GROUP FIVE
structured ingenuity

SUPPLEMENTARY SECTION OF THE INTEGRATED ANNUAL REPORT 2014

40
YEARS
1974 – 2014

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SECTION 03

This section is structured as a stand-alone part of the supplementary section of the integrated annual report and therefore again starts at page 1.

ANNUAL FINANCIAL STATEMENTS

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 report expands on the information provided in the printed section of the integrated annual report and provides more detail on the group's issues based on individual stakeholder requirements.

During the year, the majority of the group's Gauteng-based businesses moved into a new integrated central office. **Refer to case study on page 120 of the printed section of the integrated annual report.** IAR

01

Introduction

2014 is a historic year for the group, as we celebrate our 40th year as a listed entity. We remain one of the few companies on the JSE Limited to publish our full integrated annual report on the same day as our results are released, which is within 45 days of the group's year-end.

Mike Upton Chief executive officer

Message from the CEO

INTRODUCTION

This report covers the activities of Group Five for the 12 months to 30 June 2014. This year is a historic one for the group, as we celebrate our 40th year as a listed entity.

We remain one of the few companies on the JSE Limited to publish our full 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.

IAR Refer to pages 4 to 9 in the printed section of the integrated annual report for information on our 40-year journey.

Our report suite once again aims to provide concise, relevant and reliable information. This section of the integrated annual report supplements the printed document and expands on both the group's operating context and information addressing individual stakeholder needs.

During the year, we continued to refine how we present information in this section of our report to improve ease of readability.

The 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.

The structure of this supplementary section to the integrated report follows the recommendations of GRI G4, as we found that to be a very useful manner in which to present information to our stakeholders. In line with GRI G4, we continued to add to the disclosure provided in previous years.

WWW Although we are not in a position to fully report against GRI G4 yet, we outline a response table to certain of the new relevant GRI indicators. This can be found on our website, www.groupfive.co.za.

Sustainability can be a very abstract business term and is often viewed as a non-core area of business. This view contradicts the group's fundamental belief that the ability of a business to operate in a disciplined and sustainable fashion over the long term is central to its ability to maintain a competitive advantage in both buoyant and challenging market conditions.

APPROACH TO SUSTAINABILITY

Sustainability can be a very abstract business term and is often viewed as a non-core area of business. However, this view contradicts the group's fundamental belief that the ability of a business to operate in a disciplined and sustainable fashion over the long term is central to its ability to maintain a competitive advantage in both buoyant and challenging market conditions.

At Group Five, a focused approach to sustainability informs our strategy and guides how we work as a group. However, to ensure that this culture is entrenched, the majority of senior management's key performance measures are non-financial measures. Refer to pages 107 to 109 and 114 to 115 in the printed section of the integrated annual report for performance against these measures.

SCOPE AND BOUNDARY

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

The printed section of the integrated annual report includes summarised audited consolidated annual financial statements on pages 152 to 166, which were extracted from the audited consolidated annual financial statements. The complete set of audited consolidated annual financial statements is available in section 3 of this document. The audited consolidated annual financial statements comply with International Financial Reporting Standards (IFRS), JSE Listings Requirements and the South African Companies Act.

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) and the secured operations and maintenance order book.

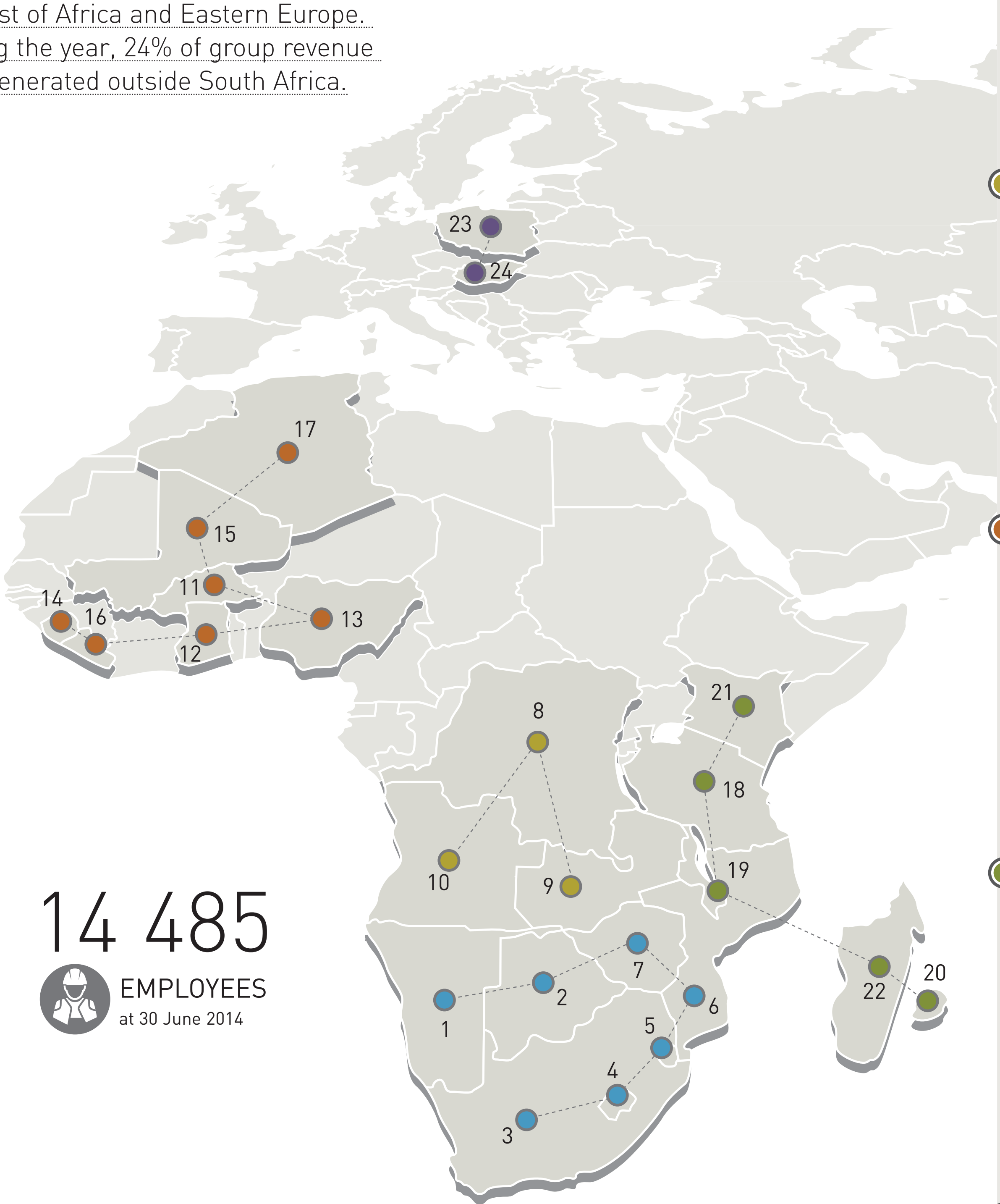
We welcome feedback on our report. Please contact us at **info@groupfive.co.za** or +27 10 060 1557.

Refer to pages 92 to 94 in the printed section of the integrated annual report for our assurance information.

IAR

Geographic spread

The group operates in South Africa, the rest of Africa and Eastern Europe. During the year, 24% of group revenue was generated outside South Africa.



14 485

EMPLOYEES
at 30 June 2014

Southern Africa

Countries of operation

1. Namibia*
2. Botswana#
3. South Africa*
4. Lesotho*
5. Swaziland#
6. Mozambique*
7. Zimbabwe*

Segments active within region

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

SECTOR: CONSTRUCTION WORKS %

	Revenue R million	Number of employees	Private: public	Mining	Industrial	Power	Oil and gas	Water	Real estate	Transport
F2013	8 580	11 067	47:53	8	3	7	5	7	36	34
F2014	**12 946**	**12 434**	**60:40**	**4**	**1**	**21**	**23**	**6**	**35**	**10**
F2015[1]	8 688	n/a	56:44	5	1	16	7	13	46	12

Major contracts:		
	F2014[2]	Jasper photovoltaic renewable power EPC
	F2015[2]	Romco pipeline construction in Mozambique

Central Africa

Countries of operation

8. DRC*
9. Zambia#
10. Angola#

Segments active within region

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

SECTOR: CONSTRUCTION WORKS %

	Revenue R million	Number of employees	Private: public	Mining	Industrial	Power	Oil and gas	Water	Real estate	Transport
F2013	1 389	527	100:0	–	–	–	–	–	–	–
F2014	**1 447**	**740**	**100:0**	**100**	**–**	**–**	**–**	**–**	**–**	**–**
F2015[1]	209	n/a	100:0	100	–	–	–	–	–	–

Major contracts:		
	F2014[2]	Kibali gold plant construction in DRC
	F2015[2]	Construction of copper plant – Kinsenda mine, DRC

West Africa

Countries of operation

11. Burkina Faso*
12. Ghana*
13. Nigeria*
14. Sierra Leone*
15. Mali#
16. Liberia*
17. Algeria#

Segments active within region

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

SECTOR: CONSTRUCTION WORKS %

	Revenue R million	Number of employees	Private: public	Mining	Industrial	Power	Oil and gas	Water	Real estate	Transport
F2013	587	1 131	100:0	74	–	23	–	–	3	–
F2014	**277**	**438**	**100:0**	**55**	**–**	**13**	**–**	**–**	**32**	**–**
F2015[1]	365	n/a	100:0	76	–	–	20	–	4	–

Major contracts:		
	F2014[2]	Capital Place property development and construction
	F2015[2]	Construction of a new gold plant – Liberty Gold Project, Liberia

East Africa

Countries of operation

18. Tanzania*
19. Malawi#
20. Mauritius#
21. Kenya#
22. Madagascar#

Segments active within region

- Civil Engineering#
- Projects*

SECTOR: CONSTRUCTION WORKS %

	Revenue R million	Number of employees	Private: public	Mining	Industrial	Power	Oil and gas	Water	Real estate	Transport
F2013	86	98	100:0	–	–	–	–	–	–	–
F2014	**144**	**65**	**100:0**	**99**	**–**	**–**	**–**	**–**	**1**	**–**
F2015[1]	7	n/a	100:0	100	–	–	–	–	–	–

Major contracts:		
	F2014[2]	Bulyanhulu expansion plant
	F2015[2]	–

Eastern Europe

Countries of operation

23. Poland*
24. Hungary*

Segments active within region

- Investments and Concessions*

	Revenue R million	Number of employees
F2014	**582**	**808**
F2015	n/a	n/a

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

Sector spread

Mining

Key competencies

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

** Engineer, procure and construct.*

Key differentiators

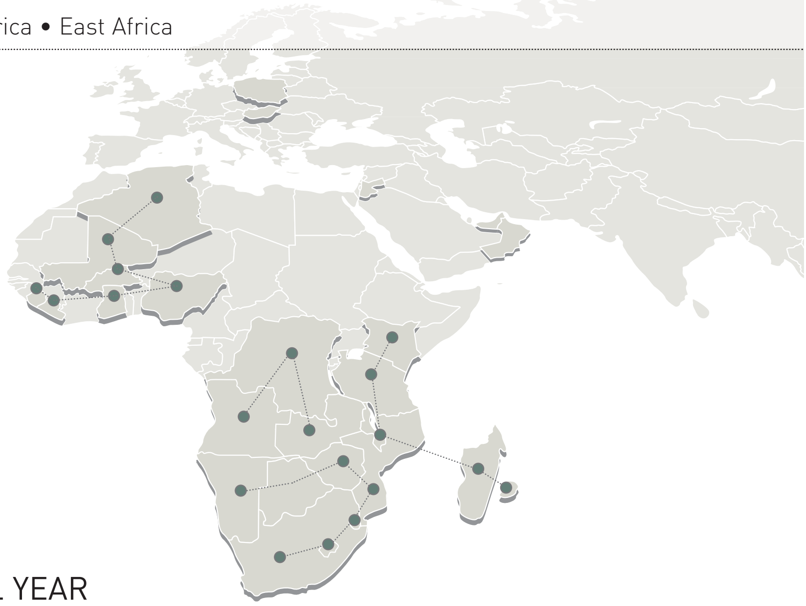
- Experienced African mining and process plant constructor across 18 countries
- Strong repeat business client base
- Reputation for delivery of complex contracts in remote and difficult conditions

Key clients

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

REGIONS

• Southern Africa • Central Africa • West Africa • East Africa



KEY CONTRACTS PER FINANCIAL YEAR

2010

Kayelekera uranium contract – Malawi

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

2011

Kinsevere – Democratic Republic of Congo

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

2012

Grootegeluk run of mine and waste contract – South Africa

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

2013

Tonkolili Iron Ore Stage 1b – Sierra Leone

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

2014

Kibali gold mine – Democratic Republic of Congo

The delivery of bulk earthworks and plant-wide civils works, including tailing storage facilities, and the structural, mechanical, piping, electrical and instrumentation installation on the Kibali Gold contract, as well as an associated hydropower plant located in Northern DRC. This contract is the largest greenfield gold contract in Africa. The mine produced first gold in September 2013 and was fully operational in July 2014.

Industrial

Key competencies

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

Key differentiators

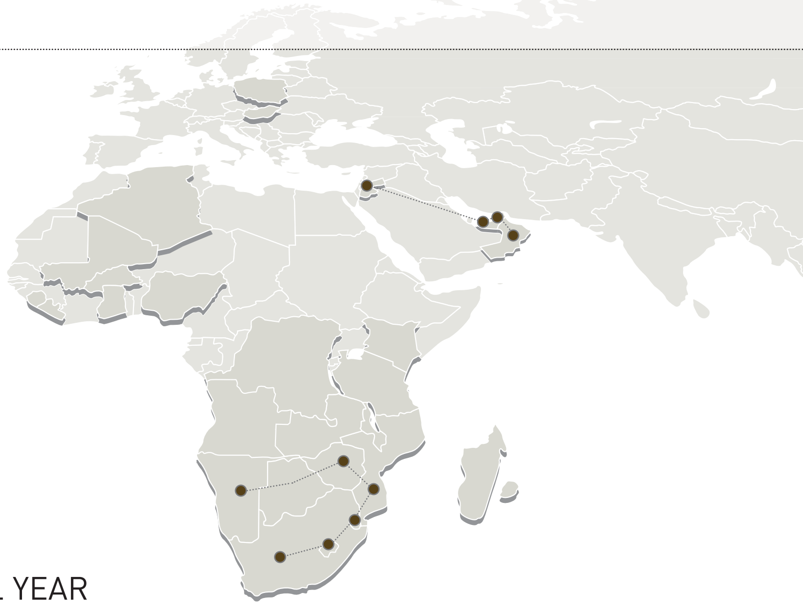
- Track record in civils, heavy mechanical, electrical and piping construction and services
- Aluminium, steel, zinc, uranium, platinum, cobalt and gold smelting and minerals benefaction
- Automotive
- Petrochemical
- Sugar
- Paper
- Cement

Key clients

- Hulamin, Huntsman Tioxide, Mondi, Toyota, Sappi, Volkswagen, Arcelor Mittal, Mercedes Benz, Anglo American, Taurus Minerals

REGIONS

• Southern Africa • Middle East



KEY CONTRACTS PER FINANCIAL YEAR

2010

Matola cement mill – Mozambique

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

2011

Sasol FT wax expansion phase 1 – South Africa

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

2012

Sappi Tugela mill – South Africa

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

2013

Sasol FT wax expansion Phase 2 – South Africa

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

2014

Upgrade to copper concentrate smelter in Tsumeb – Namibia

A Namibian brownfields contract for Ongoplolo Mining and Processing required an upgrade of the existing plant to accommodate an envisaged increase in copper concentrate feed from 120 000 tonnes per year to 240 000 tonnes per year, as well as to reduce the overall pollution of the environment, particularly arsenic pollution. The scope of works included supply, fabrication, transportation and installation of structural steel, as well as mechanical, electrical and instrumentation installation.

Power

Key competencies

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

** Engineer, procure and construct.*

Key differentiators

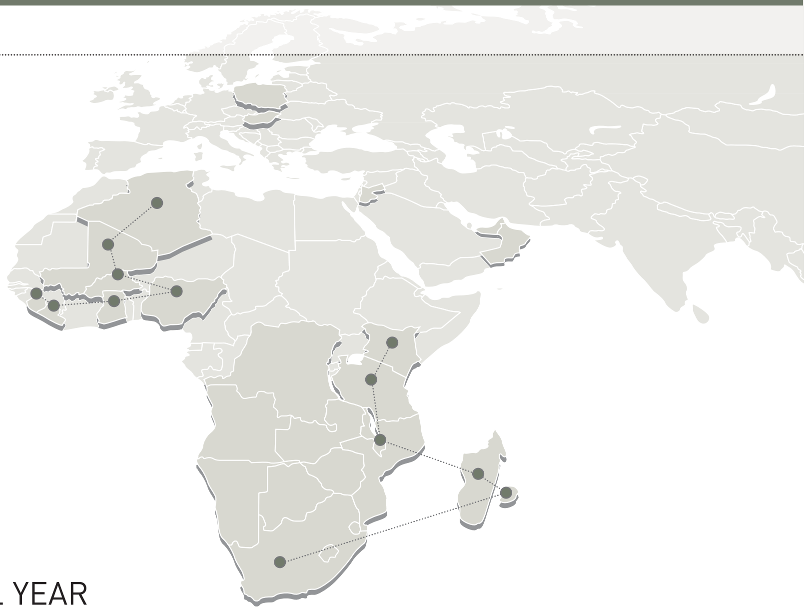
- Track record in EPC* power plant delivery in Africa
- Approved EPC* contractor to General Electric (GE) and other technology providers
- Capability to co-develop contracts to bankability
- Operations and maintenance systems

Key clients

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

REGIONS

• Southern Africa • West Africa • East Africa



KEY CONTRACTS PER FINANCIAL YEAR

2010

Sasol OCGT contract – South Africa

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

2011

Kusile power station – South Africa

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

2012

Eskom's Kusile air cooled condenser columns – South Africa

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

2013

Sasol heat recovery steam boiler contract – South Africa

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

2014

Jasper 75 MW Photovoltaic solar power project – South Africa

Following the launch of the South African government's Renewable Energy Independent Power Producer Programme (REIPP) the group was awarded four renewable energy engineer, procure and contract (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 combined total generated electrical output from these four contracts is 212 MW.

Grid connection is targeted for September 2014. The other three contracts which were awarded prior to Jasper have all achieved grid connection.

Oil and gas

Key competencies

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

Key differentiators

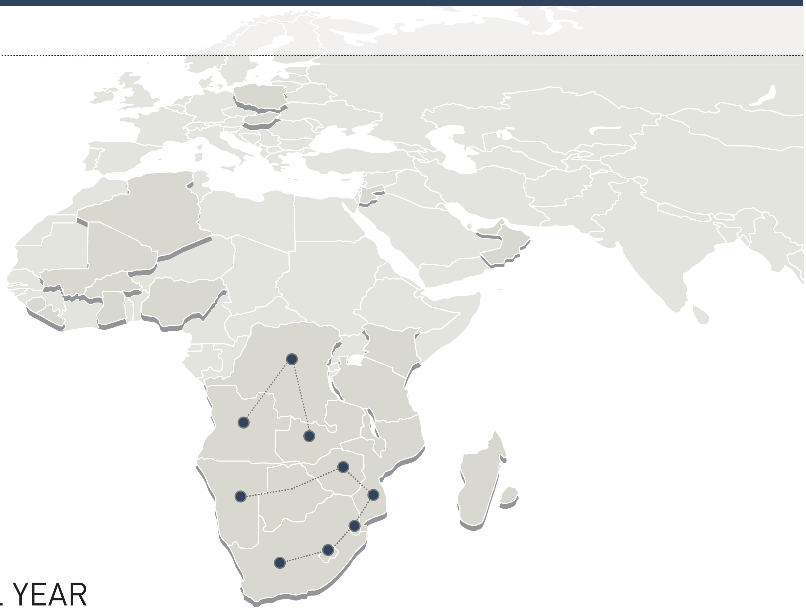
- Dedicated oil and gas business
- Experienced shutdown and maintenance contractor to all oil and petrochemical majors
- Piping and steel fabrication facilities in compliance with ISO 3834
- Tankage and pipeline constructor and services contractor

Key clients

- Transnet, SAPREF, Engen, Shell, Chevron, BP, Sasol, PetroSA

REGIONS

• Southern Africa • Central Africa



KEY CONTRACTS PER FINANCIAL YEAR

2010

NMPP pipeline – South Africa

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

2011

Sasol Alrode tanks – South Africa

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

2012

NMPP pipeline pump stations – South Africa

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

2013

NMPP terminals – South Africa

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

2014

Rompco gas loop line contract – Mozambique

The construction of a 26 inch diameter underground coated carbon steel pipeline of 127 kilometres. The Republic of Mozambique Pipeline Investments Company, together with Sasol, as well as the South African and the Mozambique governments as the main stakeholders, commissioned this contract to increase capacity of the existing gas pipeline in response to increased gas demand from the Ressano Garcia power plant, located on the Mozambique-South African border.

Water

Key competencies

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

Key differentiators

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

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

Key clients

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

REGIONS

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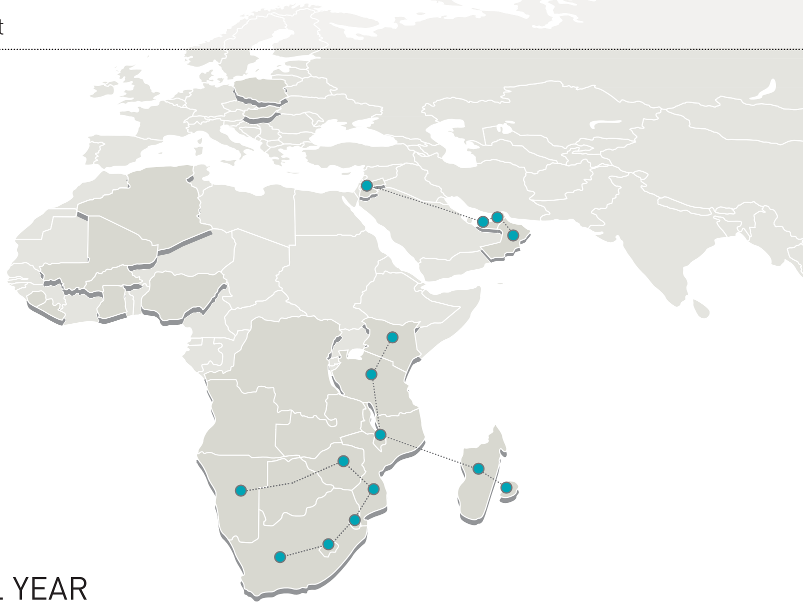

KEY CONTRACTS PER FINANCIAL YEAR

2010

Olifantspoort water treatment works – South Africa

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

2011

BG3 pipeline – South Africa

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

2012

Spring Grove dam – South Africa

The Spring Grove dam in KwaZulu-Natal is being constructed by Group Five Civil Engineering and Coastal in joint venture with Pandev, one of the group's long-standing enterprise development partners. The contract was completed in 2013.

2013

Sand bypass contract – South Africa

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

2014

Acid mine drainage (AMD) facilities – South Africa

The Trans Caledon Tunnel Authority awarded the fast-track AMD Phase 1 Treatment Facilities contract to the group. This included earthworks, civil works, building, mechanical and electrical processes. The 17-month contract achieved Ready for Trial Operation (RFTO) status in June 2014 and is currently being operated on a trial basis by the group and its sub-contractors until September 2014. Challenges during the civil construction included ensuring water tightness of all the concrete to contain infected water, with some of the structures up to nine metres high. At its peak, the contract employed more than 600 people with a solid safety track record and a focus on enterprise development.

Real estate

Key competencies

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

Key differentiators

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

Key clients

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

REGIONS

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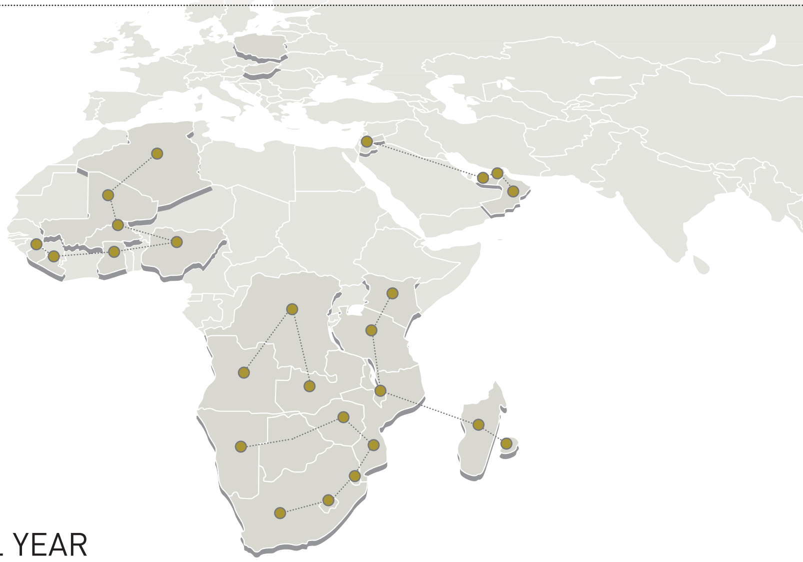


KEY CONTRACTS PER FINANCIAL YEAR

2010

Brandvlei Prison – South Africa

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

2011

Khayelitsha District Hospital – South Africa

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

2012

Crystal Park affordable housing – South Africa

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

2013

Maseru Shopping Mall – Lesotho

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

2014

Bophelong Psychiatric Hospital – South Africa

This contract involves the construction of a new psychiatric hospital for the Department of Health consisting of various single storey buildings and infrastructure works for the forensic and government patient units. The hospital is on the outskirts of Mafikeng in the North West. Construction commenced on 6 November 2012 and despite community unrest and strikes, completion is scheduled for December 2014. The project is earmarked to replace the existing and outdated facility in the Mafikeng area.

Transport

Key competencies

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

Key differentiators

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

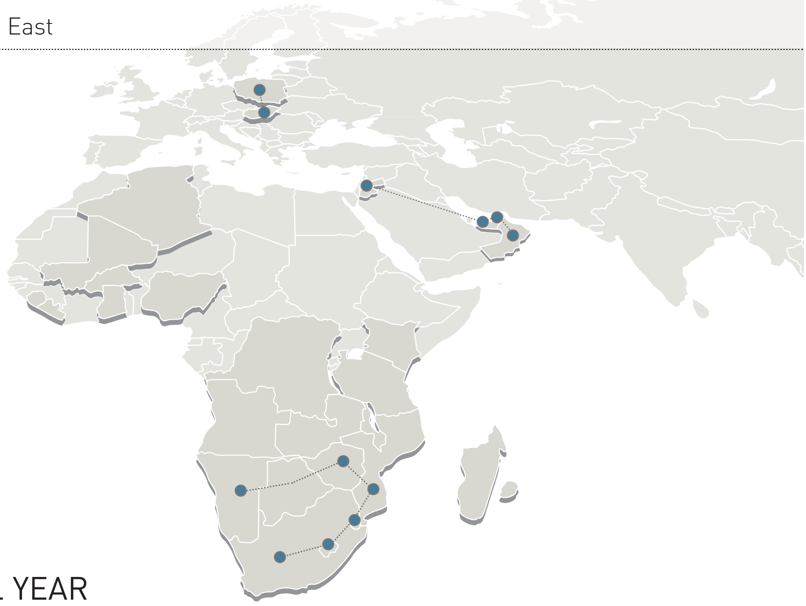
** Engineer, procure and construct.*

Key clients

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

REGIONS

• Southern Africa • Eastern Europe • Middle East



KEY CONTRACTS PER FINANCIAL YEAR

2010

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

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

2011

Gauteng Freeway Improvement Project – package E – South Africa

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

2012

Chota Motala Interchange – South Africa

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

2013

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

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

2014

Upgrading of Kuruman to Vryburg road – South Africa

The existing surfaced road between the towns of Kuruman and Vryburg in the Northern Cape was upgraded over a distance of 51 kilometres. The upgrading involved improving the existing drainage system, as well as widening the road to accommodate a 7,4 metre surfaced width with one metre shoulders. Bus bays were constructed along the route to improve the public transport system. All the bitumen emulsion used was manufactured on site. The contract employed and trained local labour from adjacent communities and met all its goals set for labour participation, as well as the use of small businesses.

02

Year under review

A focused approach to sustainability informs our strategy and guides how we work as a group. However, to ensure that this culture is entrenched, the majority of senior management's key performance measures are non-financial measures.

24 Key measures

32 Governance

80 People

124 Environment

02

Key measures

TEN YEAR REVIEW

(R'000)	**2014**	2013	2012	2011
GROUP INCOME STATEMENT				
Revenue – continuing operations	**15 339 630**	11 043 147	8 783 378	8 772 765
Operating profit	**646 846**	528 245	331 398	605 558
Other (expenses)/income – net	**–**	–	–	–
Share of profit/(loss) from associates and joint ventures	**28 095**	14 327	1 163	820
Finance (cost)/income – net	**(2 134)**	(1 485)	(3 800)	36 960
Profit before taxation	**672 807**	541 087	328 761	643 338
Taxation	**(230 268)**	(205 677)	(106 032)	(208 777)
Profit from continuing operations	**442 539**	335 410	222 729	434 561
GROUP STATEMENT OF FINANCIAL POSITION				
Interest of equity holders of parent	**2 619 675**	2 154 544	1 808 736	2 148 130
Non-controlling interest	**73 298**	75 325	68 195	117 565
Total equity	**2 692 973**	2 229 869	1 876 931	2 265 695
Non-current liabilities	**635 904**	798 476	723 798	319 529
Liabilities directly associated with non-current assets classified as held for sale	**23 600**	31 054	178 361	–
Current liabilities	**6 580 573**	5 726 848	4 750 301	5 185 754
Total liabilities	**7 240 077**	6 556 378	5 652 460	5 505 283
Non-current assets	**2 067 987**	1 730 322	1 580 435	1 919 993
Non-current assets classified as held for sale	**49 671**	108 177	272 928	53 233
Current assets	**7 815 392**	6 947 748	5 676 028	5 797 752
Total assets	**9 933 050**	8 786 247	7 529 391	7 770 978

Restated for the adoption of IFRS 11, Joint Arrangements and IAS 19 (Revised), Employee Benefits – F2013 group income statement, F2013 and F2012 statement of financial position.

2010	2009	2008	2007	2006	2005
10 845 728	11 418 919	8 210 358	7 458 087	5 864 721	4 508 285
870 241	757 065	605 178	369 713	268 722	158 078
–	–	–	–	(97 420)	1 640
1 347	(69)	140	–	–	–
42 541	(14 835)	(73 739)	(41 268)	(30 329)	(25 922)
914 129	742 161	531 579	328 445	140 973	133 796
(256 753)	(213 409)	(170 533)	(117 003)	(62 754)	(26 199)
657 376	528 752	361 046	211 442	78 219	107 597
2 486 357	2 373 477	2 006 664	1 612 587	681 257	596 912
75 055	34 366	16 517	9 335	1 762	4 306
2 561 412	2 407 843	2 023 181	1 621 922	683 019	601 218
908 189	959 936	1 172 949	996 622	161 669	148 634
–	–	–	–	148 285	118 205
6 480 793	7 005 091	6 053 616	4 269 230	3 911 429	1 983 247
7 388 982	7 965 027	7 226 565	5 265 852	4 221 383	2 250 086
2 658 352	2 839 542	2 586 961	2 098 216	792 634	675 667
65 153	81 170	135 760	163 967	388 667	249 442
7 226 889	7 452 158	6 545 025	4 625 591	3 773 101	1 926 195
9 950 394	10 372 870	9 249 746	6 887 774	4 904 402	2 851 304

KEY RATIOS

GROUP PERFORMANCE INDICATORS

R'000	2014	2013	2012	2011
REVENUE				
Investments and Concessions	**905 013**	728 517	647 739	554 659
Engineering & Construction	**3 520 625**	1 170 220	631 180	493 635
Manufacturing	**1 039 263**	1 061 257	1 024 329	867 523
Construction	**9 931 468**	8 170 869	6 480 130	6 856 948
Building and Housing	**4 430 513**	3 236 000	2 065 972	2 143 004
Civil Engineering	**3 760 143**	3 217 121	2 997 747	3 548 361
Projects	**1 740 812**	1 717 748	1 416 411	1 165 583
Adjustment for joint arrangements equity accounted and joint arrangements wholly consolidated on adoption of IFRS 11	**(56 739)**	(87 716)	–	–
Total revenue – continuing operations	**15 339 630**	11 043 147	8 783 378	8 772 765
OPERATING PROFIT				
Investments and Concessions	**195 446**	171 746	153 570	108 381
Engineering & Construction	**94 816**	27 722	6 167	(778)
Manufacturing	**83 545**	76 123	43 480	25 392
Construction	**282 177**	260 155	128 181	472 563
Building and Housing	**92 981**	38 822	57 076	134 530
Civil Engineering	**68 684**	106 640	(33 197)	227 889
Projects	**120 512**	114 693	104 302	110 144
Adjustment for joint arrangement equity accounted and joint arrangements wholly consolidated on adoption of IFRS 11	**(9 138)**	(7 501)		
Total operating profit – continuing operations	**646 846**	528 245	331 398	605 558
Total operating profit margin (%)	**4.2**	4.8	3.8	6.9
Over-border revenue (%)	**23**	32	26	25
Cash (utilised)/generated – millions	**(45)**	710	24	(871)
SHAREHOLDER RETURNS				
Earnings/(loss) per share (R)	**4,01**	2,64	(2,88)	(2,27)
Headline earnings per share (R)	**4,07**	2,83	1,16	3,26
Earnings per share (R) – continuing operations	**4,04**	3,13	1,81	3,91
Dividend per share (cents)	**100,0**	67,0	36,0	72,0
Net asset value per share (R)	**25,99**	21,65	18,72	22,38
MARKET INDICATORS				
Market price – high (R) per share	**45,65**	38,04	32,00	41,00
Market price – low (R) per share	**36,17**	22,05	21,80	24,40
Market price – year-end (R) per share	**41,00**	36,70	22,76	29,90
Market capitalisation – year-end (R million)	**4 596,3**	4 079,2	2 518,2	3 632,2
Value of shares traded (R'000)	**2 033 268**	1 392 096	1 083 159	1 719 970
Number traded (R'000)	**48 264**	44 197	43 234	51 951

	2010	2009	2008	2007	2006	2005
	591 871	626 795	581 685	533 800	316 217	227 290
	807 205	980 374	409 235	–	–	–
	866 221	816 132	554 656	523 768	472 975	446 308
	8 580 431	8 995 618	6 664 782	6 400 519	5 075 529	3 834 687
	3 186 142	2 899 773	2 848 795	3 121 921	2 788 466	2 268 610
	4 713 487	4 633 259	2 964 184	2 484 293	1 662 700	1 051 679
	680 802	1 462 586	851 803	794 305	624 363	514 398
	–	–	–	–	–	–
	10 845 728	11 418 919	8 210 358	7 458 087	5 864 721	4 508 285
	88 458	97 605	164 946	66 711	65 453	59 770
	25 546	43 161	16 789	–	–	–
	86 812	85 964	56 211	66 519	60 205	36 157
	669 425	530 335	367 232	236 483	143 064	62 151
	236 620	141 032	140 294	84 276	78 903	44 158
	310 655	225 733	142 857	105 037	50 169	(9 712)
	122 150	163 570	84 081	47 170	13 992	27 705
	870 241	757 065	605 178	369 713	268 722	158 078
	8.0	6.6	7.3	4.9	4.1	2.6
	20	37	34	42	37	31
	327	954	1 195	60	391	111
	2,80	5,44	4,47	2,91	0,72	1,82
	6,14	5,68	4,70	2,83	0,69	1,43
	–					
	137,0	130,0	105,0	72,0	56,0	49,0
	26,08	25,09	21,41	17,45	9,22	8,30
	45,20	58,25	73,80	59,50	32,50	17,00
	31,50	26,70	42,00	27,26	15,20	10,00
	34,50	34,70	44,90	54,40	28,75	15,39
	4 171,5	4 167,2	5 350,5	6 443,5	2 867,1	1 132,3
	2 900 378	3 612 810	5 462 078	3 124 034	1 373 898	536 994
	79 130	92 297	103 436	67 728	57 970	39 950

GROUP SCORECARDS

The group has reported against a number of scorecards for several years to allow readers to track our progress.

JSE LIMITED SOCIALLY RESPONSIBLE INVESTMENT INDEX (SRI) SCORECARD

The JSE Limited (JSE) rates companies annually in terms of sustainability measures. Our ratings are listed below:

	F2013*	F2012	F2011	F2010	F2009
Overall result	**SRI participation****	SRI participation**	SRI participation**	Best performer	Best performer

The JSE only provides an overall result, not a breakdown.

* *F2014 results will only be available post year-end when the JSE releases its updated index.*

** *Although the group continues to operate and report in line with the JSE's required SRI criteria and qualified as an SRI participant, it was not eligible to be considered a "best performer" until the Competition Commission finalises its settlement with the group after its investigation of anti-competitive behaviour in the sector.*

BBBEE SCORECARD (GROUP FIVE LIMITED)

Core components	BBBEE elements	Weighting points	**Construction Charter scorecard F2014[1] %**	Construction Charter scorecard F2013[2] %	Construction Charter scorecard F2012[3] %	Construction Charter scorecard F2011[4] %
Direct empowerment	Ownership	25	**24.8**	21.37	21.35	17.1
	Management control	10	**5.76**	8.54	8.70	6.62
Human resource empowerment	Employment equity	10	**4.17**	5.73	5.67	9.22
	Skills development	15	**14.42**	14.16	14.16	14.41
Indirect empowerment	Preferential procurement	20	**20.0**	20.0	19.2	18.43
	Enterprise development	15	**15.0**	15.0	15.0	15.0
	Socio-economic development	5	**5.0**	5.0	5.0	5.0
Total			**89.14**	89.79	89.40	85.78
Empowerment level			**2**	2	2	2

(1) As audited by BEE Verification Agency cc for the year ended 30 June 2013 (the next audit due in early F2015).
(2) As audited by BEE Verification Agency cc for the year ended 30 June 2012.
(3) As audited by BEE Verification Agency cc for the year ended 30 June 2011.
(4) As audited by BEE Verification Agency cc for the year ended 30 June 2010.

EMPLOYMENT EQUITY SCORECARD

Sustainability indicator	**F2014**	F2013	F2012	F2011	F2010	F2009
Total employee headcount (all employees)	**14 485**	13 659**	10 846*	11 997	12 497	14 590
Number of unionised employees	**2 494**	2 120	2 039	2 285	2 416	1 752
% of permanent employees on medical schemes	**46**	49	45	46	44	40
% of employees over-border	**24**	25	25	21	17	26
% of black employees within the South African permanent workforce	**89**	89	88	87	79	79
% of black employees in Paterson grades F and E (executive and senior management)	**21**	19	17	13	10	10
Number of black male bursary students	**63**	42	51	79	73	129
As a % of total bursary students	**57**	55	44	43	43	50
Number of black female bursary students	**22**	12	21	38	35	50
As a % of total bursary students	**20**	16	18	21	20	19

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

** *Excludes 60 employees in the Construction Materials cluster, as the business was in the last stages of being sold.*

SKILLS DEVELOPMENT

Sustainability indicator	**F2014**	F2013	F2012	F2011	F2010	F2009
a) Annual value spent on training and development programmes – (R million)	**45,1**	37,1	32,3	37,9	31,5	37,8
i) Total number of training interventions*	**14 928**	9 125	12 110	17 234	14 941	8 933
ii) Total number of training interventions – semi-skilled and unskilled*	**6 029**	4 007	5 965	9 415	5 846	3 729
b) Annual value incurred on bursary expenditure – (R million)	**7,2**	5,1	4,6	6,6	6,0	9,3
i) Number of bursary students	**111**	76	115	183	171	258
ii) Number of female bursary students	**26**	15	26	43	40	55
c) Annual value spent on learnerships and apprenticeships – (R million)	**5,1**	3,6	4,0	4,9	3,9	3,6
i) Learners on learnership and apprenticeship programmes	**174**	90	144	201	214	231
ii) Unemployed learners registered on learnership and apprenticeship programmes	**120**	66	99	128	163	149
d) Number of students on the Group Five Programme in Management Development (PMD)	**8**	21	22	20	23	25
e) Total annual training spend – black employees – (R million)	**19,3**	15,4	13,9	18,1	14,7	20,2

* *For employees.*

PREFERENTIAL PROCUREMENT SCORECARD (GROUP FIVE LIMITED)

Achievement against Construction Sector Charter principles

Measurement principle	Points	Target per Construction Charter F2014 target	Actual F2014[1]	Actual F2013[2]	Actual F2012[3]	Actual F2011[4]	Actual F2010[5]	Actual F2009[6]	Actual F2008[7]
Preferential spend with all suppliers	12	**70%**	**73.1%**	70.1%	62.2%	52.79%	49.1%	45.1%	34.8%
Preferential spend with qualifying small and emerging micro-enterprises	3	**15%**	**23.3%**	20.1%	28.1%	22.01%	11.42%	6.3%	5.5%
Preferential spend with enterprises that are more than 50% black-owned	3	**12%**	**18.2%**	17.7%	20.9%	19.1%	9.2%	7.9%	3.8%
Preferential spend with enterprises that are more than 30% black women-owned	2	**8%**	**4.4%**	9.5%	8.6%	3.05%	1.9%	0.1%	0.7%
Weighted score		**-***	**19.1**	20.0	20.0	19.02	18.43	15.68	11.5

(1) Unaudited.
(2) As audited by BEE Verification Agency cc for the year ended 30 June 2013 (Group Five).
(3) As audited by BEE Verification Agency cc for the year ended 30 June 2012 (Group Five).
(4) As audited by BEE Verification Agency cc for the year ended 30 June 2011 (Group Five).
(5) As audited by BEE Verification Agency cc for the year ended 30 June 2010 (Group Five).
(6) As audited by BEE Verification Agency cc for the year ended 30 June 2009 (Group Five).
(7) As audited by BEE Verification Agency cc for the year ended 30 June 2008 (Group Five Construction (Proprietary) Limited).
** A weighted score is not presented for targets.*

ENTERPRISE DEVELOPMENT SCORECARD

Sustainability indicator	F2014	F2013	F2012	F2011	F2010	F2009
Annual value of total direct costs incurred by the group – (R million)	**1,3**	0,9	1,5	0,5	0,6	–
Value of funding provided by the group – Total capital due to the group as at 30 June – (R million)	**8,8**	9,8	11,5	14,1	12	97
Number of black-owned entities with which the group is engaging in significant joint venture partnerships*	**12**	15	12	12	18	22
Number of formal enterprise development partnerships	**13**	13	12	9	7	8
Total value of contracts being executed with black-owned joint venture partners* – (R billion)	**3,1**	5,9	4,9	2,0	7,8	8,6
Construction scorecard points obtained out of 15	**15**	15	15	15	15	15

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

SOCIO-ECONOMIC DEVELOPMENT (SED) SCORECARD

Sustainability indicator	**F2014**	F2013	F2012	F2011	F2010	F2009
Targeted SED spend as a % of SA operations' net profit after tax should exceed 1%	**yes**	yes	yes	yes	yes	yes
Total annual spend on SED programmes – (R million)	**6,1**	5,6	3,9	6,1	7,9	4,5
Number of unemployed people trained as part of the People at the Gate Programme	**536**	524	43	207	214	265
% of unemployed people securing positions after training	**90**	80	100	95	90	100
Number of non-profit organisations benefiting from the group's SED programmes	**75**	38	32	35	48	30

VISION, VALUES AND ETHICS

INTRODUCTION

The group's vision and values are:

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

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

TRANSFORMATION
We are working towards sustainable and relevant company transformation.

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

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

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

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

Integrity is one of the group's seven values. The group's ethics standards are set out in a Code of Conduct which was updated during the year. The Code of Conduct details the group's expectation of how employees, sub-contractors, suppliers and joint venture partners should engage whilst working with Group Five. The Code of Conduct covers the following areas:

- **People and safety**
- **The environment and community**
- **Ethical business practices**
- **Use of Group Five assets and resources**
- **Government, media and investors**

The Code covers, amongst other things, a commitment to legal and regulatory compliance, prohibiting giving or receiving bribes or facilitation of payments, and conflicts of interest. Separate policies dealing with the giving or receiving of gifts are also in place. The Code is supported by several policies governing issues such as sexual harassment, equality and diversity, fraud and corruption, as well as anti-competitive behaviour.

Refer to www.groupfive.co.za for a copy of the Code of Conduct.

The board of Group Five has a directive in place stating that contributions to political parties are not supported.

During the previous year, a policy was established to govern our relationships with business partners and agents who work with us in foreign countries to ensure alignment to regulations when they act or make representations on our behalf.

The reporting of any violation of policies is facilitated by an anonymous tip-offs line, managed by an external party and governed by a specific policy that protects whistle-blowers. All tip-offs are investigated in a non-discriminatory manner and information is kept strictly confidential. The group's tip-offs line number is 0800 00 48 11.

A quarterly report on all tip-offs, together with the outcome of findings and any subsequent disciplinary hearings, are reported to the board through the group risk officer who takes responsibility for the group ethics framework.

Management are acutely aware of the importance of having a practical and effective ethics regime throughout the group. The group appointed a compliance manager during the year. This, in combination with our Academy programmes, is a key component of our ethics framework to ensure employees are fully abreast of what is required of them.

During the year, a new ethics programme called "Ethics in Action" was rolled out in the group. The programme is a one-day course aimed at junior management, segment and site employees and aims to train approximately 700 employees per year. The Corporate Governance and Ethics Programme aimed at middle and senior management continued for all new employees and a refresher course is conducted for other employees. Approximately 1 100 employees were trained on the Corporate Governance and Ethics Programme in F2013 and F2014. Training is compulsory, with the subject choice of these seminars often identified through anonymous employee surveys to gain a sense of the specific concerns of our employees.

NATURE OF BEHAVIOURS OF INCIDENTS REPORTED

	F2014	F2013	F2012	F2011
Abuse of company time	**1**	2	1	8
Bringing the company name into disrepute	**2**	2	–	–
Conflict of interest	**7**	5	1	1
Fraud	**12**	68	31	27
Gross negligence	**1**	–	–	2
Governance	**–**	–	–	1
Misuse of company property	**8**	4	2	5
HR-related complaints	**11**	6	6	5
Non-compliance to policies and procedures	**4**	3	1	1
Providing false information	**2**	1	–	1
Theft	**9**	8	–	19
Total	**57**	99	42	70

The total number of incidents reported decreased from F2013 to F2014 by 42 incidents. F2013 fraud instances contained 54 incidents related to the same practice where a doctor in KwaZulu-Natal issued false sick notes at a particular site over a four-month period and was therefore the main cause for the large increase in F2013.

There were eight instances that resulted in 12 dismissals and three final written warnings. Most of the instances were undertaken due to the employees experiencing financial difficulty and therefore attempting to obtain money through fraudulent activities.

Incidents included:

- The unlawful sale of scrap metal
- Falsifying qualifications to secure jobs
- Sexual harassment
- Abuse of the internet during working hours

The dismissals and the written warnings were issued to the above employees after disciplinary hearings.

GROUP MEMBERSHIP OF INDUSTRY INSTITUTIONS

To ensure the group plays an active role in industry bodies, Group Five employees hold senior positions in the following organisations:

Name of Association	Position in governing body	Participates in committees or projects
Bargaining Council for the Civil Engineering Industry	Yes	Yes
South African Federation of Civil Engineering Contractors	Yes	Yes
Engineering Construction and Risk Institute	Yes	Yes
Construction Engineering Association	Yes	Yes
Gauteng Building Voluntary Bargaining Forum	Yes	
Black Business Council Built Environment		Yes
DEKRA		Yes

FOCUS GOING FORWARD

The ethics and compliance office will be focusing on the following during F2015:

- Updating of compliance policies and procedures and entrenching these through the group
- Embedding an improved compliance culture
- Continued progression in terms of ethics management, with a particular focus on ethics awareness training
- Increasing the profile and awareness of our tip-offs anonymous line

REGULATORY ENVIRONMENT

INTRODUCTION

The group focuses primarily on compliance to legislation that is most material and relevant to its operations and regulatory compliance as a listed group. Key legislation has been prioritised according to materiality and risk, taking into account the group's obligations and potential exposure to fines, penalties and other sanctions. During the year under review, no material non-compliance was identified.

Key officers appointed to ensure compliance with material legislation are set out in the table below. Internal audits are carried out regularly across all major functions, ensuring an impartial evaluation of Group Five's compliance programmes and determining whether there are any deficiencies that require immediate measures to prevent reoccurrence.

RESPONSIBILITIES

LEGISLATION	RESPONSIBILITY
COMPANIES ACT CONSTRUCTION INDUSTRY DEVELOPMENT BOARD REGULATIONS	Group company secretarial department
TAX ADMINISTRATION	Group finance department
BASIC CONDITIONS OF EMPLOYMENT ACT LABOUR RELATIONS ACT BROAD-BASED BLACK ECONOMIC EMPOWERMENT ACT AND AMENDMENT ACT EMPLOYMENT EQUITY ACT	Group HR department
CORPORATE AND COMMERCIAL PROCUREMENT LEGISLATION	Group legal department
ANTI-CORRUPTION AND HEALTH AND SAFETY LEGISLATION	Group risk department (risk and compliance manager)

RELEVANT NEW LEGISLATION

The following relevant pieces of legislation were promulgated during the year under review or are due to be promulgated in the coming year.

Infrastructure Development Act No 23, 2014

The purpose of the Act is to centralise all power and control of designated infrastructure development in South Africa into one group – the Presidential Infrastructure Coordinating Commission (PICC). This commission consists exclusively of government representatives, with its objectives including:

- Ensuring that infrastructure development in respect of any strategic integrated project is given priority in terms of planning, approval and implementation
- Determining and developing infrastructure priorities and designating strategic integrated projects

Potential impact on Group Five: The group hopes this process will be of direct benefit to Group Five, as the industry has experienced delays and cancellations of large infrastructure contracts in the last few years.

Special Economic Zones Act, 2013

The draft bill was initiated by the Minister of Trade and Industry and is intended to improve the Industrial Development Zones Programme. The bill is aimed at identifying, developing and promoting special economic zones (SEZs) in the country. Amongst others, public entities and public private partnerships can apply to the Minister for a specified area to be designated as an SEZ. Benefits will include a duty-free area offering storage and distribution facilities for value-adding activities or a zone focused on the development of a specific sector through industrial infrastructure, mainly for the export market.

Potential impact on Group Five: Group Five has various specialist focus areas which are well placed to respond to the designation of SEZs (such as harbour development, water and transport). In addition, due to Group Five's experience with public private partnerships, it is well placed to form alliances with appropriate partners for involvement in the development of SEZs.

Broad-Based Black Economic Empowerment (BBBEE) Amendment Act, 2014

The Act was gazetted on 27 January 2014. The BBEEE Amendments Act aims, amongst other things, to clarify and expand on matters that have already been included in the Broad-Based Black Economic Empowerment Act of 2003. If there is any conflict between the provisions of the BBBEE Amendment Act and any other law, the BBBEE Amendment Act will prevail. The status of the sector codes states that enterprises (such as construction) which are governed by a sector code should be measured and reported on in terms of that code. Listed entities are required to report annually on their compliance.

Potential impact on Group Five: The new BBBEE framework comes into effect in October 2014. The aligned construction sector code is expected to be published in December 2014 and to be effective from April 2015. The extent to which the construction sector code, which Group Five falls under, will align to the new code is not yet clear. A large emphasis of the new framework is in the development of the supply chain, which the group will take into account. Group Five will be measured against the new sector codes in February 2016. In light of this, we will conduct an internal evaluation to optimise the verification process. We are also in the final stages of appointing a group transformation manager whose role will be focused on aligning all transformation strategies.

Construction Regulations to the Occupational Health and Safety Act, 1993

A key objective of the new construction regulations is to formalise and strengthen the inspection and responsibility between the parties involved in construction-related contracts.

The Department of Labour (DoL) issued a temporary exemption in terms of Section 40 of the Occupational Health and Safety Act (OHSA). It seems that the intention of the exemption is to grant employers sufficient time to incorporate the necessary changes into their occupational health and safety systems.

Potential impact on Group Five: Group Five will be required to comply with these regulations at some additional cost.

Basic Conditions of Employment Act, 1997

The Act is not yet in force and will come into operation on a date to be proclaimed by the President in the government gazette. Amendments include the extension of the scope of prohibition and regulation of work by children, empowering the Minister of Labour to regulate a broader range of matters in sectoral determinations and changing the Minister's powers in relation to sectoral determinations.

Potential impact on Group Five: Group Five will be required to review its employment practices and agreements to ensure that these comply with the Act. However, as our employment practices are sound, we expect that we will be able to comply with any changes.

Employment Equity Amendment Act, 2013

The Act has been published, and will come into effect from August 2014.

The following amendments are noteworthy:

- The revision to "designated groups" ensures the benefit of affirmative action is limited to people who were citizens of South Africa before the democratic era, or who would have been entitled to citizenship. Under the principal Act, all unfair discrimination claims fall within the exclusive jurisdiction of the Labour Court. However, the Amendment Act allows parties to refer to the Commission for Conciliation, Mediation and Arbitration (CCMA) for arbitration in specific cases
- Maximum fines for criminal offences have been increased from R10 000 to R30 000. Company revenue may also be taken into account in determining the applicable fines
- The Amendment Act imposes stricter enforcement of employment equity targets

Potential impact on Group Five: The amendments will likely result in increased complaints regarding non-compliance with the affirmative action provisions of the Employment Equity Amendment Act and an increase in the number of cases involving equal pay claims, now that the matter is given prominence in the Act, as outlined below:

"A difference in terms and conditions of employment between employees of the same employer performing the same or substantially the same work or work of equal value is unfair discrimination."

The published regulations, which prescribe the criteria and methodology for assessing work of equal value, will have the impact of:

- Increasing the necessity to regulate and manage the use of limited duration contract employees
- Increasing the cost of all forms of temporary labour as we move towards equality of benefits

The addition to the definition of discrimination to include the phrase "or on any other arbitrary ground" further increases the possibility of unfair discrimination claims.

To combat the potential implications of the Act, we have commenced a comprehensive audit to ensure that all work of equal value is categorised and that employees in these categories receive the same basket of benefits.

Protection of Personal Information Act, 2013

The Protection of Personal Information Act (POPI) emanates from the South African Law Reform Commission's report on privacy and data protection. The Act aims to give effect to the right of privacy by introducing measures to ensure that the personal information of an individual is safeguarded when it is processed.

All processing of personal information must comply with the provision of POPI one year after its commencement.

Potential impact on Group Five: Although Group Five interacts mainly with corporate clients, compliance is required with respect to employee information. All HR systems and controls will be revised as part of our overall POPI implementation, with revised procedures implemented, where required.

Mine Health and Safety Amendment Bill, 2013

The Act seeks to amend the Mine and Healthy and Safety Act 1996, as amended, to rationalise administrative processes, review enforcement provisions, reinforce offences and penalties, amend certain definitions and provide for matters connected to these.

Key amendments include:

- Employers must appoint on a full- or part-time basis, people qualified in occupational hygiene techniques to perform occupational hygiene services at the mine
- A specific obligation that employers supply occupational hygienists with the means to perform their functions

Potential impact on Group Five: As the group has exited its Construction Materials business with only one business still in operation in the group, the impact will be small. As the final sale agreements are concluded, the group will have limited exposure to the general Bill from the works performed by the Civil Engineering segment.

Promotion and Protection of Investment Bill, 2013

The Promotion and Protection of Investment Act is aimed at providing a uniform legal framework for local and foreign investment in South Africa. If adopted, it will replace a number of bilateral investment treaties that are currently in place.

Potential impact on Group Five: The Bill provides a fairly transparent framework for investors and should not hinder investment by or in Group Five.

Carbon Tax Policy Paper, 2013

The Carbon Tax Paper was initiated by the Department of Finance and has been issued by the National Treasury for comment by 2 August 2013. The Carbon Tax Policy Paper is an update of the carbon tax discussion paper published for comment in December 2010. The paper sets out South Africa's plans to mitigate its high greenhouse gas emissions by implementing a phased-in tax rate of R120 per tonne of carbon dioxide equivalent above the tax-fee threshold, increasing by 10% per year during the first five years.

Potential impact on Group Five: The group has quantified its expected carbon tax liability on implementation of the future carbon tax and, although there is an impact on profit due to this increased taxation, it is not material to the group's results. We are investigating the implementation of an automated tracking and reporting system integrated with our accounting system to assist with the efficient and effective management of information required to calculate the required taxation liability before the expected implementation date of the first quarter of F2015. In addition, the group continues to focus on implementing controls to reduce future emissions.

OTHER RELEVANT REGULATORY ISSUES

Anti-corruption

During the year, there were no legal or criminal proceedings instituted against any member of the group arising from alleged violations of anti-corruption legislation applicable to the group. Such legislation would include both South African legislation, primarily the Prevention and Combating of Corrupt Activities Act, 2004, and international law, including the UK Bribery Act which has a broad extra-territorial effect and the USA's Foreign Corrupt Practices Act which extends to foreign companies where they act in furtherance of corrupt payments within the USA.

Anti-competition

During the year, there were no legal actions taken against the group arising from alleged anti-competitive behaviour or violations of anti-trust legislation in which the group has been identified as a participant. However, shareholders have been advised in previous SENS announcements that the group has co-operated proactively with the Competition Commission of South Africa 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 process. During the Commission's own investigation, it raised four matters in which the group was alleged to have been implicated which were not detected in the group's initial investigation. The group conducted its own further investigations into these matters and found there to be a lack of evidence and factual discrepancies.

The group has recently advanced its attempts to responsibly settle the outstanding matters on reasonable terms with the Commission, should it be found to have contravened competition legislation on any of the four matters in question. This settlement would be adequately covered by the provision raised in F2013, based on legal counsel assessment.

IAR

Refer to page 82 in the printed section of the integrated annual report.

Competition and ethics training

During the year under review, new employees received competition and ethics training during the induction process. A second induction programme was held in June 2014 when new recruits were again taken through aspects of competition law. In addition, the Corporate Governance and Ethics Programme, which is aimed at middle management and above, continues for all new employees, with refresher courses undertaken for other employees.

Approximately 1 100 employees attended the Corporate Governance and Ethics Programme in F2013 and F2014, which includes discussions on behaviour that is prohibited under competition law. Training is compulsory, with attendance records kept. During the year, a new ethics programme called "Ethics in Action" was also rolled out in the group. The programme is a one-day course aimed at junior management and segment and site employees. These courses started in February 2014 and will aim to train approximately 700 employees per year. They will include the identification of unethical behaviour such as collusion and other prohibited practices under the Competition Act.

Over the last six years, a total of **879 employees** have received comprehensive competition law training. This training will be refreshed during F2015.

FOCUS GOING FORWARD

- During F2015, the regulatory team, together with the compliance and ethics office, will be focusing on confirming the current regulatory environment applicable to the group, embedding a continued high compliance culture within the group with respect to legal compliance and updating compliance policies and procedures to ensure their visibility and accessibility to employees and affected parties
- This effort will extend to the countries in the rest of Africa where we conduct business
- The regulatory team will also assist the compliance and ethics office with research on procurement practices and regulation within key focus countries within Africa

RISK MANAGEMENT

INTRODUCTION

The group's risk management philosophy focuses on the management of risk rather than the total elimination, as our operations make total risk elimination impossible. However, we focus on the identification, quantification and assessment of risks and apply risk mitigation measures to reduce the potential impact. We also balance our reward to the value of risk we take to ensure a sustainable business model.

To this end, our combined assurance model ensures that key risks are identified and mitigated.

IAR Refer to page 90 in the printed section of the integrated annual report.

The mitigation strategies are all subject to three levels of assurance to ensure the group is adequately protected.

DETERMINING RISK

The determination of risk is based on two methods:

1. **The first is a bottom-up approach where risks from our contracts and segments are captured on a database and consolidated through the cluster to group level. Material and/or recurring risks are extracted and prioritised**

2. **The second involves senior management identifying key threats to the cluster and group strategy. This is undertaken annually during the group's business planning and strategy process**

The output of these two processes is analysed and consolidated into our combined assurance model. Key risk indicators have also been included in the combined assurance model. These indicators reflect the percentage completion of the group's action plans and are used to monitor the success of mitigating the risks identified. The combined assurance schedule is provided to the risk committee on a quarterly basis. Internal audit, together with external assurance providers, reviews the mitigation strategies and reports back to the executive team and the board on their effectiveness. From F2015 this process will be implemented through using a customised module of our newly-acquired risk management system.

The group risk officer is included in the annual strategy setting meeting with segments and provides input regarding the risks that could affect the group and segment strategies. Mitigating actions of risks are also interrogated at this session to stress test these to ensure they are robust.

PROTECTION OF ASSETS

Key assets in the group are protected under a comprehensive insurance portfolio that is jointly managed by the CFO and the group risk officer. Where appropriate, cover in the different categories of insurance is assessed annually and adapted to the expected business activities. Intangible assets are backed up at an off-site disaster recovery site. Our disaster recovery plan is governed by a specific group policy and service level agreement with the applicable service provider. This is tested annually, as it forms a key component of our Business Continuity Programme.

The group Information Technology (IT) manager is responsible for the management of the IT department and reports to the CFO. Group Five has an IT steering committee which includes members from the executive committee and operations representatives. The mandate of the IT steering committee is to review the management of the IT function and to assess priority and progress of IT projects. The IT steering committee provides feedback to the audit committee on a quarterly basis. The group risk officer is a member of the IT steering committee and influences IT decisions and the management of IT based on latest industry and worldwide risks that could have an impact on the group IT operations.

Following the relocation of the majority of Gauteng segments to an integrated central office during the year, the group is currently reviewing the appropriateness of the business continuity plan at a group and segment level. This process will be completed in F2015.

RISK MANAGEMENT PROCESSES

Risks are reported to the board through the risk committee and social and ethics committee.

The board risk committee deals primarily with risk management across the group. The group risk officer presents a risk plan each year to the board which highlights the key initiatives and ongoing coverage to be achieved. The board risk committee approves this plan, together with any policies and procedures governing risk management in the group. Quarterly reports covering safety statistics, together with key risks, including strategic, operational, financial and IT, are assessed by the board. The board provides guidance on the group's risk appetite, tolerance and risk-bearing capacity.

The group's risk-bearing capacity (RBC) model caters for the measurement of financial and operational capacity. The group has also finalised the Value at Risk (VAR) tool which calculates a risk value based on risks identified on all contracts recorded in the group's order book. The VAR is calculated using the performance per segment over the last five years and includes the following six criteria in the calculation:

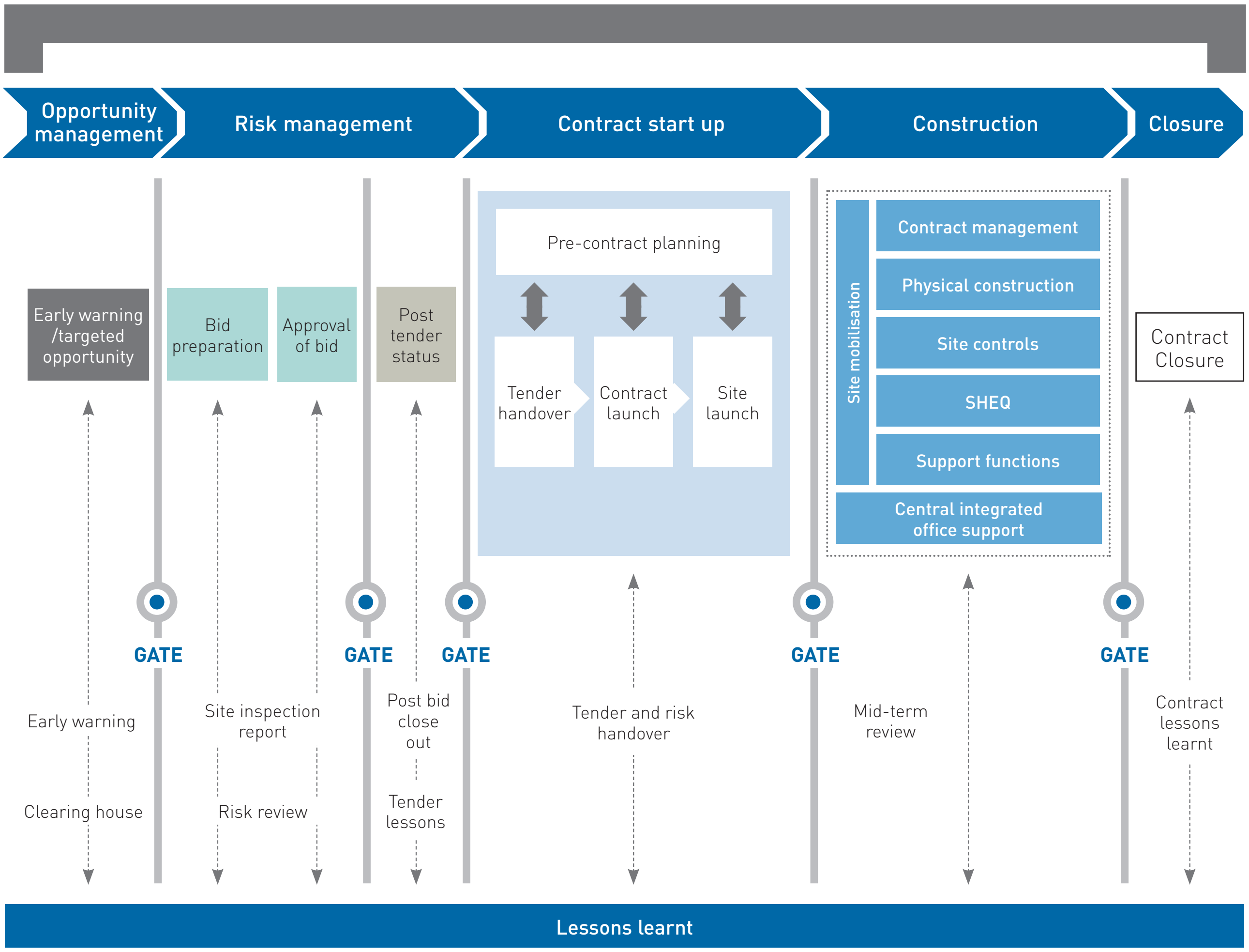
- Value of the contract
- Type of contract, e.g. lump sum, re-measurable and cost plus
- Region in which the contract is located
- Complexity of the contract
- Resources assigned to the contract
- Relationship with the client on previous contracts

The difference between the RBC and the VAR indicates the group's capacity to undertake additional work.

The management and board use the risk appetite, risk tolerance levels and the RBC/VAR in guiding their decisions regarding the approval of contracts and the implementation of the group's strategy.

An updated risk-based contract tender approval procedure was finalised within the group in F2014. This includes new levels of authority for approval of contracts, employees required at the meeting and quorums required to approve tenders at the various risk review phases.

CONTRACT RISK LIFECYCLE



The contract risk lifecycle depicts the risk process within the group for all contracts, from the identification of potential contracts to the contract closure. All potential opportunities are identified by the respective segments and approved to proceed by the relevant segment director or cluster director, based on the value and location of the potential contract. Once the segment has obtained further information, the contract is presented to a clearing house committee for approval. Members include the group's executive committee (exco) members and other relevant senior management. The clearing house committee approves or declines the opportunity presented based on the risk profile of the contract and strategic fit.

Once the clearing house approval is granted, the segment undertakes preparing the bid and completing a tender risk review document. This document is presented to the risk review meeting, which includes senior management and exco members. At this meeting, the tender team presents the contract and the risk review members advise the tender team on improvements to the tender and possible qualifications to the tender that should be included to adequately mitigate risk. If the tender is above R600 million, the tender is required to be submitted to the board risk committee for approval.

Once the recommendations by the risk review committee and/or the board risk committee are made, the tender is submitted to the client. Any changes to the tender during the tender adjudication and negotiation period are required to be approved by the risk review committee and/or the board risk committee prior to signing the final contract.

Once the contract is awarded, there is a formal handover of the tender and risk information to the contract start up team that reviews and updates the information. The contract start up team thereafter hands over to the construction team which maintains and updates the risk registers and related action plans. Lessons learnt are also recorded during the entire contract risk lifecycle.

A mid-term review audit is conducted during the construction phase. This report provides feedback to the site and segment on areas of improvement and possible opportunities on site that can be accessed to enhance the contract's profitability. Adherence to the conditions approved by the risk committee are also checked.

At the end of the contract, at the contract close-out meeting, the lessons learnt are updated and approved by the relevant contracts director. This process is currently undertaken manually, but on implementation of the group's new risk management system, the lessons learnt will be captured and uploaded electronically onto a lessons learnt database. This database will be accessible to all employees within the group and will be used to ensure that processes/policies are improved to prevent similar incidents.

Based on its strategic development over the last few years, the group has selected a new risk management system during the year. This will be rolled out through the group in the first quarter of F2015.

The system will include the following:

- Risk registers for site, segments and the group
- Tender risk reviews
- Lessons learnt registers and database
- RBC and VAR
- Combined assurance schedules

NON-CONFORMANCES

There was an overall improvement in the reporting of non-conformances this year due to a focus on driving increased reporting at cluster and segment level. Non-conformances can be raised on any aspect of work, such as around the quality of build against the specification or governing standard or non-adherence to regulations, procedures or policies. The non-conformance report that is generated directs remedial action, the recording of the estimated cost of the non-conformance and the close-out of the matter through the group's independently certified quality management systems.

	F2012	F2013	**F2014**	**Q1**	**Q2**	**Q3**	**Q4**
Number of non-conformances	2 445	2 383	**3 056**	**933**	**626**	**773**	**724**
Cost of non-conformances (R million)	24,6	15,1	**13,9**	**8,0**	**2,5**	**2,2**	**1,2**

During the year, the current group reporting systems were replaced with an electronic system that is able to accommodate safety, health risk, environment and quality (SHREQ) reporting and management. The incident management and reporting tool continues to assist in maintaining the standardised approach towards the monitoring of SHREQ within the group on a real-time basis.

PRODUCT CERTIFICATION

Product certification in the context of the construction of a contract, which is the core of our business, is different to that of Manufacturing and other production-type industries. In Construction, a monthly sign off of the works completed is conducted by the client's representative. At the end of the contract, the client issues a final completion certificate verifying that the contract was delivered according to specifications. At that time, the contract is formally handed over.

The Manufacturing cluster within Group Five has a set standard for servicing and product labelling. Colour coding on products is applied after final inspection has taken place.

Specific import and export requirements are applied accordingly. A unique labelling process is applied. This typically consists of:

- Product name
- Manufacture date
- Production week number
- Production number, type and size
- Packed quality
- Work order number

CERTIFICATION STATUS

The group has a quality management system in place. This is continuously measured and complies with ISO 9001:2008 requirements.

To ensure an integrated approach, the management system was designed to cater for ISO 14001:2004, which specifies requirements for an environmental management system and OHSAS 18001:2007, an international health and safety management system.

The group SHEQ manager arranges for the mandatory and independently certified comprehensive review of the application of the system across all the clusters every three years.

During the year, all segments were once again successfully re-certified against the integrated certification on OHSAS 18001:2007, ISO 14001:2004 and ISO 9001:2008. This resulted in full compliance and group certification.

CURRENT KEY GROUP RISKS

RISKS	ACTIONS
Delays in roll out of the public infrastructure spend and mining sector contracts due to the local and global economic environment.	An enhanced understanding of government's infrastructure roll out plan is required. This is driven by business development and government relations executives and other members of the senior team who engage with public sector clients. Diversification of clients in key sectors and geographies.
Ability to recruit and retain the best talent which has the appropriate competencies and also displays our desired values and behaviours.	The remuneration committee has tasked management to ensure that remuneration structures provide effective positioning against competitors in the industry in terms of total remuneration. Ensure improved communication with employees, regarding: - Performance discussions annually - Opportunities for new roles for existing employees - Reviewed incentivisation programme - Continued training through the group's academy In addition to remuneration, incentives and retention actions, a clear strategy and company growth also attract ambitious performers. Critical talent is identified. The group engages with these individuals to ensure retention. A succession plan is put in place where aspirations cannot be met. Key positions have succession plans. Implemented a workforce planning programme which will assist in meeting the group's future workforce requirements based on the segment and group strategy and forecast growth.
Volatile labour market places pressure on the group's ability to execute contracts timeously within the tender margin.	The group recruits community liaison officers (CLOs) based on the number of employees on a site. The CLOs' responsibility is to: - Maintain relationships with the local community leaders - Assist with the recruitment of local employees - Assist with local procurement - Manage the day-to-day industrial relations between site management, local employees and the local community We will also continue to work closely with our clients to ensure that labour issues are dealt with collectively with a common approach to matters.
Highly competitive markets due to weak domestic demand, excess capacity and foreign competition.	The group's internal efficiency programmes launched in F2012 focuses on streamlining the group's organisational and support structures, reducing complexity and risk. In time this will also lower the group's cost base and enhance its competitiveness in current market conditions. Implementation of the lessons learnt in the group and capturing of the lessons learnt on all contracts into the group's database will assist the segments to limit margin erosion and loss-making contracts.
Although Group Five works with carefully selected clients, joint venture partners, sub-contractors and suppliers, there is a risk to the success of contracts due to non-performance from partners.	Conduct appropriate due diligence audits on all key clients, sub-contractors, suppliers and joint venture partners prior to entering into agreements. Clients, joint venture partners and key supply chain providers are currently reviewed at the tender risk review meeting to ensure that they are reputable and competent to undertake their responsibilities. From F2015 a more onerous selection criteria will be implemented. The lessons learnt database is used to proactively identify potential issues that can be resolved with suppliers early on in the contract lifecycle.
Risk of not meeting employment equity and transformation targets due to: - the shortage of suitably qualified and experienced black candidates - poaching of employment equity candidates by competitors	Specific incentives are in place for key employment equity candidates. There is an ongoing mentoring programme for selected employment equity candidates. Formal succession plans are in place for key roles, with a defined assessment of transformation requirements per role.

KEY GROUP RISKS

RISKS	ACTIONS
Our strategy of working on multi-disciplinary contracts has led to contracts that are more complex. A lack of synergy between segments, which is required to deliver effectively on these contracts, can result in the group failing to deliver on time and to clients' requirements, resulting in the group potentially facing the risk of financial loss, claims and reputational damage.	Non-bonus benefits to employees are aligned, such as accommodation and allowances, within the different segments. Implementing a new standard operating structure when segments are working together on multi-disciplinary contracts to ensure increased cohesion. Contract bonuses to be paid on the success of the entire contract and not on the success of the specific segment's scope of work.
The group's entry into new countries has the potential to expose the group to new risks. We operate in various international markets with partners and suppliers that may present business conduct-related risks involving, for example, fraud, bribery or corruption.	The group's African expansion strategy will involve country offices and regional hubs that specialise in delivery within that particular region. Country and client screening already forms part of the group's risk review process. Implementation and roll out of a centralised finance, administration and compliance function is under way. A new Group Five Code of Conduct will be rolled out during F2015. All joint venture partners, sub-contractors and suppliers will be issued with the group's Code of Conduct. They will be required to formally acknowledge that they will adhere to the requirements. Joint venture partners, sub-contractors or suppliers not complying with the Code will be prevented from working with Group Five in future.
Safety and environmental risks are always key issues to manage.	The group strives to enforce its Zero Harm policy and ensures adherence to safety and environmental standards by making management accountable, conducting safety, health, environment and quality (SHEQ) audits and providing continuous training and certification of individuals on sites. SHEQ audit results will be included as part of the key performance indicators of senior site management during F2015. Negative ratings will have an adverse impact on senior management's project and overall performance bonuses.
Cash/liquidity risk, as funding and budgets remain tight and the likelihood of advance payments and liquidity in general has decreased. In this environment, clients are more inclined to declare disputes, which inevitably delays payments.	The group risk officer has authority across the group commercial functions and ensures that the commercial departments of the respective clusters are managing disputes raised by clients immediately and follow the disputes according to the terms of the contract. Managing client payment performance is firstly the responsibility of contract directors and their managing directors. The group CFO has authority across the group financial functions and ensures that the group's finance departments follow up with clients and operations to ensure that the debtors past due are collected. Interest is charged to past due debtors in the absence of specific alternative arrangements.
The complexity of contracts and early start regimes from clients often result in scope expansion and other design and engineering issues.	Experienced commercial resources are recruited, trained and mentored by the cluster commercial directors to ensure that scope expansion and other design and engineering issues are adequately resolved and compensation received.

SPECIFIC SOCIAL, ETHICAL AND ENVIRONMENTAL RISKS

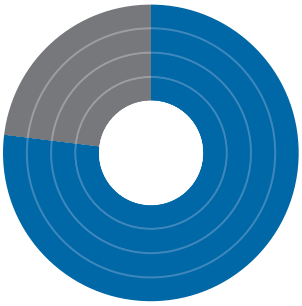
	RISKS	ACTIONS
1	Volatile labour market due to social inequality and lack of service delivery places added pressure on the group's ability to execute contracts timeously and within tender costs.	The group recruits community liaison officers (CLOs) based on the number of employees on a site. The CLOs' responsibility is to: - Maintain relationships with local community leaders and members - Assist with the recruitment of local employees - Assist with local procurement - Manage the day-to-day industrial relations between site management, local employees and the local community We will also continue to work closely with our clients to ensure that labour issues are dealt with collectively, with a common approach.
2	The group's entry into new countries has the potential to expose the group to new risks. We operate in various international markets with partners and suppliers that may present business conduct-related risks involving, for example, fraud, bribery or corruption.	A new Group Five Code of Conduct is being rolled out in early F2015. Training on the Code of Conduct and employee expectations will be conducted in F2015. All joint venture partners, sub-contractors and suppliers will be issued with the Code of Conduct. They will be required to formally acknowledge that they will adhere to the requirements. Joint venture partners, sub-contractors or suppliers not complying with the Code will be prevented from working with Group Five in future.
3	Competition Commission findings of anti-competitive behaviour in the construction industry.	All employees are trained on ethics and competition infringements at induction and also through the Ethics in Action Programme and the Corporate Governance and Ethics Programme.
4	Regulation risks include carbon taxes, emissions reporting obligations, uncertainty surrounding new regulations and renewable energy regulations.	The pending introduction of a carbon tax, as well as our emissions reporting obligations, is currently being met within the group's annual Carbon Disclosure Project. Initiatives have been put in place to ensure we continue to disclose our emissions totals, while also minimising our carbon tax liability. The group has put structures and resources in place to stay abreast of legislation and regulations within South Africa and the rest of Africa. The group has quantified its expected carbon tax liability on implementation of the future carbon tax and, although there is an impact on profit due to this increased taxation, it is not material to the group's results.
5	Changes in physical climate parameters include changes in rainfall patterns and changes in precipitation patterns.	When negotiating/bidding for new contracts, normalised weather patterns are taken into account. Rainfall over and above the expected norm is measured to claim relief from the client in terms of the contract.

ORDER BOOK RISK PROFILE – FULL CONTRACTING ORDER BOOK BY CONTRACT TYPE AND GEOGRAPHY:

	Contract type						
R million	Lump sum	Re-measurable	EPC	Labour only	Design and build	Cost plus	Total
Central Africa	–	169	–	–	–	120	289
East Africa	–	7	–	–	–	–	7
Southern Africa	425	9 693	613	8	503	526	11 768
West Africa	–	485	–	–	–	–	485
Total	425	10 354	613	8	503	646	12 549

LOSS-/PROFIT-MAKER RATIO

Loss-versus profit-making contracts



Value of profit-making contracts	**77%**
Value of loss-making contracts	**23%**

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.*

** *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. 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.

FOCUS GOING FORWARD

During the last few years, many new risk initiatives have been implemented within Group Five. These include:

- New risk management system
- Risk-bearing capacity
- Value at risk
- Risk appetite
- Risk tolerances
- Combined assurance
- Mid-term reviews
- Lessons learnt database
- Project approval process

The risk department's focus during F2015 will be to ensure that the above systems and processes are embedded and operating effectively. The aim will be to further realise the benefit from our various systems and processes through analysing the data and trends to assist management in making proactive and strategic decisions.

Further emphasis will be placed on improving the risk maturity within the group. This will be undertaken through risk management training facilitated by representatives from the Engineering and Construction Risk Institute (ECRI) and the group risk department.

CORPORATE GOVERNANCE REVIEW

The board of directors understands the responsibility it has to lead the company effectively, ethically and transparently. Accordingly, the board focuses on guiding the company and executing on its strategy with sound corporate governance. Our board remains committed to adhering to the highest standards of corporate governance, including King III, the Companies Act, the JSE Listings Requirements and other applicable regulations.

KEY 2014 FOCUS AREAS

1 IMPROVEMENTS IN ORGANISATIONAL PROCEDURES

We committed in the previous year to resolve areas of non-compliance in terms of the King Code of Governance for South Africa 2009 (King III) and the new Companies Act. The board of directors, together with executive management, continues to strive for improvement of governance and operational processes, including the mandates of its governance forums. The efficiencies of the embedded process have been significantly enhanced by the centralisation of the Gauteng-based operations.

Examples of improvements include:

The formulation of a clearing house risk management committee with the primary mandate of assessing and vetting contract opportunities prior to tender stage to ensure alignment with group strategy and mitigate any risk identified at an early stage of the process

- Adoption of an amended memorandum of incorporation (MoI) for group subsidiaries
- Several director training initiatives, including a two-day induction programme for new directors
- Centralised management of the group's local and international secretarial processes and functions

2 COMPLIANCE TO THE COMPANIES ACT NO 71 OF 2008 AND COMPANIES REGULATIONS 2011 (THE COMPANIES ACT)

Compliance to the Companies Act remained a key focus area. Other than the areas of non-compliance identified and reported on in the prior year, there were no further issues identified in the period under review. An update on the areas of non-compliance from the prior year is presented below.

SECTION REFERENCE	NEW COMPANIES ACT AMENDMENT	ACTIONS
IN THE PROCESS OF ENSURING COMPLIANCE		
SECTION 24	Retain the following documents, in written form, for a period of seven years: - Record of directors - Copies of all reports presented at an annual general meeting (AGM) - Annual financial statements and accounting records - Notices, minutes and resolutions of shareholders' meetings - Notices, minutes and resolutions of all board, audit and committee meetings - Securities register - Registration of company secretary and auditors	The group has since implemented e-Tracker, an electronic archiving system, to facilitate its document retention processes. Using a defined retention schedule and retrieval policy, documents are retained and can be efficiently accessed, as required.
SECTION 45	Approval by shareholders through a special resolution for the provision of loans and other financial assistance to directors, prescribed officers, related and/or inter-related companies. If the board adopts a resolution, it is required to advise shareholders and trade unions within ten days.	The group reaffirms that it does not provide financial assistance to directors or to prescribed officers. Financial assistance provided by the board to subsidiaries is on the strength of shareholder approval by special resolution. The board has satisfied itself where required that the company passes the solvency and liquidity test necessary.
SECTION 61(10)	Every shareholders' meeting of a public company must be reasonably accessible within the Republic for electronic participation by shareholders in the manner contemplated in section 63(2), irrespective of whether the meeting is held in the Republic or elsewhere.	A process of facilitating electronic participation by shareholders to the meetings will be addressed in F2015.

The board maintains the view that the group is compliant with the Companies Act.

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

The board has reviewed the group's application of the King III principles.

The table on pages 63 to 73 has been prepared to illustrate the application of the principles contained in the King Code of Governance for South Africa 2009 (King III) by the group. The information should be read in conjunction with the detailed narrative on the application of these principles, as contained in this review.

With the identified non-compliance gaps relating to the implementation of King III satisfactorily addressed, a key focus will now be the monitoring and maintaining of standards of compliance, as well as implementing enhancements where possible.

4 BOARD PROCESSES

The board's mandate is to provide the strategic direction needed to ensure that the company delivers sustainable value to all stakeholders. The directors combine their leadership, judgement and enterprise to determine the group's strategies and direction. They have overall responsibility for identifying and overseeing the management of key risks, as well as for setting key performance indicators and managing performance against agreed targets.

Board evaluation

In June 2013, an independent service provider was commissioned to review the effectiveness of the board as a whole and that of board committees, as well as to assess the performance of individual directors. The expert's interrogative approach spanned five areas of focus, namely strategic alignment and direction, board composition and structure, processes and practices and engagement with business issues.

The findings indicated that the board provides sound governance for the business and works in a collaborative manner with its management. It has directed the company through some difficult challenges and continues to lead the team well at a time when the construction industry has had to cope with particular difficulties. The results further revealed that although the board comprises several well qualified and experienced business leaders, it needed to expand to cater for necessary succession and to add further skills and expertise required in support of the group's areas of focus and strategic intent. The results further revealed that the board provides solid guidance on the areas of finance, risk and remuneration, but that it needed to focus on the areas of potential future performance, including talent acquisition and CEO and board succession. The recommendations and key performance areas highlighted by the independent review are being addressed by the board at the various levels of its governance structure.

5 BOARD APPOINTMENTS

The group recorded a high turnover of non-executive directors in the last two calendar years. The board therefore deemed it important to reconstitute itself, with a primary focus on board succession. The results of the performance evaluation informed the approach adopted by the nominations committee for the recruitment process. The board approved the appointment of five non-executive directors, with effect from 1 April 2014. The appointment of new directors is the responsibility of the board as a whole, based on recommendations of the candidate by the nominations committee. The nominations committee's recommendation followed a careful appraisal of the candidates' skills and experience and took into account the appointee's contribution to the board's diversity. Each director signed a letter of appointment confirming the terms and conditions of engagement in acceptance of the appointment.

6 EMPLOYEE SHARE SCHEME

With the establishment of the Black Professionals Share Scheme (BPST) and the Izakhiwo Imfundo Trust (Izakhiwo Trust) in the prior financial year, the current year was dedicated to implementing the annual plan and communication around the scheme. Trustee training was provided for both trusts and benefit education programmes were delivered to the employee participants of the BPST.

The group is in the process of securing public benefit organisation registration for the Izakhiwo Trust. Once registered, the trustees will be required to define the parameters of sponsorships and programmes to be offered by the Izakhiwo Trust. The company secretary continues to monitor the performance of the automated administrative processes of the Black Management Scheme.

7 DEALING IN SECURITIES

In line with JSE Listings Requirements, the group has a defined policy of conduct for directors and employees with regard to dealing in the company's securities. The policy was reviewed and approved by the board during the year under review to align with the Financial Markets Act No 19 of 2012 that replaced the Securities Services Act, 2004 with effect from 3 June 2013. In terms of this policy and listings rules, directors and senior executives are required to obtain prior written consent from either the chairperson of the main board or a director to deal in Group Five Limited shares. Directors and senior executives are further required to report any dealings in the company's securities by either themselves or their associates to the company secretary for public disclosure on the stock exchange news service, SENS.

The JSE Listings Requirements define closed periods in general as times around major results or corporate announcements, during which directors, executives and designated employees may not trade in the company's shares. The prohibition applies equally to the individuals' associates. At the start of a closed period, relevant directors and employees who are subject to the policy are formally advised of the start and duration of the closed period. The group's closed periods are typically at the interim (December) and annual (June) financial periods and end upon the disclosure of financial results on SENS.

8 CONFLICTS OF INTEREST

The group's comprehensive and defined policy governing conflicts of interest has been designed to assist directors in identifying potential conflicts and provide procedures to be adopted if such conflicts should arise. These include issues such as a director recusing himself/herself from meetings, where appropriate, to reduce the risk of a conflict. The policy is structured to comply with the requirements of the Companies Act and with JSE Listings Requirements. Directors are required to consider whether situations might arise that could create conflicts or the perception of a conflict of interest and to recommend appropriate action. Comprehensive registers are maintained of individual directors' interests and these are considered and approved by each director and formally ratified at each business

9 TIP-OFFS ANONYMOUS LINE

The company secretary is also responsible for administrating the group's tip-offs anonymous line. In the year under review, a compliance manager was appointed to monitor and manage the group's regulatory area and to oversee the group's ethics management processes. This includes the delivery of ethics awareness training programmes.

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.

FOCUS GOING FORWARD

Annual training programme for the board

Define, recommend and implement a formalised annual training programme to the board.

Address Section 61(10) of the Companies Act

Every shareholders' meeting of a public company must be reasonably accessible within the Republic for electronic participation by shareholders in the manner contemplated in section 63(2), irrespective of whether the meeting is held in the Republic or elsewhere.

Standardise corporate business rules

Complete further interventions with regards to the group's internal efficiency programme to ensure alignment and standardisation across the group.

OPERATIONAL REVIEW

The continued transformation of the legislative, regulatory and best practice standards in the corporate governance environment in South Africa obliges companies to remain steadfastly committed to reviewing corporate governance policies and procedures. This section outlines the processes implemented by the group to respond to these changes.

THE BOARD

Group Five continues to maintain a unitary board structure, comprising of two executives, the chief executive officer (CEO) and the chief financial officer (CFO), as well as nine independent non-executive directors. The board is ultimately accountable and responsible to its shareholders for the performance and affairs of Group Five. The board has a written charter that succinctly governs its powers, functions and responsibilities. The charter further safeguards the maintenance of a balance of power in the board by ensuring that no one director has unfettered powers of decision-making. The board charter is subject to the provisions of the Companies Act, the JSE Listings Requirements, the company's MoI and all other applicable legislation. Each of the board committees operates in accordance to written terms of reference, which are reviewed by the board annually.

Appointments to the board are on recommendation by the nominations committee and are considered by the board as a whole. Directors do not have fixed terms of appointment and non-executive directors are subject to retirement by rotation and re-election by shareholders. Non-executive directors derive no benefit from the group other than their fees and emoluments. On recommendation by the remuneration committee, the board presents the non-executive directors' fee structure to the shareholders for approval at each annual general meeting (AGM).

The board takes overall responsibility for the group's success. Its role is to exercise leadership and sound judgement in directing the group to achieve sustainable growth and act in the best interests of all shareholders and stakeholders. The strategy of the group is finalised by the board in conference with the executive committee (exco). At least two formal meetings are scheduled each year for the board with exco to deliberate upon and conclude the strategy of the group. In these engagements the board is afforded the opportunity to formulate, review and agree on the group's strategic intent, as well as areas of focus and growth. Significant transactions, as defined by the group's level of authority, are presented to the board for consideration and approval.

The group maintains a conflict of interest policy and sustains its corporate culture through a documented Code of Ethics. In the period under review, the group's Code of Ethics and Conduct were reviewed to align with the prevailing legislative landscape.

The group continues to maintain a register of the declarations of conflict and/or personal financial interest that all directors, prescribed officers and segment directors are required to present to the group, where applicable.

CHANGES TO THE BOARD

In this reporting period, two non-executive directors, DDS Robertson and LE Bakoro, resigned on 5 November 2013 and 11 February 2014, respectively, to pursue interests outside of the group. The board, supported by recommendations from the nominations committee, appointed NJ Chinyanta, W Louw, B Ngonyama, VM Rague and MR Thompson as non-executive directors with effect from 1 April 2014. All of these new directors are independent, as legislatively and regulatory defined.

ROTATION AND ELECTION OF DIRECTORS

In accordance with the company's MoI and the terms of the Companies Act, at least one third of directors shall retire from the board each year. They may, however, offer themselves for re-election at the appropriate annual general meeting (AGM). In this reporting period, JL Job and KK Mpinga will retire and offer themselves for re-election. NJ Chinyanta, W Louw, B Ngonyama, V Rague and MR Thompson who were appointed to the board on 1 April 2014 offer themselves for election by shareholders at the 2014 AGM on 4 November 2014.

Full CVs of all directors outlining their qualifications and skills are included on pages 76 to 77.

THE CHAIRPERSON

The chairperson's role is to set the ethical tone of the board and to ensure that the board remains efficient, focused and operates as a unit. The board has continued to operate under the chairpersonship of P Mthethwa (nee Buthelezi) in this reporting period. Mrs Mthethwa is an independent non-executive chairperson and her role is clearly defined and separated from that of the CEO by the provisions of the board charter. Mrs Mthethwa provides overall leadership to the board without limiting the principle of collective responsibility for board decisions. While the board may delegate authority to the CEO in terms of the board charter, the separation of responsibilities is designed to ensure that no single person or group can have unrestricted powers and that appropriate balances of power and authority exist on the board. Mrs Mthethwa chairs the nominations committee, and is not a member of any other board committee. Through membership of the nominations committee, the chairperson is also responsible for the annual appraisal of the CEO's performance along with the lead independent non-executive director, as well as participating in the succession planning of executive directors. During the year, the appraisal of the CEO's performance was conducted and referred to the remuneration committee.

NON-EXECUTIVE DIRECTORS

The non-executive directors of the group are P Mthethwa, NJ Chinyanta, JL Job, W Louw, SG Morris, KK Mpinga, B Ngonyama, VM Rague and MR Thompson. SG Morris remains the lead independent non-executive director. Both KK Mpinga and SG Morris have served on the board for a period in excess of nine years. An internal evaluation of their independence, character and judgement was performed and the assessment confirmed them to have remained unimpaired.

The group's non-executive directors are individuals of high calibre and credibility who make a significant contribution to the board's deliberations and decisions. The diverse backgrounds of the directors ensure a wide range of experience in commerce, finance, law, industry and engineering. They have the necessary skills and experience to bring judgement to bear, independent of management, on areas such as strategy, performance, business development, transformation, diversity, employment equity, ethics and environmental management. Non-executive directors are required to devote sufficient time to the affairs of the group. While no limitations are imposed by the board charter, or otherwise, on the number of other appointments directors may accept, approval from the chairperson must be obtained prior to acceptance of additional commitments which may affect the time directors can devote to the group.

CVs of the board members, detailing their value-add to the group, are provided on pages 102 to 105 of the printed section of the integrated annual report. For full CVs, refer to pages 77 to 78.

THE CHIEF EXECUTIVE OFFICER

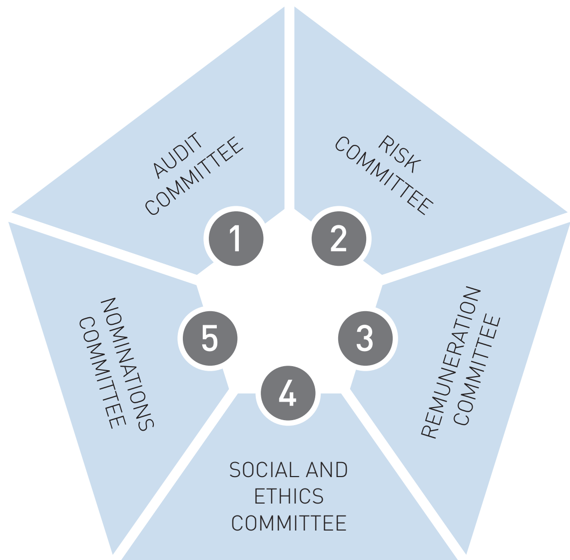
The board defines the group's levels of authority, reserving specific powers for the board, while delegating others to management. The collective responsibility for the executive management of the company's operations vests with the chief executive officer, MR Upton, who regularly reports to the board on the group's objectives and strategy. Mr Upton is responsible for formulating and recommending strategies and policies to the board and plays a critical role in the operations and success of the company. The CEO is accountable to the board and consistently strives to achieve the group's goals within the framework of delegated authority.

THE COMPANY SECRETARY

The company secretary is responsible for ensuring the availability of all information required by the directors for the performance of their duties. The company secretary is available to the directors, at all times, to provide assistance, guidance or advice in line with King III and the JSE Listings Requirements. Although the company secretary attends board meetings in an advisory capacity, she is not a member of the board of directors, which ensures independence and an arm's length relationship with the board. The board has assessed the performance of the company secretary and is satisfied with the support she renders at a functional level. However, the board is of the view that the company secretary has areas of improvement in developmental trends and/or industry-specific matters. In line with this, a work plan has been developed to assist with development areas. The company secretary is being assisted by the chairperson and CFO in this process. The company secretary is responsible for the submission of the annual compliance certificate to the JSE Limited, the filing of statutory documents, as prescribed by legislation and for ensuring compliance to the Listings Requirements. She also administers the group's employee share schemes and is the secretary of all the board committees.

BOARD COMMITTEES

The board has five standing committees through which it operates. These are:



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

BOARD MEETING ATTENDANCE

Director		P Mthethwa	MR Upton	CMF Teixeira	LE Bakoro	NJ Chinyanta	JL Job
Period of service (Date of appointment)		7 years (04/07/07)	7 years, 8 months (17/11/06)	6 years, 1 month (01/06/08)	5 years, 4 months (01/11/08) Resigned 11/02/14	3 months (01/04/14)	5 years, 8 months (01/11/08)
Chairperson		MB NC			SEC until 11/02/14		REM
Member			MB RC SEC	MB SEC	MB REM AC	MB REM RC	MB AC RC
Attendee		AC	AC REM	AC RC			
Meeting date	**Meeting type**						
25/07/2013	REM						
01/08/2013	RC						
01/08/2013	AC						
02/08/2013	SEC						
02/08/2013	MB						
23/08/2013	RCS		A				VC
18/09/2013	REM						
02/10/2013	NC						
05/11/2013	AGM						
06/11/2013	RC						
06/11/2013	AC						
07/11/2013	MBBM						
08/11/2013	SEC						
08/11/2013	MB						

AC – Audit committee
AGM – Annual general meeting
MB – Main board
NC – Nominations committee
RC – Risk committee
RCS – Risk committee special meeting
REM – Remuneration committee
SEC – Social and ethics committee
MBBM – Main board breakaway meeting

in attendance
not applicable
A Absent
VC Present via videoconferencing or teleconference

Director		W Louw	SG Morris	KK Mpinga	B Ngonyama	VM Rague	DDS Robertson	MR Thompson
Period of service (Date of appointment)		3 months (01/04/14)	9 years (01/07/05)	12 years (01/07/02)	3 months (01/04/14)	3 months (01/04/14)	1 year, 10 months (01/08/11) Resigned 05/11/13	3 months (01/04/14)
Chairperson			AC	RC	SEC from 20/05/14			
Member		MB RC SEC	MB NC RC	MB AC NC	AC	AC RC	MB AC RC SEC	AC REM
Attendee								
Meeting date	Meeting type							
25/07/2013	REM							
01/08/2013	RC							
01/08/2013	AC							
02/08/2013	SEC							
02/08/2013	MB							
23/08/2013	RCS		VC	VC			VC	
18/09/2013	REM							
02/10/2013	NC			VC				
05/11/2013	AGM			A				
06/11/2013	RC							
06/11/2013	AC							
07/11/2013	MBBM							
08/11/2013	SEC							
08/11/2013	MB							

Year under review

Director		P Mthethwa	MR Upton	CMF Teixeira	LE Bakoro	NJ Chinyanta	JL Job
Period of service (Date of appointment)		7 years (04/07/07)	7 years, 8 months (17/11/06)	6 years, 1 month (01/06/08)	5 years, 4 months (01/11/08) Resigned 11/02/14	3 months (01/04/14)	5 years, 8 months (01/11/08)
Chairperson		MB NC			SEC until 11/02/14		REM
Member			MB RC SEC	MB SEC	MB REM AC	MB REM RC	MB AC RC
Attendee		AC	AC REM	AC RC			
16/01/2014	RCS						
27/01/2014	NC						
10/02/2014	RC						
10/02/2014	AC				A		
10/02/2014	SEC				A		
11/02/2014	REM				VC		
11/02/2014	MB				A		
12/02/2014	NC						
14/03/2014	NC						
17/03/2014	RCS		A				
14/04/2014	RCS						
09/05/2014	RCS						
19/05/2014	RC						
19/05/2014	AC						
20/05/2014	SEC			A			
20/05/2014	MBBM						
20/05/2014	MB						

AC – Audit committee
AGM – Annual general meeting
MB – Main board
NC – Nominations committee
RC – Risk committee
RCS – Risk committee special meeting
REM – Remuneration committee
SEC – Social and ethics committee
MBBM – Main board breakaway meeting

in attendance
not applicable
A Absent
VC Present via videoconferencing or teleconference

Director		W Louw	SG Morris	KK Mpinga	B Ngonyama	VM Rague	DDS Robertson	MR Thompson
Period of service (Date of appointment)		3 months (01/04/14)	9 years (01/07/05)	12 years (01/07/02)	3 months (01/04/14)	3 months (01/04/14)	1 year, 10 months (01/08/11) Resigned 05/11/13	3 months (01/04/14)
Chairperson			AC	RC	SEC from 20/05/14			
Member		MB RC SEC	MB NC RC	MB AC NC	AC	AC RC	MB AC RC SEC	AC REM
Attendee								
16/01/2014	RCS			VC				
27/01/2014	NC							
10/02/2014	RC							
10/02/2014	AC							
10/02/2014	SEC							
11/02/2014	REM							
11/02/2014	MB							
12/02/2014	NC							
14/03/2014	NC			A				
17/03/2014	RCS			A				
14/04/2014	RCS		VC	A				
09/05/2014	RCS		A	VC	VC	A		
19/05/2014	RC				A	A		
19/05/2014	AC				A			
20/05/2014	SEC				A			A
20/05/2014	MBBM							
20/05/2014	MB							

SUB-COMMITTEE MANDATES

The table lists the key areas of focus for each of the board's sub-committees.

AUDIT COMMITTEE

Purpose
Acts in terms of a board-approved charter to provide guidance on:

- Internal control systems
- Internal audit and monitoring the effectiveness of the internal audit activities
- External audit and oversight of the group's relations with the external auditors
- Oversight on stakeholders as they relate to the company's accounting, auditing, internal control and financial reporting practices
- Sustainability reporting
- Going concern status
- Combined assurance
- Information technology
- Group finance function monitoring

Quorum	Frequency
Majority of members.	Meets quarterly.

RISK COMMITTEE

Purpose
Acts in terms of a board-approved charter to consider, evaluate and report on:

- Technical, operational and contract risk management
- Risk policy, framework and methodology
- Health, safety and environment
- Compliance

Quorum	Frequency
A majority of committee members ensured that at least two non-executive directors are present in person or through videoconferencing, closed circuit television or telecommunications facilities.	Meets quarterly and as and when required to review major contracts.

REMUNERATION COMMITTEE

Purpose
Acts in terms of a board-approved charter to assist in the following:

- Setting and oversight of the remuneration policy of the group
- Annually review and approve the remuneration packages for executive directors and determine and approve annual bonuses, performance-based incentives and share incentive schemes
- Review the ongoing appropriateness and relevance of the executive remuneration policy and other executive benefit programmes
- Review and approve the proposed remuneration of senior employees, such as exco and manco
- Approve management's recommendations for the average annual increase per employee
- Evaluate and approve the awarding of additional benefits in terms of the group's share incentive scheme
- Make recommendations to the board on the remuneration of non-executive directors

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

SOCIAL AND ETHICS COMMITTEE

Purpose
Acts in terms of a board-approved charter to monitor the group's activities on:

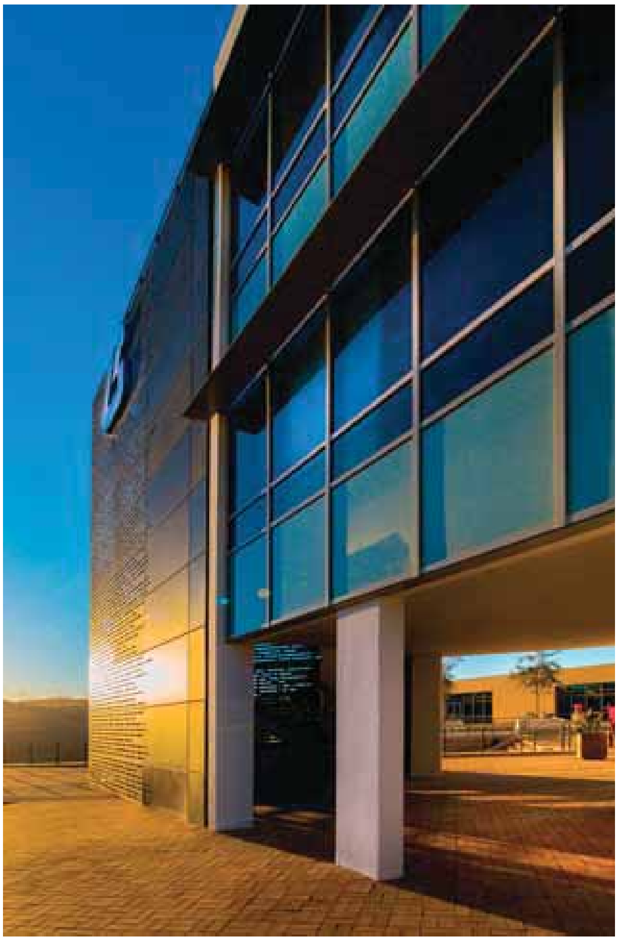
- Social and economic development in terms of the Act
- Integrated and sustainability reporting
- Transformation
- Labour and employment
- Organisational integrity/ethics
- Legal compliance
- Corporate citizenship

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

NOMINATIONS COMMITTEE

Purpose
Acts in terms of a board-approved charter to: • Make recommendations on the composition of the board in general and any adjustments that are deemed necessary, including the balance between executive, non-executive and independent non-executive directors • Make recommendations on the skills required on the board • Ensure that the directors are appointed through a formal process and that the appointment is formalised through an agreement between the company and the director • Oversee the development of a formal induction programme for new directors • Be responsible for succession planning, in particular for the chairperson and executive directors and senior management appointments • Agree, and put in place, a performance contract with the chief executive officer • Formalise the annual performance reviews of the board as a whole, the respective board committees and individual board members

Quorum	Frequency
Majority of members.	Meets bi-annually.



THE AUDIT COMMITTEE

The audit committee is independent from management, with accountability to the shareholders and the board.

The committee is also the audit committee for the group's subsidiary companies in accordance with Section 94(2) of the Companies Act. With the appointment of new non-executive directors, the audit committee's composition has been increased to six independent non-executive directors with relevant qualifications and experience, as determined by the board. The revised membership of this committee will be presented to shareholders for approval at the next AGM in November 2014. The committee has terms of reference in place outlining its purpose and responsibilities, which include:

- To review the principles, policies and practices adopted in the preparation of the financial statements of the company and to ensure that the interim and annual financial statements of the group and any other formal announcements relating to the group's financial performance comply with all statutory and stock exchange requirements
- To review the work of the group's external auditors and the internal auditors to ensure the adequacy and effectiveness of the group's financial, operating, compliance and risk management controls
- To review the management of risk and the monitoring of compliance effectiveness within the group, in conjunction with the risk committee
- To perform all the functions required by section 94(7) of the Companies Act

The CEO, CFO, head of internal audit, group risk officer and the external audit partner attend committee meetings by invitation. The audit committee has also deemed it appropriate to extend a permanent invitation to the chairperson of the board, P Mthethwa, to its meetings. All attendees at the meetings of the audit committee are precluded from voting on the matters presented for its consideration. A review was conducted during the year, which was presented and recommended along with revised terms of reference and an annual work plan to the board for approval. The audit committee met its responsibilities under the current terms of reference for the year under review and within the timeframe stipulated in the annual work plan.

The audit committee report is on page 3 of section 3 of this supplementary section of the integrated annual report.

The board reports on the augmentation of the skills shortages outlined in F2013 as follows:

DISCIPLINE	F2013 MEMBER PROFILE	F2014 MEMBER PROFILE
Law	Vacant	MR Thompson, NJ Chinyanta
Corporate governance	LE Bakoro, SG Morris	SG Morris, B Ngonyama, MR Thompson
Finance and accounting	SG Morris, LE Bakoro	SG Morris, B Ngonyama, MR Thompson
Commerce	All members	All members
Industry-specific to the group	LE Bakoro, KK Mpinga	KK Mpinga, W Louw
Public affairs or human resources management	SG Morris	SG Morris, W Louw

Meetings of the audit committee are conducted quarterly and are held prior to the main board meetings. The quorum for a meeting is a majority of members present for the duration of the meeting in person or through various electronic channels. The chairperson of the committee reports to the main board on the activities and recommendations made by the committee. All minutes of the audit committee are tabled to the board for noting. In the meetings held during the year under review, the audit committee considered the adequacy and expertise of the group's finance function. It is satisfied with the expertise and experience of the CFO and the group's finance function. The audit committee also recommended, and the main board accepted, a revised internal audit plan and IT charter, as well as the group's integrated annual report. The integrated annual report, including the group's annual financial statements, is issued less than two months after the group's financial year-end.

The head of internal audit continues to report to the chairperson of the audit committee and to the CFO on day-to-day matters. His attendance at the audit committee meetings is for the purpose of delivering the quarterly executive summary on internal audit. Internal audit reports are issued to the audit committee on a monthly basis after completion of each internal audit review. Internal audit provides the board with assurance on the group's system of internal control, as its strategy is that of a risk-based approach along with compliance to policies and procedures.

The group continues to maintain its standards of assurance through various independent external and internal service provider audits, as disclosed in the integrated annual report. The audit committee reviewed and assessed the external auditor's effectiveness and is satisfied with the objectivity and independence of services rendered. The group's external auditors were appointed to provide independent assurance on certain sustainability indicators. The committee also reviewed and approved the external auditor's fees for the ensuing year. The committee sets and monitors the level of non-audit-related fees generated by the external auditors. This is reported quarterly. The audit committee considered the disclosure of sustainability issues in the integrated annual report and is satisfied that these do not conflict with the financial results. The audit committee considered the adequacy of the group's system of internal control and recommends the annual financial statements for approval by the board.

RISK COMMITTEE

Through the risk committee the board demonstrates leadership in guiding the efforts aimed at monitoring risk management expectations and requirements. Management of risk therefore remains an integral component of the group's strategic and business processes. The board has augmented the composition and skills base of the risk committee through the appointment of three non-executive directors and one executive.

The majority of the risk committee members continue to be independent non-executive directors. The CEO, group risk officer and executive committee members responsible for the Construction and the Engineering & Construction clusters represent executive members, in addition to the chairperson and members listed in the table on pages 54 to 57. The CFO attends risk committee meetings by invitation.

The risk committee has its own terms of reference to assist members to understand their roles and enable them to add value in discharging their duties. These terms of reference are further supported by an annual work plan which outlines the annual schedule to be satisfied by the committee in carrying out its mandate. The committee met its responsibilities under the current terms of reference for the year under review and within the timeframe stipulated in the work plan.

In addition to the quarterly meetings, as part of the group's level of authority, the risk committee meets as and when required to discuss and consider contracts at a pre-tender stage valued in excess of R600 million. Enhancements to the current risk management system are being implemented to drive a more integrated approach of monitoring and managing the group's risks. The group risk officer presents a comprehensive report on all material risks identified at each meeting. The committee considers all presented reports to determine the effectiveness of overall risk processes. The risk committee confirmed its acceptance of the group's risk management processes and is satisfied that all risks are appropriately governed. The risk committee considered the effectiveness of the group's fraud and ethics policies, procedures and systems and is satisfied that these are appropriately governed and that adequate steps have been taken on all offences reported. The chairperson of the committee reports to the main board on the activities and recommendations made by the committee. All minutes of the risk committee are tabled to the board for noting.

THE REMUNERATION COMMITTEE

The chairperson and members are listed in the table on pages 54 to 57. The board has augmented the composition and skills base of the remuneration committee through the appointment of an additional two non-executive directors. The CEO and human resources director attend meetings of the remuneration committee by invitation. This committee has its own terms of reference, which outlines its mandate, as per the table on pages 54 to 57.

The committee met its responsibilities under the current terms of reference for the year under review and within the timeframe stipulated in the annual work plan. During the period under review, the remuneration committee issued the first allocation of benefits to qualifying participants of the Long Term Incentive Plan (LTIP) approved at the November 2012 special meeting of shareholders. In compliance with the Companies Act, the remuneration committee ensured that the approval of non-executive director remuneration is effected through shareholders' special resolution. For details of the non-executive directors' fees (including services and expenses, where applicable) refer to page 143 of the remuneration review in the printed section of the integrated annual report. The fees proposed for non-executive directors for F2015, which is subject to shareholder approval, is also disclosed within the remuneration review. The remuneration committee provides guidance to the board on the group's remuneration policy for presentation as a non-binding advisory vote for consideration by shareholders at the AGM. The chairperson of the committee reports to the main board on the activities and recommendations made by the committee. All minutes of the remuneration committee are tabled to the board for noting.

THE SOCIAL AND ETHICS COMMITTEE

The social and ethics (SEC) committee is constituted as a statutory committee for purposes of assuming the duties contemplated by section 72 of the Companies Act and as a committee of the board for all other duties assigned by the board. The composition of this committee has also been augmented by the board through the appointment of an independent chairperson and an additional non-executive director, as well as the newly-appointed human resources director, J Doorasamy.

The chairperson and members are listed in the table on pages 54 to 57. The mandate of this committee is outlined in its own terms of reference, which define the roles and responsibilities of its members. This is further supported by an annual work plan that guides the timeframe within which the committee has to carry out its mandate. The committee met its responsibilities under the current terms of reference for the year under review and within the timeframe stipulated in the annual work plan.

During the financial year, the committee reviewed the group's policies and procedures established to govern the matters that fall within the scope of this committee's mandate, with a specific focus on addressing areas of non-compliance or inadequacy of control. Focus was placed on addressing adequacy of engagement with stakeholders, including employees, clients and suppliers. In addition, the committee satisfied itself that adequate processes exist within the group to drive compliance with the legislative and regulatory requirements of the matters falling within the scope of its mandate.

The committee meets quarterly. The chairperson of the committee provides a quarterly report to the board on the SEC and its initiatives. All minutes of the SEC are tabled to the board for noting. This committee is also required to report on the matters within its mandate to shareholders at the AGM.

NOMINATIONS COMMITTEE

The chairperson of the main board also chairs the nominations committee and has two non-executive directors as its members, as detailed in the table on pages 54 to 57. The year under review was very busy, with oversight on the board evaluation process and the recruitment of non-executive directors for the board. The results of the board evaluation and resultant key areas of focus for the board are outlined on page 50.

The nominations committee recommended the appointment of five new non-executive directors to the board. The committee is required to meet at least twice a year or when deemed necessary. The nominations committee held three formal meetings during the period under review. The committee is presently engaged in the formulation of a succession plan for the board, the executives and senior management. This is at an advanced stage of development.

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

KING III PRINCIPLE	SELF-ASSESSED APPLICATION STATUS	COMMENTS
1 ETHICAL LEADERSHIP AND CORPORATE CITIZENSHIP		
1.1 The board provides effective leadership base on an ethical foundation.	Applied	The board charter is the overarching policy document that defines its powers and operational parameters. It also provides for delegation of operational responsibilities to management and the board committees. The board charter was comprehensively reviewed, updated and approved by the board in May 2012 to incorporate the provisions of King III and the Companies Act. An annual review of the board charter and the terms of reference of board committees is conducted. The board's directors, including its chairperson, were recently evaluated as part of the board review process. The board was found to be leading the group effectively. The group continues to enforce the significance of integrity within the organisation, especially in light of the past issues of anti-competitive behaviour within the sector.
1.2 The board ensures that the company is and is seen to be a responsible corporate citizen.	Applied	The board has mandated the social and ethics committee with the responsibility of carrying out the legislatively prescribed functions contemplated by Regulation 43(5) of the Companies Regulations 2011, which include, amongst other things, good corporate citizenship. The board has delegated the responsibility for proactive stakeholder engagement to management. Regular feedback is received from various stakeholders, including shareholders, clients, debt funders, media and employees. Refer to pages 18 to 23 of the printed section of the integrated annual report which discloses the group's focus on stakeholder engagement. Stakeholder engagement is a standing agenda item on the board's agenda.
1.3 The board ensures that the company ethics are managed effectively.	Applied	The group is committed to good governance and ethics. Integrity has been formally identified as one of the group's seven core values. The board approved a revised Code of Ethics that outlines the ethical values and the conduct expected of its employees in this regard. A compliance manager has been appointed by the group in the current year to, inter alia, monitor ethics management systems and be responsible for delivering ethics training programmes. Ethics training is part of employee training offered by the group's Academy to ensure that all employees are adequately informed of the group's policy on ethics.
2 BOARD AND DIRECTORS		
2.1 The board acts as the focal point for and custodian of corporate governance.	Applied	The board has a formal charter and has full and effective control of the group, with an exclusive mandate over all material resolutions that have to be approved by the board. The board meets as often as is required to fulfil its duties, but at least four times a year.
2.2 The boards appreciates that strategy, risk, performance and sustainability are inseparable.	Applied	The board and the executive committee formulate and direct group strategy. The group has, over the last few years, focused on ensuring the business is operated on an integrated and sustainable basis.
2.3 The board should provide effective leadership based on an ethical foundation.	Applied	Refer to 1.1 above.

KING III PRINCIPLE		SELF-ASSESSED APPLICATION STATUS	COMMENTS
2	**BOARD AND DIRECTORS CONTINUED**		
2.4	**The board should ensure that the company is and is seen to be a responsible corporate citizen.**		Refer to 1.2 above.
2.5	**The board should ensure that the company's ethics are managed effectively.**	Applied	Refer to 1.3 above.
2.6	**The board should ensure that the company has an effective and independent audit committee.**	Applied	The board has an audit committee in place. Its responsibilities are documented in the written terms of reference. The audit committee is constituted fully by independent non-executive directors, the majority of which have a high standard of financial literacy. The audit committee is also comprised of a good balance of economic, legal, corporate governance and technical expertise. The chairperson of the main board neither chairs nor is a member of the audit committee. However, a standard invitation is extended to the chairperson of the main board to attend meetings of the audit committee. A report on the activities, observations and recommendations of the audit committee is included in the integrated annual report and the chairperson attends the annual general meeting to respond to enquiries by the shareholders, if any.
2.7	**The board should be responsible for the governance of risk.**	Applied	The board is ultimately responsible for the group's risk management process and system of internal control. The board has a risk committee in place. Its mandate includes monitoring the technical, operational and contract risk management process of the group.
2.8	**The board should be responsible for Information Technology (IT) governance.**	Applied	The board is ultimately responsible for the Information Technology (IT) governance processes. The board has delegated the responsibility of the group's IT governance processes to the audit committee. To assist it in the fulfilment of this mandate, the audit committee approved the establishment of an IT steering committee in F2012. IT is a standing audit committee agenda item.
2.9	**The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards.**	Applied	The board is ultimately responsible for the group's compliance to the legal and regulatory requirements. The board has delegated this responsibility to the social and ethics committee. The group monitors its compliance to prevailing legislation through its Exclaim management system. A compliance manager has been appointed in the period under review, to, inter alia, monitor compliance management systems. Each discipline head is responsible for compliance with the laws and regulations applicable to their area of responsibility. The CFO, group risk officer and HR director is responsible for reporting to the audit committee and the risk committee and ultimately to the board on the status of compliance to financial, safety, health, risk, environment and quality (SHREQ) and human resources legislation.
2.10	**The board should ensure that there is an effective risk-based internal audit.**	Applied	Through the audit committee, the board promotes the standing and value of the group's internal audit department, assesses the adequacy of its resources and the effectiveness of its work and engages with management to ensure audit plans are risk-based.
2.11	**The board should appreciate that stakeholders' perceptions affect the company's reputation.**	Applied	The board has delegated the responsibility of dealing with stakeholder relationships in a proactive and constructive manner to management, with a standing agenda point requiring feedback from the CEO and CFO on a quarterly basis.
2.12	**The board should ensure the integrity of the company's integrated report.**	Applied	The board has delegated the responsibility of ensuring the integrity of the group's integrated annual report to the audit committee. The adequacy of the CFO, the financial team and the integrated annual report is assessed and formally recorded at the August audit committee meeting.

KING III PRINCIPLE		SELF-ASSESSED APPLICATION STATUS	COMMENTS
2	**BOARD AND DIRECTORS CONTINUED**		
2.13	**The board should report on the effectiveness of the company's system of internal controls.**	Applied	The board has delegated the responsibility of reporting on the effectiveness of the company's system of internal control to the audit committee. The audit committee relies on representation from management and feedback from the internal audit and the external auditors. The risk committee is responsible for the implementation of the combined assurance plan and provides the audit committee with regular updates on status and findings.
2.14	**The board and its directors should act in the best interests of the company.**	Applied	The standard of conduct required of directors is confirmed by the board charter. In line with this, the board is required to act in the best interest of the company by ensuring that individual directors: - adhere to legal standards of conduct - are permitted to take independent professional advice at the group's expense in connection with their duties following an agreed procedure - disclose real or perceived conflicts to the board and deal with them accordingly - deal in securities only in accordance with the policy adopted by the board
2.15	**The board should consider business rescue proceedings or other turnaround mechanisms as soon as the company is financially distressed as defined in the Act.**	Applied	The board continuously monitors the solvency and liquidity of the group and considers its going concern status. The board is satisfied that it is astutely cognisant of the market conditions within which it operates and would therefore be readily able to apply business rescue procedures, should the group become financially distressed.
2.16	**The board should elect a chairman of the board who is an independent non-executive director. The CEO of the company should not also fulfil the role of chairman of the board.**	Applied	An independent non-executive director is elected as the chairperson of the board on an annual basis. The CEO therefore does not fulfil the role of chairperson.
2.17	**The board should appoint the chief executive officer and establish a framework for the delegation of authority.**	Applied	The appointment of the CEO is a matter for consideration by the board as a whole. The board defines the group's levels of authority, reserving specific powers for the board, while delegating others to management. The collective responsibility of the executive management of the company's operations vests with the CEO, who regularly reports to the board on the group's objectives and strategy.
2.18	**The board should comprise a balance of power, with a majority of non-executive directors. The majority of non-executive directors should be independent.**	Applied	The size of the board is dictated by the MoI, which permits a maximum of 15 directors and prescribes a minimum of four directors. The board comprises a balance of executive and non-executive directors, with the majority of non-executive directors independent. Each director has one vote on a matter before the board. A majority of the votes cast on a resolution is sufficient to approve that resolution. The chairperson may not have a deciding vote in addition to any deliberative vote.
2.19	**Directors should be appointed through a formal process.**	Applied	The appointment of directors is a matter for consideration by the board as a whole on the recommendation of a formal recruitment process executed by the nominations committee. All five new non-executive directors were appointed during the year and all appointments were made through a formal process.

KING III PRINCIPLE		SELF-ASSESSED APPLICATION STATUS	COMMENTS
2	**BOARD AND DIRECTORS CONTINUED**		
2.20	**The induction of and ongoing training and development of directors should be conducted through formal processes.**	Applied	A formal induction programme has been formulated and delivered in the year under review. The induction programme has been further augmented by engagements with select members of the executive team.
2.21	**The board should be assisted by a competent, suitably qualified and experienced company secretary.**	Applied	The company secretary is a legally qualified individual who is not a director of the board. The board has assessed the competence of the company secretary and is satisfied with her performance at a functional level. However, the board is of the view that more proactive engagement on ongoing development and trends on governance and industry-specific matters is required of the company secretary.
2.22	**The evaluation of the board, its committees and the individual directors should be performed every year.**	Applied	The board charter requires the board to conduct annual evaluations of its performance in terms of its roles and responsibilities, as well as that of individual directors. Each committee evaluates its own performance and reports the results to the board. The board is conscious of the fact that it has two non-executive directors who have served on the board for longer than nine years. An evaluation of their independence, character and judgement was performed and the assessment confirmed their independence.
2.23	**The board should delegate certain functions to well-structured committees but without abdicating its own responsibilities.**	Applied	The board and committees operate under formal terms of reference, which are reviewed on an annual basis to ensure efficiencies within each committee. The chairperson of each committee reports back to the board at each board meeting and the minutes of all committee meetings are circulated to the board. The composition of each committee, as well as a description of its terms of reference, is disclosed in the integrated annual report.
2.24	**A governance framework should be agreed between the group and its subsidiary boards.**	Applied	The board has formalised the respective responsibilities of the board and its subsidiaries with certain governance structures, such as the audit, remuneration and the social and ethics committees.
2.25	**Companies should remunerate directors and executives fairly and responsibly.**	Applied	The board believes that the group's remuneration policy and strategy are designed to ensure that executives are appropriately remunerated with an acceptable balance between guaranteed and performance-based elements, as well as between short and long term incentives. In the fulfilment of its mandate, the remuneration committee ensures that reward levels benchmark fairly against sector norms.
2.26	**Companies should disclose the remuneration of each individual director and certain senior executives.**	Applied	The company discloses the remuneration of directors and prescribed officers in accordance with the requirements of the Companies Act (71 of 2008, as amended) and the JSE Listings Requirements in its integrated annual report. In addition, it supplements this disclosure with information on remuneration for senior management who are not prescribed officers.
2.27	**Shareholders should approve the company's remuneration policy.**	Applied	The group's remuneration policy is set out in the remuneration report included in the printed section of the integrated annual report. The group's remuneration policy is tabled at each annual general meeting by way of a non-binding advisory vote.

KING III PRINCIPLE		SELF-ASSESSED APPLICATION STATUS	COMMENTS
3	**AUDIT COMMITTEES**		
3.1	**The board should ensure that the company has an effective and independent audit committee.**	Applied	The company's audit committee operates in terms of a written charter, performs the duties prescribed by the Companies Act (71 of 2008, as amended), meets quarterly, considers detailed reports from management and reports and makes recommendations in writing to the board. The audit committee chairperson regularly reviews the adequacy of the content of the committee agenda and work plan against developing trends in the market to ensure alignment with best practice.
3.2	**Audit committee members should be suitably skilled and experienced independent non-executive directors.**	Applied	The audit committee fully constitutes independent non-executive directors, the majority of which have a high standard of financial literacy. The audit committee also comprises of a good balance of economic, legal, corporate governance and technical expertise. The chairperson of the main board neither chairs nor is a member of the audit committee. However, a standard invitation is extended to the chairperson of the main board to attend meetings of the audit committee.
3.3	**The audit committee should be chaired by an independent non-executive director.**	Applied	The audit committee is chaired by the lead independent director who is a non-executive director of the board. The chairperson of the main board neither chairs nor is a member of the audit committee.
3.4	**The audit committee should oversee integrated reporting.**	Applied	The audit committee is responsible for considering and making recommendations to the board relating to the group's integrated annual report, the financial statements and any other reports (with reference to the financial affairs of the group) for external distribution or publication, including those required by any regulatory or statutory authority.
3.5	**The audit committee should ensure that a combined assurance model is applied to provide a co-ordinated approach to all assurance activities.**	Applied	The audit committee ensures that it obtains regular and comprehensive assurance from the risk committee, external auditor, the internal audit department and/or management in relation to matters such as financial reporting, adequacy of internal controls and veracity of risk management processes. The group's audit committee is responsible for ensuring that a combined assurance model has been applied within the group which provides a co-ordinated approach to all assurance activities. The group risk officer provides the audit committee with annual feedback on the group's approach and plan with regard to combined assurance.
3.6	**The audit committee should satisfy itself of the expertise, resources and experience of the company's finance function.**	Applied	The audit committee performs an annual review of the CFO and the group's finance function. Based on the review conducted in the year under review, the committee has satisfied itself of the appropriateness of the expertise, resources and experience of the CFO and the group's finance function.
3.7	**The audit committee should be responsible for overseeing of internal audit.**	Applied	The audit committee's mandate imposes an oversight role with regards to internal audit. The committee monitors internal audit resources, activities, findings and coverage plans through the comprehensive reports submitted by internal audit management at each committee meeting.
3.8	**The audit committee should be an integral component of the risk management process.**	Applied	The board re-arranged the meeting schedule of its committees to enhance the flow of information between forums from an administrative perspective. Accordingly, meetings of the audit committee is preceded by those of the risk committee, with representations made by the group risk officer and the chairperson of the risk committee to the audit committee, which in turn considers the effectiveness of the risk management process on the group's financial reporting. The chairperson of the audit committee is a member of the risk committee. The risk committee has oversight responsibility for the group's risk management programme.

KING III PRINCIPLE		SELF-ASSESSED APPLICATION STATUS	COMMENTS
3	**AUDIT COMMITTEES CONTINUED**		
3.9	**The audit committee is responsible for recommending the appointment of the external auditor and overseeing the external audit process.**	Applied	In terms of the audit committee's terms of reference, the audit committee is responsible for recommending the appointment of the external auditor to shareholders, overseeing the external audit process, including concluding on the terms of engagement and audit fees. The audit committee is also responsible for formulating the policy for non-audit services, reportable irregularities and the quality and effectiveness of the external auditor. It monitors the level of non-audit fees on a quarterly basis and formally reviews, evaluates and approves the audit fees each year.
3.10	**The audit committee should report to the board and shareholders on how it discharged its duties.**	Applied	The audit committee provides feedback to the board at each board meeting. Reporting to shareholders occurs through the audit committee report in the integrated annual report. The chairperson of the audit committee also attends annual general meetings to report on the statutory duties, as required.
4	**THE GOVERNANCE OF RISK**		
4.1	**The board should be responsible for the governance of risk.**	Applied	The board is ultimately accountable for the group's risk management process and system of internal control. The board has a risk committee in place. Its mandate includes monitoring the technical, operational and contract risk management process of the group.
4.2	**The board should determine the levels of risk tolerance.**	Applied	The board has adopted the levels of risk tolerance utilised by the risk committee and management in determining the group's risk management framework, its risk-bearing capacity and the methodology for rating risks in the group's risk registers.
4.3	**The risk committee or audit committee should assist the board in carrying out its risk responsibilities.**	Applied	The charters of both the risk and audit committees require these forums to assist the board in carrying out its risk governance responsibilities. They provide this assistance by monitoring the group's risk management activities. Both the CFO and the group risk officer provide detailed accounts of the risks identified in the business to the risk and audit committees.
4.4	**The board should delegate to management the responsibility to design, implement and monitor the risk management plan.**	Applied	The objective of risk management in the group is to establish an integrated and effective risk management framework where material risks are identified, quantified and managed to achieve an optimal risk/reward profile. An integrated approach ensures that risk management is incorporated into the day-to-day operational management processes. During the year under review, the risk committee endorsed and recommended a risk management plan and a revised combined assurance model.
4.5	**The board should ensure that risk assessments are performed on a continual basis.**	Applied	The board ensures that effective and ongoing risk assessments are performed. A systematic, documented, formal risk assessment is conducted at least once a year. Risks are prioritised and ranked to focus responses and interventions. A top-down approach is adopted in risk assessments without being limited to strategic and high-end risks only. The board regularly receives and reviews a register of the company's key risks. The risk assessment process involves the risks affecting the various income streams of the company, the critical dependencies of the business, its sustainability and the legitimate interests and expectations of stakeholders. In addition, a defined risk management process is in place which is utilised on a daily basis to assess all risks on a contract through its lifecycle, which commences at pre-bid stage.

KING III PRINCIPLE		SELF-ASSESSED APPLICATION STATUS	COMMENTS
4	**THE GOVERNANCE OF RISK CONTINUED**		
4.6	**The board should ensure that frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks.**	Applied	This remains a focus area of the board and management. The management team engages with leading advisory councils in the infrastructure sector to ensure awareness of leading views and emergence of risks. In addition, the management team continues to implement enhancements to the risk management process by, for example, standardising risk management processes and by implementing improvement and assurance controls at an earlier stage of contract assessments.
4.7	**The board should ensure that management considers and implements appropriate risk responses.**	Applied	The management team identifies and notes the risk responses in the risk register. Risk registers are maintained at a contract and segment level.
4.8	**The board should ensure continual risk monitoring by management.**	Applied	The management team identifies and notes the risk responses in the risk register. The board receives assurance from the risk committee and the group risk officer that the management team appropriately identifies, manages, transfers and mitigates risks facing the group.
4.9	**The board should receive assurance regarding the effectiveness of the risk management process.**	Applied	The board receives assurance from the risk committee that it and the management team continually monitor risks facing the group.
4.10	**The board should ensure that there are processes in place enabling complete, timely, relevant, accurate and assessable risk disclosure to stakeholders.**	Applied	All requested disclosures by the non-executive directors were made available by management. The board ensures that the integrated annual report, as well as its public announcements, where necessary, appropriately discloses risk-related information of importance to stakeholders. The release of the group's integrated annual report within two months of the group's financial year-end ensures that the information remains timely and relevant.
5	**THE GOVERNANCE OF INFORMATION TECHNOLOGY**		
5.1	**The board should be responsible for Information Technology (IT) governance.**	Applied	The board is ultimately responsible for the Information Technology (IT) governance processes. The board has delegated the responsibility of the group's IT governance processes to the audit committee. To assist it in the fulfilment of this mandate, the audit committee approved the establishment of an IT steering committee in F2012. IT is a standing audit committee agenda item.
5.2	**IT should be aligned with the performance and sustainability objectives of the company.**	Applied	The group's IT strategy is designed to support the group's business strategy, with the aim of ensuring that the group will operate effectively and remain sustainable.
5.3	**The board should delegate to management the responsibility for the implementation of an IT governance framework.**	Applied	The board is ultimately responsible for the IT governance processes. The board has delegated the responsibility of the group's IT governance processes to the audit committee. To assist it in the fulfilment of this mandate, the audit committee approved the establishment of an IT steering committee in F2012. IT is a standing audit committee agenda item.

KING III PRINCIPLE		SELF-ASSESSED APPLICATION STATUS	COMMENTS
5	**THE GOVERNANCE OF INFORMATION TECHNOLOGY CONTINUED**		
5.4	**The board should monitor and evaluate significant IT investments and expenditure.**	Applied	The board monitors material IT investments through its consideration of the group's capital expenditure budget, and evaluates the return on investment through reports made by management to the audit committee. Good governance principles apply to all parties in the supply chain or channel for the acquisition and disposal of IT goods or services. All capital expenditure requires prior approval from the CFO and investments or development costs must be evaluated against actual performance.
5.5	**IT should form an integral part of the company's risk management.**	Applied	IT risks form an integral part of the company's risk management activities. The management team regularly demonstrates to the board that the company has adequate business resilience arrangements in place for disaster recovery. The board ensures that the company complies with IT laws and that IT-related rules, codes and standards are considered.
5.6	**The board should ensure that information assets are managed effectively.**	Applied	The board ensures all personal information is treated by the company as an important business asset. The board ensures that an information security management system was developed, implemented and recorded to ensure security (confidentiality, integrity and availability of information).
5.7	**A risk committee and audit committee should assist the board in carrying out its IT responsibilities.**	Applied	The risk committee assists the board in carrying out its IT governance responsibilities by ensuring that IT risks are adequately addressed through its risk management and monitoring processes. The audit committee assists the board in carrying out its IT governance responsibilities. The IT report forms part of the standing agenda items of the risk and audit committees, which results in the board being made aware of potential risks.
6	**COMPLIANCE WITH LAWS, CODES, RULES AND STANDARDS**		
6.1	**The board should ensure that the company complies with applicable laws and consider adherence to non-binding rules, codes and standards.**	Applied	The board is ultimately responsible for the group's compliance to the legal and regulatory requirements. The board has delegated this responsibility to the social and ethics committee. The group monitors its compliance to prevailing legislation through its Exclaim management system. A compliance manager was appointed in the period under review, to, inter alia, monitor compliance management systems. Each discipline head is responsible for compliance with the laws and regulations applicable to their area of responsibility. The CFO, group risk officer and HR director is responsible for reporting to the audit committee and the risk committee and ultimately to the board on the status of compliance to financial, SHREQ and human resources legislation.
6.2	**The board and each individual director should have a working understanding of the effect of the applicable laws, rules and standards on the company and its business.**	Applied	The induction or ongoing training programmes of directors incorporate an overview of and changes to applicable laws, rules, codes and standards.
6.3	**Compliance risk should form an integral part of the company's risk management process.**	Applied	The risk of non-compliance is identified, assessed and responded to through the risk management processes. Each discipline head is responsible for compliance with the laws and regulations applicable to their area of responsibility. The CFO, group risk officer and HR director are responsible for reporting to the audit committee and the risk committee and then ultimately to the board on the status of compliance to financial, SHREQ and human resources legislation.

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

KING III PRINCIPLE		SELF-ASSESSED APPLICATION STATUS	COMMENTS
8	**GOVERNING STAKEHOLDER RELATIONSHIPS**		
8.1	**The board should appreciate that stakeholders' perceptions affect a company's reputation.**	Applied	The gap between stakeholder perceptions and the performance of the company is managed and measured to enhance or protect the company's reputation. The process for identification and taking into account the legitimate interests and expectations of stakeholders is reviewed at least once a year. The company's reputation and its linkage with stakeholder relationships is a regular board agenda item. Stakeholders which could materially affect the operations of the company are identified, assessed and dealt with as part of the risk management process.
8.2	**The board should delegate to management to proactively deal with stakeholder relationships.**	Applied	The management team develops a strategy and formulates policies for the management of relationships with each stakeholder grouping. The board oversees the establishment of mechanisms and processes that support stakeholders in constructive engagement with the company. The board encourages shareholders to attend the AGM. Categories of stakeholders are allocated to members of the executive committee who are responsible for ensuring effective engagement.
8.3	**The board should strive to achieve the appropriate balance between its various stakeholder groupings, in the best interests of the company.**	Applied	The board takes into account the legitimate interests and expectations of its stakeholders in its decision-making in the best interests of the company. The group logs queries and concerns from stakeholders and ensures that the material matters are addressed. Refer to pages 18 to 23 of the printed section of the integrated annual report.
8.4	**Companies should ensure the equitable treatment of shareholders.**	Applied	There is equitable treatment of all holders of the same class of shares. The board ensures that minority shareholders are protected.
8.5	**Transparent and effective communication to stakeholders is essential for building and maintaining their trust and confidence.**	Applied	The board has adopted communications guidelines that support a responsible communications programme. Complete, timely, relevant, accurate, honest and accessible information is provided by the company to its stakeholders, whilst having regard for legal and strategic considerations. The group issues its full integrated annual report, including audited financial statements, on the same day as it releases its year-end results. In addition, the group won the Investment Analysts Society, representing shareholders and financial analysts, award for Best Reporting and Communication in the industrial sector to the group seven times. No requests for information in terms of the Promotion of Access to Information Act, 2000 have been lodged with the group in the period under review.
8.6	**The board should ensure that disputes are resolved as effectively, efficiently and expeditiously as possible.**	Applied	The board has adopted formal dispute resolution processes for internal and external disputes.

KING III PRINCIPLE		SELF-ASSESSED APPLICATION STATUS	COMMENTS
9	**INTEGRATED REPORTING AND DISCLOSURE**		
9.1	**The board should ensure the integrity of the company's integrated annual report.**	Applied	The integrated annual report includes, amongst other matters, the performance, value creation through the value-added statement and other financial and non-financial performance indicators. Sufficient commentary on the financial performance is provided in the integrated annual report. The going concern status is also confirmed in the annual financial statements.
9.2	**Sustainability reporting and disclosure should be integrated with the company's financial reporting.**	Applied	The board includes commentary on the company's financial results in the integrated annual report. The board discloses the group's going concern status. The board ensures that the integrated annual report portrays a balanced view of both the positive and negative impacts of the company's operations and future plans. The integrated annual report discloses the nature of the company's dealings with stakeholders and the outcomes of these dealings.
9.3	**Sustainability reporting and disclosure should be independently assured.**	Applied	Independent external assurance is obtained. Refer to pages 92 to 95 of the printed section of the integrated annual report for disclosure.

APPLICATION OF JSE CORPORATE GOVERNANCE LISTINGS REQUIREMENTS

Requirements	Group response
The chairperson is an independent non-executive director or alternative person, a lead independent director has been appointed.	The chairperson is an independent non-executive director and a lead independent director has been appointed.
The board appoints the CEO.	The CEO is appointed by the board.
The audit committee approves both the external auditor's terms of engagement and remuneration.	The audit committee approves the external auditors' terms of reference, their remuneration and the fees spent on non-audit functions.
There is a board committee (either a risk committee or the audit committee) that assists the board in carrying out its risk responsibilities.	There is a risk committee. Refer to page 58 of this report.
There is a board remuneration committee.	There is a remuneration committee. Refer to page 59 of this report.
The nominations committee's terms of reference have been approved by the board and are reviewed every year.	These are approved and reviewed annually.
The company has an audit committee.	There is an audit committee. Refer to page 58 of this report.
There is a nominations committee consisting of board members.	There is a nominations committee consisting of board members. Refer to page 60 of this report.
The company secretary is empowered by the board to effectively perform his or her duties.	The company secretary is empowered to perform her duties.
Procedures for appointments to the board are all of the following: - formally set out in a policy - transparent - a matter for the board as a whole (although the board may be assisted by the nominations committee)	These are formally set out and followed, with the appointment of the most recent set of five non-executive directors.
The chairperson has not been the CEO of the company in the last three years.	The chairperson has not been the CEO and the CEO has not been the chairperson.
The board is entitled to both appoint and remove the company secretary.	The board may do so.
The company complies with the provisions of the Companies Act, 2008 in relation to the appointment and removal, and the duties allocated, to the company secretary.	The company complies.
The audit committee monitors and reports on the external auditor's independence.	The committee formally considers and approves the fee in February of each year and evaluates the spend versus budget at the November meeting. In addition, the committee evaluates the extent of non-audit fees earned as a percentage of total audit budget quarterly to ensure reasonableness and independence.

Requirements	Application
The role and function of the company secretary are clearly formulated in writing.	Her role and function are clearly formulated.
The audit committee has defined a policy for non-audit services provided by the external auditor.	The committee evaluates the extent of non-audit fees earned as a percentage of total audit budget quarterly to ensure reasonableness and independence.
A brief CV of each director standing for election or re-election at the annual general meeting (AGM) accompanies the notice of the AGM.	Refer to pages 76 to 77 of this report.
There is a policy addressing division of responsibilities at board level to ensure a balance of power and authority and that no one individual has unfettered powers of decision-making.	The board has a charter that clearly sets out its role and responsibilities, as well as the requirements for its composition and meeting procedures. In terms of this governance charter, each director has one vote on a matter before the board. A majority of the votes cast on a resolution is sufficient to approve that resolution.
The integrated annual report classifies directors as executive, non-executive or independent and provides information about individual directors that shareholders may need to make their own assessments in regard to all of the following: ➤ independence ➤ education ➤ qualification and experience ➤ length of service and age ➤ significant other directorships ➤ political connections ➤ other relevant information	Refer to pages 102 to 104 of the printed section of the integrated annual report and pages 54 to 57 and 76 to 77 of this report.
The nominations committee comprises the board chairperson and non-executive directors.	Refer to pages 54 to 57 of this report.
The audit committee does both of the following: ➤ considers and satisfies itself of the suitability of the expertise and experience of the financial director every year ➤ reviews the finance function every year	Refer to pages 58 of this report.
Both of the following are disclosed in the integrated report regarding each board committee: ➤ composition ➤ role and mandate	Refer to pages 54 to 60 of this report.
The company discloses: ➤ the number of meetings held each year by the board and each board committee ➤ which meetings each director attended (as applicable)	Refer to pages 54 to 57 of this report.
The audit committee recommends to shareholders the appointment, re-appointment and removal of the external auditor.	Refer to page 60 to 61 of this report.

BOARD OF DIRECTORS

P (Philisiwe) Mthethwa (50)

INDEPENDENT CHAIRPERSON OF MAIN BOARD AND NOMINATIONS COMMITTEE

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

Philisiwe was appointed CEO of the National Empowerment Fund (NEF) in July 2005.

Prior to joining the NEF, Philisiwe worked for a French investment bank in London, was responsible for risk management control at the South African Reserve Bank and worked in the Treasury division at Standard Corporate and Merchant Bank. She was employed by the dti to promote European investment in South Africa.

In 2002, she returned to South Africa to become the Chief Director of the black economic empowerment unit of the dti, which developed the government's broad-based black economic empowerment strategy, the BBBEE Act and the Codes of Good Practice. Philisiwe also serves on the boards of SANLAM Limited and SANLAM Life Insurance Limited and the Industrial Development Corporation.

Among her recent accolades are: The Business Women Association's Corporate Business Woman: Year Award 2011, Africa's Business Woman of the Year 2011 by Africa Investor and being appointed "Chevalier de la Legion d'Honneur" (Knight of the National Order of Merit) by the President of France, Nicolas Sarkozy, in recognition of her distinguished achievements.

MR (Mike) Upton (59)

EXECUTIVE DIRECTOR, 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 joined Group Five in 2002.

He was appointed to the board in 2006 and as CEO in 2007.

He has 11 years' experience at Group Five in multi-disciplinary construction, plant engineering and business repositioning, with the last eight years as exco member, executive director and CEO.

Before that, Mike was with NEI, Rolls Royce and ABB where he gained over 20 years' experience in manufacturing, engineering, commercial and marketing and international construction and services.

He has been operating at an exco and board level since 1994.

CM (Cristina) Freitas Teixeira (41)

EXECUTIVE DIRECTOR, EXECUTIVE COMMITTEE MEMBER, MEMBER OF SOCIAL AND ETHICS COMMITTEE

BCom, BCompt (Hons), CA(SA)

Cristina joined Group Five in 2002.

She was appointed to the board and as CFO in 2008.

She was at PricewaterhouseCoopers until 2002 where she was a senior audit manager in the energy and mining group.

At Group Five she has filled a number of positions in the group.

She achieved the position of CFO within six years of joining the group after clearly demonstrating her ability to operate at a very senior level and to effectively manage numerous complicated business and financial issues.

Cristina was awarded the Business Women Association's Corporate Business Woman: Year Award 2013.

She is a non-executive director of digitalME (Pty) Limited.

NJ (Justin) Chinyanta (54) (Zambian)

INDEPENDENT NON-EXECUTIVE DIRECTOR, MEMBER OF RISK COMMITTEE, MEMBER OF REMUNERATION COMMITTEE

Bachelor of Law Degree (Zambia), Fellow: Weatherhead Center for International Affairs (Harvard), Master of Laws (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 (Loita Holdings Corporation Africa), a pan-African investment banking and ICT firm based in Mauritius.

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 is appointed as an independent non-executive director who brings strong commercial and project finance experience to the board and extensive pan-African business networks.

Justin is a non-executive board member of Ecobank Malawi (chairperson of risk and credit committee) and chairs the boards of AAR Credit Kenya and Uganda. He is the non-executive vice chairperson of the Zambia Bond and Derivatives Exchange (BADEX), and vice president (Southern Africa) for the Africa Business Roundtable.

He is a pioneer member of General Colin Powell and Ms Madeleine Albright's Initiative for Global Development Frontier 100 CEOs.

In April 2013, he was appointed to the Duke of Edinburgh's Commonwealth Study Conference Leaders Forum.

Prior to co-founding the Loita Group, Justin was a senior officer at Citibank and HSBC's Africa region offices. His previous appointments include being an ex-officio member of the President of Zambia's International Business Advisory Council. Justin was appointed to the board as an independent non-executive director and brings strong commercial and project finance experience to the board, as well as extensive pan-African business networks.

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 was appointed in November 2008 as a non-executive director. John has significant experience in large capital projects and business strategy. He was the CEO of Sentrachem Limited from 1991 to 1998 and an executive director of Sappi Limited until his retirement in 2005. After that he served as a non-executive director on Sappi's board until 2006 and was chairperson of Global Forest Products from 2005 to 2007.
He has served on a number of boards, including Telkom Limited, Armscor and Denel. He is a director of a number of unlisted private companies.

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), Fellow of the South African Academy of Engineering (SAAE)

Willem is a civil engineer with extensive project and technical and technology management (capital projects) skills, as well as new business development and integration management experience in the energy and chemical industry, both locally and over-border.

Willem currently serves as a director of the Centre for Business Management of Projects with the University of Stellenbosch's Business School, the Executive Development (USB-ED) company. Willem was appointed as an independent non-executive director who brings relevant industrial and engineering and project management experience to the board.

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 was appointed in July 2005 as a non-executive director. Stuart practised at KPMG South Africa for over 30 years, ultimately as CEO. After KPMG, he became group financial director of Nedbank Group.

Stuart's other non-executive directorships include City Lodge Holdings where he is chairperson of the audit committee and a member of the risk committee, Hudaco Industries where he is chairperson of the audit and risk committees and a member of the remuneration and nominations committees, Mwana Africa where he is acting chairperson of the board and the chairperson of the audit committee and a member of the remuneration committee, Rolex Watch Company (South Africa) where he is the local director, Sasol Pension Fund where he is chairperson of the board and of the audit and risk and operations committees, Wits Donald Gordon Medical Centre where he is chairperson of the board, audit committee and of exco, and Zurich Insurance Company (South Africa) where he is chairperson of the audit and risk and remuneration committees.

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 was appointed in July 2002 as a non-executive director. Kalaa worked at Bechtel Corporation in San Francisco before joining the LTA Group, a subsidiary of Anglo American Corporation in 1991. In 1995, he joined the new mining business of Anglo American where he was responsible for exploration and the acquisition of resources in Africa. He was appointed as an alternate director of Anglo American Corporation of South Africa in 1997. He left Anglo American in December 2001 and established Mwana Africa Holdings (Mwana) in 2003. The company has since listed on AIM. Kalaa is a director of Global Multi Trade and Mwana, a non-executive director of Freda Rebecca Gold Mine and chairperson of Bindura Nickel, both situated in Zimbabwe.

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 is the CEO of the Black Business Council.

Babalwa also has several business interests and actively participates in numerous national forums on economic growth and development.

She currently serves as a member of the boards and audit committees of Impala Platinum Holdings Limited, Barloworld Limited and Evraz Highveld Steel Limited. Babalwa was appointed as an independent non-executive director and brings auditing and financial experience to the board.

VM (Vincent) Rague (61) (Kenyan)

INDEPENDENT NON-EXECUTIVE DIRECTOR, MEMBER OF AUDIT COMMITTEE, MEMBER OF RISK COMMITTEE

BA (Hons) Economics and Statistics (University of Nairobi), MBA (Darden Business School, University of Virginia, USA), Executive Development Programme (Harvard Business School)

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.

He currently serves as an independent non-executive director of Kenya Airways, SANLAM Africa Core, the Pan Africa Infrastructure Development Fund (PAIDF) and GuarantCo.

Vincent was appointed as an independent non-executive director who brings investment, project and corporate finance experience to the board.

MR (Mark) Thompson (61)

INDEPENDENT NON-EXECUTIVE DIRECTOR, MEMBER OF AUDIT COMMITTEE, MEMBER OF REMUNERATION COMMITTEE

BCom, BAcc, LLB, CA(SA)

Mark is both 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 also serves as a non-executive member of Rand Merchant Bank's audit committee and the FirstRand Banking Group's corporate and investment banking credit committee.

Mark was appointed as an independent non-executive director and brings accounting and corporate financial management experience to the board.

EXECUTIVE MANAGEMENT

J (Jesse) Doorasamy (43)

EXECUTIVE COMMITTEE MEMBER – HUMAN RESOURCES
MEMBER OF SOCIAL AND ETHICS COMMITTEE

BSoc. Sc, BCom (Hons), PG DIP IR

Jesse has eight years of in-depth experience in the group from both an operational and strategic perspective and held the role of Human Resources Director: Construction before his appointment as HR executive and a member of the executive committee.

Prior to that, Jesse was the HR director of 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 strong track record in managing human capital issues in the rest of Africa, something that is crucial to the group's continued expansion strategy.

P (Paul) Le Sueur (57)

EXECUTIVE COMMITTEE MEMBER – STRATEGIC PROJECT DEVELOPMENT

BSc QS, MAQS, RQS, RICS, MSc Building Management

Paul joined Group Five in 1984 and was appointed to exco in 2004.

He served on the Inter Ministerial Task Committee responsible for the formation of the Construction Industry Development Board. He was a member of the Faculty of Engineering and Built Environment board at the University of the Witwatersrand.

Paul has more than 30 years' experience in the construction sector and has developed the group's Building and Housing operations, including regional operations in East Africa, KwaZulu-Natal and Western Cape until his appointment as Executive: Strategic Project Development.

AJ (Andrew) McJannet (51)

EXECUTIVE COMMITTEE MEMBER – CONSTRUCTION
MEMBER OF RISK COMMITTEE

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

Andrew joined Group Five in 1987 and was appointed to exco in 2007.

He was the MD of Civil Engineering from 2002 until 2005 when his portfolio was expanded to include Civils, Mining and Industrial and Roads and Earthworks.

The combined business now operates in South Africa and most of sub-Saharan Africa. Andrew brings a wealth of operational, managerial and leadership experience into his new role as the Head of Construction.

He has significant experience in working for both public and private clients both in South Africa, the rest of Africa and the Middle East. Andrew is a council member of the South African Federation of Civil Engineering Contractors (SAFCEC).

GD (Guy) Mottram (48)

EXECUTIVE COMMITTEE MEMBER – RISK
MEMBER OF RISK COMMITTEE, MEMBER OF SOCIAL AND ETHICS COMMITTEE

BCom, LLB

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

ECJ (Eric) Vemer (49)

EXECUTIVE COMMITTEE MEMBER – INVESTMENTS AND CONCESSIONS

BSc Eng (Civil) (Hons), MBA

Eric joined Group Five in 2005.

He was appointed to exco at the same time. He was the MD of Infrastructure Development Services and deputy MD of Intertoll before becoming head of Investments and Concessions in 2007.

His focus areas are Intertoll, large infrastructure projects, independent power projects, public private partnerships, concessions, property developments and group merger and acquisition activity.

Prior to joining Group Five, Eric was with HSBC Bank plc as head of Specialised Finance and Advisory for sub-Saharan Africa. He served on the exco of HSBC Investment Services (Africa) (Pty) Limited.

JA (John) Wallace (56)

EXECUTIVE COMMITTEE MEMBER – MANUFACTURING

BCom, Hons Programme in Advanced Marketing and Executive Management Programme

John joined Group Five in 2002 and was appointed to exco in 2004.

He led the turnaround of Everite in the group.

Prior to joining Group Five, he was managing director of several organisations involved with plastic packaging, chemicals and related fields where he repositioned and turned around poorly-performing entities.

John has 20 years' experience in strategy and the restructuring of businesses.

WI (Willie) Zeelie (52)

EXECUTIVE COMMITTEE MEMBER – ENGINEERING & CONSTRUCTION (E+C), MEMBER OF RISK COMMITTEE

Higher National Diploma Electrical Engineering, Pr Tech Eng, MSAIEE

Willie joined Group Five in 2003 and was appointed to exco in 2008.

Before joining Group Five, Willie spent 20 years in executive roles in the power industry with groups such as Alstom, Eskom, Reyrolle and ABB.

He established Power Systems in 2005 and Group Five Energy in January 2007.

He established Engineering & Construction Services in 2010 with a focus on the energy, power, oil and gas and water sectors.

He assumed the role of Executive: Engineering & Construction during F2012.

People

LABOUR PRACTICES AND DECENT WORK

INTRODUCTION

Group Five is cognisant of the fact that the quality of its employees is both the single largest risk and the most effective risk mitigation with respect to the successful delivery of its strategy. We are committed to the creation of a working environment and value proposition which is competitive and attractive to our employees and prospective employees to enable us to attract and retain the talent required to ensure the successful delivery of contracts and our sustainability.

The group remains focused on the delivery and continuous improvement of all elements of its employee value proposition. These include:

- Quality people management and people management systems
- Continuous development through our training programmes
- Competitive remuneration
- Career development opportunities
- Talent management

1 ASPECT 1: EMPLOYMENT

BENEFITS TO FULL-TIME EMPLOYEES

In line with group's intent to provide a competitive and desirable package of benefits to its employees, we have in recent years made major strides towards a higher degree of employee choice. The table below outlines benefits to permanent employees over and above salaries.

BENEFITS TO PERMANENT EMPLOYEES	
LIFE ASSURANCE	
Group life assurance	Death benefit – 3 x annual pensionable earnings
Group personal accident assurance	Death and disability benefit following an accident – 3 x annual income on death and up to 75% of income on disability
DISABILITY/INCOME PROTECTION	
Permanent disability	75% of income
Temporary disability	75% of income
Education benefit	Tuition for dependants
Group personal accident – injury recuperation cover	100% of income for a maximum of six months
	Permanent disability – 3 x annual pensionable earnings
HEALTHCARE – CHOICE BETWEEN TWO SERVICE PROVIDERS	
Service provider 1	13 schemes
Service provider 2	4 schemes
RETIREMENT FUNDING	
Provident fund	Defined contribution fund (16.5% of retirement funding income) (RFI)
Pension fund	Defined benefit fund (15.5% of RFI)
MATERNITY BENEFITS	
Three months' leave	100% of income
Four months' leave	75% of income
LONG SERVICE LEAVE	
After five years	Additional three days
After ten years	Additional two days
FLEXI-TIME	
Core hours 9:00 to 15:00	Integrated central office

BENEFITS TO PERMANENT EMPLOYEES	
CRÈCHE FACILITY	
Up to Grade R	Under construction at integrated central office
GYM FACILITY	
Fully equipped with instructors	Integrated central office
CANTEEN FACILITY	
Providing full catering function	Integrated central office
TOLL SUBSIDY	
R450 per month	Integrated central office
TRAVEL ALLOWANCE	
Based on AA rates and individual requirement	Integrated central office

Although the group strives to provide equal benefits to all permanent employees, the prevalence of collective bargaining arrangements in the skilled, semi-skilled and unskilled levels of the company does result in a degree of differentiation.

EMPLOYEE ENGAGEMENT

Over the last six years, the group has conducted an annual employee engagement survey.

The group monitors the level of employee engagement on an annual basis to identify trends and to focus on the delivery of our employee value proposition. As can be seen from the trends in the table, this year the results reflected continuous improvement. The group also continued to rank in the top 12 overall and highest in our sector in the Top Employers survey conducted by the Corporate Research Foundation.

Employee survey results

Results this year reflect significant improvements in ten of the 11 dimensions, with best improvements of greater than 1% registered in employee brand recognition (+4.6%), alignment with strategy and leadership (+2.6%), culture and values (+2.6%), and most pleasingly, recognising our efforts with change and transformation (+1.5%).

Measure	F2014 – F2013	% change	F2013 – F2012	% change	F2012 – F2011	% change	F2011 – F2010	% change	F2010 – F2009	% change	F2009 – F2008
Overall	**67.8**	**1.2**	66.6	(0.1)	66.7	0.7	67.0	1.1	65.9	2.00	63.9
Communication	**62.0**	**0.0**	61.9	0.5	61.4	0.1	61.3	1.2	60.1	8.5	51.6
Relationships and trust	**67.2**	**1.3**	65.9	0.3	65.6	(0.4)	66.0	1.4	64.6	3.1	61.5
Strategy and leadership	**72.0**	**2.6**	69.4	(0.4)	69.8	(0.2)	70.0	2.6	67.4	1.6	65.8
Rewards, recognition and performance management	**60.5**	**(0.4)**	60.9	0.1	60.8	1.2	59.6	(0.05)	60.1	2.3	57.8
Diversity	**69.6**	**0.8**	68.8	0.3	68.5	(0.3)	68.8	0.6	68.2	1.9	66.3
Culture and values	**70.9**	**2.6**	68.3	(1.4)	70.7	(0.1)	70.8	1.3	69.5	1.9	67.6
Structures	**74.2**	**2.0**	72.2	(0.3	72.5	0.1	72.4	2.2	70.2	(0.6)	70.8
Change and transformation	**64.0**	**1.5**	62.5	0.4	62.1	(0.3)	62.4	0.3	62.1	1.3	60.8
Human capital management	**67.9**	**0.8**	67.1	(0.1)	67.2	(2.5)	69.7	1.2	68.5	0.8	67.7
Management style	**69.0**	**0.9**	68.1	(0.5)	68.6	0.5	68.1	0.8	67.3	0.0	67.3
Internal brand awareness	**83.1**	**4.6**	79.5	(0.7)	82.2	(1.0)	83.2	3.7	79.5	new	–

World class (85%+) Top company (65% – 84%) Middle class/average (52% – 64%) Poor (0.0% – 52%)

DISCIPLINARY AND GRIEVANCE POLICY/ PROCEDURES

Consistent and equitable treatment of all employees who have grievances or who contravene the group's Code of Conduct contributes to the existence of a disciplined and productive workforce. In line with this, the group provides regular education and communication of our Code of Conduct. As outlined on page 33, during the year, the Code of Conduct was updated, with communication and training taking place in the group during F2015.

The group has also invested significant time and resources to ensure well trained managers are available to preside over both grievance and disciplinary hearings.

FORMAL PERFORMANCE MANAGEMENT SESSIONS

In pursuit of the group's values of driving performance and excellence, we aim to provide all employees with formal appraisals of their performance. Employees also receive an individual training and development plan on an annual basis. However, more work is required to ensure consistency. While this year's overall percentage completed reduced due to reviews usually taking place at the time of the year we moved to our new integrated central office, the overall quality of the reviews have improved. Following training through our Group Five Academy on how to conduct more effective performance reviews, training needs and career path discussions are being more directly addressed at performance reviews.

	2014	2013	2012	2011	2010	2009	2008	2007
%	**78.2**	83.0	82.0	74.5	67.0	52.9	45.7	44.9

CURRENT EXECUTIVE AND SENIOR MANAGEMENT APPOINTMENT SPLIT

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. The table below reflects how many of our current senior managers (Paterson grades D upper and more senior) were promoted into their current positions compared to those who were appointed into positions from outside the group.

AS CAN BE SEEN FROM THE TABLE, **80 OUT OF 106 (75%)** OF THE CURRENT SENIOR MANAGEMENT POSITIONS ARE HELD BY EMPLOYEES PROMOTED FROM WITHIN THE GROUP.

People – labour practices and decent work continued

	Female						Male						Total	
	Black		White		Total		Black		White		Total		Total	
Category	**F2014**	F2013	**F2014**	F2013	**F2014**	F2013	**F2014**	F2013	**F2014**	F2013	**F2014**	F2013	**F2014**	F2013
External appointment	**3**	1	**2**	2	**5**	3	**8**	13	**13**	8	**21**	21	**26**	24
Internal appointment	**1**	1	**7**	8	**8**	9	**14**	10	**58**	63	**72**	73	**80**	82
Total	**4**	2	**9**	10	**13**	12	**22**	23	**71**	71	**93**	94	**106**	106

BREAKDOWN BY GEOGRAPHY AND GENDER (PERMANENT AND CONTRACT-SPECIFIC EMPLOYEES)

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

Of the 24% of our workforce outside of South Africa, 92% are employed on a contract-specific basis. This is consistent with our policy of utilising and developing local labour and reducing our dependence on expensive expatriate labour in all but specialised positions. In South Africa, the component of temporary employees is 58%, again consistent with our policy to provide permanent work where possible, but to retain contract-specific employment when warranted for operational requirements.

Location	Male	%	Female	%	Total	%
International	**3 048**	**24**	**370**	**19**	**3 418**	**24**
Contract-specific	2 831	93	318	86	3 149	92
Permanent	217	7	52	14	269	8
Local	**9 442**	**76**	**1 625**	**81**	**11 067**	**76**
Contract-specific	5 655	60	803	49	6 458	58
Permanent	3 787	40	822	51	4 609	42
Total	**12 490**	**100**	**1 995**	**100**	**14 485**	**100**

VACANCY ANALYSIS

The table below reflects the vacancies in our key operational positions (in Paterson grade levels C2 and more senior) at the time of reporting expressed as a percentage of the total employees in those grades.

While still **high at 5.1%**, the year-on-year reduction in vacancies is due to our improved internal recruitment service.

Facilitated by our move to an integrated central office in Gauteng, we have centralised the group's recruitment capacity. This allows us to take advantage of a growing central database of applicants and economies of scale and interaction between the group's recruiters.

%	**F2014**	F2013	F2012	F2011	F2010	F2009	F2008	F2007	F2006
Vacancy analysis	**5.1**	8.0	<1	<1	2.0	10.0	12.2	11.7	11.9

2 ASPECT 2: LABOUR/MANAGEMENT RELATIONS

INTRODUCTION

The group's employee relations strategy and policy is founded on the principles of proactive engagement. It is regulated by best practice policies and procedures based on legislation and the legal environment in which we operate.

The employee relations function is managed by the group executive director of HR. He is supported at a corporate level by the HR director of operations and services and an industrial relations specialist who is a qualified labour attorney. These central resources are supported at site level by a number of experienced industrial relations practitioners.

This year saw volatile labour relations in the group's home market of South Africa, with an increase in man days lost due to strike action 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. 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.

Notwithstanding the increased volatility, 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.

The group is represented on all major industry negotiating forums.

LEVEL OF UNIONISATION OF THE TOTAL WORKFORCE (BOTH LOCAL AND INTERNATIONAL (F2009 – F2014))

The table below shows that 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 2.2% to 17%.

	F2014	F2013	F2012	F2011	F2010	F2009
Total employee headcount (all employees)	**14 485**	13 659	10 846	11 997	12 497	14 050
Number of unionised employees	**2 494**	2 120	2 039	2 285	2 416	1 752
Union membership as % of total workforce	**17**	15	18	19	19	12

CCMA CASES

THE PUBLICITY SURROUNDING THE CAMPAIGN BY THE CONGRESS OF SOUTH AFRICAN TRADE UNIONS (COSATU) TOWARDS THE PROVISION OF DECENT WORK AND THE ABOLITION OF TEMPORARY CONTRACT-SPECIFIC LIMITED DURATION CONTRACTS (LDCS) OVER THE LAST FEW YEARS, RESULTED IN AN 83% INCREASE IN THE NUMBER OF EMPLOYEES QUERYING THE LEGITIMACY OF THE TERMINATION OF THEIR LIMITED DURATION CONTRACTS AT THE CCMA.

Due to a combination of our rigorous adherence to the required notice periods and procedures, and consistently well prepared and factual CCMA submissions, we continued to win 98% of our cases. However, attending to these claims placed significant strain on our industrial relations resources during the year.

%	**F2014**	F2013	F2012	F2011	F2010	F2009	F2008	F2007	F2006
Referrals (number of cases)	**108**	53	68	95	108	38	48	38	78

PROPORTIONAL UNION REPRESENTATION AS A PERCENTAGE OF THE SOUTH AFRICAN WORKFORCE

While in most cases the physical number of employees subscribing to the various unions representative in the group increased in real terms, their individual overall proportional representation locally declined due to a broader South African employee base (from 10 284 in F2013 to 11 783 in F2014).

% split	AMCU	BCAWU	BWAWUSA	GIWUSA	NUM	NUMSA	SACWU	SATAWU	Total
2014	**0.07**	**2.42**	**0.29**	**1.34**	**11.33**	**3.01**	**0.34**	**2.36**	**21.16**
2013	0.09	1.66	0.48	1.8	11.86	0.36	0.4	2.8	21.3
2012	0.25	2.0	0.5	2.0	13.5	–	–	2.0	21.6
2011	–	3.0	1.0	–	26.0	–	–	2.0	33.0
2010	–	5.0	–	–	22.0	–	–	1.0	30.0
2009	–	2.0	2.0	–	21.0	–	–	–	26.0

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

The table below reflects the incidence and impact of strikes in man days lost across the group's clusters. As can be seen, 13 out of the 16 strikes were unprotected, which means it happened without employees and/or unions following CCMA dispute referral processes.

Cluster	Business	Union	Total strikes	Protected strikes	Man days lost
Construction	Building and Housing	NUM	5	1	11 385
Construction	Civil Engineering	NUM, AUBTW, BCAWU	2	2	11 753
Engineering & Construction	Oil and Gas	NUM, NUMSA	9	0	1 303
Total			**16**	**3**	**24 441**

NOTICE PERIODS REGARDING OPERATIONAL CHANGES

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

Limited duration contract employees (LDCs)

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

Limited duration contracts specify anticipated contractual termination date.

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

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

PERMANENT EMPLOYEES

Non-unionised employees

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

Consultation in accordance to the Labour Relations Act (LRA) Section 189 takes place over a period of one month in an attempt to avoid job losses and/or reach consensus on issues such as severance payment and timing of exit.

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

Unionised employees

Collective bargaining agreements specify the specific processes to be followed in the instance of contemplated job losses due to operational requirements. The group forms part of agreements with the Steel and Engineering Industries Federation of South Africa (SEIFSA), the South African Forum of Civil Engineering Contractors (SAFCEC), the Bargaining Council of the Civil Engineering Industry, the Construction Industry Bargaining Council (CIBC), the Gauteng Building Voluntary Bargaining Forum (GBVBF) and various regional bargaining councils.

Where the group operates outside the jurisdiction of a collective agreement or bargaining council, we enter into recognition and procedural agreements with organised labour which outline processes to be followed.

FOCUS GOING FORWARD

Going forward, we will develop a central resource centre to assist with the effective management of industrial action, including a library of standardised documents for use through the group. We will also standardise and reinforce best practice consultation on sites and contracts will be revised in line with requirements to the amended Labour Relations Act.

We will continue to proactively engage with various unions and other employee-related governing bodies. We will also recruit additional top talent to improve the depth and diversity of our teams and to ensure that we can take advantage of growth opportunities. We will roll out our central talent management and manpower planning function to ensure a more co-ordinated approach to succession planning. Supervisor and management training will be intensified to enforce on-site adherence to group practices and procedures.

3 ASPECT 3: HEALTH AND SAFETY

HEALTH

This section covers both occupational and employee health issues.

INTRODUCTION

Group Five applies uniformed health standards across all its operations, both in South Africa and over-border. To further manage employee health issues effectively, regular reviews are conducted on control measures. Occupational health exposures are consolidated and reported to the board on a quarterly basis.

The group implemented a single occupational health standard and system two years ago for employees and sub-contractor employees. This continues to improve monitoring and measuring. Occupational health standards are revised annually for continual improvement. Contractor fitness certificates are evaluated for authenticity and applicability to ensure fitness is proven against site-specific risks. The group uses a range of specialist service providers to offer occupational and primary healthcare, counselling, health insurance, executive health programmes and HIV and Aids awareness.

MEDICAL SURVEILLANCE

Employees undergo pre-employment medicals, annual medicals and exit medicals. Information is captured electronically to centrally monitor adverse trends and to allow us to mitigate health risks on sites.

Employees with chronic conditions are referred to their own medical practitioners or provincial clinics where no medical aid cover is available. A report from the treating doctor is required to enable the service provider to issue a fitness certificate.

The group's occupational health nurse contacts service providers and the respective segment management monthly with regards to concerns noted on the group's internal system to ensure employees of concern are monitored and managed. This is done discreetly without highligting the diagnosis and without compromising the employee's confidentiality.

On-site clinics are opened on large sites to monitor occupational health issues.

OCCUPATIONAL CONCERNS

Current key occupational concerns in the group include:

Noise-induced hearing loss

During the year, 12 cases required follow-up and management. These cases were referred for diagnostic audiograms at an audiologist and a medical report completed by the occupational medical practitioner and the group. The Compensation for Occupational Injuries and Diseases administrator was notified to ensure registration for compensation, if deemed to be a claimable case.

Hypertension

During the year, 92 cases required follow-up and management. All new and uncontrolled hypertension cases were referred to the employees' medical practitioners or government clinics for assessments and treatment. These cases require a minimum of seven days to allow treatment to take effect. The employee is requested to return to the occupational health service provider with a report on the efficacy of the prescribed medicine. Where no clinic is available on site, hypertension cases are advised to have their blood pressure taken at least once a week at a pharmacy or clinic, with the results sent to the employees' doctors or taken to clinics at the next visit.

Diabetes

A total of six cases were identified for follow-up and management. All new and uncontrolled diabetes cases were referred to the respective employees' medical practitioners or government clinics for assessment and treatment. Employees were also advised of the correct diet and exercise to consider. A follow-up medical was booked within a seven-day period and a report requested from the treating doctor.

Poor vision

During the year, 38 employees were identified for follow-up and management. Visually impaired cases were referred to an optician for screening and provision of spectacles. Employees have to provide the vision assessment before a fitness certificate will be issued.

Obstructive lung patterns

The cause of obstructive lung patterns could be due to smoking or exposure to irritants such as dust and hazardous chemicals. When lung problems occur, workplace investigations are conducted and the employee's occupational exposure history researched. Cases are referred for x-rays and specialist assessment to confirm possible causes and to provide focused treatment. 40 reported occupational diseases, such as asbestosis and pneumoconiosis cases from previously employed personnel from the Manufacturing cluster, are periodically measured and results recorded.

Although the group's operations have been asbestos-free since 2002, employees who left the Manufacturing cluster and who were previously exposed to asbestos are encouraged to return for medical examinations on an annual basis at one of the identified clinics situated across the country. Those with signs of asbestos-related illness are referred to the Compensation Commissioner in terms of the Compensation for Occupational Injuries and Diseases Act (COIDA). Although the group was released from any further legal liability arising from asbestos in terms of a Constitutional Court Ruling, we continue to voluntarily supplement the pensions paid to the affected employees.

The company also remains committed to carrying out screenings for all current and past employees. Asbestos Regulation 155 of 2001 regulates identification, referral, treatment and registration for possible compensation according to the Compensation for Occupational Injuries and Diseases Act.

MEDICAL EXAMINATIONS

The tables below outline the number of employee medicals conducted during the year, with the main issues identified:

	Pre-employment medicals	Periodical medicals	Exit medicals	Travel medicals
July 2013	564	159	101	29
August 2013	566	118	103	18
September 2013	256	107	91	12
October 2013	575	349	117	3
November 2013	522	276	170	0
December 2013	171	43	157	2
January 2014	508	440	77	2
February 2014	587	483	87	1
March 2014	457	292	152	1
April 2104	211	307	173	2
May 2014	207	293	226	4
June 2014	185	113	151	1

Investments and Concessions

Focus areas	Number of medicals
Pre-employment medicals	50
Periodical medical	341
Exit medicals	4
Travel medicals	6

Main concerns
No concerns noted

Engineering & Construction (E+C)

Focus areas	Number of medicals
Pre-employment medicals	1 836
Periodical medical	655
Exit medicals	333
Travel medicals	2

Main concerns
Uncontrolled hypertension
Uncontrolled diabetes
Poor vision

Manufacturing

Focus areas	Number of medicals
Pre-employment medicals	97
Periodical medical	730
Exit medicals	46
Travel medicals	0

Main concerns
Referrals to an optician
Referrals to hospital
X-ray referrals
Diagnostic audiogram referrals
86 hypertension patients and 44 diabetic patients followed up

Construction

Focus areas	Number of medicals
Pre-employment medicals	2 806
Periodical medical	1 834
Exit medicals	1 139
Travel medicals	62

Main concerns
Possible bilateral noise-induced hearing loss
Uncontrolled hypertension
Vision impairment
Possible obstructive lung disease
Uncontrolled diabetes

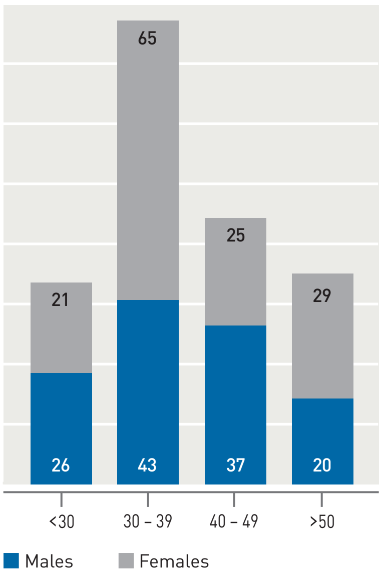
CLINICAL AND LIFESTYLE RISKS

An external health provider assists the group to provide the tools and research to address employee health issues. This approach reduces costs related to healthcare, productivity and absenteeism. It is estimated that about half of corporate healthcare expenses are as a result of lifestyle risk factors. We therefore conducted a health and wellness measurement on employees during the year against four lifestyle risks and six clinical risks. Lifestyle risk factors lead to clinical risk factors which strongly influence the likelihood of development of chronic diseases. This remains a focus, as approximately 60% of deaths in the world are attributed to chronic diseases. The following pages outline the main findings from the assessment conducted in mid to late 2013.

Participation demographics

The breakdown by age and gender of these attendees is shown below.

Age distribution (years)



Lifestyle risks of employees

The table below summarises each of the four lifestyle risk factors, as well as the percentage of the workforce that is at risk in each of these four categories. A risk indicator "traffic light" (red, orange and green) provides a sense of the severity of each risk. The average is also displayed.

Lifestyle risk	Risk indicator	% at risk	Wellness day average in last 12 months %	Definition
Smoking status	●	9	15	Attendees that smoke
Alcohol consumption	●	2	4	Attendees that consume 3+ drinks per day
Nutritional intake	●	38	67	Attendees that have <5 vegetable and fruit servings per day
Physical activity	●	29	48	Attendees that exercise for <150 minutes per week

A "lifestyle score" for the group is calculated by combining the above four lifestyle risks, and provides a summary of the lifestyle risks.

Lifestyle score	Risk indicator	Wellness day average in last 12 months	Definition
0.8	●	1.3	Average number of lifestyle risk factors per employee

Clinical risks

The table below summarises the results for the six clinical risk factors assessed. The average is also displayed.

Lifestyle risk	Risk indicator	% at risk	Wellness day average in last 12 months %	Definition
Body mass index (BMI)	●	32	50	Attendees with abnormal BMI
Waist circumference	●	15	26	Attendees with abnormal waist circumference
Blood pressure	●	6	18	Hypertensive attendees
Cholesterol	●	22	23	Attendees with a level = 5.0 mmol/l
Glucose	●	3	8	Attendees with a level = 6.9 mmol/l
Chronic diseases	●	11	17	Attendees with at lease one chronic disease

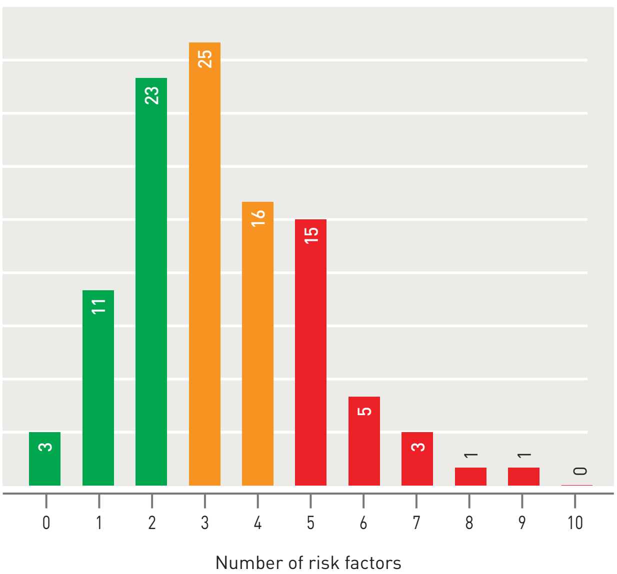
A "clinical score" summarises these six risks.

Clinical score	Risk indicator	Wellness day average in last 12 months	Definition
0.9	●	1.4	Average number of clinical risk factors per employee

Overall risks of employees

The four lifestyle risks and six clinical risks were combined to provide the distribution of the number of risk factors across the employee base.

Distribution of risk factors
(% of attendees)



41% of employees have three or four risk factors, while 23% have at least five risk factors.

Overall score	Risk indicator	Wellness day average in last 12 months	Definition
1.7	●	2.8	Average number of combined risk factors per employee

THE AVERAGE NUMBER OF RISK FACTORS PER EMPLOYEE (LIFESTYLE AND CLINICAL RISK FACTORS COMBINED) PROVIDES THE FOLLOWING RISK SCORE: USING THE FRAMINGHAM RISK SCORE (AN INTERNATIONAL RISK ASSESSMENT TOOL USED TO CALCULATE A PERSON'S RISK OF HEART DISEASE) IT CAN BE CALCULATED THAT 8% OF EMPLOYEES ARE AT RISK OF HAVING A CARDIOVASCULAR EPISODE IN THE NEXT TEN YEARS.

Actions

To further educate our employees on making healthy lifestyle choices to prevent certain chronic diseases, we have created a group integrated wellness committee that disseminates important health and wellness messages that will be communicated through information campaigns and shared to site level across the rest of Africa. The committee comprises management and health and wellness experts. Further monitoring of employees across the group will continue.

MALARIA MANAGEMENT

Due to the increase in contracts in remote African locations within the Construction cluster, malaria cases reported have increased. Close monitoring is conducted with the affected employees. Further training and information is disseminated with each team to ensure that medication and preventative measures are effectively understood and applied.

	F2014	F2013	F2012	F2011	F2010	F2009	F2008
Number of malaria cases	**253**	176	128	32	50	125	86

HIV AND AIDS AWARENESS TRAINING

Group Five's HIV/Aids awareness initiative "Know your Status" continues to be implemented in all the segments. The initiative focuses on the early detection of the HIV virus. This includes providing voluntary counselling and testing, supporting infected employees to help them stay healthy and lead a productive lifestyle and at the same time encouraging those who test negative to maintain their negative status.

Over 100 workplace peer educators (WPEs) have been trained to drive the programme at their individual segments. The WPEs' main responsibility is to encourage employees to undergo awareness counselling and testing (ACT) by educating them on the reality of HIV/Aids. The outcome of testing empowers employees to make informed and responsible decisions on how to live healthier and longer lives.

Our WPEs undergo a five-day Sector Education and Training Authority (SETA) certified programme to equip them with knowledge on the disease and their role in the campaign against Aids. We believe that the peer educator system is the most effective way in which to generate awareness and to start eradicating the perceptions attached to those who are infected.

Our HIV/Aids policy encourages ongoing training, awareness and testing. It also covers the important aspect of confidentiality of testing outcomes for all employees. In terms of the group's policy, no employee is discriminated against based on his/her HIV status. Treatment of those infected is facilitated either through the medical aid or the government health systems. Furthermore, the group has implemented a 24-hour toll-free line available for professional counselling to employees and members of their families.

HIV/Aids testing

Having focused strongly on testing 9 919 employees in F2013, the group tested 4 808 in F2014 due to the large number of mega-contract sites lasting more than 18 months where it was felt that repeat testing will not be as effective as rolling out to new sites.

	Number of employees trained (awareness provided)	Number of employees counselled and tested	Prevalence rate
F2009/F2010	6 426	6 156	18.0%
F2010/F2011	4 492	4 184	16.5%
F2011/F2012	6 281	6 089	17.3%
F2012/F2013	9 919	8 905	15.0%
F2013/F2014	**4 808**	**4 142**	**17.7%**

FOCUS GOING FORWARD

Continued strengthening of the implementation and management of health and safety in each segment continues. With the newly promulgated Construction regulations released during the financial year, further in-depth focus will assist the group towards the successful management of risk-based medicals. Basic health risk assessments per site will further govern focus per contract.

SAFETY

INTRODUCTION

Safety remains a critical focus within Group Five. Although the group's overall lost-time injury frequency rate (LTIFR) improved strongly from 0.27 to 0.17 even against significantly increased contracts, the group sadly suffered three fatalities. We find this unacceptable, as it is against our values and our aim to ensure Zero Harm. Safety is also a measure that is closely linked to securing contracts and ensuring effective delivery.

Of the three fatalities suffered, two were group employees and one a sub-contractor.

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.

CORRECTIVE ACTION

Based on these events, a number of corrective actions were immediately taken, which included:

- The CEO instructed that senior management hold a Stop for Safety campaign, which included re-training employees on the risks pertaining to their area of work
- Group-wide interventions were instructed, including raising the standard of identification and mitigation of all types of risks, re-iterating conditions and conducting behavioural consultations with employees around personal safety, with daily inspections towards compliance and the importance of reporting unsafe acts
- A centralised safety, health, environment and quality (SHEQ) Centre of Excellence supported by the executive committee members will be implemented. This will continue to contribute towards the Zero Harm target and compliance to all relevant international, national and regulatory requirements. The team will consist of specialist and well-trained and motivated health, safety, risk, environmental and quality professionals who deliver beyond the client expectation at a reduced cost and risk, as well as ensuring the standardisation of training, practices and certification

Group cumulative safety statistics

Cumulative from July 2013 to June 2014

Clusters/segments	Man hours	First-aid cases	FAFR**	Non-lost-time injury cases	NLTI FR	Lost-time injury cases	Occupational diseases reported	Fatal injuries	Current LTIFR#	Environmental incidents reported	Site inspections conducted
Corporate											
Corporate & Business Services	477 372	2	0.84	0	0.00	4	0	0	1.68	0	420
Cluster total	**477 372**	**2**	**0.84**	**0**	**0.00**	**4**	**0**	**0**	**1.68**	**0**	**420**
Investments and Concessions											
Intertoll Africa	1 382 791	7	1.01	9	1.30	2	0	0	0.29	1	96
Property Developments	11 580	0	0.00	0	0.00	0	0	0	0.00	0	168
Cluster total	**1 394 371**	**7**	**1.00**	**9**	**1.29**	**2**	**0**	**0**	**0.29**	**1**	**264**
Engineering & Construction (E+C)											
Engineering & Construction	8 954 181	109	2.44	41	0.92	6	0	0	0.13	3	311
Cluster total	**8 954 181**	**109**	**2.43**	**41**	**0.92**	**6**	**0**	**0**	**0.12**	**3**	**311**
Manufacturing											
Fibre Cement	2 386 343	29	2.43	12	1.01	12	0	1	1.01	0	1
BRI	373 379	10	5.36	4	2.14	0	0	0	0.00	0	36
Pipe	625 198	10	3.20	3	0.96	2	0	0	0.64	0	0
Cluster total	**3 384 920**	**49**	**2.90**	**19**	**1.12**	**14**	**0**	**1**	**0.83**	**0**	**37**
Construction											
Building and Housing											
Building: Coastal	11 269 576	161	2.86	69	1.22	8	0	1	0.14	0	0
Building: National and International	11 305 361	227	4.02	34	0.60	11	0	0	0.19	1	12
Housing	2 886 649	36	2.49	3	0.21	1	0	0	0.07	0	16
Civil Engineering											
Local and Africa	26 998 540	216	1.60	78	0.58	15	122	1	0.11	0	16
Plant and Equipment	736 948	38	10.31	5	1.36	1	0	0	0.27	0	9
Projects											
Projects	8 191 938	81	1.98	33	0.81	1	146	0	0.02	3	12
Cluster total	61 389 012	759	2.47	222	0.72	37	268	2	0.12	4	65
Group total	**75 599 856**	**926**	**2.45**	**291**	**0.77**	**63**	**268**	**3**	**0.17**	**8**	**1 097**

Abbreviations:

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

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

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

Against an increase of man hours from additional contracts awarded, we are very pleased with the improvement seen in our LTIFR, especially at the sub-contractor level where we have spent considerable time over the last few years to improve their personal safety. Unfortunately, due to the increased risk of new permanent employees with additional contracts awarded within the last year, the injury analysis conducted have shown increased severity of undesired events. This continues to be closely monitored and managed.

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.*

CONTRACT SAFETY PERFORMANCE

2013

DATES AND SEGMENTS	CONTRACTS	LTI-FREE HOURS
AUGUST		
CIVIL ENGINEERING	Acid Mine Drainage	5 000 000
	Mahatma Ghandi	2 000 000
PROJECTS	Akyem Gold (Ghana)	2 588 932 (at project close-out)
SEPTEMBER		
BUILDING: NATIONAL AND INTERNATIONAL	Forest Hill Shopping Centre	1 000 000
	Group Five Waterfall Park integrated central office	1 000 000
CIVIL ENGINEERING	Kibali Gold Mine (DRC)	1 500 000
HOUSING	Etwatwa Housing	1 000 000
OCTOBER		
BUILDING: COASTAL	Terminal 1 (TM1)	4 000 000
PROJECTS	Kibali (DRC)	2 000 000
DECEMBER		
PROJECTS AND CIVIL ENGINEERING	Kibali Gold Mine (DRC)	3 000 000
HOUSING	Etwatwa Ext. 30, 31 & 37	1 000 000
BUILDING: NATIONAL AND INTERNATIONAL	Forest Hill Shopping Centre	1 700 000
	Group Five Waterfall Park integrated central office	1 700 000
BUILDING: COASTAL	Terminal 1 (TM1)	4 800 000
	N2 Project	1 100 000
	SAPS Project	1 000 000
PROJECTS	Kusile Civil Works JV	5 000 000

2014

DATES AND SEGMENTS	CONTRACTS	LTI-FREE HOURS
JANUARY		
COASTAL / PROJECTS AND ENGINEERING AND CONSTRUCTION	TM1	5 000 000
PROJECTS	Kusile Civil Works JV	6 000 000
FEBRUARY		
HOUSING	Etwatwa Ext. 30, 31 & 37 Project	1 100 000
BUILDING: COASTAL	N2 Project	1 400 000
	SAPS Project	1 200 000
	Terminal 1 (TM1)	5 400 000
PROJECTS	Ghana – Akyem Project	1 100 000
	Kibali Gold Mine (DRC)	2 360 000
CIVIL ENGINEERING	Kibali Gold Mine (DRC)	3 500 000
MARCH		
CIVIL ENGINEERING	Kibali Gold Mine (DRC)	7 000 000 (Not only Group Five)
	Kusile Civil Works JV	6 000 000
PROJECTS	Ghana – Akyem Project	1 000 000
	Kibali Gold Mine (DRC) E & I	1 000 000
	Kibali Gold Mine (DRC) SMP	2 000 000
APRIL		
HOUSING	Etwatwa Ext. 30, 31 & 37	1 000 000
BUILDING: COASTAL	NMPP TM1	6 000 000
CIVIL ENGINEERING	Sasol FT Wax Expansion	1 000 000
	Kalagadi Manganese	1 000 000
	NMPP TM2	2 000 000 (total PMT)

2014

DATES AND SEGMENTS	CONTRACTS	LTI-FREE HOURS
MAY		
PROJECTS	NMPP TM2 (E & I)	1 000 000
	Kibali Gold Mine (DRC) SMP	3 000 000
	Kibali Gold Mine (DRC) E & I	1 000 000
BUILDING: COASTAL	NMPP TM1	6 000 000
CIVIL ENGINEERING	Zimbabwe Roads Rehabilitation	1 000 000
	Kusili Power Station	1 000 000
ENGINEERING & CONSTRUCTION	Chevron	2 000 000
JUNE		
ENGINEERING & CONSTRUCTION	TM1	5 000 000
	Engen	1 000 000
	NMPP Feeder Line	6 000 000
	Chevron	Eight years LTI-free

SAFETY, HEALTH AND ENVIRONMENTAL AWARDS RECEIVED

DATES AND SEGMENTS	CONTRACTS/SEGMENTS	AWARD
AUGUST 2013		
PROJECTS	Kibali (DRC)	DRA Safety Award – T Makgale
CIVIL ENGINEERING	Sasol FT Wax	Award for best team
SEPTEMBER 2013		
BUILDING: NATIONAL AND INTERNATIONAL	Group Five Waterfall Park integrated central office	Received first place at the Regional MBA in its category
OCTOBER 2013		
PROJECTS	Group Five Projects	FEM Award of Excellence for outstanding achievement of second place in the category High Risk Large Employer (Rate >=2.8 and Employees >=500), for the period 2012
BUILDING: NATIONAL AND INTERNATIONAL	Group Five Waterfall Park integrated central office	Received second place at the National MBA in its category
BUILDING: COASTAL	G J Crookes Hospital	KwaZulu-Natal MBA Regional Health and Safety Competition – Highly Commended – Contracts between R75 to R150 million
	Terminal 1	KwaZulu-Natal MBA Regional Health and Safety Competition – first place – Civil Engineering
	Infrastructure for New Ship to Shore Cranes	KwaZulu-Natal MBA Regional Health and Safety Competition Highly Commended – Civil Engineering
	Pomeroy Community Health Centre	KwaZulu-Natal MBA Regional Health and Safety Competition Highly Commended – Contracts between R75 to R150 million
DECEMBER 2013		
PROJECTS	Sasol FTWAX	Sastech – Safety Star Award

SIGNIFICANT RISKS

Key safety risks across the group include:

- Working at heights
- Road safety and motor vehicle accidents, specifically light duty vehicles
- Working in confined spaces
- Operating surface mobile and lifting equipment
- Equipment safeguarding, for example, to prevent moving parts striking someone
- Isolation of electrical equipment

To address these risks, the group continues to implement improvements. These include:

- Continual monitoring and measurement of compliance against national and international legislative and group standards
- Stop for Safety campaigns on a regular basis
- Safety-specific campaigns
- Visible felt leadership engagements
- Various inspections on site to evaluate the quality of service delivered
- Contractor safety, health and environmental plan reviews
- Daily toolbox talks
- Communications audits to ensure that risk assessments and assigned tasks are understood prior to the execution of tasks

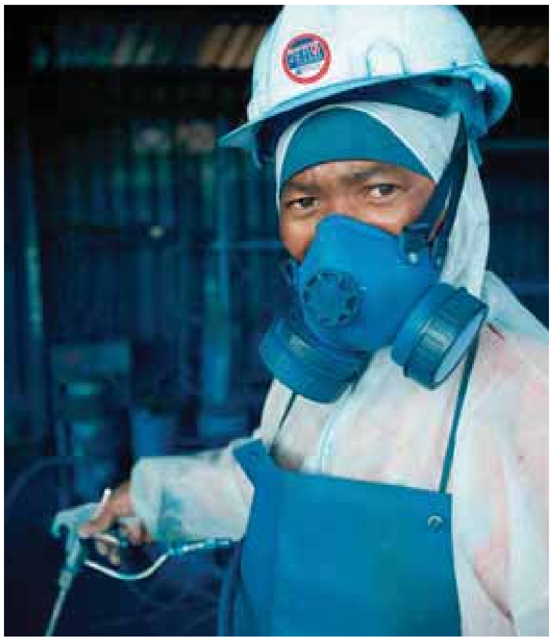
OHSAS 18001:2007 CERTIFICATION – OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT STANDARD

All segments within the group continue to hold certification against the OHSAS 18001:2007 management standard.

With the ongoing monitoring continued, no major findings were raised during the re-certification process experienced during the last financial year.

WORKFORCE REPRESENTED IN HEALTH AND SAFETY COMMITTEES

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



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

4 ASPECT 4: LEARNING AND DEVELOPMENT

INTRODUCTION

The Group Five Academy (The Academy) was launched in July 2006 based on the belief that employee knowledge, capabilities and talent are fundamental to business development and sustainable performance. The Academy is responsible for the planning and delivery of learning and development across the group, as well as maintaining support systems to track and manage all training.

The Academy's activities are structured around four areas:

- Leadership and management development
- Skills development
- Student management
- Technical and professional competence development

AN IMPROVED BUSINESS OUTLOOK IN THIS FINANCIAL YEAR RESULTED IN BOTH AN INFLUX OF NEW EMPLOYEES AT ALL LEVELS, AS WELL AS AN INCREASED EXPENDITURE ON TRAINING. TOTAL SPEND ON TRAINING INCREASED BY 21% FROM R37,1 MILLION LAST YEAR TO R45,1 MILLION. 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 PREVIOUS FINANCIAL YEAR.

OVERALL EXPENDITURE PER CATEGORY OF SPEND

Training spend increased in all areas, with a particular focus on skills training delivered on site. Bursary expenditure also increased by 41% in line with a longer term view to build a sustainable talent pipeline of core technical skills.

Categories – R million	F2014	F2013	F2012	F2011	F2010	F2009	F2008	F2007
Skills development	**13,2***	8,2*	6,6*	6,9*	3,9	3,6	3,7	3,1
Technical and professional competence development	**10,4**	9,6	7,5	11,7	8,9	8,5	10,5	6,4
Leadership and management development	**6,9**	5,3	3,9	3,5	2,6	4,2	2,2	2,6
Student management (bursaries)	**7,2**	5,1	4,6	6,6	6,0	9,3	6,8	6,5
Training support costs	**7,4**	8,9	9,7	9,2	10,1	12,2	n/a	n/a
Total	**45,1**	37,1	32,3	37,9	31,5	37,8	23,2	18,6

* *These numbers include overheads for our Construction Skills Training Academies. This was not done prior to F2011 as the Development Bank of Southern Africa provided part funding.*

SPEND PER OCCUPATIONAL CATEGORY

The improvement in the number of training interventions across all occupational categories reflects the requirement from the group to build competence to deliver on contracts.

	F2014		F2013		F2012		F2011	
Categories	**Number of training initiatives**	**Annual spend R'000**	Number of training initiatives	Annual spend R'000	Number of training initiatives	Annual spend R'000	Number of training initiatives	Annual spend R'000
Top management	**22**	**22**	11	20	5	0.6	3	–
Senior management	**86**	**267**	53	510	58	146	48	656
Professional and mid-management	**1 704**	**4 635**	640	2 472	431	698	667	832
Skilled	**6 505**	**8 604**	4 414	8 215	5 651	7 799	7 101	9 384
Semi-skilled	**4 176**	**2 800**	3 296	3 030	4 719	2 145	5 919	3 580
Unskilled	**1 614**	**857**	711	779	1 246	733	3 496	897
Total	**14 107**	**17 285**	9 125	15 026	12 110	11 521	17 234	15 349

This table does not include learnerships and bursaries, as it reflects direct spend on employees only.

AVERAGE ANNUAL HOURS OF TRAINING PER EMPLOYEE BY EMPLOYEE CATEGORY

The calculation of average annual hours of training has been amended to fall in line with best practice. Although the new basis of calculation indicates a drop in training hours per employee, training hours in real terms increased. There was a particular focus on the development of skilled and semi-skilled employees, which reflects the effort on developing skills at site level with trainers providing on-the-job skills development.

Categories	**F2014 Average hours**	**F2014 Average hours Female**	**F2014 Average hours Male**	F2013 Average hours	Female	Male	F2012 Average hours	F2011 Average hours
Top management	**9**	**8**	**9**	9	8	9	8	12
Senior management	**11**	**10**	**11**	14	13	14	10	20
Professional and mid-management	**18**	**22**	**16**	37	13	43	20	55
Skilled	**30**	**31**	**30**	36	27	40	49	64
Semi-skilled	**40**	**34**	**42**	51	46	53	45	68
Unskilled	**18**	**15**	**18**	38	44	37	22	13

SKILLS DEVELOPMENT

Spend on learnerships and apprenticeships

The Academy aligns closely with the segments to provide a pool of well-trained individuals both at the right time and in the right location. In light of the current volatile labour conditions around sites, skills development within the communities surrounding our construction contracts was a particular focus during the year.

Training interventions range from introductory short programmes to learnerships of a year. In addition to this, another business administration learnership was launched this year, with 11 disabled individuals currently engaged in the workplace component of their training. Our new integrated central office in Gauteng is particularly well-equipped to meet their special needs.

	F2014	F2013	F2012	F2011	F2010	F2009	F2008	F2007
Annual spend on learnerships and apprenticeships – R million	**5,1**	3,6	4,0	4,6	3,9	3,6	3,7	3,1
Total number of learners on learnership and apprenticeship programmes and AET*	**174**	90	144	201	214	231	175	161
Number of unemployed learners registered on learnership and apprenticeship programmes	**120**	66	99	128	163	149	45	94
Number of employed learners registered on learnership and apprenticeship programmes and AET	**54**	24	45	73	51	82	130	67
Number of disabled unemployed learners registered on learnership programmes	**11**	–	–	18	18	n/a	n/a	n/a

* *AET was formerly known as ABET.*

Learnership and apprenticeship scope and demographics

LEARNERSHIPS ARE TARGETED AT ENTRY LEVELS, AS THE AVAILABLE SKILLS BASE IS RELATIVELY LOW, PARTICULARLY IN COMMUNITIES SOME DISTANCE FROM LARGER CITIES.

Two of the learnerships, namely Production Technology and Warehouse and Stock Management, cater for the needs within our Manufacturing cluster. This new initiative is intended to build competence that will improve production and efficiencies.

Learnerships	NQF level	Black		White				
		Male	Female	Male	Female	Employed	Unemployed	Total
Business administration	3	7	4				11	11
Production technology	3	10	4			14		14
Warehouse and stock management	3	14				14		14
Building and civils	3	7	4				11	11
Fitter	2	9	5				14	14
Welding	2	11	9				20	20
Community house builder	2	7	5				12	12
Total		65	31	0	0	28	68	96

AET	NQF level	Black		White				
		Male	Female	Male	Female	Employed	Unemployed	Total
	Various	24	2	0	0	26	0	26

As apprenticeships build practical skills, we have seen a steady increase in apprenticeships this year.

Apprenticeships	Black		White				
	Male	Female	Male	Female	Employed	Unemployed	Total
Electrician	10	1	1			12	12
Welding	3					3	3
Boilermaking	11					11	11
Fitter	3					3	3
Rigger	5					5	5
Earthmoving	12					12	12
Fitter and turner	2		1			3	3
Instrument mechanics	2	1				3	3
Total	48	2	2	0	0	52	52

CONSTRUCTION AND ENGINEERING SKILLS TRAINING ACADEMIES

The demand for skills programmes to be delivered on site by our trainers, as well as the portfolio of programmes on offer has grown significantly. An increasing number of contracts include commitments to improve skills in surrounding communities. Programmes that receive the highest attendance include safety and basic construction skills, such as bricklaying, plastering, painting and scaffold erection.

Skills programmes	Black								White								Total								Total
	2014		2013		2012		2011		**2014**		2013		2012		2011		**2014**		2013		2012		2011		**2014**
	M	**F**	M	F	M	F	M	F	**M**	**F**	M	F	M	F	M	F	**M**	**F**	M	F	M	F	M	F	
Employed learners	**3 067**	**200**	846	73	218	4	803	26	**215**	**2**	88	3	39	2	18	–	**3 282**	**202**	934	76	257	6	821	26	**3 484**
Unemployed learners	**632**	**92**	407	117	23	20	257	47	**–**	**–**	–	–	–	–	–	–	**632**	**92**	407	117	23	20	257	47	**724**
Sub-contractors	**53**	**4**	–	–	10	2	252	44	**–**	**–**	–	–	–	–	6	–	**53**	**4**	–	–	10	2	258	44	**57**
Bursary students	**20**	**7**	9	1	10	7	14	6	**4**	**1**	1	–	13	2	4	–	**24**	**8**	10	1	23	9	18	6	**32**
External entities	**0**	**0**	72	2	12	2	10	–	**0**	**0**	1	–	–	–	7	–	**0**	**0**	73	2	12	2	17	–	**0**
Total	**3 772**	**303**	1 334	193	273	35	1 336	123	**219**	**3**	90	3	52	4	35	–	**3 991**	**306**	1 427	193	325	39	1 371	123	**4 297**

M = Male.
F = Female.

TECHNICAL AND PROFESSIONAL COMPETENCE DEVELOPMENT

There has been pleasing growth in both the spend and attendance of programmes aimed at growing technical and professional competence. A number of new programmes were introduced during the year, including those focused on environmental awareness and related regulations. Professional registration with the various professional bodies was a priority this year, and included the launch of a pilot secondment programme in conjunction with a large consulting engineering organisation, as well as a focus on the registration of safety professionals.

	F2014	F2013	F2012	F2011	F2010	F2009	F2008	F2007
Total annual spend – R million	**10,4**	9,6	7,5	11,7	8,9	8,5	10,5	6,4
Number of students on Programme for Project Management	**38**	22	28	48	44	56	22	19
Number of students on Professional Registration Development Programme	**71**	75	122	89	52	37	n/a	n/a
Short technical workshop attendance	**10 267**	6 275	10 211	16 365	9 314	8 776	4 047	6 010

TECHNICAL AND PROFESSIONAL COMPETENCE DEVELOPMENT

Demographics of technical and professional competence development learners

The Programme in Project Management is an example of the trend towards a greater number of site-based employees attending technical and professional development programmes. A year-long customised in-house development programme for our engineers was designed and implemented with the full support and contribution of senior management. Classes are conducted monthly over weekends.

Skills programmes	**Black F2014**		**Black Total F2014**	**White F2014**		**White Total F2014**	**Total F2014**
	F	**M**		**F**	**M**		
Programme for Project Management	**5**	**10**	**15**	**0**	**24**	**24**	**39**
Professional Registration Development Programme	**14**	**30**	**44**	**3**	**24**	**27**	**71**
Short technical workshops	**1 384**	**6 724**	**8 108**	**572**	**1 345**	**1 917**	**10 025**

LEADERSHIP AND MANAGEMENT DEVELOPMENT

The co-location of the majority of the Gauteng segments into an integrated central office was preceded by a series of workshops intended to prepare all the change agents appointed from within each segment to make the transition a smooth one. This was very successful.

Longer programmes, such as the Supervisory Development Programme that was launched in 2009 continue to deliver results and receive strong support from line managers.

	F2014	F2013	F2012	F2011	F2010	F2009	F2008	F2007
Total annual spend – R million	**6,9**	5,3	3,9	3,5	2,6	4,2	2,2	2,6
Number of students on Programme in Management Development	**8**	21	22	20	23	25	17	n/a
Number of students on supervisory programmes	**102**	115	96	97	150	99	n/a	n/a
Number of competence building workshops	**193**	133	82	62	50	87	44	81

STUDENT MANAGEMENT

Spend on bursaries

Bursary students from both universities and universities of technology provide a pipeline of core competencies into the group. A number of senior management and managing directors started their careers on the Group Five Bursary Programme, illustrating the value delivered back into the business.

It is too early to report back on the measurable impact of the mentoring programme, but we are confident that this programme will assist in reducing drop-out rates and provide a deeper understanding of the industry.

THE MENTORING PROGRAMME IMPLEMENTED IN THE PREVIOUS FINANCIAL YEAR HAS BEEN CARRIED FORWARD DUE TO THE POSITIVE RESPONSE FROM THE STUDENTS. MANAGERS FROM WITHIN THE ORGANISATION MAKE A COMMITMENT TO MENTOR BURSARY STUDENTS. THEY MEET PERIODICALLY TO DISCUSS CHALLENGES AND PROGRESS.

	F2014	F2013	F2012	F2011	F2010	F2009	F2008	F2007
Annual bursary expenditure – R million	**7,2**	5,1	4,6	6,6	6,0	9,3	6,8	6,5
Number of bursary students	**111**	76	115	183	171	258	178	149

Demographics of bursary students

The overall number of students grew in the last year, with a further increase in the number of black students. Challenges in recruiting young people who want to work in the construction sector remain, including recruiting female candidates. Increased marketing activities are planned for the next recruitment cycle.

	Black				White				Total				Total	
	F2014		F2013		**F2014**		F2013		**F2014**		F2013		**F2014**	F2013
	M	**F**	M	F	**M**	**F**	M	F	**M**	**F**	M	F		
Demographics of bursary students	**63**	**22**	42	12	**22**	**4**	19	3	**85**	**26**	61	15	**111**	76

M = Male.
F = Female.

Year under review

Over-border training

In line with Group Five's expansion strategy in Africa and more work over-border, we have increasingly focused on providing training in a number of African countries. Safety training is the biggest demand, with trainers ensuring that group standards are adhered to. A continued presence over a period of time has led to the establishment of permanent hubs where training takes place, such as in the DRC and Ghana.

Country	F2014 training initiatives
DRC	721
Tanzania	70
Liberia	188
Total trained	979

TRAINING ON CAREER ENDINGS

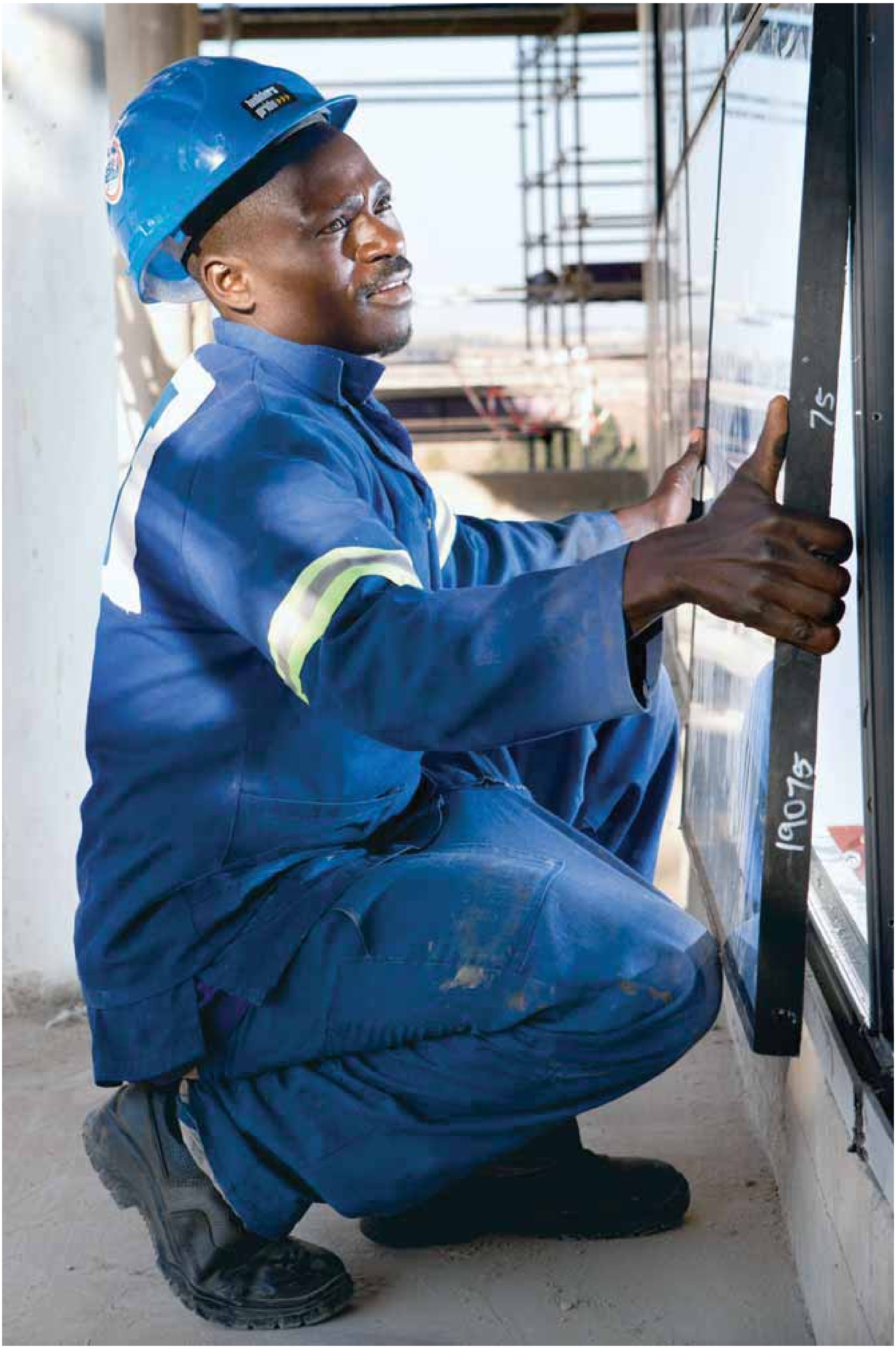
- We employ a large percentage of workers on limited duration contracts to complete a construction contract. In most instances these employees are trained prior to employment through our People at the Gate Programme, as well as on-the-job training. With the nature of our business involving start to finish construction contracts, we are unable to take these unskilled/semi-skilled employees to other contracts, as we have to provide the same opportunities to local communities within the vicinities of the new contracts. Bringing unskilled labour into a new area of operation would create huge issues, especially in South Africa where community action is very rife. These employees receive significant communication around contract endings and the timing of their employment ending. Refer to page 87
- For permanent employees who are retrenched as a result of business performance, the company does not assist with training, as they would usually be skilled or semi-skilled individuals. However, we assist with counselling and support through our employee wellness programme

Ethics training was a key focus during the year, with a new ethics programme called "Ethics in Action" rolled out in the group. These courses started in February 2014 and will aim to train approximately 700 employees per year. Refer to page 33.

FOCUS GOING FORWARD

The continued growth in the size and complexity of group contracts requires an increasingly skilled employee base and the need for increased sound technical knowledge. Depth of technical skill, leadership and a consistent approach are fundamental to achieving effective delivery. Safety training will also be a key focus area.

To address this business need, the group's Academy will continue to focus on the development of technical skills. Programmes will concentrate on growing competence from junior through to senior levels across core disciplines.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5 ASPECT 5: DIVERSITY AND EQUAL OPPORTUNITY

INTRODUCTION

During the year under review, the group remained committed to diversity and equal opportunity. The group's change management initiatives at all levels ensured a more common understanding of the key equity deliverables and an ongoing focus on recruiting or promoting black employees into management positions.

During the year, African, Indian and Coloured junior management equity representation improved to 76%, middle management to 29% and senior management to 23% of total employee numbers. While we are making substantial gains at the lower levels, our improvements at the higher levels require attention. This is mainly due to the shortage of engineering and technical skills and experience at these levels. A continued effort, together with a CEO-driven intervention targeting specific talent across industries, was initiated to address this.

MANAGEMENT

The growth in African, Indian and Coloured employees seen during the year is indicative of the efforts being made to increase the proportional representation from designated groups. However, more work needs to be done to ensure that when appointments are made at a management level in the segments, more focus is placed on recruiting black candidates. In line with this, we have established a dedicated talent management centre of excellence to assess, review and advise on the implementation of a talent pipeline supporting the continual equity demands of the group.

	Total South African workforce F2014				Total South African workforce F2013				Variance (%)	
	White	**AIC***	**Total**	**AIC* % of total**	White	AIC*	Total	AIC* % of total	AIC* as a %	Industry targets
Executive (Paterson F-Band) Executives and board	**8**	**1**	**9**	**11.11**	8	1	9	11.11	0.0	30%
Senior management (Paterson E-Band) segment directors and group directors	**23**	**7**	**30**	**23.33**	21	6	27	22.22	1.11	60%
Middle management (Paterson D-Band) segment directors and department heads and skilled professionals	**330**	**135**	**465**	**29.03**	298	113	411	27.49	1.54	76%

* *African, Indian and Coloured.*

EMPLOYMENT EQUITY

Demographic distribution and composition of the South African workforce

Total South African workforce

The table below reflects the demographic distribution of our employees. While some progress was made at the junior management levels, the transformation of our senior management levels is progressing slowly. This will remain a key focus area in the new year.

However, it is important to consider that it does take a long time to grow a senior experienced team that can run a construction company. As the industry has not had many years of experienced black senior construction teams, transforming senior levels in the industry will take some time.

Demographic distribution and composition of the South African workforce

	Total South African workforce F2014				Total South African workforce F2013				Variance (%)
	White	**AIC***	**Total**	**AIC* % of total**	White	AIC*	Total	AIC* % of total	AIC as a %
Executive (Paterson F-Band) Executives and board	**8**	**1**	**9**	**11.11**	8	1	9	11.11	(1.39)
Senior management (Paterson E-Band) segment directors and group directors	**23**	**7**	**30**	**23.33**	21	6	27	22.52	4.81
Middle management (Paterson D-Band) segment directors and department heads and skilled professionals	**330**	**135**	**465**	**29.03**	298	113	411	27.49	1.54
Junior management/skilled (Paterson C-Band)	**748**	**2 498**	**3 246**	**76.96**	724	2 187	2 911	75.13	1.83
Semi-skilled (Paterson B-Band)	**89**	**4 365**	**4 454**	**98.00**	90	4 030	4 120	97.82	0.19
Unskilled (Paterson A-Band)	**3**	**2 860**	**2 863**	**99.90**	13	2 794	2 807	99.54	0.36
Total	**1 201**	**9 866**	**11 067**	**89.15**	1 154	9 130	10 284	88.78	0.37

* *African, Indian and Coloured.*

Demographic representation of the group's South African workforce

Promotions

	F2014 %	F2013 %	F2012 %
White	**11**	17	12
African	**80**	73	76
Coloured	**5**	5	8
Indian	**4**	5	4
Total	**100**	100	100

	F2014 %	F2013 %	F2012 %
Female	**11.8**	15.8	17.6
Male	**88.2**	84.2	82.4
Total	**100**	100	100

Age and gender demographics

The tables below disclose the age and gender distribution within the group.

With the exception of the executive committee, the management team is evenly split between the age categories 30 to 50 and 50 to 65, which indicates that our recruitment processes have been reasonable. The challenge now is to find the depth required in our succession planning to result in the demographic transformation required. Women remain significantly under-represented in the group, mainly due to the site-based nature of our business. While consistent with the industry demographics, this will remain a focus area going forward.

Group Five is recognised as one of the most transformed amongst the JSE-listed construction companies, with a Level 2 rating in terms of the Construction Charter. However, against this strong profile, the gender demographics of the company are still lagging, with women comprising only 15% of the entire workforce. In F2011, we launched the Basadi Programme, a special initiative focusing on women empowerment, which is intended to highlight and address systemic barriers (policy, structural and cultural) that impede the attraction and retention of women.

In F2012, the Group Five CEO signed the United Nations Global Compact on Women Empowerment Principles, committing to the development and empowerment of women. To date, more than 100 female employees in the group have been offered development as part of this programme. Women-owned companies within the construction sector are also supported financially as part of the company's supply chain development.

The group has also been the main sponsor of the University of Johannesburg's (UJ) Women In Engineering and Built Environment (WIEBE) Programme since 2010. The aim of the WIEBE Programme is to attract and develop female students in the Engineering and Built Environment fields and to strengthen the female pipeline into the construction and engineering sectors. There has been an average increase of between 5% to 8% in female student enrolment in the engineering and built environment disciplines at UJ since the launch of the partnership.

This year, Group Five signed a memorandum of understanding with Future of the African Daughter (FOTAD), a non-profit development project established for girls between the ages of 12 to 19 years from previously disadvantaged areas in South Africa. The aim of the programme is to facilitate their exposure to the workplace, leadership training, career development and mentorship. Group Five has committed to a three-year sponsorship of 14 girls on the FOTAD Programme.

EXECUTIVE COMMITTEE

Gender diversity

	Male			Female			All
Age	Able	Disabled	**Total**	Able	Disabled	**Total**	**Total**
Age 18 – 30	–	–	**–**	–	–	**–**	**–**
Age 31 – 50	33.3%	–	**33.3%**	11.1%	–	**11.1%**	**44.4%**
Age 51 – 65	55.6%	–	**55.6%**	–	–	**–**	**55.6%**
Age >65	–	–	**–**	–	–	**–**	**–**
Total	88.9%	–	**88.9%**	11.1%	–	**11.1%**	**100.0%**

MANAGING DIRECTORS

Gender diversity

	Male			Female			All
Age	Able	Disabled	**Total**	Able	Disabled	**Total**	**Total**
Age 18 – 30	–	–	**–**	–	–	**–**	**–**
Age 31 – 50	52.0%	–	**52.0%**	8.0%	–	**8.0%**	**60.0%**
Age 51 – 65	40.0%	–	**40.0%**	–	–	**–**	**40.0%**
Age >65	–	–	**–**	–	–	**–**	**–**
Total	92.0%	–	**92.0%**	8.0%	–	**8.0%**	**100.0%**

SEGMENT DIRECTORS

Gender diversity

	Male			Female			All
Age	Able	Disabled	**Total**	Able	Disabled	**Total**	**Total**
Age 18 – 30	–	–	**–**	–	–	**–**	**–**
Age 31 – 50	54.4%	–	**54.4%**	8.9%	–	**8.9%**	**63.3%**
Age 51 – 65	35.6%	–	**35.6%**	1.1%	–	**1.1%**	**36.7%**
Age >65	–	–	**–**	–	–	**–**	**–**
Total	90.0%	–	**90.0%**	10.0%	–	**10.0%**	**100.0%**

ALL EMPLOYEES

Gender diversity

	Male			Female			All
Age	Able	Disabled	**Sub Total**	Able	Disabled	**Sub Total**	**Total**
Age 18 – 30	25.9%	–	**25.9%**	5.4%	–	**5.4%**	**31.3%**
Age 31 – 50	44.2%	0.1%	**44.3%**	7.9%	0.1%	**8.0%**	**52.3%**
Age 51 – 65	14.5%	0.1%	**14.6%**	1.1%	–	**1.1%**	**15.8%**
Age >65	0.6%	–	**0.6%**	0.1%	–	**0.1%**	**0.6%**
Total	85.2%	0.1%	**85.4%**	14.5%	0.1%	**14.6%**	**100.0%**

FOCUS GOING FORWARD

We will focus on achieving greater levels of diversity, particularly in our senior levels through commissioned head hunting. To this end, we have launched a process of identifying black talent in the industry with a view to introducing these candidates into the group at various levels to enhance the prospects of these employees achieving senior management appointments in the short to medium term.

PREFERENTIAL PROCUREMENT

The group continued with its commitment to transform its supplier base. This is reflected in the growth achieved in all areas, with the exception of procurement from black women-owned enterprises. The development of women-owned businesses within the construction sector remains a challenge and will be a key factor within the group's supplier development strategy.

The procurement for F2014 had a particularly high element of imports due to the nature of contracts requiring procurement of specialised products not available within South Africa. Therefore, despite the impact of foreign procurement, the growth in preferential procurement is seen as a particular achievement during the year under review.

The group has also completed a review of the revised dti Codes of Good Practice to assess the expected impact on its procurement scorecard. The codes are recognised as an important factor in accelerating transformation in the economy and Group Five will continue with its strategies to repeat its achievements to date.

The automation of vendor profile updates, including compliance documentation, remains a key priority for the group to ensure that compliance relating to all aspects of vendor engagement is recognised as a condition of doing business with the group.

The table below reflects the preferential procurement progress over the last seven years. The drop in procurement from black women-owned enterprises in F2014 was mainly due to a change in the ownership structures of certain suppliers and not due to a shift in procurement focus. This resulted in a marginal reduction in the overall score achieved for the year compared to F2013.

Measurement principle	Points	**Target per Construction Charter F2014 target**	**Actual F2014[1]**	Actual F2013[2]	Actual F2012[3]	Actual F2011[4]	Actual F2010[5]	Actual F2009[6]	Actual F2008[7]
Preferential spend with all suppliers	12	**70%**	**73.1%**	70.1%	62.2%	52.79%	49.1%	45.1%	34.8%
Preferential spend with qualifying small and emerging micro-enterprises	3	**15%**	**23.3%**	20.1%	28.1%	22.01%	11.42%	6.3%	5.5%
Preferential spend with enterprises that are more than 50% black-owned	3	**12%**	**18.2%**	17.7%	20.9%	19.1%	9.2%	7.9%	3.8%
Preferential spend with enterprises that are more than 30% black women-owned	2	**8%**	**4.4%**	9.5%	8.6%	3.05%	1.9%	0.1%	0.7%
Weighted score		**–***	**19.1**	20.0	20.0	19.02	18.43	15.68	11.5

(1) Unaudited.
(2) As audited by BEE Verification Agency cc for the year ended 30 June 2013 (Group Five).
(3) As audited by BEE Verification Agency cc for the year ended 30 June 2012 (Group Five).
(4) As audited by BEE Verification Agency cc for the year ended 30 June 2011 (Group Five).
(5) As audited by BEE Verification Agency cc for the year ended 30 June 2010 (Group Five).
(6) As audited by BEE Verification Agency cc for the year ended 30 June 2009 (Group Five).
(7) As audited by BEE Verification Agency cc for the year ended 30 June 2008 (Group Five Construction (Proprietary) Limited).
** A weighted score is not done for targets.*

FOCUS GOING FORWARD

Key aspects of the supply chain strategy over the next three-year period will include:

- Re-statement of preferential procurement targets to continue building a sustainable and transformed supplier base
- Engagement with the supplier base to build awareness regarding revisions to the Codes of Good Practice
- Supplier development interventions aimed at building capacity and access to black women-owned enterprises, while ensuring that investment in supplier development will provide a measurable return

ENTERPRISE DEVELOPMENT

Introduction

The group's enterprise development strategy is to partner with majority black-owned companies that have the capacity to develop into strategic business partners, while achieving the objectives set in the Construction Sector Scorecard. To this end, we place significant emphasis on facilitating the development and growth of these organisations, as measured by the Construction Industry Development Board (CIDB).

ENTERPRISE DEVELOPMENT PARTNERS

The tables below reflect the development of our partners from the time they were incorporated into our programme. As can be seen, the majority of these companies have moved at least one or two CIDB levels, which we believe is testimony to the success of our programme.

Enterprise development partners	Black Ownership	Women ownership	Date joined	CIDB LEVEL on joining	Current CIDB level	BBBEE contributor level
BL Williams (Pty) Ltd	95%	48%	2008	6 GB – PE	6 GB – PE	3
ENZA Construction (Pty) Ltd	93%	10%	2009	7 GB	8 GB & 6 CE	2
Enzani Technologies (Pty) Ltd	80%	54%	2009	5 EP – PE	6 EP – PE 5 EB – BE	1
Inkanyeli Projects (Pty) Ltd	100%	19%	2009	4 GB – PE	4 GB – PE	2
Pan African Development (Pty) Ltd	100%	40%	2009	6 GB – PE	8 GB – PE 6 CE – PE	2
Siyakhula Engineering (CC)	100%	–	2009	1	1	3
UMSO Construction (Pty) Ltd	89%	–	2008	6 CE – PE	8 CE – PE	2
ENM CC	100%	–	2010	6 GB	8 GB	3
Tshepo Ya Rona (Pty) Ltd	100%	100%	2011	6 GB	6 GB – PE	3
Maono (Pty) Ltd (previously Friedshelf 863 (Pty) Ltd	100%	100%	2011	6 CE	7 CE	1
Tanenzo Trading Projects (CC)	100%	100%	2012	Not CIDB registered	Not CIDB registered	3
Modisa Risk Solutions (Pty) Ltd	67%	–	2012	Not CIDB registered	Not CIDB registered	3
Uvuko Civils (Pty) Ltd	100%	100%	2013	7 GB, 5 CE	7 GB, 5 CE	3

People – labour practices and decent work continued

EMPOWERED JOINT VENTURES

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

PARTNER (P)/ DEVELOPMENT ENTITY (DE)	NAME OF PARTNER/ DEVELOPMENT ENTITY	CONTRACT/ DEVELOPMENT	EFFECTIVE PARTNER % HOLDING IN VENTURE	TOTAL VALUE OF CONTRACT (100%) R'000	COMMENCEMENT DATE OF CONTRACT
CONSTRUCTION					
DE	Bhekimbeko Business Enterprise CC	Group Five G J Crookes Joint Venture established to construct the G J Crookes Hospital Phases 2, 3 and 4 (new casualty, trauma and admissions departments) – Eastern Cape	60%	111 511	Jun 2011
P	Pandev African Development (Proprietary) Limited				
P	Pandev African Development (Proprietary) Limited	Spring Grove joint venture established to construct the Spring Grove dam and appurtenant works in Rosetta – KwaZulu-Natal	10%	608 086	Feb 2011
P	Pandev African Development (Proprietary) Limited	Construction of the right of way to the Umngeni Viaduct, including all stations and structures	40%	284 983	Mar 2014
DE	Umsimbiti Civils (Proprietary) Limited	Construction of Main Road P577 in Kwadebeka – KwaZulu-Natal	15%	148 792	Oct 2011
P	Tsepho Ya Rona Construction and Projects CC	Construction of the Mantsopa Hospital – Free State	30%	264 667	Jul 2010
P	Enza Construction (Proprietary) Limited	Bus Rapid Transport and Integrated Rapid Transport contracts (Phase 2) – Gauteng	30%	38 609	Oct 2010
P	Enza Construction (Proprietary) Limited	Bus Rapid Transport and Integrated Rapid Transport prototype – Hatfield	30%	12 500	Jul 2012
P	Umso Construction (Proprietary) Limited	Hopetown road improvement contract – Northern Cape	15%	167 581	Jun 2011
P	Umso Construction (Proprietary) Limited	Kakamas road improvement contract – Northern Cape	20%	62 224	Jul 2012
DE	Secunda Business Park Development (Proprietary) Limited	Investment in Secunda Business Park – Mpumalanga	15%	80 000	Apr 2008
P	E N M Trading CC	Building of Bophelong Psychiatric Hospital – North-West	30%	392 295	Nov 2012
P	Trendcon Construction (Proprietary) Limited	Rebuilding of the Munitoria Building – Gauteng	36%	51 177	Jan 2013
DE	Bhekimbeko Business Enterprise CC	Construction of the Pomeroy Community Health Centre – KwaZulu-Natal			
P	Pandev African Development (Proprietary) Limited		40%	138 770	Mar 2012
DE	Bhekimbeko Business Enterprise CC	Repairing and renovations to Durban Central police station – KwaZulu-Natal			
P	Pandev African Development (Proprietary) Limited		50%	167 091	Mar 2012

PARTNER (P)/ DEVELOPMENT ENTITY (DE)	NAME OF PARTNER/ DEVELOPMENT ENTITY	CONTRACT/ DEVELOPMENT	EFFECTIVE PARTNER % HOLDING IN VENTURE	TOTAL VALUE OF CONTRACT (100%) R'000	COMMENCEMENT DATE OF CONTRACT
INVESTMENTS AND CONCESSIONS (Property Developments)					
DE	Kuvula Trade 12 (Proprietary) Limited	Investment in Tygerview (Western Cape), Knightsbridge (Gauteng), The Beacon (Eastern Cape), St Pauls (Gauteng)	13%	259 600	Jan 2008
DE	Group Five Montagu Developments (Proprietary) Limited	Investment in Decor on Zambezi – Gauteng	13%	85 000	Jan 2008
DE	RFC Developments (Proprietary) Limited	Investment in The Core – Gauteng	13%	196 000	Jan 2008

FOCUS GOING FORWARD

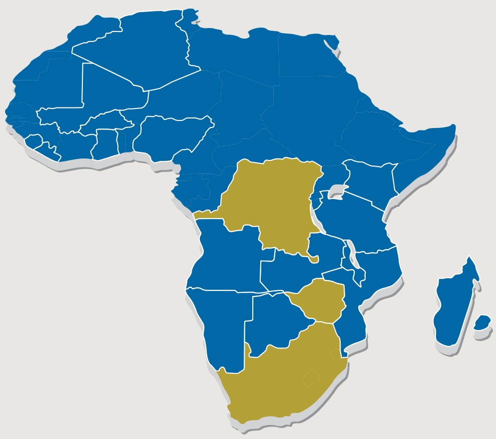
We will maintain our enterprise development relationships and are in the process of developing a supplier development/ business incubation capacity within the group to focus on the development of small and medium enterprises. The group also actively engages with emerging organisations across the broad spectrum of suppliers with the capacity to provide complementary goods and services. In this context, we have made significant strides in the area of preferential procurement and supplier development. We believe we are well positioned to handle the revised focus on supplier development inherent in the new/revised sector scorecard. Refer to page 114.

SOCIETY

APPROACH TO COMMUNITIES

Local community engagement, impact assessments and development programmes

As a large organisation, we believe it is important to act responsibly and contribute in a positive way to the communities, regions and countries where we operate. To ensure we understand the requirements of communities around our operations, we engage proactively with the community before implementing contracts. This is done through consultation with government departments, local authorities and community stakeholder groups.



Zimbabwe

Following engagement with the local government and authorities, a needs analysis was done for the Mfemani School in Bulawayo, Zimbabwe, which is about five kilometres from a new toll plaza built by Group Five. The analysis indicated that the school required infrastructure repairs and learning resources. Group Five funded the purchase of books and stationery, as well as the refurbishment of classrooms.

Democratic Republic of Congo (DRC)

Following consultations with local government and communities in the Katanga province, Group Five D.R.C. Sprl funded the building of the Joli Site Training Facility. This facility is already assisting to address the area's local Congolese skills and employability. Training skills offered include welding, boilermaking, steel erection and scaffolding. Training programmes that will focus on a number of accredited trades have also been developed. Candidates undergo a rigorous selection process to qualify for placement on the Technical Skills Programme. To date, over 30 candidates have been trained.

South Africa

Through partnerships with the national and provincial departments of education, TRAC Mobile Laboratories South Africa (TRACSA) and school governing bodies, Group Five has been able to provide financial and mentorship support to mathematics and science schools. The support is provided through two programmes, the Dinaledi Schools Programme and the TRAC Mobile Laboratories. Since the group's involvement four years ago, there has been a steady improvement of grade 12 results.

Infrastructure investments

A key requirement in terms of the community support we provide is to ensure sustainable interventions through up-skilling locals and provision of infrastructure. We develop infrastructure that improves local communities and businesses. Investments include roads, clinics and schools.

Group Five, in partnership with mining group Exxaro, consulted with provincial government and communities near the mining sites under construction in Lephalale in the Limpopo province in South Africa. A number of schools with infrastructure needs were identified for assistance. The scope of work for these included:

Tielelo Junior Secondary School
- Building of new ablution block
- Building of new kitchen
- New soccer field
- Two new netball courts

Sedibeng School for the Deaf
- Repair and complete existing lapa
- Paving for parking area
- General external work, such as installing a pump and tanks for irrigation
- Erecting palisade fencing

Bosveld Primary School
- Building of new kiosk
- Building of a storeroom

Ellisras Primary School
- Rebuilding and resurfacing of the driveway
- Planting grass for the sports field

Local recruitment, capacity building and skills development

We source local labour from communities close to our construction sites. This has to be carefully managed, as our limited duration employment requirements on sites cannot fulfil the job requirements experienced in communities around our operations. To address this, we engage with elected counsellors and the Department of Labour or equivalent bodies through our community liaison officers.

These officers are trained to deal with the community in a transparent way to align all interest groups and to fully support the carefully crafted processes and procedures to ensure fair recruitment. Our community liaison officers receive regular training to ensure engagement is at the level required to offset the tensions often seen in communities.

Ongoing engagement with local communities, as well as our trained community liaison officers and their healthy relationships with community leaders, have assisted us to manage relationships on our construction sites during the year. Examples include Touwsrivier near Cape Town, Welgedacht in Gauteng and Postmasburg in the Northern Cape. When work stoppages occurred on these sites due to us ending limited duration contracts of employment in line with legal agreements, it was the community leaders who stepped in and ensured that employees returned to work.

Training of local people is an important part of our development strategy to ensure longer term skills transfer for when our contracts end.

Another crucial part of our community programmes is capacity building for local businesses from which we source a diverse range of services and products. These range from catering and cleaning services to the provision of a variety of goods and materials required on our sites.

In terms of skills development, the group's People at the Gate training 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 being most of the community members' first formal jobs.

Furthermore, during the year, a training school was established in Kathu, Northern Cape, in conjunction with our client Kumba Iron Ore. 15 local community members were trained on basic construction skills and employed on the local construction site managed by Group Five.

In addition to the community skills and local business sourcing programmes directly supported by the group, many of our employees make a valuable contribution to local communities through donations of clothing, food, time and expertise.

For example, through the Group Five annual blanket challenge, our employees donate blankets to needy communities in winter. In F2014 over 9 000 blankets were collected from employees and donated.

SOCIO-ECONOMIC DEVELOPMENT

Group Five's socio-economic development has three key focus areas:

1. **Education and skills development** – Construction-related skills, mathematics, science, environmental science and technology education.
2. **Economic empowerment** – Promoting sustainable job creation and entrepreneurial projects, particularly within marginalised and unemployed groups, such as women and the youth.
3. **Social development** – Support grants (financial and in kind) to impoverished communities, such as orphanages, non-profit organisations which work with community programmes, HIV/Aids awareness and programmes, as well as other cause-related initiatives.

We also continue to **encourage employee volunteerism**. It has become part of the culture of the group to allow employees time during their normal working hours to be involved in various group community programmes and to promote skills transfer and mentoring of community groups and emerging enterprises.

Initiatives such as International Nelson Mandela Day, the Department of Human Settlements' Women's Build and the group's annual blanket drive, as well as many other cause-related programmes focusing on women and children, are passionately supported and driven by our employees.

OVERALL PERFORMANCE

This year we met our goal of realigning social grants towards more sustainable initiatives that focus on skills development and economic empowerment. During the year, we spent R6,0 million on SED programmes compared to R5,6 million last year.

Focus area	**F2014 Rand spend**	**Actual %**	**F2014 Target %**	F2013 Rand spend
Education and skills development	**3 170 768**	**52**	**55**	3 427 778
Economic empowerment	**2 256 123**	**37**	**35**	1 912 233
Social development	**670 739**	**11**	**10**	230 447
	6 097 630			5 570 458

EDUCATION AND SKILLS DEVELOPMENT

Education and skills development are the two key focus areas of the group's socio-economic programme. Although we attained a slightly lower percentage compared to our target, we have maintained our skills development initiatives while increasing our spend on economic empowerment.

Focus area	**F2014 target**	**Achievement**	F2013 target	Achievement	F2012 target	Achievement
Development	**55%**	**52%**	55%	62%	55%	59%

ECONOMIC EMPOWERMENT

Economic empowerment is one of the key pillars of our socio-economic programme. It has been our aim over the last few years to increase our sponsorship of community projects that have a lasting impact and enhance self-reliance. We are very pleased to have exceeded the target in this area.

Focus area	**F2014 target**	**Achievement**	F2013 target	Achievement	F2012 target	Achievement
Economic	**35%**	**37%**	35%	34%	35%	8%

SOCIAL DEVELOPMENT

Over the last three years, we have managed to reduce social grants to focus more on economically empowering initiatives with a lasting legacy in communities we operate in.

Focus area	**F2014 target**	**Achievement**	F2013 target	Achievement	F2012 target	Achievement
Social	**10%**	**11%**	10%	4%	10%	33%

SEGMENT SED SPEND

We achieved the target spend for the year of spending at least 1% of net profit after tax (NPAT) on socio-economic development programmes.

The majority of our segments were able to identify and implement various programmes in communities close to our contracts. The integrated central office continued to drive group initiatives. Below is the breakdown of this year's performance per segment:

Investments and Concessions

Clusters	R'000 SED spend
Infrastructure Development Services	–
Transport (Intertoll)	67
Real estate (Property Development Services)	40
Total cluster	**107**

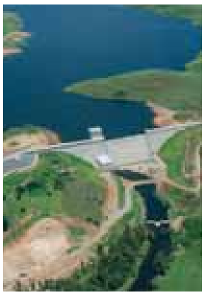
Engineering & Construction (E+C)

Clusters	R'000 SED spend
Power	9
Oil and gas	303
Nuclear Construction Services	10
Total cluster	**322**

Manufacturing

Clusters	R'000 SED spend
Everite	517
Pipe	–
BRI	27
Total cluster	**544**

Construction



Clusters	R'000 SED spend
Building and Housing – Building	–
Building and Housing – Housing	155
Building and Housing – Coastal	424
Civil Engineering	56
Civil Engineering – Plant and Equipment	58
Projects	2 266
Total cluster	**2 959**

Corporate and Business Services

Total Corporate	**2 166**
TOTAL SED SPEND DURING YEAR:	**6 098**

OVER-BORDER SOCIO-ECONOMIC DEVELOPMENT

Issues of unemployment and poverty remain rampant in the rest of Africa, even after many years of democracy for several countries. Our SED efforts on the continent will therefore continue to be increased in support of the group's African growth strategy.

	Country	Amount spend (R)
Donation of educational toys, books and games, stoves, washing machines and televisions for the teenage dorms at Tsumeb SOS Children's Village	Namibia	46 500
Donation of fridge freezers and two months' supply of food for distribution to the local school feeding programme at Tsumeb Planet Hope	Namibia	12 864
Donation made to Missionway Disaster Relief for the survivors of the typhoon Haiyan for purchasing food packs, basic toiletries and other basic necessities for 70 families	Phillippines	53 550
Donation to Nos Vies en Partage Foundation for the Charity Motorbike Ride which aims to raise US$1 million for various causes to support needy communities	Côte d'lvoire	522 466
Total		635 380

FOCUS GOING FORWARD

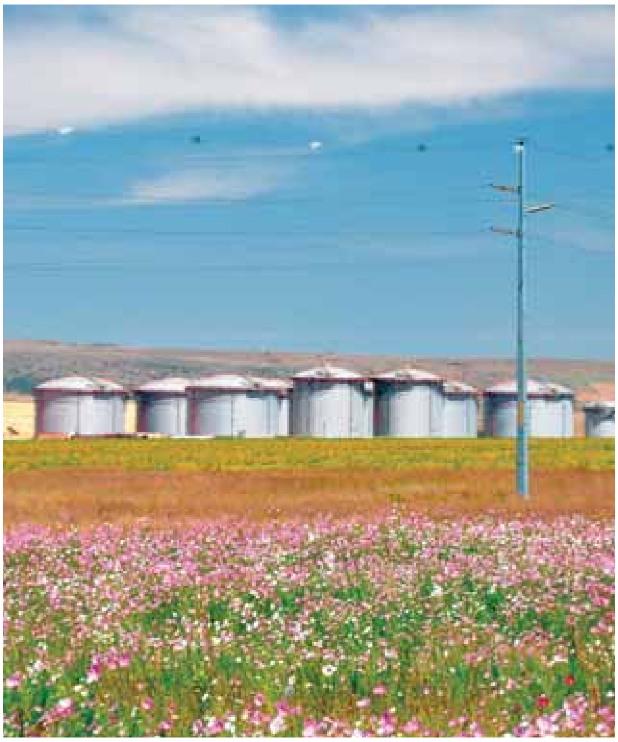
As the group grows its presence in the rest of Africa, more detailed needs analyses will be conducted to identify and implement appropriate community interventions. Enterprise development and skills development are critical levers for empowerment. We will therefore continue to increase our spend on economic empowerment programmes, as well as continuing our drive towards capacity building among all our beneficiaries.

We will increasingly seek partnerships with key stakeholders to implement programmes that will make a bigger impact, instead of implementing programmes on our own. Regular monitoring, impact assessment and reporting on various programmes will be done to ensure that the desired outcomes are attained. Lastly, we will introduce improved administrative efficiency in the internal socio-economic development processes at group level, in various segments and at the beneficiaries, particularly those we have supported for a number of years.

Environment

INTRODUCTION

For Group Five to effectively manage our impact on the environment, the group has implemented a top-down approach which involves the board setting the ethos that is driven by senior management into the group as a whole. The board has confirmed that a Zero Harm approach to the environment is not negotiable. The necessary resources have been made available to ensure that the group implements best practice to remain compliant with relevant legislation and all applicable standards.



To mitigate our impact on the environment, all environmental plans and procedures are reviewed regularly. Group Five strives to reduce its use of natural resources, as well as any negative impact our operations may have on the environment.

All sites and contracts adhere to applicable environmental impact assessment requirements. Environmental results are disclosed to the public through the required legislative channels and community interactions, as well as the Group Five website, its integrated annual report and the group's carbon disclosure report.

A number of committees are in place to drive our environmental policies. These include safety, health and environmental committees, the group's green committee and the social and ethics committee of the board. These committees produce plans to educate and inform employees, contractors, communities and other interested and affected parties.

CARBON DISCLOSURE PROJECT

The group has voluntarily submitted information to the Carbon Disclosure Project (CDP) for a number of years.

For the group's carbon disclosure report, refer to www.groupfive.co.za.

The carbon footprint data reported in this review is for the year ended 30 June 2013, as the most recent annual CDP report submission date is just prior to the 2014 financial year-end. The verified F2014 information is therefore not available yet.

ISO 14001:2004 CERTIFICATION – ENVIRONMENTAL MANAGEMENT

All segments of the group remained 100% certified against the ISO 14001:2004 standard. The focus during the year was on improving the integrated management system, of which this standard forms part to ensure that re-certification was successful.

GROUP FIVE'S CARBON FOOTPRINT

Footprint per scope

Scope 1 emissions increased mainly due to the group's Kibali contract in the Democratic Republic of Congo (DRC) where in excess of five million litres of fuel was used due to the scale of the contract, particularly the bulk earthworks and civil engineering component which used heavy diesel powered plant.

Scope 2 emissions remained largely unchanged, while **Scope 3** emissions decreased due to efficiency plans implemented to reduce our natural resource consumption where possible. The reduction of unnecessary travel both domestically and internationally, as well as choosing lower carbon-intensive materials, such as green cement products, low watt lighting and sourcing local suppliers to reduce the Scope 3 footprint of the materials arriving on site, further reduced these emissions.

Footprint per scope

	F2013 (t CO_2e)	F2012 (t CO_2e)	F2011 (t CO_2e)	F2010 (t CO_2e)	F2009 (t CO_2e)	Emissions factor	% of total F2013
Scope 1 – Diesel, petrol, coal, LPG, etc	**67 827**	50 593	74 481	69 463	58 115	2.67 kg/litre	8.8
Scope 2 – Purchased electricity	**61 163**	62 071	91 349	84 484	64 696	0.99 kg CO_2/kWh	7.9
Scope 3 – Business travel, deliveries	**642 107**	793 752	7 958 763	7 891 458	13 600	–	83.3
Total	**771 098**	906 416	8 124 593	8 045 405	136 410	–	100

SCOPE 1 emissions are direct Group Five emissions only.

SCOPE 2 emissions are indirect emissions from the generation of purchased electricity.

SCOPE 3 emissions are other indirect emissions as a consequence of the activities of the group, but occur from sources not owned or controlled by the group, e.g. commuting, air travel for business activities, production and transportation of purchased goods, outsourced activities and contractor-owned vehicles.

SCOPE 1
diesel, petrol, coal, LPG, etc emissions

GROUP

The group's total Scope 1 emissions are displayed per emission source in column one and then converted to the amount of energy these carbon emissions equate to. For example, 67 827 t CO_2e equates to 233 617 MWh of energy.

Fuels (MWh)		F2013*	F2012*	F2011*	F2010*	F2009*
Gas/diesel oil	**41 811 t CO_2e**	**155 593**	105 372	200 173	158 594	103 096
Motor gasoline	**1 985 t CO_2e**	**7 600**	4 810	3 436	9 527	2 013
Bituminous coal	**20 770**	**60 988**	61 744	59 268	58 957	86 000
Liquefied petroleum gas (LPG)	**1 150 t CO_2e**	**5 590**	31	–	250	73
Sasol gas	**777 t CO_2e**	**3 846**	4 137	4 137	–	–
Total	**67 828 t CO_2e**	**233 617**	176 094	267 014	227 328	1 912

Carbon footprint reflects both the results as per the CDP report and the results excluding Construction Materials, as the group has largely disposed of this business.

* *MWh of energy.*

PER CLUSTER AND CONTRACTS

The emergence of the Engineering & Construction cluster as an operational entity in F2013 produced measureable numbers for the first time. The Construction cluster contributed more than half of the group's Scope 1 emissions, largely due to fuel-intensive contracts such as Kibali in the DRC.

	F2013		F2012		F2011		F2010		F2009	
Cluster	Carbon footprint (t CO_2e)	% of total	Carbon footprint (t CO_2e)	% of total	Carbon footprint (t CO_2e)	% of total	Carbon footprint (t CO_2e)	% of total	Carbon footprint (t CO_2e)	% of total
Investments and Concessions	**3 727**	**6**	2 303	5	3 689	5	4 474	6	520	1
Engineering & Construction	**849**	**1**	–	–	–	–	–	–	–	–
Manufacturing	**24 488**	**36**	23 900	47	22 361	30	21 264	31	30 299	52
Construction Materials	**–**	**–**	4 428	9	7 270	10	18 218	26	10 249	18
Construction	**38 764**	**57**	19 962	39	41 161	55	25 507	37	17 047	29
Total	**67 827**	**100**	50 593	100	74 481	100	69 463	100	58 115	100

SCOPE 2
purchased electricity emissions

PER CLUSTER AND CONTRACTS

Total electricity consumption remained largely unchanged when compared to F2012. As expected, the Manufacturing cluster produced the bulk of Scope 2 emissions due to increased production and more complete data reporting.

	F2013		F2012		F2011		F2010		F2009	
Cluster	**Carbon footprint (t CO_2e)**	**% of total**	Carbon footprint (t CO_2e)	% of total	Carbon footprint (t CO_2e)	% of total	Carbon footprint (t CO_2e)	% of total	Carbon footprint (t CO_2e)	% of total
Investments and Concessions	**9 723**	**16**	8 811	14	22 238	24	20 265	24	8 495	13
Engineering & Construction	**590**	**1**	386	1	–	–	–	–	–	–
Manufacturing	**43 574**	**71**	40 160	65	42 097	46	41 901	50	42 977	66
Construction Materials	**–**	**–**	9 384	5	22 517	25	11 520	13	12 752	20
Construction	**7 277**	**12**	3 330	15	4 497	5	10 798	13	472	1
Total	**61 163**	**100**	62 071	100	91 349	100	84 484	100	64 696	100

SCOPE 3
INDIRECT EMISSIONS

PER CLUSTER AND CONTRACTS

Scope 3 emissions decreased due to measures implemented to reduce unnecessary travel, as well as choosing less carbon-intensive products where possible. Investments and Concessions' emissions fell sharply due to the use of green products such as solar on various new projects. Furthermore, once plazas and investments are completed, the emissions are calculated at that time and dispensed with. Investments and Concessions also did not report on their CDP Scope 3 emissions in certain areas, which led to lower emissions being reported within this cluster. This is one of the exclusions that will be contained in the limited verification in our CDP report. More intensive upstream and downstream emissions were calculated in this year's footprint, which allowed the group to fully understand the carbon effect our business has on our suppliers, sub-contractors and clients.

	F2013		F2012		F2011		F2010		F2009	
Cluster	**Carbon footprint (t CO_2e)**	**% of total**	Carbon footprint (t CO_2e)	% of total	Carbon footprint (t CO_2e)	% of total	Carbon footprint (t CO_2e)	% of total	Carbon footprint (t CO_2e)	% of total
Investments and Concessions	**1 973**	**>1**	667 464	84	4 325 567	54	5 381 355	68	271	2
Engineering & Construction	**124 299**	**19**	44	–	–	–	–	–	–	–
Manufacturing	**189 937**	**30**	5 008	1	6 256	–	67 916	1	3 550	26
Construction Materials	**–**	**–**	2 010	–	582	–	131 916	2	2 214	16
Construction	**325 898**	**51**	119 227	15	3 625 928	46	2 310 27	29	7 565	56
Total	**642 107**	**100**	793 753	100	7 958 333	100	7 891 458	100	13 600	100

EMISSIONS FACTORS

The base year for the carbon footprint is F2010. It was selected as the base year as the group's CDP disclosure attained some maturity. It was deemed that the reported numbers were a fair representation of the group's emissions. Emissions in the base year were 8 045 405 t CO_2e. This is substantially higher than the figure for the current reporting year. This was due to the Construction Materials cluster, which produced large Scope 1 emissions, being disposed of. Furthermore, the reporting of Scope 1 emissions has improved to the point where we are confident that emissions reported are those that the group alone has produced and not those of the group and joint venture partners.

Construction Materials was also an extremely carbon-intensive division across all scopes.

As the footprint matures, we are obtaining more precise data from the segments. This explains the percentage changes seen in the clusters, with the exception of Investments and Concessions, which did not report all their factors.

SCOPE 1 – EMISSIONS FACTORS

DESCRIPTION	VALUE	UNIT
Diesel	2.67	kg CO_2e per litre
Petrol	2.31	kg CO_2e per litre
LPG	2.70	kg CO_2e per kg
Weighted vehicle average emissions factor	0.20428	kg CO_2e per km
Paraffin	2.54	kg CO_2e per litre
Other bitumous coal	2.44	t CO_2e per tonne
Natural gas	0.056	t CO_2e/GJ

Gases included in the calculation are CO_2 and LPG. Biogenic CO_2 emissions are not calculated.

No ozone-depleting substances are produced, imported or exported by the group.

SCOPE 2 – EMISSIONS FACTORS

DESCRIPTION	VALUE	UNIT
South African grid	0.990	t CO_2e per MWh
Tanzania	0.043	t CO_2e per MWh
Ghana	0.080	t CO_2e per MWh
Mozambique	0.003	t CO_2e per MWh
Burkina Faso	0.637	t CO_2e per MWh
Democratic Republic of Congo	0.002	t CO_2e per MWh
Namibia	0.024	t CO_2e per MWh
Ghana	0.080	t CO_2e per MWh
Uganda	0.637	t CO_2e per MWh
Poland grid	0.317	t CO_2e per MWh
Hungary grid	0.781	t CO_2e per MWh

SCOPE 3 – EMISSIONS FACTORS

DESCRIPTION	VALUE	UNIT
Purchased goods and services		
Steel	2.03	kg CO_2e per kg
Water	0.3441	kg CO_2e per kl
Grease	0.804	kg CO_2e per kg
Welding rod	3.02	kg CO_2e per kg
Welding wire	3.02	kg CO_2e per kg
Oil	0.527	kg CO_2e per litre
Cement	0.740	kg CO_2e per kg
Sand	0.005	kg CO_2e per kg
Fuel- and energy-related activities (not included in Scope 1 or Scope 2)		
South African grid T&D losses*	0.121	t CO_2e per MWh
Diesel	0.568	kg CO_2e per litre
Petrol	0.463	kg CO_2e per litre
Paraffin	0.527	kg CO_2e per litre
LPG	0.339	kg CO_2e per litre
Coal	0.295	kg CO_2e per kg
Upstream transportation and distribution		
Average heavy goods vehicle	0.053	kg CO_2e per tonne km
Waste generated in operations		
Municipal solid waste	0.170	t CO_2e per tonne waste
Business travel		
Air travel (medium haul)	0.102	kg CO_2e per pass km
Air travel (long haul)	0.120	kg CO_2e per pass km
Average distance travelled (medium haul)	2 400	km
Average distance travelled (long haul)	6 482	km
Average car (unknown size or fuel)	0.19	kg CO_2e per km
Downstream transportation and distribution		
Average heavy goods vehicle	0.053	kg CO_2e per tonne km

* *Calculation of losses associated with transmission and distribution of electricity by Eskom.*

ENVIRONMENTAL FINES AND SANCTIONS

No significant or mandatory reportable non-compliance to any laws or regulations took place within the reporting period.

WATER WITHDRAWAL

Group Five does not extract water from sources other than municipal water systems, client water provisions on sites and boreholes, when necessary. As stated in our environmental policy, we will not harm the communities in which we operate and therefore do not pollute nor significantly reduce the quality or quantity of water available to local communities. It is assumed that all municipal water is from sources that can cater not only for the site requirements, but also for the requirements of the local communities. Water obtained from boreholes is monitored in terms of strength of flow, as well as quantity extracted.

Total volume of water withdrawn from the following sources:

2 006 megalitres from municipal water supplies or other water utilities*

* *This figure is calculated from invoices received from municipal accounts and where water meter readings are available. This is not the total for the group, as water data collection is in its infancy and will be strengthened as the CDP further matures.*

CLIMATE CHANGE

Group Five's business strategy is influenced by climate change on two levels:

- Sourcing new business and contracts from opportunities generated by both climate change mitigation (renewable energy, green buildings, etc) and by climate change adaptation (infrastructure contracts, etc)
- Optimising existing contracts in respect of climate change responsibility (fuel efficiency on site, safeguarding sites against flash floods, etc)

Climate change is integrated into the business strategy and our values, with a specific focus on addressing the issues mentioned above.

The group created a green committee a number of years ago which is responsible for addressing and implementing climate-related issues on a group-wide basis. The group risk officer ensures that environmental issues are monitored as part of the group's risk management process.

A comprehensive list of risks and opportunities is contained within the group's CDP report.

WWW Each environmental risk is discussed as to the potential impact, timeframe, whether it is a direct or indirect risk, the likelihood and the magnitude of the impact. The example on the next page illustrates the methodology applied to all risks identified. Refer to the CDP report on the group's website, www.groupfive.co.za for the full list.

Climate change risks – extract from CDP report

ID	PR01
RISK DRIVER	Changes in precipitation extremes and droughts
DESCRIPTION	Extreme weather events, including excessive rain and droughts can impact our construction contracts and planning. The main risks to Group Five in this respect are: Increased costs on contracts More lost days than what was provided for in the contract Requirement to rework certain parts of a contract due to storm damage Logistical risks in the contracts with regard to supply of materials, water and energy
POTENTIAL IMPACT	Reduced/disruption in production capacity
TIME FRAME	Current
DIRECT/INDIRECT	Direct
LIKELIHOOD	Very likely
MAGNITUDE OF IMPACT	Medium

FOCUS GOING FORWARD

The focus for the next financial year will be on continuing to strengthen and improve environmental reporting and seeking opportunities to further reduce our carbon footprint.

The introduction of a waste management company to control the waste from our new integrated central office will ensure that we remain compliant with ISO 14001:2004 requirements, whilst maximising revenue from our recycling opportunities. This company will provide a single contact across the group to ensure best pricing is obtained, documentation and records are received and recycling revenue is maximised.

Another area of focus will be on electronic CDP data gathering. This will improve the quality of the data used to generate the group's carbon footprint, as well as to ensure that all emissions are captured and any associated tax is accurately calculated.

03

Annual Financial

Statements

03

Statement of responsibility by the board of directors

FOR THE YEAR ENDED 30 JUNE 2014

The directors are responsible for the maintenance of proper accounting records and the preparation, integrity and fair presentation of the annual financial statements and group annual financial statements of Group Five Limited and its subsidiaries. The annual financial statements, presented on pages 3 to 96 have been prepared in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act in South Africa and include amounts based on judgements and estimates made by management. The directors also prepared the other information included in the annual report and are responsible for both its accuracy and its consistency with the annual financial statements.

The directors acknowledge that they are ultimately responsible for the process of risk management and the system of internal financial control established by the group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. These standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. The controls are monitored throughout the group and all employees are required to maintain the highest ethical standards in ensuring the group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the group is on identifying, assessing, managing and monitoring all known forms of risk across the group. While operating risk cannot be fully eliminated, the group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management and the internal auditors that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute assurance against material misstatement or loss.

The going concern basis has been adopted in preparing the financial statements. The directors have no reason to believe that the group will not be a going concern in the foreseeable future based on forecasts and available cash resources. The viability of the group is supported by the financial statements.

The financial statements have been audited by the independent accounting firm, PricewaterhouseCoopers Inc., which has been given unrestricted access to all financial records and related data, including minutes of all meetings of shareholders, the board of directors and committees of the board. The directors believe that all representations made to the independent auditors during their audit were valid and appropriate. PricewaterhouseCoopers Inc.'s unmodified audit report is presented on page 9. 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

Report of the audit committee

FOR THE YEAR ENDED 30 JUNE 2014

This report is provided by the Audit Committee in compliance with The Companies Act, No 71 of 2008 (South Africa) and as recommended by King III.

MEMBERSHIP

The Audit Committee for the year under review comprised SG Morris (chairman), JL Job, and KK Mpinga. DDS Robertson and LE Bakoro served on the audit committee until their resignation from the board and the audit committee on 5 November 2013 and 11 February 2014, respectively. B Ngonyama, VM Rague, and MR Thompson were appointed to the board of directors and the audit committee on 1 April 2014. All members are independent non-executive directors who have the requisite financial skills and experience to contribute to the committee's deliberations. The committee meets quarterly each year with ad hoc special meetings when required and the Chief Executive Officer, the Chief Financial Officer and representatives from external and internal audit, risk and the Chairperson of the main board attended each meeting by invitation. Full details on audit committee meetings held and the members' attendance are disclosed in the corporate governance section of the online integrated annual report.

MANDATE AND TERMS OF REFERENCE

Further information with regards to the audit committee, including its terms of reference and procedures, is provided in the corporate governance section of the online integrated annual report.

STATUTORY DUTIES

The committee adopts a work plan annually in advance in order to manage the discharge of its responsibilities under the Companies Act, King III, its own charter and the JSE regulations. In addition, the audit committee pays particular attention to areas of significant judgement, including contract claims and profit recognition. The audit committee is satisfied that it considered, executed and discharged its responsibilities during the year in accordance with its mandate as described above. The external and internal auditors have unfettered access to the audit committee and its members, and both present formal reports to the committee. The chairman of the audit committee meets quarterly with the Head of Internal Audit and, at least annually, the external auditors meet independently with the committee. The committee has satisfied itself that the external auditor was independent of the company, as set out in section 94(8) of the Companies Act, No 71 of 2008, which includes consideration of compliance with criteria relating to independence or conflicts of interest as prescribed by the Independent Regulatory Board of Auditors.

INTERNAL CONTROL

Internal audit provides the board with assurance on the group's system of internal control, and its strategy is that of a risk based approach along with compliance to policies and procedures. All wholly owned subsidiaries and joint ventures managed by the group are subject to the group's policies and procedures and system of internal control. In limited instances where the group does not operate as the lead partner, management and internal audit are responsible for assessing the adequacy of the control environment of these entities. Refer to the review from the group risk officer in the online integrated annual report for disclosure on fraud issues identified within the year and the actions taken by management. The Audit Committee has considered and approved the group's system of internal control.

INTEGRATED REPORTING

The integrated annual report comprises the:

- printed section of the integrated annual report
- the online section of the integrated annual report
- the consolidated annual financial statements

Following our review, and having regard to all material factors and risks that may impact on the integrity of the integrated annual report, we accordingly recommend the integrated annual report and consolidated annual financial statements of Group Five Limited for the year ended 30 June 2014 to the board of directors for approval on 5 August 2014.

S.G. Morris

SG (Stuart) Morris
Chairperson of the audit committee

5 August 2014

Statement of compliance by the company secretary

FOR THE YEAR ENDED 30 JUNE 2014

I certify that the company has lodged with the Registrar of Companies all such returns as are required of a public company in terms of the Companies Act, No 71 of 2008 (South Africa) in respect of the year ended 30 June 2014, and all such returns are true, correct and up-to-date.

N Katamzi
Company secretary

5 August 2014

Directors' report

FOR THE YEAR ENDED 30 JUNE 2014

NATURE OF BUSINESS

Group Five Limited is an investment holding company with interests in the building, infrastructural and engineering sectors. The company does not trade and all of its activities are undertaken through its subsidiaries, joint arrangements and associates. The group operates in South Africa, rest of Africa, and Eastern Europe. The company has its primary listing on the JSE Limited.

GROUP RESULTS

Headline earnings (HEPS) of 407 cents per share represents an increase of 43.8%, and fully diluted HEPS (FDHEPS) of 399 cents per share an increase of 42.0%, compared to the restated* HEPS and FDHEPS of 283* and 281* cents per share, respectively for F2013.

Earnings (EPS) of 401 cents per share and fully diluted EPS (FDEPS) of 394 cents per share represents a 51.9% and 50.4% increase respectively over the restated 264* cents per share and 262* cents per share for F2013.

The difference between earnings and headline earnings in the prior year is mainly as a result of an impairment charge of R11,0 million on assets relating to the disposal of the Construction Materials businesses. This is reflected as non-current assets classified as held for sale on the group's statement of financial position.

Group revenue from continuing operations increased by 38.9% from R11,0 billion^ to R15,3 billion, as a result of increased activity in all of the group's businesses.

The group's core operating profit increased by 18.4% from R552,3 million to R654,1 million on the back of all businesses, other than the Civil Engineering segment and Engineering & Construction cluster, performing in line with expectations and most recent guidance provided. However, the weaker results from Civil Engineering and Engineering & Construction reduced the group's overall core operating margin from 5.0% in the prior year to 4.2%. The group's total operating margin also reduced to 4.2% (F2013 restated*^ 4.8%).

The core operating profit does not include a surplus on the group's pension fund of R6,9 million (F2013: R9,5* million) as a result of an actuarial valuation assessment. This gain is included in total earnings. This gain was offset by a share-based payment expense of R30,0 million (F2013: R25,0 million) as a result of the implementation of the group's BBBEE ownership transaction, which was approved by shareholders in F2013.

Included in operating profit is fair value net upward adjustments of R83,8 million (F2013: R 86,5 million) relating to the group's interests in Eastern European road transport concessions. This positively affected the group's results in the year.

The financial statements on pages 10 to 96 set out fully the financial position, results of operations and cash flows for the group for the financial year ended 30 June 2014. Segmental information as approved by the directors relating to the business of the group is set out on pages 16 to 18.

Selected Accounting Standards and Amendments to Accounting Standards, which became effective for the first time in the current reporting period, namely IFRS 11: Joint Arrangements, IAS 19 (Revised): Employee Benefits, IAS 28 (Revised): Investments in Associates and Joint Ventures, have necessitated retrospective application of the Statement and a restatement of prior year comparatives in line with these revised requirements.

Financial performance

The group's underlying businesses – outside of the Civil Engineering segment and Engineering & Construction cluster – performed in line with management expectations and in accordance with the market guidance. The Civil Engineering segment was affected by a decrease in profit recognition reported with the half-year results following management's more cautious view on the forecast completion margin on two contracts, one of which has now been substantially completed and the slower than expected recovery of margins in the second half of F2014. Thus the group overall core operating margin decreased from 5.0% in the prior year to 4.2%.

In line with expectations, group net finance costs of R2,1 million were recorded for the period compared to restated^ net finance costs of R1,5 million in the prior period.

The effective tax rate of 34% (F2013: 38%) was higher than the South African statutory tax rate of 28%. This was mainly due to a prudent approach adopted to the raising of deferred taxation assets and an increase in underprovided taxation from the past year which was partially offset by liabilities in jurisdictions with lower taxation rates.

Financial position

It is pleasing to note that the group's statement of financial position continues to be sound, with a nil net gearing ratio and an largely unchanged year-on-year bank and cash balance of R2,9 billion as at 30 June 2014 (F2013: R2,9 billion and H1 F2014: R3,2 billion). The statement of financial position continues to reflect the net investment in the remaining Construction Materials business within non-current assets classified as held for sale. The loss for the period from discontinued operations includes an operating loss (net of tax) from the Construction Materials businesses of R3.0 million (F2013: R36,8 million).

Cash flow

The group generated R902,8 million cash from operations before working capital changes and absorbed R519,0 million cash from working capital changes. This resulted in a net cash inflow from operating activities of R150,6 million after settlement of taxation liabilities of R139,5 million and the dividend to shareholders of R80,2 million. After a net cash investment of R160,4 million in plant and equipment and investment property and net repayment of borrowings of R67,4 million, a net outflow of R44,9 million was realised.

^ *Restated for the effect of first-time adoption of IFRS 11 – Joint Arrangements.*
* *Restated following the adoption of IAS19 (Revised) where the group's pension fund surplus gains or deficits are allocated between earnings and the statement of other comprehensive income.*

Capital expenditure

Details on capital expenditure by business are set out on page 18 of this report.

SUBSIDIARIES, JOINT ARRANGEMENTS AND ASSOCIATES

The interest in subsidiaries, joint arrangements and associated companies, are set out on pages 83 to 93 of this integrated annual report.

BUSINESS COMBINATIONS

There were no business combinations during the current reporting period.

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 in F2013. Proceeds on the sale of these businesses were received as expected. The one business still unsold remains reflected as a discontinued operation and carried as a non-current asset classified as held for sale.

STATED CAPITAL

The movements in the number of shares during the year under review are summarised in the statement of changes in equity on page 14 to 15 of this group annual financial statement. The authorised and issued share capital is as follows:

Authorised:

150 000 000 ordinary shares of no par value.

Issued:

112 104 493 ordinary shares of no par value (F2013: 111 149 510).

All shares have been fully paid up.

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

The buy back of 12 356 865 shares from the previous BBBEE shareholder, Mvelaphanda, and re-issuance of 10 356 865 of these shares to the newly established Black Professionals Staff Trust and 2 000 000 to the Izakhiwo Imfundo Bursary Trust, in line with the BBBEE ownership transaction approved by shareholders, took place during the prior financial year.

11 305 707 shares (F2013: 11 643 098) are held as treasury stock.

The group's ownership transaction comprises two components, namely:

- a Black Professionals Staff Trust; and
- the Izakhiwo Imfundo Bursary Trust

The implementation of the Black Professionals Staff Trust and Izakhiwo Imfundo Bursary Trust was approved by shareholders on 27 November 2012. The transaction was concluded on 16 January 2013 following the fulfilment of all conditions precedent.

The financial effects of the revised transaction were therefore charged against income from H2 F2013.

The share-based payment benefit provided to the Izakhiwo Imfundo Bursary Trust was recognised as a non-recurring equity-settled share-based payment. The full charge of R16,8 million (originally estimated at R12,7 million as per the circular to shareholders) was recognised fully on grant date in H2 F2013.

The estimated share-based payment benefit with respect to the Black Professionals Staff Trust at year-end date is R149,9 million (December 2013 was R166,4 million, 30 June 2013: R142,2 million and R71,4 million originally estimated as per the circular to shareholders) and is recognised as a cash-settled share-based payment transaction over the life of the scheme from the effective date of this transaction to the assumed end date of November 2020. An amount of R30,0 million (F2013: R8,2 million) was charged in F2014.

The implementation of the Izakhiwo Imfundo Bursary Trust portion of the revised transaction resulted in an increase in the group's number of shares in issue by two million shares from grant date. The implementation of the Black Professionals Staff Trust at the effective date resulted in no increase in the weighted average number of shares in issue, for dilutive earnings purposes as these remain anti-dilutive at 30 June 2014. However, this must be reassessed at each reporting period.

SPECIAL RESOLUTIONS

Other than the authorisation to repurchase shares, approval of non-executive directors' remuneration and authority to provide financial support to subsidiary companies, no special resolutions relating to the capital structure, borrowing powers or any other material matter that affects the understanding of the Group were passed.

RELATED PARTY TRANSACTIONS

Related parties to the group are identified as the group's directors, prescribed officers, senior management, subsidiaries, joint ventures and associates. Disclosure of transactions with these parties during the year is provided on page 57 of the group annual financial statements.

SHAREHOLDER SPREAD

Details of shareholder categories are set out on page 94 of this report.

DIVIDEND DECLARATION

The group has previously disclosed that the company has adopted an approximate four times basic earnings per share dividend cover policy. This policy is subject to review on a semi-annual basis, prior to dividend declaration, as distributions will be influenced by business growth, acquisition activity, or movements in earnings as a result of fair value accounting adjustments.

In line with this policy, on 5 August 2014, the directors declared a gross dividend of 55 cents per ordinary share (cents per ordinary share net of dividend withholding tax and STC credits) (2013: 35 cents). This brings the total dividend for the year to 100 cents (F2013: 67 cents). The dividend policy therefore remains unchanged, based on the medium term business outlook and the availability of liquid resources.

The dividend has been declared from income reserves.

In terms of the new Dividends Tax effective 1 April 2012, the following additional information is disclosed:

- The dividend is subject to dividend withholding tax at 15% (8.25 cents per share). In determining dividend withholding tax, STC credits must be taken into account
- 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 withholding 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.

DIRECTORS AND SECRETARY

The names and brief CV's of the directors appear on pages 102 to 105 Group Five's 2014 integrated annual report, and on pages •• to •• of the supplementary information to the integrated annual report under the corporate governance review, available with the annual financial statements on the group's website. Further information on the directors, including their interest in the shares of the company and share-based remuneration schemes are provided on page 145 of Group Five's 2014 integrated annual report as well as Annexure 7 and note 23 of the annual financial statements.

No contracts in which the directors share an interest were entered into.

The policy detailing the procedures for appointment to the board is detailed within the review from the company secretary that can be found on the online section of the integrated annual report at www.groupfive.co.za.

Appointments to the board are recommended by the nominations committee and considered by the board as a whole. This involves evaluating the existing balance of skills and experience against the needs of the group.

DDS Robertson and LE Bakoro served on the audit committee until their resignation from the board and the audit committee on 5 November 2013 and 11 February 2014, respectively. We thank both directors for their valuable contribution to the Board. NJ Chinyanta, W Louw, B Ngonyama, VM Rague and MR Thompson were appointed to the board of directors and the audit committee on 1 April 2014. Their appointments were made following recent retirements and resignations from the board and, as a result of the recent board performance evaluation, which, assisted by an independent service provider, informed the approach adopted for the recruitment process by the nominations committee. Each new director brings unique skills and expertise that will add to the existing board talent to lead the group's growth strategies.

In terms of the company's memorandum of incorporation, 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 are obliged to retire at this annual general meeting and, being eligible, offer themselves for election. Dr JL Job and Mr 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, Dr Job and Mr Mpinga offer themselves for re-election. 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. Refer to page 143 of Group Five's 2014 integrated annual report for disclosure on non-executive and executive directors' remuneration.

DIRECTORS' SHAREHOLDINGS

At 30 June 2014, the number of ordinary shares held beneficially and non-beneficially by the current directors was 311 984 and 1 000 respectively (F2013: 360 179 and 1 000 respectively). There has been no material change in their holdings between the year-end and the date of this report. Refer to Annexure 7 in the annual financial statements for additional disclosure.

BORROWING POWERS

In terms of the memorandum of incorporation, the company has unlimited borrowing powers. The revised memorandum of incorporation was approved by the shareholders at the previous annual general meeting held in November 2013.

GOING CONCERN

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

EVENTS AFTER REPORTING DATE

Other than the declaration of the final dividend for the 2014 financial year on 5 August 2014, the board is not aware of any matter or circumstance arising since the end of the reporting period not otherwise dealt with in the consolidated annual financial statements which significantly affects the financial position of the group as at 30 June 2014 or the results of its operations or cash flows for the year then ended.

INDUSTRY MATTERS

Shareholders have been advised in previous SENS announcements that the group has co-operated pro-actively 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 that the group was able to uncover during its internal investigation process.

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 projects 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 projects. 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 projects. In June 2013 a provision was raised against the risk of an administrative fine as reported in the group's F2013 results.

Management has 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 shareholders. Settlement has not yet been concluded due to a lack of evidence and factual discrepancies which remain and which the group views as very serious 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 projects in question, which settlement would be adequately covered by the provision raised in F2013, based on legal counsel assessment.

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.

SHARE OPTION SCHEMES

Details of the group's share option schemes are set out on page 54.

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

On 27 February 2007, the group, through its wholly owned subsidiary, Group Five Construction (Proprietary) Limited, issued two senior unsecured bonds as follows:

- GFC1: R300 million, three-year, 9.05% fixed rate per annum
- GFC2: R550 million, five-year, 9.2% fixed rate per annum

The bonds were issued under an approved R1 billion BESA-listed DMTN Programme. The GFC1 bullet payment was settled in February 2010. The R550 million bullet payment with respect to the GFC2 bond was due in February 2012 and was settled. The JSE Limited granted a listing to the group in respect of two senior unsecured notes issued under the group's R1 billion Domestic Medium Term Note Programme.

Two unsecured bonds were issued on 11 April 2012 as follows:

- GFC03: R220 million, three-year, 7.35% floating (three-month JIBAR) interest rate payable quarterly. The bond settlement due date is 10 April 2015.
- GFC04: R280 million, five-year, 9.4850% fixed interest rate payable semi-annually. The settlement date for this bond is 11 April 2017. The primary application of these funds is intended to finance equity investments in Power, Transport, Real Estate opportunities and concessions.

Global Credit Ratings agency awarded the group a long term National A- credit rating and a short term National A1- credit rating.

AUDITORS

The policy with regard to the non-audit services provided by the external auditors is detailed within the review from the company secretary that can be found on the online section of the integrated annual report at www.groupfive.co.za. It confirms that the approval of non-audit work to be carried out by the external auditors is the responsibility of the audit committee and this is included within the committee's terms of reference.

PricewaterhouseCoopers Inc. will continue in office in accordance with section 90(6) of the Companies Act. At the annual general meeting shareholders will be requested to appoint PricewaterhouseCoopers Inc. as the group's auditors for the 2015 financial year and it is noted that AJ Rossouw will be the individual registered auditor who will undertake the audit.

ANNUAL GENERAL MEETING (AGM)

The AGM will be held at 11:00 on 4 November 2014. Refer to pages 97 to 104 of Group Five's 2014 integrated annual report for further details of the ordinary and special business for consideration at this meeting.

DOMICILE, COUNTRY OF INCORPORATION AND REGISTERED OFFICE

The company is incorporated in the Republic of South Africa, its domicile and registered offices are No 9 Country Estate Drive Waterfall Business Estate, Jukskei View, Johannesburg, 1662

Independent auditor's report

FOR THE YEAR ENDED 30 JUNE 2014

TO THE SHAREHOLDERS OF GROUP FIVE LIMITED

We have audited the consolidated and separate financial statements of Group Five Limited set out on pages 10 to 93, which comprise the statements of financial position as at 30 June 2014, income statements and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

The company's directors are responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated and separate financial statements based on our audit. 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 about whether the consolidated and separate financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. 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 consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Group Five Limited as at 30 June 2014, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Other reports required by the Companies Act

As part of our audit of the consolidated and separate financial statements for the year ended 30 June 2014, we have read the Directors' Report, the Report of the Audit Committee and the Statement of Compliance by Company Secretary for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: AJ Rossouw
Registered Auditor
Sunninghill

11 August 2014

Group income statement

FOR THE YEAR ENDED 30 JUNE 2014

		GROUP	
(R'000)	Notes	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	4.1, 22.1	**(3 410 224)**	(2 456 915)
Other staff cost		**(394 305)**	(336 942)
Depreciation	4.3, 8	**(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	12	**83 840**	86 482
Operating profit	4	**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	5	**(2 134)**	(1 485)
Finance cost		**(66 497)**	(55 373)
Finance income		**64 363**	53 888
Profit before taxation		**672 807**	541 087
Taxation	6	**(230 268)**	(205 677)
Profit after taxation from continuing operations		**442 539**	335 410
Loss for the year from discontinued operations	32	**(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)	7.1	**4,01**	2,64
Fully diluted earnings per share – (Rand)	7.2	**3,94**	2,62
Earnings per share from continuing operations – (Rand)	7.3	**4,04**	3,13
Fully diluted earnings per share from continuing operations – (Rand)	7.4	**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 remeasurment 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.*

Group statement of financial position

AS AT 30 JUNE 2014

(R'000)	Notes	GROUP 2014	2013 Restated*	2012 Restated*
Assets				
Non-current assets				
Property, plant and equipment	8	908 575	935 789	871 148
Investment property	9	95 607	–	–
Investment in associates	10.1	78 037	58 042	34 229
Loans to associates	10.2	32 233	6 723	4 917
Investment in joint ventures	11	60 483	49 769	59 273
Investments in service concessions	12	421 563	360 684	296 635
Investment in property developments		–	–	8 716
Pension fund surplus	22.2	229 498	166 734	137 049
Deferred taxation	13	46 361	57 279	52 223
Non-current trade receivables	16	195 630	95 302	116 245
Total non-current assets		2 067 987	1 730 322	1 580 435
Current assets				
Inventories	14	345 766	261 811	257 541
Contracts in progress	15	637 719	304 849	539 418
Derivative financial instruments	18	5 146	21 358	–
Trade and other receivables	16	3 914 521	3 405 607	2 614 041
Cash and cash equivalents	29	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	32	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 translations 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	17.1	505 834	681 813	610 672
Provision for employment obligations	22.3	73 957	49 295	33 935
Provision for environmental rehabilitation	19	4 000	4 000	4 000
Deferred taxation	13	34 750	12 359	15 921
Non-current trade payables	20	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	20	4 500 938	4 151 665	3 738 570
Contract related provisions	21	39 987	36 806	59 294
Current taxation payable	28	190 300	118 772	39 438
Current portion of interest-bearing borrowings	17.1	350 440	80 834	62 128
Short term borrowings	17.5	70 772	21 100	27 740
Total current liabilities		6 580 573	5 726 848	4 750 301
Liabilities associated with non-current assets classified as held for sale	32	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)	Notes	GROUP 2014	GROUP 2013 Restated*
Cash flow from operating activities			
Cash from operations before working capital changes	26	**902 847**	685 125
Working capital changes	27	**(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	28	**(139 462)**	(129 104)
Dividends paid	33	**(80 166)**	(45 148)
Cash effects of operating activities (discontinued operations)	32	**(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)	32	**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)	32	**(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	29	**2 912 240**	2 954 123
Included in non-current assets classified as held for sale	32	**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 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.

Foreign currency translation reserve
Non distributable reserve arising from the translation of the assets and liabilities attributable to foreign operations to the presentation currency.

Group segmental analysis

FOR THE YEAR ENDED 30 JUNE 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.

The segmental information presented below includes the reconciliation of IFRS measures presented on the face of the income statement to non-IFRS measures which are used by management to analyse the group's performance.

FINANCIAL PERFORMANCE: GROUP REVENUE AND OPERATING PROFIT

Revenue

Operating profit

Note: Graphs represent 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.

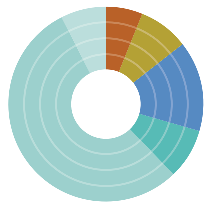
* *Restated for the adoption of IFRS 11 – Joint Arrangements and IAS 19 (Revised) – Employee Benefits.*

Group segmental analysis continued

FINANCIAL POSITION: CURRENT ASSETS AND CAPITAL EXPENDITURE

Current assets

Capital expenditure



Note: Graphs represent F2014 values only

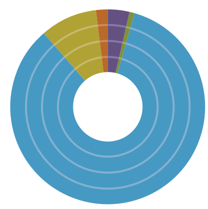
(R'000)	Current assets 2014	Current assets 2013 Restated*	Capital expenditure 2014	Capital expenditure 2013 Restated*
Operational segments				
Investments and Concessions	**301 051**	191 956	**16 223**	33 334
Engineering & Construction	**1 245 626**	467 703	**21 867**	8 640
Manufacturing	**444 724**	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 (note 8)	**–**	–	**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

An additional group segmental analysis has been included as Annexure 1 as, although exco does not review this information on a monthly basis in order to take strategic decisions, management deems this information to provide additional value-added disclosure to stakeholders. Refer to pages 76 to 80 for details.

* *Restated for the adoption of IFRS 11 – Joint Arrangements and IAS 19 (Revised) – Employee Benefits.*

Accounting policies

1. PRINCIPAL ACCOUNTING POLICIES

These consolidated and company financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) of the International Accounting Standards Board and the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS, the JSE Listings Requirements, the Companies Act of South Africa and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncement as issued by the Financial Reporting Standards Council. The accounting policies are consistent with those of the previous year except where indicated otherwise. The financial statements are prepared on the historical cost basis except that, as set out in the accounting policies below, certain items, including derivatives, investment in service concessions and investment property are stated at fair value. The financial statements are prepared on a going concern basis. Set out below are the principal accounting policies used consistently throughout the group. Investments in subsidiaries are carried at cost in the company financial statements. The consolidated financial statements include those of the holding company, its subsidiaries, joint arrangements and associates. During 2012, the board of directors approved the disposal of the group's Construction Materials segment of business. The segment has thus been disclosed as a discontinued operation. Its assets and liabilities are reflected as non-current assets classified as held for sale and liabilities associated with non-current assets classified as held for sale.

1.1 Basis of consolidation

a) Business combinations

The acquisition method of accounting is used to account for business combinations by the group. The consideration transferred for the acquisition of a business is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. Subsequently, the carrying amount of non-controlling interest is the amount of the interest at initial recognition plus the non-controlling interest's share of the subsequent changes in equity. Total comprehensive income is attributed to non-controlling interest even if this results in the non-controlling interest having a deficit balance.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of comprehensive income.

b) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

c) Transactions and non-controlling interests

The group treats transactions with non-controlling interests as transactions with equity owners of the group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

d) Joint arrangements

The group has applied IFRS 11 to all joint arrangements as of 1 July 2012. Under IFRS 11, investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures and joint operations.

Joint ventures are accounted for using the equity method. Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long term interests that, in substance, form part of the group's net investment in the joint ventures), the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures. Loans to joint ventures are included in the investment in joint ventures line in the statement of financial position.

Joint operations are those entities in which the group has joint control. The group accounts for its assets and liabilities, revenue and expenses, as well as its share of assets, liabilities, revenue and expenses of joint operations in the consolidated financial statements.

The results of joint arrangements are included from the effective dates of acquisition and up to the effective dates of derecognition.

Inter-company transactions, balances and unrealised gains on transactions between the group and its joint arrangements are eliminated on consolidation to the extent of the group's interest. Unrealised losses are eliminated and are also considered an impairment indicator of the asset transferred. Accounting policies of joint ventures have been changed where necessary to ensure consistency with policies adopted by the group.

The change in accounting policy has been applied for financial periods beginning on or after 1 July 2012. The effects of the change in accounting policies on the financial position, comprehensive income and the cash flows of the group are shown in note 34. The change in accounting policy has had no impact on earnings per share.

e) Associates

Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

The group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post acquisition movements are adjusted against the carrying amount of the investment. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. The total carrying value of associates is evaluated when there is an indication/indicators for impairment.

Unrealised gains on transactions between the group and its associates are eliminated to the extent of the group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the group.

1.2 Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as exco which makes strategic decisions. The basis of segmental reporting is set out on page 16.

1.3 Foreign currency translation

a) Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in Rand, which is the group's presentation currency.

b) Transactions and balances

Foreign currency transactions of a group entity are initially translated into its functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the subsequent translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Where appropriate, in order to minimise its exposure to foreign exchange risks, the group enters into forward exchange contracts.

c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are also taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

1.4 Revenue recognition

The group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the group's activities as described below. The group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue relating to long term contracts are accounted for using the percentage of completion method and are measured at the fair value of the consideration received or receivable and include variations and claims; the stage of completion is measured by reference to the relationship of contract costs incurred or significant activity achieved to date for work performed relative to the estimated total costs or total significant activity of the contract. If circumstances arise that may change the original estimates of revenues, costs or extent of progress toward completion, estimates are revised. These revisions may result in increases or decreases in estimated revenues or costs and are reflected in income in the period in which the circumstances that give rise to the revision become known by management.

Property sales are recognised when risks and rewards of ownership are transferred. Revenue from purchased, manufactured or mined products is recognised upon delivery of products and customer acceptance. Revenue from performance of services, including operations and maintenance services, is generally recognised in the period when the services are actually provided and is measured based on contractual rates.

All revenues are stated net of value added taxes and trade discounts, if applicable. Inter-company revenues are eliminated on consolidation. Other income, which is not included in revenue, earned by the group is recognised on the following basis:

- interest income – as it accrues (taking into account the effective yield on the asset);
- dividend income – when the shareholder's right to receive payment is established; and
- investment property and investments in concessions – fair value increases or decreases during the year.

1.5 Operating profit

Transactions such as fair value adjustments on service concessions, fair value adjustments on investment property, fair value adjustments on property developments and impairment adjustments are considered to be a part of operating profit but are separately disclosed for additional disclosure as they are transactions in addition to the underlying operating activities of the business units albeit still in the segments core operational control.

1.6 Property, plant and equipment

Property, plant and equipment consist of the following categories:

a) Properties

Properties consist of the following:

- occupied property;
- investment property; and
- property development costs (disclosed as inventory).

The accounting for each category of properties is as follows:

- company occupied property is carried at cost less accumulated depreciation and accumulated impairment, other than land, which is not depreciated. Depreciation is calculated to write off the cost of these properties over their expected useful lives on a straight-line basis to their residual value; generally, buildings are depreciated over 50 years; gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in net profit;
- property development costs held as inventory, which is property held for development and resale, is valued at the lower of cost and net realisable value.

b) Capital work in progress

Property, plant and equipment under construction is stated at initial cost and is not depreciated. The cost of self-constructed assets includes expenditure on materials, direct labour, an allocated proportion of project overheads and related borrowing costs. Assets are transferred from capital work in progress to an appropriate category of property, plant and equipment when commissioned and ready for its intended use.

c) Factory plant

Factory plant, including capitalised leased assets, is stated at initial cost less subsequent accumulated depreciation and impairment. Depreciation is calculated to write off the cost of the factory plant to its estimated residual value on a straight line basis over its expected useful life. Any remaining book value of a component replaced is written off immediately in the income statement. Other repair and maintenance expenditure is charged directly to the income statement as incurred.

d) Mobile plant and vehicles

Mobile plant and vehicles, including capitalised leased assets, are stated at initial cost less subsequent accumulated depreciation and impairment. Where mobile plant and vehicles comprise major components with different useful lives, these components are accounted for and depreciated as separate items and residual values are re-assessed annually. Depreciation is calculated to write off the value of mobile plant and vehicles to their estimated residual values on a straight-line basis over their expected useful lives. The expected useful lives are generally three to ten years. The estimated useful lives and residual values are reviewed annually.

e) Computerware and development costs

Computer equipment, including capitalised leased assets, is stated at initial cost less subsequent accumulated depreciation and impairment. Depreciation is calculated to write off the cost of these assets to their estimated residual values on a straight-line basis over their expected useful lives on a component basis. The expected useful lives are generally three years. The estimated useful lives and residual values are reviewed annually.

Development costs that enhance and extend the benefits of computer software programs are recognised as a capital improvement and added to the original cost of the software. These include purchased software and the direct costs associated with the customisation and installation thereof. Development costs recognised as assets are depreciated using the straight-line method over their useful lives, not exceeding a period of ten years.

f) Furniture, fittings and other items

Furniture, fittings and other items are stated at initial cost less subsequent accumulated depreciation and impairment. Depreciation is calculated to write off the cost of these assets to their estimated residual values on a straight-line basis over their expected useful lives on a component basis. The expected useful lives are generally three to five years. The estimated useful lives and residual values are reviewed annually.

g) Replacement and modification expenditure (relate to all categories)

Expenditure incurred to replace or modify a significant component of property, plant and equipment is capitalised and any remaining book value of the component replaced is written off immediately in the income statement. Other repair and maintenance expenditure is charged directly to the income statement as incurred.

h) Gains and losses

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within the income statement as appropriate.

1.7 Investment property

Investment property is property held to generate independent cash flows through rental or capital appreciation, and is carried at fair value with changes in fair value included in the income statement.

1.8 Impairment adjustments

a) Non-current non-financial assets

Non-current non-financial assets are tested for impairment when there is an indication for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

b) Financial assets: assets carried at amortised cost

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The criteria that the group uses to determine that there is objective evidence of an impairment loss include:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- the group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- it becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
  - (i) adverse changes in the payment status of borrowers in the portfolio; and
  - (ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

The group first assesses whether objective evidence of impairment exists.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the group may measure impairment on the basis of an instrument's fair value using an observable market price. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

1.9 Financial assets

The group classifies its financial assets in the following categories; at fair value through profit and loss or loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

a) Financial assets at fair value through profit and loss

Financial assets at fair value through profit and loss are financial assets held for trading or those designated as fair value through profit and loss on initial recognition. These assets are reflected in current and non-current assets respectively. Derivatives are classified as held for trading unless they are designated as hedges. Financial assets carried at fair value through profit and loss are initially recognised at fair value and subsequently carried at fair value. Gains and losses arising from changes in the fair value of the financial assets at fair value through profit and loss category are presented in the income statement in the period in which they arise. The method for estimation of fair value is described within the accounting policy for each financial asset and within the disclosure on judgements and estimates.

b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the statement of financial position date. These are classified as non-current assets. Loans and receivables include trade and other receivables and cash and cash equivalents in the statement of financial position. Loans and receivables are initially recognised at fair value, plus transaction costs, and subsequently carried at amortised cost using the effective interest rate method.

1.10 Investments in service concessions

These investments consist of interests in service concessions over which the group has neither control nor significant influence. These investments are financial assets designated at fair value through profit and loss. They are initially recognised at fair value and subsequently measured at fair value with changes in fair value, recognised in the income statement.

1.11 Investments in property developments

These investments consist of interest in property development entities over which the group has neither control nor significant influence. These investments are financial assets designated at fair value through profit and loss. They are initially recognised at fair value and subsequently measured at fair value with changes in fair value, recognised in the income statement.

1.12 Financial instruments

Financial instruments carried on the statement of financial position include cash and cash equivalents (as defined), short term borrowings, investments in service concessions, investment in property development, pension fund surplus, trade and other receivables, contracts in progress, trade and other payables, interest-bearing borrowings and derivative financial instruments. The particular recognition methods adopted are disclosed in the individual policy statements or notes associated with each item.

1.13 Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The group designates certain derivatives as either:

a) hedges of the fair value of recognised fixed rate liabilities (fair value hedge);
b) hedges of a particular risk associated with a recognised fixed rate liability (fair value hedge) or a highly probable orecast transaction (cash flow hedge); or
c) hedges of a net investment in a foreign operation (net investment hedge).

The group documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The group also documents its assessment, both at hedge inception and on an on-going basis, on whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative instruments used for hedging purposes are disclosed in note 18. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

a) Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The group applies fair value hedge accounting to hedge the fair value interest rate risk associated with fixed rate borrowings. The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate borrowings is recognised in the income statement within finance costs. The gain or loss relating to the ineffective portion is recognised in the income statement within other operating expenses – net. Changes in the fair value of the hedged fixed rate borrowings attributable to interest rate risk are recognised in the income statement within finance costs.

If the hedging relationship no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used, is amortised to profit or loss over the period to maturity (pull to par).

b) Derivatives at fair value through profit or loss

Certain derivative instruments do not qualify for hedge accounting and are accounted for at fair value through profit or loss. Changes in the fair value of these derivative instruments that do not qualify for hedge accounting are recognised immediately in the income statement within other operating expenses.

1.14 Inventories

Materials, consumable stores, work in progress and finished goods are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the cost of completion and selling expenses. In general, cost is determined on a first-in-first-out basis and includes expenditure incurred in acquiring, manufacturing and transporting the inventory to its present location. The cost of manufactured goods includes direct expenditure and an appropriate proportion of manufacturing overheads. Provision is made for obsolete and slow moving inventory.

Costs that are incurred in or benefit the construction materials process, are accumulated as stockpiles and consist of aggregates finished product. Stockpiles are verified via monthly surveys of estimated tonnes and are valued based on cost of production per tonne. Net realisable value tests are performed annually and represent the estimated future sales price of the product, based on prevailing prices, less estimated costs to completion and sale.

Property development costs held as inventory, which is property held for development and resale, are valued at the lower of cost and net realisable value.

1.15 Construction contracts

A construction contract is a contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology, and functions, or their ultimate purpose or use.

A group of contracts is treated as a single construction contract when the group of contracts is negotiated as a single package and the contracts are so interrelated that they are, in effect, part of a single project with an overall profit margin and are performed concurrently or in a continuous sequence.

Contract costs are recognised when incurred. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognised using the percentage of completion method. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

The group uses the "percentage of completion method" to determine the appropriate revenue to recognise in a given period. The stage of completion is measured with reference to the contract costs or major activity incurred up to the statement of financial position date as a percentage of total estimated costs or major activity for each contract. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion and are presented as contracts in progress.

The group also presents as contracts in progress the gross amount due from customers for contract work for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceed progress billings. Progress billings not yet paid by customers and retention are included in trade and other receivables.

The group presents as a liability (excess billings over work done) the gross amount due to customers for contract work for all contracts in progress for which progress billings exceed costs incurred plus recognised profits (less recognised losses).

1.16 Trade and other receivables

Trade and other receivables are recognised initially at fair value and are subsequently measured at amortised cost using the effective interest method, less provision for impairment.

1.17 Cash and cash equivalents

For the purpose of the statement of cash flow, cash and cash equivalents comprise bank balances and cash with original maturities of three months or less and also include bank overdrafts repayable on demand. Cash and cash equivalents are reflected at year-end bank statement balance. Where bank overdrafts and cash balances are with the same financial institution and right of set-off exists, they are netted off for disclosure purposes.

1.18 Non-current assets (or disposal groups) classified as held for sale

Non-current assets (or disposal groups) are classified as assets held for sale and stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continued use.

1.19 Stated capital

Ordinary shares are classified as equity. Issued share capital is stated in the statement of changes in equity at the amount of the proceeds received less directly attributable issue costs. Cost of share options issued after 7 November 2002 have been charged to stated capital as described in note 1.24(d).

1.20 Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

1.21 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method. Where the fair value of the borrowings have been hedged, and qualify for hedge accounting, then the gain or loss on the hedged item attributable to the hedged risk is recognised in the income statement. Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

1.22 Capitalisation of borrowing costs

Borrowing costs, incurred in respect of property developments or capital work in progress, that require a substantial period to prepare assets for their intended use, are capitalised up to the date that the development of the asset is ready for its intended use. The amount of direct borrowing costs eligible for capitalisation is the actual borrowing costs incurred on the borrowing during the period less any investment income on the temporary investment of these borrowings. Other borrowing costs are recognised directly in the income statement when incurred.

1.23 Taxation

The taxation expense represents the sum of the current taxation payable (local and international) and deferred taxation.

The current taxation payable is based on the taxable income for the year. Taxable income differs from net income as reported in the income statement because it includes items of income and expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The group's liability for current taxation uses relevant rates that have been enacted or substantively enacted by the statement of financial position date.

Deferred taxation is accounted for using the balance sheet liability method in respect of temporary differences which arise from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding taxation basis used in the computation of taxable income. Deferred taxation liabilities are recognised for all taxable temporary differences and deferred taxation assets are recognised to the extent that it is probable that taxable income will be available against which deductible temporary differences can be utilised. The carrying value of deferred taxation assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow part of the asset to be recovered.

Current enacted taxation rates are used to determine deferred income taxation. The principal temporary differences arise from depreciation on property, plant and equipment, various provisions, contracting allowances and taxation losses carried forward.

1.24 Employee benefits

The accounting policies relating to employee benefits can be categorised into five areas, as follows:

a) Pension obligations

The group participates in a group defined benefit plan, a number of group defined contribution plans and a number of multi employer industry plans. The pension plans are funded by payments from employees and by relevant group companies, taking account of the recommendations of independent qualified actuaries. All plans and their assets are managed in separate trustee administered funds. The plans are governed by the Pension Funds Act.

a.i Pension obligations – defined contribution plans

The group's pension accounting costs for the defined contribution plans and multi-employer industry plans are limited to the annually determined contributions.

For defined contribution plans, the group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

a.ii Pension obligations – defined benefit plans

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds which has terms to maturity approximating to the terms of the related pension obligation.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in income.

b) Post-employment obligations

One group company provides post-employment medical costs for certain of its retirees. The expected costs of these benefits are accrued over the period of employment using a methodology similar to that of defined benefit plans. A valuation of this obligation is carried out on a periodic basis by professionally qualified independent actuaries. The post-employment obligations are not funded.

c) Leave pay

Employee entitlements to annual leave are recognised when they accrue to employees. Full provision is made for the estimated liability for annual leave, as a result of services by employees, up to the statement of financial position date.

d) Equity compensation benefits

Share options and appreciation rights are granted to employees in terms of the schemes detailed in note 22.4. The net cost of share options, issued after 7 November 2002, calculated as the difference between the fair value of such options at grant date and the price at which the options were granted (calculated at the 30-day volume weighted average price at grant date), are expensed over their vesting periods on a straight-line basis. The fair value of the share options is measured using the Black Scholes pricing model. These share options are not subsequently re-valued.

Options exercised are equity settled through a fresh issue of shares or through a repurchase and re-issue of shares by the group.

Cash settled share-based payments are granted to beneficiaries of the Black Professionals Staff Trust, which Trust was approved by shareholders during the prior financial year and to participants eligible to receive bonus shares in terms of the group's long term incentive plan. The cost of these payments is recognised as a cash-settled share based payment transaction over the life of the schemes from the effective date of the transaction to vesting date. Refer note 22.4.3.

e) Profit sharing and bonus plans

A liability for employee benefits, in the form of profit sharing and bonus plans, is recognised in trade and other payables when there is no realistic alternative but to settle the liability and if at least one of the following conditions is met:

- there is a formal plan and the amounts to be paid are capable of being reliably estimated; or
- past practice has created a valid expectation by employees that they will receive a bonus/profit sharing and amounts can be determined before the time of issuing the financial statements.

1.25 Provisions

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

1.26 Environmental rehabilitation

Estimated long term environmental obligations, comprising rehabilitation, mine and asbestos dump closure, are based on the group's environmental management plans in compliance with current technological, environmental and regulatory requirements.

The net present value of expected rehabilitation cost estimates are recognised and provided for in full in the financial statements. The estimates are reviewed annually and are discounted using rates that reflect inflation and the time value of money.

Annual changes in the provision consist of finance costs relating to the change in the present value of the provision and inflationary increases in the provision estimate, as well as changes in estimates. The present value of environmental disturbances created are capitalised to mining assets against an increase in the rehabilitation provision. The rehabilitation asset is amortised as noted in the group's accounting policy. Rehabilitation projects undertaken, included in the estimates, are charged to the provision as incurred.

1.27 Leased assets

Where assets are acquired under finance lease agreements that transfer to the group substantially all the risks and rewards of ownership, they are capitalised at the lower of the fair value of the leased asset or the present value of the minimum lease payments. The capital element of the leasing commitment is disclosed under current and non-current liabilities. Lease rentals are treated as consisting of capital and interest elements, using the effective interest rate method.

Leased assets are depreciated over the shorter of their useful lives or lease term. The interest amount is charged to the income statement and the capital elements reduce the liability.

1.28 Operating leases

Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Total rental obligations under operating leases are charged to the income statement on a straight-line basis over the period of the lease, irrespective of the payment terms.

1.29 Dividends paid

Dividend distribution to the company's shareholders is recognised as a liability in the group's financial statements in the period in which the dividends are approved by the company's directors.

1.30 Earnings per share

a) Earnings per share is based on attributable profit for the year divided by the weighted average number of ordinary shares in issue during the year. Fully diluted earnings per share is presented when the inclusion of potential ordinary shares has a dilutive effect on earnings per share.

b) Earnings per share from continuing operations is based on attributable profit for the year from continuing operations divided by the weighted average number of ordinary shares in issue during the year. Fully diluted earnings per share is presented when the inclusion of potential ordinary shares has a dilutive effect on earnings per share.

1.31 Headline earnings per share

Headline earnings per share is based on the same calculation as in 1.30 above except that attributable profit specifically excludes items as set out in Circular 2/2013 "Interpretation of Statement of Investment Practice No 1: Headline Earnings" issued by the South African Institute of Chartered Accountants. Fully diluted headline earnings per share is presented when the inclusion of potential ordinary shares has a dilutive effect on headline earnings per share.

1.32 Contingencies and commitments

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the group, or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability. Contingencies principally consist of contract specific third party obligations underwritten by banking institutions. Items are classified as commitments where the group commits itself to future transactions, particularly in the acquisition of property, plant and equipment.

1.33 Related party transactions

All subsidiaries, joint arrangements and associated companies of the group are related parties. A list of the major subsidiaries, joint ventures and associated companies are included on pages 83 to 93 of this integrated annual report. All transactions entered into with subsidiaries and associated companies were under terms no more favourable than those with third parties and have been eliminated in the consolidated group accounts. Director and senior management emoluments as well as transactions with other related parties, are set out in note 23. There were no other material contracts with related parties.

1.34 Discontinued operations

A discontinued operation is a component of an entity that either has been disposed of or is classified as held for sale and

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Use of estimates

The preparation of the financial statements in conformity with International Financial Reporting Standards requires the group's management to make estimates and judgements concerning the future that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. The resulting accounting estimates and judgements can, by definition, only approximate the actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed below.

2.1 Estimates made in determining changes in estimated useful lives and residual value of mobile plant and equipment and computer equipment

The group maintains a large fleet of mobile plant and equipment and computer equipment. Annual evaluations on estimated useful lives and residual values are performed. These are conducted with reference to external valuations and confirmations supporting the reasonableness of estimates made.

2.2 Estimates regarding impairment of property, plant and equipment

The group continually assesses the recoverability of property, plant and equipment cash flows are estimated. Expected cash flows are inherently uncertain and could change over time. They are affected by a number of factors including estimates of cost of production, sustaining capital expenditure and product markets. In the prior year a portion of the property, plant and equipment was transferred to non-current assets classified as held for sale following the decision by the board to dispose of these assets. The recoverable amount of these asset groups held for sale were calculated with reference to offers received for these assets. The remaining assets were evaluated with reference to external valuations and confirmations to support the reasonableness of carrying values as part of the assets' annual evaluation process.

2.3 Estimate regarding the recognition and measurement of financial instruments

The fair value of the forward foreign exchange contracts described in note 18 is calculated based on the present value of the estimated future cash flows.

2.4 Fair value of investment properties, investment in service concessions and investments in property developments

The fair value of these items, which are not traded in an active market, is determined by using valuation techniques. The group uses a variety of methods, including discounted cash flow analysis and makes a variety of assumptions that are mainly based on market conditions existing at statement of financial position date. (Refer notes 9 and 12 for valuation methodology and significant assumptions used.)

2.5 Construction contract revenue recognition and profit taking

The group uses the percentage-of-completion method in accounting for its construction contracts. Use of the percentage-of completion method requires the group to estimate the construction services and activities performed to date as a proportion of the total services and activities to be performed. In addition, judgements are required when recognising and measuring any variations or claims on each contract.

2.6 Estimate of level of provision required for obsolete stock and doubtful debts

The group estimates the level of provision required for obsolete stock and doubtful debts on an on-going basis based on historical experience as well as other specific relevant factors. A comparison between provision and actual loss incurred is performed to assess reasonableness of provisioning methodology. (Refer to notes 14 and 16 for additional disclosure.)

2.7 Estimate of taxation

The group is subject to income tax in numerous jurisdictions. Judgement is required in determining the worldwide provision for income taxes. Corporate and deferred taxation calculations have been determined on the basis of prior year assessed computation methodologies adjusted for changes in taxation legislation in the year. No significant new transactions that require specific additional estimates or judgements have been entered into in the year.

The group recognises the net future benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of the deferred income tax assets requires the group to make estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the group to realise the net deferred taxation assets recorded at the statement of financial position date could be impacted. Additionally, future changes in taxation laws in the jurisdictions in which the group operates could limit the ability of the group to obtain taxation deductions in future periods. Deferred taxation assets are only raised in jurisdictions where there is significant certainty on the probability that legislation on the use of the assets will remain unchanged. In addition, assets are only raised in jurisdictions where the group has secured signed future contracts or orders sufficient to utilise these losses.

2.8 Estimate of employee benefit liabilities

An updated actuarial valuation is carried out at the end of each financial year for the defined benefit plan and post-employment liabilities of the group. Key assumptions used to determine the net assets and liabilities of these obligations and their sensitivities are set out in notes 22.2 and 22.3. Where valuations are not performed at year end, a review of key assumptions used in the most recent valuation are performed at reporting date to ensure that no material changes in assumptions have occurred, valuations are performed annually.

2.9 Fair value of share-based compensation

The fair value of employee share options and share appreciation rights granted are being determined using the Black-Scholes valuation model. The significant inputs into the model are: vesting period and conditions, risk free interest rate, volatility, price on date of grant and dividend yield. (Refer to note 22.4 for details on each of the share option schemes.)

2.10 Estimate of exposure and liabilities with regard to rehabilitation costs

Estimated non-current environmental obligations, comprising rehabilitation, mine and asbestos dump closure, are based on the group's environmental management plans in compliance with current technological, environmental and regulatory requirements. Actual costs incurred in future periods could differ from estimates. Additionally, future changes to environmental laws and regulations, life of asset and discount rates could affect the carrying amount of their provisions. A risk free rate of 7.8% (2013: 6.7%) and an average inflation rate of 6.2% (2013: 5.7%) were utilised in the calculation of the estimated net present value of certain of the rehabilitation liabilities. The remaining liability has been determined with reference to an external valuation.

2.11 Estimates made of contingent liabilities

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of such contingencies inherently involves the exercise of significant judgement and estimates of the outcome of future events. Disclosure is made in note 24 of the contingent liabilities that the group is exposed to. As a global company, the group is exposed to legal risks. The outcome of any pending and future proceedings cannot be predicted with certainty. Thus, an adverse decision in a lawsuit could result in additional costs that are not covered, either wholly or partly, and that could influence the business and results of operations.

Of particular relevance for the prior reporting period is that the group made provision for an estimated potential administrative penalty to be levied by the Competition Commission, the value of which has not been disclosed yet, but the effects thereof is included in the reported results of the prior year. Stakeholder attention is drawn to the contingent risk of civil claims possibly being lodged against the group, and all construction companies who have been allegedly party to the anti-competitive behaviour, following the Competition Commission release of its findings in June 2013 and the public interest reported in recent months. To date no claim has been instituted against the group.

Notes to the financial statements

3. ADOPTION OF NEW ACCOUNTING STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS

The group and company have adopted the following statements and interpretations:

Accounting standards/interpretation	Effective date	Description
IFRS 7 Financial Instruments: Disclosure – Offsetting of Financial Assets and Financial Liabilities – amendment	1 January 2013	The amended disclosures require more extensive disclosures than previously required under IFRS. The disclosures focus on quantitative information about recognised financial instruments that are offset in the statement of financial position, as well as those recognised financial instruments that are subject to master netting or similar arrangements irrespective of whether they are offset. *Impact: Disclosure impact only.*
IFRS 10 – Consolidated financial statements	1 January 2013	This standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements. The standard provides additional guidance to assist in determining control where this is difficult to assess. This new standard impacts the entities that a group consolidates as its subsidiaries. IFRS 10 establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities and supersedes IAS 27 Consolidated and Separate Financial Statements. IFRS 10 changes the definition of control so that the same criteria are applied to all entities to determine control. The revised definition of control focuses on the need to have both power and variable returns before control is present. The standard provides additional guidance to assist in determination of control where this is difficult to assess. *Impact: Reassessment of control criteria for joint arrangements. No significant impact.*

Accounting standards/interpretation	Effective date	Description
IFRS 11 – Joint arrangements	1 January 2013	This standard provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed. IFRS 11 establishes principles for financial reporting by parties to a joint arrangement and supersedes IAS 31 Interests in Joint Venture. IFRS 11 classifies joint arrangements into joint operations and joint ventures. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. The standard requires a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations arising from the arrangement. The focus is no longer on the legal structure. The existing policy choice of proportionate consolidation for jointly controlled entities has been eliminated. Equity accounting is mandatory for participants in joint ventures. *Impact: Refer to Note 34 for effect due to change in accounting policy*
IFRS 12 – Disclosures of interests in other entities	1 January 2013	This standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. IFRS 12 is a comprehensive standard on disclosure requirements for all forms of interest in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The new standard requires entities to disclose information that helps financial statement readers to evaluate the nature, risk and financial effects associated with the entity's interest in subsidiaries, associates, joint arrangements and unconsolidated structured entities. *Impact: Disclosure impact only*
IFRS 13 – Fair value measurement	1 January 2013	This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. IFRS 13 defines fair value, sets out in a single IFRS a framework for measuring fair value, and sets out disclosure requirements on fair value measurements. *Impact: Disclosure impact only*

3. ADOPTION OF NEW ACCOUNTING STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS continued

Accounting standards/interpretation	Effective date	Description
IAS 19 Employee Benefits – amendment	1 January 2013	The amendments eliminates the option to defer the recognition of actuarial gains and losses, streamlines the presentation of changes in assets and liabilities arising from defined benefit plans including the requirement that re measurements be presented in other comprehensive income, and enhances the disclosure requirements for defined benefit plans to provide better information about the characteristics of defined benefit plans and the risks that entities are exposed to through participation in those plans. The allocation of surplus or deficit arising from actuarial valuation has been recognised in the statement of comprehensive income and not in the income statement. *Impact: Refer to Note 34 for effects due to change in accounting policy*
IAS 27 (revised 2011) – Separate financial statements	1 January 2013	This standard includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10. IFRS 27 contains accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity elects or is required by local regulations to present separate financial statements. The Standard requires an entity preparing separate financial statements to account for those investments at cost or in accordance with IFRS 9 Financial Instruments. *Impact: Disclosure impact only*
IAS 28 (revised 2011) – Associates and joint ventures	1 January 2013	This standard includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11. The new IAS 28 prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. *Impact: Refer to Note 34 for effects due to change in accounting policy*
Amendment to the transition requirements in IFRS 10, 'Consolidated financial statements', IFRS 11, 'Joint Arrangements', and IFRS 12, 'Disclosure of interests in other entities'	1 January 2013	The amendment clarifies that the date of initial application is the first day of the annual period in which IFRS 10 is adopted – for example, 1 January 2013 for a calendar-year entity that adopts IFRS 10 in 2013. Entities adopting IFRS 10 should assess control at the date of initial application; the treatment of comparative figures depends on this assessment. The amendment also requires certain comparative disclosures under IFRS 12 upon transition. *Impact: Refer to Note 34 for effects due to change in accounting policy*

Annual Improvements issued May 2012

Accounting standards/interpretation	Effective date	Description
Amendments to IFRS 1, 'First time adoption of IFRS'	1 January 2013	The amendment clarifies that an entity may apply IFRS 1 more than once under certain circumstances. The amendment clarifies that an entity can choose to adopt IAS 23, 'Borrowing costs', either from its date of transition or from an earlier date. The consequential amendment (as a result of the amendment to IAS 1 discussed below) clarifies that a first-time adopter should provide the supporting notes for all statements presented. *Impact: Disclosure impact only*
Amendment to IAS 1, 'Presentation of financial statements'	1 January 2013	The amendment clarifies the disclosure requirements for comparative information when an entity provides a third balance sheet either: as required by IAS 8, 'Accounting policies, changes in accounting estimates and errors'; or voluntarily. *Impact: Disclosure impact only*
Amendment to IAS 16, 'Property, plant and equipment'	1 January 2013	The amendment clarifies that spare parts and servicing equipment are classified as property, plant and equipment rather than inventory when they meet the definition of property, plant and equipment. *Impact: Refer to Note 8*
Amendment to IAS 32, 'Financial instruments: Presentation'	1 January 2013	The amendment clarifies the treatment of income tax relating to distributions and transaction costs. The amendment clarifies that the treatment is in accordance with IAS 12. So, income tax related to distributions is recognised in the income statement, and income tax related to the costs of equity transactions is recognised in equity. *Impact: No impact expected*
Amendment to IAS 34, 'Interim financial reporting'	1 January 2013	The amendment brings IAS 34 into line with the requirements of IFRS 8, 'Operating segments'. A measure of total assets and liabilities is required for an operating segment in interim financial statements if such information is regularly provided to the CODM and there has been a material change in those measures since the last annual financial statements. *Impact: Disclosure impact only*

3. ADOPTION OF NEW ACCOUNTING STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS continued

At the date of issue of these financial statements, the following standards and interpretations were in issue but not effective and will be adopted when they become effective:

Accounting standards/interpretation	Effective date	Description
IFRS 9 – Financial Instruments (2009)	1 January 2018	This IFRS is part of the IASB's project to replace IAS 39. IFRS 9 addresses classification and measurement of financial assets and replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortised cost and fair value. *Impact: Disclosure impact only*
IFRS 9 – Financial Instruments (2010)	1 January 2018	The IASB has updated IFRS 9, 'Financial instruments' to include guidance on financial liabilities and derecognition of financial instruments. The accounting and presentation for financial liabilities and for derecognising financial instruments has been relocated from IAS 39, 'Financial instruments: Recognition and measurement', without change, except for financial liabilities that are designated at fair value through profit or loss. *Impact: Disclosure impact only*
Amendments to IFRS 9 – Financial Instruments (2011)	1 January 2018	The IASB has published an amendment to IFRS 9, 'Financial instruments',s that delays the effective date to annual periods beginning on or after 1 January 2015. The original effective date was for annual periods beginning on or after from 1 January 2013. This amendment is a result of the board extending its timeline for completing the remaining phases of its project to replace IAS 39 (for example, impairment and hedge accounting) beyond June 2011, as well as the delay in the insurance project. The amendment confirms the importance of allowing entities to apply the requirements of all the phases of the project to replace IAS 39 at the same time. The requirement to restate comparatives and the disclosures required on transition have also been modified. *Impact: Disclosure impact only*
Amendments to IAS 32 – Financial Instruments: Presentation	1 January 2014	The IASB has issued amendments to the application guidance in IAS 32, 'Financial instruments: Presentation', that clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. However, the clarified offsetting requirements for amounts presented in the statement of financial position continue to be different from US GAAP. *Impact: Disclosure impact only*
Amendment to IAS 39 on novation of derivatives	1 January 2014	The IASB has amended IAS 39 to provide relief from discontinuing hedge accounting when novation of a hedging instrument to a CCP meets specified criteria. Similar relief will be included in IFRS 9, 'Financial Instruments'. *Impact: Disclosure impact only*

Accounting Standards/interpretation	Effective date	Description
IASB issues narrow-scope amendments to IAS 36, 'Impairment of assets'	1 January 2014	These amendments address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less cost of disposal. *Impact: Disclosure impact only*
Amendments to IFRS 10, consolidated financial statements', IFRS 12 and IAS 27 for investment entities	1 January 2014	The amendments mean that many funds and similar entities will be exempt from consolidating most of their subsidiaries. Instead they will measure them at fair value through profit or loss. The amendments give an exception to entities that meet an 'investment entity' definition and which display particular characteristics. Changes have also been made in IFRS 12 to introduce disclosures that an investment entity needs to make. *Impact: Disclosure impact only*
IFRS 14 – Regulatory deferral accounts	1 January 2016	The IASB has issued IFRS 14, 'Regulatory deferral accounts' ('IFRS 14'), an interim standard on the accounting for certain balances that arise from rate-regulated activities ('regulatory deferral accounts'). Rate regulation is a framework where the price that an entity charges to its customers for goods and services is subject to oversight and/or approval by an authorised body. *Impact: No impact expected*
Amendment to IAS 19 regarding defined benefit plan.	1 July 2014	These narrow scope amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. *Impact: No significant impact expected*
IFRIC 21 – Accounting for levies	1 January 2014	FRIC 21, 'Levies', sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation addresses diversity in practice around when the liability to pay a levy is recognised. *Impact: Disclosure impact only*

3. ADOPTION OF NEW ACCOUNTING STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS continued

Annual Improvements issued December 2013

Accounting Standards/interpretation	Effective date	Description
Amendment to IFRS 2, 'Share based payment'	1 July 2014	The amendment clarifies the definition of a 'vesting condition' and separately defines 'performance condition' and 'service condition'. *Impact: No significant impact expected*
Amendment to IFRS 3, 'Business combinations'	1 July 2014	The standard is amended to clarify that an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or as equity, on the basis of the definitions in IAS 32, 'Financial instruments: Presentation'. The standard is further amended to clarify that all non-equity contingent consideration, both financial and non-financial, is measured at fair value at each reporting date, with changes in fair value recognised in profit and loss. Consequential changes are also made to IFRS 9, IAS 37 and IAS 39. *Impact: No impact expected*
Amendment to IFRS 8, 'Operating segments'	1 July 2014	The standard is amended to require disclosure of the judgements made by management in aggregating operating segments. This includes a description of the segments which have been aggregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics. The standard is further amended to require a reconciliation of segment assets to the entity's assets when segment assets are reported. *Impact: Disclosure impact only*
Amendment to IFRS 13, 'Fair value measurement'	1 July 2014	When IFRS 13 was published, paragraphs B5.4.12 of IFRS 9 and AG79 of IAS 39 were deleted as consequential amendments. This led to a concern that entities no longer had the ability to measure short-term receivables and payables at invoice amounts where the impact of not discounting is immaterial. The IASB has amended the basis for conclusions of IFRS 13 to clarify that it did not intend to remove the ability to measure short-term receivables and payables at invoice amounts in such cases. *Impact: Disclosure impact only*
IAS 16, 'Property, plant and equipment', and IAS 38, 'Intangible assets'	1 July 2014	Both standards are amended to clarify how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model. The carrying amount of the asset is restated to the revalued amount. The split between gross carrying amount and accumulated depreciation is treated in one of the following ways: • either the gross carrying amount is restated in a manner consistent with the revaluation of the carrying amount, and the accumulated depreciation is adjusted to equal the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses; or • the accumulated depreciation is eliminated against the gross *Impact: No impact expected*
IAS 24, 'Related party disclosures'	1 July 2014	The standard is amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity ('the management entity') *Impact: Disclosure impact only*

	(R'000)	GROUP 2014	GROUP 2013 Restated*
4.	**OPERATING PROFIT**		
	Operating profit is stated after charging/(crediting):		
4.1	**Staff costs, including retirement and benefit contributions (see note 22.1)**	**3 410 224**	2 456 915
4.2	**Equity-settled share-based payment cost on establishment of the Izakhiwo Imfundo Bursary Trust^**	**–**	16 813
4.3	**Depreciation**	**267 143**	242 130
	Owner occupied buildings	**2 090**	4 793
	Factory plant	**19 094**	19 195
	Mobile plant and vehicles – purchased	**182 392**	172 341
	Mobile plant and vehicles – leased	**31 184**	18 658
	Computerware and development costs – purchased	**20 361**	14 508
	Computerware and development costs – leased	**3 405**	8 966
	Furniture, fittings and other items – purchased	**8 617**	3 669
4.4	**Loss on disposal of property, plant and equipment**	**1 033**	6 187
4.5	**Profit on sale of investment property**	**–**	(175)
4.6	**Foreign exchange losses – net**	**18 524**	7 286
4.7	**Fair value losses/(gains) on financial instruments**		
	Forward exchange contract	**3 673**	(9 159)
4.8	**Auditors' remuneration**	**16 267**	15 314
	Audit fees	**15 413**	14 679
	Fees for other services	**854**	635
4.9	**Rentals under operating leases**	**85 761**	53 305
	Land and buildings	**74 617**	43 613
	Other equipment	**11 144**	9 692
4.10	**Remuneration other than to employees**	**6 069**	8 050
	Management services	**509**	1 411
	Technical services	**5 560**	6 639
4.11	**Included in other site and administration cost**		
	Security	**40 718**	28 957
	Electricity and water	**69 494**	59 031
	Safety	**18 497**	13 021
	Communications	**37 671**	38 677

^ *The share-based payment charge was calculated based on the following key inputs:*
a) 2 000 000 shares;
b) market price of R29,50 per share being the spot on 16 January 2013;
c) volatility of 26.54 % based on a one-year trailing spot rate;
d) risk free rate of 6.55%;
e) dividend yield of 2.15%; and
f) assumed end date November 2020.

* *Restated for the adoption of IFRS 11 – Joint Arrangements and IAS 19 (Revised) – Employee Benefits.*

(R'000)		GROUP 2014	2013 Restated*
5.	**FINANCE COST – NET**		
	Finance income:	**64 363**	53 888
	Bank balances and cash	**52 097**	48 626
	Other finance income	**12 266**	5 262
	Finance cost:	**(66 497)**	(55 373)
	Unsecured bond interest	**(45 592)**	(41 835)
	Other borrowings and finance cost	**(20 905)**	(13 538)
	Total finance cost – net	**(2 134)**	(1 485)
	Finance cost of R4,6 million (2013: R12 000) was capitalised in the current year at a borrowing rate of 8.5% (2013: 7.5%).		
6.	**TAXATION**		
	South African normal taxation		
	Current taxation	**(88 803)**	(63 437)
	– current year	**(79 994)**	(61 545)
	– prior year	**(8 809)**	(1 892)
	Foreign taxation (including withholding tax)		
	Current taxation	**(123 137)**	(156 492)
	– current year	**(107 289)**	(115 915)
	– prior year	**(15 848)**	(40 577)
	Deferred taxation	**(18 328)**	14 252
	– current year	**(31 335)**	(8 074)
	– prior year	**13 007**	22 326
		(230 268)	(205 677)
		%	%
	Reconciliation of normal taxation rate		
	South African normal taxation rate	**28**	28
	Adjusted for:		
	– Tax at rates in (lower)/higher tax jurisdictions	**(2.2)**	0.3
	– Deferred tax assets not raised	**6.0**	4.7
	– Tax under provided in respect of prior years	**1.8**	3.7
	– Expenses not deductible for tax purposes	**0.6**	1.3
	Effective rate of taxation	**34.2**	38.0
	Reconciliation of cash tax rate		
	Effective rate of taxation	**34.2**	38.0
	Temporary differences	**(2.8)**	(1.0)
	Movement in current taxation payable	**(10.7)**	(14.2)
	Effective rate of taxation paid	**20.7**	22.8
	Estimated taxation losses available for set-off against future taxable income	**282 215**	203 092
	Potential taxation relief at current taxation rates	**44 557**	33 105

The deferred tax assets depend on sufficient taxable income being earned in future by the subsidiaries concerned. No dividends received available for set-off against future dividend withholding tax liability (2013: R41,5 million).

* *Restated for the adoption of IFRS 11 – Joint Arrangements and IAS 19 (Revised) – Employee Benefits.*

(R'000)	GROUP 2014	2013 Restated*
7. EARNINGS PER SHARE		
7.1 Earnings per share		
Earnings for the year – attributable to shareholders	**401 421**	258 164
Shares outstanding 1 July ('000)	**99 506**	96 601
Weighted average number of shares issued during the year ('000)	**547**	1 174
Weighted average number at end of year ('000)	**100 053**	97 775
Earnings per share (R)	**4,01**	2,64
7.2 Fully diluted earnings per share		
Earnings for the year – income attributable to shareholders	**401 421**	258 164
Weighted average number of shares issued during the year	**100 053**	97 775
Adjusted for:		
– Inclusion of dilutive shares held by share trusts ('000)	**1 844**	627
Adjusted weighted average number of shares ('000)	**101 897**	98 402
Fully diluted earnings per share (R)	**3,94**	2,62
7.3 Earnings per share from continuing operations		
Profit after taxation from continuing operations	**442 539**	335 410
Less: attributable to non-controlling interest	**(38 111)**	(29 450)
Profit from continuing operations	**404 428**	305 960
Weighted average number of shares ('000)	**100 053**	97 775
Earnings per share from continuing operations (R)	**4,04**	3,13
7.4 Fully diluted earnings per share from continuing operations		
Profit after taxation from continuing operations	**442 539**	335 410
Less: attributable to non-controlling interest	**(38 111)**	(29 450)
Profit from continuing operations	**404 428**	305 960
Adjusted weighted average number of shares ('000)	**101 897**	98 402
Fully diluted earnings per share from continuing operations (R)	**3,97**	3,11

* *Restated for the adoption of IFRS 11 – Joint Arrangements and IAS 19 (Revised) – Employee Benefits.*

		GROUP			
		2014		2013 Restated*	
	(R'000)	**Gross pre-tax**	**Net**	Gross pre-tax	Net
7.	**EARNINGS PER SHARE continued**				
7.5	**Headline earnings per share**				
	Profit for the year		**401 421**		258 164
	Adjusted for:	**6 759**	**5 399**	19 411	18 474
	– Net loss on disposal of property, plant and equipment and investment property	**4 757**	**3 397**	6 342	5 405
	– Loss on impairment of associate and loss on acquisition of interest in subsidiary	**2 002**	**2 002**	2 069	2 069
	– Impairment of non-current assets classified as held for sale	**–**	**–**	11 000	11 000
	Headline earnings		**406 820**		276 638
	Weighted average number of shares ('000)		**100 053**		97 775
	Headline earnings per share (R)		**4,07**		2,83
7.6	**Fully diluted headline earnings per share**				
	Headline earnings		**406 820**		276 638
	Adjusted weighted average number of shares ('000)		**101 897**		98 402
	Fully diluted headline earnings per share (R)		**3,99**		2,81
7.7	**Headline earnings per share from continuing operations**				
	Income available to shareholders from continuing operations		**404 428**		305 960
	Adjusted for headline items		**2 718**		7 237
	Headline earnings from continuing operations		**407 146**		313 197
	Weighted average number of shares ('000)		**100 053**		97 775
	Headline earnings per share from continuing operations (R)		**4,07**		3,20
7.8	**Fully diluted headline earnings per share from continuing operations**				
	Income available to shareholders from continuing operations		**404 428**		305 960
	Adjusted for headline items		**2 718**		7 237
	Headline earnings from continuing operations		**407 146**		313 197
	Adjusted weighted average number of shares ('000)		**101 897**		98 402
	Fully diluted headline earnings per share from continuing operations (R)		**4,00**		3,18

* *Restated for the adoption of IFRS 11 – Joint Arrangements and IAS 19 (Revised) – Employee Benefits.*

(R'000)	GROUP 2014	GROUP 2013 Restated*

8. PROPERTY, PLANT AND EQUIPMENT

	2014	2013 Restated*
Total property, plant and equipment		
Cost		
At the beginning of the year	**2 103 040**	1 894 117
Transfers	**–**	–
Additions – continued operations	**261 593**	343 472
Acquisition of additional share of assets in jointly controlled entities	**14 171**	–
Transfer from discontinued operations to continued operations	**3 563**	57 282
Disposals	**(95 017)**	(191 831)
At the end of the year	**2 287 350**	2 103 040
Accumulated depreciation		
At the beginning of the year	**(1 167 251)**	(1 022 969)
Current year charge – continued operations	**(267 143)**	(242 130)
Acquisition of additional share of assets in jointly controlled entities	**(6 565)**	–
Transfer from discontinued operations to continued operations	**–**	(22 347)
Disposals	**62 184**	120 195
At the end of the year	**(1 378 775)**	(1 167 251)
Net book value	**908 575**	935 789
Owner occupied land and buildings		
Cost		
At the beginning of the year	**95 637**	88 843
Additions	**1 763**	1 000
Disposals	**–**	5 794
Transfer	**(58)**	–
At the end of the year	**97 342**	95 637
Accumulated depreciation		
At the beginning of the year	**(35 259)**	(29 292)
Current year charge	**(2 090)**	(4 793)
Disposals	**–**	(1 174)
Transfer	**28**	–
At the end of the year	**(37 321)**	(35 259)
Net book value	**60 021**	60 378
A full list of the group's land and buildings is maintained at the registered office		
Capital work in progress		
Cost		
At the beginning of the year	**43 900**	9 852
Additions	**81 711**	54 628
Transfers	**(116 108)**	(20 580)
At the end of the year	**9 503**	43 900

* *Restated for the adoption of IFRS 11 – Joint Arrangements and IAS 19 (Revised) – Employee Benefits.*

(R'000)	GROUP 2014	GROUP 2013 Restated*
8. PROPERTY, PLANT AND EQUIPMENT continued		
Factory plant		
Cost		
At the beginning of the year	**199 502**	213 684
Additions	**10 145**	9 803
Transfers	**58 877**	14 711
Transfer from discontinued operations to continued operations	**–**	20 256
Disposals	**–**	(58 952)
At the end of the year	**268 524**	199 502
Accumulated depreciation		
At the beginning of the year	**(164 017)**	(190 816)
Current year charge	**(19 094)**	(19 195)
Transfer from discontinued operations to continued operations	**–**	(12 958)
Disposals	**–**	58 952
At the end of the year	**(183 111)**	(164 017)
Net book value	**85 413**	35 485
Mobile plant and vehicles – purchased		
Cost		
At the beginning of the year	**1 304 361**	1 132 895
Additions	**64 551**	193 395
Transfers	**108 561**	76 092
Transfer from discontinued operations to continued operations	**3 563**	24 497
Disposals	**(78 359)**	(122 518)
Acquisition of additional share of assets in jointly controlled entities	**14 171**	–
At the end of the year	**1 416 848**	1 304 361
Accumulated depreciation		
At the beginning of the year	**(733 760)**	(582 068)
Current year charge	**(182 392)**	(172 341)
Transfers	**(63 375)**	(29 714)
Transfer from discontinued operations to continued operations	**–**	(1 917)
Disposals	**46 337**	52 280
Acquisition of additional share of assets in jointly controlled entities	**(6 565)**	–
At the end of the year	**(939 755)**	(733 760)
Net book value	**477 093**	570 601
Mobile plant and vehicles – leased		
Cost		
At the beginning of the year	**260 112**	263 637
Additions	**81 439**	64 692
Transfers	**(108 561)**	(74 814)
Transfer from discontinued operations to continued operations	**–**	6 597
At the end of the year	**232 990**	260 112
Accumulated depreciation		
At the beginning of the year	**(76 169)**	(81 032)
Current year charge	**(31 184)**	(18 658)
Transfers	**63 375**	29 748
Transfer from discontinued operations to continued operations	**–**	(6 227)
At the end of the year	**(43 978)**	(76 169)
Net book value	**189 012**	183 943

* *Restated for the adoption of IFRS 11 – Joint Arrangements and IAS 19 (Revised) – Employee Benefits.*

(R'000)	GROUP 2014	2013 Restated*
8. PROPERTY, PLANT AND EQUIPMENT continued		
Computerware and development costs – purchased		
Cost		
At the beginning of the year	**128 619**	118 018
Additions	**9 256**	9 410
Transfers	**21 594**	4 591
Transfer from discontinued operations to continued operations	**–**	73
Disposals	**(3 945)**	(3 473)
At the end of the year	**155 524**	128 619
Accumulated depreciation		
At the beginning of the year	**(99 880)**	(87 732)
Current year charge	**(20 361)**	(14 508)
Transfers	**(19 113)**	(34)
Transfer from discontinued operations to continued operations	**–**	(20)
Disposals	**3 468**	2 414
At the end of the year	**(135 886)**	(99 880)
Net book value	**19 638**	28 739
Computerware and development costs – leased		
Cost		
At the beginning of the year	**22 101**	15 533
Additions	**9 602**	6 568
Transfers	**(19 541)**	–
Disposals	**(66)**	–
At the end of the year	**12 096**	22 101
Accumulated depreciation		
At the beginning of the year	**(20 460)**	(11 494)
Current year charge	**(3 405)**	(8 966)
Transfers	**19 113**	–
Disposals	**66**	–
At the end of the year	**(4 686)**	(20 460)
Net book value	**7 410**	1 641
Furniture, fittings and other items – purchased		
Cost		
At the beginning of the year	**48 808**	51 655
Additions	**3 126**	3 976
Transfer	**55 178**	–
Disposals	**(12 589)**	(6 888)
Transfer from discontinued operations to continued operations	**–**	65
At the end of the year	**94 523**	48 808
Accumulated depreciation		
At the beginning of the year	**(37 706)**	(40 535)
Current year charge	**(8 617)**	(3 669)
Transfer from discontinued operations to continued operations	**–**	(51)
Disposals	**12 285**	6 549
At the end of the year	**(34 038)**	(37 706)
Net book value	**60 485**	11 102

Refer to note 17.4 for details on the total carrying amount of assets encumbered.

* *Restated for the adoption of IFRS 11 – Joint Arrangements and IAS 19 (Revised) – Employee Benefits.*

(R'000)	GROUP 2014	GROUP 2013 Restated*
9. INVESTMENT PROPERTY		
Fair value at the beginning of the year	**–**	–
Additions	**95 607**	–
Acquisition cost	**92 000**	–
Borrowing cost capitalised	**3 306**	–
Development cost capitalised	**301**	–
Fair value at end of year	**95 607**	–

Investment properties held on the statement of financial position consist of the following:

30 June

Name	Description	Initial cost	**R'000**	R'000
The Angle on Oxford	100% owner of vacant land in Rosebank	92 000	**95 607**	–
		92 000	**95 607**	–

In assessing the fair value of investment property, valuations include consideration of the title deed information, town planning conditions, locality and improvements made to the property. Property vacancy rates in surrounding areas, realised yields on comparative sales as well as micro- and macro-economic conditions pertaining to commercial properties are considered.

During the year the group acquired approximately 1.4 hectares of land to be utilised for a proposed 30 000m2 (GLA) commercial development including 1 272 m2 of retail space. The land is situated on the intersection between Oxford and Bompas roads in the prime business district of Rosebank.

Internal valuations were performed by management at 30 June 2014 on the vacant land investment property. In comparing the carrying value of investment property to the internal valuation performed, using applicable and available market related information, no fair value adjustment was deemed necessary based on comparable market information.

The analysis below depicts the effect on profit before taxation assuming changes in vacancy and capitalisation rates on the investment property.

(R'000)	Increase/(decrease) in fair value and hence profit before taxation as assessed at **30 June 2014**	30 June 2013
10.00% increase in 2% vacancy factor	**(1 024)**	–
10.00% decrease in 2% vacancy factor	**1 024**	–
5% increase in 8.9% capitalisation factor	**(23 891)**	–
5% decrease in 8.9% capitalisation factor	**26 412**	–

(R'000)	GROUP 2014	GROUP 2013 Restated*
10. ASSOCIATES		
10.1 Investment in associates		
Unlisted associates		
Shares at cost	**49 918**	49 584
Group's share of distributable reserves	**28 119**	8 458
Total non-financial instruments	**78 037**	58 042
10.2 Loans to associates		
Loans to associates	**34 488**	8 828
Impairment	**(2 255)**	(2 105)
Total financial instruments	**32 233**	6 723
Total	**110 270**	64 765

* *Restated for the adoption of IFRS 11 – Joint Arrangements and IAS 19 (Revised) – Employee Benefits.*

10. ASSOCIATES continued

The impairment relates to associates for which the recoverability of investment will only be deemed probable once start up of operations is complete and performance profitability established.

Loans to associates bear interest at 7.5% (2013: 10%) and is repayable in four years or after 60 days notice.

The carrying value of the financial instruments approximates their fair values.

The summarised financial information of the group's share in the assets and liabilities, income and expenditure and cash flows are reflected in Annexure 6 on page 89.

		GROUP	
	(R'000)	**2014**	2013 Restated*
11.	**JOINT VENTURES**		
11.1	**Investment in joint ventures**		
	Unlisted joint ventures		
	Shares at cost	**6**	–
	Total non-financial instruments	**6**	–
11.2	**Loans to joint ventures**		
	Loans to joint ventures	**64 099**	61 825
	Accumulated equity accounted losses	**(3 622)**	(12 056)
	Total financial instruments	**60 477**	49 769
	Total	**60 483**	49 769

Loans to joint ventures bear interest at weighted average rate of 9% (2013: 9%) with no fixed repayment term.

The carrying value of the financial instruments approximates their fair values.

The summarised financial information of the group's share in the assets and liabilities, income and expenditure and cash flows are reflected in Annexure 5 on page 86.

		GROUP	
	(R'000)	**2014**	2013 Restated*
12.	**INVESTMENTS IN SERVICE CONCESSIONS**		
	At fair value	**421 563**	360 684

The investments consist of the group's interest in foreign toll road concessions.

Details of the investments at 30 June 2014 are as follows:

Name of road	Country	Km	% interest	Concession period	Current status
A1 (Phase II)	Poland	61	15	30 years	Operational
A1 (Phase I)	Poland	90	15	30 years	Operational
M6 (Phase III)	Hungary	78	10	28 years	Operational

(R'000)	2014	2013 Restated*
The movement in investment in service concessions may be summarised as follows:		
Opening balance at the beginning of the year	**360 684**	296 635
Proceeds on investments in service concessions	**(22 961)**	(22 433)
Fair value adjustments through profit and loss	**83 840**	86 482
Closing balance at the end of the year	**421 563**	360 684

* *Restated for the adoption of IFRS 11 – Joint Arrangements and IAS 19 (Revised) – Employee Benefits.*

12. INVESTMENTS IN SERVICE CONCESSIONS continued

Investments in service concessions are made in targeted long term infrastructure projects where the group also has a development, construction and/or operating position. The successful execution of the group's responsibilities in such projects contributes to reducing the project risks so adding value to the project. Such investments typically take the form of equity and subordinated shareholder loans in geared special purpose vehicles formed to undertake the project, such that reductions in the project risk have a leveraged effect on the value of the investment.

The group values its investments in service concessions at fair value at the time of investing or of making an irrevocable commitment to invest.

Fair values are determined using the discounted cash flow method of valuation using anticipated future cash flows based on traffic estimates, current and forecasted operating costs and using market-related exchange rates and inflation rates. These are discounted at appropriate discount rates that take into account the relevant market and project risks. Potential refinancing gains are not taken into account.

In determining the appropriate discount rate, consideration is given to the stage of completion of the project lifecycle and to the nature of the project. The applicable risk free rate is adjusted by both market and project-specific risk premia in determining the applied discount rate.

Market risk premia are determined with reference to the comparative term government bond yield of the country in which the infrastructure asset is located, and market liquidity. Project risk premia are sector and project specific, and decrease over time when the various design, construction, mobilisation, operations and maintenance, project revenue and project counterparty risks are successfully dealt with or are proven to be mitigated, or when their effects are known with certainty.

Fair values of investments in projects still under construction are considered to be the cost of the investment.

Fair values of investments in projects where the effects of significant unmitigated project risks cannot be estimated with certainty (such as traffic risk on certain toll road concessions during early operating periods) are determined using the discounted cash flow method at appropriately high start-up phase risk premia. Where investments in service concessions are denominated in a currency other than Rand, the investments are translated at year end spot rates, being the valuation date.

The investments in the A1 phase 1 & 2 road projects in Poland and M6 phase III project in Hungary are valued by using the discounted cash flow method on the underlying Euro-denominated project cash flows as operations have commenced on all these projects.

A basic sensitivity analysis, calculating the effect on investment valuation from differing exchange rates, on the fair value of investment in these service concessions was performed at 30 June 2014.

The effect, when varying Euro-Rand exchange rates by 10% on fair values of these investments, is R43,1 million (2013: R36,1 million). Similarly, every 10% increase or decrease in the discount rates used in the discounted cash flow basis of valuation results in a decrease or increase in the valuation of between R42,3 – R49,1 million (2013: R38,1 – R44,4 million).

(R'000)	GROUP 2014	2013 Restated*
13. DEFERRED TAXATION		
Deferred taxation asset	**46 361**	57 279
Deferred taxation liability	**(34 750)**	(12 359)
Net deferred taxation asset at year-end	**11 611**	44 920
Balance at beginning of year	**44 920**	36 302
(Credit)/charge to the income statement – continuing operations	**(18 328)**	14 252
Charge to other comprehensive income	**(14 981)**	(5 634)
Balance at end of year	**11 611**	44 920
The closing balance deferred taxation asset/(liability) is attributable to the following items:		
Capital allowances	**(57 598)**	(54 639)
Provisions	**76 768**	101 693
Contract allowances	**(7 739)**	(3 500)
Estimated tax losses	**180**	1 366
Balance at end of year	**11 611**	44 920

2014: Deferred taxation reversal R'000	**Total deferred taxation asset/ (liability)**	**Expected to reverse in** 1 year	2 – 5 years	>5 years
Capital allowances	**(57 598)**	**(13 450)**	**(44 148)**	**–**
Provisions	**76 768**	**98 483**	**–**	**(21 715)**
Contract allowances	**(7 739)**	**(7 739)**	**–**	**–**
Estimated tax losses	**180**	**180**	**–**	**–**
	11 611	**77 474**	**(44 148)**	**(21 715)**

*Restated 2013: Deferred taxation reversal R'000	Total deferred taxation asset/ (liability)	Expected to reverse in 1 year	2 – 5 years	>5 years
Capital allowances	(54 639)	(25 667)	(28 972)	–
Provisions	101 693	129 279	–	(27 586)
Contract allowances	(3 500)	(3 500)	–	–
Estimated tax losses	1 366	1 366	–	–
	44 920	101 478	(28 972)	(27 586)

(R'000)	GROUP 2014	2013 Restated*
14. INVENTORIES		
Property developments in progress	**95 457**	53 386
Consumable stores	**40 030**	40 859
Manufacturing finished goods	**126 341**	107 290
Manufacturing work in progress	**19 967**	7 098
Manufacturing materials	**63 971**	53 178
	345 766	261 811
Inventory obsolescence (Manufacturing) (deducted from carrying value of inventories above)		
Balance at end of year	**6 693**	8 626
No inventories are encumbered.		

* *Restated for the adoption of IFRS 11 – Joint Arrangements and IAS 19 (Revised) – Employee Benefits.*

(R'000)	GROUP 2014	GROUP 2013 Restated*
15. CONTRACTS IN PROGRESS		
Costs incurred plus profits recognised, less estimated losses relating to contracts in progress at year-end	**16 669 115**	10 012 079
Progress billings	**(16 031 396)**	(9 707 230)
	637 719	304 849
16. TRADE AND OTHER RECEIVABLES		
Trade and other receivables include:		
Financial instruments		
– Contract debtors	**2 407 257**	2 116 202
– Less provision for impairment of contract debtors	**(23 829)**	(20 231)
– Trade debtors	**296 795**	297 231
– Less provision for impairment of trade debtors	**(22 898)**	(5 268)
– Retention debtors	**188 844**	139 006
– Other receivables	**296 262**	329 364
– Amounts owing by joint venture partners	**307 439**	309 092
Total financial instruments included in trade and other receivables	**3 449 870**	3 165 396
Non-financial instruments		
– Prepayments	**249 171**	25 502
– Value added taxation (VAT)	**215 480**	214 709
Total non-financial instruments included in trade and other receivables	**464 651**	240 211
Total trade and other receivables	**3 914 521**	3 405 607

The carrying value of the financial instruments approximates their fair value due to the short term nature of these instruments. (Refer to note 25 for details on credit, currency and interest rate risk).

R195,6 million (2013: R95,3 million) of trade receivables that are subject to a repayment plan in excess of twelve months have been classified as non-current. The counterparty has consistently complied with the repayment criteria.

All trade receivables and other receivables are recognised initially at fair value and subsequently measured at amortised cost. No contract and trade debtors are encumbered.

Included in the group's contract and trade debtors balance are debtors with a carrying amount of R607 million (2013: R558 million) which are past due at the reporting date for which the group has not provided as there has not been a significant change in the credit quality and the amounts are still considered recoverable. The group does not hold collateral over these balances.

(R'000)	GROUP 2014	GROUP 2013 Restated*
Analysis of the age of financial assets that are past due but not impaired		
Contract debtors		
– One month past due	**125 835**	156 576
– Two months past due	**67 392**	85 520
– Three months past due	**66 633**	56 561
– Four months and greater past due	**335 106**	205 809
	594 966	504 466
Trade debtors		
– One month past due	**3 924**	6 170
– Two months past due	**98**	3 775
– Three months past due	**857**	1 111
– Four months and greater past due	**7 416**	42 350
	12 295	53 406
Total	**607 261**	557 872

* *Restated for the adoption of IFRS 11 – Joint Arrangements and IAS 19 (Revised) – Employee Benefits.*

(R'000)	GROUP 2014	2013 Restated*
16. TRADE AND OTHER RECEIVABLES continued		
Analysis of the age of financial assets that are past due but not impaired by region		
Contract debtors		
– Central Africa	187 901	82 936
– Eastern Africa	8 273	9 510
– Middle East	30 556	39 887
– Southern Africa	279 731	258 903
– Western Africa	88 505	113 230
	594 966	504 466
Trade debtors		
– Eastern Europe	–	8 778
– Southern Africa	12 295	44 628
	12 295	53 406
Total	607 261	557 872

In line with IFRS 7 par 6, the group discloses trade receivables that are past due but not impaired by region as management monitors the trade receivables on this basis.

	2014	2013 Restated*
Reconciliation of the provision for impairment of trade receivables		
Opening balance	25 499	24 878
Charges against the provision	32 766	10 155
Bad debts written off	(11 538)	(9 534)
Closing balance	46 727	25 499

Analysis of impaired trade receivables

Included in the provision for impairment of trade receivables are individually impaired trade receivables with a balance of R50,7 million (2013: R25,4 million). The impairment recognised represents the difference between the carrying value of these trade receivables and the present value of any expected collections. All impairment amounts incurred during the year are charged to the income statement and recorded with operating costs.

	2014	2013 Restated*
Gross value of trade receivables that have been individually impaired	50 727	25 499
Less: impairment loss against these trade receivables	(46 727)	(25 499)
	4 000	–
Analysis of gross value of trade receivables that have been individually impaired by region		
– Eastern Africa	3 543	1 281
– Western Africa	16 672	14 931
– Southern Africa	29 675	9 287
– Middle East	837	–
	50 727	25 499

In line with IFRS 7 par 6, the group discloses trade receivables that have been individually impaired by region as management monitors the trade receivables on this basis.

	2014	2013 Restated*
Ageing of gross value of trade receivables that have been individually impaired		
One month past due	1 430	–
Two months past due	1 865	–
Three months past due	217	–
Four months and greater past due	47 215	25 499
	50 727	25 499

Carrying amount per currency

The carrying amounts of the group's trade and other receivables are denominated in the following currencies:

	2014	2013 Restated*
South African Rand	2 550 604	2 005 091
US Dollars	1 005 886	892 893
United Arab Emirates Dirham	216 446	276 039
Other	141 585	231 584
	3 914 521	3 405 607

* *Restated for the adoption of IFRS 11 – Joint Arrangements and IAS 19 (Revised) – Employee Benefits.*

(R'000)	GROUP 2014	GROUP 2013 Restated*
17 BORROWINGS		
17.1 Interest-bearing borrowings		
Unsecured bonds (note 17.3)	**508 931**	508 267
Secured loans bearing variable interest at rates ranging from 7.0% (2013: 6.0%) to 9.0% (2013: 8.2%) per annum (note 17.4)	**249 912**	157 349
Unsecured loans bearing variable interest linked to LIBOR currently at USD 2.95% (2013: 2.90%) per annum	**97 431**	97 031
	856 274	762 647
Less: current portion disclosed on face of statement of financial position	**(350 440)**	(80 834)
	505 834	681 813
Capital repayable during the years ending 30 June		
2014	**–**	80 834
2015	**350 440**	313 297
2016	**55 786**	41 386
2017	**303 531**	293 532
2018	**48 186**	24 785
2019	**87 755**	8 813
2020	**10 576**	–
	856 274	762 647

17.2 Fair value of borrowings

The carrying amount of current borrowings is a reasonable approximation of the fair value. The carrying amounts and fair value of the non-current borrowings are as follows:

	Carrying amount		Fair value	
	2014	2013 Restated*	**2014**	2013 Restated*
Unsecured bonds	**279 745**	499 437	**275 610**	491 318
Unsecured loans	**24 341**	88 759	**23 880**	87 431
Secured loans	**201 748**	93 617	**203 017**	91 999
	505 834	681 813	**502 507**	670 748

Fair values are determined using the discounted cash flow method of valuation. These are discounted at the appropriate discount rates.

17.3 Unsecured bonds

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

The two unsecured bonds were issued on 11 April 2012 as follows:

GFC03: R220 million, three-year 7.57% (2013: 6.88%) floating (three-month JIBAR) interest rate payable quarterly. The bond settlement due date is 10 April 2015 and hence, the fair value of this bond is reflected within the short term portion of interest-bearing borrowings.

GCF04: R280 million, five-year, 9.485% fixed interest rate payable semi-annually. The settlement date for this bond is 11 April 2017 and hence, the fair value of this bond is reflected within the long term portion of interest-bearing borrowings.

* *Restated for the adoption of IFRS 11 – Joint Arrangements and IAS 19 (Revised) – Employee Benefits.*

(R'000)	GROUP 2014	GROUP 2013 Restated*
17 BORROWINGS continued		
17.4 Secured loans		
Secured loans are secured over:		
Mobile plant, vehicles and computer equipment with a net book value of	**196 422**	185 584

	Less than one year	Between one and five years	Total
2014			
Minimum lease payments	**59 615**	**251 175**	**310 790**
Lease finance charges	**(11 451)**	**(49 427)**	**(60 878)**
	48 164	**201 748**	**249 912**
2013			
Minimum lease payments	72 116	108 386	180 502
Lease finance charges	(8 385)	(14 768)	(23 153)
	63 731	93 618	157 349

(R'000)	GROUP 2014	GROUP 2013 Restated*
17.5 Short term borrowings		
Property development borrowings bearing interest at 8.0% (2013: 9.02%) per annum for the year ended 30 June 2014	**70 772**	21 100

(R'000)	GROUP 2014 Assets	GROUP 2014 Liabilities	GROUP 2013 Assets	GROUP 2013 Liabilities
18. DERIVATIVE FINANCIAL INSTRUMENTS				
Derivatives at fair value through profit and loss				
Total forward foreign exchange contracts	**5 146**	**–**	21 358	–
Less: non-current portion: forward foreign exchange contracts	**–**	**–**	–	–
Current portion: forward foreign exchange contracts	**5 146**	**–**	21 358	–

– Purchase of USD484,000 at a weighted average rate of R9,46 (2013: purchase of USD23,6 million at a weighted average rate of R9,05 and purchase of Euro 180 000 at a weighted average rate of R11,40)

(R'000)	GROUP 2014	GROUP 2013 Restated*
19. PROVISION FOR ENVIRONMENTAL REHABILITATION		
At 1 July	**4 000**	4 000
Unwinding of discount	**280**	280
Released from provisions	**(280)**	(280)
At 30 June	**4 000**	4 000

The environmental rehabilitation provision of R4 million relates to Everite and its costs associated with the close of asbestos waste dumps. This provision is externally valued on an annual basis. A risk free rate of 7.8% (2013: 6.7%) and an average inflation rate of 6.2% (2013: 5.7%) were used in the calculation of the estimated net present value of the rehabilitation liabilities.

* *Restated for the adoption of IFRS 11 – Joint Arrangements and IAS 19 (Revised) – Employee Benefits.*

(R'000)	GROUP 2014	GROUP 2013 Restated*
20. TRADE AND OTHER PAYABLES		
Trade and other payables include:		
Financial instruments		
– Accrued expenses	**1 745 624**	1 622 904
– Trade and other creditors	**1 143 734**	802 427
– Sub-contractor creditors	**716 525**	624 777
– Retention creditors	**244 993**	234 046
– Amounts owning to joint venture partners	**259 829**	260 430
Total financial instruments included in trade and other payables	**4 110 705**	3 544 584
Non-financial instruments		
– Advance payments received	**390 233**	607 081
Total non-financial instruments included in trade and other payables	**390 233**	607 081
Total	**4 500 938**	4 151 665

* *Restated for the adoption of IFRS 11 – Joint Arrangements and IAS 19 (Revised) – Employee Benefits.*

R17,3 million (2013: R51,0 million) of trade payables with payment terms greater than one year disclosed under non-current trade payables. The carrying value of the financial instruments approximates their fair value due to the short term nature of their instruments. (Refer to note 25 for details on currency and interest rate risk.)

(R'000)	Contract provisions	Sundry provisions	Total
21. CONTRACT RELATED PROVISIONS			
Balance at 30 June 2012	44 957	14 337	59 294
(Released)/charged to the income statement	(11 945)	3 581	(8 364)
Provision utilised	(3 065)	(11 059)	(14 124)
Balance at 30 June 2013	29 947	6 859	36 806
Charged to the income statement	**4 094**	**6 860**	**10 954**
Provision utilised	**(5 571)**	**(2 202)**	**(7 773)**
Balance at 30 June 2014	**28 470**	**11 517**	**39 987**

Contract provisions:
Contract provisions include amounts for sub-contractor estimated billings for which no certification has taken place.

Sundry provisions:
Sundry provisions consist mainly of amounts for costs to be incurred during the contract maintenance periods.

The provisions have been determined based on assessments and estimates by management. Actual results could differ from estimates and there is no certainty as to the timing of the cash flows relating to these provisions.

(R'000)	GROUP 2014	2013 Restated*
22. EMPLOYEE BENEFITS		
22.1 Staff costs		
Wages, salaries and bonuses	**3 222 290**	2 331 497
Cost of share options	**51 526**	21 684
Pension costs – defined contribution plans (including industry plans)	**136 090**	105 809
Pension costs – defined benefit plan income	**318**	(2 075)
Service cost	**12 806**	10 152
Net finance income	**(12 488)**	(12 227)
	3 410 224	2 456 915

	Number^	Number^
Number of employees at 30 June:		
Full-time	**5 837**	5 933
Part-time	**8 471**	7 556
	14 308	13 489
South Africa	**10 872**	10 054
Over-border	**3 436**	3 435
	14 308	13 489

^ *Number of employees including staff employed by joint ventures equity accounted is 14 485 (2013: 13 659)*

22.2 Pension scheme

The latest actuarial valuation of the group's defined benefit plan was carried out in March 2014 and was considered by the actuaries to be in a sound financial condition.

22.2(i) A summary of the valuation is presented below:	2014	2013 Restated*
Present value of funded obligations	**(411 163)**	(409 400)
Fair value of plan assets	**645 286**	580 876
Surplus	**234 123**	171 476
Non-current assets	**229 498**	166 734
Current assets included in trade and other receivables	**4 625**	4 742
	234 123	171 476

	%	%
The principal assumptions used for accounting purposes were as follows:		
Mortality tables	**PA (90)**	PA (90)
Discount rate	**7.40**	8.70
Expected return on assets	**7.40**	8.70
Future salary increases	**7.50**	6.50
Future pension increases	**3.62**	2.29

* *Restated for the adoption of IFRS 11 – Joint Arrangements and IAS 19 (Revised) – Employee Benefits.*

The legally required surplus apportionment exercise was carried out as at 29 February 2004. The rules of the fund stipulate that additional surplus arising after the surplus valuation date are for the account of the group as are any future deficits. A gain of R6,9 million was realised in the current year and has been credited to the income statement. During the prior year a gain of R9,4 million was credited against the income statement. Based on the rules of the fund, the company is required to recognise the full asset.

IFRIC Interpretation 14 provides guidance on how to assess the limit in IAS 19 on the amount of pension fund surplus that can be recognised as an asset, specifically in respect of statutory or contractual minimum funding requirements. The interpretation's requirements have been considered and applied in determining the pension fund surplus calculated as part of the fund's statutory actuarial valuation.

The trustees decided to outsource the fund's pensioners with effect from 1 March 2009. The entire assets in the fund attributable to pensioners as at 31 March 2009 has been utilised in this regard. The Section 14 transfer application to outsourcing active pensioners has been approved by the Financial Services Board and the pensioner assets and liabilities outsourced from the fund.

(R'000)	GROUP 2014	GROUP 2013 Restated*
22. EMPLOYEE BENEFITS continued		
22.2 Pension scheme continued		
22.2(ii) A reconciliation of the opening and closing balances of plan assets		
Opening value: 1 April	**580 876**	550 427
– Employee contributions	**1 958**	2 019
– Company contributions	**7 262**	7 383
– Benefit payments	**(38 199)**	(72 154)
– Return on plan assets 7.4% (2013: 8.7%) per annum	**41 792**	45 079
– Expenses	**(3 850)**	(3 170)
– Remeasurements[1]	**55 447**	51 292
Closing value: 31 March	**645 286**	580 876
22.2(iii) Closing balance of plan asset are comprised as follows:		
Local assets	**529 225**	472 917
– Equity instruments	**290 153**	261 022
– Fixed instruments	**116 061**	103 547
– Listed property	**58 031**	53 729
– Cash and deposits	**64 980**	54 619
International assets	**116 061**	107 959
– Equity instruments	**116 061**	107 959
Closing value: 31 March	**645 286**	580 876
22.2(iv) Reconciliation of the opening and closing balances of defined benefit obligations		
Projected benefit obligation (PBO): 1 April	**409 400**	408 530
– Service cost	**12 806**	10 152
– Employee contributions	**1 958**	2 019
– Benefit payments	**(38 199)**	(72 154)
– Interest cost 7.4% (2013: 8.7%) per annum	**29 304**	32 852
– Expenses	**(3 850)**	(3 170)
– Remeasurements:	**(256)**	31 171
– Loss due to change in salary increase assumption	**7 149**	7 642
– (Gain)/loss due to change in financial assumptions	**(9 878)**	25 436
– Loss/(gain) – other	**2 473**	(1 907)
Closing value: 31 March	**411 163**	409 400
22.2(v) Plan assets and defined benefit obligation by category		
Assets		
– Market value	**645 286**	580 876
Active member liabilities:		
– Active members	**328 735**	323 930
Pensioner liabilities:		
– Pensioners	**14 108**	15 527
SAE surplus (surplus as at 29 February 2004 to be apportioned)	**68 320**	69 943
Total liabilities	**411 163**	409 400
Surplus	**234 123**	171 476
Funding level	**156.9%**	141.9%
22.2(vi) Net periodic pension cost		
Service cost (net of employee contribution)	**12 806**	10 152
Interest cost	**29 304**	32 852
Return on plan assets	**(41 792)**	(45 079)
Remeasurements[2]	**(55 703)**	(20 121)
Net periodic pension gain	**(55 385)**	(22 196)

[1] *A remeasurement arose during the year mainly due to the actual investment return of 16.9% (2013: 19.3%) exceeding the expected investment return of 7.4% (2013: 8.7%) for the year ended 31 March 2014.*

[2] *The company's policy is to recognise remeasurements in full as they arise. The actuarial gain of R55,4 million (2013: R51,3 million) on the assets and the remeasurement of R256 000 (2013: R31,2 million loss) on the liabilities gave rise to an overall remeasurement of R55,7 million (2013: R20,1 million) in the current year.*

* *Restated for the adoption of IFRS 11 – Joint Arrangements and IAS 19 (Revised) – Employee Benefits.*

22. EMPLOYEE BENEFITS continued

22.2 Pension scheme continued

22.2(vi) Sensitivity analysis

The table below sets out the sensitivity of the valuation results to changes in the key financial assumptions as at 31 March 2014.

(R'000)	**A decrease in the discount rate by 1%**	**An increase in the discount rate of 1%**
Total assets	**645 286**	**645 286**
Total liabilities	**(459 981)**	**(371 475)**
Surplus	**185 305**	**273 811**
Funding level	**140%**	**174%**
Service cost	**12 371**	**8 830**

(R'000)	**An increase in salary of 1%**	**A decrease in salary of 1%**
Total assets	**645 286**	**645 286**
Total liabilities	**(429 368)**	**(394 684)**
Surplus	**215 918**	**250 602**
Funding level	**150%**	**163%**
Service cost	**11 270**	**9 627**

(R'000)	**Pension increase of 1%**	**Pension decrease of 1%**
Total assets	**645 286**	**645 286**
Total liabilities	**(437 400)**	**(388 822)**
Surplus	**207 886**	**256 464**
Funding level	**148%**	**166%**
Service cost	**11 332**	**9 619**

The table below sets out the sensitivity of the valuation results to changes in the key financial assumptions as at 31 March 2013.

(R'000)	A decrease in the discount rate by 1%	An increase in the discount rate of 1%
Total assets	580 876	580 876
Total liabilities	(458 618)	(369 537)
Surplus	122 258	211 339
Funding level	127%	157%
Service cost	14 962	11 094

(R'000)	An increase in salary of 1%	A decrease in salary of 1%
Total assets	580 876	580 876
Total liabilities	(428 062)	(392 627)
Surplus	152 814	188 249
Funding level	136%	148%
Service cost	13 780	11 942

(R'000)	Pension increase of 1%	Pension decrease of 1%
Total assets	580 876	580 876
Total liabilities	(435 443)	(387 206)
Surplus	145 433	193 670
Funding level	133%	150%
Service cost	13 795	11 971

	(R'000)	GROUP 2014	GROUP 2013 Restated*
22.	**EMPLOYEE BENEFITS** continued		
22.3	**Provision for employment obligations**		
	Black Professionals Staff Trust and Bonus share scheme share-based payment liability	**29 107**	8 246
	Post-employment medical obligation	**44 850**	41 049
		73 957	49 295
22.3.1	**Black Professionals Staff Trust share-based payment liability**		
	The Black Professionals Staff Trust liability is the obligation recognised as a cash-settled share-based payment transaction following the implementation of a revised BBBEE ownership transaction approved by shareholders in November 2012, refer to note 22.4.3.		
	Key actuarial assumptions used were:		
	Dividend yield %	**1.79%**	1.25%
	Volatility %	**26.55%**	29.10%
	Risk free interest rate %	**7.81%**	7.76%

A sensitivity analysis has been performed to determine the effect of a change due to an increase in risk free rate on the share based payment liability. A 1% increase/(decrease) in the risk free interest rate would have the effect of (decreasing)/increasing net profit before taxation by R9,1 million (2013: R8,9 million) respectively

		2014	2013 Restated*
22.3.2	**Post-employment medical obligation**		
	The group's accruals for post-employment medical obliations of R44,8 million (R41,0 million) is based on assumptions used by the independent actuaries which includes appropriate mortality tables, long term estimates of increases in medical costs and appropriate discount rates. Key actuarial assumptions used were:		
	Discount rate%	**9.00**	7.40
	Mortality table	**PA [90]**	PA [90]
	Future salary increases	**6.20**	6.10

A sensitivity analysis has been performed to determine the effect of a change at which former employees are assumed to qualify for, and make an application for, post-employment medical benefits. A 10% increase/ [decrease] would have the effect of [decreasing]/increasing net profit before taxation by R15,0 million (2013: R10,6 million).

22.4 Employee share option schemes

The group issues equity-settled and cash settled incentives to certain employees. Equity-settled payments are measured at fair value at date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed over the vesting period.

22.4.1 The Black Management Scheme (equity-settled)

The purpose of the scheme is to give effect to one of the group's broad-based black economic empowerment objectives, by encouraging black employees within the group, that are employed at management level (being Peromnes Grade 8 and higher or the equivalent from time to time), to remain in the employment of the group and to promote the continued growth of the group by giving such employees, including future employees, an opportunity to acquire shares.

Group Five provided the Black Management Trust with a loan to enable the Black Management Trust to subscribe for 3 791 109 Group Five shares at a price of R16,03 per share. Annual interest on the loan equates to the lesser of dividends received from Group Five shares and the South African prime overdraft rate. Allocations, at the discretion of the board remuneration committee, are made from time to time to earmarked black managers that do not participate in the New Management Incentive Scheme.

* *Restated for the adoption of IFRS 11 – Joint Arrangements and IAS 19 (Revised) – Employee Benefits.*

22. EMPLOYEE BENEFITS continued

22.4 Employee share option schemes continued

22.4.1 The Black Management Scheme (equity-settled) continued

The Black Management Trust will utilise all the dividends received on the shares to settle any expenses (i.e. audit fees and bank charges) and to service any outstanding funding obligations owed to Group Five. To the extent that surplus cash exists in the Black Management Trust, the trustees will be entitled to distribute the surplus cash to the beneficiaries.

The vesting of shares takes place on the following basis:

- on the 2nd anniversary of the date on which shares were allocated to the beneficiary, 33.3% of the shares will vest;
- on the 3rd anniversary of such date, so many additional shares as represent 33.3% of the shares, allocated to the beneficiary will vest; and
- on the 4th anniversary of such date, the balance of the shares will vest.

A person will cease to be a beneficiary upon:

- ceasing to be an employee of the company within the group, either at all or at least at a management level, other than as a result of retrenchment, unlawful dismissal, constructive dismissal by the employer, disablement, death or retirement in accordance with normal retirement policies of the group; or
- share ownership vesting occurring in respect of such beneficiary's allocated shares; or
- share ownership vesting no longer being available in terms of the scheme in respect of any of such beneficiary's allocated shares.

The initial beneficiaries have appointed two employee management trustees. In addition, an independent trustee has been appointed. The trustees will from time to time vote the allocated shares of a beneficiary in accordance with the directions of that beneficiary. Unallocated shares will be allocated by the trustees as they consider to be in the best interests of future beneficiaries.

22.4.2 Management Incentive Scheme – Share Appreciation Rights (SAR) (equity-settled)

Under the Management Incentive Scheme, employees of the group are awarded rights to receive shares in the company based on the value of these awards. Annual allocations of share appreciation rights will be made to executives and managers in the selected patterson grades in terms of the long term incentive program. These rights to receive shares are equal to the value of the difference between the exercise price and the SAR grant price. The SAR grant price is calculated at the 30-day VWAP prior to the grant with no discount.

After vesting, the SAR will become exercisable. Upon exercise by a beneficiary, the company will settle the value of the difference between the exercise price and the SAR grant price, by the delivery of Group Five shares. Group Five may withhold any amounts or make such arrangements as are necessary to meet any liability to taxation or any other liabilities in respect of the SAR grants. The arrangements may include the sale of shares on behalf of the beneficiaries and the use of the proceeds of the sale to meet such liability, or the reduction of the number of shares to which the beneficiaries would otherwise be entitled.

The intention of the Management Incentive Scheme is to purchase Group Five shares in the market to settle the scheme's benefits, so the Management Incentive Scheme will not be as dilutive as normal share option schemes. The company will retain the right to issue new shares at its election, to mitigate the risk of sudden fluctuations in the share price, which could be disruptive to the orderly trade of Group Five shares in the market. The company will be limited to issuing no more than 15% of the company's shares in settlement of benefits of all company share schemes over any ten-year period.

The sizing of the aggregate incentive schemes and their salient features, are set out in the table below:

	Previous scheme	New scheme
Maximum number of shares available to the scheme	**11 036 000***	12 911 817*
Threshold as a percentage of current shares issued	**15%**	15%
Maximum number of unexercised shares available to individuals	**1 500 000**	2 418 236
Discount to market value on date of option/SAR	**Nil****	Nil**
Vesting period	**2 years – 33.3%**	3 years – 33.3%
	3 years – 66.6%	4 years – 66.6%
	4 years – 100%	5 years – 100%
Lapsing period	**7 years**	7 years

** At no time will the aggregate number of shares available to both schemes exceed 12 911 817 (previous scheme is 11 036 000).*
*** Calculated at a 30-day VWAP prior to date of grant.*

22. EMPLOYEE BENEFITS continued

22.4 Employee share option schemes continued

22.4.3 The Black Professionals Staff Trust (cash settled)

Group Five believes its employees, particularly its professional staff are key to its success and future growth. In recognition of this it is believed that the introduction of the Black Professionals Staff Trust will entrench a sense of ownership amongst the Black Professionals Staff Trust beneficiaries as well as assist in the incentivasation and retention of these employees.

The Black Professionals Staff Trust will be established to facilitate the participation of Black Professionals Staff Trust beneficiaries by holding the Black Professionals Staff shares and distributing distributable income to the Black Professionals Staff Trust beneficiaries in terms of the Black Professionals Trust deed from time to time.

Group Five provided the Black Professionals Staff Trust with a loan to enable the Black Professionals Staff Trust to subscribe for 10 356 865 shares. Annual interest will accrue at a rate of 9% naca (nominal annual compounded annually) and be repayable, including accrued interest following the amended end date.

Once the Black Professionals Staff Trust trustees have exercised their discretion to make a distribution in terms of the Black Professionals Staff Trust deed, the Black Professionals Staff trustees shall distribute distributable income to the Black Professionals Staff Trust beneficiaries who are employed by the Group on the applicable distribution date in accordance with the allocation formula as fully described in the Black Professionals Staff Trust deed. The allocation formula takes into account the band and annual remuneration of each Black Professionals Staff Trust beneficiary and the total number of Black Professionals Staff beneficiaries and will determine the allocation based on a fixed factor allocation per band. Pursuant to this, Black Professionals Staff Trust beneficiaries in higher bands will receive a proportionally higher percentage of annual remuneration in comparison to those in lower bands.

No obligations are imposed on Black Professionals Staff Trust beneficiaries in terms of the Black Professionals Staff Trust deed. Black Professionals Staff Trust beneficiaries may not sell, assign or in any way encumber his/her rights as a Black Professionals Staff Trust beneficiary.

22.4.4 Reconciliation of options issued:

	Management Incentive Scheme		Previous Share Option Scheme		Black Management Scheme		Broad-based Scheme	
	Number	Price R	Number	Price R	Number	Price R	Number	Price R
Balance at 30 June 2012	11 005 729	35,37	103 750	12,45	1 314 764	16,03	254 105	–
New shares granted and accepted	3 280 500	34,42	–	–	560 967	16,03	–	–
Shares paid for	(2 145 644)	31,38	–	–	(491 629)	16,03	(254 105)	–
Shares lapsed	(1 080 938)	31,38	–	–	(183 119)	16,03	–	–
Balance at 30 June 2013	11 059 647	31,76	103 750	12,45	1 200 983	16,03	–	–
New shares granted and accepted	**1 618 193**	**40,73**	**–**	**–**	**–**	**16,03**	**–**	**–**
Shares paid for	**(3 217 357)**	**31,39**	**(40 000)**	**12,28**	**(366 500)**	**16,03**	**–**	**–**
Shares lapsed	**(384 845)**	**45,66**	**–**	**–**	**(67 260)**	**16,03**	**–**	**–**
Balance at 30 June 2014	**9 075 638**	**38,37**	**63 750**	**12,55**	**767 223**	**16,03**	**–**	**–**
Number of shares vested and exercisable at 30 June 2014	**4 058 838**	**38,37**	**63 750**	**12,55**	**209 269**	**16,03**	**–**	**–**

22. EMPLOYEE BENEFITS continued

22.4 Employee share option schemes continued

22.4.4 Reconciliation of options issued continued

(R'000)	Total	New Management Scheme	Black Management Scheme	The Black Professionals Staff Trust
Cost of share options year ended 30 June 2014	51 526	16 567	4 929	30 030
Cost of share options year ended 30 June 2013	21 684	9 660	3 778	8 246

The cost of share appreciation rights issued during the year ended 30 June 2014 were costed using a Black-Scholes option model and the following factors:

	2014	2013
• exercise price R	**40.68 – 41.00**	34.22 – 35.56
• volatility %	**32.58**	29.64 – 30.17
• risk free interest rate %	**8.04**	5.59 – 5.90

	GROUP	
(R'000)	**2014**	2013 Restated*
23 RELATED PARTY TRANSACTIONS		
23.1 Directors' and senior management emoluments		
Executive directors (for individual details refer to the table on page 144 of Group Five's 2014 integrated annual report available with the annual financial statements on the group's website)		
For management services, excluding incentives	**7 496**	6 477
Performance incentives	**7 960**	3 315
Retention award	**722**	5 994
Paid by subsidiaries	**(16 178)**	(15 786)
	–	–
Non-executive directors (for individual details refer to the table on page 143 of Group Five's 2014 integrated annual report available with the annual financial statements		
Directors' fees, other fees and expenses	**4 690**	4 827
Paid by subsidiaries	**(4 690)**	(4 827)
	–	–
Prescribed officers (exco) (excluding executive directors) (for individual details refer to the table on page 144 of Group Five's 2014 integrated annual report available with the annual financial statements on the group's website)		
For management services	**19 915**	19 104
Performance incentives	**16 504**	8 059
Retention award	**1 347**	17 908
Paid by subsidiaries	**(37 766)**	(45 071)
	–	–
Senior management (excluding exco members) (for individual details refer to the table on page 144 of Group Five's 2014 integrated annual report available with the annual financial statements on the group's website)		
For management services	**32 379**	32 084
Performance incentives	**21 958**	10 150
Retention award	**1 035**	5 538
Paid by subsidiaries	**(55 372)**	(47 772)
	–	–

Details of share options and share appreciation rights to executive directors and prescribed officers are disclosed on pages 145 to 148 of Group Five's 2014 integrated annual report available with the annual financial statements on the group's website.

* *Restated for the adoption of IFRS 11 – Joint Arrangements and IAS 19 (Revised) – Employee Benefits.*

23. RELATED PARTY TRANSACTIONS continued

23.2 Subsidiaries, joint arrangements and associates

For a list of related parties refer to Annexure 3 – Interest in Subsidiaries, Annexure 4 – Interest in Joint Operations; Annexure 5 – Investment in Joint Ventures and Annexure 6 – Investment in Associates.

Apart from advances provided to joint venture partners, no other transaction exists that requires additional disclosure.

Refer to note 16 and 20 of the annual financial statements.

(R'000)	GROUP 2014	GROUP 2013 Restated*
24. COMMITMENTS AND CONTINGENCIES		
Fixed asset commitments		
Contracts placed	**19 259**	12 766
Capital expenditure approved by directors but not placed at 30 June	**239 464**	295 901
	258 723	308 667
The above expenditure will be funded from existing resources and facilities. There are no fixed asset commitments relating to joint ventures.		
The following operating lease commitments mainly relate to building rentals which consist of corporate office rental for the period 2014 to 2025.		
Operating lease commitments		
The future minimum lease payments under non-cancellable operating leases are as follows:		
Not later than one year	**77 121**	69 775
Later than one year and not later than five years	**320 685**	326 488
Later than five years	**482 500**	514 083
	880 306	910 346
Guarantees		
Total financial institution-backed guarantees provided to third parties on behalf of subsidiary companies amounted to R3 643 million (2013: R4 369 million). The directors do not believe any exposure to loss is likely. Total facilities in this regard amount to R12 382 million (2013: R10 021 million).	**Rm**	Rm
The issued guarantees have the following expiry dates:		
Not later than one year	**2 180**	3 188
Later than one year and not later than five years	**1 460**	1 159
Later than five years	**3**	22
	3 643	4 369

* *Restated for the adoption of IFRS 11 – Joint Arrangements and IAS 19 (Revised) – Employee Benefits.*

Other

The group is, from time to time, involved in various claims and legal proceedings arising in the ordinary course of business.

The directors do not believe that adverse decisions in any pending proceedings or claims against the group will have a material adverse effect on the financial condition or future operations of the group.

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

Refer to industry matters on page 8 for additional information.

25. FINANCIAL INSTRUMENTS

Financial instruments carried on the statement of financial position include cash and cash equivalents (as defined), short term borrowings, investments in service concessions, pension fund surplus, trade and other receivables, contracts in progress, trade and other payables, interest-bearing borrowings and derivative financial instruments.

25.1 Financial risk management objectives

Introduction

The group has a risk management and central treasury function that manages the financial risks relating to the group's operations.

The group's liquidity, credit, foreign currency, price and interest rate risk are continuously monitored. The group has developed a comprehensive risk management process to facilitate, control and monitor these risks. This process includes formal documentation of policies, including limits, controls and reporting structures. The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance. The group makes use of derivative financial instruments to hedge certain risk exposures in certain circumstances.

In the course of the group's business operations it is exposed to financial risk relating to liquidity, credit, foreign currency, price and interest rate risk. Risk management relating to each of this risk is detailed below.

Controlling risk in the group

The executive committee (exco) and the management committee (manco) are responsible for risk management activities within the group. Exco meets monthly to review market trends and develop strategies. Treasury is responsible for monitoring currency, interest rate and liquidity risk under the policies approved by the board of directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the group's operating business units. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, and credit risk, use of derivative financial instruments and non-derivative financial instruments, and investments in excess liquidity.

25.2 Capital risk management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The group monitors capital on the basis of a gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total interest-bearing borrowings less cash and cash equivalents. Total equity is as shown in the consolidated statement of financial position.

During 2014, the group's strategy, which remains unchanged, is to maintain the gearing ratio below 33%. The gearing ratio at 30 June 2014 and 2013 was as follows:

(R'000)	**2014**	2013 Restated*
Total interest-bearing borrowings, including bank overdrafts	**927 046**	783 747
Cash on hand	**(2 912 240)**	(2 954 123)
Net debt	**(1 985 194)**	(2 170 376)
Total equity	**2 619 675**	2 154 544
Gearing ratio	**–**	–

* *Restated for the adoption of IFRS 11 – Joint Arrangements and IAS 19 (Revised) – Employee Benefits.*

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25. FINANCIAL INSTRUMENTS continued

25.3 Categories of financial instruments

In addition, the financial instruments carried at fair value are disclosed in accordance to a fair value hierarchy.

The hierarchy has three levels that reflect the significance of the inputs used in measuring fair value. These are as follows:

Level 1: Quoted prices unadjusted in active markets for identical assets and liabilities
Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly or indirectly derived from prices
Level 3: Inputs for the assets or liability that are not based on observable market data

30 June 2014 (R'000)	Note	Loans and receivables	Financial assets at fair value through profit and loss designated as such	Financial assets at fair value through profit and loss	Other	Total	Level
Assets as per the statement of financial position							
Loans to associates	10.2	32 233	–	–	–	32 233	3
Loans to joint ventures	11.2	60 477	–	–	–	60 477	3
Investments in service concessions	12	–	421 563	–	–	421 563	3
Pension fund surplus – long term portion	22.2	–	–	–	229 498	229 498	3
Derivative financial instruments	18	–	–	5 146	–	5 146	2
Trade and other receivables – long term portion	16	195 630	–	–	–	195 630	3
Trade and other receivables	16	3 445 245	–	–	4 625	3 449 870	3
Cash and cash equivalents	29	2 912 240	–	–	–	2 912 240	n/a
Contracts in progress	15	637 719	–	–	–	637 719	n/a
Trade and other receivables – HFSA*	32	10 870	–	–	–	10 870	3
Cash and cash equivalents – HFSA*	32	8 857	–	–	–	8 857	n/a
		7 303 271	421 563	5 146	234 123	7 964 103	

30 June 2014 (R'000)	Note	Financial liabilities at amortised cost	Financial liabilities held for trading	Other	Total	Level
Liabilities as per the statement of financial position						
Interest-bearing borrowings	17.1	505 834	–	–	505 834	3
Excess billings over work done		1 428 136	–	–	1 428 136	3
Trade and other payables – long term portion	20	17 363	–	–	17 363	3
Trade and other payables	20	4 110 705	–	–	4 110 705	3
Current portion of interest bearing borrowings	17.1	350 440	–	–	350 440	3
Short term borrowings	17.5	70 772	–	–	70 772	3
Trade and other payables – HFSA*	32	17 121	–	–	17 121	3
		6 500 371	–	–	6 500 371	

* *Non-current assets classified as held for sale and liabilities associated with non-current assets classified as held for sale.*

25. FINANCIAL INSTRUMENTS continued

25.3 Categories of financial instruments continued

30 June 2013 (Restated)* (R'000)	Note	Loans and receivables	Financial assets at fair value through profit and loss designated as such	Financial assets at fair value through profit and loss	Other	Total	Level
Assets as per the statement of financial position							
Loans to associates	10.2	6 723	–	–	–	6 723	3
Loans to joint ventures	11.2	49 769	–	–	–	49 769	3
Investments in service concessions	12	–	360 684	–		360 684	3
Pension fund surplus – long term portion	22.2	–	–	–	166 734	166 734	3
Derivative financial instruments	18	–	–	21 358	–	21 358	2
Trade and other receivables – long term portion	16	95 302	–	–	–	95 302	3
Trade and other receivables	16	3 160 654	–	–	4 742	3 165 396	3
Cash and cash equivalents	29	2 954 123	–	–	–	2 954 123	n/a
Contracts in progress	15	304 849	–	–	–	304 849	n/a
Trade and other receivables – HFSA^	32	8 501	–	–	–	8 501	3
Cash and cash equivalents – HFSA^	32	11 834	–	–	–	11 834	n/a
		6 591 755	360 684	21 358	171 476	7 145 273	

30 June 2013 (Restated)^ (R'000)	Note	Financial liabilities at amortised cost	Financial liabilities held for trading	Other	Total	Level
Liabilities as per the statement of financial position						
Interest-bearing borrowings	17.1	681 813	–	–	681 813	3
Excess billings over work done		1 317 671	–	–	1 317 671	3
Trade and other payables – long term portion	20	51 009	–	–	51 009	3
Trade and other payables	20	3 544 584	–	–	3 544 584	3
Current portion of interest bearing borrowings	17.1	80 834	–	–	80 834	3
Short term borrowings	17.5	21 100	–	–	21 100	3
Current portion of interest bearing borrowings – HFSA^	32	1 150	–	–	1 150	3
Trade and other payables – HFSA^	32	20 841	–	–	20 841	3
		5 719 002	–	–	5 719 002	

^ Non-current assets classified as held for sale and liabilities associated with non-current assets classified as held for sale.
** Restated for the adoption of IFRS 11 – Joint Arrangements and IAS 19 (Revised) – Employee Benefits.*

25. FINANCIAL INSTRUMENTS continued

25.4 Financial risk factors

Market risk

Foreign exchange risk

The group through foreign entities, conducts business in various foreign currencies. As a result, it is subject to the transaction exposure that arises from foreign exchange rate movements between the dates that currency other than functional currency are recorded (foreign sales and purchases) and the dates they are consummated (cash receipts and cash disbursements in foreign currencies). The group may, from time to time, hedge its foreign currency exposures for either purchase or sale transactions through the use of foreign currency forward exchange contracts. Foreign currency denominated construction contracts entered into are primarily US Dollar-based in terms of revenue and cost. Currency exposure arising from the net assets of the group's foreign operations is managed primarily through settling of liabilities in the relevant currencies. Limited foreign currency forward exchange contracts were entered into during the current year. No hedge accounting has been applied.

The carrying amount of the group's foreign currency denominated monetary assets and liabilities at statement of financial position date is as follows:

Foreign currency risk

30 June 2014 (R'000)	Notes	South African Rand	US Dollar	AED	Other	Total
Assets as per the statement of financial position						
Loans to associate	10.2	32 233	–	–	–	32 233
Loans to joint ventures	11.2	60 477	–	–	–	60 477
Investments in service concessions**	12	–	–	–	421 563	421 563
Pension fund surplus – long term portion	22.2	229 498	–	–	–	229 498
Derivative financial instruments	18	5 146	–	–	–	5 146
Trade and other receivables – long term portion	16	–	162 917	32 713	–	195 630
Trade and other receivables	16	2 378 438	714 597	216 446	140 389	3 449 870
Cash and cash equivalents	29	2 044 914	470 009	49 901	347 416	2 912 240
Contracts in progress	15	521 783	82 551	27 431	5 954	637 719
Trade and other receivables – HFSA*	32	10 870	–	–	–	10 870
Cash and cash equivalents – HFSA*	32	8 857	–	–	–	8 857
		5 292 216	1 430 074	326 491	915 322	7 964 103
Liabilities as per the statement of financial position						
Interest-bearing borrowings	17.1	476 947	24 342	–	4 545	505 834
Excess billings over work done		737 821	690 315	–	–	1 428 136
Trade and other payables – long term portion	20	–	–	17 363	–	17 363
Trade and other payables	20	3 473 636	351 493	192 006	93 570	4 110 705
Current portion of interest-bearing borrowings	17.1	276 175	73 044	–	1 221	350 440
Short term borrowings	17.5	70 772	–	–	–	70 772
Trade and other payables – HFSA*	32	17 121	–	–	–	17 121
		5 052 472	1 139 194	209 369	99 336	6 500 371
Net exposure		239 744	290 880	117 122	815 986	1 463 732

* *Non-current assets classified as held for sale and liabilities associated with non-current assets classified as held for sale.*
** *Euro-denominated investments in service concessions*

25. FINANCIAL INSTRUMENTS continued

25.4 Financial risk factors

Market risk continued

30 June 2013 (Restated)* (R'000)	Notes	South African Rand	US Dollar	AED	Other	Total
Assets as per the statement of financial position						
Loans to associate	10.2	6 723	–	–	–	6 723
Loans to joint ventures	11.2	49 769	–	–	–	49 769
Investments in service concessions**	12	–	–	–	360 684	360 684
Pension fund surplus – long term portion	22.2	166 734	–	–	–	166 734
Derivative financial instruments	18	21 358	–	–	–	21 358
Trade and other receivables – long term portion	16	–	–	95 302	–	95 302
Trade and other receivables	16	1 985 044	673 047	275 823	231 482	3 165 396
Cash and cash equivalents	29	2 018 563	502 970	34 593	397 997	2 954 123
Contracts in progress	15	184 521	71 410	38 836	10 082	304 849
Trade and other receivables – HFSA^	32	8 501	–	–	–	8 501
Cash and cash equivalents – HFSA^	32	11 834	–	–	–	11 834
		4 453 047	1 247 427	444 554	1 000 245	7 145 273
Liabilities as per the statement of financial position						
Interest-bearing borrowings	17.1	588 007	88 759	–	5 047	681 813
Excess billings over work done		650 098	665 327	–	2 246	1 317 671
Trade and other payables – long term portion	20	–	–	51 009	–	51 009
Trade and other payables	20	2 693 730	376 942	249 859	224 053	3 544 584
Current portion of interest-bearing borrowings	17.1	71 677	8 184	–	973	80 834
Short term borrowings	17.5	21 100	–	–	–	21 100
Current portion of interest bearing borrowings – HFSA^	32	1 150	–	–	–	1 150
Trade and other payables – HFSA^	32	20 841	–	–	–	20 841
		4 046 603	1 139 212	300 868	232 319	5 719 002
Net exposure		406 444	108 215	143 686	767 926	1 426 271

^ *Non-current assets classified as held for sale and liabilities associated with non-current assets classified as held for sale.*
* *Restated for the adoption of IFRS 11 – Joint Arrangements and IAS 19 (Revised) – Employee Benefits.*
** *Euro-denominated investments in service concessions*

25. FINANCIAL INSTRUMENTS continued

25.4 Financial risk factors continued

Market risk continued

Sensitivity analyses have been performed to monitor the financial effect of changes in foreign exchange rates. The analysis below depicts the effect on profit before taxation should the exchange rate strengthen or weaken by 10% based on the assets and liabilities at reporting date. The exchange rates applicable to the group's primary functional currencies at the current and previous reporting year-end are as follows:

	2014	2013 Restated*
ZAR: USD	**10,62**	10,05
ZAR: AED	**2,89**	2,73

	Change in exchange rate	Weakening in functional currency resulting in an increase/(decrease) in profit before taxation R'000	Strengthening in functional currency resulting in an increase/(decrease) in profit before taxation R'000
As at 30 June 2014			
Net movement		**122 399**	**(122 399)**
Current assets			
Denominated functional currency		**267 189**	**(267 189)**
ZAR: USD	**10%**	**143 007**	**(143 007)**
ZAR: UAE	**10%**	**32 649**	**(32 649)**
ZAR: PLN; HUF; OTHER	**10%**	**91 533**	**(91 533)**
Current liabilities			
Denominated functional currency		**(144 790)**	**144 790**
ZAR: USD	**10%**	**(113 919)**	**113 919**
ZAR: UAE	**10%**	**(20 937)**	**20 937**
ZAR: PLN; HUF; OTHER	**10%**	**(9 934)**	**9 934**
As at 30 June 2013 (Restated)*			
Net movement		101 981	(101 981)
Current assets			
Denominated functional currency		269 221	(269 221)
ZAR: USD	10%	124 742	(124 742)
ZAR: UAE	10%	44 455	(44 455)
ZAR: PLN; HUF; OTHER	10%	100 024	(100 024)
Current liabilities			
Denominated functional currency		(167 240)	167 240
ZAR: USD	10%	(113 921)	113 921
ZAR: UAE	10%	(30 087)	30 087
ZAR: PLN; HUF; OTHER	10%	(23 232)	23 232

* *Restated for the adoption of IFRS 11 – Joint Arrangements and IAS 19 (Revised) – Employee Benefits.*

25. FINANCIAL INSTRUMENTS continued

25.4 Financial risk factors continued

Cash flow and fair value interest rate risk

Interest rate risk

The group is exposed to interest rate risk through its cash and cash equivalents and interest-bearing short and non-current liabilities. Short term interest rate exposure is monitored and managed by corporate treasury and may be hedged from time to time through the use of financial instruments.

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

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

Notional amount (R million)	220	280
Start date	10 April 2012	11 April 2012
End date	10 April 2015	11 April 2017
Group Five pays	3-month JIBAR	Fixed
	+175 basis points nacq paid quarterly	

Description (R'000)	Decrease in rate resulting in an increase in profit before taxation 2014	2013	Increase in rate resulting in a decrease in profit before taxation 2014	2013
Assuming 1% movement in JIBAR rate	**5 000**	5 000	**(5 000)**	(5 000)
Assuming 1% movement in LIBOR rate	**974**	969	**(974)**	(969)
Assuming 1% movement in SA prime borrowing rate	**2 499**	1 621	**(2 499)**	(1 621)

Credit risk

Credit risk is the risk of suffering financial loss should any of the group's counterparties fail to fulfil their contractual obligations.

Financial instruments which potentially subject the group to concentrations of credit risk are primarily cash and cash equivalent, trade receivables and loans provided to associates and joint arrangements. With regards to cash and cash equivalents, the group deals primarily with major financial institutions in South Africa and over-border.

Loans provided to associate companies are of a short-term nature and repayments are governed by contractual arrangements. In determining the recoverability of a loan provided, the group considers frequency of repayment, financial performance of the associate and/or joint arrangement and contractual agreements.

The group's customers are concentrated primarily in South Africa but also exist in the rest of Africa, Middle East and Eastern Europe. The majority of the customers are concentrated in the industrial, resource, financial institution and public sectors. The group establishes a provision for impairment based upon factors surrounding the credit risk of specific customers, historical trends and other information.

For trade debtors, estimates are determined with reference to past default experience. Before accepting new trade debtors, use is made of local external credit agencies, where necessary to assess the potential customer's credit quality. Credit limits are defined by trade debtor and are regularly reviewed.

In determining the recoverability of a trade receivable, the group considers any change in the credit quality of the trade receivable from the date credit was granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and geographically diverse. Accordingly, the directors believe that there is no further credit provision required in excess of the allowed provision for impairment of trade receivable. Management does not expect a loss from fully performing financial assets.

Where appropriate, the group obtains appropriate collateral to mitigate risk. The group did not hold any collateral at 30 June 2014 or 30 June 2013.

25. FINANCIAL INSTRUMENTS continued

25.4 Financial risk factors continued

Credit risk continued

The carrying amount of the financial assets represents the group's maximum exposure to credit risk without taking into consideration any collateral provided. The maximum exposure to credit risk in respect of guarantees issued is the maximum amount the group may need to pay under the guarantees, refer to note 24.

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

(R'000)	Number of customers	Value Rm	% of trade and other receivables	% of total revenue
2014	**5**	**R954,9**	**24.4**	**6.2**
2013 (Restated)	5	R679,9	19.7	6.1

The group has the following credit risk per geographical segment:

Region (R'000)	2014	2013 Restated*
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

* *Restated for the adoption of IFRS 11 – Joint Arrangements and IAS 19 (Revised) – Employee Benefits.*

Central Africa: Zambia, DRC
Eastern Africa: Mauritius, Tanzania
Eastern Europe: Hungary, Poland
Middle East: Dubai, Jordan
Southern Africa: South Africa, Lesotho, Namibia, Mozambique, Zimbabwe
Western Africa: Nigeria, Ghana, Burkina Faso, Sierra Leone, Liberia

The other classes within trade and other receivables do not contain impaired assets. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The group does not hold any collateral as security.

25. FINANCIAL INSTRUMENTS continued

25.4 Financial risk factors continued

Liquidity risk

Liquidity risk is the risk that the group will be unable to meet a financial commitment in any location or currency. The group manages its liquidity risk through its central treasury function. Cash flow forecasting is performed by the operating units of the group and consolidated by central treasury.

Central treasury monitors the rolling forecasts of the group's liquidity requirements to ensure it has sufficient cash to meet operational needs. Such forecasting takes into consideration of the group's covenant compliance, compliance with internal balance sheet ratio targets and, if applicable external regulatory or legal requirements. The following table details the group's remaining contractual maturities for its financial assets and liabilities:

30 June 2014 (R'000)	Note	Within 1 – 6 months	Within 7 – 12 months	Within 1 – 2 years	Within 2 – 5 years	Greater than 5 years	Total
Assets as per the statement of financial position							
Loans to associates	10.2	–	–	32 233	–	–	32 233
Loans to joint ventures	11.2	–	–	60 477	–	–	60 477
Investments in service concessions	12	–	–	–	–	421 563	421 563
Pension fund surplus – long term portion	22.2	–	–	–	–	229 498	229 498
Derivative financial instruments	18	5 146	–	–	–	–	5 146
Trade and other receivables – long term portion	16	–	–	210 105	–	–	210 105
Trade and other receivables	16	2 756 504	693 366	–	–	–	3 449 870
Cash and cash equivalents	29	2 912 240	–	–	–	–	2 912 240
Contracts in progress	15	618 422	19 297	–	–	–	637 719
Trade and other receivables – HFSA*	32	10 870	–	–	–	–	10 870
Cash and cash equivalents – HFSA*	32	8 857	–	–	–	–	8 857
		6 312 039	712 663	302 815	–	651 061	7 978 578
Liabilities as per the statement of financial position							
Interest-bearing borrowings	17.1	–	–	432 089	169 740	–	601 829
Excess billings over work done		1 142 913	285 223	–	–	–	1 428 136
Trade and other payables – long term portion	20	–	–	19 737	–	–	19 737
Trade and other payables	20	3 213 053	897 652	–	–	–	4 110 705
Current portion of interest bearing borrowings	17.1	67 033	334 233	–	–	–	401 266
Short term borrowings	17.5	38 563	38 562	–	–	–	77 125
Trade and other payables – HFSA*	32	17 121	–	–	–	–	17 121
		4 478 683	1 555 670	451 826	169 740	–	6 655 919

* *Non-current assets classified as held for sale and liabilities associated with non-current assets classified as held for sale.*

25. FINANCIAL INSTRUMENTS continued

25.4 Financial risk factors continued

Liquidity risk continued

30 June 2013 (Restated)* (R'000)	Note	Within 1 – 6 months	Within 7 – 12 months	Within 1 – 2 years	Within 2 – 5 years	Greater than 5 years	Total
Assets as per the statement of financial position							
Loans to associates	10.2	–	–	6 723	–	–	6 723
Loans to joint ventures	11.2	–	–	49 769	–		49 769
Investments in service concessions	12	–	–	–	–	360 684	360 684
Pension fund surplus – long term portion	22.2	–	–	–	–	166 734	166 734
Derivative financial instruments	18	19 282	2 076	–	–	–	21 358
Trade and other receivables – long term portion	16			34 472	72 076	–	106 548
Trade and other receivables	16	2 536 073	629 323	–	–	–	3 165 396
Cash and cash equivalents	29	2 954 123	–	–	–	–	2 954 123
Contracts in progress	15	168 045	136 804	–	–	–	304 849
Trade and other receivables – HFSA^	32	8 501	–	–	–	–	8 501
Cash and cash equivalents – HFSA^	32	11 834	–	–	–	–	11 834
		5 697 858	768 203	90 964	72 076	527 418	7 156 519
Liabilities as per the statement of financial position							
Interest-bearing borrowings	17.1			429 556	351 919	–	781 475
Excess billings over work done		740 852	576 819	–	–	–	1 317 671
Trade and other payables – long term portion	20			37 856	35 516		73 372
Trade and other payables	20	2 962 410	582 174	–	–	–	3 544 584
Current portion of interest bearing borrowings	17.1	65 539	65 539	–	–	–	131 078
Short term borrowings	17.5	2 299	20 736	–	–	–	23 035
Current portion of interest bearing borrowings – HFSA^	32	1 150	–	–	–	–	1 150
Trade and other payables – HFSA^	32	20 841	–	–	–	–	20 841
		3 793 091	1 245 268	467 412	387 435	–	5 893 206

^ *Non-current assets classified as held for sale and liabilities associated with non-current assets classified as held for sale.*
* *Restated for the adoption of IFRS 11 – Joint Arrangements and IAS 19 (Revised) – Employee Benefits.*

(R'000)	Note	GROUP 2014	2013 Restated*
26. CASH FROM OPERATIONS BEFORE WORKING CAPITAL CHANGES			
Profit before taxation		**672 807**	541 087
Adjustments for:			
Depreciation	4.3; 8	**267 143**	242 130
Fair value adjustments	12	**(83 840)**	(86 482)
Foreign exchange loss/(profit)		**1 886**	(23 308)
Loss on impairment of associate and loss on acquisition of subsidiaries		**2 002**	2 069
Loss on disposal of property, plant and equipment	4.4	**1 033**	6 187
Share-based payment expense		**51 526**	38 497
Finance cost – net	5	**2 134**	1 485
Fair value loss/(profit) on forward exchange contracts		**16 212**	(10 012)
Share of profit from associates and joint ventures		**(28 095)**	(14 327)
Pension fund valuation surplus		**(6 944)**	(9 458)
Movement in provisions		**6 983**	(2 743)
		902 847	685 125
27. WORKING CAPITAL CHANGES			
Trade and other payables		**449 622**	887 685
Trade and other receivables		**(596 837)**	(811 018)
Contracts in progress		**(333 100)**	216 113
Inventories		**(38 715)**	(25 565)
		(519 030)	267 215
28. TAXATION PAID			
Taxation owing at the beginning of the year		**(118 772)**	(39 438)
Charge per the income statement		**(230 268)**	(205 677)
Movement in deferred taxation		**18 328**	(14 252)
Charge to income statement – discontinued operations		**950**	11 491
Taxation owing at the end of the year		**190 300**	118 772
		(139 462)	(129 104)
29. CASH AND CASH EQUIVALENTS AT END OF YEAR			
Bank balances and cash		**2 912 240**	2 954 123
Bank overdrafts		**–**	–
Cash and cash equivalents at end of year		**2 912 240**	2 954 123

30. NON-CASH TRANSACTIONS – CASH FLOW STATEMENT

Excluded from the cash flow statement are additions to fixed assets and investment property amounting to R173 million (2013: R75 million) which were funded by finance leases.

31. CATEGORISATION OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents held by the group		**2 611 876**	2 419 197
Cash and cash equivalents held by joint operations		**300 364**	534 926
		2 912 240	2 954 123

* *Restated for the adoption of IFRS 11 – Joint Arrangements and IAS 19 (Revised) – Employee Benefits.*

32. NON-CURRENT ASSETS AND ASSOCIATED LIABILITIES CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS

During the prior year, the board of directors approved the disposal of two investments in joint ventures.

These assets were transferred to non-current assets classified as held for sale at fair value. The sales were completed by June 2014.

In addition, in 2012 the board of directors resolved to dispose of the businesses that constitute the Construction Materials cluster. The Construction Materials businesses comprise of sand and aggregates, readymix and extenders and mining crushing services. The results of this cluster is thus reported as discontinued operations and the assets and related liabilities have been transferred to non-current assets classified as held for sale.

Two of the construction materials businesses previously reported as held for sale, Bernoberg and BGM, have been sold for a net profit of R1,4 million prior to F2012 year end.

The group progressed with the disposal of its discontinued Construction Materials business. During the first half of F2013, an additional business was sold. During the second half of F2013, a further business was transferred to its new owner and cash received. Proceeds of R31 million were received in the prior year, equal to R31 million net book value for these businesses, resulting in no profit or loss on disposal. The sale transaction for the last remaining business has been agreed and is in the process of implementation.

As previously communicated, approval from the Department of Mineral Resources (DMR) is awaited on the three quarry sales mentioned above in order 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 conculding the sale agreements, including transfer of operating profits and losses which was achieved on the two quarries sold in F2013.

The group is engaging with parties who have expressed an interest in the various remaining businesses and assets.

The sale of the remaining businesses is expected to be completed by December 2014.

	GROUP	
(R'000)	**2014**	2013 Restated*
Income statement relating to the discontinued operations that include Construction Materials and India claim:		
Revenue from discontinued operations	**20 814**	68 230
Operating loss before impairment adjustments	**(3 892)**	(45 683)
Impairment of non-current assets classified as held for sale	**–**	(11 000)
Operating loss after impairment adjustments^^	**(3 892)**	(56 683)
Finance income/(cost)	**355**	(2 813)
Loss before taxation	**(3 537)**	(59 496)
Taxation	**530**	11 700
Net loss for the year from discontinued operations^	**(3 007)**	(47 796)
^ None of the loss for the year from discontinued operations is attributable to non-controlling interest. *^^ Included in the operating loss before impairment adjustments is a loss on disposal of R3,7 million (2013: R330 000).*		
Loss per share from discontinued operations (R)	**(0,03)**	(0,49)
Fully diluted loss per share from discontinued operations (R)	**(0,03)**	(0,49)

** Restated for the adoption of IFRS 11 – Joint Arrangements and IAS 19 (Revised) – Employee Benefits.*

(R'000)	GROUP 2014	2013 Restated*
32. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS continued		
Statement of financial position relating to the discontinued operations:		
Non-current assets	**28 819**	86 329
Property, plant and equipment	**28 819**	68 021
Investment in joint venture	**–**	17 888
Deferred taxation	**–**	420
Current assets	**20 852**	21 848
Inventories	**1 125**	1 513
Trade and other receivables	**10 870**	8 501
Cash and cash equivalents	**8 857**	11 834
Non-current assets classified as held for sale	**49 671**	108 177
Non-current liabilities	**2 366**	4 950
Provision for environmental rehabilitation	**2 366**	4 950
Current liabilities	**21 234**	26 104
Trade and other payables	**17 121**	20 841
Current taxation payable	**4 113**	4 113
Current portion of interest-bearing borrowings	**–**	1 150
Liabilities associated with non-current assets classified as held for sale	**23 600**	31 054
Net assets	**26 071**	77 123
Cash flows relating to discontinued operations are presented below:		
Net cash movement from operating activities	**(11 475)**	5 393
Net cash movement from investing activities	**9 648**	55 908
Net cash movement from financing activities	**(1 150)**	(40 174)
Net movement from discontinued operations	**(2 977)**	21 127
33. DIVIDENDS PAID		
33.1 2013 Final dividend paid: 35 cents (2012: 14 cents) per ordinary share	**34 920**	13 524
33.2 2014 Interim dividend paid: 45 cents (2013: 32 cents) per ordinary share	**45 246**	31 624
	80 166	45 148

* *Restated for the adoption of IFRS 11 – Joint Arrangements and IAS 19 (Revised) – Employee Benefits.*

These dividends are reflected on the group's statement of changes in equity.

On 5 August 2014, the directors proposed a final dividend of 55 cents per share in respect of the financial year ended 30 June 2014 which will absorb an estimated amount of R61,1 million of shareholders' funds. The dividend will be paid on 29 September 2014 to shareholders registered on the shareholder register on 26 September 2014. This dividend is not reflected in the group's annual financial statements. The total dividend for the financial year will thus be 100 cents per share (2013: 67 cents per share).

34. CHANGES IN ACCOUNTING POLICIES

Group Five Limited adopted IFRS 10 'Consolidated financial statements', IFRS 11 'Joint Arrangements', IFRS 12, 'Disclosure of interests in other entities', and consequential amendments to IAS 28, 'Investments in associates and joint ventures' and IAS 27, 'Separate financial statements', on 1 July 2012. The group has also adopted IAS 19 (revised 2011), 'Employee Benefits' on 1 July 2012. The new accounting policies had the following impact on the financial statements

(a) Joint ventures accounted for using the equity method

This standard provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise when where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. The investments has been classified as joint ventures under IFRS 11 and therefore the equity method of accounting has been used in the consolidated financial statements. Prior to adoption of IFRS 11, the group's interest in the entities was proportionately consolidated, which is no longer allowed.

The group recognised its investment in joint ventures at the beginning of the earliest period presented (1 July 2012), as the total carrying amounts of the assets and liabilities previously proportionately consolidated by the group. This is the deemed cost of the group's investment in joint ventures for applying equity accounting.

(b) Adoption of IAS 19 (revised)

The revised employee benefit standard introduces changes to the recognition, measurement, presentation and disclosure of post-employment benefits. The amendments eliminates the option to defer the recognition of actuarial gains and losses (remeasurements), streamlines the presentation of changes in assets and liabilities arising from defined benefit plans including the requirement that remeasurements be presented in other comprehensive income, and enhances the disclosure requirements for defined benefit plans to provide better information about the characteristics of defined benefit plans and the risks that entities are exposed to through participation in those plans. The allocation of surplus or deficit arising from actuarial valuation has been recognised in the statement of comprehensive income and not in the income statement.

34. CHANGES IN ACCOUNTING POLICIES continued

The effects of the changes to the accounting policies is shown in the following tables.

(R'000)	2014			
	As at 30 June 2014	Impact of IFRS 11 on equity accounting	Adopt IAS 19 (revised)	As at 30 June 2014 as presented
Statement of consolidated financial position at 30 June				
Group's share of assets and liabilities				
Assets				
Non-current assets	2 025 106	42 881	–	2 067 987
Current assets	7 740 168	75 224	–	7 815 392
Non-current assets classified as held for sale	49 671	–	–	49 671
Total assets	9 814 945	118 105	–	9 933 050
Equity and liabilities				
Total equity	2 689 756	3 217	–	2 692 973
Non-current liabilities	608 750	27 154	–	635 904
Current liabilities	6 492 839	87 734	–	6 580 573
Liabilities associated with non-current assets classified as held for sale	23 600	–	–	23 600
Total equity and liabilities	9 814 945	118 105	–	9 933 050
Income statement for the year ended 30 June				
Revenue – continuing operations	15 411 849	(72 219)	–	15 339 630
Profit before taxation – continuing operations	736 378	(10 068)	(53 503)	672 807
Taxation	(246 629)	1 380	14 981	(230 268)
Profit after taxation – continuing operations	489 749	(8 688)	(38 522)	442 539
Statement of comprehensive income				
Total other comprehensive income	78 391	–	38 522	116 913
Exchange difference on translation of foreign operations	78 391	–	–	78 391
Surplus on pension fund and remeasurement of employment obligation	–	–	38 522	38 522
Statement of cash flow for the year ended 30 June				
Group's share of cash flows				
Cash flow from operating activities	135 937	1 757	–	137 694
Cash flow from investing activities	(123 262)	(12 383)	–	(135 645)
Cash flow from financing activities	(96 128)	8 150	–	(87 978)
Effects of exchange rates on cash and cash equivalents	41 069	–	–	41 069
Net decrease in cash and cash equivalents	(42 384)	(2 476)	–	(44 860)
Statement of changes in equity				
Stated capital	1 256 531	–	–	1 256 531
Retained earnings	1 297 259	–	–	1 297 259
Foreign currency translation reserve	65 885	–	–	65 885
Equity Shareholders	2 619 675	–	–	2 619 675
Non-controlling interest	70 081	3 217	–	73 298
Total equity	2 689 756	3 217	–	2 692 973

34. CHANGES IN ACCOUNTING POLICIES continued

	2013			
(R'000)	As at 30 June 2013	Impact of IFRS 11 equity accounting	Adopt IAS 19 (revised)	As at 30 June 2013 (restated)*
Statement of consolidated financial position at 30 June				
Group's share of assets and liabilities				
Assets				
Non-current assets	1 699 584	30 738	–	1 730 322
Current assets	6 996 278	(48 530)	–	6 947 748
Non-current assets classified as held for sale	108 177	–	–	108 177
Total assets	8 804 039	(17 792)	–	8 786 247
Equity and liabilities				
Total equity	2 226 399	3 470	–	2 229 869
Non-current liabilities	801 645	(3 169)	–	798 476
Current liabilities	5 744 941	(18 093)	–	5 726 848
Liabilities associated with non-current assets classified as held for sale	31 054	–	–	31 054
Total equity and liabilities	8 804 039	(17 792)	–	8 786 247
Income statement for the year ended 30 June				
Revenue – continuing operations	11 130 863	(87 716)	–	11 043 147
Profit before taxation – continuing operations	558 538	2 670	(20 121)	541 087
Taxation	(211 884)	573	5 634	(205 677)
Profit after taxation – continuing operations	346 654	3 243	(14 487)	335 410
Statement of comprehensive income				
Total other comprehensive income	107 856	–	14 487	122 343
Exchange difference on translation of foreign operations	107 856	–	–	107 856
Surplus on pension fund	–	–	14 487	14 487
Statement of cash flow for the year ended 30 June				
Group's share of cash flows				
Cash flow from operating activities	772 086	(31 332)	–	740 754
Cash flow from investing activities	(133 889)	(48 055)	–	(181 944)
Cash flow from financing activities	(70 122)	79 564	–	9 442
Effects of exchange rates on cash and cash equivalents	141 974	–	–	141 974
Net increase in cash and cash equivalents	710 049	177	–	710 226
Statement of changes in equity				
Stated capital	1 229 568	–	–	1 229 568
Retained earnings	937 482	–	–	937 482
Foreign currency translation reserve	(12 506)	–	–	(12 506)
Equity Shareholders	2 154 544	–	–	2 154 544
Non-controlling interest	71 855	3 470	–	75 325
Total equity	2 226 399	3 470	–	2 229 869

* *Restated for the adoption of IFRS 11 – Joint Arrangements and IAS 19 (Revised) – Employee Benefits.*

34. CHANGES IN ACCOUNTING POLICIES continued

(R'000)	As at 30 June 2012	Impact of IFRS 11 equity accounting	Adopt IAS 19 (revised)	As at 30 June 2012 (restated)
	2012			
Statement of consolidated financial position at 30 June				
Group's share of assets and liabilities				
Assets				
Non-current assets	1 549 986	30 449	–	1 580 435
Current assets	5 766 256	(90 228)	–	5 676 028
Non-current assets classified as held for sale	272 928	–	–	272 928
Total assets and liabilities	7 589 170	(59 779)	–	7 529 391
Equity and liabilities		–		
Total equity	1 876 704	227	–	1 876 931
Non-current liabilities	726 590	(2 792)	–	723 798
Current liabilities	4 807 515	(57 214)	–	4 750 301
Liabilities associated with non-current assets classified as held for sale	178 361	–	–	178 361
Total equity and liabilities	7 589 170	(59 779)	–	7 529 391
Income statement for the year ended 30 June				
Revenue - continuing operations	8 783 378	(175 743)		8 607 635
Profit before taxation – continuing operations	328 761	(9 711)	(3 860)	315 190
Taxation	(106 032)	695	1 081	(104 256)
Profit after taxation – continuing operations	222 729	(9 016)	(2 779)	210 934
Statement of comprehensive income				
Total other comprehensive income	68 411	–	2 779	71 190
Exchange difference on translation of foreign operations	68 411	–	–	68 411
Surplus on pension fund	–	–	2 779	2 779
Statement of cash flow for the year ended 30 June				
Group's share of cash flows				
Cash flow from operating activities	410 879	4 356	–	415 235
Cash flow from investing activities	(192 764)	(1 586)	–	(194 350)
Cash flow from financing activities	(270 166)	483	–	(269 683)
Effects of exchange rates on cash and cash equivalents	76 205	–	–	76 205
Net increase in cash and cash equivalents	24 154	3 253	–	27 407
Statement of changes in equity				
Stated capital	1 219 119	–	–	1 219 119
Retained earnings	709 979	–	–	709 979
Foreign currency translation reserve	(120 362)	–	–	(120 362)
Equity Shareholders	1 808 736	–	–	1 808 736
Non-controlling interest	67 968	227	–	68 195
Total equity	1 876 704	227	–	1 876 931

Annexure 1 – Group segmental analysis

FOR THE YEAR ENDED 30 JUNE 2014

Operating segments reflect the management structure of the group in the year under review and the manner in which performance is evaluated and resources allocated as managed by the group's chief operating decision-maker, defined as the executive committee members (exco) of the group.

These operating segments for the year under review are listed below.

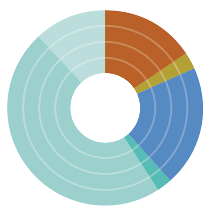
Of primary focus to exco is the revenue, operating profit, capital expenditure and current assets per segment and revenue per geography.

The required segmental reporting disclosures are provided on page 16 of this integrated annual report.

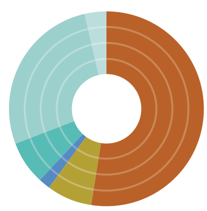
In addition, although exco does not review the information included in this Annexure on a monthly basis in order to take strategic decisions, management provides this additional segmental reporting as it deems this information to constitute further value added disclosure to stakeholders.

Statement of financial position

Property, plant and equipment and investment property



Other non-current assets (excluding non-current assets classified as held for sale and deferred taxation)



Current assets (excluding cash and cash equivalents)

Note:
Graphs represent F2014 values only.

(R'000)	Property, plant and equipment and investment property 2014	2013 Restated*	Other non-current assets 2014	2013 Restated*	Current assets 2014	2013 Restated*
Investments and Concessions	**159 051**	67 246	**506 891**	486 858	**301 051**	191 956
Engineering & Construction	**27 902**	14 410	**74 341**	21 488	**1 245 626**	467 703
Manufacturing	**204 586**	189 233	**16 898**	9 022	**444 724**	452 377
Construction	**626 131**	680 056	**367 320**	173 177	**2 947 417**	2 927 094
Building and Housing	**25 353**	9 325	**72 037**	27 511	**828 623**	808 717
Civil Engineering	**480 495**	506 659	**262 849**	127 403	**1 568 433**	1 716 557
Projects	**120 283**	164 072	**32 434**	18 263	**550 361**	401 820
Total	**1 017 670**	950 945	**965 450**	690 545	**4 938 818**	4 039 130
Joint arrangements equity accounted and joint arrangements wholly consolidated on adoption of IFRS 11	**(13 488)**	(15 156)	**51 994**	46 709	**(35 666)**	(45 505)
Total	**1 004 182**	935 789	**1 017 444**	737 254	**4 903 152**	3 993 625

A description of the products and/or services provided by the segments is disclosed under the operational and financial review of this integrated annual report.

* *Restated for the adoption of IFRS 11 – Joint Arrangements and IAS 19 (Revised) – Employee Benefits.*

Statement of financial position

	Total assets (excluding non-current assets classified as held for sale, deferred taxation, cash and cash equivalents)		**Non-current liabilities** (excluding deferred taxation)		**Current liabilities** (excluding current taxation payable)		**Total liabilities** (excluding deferred taxation, current taxation payable and liabilities associated with non-current assets classified as held for sale)	
								
	2014	2013 Restated*	**2014**	2013 Restated*	**2014**	2013 Restated*	**2014**	2013 Restated*
	966 993	746 060	**95 254**	44 183	**299 262**	218 846	**394 516**	263 029
	1 347 869	503 601	**77 492**	62 864	**1 499 289**	860 972	**1 576 781**	923 836
	666 208	650 632	**73 530**	105 230	**372 653**	358 565	**446 183**	463 795
	3 940 868	3 780 327	**356 683**	577 009	**4 234 109**	4 188 564	**4 590 792**	4 765 573
	926 013	845 553	**97 520**	173 838	**1 644 544**	1 273 388	**1 742 064**	1 447 226
	2 311 777	2 350 619	**220 847**	310 893	**2 031 120**	2 338 721	**2 251 967**	2 649 614
	703 078	584 155	**38 316**	92 278	**558 445**	576 455	**596 761**	668 733
	6 921 938	5 680 620	**602 959**	789 286	**6 405 313**	5 626 947	**7 008 272**	6 416 233
	2 840	(13 952)	**(1 805)**	(3 169)	**(15 040)**	(18 871)	**(16 845)**	(22 040)
	6 924 778	5 666 668	**601 154**	786 117	**6 390 273**	5 608 076	**6 991 427**	6 394 193

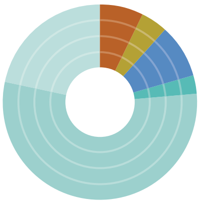
Note:
Graphs represent F2014 values only.

(R'000)	Revenue 2014	Revenue 2013 Restated*	Operating profit 2014	Operating profit 2013 Restated*
Investments and Concessions	**905 013**	728 517	**195 446**	171 746
Engineering & Construction	**3 520 625**	1 170 220	**94 816**	27 722
Manufacturing	**1 039 263**	1 061 257	**83 545**	76 123
Construction	**9 931 468**	8 170 869	**282 177**	260 155
Building and Housing	**4 430 513**	3 236 000	**92 981**	38 822
Civil Engineering	**3 760 143**	3 217 121	**68 684**	106 640
Projects	**1 740 812**	1 717 748	**120 512**	114 693
Total	**15 396 369**	11 130 863	**655 984**	535 746
Joint arrangements equity accounted and joint arrangements wholly consolidated on adoption of IFRS 11	**(56 739)**	(87 716)	**(9 138)**	(7 501)
Total	**15 339 630**	11 043 147	**646 846**	528 245

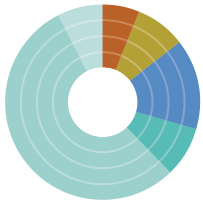
A description of the products and/or services provided by the segments is disclosed under the operational and financial review of this integrated annual report.

* *Restated for the adoption of IFRS 11 – Joint Arrangements and IAS 19 (Revised) – Employee Benefits.*

Depreciation



Capital expenditure

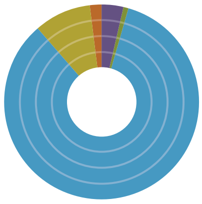


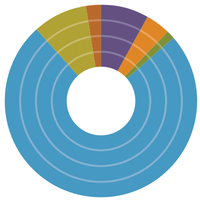
Number of employees

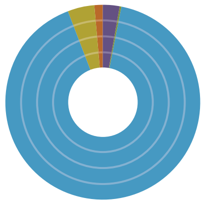
Depreciation 2014	Depreciation 2013 Restated*	Capital expenditure 2014	Capital expenditure 2013 Restated*	Number of employees 2014	Number of employees 2013 Restated*
19 994	18 730	16 223	33 334	1 521	1 494
11 877	6 892	21 867	8 640	2 190	1 876
23 593	23 076	39 201	64 572	1 101	1 102
213 805	195 444	185 158	240 877	9 673	9 187
8 706	7 778	21 978	6 054	2 477	2 087
147 102	140 743	143 962	166 147	4 824	4 698
57 997	46 923	19 218	68 676	2 372	2 402
269 269	244 142	262 449	347 423	14 485	13 659
(2 126)	(2 012)	(856)	(3 951)	(177)	(170)
267 143	242 130	261 593	343 472	14 308	13 489

Annexure 1 – Group segmental analysis continued

	Income statement		Statement of financial position		Cash flow	
	Revenue		**Total assets (excluding non-current assets classified as held for sale, deferred taxation and cash and cash equivalents)**		**Capital expenditure**	







Note:
Graphs represent F2014 values only.

(R'000)	**2014**	2013 Restated*	**2014**	2013 Restated*	**2014**	2013 Restated*
Eastern Europe	**581 860**	488 493	**575 994**	48 819	**7 950**	27 507
Middle East	**–**	–	**277 295**	442 645	**–**	–
Eastern Africa	**143 781**	86 251	**104 881**	464 505	**138**	10 407
Southern Africa	**12 945 974**	8 580 022	**5 161 796**	3 805 870	**239 183**	177 100
Central Africa	**1 447 380**	1 389 137	**630 633**	665 481	**12 258**	131 758
Western Africa	**277 374**	586 960	**171 339**	253 300	**2 920**	651
	15 396 369	11 130 863	**6 921 938**	5 680 620	**262 449**	347 423
Joint arrangements equity accounted and joint arrangements wholly consolidated on adoption of IFRS 11	**(56 739)**	(87 716)	**2 840**	(13 952)	**(856)**	(3 951)
Total	**15 339 630**	11 043 147	**6 924 778**	5 666 668	**261 593**	343 472

* *Restated for the adoption of IFRS 11 – Joint Arrangements and IAS 19 (Revised) – Employee Benefits.*

Annexure 2 – Company financial statements

AT 30 JUNE 2014

(R'000)	COMPANY 2014	2013 Restated*
INCOME STATEMENT (REFER NOTES THAT FOLLOW)		
Dividends received from subsidiary	–	–
Taxation	–	–
Net profit for the year	–	–
STATEMENT OF COMPREHENSIVE INCOME (REFER NOTES THAT FOLLOW)		
Net profit for the year	–	–
Other comprehensive income for the year net of taxation	–	–
Total comprehensive income for the year	–	–
STATEMENT OF FINANCIAL POSITION (REFER NOTES THAT FOLLOW)		
Assets		
Investment in subsidiaries	742 488	795 691
Total assets	742 488	795 691
Equity and liabilities		
Stated capital	1 256 531	1 229 568
Accumulated losses	(514 043)	(433 877)
Total equity and liabilities	(742 488)	(795 691)

STATEMENT OF CHANGES IN EQUITY

(R'000)	Number of ordinary shares issued	Number of shares held by share trust	Net shares issued to public	Stated capital R'000	Distributable reserves R'000	Equity shareholders R'000
Balance at 30 June 2012	**110 645 521**	**(14 044 760)**	**96 600 761**	**1 219 119**	**(388 729)**	**830 390**
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
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)
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
Dividends paid	–	–	–	–	(45 148)	(45 148)
Balance at 30 June 2013 (Restated)*	**111 149 510**	**(11 643 098)**	**99 506 412**	**1 229 568**	**(433 877)**	**795 691**
Issue of shares to share trust in terms of share scheme	954 983	(954 983)	–	–	–	–
Issue of shares from share trust		1 292 374	1 292 374	6 660	–	6 660
Share-based payment expense	–	–	–	20 303	–	20 303
Dividends paid	–	–	–	–	(80 166)	(80 166)
Balance at 30 June 2014	**112 104 493**	**(11 305 707)**	**100 798 786**	**1 256 531**	**(514 043)**	**742 488**

* *Restated for the adoption of IFRS 11 – Joint Arrangements and IAS 19 (Revised) – Employee Benefits.*

NOTES TO THE FINANCIAL STATEMENTS

	(R'000)	COMPANY 2014	COMPANY 2013 Restated*
1.	**PRINCIPAL ACCOUNTING POLICIES**		
	These financial statements should be read together with the group financial statements set out on pages 3 to 96. The accounting policies adopted are set out on page 19.		
2.	**INVESTMENT IN SUBSIDIARIES**		
	Shares at cost	**382 747**	382 747
	Amounts owing by subsidiaries	**359 741**	412 944
		742 488	795 691

The amounts owing by subsidiaries are interest free, denominated in Rand and are not subject to any repayment terms. A fair value is thus not determinable. The investments in subsidiaries are carried at cost.

3. TAXATION

No taxation has been provided as income received is in the form of dividends.

4. STATEMENT OF CASH FLOW

No statement of cash flow has been prepared as there was no flow of funds during the year. The dividends and directors' emoluments paid were funded by subsidiaries and the dividends received, interest received and the proceeds on issue of shares were received by subsidiaries.

5. CONTINGENCIES

The company provides financial institution backed guarantees to third parties. Refer to page 58 for details on guarantees issued.

The company also provides financial guarantees for certain exposures of its subsidiaries. The most significant one relates to Group Five Construction (Proprietary) Limited with respect to two unsecured bonds that were issued on 11 April 2012 totalling R500 million.

No fair value was attributed to these guarantees issued.

6. RELATED PARTIES:

Subsidiaries: Refer to Annexure 3 for subsidiaries and loans to subsidiaries.
Joint operations: Refer to Annexure 4.
Joint ventures: Refer to Annexure 5.
Associates: Refer to Annexure 6.
Key management: Refer to note 23 of the group financial statements.
Apart from dividends received and loans granted to subsidiaries, were there no transactions with related parties.

* *Restated for the adoption of IFRS 11 – Joint Arrangements and IAS 19 (Revised) – Employee Benefits.*

Annexure 3 – Interest in subsidiaries

AT 30 JUNE 2014

Direct subsidiaries	Issued ordinary share capital 2014	Issued ordinary share capital 2013 Restated*	Percentage held 2014	Percentage held 2013 Restated*	Shares at cost 2014	Shares at cost 2013 Restated*	Amounts owing by subsidiaries 2014	Amounts owing by subsidiaries 2013 Restated*
Group Five Construction (Proprietary) Limited	**1 000 001**	1 000 001	**100**	100	**14 177**	14 177	**359 741**	412 944
Everite Limited	**51 191 400**	51 191 400	**100**	100	**368 570**	368 570	**–**	–
					382 747	382 747	**359 741**	412 944

* *Restated for the adoption of IFRS 11 – Joint Arrangements and IAS 19 (Revised) – Employee Benefits.*

Name	Country	Proportion of ordinary shares held by non-controlling interests (%)
PRINCIPAL SUBSIDIARIES DIRECT AND INDIRECT		
Construction material supply:		
Cosmos Readymix and Concrete Products (Proprietary) Limited	South Africa	–
Manufacture of building products:		
Everite (Proprietary) Limited	South Africa	–
Everite Pipes (Proprietary) Limited	South Africa	–
Construction activities:		
Group Five (Botswana) (Proprietary) Limited	Botswana	–
Group Five Building (Proprietary) Limited	South Africa	–
Group Five Burkina Faso (SARL)	Burkina Faso	–
Group Five Civil Engineering (Proprietary) Limited	South Africa	–
Group Five Coastal (Proprietary) Limited	South Africa	–
Group Five Construction (Ghana) Limited	Ghana	–
Group Five Construction (Kenya) Limited	Kenya	–
Group Five Construction Limited (Malawi)	Malawi	–
Group Five Construction (Proprietary) Limited	South Africa	–
Group Five Construction (UK) Limited (Mauritius and Jordan)	United Kingdom	–
Group Five Contractors (Namibia) (Proprietary) Limited	Namibia	–
Group Five (DRC) SPRL	Democratic Republic of Congo	–
Group Five Engineering and Construction (Proprietary) Limited	South Africa	–
Group Five Housing (Proprietary) Limited	South Africa	–
Group Five International Limited (Mauritius, Mozambique, Zimbabwe, Dubai)	Mauritius	–
Group Five International (Proprietary) Limited (Tanzania branch)	Tanzania	–
Group Five Lesotho (Proprietary) Limited	Lesotho	–
Group Five Liberia Limited	Liberia	–
Group Five Mauritius Limited	Mauritius	–
Group Five Motlekar (Proprietary) Limited	South Africa	49.0
Group Five Nuclear Construction Services (Proprietary) Limited	South Africa	–
Group Five Oil & Gas (Proprietary) Limited	South Africa	–
Group Five Plant & Equipment (Proprietary) Limited	South Africa	–
G5 Power Project Limited (Nigeria)	Nigeria	–
Group Five Power (Proprietary) Limited	South Africa	–
Group Five Projects (Proprietary) Limited	South Africa	–
Group Five Sierra Leone Limited	Sierra Leone	–
Group Five Swaziland (Proprietary) Limited	Swaziland	–
Group Five Tanzania Limited	Tanzania	–
Group Five (Zambia) Limited	Zambia	–
Infrastructure concessions:		
Intertoll (Africa) (Proprietary) Limited	South Africa	–
Intertoll-Europe Consulting Close Limited	Netherlands	–
Intertoll Holdings (Proprietary) Limited	South Africa	–

Name	Country	Proportion of ordinary shares held by non-controlling interests (%)
Infrastructure concessions:		
Intertoll Infrastructure Developments B.V.	Netherlands	–
A-Way ITE Autopalya Zartkoreun Mukodo Reszvenytarsasag	Hungary	50.0
Mecsek Autoplaya – Uzemelteto Kartkoruen Mukodo Close Limited	Hungary	50.0
Intertoll Zimbabwe (Proprietary) Limited (Zimbabwe Branch)	Zimbabwe	–
Intertoll Zimbabwe (Proprietary) Limited	South Africa	–
Infrastructure developments:		
Group Five Infrastructure Developments (Proprietary) Limited ✲	South Africa	–
Property developments:		
Group Five Property Developments (Proprietary) Limited ✲	South Africa	–
CONTROLLED JOINT OPERATIONS		
Construction activities:		
Paarden Eiland Joint Venture	South Africa	25.0
ENM/Bophelong Psychiatric Hospital Joint Venture	South Africa	30.0
Tsela Tshweu Construction Joint Venture	South Africa	36.25
Group Five Bosasa Joint Venture	South Africa	10.0

NATURE OF BUSINESS

✲ Acting as an agent for Group Five Construction (Proprietary) Limited

- The group maintains a register of all subsidiaries and non-controlling joint operations available for inspection at the registered office of Group Five Limited.
- The holding company's interest in the aggregate net profits earned by subsidiaries and joint ventures amounted to R401,4 million profit (2013: R258,1 million profit) respectively.
- No part of the business of any subsidiary has been managed during the financial period by any third person.

	2014	2013 Restated*
AGGREGATE FINANCIAL INFORMATION		
Statement of consolidated financial position as at 30 June		
Assets		
Non-current assets	**1 919**	1 888
Current assets	**553 103**	522 772
Total assets	**555 022**	524 660
Equity and liabilities		
Shareholders' equity	**320 746**	284 788
Non-current liabilities	**–**	–
Current liabilities	**234 276**	239 872
Total equity and liabilities	**555 022**	524 660
Income statement for the year ended 30 June		
Group's proportionate share of income and expenditure		
Revenue	**443 675**	391 575
Profit before taxation	**84 497**	102 390
Taxation	**(13 661)**	(25 119)
Profit after taxation	**70 836**	77 271
Dividends paid	**(42 684)**	(34 722)
Statement of cash flow for the year ended 30 June		
Group's proportionate share of cash flows		
Cash flow from operating activities	**67 925**	8 133
Cash flow from investing activities	**(32)**	932
Cash flow from financing activities	**–**	–
Net increase in cash and cash equivalents	**67 893**	9 065

* *Restated for the adoption of IFRS 11 – Joint Arrangements and IAS 19 (Revised) – Employee Benefits.*

Annexure 4 – Interest in joint operations

AT 30 JUNE 2014

The total percentage holding by the group in the equity of each significant joint operations is as follows:

Joint operation	Country	Nature of business	Proportion of shares held (%)
Central Ashanti Gold Joint Venture	Ghana	Construction	50
GPS Joint Venture S.P.R.L	DRC	Construction	66
Group Five Al Ansari Joint Venture	Oman	Construction	50
Group Five Al-Qahtani Construction Company	Saudi Arabia	Construction	65
Group Five Construction LLC	UAE	Construction	49
Group Five Iberdrola Joint Venture	South Africa	Engineering & Construction	50:75
Group Five Mid Contracting Joint Venture	Jordan	Construction	50
Group Five Pipe	South Africa	Pipe manufacturing	50
Group Five Pandev Joint Venture	South Africa	Construction	50
Mall of Africa Joint Venture	South Africa	Construction	50
Group Five SAPS Durban Central Joint Venture	South Africa	Construction	50
Group Five Motlekar Cape Joint Venture	South Africa	Construction	51
Kusile Civils Joint Venture	South Africa	Construction	25
Spiecapag Group Five Joint Venture	South Africa	Construction	50
Trotech Joint Venture	South Africa	Construction	50

The group maintains a register of all its joint operations for inspection at the registered office of Group Five Limited.

(R'000)	2014	2013 Restated*
AGGREGATE FINANCIAL INFORMATION		
Statement of consolidated financial position as at 30 June		
Group's proportionate share of assets and liabilities:		
Assets		
Non-current assets	**9 015**	10 413
Current assets	**2 095 651**	2 311 512
Total assets	**2 104 666**	2 321 925
Equity and liabilities		
Shareholders' equity	**645 426**	666 636
Non-current liabilities	**254**	3 076
Current liabilities	**1 458 986**	1 652 213
Total equity and liabilities	**2 104 666**	2 321 925
Income statement for the year ended 30 June		
Group's proportionate share of income and expenditure		
Revenue	**3 209 452**	1 600 329
Profit before taxation	**25 202**	98 008
Taxation	**(27 690)**	(40 989)
(Loss)/profit after taxation	**(2 488)**	57 019
Dividends paid	**(76 578)**	(206 894)
Statement of cash flow for the year ended 30 June		
Group's proportionate share of cash flows		
Cash flow from operating activities	**(236 164)**	49 694
Cash flow from investing activities	**1 398**	(10 413)
Cash flow from financing activities	**(2 822)**	3 076
Net (decrease)/increase in cash and cash equivalents	**(237 588)**	42 357

There are no contingent liabilities that the group is aware of that require disclosure which have not been disclosed in note 24.

* *Restated for the adoption of IFRS 11 – Joint Arrangements and IAS 19 (Revised) – Employee Benefits.*

Annexure 5 – Investment in joint ventures

AT 30 JUNE 2014

The total percentage holding by the group in the equity of significant joint ventures is as follows:

Joint venture	Country	Nature of business	Number of shares issued	Proportion of shares held (%)
Barnes Reinforcing Industries (Proprietary) Limited	South Africa	Steel supply	50 ordinary shares of R1 each	50
Group Five AP Investments (Proprietary) Limited	South Africa	Property development	50 ordinary shares of R1 each	50
Group Five AP Developments (Proprietary) Limited	South Africa	Property development	50 ordinary shares of R1 each	50

The investments are equity accounted as the group entered into a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

(R'000)	2014	2013 Restated*
AGGREGATE FINANCIAL INFORMATION		
Statement of consolidated financial position as at 30 June		
Group's share of assets and liabilities:		
Assets		
Non-current assets	**42 881**	55 153
Steel supply	**13 494**	16 750
Property development	**29 387**	38 403
Current assets	**114 922**	156 721
Steel supply	**105 788**	135 216
Property development	**9 134**	21 505
Total assets	**157 803**	211 874
Equity and liabilities		
Shareholders' equity	**(4 999)**	(13 433)
Steel supply	**2 812**	(1 218)
Property development	**(7 811)**	(12 215)
Non-current liabilities	**27 154**	38 037
Steel supply	**1 803**	3 170
Property development	**25 351**	34 867
Current liabilities	**135 648**	187 270
Steel supply	**114 666**	150 014
Property development	**20 982**	37 256
Total equity and liabilities	**157 803**	211 874

* *Restated for the adoption of IFRS 11 – Joint Arrangements and IAS 19 (Revised) – Employee Benefits.*

(R'000)	2014	2013 Restated*
AGGREGATE FINANCIAL INFORMATION continued		
Income statement for the year ended 30 June		
Group's proportionate share of income and expenditure		
Revenue	**291 285**	339 014
Steel supply	**275 805**	337 936
Property development	**15 480**	1 078
Profit before taxation	**9 613**	5 293
Steel supply	**5 606**	6 333
Property development	**4 007**	(1 040)
Taxation	**(1 179)**	(1 902)
Steel supply	**(1 575)**	(1 867)
Property development	**396**	(35)
Profit after taxation	**8 434**	3 391
Steel supply	**4 031**	4 466
Property development	**4 403**	(1 075)
Dividends paid	**–**	–
Steel supply	**–**	–
Property development	**–**	–

(R'000)	2014	2013 Restated*
AGGREGATE FINANCIAL INFORMATION		
Statement of cash flow for the year ended 30 June		
Group's proportionate share of cash flows		
Cash flow from operating activities	**502**	(15 416)
Steel supply	**391**	(15 490)
Property development	**111**	74
Cash flow from investing activities	**12 272**	59 677
Steel supply	**3 256**	7 622
Property development	**9 016**	52 055
Cash flow from financing activities	**(8 149)**	(51 670)
Steel supply	**1 367**	378
Property development	**(9 516)**	(52 048)
Net Increase/(decrease) in cash and cash equivalents	**4 625**	(7 409)
Steel supply	**5 014**	(7 490)
Property development	**(389)**	81

There are no contingent liabilities that the group is aware of that require disclosure which have not been disclosed in note 24.

* *Restated for the adoption of IFRS 11 – Joint Arrangements and IAS 19 (Revised) – Employee Benefits.*

(R'000)	2014	2013 Restated*
RECONCILIATION OF SUMMARISED INFORMATION		
Reconciliation of the summarised financial information presented to the carrying amounts of investment in joint ventures		
Opening Shareholders' equity	**(13 433)**	(16 824)
Profit after taxation	**8 434**	3 391
Dividends paid	**–**	–
Closing Shareholders' equity	**(4 999)**	(13 433)
Unrecognised equity losses	**5 005**	13 433
Carrying value of investment in joint ventures	**6**	–

* *Restated for the adoption of IFRS 11 – Joint Arrangements and IAS 19 (Revised) – Employee Benefits.*

Annexure 6 – Investments in associates

AT 30 JUNE 2014

The total percentage holding by the group in the equity of significant associates is as follows:

Associate	Country	Nature of business	Number of shares issued	Proportion of shares held (%)	**Carrying value 2014 R'000**	Carrying value 2013 Restated R'000*
Amanz' Abantu Services (Proprietary) Limited	South Africa	Water supply	100 ordinary shares of R1 each	25.5	**6 081**	4 750
Jozi Power Limited	South Africa	Power supply	3 720 000 shares of USD 1 each	34.2	**35 206**	24 566
Kalahari Village Mall (Proprietary) Limited	South Africa	Property development	255 ordinary shares of R1 each	25.5	**22 178**	20 211
Kayema Energy Solutions (Proprietary) Limited	South Africa	Power supply	408 ordinary shares of R1 each	25.1	**40**	40
Enzani Technologies (Proprietary) Limited	South Africa	Power supply	240 ordinary shares of R1 each	15.0^	**4 129**	3 659
Lesedi Nuclear Services (Proprietary) Limited	South Africa	Power supply	14 000 ordinary shares of R0,10 each	16.05^	**17 098**	11 539
Capital Place Limited	Ghana	Property development	210 600 ordinary shares of GHS1 each	30.0	**25 538**	–
					110 270	64 765

^ *The investments are equity accounted as the group has the power to participate in the financial and operating policy decisions of the investee.*
* *Restated for the adoption of IFRS 11 – Joint Arrangements and IAS 19 (Revised) – Employee Benefits.*

Annexure 6 – Investments in associates continued

All associate companies listed above are private companies and there are no quoted market prices available for their shares.

(R'000)	2014	2013 Restated*
AGGREGATE FINANCIAL INFORMATION		
Statement of consolidated financial position as at 30 June		
Group's share of assets and liabilities:		
Assets		
Non-current assets	**165 002**	51 210
Power supply	**34 624**	24 248
Property development	**129 359**	23 196
Other	**1 019**	3 766
Current assets	**80 110**	74 433
Power supply	**60 246**	62 666
Property development	**5 736**	1 425
Other	**14 128**	10 342
Total assets	**245 112**	125 643
Equity and liabilities		
Shareholders' equity	**69 279**	49 618
Power supply	**43 671**	27 747
Property development	**22 566**	20 211
Other	**3 042**	1 660
Non-current liabilities	**129 124**	17 954
Power supply	**16 556**	13 243
Property development	**110 274**	2 532
Other	**2 294**	2 179
Current liabilities	**46 709**	58 071
Power supply	**34 643**	45 924
Property development	**2 255**	1 878
Other	**9 811**	10 269
Total equity and liabilities	**245 112**	125 643

* *Restated for the adoption of IFRS 11 – Joint Arrangements and IAS 19 (Revised) – Employee Benefits.*

(R'000)	2014	2013 Restated*
AGGREGATE FINANCIAL INFORMATION continued		
Income statement for the year ended 30 June		
Group's proportionate share of income and expenditure		
Revenue	**142 302**	98 358
Power supply	**102 964**	73 161
Property development	**5 213**	–
Other	**34 125**	25 197
Profit before taxation	**28 212**	15 189
Power supply	**22 973**	12 886
Property development	**2 733**	–
Other	**2 506**	2 303
Taxation	**(8 551)**	(4 253)
Power supply	**(7 085)**	(3 608)
Property development	**(765)**	–
Other	**(701)**	(645)
Profit after taxation	**19 661**	10 936
Power supply	**15 888**	9 278
Property development	**1 968**	–
Other	**1 805**	1 658
Dividends paid	**–**	(7 415)
Power supply	**–**	(7 415)
Property development	**–**	–
Other	**–**	–

* *Restated for the adoption of IFRS 11 – Joint Arrangements and IAS 19 (Revised) – Employee Benefits.*

(R'000)	2014	2013 Restated*
AGGREGATE FINANCIAL INFORMATION continued		
Statement of cash flow for the year ended 30 June		
Group's proportionate share of cash flows		
Cash flow from operating activities	**17 102**	6 350
Power supply	**(2 402)**	4 475
Property development	**22 886**	453
Other	**(3 382)**	1 422
Cash flow from investing activities	**(113 792)**	(26 674)
Power supply	**(10 376)**	(102)
Property development	**(106 163)**	(23 196)
Other	**2 747**	(3 376)
Cash flow from financing activities	**90 705**	29 664
Power supply	**3 060**	6 284
Property development	**87 530**	22 744
Other	**115**	636
Net (decrease)/increase in cash and cash equivalents	**(5 985)**	9 340
Power supply	**(9 718)**	10 657
Property development	**4 253**	1
Other	**(520)**	(1 318)

There are no contingent liabilities that the group is aware of that require disclosure which have not been disclosed in note 24.

* *Restated for the adoption of IFRS 11 – Joint Arrangements and IAS 19 (Revised) – Employee Benefits.*

(R'000)	2014	2013 Restated*
RECONCILIATION OF SUMMARISED INFORMATION		
Reconciliation of the summarised financial information presented to the carrying amounts of investment in associates		
Opening Shareholders' equity	**49 618**	46 097
Profit after taxation	**19 661**	10 936
Dividends paid	**–**	(7 415)
Closing Shareholders' equity	**69 279**	49 618
Unrecognised equity losses	**637**	303
Premium paid on acquisition of investment in assocates	**8 121**	8 121
Carrying value – investment in associates	**78 037**	58 042

* *Restated for the adoption of IFRS 11 – Joint Arrangements and IAS 19 (Revised) – Employee Benefits.*

Annexure 7 – 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."

   Dr JL Job and Mr 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, Dr Job and Mr 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 •• to •• of this integrated annual report as well as in the online section of the integrated annual report.

2. **ORDINARY RESOLUTION NUMBER 2: Election of group audit committee members** subject, where necessary, to their reappointment as directors of the company in terms of the resolutions in paragraph 1 above.

   To elect by separate resolutions a group audit committee comprising independent non-executive directors, as provided in section 94(4) of the Companies Act 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 re-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 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, in the supplementary information to the integrated report 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 Mr 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 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 page 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 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 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

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