GROUP FIVE
structured ingenuity

AUDITED GROUP RESULTS

for the year ended 30 June

(Incorporated in the Republic of South Africa)
(Registration number 1969/000032/06)
Share code: GRF ISIN: ZAE 000027405
("Group Five" or "the company")

GROUP FIVE
structured ingenuity

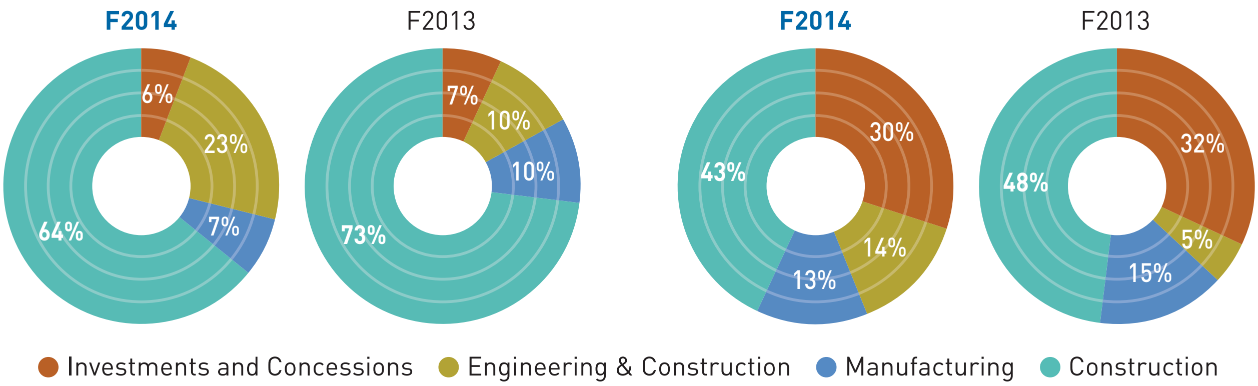
Audited group results

FOR THE YEAR ENDED 30 JUNE 2014

GROUP FIVE INTEGRATED CENTRAL OFFICE Waterfall Park

Revenue – % of group

Core operating profit – % of group



Revenue

from continuing operations up 39% to

R15,3 billion

June 14 = R15,3 billion
June 13* = R11,0 billion

Operating profit

from continuing operations up 22% to

R646,8 million

June 14 = R646,8 million
June 13*^= R528,2 million

Total order book†

down 9% to

R17,1 billion
from December 2013

June 14 = R17,1 billion
Dec 13 = R18,8 billion

Net asset value

up 8% to

R25,99 per share
from December 2013

June 14 = R25,99
Dec 13 = R24,08

Cash

from continuing operations unchanged from June 2013 and down R327 million from December 2013 to

R2,9 billion

June 14 = R2,9 billion
Dec 13 = R3,2 billion
June 13* = R2,9 billion

Fully diluted headline earnings per share

from continuing operations up 26% to

400 cents per share

June 14 = 400 cents
June 13^ = 318 cents

Earnings per share

up 52% to

401 cents per share

June 14 = 401 cents
June 13^ = 264 cents

Total dividends per share

for the year up 49 % to

100 cents per share

June 14 = 100 cents
June 13 = 67 cents

^ *Restated for adoption of IAS 19 (Revised) – Employee Benefits – recognition of pension fund surpluses.*
† *Total order book is the sum of the group Contracting order book and Operations & Maintenance order book.*
* *Restated for adoption of IFRS 11 – Joint Arrangements.*

Condensed consolidated income statement

FOR THE YEAR ENDED 30 JUNE 2014

(R'000)	AUDITED 2014	2013 Restated*
Revenue – continuing operations	**15 339 630**	11 043 147
Operating profit before fair value adjustments	**563 006**	441 763
Fair value adjustment relating to investment in service concessions	**83 840**	86 482
Operating profit	**646 846**	528 245
Share of profit from associates	**19 661**	10 936
Share of profit from joint ventures	**8 434**	3 391
Finance income	**64 363**	53 888
Finance costs	**(66 497)**	(55 373)
Profit before taxation	**672 807**	541 087
Taxation	**(230 268)**	(205 677)
Profit after taxation from continuing operations	**442 539**	335 410
Loss for the year from discontinued operations	**(3 007)**	(47 796)
Profit for the year	**439 532**	287 614
Allocated as follows:		
Equity shareholders of Group Five Limited	**401 421**	258 164
Non-controlling interest	**38 111**	29 450
	439 532	287 614
Earnings per share – R	**4,01**	2,64
Fully diluted earnings per share – R	**3,94**	2,62
Earnings per share from continuing operations – R	**4,04**	3,13
Fully diluted earnings per share from continuing operations – R	**3,97**	3,11

* *Restated for the adoption of IFRS 11 – Joint Arrangements and IAS19 (Revised) – Employee Benefits.*

Determination of headline earnings

FOR THE YEAR ENDED 30 JUNE 2014

(R'000)	AUDITED 2014	2013 Restated*
Attributable profit	**401 421**	258 164
Adjusted for (net of tax)	**5 399**	18 474
– Loss on disposal of property, plant and equipment and investment property	**3 397**	5 405
– Loss on impairment of investment in associate and loss on acquisition of interest in subsidiary	**2 002**	2 069
– Impairment of non-current assets classified as held for sale	**–**	11 000
Headline earnings	**406 820**	276 638

* *Restated for the adoption of IFRS 11 – Joint Arrangements and IAS19 (Revised) – Employee Benefits.*

Condensed consolidated 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 for the year net of tax		
Exchange differences on translating foreign operations^	**78 391**	107 856
Surplus on pension fund and remeasurement of employment obligation^^	**53 503**	20 021
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
Other 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 IAS19 (Revised) – Employee Benefits.*

Condensed consolidated statement of financial position

AS AT 30 JUNE 2014

(R'000)	AUDITED 2014	2013 Restated*	2012 Restated*
ASSETS			
Non-current assets			
Property, plant and equipment and investment property	1 004 182	935 789	871 148
Investments – service concessions	421 563	360 684	296 635
Other non-current assets	642 242	433 849	412 652
	2 067 987	1 730 322	1 580 435
Current assets			
Other current assets	4 903 152	3 993 625	3 411 000
Bank balances and cash	2 912 240	2 954 123	2 265 028
	7 815 392	6 947 748	5 676 028
Non-current assets classified as held for sale	49 671	108 177	272 928
Total assets	9 933 050	8 786 247	7 529 391
EQUITY AND LIABILITIES			
Capital and reserves			
Equity attributable to equity holders of the parent	2 619 675	2 154 544	1 808 736
Non-controlling interest	73 298	75 325	68 195
	2 692 973	2 229 869	1 876 931
Non-current liabilities			
Interest-bearing borrowings	505 834	681 813	610 672
Other non-current liabilities	130 070	116 663	113 126
	635 904	798 476	723 798
Current liabilities			
Other current liabilities	6 580 573	5 726 848	4 750 301
	6 580 573	5 726 848	4 750 301
Liabilities associated with non-current assets classified as held for sale	23 600	31 054	178 361
Total liabilities	7 240 077	6 556 378	5 652 460
Total equity and liabilities	9 933 050	8 786 247	7 529 391

* *Restated for the adoption of IFRS 11 – Joint Arrangements and IAS19 (Revised) – Employee Benefits.*

Condensed consolidated statement of cash flow

FOR THE YEAR ENDED 30 JUNE 2014

(R'000)	AUDITED 2014	2013 Restated*
Cash flow from operating activities		
Cash from operations before working capital changes	**902 847**	685 125
Working capital changes	**(519 030)**	267 215
Cash generated from operations	**383 817**	952 340
Finance costs – net	**(2 134)**	(1 485)
Taxation and dividends paid	**(219 628)**	(174 255)
Cash (utilised in)/generated by operating activities (discontinued operations)	**(11 475)**	5 393
Net cash generated by operating activities	**150 580**	781 996
Property, plant and equipment and investment property – net	**(160 428)**	(217 645)
Investments – net	**(335)**	(20 207)
Cash generated from investing activities (discontinued operations)	**9 648**	55 908
Net cash utilised in investing activities	**(151 115)**	(181 944)
Net cash (utilised in)/generated by financing activities (continued operations)	**(84 244)**	49 616
Net cash utilised in financing activities (discontinued operations)	**(1 150)**	(40 174)
Net cash (utilised in)/generated by 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 equivalents at beginning of year	**2 965 957**	2 255 731
Cash equivalents at end of year	**2 921 097**	2 965 957
– Included in cash and cash equivalents per the statement of financial position	**2 912 240**	2 954 123
– Included in non-current assets classified as held for sale	**8 857**	11 834
	2 921 097	2 965 957

* *Restated for the adoption of IFRS 11 – Joint Arrangements and IAS19 (Revised) – Employee Benefits.*

Capital expenditure and depreciation

FOR THE YEAR ENDED 30 JUNE 2014

(R'000)	AUDITED 2014	2013 Restated*
– Capital expenditure for the year	**261 593**	343 472
– Capital expenditure committed or authorised for the next year	**258 723**	308 667
– Depreciation for the year	**267 143**	242 130

* *Restated for the adoption of IFRS 11 – Joint Arrangements and IAS19 (Revised) – Employee Benefits.*

Condensed consolidated statement of changes in equity

FOR THE YEAR ENDED 30 JUNE 2014

(R'000)	AUDITED 2014	2013 Restated*
Balance at 1 July	**2 229 869**	1 876 931
Net profit for the year	**439 532**	287 614
Other comprehensive income for the year	**116 913**	122 343
Share options expense	**26 963**	40 449
Share buy back/cancellation of shares	**–**	(30 000)
Distribution to non-controlling interest and acquisition of interest in subsidiary	**(40 138)**	(22 320)
Dividends paid	**(80 166)**	(45 148)
Balance at 30 June	**2 692 973**	2 229 869

* *Restated for the adoption of IFRS 11 – Joint Arrangements and IAS19 (Revised) – Employee Benefits.*

Condensed consolidated segmental analysis

FOR THE YEAR ENDED 30 JUNE 2014

(R'000)	% change	AUDITED 2014	AUDITED 2013 Restated*
REVENUE			
Investments and Concessions	24.2	**905 013**	728 517
Engineering & Construction	200.9	**3 520 625**	1 170 220
Manufacturing	(2.1)	**1 039 263**	1 061 257
Construction	21.5	**9 931 468**	8 170 869
Building and Housing	36.9	**4 430 513**	3 236 000
Civil Engineering	16.9	**3 760 143**	3 217 121
Projects	1.3	**1 740 812**	1 717 748
Total	38.3	**15 396 369**	11 130 863
Adjustment for Joint arrangements equity accounted and joint arrangements wholly consolidated on adoption of IFRS 11		**(56 739)**	(87 716)
Revenue from continuing operations per income statement		**15 339 630**	11 043 147

(R'000)	% margin	% change	2014	2013 Restated*
OPERATING PROFIT				
Investments and Concessions	21.8	13.0	**197 021**	174 352
Engineering & Construction	2.7	228.9	**93 815**	28 521
Manufacturing	8.3	2.8	**86 181**	83 848
Construction	2.8	4.3	**277 045**	265 563
Building and Housing	2.0	125.2	**90 817**	40 332
Civil Engineering	1.8	(39.1)	**66 567**	109 287
Projects	6.9	3.2	**119 661**	115 944
Total core operating profit	4.2	18.4	**654 062**	552 284
Adjustments for non-operational transactions				
Share of profit from joint ventures			**(9 138)**	(7 501)
Pension fund surplus			**6 944**	9 458
Izakhiwo Imfundo Bursary Trust – Share-based payment expense			**–**	(16 813)
Re-measurement of employment obligation			**(3 020)**	(7 114)
Loss on impairment of investment in associate and loss on acquisition of interest in subsidiary			**(2 002)**	(2 069)
Reported operating profit per income statement			**646 846**	528 245

* *Restated for the adoption of IFRS 11 – Joint Arrangements and IAS19 (Revised) – Employee Benefits.*

Statistics

AS AT 30 JUNE 2014

	AUDITED 2014	2013 Restated*
Number of ordinary shares	**100 798 786**	99 506 412
– Shares in issue	**112 104 493**	111 149 510
– Less: shares held by share trusts	**(11 305 707)**	(11 643 098)
Weighted average number of shares ('000s)	**100 053**	97 775
Fully diluted weighted average number of shares ('000s)	**101 897**	98 402
Total operations		
EPS – R	**4,01**	2,64
HEPS – R	**4,07**	2,83
Fully diluted EPS – R	**3,94**	2,62
Fully diluted HEPS – R	**3,99**	2,81
Continued operations		
EPS – R	**4,04**	3,13
HEPS – R	**4,07**	3,20
Fully diluted EPS – R	**3,97**	3,11
Fully diluted HEPS – R	**4,00**	3,18
Dividend cover (based on earnings per share)	**4,01**	3,9
Dividends per share (cents)	**100,0**	67,0
– Interim	**45,0**	32,0
– Final	**55,0**	35,0
Net asset value per share – R	**25,99**	21,65
Net debt to equity ratio	**–**	–
Current ratio	**1,2**	1,2

*   *Restated for the adoption of IFRS 11 – Joint Arrangements and IAS19 (Revised) – Employee Benefits.*
EPS: Earnings per share.
HEPS: Headline earnings per share.

Commentary

INTRODUCTION

The South African market remains comparatively subdued with a slowdown in activities in some of the sectors in which the group trades, uncertainty in terms of the timing of larger public sector contract awards and turbulence around local labour.

African infrastructure remains an area of focus, and a compelling medium to long term growth driver for the group, but is accompanied with long project development periods for the larger contract awards.

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

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

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

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

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

- **Group**
  - a surplus on the group's pension fund of R6,9 million (F2013: R9,5 million) as a result of an actuarial valuation assessment, offset by
  - a charge against earnings of R30,0 million (F2013: R25,0 million) as a result of the implementation of the group's revised broad-based black economic empowerment (BBBEE) ownership transaction approved by shareholders in F2013
- **Construction**
  - **Civil Engineering:**
    - as reported at interim results date, margins were impacted by management's more cautious view on the estimated final completion margin on two contracts. In the second half we saw a slower than expected recovery of margins
    - the positive impact of a reduction in the losses and operating costs reported from the Middle East operations in line with forecast

- **Building and Housing:** a resilient performance from the segment, delivering their results from a predominantly South African local order book
- **Projects:** continued solid performance following strong activity in African mining resources

- **Engineering & Construction:**
  - robust growth in the cluster and improved trading results, although with lagging margins pending final completion agreements on current contracts
- **Manufacturing:** Robust earnings following management's focus on efficiencies
- **Investments and Concessions:**
  - ongoing strong operating performance from Infrastructure Concessions
  - fair value upwards adjustments of R83,8 million (F2013: R86,5 million) from the group's investments in its service concessions

In addition, net earnings were positively affected by:

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

FINANCIAL PERFORMANCE

Note: 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. See Basis of Preparation for further detail.

Headline earnings per share (HEPS) of 407 cents 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 cents* and 281 cents* per share respectively for F2013.

Fully diluted headline earnings per share from continuing operations of 400 cents per share represents a 25.8% increase over the restated 318 cents* per share for F2013.

Earnings per share (EPS) of 401 cents 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, performing in line with expectations and most recent guidance provided. However, the weaker results from Civil Engineering

^ *Restated for the effect of the 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 statement of other comprehensive income.*

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%).

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 under-provided 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 a 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 operations 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.

DIVIDEND

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, a dividend for this period of 55 cents per share (H2 F2013: 35 cents) has been declared. The full year dividend for the year is 100 cents (F2013: 67 cents). The dividend policy therefore remains unchanged, based on the medium term business outlook and the availability of liquid resources.

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^ *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 statement of other comprehensive income.*

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.

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 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, as these remain anti-dilutive at 30 June 2014. However, this must be reassessed at each reporting period.

INDUSTRY MATTERS

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

The board and management of Group Five identified historic incidences of anti-competitive behaviour and took immediate and decisive steps to implement corrective action internally. The group secured conditional leniency from the Commission in terms of the Commission's Corporate Leniency Policy in return for full disclosure of all matters 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 contracts which had not been detected through its internal investigation. The group subsequently conducted its own further investigation and consistently raised factual and evidentiary discrepancies with the Commission in respect of these contracts. In the interests of shareholders, the group did not hastily settle as there was no reasonable basis for attributing liability to the group in respect of the implicated contracts. In June 2013 a provision was raised against the risk of an administrative penalty as reported in the group's F2013 results.

Management have therefore continued to engage with the Commission in an attempt to responsibly settle the outstanding matters on reasonable terms with the Commission while conscious of its accountability to conclude this matter for the benefit of all its stakeholders. Settlement has not yet been concluded due to a lack of evidence and 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 contracts in question. Based on legal counsel assessment the settlement would be adequately covered by the provision raised in F2013.

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).

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

ESTIMATES AND CONTINGENCIES

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

Of particular relevance is the group's provision for an estimated potential administrative penalty to be levied by the Competition Commission raised in June 2013. As outlined earlier, a settlement with the Commission remains outstanding. Accounting estimates and judgements can, by definition, only approximate results, as the actual results may differ from such estimates. Estimates and judgements are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

Total financial institution guarantees given to third parties on behalf of subsidiary companies amounted to R3 643 million as at 30 June 2014, compared to R3 676 million as at 31 December 2013 and R4 369 million as at 30 June 2013.

OPERATIONAL REVIEW

Group

The group provides both its total operating margin, as well as the core operating margin from continuing 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 or impairment of subsidiaries, re-measurement of employment obligations and share-based payment expenses on the Izakhiwo Imfundo Bursary Trust, which is not controlled by the group.

The core operating margin reflects the underlying operating performance.

Both margins exclude the impairment of Non-Current Assets Classified as Held For Sale, but include the fair value upward and downward adjustments in Investments and Concessions and profit/loss on sale of property, plant and equipment and investment property, as these are within the control of the group. The core margin of F2013 also includes the estimate that was raised in H2 F2013 for a potential administrative penalty by the Competition Commission.

The total operating margin excludes joint ventures accounted for in terms of the adoption of IFRS 11, whilst the core margin does not adjust for these joint ventures for segmental reporting purposes.

	Audited Year ended 30 June 2014	Audited Year ended 30 June 2013 Restated*
Revenue from continuing operations – (R'000)	**15 339 630**	11 043 147
Total operating margin per income statement – %	**4.2**	4.8
Core operating margin per segmental report – %	**4.2**	5.0

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

The group's underlying businesses – outside of the Civil Engineering segment – 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 completed, and the slower than expected recovery of margins in H2 F2014.

For comparative purposes, the F2013 results were impacted by losses in the Middle East, reported within the Civil Engineering results. In addition, the F2013 Construction cluster's results were affected by a provision raised for an estimated potential administrative penalty that could be levied by the Competition Commission.

Investments and Concessions

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

Investments and Concessions consists of transport concessions and property developments.

This cluster contributed 5.9% (F2013: 6.5%) to group revenue. Revenue, which consists primarily of fees for the operation and maintenance of toll roads, increased by 24.2% from R728,5 million to R905,0 million. The core operating profit margin decreased slightly from 23.9% to 21.8%, but pleasingly still above guidance and with core operating profit of R197,0 million (F2013: R174,3 million). The operating profit includes upward fair value adjustments of R83,8 million (F2013: R86,5 million).

The real estate public private partnership (PPP) concessions in South Africa, where the group is the preferred bidder on the Tswane Munitoria and the Department of Rural Development and Land Reform building are now progressing towards financial close anticipated during the first half of F2015. The positive outcome of the unsuccessful challenge to government's implementation of the Gauteng Freeway tolling system gives some impetus to the unresolved dispute in government on the N1 – N2 Winelands concession, where the group is the preferred bidder. Intertoll successfully bid and won the Magalies CTROM (Comprehensive Toll Road Operations and Maintenance) contract for SANRAL using its own newly developed tolling technology, which augurs well for future contract wins.

African concession opportunities remain attractive, with tolling on the group's Zimbabwe roads project progressing well and further new projects under development. The feasibility of new real estate and transport PPP concessions are being developed for public sector facilities in several African countries with South African DFI (Development Funding Institution) and commercial bank support.

The sentiment for concessions in Eastern Europe is once again positive from the neutral sentiment experienced over the last three years. A number of new relationships and prospects are gaining momentum as the group pursues potential opportunities for participation in early development stage motorway projects in Bosnia, Bulgaria, Croatia, Russia and Turkey.

The property business is running well in terms of its strategic mandate to source investment returns, construction opportunities and annuity income for the group. The disposal of historically procured residential stock is proceeding steadily. The business will continue driving an over-border African strategy, with some traction in property developments achieved in West and Central Africa in addition to several new property developments underway in South Africa.

The group has been active in the power rental business for some time. Jozi Power, a circa R80 million per annum business and 34% owned by Group Five, was formed in December 2007 and is an established power rental company using portable 0.5 MW, 1 MW and 2 MW containerised diesel power plants with a target market being African mining, industrial and utility opportunities.

Jozi Power made a valuable and growing contribution to the underlying annuity strategy of the group in the power sector. As an investment in an associate, this business is equity accounted and its results are not included within the Investments and Concessions cluster or the group's operating income but as income from associates.

Engineering & Construction (E+C)

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

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

Energy markets are growing both in South Africa and the rest of Africa. The power market is active and many additional bids are under adjudication or in development in all the technologies of thermal power, renewable energy (both wind, solar and biomass) and in the nuclear industry. A contract award of a large power plant in West Africa is expected to be received shortly, which if won, would substantially expand the order book and geographic footprint of the E+C business.

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

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

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

The E+C cluster contributed 22.9% (F2013: 10.5%) to group revenue. During the period, revenue increased by 200.9% from R1,2 billion (88% local) to R3,5 billion (99% local). Core operating profit increased by 229% from R29 million to R94 million. This resulted in a core operating profit margin of 2.7% (F2013: 2.4%). Included within these trading results are the costs related to investment in future opportunities and capacity building in nuclear readiness within the E+C business.

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

The full secured order book stands at R1,2 billion (74% local) (H1 F2014: R2,5 billion and 78% local) (F2013: R3,9 billion and 85% local).

Manufacturing

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

Manufacturing consists of fibre cement building products business Everite as well as steel fabrication businesses BRI and Group Five Pipe.

The Manufacturing cluster contributed 6.8% (F2013: 9.5%) to group revenue.

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

Despite markets remaining challenging with stagnant growth, the excellent Manufacturing result is consistent with the stability that has been created in the cluster over the last few years by the management team. Returns on the investments in efficiencies, technology, capacity expansion and de-bottlenecking activities, product changes and geographic market expansion are flowing through.

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

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

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

Construction

	Audited Year ended 30 June 2014	Audited Year ended 30 June 2013
Revenue – (R'000)	**9 931 468**	8 170 869
Core operating margin – %	**2.8**	3.3

Construction continued to be the largest cluster in the group, contributing 64.5% to group revenue (F2013: 73.4%). Construction revenue increased by 21.5% from R8,2 billion to R9,9 billion and core operating profit increased by 4.3% from R265,6 million to R277,0 million. The overall Construction core operating profit margin percentage was 2.8% (F2013: 3.3%). Over-border work contributed 30% (F2013: 36%) to Construction revenues.

In the context of tougher markets, good performances in all business units were achieved with the exception of the Civil Engineering segment, which reported a weaker operating result. The group reports a reduction in core operating margin in construction from F2013 even though the prior year construction performance was impacted somewhat by close out costs in the Middle East as well as the provision for an estimated potential administrative penalty that could be levied by the Competition Commission. The lower F2014 margin results from the impact of revenue growth but with lower profitability.

Contract tender activity remains high across all business segments. This should bode well for further additions to the order book although many anticipated awards are being substantially delayed, particularly in the Civil Engineering market where margins continue to remain under pressure. One good development in this regard is that in certain cases in several of the businesses the trend has continued of being awarded work without having been the lowest bidder which reflects well on our track record of delivery.

Building and Housing

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

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

The order book remains at a historically high level.

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

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

South African mine housing remains an increasingly active market where the group has a significant track record. The social and affordable housing market continues to disappoint. The group's list of social housing contracts where it is the preferred bidder is extensive, but not reported within the group's secured Contracting order book due to continued delays by local and provincial government in releasing the contracts for construction.

Internationally, the group is tracking sizeable opportunities in selected African territories for high-rise buildings, hotels, industrial and office parks, retail developments and housing and project accommodation.

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

Civil Engineering

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

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

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

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

The segment is experiencing record high revenue demands with a larger African component of the traded revenue. However as reported at interim date margins were negatively impacted in the year. Margin recovery progressed more slowly than expected in the second half, however one of the problem contracts mentioned is complete and constructive commercial processes are well in hand with both clients.

Tendering activity is high in the transport, water and mining sectors and good prospects exist, but bid margins remain under pressure as industry capacity still exceeds demand and targeted large contracts have not yet been awarded.

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

Projects

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

Excellent results were again delivered by the Projects segment, as African mining continues to support the majority of the order book with some diversity displayed with work executed in the South African mining and power sectors. Revenue remained largely unchanged due to delayed contract awards. Margins have been maintained within the guided range, although somewhat affected by the lower margins on South African work.

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

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

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

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

PROSPECTS

The South African market remains generally constrained with pockets of activity in some sectors in which the group has good capabilities. However, the group's strategies and positioning in new and traditional target markets have, and will continue to, mitigate some of this weakness.

The group's total secured Contracting order book (Construction and Engineering & Construction order book) stands at R12,5 billion (December 2013: R14,0 billion, June 2013: R14,2 billion and December 2012: R13,5 billion).

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

The overall group reported order-book at June 2014 thus stands at R17,1 billion (December 2013: R18,8 billion, June 2013: R19,0 billion and December 2012: R18,1 billion).

The group is in firm negotiation for a large over-border power contract, which will significantly increase its order book and geographic exposure.

The value of the group's target opportunity pipeline stands at R202 billion, an increase from R179 billion at June 2013 and R174 billion at December 2013, with R104 billion of this pipeline currently in tender and pre-tender stage. The pipeline indicates future strong demand in mining and a further shift in favour of power and oil and gas, as well as a robust transport sector. Water projects are slowly coming to market but real estate looks to be somewhat slower after a period of high order book growth.

The group has made good progress against its continuous internal fitness programmes, including the re-location of all its Gauteng businesses into a single integrated central office complex.

The outlook for the business in the short term is fair to good. The order book, whilst likely to be somewhat more lumpy due to the larger contract nature of the group's sector positioning, is being replenished in line with the group's strategy, with increasing success in positioning the group's integrated infrastructure offering more permanently for larger projects in key sectors in support of the group's African and East European expansion ambitions.

DIVIDEND DECLARATION

On 5 August 2014, the directors declared a gross dividend of 55 cents per ordinary share (cents per ordinary share net of dividend tax) (2013: 35 cents). This brings the total dividend for the year to 100 cents (2013: 67 cents).

The dividend has been declared from income reserves.

In terms of Dividends Tax, the following additional information is disclosed:

- The dividend is subject to dividend tax at 15% (8,25 cents per share)
- The STC credits utilised per share amounts to 0 cents per share
- No STC credit available for future dividends
- The net dividend will therefore be 46,75000 cents per share for shareholders who are not exempt from dividends tax
- The amount of shares in issue at the date of this declaration is 112 104 493 (100 798 786 exclusive of treasury shares) and the company's tax reference number is 9625/077/71/5

In order to comply with the requirements of STRATE, the relevant details are:

Event	Date
Last date to trade (cum dividend)	Thursday, 18 September 2014
Shares to commence trading (ex-dividend)	Friday, 19 September 2014
Record date (date shareholders recorded in books)	Friday, 26 September 2014
Payment date	Monday, 29 September 2014

No share certificates may be dematerialised or rematerialised between Friday, 19 September 2014 and Friday, 26 September 2014, both dates inclusive.

BASIS OF PREPARATION

These consolidated condensed annual financial statements for the year ended 30 June 2014 have been prepared in accordance with the framework concepts, the recognition and measurement criteria of International Financial Reporting, Standards ("IFRS"), the SAICA Financial Reporting guides, as issued by the Accounting Practices Committee and the financial pronouncements as issued by the Financial Reporting Standards Council, and the information required by International Accounting Standard 34: Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB"), the JSE Listings Requirements and the requirements of the Companies Act of South Africa of 2008, as amended.

The consolidated condensed annual financial information should be read in conjunction with the annual financial statements for the year ended 30 June 2014, 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 except for the standards and amendments to standards that became effective for this reporting period namely IFRS 11: Joint Arrangements, IAS 19: Employee Benefits (Revised), and IAS 28: Investments in Associates and Joint Ventures (Revised) and IFRS 10: Consolidated financial statements.

The adoption of IFRS 11 and IAS 19 (Revised) requires restatement of comparative information.

IFRS 11:

The statement

- had a nil effect on the group's core operating revenue and core operating profit in the segmental analysis, but
- required a restatement, on the consolidated income statement, between operating profit and income from joint ventures as a result of entities, within the Manufacturing and Investments & Concessions clusters, which were previously proportionately consolidated, but are now equity accounted in terms of the standard and
- a restatement of revenue, operating profit and non-controlling interest, on the consolidated income statement, for selected Construction operations, which were previously proportionately consolidated, but are now fully consolidated.

IAS 19 (Revised):

The statement

- had a nil effect on the group's core operating revenue, core operating profit in segmental reporting, but
- required a restatement, on the consolidated income statement following an allocation of surpluses generated by the group's pension fund surpluses into "surplus to be allocated to income statement" versus "surplus to be allocated to the statement of other comprehensive income" in line with the requirements of the standard.

AUDIT OPINION

These results have been audited by the independent accounting firm, PricewaterhouseCoopers Inc. Their unmodified audit report is available for inspection at the group's registered office.

EXECUTIVE COMMITTEE CHANGE

J Doorasamy was appointed as an executive committee member responsible for human resources with effect from 2 April 2014 following MJ Allie's resignation, on 28 February 2014, who left the group to pursue career challenges in a new sector. Prior to Doorasamy's appointment to the executive committee he was the head of human resources for the group's Construction cluster. He has eight years of in-depth human resources experience in the group and has operated at both an operational and strategic level.

BOARD CHANGES

NJ Chinyanta, W Louw, B Ngonyama, V Rague and MR Thompson were appointed to the group's board 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.

After eight years as the group's Chief Executive Officer, M Upton will be approaching the group's executive retirement age of 60, at the end of the year. The Board has accordingly initiated a process well ahead of time to appoint M Upton's successor and expects to be able to make an announcement within the next few months.

ACKNOWLEDGMENTS

The group wishes to recognise the hard work and commitment of its employees and the support of its clients, suppliers and shareholders.

On behalf of the board

MP Mthethwa
Chairperson

MR Upton
Chief Executive Officer

5 August 2014

Board of directors: P Mthethwa * (Chairperson), MR Upton (CEO), CMF Teixeira (CFO), NJ Chinyanta*~, Dr JL Job*, W Louw*, SG Morris*, KK Mpinga*•, B Ngonyama*, VM Rague *^, MR Thompson*

**   Non-executive director ~ Zambian   • (DRC) ^ (Kenyan)*

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