GROUP FIVE
structured ingenuity



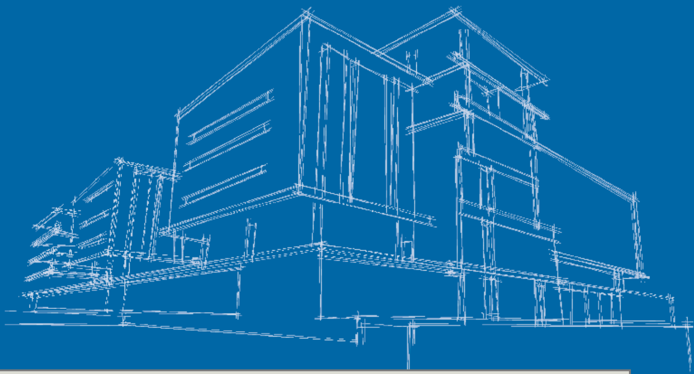


UNAUDITED INTERIM GROUP RESULTS

for the six months ended
31 December 2013

(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



UNAUDITED INTERIM GROUP RESULTS

for the six months ended
31 December 2013

CONTENTS

Revenue

from continuing operations
up 55.7% to
R7,7 billion

Dec 13 = **R7,7 billion**
Dec 12[*] = **R4,9 billion**

Operating profit

from continuing operations
up 27.5% to
R328 million

Dec 13 = **R328 million**
Dec 12[*^] = **R257 million**

Total order book[†]

at R18,8 billion

Dec 13 = **R18,8 billion**
June 13 = **R19,0 billion**

Net asset value

up 11.2% to R24,1 per share
from June 2013

Dec 13 = **R24,08**
June 13 = **R21,65**

Cash

and cash equivalents from continuing operations up R285 million to
R3,2 billion from June 2013

Dec 13 = **R3,2 billion**
June 13[*] = **R2,9 billion**

Headline earnings per share

up 40.7% to
204 cents per share

Dec 13 = **204 cents**
Dec 12[^] = **145 cents**

Earnings per share

up 50.4% to
200 cents per share

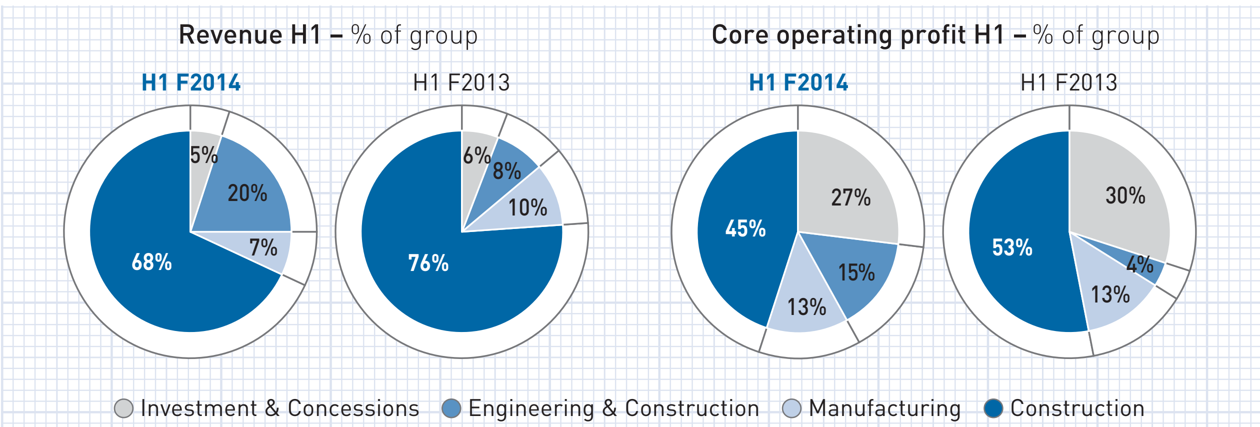
Dec 13 = **200 cents**
Dec 12[^] = **133 cents**

Dividends per share

up 40.6% to
45 cents per share

Dec 13 = **45 cents**
Dec 12 = **32 cents**

* *Restated for joint ventures equity accounted and joint ventures wholly consolidated on adoption of IFRS 11 – Joint Arrangements.*
^ *Restated for adoption of IAS 19 – Employee Benefits – recognition of pension fund surpluses.*
† *Total order book is the sum of the group contracting order book and operations & maintenance order book.*



CONDENSED CONSOLIDATED INCOME STATEMENT

for the six months ended 31 December 2013

R'000	**Six months ended 31 Dec 2013 Unaudited**	Six months ended 31 Dec 2012 Unaudited*	Full year ended 30 June 2013 Unaudited*
Revenue – continuing operations	**7 660 338**	4 918 761	10 720 347
Operating profit before fair value adjustments	**299 791**	228 185	441 763
Fair value adjustments relating to investment in service concessions	**28 417**	29 159	86 482
Operating profit	**328 208**	257 344	528 245
Share of profit from associates	**8 573**	5 499	10 936
Share of profit from joint ventures	**3 092**	1 028	3 391
Finance income	**30 486**	25 777	53 888
Finance costs	**(32 743)**	(28 261)	(55 373)
Profit before taxation	**337 616**	261 387	541 087
Taxation	**(115 875)**	(81 095)	(205 677)
Profit after taxation from continuing operations	**221 741**	180 292	335 410
Loss for the period from discontinued operations	**(2 813)**	(37 958)	(47 796)
Profit for the period	**218 928**	142 334	287 614
Allocated as follows:			
Equity shareholders of Group Five Limited	**199 235**	128 355	258 163
Non-controlling interest	**19 693**	13 979	29 451
	218 928	142 334	287 614
Earnings per share – R	**2,00**	1,33	2,64
Fully diluted earnings per share – R	**1,96**	1,32	2,62
Earnings per share from continuing operations – R	**2,02**	1,72	3,13
Fully diluted earnings per share from continuing operations – R	**1,99**	1,71	3,11

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

DETERMINATION OF HEADLINE EARNINGS

for the six months ended 31 December 2013

R'000	**Six months ended 31 Dec 2013 Unaudited**	Six months ended 31 Dec 2012 Unaudited*	Full year ended 30 June 2013 Unaudited*
Attributable profit	**199 235**	128 355	258 163
Adjusted for (net of tax)	**4 748**	11 275	18 474
– Loss /(profit) on disposal of property, plant and equipment and investment property	**2 943**	(2 169)	5 405
– Loss on impairment of associate	**1 805**	1 944	2 069
– Impairment of non-current assets classified as held for sale	**–**	11 500	11 000
Headline earnings	**203 983**	139 630	276 637

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 31 December 2013

R'000	**Six months ended 31 Dec 2013 Unaudited**	Six months ended 31 Dec 2012 Unaudited*	Full year ended 30 June 2013 Unaudited*
Profit for the period	**218 928**	142 334	287 614
Other comprehensive income for the period net of tax			
Exchange differences on translating foreign operations^	**40 372**	11 213	107 856
Surplus on pension fund	**37 315**	6 783	14 487
Other comprehensive income for the period	**77 687**	17 996	122 343
Total comprehensive income for the period	**296 615**	160 330	409 957
Total comprehensive income for the period attributable to			
Equity shareholders of Group Five Limited	**276 922**	146 351	380 506
Non-controlling interest	**19 693**	13 979	29 451
Total comprehensive income for the period	**296 615**	160 330	409 957

^ *With no resultant tax impact. Item that may be reclassified subsequently to profit and loss.*
* *Restated for the first time adoption of IFRS 11 – Joint Arrangements and IAS 19 (Revised) Employee Benefits.*

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2013

R'000	Six months ended 31 Dec 2013 Unaudited	Six months ended 31 Dec 2012 Unaudited*	Full year ended 30 June 2013 Unaudited*
ASSETS			
Non-current assets			
Property, plant and equipment and investment property	**1 007 646**	912 831	935 789
Investments – service concessions	**378 317**	316 269	360 684
Other non-current assets	**480 368**	378 759	433 849
	1 866 331	1 607 859	1 730 322
Current assets			
Other current assets	**4 768 579**	3 381 903	3 993 625
Bank balances and cash	**3 239 226**	2 632 737	2 954 123
	8 007 805	6 014 640	6 947 748
Non-current assets classified as held for sale	**77 094**	160 901	108 177
Total assets	**9 951 230**	7 783 400	8 786 247
EQUITY AND LIABILITIES			
Capital and reserves			
Equity attributable to equity holders of the parent	**2 410 053**	1 947 559	2 154 544
Non-controlling interest	**78 456**	71 437	75 325
	2 488 509	2 018 996	2 229 869
Non-current liabilities			
Interest bearing borrowings	**791 362**	569 906	681 813
Other non-current liabilities	**143 828**	106 744	116 663
	935 190	676 650	798 476
Current liabilities			
Other current liabilities	**6 503 200**	5 025 947	5 726 848
	6 503 200	5 025 947	5 726 848
Liabilities associated with non-current assets classified as held for sale	**24 331**	61 807	31 054
Total liabilities	**7 462 721**	5 764 404	6 556 378
Total equity and liabilities	**9 951 230**	7 783 400	8 786 247

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

for the six months ended 31 December 2013

R'000	Six months ended 31 Dec 2013 Unaudited	Six months ended 31 Dec 2012 Unaudited*	Full year ended 30 June 2013 Unaudited*
Cash from operations before working capital changes	**489 929**	344 858	685 125
Working capital changes	**(5 308)**	200 300	225 976
Cash generated from operations	**484 621**	545 158	911 101
Finance Costs (net)	**(2 257)**	(2 484)	(1 485)
Taxation and dividends paid	**(95 975)**	(77 242)	(174 255)
Cash (utilised in)/generated by operating activities (discontinued operations)	**(2 577)**	1 458	5 393
Net cash generated by operating activities	**383 812**	466 890	740 754
Property, plant and equipment and investment property (net)	**(94 458)**	(114 281)	(217 645)
Investments (net)	**(335)**	–	(20 207)
Cash generated from investing activities (discontinued operations)	**30 688**	33 776	55 908
Net cash utilised by investing activities	**(64 105)**	(80 505)	(181 944)
Net cash utilised in financing activities – continuing operations	**(59 488)**	(1 697)	49 616
Net cash utilised in financing activities – discontinuing operations	**(26 560)**	(24 148)	(40 174)
Net cash (utilised)/generated by financing activities	**(86 048)**	(25 845)	9 442
Effects of exchange rates on cash and cash equivalents	**52 995**	18 259	141 974
Net increase in cash and cash equivalents	**286 654**	378 799	710 226
Cash and cash equivalents at beginning of period	**2 965 957**	2 255 731	2 255 731
Cash and cash equivalents at end of period	**3 252 611**	2 634 530	2 965 957
– Included in cash and cash equivalents per the statement of financial position	**3 239 226**	2 632 737	2 954 123
– Included in non-current assets classified as held for sale	**13 385**	1 793	11 834
	3 252 611	2 634 530	2 965 957

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

CAPITAL EXPENDITURE AND DEPRECIATION

for the six months ended 31 December 2013

R'000	**Six months ended 31 Dec 2013 Unaudited**	Six months ended 31 Dec 2012 Unaudited*	Full year ended 30 June 2013 Unaudited*
• Capital expenditure for the period	**150 485**	149 840	343 472
• Capital expenditure committed or authorised	**247 256**	276 935	308 667
• Depreciation for the period	**160 680**	97 644	242 130

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 31 December 2013

R'000	**Six months ended 31 Dec 2013 Unaudited**	Six months ended 31 Dec 2012 Unaudited*	Full year ended 30 June 2013 Unaudited*
Balance at 1 July	**2 229 869**	1 876 931	1 876 931
Net profit for the period	**218 928**	142 334	287 614
Other comprehensive income for the period	**77 687**	17 996	122 343
Share options expense	**13 510**	5 996	40 449
Share buy back/cancellation of shares	**–**	–	(30 000)
Distribution to non-controlling interest	**(16 564)**	(10 737)	(22 320)
Dividends paid	**(34 921)**	(13 524)	(45 148)
Balance at end of period	**2 488 509**	2 018 996	2 229 869

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

CONDENSED CONSOLIDATED SEGMENTAL ANALYSIS

for the six months ended 31 December 2013

R'000	% change	Six months ended 31 Dec 2013 Unaudited	Six months ended 31 Dec 2012 Unaudited	Full year ended 30 June 2013 Unaudited
REVENUE				
Investments and Concessions	27	**426 730**	334 700	728 517
Engineering & Construction	289	**1 589 071**	408 094	1 170 220
Manufacturing	5	**532 686**	508 641	1 061 257
Construction	37	**5 301 546**	3 857 738	8 170 869
Building and Housing	46	**2 229 578**	1 526 333	3 236 000
Civil Engineering	41	**2 052 325**	1 458 740	3 217 121
Projects	17	**1 019 643**	872 665	1 717 748
Total	54	**7 850 033**	5 109 173	11 130 863
Adjustment for Joint ventures equity accounted and Joint ventures wholly consolidated on adoption of IFRS 11		**(189 695)**	(190 412)	(410 516)
Revenue from continuing operations per income statement		**7 660 338**	4 918 761	10 720 347

R'000	% margin	% change	Six months ended 31 Dec 2013 Unaudited	Six months ended 31 Dec 2012 Unaudited	Full year ended 30 June 2013 Unaudited
OPERATING PROFIT					
Investments and Concessions	20.9	18	**89 310**	75 620	174 352
Engineering & Construction	3.1	366	**49 364**	10 584	28 521
Manufacturing	7.9	21	**42 130**	34 716	83 848
Construction	2.9	11	**154 359**	139 117	265 563
Building and Housing	2.1	58	**47 831**	30 349	40 332
Civil Engineering	1.5	(35)	**31 692**	48 813	109 287
Projects	7.3	25	**74 836**	59 955	115 944
Total core operating profit	4.3	29	**335 163**	260 037	552 284
Adjustments for non-operational transactions					
Share of profit from joint ventures			**(4 811)**	(3 327)	(7 501)
Pension fund surplus			**–**	2 578	9 458
Izakhiwo Imfundo Bursary Trust: Share-based payment expense			**–**	–	(16 813)
Remeasurement of employment obligation			**(339)**	–	(7 114)
Impairment of investment in associate			**(1 805)**	(1 944)	(2 069)
Reported operating profit per income statement			**328 208**	257 344	528 245

STATISTICS

as at 31 December 2013

	Six months ended 31 Dec 2013 Unaudited	Six months ended 31 Dec 2012 Unaudited*	Full year ended 30 June 2013 Unaudited*
Number of ordinary shares	**100 093 840**	96 600 761	99 506 412
– Shares in issue	**111 769 256**	110 709 478	111 149 510
– Less: Shares held by share trusts	**(11 675 416)**	(14 108 717)	(11 643 098)
Weighted average number of shares ('000s)	**99 849**	96 601	97 775
Fully diluted weighted average number of shares ('000s)	**101 647**	97 090	98 402
Total operations			
EPS – R	**2,00**	1,33	2,64
HEPS – R	**2,04**	1,45	2,83
Fully diluted EPS – R	**1,96**	1,32	2,62
Fully diluted HEPS – R	**2,01**	1,44	2,81
Continuing operations			
EPS – R	**2,02**	1,72	3,13
HEPS – R	**2,05**	1,76	3,20
Fully diluted EPS – R	**1,99**	1,71	3,11
Fully diluted HEPS – R	**2,02**	1,75	3,18
Dividend cover (based on earnings per share)	**4,4**	4,2	3,9
Dividend per share (cents)	**45,0**	32,0	67,0
– Interim	**45,0**	32,0	32,0
– Final	**–**	–	35,0
Net asset value per share – R	**24,08**	20,16	21,65
Net debt to equity ratio	**–**	–	–
Current ratio	**1,2**	1,2	1,2

EPS: Earnings per share.
HEPS: Headline earnings per share.
* *Restated for the first time adoption of IFRS 11 – Joint Arrangements and IAS 19 (Revised) Employee Benefits.*

COMMENTARY

INTRODUCTION

The sentiment in the markets in which the group traded for the six months to 31 December 2013 is gradually improving, with South African demand still comparatively weak and the timing of a recovery remaining uncertain. The rest of Africa and Eastern Europe are demonstrating more visible opportunity.

Despite the hiatus in the South African market, the group managed to deliver improved results, with increased revenue, operating profit and earnings.

The group earnings delivered during the period demonstrate an improved performance over the comparable reporting period and were delivered following the corrective action taken in the last two years, specifically with regard to the Construction Materials cluster and the group's Middle East operations.

During the period, the group continued to implement the conservative 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. It is thus encouraging to see the order book continuing to be replenished from new strong growth sectors and multi-disciplinary offerings in which the group has built capacity, with a good cash position supporting this strategy.

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

- **Group**
  - A charge against earnings of R10,8 million in H1 F2014 (H1 F2013: nil) 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:**
    - margins have been impacted by management's more cautious view on the estimated final completion margin on two contracts
    - the positive impact of a reduction in the losses and operating costs reported from the Middle East operations in line with forecast
  - **Building & Housing:** a resilient performance from the segment, delivering their results from a mainly local order book
  - Projects: continued solid performance following strong activity in African mining resources
- **Engineering & Construction:** growth in the cluster and improved trading results
- **Manufacturing:** Robust earnings following management's focus on efficiencies
- **Investments and Concessions:** On-going strong operating performance from Infrastructure Concessions. Fair value upwards adjustments of R28,4 million (H1 F2013: R29,1 million) from the group's investments in its service concessions
- The adjustment to the carrying value of the group's pension fund surplus did not affect earnings (H1 F2013: R2,6 million credit to earnings).

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 R2,8 million (H1 F2013: loss R37,9 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 (HEPS) of 204 cents per share represents an increase of 40.7% and fully diluted HEPS (FDHEPS) of 201 cents per share an increase of 39.6%, compared to restated^ HEPS and FDHEPS of 145 cents^ per share and 144 cents^ per share respectively for the comparable reporting period. Fully diluted headline earnings per share from continuing operations of 202 cents per share represents a 15.4% increase over the restated 175 cents^ per share for H1 F2013.

Earnings per share (EPS) of 200 cents per share and fully diluted EPS (FDEPS) of 196 cents per share represents a 50.4% and 48.5% increase respectively over the restated 133 cents^ per share and 132 cents^ per share for H1 F2013.

The difference between earnings and headline earnings in the prior year is mainly as a result of an impairment charge of R11,5 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 55.7% from R4,9 billion to R7,7 billion, as a result of increased activity in all of the group's businesses.

The group's core operating profit increased by 28.9% from R260,0 million to R335,2 million on the back of all businesses, other than the Civil Engineering segment, performing in line with expectation and most recent guidance provided in November 2013. However, the weaker results from Civil Engineering reduced the group's overall core operating margin from 5.1% in the prior comparable period to 4.3%. The group's total operating margin also reduced to 4.3% (H1 F2013 restated*^ 5.2%).

In line with expectations, group net finance costs of R2,3 million were recorded for the period compared to restated^ net finance costs of R2,5 million in the prior period.

The effective tax rate of 34% (H1 F2013: 31%) was higher than the South African statutory tax rate of 28%. This was mainly due to a conservative approach adopted to the raising of deferred taxation assets and increased taxation in jurisdictions with higher taxation rates. This was partially offset by liabilities in jurisdictions with lower taxation rates.

^ *Restated for the effect of first time adoption of IFRS 11 – Joint Arrangements, (joint operations and joint entities).*

* *Restated following the adoption of IAS19 where the group's pension fund surplus gains or deficits are allocated between earnings and statement of other comprehensive income.*

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 bank and cash balances to R3,2 billion as at 31 December 2013 (30 June 2013 R2,9 billion and 31 December 2012 R2,6 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 R2,8 million.

CASH FLOW

The group generated R489,9 million cash from operations before working capital changes and absorbed R5,3 million cash from working capital changes. This resulted in a net cash inflow from operations of R484,6 million after settlement of taxation liabilities of R61,0 million and the dividend to shareholders of R34,9 million. After a net cash investment of R94,4 million in plant and equipment and investment property and net repayment of liabilities of R24,8 million, the group generated an increase in cash of R286,7 million.

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 45 cents per share (H1 F2013: 32 cents) has been declared. Based on the medium term business outlook and the availability of liquid resources, the dividend policy therefore remains unchanged.

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 the end of December 2013 was R166,4 million (30 June 2013: R144,2 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 R10,8 million (H2 F2013: R8,2 million) was charged in H1 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 antidilutive at 31 December 2013. However, this must be reassessed at each reporting period.

INDUSTRY MATTERS

As announced on SENS on 1 February 2011, the group adopted a proactive stance from 2008 in respect of the ongoing investigation by the Competition Commission into alleged anti-competitive behaviour within the construction industry. As previously communicated, 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 had consistently advised stakeholders that, although the group received conditional leniency, a zero fine could not be guaranteed until the full industry investigation was concluded. In late June 2013, it came to the group's attention that the Commission is seeking a proposed administrative penalty on four projects in which the group was implicated and for which no leniency was granted. The group did not have sufficient evidence of its collusive involvement upon which to admit liability and could thus not responsibly accede to the penalties and chose not to settle hastily. In June 2013 the group raised a provision for an undisclosed amount as the possibility of an administrative penalty had now materialised and its substantiation and measurability needed to be considered.

In October 2013 the head of the Competition Commission was replaced. This caused a delay in the settlement of the group's matters. Consultations with the acting Commissioner of the Competition Commission resumed, with a common purpose to reach a settlement as soon as possible. In parallel, the group is actively working with and through the industry and representative business bodies and government to 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).

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 judgments can, by definition, only approximate results, as the actual results may differ from such estimates. Estimates and judgments 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 676 million as at 31 December 2013, compared to R4 369 million as at 30 June 2013 and R4 596 million as at 31 December 2012.

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 for a potential administrative penalty by the Competition Commission.

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

	H1 F2014 Six months ended 31 Dec 2013 Unaudited	H1 F2013 Six months ended 31 Dec 2012 Unaudited Restated*	F2013 Year ended 30 June 2013 Unaudited Restated*
Revenue from continuing operations – (R'000)	**7 660 338**	4 918 761	10 720 347
Total operating margin per income statement – %	**4.3**	5.2	4.9
Core operating margin per segmental report – %	**4.3**	5.1	5.0

* *Restated following the adoption of IAS19 (Revised), Employee Benefits, where the groups pension fund surplus gains or deficits are allocated between earnings and 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 provided in November 2013. The Civil Engineering segment was affected by a decrease in profit recognition following management's more cautious view on the forecast completion margin on two contracts, one of which will be completed during F2014.

Investments and Concessions

	H1 F2014 Six months ended 31 Dec 2013 Unaudited	H1 F2013 Six months ended 31 Dec 2012 Unaudited	F2013 Year ended 30 June 2013 Audited
Revenue – (R'000)	**426 730**	334 700	728 517
Core operating margin – %	**20.9**	22.6	23.9

Investments and Concessions consists of transport concessions and property developments.

This cluster contributed 5.4% (H1 F2013: 6.6%) to group revenue.

Investments and Concessions delivered another strong performance despite weak concessions markets. Revenue, which consists primarily of fees for the operation and maintenance of toll roads, increased by 27.5% from R334,7 million to R426,7 million. The core operating profit margin decreased from 22.6% to 20.9%, with core operating profit of R89,3 million (H1 F2013: R75,6 million). This operating profit includes fair value adjustments of R28,4 million (H1 F2013 R29,1 million).

The real estate public private partnership (PPP) concessions in South Africa, where the group is the preferred bidder on Munitoria and Department of Rural Development and Land Reform are now moving positively, with financial close anticipated during F2014. The outcome of the government's implementation of the Gauteng Freeway tolling system, the unresolved dispute in government on the N1-N2 Winelands concession and the work being executed by the Presidential Infrastructure Coordinating Commission will be crucial in providing more clarity on the outlook for transport concessions.

African concession opportunities remain attractive, with tolling on the group's Zimbabwe roads project progressing well and further new projects under development in transport and power projects. Real estate and transport PPP concessions are being developed for public sector facilities in several African countries with South African government support.

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 at a faster rate now. The business' success in managing a property portfolio for an international property fund that provides annuity income is also progressing well. The business has been driving an over-border African strategy, with some traction in property developments achieved in West and Central Africa.

The sentiment for concessions in Eastern Europe has recently turned positive in the period under review from neutral 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 Croatia, Hungary, Poland, Bosnia, Latvia, Macedonia, Kosovo, Romania, Russia and Bulgaria.

Engineering & Construction (E+C)

	H1 F2014 Six months ended 31 Dec 2013 Unaudited	H1 F2013 Six months ended 31 Dec 2012 Unaudited	F2013 Year ended 30 June 2013 Audited
Revenue – (R'000)	**1 589 071**	408 094	1 170 220
Core operating margin – %	**3.1**	2.6	2.4

The E+C business was established to deliver technology-based EPC, multi-disciplinary project management and construction, as well as operations and services solutions to selected growth sectors such as power, oil and gas and water. The E+C business is a direct beneficiary of the group's strategy of moving to full turnkey delivery in key growth sectors. It continues to expand rapidly off a burgeoning order book in power and oil and gas.

The cluster's order book is secured for at least 18 months, which allows for more selective targets on future work. The cluster has quickly gained a strong market position and delivery is now in progress. 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 and solar) and in the nuclear industry.

The oil and gas business stream has seen an increase in its project and long term services order book. In addition, it is pleasing to report that the group's first nuclear contract for construction work at Eskom's Koeberg nuclear power station is progressing to programme.

This cluster contributed to 20.2% (H1 F2013 8.0%) to group revenue. During the period, revenue increased by 289.4% from R408,1 million (79% local) to R1,6 billion (98% local). This resulted in a core operating profit margin of 3.1% (H1 F2013: 2.6%) in line with expectations.

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

Manufacturing

	H1 F2014 Six months ended 31 Dec 2013 Unaudited	H1 F2013 Six months ended 31 Dec 2012 Unaudited	F2013 Year ended 30 June 2013 Audited
Revenue – (R'000)	**532 686**	508 641	1 061 257
Core operating margin – %	**7.9**	6.8	7.9

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

Manufacturing contributed 6.8% (H1 F2013: 10.0%) to group revenue. Revenue increased 4.7% from R508,6 million in H1 F2013 to R532,7 million. The reported core operating profit for the period was R42,1 million. This was 21.4% higher than the prior year of R34,7 million, resulting in a core operating margin of 7.9% (H1 F2013: 6.8%).

The excellent Manufacturing result is a reflection of the stability that has been created in the cluster over the last 18 months by the management team. Excellent progress has been made in the implementation of capacity expansion and de-bottlenecking activities in Everite and Group Five Pipe.

The modular housing systems business, Advanced Building Technologies (ABT), reflected subdued sales of public sector transitional accommodation due to delays in provincial administration and constrained delivery against client funding availability. Group Five Pipe and BRI performed well, with the Pipe factory securing significant order intake related to large water transport project demand. This provides good line of sight for F2014. There is severe price pressure in the rebar (BRI) markets due to recent market consolidation and over-capacity. Demand remains weak, but there are early signs of a tentative recovery.

Construction

	H1 F2014 Six months ended 31 Dec 2013 Unaudited	H1 F2013 Six months ended 31 Dec 2012 Unaudited	F2013 Year ended 30 June 2013 Audited
Revenue – (R'000)	**5 301 546**	3 857 738	8 170 869
Core operating margin – %	**2.9**	3.6	3.3

Construction continued to be the largest cluster in the group, contributing 67.5% to core group revenue (H1 F2013: 75.5%). Construction revenue increased by 37.4% from R3,9 billion to R5,3 billion and core operating profit increased by 11.0% from R139,1 million to R154,4 million. The overall Construction core operating profit margin declined.

Over-border work contributed 32% (H1 F2013: 37%) to Construction revenues.

The H1 F2014 result for the Construction cluster represents solid growth, although with some diversity in performance across the cluster. The result was affected by:

- a more cautious view on margins in the Civil Engineering segment on two contracts,
- weak revenue in Housing due to start-up delays by clients,
- lean margins in the Buildings market, despite the group maintaining its excellent contract execution record,
- a continued solid result from the Projects segment , primarily on the back of African mining spend with some local activity in coal mining and power.

Building and Housing

	H1 F2014 Six months ended 31 Dec 2013 Unaudited	H1 F2013 Six months ended 31 Dec 2012 Unaudited	F2013 Year ended 30 June 2013 Audited
Revenue – (R'000)	**2 229 578**	1 526 333	3 236 000
Core operating margin – %	**2.1**	2.0	1.2

The results continue to illustrate the extremely tough conditions in this segment, with thin margins prevailing despite excellent execution performance.

Building and Housing revenue increased by 46.1% from R1,5 billion (91% local) to R2,2 billion (98% local). The segment reported a 57.6% increase in core operating profit from R30,3 million to R47,8 million. This resulted in the overall core operating margin percentage increasing from 2.0% to 2.1%.

The increase in activity in the upper end of the private sector large buildings market experienced late in F2013 has slowed again, with only a few significant awards during the period. The group continues to secure contracts at the key development of Waterfall in Gauteng. However, new work opportunity has slowed there as well, but is expected to recover in the short to medium term.

South African mine housing continues to be an active market where the group has a significant track record. The Building and Housing order book was recently enhanced, with the addition of a sizeable mine housing contract award.

Public sector building work is slowly improving in healthcare, justice and some educational facilities. The social and affordable housing market continues to disappoint. Although there seems to be a willingness to increase spending on housing and related infrastructure projects, there is little visibility and, when housing contracts are awarded, administrative delays generally hamper start up. The group's list of social housing contracts where it is the preferred bidder is extensive, but not loaded into the reported order book due to the continued delays by local and provincial government in releasing the contracts for construction.

Internationally, the group is targeting 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 R4,3 billion (99% local) (F2013: R4,4 billion and 98% local). The total secured order book stands at R6,6 billion (99% local) (F2013: R5,6 billion and 98% local).

Civil Engineering

	H1 F2014 Six months ended 31 Dec 2013 Unaudited	**H1 F2013 Six months ended 31 Dec 2012 Unaudited**	**F2013 Year ended 30 June 2013 Audited**
Revenue – (R'000)	**2 052 325**	1 458 740	3 217 121
Core operating margin – %	**1.5**	3.3	3.4

Civil Engineering includes the group's civil engineering activities in South Africa, the rest of Africa and the Middle East. Civil Engineering reported a 40.7% increase in revenue from R1,5 billion (61% local) to R2,1 billion (54% local), while the core operating profit was R31,7 million (H1 F2013: R48,8 million).

Civil Engineering experienced record revenues, with the underlying business generating margins as guided in the group's November 2013 update to stakeholders. However, as outlined earlier in this review, margins have been impacted by management's more cautious view on the estimated final completion margin on two large contracts due to timing delays. One contract is expected to be completed in F2014. Constructive discussions continue with both clients.

The Middle East operations close-out has continued, with good progress on the shedding of overheads and settling of contract final accounts with our clients, JV partners and sub-contractors.

Tendering activity is high and good prospects exist, although large target contracts have not yet been awarded. The level of activity in African mining bids has also slowed, although budgetary enquiry levels remain high.

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

Projects

	H1 F2014 Six months ended 31 Dec 2013 Unaudited	H1 F2013 Six months ended 31 Dec 2012 Unaudited	F2013 Year ended 30 June 2013 Audited
Revenue – (R'000)	**1 019 643**	872 665	1 717 748
Core operating margin – %	**7.3**	6.9	6.7

Excellent results were again delivered in Projects, with African mining continuing to support the order book. Whilst general activity levels have slowed, our reputation for delivery is acknowledged when contracts are awarded. Several significant contracts are expected in Namibia, Mozambique and Liberia, where the group has recently commenced operations after being awarded the construction of the Liberty Gold mining plant. The business has also achieved success in the South African market through mechanical and electrical construction activities in the mining, power and oil and gas sectors in collaboration with fellow business units within the group.

During the period, revenue increased by 16.8% from R872,7 million (19% local) to R1,0 billion (28% local). Core operating profit increased by 24.8% from R59,9 million to R74,8 million. The core operating profit margin percentage increased to 7.3% (H1 F2013: 6.9%).

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

PROSPECTS

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

The group's total secured Contracting order book (Construction and Engineering & Construction order book) stands at R14,0 billion (June 2013: R14,2 billion and December 2012: R13,5 billion). In addition, the group has R4,8 billion in secured operations and maintenance contracts (June 2013: R4,8 billion and December 2012: R4,6 billion). The overall group reported order-book at December 2013 thus stands at R18,8 billion. (June 2013: R19,0 billion and December 2012: R18,1 billion). The value of the group's target opportunity pipeline stands at R174 billion, which has remained largely unchanged from R179 billion at June 2013 and R124 billion at December 2012, with R131 billion of this pipeline currently in tender and pre-tender stage.

The pipeline indicates a further shift in favour of oil and gas, as well as a strong transport sector. Water projects are slowly coming to market but real estate looks to be somewhat slower.

The group has made good progress against its two year internal fitness programme. The implementation of much of the process and structure changes, together with the efficiency initiatives, has set a more solid base.

The outlook for the business in the short term is fair to good. The order book is being replenished in line with the group's strategy, with several strong short term prospects in support of African expansion, particularly in power, transport infrastructure and real estate.

DIVIDEND DECLARATION

On 11th February 2014 the directors declared a gross interim dividend of 45 cents per ordinary share (38.59142 cents per ordinary share net of dividend withholding tax and STC credits) (H1 F2013: 32 cents).

The dividend has been declared from income reserves.

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

- The dividend is subject to dividend withholding tax at 15% (6.75 cents per share). In determining dividend withholding tax, STC credits must be taken into account
- The STC credits utilised per share amounts to 2.27611 cents per share
- The net dividend will therefore be 38.59142 cents per share for shareholders who are not exempt from dividends withholding tax
- The amount of shares in issue at the date of this declaration is 111 769 256 (110 457 685 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)	Friday 4 April 2014
Shares to commence trading (ex-dividend)	Monday 7 April 2014
Record date (date shareholders recorded in books)	Friday 11 April 2014
Payment date	Monday 14 April 2014

No share certificates may be dematerialised or rematerialised between Monday 7 April 2014 and Friday, 11 April 2014, both dates inclusive

BASIS OF PREPARATION

These consolidated condensed interim financial statements for the six months ended 31 December 2013 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 2008, as amended.
The consolidated condensed interim financial information should be read in conjunction with the annual financial statements for the year ended 30 June 2013, 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), IAS 28: Investments in Associates and Joint Ventures (Revised).

The adoption of IFRS 11 and IAS 19 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 minority income, on the consolidated income statement, for selected Construction operations, which were previously proportionately consolidated, but are now fully consolidated.

IAS 19:

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.

The above information has not been reviewed or reported on by Group Five's auditors.

EXECUTIVE COMMITTEE CHANGE

The group also announces that executive committee member MJ Allie, who is responsible for human resources, will be leaving the group at the end of February 2014 in pursuit of career challenges in a new sector. During his near seven-year tenure at the group, he delivered on his mandate of building a strong human resources and transformation platform. Allie leaves behind an experienced team of senior members. The process for his successor is already underway. The group thanks him for his valuable contribution.

BOARD CHANGES

DDS Robertson retired from the group's board of directors on 5 November 2013 and L Bakoro resigned from the group's board of directors on 11 February 2014. We thank both directors for their valuable contribution to the board.

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

11 February 2014

Board of directors: P Mthethwa * (Chairperson), MR Upton (CEO), CMF Teixeira (CFO), Dr JL Job*, SG Morris*, KK Mpinga*•

** (Non-executive director) • (DRC)*

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