the toll road operating system installation as part of our Phase 1 Zimbabwe Infralink roads contract. In Europe, we continue to develop opportunities in new territories which are expected to result in new contracts in two to three years' time.

Actions taken

Investments and Concessions

We focused on securing additional pure operations and maintenance projects in South Africa and Eastern Europe and won the Magalies N4 West CTROM tender using our new in-house developed Intertoll toll system in South Africa, as well as the A4 toll plaza design and build project in Poland. We appointed additional resources in the new Eastern European markets we are exploring and are actively bidding on a variety of projects throughout Eastern Europe.

In the rest of Africa, by investing in resources and in our new in-house toll system, we continue to perform well on our toll contract in Zimbabwe. We also expanded the business development skills set and are resourcing the team to drive African targeted opportunities. The expansion has allowed us to bulk up on our quality, safety and system integration resources.

In Infrastructure Developments, we continue to focus on our ability to close privately funded contracts in Africa, which is a strong differentiator.

In Property Developments, various project marketing initiatives resulted in some growth in A-grade commercial/mixed-use projects in South Africa.

The development of a commercial and office complex in Ghana is underway, with the group currently benefiting from development fee income and construction margins, with expected equity returns in future years. In addition, some new South African developments commenced in Cape Town and Johannesburg.

Engineering & Construction (E+C)

Our historic investment to position ourselves for the renewable contracts in South Africa delivered returns, with the securing of four renewable energy contracts in Window 1 and 2 of the REIPP. These contracts contributed substantially to the E+C order book in the current year. We also developed a position in nuclear, which is already delivering contracts. During the year, we focused on developing bankable power contracts in the rest of Africa.

We are the largest oil and gas maintenance provider in South Africa, which led to us securing additional shutdown and maintenance contracts. We provide services to all major oil and gas players in South Africa.

Manufacturing

We are focusing on our supply excellence and speed of delivery, with a complementary basket of products that we continue to refine. We also renewed our focus on the export market in Southern Africa and niche overseas opportunities. Export sales in F2014 were 6% of revenue. ABT was awarded another two-year agreement to supply temporary structures in the Eastern Cape. It also successfully completed its first Reconstruction and Development Programme tender using innovative building systems, which resulted in a nomination in the provincial Govan Mbeki awards.

Building and Housing

In Building, recent awards include the Mall of Africa, destined to be one of the largest retail centres in Africa. This mall is situated in the Waterfall development in Gauteng.

We also secured two hospitals in South Africa, the Bophelong Hospital and Nelson Mandela Children's Hospital. These contracts have ensured a mix of both public and private sector contracts. Our preferred contractor status at Waterfall, a 25-year development in Gauteng, provides a base load of construction revenue, albeit at very competitive margins and subject to delivery and capacity reviews.

In Housing, we are focused on the mine housing market, mainly within South Africa. We secured some sizeable contracts during the current financial year. This, together with a focus on our delivery track record of large-scale housing schemes rather than bidding at low prices at the lower end of the market, resulted in less, but larger contracts, with the maintenance of margin and a mix between the public and private sectors.

The segment did not secure any contracts in the rest of Africa.

Civil Engineering

To address the low level of activity in the South African market, during the latter part of the financial year the segment focused on the development of over-border work in the transport and mining sectors. This allowed the segment to trade at revenue levels not seen since 2010. Revenue during the year was derived from both South Africa and the rest of Africa. However, replacement of the forward order book was weak during the year, which is placing pressure on the segment. A strong future pipeline of work at tender or pre-tender stage should flow through into awards in F2015.

Projects

Against tough conditions in South Africa and the rest of Africa, Projects recently secured several large contracts based on its track record and ability to construct complex plants and work in difficult locations.

Strategic Project Developments

Strategic Project Developments (SPD) leads market and contract development and the sourcing and development of especially larger multi-disciplinary contracts. The first phase after launching SPD at the end of F2012 has been spent in assessing the contract and financing flows in target sectors in selected territories, identifying key role players and potential new clients in these markets and progressing the establishment and resourcing of its lean permanent African presence. This included the appointment of local country managers.

Additional non-executive board members were also appointed to further assist African growth strategies.

Lack of spend in target geographies and spare capacity in South Africa

- Market conditions during the year
- **Order book**
- Pressure on margins
- Requirement to preserve cash

How do we measure the impact?

Revenue traded in the year*

Rm	F2014	F2013	% increase
Investments and Concessions	**905**	729	24
Engineering & Construction	**3 521**	1 170	200
Manufacturing	**1 039**	1 061	(2)
Construction	**9 931**	8 171	22
Building and Housing	**4 430**	3 236	37
Civil Engineering	**3 760**	3 217	17
Projects	**1 741**	1 718	1
Total	**15 396**	11 131	38

* *Total revenue per group segmental report.*

Against weak markets, we managed to **increase revenue by 38% due** to our strong focus on securing work in various markets such as renewable power, oil and gas and African mining, as well as positioning ourselves to extract value from developed relationships, such as at the Waterfall development in Gauteng. Although this strategy required investment and development in prior years, it delivered returns in the current year.

Total Contracting order book

Rm	June** 2014	Dec 2013	June 2013
Construction	**11 375**	11 471	10 350
Building and Housing	**6 833**	6 637	5 611
Civil Engineering	**2 442**	3 357	3 547
Projects	**2 100**	1 477	1 192
Engineering & Construction	**1 174**	2 541	3 883
Total	**12 549**	14 012	14 233

** *Externally assured. Revenue to be executed from 1 July 2014 based on secured contracts only, i.e. the group's Construction and Engineering & Construction contracts secured order book.*

Despite weak markets, Building and Housing and Projects were able to replace their traded work and even improve during the year. Engineering & Construction is in firm negotiations for an over-border contract, which will significantly increase its order book and geographic exposure. If successful, trading will commence in F2015.
The Civil Engineering order book remains a focus due to its short duration and size.

The group's Operations and Maintenance (O&M) traded revenue and independently-assured O&M secured order book are contained on page 51.

FOCUS GOING FORWARD

Investments and Concessions

In South Africa, we need to address CTROM market challenges and refine our in-house toll system to be CTROM compliant during F2015/F2016, which will support securing future projects and further reduce our risks in executing CTROM contracts.

In the rest of Africa, we will focus on the roll out of our Zimbabwe project and achieving the selection as preferred bidder on another concessions contract in the rest of Africa.

In Europe, we will continue our geographic expansion, with the aim of achieving a significant new contract in two to three years.

Building and Housing

In Building, we will focus on contracts in the rest of Africa, especially retail developments where the group has been exploring opportunities alongside retailers and developers in a few selected territories where we have previous operating experience.

In Housing, we expect to see growth from the execution of the South African 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 gradually developing social housing market through established strategic partnerships.

Engineering & Construction

In Power, we continue to focus on **market opportunities,** although awards take time. In Oil and Gas we will focus in South Africa, as well as implementing an over-border growth strategy. In Nuclear, we will focus on our secured contract at Eskom's Koeberg plant, as well as seeking to secure a second contract, whilst keeping close to developments in the government's "New Build" programme.

Civil Engineering

Civil Engineering should see growth opportunities 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. However, short term performance is dependent on achieving good execution, focusing on supporting key clients and working with the group's SPD team.

Manufacturing

Our Fibre Cement business Everite will continue to market to the end-user directly and through the established merchant chains, as well as further **improving efficiencies and growing** our presence in the rest of Africa. Our construction steel business BRI will continue to manage extremely tough market conditions of muted demand and historically installed excess capacity through our cost leadership position. In our steel pipe business, we will further expand internal capacity to satisfy an increasing market demand.

Projects

Although traditional African mining markets slowed, the order book was sustained off a reputation to deliver.

In addition, as the segment is a general plant erector, its skills can shift between sectors in support of the group's wider strategic focus areas.

Lack of spend in target geographies and spare capacity in South Africa

Market conditions during the year

Order book

Pressure on margins

Requirement to preserve cash

How we reacted: Pressure on margins

Impact

Although we do not tender on contracts that do not meet our margin, cash and return targets to reduce the risk of operating and cash loss contracts, the longer than expected tough market conditions in all our geographies continued to impact margins in many of the group's segments.

Actions taken

To protect or enhance the margins secured on each contract, we focused on:

- **bid selection criteria and risk processes**
- **execution**
- **pricing and estimating accuracy**
- **counterparty risks**
- **supply chain costs**

This required us to be critical in terms of assessing tenders and balancing the decision between risk versus utilising available internal capacity and achieving adequate returns.

Our internal fitness programme completed in F2014 created lean financial, risk and commercial structures independent of business segment operations to introduce adequate levels of segregation of duties and monitoring controls.

Despite the spare capacity and competition, the group was able to, with the exception of Civil Engineering, deliver on its committed underlying operating margins to stakeholders.

How do we measure impact?

Core operating margin

%	F2014	Targeted range	F2013
Investments and Concessions	**21.8**	15 – 20	23.9
Engineering & Construction**	**2.7**	3 – 5*	2.4
Manufacturing	**8.3**	6 – 8	7.9
Building and Housing	**2.0**	2 – 4*	1.2
Civil Engineering	**1.8**	4 – 6*	3.4
Projects	**6.9**	5 – 8	6.7

* *At the lower end of the range over the short term.*
** *Excluding nuclear development costs, the underlying margin was 3.1%.*

All segments performed largely in line with expectations and guidance provided, with the exception of Civil Engineering where margins were impacted by management's more cautious view on the estimated final completion margin on two contracts reported in the half-year results and the slower than expected recovery in margins in the second half of the year. Engineering & Construction displayed robust growth and improved trading results, although margins are lagging pending final completion agreements on current contracts.

FOCUS GOING FORWARD

We will focus on:

- improved mobilisation and execution on contracts
- supply chain efficiency management
- critical selection of contracts where we have a differentiator and where there are pockets of reduced competition. These include remote areas where we work well, areas where we have technical differentiating skills either ourselves or with partners and larger more complex contracts where less players operate
- reviewing our risk appetite to capture higher returns

Lack of spend in target geographies and spare capacity in South Africa

- Market conditions during the year
- Order book
- Pressure on margins
- **Requirement to preserve cash**

How we reacted: Requirement to preserve cash

Impact

A delay in contract awards prevented us from relying on an increase in advance payments and excess billings traditionally associated with an increased order book.

The reduction in the number of tenders to market and increased competition in all of the group's geographies also required a continued focus on the group's financial risk management policies due to the potential impact on:

1

Cash absorption

Should contracts become loss-making, especially where contracts were secured at very thin margins which convert to negative margins.

2

Working capital unwind

Where clients delay payment on already certified work or delay the certification of work performed. This has been specifically prevalent in the current year where it appears that the credit environment in South Africa and the rest of Africa has weakened and a few clients delayed settling certified and due amounts.

3

Additional financial risk

Additional financial risk may have to be assumed with reduced return in certain sectors such as infrastructure concessions to prevent the group becoming uncompetitive.

Actions taken

- We applied stringent centralised financial policies, specifically at pre-tender risk review stage, including:
  - the assessment of client credit risk
  - contract structuring
  - targeted cash and contract returns
- We adequately managed our balance sheet, with sufficient free cash on hand
- We have, over a number of years, consistently been able to improve our working capital and retain a healthy level of advance payments and excess billings over work performed. We also focused on a collection of trade receivables
- However, in the current year, increased delayed payments by a few clients on certified debtors placed pressure on the group's working capital, as can be seen in the table

We closed the financial year with a **high cash balance** on hand, without requiring a material increase in the order book and in spite of client credit pressures.

How do we measure impact?

The movement in cash on hand over the last two financial years is disclosed below:

R'000	F2014	F2013
Cash and cash equivalents		
At beginning of year	**2 954 123**	2 265 028
(Decrease)/increase during the year	**(41 883)**	689 095
At end of year	**2 912 240**	2 954 123

Cash on hand remained largely unchanged at R2,9 billion, with a net R41,9 million outflow during the year.

However, as expected, a R327 million net outflow was experienced in the second half of F2014 from the R3,2 billion cash position at December 2013.

This was due to the slowdown in contract awards in the second half of F2014, with the resultant unwind in the group's Contracting order book and the reduction in advance payments received as contracts neared their end and were not replaced.

The advance payments received reduced from R607,1 million in F2013 to R390,2 million.

The trading environment affected the group's working capital in the following manner:

	F2014	F2013
Cash from operations before working capital changes	**902 847**	685 125
Working capital changes	**(519 030)**	267 215
Increase in trade and other payables	**449 622**	887 685
Increase in trade and other receivables	**(596 837)**	(811 018)
(Increase)/decrease in contracts in progress	**(333 100)**	216 113
Increase in inventories	**(38 715)**	(25 565)
Cash generated from operations	**383 817**	952 340

The decrease in advance payments negatively impacted the trade and other payables by R217 million.

An increase in contract work in progress impacted working capital negatively at year-end. Certification and collection is expected within three months.

Additional disclosure on trade and other receivables is provided on page 86.

FOCUS GOING FORWARD

We will focus on:

- Stringent application of our centralised financial policies, specifically at pre-tender risk review stage, including the assessment of client credit risk, contract structuring and targeted cash and contract returns

Labour volatility, mainly in our home market of South Africa

The group experienced an increase in the number of man days lost due to strike action in F2014. This was mainly driven by the 15-day civil industry strike in September 2013, which resulted from the breakdown in negotiations between the Southern African Federation of Civil Engineering (SAFCEC) and the major unions in the sector.

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. We continue to engage with unions, hold senior leadership positions in key industry bodies and have active dialogue with clients to work towards solutions. Man days lost due to strike action increased from 18 348 in F2013 to 24 441 in F2014. The majority of these days can be attributed to the 15-day civil industry wage strike during the year.

However, what has been concerning is the increasing prevalence of unprotected and unprocedural strikes. We believe this is indicative of the declining influence of the major traditional unions and the increase of new, smaller and more militant unions. Labour relations at sites have therefore become more complex, with multiple routes of communication due to changes in the union environment, the additional inexperienced unions to engage with and closer government involvement in key contracts.

WWW Refer to the supplementary section of the integrated annual report at www.groupfive.co.za for more information.

Impact

We had

24 441

man days lost to strikes

Actions taken

We took a firm stance in dealing with labour unrest and associated community activism, as this is a material risk to the safety of our employees, as well as to the delivery of large, mainly public sector contracts.

We have:

- implemented a policy and procedure to assess and price industrial relations (IR) risk on sites at tender stage based on the site location and potential for community activism around the site
- raised the level of our site-based IR practitioners to be more proactive and compliance-focused as opposed to administration-focused
- continually focused on site discipline and not acceding to employee demands if the general principles are more important
- maintained the core principle of centralised bargaining on issues that cut across sites

How do we measure impact?

MAN DAYS LOST

Man days lost due to strike action increased from **18 348 in F2013 to 24 441 in F2014**. The majority of these days can be attributed to the 15-day civil industry wage strike during the year.

UNION MEMBERSHIP

There has been a steady increase in the number of unionised employees since 2012. We are currently reaching the levels last seen in 2010. Union membership this year increased to 2 494 members compared to last year's 2 120 members, mainly due to a larger increase in local employees in the more unionised South African market than in the less unionised international markets.

While in real terms this represents **strong growth (17.6%)**, the membership as a percentage of the increased overall workforce of 14 485 only increased by 1.7% to 17.2%.

WORK STOPPAGES

Notwithstanding the increased volatility of strikes, the actual number of work stoppages and work interruptions **declined.**

This was mainly due to proactive and direct intervention by the group in potentially volatile labour situations and the increased use of community liaison officers. This improved our capacity to anticipate issues and resolve them before they escalate.

FOCUS GOING FORWARD

We require a **single set of wage rates** for multi-disciplinary construction sites. We are working with industry bodies to achieve this, as the current different rates, especially at general worker level, causes several industrial relations (IR) site challenges.

We will continue to proactively **engage with various unions** and other employee-related governing bodies.

Supervisor and management training will be intensified to enforce on-site adherence to group practices and procedures.

A specialist labour attorney was employed as a group IR specialist. This has greatly assisted our efforts in this area. We will ensure additional capacity in this critical area going forward.

We will continue to **work closely with our clients** to ensure that labour issues are dealt with as a team.

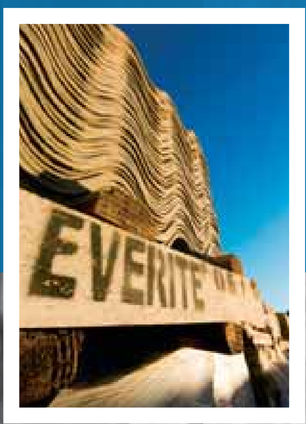
We are further developing **IR specialists on our sites**, as well as at our integrated central office. These critical resources are required to ensure more pro-activity in dealing with IR issues.

CASE STUDY

Our Fibre Cement business Everite is margin enhancing to the group, remains ungeared and continues to generate strong free cash.

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, ensures its long term sustainability.

During the last few years, the team has acquired internationally competitive technical knowledge to design and install primary production facilities and to improve raw material recipes which further enhance factory capacity and the quality of the products we manufacture. In recent years, we implemented two capital expenditure programmes using these designs. The implementation of S7 in F2006 removed bottlenecks to free up primary production.



Everite is a dedicated manufacturer of fibre cement building components and forms part of Group Five's diversified portfolio of businesses that supports its strategy to deliver across the infrastructure value-chain. Everite is a South African market leader. It has a diverse client base which assists to mitigate the group's exposure to the cyclical nature of mainly infrastructure construction markets.

During F2014, the S5 plant was commissioned which enabled Everite to reduce manufacturing costs and increase production speed and capacity to deliver enhanced output and returns.

The successful addition of modular housing systems, Advanced Building Technologies (ABT), to the Everite product portfolio four years ago is also of increasing importance to the group. ABT provides a solution in support of the South African government's low-cost housing drive and the growing African mining sector, as well as for permanent structures like clinics, schools and community structures where speed of delivery is a primary driver. The factory-built nature of the ABT product addresses the issues of on-site skills shortage, 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 as the concept gains wider acceptance.

During the current year, 793 ABT units were sold, which provided additional fibre cement production loading to the Everite factory.

Continuous technology advancements in Manufacturing

MATERIAL ISSUE ONE	Challenging conditions in our key markets
MATERIAL ISSUE TWO	Operationalising our strategy
MATERIAL ISSUE THREE	Further maturity in safety culture required

Following previous years of refining our strategic direction, during the year under review we focused on further operationalising a sound strategy. A key lever to ensure traction is matching our existing skills set to a strategy that involves much larger and complex contracts and building skills in our key sectors and geographies.

Sector and geographic diversity

SECTOR DIVERSITY

Impact

The current order book is weighted towards real estate, mining, power, water and transport, with little traction in industrial due to market conditions.

Mining · Industrial · Power · Oil and gas

Water · Real estate · Transport

Actions taken

The group's support business of SPD is structured by sector, with **a champion** responsible for each of the group's seven sectors of focus.

SPD's focus is to lead penetration into all sectors, although primarily into the high-growth sectors that will support the group strategy to achieve a more balanced sector diversity in countries and regions where these sectors are set to dominate the growth themes in those markets.

Progress has been made in the analysis of the opportunities and the linking of potential new clients and partners with our strategic objectives.

How do we measure impact?

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

Traded Contracting revenue

%	F2014	F2013	F2012
Mining	**17**	25	19
Industrial	**1**	4	3
Power	**18**	8	8
Oil and gas	**19**	13	19
Water	**5**	5	4
Real estate	**31**	30	31
Transport	**9**	15	16

Total Contracting order book

%	June* 2014	June 2013	June 2012
Mining	**10**	10	20
Industrial	**1**	1	1
Power	**15**	22	20
Oil and gas	**8**	15	8
Water	**12**	7	4
Real estate	**44**	34	23
Transport	**10**	11	24

* *Externally assured.*

There has been a **significant rebalancing** of the traded revenue to include more power and oil and gas and to reduce the reliance on the South African transport sector.

An increase in Building awards have to some extent compensated for slower oil and gas markets and the limited traction in the water and industrial sectors.

Multi-year opportunity pipeline

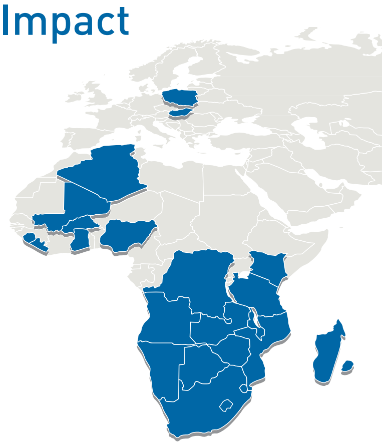
%	June 2014	June 2013	June 2012
Mining	**25**	24	20
Industrial	**2**	2	1
Power	**19**	20	7
Oil and gas	**13**	3	2
Water	**5**	10	10
Real estate	**7**	12	21
Transport	**29**	29	39

Opportunities in the short to medium term favour African mining, power and transport sectors, although we see an improvement in opportunities within the oil and gas sector.

Sector and geographic diversity

GEOGRAPHIC DIVERSITY

Impact



During the year, only

23.6%

of the group's traded revenue and 22.6% of Contracting revenue was generated from over-border work due to growth in real estate and renewable power in South Africa and weaker African mining.

We have historically had a predominantly mining offer over-border, with some transport and power and only a small portion of real estate.

THERE ARE DISTINCT DELAYS IN CONTRACT AWARDS IN THE REST OF AFRICA DUE TO THE TIME TAKEN BY CLIENTS IN BOTH PUBLIC AND PRIVATE SECTORS FOR CONTRACTS TO BE TENDERED AND ASSESSED, FEASIBILITIES TO BE COMPLETED AND SCARCE FUNDING SOURCED.

Actions taken

THE GROUP HAS OPERATED OVER-BORDER FOR AN AVERAGE OF 11 YEARS, WITH OPERATING EXPERIENCE IN SOME COUNTRIES SPANNING 17 TO 25 YEARS.

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.

We further increased our capacity in line with our strategic development over the last few years, with all of the group's segments now having established revenue streams in the rest of Africa.

Against this, the group continued to deploy key people over-border and provided dedicated training and recruitment.

Civil Engineering showed the most geographic growth in recent years, with 46% over-border revenue traded in F2014, coming from a market that was 85% in South Africa in F2011. The order book currently is 25% over-border, but will naturally fluctuate as work is won in target sectors in South Africa and over-border.

How do we measure impact?

Total traded revenue by region

%	F2014	F2013	F2012
Eastern Europe	**4**	4	5
West Africa	**2**	5	5
Central Africa	**8**	13	10
East Africa	**1**	1	1
South Africa	**76**	68	75
Rest of Southern Africa	**9**	9	4

Total Contracting order book

%	June* 2014	June 2013	June 2012
West Africa	**4**	2	4
Central Africa	**2**	6	14
East Africa	**1**	1	1
South Africa	**80**	79	62
Rest of Southern Africa	**13**	12	19

* *Externally assured.*

Multi-year opportunity pipeline

Opportunities in the short to medium term favour a more balanced geographic mix in both South Africa and the rest of Africa.

	INTERNATIONAL			LOCAL		
at 30 June 2014	Total	Private	Public	Total	Private	Public
Total Rbn	**91**	75	16	**111**	61	50
% of total pipeline	**45**	37	8	**55**	30	25
Pre-tender and tender	**57**	49	8	**47**	29	18
% of pre-tender and tender	**55**	47	8	**45**	28	17

Total opportunities at 30 June 2014
R202 billion

Total pre-tender opportunities at 30 June 2014
R104 billion

FOCUS GOING FORWARD

Sector and geographic expansion

- We need to ensure an improved spread of work between South Africa and the rest of Africa. This requires further traction from SPD initiatives, as one of its core objectives is African expansion, supported by the Contracting clusters
- We need to further indigenise into target African countries through the appointment of local senior employees
- Outside of the rest of Africa, Investments and Concessions is concentrated in Hungary and Poland due to market conditions and opportunities
  - Against this, new target countries are being developed for future projects and returns

Multi-disciplinary offering at contract level and depth of experience in target markets

Impact

We experienced a decrease in the value of multi-disciplinary contracts secured, as the type of work available in the current cycle favoured smaller contracts.

Actions taken

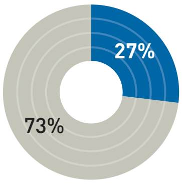
We are placing more emphasis on pre-bid contract assessments and filter processes.

We also launched an **initiative** to further develop the group's multi-disciplinary/cross-group project management function.

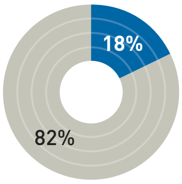
We formed joint ventures with experienced overseas partners on renewable contracts, developed our internal capability and recruited additional skills.

How do we measure impact?

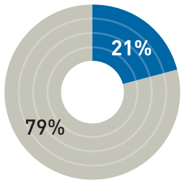
Growing multi-segment/cluster work:



27% multi-disciplinary – of traded Contracting revenue

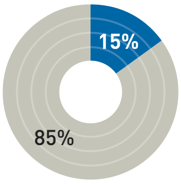


18% multi-disciplinary – of Contracting order book

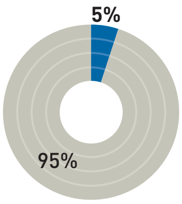


21% multi-disciplinary – of Contracting pipeline

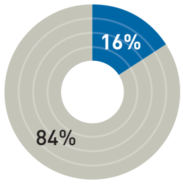
15% of the group's traded revenue was of an EPC nature versus 4% in F2013.



15% EPC – of traded Contracting revenue



5% EPC – of Contracting order book



16% EPC – of Contracting pipeline

In the prior year, the group disclosed that it expected that 18% of its F2014 contract revenue would be generated from contracts of an EPC nature. Due to the trade on the renewable energy contracts during the year, the percentage this year was 15%. The current order book is mainly re-measurable contracts with EPC expected at only 5%. The group's traded revenue from multi-disciplinary works was estimated at 20% in the prior year for F2014. We achieved 27% this year.

FOCUS GOING FORWARD

We require further refinement of our multi-disciplinary site collaboration model and behaviour. Although we are very successful in winning and implementing multi-disciplinary contracts, our cross-group collaboration can be enhanced to drive improved execution and commercial performance.

We will do this through:

- implementing dedicated, experienced resources to our front-end activities and contracts
- building core teams to lead cross-group, multi-segment interaction on large contracts
- increased interventions in distressed contracts

Partner/client selection risks are not fully appreciated at inception.

- The group's policies and risk assessment processes are being strengthened further to increase due diligence of partners and clients prior to the bid stage

The creation of SPD has been effective in actively improving the discipline and selection of contracts to ensure alignment with strategy. However, more work needs to be done to:

- build further specialist project leadership team skills for large contract delivery to enhance delivery on the strategy
- entrench the SPD team as the overall custodian of performance oversight on multi-disciplinary contracts, with responsibility for key account management and capacity building

We need to address the generational skills gap and build depth in construction to support the strategy for increased multi-disciplinary construction capacity.

- In line with this, we are redirecting our primary training focus towards "back to basics" construction skills and construction management skills programmes as a priority investment for F2015

Developing annuity earnings streams

Impact

Due to delays in the roll out of concessions and PPPs in South Africa, the group's targeted transport (toll road) and real estate annuity streams in South Africa did not materialise, although the projects remain in development.

Reliance on South Africa for concessions annuity growth reduced in favour of more attractive opportunities in Africa and Central and Eastern Europe (CEE), although awards have not flowed through yet.

Actions taken

We continue to hold funds for expansionary investments against our strategy. While some opportunities were delayed due to weak and slower markets, these remain target opportunities which we expect to be realised in F2015.

Manufacturing is regarded as a strategically important source of short-cycle annuity business which is value enhancing from an investment case perspective.

The cluster performed well and is starting to secure an order book with longer line of sight, which improved the predictability.

To provide additional disclosure, we are disclosing the Manufacturing order book for the first time. The Manufacturing order book stands at R467 million.

We have added incrementally to real estate annuity through rebuilding the property development portfolio in line with our strategy.

- **The Kalahari Mall in South Africa commenced trading in September 2013**
- **Capital Place in Ghana is under construction, with trading planned for H1 F2015**
- **Several new developments in South Africa and over-border are being progressed to bankability**

How do we measure impact?

Operations and Maintenance order book progression

R millions	Transport	Industrial and oil and gas	Power	Total
Traded revenue F2013	654	59	–	713
Traded revenue F2014	**834**	**224**	**–**	**1 058**
Secured revenue to be traded in F2015	836	92	38	966
Secured revenue to be traded in F2016 to F2018	1 763	–	127	1 890
Total secured revenue from 1 July 2014 to first review date*	4 316	92	192	4 600

* *Secured Operations and Maintenance order book valued using real cash flows (excluding escalation clauses) to the first review date. Externally assured for the first time in F2014. Refer to page 80.*

Outside of securing the Magalies CTROM R80 million project in South Africa, no additional operations and maintenance opportunities manifested over the last few months. The rate of trade therefore exceeded the replacement work awarded. This order book is expected to be lumpy due to the timeframe required to develop projects and achieve commercial and financial close, whilst the revenue continues to trade predictably once projects are secured. Awards in transport operations and maintenance-only projects assisted in maintaining this order book. The order book totalled R4,6 billion.

FOCUS GOING FORWARD

Operations and maintenance opportunities should be explored

in more sectors and geographies off the group's recent success in real estate, operations and maintenance and Polish and Zimbabwe toll operating concessions.

Technical, product and business partnerships for Manufacturing remain a focus.

We need to continue to deliver on our stated strategy of concessions portfolio growth through:

- Establishing future returns in power, real estate PPPs and transport concessions in Southern Africa through securing contract awards
- Increasing focus specifically on power and oil and gas and further transport operations and maintenance projects required to extract maximum benefit from the imminent opportunities in Southern, East and West Africa

Capacity building and internal fitness

Impact	Actions taken
The group's strategy and over-border expansion required the development of skills and capacity more rapidly than what was initially anticipated.	Lean, permanent dedicated group operational office locations were established in target geographies in West and East Africa and Southern Development Countries. The group increased its capacity in line with its strategic development over the last few years, with all of the group's segments now having established revenue streams in the rest of Africa.
As we experienced large growth in revenue in Civil Engineering off a lower base, during the year some execution challenges were highlighted. As the segment secured record revenues, the team suffered some late mobilisation on a few contracts and pricing errors, which led to margin erosion.	We are focusing on closely managing and monitoring contract performance and loss-makers, with executive involvement, as required. We critically assess tenders' pre-award, with a focus on operational, commercial and financial risk, including the adequate level of margin and cash required on contracts. Our internal "red flag" system first directs managing directors, then executive team members to intervene in contracts that show signs of becoming distressed. During the year, this process resulted in successful senior management intervention and corrective action.
We were experiencing additional cost, risk, inefficiency and lost opportunities in terms of having activities and transactions executed at segment level rather than centrally on behalf of the full group.	During the year, we created key centres of excellence in the group, which will enhance shared services and drive best practice in support areas. We will further build on the "one company" way of operating to ensure improved cross-business integration. We reduced complexity and cost and improved the speed and efficiency of business support operations over the last few years. During the year, all of the group's Gauteng employees moved from six different geographically spread locations into one integrated central office. This has already had hugely positive impacts in terms of how we operate as a group. Benefits that will start to flow through include cost reduction, as specialists are responsible for each support service on behalf of the group. Economies of scale will be achieved and risk reduced through the introduction of segregation of duties and transparency of activities within each business.
We have to continue driving increased diversity in the group.	We have focused on ensuring diversity of our junior and middle management, but need to now progress in terms of senior management. We have focused plans in place for this. WWW Refer to the supplementary section of the integrated annual report at www.groupfive.co.za.

How do we measure impact?

- Over-border employment — **24% of total employees of 14 485**
- Skills training over-border — **7% of 14 928 group training interventions**

- Critical skills vacancies are 5.1% of total employees in target categories
- Contract loss-/profit-maker ratio (measured by value) was 23% compared to 13% at December 2013 and June 2013
  - Excluding one specific loss-making contract recorded within the Civil Engineering segment, the group's contract loss-/profit-maker ratio (measured by value) would have been 18%

- Establishment of a number of centralised services departments which has already started to demonstrate tangible return on investment in terms of risk mitigation. It is expected to introduce cost reduction in the medium term, including:
  - Implementation of centralised accounting services
  - Improvement on centralised procure-to-pay process
  - Centralised facilities management
  - Centralisation and standardised recruitment
  - Implementation of a centrally-managed integrated employee services unit, which focuses on the efficient administration of employee needs
  - Implementation of standardised site administration

The most material investment in implementing these changes was the move of the majority of Gauteng segments to one integrated central office. Although this move came with an increased operating lease cost to the group, savings are already being realised.

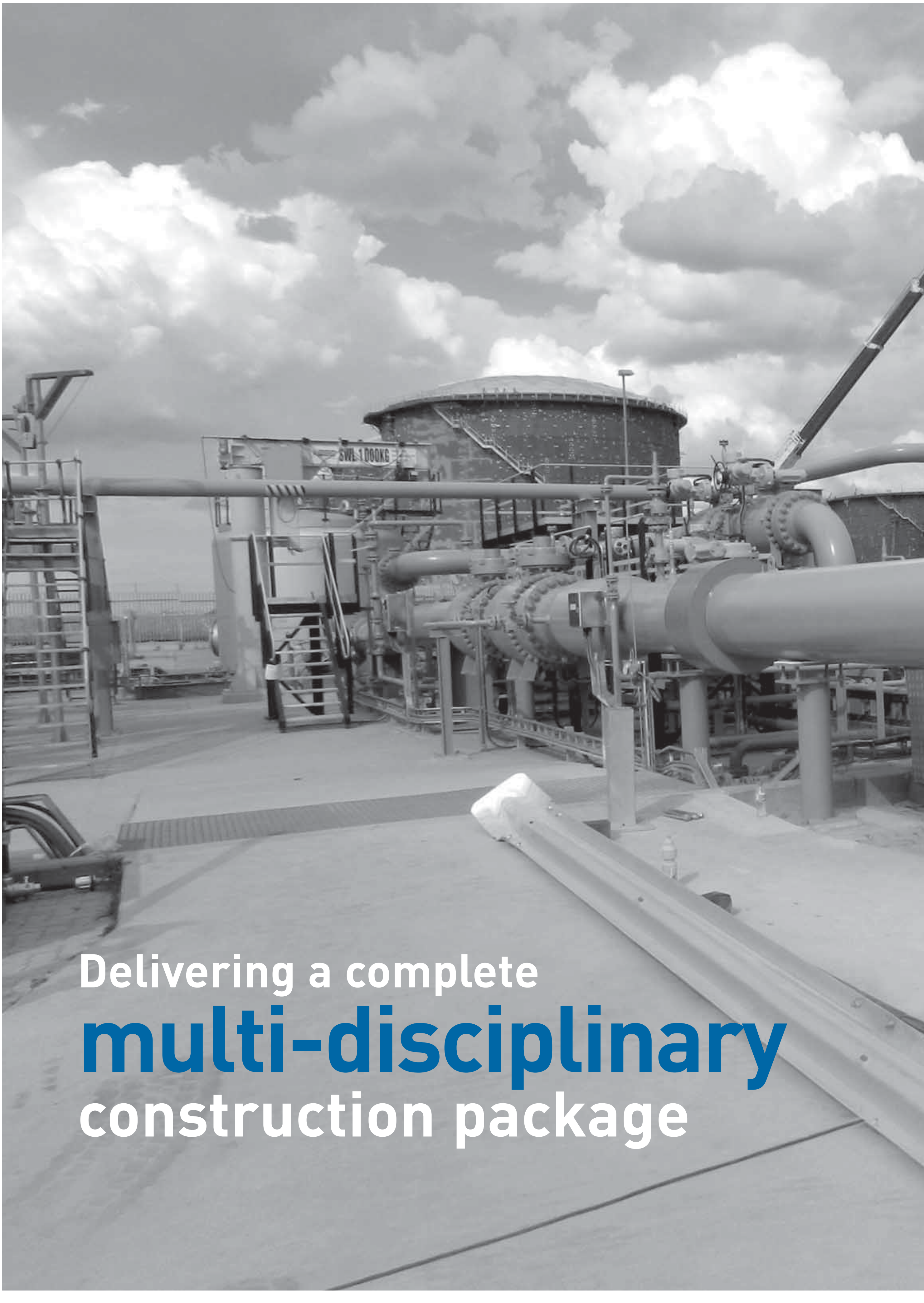
Refer to page 120.

Employment equity scorecard progression

	F2013	**F2014**
Senior management	19%	**23%**
Middle management	27%	**29%**
Junior management	75%	**76%**

FOCUS GOING FORWARD

- Following a focus on group-wide succession planning over the last two years, we need to continue to **refine the succession plans** for the group's senior leadership
- We will **continue to focus** on working capital management, cost management and application of funds to appropriate investments
- Following the actions taken through our internal fitness programmes, the group is now addressing its shortage of spare capacity to **drive its strategic agenda**, including operational capacity to expand into new territories and sectors
- Actions are in progress to achieve an **improved growth trajectory**. These include:
  - The Group Five Academy and HR mentoring programme will refocus on building operational capacity down to site level, rather than only through management programmes
  - Reviewing the operating structures in the larger Construction businesses to unlock new talent and employment equity opportunities
  - Embedding the group permanently in selected countries with lean, but local, leadership to drive business development and support operations
  - Continuous internal fitness programmes to hone efficiencies, reduce risk and shed waste



Delivering a complete **multi-disciplinary** construction package

CASE STUDY

Transnet Limited's New Multi-Product Pipeline (NMPP) contract is an example of a number of the group's segments working together. This contract for a nationally strategic new 700 kilometre pipeline and associated infrastructure started in 2011 and involves Group Five Civil Engineering, Building and Housing, Projects and Engineering & Construction to provide a unified multi-disciplinary construction solution.

The contract involves a number of phases. The main pipeline was designed to convey various petroleum products between Durban and Johannesburg.

This was followed by the construction of five large pump stations in KwaZulu-Natal that required four of the group's segments to deliver the heavy civils, mechanical and electrical construction work required for completion of this phase of the infrastructure.

Group Five's strategy has progressed over the last few years to include a strong ability to deliver multi-disciplinary construction contracts.

The last stage is the construction of sophisticated petroleum handling and storage facilities at each end of the pipeline. This includes the civils, mechanical and electrical installation, tankage and piping. Similar to the other phases of the contract, this phase also requires significant logistical planning, knowledge and resourcing to deliver technically complex systems. The storage and handling plant contracts include heavy concrete structures below and above ground, as well as water retaining tanks and extensive earthworks relating to the re-engineering of the existing sites. Further large components are mechanical and electrical equipment installation, piping and electrical installations and instrumentation, as well as the design and construction of the tankage for a fuel tank farm.

Building works consist of sub-stations, administration buildings, laboratories, reservoirs, water sewers, fire reticulation and associated road works.

The group's Manufacturing cluster was contracted to supply construction steel such as rebar and mesh from its BRI business.

This contract demonstrates Group Five's ability to offer a complete multi-disciplinary construction package and its ability to manage safety on complex contracts, with the lost-time injury free rate at 0.

The group continued to drive its commitment towards Zero Harm during the year through active involvement at every level. The lost-time injury frequency rate clearly showed an improvement over the year from 0.27 to 0.17 even against significantly increased contracts. However, three fatalities during the year required further executive management intervention and enhancement to the application of the health, safety, environment and quality (SHEQ) practices.

Managing safety incidents

Impact

The unacceptable fatalities that incurred necessitated a review of the SHEQ practices by management. This approach was applied to ensure that the health and safety of employees continues to be a key focus on each contract.

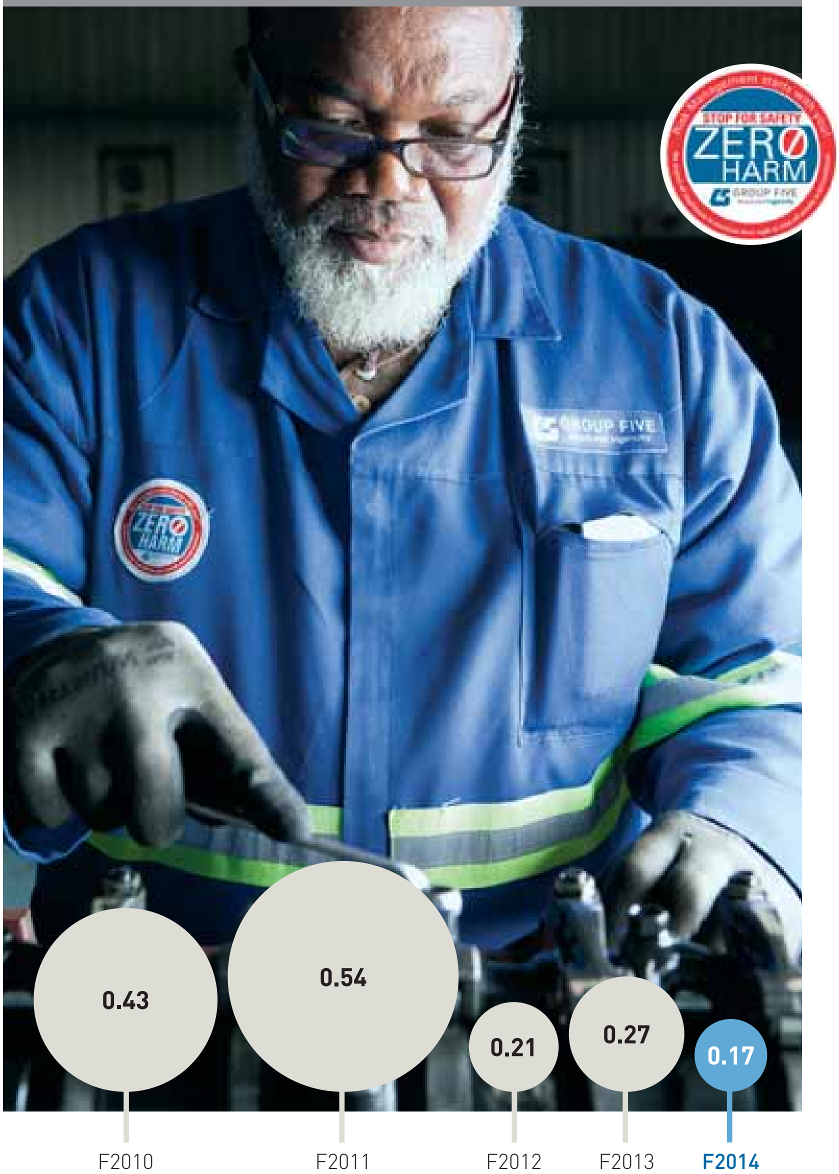
Actions taken

Based on the fatalities, a number of corrective actions were immediately taken, which included:

- Senior management held a Stop for Safety campaign, which included retraining employees on the risks pertaining to each particular area
- Group-wide interventions such as raising the standard of identification and mitigation of risks and conducting behavioural talks around personal safety, with daily inspections towards compliance and the importance of reporting unsafe acts and conditions
- An introduction of a central SHEQ Centre of Excellence supported by the executive committee members is currently being considered for integration. This will continue to contribute to the Zero Harm target and compliance towards all relevant international, national and regulatory requirements
- Detailed analysis of all incidents to assist in the effective management of risks, increase the reporting of unsafe acts and conditions without a blame culture, as well as further instil the ownership of personal safety

How do we measure this?

LOST-TIME INJURY FREQUENCY RATE (LTIFR)#



FATALITIES

F2014	3 (2 employees, 1 sub-contractor)
F2013	1 employee
F2012	1 sub-contractor
F2011	6 sub-contractors
F2010	5 (2 employees, 3 sub-contractors)

NEAR MISSES

Near misses are unplanned events that did not result in injury, illness or damage, but had the potential to do so.

F2014	**569**
F2013	551
F2012	890
F2011	908
F2010	572

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

Against an increase of man hours recorded, injuries decreased, as well as an improvement in the sub-contractor safety base.

Measure	**F2014**	F2013	F2012	F2011	F2010	F2009	F2008	F2007	F2006
LTIFR (permanent employees)^	**0.23***	0.21	0.20	0.36	0.33	0.39	0.50	0.64	0.85
LTIFR (sub-contractors)	**0.13**	0.33	0.63	1.03	0.98	1.02	1.39	1.53	1.76
Combined	**0.17**	0.27	0.21	0.54	0.43	0.55	0.92	1.34	1.76

* *Externally assured for the first time in F2014.*
^ *Employees in South Africa and the rest of Africa.*
\# *Total number of lost-time injury cases for the group x 200 000/total hours for the group.*

Managing safety incidents

THE GROUP IS SADDENED BY THE LOSS OF LIVES IN OUR OPERATIONS. OUR CONDOLENCES GO OUT TO THE FAMILIES.

In Construction

MTHOKOZISI NXELE, an employee at Spring Grove dam in KwaZulu-Natal, unfortunately slipped whilst leaving an agreed designated walkway, causing him to fall approximately 15 metres.

RIAAN WHITE, an employee at Noblesfontein, a power site in the Northern Cape, was struck with a cement pump pipe which swung out of control due to an unknown blockage, resulting in him falling and hitting his head.

In Manufacturing

At Everite in Gauteng, **AARON RADEBE**, a contracting employee, was assisting a colleague to pump grey water out of a sewage pump station with a petrol pump. As the normal practice did not work, the employees decided to lower the petrol pump into the confined space which caused the carbon monoxide produced to immediately deplete the oxygen. This caused both employees to become unconscious. Aaron unfortunately fell into shallow water and drowned.

FOCUS GOING FORWARD

The introduction of a SHEQ Centre of Excellence supported by the executive committee members is currently being planned. This will continue to contribute to the Zero Harm target and compliance towards all relevant international, national and regulatory requirements.

The team will consist of specialist and well-trained motivated SHEQ professionals who deliver beyond the client expectation at a reduced cost and risk. This will ensure a standardised approach.

Management have a very clear safety agenda in place to:

- make safety performance a more onerous metric of management's variable pay
- drive executive accountability, with personal accountability for investigation and corrective action by management teams and not only safety teams
- competence test safety procedures across the group
- restructure the safety organisational structure, which may result in taking site safety personnel into a centrally managed team to ensure that fully trained and competent individuals are deployed to sites and return for re-assignment post completion. Our current situation involves sites hiring safety personnel, which sometimes result in employees with limited capabilities and inadequate training

KEY SAFETY RISKS ACROSS THE GROUP

- Working at heights
- Working in confined spaces
- Equipment safe guarding, such as to prevent moving parts hitting someone
- Road safety and motor vehicle accidents, specifically light duty vehicles
- Operating surface mobile and lifting equipment
- Isolation of electrical equipment

TO ADDRESS THESE RISKS, THE GROUP CONTINUES TO IMPLEMENT IMPROVEMENTS, INCLUDING:

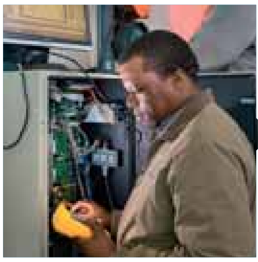
DAILY TOOLBOX TALKS

Continual monitoring and measurement of compliance against national and international legislation and group standards

STOP FOR SAFETY CAMPAIGNS on a regular basis

COMMUNICATIONS AUDITS TO ENSURE THAT RISK ASSESSMENTS AND ASSIGNED TASKS ARE UNDERSTOOD PRIOR TO THE EXECUTION OF TASKS

CONTRACTOR SAFETY, HEALTH AND ENVIRONMENTAL REVIEWS



Various inspections on site to evaluate the quality of service delivered

Specific safety campaigns

VISIBLE FELT LEADERSHIP ENGAGEMENTS

Against tough market conditions, the group's strategic positioning and business model delivered a broader infrastructure offering, which contributed to the solid performance.

Cristina Freitas Teixeira Chief financial officer

Financial and operational performance

Refer to the supplementary section of the integrated annual report at www.groupfive.co.za.

This spread should be read in conjunction with the audited annual financial statements contained in the supplementary section of the integrated annual report.

1

GROUP RESULTS

Group statistics for the year ended 30 June 2014

		F2014	F2013*
Revenue – R'000	39%	**15 339 630**	11 043 147
Operating profit – R'000	22%	**646 846**	528 245
Earnings per share – cents	52%	**401**	264
Fully diluted headline earnings per share from continuing operations – cents	26%	**400**	318
Dividends per share – cents	49%	**100**	67
Cash – R'000	–	**2 912 240**	2 954 123
Net asset value – R per share	20%	**25,99**	21,65
Net debt to equity ratio	–	**–**	–
Total order book† – billion	10%	**17,1**	19,0

* *Restated for first-time adoption of IFRS 11, Joint Arrangements and IAS 19 (Revised), Employee Benefits.*
† *Total order book is the sum of the group's Contracting order book and Operations and Maintenance order book.*

As outlined on pages 28 to 31, the South African market remains comparatively weak, with uncertainty in terms of timing of contract awards, exacerbated by the continued turbulence around local labour, a weak currency and a slowdown in activities in some of the sectors in which the group trades.

The rest of Africa's infrastructure remains an area of focus, and a compelling medium to long term growth driver for the group. However, it is accompanied with long project development periods for the larger contract awards.

Market sentiment in Eastern Europe is more positive than that experienced over the last three years.

Against these market conditions, the group's strategic positioning and business model delivered a broader infrastructure offering, which contributed to the solid performance. We are therefore pleased to report improved results, with increased revenue, operating profit and earnings over the comparable reporting period. It should be noted that the F2013 results for the Construction cluster were somewhat diluted by a charge against earnings following management's decision to raise a provision against the risk of a Competition Commission administrative penalty.

The underlying performance of all the group's businesses was pleasing in the context of weak South African markets and in line with expectations, with the exception of a slower than expected second half recovery in Civil Engineering. The contribution of the group's strategic positioning for annuity-type businesses of Investments and Concessions, Manufacturing and operations and maintenance contracts, as well as the group's strong reputation in African mining and energy and its leading position in the South African water and power sector has mitigated the effects of continued fragility in the South African building and civil engineering markets to some extent.

During the year, the group continued to implement the prudent approach previously adopted in terms of both the quality of the order book secured and its philosophy towards cash preservation to fund activity which will support future profit growth.

The following factors resulted in the group's reported total operating profit:

Group

- Surplus on the group's pension fund of R6,9 million (F2013: R9,5 million) as a result of an actuarial valuation assessment, offset by
- A charge against earnings of R30,0 million (F2013: R25,0 million) as a result of the implementation of the group's revised broad-based black economic empowerment (BBBEE) ownership transaction approved by shareholders in F2013

Construction

- **Civil Engineering**
  - As reported at interim results date, margins were impacted by management's more cautious view on the estimated final completion margin on two contracts. In the second half, we saw a slower than expected recovery of margins
  - The positive impact of a reduction in the losses and operating costs reported from the Middle East operations in line with forecast
- **Building and Housing**
  - A resilient performance from the segment, delivering their results from a mainly South African order book
- **Projects**
  - Continued solid performance following strong activity in African mining resources

Engineering & Construction (E+C)

- Robust growth in the cluster and improved trading results, although with lagging margins pending final completion agreements on current contracts

Manufacturing

- Robust earnings following management's focus on efficiencies

Investments and Concessions

- Ongoing strong operating performance from Infrastructure Concessions
- Fair value upward adjustments of R83,8 million (F2013: R86,5 million) from the group's investments in its service concessions

In addition, net earnings were positively affected by:

Discontinued operations

- A reduction in the losses reported by the Construction Materials discontinued businesses, with a net loss of R3,0 million (F2013: loss R47,8 million)

2

OPERATIONAL PERFORMANCE

CONTRIBUTION TO GROUP REVENUE

5.9%

(F2013: 6.5%)

CONTRIBUTION TO GROUP CORE OPERATING PROFIT

30.1%

(F2013: 31.6%)

Investments and Concessions

	F2014	F2013
Revenue (million)	**905**	729
Core operating profit (million)	**197**	174
Core operating margin (%)	**21.8**	23.9
Secured Operations and Maintenance order book* (million)	**4 316**	4 411
Investments in concessions (million)	**422**	361
Employees (pax)	**1 521**	1 494

* *Secured long term Operations and Maintenance order book to first review date as at 30 June 2014 (transport).*

Investments and Concessions consists of:

TRANSPORT

Transport comprises Intertoll, which operates full concessions and transport public private partnerships (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, with a limited footprint in Africa.

YEAR UNDER REVIEW

Financial performance

	Year ended 30 June 2014	Year ended 30 June 2013
Revenue (R'000)	**905 013**	728 517
Core operating margin (%)	**21.8**	23.9

Revenue, which consists primarily of fees for the operation and maintenance of toll roads, increased by 24.2% from R728,5 million to R905,0 million. The core operating profit margin decreased slightly from 23.9% to 21.8%, but pleasingly still above guidance and with core operating profit of R197,0 million (F2013: R174,3 million). The operating profit includes upward fair value adjustments of R83,8 million (F2013: R86,5 million).

Intertoll successfully bid and won the Magalies CTROM contract for SANRAL using its own newly-developed tolling technology, which augurs well for future contract wins.

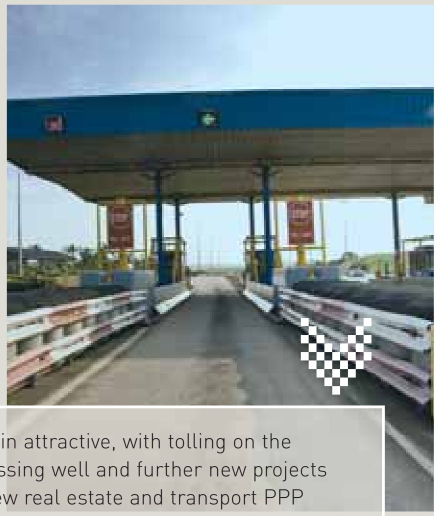
The property business is running well in terms of its strategic mandate to source investment returns, construction opportunities and annuity income for the group. The disposal of historically procured residential stock is proceeding steadily.

The group has been active in the power rental business for some time. Jozi Power, a circa R80 million per annum business and 34% owned by Group Five, was formed in December 2007 and is an established power rental company using portable 0.5 MW, 1 MW and 2 MW containerised diesel power plants with a target market being African mining, industrial and utility opportunities. Jozi Power made a valuable and growing contribution to the underlying annuity strategy of the group in the power sector. As an investment in an associate, this business is equity accounted and its results are therefore not included within the cluster or the group's operating income, but as income from associates.

LOOKING FORWARD

The real estate public private partnership (PPP) concessions in South Africa, where the group is the preferred bidder on the Tshwane Munitoria and the Department of Rural Development and Land Reform buildings are now progressing towards financial close. This is anticipated during the first half of F2015.

The property business will continue driving an over-border African strategy, with some traction in property developments achieved in West and Central Africa in addition to several new property developments underway in South Africa.



The positive outcome of the unsuccessful challenge to government's implementation of the Gauteng Freeway tolling system gives some impetus to the unresolved dispute in government on the N1 – N2 Winelands concession, where the group is the preferred bidder.

African concessions opportunities remain attractive, with tolling on the group's Zimbabwe roads project progressing well and further new projects under development. The feasibility of new real estate and transport PPP concessions are being developed for public sector facilities in several African countries, with South African development finance institutions and commercial bank support. The sentiment for concessions in Eastern Europe is once again positive from the neutral sentiment experienced over the last three years. A number of new relationships and prospects are gaining momentum as the group pursues potential opportunities for participation in early development stage motorway projects in Bosnia, Bulgaria, Croatia, Russia and Turkey.

2

OPERATIONAL PERFORMANCE

CONTRIBUTION TO GROUP REVENUE

22.9%

(F2013: 10.5%)

CONTRIBUTION TO GROUP CORE OPERATING PROFIT

14.3%

(F2013: 5.2%)

Engineering & Construction

	F2014	F2013
Revenue (million)	**3 521**	1 170
Core operating profit (million)	**94**	29
Core operating margin (%)	**2.7**	2.4
Total order book** (million)	**1 174**	3 883
Secured Operations and Maintenance order book* (million)	**284**	380
Employees (pax)	**2 190**	1 876

* *Secured long term Operations and Maintenance order book to first review date as at 30 June 2014 (industrial, oil and gas and power).*
** *Secured total E+C order book as at 30 June 2014.*

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

E+C 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.

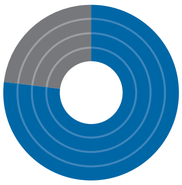
Engineering & Construction consists of four segments:

- POWER
- OIL AND GAS
- NUCLEAR CONSTRUCTION SERVICES
- ENGINEERING SERVICES which provides mostly internal services across the group

YEAR UNDER REVIEW

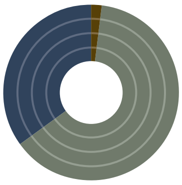
Engineering & Construction traded revenue F2014

Private versus public



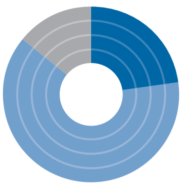
Private	77%
Public	23%

By sector



Mining	–%
Industrial	2%
Power	63%
Oil and gas	35%
Water	–%
Real estate – Building	–%
Real estate – Housing	–%
Transport	–%

By contract type



Cost plus	23%
Design and build	–%
EPC	63%
Labour only	–%
Lump sum	14%
Re-measurable	–%

Financial performance

	Year ended 30 June 2014	Year ended 30 June 2013
Revenue (R'000)	**3 520 625**	1 170 220
Core operating margin (%)	**2.7**	2.4

The E+C cluster is a direct beneficiary of the group's strategy of moving to full turnkey delivery in key growth sectors. It has grown rapidly off a large order book in power and oil and gas. The cluster's rate of trade and resultant profitability will be lumpy by nature due to the length of time to achieve awards on large technically complex contracts that require project development and funding.

The cluster has rapidly gained a strong market position and is progressively completing four renewable power projects in South Africa and a gas-fired power plant in Mozambique. It is also the leading oil and gas project and services contractor in South Africa.

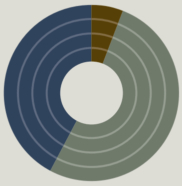
The Nuclear Services business is progressing as planned. The PTR specialised tankage contract for Eskom Koeberg is in the engineering and procurement phase.

During the period, revenue increased by 200.9% from R1,2 billion (88% local) to R3,5 billion (99% local). This resulted in a core operating profit margin of 2.7% (F2013: 2.4%). Included within these positive trading results are the costs related to investment in future opportunities and capacity building in nuclear readiness within the E+C business.

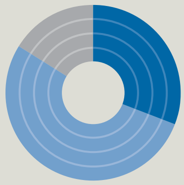
LOOKING FORWARD

Total secured Engineering & Construction Contracting order book as at 30 June 2014

Private	69%
Public	31%



Mining	–%
Industrial	6%
Power	52%
Oil and gas	42%
Water	–%
Real estate – Building	–%
Real estate – Housing	–%
Transport	–%



Cost plus	31%
Design and build	–%
EPC	53%
Labour only	–%
Lump sum	16%
Re-measurable	–%

Energy markets are growing both in South Africa and the rest of Africa. The power market is active and many additional bids are under adjudication or in development in all the technologies of thermal power, renewable energy (both wind, solar and biomass) and in the nuclear industry.

There is still no indication when or if the Nuclear New Build in South Africa will be announced. However, the group is gaining practical experience in this field in anticipation of a firm decision during the year ahead.

Engineering & Construction is in firm negotiations for an over-border contract, which will significantly increase its order book and geographic exposure. If successful, trading will commence in F2015.

The secured one-year order book stands at R1,1 billion (77% local) (H1 F2014: R2,0 billion and 83% local) and (F2013: R2,5 billion and 91% local). The full secured order book stands at R1,2 billion (74% local) (H1 F2014: R2,5 billion and 78% local) (F2013: R3,9 billion and 85% local).

2

OPERATIONAL PERFORMANCE

CONTRIBUTION TO GROUP REVENUE

6.8%

(F2013: 9.5%)

CONTRIBUTION TO GROUP CORE OPERATING PROFIT

13.2%

(F2013: 15.2%)

Manufacturing consists of:

- **FIBRE CEMENT**
  - Everite
- **STEEL**
  - BRI
  - Group Five Pipe

Manufacturing

	F2014	F2013
Revenue (million)	**1 039**	1 061
Core operating profit (million)	**86**	84
Core operating margin (%)	**8.3**	7.9
PPE* (million)	**204**	189
Capital expenditure (million)	**39**	65
Employees (pax)	**1 101**	1 102

* *Property, plant and equipment.*

Financial performance

	Year ended 30 June 2014	Year ended 30 June 2013
Revenue (R'000)	**1 039 263**	1 061 257
Core operating margin (%)	**8.3**	7.9

Revenue remained largely unchanged from R1,1 billion in F2013 to R1,0 billion. The reported core operating profit for the year was R86,2 million. This was 2.8% higher than the prior year of R83,8 million, resulting in a core operating margin of 8.3% (F2013: 7.9%).

Despite markets remaining challenging with stagnant growth, the excellent Manufacturing result is consistent with the stability that has been created in the cluster over the last few years by the management team.

Return on the investments in efficiencies, technology, capacity expansion and de-bottlenecking activities, product changes and geographic market expansion are flowing through. Refer to page 42.

The modular housing systems business Advanced Building Technologies (ABT) reflected subdued sales of public sector transitional accommodation due to delays in provincial administration and constrained delivery against client funding availability.

Group Five Pipe performed well, converting significant order intake related to large water transport project demand. BRI performed well despite severe price pressure in the rebar markets due to market consolidation and over-capacity.

LOOKING FORWARD

With weak South African market demand, the cluster is focused on efficiencies, marketing and business and product development, including new export geographies.

In South Africa, the appointment of the new National Minister of Human Settlements has been well-received, as she has previous experience in this position in the provision of large-scale housing.

2

OPERATIONAL PERFORMANCE

CONTRIBUTION TO GROUP REVENUE

64.5%

(F2013: 73.4%)

CONTRIBUTION TO GROUP CORE OPERATING PROFIT

42.4%

(F2013: 48.1%)

Construction

	F2014	F2013
Revenue (million)	**9 931**	8 171
Core operating profit (million)	**277**	266
Core operating margin (%)	**2.8**	3.3
Capital expenditure (million)	**185**	241
Total order book** (million)	**11 375**	10 350
Employees (pax)	**9 673**	9 187

*** Secured total Construction order book as at 30 June 2014.*

CONSTRUCTION IS THE LARGEST CLUSTER IN THE GROUP.

Construction consists of three segments:

- BUILDING AND HOUSING
- CIVIL ENGINEERING
- PROJECTS

Construction revenue increased by 21.5% from R8,2 billion to R9,9 billion and core operating profit increased by 4.3% from R265,6 million to R277,0 million.

The overall Construction core operating profit margin percentage was 2.8% (F2013: 3.3%). Over-border work contributed 30% (F2013: 36%) to Construction revenue.

In the context of tougher markets, good performance in all segments were achieved, with the exception of the Civil Engineering segment.

Core operating margin reduced from F2013, mainly due to a weaker operating result in Civil Engineering. Refer to page 72. Margins were lower even though the prior year's Construction performance was impacted somewhat by end-of-contract close-out losses and overhead costs in the Middle East, as well as the provision for an estimated potential administrative penalty that could be levied by the Competition Commission.

Contract tender activity remains high across all segments. This should bode well for further additions to the order book, although many anticipated awards are being substantially delayed, particularly in the Civil Engineering market where margins continue to remain under pressure. However, in a number of the businesses the trend continued of being awarded work without having been the lowest bidder, which reflects well on our track record of delivery.

2

OPERATIONAL PERFORMANCE

CONTRIBUTION TO GROUP REVENUE

28.8%

(F2013: 29.1%)

CONTRIBUTION TO GROUP CORE OPERATING PROFIT

13.9%

(F2013: 7.3%)

Building and Housing

	F2014	F2013
Revenue (million)	**4 430**	3 236
Core operating profit (million)	**91**	40
Core operating margin (%)	**2.0**	1.2
Capital expenditure (million)	**22**	6
Total order book** (million)	**6 833**	5 611
Employees (pax)	**2 477**	2 087

*** Secured total Building and Housing order book as at 30 June 2014.*

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.

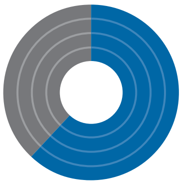
HOUSING

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

YEAR UNDER REVIEW

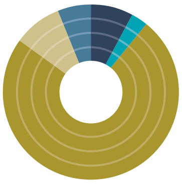
Building and Housing traded revenue F2014

Private versus public



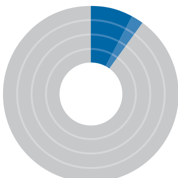
Private	**62%**
Public	**38%**

By sector



Mining	**–%**
Industrial	**–%**
Power	**–%**
Oil and gas	**8%**
Water	**3%**
Real estate – Building	**74%**
Real estate – Housing	**9%**
Transport	**6%**

By contract type



Cost plus	**8%**
Design and build	**2%**
EPC	**–%**
Labour only	**–%**
Lump sum	**–%**
Re-measurable	**90%**

Financial performance

	Year ended 30 June 2014	Year ended 30 June 2013
Revenue (R'000)	**4 430 513**	3 236 000
Core operating margin (%)	**2.0**	1.2

The results continue to illustrate the extremely tough conditions in this segment, with thin margins despite generally good execution performance against tender budgets.

Building and Housing revenue increased by 36.9% from R3,2 billion (95% local) to R4,4 billion (98% local). The segment reported a 125.2% increase in core operating profit from the prior comparable period from R40,3 million to R90,8 million. This resulted in the overall core operating margin percentage increasing from 1.2% to 2.0%.

The increase in activity in the upper end of the private sector large buildings market experienced late in F2013 unfortunately slowed again during the year, with only a few significant awards, mainly in the public and private healthcare segment. The group was pleasingly awarded the prestigious Nelson Mandela Children's Hospital. The group continues to secure selected contracts at the key 25-year development of Waterfall in Gauteng.

South African mine housing remains an increasingly active market where the group has a significant track record. The social and affordable housing market continues to disappoint. Although there seems to be a willingness to increase spending on housing and related infrastructure contracts, there is little visibility to timing of award and, when housing contracts are awarded, administrative delays generally hamper start up.

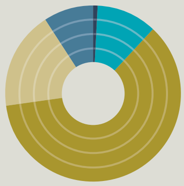
LOOKING FORWARD

Total secured Building and Housing Contracting order book as at 30 June 2014

Private versus public

Private	58%
Public	42%

By sector



Mining	–%
Industrial	–%
Power	–%
Oil and gas	1%
Water	11%
Real estate – Building	61%
Real estate – Housing	18%
Transport	9%

By contract type

Cost plus	1%
Design and build	–%
EPC	–%
Labour only	–%
Lump sum	–%
Re-measurable	99%

The order book remains at a historically high level.

The group's list of social housing contracts where it is the preferred bidder is extensive, but not reported within the group's secured Contracting order book due to continued delays by local and provincial government in releasing the contracts for construction. Internationally, the group is tracking sizeable opportunities in selected African territories for high-rise buildings, hotels, industrial and office parks, retail developments and housing and project accommodation.

The secured one-year order book stands at R4,7 billion (100% local) (H1 F2014: R4,3 billion and 99% local) (F2013: R4,4 billion and 98% local). The total secured order book stands at R6,8 billion (100% local) (H1 F2014: R6,6 billion and 99% local) (F2013: R5,6 billion and 98% local).

2

OPERATIONAL PERFORMANCE

CONTRIBUTION TO GROUP REVENUE

24.4%

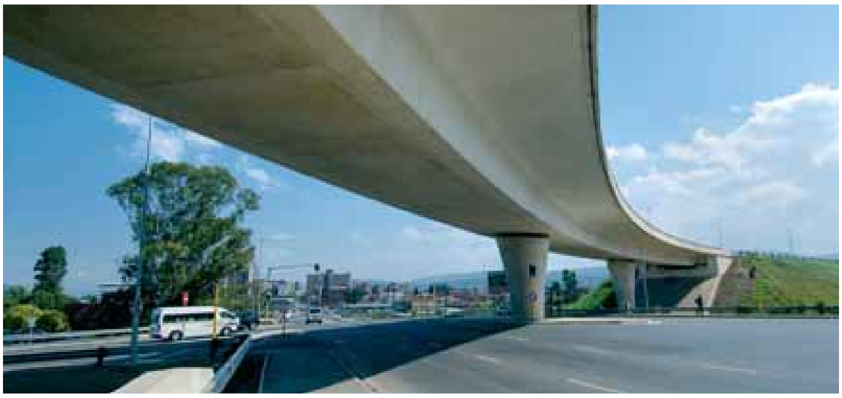
(F2013: 28.9%)

CONTRIBUTION TO GROUP CORE OPERATING PROFIT

10.2%

(F2013: 19.8%)

Civil Engineering



	F2014	F2013
Revenue (million)	**3 760**	3 217
Core operating profit (million)	**67**	109
Core operating margin (%)	**1.8**	3.4
Capital expenditure (million)	**144**	166
Total order book ** (million)	**2 442**	3 547
Employees (pax)	**4 824**	4 698

*** Secured total Civil Engineering order book as at 30 June 2014.*

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
- pipelines

YEAR UNDER REVIEW

Civil Engineering traded revenue F2014

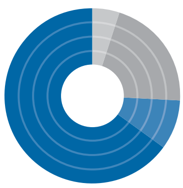
Private versus public

Private	53%
Public	47%

By sector

Mining	23%
Industrial	–%
Power	7%
Oil and gas	19%
Water	16%
Real estate – Building	11%
Real estate – Housing	–%
Transport	24%

By contract type



Cost plus	5%
Design and build	21%
EPC	–%
Labour only	–%
Lump sum	9%
Re-measurable	65%

Financial performance

	Year ended 30 June 2014	Year ended 30 June 2013
Revenue (R'000)	**3 760 143**	3 217 121
Core operating margin (%)	**1.8**	3.4

Civil Engineering includes the group's civil engineering activities in South Africa, the rest of Africa and the Middle East.

The Middle East operations close-out continued, with good progress on the finalisation of contract final accounts with our clients, joint venture partners and sub-contractors, as well as the collection of cash.

Civil Engineering reported a 16.9% increase in revenue from R3,2 billion (57% local) to R3,8 billion (54% local), while core operations generated a profit of R66,5 million for the year (F2013: R109,3 million).

The segment experienced record high revenue demands, with a larger African component of the traded revenue. However, as reported with the interim results, margins were negatively impacted in the year by two contracts.

Margin recovery progressed more slowly than expected in the second half. However, one of the problem contracts mentioned is substantially complete and constructive commercial processes are in hand on both contracts.

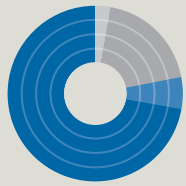
LOOKING FORWARD

Total secured Civil Engineering Contracting order book as at 30 June 2014

Private versus public

By sector

By contract type



Tendering activity is high in the transport, water and mining sectors and good prospects exist, although a high percentage of tenders are still budgetary enquiries with no fixed intention for award.

Tender bid margins remain under pressure, as industry capacity still exceeds demand and targeted large contracts have not yet been awarded.

Civil Engineering's secured one-year order book stands at R1,8 billion (65% local) (H1 F2014: R2,7 billion and 54% local) (F2013: R3,1 billion and 50% local). The full order book is at R2,4 billion (75% local) (H1 F2014 R3,4 billion and 63% local) (F2013: R3,5 billion and 56% local).

2

OPERATIONAL PERFORMANCE

CONTRIBUTION TO GROUP REVENUE

11.3%

(F2013: 15.4%)

CONTRIBUTION TO GROUP CORE OPERATING PROFIT

18.3%

(F2013: 21.0%)

Projects

	F2014	F2013
Revenue (million)	**1 741**	1 718
Core operating profit (million)	**120**	116
Core operating margin (%)	**6.9**	6.7
Capital expenditure (million)	**19**	69
Total order book** (million)	**2 100**	1 192
Employees (pax)	**2 372**	2 402

*** Secured total Projects order book as at 30 June 2014.*

Projects is a multi-disciplinary plant process constructor with skills in:

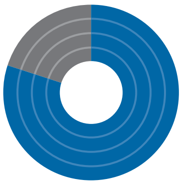
- structural
- mechanical
- electrical
- instrumentation
- piping contracts (SMEIP)

It is an experienced African contractor with a specific focus on the mining sector.

YEAR UNDER REVIEW

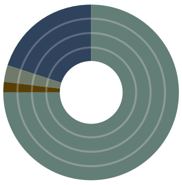
Projects traded revenue F2014

Private versus public



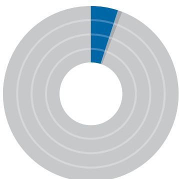
Private	80%
Public	20%

By sector



Mining	75%
Industrial	2%
Power	3%
Oil and gas	20%
Water	–%
Real estate – Building	–%
Real estate – Housing	–%
Transport	–%

By contract type



Cost plus	5%
Design and build	–%
EPC	–%
Labour only	–%
Lump sum	1%
Re-measurable	94%

Financial performance

	Year ended 30 June 2014	Year ended 30 June 2013
Revenue (R'000)	**1 740 812**	1 717 748
Core operating margin (%)	**6.9%**	6.7

Excellent results were again delivered by the Projects segment, as African mining continues to support the majority of the order book, with some diversity displayed with work executed in the South African mining and power sectors.

Revenue remained largely unchanged due to delayed contract awards. Margins were maintained within the guided range, although somewhat affected by the lower margins on South African work.

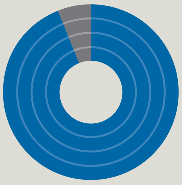
Whilst general tender activity levels slowed in the first half, our reputation for delivery is acknowledged when contracts are adjudicated. This recently assisted in the award of significant mining-related contracts in Namibia and Liberia.

During the year, revenue remained at R1,7 billion (33% local) (F2013: 19% local). Core operating profit increased by 3.2% from R115,9 million to R120,0 million. The core operating profit margin percentage increased to 6.9% (F2013: 6.7%).

LOOKING FORWARD

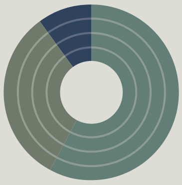
Total secured Projects Contracting order book as at 30 June 2014

Private versus public



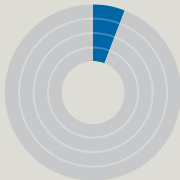
Private	94%
Public	6%

By sector



Mining	58%
Industrial	–%
Power	32%
Oil and gas	10%
Water	–%
Real estate – Building	–%
Real estate – Housing	–%
Transport	–%

By contract type



Cost plus	6%
Design and build	–%
EPC	–%
Labour only	–%
Lump sum	–%
Re-measurable	94%

A strong pipeline of opportunities lies ahead in the mining, power and oil and gas sectors in collaboration with other segments within the group.

The secured one-year order book stands at R1,7 billion (33% local) (H1 F2014 R1,2 billion and 48% local) (F2013: R1,1 billion and 41% local). The full secured order book stands at R2,1 billion (28% local) (H1 F2014 R1,5 billion and 52% local) (F2013: R1,2 billion and 37% local).

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 books and opportunity pipeline going forward.

THE YEAR UNDER REVIEW – TRADED CONTRACTING REVENUE

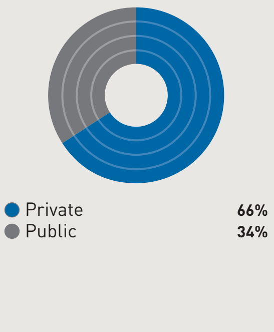
R million	TOTAL	Building and Housing	Civil Engineering	Projects	Engineering & Construction
Year to 30 June 2012 (actual)	7 111	2 066	2 998	1 416	631
% over-border	26%	21%	17%	63%	–%
Year to 30 June 2013 (actual)	9 282	3 236	3 217	1 718	1 111
% over-border	33%	5%	43%	81%	12%
Year to 30 June 2014 (actual)	**13 228**	**4 430**	**3 760**	**1 741**	**3 297**
% over-border	**23%**	**2%**	**46%**	**67%**	**1%**
– Public	**5%**	**–%**	**19%**	**–%**	**–%**
– Private	**18%**	**2%**	**27%**	**67%**	**1%**
% local	**77%**	**98%**	**54%**	**33%**	**99%**
– Public	**29%**	**38%**	**28%**	**20%**	**23%**
– Private	**48%**	**60%**	**26%**	**13%**	**76%**

The higher level of local traded revenue is due to the award of four EPC contracts as part of the renewable energy programme in South Africa.

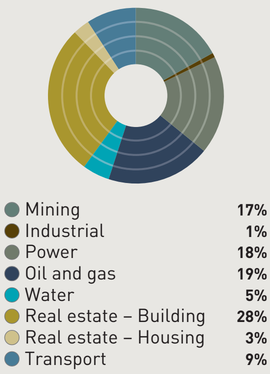
This is in line with the group's stated strategy and provides the group with not only Contracting order book, but also annuity income in the form of multi-year operations and maintenance contracts.

The award of some sizeable real estate contracts in South Africa further enhanced the local content. Civil Engineering continued to rebalance their traded revenue between local work and contracts in Zimbabwe, Mozambique and the DRC.

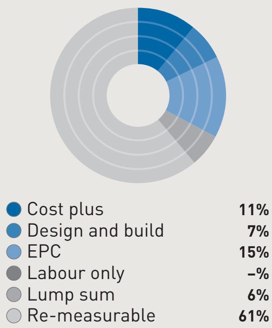
Private versus public



By sector



By contract type



SECURED CONTRACTING ORDER BOOK

R million	TOTAL	Building and Housing	Civil Engineering	Projects	Engineering & Construction
At 30 June 2013	14 233	5 611	3 547	1 192	3 883
% over-border	21%	2%	44%	63%	15%
At 31 December 2013	14 012	6 637	3 357	1 477	2 541
% over-border	18%	1%	37%	48%	22%
At 30 June 2014*	**12 549**	**6 833**	**2 442**	**2 100**	**1 174**
% over-border	**20%**	**–%**	**25%**	**72%**	**26%**
– Public	**4%**	**–%**	**19%**	**–%**	**–%**
– Private	**16%**	**–%**	**6%**	**72%**	**26%**
% local	**80%**	**100%**	**75%**	**28%**	**74%**
– Public	**37%**	**42%**	**55%**	**6%**	**31%**
– Private	**43%**	**58%**	**20%**	**22%**	**43%**
One-year order book~	**9 269**	**4 667**	**1 767**	**1 744**	**1 091**
One-year order book as a % of F2014 revenue	**70%**	**105%**	**47%**	**100%**	**33%**
Total order book as a % of F2014 revenue	**95%**	**154%**	**65%**	**121%**	**36%**

* *Secured Contracting 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 engineer, procure and construct (EPC) work only and excludes the contribution from the group's other clusters. The order book is externally assured.*
Revenue to be executed from 1 July 2014 based on secured contracts only, i.e. the group's total Construction and Engineering & Construction contracts secured order book.

~ *Revenue to be executed in F2015 from the group's total secured Contracting order book.*

As outlined in the total Contracting order book, the group has already secured 95% of F2014 revenue at the start of F2015.

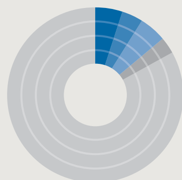
Private versus public

Private	59%
Public	41%

By sector

Mining	10%
Industrial	1%
Power	15%
Oil and gas	8%
Water	12%
Real estate – Building	34%
Real estate – Housing	10%
Transport	10%

By contract type



Cost plus	5%
Design and build	4%
EPC	5%
Labour only	–%
Lump sum	3%
Re-measurable	83%

SECURED OPERATIONS AND MAINTENANCE (O&M) ORDER BOOK – ANNUITY INCOME

	Actual revenue			Order book		
R million	F2012	F2013	**F2014**	F2015	Three-year to F2018	Total secured#
Transport	555	654	**834**	836	1 763	4 316
Industrial, oil and gas	126	59	**224**	92	–	92
Power	–	–	**–**	38	127	192
Total	681	713	**1 058**	966	1 890	4 600

Secured O&M order book is valued using real cash flows (excluding escalation clauses) to the first review date externally assured.

The group has R4,6 billion in secured operations and maintenance contracts (December 2013: R4,8 billion, June 2013: R4,8 billion and December 2012: R4,6 billion).

The operations and maintenance portion of the renewable energy contracts are reflected within the power sector above.

MULTI-YEAR TARGET OPPORTUNITY PIPELINE*

	INTERNATIONAL			LOCAL				
By sector (Rbn)	**Total**	Private	Public	**Total**	Private	Public	**Total**	**Value of opportunities within pipeline in pre-tender and tender stage**
Mining	**28**	28	–	**22**	20	2	**50**	**21**
Industrial	**2**	2	–	**2**	2	–	**4**	**2**
Power	**17**	14	3	**22**	18	4	**39**	**29**
Oil and gas	**19**	14	5	**7**	5	2	**26**	**13**
Water	**–**	–	–	**10**	–	10	**10**	**2**
Building	**1**	1	–	**8**	5	3	**9**	**4**
Housing	**2**	1	1	**4**	–	4	**6**	**2**
Transport	**22**	15	7	**36**	11	25	**58**	**31**
Total	**91**	75	16	**111**	61	50	**202**	**104**
% over-border							**45**	**55**
% public							**33**	**25**
Value of above opportunity pipeline in pre-tender and tender phase	**57**	49	8	**47**	29	18	**104**	

* *Represents the value of contracts being targeted by the group as at 30 June 2014.*

The pipeline of target contracts indicates a focus on mining, power, oil and gas and transport, with water growing slowly. The mix has changed 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.

3

DISPOSAL OF CONSTRUCTION MATERIALS CLUSTER

The group progressed with the disposal of its Construction Materials businesses.

As previously communicated, approval from the Department of Mineral Resources (DMR) is awaited on the sale of three quarries to finally fulfil 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. This was achieved on the two quarries sold. Proceeds on the sale of these businesses were received as expected.

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 F2015 in the form of environmental monitoring costs of the three quarries and some operating costs with regards to the remaining business.

The one business still unsold remains reflected as a discontinued operation and carried as a Non-Current Asset Classified as Held for Sale. Progress on a potential sale of this business is being made with current interested parties.

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

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

R million	F2014	F2013
Revenue	**20,8**	68,2
Pre-disposal operating losses	**(3,8)**	(45,7)
Impairments to carrying value of assets	**–**	(11,0)
Finance income/(costs)	**0,3**	(2,8)
Loss before taxation	**(3,5)**	(59,5)
Taxation benefit	**0,5**	11,7
Net loss from discontinued operations	**(3,0)**	(47,8)
Fully diluted loss per share from discontinued operations – R	**(0,03)**	(0,49)

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

R million	F2014	F2013
Assets		
Non-current assets	**28,8**	68,4
Current assets	**20,9**	21,8
Non-current assets classified as held for sale	**49,7**	90,2
Liabilities		
Non-current liabilities	**2,4**	5,0
Current liabilities	**21,2**	26,1
Liabilities associated with non-current assets classified as held for sale	**23,6**	31,1
Net assets	**26,1**	59,1

4

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:

1

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

2

470A&B DEPARTMENT OF CIVIL AVIATION (DCA)

- In the prior year, final resolution on this contract, and all other contracts with the DCA, was obtained

As previously reported, the group has:

- No active contracts in the region
- 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 R1,5 million (F2013: R50,8 million) was recorded for the financial year due to contract profits of R7,0 million (F2013: R15,4 million losses) and overheads (including costs for commercial resources) of R8,5 million (F2013: R35,4 million).

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

R million	F2014	F2013
Trade and other receivables	**191,6**	253,6
Work in progress	**27,5**	43,7
Cash and cash equivalents	**49,9**	40,8
Net trade and other payables	**(166,5)**	(198,6)
Net asset value	**102,5**	139,5

The values in the table above represent the DPF contract discussed, as well as an additional 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 F2015 to monitor the close-out and settlement on remaining contracts.

5

COMPETITION COMMISSION

Shareholders have been advised in previous stock exchange news service (SENS) announcements that the group has co-operated proactively with the Competition Commission of South Africa (the Commission) since 2009, at a very early stage of the Commission's investigations into matters of collusion in the construction industry in South Africa.

The board and management of Group Five identified historic incidences of anti-competitive behaviour and took immediate and decisive steps to implement corrective action internally. The group secured conditional leniency from the Commission in terms of the Commission's Corporate Leniency Policy in return for full disclosure of all matters the group was able to uncover during its internal investigation.

The Commission launched its "Fast-Track" process in 2011, mainly as a result of the group's earlier co-operation. This triggered wider industry participation. During the "Fast-Track" process, the group was implicated in four contracts which had not been detected through its internal investigation.

The group subsequently conducted its own further investigation and consistently raised factual and evidentiary discrepancies with the Commission in respect of these contracts. In the interests of shareholders, the group did not hastily settle, as there was no reasonable basis for attributing liability to the group in respect of the implicated contracts. In June 2013, a provision was raised against the risk of an administrative penalty, as reported in the group's F2013 results.

Management have therefore continued to engage with the Commission and the group has recently advanced its attempts to responsibly settle the outstanding matters on reasonable terms with the Commission, while conscious of its accountability to conclude this matter for the benefit of all its stakeholders. Settlement has not yet been concluded due to a lack of evidence and remaining factual discrepancies. The group views this in a very serious manner given the reputational impact and potential for civil claims. The group is willing and remains committed to settlement on a reasonable basis, should it be found to have contravened competition legislation on any of the four contracts in question. Based on legal counsel assessment, the provision raised in F2013 should be adequate.

In parallel, the group is actively working with and through the industry and representative business bodies and government to effect transformation and rebuild the stature of the industry as a precursor to, and in support of, the national agenda for the much-needed roll out of the infrastructure programmes embodied in government's National Development Plan (NDP).

In this regard, contrary to recent media reports, it should be noted that the industry has voluntarily approached government and interested parties with an initiative in this regard.

Stakeholder attention is drawn to the contingent risk of civil claims possibly being lodged against the group, and all construction companies which were party to 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.

6

DRIVING GROWTH

The group's traded Contracting revenue and order book are disclosed on page 78 to 79.

The disclosure in this section is intended to provide additional information in response to stakeholder requests for information with regards to a number of frequently-asked questions.

The extent of over-border Contracting experience and exposure

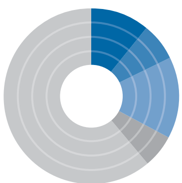
% over-border	Total	Building and Housing	Civil Engineering	Projects	E+C
Total Contracting order book as at 30 June 2014	20%	–	25%	72%	26%
F2014 traded revenue (actual)	23%	2%	46%	67%	1%
F2013 traded revenue (actual)	33%	5%	43%	81%	12%
F2010 traded revenue (actual)	18%	6%	17%	86%	17%

The group's primary focus is on its target sectors, with geographic location of those sector clients a secondary consideration for growth.

The four segments each have varying degrees of over-border opportunities as can be seen from the disclosure above. The geographic split of the group order book would therefore naturally be variable with the sector work flow.

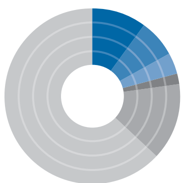
Extent of contractual risk assumed

F2014



Cost plus	11%
Design and build	7%
EPC	15%
Labour only	–%
Lump sum	6%
Re-measurable	61%

F2013



Cost plus	10%
Design and build	7%
EPC	4%
Labour only	2%
Lump sum	14%
Re-measurable	63%

The pie graphs outline the group's Contracting order book by type of contract. It indicates that the risk profile of the overall Contracting order book in terms of the mix of contracts secured has not changed significantly.

Extent of concentration risk by region

The most significant concentration in terms of region is that of South Africa at 76% (F2013: 68%). The rest of Southern Africa represents 9% (F2013: 9%) of the traded revenue. West Africa represents 2% (F2013: 5%), Central Africa 8% (F2013: 13%) and East Africa 1% (F2013: 1%). Eastern Europe represents 4% (F2013: 4%) of the traded revenue. Other than its home market, the group is not significantly exposed to one region or one country.

Extent of negotiated contracts – % of traded revenue and % Contracting order book

R million	Total	Building and Housing	Civil Engineering	Projects	E+C
Traded revenue	13 228	4 430	3 760	1 741	3 297
Negotiated contracts as a % of traded revenue	18%	37%	19%	–%	3%

R million	Total	Building and Housing	Civil Engineering	Projects	E+C
Total Contracting order book	12 549	6 833	2 442	2 100	1 174
Negotiated contracts as a % of order book	15%	21%	19%	–%	–%

The group's integrated infrastructure offering and solid delivery record on most contracts are attracting more client interest. This is measured by the steadily growing list of repeat clients and negotiated contracts through the cycle.

Length and trading profile of the total Contracting order book

R million	Total	Building and Housing	Civil Engineering	Projects	E+C
Total Contracting order book	12 549	6 833	2 442	2 100	1 174
F2015	9 269	4 667	1 767	1 744	1 091
F2016	2 768	1 869	561	255	83
Later	512	297	114	101	–

The trading profile of the total secured Contracting order book has lengthened slightly, with 74% of the group's total secured Contracting order book to be traded in F2015 as opposed to 78% which was reported in the prior year.

All Contracting businesses except for the E+C cluster have a slightly longer line of sight on their order book.

68% of the Building and Housing order book trades in F2015 (F2014: 78%), 72% of the Civil Engineering order book trades in F2015 (F2014: 88%) and 83% of the Projects order book trades in F2015 (F2014: 89%).

The E+C cluster trades 93% of its secured order book in F2015 as opposed to 64% in the prior year. This is to be expected due to the length of time to achieve contract awards on large technically complex contracts that require project development.

Source of growth of the total Contracting order book

R million	Total	Building and Housing	Civil Engineering	Projects	E+C
Total Contracting order book	12 549	6 833	2 442	2 100	1 174
% of order book growth as a result of new contract awards	58%	82%	25%	50%	–
% of order book growth as a result of increases in scope of existing contracts	42%	18%	75%	50%	100%

The order book growth profile in terms of new contracts awarded versus an increase in scope of growth on new contracts is aligned to the market conditions being experienced and discussed on pages 28 to 31. Improved conditions in the real estate sector allowed for new contract awards. The hiatus on contract awards in the civil engineering sector and the extension of large public sector contracts resulted in the order book increase being as a result of scope changes on contracts. The Projects segment was successful in securing new contracts, as well as enhancing existing contracts. The E+C cluster traded on its sizeable order book and with no awards, the order book consists of existing contracts and change in scope.

7

MARGIN EXPECTATIONS

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

Investments and Concessions

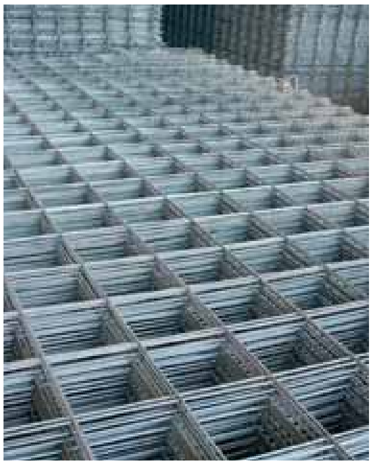
15 – 20%

Engineering & Construction

3 – 5%
short term lower end of range

Manufacturing

6 – 8%



Building and Housing

2 – 4%
short term lower end of range

Civil Engineering

3 – 5%
short term lower end of range

Projects

5 – 8%

8

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
2014	**R954,9**	**24.4**	**6.2**
2013	R679,9	19.7	6.1

The group has the following credit risk per region:

R'000	F2014	F2013
Central Africa	**468 789**	373 753
Eastern Africa	**91 308**	36 577
Eastern Europe	**32 047**	30 053
Middle East	**216 446**	302 998
Southern Africa	**2 972 485**	2 478 049
Western Africa	**133 446**	184 177
Total trade and other receivables	**3 914 521**	3 405 607

Included within contract and trade debtors is an amount of R607 million (F2013: R558 million). This is defined as being past due for collection, but from which no loss is expected and thus no impairment was raised.

R'000	F2014	F2013
One month past due	**129 759**	162 746
Two months past due	**67 490**	89 295
Three months past due	**67 490**	57 672
Four months and greater past due	**342 522**	248 159
Total	**607 261**	557 872

Of the R607,3 million past due but not impaired, R30,6 million relates to a Middle East debtor. R214,0 million is due from mining clients that have agreed to, and are honouring, short term repayment plans. R35,0 million relates to a debt due in the rest of Africa, which is expected to be collected within the first half of F2015. R121,3 million relates to amounts due from a local client that is in the process of settlement.

The trade and other receivables past due, but not impaired, as a percentage of total trade and other receivables, remains unchanged year-on-year at 16%.

In addition, and included within the total trade and other receivables disclosure above, the group is due an amount of R215 million in value-added taxation from authorities in the Southern African region.

9

BALANCE SHEET POSITION AND THE GROUP'S LIQUIDITY

	F2014	F2013
Net asset value per share – R	25,99	21,65
Net debt to equity ratio	–	–
Cash on hand – R millions	2 912	2 954
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
- Bank and cash balances largely unchanged year-on-year at R2,9 billion
- The current ratio consistent at 1.2
- An increase in net asset value per share over F2013

Below is a profile of realisation of financial assets versus settlement of financial debt, indicating the group's liquidity profile.

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	6 312 039	712 663	302 815	–	651 061	7 978 578
Financial liabilities	4 478 683	1 555 670	451 826	169 740	–	6 655 919

LOOKING FORWARD

The markets in which the group currently trades still remain comparatively weak. However, the group's strategies and positioning in new and traditional target markets have, and will continue to, mitigate some of this weakness.

The group's total secured Contracting order book (Construction and Engineering & Construction order book) stands at R12,5 billion. In addition, the group has R4,6 billion in secured operations and maintenance contracts. Thus, the overall group reported order book at June 2014 stands at R17,1 billion.

The outlook for the business in the short term is fair to good. The order book is being replenished in line with the group's strategy, with increasing success in positioning the group's integrated infrastructure offering more permanently for larger contracts in key sectors in support of the group's African and Eastern Europe expansion ambitions.

The group has made good progress against its continuous internal fitness programmes, including the relocation of the majority of its Gauteng businesses into a single purpose-built integrated central office.

The value of the group's target opportunity pipeline stands at R202 billion, an increase from R179 billion at June 2013 and R174 billion at December 2013, with R104 billion of this pipeline currently in tender and pre-tender stage.

The pipeline indicates future strong demand in mining and a further shift in favour of power and oil and gas, as well as a robust transport sector.

Water projects are slowly coming to market but real estate looks set to be somewhat slower after a period of high order book growth.

02

How we are **governed, measured** and remunerated

Management are acutely aware of the importance of having a sound ethics culture throughout the group. In line with our ongoing commitment to compliance and ethics within the group and to support delivery, additional resources were appointed during the year, including a dedicated compliance manager who will oversee compliance and ethics within the group.

Combined assurance

Philisiwe Mthethwa Chairperson

With the group's strategy of entering increasingly complex contracts and additional emerging market economies, it becomes even more critical to act to protect its integrity and to make sure its employees are well trained and aware of their responsibilities, as well as to give them guidance on how to deal with situations of duress.

Integrity is one of the cornerstones of the group's seven values. The group's ethics standards are set out in a Code of Conduct. A new Code of Conduct was drafted during the year and replaces the historic Code of Ethics. The Code of Conduct details the group's expectation of how employees, sub-contractors, suppliers and joint venture partners should conduct themselves whilst working with Group Five.

Management are acutely aware of the importance of having a sound ethics culture throughout the group. To support delivery, additional resources were appointed during the year, including a dedicated compliance manager who will oversee compliance and ethics within the group.

The group has a formal Code of Ethics and a tip-offs line. The number is:

0800 00 48 11

It is an independently managed service to ensure confidentiality.

Group Five employs a combined assurance model, which seeks to optimise the assurance obtained from management and internal and external assurance providers with regards to significant risks that could impact the group.

The main areas of assurance delivered by the three providers include:

1

Management – first line of defence

Management are required to provide the board with assurance that they have implemented and monitored the group's risk controls, including adequate policies and procedures and that these are active on a day-to-day basis.

To provide the board with this assurance, the group's executive committee assumed responsibility for the implementation of a group-wide combined assurance risk plan (GCARP), which includes:

- the continual assessment of key risks
- the approval of risk action plans established to mitigate risks identified
  - these plans were allocated to the three levels of defence, as appropriate

The group's risk department is responsible for:

- the development of the risk action plans
- the roll out of the combined assurance risk plan to each business and level of defence
- overseeing the implementation of the risk plan
- ensuring continued focus by management and the business

2

Internal assurance – second level of defence

The internal audit function is overseen by the group's audit committee and provides internal assurance to the group. Its responsibility is to assess the adequacy and effectiveness of the group's system of internal control and risk management practices.

3

External assurance – third level of defence

Following the establishment of an overarching group combined assurance risk plan (GCARP), as described below, significant risks and material focus areas were highlighted. The group received external assurance on a number of these aspects deemed significant.

The external assurance obtained, together with details on the external providers who performed the assurance review, is listed on pages 92 to 97.

BOARD OF DIRECTORS' MANDATE TO SUB-COMMITTEES

The group's audit committee is responsible for ensuring that a combined assurance model has been applied within the group, providing a co-ordinated approach to all assurance activities. The group risk officer provides feedback on the group's approach and plan with regards to combined assurance to the audit committee every year.

The group's risk committee is responsible for ensuring that the GCARP is appropriate to address all significant risks facing the company. The group's risk committee:

- assesses the plan for completeness
- is responsible for the ultimate approval of the plan
- monitors its effectiveness, including the controls to be implemented to ensure risks are managed and monitored

The group risk officer reports to the risk committee on the GCARP on a quarterly basis.

DEVELOPMENTS DURING THE YEAR

The GCARP was developed by the group risk department based on feedback provided by all segments regarding the threats and weaknesses that could affect their segment from achieving their and the group's strategy. These were identified by senior management ("top-down" approach) and through the review and consolidation by the risk department of the relevant segment and project risk registers ('bottom-up" approach).

In addition, segments presented their strategy and the relevant risks that could affect their strategy to the group executive committee during their annual strategy review and budget-setting process. The executive committee "stress tested" the segments' strategies by challenging management on assumptions made. The executive committee assesses the risks for completeness, accuracy and validity.

Following this, the group risk department undertook a consolidation and filtering process to select the most material risks in terms of impact and likelihood to the group. These risks were included on the GCARP. The risks, and action plans to address the risks, were reviewed and approved by the CEO, CFO and group risk officer. The GCARP was also compared to risks identified by competitors within local and international markets to assess the completeness of the GCARP.

Key risk indicators (KRIs) and target measures, approved by the executive committee, have also been included against each of the action plans.

During F2014, the GCARP was presented to the risk committee for review. The committee reviewed the plan and, subject to the adjustment of the plan for specific additional risks identified, the committee approved the plan. The finalised GCARP was ratified at the August 2014 risk committee meeting, including the controls to be implemented to ensure risks are managed and monitored.

The key risks identified within the GCARP include:

- Delays in roll out of contracts
- Resource management
- Transformation
- Volatile labour market
- Market conditions
- Over-border complexity
- Sub-contractor and supplier management
- Execution risk
- Safety and environmental risks
- Liquidity focus

These key risks were employed in the determination of the material issues to be addressed within this year's integrated annual report.

The full table of risks is contained in the supplementary section of the integrated annual report at www.groupfive.co.za

Following the risk committee review, the GCARP was presented to the audit committee for consideration. It confirmed its acceptance of the plan in line with the committee's responsibility to confirm the appropriateness of allocation of responsibilities between the three levels of defence.

LOOKING FORWARD

During F2015, the KRIs will be used to monitor the effectiveness of the action plan. Where a KRI indicates that the actual risk measure is greater than the target measured, over a period of time the action plan must be reassessed for adequacy and effectiveness.

On a quarterly basis, the group risk department will consolidate the results of the actual measure of the action plan and compare these against each target. This will determine the success of the action plans in achieving its objective of mitigating the identified risk. Risk tolerance thresholds will also be allocated to each KRI to ensure early corrective action where a risk starts to breach the level of risk acceptable to the group.

Internal audit has been tasked with undertaking a review of segments' progress against implementation of the GCARP action plans during F2015.

ASSURANCE MEASURES

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

Two additional measures were independently assured by PricewaterhouseCoopers Inc. this year, namely the lost-time injury frequency rate (LTIFR) of permanent employees in South Africa and the rest of Africa and the secured Operations and Maintenance order book.

These were selected for assurance due to their significance to the group and its stakeholders.

BUSINESS PROCESS ASSURED	OUTPUT FROM ASSURANCE	STATUS	ASSURANCE PROVIDER
OPERATIONAL/RISK/FINANCIAL			
Value of Contracting work secured to be executed	Contracting secured order book	Assured	PricewaterhouseCoopers Inc.
Extent of construction contract profitability	Contract loss-/ profit-maker ratio	Assured	PricewaterhouseCoopers Inc.
Operations and Maintenance annuity revenue to first review date	Secured Operations and Maintenance order book	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.
Number of lost-time injury cases	Lost-time injury frequency rate	Assured	PricewaterhouseCoopers Inc.
QUALITY			
Quality systems	ISO 9001:2008	Assured – 100% of segments certified	DEKRA
HEALTH AND SAFETY			
Procedures and policies	DEKRA certification	Assured – verified procedures	DEKRA
Safety systems	OSHAS 18001:2007	Assured – 100% of segments certified	DEKRA
ENVIRONMENT			
Carbon emissions	Confirmed carbon disclosure emission	Verified for F2012 and F2013. F2014 being verified	Promethium Carbon
Environmental audits	ISO 14001:2004	Assured – 100% of segments certified	DEKRA
EMPOWERMENT			
BBBEE credentials	BBBEE scorecard	Assured	BEE Verification Agency cc
HUMAN RESOURCES			
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

We commissioned two additional measures for assurance this year – that of the lost-time injury rate (LTIFR) for permanent employees in South Africa and the rest of Africa and the secured Operations and Maintenance order book. The Contracting order book and the contract loss-/profit-maker ratio were assured for the fifth 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 (the "Company" or "Group Five") to perform an independent limited assurance engagement in respect of Selected Sustainability Information reported in the Company's Integrated Annual Report for the year ending 30 June 2014 (the "Report"). This report is produced in accordance with the terms of our contract with the Company dated 10 July 2014.

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:

- 79 **Contracting order book – value of Contracting work secured to be executed**
- 80 **Operations and Maintenance order book – Operations and Maintenance annuity revenue to first review date**
- 22 **Contract loss-/profit-maker ratio – extent of construction contract profitability**
- 57 **LTIFR (permanent employees in South Africa and the rest of Africa) – lost-time injury frequency rate**

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 alongside the selected sustainability information. 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 2014, 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 integrated annual report;
- obtaining an understanding of the systems used to generate, aggregate and report the Selected Sustainability Information in the integrated annual report;
- conducting interviews with management at Group Five;
- evaluating the data generation and reporting processes against the reporting criteria;
- performing testing 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 integrated annual 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 2014, 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: Jayne Mammatt

Registered Auditor

Johannesburg

11 August 2014

The value-added statement was assured for the third year in a row.

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF GROUP FIVE LIMITED

We have audited the group economic value-added statement of Group Five Limited for the year ended 30 June 2014 set out on page 97. This report should be read in conjunction with the audited consolidated financial statements in the supplementary section of the integrated annual report at **www.groupfive.co.za**.

Directors' responsibility for the group economic value-added statement

The company's directors are responsible for the preparation and presentation of the group economic value-added statement in terms of the basis of preparation to the statement, for determining that the basis of preparation is acceptable in the circumstances and for such internal control as the directors determine is necessary to enable the preparation of the group economic value-added statement that is free from material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the group economic value-added statement. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the group economic value-added statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the group economic value-added statement. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the group economic value-added statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and presentation of the group economic value-added statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the group economic value-added statement principles used and the reasonableness of valuation estimates made by the management, as well as evaluating the overall presentation of the group economic value-added statement.

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

Opinion

In our opinion, the group economic value-added statement has been prepared, in all material respects, in accordance with the basis of preparation to the group economic value-added statement.

Basis of Accounting and Restriction on Use

Without modifying our opinion, we draw attention to the paragraph on page 97 of the group economic value-added statement, which describes the basis of preparation of the economic value-added statement. The group economic value-added statement is prepared to support the group's disclosure of its value-added for sustainability reporting purposes. As a result, the group economic value-added statement may not be suitable for another purpose. Our report is intended solely for the directors of Group Five Limited and should not be used by any other parties. We agree to the publication of our report in the Integrated Report of Group Five Limited for the year ended 30 June 2014 in which the group economic value-added statement is included provided it is clearly understood by the recipients of the Integrated Annual Report that they enjoy such receipt for information only and that we accept no duty of care to them in respect of our report.

PricewaterhouseCoopers Inc.
Director: AJ Rossouw

Registered auditor

Sunninghill

11 August 2014

Our group measures

MEASURING OUR DELIVERY

We monitor the delivery of our strategy against strict measures relating to financial and non-financial measures. A number of these measures are linked to management's key performance indicators. Refer to pages 107 to 109 and 114 to 115.

ECONOMIC VALUE ADDED

Basis of preparation

The value-added statement is derived from the group's annual financial statements (AFS) for the year ended 30 June 2014. The financials were prepared in terms of International Financial Reporting Standards and the accounting policies, as disclosed in the AFS and as described below:

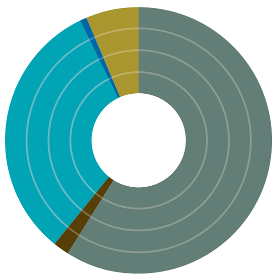
Sustainability indicator	%	F2014 (R'000)	%	F2013[1] (R'000)
Revenue[2]		17 262 410		12 487 272
Less: purchased cost of goods and services[2]		(12 782 722)		(9 090 958)
Value added	97.6	4 479 688	97.1	3 396 314
Other income[3]	2.4	111 934	2.9	100 808
Wealth created	100.0	4 591 622	100.0	3 497 122
Employees[4]	58.7	2 691 487	59.0	2 064 136
Providers of equity[5]	2.5	116 627	1.9	67 468
Providers of funding[6]	0.0	2 134	0.0	1 485
Social economic development[7]	0.1	6 098	0.2	5 525
Government[8]	31.7	1 453 970	31.8	1 110 649
Funding of discontinued operations[9]	0.0	(1 598)	0.8	27 713
Generated from retained funds	7.0	322 904	6.3	220 146
Wealth distribution	100.0	4 591 622	100.0	3 497 122
Number of employees[10]		14 308		13 489
Wealth created per employee (R)		320 913		259 257
Weighted average number of shares		100 053		97 775
Wealth created per share (R)		46		36

1 Restated for the first-time adoption of IFRS 11, Accounting for Joint Arrangements and IAS 19 (Revised), Employee Benefits.
2 Revenue and purchased costs of goods and services are stated, including value-added taxation (VAT).
3 Other income consists of share of income from equity accounted investments, including joint ventures and fair value adjustments on investments in concessions.
4 Distributions to employees exclude employee taxes deducted from their salaries and paid to the respective revenue authorities on their behalf.
5 Distributions to providers of equity consist of dividends declared and paid during the year and the non-controlling interest for the year.
6 Distributions to providers of funding consist of net interest expense incurred during the year.
7 Social economic development consists of investment in education, as well as other social initiatives.
8 Government includes income taxation, deferred taxation, employee taxes and net value-added taxation (VAT).
9 Funding of discontinued operations consists of the cash flow impact of discontinued operations.
10 Employees include permanent and temporary employees who are paid salaries and wages. Number of employees, including joint arrangements equity accounted is 14 485 (2013: 13 659).

Distribution of wealth created – F2014

Employees	58.7%
Providers of equity	2.5%
Providers of funding	0.0%
Social economic development	0.1%
Government	31.7%
Funding of discontinued operations	0.0%
Generated from retained funds	7.0%

Distribution of wealth created – F2013



Employees	59.0%
Providers of equity	1.9%
Providers of funding	0.0%
Social economic development	0.2%
Government	31.8%
Funding of discontinued operations	0.8%
Generated from retained funds	6.3%

FINANCIAL

The group is pleased to be able to report **improved** trading results, with cash generated from operations of R384 million in the year and a return on equity from continuing operations of 17%.

	Medium term target	**F2014 actual**	**F2014 target**	F2013* actual	F2013 target	F2012 Actual
Revenue per employee – R'000	Increase	**1 072**	**Increase**	819	Increase	843
Net profit/(loss) for the year per employee – R'000	Increase	**28**	**Increase**	19	Increase	(27)
Geographic diversification (revenue from over-border operations) – %	40	**24**	**40**	32	40	26
Secured order book (Contracting budget secured in order book at start of financial year) – %	70 of budget	**71**	**70 of budget**	88	70 of budget	84
Return on shareholders' equity – continuing operations – %	15 – 20	**17**	**15 – 20**	16	15 – 20	10
Fully diluted headline earnings per share – % growth	growth	**42**	**growth**	144	Return to growth	(63)
Product diversification – (total operating profit from non-Contracting businesses) – %	>33	**43**	**>33**	47	>33	59
Net gearing – %	<33 of equity	**–**	**<33 of equity**	–	<33 of equity	–
Cash generated from operations – R million	cash generative	**384**	**cash generative**	952	cash generative	579
Total operating margin – %	5 medium term	**4.2**	**5 medium term**	4.8	5 medium term	3.8

* *Values have been restated for first-time adoption of IFRS 11, Joint Arrangements and IAS 19 (Revised), Employee Benefits.*

PEOPLE

Our focus on training and development during the year is reflected in the increase in employees trained in the group to **39%,** with average spend of **R1 314** per employee.

	Medium term target	**F2014 actual**	**F2014 target**	F2013 actual	F2013 actual	F2012 Actual
Employee turnover (permanent employees) – %	<5	**3**	**<5**	3^	10	7^
Employee satisfaction rating – %	>70	**68**	**>70**	67	>70	67
% of employees trained per annum – %	35	**39**	**35**	30	50	45
Average training spend per employee	R1 300	**R1 314**	**R1 300**	R1 100	R2 600	R2 435
Construction Charter BBBEE score – %	>80	**89**	**>80**	90	>80	89
Lost-time injury frequency rate*	0	**0.23#**	**0**	0.21	0	0.20
Lost-time injury frequency rate**	0	**0.17**	**0**	0.27	0	0.21
OHSAS 18001:2007 certification across group – %	100	**100**	**100**	100	100	100

^ These numbers relate to voluntary terminations only and do not include involuntary labour turnover as a result of retrenchments and non-renewal of contracts.
** Group Five permanent employees in South Africa and the rest of Africa.*
*** Group Five permanent employees in South Africa and the rest of Africa and sub-contractors combined.*
 # Externally assured. Refer to page 93.

ENVIRONMENT

There was an **increase in our carbon footprint to 12.4 tonnes CO_2e** due to the nature of our contracts undertaken in the year, as well as an improvement in the quality of reporting.

	Medium term target	**F2014 actual**	**F2014 target**	F2013 actual	F2013 target	F2012 Actual
Electricity usage per employee	–[1]	**5.9 MWh[4]***	**–[1]**	6.12 MWh[3]*	–[1]	13.65 MWh[2]*
Carbon footprint per employee	–[1]	**12.4 tonnes CO_2e[4]**	**–[1]**	11 tonnes CO_2e[3]	–[1]	23 tonnes CO_2e[2]
Environmental incidents	–	**–**	**–**	–	–	–
ISO 14001:2004 certification across group – %	100	**100**	**100**	100	100	100

(1) Whilst the group's goal is to continuously reduce emission intensity, the capturing and reporting of the carbon footprint still needs to reach further maturity before formal reduction targets can be set.
(2) Information for the year ended 30 June 2011 (part of the 2012 Carbon Disclosure Project report submitted on 31 May 2012).
(3) Information for the year ended 30 June 2012 (part of the 2013 Carbon Disclosure Project report submitted on 31 May 2013).
(4) Information for the year ended 30 June 2013 (part of the 2014 Carbon Disclosure Project report submitted on 31 May 2014).
** – MWh – megawatt hours.*

CASE STUDY

The group's transport concessions business Intertoll plays a pivotal role in delivering on the group's strategy of gaining an early involvement in infrastructure projects and of generating annuity income by providing steady and predictable returns through long term secured build, own, operate and transfer (BOOT) concessions and operations and maintenance contracts.

Accessing concessions projects provides a number of sources of returns. The first is development fees earned on successful financial closure of an infrastructure project, the second is the repeat revenue and its resultant profitability generated by managing the operations and maintenance of transport infrastructure and the third is the supply of technology and equipment required on such contracts. The fourth return is achieved through project equity investment returns following the group's direct equity investment in concessions. 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. The life of these projects is typically 20 years or more.

The group acquired a stake in the international concessions company Intertoll in 1998.

An additional benefit to the wider group is derived when it secures the construction work associated with, and in addition to, the transport concessions returns.

The revenue and profitability provided by these projects provide some buffer to the cyclical nature of the construction sector.

The segment's margin target of between 15% and 20% has been consistently met. This offsets lower margins from 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.

In the current year, the Investments and Concessions cluster generated 30.1% of the group's core operating profit. It is expected to trade R836 million in Operations and Maintenance revenue in F2015.

Accessing the infrastructure value chain – investing in concessions projects and their related operations and maintenance

Our team's measures

BOARD OF DIRECTORS

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

1 P (Philisiwe) Mthethwa (50)

CHAIRPERSON

Chairperson of main board and nominations committee

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

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 policymakers. She has strong international business acumen, which has been very valuable to the group in both its South African and African public sector engagements.

2 MR (Mike) Upton (59)

CHIEF EXECUTIVE OFFICER

Executive committee member, member of risk committee, member of social and ethics committee

BSc Electrical Engineering, Professional Engineer (Pr Eng), Business Management Diploma (Newcastle, UK), FSAIEE

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.

3 CM (Cristina) Freitas Teixeira (41)

CHIEF FINANCIAL OFFICER

Executive committee member, member of social and ethics committee

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

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 seven times, 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.

4 NJ (Justin) Chinyanta (54) (Zambian)

INDEPENDENT NON-EXECUTIVE DIRECTOR

Member of risk committee, member of remuneration committee

Bachelor of Law Degree (Zambia), Fellow: Weatherhead Centre for International Affairs (Harvard), Master of Law (Private International Law), Specialisation in International Business Transactions and Financial Law (Fletcher School, Tufts University)

Justin is the founder and chairperson of the Loita Group, a pan-African investment banking firm. A lawyer by profession, Justin is a specialist in the financial markets of sub-Saharan Africa, with extensive experience in the commercial and investment banking industries in Africa. Justin brings strong commercial and project finance experience to the board and extensive pan-African business networks.

5 Dr JL (John) Job (69)

INDEPENDENT NON-EXECUTIVE DIRECTOR

Chairperson of remuneration committee, member of audit committee, member of risk committee

BSc (Hons), PhD in Physical Chemistry

John brings significant operational, executive and strategic leadership 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.

6 W (Willem) Louw (60)

INDEPENDENT NON-EXECUTIVE DIRECTOR

Member of risk committee, member of social and ethics committee

B. Engineering (Civil) and M. Engineering (Civil/ Construction Management) (University of Stellenbosch), Graduate Development Programme (Project Management) (University of South Africa)

Willem is a civil engineer with extensive technology and technical management skills, including capital project skills and new business development and acquisition integration management experience in the energy and chemical industry, both in South Africa and over-border. Willem brings relevant industrial and engineering and project management experience to the board.

7 SG (Stuart) Morris (68)

LEAD INDEPENDENT NON-EXECUTIVE DIRECTOR

Chairperson of audit committee, member of nominations committee, member of risk committee

BCom, CA(SA)

Stuart is an 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.

8 KK (Kalaa) Mpinga (53) (Congolese)

INDEPENDENT NON-EXECUTIVE DIRECTOR

Chairperson of risk committee, member of audit committee, member of nominations committee

BSc Agricultural Economics, MSc International Agricultural Development

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. 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.

9 B (Babalwa) Ngonyama (39)

INDEPENDENT NON-EXECUTIVE DIRECTOR

Chairperson of social and ethics committee, member of audit committee

BCom, CA(SA)

Babalwa is a chartered accountant with extensive experience in the auditing, finance and mining industries. She has several business interests and actively participates in numerous national forums on economic growth and development. Babalwa brings additional auditing and financial experience to the board.

10 VM (Vincent) Rague (61) (Kenyan)

INDEPENDENT NON-EXECUTIVE DIRECTOR

Member of audit committee, member of risk committee

BA (Hons) Economics and Stats, MBA, EDP Harvard

Vincent is the co-founder and chairperson of the supervisory board of Catalyst Principal Partners, a private equity group based in Nairobi, Kenya. His extensive experience in advisory services, investments, project and corporate finance, as well as banking, spans Latin America, Europe, Africa and Asia. Vincent brings investment, project and corporate finance experience to the board.

11 MR (Mark) Thompson (61)

INDEPENDENT NON-EXECUTIVE DIRECTOR

Member of audit committee, member of remuneration committee

BCom, BAcc, LLB, CA(SA)

Mark is a qualified lawyer and chartered accountant, with extensive international finance and general business experience amassed during his tenure as chief financial officer with Sappi Limited and prior career appointments. Mark brings accounting and corporate financial management experience to the board.

N (Nonqaba) Katamzi (45)

COMPANY SECRETARY

BA Law, LLB, CIBM

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

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 F2014
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. As a result of the identified need to augment the board skills, five additional board members were appointed in May 2014.
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 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.
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. As a result of the identified need to augment the board skills, five additional board members were appointed in May 2014.
Completion of CEO appraisal	Completion of CEO appraisal.	CEO appraisal completed.
Board attendance	Board attendance.	Board and sub-committee attendance remained good throughout the year.

This year we improved our disclosure by adding the CEO's actual targets, as well as how his remuneration is linked to the achievements against these targets.

CEO

Evaluated by: Chairperson and lead independent non-executive director

How impact is measured	Target	Measure at June 2013	Delivery F2014
Leadership			
Employee satisfaction survey.	70%	66.6%	The employee survey and employee engagement rates improved to 67.8%, which represents the highest score since inception of the survey in 2010. This was a significant achievement during a year where we relocated to our new Gauteng integrated central office and continued the roll out of our other change initiatives.
BBBEE			
Construction Charter scorecard rating.	Level 2	Level 2	We retained our Level 2 contributor status, with full marks awarded in preferential procurement, enterprise development and socio-economic development elements. The group also came ninth overall in the Mail and Guardian Most Empowered Companies in May 2014, with the highest ownership element score of all companies in the Top 20.
Safety			
Group lost-time injury frequency rate (LTIFR) and fatalities.	<0,5 Zero fatalities	0.17 1 fatality	Although the overall lost-time injury frequency rate improved strongly to 0.17, the group sadly suffered three fatalities during the year.
Client focus			
Client survey and Contracting order book as % of current year annual Contracting revenue.	150%	153%	Although no formal client survey was conducted this year, feedback received was mostly positive in terms of delivery and experience in dealing with the group. The total Contracting order book stands at 95% of F2014 Contracting revenue.
Capacity building			
Employees trained annually.	30%	>30%	Training initiatives increased, with 39% of employees trained. The group increased its spend from R37,1 million last year to R45,1 million this year. There were also over 1 200 training interventions in the rest of Africa.

CEO EVALUATION continued

How impact is measured	Target	Measure at June 2013	Delivery F2014
Organisational development and succession			
Structural and resource alignment with strategy and goals. Employment equity.	To address undue complexity, improve efficiency, cost and speed of doing business.	Internal fitness programme was launched to address structure, operating efficiencies, risk mitigation, cost and co-location.	Programme successfully implemented, with improved efficiencies. The group is now located in an integrated central office in Gauteng. The employee survey confirms our successful move to one office. Our employment equity scores have improved at senior management, middle management and junior management.
Compliance/risk management			
External audit report.	No major findings.	No major findings. Loss-maker ratio at 13% the lowest since measure introduced.	Unqualified audit achieved, with no major findings. Loss-/profit-maker ratio worsened to 23%. This is now recovering off interventions made in the affected segment. Excluding a loss-making contract in Civil Engineering, the group's loss-/profit-maker ratio would have been 18%.
Group strategic development			
Develop and execute group strategy. Currently comprises four aspects, each measurable and reported.	Show progression towards: 1. Sector penetration 2. Geographic expansion 3. EPC and multi-disciplinary capability 4. Growth on annuity-type business	Progression achieved in all four aspects of the strategy.	Further progression achieved in all aspects of strategy. Refer to page 11.
Group financial performance			
HEPS/EPS growth.	Budgets set annually and approved by the board, which would consider market conditions, management and shareholder expectations.	Fully diluted HEPS from continuing operations up 88%, but off a lower base created by the impairment in the prior year of Construction Materials and reduced profit recognition in the Middle East.	HEPS year-on-year growth of 43.8%.
Stakeholder communication and interaction			
Client, investor and board communications feedback.	Awards, public profile and board rating.	Won best integrated annual report for 2012.	We won the Investment Analysts Society's sector award for the seventh time this year. Overall stakeholder engagement was generally positive. Refer to page 18.

THE GROUP REPORTED SOLID EARNINGS, GOOD CASH ON HAND AND AN IMPROVEMENT IN RETURNS AND STRATEGY PROGRESSION. THE CEO'S PERFORMANCE EXCEEDED TARGETS IN 90% OF THE MEASURES AND THE GROUP IS IN A STRONG POSITION TO FURTHER PROGRESS THE ROLL OUT OF ITS STRATEGY. FOCUS AREAS WILL CONTINUE TO BE THE RECOVERY OF MARGINS AND THE ORDER BOOK IN CIVIL ENGINEERING, AND TO FURTHER DRIVE EMPLOYMENT EQUITY TARGETS. REFER TO PAGE 134 FOR THE CEO'S REMUNERATION.

CFO

Evaluated by: CEO and chair of audit committee

Key performance areas	How impact is measured	Delivery F2014
Leadership	Employee satisfaction survey.	The employee survey and employee engagement rates improved to 67.8%, which represents the highest score since inception of the survey in 2010. This was a significant achievement during a year where we relocated to our new Gauteng integrated central office and continued the roll out of our other change initiatives.
Group financial performance and position	Actual versus targets to group over-arching financial goals.	HEPS year-on-year growth of 43.8%. EPS year-on-year growth, with R4,01 per share achieved against R2,64* per share achieved in the prior year. Cash on hand was R2,9 billion, largely unchanged from last year. Return on equity from continuing operations was 17% against a target set of 15% – 20%. * *Restated for the first-time adoption of IFRS 11 and IAS 19.*
Financial risk management	Global credit rating (GCR).	The GCR rating was unchanged at long term National A- and short term National A1.
BBBEE	Construction Charter scorecard rating.	We retained our Level 2 contributor status, with full points awarded for preferential procurement, enterprise development and socio-economic development. The group also came ninth overall in the Mail and Guardian Most Empowered Companies in May 2014, with the highest ownership element score of all companies in the Top 20.
Organisational development and succession	Structural and resource alignment with strategy and goals.	The group launched an internal fitness programme in F2012, much of which related to efficiencies, simplicity, speed and risk mitigation of support functions, with finance and administration programmes the most significant contributors. During F2014, these programmes were successfully implemented and have already resulted in significant improvements in the group's operating efficiencies.
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.
Stakeholder communication and interaction	Investor and financial institution feedback.	We won the Investment Analysts Society's sector award for the seventh time this year. Overall stakeholder engagement was generally positive. Refer to page 18.

THE GROUP REPORTED IMPROVED TRADING RESULTS, WITH CASH GENERATED FROM OPERATIONS OF R384 MILLION IN THE YEAR, WITH CASH LARGELY UNCHANGED YEAR-ON-YEAR AND A RETURN ON EQUITY FROM CONTINUING OPERATIONS OF 17%. THE GROUP'S FINANCIAL REPORTING AND FINANCIAL CONTROLS REMAIN SECTOR-LEADING, WITH THE CFO'S PERFORMANCE AGAINST TARGETS EXCEEDING EXPECTATIONS FOR MOST MEASURES. REFER TO PAGE 135 FOR THE CFO'S REMUNERATION.

NON-EXECUTIVE DIRECTORS

Evaluated by: Independent evaluation by Institute of Directors/independent board evaluation/ shareholders through annual general meeting

Key performance areas	How impact is measured	Delivery F2014
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 each other. In light of the succession planning exercise completed, the board skills were augmented with the appointment of five additional non-executive directors.
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.

COMPANY SECRETARY

Evaluated by: Chief financial officer

Key performance areas	How impact is measured	Delivery F2014
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 compliance officer was appointed. This resulted in even more focus being placed on our ethics drive. 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.	With the appointment of the new directors, a comprehensive induction programme was carried out in May 2014. 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.	There were 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.

EXECUTIVE COMMITTEE

1 MR (Mike) Upton (59)

2 CM (Cristina) Freitas Teixeira (41)

The CEO and CFO are main board members. Their CVs are contained on page 102.

3 J (Jesse) Doorasamy (43)

EXECUTIVE – HUMAN RESOURCES

Member of social and ethics committee

B. Soc, Sc, BCom (Hons), PG DIP IR

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

4 P (Paul) le Sueur (57)

EXECUTIVE – STRATEGIC PROJECT DEVELOPMENT

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 role of driving the group's sector and African growth strategies and exercising an oversight role on large contract implementation.

5 AJ (Andrew) McJannet (51)

EXECUTIVE – CONSTRUCTION

Member of risk committee

BSc Eng (Civil), BA (PPE), MA (Oxon), Pr Eng, MSAICE

Andrew has been with the group for just over 26 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 been invaluable in his role of aligning all the group's Construction businesses.

6 GD (Guy) Mottram (48)

EXECUTIVE – RISK

Member of risk committee, member of social and ethics committee

BCom, LLB

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. As a member of the Engineering and Construction Risk Institute, he is able to consider leading global trends for application in the group.

7 ECJ (Eric) Vemer (49)

EXECUTIVE – INVESTMENTS AND CONCESSIONS

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.

8 JA (John) Wallace (56)

EXECUTIVE – MANUFACTURING

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.

9 WI (Willie) Zeelie (52)

EXECUTIVE – ENGINEERING & CONSTRUCTION (E+C)

Member of risk committee

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.

PERFORMANCE AGAINST KEY PERFORMANCE INDICATORS

EXECUTIVE COMMITTEE (EXCO)

Evaluated by: CEO

Key performance areas	How impact is measured	Delivery F2014
Leadership	Employee satisfaction survey.	The group's employee engagement survey was the highest ever at 67.8%, with the management style element being a record 69%.
BBBEE	Achievements of transformation targets and Construction Charter scorecard rating.	We retained our Level 2 contributor status, with full points awarded in preferential procurement, enterprise development and socio-economic development elements. The group also came ninth overall in the Mail and Guardian Most Empowered Companies in May 2014, with the highest ownership element score of all companies in the Top 20.
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 worse than expected market conditions.
Organisational development and succession	Effectiveness of succession and development plans.	All clusters delivered performance improvements against group strategy. In addition, the progress made on the creation of the Strategic Project Developments structure will assist greatly in further driving the growth strategy. The move to a Gauteng integrated central office will also allow further optimisation across all businesses.
Technology/skills acquisition and development	Adoption of new technologies.	Growth in technical capabilities continued to be a key growth driver for the group in the year. E+C delivered four EPC renewable energy power contracts and built capacity in the oil and gas sector. Investments and Concessions won a new CTROM operations and maintenance contract using a new in-house tolling system. Everite implemented a highly successful capital expenditure programme using internal design and build capabilities. The group's new integrated central office in Gauteng is one of only a few 5-Star green buildings in the country and includes many innovative technologies that reduces its lifecycle costs.
Safety	Group and cluster LTIFR and fatalities.	Although the overall lost-time injury frequency rate improved, the group sadly suffered three fatalities during the year.

Key performance areas	How impact is measured	Delivery F2014
Compliance and quality	Audit reports.	External, internal and ISO audits clear.
Group strategic development in area of responsibility	Discretionary rating by manager.	The executives implemented both the internal fitness programmes and the new strategic initiatives developed in the prior year. The measures of this performance area are covered in the group's F2014 results and movement in revenue, order book and the target opportunity pipeline analysis of our key sectors, geographies and type of contracts.
Teamwork	Discretionary rating by manager.	The executive team's continued alignment resulted in significant gains in executing our strategy. A very positive impact has already resulted from the group's move to an integrated central office in Gauteng.
Stakeholder relations	Market survey.	We won the Investment Analysts Society's sector award for the seventh time this year. Overall stakeholder engagement was generally positive. Refer to page 18.

EXCO DELIVERED WELL AGAINST PLANNED PROFIT, CASH AND RETURN ON EQUITY. THE CLUSTERS DELIVERED LARGELY TO EXPECTATIONS, DESPITE THE MARGIN COMPRESSION IN SOME SEGMENTS. COLLABORATION ACROSS CLUSTERS AND SEGMENTS CONTINUES TO IMPROVE AND STRATEGIC IMPLEMENTATION IS PROGRESSING. THE CORPORATE SUPPORT FUNCTIONS SUCCESSFULLY IMPLEMENTED THE PLANNED INTERNAL FITNESS PROGRAMMES. REFER TO PAGES 136 TO 142 AND 144 TO 148 FOR EXCO'S REMUNERATION.

GROUP STRUCTURE AND TEAM

❶ **Mike Upton** Executive director and CEO
❷ **Cristina Freitas Teixeira** Executive director and CFO

1 2

Investments and Concessions

CLUSTER

Eric Vemer Executive committee member

TEAM

TEAM	**Jon Hillary** Managing director Intertoll Group	**Themba Mosai*** Managing director Intertoll Africa	**Zoltan Pap** Managing director Intertoll Europe	**Connor Dawson** Director: Head of Infrastructure Developments	**Kushil Maharaj** Managing director Property Developments
SEGMENTS	**Infrastructure Concessions**			**Infrastructure Developments**	**Property Developments**
COMPETENCIES	Investment in and implementation of concessions and PPPs, including operations and maintenance			Identification and development of infrastructure concessions opportunities	Development, ownership and management of selected A-grade property assets generating development and investment returns
SECTORS	Transport, power and real estate in public and private sectors				Real estate in private sectors

* *Acting in two roles until a replacement Intertoll Africa MD is appointed.*

Engineering & Construction

CLUSTER

Willie Zeelie Executive committee member

TEAM

TEAM	**Peter de Vries** Managing director Power	**Dave Morgan** General manager Oil and Gas	**Des Muller** General manager Nuclear Construction Services	**Hans Rossocha** Director Engineering Services
SEGMENTS	**Power**	**Oil and Gas**	**Nuclear Construction Services**	**Engineering Services** (which provides mostly internal services across the group)
COMPETENCIES	Multi-disciplinary EPC^ contract delivery from feasibility through to supporting bankability and implementation, including plant operations and maintenance	Core maintenance, shutdowns and turnarounds, above-ground storage tank design and construction, repairs and maintenance, as well as new-build oil and gas contracts	Nuclear readiness certification implementation, local nuclear plant services and refurbishment	Technical support, design, engineering and construction methodologies and innovative solutions for E+C and Construction clusters and in support of developing multi-disciplinary and EPC^ solutions.
SECTORS	Power in the public and private sectors in South Africa and in the rest of Africa	Oil and gas in the public and private sectors in South Africa and in the rest of Africa	Power and industrial nuclear in the South African public sector	All sectors

^ *Engineer, procure and construct.*

CLUSTER

Manufacturing

John Wallace Executive committee member

TEAM

Jurgen Stragier
Managing director: Everite and ABT

Cedomir Djordjevic
Technical director: Manufacturing

SEGMENTS	**Fibre Cement** Everite and ABT (Advanced Building Technologies)	**Steel Products** Barnes Reinforcing Industries (50%) and Group Five Pipe (50%)
COMPETENCIES	Exterior and interior walling, ceiling boards, roofing systems and pipes and fibre cement-clad, steel-framed modular housing systems	Large bore spiral wound steel pipes for mainly water transport systems and steel reinforcing and mesh for use in concrete structures
SECTORS	Real estate in public and private sectors	All sectors

CLUSTER

Construction

Andrew McJannet Executive committee member

TEAM

Michael van Rooyen
Managing director: Building

Frank Enslin
Managing director: Housing

Eduan van Rooyen
Managing director: Coastal

Steve Ryninks
Managing director: Civil Engineering

Mark Humphreys
Managing director: Projects

SEGMENTS	**Building and Housing**	**Civil Engineering**	**Projects**
COMPETENCIES	Design to build and construction of large buildings, low-cost and affordable mass housing and residential and mine housing solutions	Construction of large structures in public and private infrastructure, including heavy civil mining and industrial structures, roads, ports, airports and pipelines	Multi-disciplinary plant construction covering structural, mechanical, electrical, instrumentation and piping
SECTORS	Real estate and related infrastructure in public and private sectors	All sectors	Predominantly mining, industrial and power in public and private sectors

❶ **Mike Upton** Executive director and CEO
❷ **Cristina Freitas Teixeira** Executive director and CFO

Executive committee members – corporate

Strategic Project Developments

Paul Le Sueur Executive committee member

Themba Mosai* Head: SPD Africa
Reporting to SPD committee member

* *Acting in two roles until a replacement Intertoll Africa MD is appointed.*

Risk

Guy Mottram Executive committee member

Izak van der Watt Group SHEQ manager
Reporting to risk committee member

Human resources

Jesse Doorasamy Executive committee member

Management responsible for group secretarial and group corporate affairs

Secretarial
Reporting to the CFO

Nonqaba Katamzi
Company secretary

Corporate affairs
Reporting to the CEO

Isabella Makuta
Group Corporate Affairs

CASE STUDY

WATERFALL INTEGRATED CENTRAL OFFICE

As the constructor of the building for an external developer, we secured revenue and margin. Group Five now rents the building as its integrated central office.

Moving over 740 people into one building during the year has already derived positive results in terms of how we operate as a group, including:

- **More consistent application of operating procedures**
- **Improved cross-business collaboration and a one-team mindset**
- **Elimination of duplicated internal and external support activities**
- **Flattening of operating structures**
- **Improved real-time communication and decision-making**
- **Opportunity for further rationalisation**

During the first few months of internal collaboration between the group's Projects and Power businesses due to ease of engagement in one building, an implementation plan for a power plant in Africa was agreed, which meant that around R200 million of revenue was retained in-house instead of allocated to external contractors.

During the year, we also created key centres of excellence and enhanced shared services in an integrated employee services unit, which will drive best practice in areas such as remuneration and benefits and site support functions. We will further build on the standardised way of operating to ensure improved cross-business integration. Efficiencies and cost reductions should flow through during the next 12 to 18 months.

The building is one of only five buildings in Gauteng to receive a 5-Star Green Star SA – Office Design v1 – prestigious rating. It is also the first building in Waterfall and Waterfall Business Estate to receive a Green Star SA rating. Waterfall is the largest urban concept development in South Africa and Waterfall Business Estate is poised to become one of the most successful nodes within the Gauteng market and in South Africa.

The building is highly energy efficient, from its lighting to its air handling. It has a thermal storage system to reduce peak energy demand on the national grid. It is water efficient, with water fixtures, xeriscape plants and rainwater capturing.

This green building's fresh air rates 150% higher than required, with carbon dioxide monitors to ensure good quality air.

The design optimises generous daylight in the building, without the glare. Low-volatile organic compound paints, carpets and sealants were used, as well as low formaldehyde composite timber products.

The building's reinforced steel has a recycling content of at least 90%. It also saved 30% of its total PVC content by replacement with other materials. Around 50% of the timber in the building is either Forest Stewardship Council Certified, re-used or has a recycle content.

The building also keeps its emissions low. This includes reducing gas emissions, sewerage outflows and light pollution.

Following the move to Waterfall, the group's total office rental cost per annum increased by R12 million.

The increase is as a result of moving employees from outlying regions where rent rates were materially discounted and from offices which provided minimum facilities to a centrally-located and quality office space.

However, there will be savings realised to offset the additional cost. An example is the estimated 307 hours saved per year at a cost of R12,7 million required in the past for travelling to monthly meetings between segments and the corporate office.

In addition, the group has realised savings amounting to R2,2 million with a reduction in headcount from outsourced information technology service providers and an additional R1 million in reduced network links with the consolidation of information technology infrastructure in one office.

During the last few years, the group has strived to reduce complexity and cost and improve the speed and efficiency of business support operations. As part of this strategy, during the year, Gauteng employees, outside of Manufacturing and Plant employees who need to be based close to their plants and yards, relocated from six different locations into one integrated central office.

Consolidation of all Gauteng businesses into

one leading

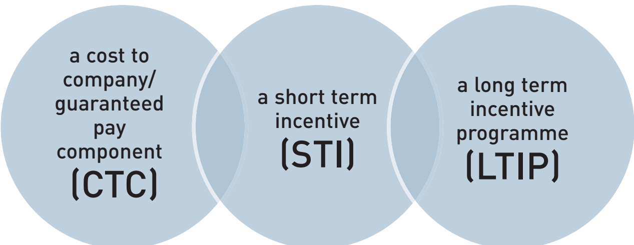
5-Star green-rated building

Our team's remuneration

This 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. The F2014 remuneration policy was approved by the group's shareholders at the most recent annual general meeting (AGM) in November 2013.

1 INTRODUCTION

The group's remuneration strategy aims to attract, retain and motivate skilled and performing employees to execute the group's strategy. The group offers an integrated remuneration and reward model, which comprises:



The group's pay mix is compared to the market(s) from which it attracts and recruits employees.

The remuneration committee (remco) assists the board in setting the remuneration policies for the group, as well as the remuneration of particularly the executive directors and the group's prescribed officers. Independent non-executive director Dr JL Job is the chairperson of the remco. Independent non-executive director LE Bakoro was a member of the committee until her resignation from the main board and its sub-committees on 11 February 2014. MR Thompson and NJ Chinyanta were appointed as independent non-executive directors to the board on 1 April 2014 and subsequently appointed to serve on the remco. CEO MR Upton and the Group HR director J Doorasamy attended the remco.

The remco is mandated to address senior employees' remuneration, as well as to consider and approve 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.

During the year, the remuneration committee focused on ensuring that the remuneration paid to employees remained in line with market norms to attract and retain skilled employees.

The committee also focused on implementing and communicating the long term incentive programme (LTIP) within the group to ensure that all participants understood the programme and its intended outcome and incentives at grant date to maximise the programme's success.

2 GROUP FIVE INTEGRATED REMUNERATION POLICY

	VARIABLE PAY		COST TO COMPANY	
Elements	**Long term incentive**	**Short term incentive**	**Benefits**	**Base pay**
Group Five	• Share appreciation rights • Performance shares* • Bonus shares	• Annual incentive bonus scheme	• Medical aid • Pension fund/ provident fund • Death benefit • Car allowance	• Monthly salary • Hourly wage
Strategic intent	• Rewards company performance • Rewards individual performance • Attraction/retention • Recognition of contribution to company success	• Rewards company performance • Rewards individual performance • Attraction/retention/ recognition	• Provides a comprehensive remuneration offering inclusive of cash and benefits • Retention of skills in terms of the comprehensiveness of benefits offered	• Attraction/retention
Eligibility	• Executive directors • Prescribed officers • Senior management at a corporate, cluster and segment level	• Executive directors • Prescribed officers • Senior management at a corporate, cluster and segment level	• All employees	

	Long term incentive	Short term incentive	Benefits / Base pay
Eligibility pay criteria	• Allocation based on grade • Target pay as percentage of cost to company for the various participants. • Subject to share appreciation, return on capital and total shareholder return	• Hurdle rate for payment includes return on equity and % profit thresholds • Individual pay subject to profit and cash generation, transformation measures and individual performance • Target payout 1.2 x CTC • Maximum payout 3 x CTC	• Market-based pay according to job grouping, grade and individual performance

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

3 FOCUS AREAS DURING THE YEAR

LABOUR ENVIRONMENT

The demands from major unions operating in the construction sector for significantly higher wages and improved benefits in mainly the group's home market of South Africa continue unabated. Project bonus demands across construction sites in South Africa, as well as demands for travel, food, accommodation and site-specific allowances also continue. Improved social benefits, such as health insurance and pension contributions are also specified. Although we have a low union membership of 17.6%, the non-unionised employees on our sites have similar demands and are often militant.

Against this, the group took a firm stance in dealing with labour unrest and associated community activism, as this is a material risk to the safety of our employees, as well as to the delivery of large, mainly public sector multi-disciplinary contracts. As a group we believe it is critical that the principles of centralised bargaining be maintained despite the substantial pressure from unions in the sector to deviate from this key tenant of sound industrial relations.

Our consistent response has been to not engage in addressing industry issues at site level or by contract. As a key member of the South African Federation of Civil Engineering Contractors (SAFCEC) and the Steel and Engineering Industries Federation of South Africa (SEIFSA), we continue to influence these challenges at industry level. During the year, we further augmented the industrial relations management capabilities of the human resources (HR) teams across all businesses within the group. This, coupled with a more proactive approach, will assist in identifying and resolving site-specific issues at site level before they escalate.

EDUCATION AROUND REMUNERATION

The HR department continued to focus on informing line managers and employees of the group's remuneration policy and practice, the structure of total remuneration and the group's approach to rewarding performance. These sessions have proved to be valuable in ensuring more informed employees in terms of our remuneration offering. The group's policy of remunerating between the 60th and 65th percentile of the market average position of guaranteed base pay, with the opportunity to secure larger variable pay, continues to ensure the successful attraction and retention of critical skills in line with our remuneration strategy. This strategy also allows the group to better sustain itself during a construction downcycle.

EXPATRIATE WORKFORCE

In addition to our continued focus on local skills development and employment in all countries in which we operate, the group focuses on supporting its expatriate workforce. Over 1 200 training interventions took place for local and expatriate employees in countries in the rest of Africa. These interventions represent an ever-growing focus within the group's training academy to extend its reach and substantially improve the technical and managerial skills of locals and expatriates employed outside of South Africa.

The group's highly-skilled expatriate employees have helped counter skills shortages on the continent, while assisting in the development of the skills pool in the countries where they are deployed. Due to the success of this strategy, the remuneration and benefits paid to these employees were reviewed and augmented during the year. The base salaries, flight benefits and rotation periods make us an employer of choice and enable the attraction and retention of these skills even against the remoteness of our African sites when compared to regions such as the Middle East.

ENSURING COMPETITIVE REMUNERATION

The group's approved LTIP was implemented during the current year. This programme addresses the challenge of the previous scheme which was only dependent on share price performance. The new LTIP offers a balance between external market sentiment in the form of share price, shareholder value creation and individual performance. All aspects of the LTIP address the retention of employees.

The implementation of the **LTIP,** together with a number of other improvements to our remuneration practices, ensures a competitive positioning in terms of guaranteed pay and short and long term incentives.

Following the implementation of a Paterson job grading system during the previous financial year, the group continued to align its grades across segments and clusters. This resulted in greater consistency and standardisation of job title grades.

Group Five offers a number of employee benefits to its permanent employees, as approved by the remco.

Our medical aid cover is outlined below:

	MEDICAL AID COVERAGE	
	% COVERED THROUGH GROUP FIVE OR SPOUSE	% UNCOVERED
Permanent employees	46	54

Our permanent salaried employees are all members of a medical aid either through Group Five or through a spouse's medical aid, as it is a condition of employment. Only 9% of our permanent wage employees have medical aid cover, despite the benefit being offered on a 50/50 contribution between employee and the company. Through ongoing communication, awareness and training initiatives we aim to increase this level. Temporary employees' low medical cover of 1% is in line with industry norms given the limited duration nature of employment.

In addition to the risk benefits offered by our retirement fund, we offer death and disability insurance cover through a group personal accident (GPA) insurance policy to all permanent and temporary employees. Similar to the base pay, the group reviews these employee benefits on a regular basis to ensure they remain competitive against prevailing market trends and conditions.

During the year, the group replaced its disability benefit with a significantly improved income protection policy which will pay 75% of income until retirement for permanent total disability rather than a lump sum, as well as provide temporary disability income protection.

PERFORMANCE REVIEWS

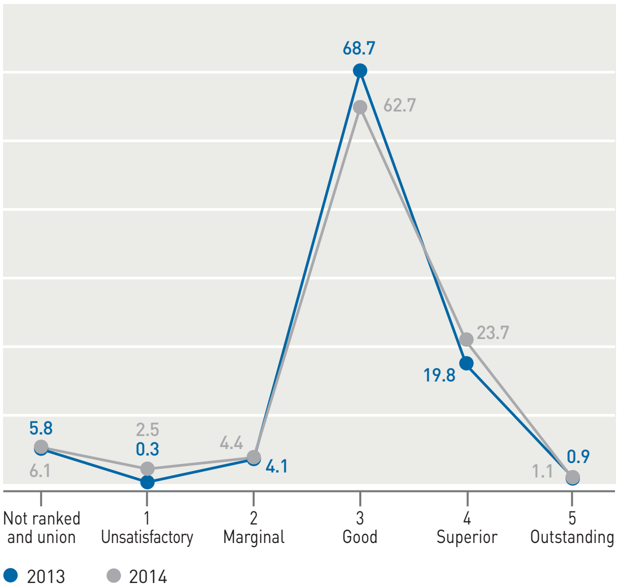
Annual performance reviews are required for permanent salaried employees in the group. These reviews provide input into the annual salary review process and represent an important aspect in determining the remuneration increase of each employee. Through the group's training academy we focused on the quality and consistency of our performance review processes and outcomes. During the year, 78% of our eligible employees had a formal appraisal completed. Although this was lower than the previous year's 83%, the quality of the reviews improved.

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 reviews of the executives are 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 their alignment, achievement and contribution to the group's strategy, the group's financial performance, cluster performance, segment performance and individual performance.

The individual performance ratings of employees which influenced the increases awarded in the group are reflected below:

Year-on-year comparison of performance ratings between F2013 and F2014 (%)



The focus on improving the quality of performance reviews resulted in a greater degree of consistency in the application of ratings. The increase in employees rated as "unsatisfactory" is due to a more stringent application of the rating model, as well as managers now being more confident in rating under-performance effectively. Our efforts going forward will be to focus on employees rated on the lower levels of the performance scales through training initiatives. At the top end of the performance scales, we will concentrate on our succession planning and retention initiatives. We are pleased with the fact that 25% of our employees are rated as superior/outstanding.

4 CHANGES TO REMUNERATION IN F2014

COST TO COMPANY (CTC) 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 group policy.

During the year, the remco approved an overall increase of 9%. This consisted of a performance-based increase of 7% and an additional 2% for individuals who required CTC 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.

At an individual employee level, the annual CTC increase is determined by the individual's pay relative to the band he or she is matched against, as well as the performance of the individual in the role. This process of evaluation concluded with an average performance increase for the group of 6.5% from the mandated 7% and an average group band adjustment of 1.6% from the mandated 2%. The group therefore ensured that increases did not exceed the mandate provided by the remco.

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 18.6% of employees. The employees governed by the civil engineering sectoral determination received an increase of 10% at the more junior grades and 9% at the senior grades. Metal Industries Bargaining Council employees from our Projects and Oil and Gas segments received 7% and our Manufacturing segment Everite employees received 9%. At the time of writing, our concessions business Intertoll Africa was still in negotiations with the South African Transport and Allied Workers Union (SATAWU). In cases where the group's client issues an instruction to pay more or offer additional benefits to that of sectoral agreements, we adopt this as a variation order to our contract and implement accordingly. We have been found to be compliant with labour regulations on all sites.

VARIABLE PAY

Short term incentives (STIs)

The group awards management and most salaried employees an annual performance incentive. The actual amount awarded is subject to the achievement of set thresholds relating to the performance and position of the group, cluster and segment and individual performance over the financial year. Non-executive directors do not participate in any variable pay offering.

At the level of executive directors, prescribed officers, group directors, managing directors and segment directors of the company, two thresholds need to be met before an incentive pay-out is considered by the remco.

These are:

1. **The group achieving a minimum ROE percentage of no less than the group's weighted average cost of capital for the year.**

2. **Meeting a minimum profit before tax level, as approved by the main board.**

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

During the year, the targeted percentage of cost to company to be paid as an STI to the CEO was reduced from 140% in F2013 to 120% in F2014. This was to align the STI with market norms as an LTIP was put in place. This amendment resulted in the aligning of 55% of the CEO's remuneration to the company's performance and 45% to individual performance. 52% of the CFO's remuneration and 51% of prescribed officers' remuneration is linked to company performance. This was a once-off review, with no further adjustment anticipated for F2015.

F2014 and F2015 executive director and prescribed officers' STI participation (target percentages of cost to company)

Classification	F2015	**F2014**	F2013
CEO	120%	**120%**	140%
CFO	110%	**110%**	120%
Prescribed officers	105%	**105%**	110%

With the implementation of the LTIP during the year, an amendment was made to the timing of the STI pay-out. As the STI is intended to reward short term company performance, the incentive earned will therefore be paid out over two tranches at six-monthly intervals, commencing in September following the financial year-end in which it is earned, as opposed to the previous four-tranche payout mechanism.

If the thresholds of return on equity and headline earnings, being the hurdle rates for payment, are met, a maximum of 15% of group profit before tax (PBT) before taking into account the required provision for directors' STI is made available as an incentive pool to about 110 individuals, which include the executive directors, prescribed officers and senior managers of the company. The individual incentive value is based on a grade-related participation percentage of company and cluster or segment profit before tax. The individual performance criteria and their respective weightings are as follows:

KEY PERFORMANCE AREA (%)	WEIGHTING F2014	WEIGHTING F2013
Profit before tax	35%	30
Free cash generated	15%	15
Employment equity and enterprise and supplier development	20%	20
Alignment to group supply chain strategy	10%	15
Individual performance	20%	20

In the past, supply chain support for internal procurement represented 15% of the individual's weighting. However, as procurement initiatives in the group reached maturity, this no longer served as a meaningful measure to incentivise behavioural payments changes. It was therefore decided to increase the weighting on profitability to incentivise a focus on driving earnings.

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

The group's executive bonus (STI) payment structure results in pay-out of bonuses three and nine months after the earnings period against which these bonuses are awarded. Bonuses actually paid in a financial year therefore relate to the earnings performance of the previous financial year. The short term incentive pay-outs made during this financial year reflect the company performance reported in F2013 and include the remaining amounts due from the F2012 incentive.

Comparative awards and pay-outs

Based on achievements against various performance thresholds, the senior management teams were paid as follows this year:

- The CEO was awarded a bonus of 124% of his annual guaranteed CTC, which was 88% of the targeted bonus of 140% of annual CTC
- The CFO was awarded a bonus of 111% of CTC, which was 92% of the targeted bonus of 120% of annual CTC
- The prescribed officers were awarded bonuses of 91% against a target of 110% of annual CTC

Refer to pages 107 to 109 and 114 to 115 for achievement against key performance indicators.

F2013 STI awarded as a % of annual cost to company	CEO	CFO	Prescribed officers
Paid in two tranches in F2014	124%	111%	91%

Short term incentive tiered pay-outs

Timeline	% pay-out of year's award
September following the year in which it is earned	50%
March following the year in which it is earned	50%

Special retention measure

No new retention measures were awarded in F2014. The final payments due in terms of the F2013 retention scheme were settled in June 2014.

Long term incentives (LTIs)

The LTIP scheme was implemented in February 2014 after being approved at a special shareholders' meeting in November 2012 and following input from shareholders in terms of appropriate performance criteria to be applied. 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.

The LTIP consists of three elements:

1 **Share appreciation rights (SARs)**

Value created through share price growth

2 **Performance shares**

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

3 **Bonus shares**

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

At the discretion of the remco, executives and selected senior managers in Paterson grades F to D who are in good standing with the group 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
- ensure that executives share a significant level of personal risk along with the group'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	Executive directors, prescribed officers, senior management (Paterson grading D-F).	Executive directors, prescribed officers and senior management (Paterson grade E-F).	Executive directors, prescribed officers, and senior management (Paterson grade D-F).
VESTING PERIOD	Three years from date of allocation, in equal tranches on the third, fourth and fifth anniversaries.	On the third anniversary of the award to the extent that performance indicators are met.	On the third anniversary.
PERFORMANCE CRITERIA	Share price underpinned relative to strike price.	The average annual return on capital (ROC) in the three-year period post the award and the total shareholder return (TSR) when compared to a group of peers over the same period.	Conditional only on continued employment and being in good standing with the organisation.
TERMINATION	"No-fault of employee termination"* – all SARs, regardless of whether vested or not, will be settled by the group. "Fault of employee termination or resignation"* – all SARs not vested will be cancelled.	"No-fault of employee termination"* – performance shares will be pro-rated over the period from grant date to termination date as if the target performance criteria were met at date of termination and settled by the group. "Fault of employee termination or resignation"* – all unvested performance shares will be cancelled.	"No-fault of employee termination"* – all bonus shares will receive accelerated vesting and these will be settled by the group on shares that were granted. "Fault of employee termination or resignation"* – all unvested bonus shares will be cancelled.
SETTLEMENT	Settled through equity. SARs not exercised by the sixth anniversary date lapse.	Settled through equity.	As far as is practical, settled through cash.
AGREED PERFORMANCE MEASURES	The SARs are self-regulated by the share price that is market-driven.	Return on the group's capital (ROC). TSR relative to nine peers. Refer to page 131.	Based on the short term measures of earnings, cash generation, return on capital, non-strategic criteria and individual performance.

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

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

Segment directors:
Two months

General managers, managing directors, executives, committee members and executive directors:
Three months

F2015 LTIP awards

The award mix for F2015 will be as follows:

Grouping per job types	Participant numbers	REWARD STRATEGY – INCENTIVE PAY MIX		RECOMMENDED POLICY – FACE VALUE GRANTS		
		LTIP	(Expected value expressed as a % of TCTC*)	Share appreciation rights	Performance shares (@ target)	Bonus shares
				Face value as a % of CTC		
1	**2**	Yes	72%	32%	28.0%	12.0%
2	**2**	Yes	62%	32%	18.6%	11.4%
3	**4**	Yes	62%	32%	10.0%	11.4%
4	**11**	Yes	52%	32%	10.0%	10.0%
5	**7**	Yes	52%	32%	10.0%	10.0%
6	**85**	Yes	42%	32%	–	10.0%

* *After three-year vesting period.*

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

1. **An average of ROC for the three-year period post allocation of the award, with a minimum threshold of 11.6%.**

2. **An average of TSR for the three-year period post allocation of the award, with the caveat that the group achieves no less than eighth position out of a defined peer group.**

Firstly, return on capital targets will be set that provide for:

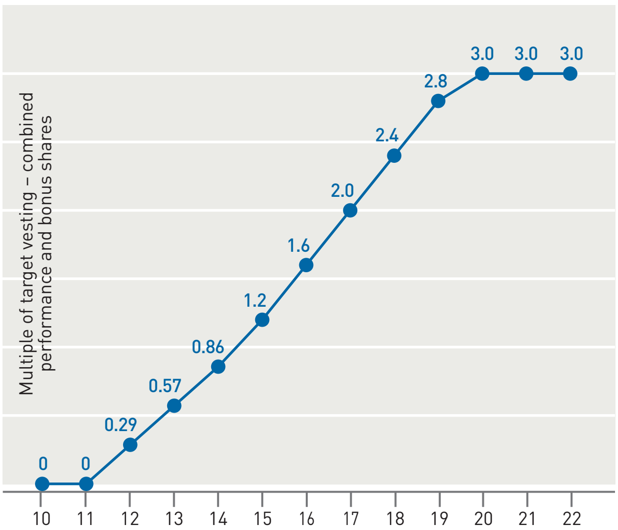
- **A threshold** (the WACC). Performance below that will result in zero vesting
- **A target.** Performance against this will result in the targeted vesting in terms of the expected reward strategy pay mix
- **A maximum performance** at which three times the targeted number will vest
- **Pro-rated vesting**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

Secondly, total shareholder return (TSR) will be compared against a peer group of companies:

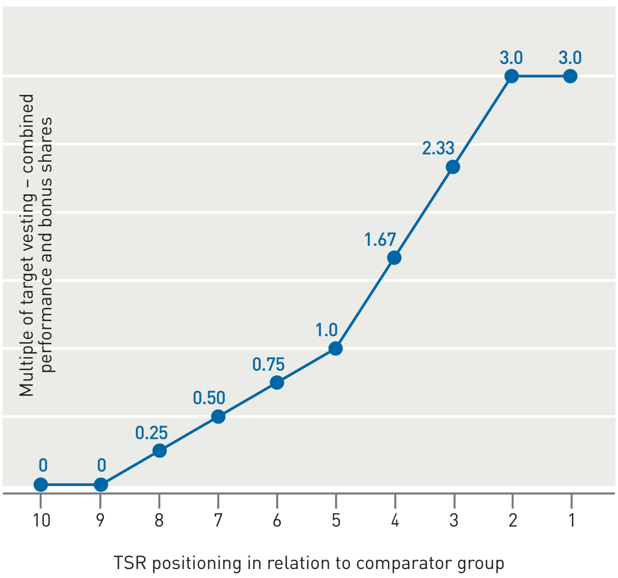
- **A threshold** of at least eighth position against the peer group
- **A mid-point** pay target achieved at fifth position against the peer group. Performance against this will result in the targeted vesting in terms of the expected reward strategy pay mix
- **A maximum target** achieved at first or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

The sliding scale pay-out will be applied as per the two graphs. The main board of directors and the remco will revise the performance criteria annually for future grants and will communicate this proactively, prior to the grant, in the annual remuneration report.

Vesting vs return on capital (%)



Vesting vs TSR positioning to comparator group



COMBINING THESE PERFORMANCE CRITERIA RESULTS IN A REWARD AND RETENTION STRATEGY BASED ON A FULL SPECTRUM OF SHARE, STRATEGIC AND OPERATIONAL PERFORMANCE. THE GROUP BELIEVES THIS ENSURES SHAREHOLDER ALIGNMENT.

Bonus shares

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

Profit before tax	Free cash generated	Employment equity and enterprise and supplier development	Alignment to group supply chain strategy	Individual performance
35%	15%	20%	10%	20%

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). The individual SAR issues lapse after six years if not exercised.

NON-EXECUTIVE DIRECTORS' FEES

The remco reviews the annual increases of non-executive directors' fees and recommends these to the board. The board of directors in turn recommends the fees for approval by shareholders at the AGM. The F2014 fees were approved at the November 2013 AGM and the recommended fee schedule for F2015 is disclosed on page 143 and presented to shareholders for consideration and approval with the form of proxy ahead of the November 2014 AGM.

The chairperson of the board is remunerated based on a fixed fee for the year. The remainder of the non-executive board members receive a base fee for their main board membership and an attendance fee per meeting. In addition, the chairpersons of each sub-committee of the board receive a fixed fee for this role. Members of sub-committees receive an attendance fee per meeting. All non-executive board members are invited attendees to sub-committee meetings. Where a non-executive board member attends a sub-committee meeting as an invitee, they receive an attendance fee in line with the members.

Board members only receive fees for meetings in which they are in attendance.

The remco proposed an increase of 7% for the non-executive directors' fees.

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.

5 LOOKING FORWARD

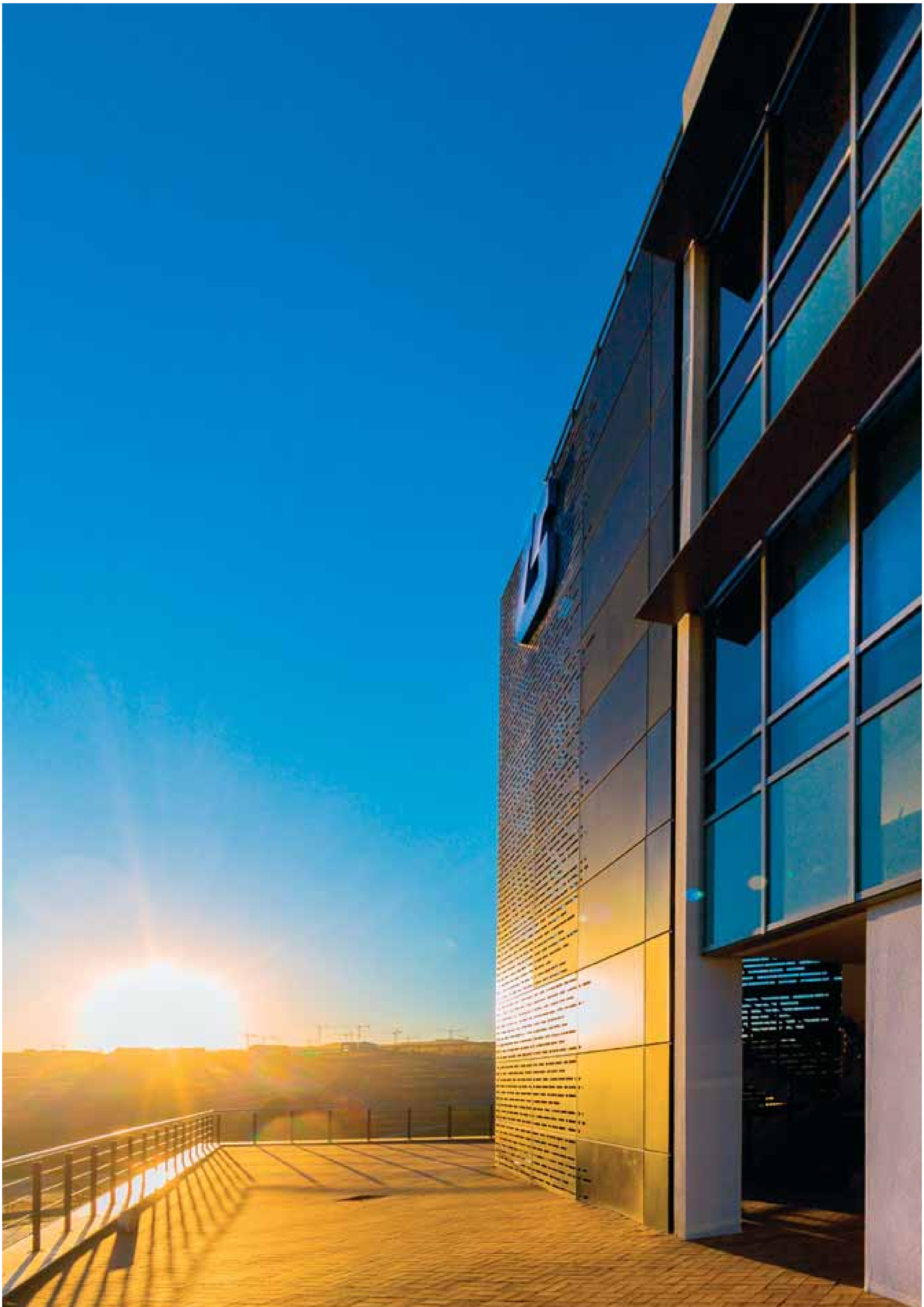
The LTIP aligns the interests of shareholders with management and it is important that the philosophy and mechanics required to achieve this alignment are fully understood.

With the establishment of the group's central integrated employee services unit at the group's new integrated central office during the year, the focus will be on ensuring efficiencies and standardisation between businesses on all human resource administration. We will also ensure greater consistency between remuneration practices on local and international sites.

We will further refine our Paterson grading system by analysing grades and linking them to qualifications, experience and responsibility. This will result in more informed decisions on promotions and career development opportunities. The introduction of this methodology across the group will be market-leading in the construction industry.

It is expected that negotiations with labour unions will remain challenging, as the trend continues for significantly higher increase demands than what is affordable to companies. Unions will also demand that public sector clients become involved in negotiations due to the public sector ability to instruct increases in addition to legislated minimums on contracts of national strategic importance. This will require careful management to prevent precedents that become difficult to manage on other contracts.

With changes envisaged in legislation, especially "equal pay for equal work" within the Employment Equity Act, it is critical that there is a regular review of differences in pay and that these differences are clearly understood and recorded. Whilst much work has been done by the group on this, we will ensure that a documented audit trial is in place to support justifiable differences and to remove any unjustifiable differences where they exist.



6 BREAKDOWN OF REMUNERATION PACKAGES

The following pages outline information on 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 IN F2014	TIMING OF PAY-OUTS[1] F2014	F2015	F2016	F2017	F2018	F2019
Long term incentive plan	Share appreciation right (SAR)	SAR granted from F2010 to F2014 Performance and bonus shares granted in F2014	1 144[2]	33% of SAR award in F2010, F2011, F2012, exercisable	33% of SAR award in F2011, F2012, F2013, exercisable	33% of SAR award in F2012, F2013, exercisable	33% of SAR award in F2013, F2014, exercisable	33% of SAR award in F2014, exercisable	33% of SAR award in F2014, exercisable
	Performance shares						33% of performance share award in F2014, exercisable assuming performance criteria met	33% of performance share award in F2014, exercisable assuming performance criteria met	33% of performance share award in F2014, exercisable assuming performance criteria met
	Bonus shares						100% of bonus share award in F2014		

The remco approved a standard allocation of SARs, performance shares and bonus shares in line with the LTIP policy.

ELEMENTS OF REMUNERATION		APPLICABLE PERIOD	COST TO COMPANY R'000 IN F2014	F2014
				5 229
Short term incentive	Annual short term incentive	F2013[3]	4 869	4 869
		F2012[4]		360

The group reported solid earnings, good cash generation and an improvement in returns and strategy progression. The CEO's performance exceeded targets in 90% of his key performance indicators and the group is in a strong position to further progress the roll out of its strategy. Based on this, the remco awarded an STI of R4 869 000.

ELEMENTS OF REMUNERATION		APPLICABLE PERIOD	COST TO COMPANY R'000 IN F2014	F2014
Base pay	Guaranteed total cost to company	March 2013 – Feb 2014[5]	4 245	
		March 2014 – Feb 2015[5]	4 592	4 747[6]

Based on the results of a CEO benchmarking exercise and the CEO's performance against targeted deliverables set by the board, the CEO was awarded an increase from R4 245 000 to R4 592 000.

Total remuneration package	**9 976**
Retention award F2013 to F2014	722

In the absence of a F2012 long term incentive plan, the remco approved a retention award of R3 849 000 in F2013. The retention period was for two years, with benefits accruing in F2013 for R3,1 million and in F2014 for R722 000.

Total remuneration paid in F2014	**10 698[7]**

1 Refers to the financial period in which the remuneration awarded is actually paid to the employee/employee receives the benefit.
2 Refers to the cost to the company of awarding the employee a share appreciation right, determined by the IFRS 2 cost for the specific allocation.
3 Refers to the short term incentive awarded, relating to the most recent financial year completed.
4 The second tranche pay-out of the short term incentive bonus from the F2012 entitlement.
5 Refers to the remuneration award granted annually effective at the start of the group's remuneration year in March.
6 Any difference between guaranteed cost to company and remuneration actually paid is due to variable benefits paid, as well as ad hoc long service related awards.
7 The F2014 pay-out agrees to page 144.

Cristina Freitas Teixeira CFO

ELEMENTS OF REMUNERATION		APPLICABLE PERIOD	COST TO COMPANY R'000 IN F2014	TIMING OF PAY-OUTS[1]					
				F2014	F2015	F2016	F2017	F2018	F2019
Long term incentive plan	Share appreciation right (SAR)	SAR granted from F2010 to F2014; Performance and bonus shares granted in F2014	806[2]	33% of SAR award in F2010, F2011, F2012, exercisable	33% of SAR award in F2011, F2012, F2013, exercisable	33% of SAR award in F2012, F2013, exercisable	33% of SAR award in F2013, F2014, exercisable	33% of SAR award in F2014, exercisable	33% of SAR award in F2014, exercisable
	Performance shares						33% of performance share award in F2014, exercisable assuming performance criteria met	33% of performance share award in F2014, exercisable assuming performance criteria met	33% of performance share award in F2014, exercisable assuming performance criteria met
	Bonus shares						100% of bonus share award in F2014		

The remco approved a standard allocation of SARs, performance shares and bonus shares in line with the LTIP policy.

				F2014	
				2 731	
Short term incentive	Annual short term incentive	F2013[3]	2 371	2 371	
		F2012[4]		360	

The group reported a strong improvement in financial results, while the group's financial reporting and financial controls remain highly regarded. In addition, the CFO's performance against key performance indicator targets exceeded expectations for most measures. Based on this, the remco awarded an STI of R2 371 000.

Base pay	Guaranteed total cost to company	March 2013 – Feb 2014[5]	2 700	
		March 2014 – Feb 2015[5]	3 021	2 749[6]

Based on the results of a CFO benchmarking exercise and the CFO's performance against key performance indicators set by the board, the CFO was awarded an increase from R2 700 000 to R3 021 000.

Total remuneration package	**5 480**
Retention award F2013 to F2014	–

In the absence of a F2012 long term incentive plan, the remco approved a retention award of R2 867 000 in F2013. The retention period was for two years, with benefits accruing fully in F2013 for R2,9 million.

Total remuneration paid in F2014	**5 480[7]**

1 Refers to the financial period in which the remuneration awarded is actually paid to the employee/employee receives the benefit.
2 Refers to the cost to the company of awarding the employee a share appreciation right, determined by the IFRS 2 cost for the specific allocation.
3 Refers to the short term incentive awarded, relating to the most recent financial year completed.
4 The second tranche pay-out of the short term incentive bonus from the F2012 entitlement.
5 Refers to the remuneration award granted annually effective at the start of the group's remuneration year in March.
6 Any difference between guaranteed cost to company and remuneration actually paid is due to variable benefits paid, as well as ad hoc long service related awards.
7 The F2014 pay-out agrees to page 144.

Prescribed officer 1

	ELEMENTS OF REMUNERATION	APPLICABLE PERIOD	COST TO COMPANY R’000 IN F2014	TIMING OF PAY-OUTS[1] F2014	F2015	F2016	F2017	F2018	F2019
Long term incentive plan	Share appreciation right (SAR)	SAR granted from F2010 to F2014 Performance and bonus shares granted in F2014	932[2]	33% of SAR award in F2010, F2011, F2012, exercisable	33% of SAR award in F2011, F2012, F2013, exercisable	33% of SAR award in F2012, F2013, exercisable	33% of SAR award in F2013, F2014, exercisable	33% of SAR award in F2014, exercisable	33% of SAR award in F2014, exercisable
	Performance shares						33% of performance share award in F2014, exercisable assuming performance criteria met	33% of performance share award in F2014, exercisable assuming performance criteria met	33% of performance share award in F2014, exercisable assuming performance criteria met
	Bonus shares						100% of bonus share award in F2014		

The remco approved a standard allocation of SARs, performance shares and bonus shares in line with the LTIP policy.

	ELEMENTS OF REMUNERATION	APPLICABLE PERIOD	COST TO COMPANY R’000 IN F2014	F2014
Short term incentive				2 620
	Annual short term incentive	F2013[3]	2 340	2 340
		F2012[4]		280

This prescribed officer’s portfolio delivered against expectations and the platform had been set to deliver against the group’s strategy. As a result, the prescribed officer was awarded an STI of R2 340 000.

	ELEMENTS OF REMUNERATION	APPLICABLE PERIOD	COST TO COMPANY R’000 IN F2014	F2014
Base pay	Guaranteed total cost to company	March 2013 – Feb 2014[5]	3 000	
		March 2014 – Feb 2015[5]	3 226	3 115[6]

The prescribed officer’s performance was in line with expectations and his cost to company (CTC) was within the band range for this position. As a result, an increase in CTC from R3 000 000 to R3 226 000 was awarded.

Total remuneration package	**5 735**
Retention award F2013 to F2014	–

In the absence of a F2012 long term incentive plan, the remco approved a retention award of R3 629 000 in F2013. The retention period was for two years, with benefits accruing fully in F2013 for R3,6 million.

Total remuneration paid in F2014	**5 735[7]**

1 *Refers to the financial period in which the remuneration awarded is actually paid to the employee/employee receives the benefit.*
2 *Refers to the cost to the company of awarding the employee a share appreciation right, determined by the IFRS 2 cost for the specific allocation.*
3 *Refers to the short term incentive awarded, relating to the most recent financial year completed.*
4 *The second tranche pay-out of the short term incentive bonus from the F2012 entitlement.*
5 *Refers to the remuneration award granted annually effective at the start of the group’s remuneration year in March.*
6 *Any difference between guaranteed cost to company and remuneration actually paid is due to variable benefits paid, as well as ad hoc long service related awards.*
7 *The F2014 pay-out agrees to page 144.*

Prescribed officer 2

	Elements of remuneration	Applicable period	Cost to company R'000 in F2014	Timing of pay-outs[1] F2014	F2015	F2016	F2017	F2018	F2019
Long term incentive plan	Share appreciation right (SAR)	SAR granted from F2010 to F2014; Performance and bonus shares granted in F2014	965[2]	33% of SAR award in F2010, F2011, F2012, exercisable	33% of SAR award in F2011, F2012, F2013, exercisable	33% of SAR award in F2012, F2013, exercisable	33% of SAR award in F2013, F2014, exercisable	33% of SAR award in F2014, exercisable	33% of SAR award in F2014, exercisable
	Performance shares						33% of performance share award in F2014, exercisable assuming performance criteria met	33% of performance share award in F2014, exercisable assuming performance criteria met	33% of performance share award in F2014, exercisable assuming performance criteria met
	Bonus shares						100% of bonus share award in F2014		
	The remco approved a standard allocation of SARs, performance shares and bonus shares in line with the LTIP policy.								
				2 710					
Short term incentive	Annual short term incentive	F2013[3]	2 430	2 430					
		F2012[4]		280					
	This prescribed officer's portfolio delivered well against expectations and the close out on challenges to the group assigned to this individual was pleasing. As a result, the prescribed officer was awarded an STI of R2 430 000.								
Base pay	Guaranteed total cost to company	March 2013 – Feb 2014[5]	2 954						
		March 2014 – Feb 2015[5]	3 161	3 212[6]					
	The prescribed officer's segment met expectations and his CTC was within the band range for this position. As a result, an increase in CTC from R2 954 000 to R3 161 000 was awarded.								
Total remuneration package				**5 992**					
Retention award F2013 to F2014				–					
In the absence of a F2012 long term incentive plan, the remco approved a retention award of R3 570 000 in F2013. The retention period was for two years, with benefits accruing fully in F2013 for R3,6 million.									
Total remuneration paid in F2014				**5 992[7]**					

1 Refers to the financial period in which the remuneration awarded is actually paid to the employee/employee receives the benefit.
2 Refers to the cost to the company of awarding the employee a share appreciation right, determined by the IFRS 2 cost for the specific allocation.
3 Refers to the short term incentive awarded, relating to the most recent financial year completed.
4 The second tranche pay-out of the short term incentive bonus from the F2012 entitlement.
5 Refers to the remuneration award granted annually effective at the start of the group's remuneration year in March.
6 Any difference between guaranteed cost to company and remuneration actually paid is due to variable benefits paid, as well as ad hoc long service related awards.
7 The F2014 pay-out agrees to page 144.

Prescribed officer 3

ELEMENTS OF REMUNERATION		APPLICABLE PERIOD	COST TO COMPANY R'000 IN F2014	TIMING OF PAY-OUTS[1] F2014	F2015	F2016	F2017	F2018	F2019
Long term incentive plan	Share appreciation right (SAR)	SAR granted from F2010 to F2014; Performance and bonus shares granted in F2014	937[2]	33% of SAR award in F2010, F2011, F2012, exercisable	33% of SAR award in F2011, F2012, F2013, exercisable	33% of SAR award in F2012, F2013, exercisable	33% of SAR award in F2013, F2014, exercisable	33% of SAR award in F2014, exercisable	33% of SAR award in F2014, exercisable
	Performance shares						33% of performance share award in F2014, exercisable assuming performance criteria met	33% of performance share award in F2014, exercisable assuming performance criteria met	33% of performance share award in F2014, exercisable assuming performance criteria met
	Bonus shares						100% of bonus share award in F2014		
	The remco approved a standard allocation of SARs, performance shares and bonus shares in line with the LTIP policy.								
				3 449					
Short term incentive	Annual short term incentive	F2013[3]	2 929	2 929					
		F2012[4]		520					
	This prescribed officer's portfolio delivered exceptionally well against expectations, which significantly contributed to the group's overall performance. As a result, the prescribed officer was awarded an STI of R2 929 000.								
Base pay	Guaranteed total cost to company	March 2013 – Feb 2014[5]	3 000						
		March 2014 – Feb 2015[5]	3 472	3 345[6]					
	The individual's performance exceeded set expectations. As a result, the individual's CTC was increased from R3 000 000 to R3 472 000.								
Total remuneration package				**6 794**					
Retention award F2013 to F2014				647					
In the absence of a F2012 long term incentive plan, the remco approved a retention award of R3 450 000 in F2013. The retention period was for two years, with benefits accruing in F2013 for R2,8 million and in F2014 for R647 000.									
Total remuneration paid in F2014				**7 441[7]**					

1 Refers to the financial period in which the remuneration awarded is actually paid to the employee/employee receives the benefit.
2 Refers to the cost to the company of awarding the employee a share appreciation right, determined by the IFRS 2 cost for the specific allocation.
3 Refers to the short term incentive awarded, relating to the most recent financial year completed.
4 The second tranche pay-out of the short term incentive bonus from the F2012 entitlement.
5 Refers to the remuneration award granted annually effective at the start of the group's remuneration year in March.
6 Any difference between guaranteed cost to company and remuneration actually paid is due to variable benefits paid, as well as ad hoc long service related awards.
7 The F2014 pay-out agrees to page 144.

Prescribed officer 4

	Elements of remuneration	Applicable period	Cost to company R'000 in F2014	F2014	F2015	F2016	F2017	F2018	F2019
Long term incentive plan	Share appreciation right (SAR)	SAR granted from F2010 to F2014 Performance and bonus shares granted in F2014	943[2]	33% of SAR award in F2010, F2011, F2012, exercisable	33% of SAR award in F2011, F2012, F2013, exercisable	33% of SAR award in F2012, F2013, exercisable	33% of SAR award in F2013, F2014, exercisable	33% of SAR award in F2014, exercisable	33% of SAR award in F2014, exercisable
	Performance shares						33% of performance share award in F2014, exercisable assuming performance criteria met	33% of performance share award in F2014, exercisable assuming performance criteria met	33% of performance share award in F2014, exercisable assuming performance criteria met
	Bonus shares						100% of bonus share award in F2014		

The remco approved a standard allocation of SARs, performance shares and bonus shares in line with the LTIP policy.

	Elements of remuneration	Applicable period	Cost to company R'000 in F2014	F2014	F2015	F2016	F2017	F2018	F2019
Short term incentive				2 948					
	Annual short term incentive	F2013[3]	2 468	2 468					
		F2012[4]		480					

This prescribed officer's cluster met expectations, with good improvements in the fundamentals of each business within this cluster. As a result, the prescribed officer was awarded an STI of R2 468 000.

	Elements of remuneration	Applicable period	Cost to company R'000 in F2014	F2014	F2015	F2016	F2017	F2018	F2019
Base pay	Guaranteed total cost to company	March 2013 – Feb 2014[5]	3 150						
		March 2014 – Feb 2015[5]	3 355	3 414[6]					

The individual's performance met set expectations and the CTC of the individual was within the band for the role. As a result, the individual's CTC was increased from R3 150 000 to R3 355 000.

Total remuneration package	**6 362**
Retention award F2013 to F2014	470

In the absence of a F2012 long term incentive plan, the remco approved a retention award of R2 507 000 in F2013. The retention period was for two years with benefits accruing in F2013 for R2,0 million and in F2014 for R470 000.

Total remuneration paid in F2014	**6 832[7]**

1 Refers to the financial period in which the remuneration awarded is actually paid to the employee/employee receives the benefit.
2 Refers to the cost to the company of awarding the employee a share appreciation right, determined by the IFRS 2 cost for the specific allocation.
3 Refers to the short term incentive awarded, relating to the most recent financial year completed.
4 The second tranche pay-out of the short term incentive bonus from the F2012 entitlement.
5 Refers to the remuneration award granted annually effective at the start of the group's remuneration year in March.
6 Any difference between guaranteed cost to company and remuneration actually paid is due to variable benefits paid, as well as ad hoc long service related awards.
7 The F2014 pay-out agrees to page 144.

Prescribed officer 5

	ELEMENTS OF REMUNERATION	APPLICABLE PERIOD	COST TO COMPANY R'000 IN F2014	TIMING OF PAY-OUTS[1] F2014	F2015	F2016	F2017	F2018	F2019
Long term incentive plan	Share appreciation right (SAR)	SAR granted from F2010 to F2014; Performance and bonus shares granted in F2014	542[2]	33% of SAR award in F2010, F2011, F2012, exercisable	33% of SAR award in F2011, F2012, F2013, exercisable	33% of SAR award in F2012, F2013, exercisable	33% of SAR award in F2013, F2014, exercisable	33% of SAR award in F2014, exercisable	33% of SAR award in F2014, exercisable
	Performance shares						33% of performance share award in F2014, exercisable assuming performance criteria met	33% of performance share award in F2014, exercisable assuming performance criteria met	33% of performance share award in F2014, exercisable assuming performance criteria met
	Bonus shares						100% of bonus share award in F2014		
	The remco approved a standard allocation of SARs, performance shares and bonus shares in line with the LTIP policy.								
Short term incentive				1 034					
	Annual short term incentive	F2013[3]	818	818					
		F2012[4]		216					
	An STI in line with the prescribed officer's previous role before being promoted to the executive committee is reflected.								
Base pay	Guaranteed total cost to company	March 2013 – Feb 2014[5]	1 400						
		March 2014 – Feb 2015[5]	2 000	1 594[6]					
	An increase in CTC of R2 000 000 was awarded in line with this prescribed officer's promotion to the executive committee.								
Total remuneration package				**2 628**					
Retention award F2013 to F2014				–					
	The prescribed officer did not participate in the retention scheme at the time.								
Total remuneration paid in F2014				**2 628[7]**					

1 Refers to the financial period in which the remuneration awarded is actually paid to the employee/employee receives the benefit.
2 Refers to the cost to the company of awarding the employee a share appreciation right, determined by the IFRS 2 cost for the specific allocation.
3 Refers to the short term incentive awarded, relating to the most recent financial year completed.
4 The second tranche pay-out of the short term incentive bonus from the F2012 entitlement.
5 Refers to the remuneration award granted annually effective at the start of the group's remuneration year in March.
6 Any difference between guaranteed cost to company and remuneration actually paid is due to variable benefits paid, as well as ad hoc long service related awards.
7 The F2014 pay-out agrees to page 144.

Prescribed officer 6

ELEMENTS OF REMUNERATION		APPLICABLE PERIOD	COST TO COMPANY R'000 IN F2014	TIMING OF PAY-OUTS[1] F2014	F2015	F2016	F2017	F2018	F2019
Long term incentive plan	Share appreciation right (SAR)	SAR granted from F2010 to F2014 Performance and bonus shares granted in F2014	787[2]	33% of SAR award in F2010, F2011, F2012, exercisable	33% of SAR award in F2011, F2012, F2013, exercisable	33% of SAR award in F2012, F2013, exercisable	33% of SAR award in F2013, F2014, exercisable	33% of SAR award in F2014, exercisable	33% of SAR award in F2014, exercisable
	Performance shares						33% of performance share award in F2014, exercisable assuming performance criteria met	33% of performance share award in F2014, exercisable assuming performance criteria met	33% of performance share award in F2014, exercisable assuming performance criteria met
	Bonus shares						100% of bonus share award in F2014		
	The remco approved a standard allocation of SARs, performance shares and bonus shares in line with the LTIP policy.								
				2 103					
Short term incentive	Annual short term incentive	F2013[3]	1 863	1 863					
		F2012[4]		240					
	This prescribed officer's cluster met expectations and the forward-looking order book remained strong. As a result, the prescribed officer was awarded an STI of R1 863 000.								
Base pay	Guaranteed total cost to company	March 2013 – Feb 2014[5]	3 000						
		March 2014 – Feb 2015[5]	3 242	3 058[6]					
	The individual's performance met set expectations and the CTC of the individual was within the band for the role. As a result, the individual's CTC was increased from R3 000 000 to R3 242 000.								
Total remuneration package				**5 161**					
Retention award F2013 to F2014				–					
In the absence of a F2012 long term incentive plan, the remco approved a retention award of R2 667 000 in F2013. The retention period was for two years, with benefits accruing fully in F2013 for R2,7 million.									
Total remuneration paid in F2014				**5 161[7]**					

1 Refers to the financial period in which the remuneration awarded is actually paid to the employee/employee receives the benefit.
2 Refers to the cost to the company of awarding the employee a share appreciation right, determined by the IFRS 2 cost for the specific allocation.
3 Refers to the short term incentive awarded, relating to the most recent financial year completed.
4 The second tranche pay-out of the short term incentive bonus from the F2012 entitlement.
5 Refers to the remuneration award granted annually effective at the start of the group's remuneration year in March.
6 Any difference between guaranteed cost to company and remuneration actually paid is due to variable benefits paid, as well as ad hoc long service related awards.
7 The F2014 pay-out agrees to page 144.

Prescribed officer 7

	ELEMENTS OF REMUNERATION	APPLICABLE PERIOD	COST TO COMPANY R'000 IN F2014	TIMING OF PAY-OUTS[1] F2014	F2015	F2016	F2017	F2018	F2019
Long term incentive plan	Share appreciation right (SAR)	SAR granted from F2010 to F2014; Performance and bonus shares granted in F2014	637[2]	33% of SAR award in F2010, F2011, F2012, exercisable	33% of SAR award in F2011, F2012, F2013, exercisable	33% of SAR award in F2012, F2013, exercisable	33% of SAR award in F2013, F2014, exercisable	33% of SAR award in F2014, exercisable	33% of SAR award in F2014, exercisable
	Performance shares						33% of performance share award in F2014, exercisable assuming performance criteria met	33% of performance share award in F2014, exercisable assuming performance criteria met	33% of performance share award in F2014, exercisable assuming performance criteria met
	Bonus shares						100% of bonus share award in F2014		
	The remco approved a standard allocation of SARs, performance shares and bonus shares in line with the LTIP policy.								
				1 640					
Short term incentive	Annual short term incentive	F2013[3]	1 400	1 400					
		F2012[4]		240					
	This prescribed officer's support to the group in a year of big challenges in his area met expectations. As a result, an STI of R1 400 000 was awarded.								
Base pay	Guaranteed total cost to company	March 2013 – Feb 2014[5]	2 057						
		March 2014 – Feb 2015[5]	2 209	2 177[6]					
	This prescribed officer's performance met expectations and his CTC was within the band range for this position. As a result, an increase in CTC from R2 057 000 to R2 209 000 was awarded.								
Total remuneration package				**3 817**					
Retention award F2013 to F2014				230					
	In the absence of a F2012 long term incentive plan, the remco approved a retention award of R1 226 000 in F2013. The retention period was for two years, with benefits accruing in F2013 for R996 000 and in F2014 for R230 000.								
Total remuneration paid in F2014				**4 047[7]**					

1 Refers to the financial period in which the remuneration awarded is actually paid to the employee/employee receives the benefit.
2 Refers to the cost to the company of awarding the employee a share appreciation right, determined by the IFRS 2 cost for the specific allocation.
3 Refers to the short term incentive awarded, relating to the most recent financial year completed.
4 The second tranche pay-out of the short term incentive bonus from the F2012 entitlement.
5 Refers to the remuneration award granted annually effective at the start of the group's remuneration year in March.
6 Any difference between guaranteed cost to company and remuneration actually paid is due to variable benefits paid, as well as ad hoc long service related awards.
7 The F2014 pay-out agrees to page 144.

DIRECTOR AND SENIOR MANAGEMENT REMUNERATION

Non-executive directors' fees

	F2014			F2013		
Fees, services expenses (R'000)	**Fees**	**Expenses**	**Total**	Fees	Expenses	Total
Name						
P Mthethwa	**1 223**	**–**	**1 223**	915	13	928
LE Bakoro#	**411**	**16**	**427**	522	46	568
L Chalker*	**–**	**–**	**–**	238	11	249
NJ Chinyanta**	**121**	**–**	**121**	–	–	–
JL Job	**643**	**–**	**643**	565	6	571
W Louw**	**121**	**–**	**121**	–	–	–
OA Mabandla~	**–**	**–**	**–**	256	–	256
SG Morris	**1 005**	**–**	**1 005**	873	–	873
KK Mpinga	**603**	**–**	**603**	463	–	463
B Ngonyama**	**58**	**–**	**58**	–	–	–
V Rague**	**98**	**18**	**116**	–	–	–
DDS Robertson^	**252**	**18**	**270**	629	290	919
MR Thompson **	**103**	**–**	**103**	–	–	–
	4 638	**52**	**4 690**	4 461	366	4 827

 # Resigned on 11 February 2014.
** Retired on 6 November 2012.*
*** Appointed on 1 April 2014.*
~ Resigned on 6 May 2013.
^ Resigned on 5 November 2013.

Non-executive directors' proposed fees for F2015, subject to shareholder approval

	F2015 proposed fees (Rand per annum)	Comment	F2014 fees (Rand per annum)
Main board – chairperson	**920 000**	Includes all board and committee attendances, paid quarterly	860 000
Lead independent non-executive director	**385 000**	Includes basic fee plus attendance fee for four meetings, paid quarterly	360 600
Main board – non-executive director	**230 000**	Includes basic fee plus attendance fee for four meetings, paid quarterly	215 000
Audit committee – chairperson	**225 000**	Four meetings, paid quarterly	211 000
Audit committee – member and attendee	**112 000**	Four meetings, paid quarterly	105 000
Remuneration committee – chairperson	**153 000**	Four meetings, paid quarterly	143 000
Remuneration committee – member and attendee	**79 000**	Four meetings, paid quarterly	73 500
Risk committee – chairperson	**153 000**	Four meetings, paid quarterly	143 000
Risk committee – member and attendee	**79 000**	Four meetings, paid quarterly	73 500
Nominations committee – chairperson*	**112 000**	Two meetings, paid quarterly	105 000
Nominations committee – member and attendee	**59 500**	Two meetings, paid quarterly	55 500
Social and ethics committee – chairperson	**153 000**	Four meetings, paid quarterly	143 000
Social and ethics committee – member and attendee	**79 000**	Four meetings, paid quarterly	73 500
Extraordinary services (per hour)	**3 210**	Applied for ad hoc and/or non-scheduled meetings. Capped at daily rate of R22 470	3 000

A deduction of R16 050 per meeting will apply for non-attendance at a scheduled meeting and R32 000 will be payable for attendance at a special board meeting.

** Included in chairperson's fee.*

Our team's remuneration continued

Executive directors

	Salaries		Bonus*		Retention award**		Total	
(R'000)	**F2014**	F2013	**F2014**	F2013	**F2014**	F2013	**F2014**	F2013
Name								
MR Upton	**4 747**	4 140	**5 229**	2 095	**722**	3 127	**10 698**	9 362
CMF Teixeira	**2 749**	2 337	**2 731**	1 220	**–**	2 867	**5 480**	6 424
	7 496	6 477	**7 960**	3 315	**722**	5 994	**16 178**	15 786

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*		Retention award**		Total	
(R'000)	**F2014**	F2013^^	**F2014**	F2013^^	**F2014**	F2013^^	**F2014**	F2013^^
Name								
Prescribed officer 1	**3 115**	2 942	**2 620**	1 137	**–**	3 629	**5 735**	7 708
Prescribed officer 2	**3 212**	2 943	**2 710**	999	**–**	3 570	**5 922**	7 512
Prescribed officer 3	**3 345**	2 973	**3 449**	1 750	**647**	2 803	**7 441**	7 526
Prescribed officer 4	**3 414**	2 959	**2 948**	1 325	**470**	2 037	**6 832**	6 321
Prescribed officer 5	**1 594**	1 341	**1 034**	614	**–**	–	**2 628**	1 955
Prescribed officer 6	**3 058**	2 542	**2 103**	825	**–**	2 667	**5 161**	6 034
Prescribed officer 7	**2 177**	1 993	**1 640**	886	**230**	996	**4 047**	3 875
	19 915	17 693	**16 504**	7 536	**1 347**	15 702	**37 766**	40 931

Senior management^ (excluding CEO, CFO and exco)

	Salaries		Bonus*		Retention award**		Total	
(R'000)	**F2014**	F2013^^	**F2014**	F2013^^	**F2014**	F2013^^	**F2014**	F2013^^
Total earnings	**32 379**	32 084	**21 958**	10 150	**1 035**	5 538	**55 372**	47 772
	32 379	32 084	**21 958**	10 150	**1 035**	5 538	**55 372**	47 772

^ *With regards to F2014, senior management refers to the individuals depicted within this integrated annual report, excluding the CEO, CFO and exco.*
^^ *Restated to reflect change in prescribed officer composition in F2014.*
* *This indicates the gross bonus paid to the employee in the financial year under review. It does not represent the gross bonus awarded for the year, as the period to which the bonus relates is different to that when the bonus is paid. Bonuses awarded in a year are paid to employees in the financial year following the award period. For a full reconciliation between the bonus awarded per financial year and the timing of payment, refer to pages 134 to 142.*
** *During the prior 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 was made on 30 June 2014. Refer to pages 134 to 142 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								
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
2014								
	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**	**–**
	150 484	**–**	**34,09**	**150 484**	**–**	**–**	**34,09**	**–**
	138 154	**–**	**27,70**	**91 182**	**–**	**46 972**	**27,70**	**–**
	185 000	**–**	**34,42**	**–**	**–**	**185 000**	**34,42**	**–**
	–	**62 610**	**40,68**	**–**	**–**	**62 610**	**40,68**	**–**
	–	**8 208**	**41,00**	**–**	**–**	**8 208**	**41,00**	**–**
	744 638	**70 818**		**341 666**	**–**	**473 790**		**171 000**
CMF Teixeira								
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
2014								
	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**	**–**
	71 740	**–**	**34,09**	**–**	**–**	**71 740**	**34,09**	**71 740**
	66 175	**–**	**27,70**	**21 838**	**–**	**44 337**	**27,70**	**22 274**
	86 600	**–**	**34,42**	**–**	**–**	**86 600**	**34,42**	**–**
	–	**34 828**	**40,68**	**–**	**–**	**34 828**	**40,68**	**–**
	–	**4 745**	**41,00**	**–**	**–**	**4 745**	**41,00**	**–**
	546 515	**39 573**		**93 838**	**–**	**492 250**		**344 014**

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								
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
2014								
	18 750	**–**	**12,55**	**–**	**–**	**18 750**	**12,55**	**18 750**
	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**	**90 818**
	83 377	**–**	**27,70**	**–**	**–**	**83 377**	**27,70**	**55 585**
	104 600	**–**	**34,42**	**–**	**–**	**104 600**	**34,42**	**–**
	–	**37 316**	**40,68**	**–**	**–**	**37 316**	**40,68**	**–**
	–	**4 684**	**41,00**	**–**	**–**	**4 684**	**41,00**	**–**
	492 545	**42 000**		**–**	**–**	**534 545**		**360 153**
Prescribed officer 2								
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
2014								
	42 000	**–**	**54,81**	**–**	**–**	**42 000**	**54,81**	**42 000**
	53 000	**–**	**50,20**	**–**	**–**	**53 000**	**50,20**	**53 000**
	89 762	**–**	**34,09**	**59 243**	**–**	**30 519**	**34,09**	**30 519**
	82 408	**–**	**27,70**	**27 195**	**–**	**55 213**	**27,70**	**27 744**
	103 000	**–**	**34,42**	**–**	**–**	**103 000**	**34,42**	**–**
	–	**36 748**	**40,68**	**–**	**–**	**36 748**	**40,68**	**–**
	–	**4 865**	**41,00**	**–**	**–**	**4 865**	**41,00**	**–**
	370 170	**41 613**		**86 438**	**–**	**325 345**		**153 263**

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								
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
2014								
	34 000	**–**	**54,81**	**–**	**–**	**34 000**	**54,81**	**34 000**
	150 000	**–**	**50,20**	**–**	**–**	**150 000**	**50,20**	**150 000**
	81 842	**–**	**34,09**	**81 842**	**–**	**–**	**34,09**	**–**
	50 564	**–**	**27,70**	**24 905**	**–**	**25 659**	**27,70**	**–**
	104 600	**–**	**34,42**	**–**	**–**	**104 600**	**34,42**	**–**
	–	**37 316**	**40,68**	**–**	**–**	**37 316**	**40,68**	**–**
	–	**5 863**	**41,00**	**–**	**–**	**5 863**	**41,00**	**–**
	421 006	**43 179**		**106 747**	**–**	**357 438**		**184 000**
Prescribed officer 4								
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
2014								
	100 000	**–**	**54,81**	**–**	**–**	**100 000**	**54,81**	**100 000**
	39 000	**–**	**50,20**	**–**	**–**	**39 000**	**50,20**	**39 000**
	50 000	**–**	**28,63**	**50 000**	**–**	**–**	**28,63**	**–**
	72 514	**–**	**34,09**	**–**	**–**	**72 514**	**34,09**	**72 514**
	44 816	**–**	**27,70**	**–**	**–**	**44 816**	**27,70**	**22 520**
	109 800	**–**	**34,42**	**–**	**–**	**109 800**	**34,42**	**–**
	–	**46 460**	**40,68**	**–**	**–**	**46 460**	**40,68**	**–**
	–	**4 160**	**41,00**	**–**	**–**	**4 160**	**41,00**	**–**
	416 130	**50 620**		**50 000**	**–**	**416 750**		**234 034**
Prescribed officer 5								
2013								
	28 566	11 189	16,03	21 877	–	17 878	16,03	–
	–	24 400	34,42	–	–	24 400	34,42	–
	28 566	35 589		21 877	–	42 278		–
2014								
	17 878	**–**	**16,03**	**5 368**	**–**	**12 510**	**16,03**	**–**
	24 400	**–**	**34,42**	**–**	**–**	**24 400**	**34,42**	**–**
	–	**14 454**	**40,68**	**–**	**–**	**14 454**	**40,68**	**–**
	–	**2 680**	**41,00**	**–**	**–**	**2 680**	**41,00**	**–**
	42 278	**17 134**		**5 368**	**–**	**54 044**		**–**

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								
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	41 819	–	21 543	34,09	2 347
	58 170	–	27,70	19 196	–	38 974	27,70	19 390
	–	97 600	34,42	–	–	97 600	34,42	–
	310 532	97 600		131 015	–	277 117		140 737
2014								
	19 000	**–**	**54,81**	**–**	**–**	**19 000**	**54,81**	**19 000**
	100 000	**–**	**50,20**	**–**	**–**	**100 000**	**50,20**	**100 000**
	–	**–**	**28,63**	**–**	**–**	**–**	**28,63**	**–**
	21 543	**–**	**34,09**	**21 543**	**–**	**–**	**34,09**	**–**
	38 974	**–**	**27,70**	**19 196**	**–**	**19 778**	**27,70**	**19 584**
	97 600	**–**	**34,42**	**–**	**–**	**97 600**	**34,42**	**–**
	–	**37 316**	**40,68**	**–**	**–**	**37 316**	**40,68**	**–**
	–	**3 728**	**41,00**	**–**	**–**	**3 728**	**41,00**	**–**
	277 117	**41 044**		**40 739**	**–**	**277 422**		**138 584**
Prescribed officer 7								
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
2014								
	45 000	**–**	**12,55**	**–**	**–**	**45 000**	**12,55**	**45 000**
	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**	**69 000**
	61 672	**–**	**34,09**	**–**	**–**	**61 672**	**34,09**	**61 672**
	56 619	**–**	**27,70**	**–**	**–**	**56 619**	**27,70**	**37 746**
	71 700	**–**	**34,42**	**–**	**–**	**71 700**	**34,42**	**–**
	–	**21 237**	**40,68**	**–**	**–**	**21 237**	**40,68**	**–**
	–	**3 441**	**41,00**	**–**	**–**	**3 441**	**41,00**	**–**
	370 991	**24 678**		**–**	**–**	**395 669**		**280 418**

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
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	–	351 000	28,63	303 000
	372 162	–	34,09	–	–	372 162	34,09	248 108
	362 478	–	27,70	17 070	–	345 408	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	–	2 213 989		1 080 577
2014								
	75 000	**–**	**31,87**	**75 000**	**–**	**–**	**31,87**	**–**
	154 000	**–**	**54,81**	**–**	**–**	**154 000**	**54,81**	**154 000**
	200 000	**–**	**50,20**	**–**	**–**	**200 000**	**50,20**	**200 000**
	264 000	**–**	**28,63**	**264 000**	**–**	**–**	**28,63**	**–**
	354 854	**–**	**34,09**	**296 415**	**–**	**58 439**	**34,09**	**58 439**
	298 007	**–**	**27,70**	**139 951**	**–**	**158 056**	**27,70**	**48 660**
	654 500	**–**	**34,42**	**–**	**–**	**654 500**	**34,42**	**–**
	56 819	**–**	**16,03**	**12 912**	**–**	**43 907**	**16,03**	**–**
	–	**218 036**	**40,68**	**–**	**–**	**218 036**	**40,68**	**–**
	–	**59 961**	**40,68**	**–**	**–**	**59 961**	**40,68**	**–**
	–	**45 894**	**41,00**	**–**	**–**	**45 894**	**41,00**	**–**
	2 057 180	**323 891**		**788 278**	**–**	**1 592 793**		**461 099**

* *With regards to F2014, senior management refers to the individuals depicted within this integrated annual report, excluding the CEO, CFO and exco.*

03

Summary consolidated annual financial statements

Summary consolidated annual financial statements

Directors' responsibility statement

FOR THE YEAR ENDED 30 JUNE 2014

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 5 August 2014 and is signed on its behalf:

P (Philisiwe) Mthethwa
Chairperson

5 August 2014

MR (Mike) Upton
Chief executive officer

5 August 2014

CM (Cristina) Freitas Teixeira
Chief financial officer

5 August 2014

Report of the independent auditor

FOR THE YEAR ENDED 30 JUNE 2014

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 2014, and the summary consolidated income statement, statements of comprehensive income, changes in equity and cash flows for the year then ended, and related notes, as set out on pages 154 to 165, are derived from the audited consolidated financial statements of Group Five Limited for the year ended 30 June 2014. We expressed an unmodified audit opinion on those consolidated financial statements in our report dated 11 August 2014. 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's requirements for summary financial statements, set out in the basis of preparation note to the summary consolidated financial statements and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

Auditor's Responsibility

Our responsibility is to express an opinion on 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 2014 are consistent, in all material respects, with those consolidated financial statements, in accordance with the requirements of the JSE Limited's requirements for summary financial statements, 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 11 August 2014 states that as part of our audit of the consolidated financial statements for the year ended 30 June 2014, we have read the Directors' Report, Report of the Audit Committee and the Statement of Compliance by the Company Secretary for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated financial statements. These reports are the responsibility of the respective preparers. 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

11 August 2014

Summary consolidated annual financial statements

FOR THE YEAR ENDED 30 JUNE 2014

These consolidated annual financial statements comprise a summary of the audited consolidated annual financial statements of the group for the year ending 30 June 2014 that were approved by the board on 5 August 2014.

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 153.

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 5 August 2014 and are signed on its behalf by:

P (Philisiwe) Mthethwa
Chairperson

MR (Mike) Upton
Chief executive officer

CM (Cristina) Freitas Teixeira
Chief financial officer

5 August 2014

Group income statement

FOR THE YEAR ENDED 30 JUNE 2014

(R'000)	AUDITED 2014	2013 Restated*
Construction and related revenue	**13 499 363**	9 433 040
Revenue from goods and services supplied	**1 810 803**	1 585 899
Property sales and development fees	**29 464**	24 208
Revenue – continuing operations	**15 339 630**	11 043 147
Cost of material	**(2 223 997)**	(1 466 135)
Cost of subcontractors	**(6 545 898)**	(4 318 031)
Direct payroll cost	**(3 410 224)**	(2 456 915)
Other staff cost	**(394 305)**	(336 942)
Depreciation	**(267 143)**	(242 130)
Plant costs	**(738 274)**	(783 317)
Manufacturing distribution cost	**(159 669)**	(138 144)
Site administration costs	**(654 952)**	(415 091)
Other administration cost	**(382 162)**	(444 679)
Operating expenses before fair value adjustments	**(14 776 624)**	(10 601 384)
Operating profit before fair value adjustments	**563 006**	441 763
Fair value adjustment relating to investment in service concessions	**83 840**	86 482
Operating profit	**646 846**	528 245
Share of profit of associates	**19 661**	10 936
Share of profit of joint ventures	**8 434**	3 391
Finance cost – net	**(2 134)**	(1 485)
Finance cost	**(66 497)**	(55 373)
Finance income	**64 363**	53 888
Profit before taxation	**672 807**	541 087
Taxation	**(230 268)**	(205 677)
Profit after taxation from continuing operations	**442 539**	335 410
Loss for the year from discontinued operations	**(3 007)**	(47 796)
Profit for the year	**439 532**	287 614
Profit attributable to:		
Equity shareholders of Group Five Limited	**401 421**	258 164
Non-controlling interest	**38 111**	29 450
	439 532	287 614
Earnings per share – [Rand]	**4,01**	2,64
Fully diluted earnings per share – [Rand]	**3,94**	2,62
Earnings per share from continuing operations – [Rand]	**4,04**	3,13
Fully diluted earnings per share from continuing operations – [Rand]	**3,97**	3,11

* *Restated for the adoption of IFRS 11 – Joint Arrangements and IAS 19 (Revised) – Employee Benefits.*

Group statement of comprehensive income

FOR THE YEAR ENDED 30 JUNE 2014

(R'000)	AUDITED 2014	2013 Restated*
Profit for the year	439 532	287 614
Other comprehensive income		
Exchange difference on translating foreign operations^	78 391	107 856
Surplus on pension fund and remeasurement of employment obligation^^	53 503	20 121
Tax on other comprehensive income	(14 981)	(5 634)
Other comprehensive income for the year	116 913	122 343
Total comprehensive income for the year	556 445	409 957
Total comprehensive income attributable to:		
Equity shareholders of Group Five Limited	518 334	380 507
Non-controlling interest	38 111	29 450
Total comprehensive income for the year	556 445	409 957

^ *With no resultant tax impact. Item that may be recycled subsequently to profit or loss.*
^^ *Item that will not be recycled subsequently to profit or loss.*
* *Restated for the adoption of IFRS 11 – Joint Arrangements and IAS 19 (Revised) – Employee Benefits.*

Determination of group headline earnings

FOR THE YEAR ENDED 30 JUNE 2014

(R'000)	AUDITED 2014	2013 Restated*
Attributable profit	401 421	258 164
Adjusted for (net of tax)	5 399	18 474
– Loss on disposal of property, plant and equipment and investment property	3 397	5 405
– Loss on impairment of investment in associate and loss on acquisition of interest in subsidiary	2 002	2 069
– Impairment of non-current assets classified as held for sale	–	11 000
Headline earnings	406 820	276 638

* *Restated for the adoption of IFRS 11 – Joint Arrangements and IAS 19 (Revised) – Employee Benefits.*

Group statement of financial position

AS AT 30 JUNE 2014

(R'000)	2014 (AUDITED)	2013 Restated* (AUDITED)	2012 Restated* (AUDITED)
Assets			
Non-current assets			
Property, plant and equipment	**908 575**	935 789	871 148
Investment property	**95 607**	–	–
Investment in associates	**78 037**	58 042	34 229
Loans to associates	**32 233**	6 723	4 917
Investment in joint ventures	**60 483**	49 769	59 273
Investments in service concessions	**421 563**	360 684	296 635
Investment in property developments	**–**	–	8 716
Pension fund surplus	**229 498**	166 734	137 049
Deferred taxation	**46 361**	57 279	52 223
Non-current trade receivables	**195 630**	95 302	116 245
Total non-current assets	**2 067 987**	1 730 322	1 580 435
Current assets			
Inventories	**345 766**	261 811	257 541
Contracts in progress	**637 719**	304 849	539 418
Derivative financial instruments	**5 146**	21 358	–
Trade and other receivables	**3 914 521**	3 405 607	2 614 041
Cash and cash equivalents	**2 912 240**	2 954 123	2 265 028
Total current assets	**7 815 392**	6 947 748	5 676 028
Non-current assets classified as held for sale	**49 671**	108 177	272 928
Total assets	**9 933 050**	8 786 247	7 529 391
Equity and liabilities			
Equity attributable to equity holders of the parent			
Stated capital	**1 256 531**	1 229 568	1 219 119
Retained earnings	**1 297 259**	937 482	709 979
Foreign currency translation reserve	**65 885**	(12 506)	(120 362)
Equity – shareholders	**2 619 675**	2 154 544	1 808 736
Non-controlling interest	**73 298**	75 325	68 195
Total equity	**2 692 973**	2 229 869	1 876 931
Non-current liabilities			
Interest-bearing borrowings	**505 834**	681 813	610 672
Provision for employment obligations	**73 957**	49 295	33 935
Provision for environmental rehabilitation	**4 000**	4 000	4 000
Deferred taxation	**34 750**	12 359	15 921
Non-current trade payables	**17 363**	51 009	59 270
Total non-current liabilities	**635 904**	798 476	723 798
Current liabilities			
Excess billings over work	**1 428 136**	1 317 671	822 277
Derivative financial instruments	**–**	–	854
Trade and other payables	**4 500 938**	4 151 665	3 738 570
Contract related provisions	**39 987**	36 806	59 294
Current taxation payable	**190 300**	118 772	39 438
Current portion of interest-bearing borrowings	**350 440**	80 834	62 128
Short term borrowings	**70 772**	21 100	27 740
Total current liabilities	**6 580 573**	5 726 848	4 750 301
Liabilities associated with assets classified as held for sale	**23 600**	31 054	178 361
Total liabilities	**7 240 077**	6 556 378	5 652 460
Total equity and liabilities	**9 933 050**	8 786 247	7 529 391

* *Restated for the adoption of IFRS 11 – Joint Arrangements and IAS 19 (Revised) – Employee Benefits.*

Group statement of cash flow

FOR THE YEAR ENDED 30 JUNE 2014

(R'000)	AUDITED 2014	2013 Restated*
Cash flow from operating activities		
Cash from operations before working capital changes	**902 847**	685 125
Working capital changes	**(519 030)**	267 215
Cash generated from operations	**383 817**	952 340
Finance income received	**64 363**	53 888
Finance costs paid	**(66 497)**	(55 373)
Taxation paid	**(139 462)**	(129 104)
Dividends paid	**(80 166)**	(45 148)
Cash effects of operating activities (discontinued operations)	**(11 475)**	5 393
Cash effects of operating activities	**150 580**	781 996
Cash flow from investing activities		
Acquisition of property, plant and equipment	**(167 409)**	(268 083)
Acquisition of investment property, associates and service concessions	**(25 154)**	(20 207)
Proceeds on disposal of property, plant and equipment	**31 800**	50 438
Cash effects of investing activities (discontinued operations)	**9 648**	55 908
Cash effects of investing activities	**(151 115)**	(181 944)
Cash flow from financing activities		
Changes in associates/non-controlling interest/joint ventures	**(46 514)**	(14 912)
Proceeds on repayment of service concessions loans	**22 961**	22 433
Long term interest-bearing borrowings raised	**–**	96 943
Long and short term interest-bearing borrowings repaid	**(67 351)**	(76 297)
Buy back of shares	**–**	(30 000)
Net proceeds from share options	**6 660**	10 207
Cash effects of financing activities (discontinued operations)	**(1 150)**	(40 174)
Cash effects of financing activities	**(85 394)**	(31 800)
Effects of exchange rates on cash and cash equivalents	**41 069**	141 974
Net (decrease)/increase in cash and cash equivalents	**(44 860)**	710 226
Cash and cash equivalents at beginning of year	**2 965 957**	2 255 731
Cash and cash equivalents at end of year	**2 921 097**	2 965 957
Included in cash and cash equivalents per the statement of financial position	**2 912 240**	2 954 123
Included in non-current assets classified as held for sale	**8 857**	11 834
	2 921 097	2 965 957

* *Restated for the adoption of IFRS 11 – Joint Arrangements and IAS 19 (Revised) – Employee Benefits.*

Group capital expenditure and depreciation

FOR THE YEAR ENDED 30 JUNE 2014

(R'000)	AUDITED 2014	2013 Restated*
– Capital expenditure for the year	**261 593**	343 472
– Capital expenditure committed or authorised for the next year	**258 723**	308 667
– Depreciation for the year	**267 143**	242 130

* *Restated for the adoption of IFRS 11 – Joint Arrangements and IAS 19 (Revised) – Employee Benefits.*

Group statement of changes in equity

FOR THE YEAR ENDED 30 JUNE 2014

	Number of ordinary shares issued	Number of shares held by share trust	Net shares issued to public	Stated capital R'000	Foreign currency translation reserve R'000	Retained earnings R'000	**Equity share-holders R'000**	Non-controlling interest R'000	**Total R'000**
*Restated balance at 30 June 2012	110 645 521	(14 044 760)	96 600 761	1 219 119	(120 362)	709 979	**1 808 736**	68 195	**1 876 931**
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**	29 450	**409 957**
Profit for the year	–	–	–	–	–	258 164	**258 164**	29 450	**287 614**
Surplus on pension fund	–	–	–	–	–	20 121	**20 121**	–	**20 121**
Tax on other comprehensive income	–	–	–	–	–	(5 634)	**(5 634)**	–	**(5 634)**
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)**
*Restated balance at 30 June 2013	111 149 510	(11 643 098)	99 506 412	1 229 568	(12 506)	937 482	**2 154 544**	75 325	**2 229 869**
Issue of shares to share trust in terms of share scheme (i)	954 983	(954 983)	–	–	–	–	**–**	–	**–**
Issue of shares from share trust	–	1 292 374	1 292 374	6 660	–	–	**6 660**	–	**6 660**
Share-based payment expense	–	–	–	20 303	–	–	**20 303**	–	**20 303**
Total comprehensive income	–	–	–	–	78 391	439 943	**518 334**	38 111	**556 445**
Profit for the year	–	–	–	–	–	401 421	**401 421**	38 111	**439 532**
Surplus on pension fund and remeasurement of employment obligation	–	–	–	–	–	53 503	**53 503**	–	**53 503**
Tax on other comprehensive income	–	–	–	–	–	(14 981)	**(14 981)**	–	**(14 981)**
Translation differences arising from foreign operations	–	–	–	–	78 391	–	**78 391**	–	**78 391**
Distribution to non-controlling interests	–	–	–	–	–	–	**–**	(36 461)	**(36 461)**
Acquisition of interest in subsidiary	–	–	–	–	–	–	**–**	(3 677)	**(3 677)**
Dividends paid	–	–	–	–	–	(80 166)	**(80 166)**	–	**(80 166)**
Balance at 30 June 2014	112 104 493	(11 305 707)	100 798 786	1 256 531	65 885	1 297 259	**2 619 675**	73 298	**2 692 973**

* *Restated for the adoption of IFRS 11 – Joint Arrangements and IAS 19 (Revised) – Employee Benefits.*

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
August 2013	R40,00 – R43,90	76 693
September 2013	R42,05 – R45,50	298 471
October 2013	R43,24 – R44,50	70 778
November 2013	R44,27 – R45,00	94 420
December 2013	R13,15 – R43,45	79 384
February 2014	R43,55 – R45,65	5 573
March 2014	R43,00 – R45,00	19 561
April 2014	R44,12 – R44,47	62 092
May 2014	R42,16 – R43,85	100 750
June 2014	R40,45 – R43,40	147 261
Total		954 983

Non-controlling interest

Non-controlling interest mainly relates to profit share of joint arrangements controlled by the entity.

Group segmental analysis

FOR THE YEAR ENDED 30 JUNE 2014

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 Civil Engineering Projects	Building and housing contractor for large real estate and related infrastructure contracts Civil engineering contractor for roads, ports, airports, pipelines and large structures in the mining and industrial sectors Engineering projects contractor for structural, mechanical, piping and electrical engineering, as well as complete plant construction solutions

The group is focused by discipline and each discipline is led by an executive committee member.

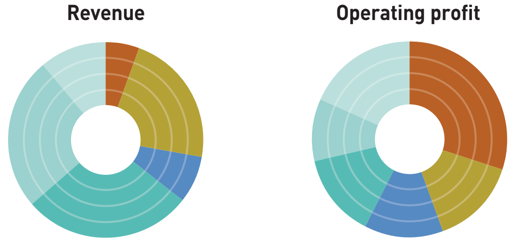
The role of exco is to drive the strategic intent of the group per segment. The executive committee members meet monthly to review the group's performance. Of primary focus to exco is the revenue, operating profit, capital expenditure and current assets per segment. Exco assesses the performance of the 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 segments' 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.

Group segmental analysis continued

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



Note: Graphs represent F2014 values only

2014 (R'000)	**Gross revenue**	**Internal revenue**	**External revenue**	**Operating profit**
Operational segments				
Investments and Concessions	**905 013**	**–**	**905 013**	**197 021**
Engineering & Construction	**3 520 625**	**–**	**3 520 625**	**93 815**
Manufacturing	**1 239 449**	**(200 186)**	**1 039 263**	**86 181**
Construction	**10 247 896**	**(316 428)**	**9 931 468**	**277 045**
Building and Housing	**4 475 547**	**(45 034)**	**4 430 513**	**90 817**
Civil Engineering	**4 031 537**	**(271 394)**	**3 760 143**	**66 567**
Projects	**1 740 812**	**–**	**1 740 812**	**119 661**
	15 912 983	**(516 614)**	**15 396 369**	**654 062**
Joint arrangements equity accounted and joint arrangements wholly consolidated on adoption of IFRS 11			**(56 739)**	**(9 138)**
			15 339 630	**644 924**
Adjustment for non-operational items				
Pension fund valuation surplus				**6 944**
Loss on impairment of investment in associate and loss on acquisition of interest in subsidiary – Investments and Concessions				**(2 002)**
Re-measurement of employment obligation				**(3 020)**
Operating profit per income statement				**646 846**

2013 (R'000) Restated*	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
Joint arrangements equity accounted and joint arrangements wholly consolidated on adoption of IFRS 11			(87 716)	(7 501)
			11 043 147	544 783
Adjustment for non-operational items				
Pension fund valuation surplus				9 458
Izakhiwo Imfundo Bursary trust: share-based payment expense				(16 813)
Loss on impairment of investment in associate – Investments and Concessions				(2 069)
Re-measurement of employment obligation				(7 114)
Operating profit per income statement				528 245

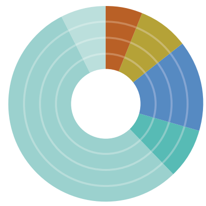
Sales between segments are carried out at arm's length and are reflected above.

* *Restated for the adoption of IFRS 11 – Joint Arrangements and IAS 19 (Revised) – Employee Benefits.*

FINANCIAL POSITION: CURRENT ASSETS AND CAPITAL EXPENDITURE

Current assets

Capital expenditure



Note: Graphs represent F2014 values only

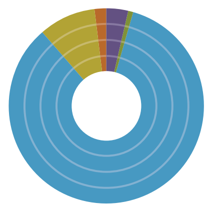
(R'000)	Current assets 2014	Current assets 2013 Restated*	Capital expenditure 2014	Capital expenditure 2013 Restated*
Operational segments				
Investments and Concessions	**301 051**	191 956	**16 223**	33 334
Engineering & Construction	**1 245 626**	467 703	**21 867**	8 640
Manufacturing	**444 724**	452 377	**39 201**	64 572
Construction	**2 947 417**	2 927 094	**185 158**	240 877
Building and Housing	**828 623**	808 717	**21 978**	6 054
Civil Engineering	**1 568 433**	1 716 557	**143 962**	166 147
Projects	**550 361**	401 820	**19 218**	68 676
	4 938 818	4 039 130	**262 449**	347 423
Joint arrangements equity accounted and joint arrangements wholly consolidated on adoption of IFRS 11	**(35 666)**	(45 505)	**(856)**	(3 951)
	4 903 152	3 993 625	**261 593**	343 472
Bank balances and cash	**2 912 240**	2 954 123	**–**	–
Total current assets per statement of financial position	**7 815 392**	6 947 748	**–**	–
Property, plant and equipment – additions	**–**	–	**261 593**	343 472

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 F2014 values only

(R'000)	2014	2013 Restated*
Geographical regions		
Eastern Europe	**581 860**	488 493
Eastern Africa	**143 781**	86 251
Southern Africa	**12 945 974**	8 580 022
Central Africa	**1 447 380**	1 389 137
Western Africa	**277 374**	586 960
	15 396 369	11 130 863
Joint arrangements equity accounted and joint arrangements wholly consolidated on adoption of IFRS 11	**(56 739)**	(87 716)
	15 339 630	11 043 147
Per income statement	**15 339 630**	11 043 147

* *Restated for the adoption of IFRS 11 – Joint Arrangements and IAS 19 (Revised) – Employee Benefits.*

Group statistics

FOR THE YEAR ENDED 30 JUNE 2014

	AUDITED 2014	2013 Restated*
Number of ordinary shares	**100 798 786**	99 506 412
– Shares in issue	**112 104 493**	111 149 510
– Less: Shares held by share trusts	**(11 305 707)**	(11 643 098)
Weighted average number of shares ('000s)	**100 053**	97 775
Fully diluted weighted average number of shares ('000s)	**101 897**	98 402
Total operations		
EPS – R	**4,01**	2,64
HEPS – R	**4,07**	2,83
Fully diluted EPS – R	**3,94**	2,62
Fully diluted HEPS – R	**3,99**	2,81
Continuing operations		
EPS – R	**4,04**	3,13
HEPS – R	**4,07**	3,20
Fully diluted EPS – R	**3,97**	3,11
Fully diluted HEPS – R	**4,00**	3,18
Dividend cover (based on earnings per share)	**4,0**	3,9
Dividends per share (cents)	**100,0**	67,0
– Interim	**45,0**	32,0
– Final	**55,0**	35,0
Net asset value per share – R	**25,99**	21,65
Net debt to equity ratio	**–**	–
Current ratio	**1,2**	1,2

* *Restated for the adoption of IFRS 11 – Joint Arrangements and IAS 19 (Revised) – Employee Benefits.*
EPS: *Earnings per share.*
HEPS: *Headline earnings per share.*

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 is the group's provision for an estimated potential administrative penalty to be levied by the Competition Commission raised in June 2013. For more detail on this matter please refer to page 82 of this integrated annual report. A settlement with the Commission remains outstanding. Accounting estimates and judgements can, by definition, only approximate results, as the actual results may differ from such estimates. Estimates and judgements are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Stakeholder attention is drawn to the contingent risk of civil claims possibly being lodged against the group, and all construction companies which were party to 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 R3 643 million as at 30 June 2014, compared to R3 676 million as at 31 December 2013 and R4 369 million as at 30 June 2013.

Dividend declaration

On 5 August 2014, the directors declared a gross dividend of 55 cents per ordinary share (cents per ordinary share net of dividend tax) (2013: 35 cents). This brings the total dividend for the year to 100 cents. (2013: 67 cents).

The dividend has been declared from income reserves.

In terms of Dividends Tax, the following additional information is disclosed:

- The dividend is subject to dividend tax at 15% (8.25 cents per share).
- The STC credits utilised per share amounts to 0 cents per share
- There are no STC credits available for future dividends
- The net dividend will therefore be 46.75000 cents per share for shareholders who are not exempt from dividends tax
- The amount of shares in issue at the date of this declaration is 112 104 493 (100 798 786 exclusive of treasury shares) and the company's tax reference number is 9625/077/71/5.

In order to comply with the requirements of STRATE, the relevant details are:

Event	Date
Last date to trade (cum dividend)	Thursday, 18 September 2014
Shares to commence trading (ex-dividend)	Friday, 19 September 2014
Record date (date shareholders recorded in books)	Friday, 26 September 2014
Payment date	Monday, 29 September 2014

No share certificates may be dematerialised or rematerialised between Friday, 19 September 2014 and Friday, 26 September 2014, both dates inclusive.

Analysis of shareholders

AT 30 JUNE 2014

		No of shareholders	%	No of shares	%
1.	**SHAREHOLDER SPREAD**				
	1 – 1 000 shares	3 568	72.15	984 434	0.88
	1 001 – 10 000 shares	889	17.98	3 012 484	2.69
	10 001 – 100 000 shares	341	6.90	11 769 154	10.50
	100 001 – 1 000 000 shares	130	2.63	45 194 257	40.31
	1 000 001 shares and over	17	0.34	51 144 164	45.62
	Totals	**4 945**	**100.00**	**112 104 493**	**100.00**
2.	**DISTRIBUTION OF SHAREHOLDERS**				
	Banks	56	1.13	13 498 695	12.04
	Close corporations	20	0.41	51 553	0.05
	Empowerment	3	0.06	13 272 001	11.84
	Endowment funds	29	0.59	449 269	0.40
	Government	1	0.02	12 516	0.01
	Individuals	4 042	81.74	5 136 089	4.58
	Insurance companies	38	0.77	3 229 174	2.88
	Investment companies	9	0.18	1 074 883	0.96
	Medical schemes	10	0.20	115 578	0.10
	Mutual funds	154	3.11	36 233 168	32.32
	Nominees & trusts	284	5.74	1 720 618	1.54
	Other corporations	6	0.12	6 710	0.01
	Private companies	70	1.42	5 046 948	4.50
	Public companies	7	0.14	22 663	0.02
	Retirement funds	215	4.35	32 200 922	28.72
	Share trust	1	0.02	33 706	0.03
	Totals	**4 945**	**100.00**	**112 104 493**	**100.00**
3.	**PUBLIC/NON-PUBLIC SHAREHOLDERS**				
	Non-public shareholders	25	0.50	14 031 869	12.52
	Directors of the company	2	0.04	312 984	0.28
	Executive committee members of the company	7	0.14	295 977	0.26
	Senior management of the company	12	0.24	117 201	0.11
	Empowerment trusts	3	0.06	13 272 001	11.84
	Share trusts	1	0.02	33 706	0.03
	Public shareholders	4 920	99.50	98 072 624	87.48
	Totals	**4 945**	**100.00**	**112 104 493**	**100.00**

		No of shares	%
4.	**BENEFICIAL SHAREHOLDERS HOLDING 5% OR MORE**		
	Government Employees Pension Fund	16 893 330	15.07
	Group Five Ltd Black Professionals Staff Trust	12 356 865	11.02
	Coronation Fund Managers	9 048 812	8.07
	Sanlam	6 608 858	5.90
	Totals	**44 907 865**	**40.06**
5.	**DIRECTORS OF THE COMPANY**		
	MR Upton	237 614	0.21
	CMF Teixeira	75 370	0.07
	Totals	**312 984**	**0.28**
6.	**EXECUTIVE COMMITTEE MEMBERS OF THE COMPANY**		
	J Doorasamy	15 059	0.01
	P le Sueur	90 153	0.08
	AJ McJannet	25 312	0.02
	GD Mottram	15 703	0.02
	E Vemer	25 967	0.02
	JA Wallace	82 150	0.07
	WI Zeelie	41 633	0.04
	Totals	**295 977**	**0.26**
7.	**SENIOR MANAGEMENT OF THE COMPANY**		
	PJ de Vries	5 904	0.01
	FH Enslin	20 000	0.02
	JW Hillary	3 838	0.00
	NM Humphreys	30 276	0.03
	NC Katamzi	865	0.00
	KR Maharaj	8 500	0.01
	DA Morgan	300	0.00
	HBE Rossocha	2 597	0.00
	SH Ryninks	15 927	0.02
	JAE Stragier	13 700	0.01
	E van Rooyen	14 544	0.01
	MP van Rooyen	750	0.00
	Totals	**117 201**	**0.11**
8.	**EMPOWERMENT TRUSTS**		
	Group Five Ltd Black Professionals Staff Trust	12 356 865	11.02
	Black Management Scheme	893 249	0.80
	Group Five Black Management Scheme – exiting participants	21 887	0.02
	Totals	**13 272 001**	**11.84**
9.	**SHARE TRUST**		
	Rivonia Share Scheme Services (Proprietary) Limited	33 706	0.03
	Totals	**33 706**	**0.03**

			No of shares	%
10.	**TOP TWENTY BENEFICIAL SHAREHOLDERS BY SIZE**			
	Rank	**Name of shareholder**		
	1	Government Employees Pension Fund	16 893 330	15.07
	2	Group Five Ltd Black Professionals Staff Trust	12 356 865	11.02
	3	Coronation Fund Managers	9 048 812	8.07
	4	Sanlam	6 608 858	5.90
	5	Old Mutual	4 673 891	4.17
	6	Investment Solutions	3 299 107	2.94
	7	Dimensional Fund Advisors	3 016 884	2.69
	8	Fidelity	2 609 929	2.33
	9	Prudential	2 611 188	2.33
	10	PSG Group	2 435 239	2.17
	11	Investec	2 157 787	1.92
	12	Ellerine Brothers	2 144 991	1.91
	13	Metal & Engineering Industries	1 607 471	1.43
	14	Mines Pension Fund	1 461 266	1.30
	15	Transnet Pension Fund	1 379 145	1.23
	16	Absa	1 324 519	1.18
	17	Strategic Investment Service Management Company	1 037 862	0.93
	18	Eskom Pension & Provident Fund	1 034 668	0.92
	19	Cape Retirement Funds	996 220	0.89
	20	Nedbank Group	963 233	0.86
	Totals		**77 661 265**	**69.26**
11.	**TOP TEN COUNTRIES BASED ON BENEFICIAL SHAREHOLDERS**			
	Rank	**Name of country**		
	1	South Africa	94 184 653	84.02
	2	USA	10 800 503	9.63
	3	Luxembourg	2 931 687	2.62
	4	UK	1 472 674	1.31
	5	Namibia	1 181 924	1.05
	6	Swaziland	546 131	0.49
	7	Sweden	469 400	0.42
	8	Denmark	221 000	0.20
	9	Netherlands	131 366	0.12
	10	Ireland	61 482	0.05
	Totals		**112 000 820**	**99.91**

Notice of the annual general meeting

GROUP FIVE LIMITED

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

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the annual general meeting of shareholders of the company will be held at the registered office of Group Five, No 9 Country Estate Drive, Waterfall Business Estate, Jukskei View, Johannesburg, on Tuesday, 4 November 2014 at 11:00, for the purpose of dealing with the following business and considering, and if deemed fit, passing with or without modification, the resolutions as set out in this notice.

Presentation of audited annual financial statements

The annual financial statements of the company and the group, including the reports of the directors, group audit committee and the independent auditors, for the year ended 30 June 2014, will be presented to shareholders as required in terms of section 30(3)(d) of the Companies Act, No 71 of 2008, as amended ("the Companies Act"), (summary consolidated annual financial statements are included in the integrated annual report, with the consolidated annual financial statements available in the supplementary report to the integrated annual report on the group's website).

Resolutions for consideration and adoption

1. **ORDINARY RESOLUTION NUMBER 1: Election and re-election of directors**
   To elect by separate resolutions NJ Chinyanta, W Louw, B Ngonyama, VM Rague and MR Thompson being appointed by the board of directors since the last annual general meeting of the company, who are in accordance with the provisions of clause 24.2 of the company's memorandum of incorporation, obliged to retire at this annual general meeting and, being eligible, offer themselves for election.

   1.1 **ORDINARY RESOLUTION NUMBER 1.1**
   "**RESOLVED** that NJ Chinyanta be and is hereby elected as a director of the company with effect from 4 November 2014."

   1.2 **ORDINARY RESOLUTION NUMBER 1.2**
   "**RESOLVED** that W Louw be and is hereby elected as a director of the company with effect from 4 November 2014."

   1.3 **ORDINARY RESOLUTION NUMBER 1.3**
   "**RESOLVED** that B Ngonyama be and is hereby elected as a director of the company with effect from 4 November 2014."

   1.4 **ORDINARY RESOLUTION NUMBER 1.4**
   "**RESOLVED** that VM Rague be and is hereby elected as a director of the company with effect from 4 November 2014."

   1.5 **ORDINARY RESOLUTION NUMBER 1.5**
   "**RESOLVED** that MR Thompson be and is hereby elected as a director of the company with effect from 4 November 2014."

   JL Job and KK Mpinga are obliged to retire by rotation at this annual general meeting in accordance with the provisions of clause 24.6.2 of the company's memorandum of incorporation. Having so retired and being eligible, JL Job and KK Mpinga offer themselves for re-election.

   1.6 **ORDINARY RESOLUTION NUMBER 1.6**
   "**RESOLVED** that JL Job be and is hereby re-elected as a director of the company with effect from 4 November 2014."

   1.7 **ORDINARY RESOLUTION NUMBER 1.7**
   "**RESOLVED** that KK Mpinga be and is hereby re-elected as a director of the company with effect from 4 November 2014."

   The board of directors has assessed the performance of the directors standing for election and re-election, and has found them suitable for appointment and reappointment. A brief CV in respect of each director standing for election or re-election, as the case may be, appears on pages 102 to 105 of this integrated annual report as well as in supplementary information to the integrated annual report available on the group's website.

2. **ORDINARY RESOLUTION NUMBER 2: Election of group audit committee members** subject, where necessary, to their reappointment as directors of the company in terms of the resolutions in paragraph 1 above.

   To elect by separate resolutions a group audit committee comprising independent non-executive directors, as provided in section 94(4) of the Companies Act and appointed in terms of section 94(2) of the Companies Act to hold office until the next annual general meeting to perform the duties and responsibilities stipulated in section 94(7) of the Companies Act and the King III Report on Governance for South Africa 2009 and to perform such other duties and responsibilities as may from time to time be delegated by the board of directors for the company and all subsidiary companies.

   2.1 **ORDINARY RESOLUTION NUMBER 2.1**
   "**RESOLVED** that SG Morris be and is hereby re-elected as a member and chairperson of the group audit committee of the company with effect from 4 November 2014."

2.2 **ORDINARY RESOLUTION NUMBER 2.2**
"**RESOLVED** that JL Job be and is hereby re-elected as a member of the group audit committee of the company with effect from 4 November 2014."

2.3 **ORDINARY RESOLUTION NUMBER 2.3**
"**RESOLVED** that KK Mpinga be and is hereby re-elected as a member of the group audit committee of the company with effect from 4 November 2014."

2.4 **ORDINARY RESOLUTION NUMBER 2.4**
"**RESOLVED** that B Ngonyama be and is hereby elected as a member of the group audit committee of the company with effect from 4 November 2014."

2.5 **ORDINARY RESOLUTION NUMBER 2.5**
"**RESOLVED** that VM Rague be and is hereby elected as a member of the group audit committee of the company with effect from 4 November 2014."

2.6 **ORDINARY RESOLUTION NUMBER 2.6**
"**RESOLVED** that MR Thompson be and is hereby elected as a member of the group audit committee of the company with effect from 4 November 2014."

3. **ORDINARY RESOLUTION NUMBER 3: Election of group social and ethics committee members** subject, where necessary, to their reappointment as directors of the company in terms of the resolutions in paragraph 1 above.

To elect by separate resolutions a group social and ethics committee, as provided in section 72(4) of the Companies Act and regulation 43 of the Companies Regulations, 2011 ("Regulations"), appointed 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.

3.1 **ORDINARY RESOLUTION NUMBER 3.1**
"**RESOLVED** that B Ngonyama be and is hereby elected as a member and chairperson of the group social and ethics committee of the company with effect from 4 November 2014."

3.2 **ORDINARY RESOLUTION NUMBER 3.2**
"**RESOLVED** that W Louw be and is hereby elected as a member of the group social and ethics committee of the company with effect from 4 November 2014."

3.3 **ORDINARY RESOLUTION NUMBER 3.3**
"**RESOLVED** that MR Upton be and is hereby re-elected as a member of the group social and ethics committee of the company with effect from 4 November 2014."

3.4 **ORDINARY RESOLUTION NUMBER 3.4**
"**RESOLVED** that CMF Teixeira be and is hereby re-elected as a member of the group social and ethics committee of the company with effect from 4 November 2014."

3.5 **ORDINARY RESOLUTION NUMBER 3.5**
"**RESOLVED** that J Doorasamy be and is hereby elected as a member of the group social and ethics committee of the company with effect from 4 November 2014."

3.6 **ORDINARY RESOLUTION NUMBER 3.6**
"**RESOLVED** that GD Mottram be and is hereby re-elected as a member of the group social and ethics committee of the company with effect from 4 November 2014."

4. **ORDINARY RESOLUTION NUMBER 4: Approval of remuneration policy**
"**RESOLVED** through a non-binding advisory vote, the company's remuneration policy and its implementation, as set out in the remuneration report contained on pages 123 to 149 of this integrated annual report be and is hereby approved."

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

5. **ORDINARY RESOLUTION NUMBER 5: Re-appointment of auditors**
As set out in the group audit committee report on the supplementary information to the integrated annual report available on the group's website, the group audit committee has assessed PricewaterhouseCoopers Incorporated's performance, independence and suitability and has nominated them for reappointment as independent external auditors of the group, to hold office until the next annual general meeting.

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

6. **ORDINARY RESOLUTION NUMBER 6: 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."

7. **ORDINARY RESOLUTION NUMBER 7: 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."

8. **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 2015 be approved as follows:

	F2014	**F2015 (proposed)**
Main board – chairperson	R860 000	**R920 000**
Main board – non-executive director	R215 000	**R230 000**
Lead independent director	R360 600	**R385 000**
Audit committee – chairperson	R211 000	**R225 000**
Audit committee – member	R105 000	**R112 000**
Remuneration committee – chairperson	R143 000	**R153 000**
Remuneration committee – member	R73 500	**R79 000**
Risk committee – chairperson	R143 000	**R153 000**
Risk committee – member	R73 500	**R79 000**
Nominations committee – chairperson*	R105 000	**R112 000**
Nominations committee – member	R55 500	**R59 500**
Social and ethics committee – chairperson	R143 000	**R153 000**
Social and ethics committee – member	R73 500	**R79 000**
Extraordinary services – per hour	R3 000	**R3 210**

* *Included in chairperson fee.*

9. **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 consolidated annual financial statements, the directors of the company, whose names are given on pages 102 to 103 of this integrated annual 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 page 82 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 pages 102 to 105 of this integrated annual report, collectively and individually accept full responsibility for the accuracy of the information given in special resolution number 2, and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statements false or misleading and that all reasonable enquiries to ascertain such facts have been made and that this resolution and additional disclosure in terms of paragraph 11.26 of the JSE Listings Requirements pertaining thereto contain all information required by law and the JSE Listings Requirements.

MATERIAL CHANGES

Other than the facts and developments reported on in these consolidated annual financial statements, there have been no material changes in the affairs, financial or trading position of the group since the signature date of this integrated annual report and the posting date thereof.

The following disclosures required in terms of the JSE Listings Requirements are set out in accordance with the reference pages in this integrated annual report of which this notice forms part:

- directors and management (pages 102 to 105 and 116 to 117);
- major shareholders of the company (pages 166 to 168);
- directors' interests in securities (page 167); and
- share capital of the company (page 159).

10. **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;
   (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.

11. **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, 24 October 2014, 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, 31 October 2014. 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

5 August 2014

Registered office
No 9 Country Estate Drive
Waterfall Business Estate
Jukskei View
Johannesburg 1662

Postnet Suite 500
Private Bag X26
Sunninghill 2157

Transfer secretaries
Computershare Investor
Services (Pty) Limited
70 Marshall Street
Johannesburg 2001

PO Box 61051
Marshalltown 2107

Form of proxy

GROUP FIVE LIMITED

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

For use at the annual general meeting of the holders of ordinary shares in the company ("Group Five shareholders") to be held at the registered office of Group Five, No 9 Country Estate Drive, Waterfall Business Estate, Jukskei View, Johannesburg on Tuesday, 4 November 2014 ("the annual general meeting") at 11:00. Group Five shareholders who have dematerialised their Group Five shares through a CSDP or broker must not complete this form of proxy and must provide their CSDP or broker with their voting instructions, except for Group Five shareholders who have elected own-name registration in the sub-register through a CSDP or broker and certificated shareholders, which shareholders must complete this form of proxy and lodge it with the transfer secretaries. Holders of dematerialised Group Five shares wishing to attend the annual general meeting must inform their CSDP or broker of such intention and request their CSDP/broker to issue them with the relevant authorisation to attend.

I/We

of (address)

being the registered holder/s of ordinary shares in the capital of the company, hereby appoint (see note 1):

1. or, failing him/her

2. or, failing him/her

3. or, failing him/her

the chairperson of the annual general meeting as my/our proxy to act for me/us at the annual general meeting for the purposes of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed thereat and at each adjournment thereof and to vote for and/or against the resolutions and/or abstain from voting in respect of the ordinary shares registered in my/our name/s in accordance with the instructions/notes on the reverse side hereof.

Proposed ordinary/special resolutions	**In favour**	**Against**	**Abstain**
Ordinary resolutions			
1. Ordinary Resolution 1 to elect and re-elect directors 1.1 Election of NJ Chinyanta as a director 1.2 Election of W Louw as a director 1.3 Election of B Ngonyama as a director 1.4 Election of VM Rague as a director 1.5 Election of MR Thompson as a director 1.6 Re-election of JL Job as a director 1.7 Re-election of KK Mpinga as a director			
2. Ordinary Resolution 2 to elect group audit committee members 2.1 Re-election of SG Morris as member and chairperson of the group audit committee 2.2 Re-election of JL Job as member of the group audit committee 2.3 Re-election of KK Mpinga as member of the group audit committee 2.4 Election of B Ngonyama as member of the group audit committee 2.5 Election of VM Rague as member of the group audit committee 2.6 Election of MR Thompson as member of the group audit committee			
3. Ordinary Resolution 3 to elect group social and ethics committee members 3.1 Election of B Ngonyama as member and chairperson of group social and ethics committee 3.2 Election of W Louw as member of social and ethics committee 3.3 Re-election of MR Upton as member of social and ethics committee 3.4 Re-election CMF Teixeira as member of social and ethics committee 3.5 Election of J Doorasamy as member of social and ethics committee 3.6 Re-election of GD Mottram as member of social and ethics committee			
4. Ordinary Resolution 4 to approve, through a non-binding advisory vote, the company's remuneration policy			
5. Ordinary Resolution 5 to re-appoint PricewaterhouseCoopers Incorporated as independent external auditors			
6. Ordinary Resolution 6 to place authorised but unissued shares under the control of the directors			
7. Ordinary Resolution 7 to authorise director and/or group company secretary to implement the resolutions set out in the notice convening the annual general meeting			
Special Resolutions			
8. Special Resolution 1 to approve non-executive directors' remuneration			
9. Special Resolution 2 to authorise directors to repurchase company shares			
10. Special Resolution 3 to authorise financial assistance to related or inter-related companies			

A member entitled to attend and vote at the annual general meeting may appoint one or more proxies to attend, vote, speak and act in his stead. A proxy need not be a member of the company.

Signed at on 2014

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
No 9 Country Estate Drive
Waterfall Business Estate
Jukskei View
Johannesburg 1662

Postnet Suite 500
Private Bag X26
Sunninghill 2157

Transfer secretaries
Computershare Investor
Services (Pty) Limited
70 Marshall Street
Johannesburg 2001

PO Box 61051
Marshalltown 2107

Feedback over the last few years indicated that most stakeholders would prefer a summarised printed integrated 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.

This integrated annual report is printed on Lumi paper. 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 recyclable. It is manufactured using only wood from sustainable forests.

STUDIO 5

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