GROUP FIVE
structured ingenuity

AUDITED GROUP RESULTS

2015

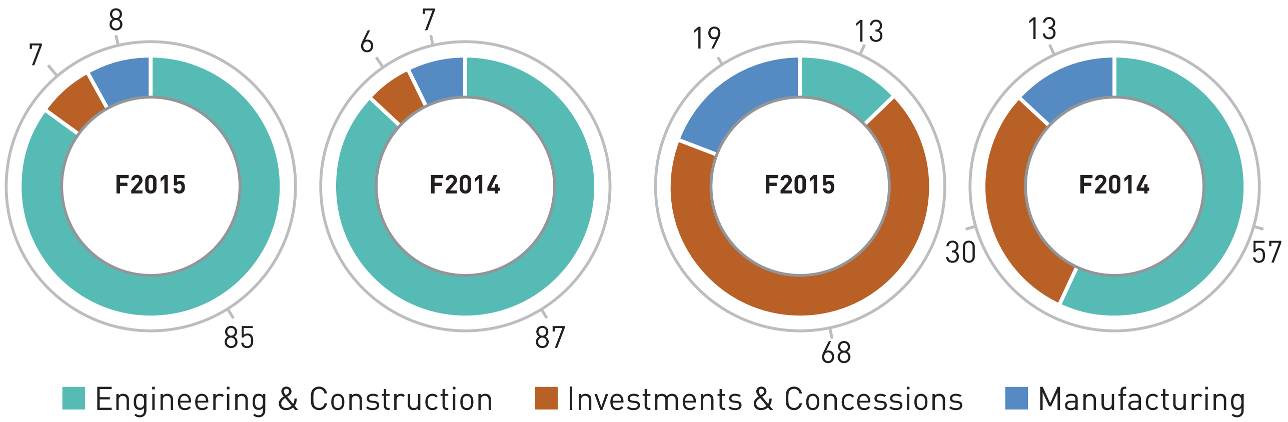
for the year ended 30 June 2015

AUDITED GROUP RESULTS

for the year ended 30 June 2015

GROUP FIVE INTEGRATED CENTRAL OFFICE
South Africa

Revenue – % of group | **Core operating profit** – % of group



REVENUE
down 10% to
R13,9 billion

June 15 = **R13,9 billion**
June 14* = R15,4 billion

OPERATING PROFIT
down 43% to
R366,5 million

June 15 = **R366,5 million**
June 14* = R642,9 million

TOTAL ORDER BOOK†
up 10% to
R18,8 billion
from June 2014

June 15 = **R18,8 billion**
Dec 14 = R18,0 billion
June 14 = R17,1 billion

NET ASSET VALUE
up 11% to
R28,96 per share
from June 2014

June 15 = **R28,96**
Dec 14 = R27,65
June 14 = R25,99

CASH AND CASH EQUIVALENTS
up R469 million from June 14 to
R3,4 billion

June 15 = **R3,4 billion**
Dec 14 = R3,1 billion
June 14 = R2,9 billion

FULLY DILUTED HEADLINE EARNINGS PER SHARE
down 49% to
204 cents per share

June 15 = **204 cents**
June 14 = 399 cents

EARNINGS PER SHARE
down 45% to
222 cents per share

June 15 = **222 cents**
June 14 = 401 cents

TOTAL DIVIDENDS PER SHARE
down 45% to
55 cents per share

June 15 = **55 cents**
June 14 = 100 cents

† *Total order book is the sum of the group Contracting order book and Operations & Maintenance order book.*
* *Restated for the application of IFRS 5 – Non-current assets held for sale and discontinued operations, as a result of the decision to transfer the remaining business within the discontinued cluster of Construction Materials into continuing operations within the Manufacturing cluster.*

Condensed consolidated income statement

for the year ended 30 June 2015

(R'000)	GROUP AUDITED 2015	GROUP AUDITED 2014 Restated*
Revenue	**13 875 570**	15 360 444
Operating profit before fair value adjustments	**250 750**	559 114
Fair value adjustment relating to investment in service concessions	**115 726**	83 840
Operating profit	**366 476**	642 954
Share of equity accounted profits	**24 592**	28 095
Finance costs	**(64 255)**	(66 504)
Finance income	**62 633**	64 725
Profit before taxation	**389 446**	669 270
Taxation	**(109 045)**	(229 738)
Profit for the year	**280 401**	439 532
Allocated as follows:		
Equity shareholders of Group Five Limited	**223 884**	401 421
Non-controlling interest	**56 517**	38 111
	280 401	439 532
Earnings per share – R	**2,22**	4,01
Fully diluted earnings per share – R	**2,21**	3,94

* *Restated for the application of IFRS 5 – Non-current assets held for sale and discontinued operations, as a result of the decision to transfer the remaining business within the discontinued cluster of Construction Materials into continuing operations within the Manufacturing cluster.*

Condensed consolidated statement of comprehensive income

for the year ended 30 June 2015

(R'000)	GROUP AUDITED 2015	2014
Profit for the year	**280 401**	439 532
Other comprehensive income for the year net of tax		
Items that may be subsequently reclassified to profit or loss		
Exchange differences on translating foreign operations	**131 114**	78 391
Items that will not be reclassified to profit or loss		
Re-measurement of pension fund	**20 440**	53 503
Tax on re-measurement of pension fund	**(5 723)**	(14 981)
Other comprehensive income for the year	**145 831**	116 913
Total comprehensive income for the year	**426 232**	556 445
Other comprehensive income attributable to:		
Equity shareholders of Group Five Limited	**369 715**	518 334
Non-controlling interest	**56 517**	38 111
Total comprehensive income for the year	**426 232**	556 445

Determination of headline earnings

for the year ended 30 June 2015

(R'000)	GROUP AUDITED 2015	2014
Attributable profit	**223 884**	401 421
Adjusted for (net of tax)	**(17 331)**	5 399
– (Profit)/loss on disposal of property, plant and equipment	**(918)**	3 397
– Loss on impairment of investment in associate, including a loss on acquisition of interest in subsidiary	**–**	2 002
– Profit on fair value adjustment on investment property held by associate company	**(13 787)**	–
– Net profit on disposal of an investment in associate, including a reversal of impairment of an investment in associate	**(2 626)**	–
Headline earnings	**206 553**	406 820

Condensed consolidated statement of financial position

as at 30 June 2015

(R'000)	GROUP AUDITED 2015	2014
ASSETS		
Non-current assets		
Property, plant and equipment and investment property	954 091	1 004 182
Investments – service concessions	384 095	421 563
Other non-current assets	729 717	642 242
	2 067 903	2 067 987
Current assets		
Other current assets	4 807 222	4 903 152
Bank balances and cash	3 389 936	2 912 240
	8 197 158	7 815 392
Non-current assets classified as held for sale	–	49 671
Total assets	10 265 061	9 933 050
EQUITY AND LIABILITIES		
Capital and reserves		
Equity attributable to equity holders of the parent	2 928 378	2 619 675
Non-controlling interest	58 969	73 298
	2 987 347	2 692 973
Non-current liabilities		
Interest-bearing borrowings	477 234	505 834
Other non-current liabilities	120 122	130 070
	597 356	635 904
Current liabilities		
Other current liabilities	6 680 358	6 580 573
	6 680 358	6 580 573
Liabilities associated with non-current assets classified as held for sale	–	23 600
Total liabilities	7 277 714	7 240 077
Total equity and liabilities	10 265 061	9 933 050

Condensed consolidated statement of cash flow

for the year ended 30 June 2015

(R'000)	GROUP AUDITED 2015	2014 Restated*
Cash flow from operating activities		
Cash from operations before working capital changes	**425 144**	902 679
Working capital changes	**118 838**	(530 692)
Cash generated from operations	**543 982**	371 987
Finance costs – net	**(1 622)**	(1 779)
Taxation and dividends paid	**(304 209)**	(219 628)
Net cash generated by operating activities	**238 151**	150 580
Property, plant and equipment and investment property – net	**(69 749)**	(150 780)
Investments – net	**–**	(335)
Net cash utilised in investing activities	**(69 749)**	(151 115)
Net cash generated by/(utilised in) financing activities	**217 643**	(85 394)
Effects of exchange rates on cash and cash equivalents	**82 794**	41 069
Net increase/(decrease) in cash and cash equivalents	**468 839**	(44 860)
Cash equivalents at beginning of year	**2 921 097**	2 965 957
Cash equivalents at end of year	**3 389 936**	2 921 097
– Included in cash and cash equivalents per the statement of financial position	**3 389 936**	2 912 240
– Included in non-current assets classified as held for sale	**–**	8 857
	3 389 936	2 921 097

* *Restated for the application of IFRS 5 – Non-current assets held for sale and discontinued operations, as a result of the decision to transfer the remaining business within the discontinued cluster of Construction Materials into continuing operations within the Manufacturing cluster.*

Capital expenditure and depreciation

for the year ended 30 June 2015

(R'000)	GROUP AUDITED 2015	2014
– Capital expenditure for the year	148 596	261 593
– Capital expenditure committed or authorised for the next year	376 496	258 723
– Depreciation for the year	187 138	267 143

Condensed consolidated statement of changes in equity

for the year ended 30 June 2015

(R'000)	GROUP AUDITED 2015	2014
Balance at 1 July	2 692 973	2 229 869
Net profit for the year	280 401	439 532
Other comprehensive income for the year	145 831	116 913
Share-based payment expense	24 744	26 963
Distribution to non-controlling interest and acquisition of interest in subsidiary	(70 846)	(40 138)
Dividends paid	(85 756)	(80 166)
Balance at 30 June	**2 987 347**	2 692 973

Condensed consolidated segmental analysis

for the year ended 30 June 2015

(R'000)	% change	GROUP AUDITED 2015	GROUP AUDITED 2014 Restated*
Revenue			
Engineering & Construction	(11.7)	**11 875 357**	13 452 093
Building & Housing	10.3	**4 885 951**	4 430 513
Civil Engineering	(29.1)	**2 665 751**	3 760 143
Projects	27.2	**2 213 758**	1 740 812
Energy	(40.1)	**2 109 897**	3 520 625
Investments & Concessions	10.0	**995 125**	905 013
Manufacturing	(0.1)	**1 058 795**	1 060 077
Total	(9.7)	**13 929 277**	15 417 183
Joint arrangements equity accounted and joint arrangements wholly consolidated		**(53 707)**	(56 739)
Revenue per income statement		**13 875 570**	15 360 444

(R'000)	% margin	% change	2015	2014 Restated*
Operating profit				
Engineering & Construction	0.4	(88.2)	**43 836**	370 860
Building & Housing	1.9	0.6	**91 383**	90 817
Civil Engineering	(3.6)	(244.6)	**(96 263)**	66 567
Projects	0.9	(82.9)	**20 411**	119 661
Energy	1.3	(69.8)	**28 305**	93 815
Investments & Concessions	23.8	20.1	**236 638**	197 021
Manufacturing	6.4	(17.5)	**67 894**	82 289
Total core operating profit	2.5	(46.4)	**348 368**	650 170
Adjustments for non-operational transactions				
Joint arrangements equity accounted and joint arrangements wholly consolidated			**(11 313)**	(9 138)
Pension fund surplus			**18 874**	6 944
Re-measurement of employment obligation			**7 921**	(3 020)
Net profit on disposal of an investment in associate, including a reversal of impairment of an investment in associate			**2 626**	–
Loss on impairment of investment in associate, including a loss on acquisition of interest in subsidiary			**–**	(2 002)
Operating profit per income statement			**366 476**	642 954

* *Restated for the application of IFRS 5 – Non-current assets held for sale and discontinued operations, as a result of the decision to transfer the remaining business within the discontinued cluster of Construction Materials into continuing operations within the Manufacturing cluster.*

Statistics

as at 30 June 2015

	GROUP AUDITED 2015	GROUP AUDITED 2014
Number of ordinary shares	101 124 905	100 798 786
– Shares in issue	112 206 869	112 104 493
– Less: shares held by share trusts	(11 081 964)	(11 305 707)
Weighted average number of shares ('000s)	100 895	100 053
Fully diluted weighted average number of shares ('000s)	101 298	101 897
EPS – R	2,22	4,01
HEPS – R	2,05	4,07
Fully diluted EPS – R	2,21	3,94
Fully diluted HEPS – R	2,04	3,99
Dividend cover (based on earnings per share)	4,0	4,0
Dividends per share (cents)	55,0	100,0
– Interim	30,0	45,0
– Final	25,0	55,0
Net asset value per share – R	28,96	25,99
Net debt to equity ratio	–	–
Current ratio	1,2	1,2

EPS: Earnings per share.
HEPS: Headline earnings per share.

Commentary

INTRODUCTION

The group delivered a disappointing result in F2015 due to under-performance in the Engineering & Construction cluster.

The disappointing results were largely as a result of:

- further material losses incurred on a South African contract in the Eastern Cape that impacted both the Civil Engineering and Projects segments
  - This contract was previously reported as problematic. Although remedial interventions were quickly implemented, which substantially curtailed further material losses on the Civil Engineering segment scope, the full impact on costs to completion of the Projects segment scope could only be fully quantified in the second half of the financial year. Additional senior and highly experienced employees were placed on the contract to ensure contract completion in H1 F2016
- retrenchment and holding costs in relation to the rightsizing of the Civil Engineering segment
- a weak performance in the Energy segment due to delayed new contract start-ups and lower revenues and finalisation costs at completion of certain contracts which impacted the first half of the year

Against this performance, the management team has examined what needs to be addressed and has established clear action plans to tackle the difficult issues head on, agree a common way forward and deliver on action plans. Measures taken have included increasing the operating team's responsibility, accountability and consequences for poor delivery.

Whilst a weak South African market exacerbated the poor performance, management acknowledge that a large part of the under-delivery was due to internal execution issues specifically in the Civil Engineering segment. Management has acted promptly in restructuring and rightsizing this segment. The business is now more competitively placed to secure a reasonable share of available work, as well as being sized appropriately to the anticipated future market demand.

The benefits of these actions will start to be felt from F2016.

PERFORMANCE SUMMARY

The following performances contributed to the group's reported total operating profit:

- **Engineering & Construction**
  - **Building & Housing:**
    This segment was the strongest performer in the Engineering & Construction cluster, delivering a steady result despite margin pressure, on the back of increased revenues compared to the prior year, underpinned by sturdy order intake in the South African private and public sector markets.
  - **Civil Engineering:**
    As outlined above, significant losses incurred on an Eastern Cape contract, under-performance on some other contracts, very low levels of new order intake, and the implementation of the related rightsizing and associated retrenchment programme, resulted in Civil Engineering delivering particularly weak results. The actions taken during the year have placed the business on a more stable platform, and positioned it for recovery in F2016.

COMMENTARY
continued

- **Projects:**
  Projects was also impacted by the problematic Eastern Cape contract, which was directly responsible for the lower results in F2015. Whilst Projects' core target market in mining and resources remains subdued, the business was successful in securing new work, most notably in the power sector.

- **Energy:**
  Revenue and earnings declined in this segment off the comparatively high levels recorded in the prior year as it was impacted by delays in the commencement of new contracts. As previously disclosed, the finalisation costs incurred in H1 F2015 at completion of certain contracts also had a negative impact on full-year results.

- **Investments & Concessions:**
  The Investments & Concessions cluster was once again the best performer for the group, delivering a strong result, mainly due to an excellent result from the Eastern European operations of Infrastructure Concessions. Fair value upward adjustments of R115,7 million (F2014: R83,8 million) were realised from the group's investments in service concessions.

- **Manufacturing:**
  The manufacturing team was able to deliver an acceptable, albeit lower result, against a flat market. Market conditions were compounded by the negative business impact of power outages and the rapid decline of steel prices. This particularly impacted our steel cluster operations during the second half of the financial year. The team continues to innovate to drive production efficiencies and is selectively developing new traded products that are complementary to our core light-weight dry building materials markets.

- **Group:**
  The results were affected by:
  - a surplus on the group's pension fund of R18,9 million (F2014: R6,9 million) as a result of an actuarial valuation assessment, offset to some extent by
  - a charge against earnings of R8,1 million (F2014: R30,0 million) as a result of the group's broad-based black economic empowerment (BBBEE) ownership transaction approved by shareholders in F2013

FINANCIAL PERFORMANCE

Headline earnings per share (HEPS) of 205 cents represents a decrease of 49.7%, and fully diluted HEPS (FDHEPS) of 204 cents per share a decrease of 49.0%, compared to the HEPS and FDHEPS of 407 cents and 399 cents per share respectively for F2014.

Earnings per share (EPS) of 222 cents and fully diluted EPS (FDEPS) of 221 cents per share represents a 44.7% and 43.9% decrease respectively over the 401 cents per share and 394 cents per share for F2014.

The difference between earnings and headline earnings in the year is mainly as a result of a profit on a fair value adjustment of an investment property held by associate company of R13,8 million (net of tax) and a net profit on disposal of an associate, including a reversal of impairment of an investment in associate of R2,6 million (net of tax).

Although the overall group reported order book at June 2015 increased, group revenue decreased by 9.7% from R15,4* billion to R13,9 billion, as a result of the comparatively large order book traded in the prior period in the Energy and Civil Engineering segments.

The group's core operating profit decreased by 46.4% from R650,2* million to R348,4 million as a result of weaker operating results from the Engineering & Construction cluster mostly due to contract losses within the Civil Engineering and Projects segments and the reduced rate of trade in the Civil Engineering and Energy segments. This reduced the group's overall core operating margin from 4.2*% in the prior year to 2.5%. The group's total reported operating margin reduced to 2.6% (F2014: 4.2*%). The segments, other than the Civil Engineering and Projects segments, performed in line with the most recent margin guidance provided.

In line with expectations, group net finance costs of R1,6 million were recorded for the year compared to the net finance costs of R1,8* million in the prior year.

The effective tax rate of 28% (F2014: 34%) is the same as the South African statutory tax rate. This was mainly due to a prudent approach adopted to the raising of deferred taxation assets and an increase in under-provided taxation from the past year, which was 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 increase in the bank and cash balance to R3,4 billion as at 30 June 2015 (F2014: R2,9 billion and H1 F2015: R3,1 billion).

Notice is hereby given that, in terms of the provisions of section 45(5) of the Act and pursuant to the special resolution passed at the annual general meeting of the company held on 4 November 2014, authorising the company to provide direct or indirect financial assistance to related or inter-related parties, the board of directors ("the board") has resolved in terms of section 45(2) of the Act to authorise Group Five to provide financial assistance to its subsidiary, which financial assistance exceeds one-tenth of one percent of the company's net worth. The financial assistance is in the form of a guarantee for borrowing facilities for the following:

During the year the group entered into the following borrowing transactions:

- A revolving credit facility for USD20 million bearing a variable interest, linked to LIBOR, at year end of 2.03%. This loan is repayable in September 2015.
- A revolving credit facility for R250 million bearing a variable interest, linked to JIBAR, at year end of 8.6%. The revolving credit facility is available for a period of two years with the option to extend for one year with a intended settlement date of December 2015. This loan replaces the funding previously made available by the domestic medium term note which was settled in April 2015.

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COMMENTARY
continued

CASH FLOW

The group's cash flow position is pleasing. The group generated R425,1 million (F2014: R902,7* million) cash from operations before working capital enhancements of R118,9 million (F2014: R530,7* million absorbed). This resulted in a net cash inflow from operating activities of R238,1 million (F2014: R150,6 million) after settlement of taxation liabilities of R218,4 million (F2014: R139,5 million) and the dividend to shareholders of R85,7 million (F2014: R80,2 million). After a net cash investment of R69,7 million (F2014: R151,1 million) in plant and equipment and investment property and net borrowings raised of R145,5 million (F2014: net R68,5 million repaid), and net proceeds on service concessions investments of R153,2 million (F2014: R22,9 million), a net inflow of R468,8 million was realised (F2014: R44,9 million outflow).

DIVIDEND

The group has an approximate four times basic earnings per share dividend cover policy. This policy is subject to review on a semi-annual basis, prior to dividend declaration, as distributions will be influenced by business growth expectations, acquisition activity or movements in earnings as a result of fair value accounting adjustments. In line with this policy, a dividend for this period of 25 cents per share (H2 F2014: 55 cents) has been declared. The full year dividend for the year is 55 cents (F2014: 100 cents). The dividend policy therefore remains unchanged, based on the medium term business outlook and the availability of liquid resources.

BUSINESS COMBINATIONS

There were no business combinations during the current reporting period. As previously communicated, approval from the Department of Mineral Resources (DMR) is still awaited on the sale of two 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. During the year the group transferred the remaining business within its discontinued cluster of Construction Materials into continuing operations. This operation now trades within the Manufacturing cluster. Refer to the Manufacturing section.

SHAREHOLDING

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

The estimated share-based payment benefit with respect to the Black Professionals Staff Trust at year-end date was R86,4 million (June 2014: R149,9 million, December 2014: R87,0 million) and is recognised as a cash-settled share-based payment transaction over the life of the scheme from the effective date of this transaction to the assumed end date of November 2020. An amount of R8,1 million (F2014: R30,0 million) was charged to earnings in F2015.

The implementation of the Izakhiwo Imfundo Bursary Trust portion of the revised transaction resulted in a two million share increase in prior years. The implementation of the Black Professionals Staff Trust at the effective date did not increase the weighted average number

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of shares in issue, as these remain anti-dilutive at 30 June 2015. However, this is required to be reassessed at each reporting period.

INDUSTRY MATTERS

Management have continued to engage with the Competition Commission of South Africa (the Commission) in an attempt to responsibly settle any outstanding matters on reasonable terms, while conscious of its accountability to conclude this matter for the benefit of all its stakeholders.

As reported previously, 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 group was implicated in four contracts which had not been detected through its internal investigation. During the year the Commission confirmed that its investigation into two of the four implicated contracts was concluded, and the cases were dropped.

Settlement on the remaining two contracts has not been concluded due to a lack of evidence and factual discrepancies which remain. During the year the Commission referred the alleged collusive tendering on these two remaining contracts to the Competition Tribunal. This was anticipated. The group continues to retain a co-operative stance with the competition authorities on these two long outstanding matters to aim towards a conclusion and bring certainty to shareholders, employees and all other stakeholders.

Based on legal counsel assessment, any settlement or liability would be adequately covered by the provision raised in F2013.

The group continues to drive industry transformation priorities through its own internal strategy and workplan, under the leadership of the CEO and a newly appointed dedicated senior transformation director. The group views addressing the issues of company and sector transformation as fundamental to re-aligning the interest of government to the priorities of the sector, as a precursor to, and in support of, the national agenda for the roll out of the much-needed infrastructure programmes embodied in government's National Development Plan (NDP), and in support of our African focused growth plan.

ESTIMATES AND CONTINGENCIES

The group makes estimates and assumptions concerning the future, particularly with regard to construction contract profit taking, provisions, arbitrations and claims and various fair value accounting policies.

Accounting estimates and judgements can, by definition, only approximate results, as the actual results may differ from such estimates. Estimates and judgements are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Stakeholder attention is drawn to the contingent risk of civil claims possibly being lodged against the group, and all construction companies which were implicated in anti-competitive behaviour, following the Competition Commission release of its findings in June 2013 and the public interest reported in recent months. To date, no claim has been instituted against the group.

Total financial institution guarantees given to third parties on behalf of subsidiary companies amounted to R7 144 million as at 30 June 2015, compared to R7 298 million as at 31 December 2014 and R3 643 million as at 30 June 2014.

COMMENTARY
continued

OPERATIONAL REVIEW

Group

The group provides both its total operating margin, as well as the core operating margin from operations as per the segmental report.

The core operating margin is the total operating margin adjusted for non-core/headline transactions such as pension fund surpluses, profit/loss on sale of or impairment/reversal of impairment of subsidiaries and associates and the re-measurement of employment obligations.

The core operating margin reflects the underlying operating performance. Both margins include the fair value upward adjustments in Investments & Concessions and profit/loss on sale of property, plant and equipment and investment property, as these are within the control of the group.

The total operating margin excludes joint arrangements equity accounted and wholly consolidated, whilst the core margin does not adjust for these joint ventures for segmental reporting purposes.

During the year, the group transferred the remaining business within its discontinued cluster of Construction Materials into continuing operations. This operation now trades within the Manufacturing cluster. In terms of IFRS 5 – Non-current assets held for sale and discontinued operations, the group is required to restate its prior year reported income statement to reflect the result of the change.

Group

	Year ended 30 June 2015 Audited	Year ended 30 June 2014 Audited Restated*
Revenue – (R'000)	**13 875 570**	15 360 444
Total operating margin per income statement – %	**2.6**	4.2
Core operating margin per segmental report – %	**2.5**	4.2

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Engineering & Construction

Engineering & Construction	**Year ended 30 June 2015 Audited**	Year ended 30 June 2014 Audited
Revenue – (R'000)	**11 875 357**	13 452 093
Core operating margin per segmental report – %	**0.4**	2.8

The consolidation of the group's contracting and engineering businesses into one Engineering & Construction cluster resulted in this cluster contributing 85.3% to group revenue (F2014: 87.3%), and 12.6% to group core operating profit (F2014: 57.0%).

Revenue decreased by 11.7% from R13,4 billion to R11,9 billion and core operating profit decreased by 88.2% from R370,9 million to R43,8 million. The overall Engineering & Construction core operating profit margin percentage was a very disappointing 0.4% (F2014: 2.8%). Over-border work contributed 26% (F2014: 22%) to cluster revenues.

As outlined above, the Engineering & Construction cluster performance was materially impacted by the previously disclosed significantly loss-making Eastern Cape contract which affected both the Civil Engineering and Projects segments. This cluster was also impacted by delays in new contract start-ups and a slow level of order intake during the first half of the financial year, with cluster revenues declining off the comparatively high volumes traded in the Energy and Civil Engineering segments in the prior financial year. Contract finalisation costs incurred by the Energy segment in the first half and under performance on a few Civil Engineering contracts further reduced margin delivery in the year.

Building & Housing

	Year ended 30 June 2015 Audited	Year ended 30 June 2014 Audited
Revenue – (R'000)	**4 885 951**	4 430 513
Core operating margin per segmental report – %	**1.9**	2.0

Building & Housing revenue increased by 10.3% from R4,4 billion (98% local) to R4,9 billion (100% local). The segment reported a largely unchanged core operating profit from the prior comparable period, increasing from R90,8 million to R91,4 million. This resulted in the overall core operating margin percentage decreasing slightly from 2.0% to 1.9%. The order book remains at a high level.

New contract activity in the building market continues to be relatively buoyant, with this segment realising a number of material new contract awards during the year from both the private and public sector markets and growing its order book at year end.

The group has observed a decline in the South African mine housing market, in tandem with reducing commodity prices and mining markets. There are nevertheless signs of improving roll-out of South African social housing contracts, with the group commencing new work in this area in the second half of the financial year. The group's backlog of social housing contracts where it is the preferred bidder remains robust, but not reported within the group's secured contracting order book due to ongoing delays experienced by local and provincial government in contract implementation.

Concurrently, enquiries for integrated housing and building contracts in the group's target African geographies increased. Whilst cognisant of current trading capacity constraints, these contracts provide the group with attractive longer term prospects.

The secured one-year order book stands at R4,4 billion (100% local) (H1 F2015: R4,6 billion and 100% local) (F2014: R4,7 billion and 100% local). The total secured order book stands at R6,1 billion (100% local) (H1 F2015: R5,4 billion and 100% local) (F2014: R6,8 billion and 100% local).

Civil Engineering

	Year ended 30 June 2015 Audited	Year ended 30 June 2014 Audited
Revenue – (R'000)	**2 665 751**	3 760 143
Core operating margin per segmental report – %	**(3.6)**	1.8

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

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

Civil Engineering reported a 29.1% decrease in revenue from R3,8 billion (54% local) to R2,7 billion (62% local), whilst core operations generated a loss of R96,3 million for the year (F2014: R66,6 million profit).

As outlined and previously reported to the market, operational difficulties on a few contracts, particularly one Eastern Cape contract nearing completion, together with the costs incurred in business restructuring and retrenchments, materially impacted the results for the financial year. Included within the operating losses is an amount of R31,0 million incurred in retrenchment costs as the group rightsized this segment to match market demands and conditions. Employee levels in this segment were reduced by more than half during F2015.

During the second half of the financial year an improvement in the volume of tendered work in the roads and earthworks sector in South Africa was experienced, although these bids remain highly competitive. Civil engineering markets continue to be challenging, with selected opportunities aligned to our priority sector, energy, currently being the focus. The level of early-stage tender enquiries for this segment has started to increase, indicating better prospects in approximately 18 months.

Civil Engineering's secured one-year order book stands at R2,1 billion (58% local) (H1 F2015: R2,0 billion and 56% local) (F2014: R1,8 billion and 65% local). The full order book is at R3,3 billion (53% local) (H1 F2015: R3,1 billion and 49% local) (F2014: R2,4 billion and 75% local).

Projects

	Year ended 30 June 2015 Audited	Year ended 30 June 2014 Audited
Revenue – (R'000)	**2 213 758**	1 740 812
Core operating margin per segmental report – %	**0.9**	6.9

During the year, revenue increased by 27.2% from R1,7 billion (33% local) to R2,2 billion (30% local). Core operating profit decreased by 82.9% from R120,0 million to R20,4 million. The core operating profit margin percentage decreased to 0.9% (F2014: 6.9%). Projects' performance in the second half of the year was impacted by the same South African loss-making contract that affected Civil Engineering, as well as a higher share of lower-margin South African work in the revenue mix. Excluding this loss-making contract, this segment would have performed in line with expectations and previous margin guidance provided in February 2015.

Tendering activity in the mining sector is very subdued, which necessitated an increased focus on securing work in the energy sector in alignment with the group activities in the power and oil and gas sectors. Despite the slow mining market, the segment was successful in securing a new gold mine contract award in West Africa during the second half of the financial year.

The secured one-year order book stands at R2,0 billion (23% local) (H1 F2015: R2,0 billion and 17% local) (F2014: R1,7 billion and 33% local). The full secured order book stands at R2,8 billion (18% local) (H1 F2015: R2,8 billion and 12% local) (F2014: R2,1 billion and 28% local).

Energy

	Year ended 30 June 2015 Audited	Year ended 30 June 2014 Audited
Revenue – (R'000)	**2 109 897**	3 520 625
Core operating margin per segmental report – %	**1.3**	2.7

During the year, revenue decreased by 40.1% from R3,5 billion (99% local) to R2,1 billion (77% local). Core operating profit decreased by 69.8% from R93,8 million to R28,3 million. This resulted in a core operating profit margin of 1.3% (F2014: 2.7%). The weaker reported margins for this segment arose due to the delayed start-up of new contracts, the previously reported finalisation cost on completion of certain contracts, as well as the ongoing holding costs related to future opportunities and capacity building for nuclear readiness.

Activity levels in the African power markets are improving and the group has submitted a number of significant bids for all power technologies under development in West, East and Southern Africa. Further phases of the South African renewable energy programme present opportunities, and the group, as the only level one nuclear accredited major listed construction group in South Africa, is well positioned to play a leading role in the South African nuclear construction programme should it proceed to implementation.

New contract prospects in the West and East African oil and gas markets continue to progress.

The Kpone independent power project located near Accra, Ghana, has commenced, with implementation activities in line with plan. The Civil Engineering, Projects and Energy segments are responsible for the execution of the contract.

The revenue and profits reported for this segment will continue to be lumpy by nature due to the length of time taken to achieve contract awards on large commercially complex contracts that require multi-national project development, funding and government support.

The secured one-year order book stands at R1,3 billion (21% local) (H1 F2015: R1,3 billion and 22% local) and (F2014: R1,1 billion and 77% local). The full secured order book stands at R1,9 billion (14% local) (H1 F2015: R2,0 billion and 14% local) (F2014: R1,2 billion and 74% local).

Investments & Concessions

	Year ended 30 June 2015 Audited	Year ended 30 June 2014 Audited
Revenue – (R'000)	**995 125**	905 013
Core operating margin per segmental report – %	**23.8**	21.8

Investments & Concessions consists of transport concessions and property developments.

The Investments & Concession cluster delivered an improved performance on the back of a strong operating result from the Eastern European operations and fair value gains from the group's investment in service concessions. The cluster contributed 7.1% (F2014: 5.9%) to group revenue, and 67.9% to group core operating profit (F2014: 30.3%). Revenue, which consists primarily of fees for the operation and maintenance of toll roads, increased by 10.0% from R905,0 million to R995,1 million. The core operating profit margin increased from 21.8% to 23.8%, which was above guidance on the back of core operating profit of R236,6 million (F2014: R197,0 million). The operating profit includes upward fair value adjustments of R115,7 million (F2014: R83,8 million).

Whilst the mild winter in Eastern Europe partially contributed to the improved operating result, a strong focus on cost containment and operating efficiency enhancements were key drivers of the improved Intertoll Europe performance. The team continues to focus on securing new contracts in Eastern Europe and elsewhere with projects in Turkey, Russia, Poland, Hungary, Kazakhstan and the Czech Republic being prioritised. On the back of invitations from our existing European partners, selected early-stage opportunities in North America are being investigated.

The African operations of Intertoll performed in line with plan, with the Zimbabwean phase 1 contract now fully operational and encompassing all nine plazas. This project has been indicated as the benchmark for such projects and is expected to catalyse similar opportunities in our other target African geographies in the future.

The Developments team successfully reached financial and commercial close of the City of Tshwane new municipal headquarters public private partnership project during the second half of the financial year, with construction activities having commenced.

Group Five Properties is making steady progress in the profitable development of its South African and African project portfolio. The business has, along with its partners, successfully launched a new residential complex in Johannesburg, achieved strong trade at a new retail mall in Upington, achieved good progress in development of a new industrial park in Cape Town, advanced and tenanted a new commercial office development in Accra (Ghana), and grown its portfolio of new project prospects across all target geographies.

Manufacturing

	Year ended 30 June 2015 Audited	Year ended 30 June 2014 Audited Restated*
Revenue from continuing operations – (R'000)	**1 058 795**	1 060 077
Core operating margin per segmental report – %	**6.4**	7.8

Manufacturing consists of fibre cement building products business Everite, steel fabrication businesses BRI, Group Five Pipe and the previously discontinued Construction Materials sand business.

The Manufacturing cluster contributed 7.6% (F2014: 6.9%*) to group revenue, and 19.5% to group core operating profit (F2014: 12.7%*). Revenue remained largely unchanged from F2014 at R1,1 billion. The reported core operating profit for the year was R67,9 million. This was 17.5% lower than the prior year core profit of R82,3* million, resulting in a core operating margin of 6.4% (F2014: 7.8%*). The decline is partially due to the inclusion of the previous Construction Materials sand business into this cluster as the business was transferred from discontinued operations. The sand business incurred an operating loss of R9,4 million (F2014: R3,8 million) consisting mainly of a loss on sale of fixed assets of R6,5 million and non-recurring depreciation of R2,3 million. The operation itself generated a profit before depreciation of R584 000. The core operating margin of the traditional fibre cement and steel businesses was 7.5% (F2014: 8.3%).

Despite a slow domestic market, the lower but steady performance by the Manufacturing cluster is testament to the team's proactive approach to reduce costs from the business and to the nimbleness demonstrated by quickly tackling operational challenges such as power outages.

Another reason for the performance despite weak market conditions is the Everite team's sound progress in developing new product markets, encompassing the established fibre-cement product and pipe markets, Advanced Building Technologies ("ABT"), and the build-up of an aligned traded goods portfolio of complementary light-weight dry building materials that allow the business to better service its existing and target client base.

Headway has also been made in further regional geographic market penetration.

* *Restated for the application of IFRS 5 – Non-current assets held for sale and discontinued operations, as a result of the decision to transfer the remaining business within the discontinued cluster of Construction Materials into continuing operations within the Manufacturing cluster.*

The Steel business had a challenging year, impacted both by strike action in the first half and rapidly declining steel prices in the second half of the year. Despite these factors, and against the impact of the slowdown in demand from the Civil Engineering segment, it delivered a steady result. Group Five Pipe also delivered a solid performance, however, the rapid decline in order book towards year-end due to lack of new contracts coming to market, with no clear view on recovery in the short-term, will place the business under pressure in the year ahead.

Prospects for growth in revenue and earnings of the Manufacturing cluster are dependent on a recovery in domestic demand, predominantly driven by an improvement in public and private expenditure on infrastructure, including the housing and water markets.

PROSPECTS

Although the total impact on group earnings was worse than initially anticipated, the group has dealt decisively in addressing areas of non-performance and tackling legacy problematic contracts. As outlined above, immediate steps were taken to re-align the management structure in Engineering & Construction under new leadership, with a strong focus on execution excellence and delivery in line with strategy. Clear lines of accountability for business performance have been put in place, whilst business processes have been made less complex.

Group corporate support functions have been further assessed for value-add and effectiveness, with changes being implemented to address identified areas of wastage and inefficiency to reduce overhead cost. As a result, the group now has a much improved operational platform for future delivery, with a clear offering of leading products, construction disciplines and capabilities that are aligned to our focused strategy in target markets and sectors covering infrastructure, industry, energy, resources and real estate.

Against our improved organisational structure, the group is still confronted by a relatively weak South African market and long contract development lead times in our African sector-led growth markets, as well as the concession markets in Eastern Europe. These factors will result in an uneven order intake. It is therefore pleasing to note the order book growth achieved this year in line with the group's strategy of increasing its participation in larger multi-disciplinary EPC contracts in Africa, augmented by an improved order intake in South Africa.

The group's total secured Engineering & Construction contracting order book stands at R14,1 billion (December 2014: R13,3 billion, June 2014: R12,5 billion).

In addition, the group has R4,7 billion in secured operations and maintenance contracts (December 2014: R4,7 billion, June 2014: R4,6 billion).

The overall group reported order book at June 2015 thus stands at R18,8 billion (December 2014: R18,0 billion, June 2014: R17,1 billion).

The value of the group's target opportunity pipeline stands at R225 billion, 11% higher than the R202 billion reported at June 2014 and R200 billion at December 2014, with R74 billion of this pipeline currently in tender and pre-tender stage. The pipeline indicates future strong demand in power and oil and gas, a robust transport sector, continued activity in real estate and longer term prospects in mining.

Despite market conditions tightening in certain areas, an improvement in the group's financial performance is expected in the year ahead due to:

- the enhanced group operating structure
- anticipated continued solid business performance by Investments & Concessions
- an improvement in the group's reported loss-making ratio supported by completion of the material loss-making South African contract reported above
- substantially having dealt with business restructure costs in F2015

DIVIDEND DECLARATION

On 7 August 2015, the directors declared a gross dividend of 25 cents per ordinary share (21.25 cents per ordinary share net of dividend tax) (H2 F2014: 55 cents).

- The dividend has been declared from income reserves.
- In terms of dividend tax, the following additional information is disclosed:
  - The dividend is subject to dividend tax at 15% (3,75 cents per share)
  - The net dividend will therefore be 21,25000 cents per share for shareholders who are not exempt from dividend tax
  - The amount of shares in issue at the date of this declaration is 112 206 869 (101 124 905 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, 17 September 2015
Shares to commence trading (ex-dividend)	Friday, 18 September 2015
Record date (date shareholders recorded in books)	Friday, 25 September 2015
Payment date	Monday, 28 September 2015

No share certificates may be dematerialised or rematerialised between Friday, 18 September 2015 and Friday, 25 September 2015, both dates inclusive.

BASIS OF PREPARATION

The consolidated condensed annual financial information should be read in conjunction with the annual financial statements for the year ended 30 June 2015, which have been prepared in accordance with International Financial Reporting Standards (IFRS).

The significant accounting policies and methods of computation are consistent in all material respects with those applied in the previous period. The transference of the remaining Construction Materials sand business into continuing operations has required a restatement of comparative information in line with the requirements of IFRS 5 – Non-current assets held for sale and discontinued operations.

AUDIT OPINION

The annual financial statements have been audited by the independent accounting firm, PricewaterhouseCoopers Inc.

Their unmodified audit report is available for inspection at the group's registered office.

On behalf of the board

MP Mthethwa
Chairperson

ECJ Vemer
Chief Executive Officer

7 August 2015

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