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Audited results for the year ended 30 June 2006

Agenda

- Key messages and actions
- Financial highlights
- Financial review
- Business review



Key messages and actions



Key messages

- Sixth year of consecutive earnings growth and third consecutive year of cash generation
- Strong operating performance, particularly in construction
- Reorganised and refocused
- Continual improvement in annual report disclosures



Key actions – F2006

Growth & repositioning strategies	Issues addressed
<ul style="list-style-type: none"> ▪ Concluded BEE ownership deal 	<ul style="list-style-type: none"> ▪ Exited Indian business
<ul style="list-style-type: none"> ▪ Concluded sale of JSE bare dominium's 	<ul style="list-style-type: none"> ▪ Terminated Monkey Bay roads contract in Malawi
<ul style="list-style-type: none"> ▪ Concluded sale of Vaal, DPI, WSSA and G5 Saudi Pipe 	<ul style="list-style-type: none"> ▪ Restored governance in Angola
<ul style="list-style-type: none"> ▪ Turnaround in Civil Engineering, Roads and Earthworks business 	
<ul style="list-style-type: none"> ▪ Refocused in Africa (operating in less countries) 	
<ul style="list-style-type: none"> ▪ Expanded operations in Dubai 	
<ul style="list-style-type: none"> ▪ Streamlined operations via consolidation of business units 	



Financial highlights



Financial highlights

	CHANGE 2005 - 2006	2006 Audited	2005 Audited Restated	2004 Restated
Revenue – R millions	↑ 30,1%	5 865	4 508	3 810
Operating profit – R millions	↑ 108,1%	241	116	98
Headline earnings per share – Rand	↑ 34,7%	1,93	1,43	1,48
Headline earnings per share from continuing operations – Rand	↑ 98,4%	2,22	1,12	1,02
Dividends per share – cents	↑ 14,3 %	56	49	44
Earnings per share – Rand	↑ 7,4%	1,95	1,82	1,84
Earnings per share from continuing operations – Rand	↑ 49,0%	2,24	1,50	1,37
Net cash generated – R millions	↑ 251,6%	391	111	49



Financial review

- Key performance indicators
- Segmental analysis
- Liquidity and cash resources
- IFRS adoption



Income statement

	2006 Audited R millions	2005 Audited Restated R millions	2004 Audited Restated R millions
Revenue		4 508	3 810
Operating margin %			2,6%
Operating profit			98
Other income -			50
Profit before interest and taxation			148
Finance costs			(30)
Profit before tax			118
Effective tax rate			19%
Profit from continuing operations			95
(Loss)/profit from discontinued operations		22	32
Net income	148	130	127

•Adopted IFRS with effect from 1 July 2005 (all comparatives restated)

•WSSA, Vaal, DPI, Group Five Saudi Pipe and India disclosed as discontinued operations in terms of IFRS 5



*Financial review –
Key performance indicators*



Key financial ratios at Group Five

	Year June 2006 Audited	Year June 2005 Audited Restated	Year June 2004 Audited Restated	Super- ordinate goals
- Dividend Cover	3,5	3,7	4,2	n/a
- Profit margin %	4,1%	2,6%	2,6%	5,0%
- Gearing – debt to equity ratio %	-	2,5%	22,3%	33
- Capital Expenditure (R million)	266	202	166	n/a
- Interest Cover	8,6	6,2	5,0	n/a
- Cash generated (R million)	391	111	49	148
- Revenue per employee (R 000's)	573	492	369	n/a
- External bank guarantees available (R million)	1 410	1 028	198	n/a
- Return on shareholders interest %	25%	26%	33%	25%
- Secured 12 month order book (R million)	4 653	4 000	3 030	n/a
- Revenue over border – %	37%	31%	36%	33%



Financial review – Segmental analysis



Segmental analysis – Revenue

Business	% increase	2006 R'000	2005 R'000
Infrastructural Developments	39	316 217	227 290
Property Development Services	34	126 970	94 773
Infrastructure Development Services	43	189 247	132 517
Manufacturing	6	472 975	446 308
Everite Building Products	4	450 736	431 776
Group Five Pipe	53	22 239	14 532
Construction	32	5 075 529	3 834 687
Building and Housing	23	2 788 466	2 268 610
Civil Engineering and Roads and Earthworks	58	1 662 700	1 051 679
Engineering Projects	21	624 363	514 398
Total	30	5 864 721	4 508 285



Segmental analysis – Operating profit

Business	% increase	2006 R'000	2005 R'000
Infrastructural Developments	87	32 450	17 378
Property Development Services	125	25 244	11 240
Infrastructure Development Services	17	7 206	6 138
Manufacturing	68	60 651	36 157
Everite Building Products	66	57 109	34 369
Group Five Pipe	98	3 542	1 788
Construction	138	147 698	62 151
Building and Housing	84	81 467	44 158
Civil Engineering and Roads and Earthworks		51 650	(9 712)
Engineering Projects	(47)	14 581	27 705
Total	108	240 799	115 686



*Financial review –
Liquidity and cash resources*



Cash flow (R million)

	Year to June 2006 Audited	Year to June 2005 Audited Restated
Operating cash	307	141
Working capital changes	294	121
Cash from operations	601	262
Finance costs	(30)	(26)
Tax & dividends paid	(194)	(97)
Net cash from operating activities	377	139
Fixed assets – (net)	21	(17)
Investment & financing – (net)	94	(31)
Cash (utilised in)/generated from discontinued operations	(101)	20
Net increase in cash	391	111



Capital expenditure (R million)

	Year to June 2007 Budget	Year to June 2006 Audited	Year to June 2005 Restated
Everite			
• Expansion	41 000	–	–
• Maintenance	–	27 026	20 723
Mobile plant and equipment			
• Expansion	69 000	61 768	–
• Maintenance	40 000	41 178	87 077
Middle East			
• Expansion	60 000	33 282	6 753
IT	40 000	35 200	24 934
Other	–	67 539	62 013
TOTAL	250 000	265 993	201 500



Financial review – IFRS adoption



New accounting standards

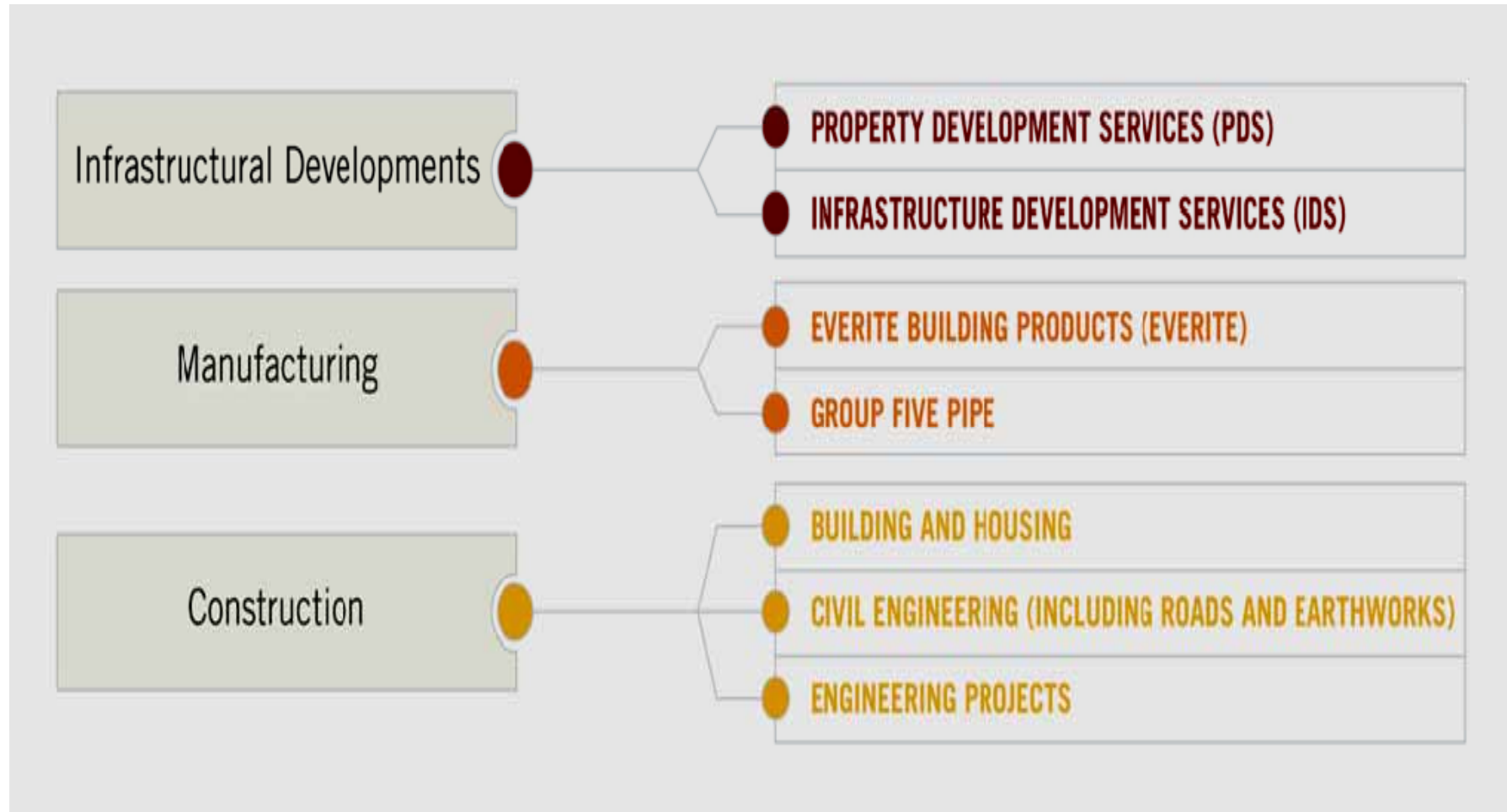
- With effect from 1 July 2005, the Group adopted International Financial Reporting Standards (IFRS) using certain exemptions allowed under IFRS1.
- The pre-tax effect on earnings reported for the year ended 30 June 2005 was R6,7million as a result of employee share option accounting, component depreciation for property, plant and equipment and foreign translation.
- For mobile plant and equipment, an exemption under IFRS1 was used whereby fair value was used as deemed cost at 1 July 2004.
- In adopting IAS21 “Foreign Exchange”, the IFRS 1 exemption was used whereby IAS 21 is applied prospectively and cumulative translation gains at 1 July 2004 are set at zero.
- The discount of R51million arising on the issue of shares to iLimaMvela has been accounted for through equity; accounting guidance now received from SAICA for years beginning on or after 1 May 2006 confirms that such amounts should be expensed with retrospective application; the discount arising on the Broad Based employee share grants and Black Management share grants have been accounted for under IFRS 2.



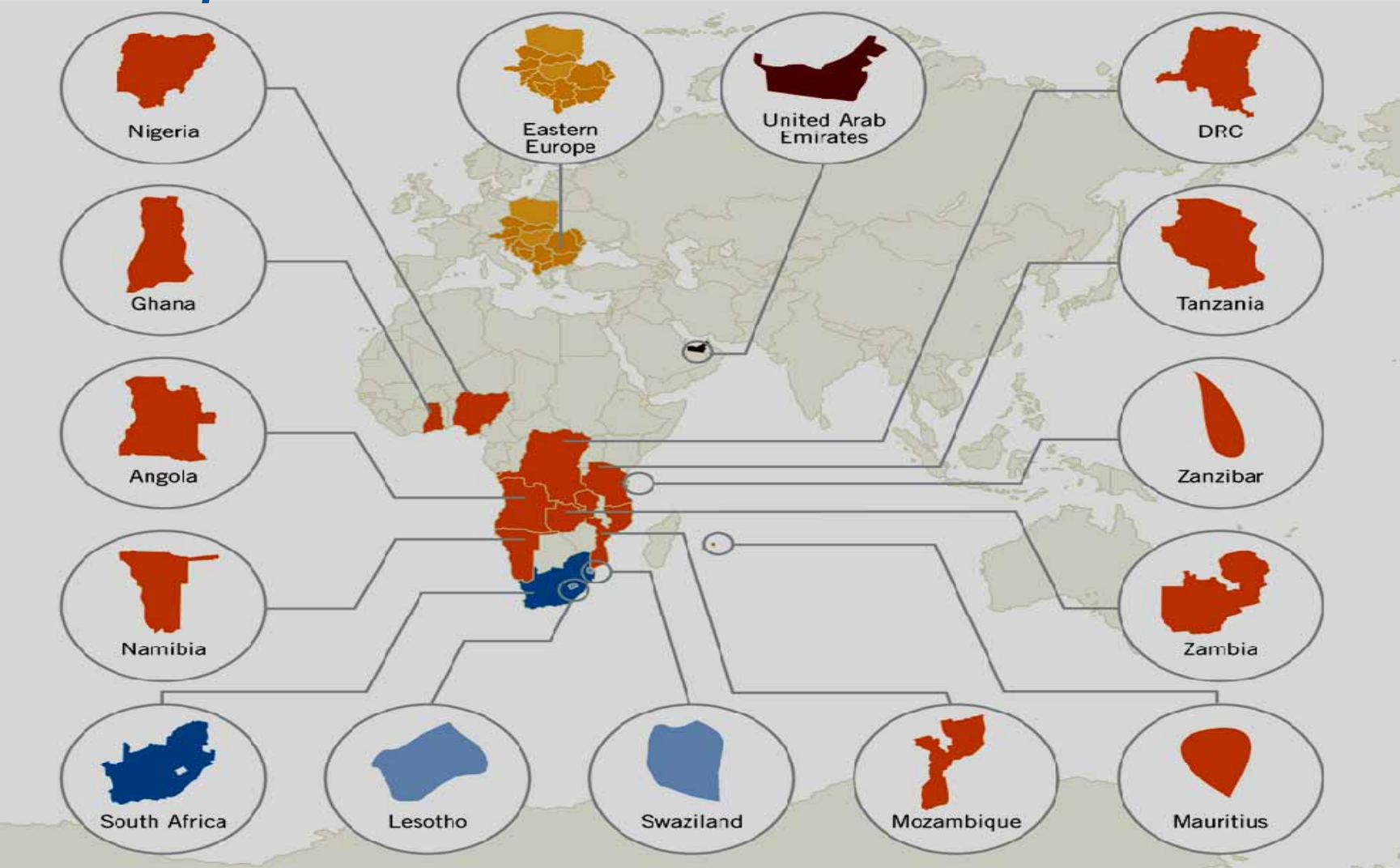
Business review



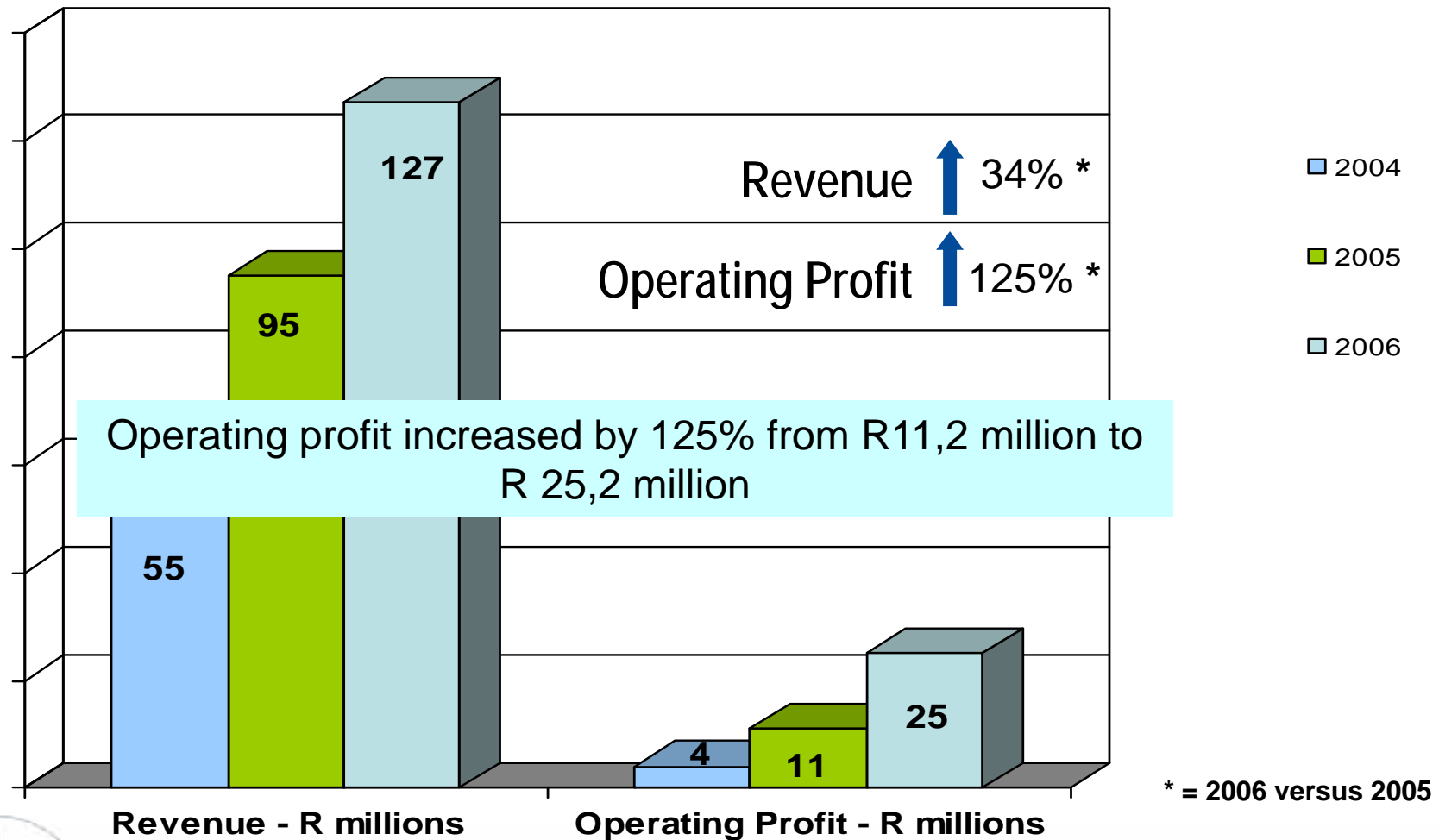
Revised group structure



G5 Footprint



Infrastructural Developments – Property Development Services



Infrastructural Developments – Property Development Services

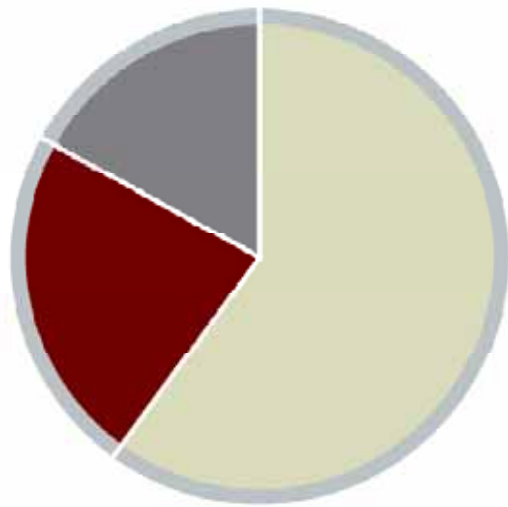
Performance

- Business established two years previously.
- Characterised by lengthy lead and deal conclusion times.
- In addition, R26,5 million (2005: R6,7 million) recognised as fair value profits on sale of JSE bare dominiums for R73,9 million.
- Business growing from strength to strength and currently reviewing 20 projects.



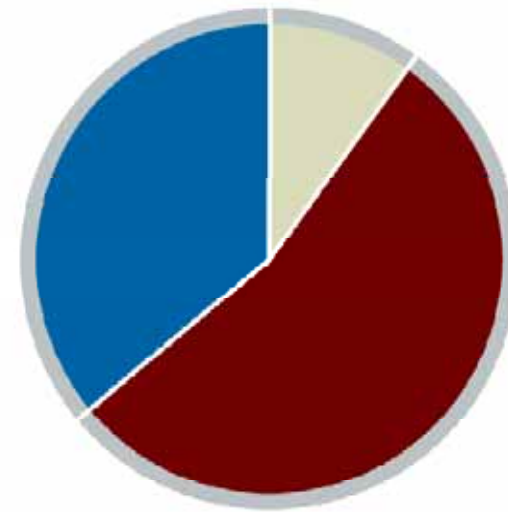
Infrastructural Developments – Property Development Services

Operating profit by property type – 2006



Industrial	60%
Commercial	23%
Residential	0%
Investment	17%

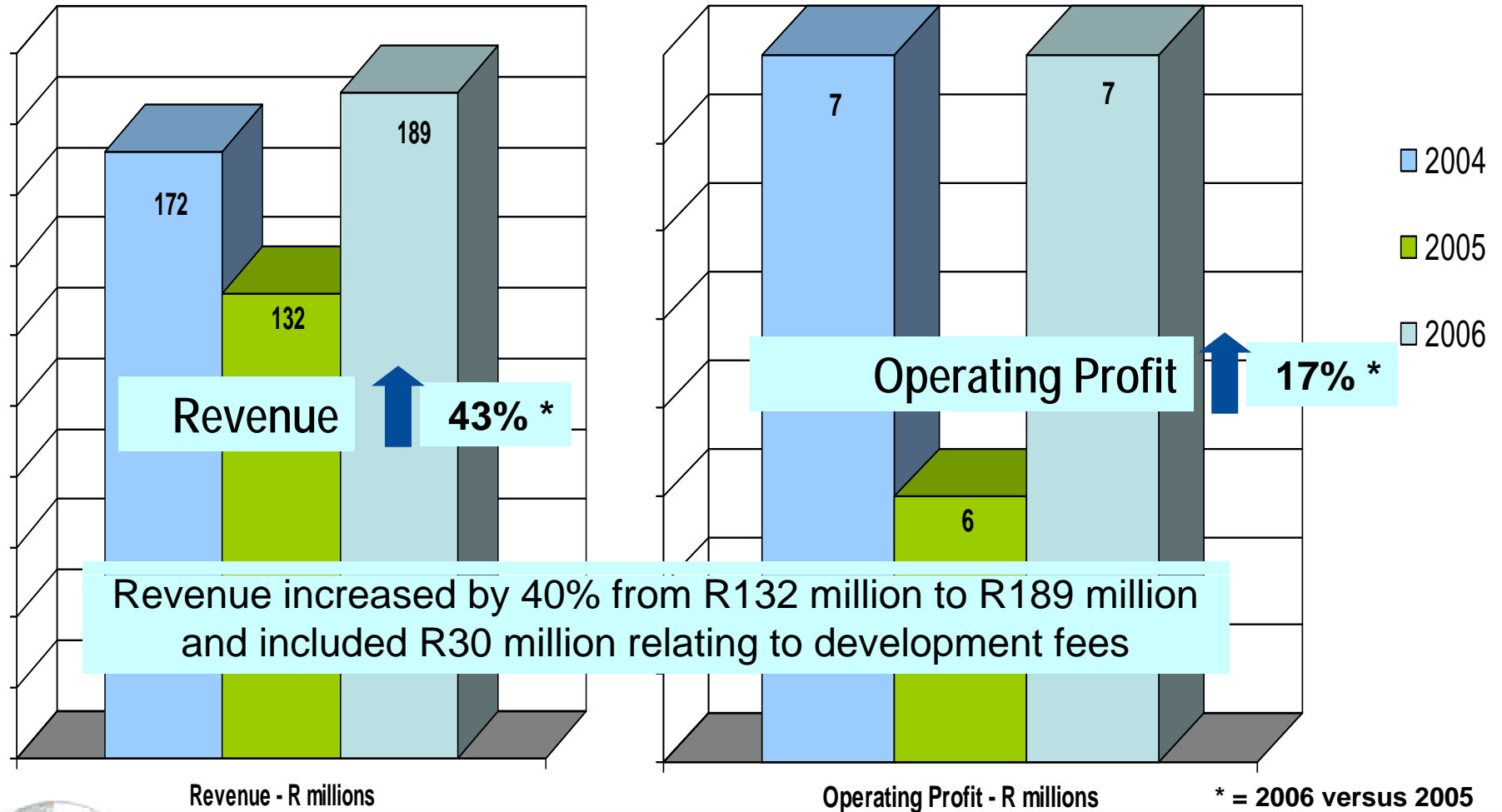
Operating profit by property type – 2005



Industrial	10%
Commercial	54%
Residential	36%
Investment	0%



Infrastructural Developments – Infrastructure Development Services



Infrastructural Developments – Infrastructure Development Services

Performance

- This business concentrates on the development of large-scale infrastructure contracts, typically those with a construction value significantly above R1 billion and which are often characterised by PPP concessions, together with toll road operations and maintenance contracts.
- Due to the size and complexity of contracts, lead times to successful contract implementation can be long.
- Operating profit increased by 17.4% to R7,2 million but overall margin % decreased from 4.6% to 3.8% due to the write off of project development costs relating to projects no longer pursued.
- In addition, a fair value adjustment of R1,4 million (2005: R35,7 million) was recorded relating to the investment in the service concessions.



Infrastructural Developments – Infrastructure Development Services

Long-term concession interests

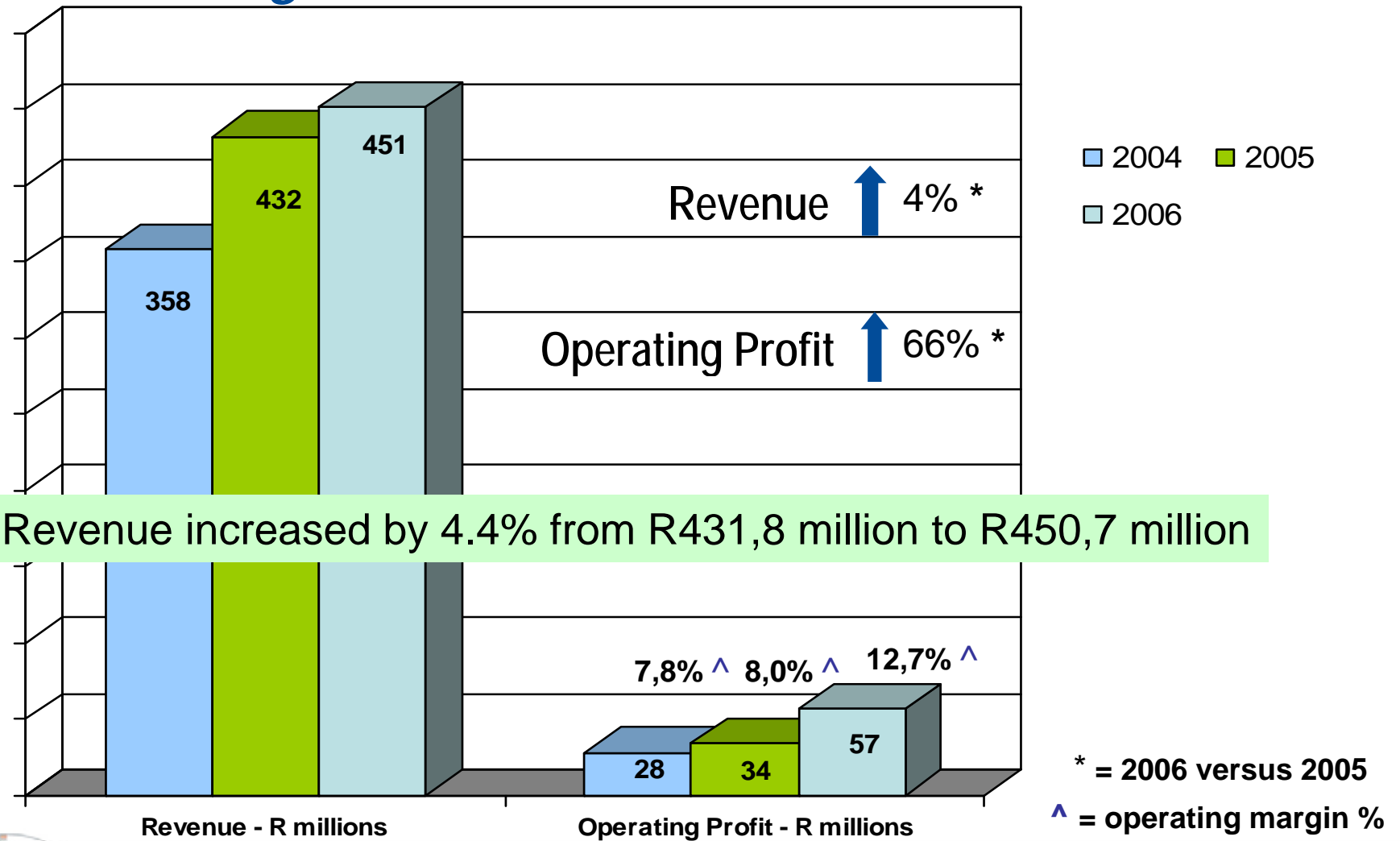
Value 30 June							
Name	Country	Kms	% interest	Concession period	Current status	2006 R'000	2005 R'000
M5	Hungary	157	3.5	25 years	Construction complete; operational	40 535	59 403
A1	Poland	89,6	15	30 years	Construction commenced in August 2005	19 166	22 965
Total						59 701	82 368

Short-term annuity operations and maintenance revenue

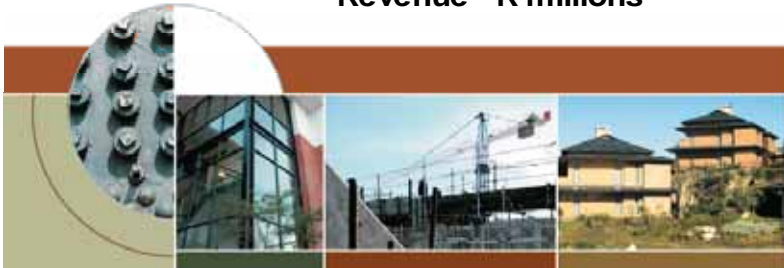
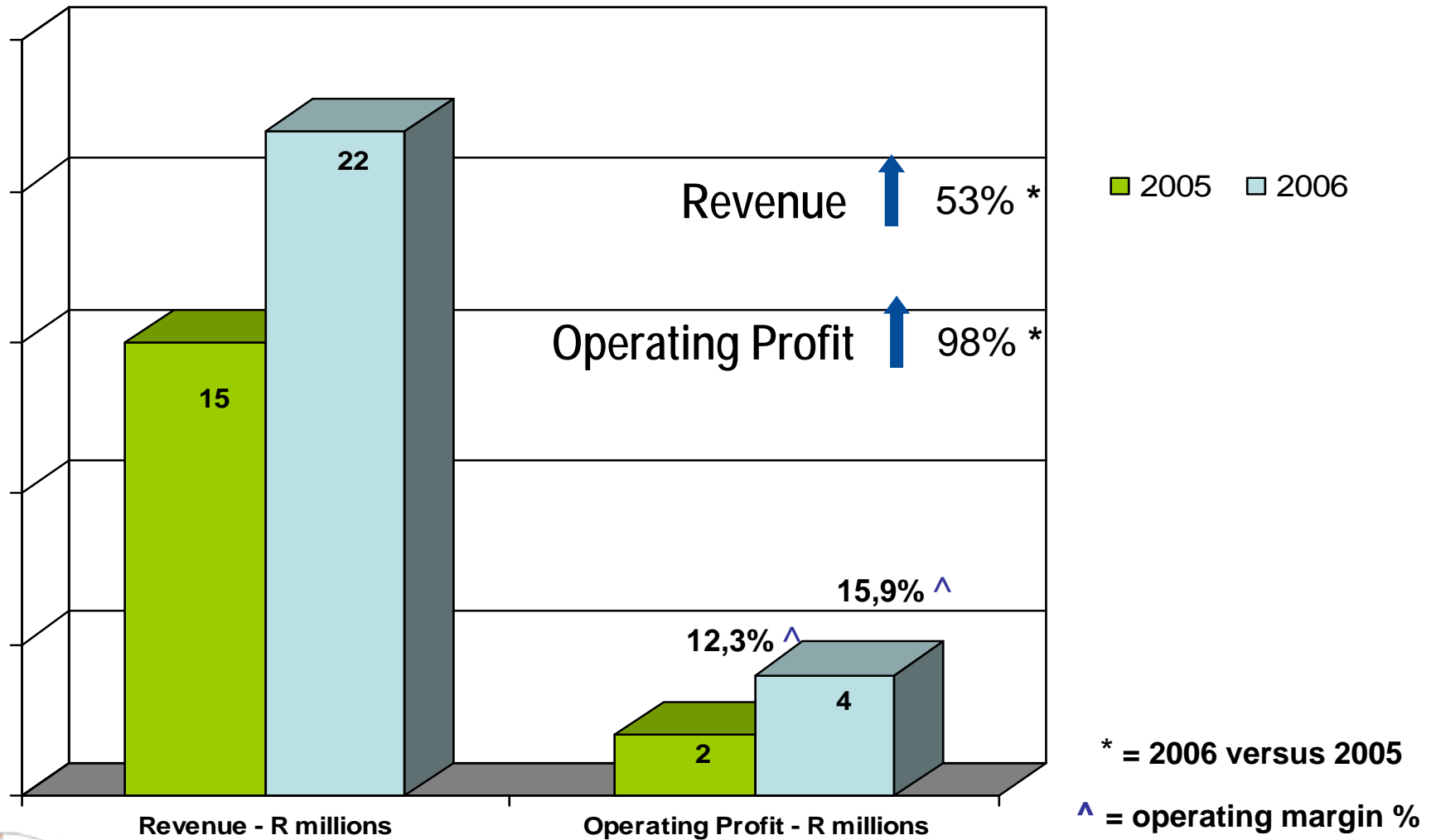
Name	Country	Kms	Duration of contract
N1 North	South Africa	359,5	March 2010
N1 South	South Africa	396,3	March 2010
Marianhill Toll Plaza	South Africa	3	May 2007
N2 South	South Africa	72	July 2006
Magalies	South Africa	22,2	April 2009
M5	Hungary	157	December 2009
M6	Hungary	58,6	December 2010



Manufacturing - Everite



Manufacturing – Group Five Pipe



Manufacturing

Factory performance

Factory performances at the manufacturing plants were as follows:

Year ended 30 June		
Everite	2006 m²v ('000)	2005 m ² v ('000)
Actual production	15 035	14 500
Total sales	14 652	14 880
Group Five Pipe	2006 tons	2005 tons
Actual production	14 155	3 175
Total sales	10 112	3 175



Manufacturing

Performance – Everite Building Products



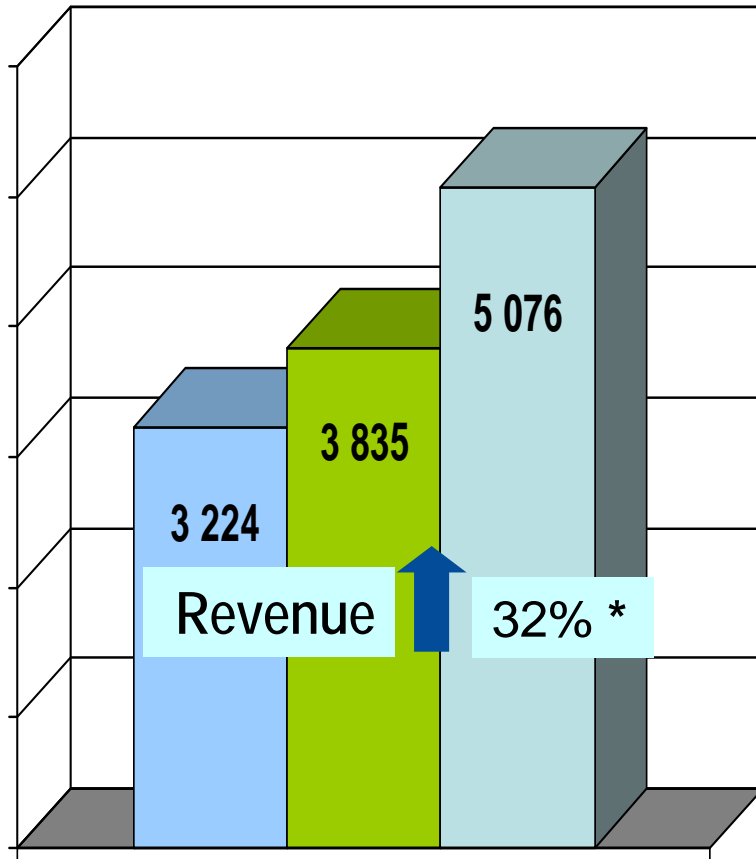
- Operating profit increased by 74.9% from R34,3 million to R57,1 million resulting in operating margins increasing by 4.7% from 8% to 12.7%.
- Residential demand, in particular within affordable low cost housing, is significant and the group is investing R50 million to increase capacity by 25% over the next year.

Performance – Group Five Pipe

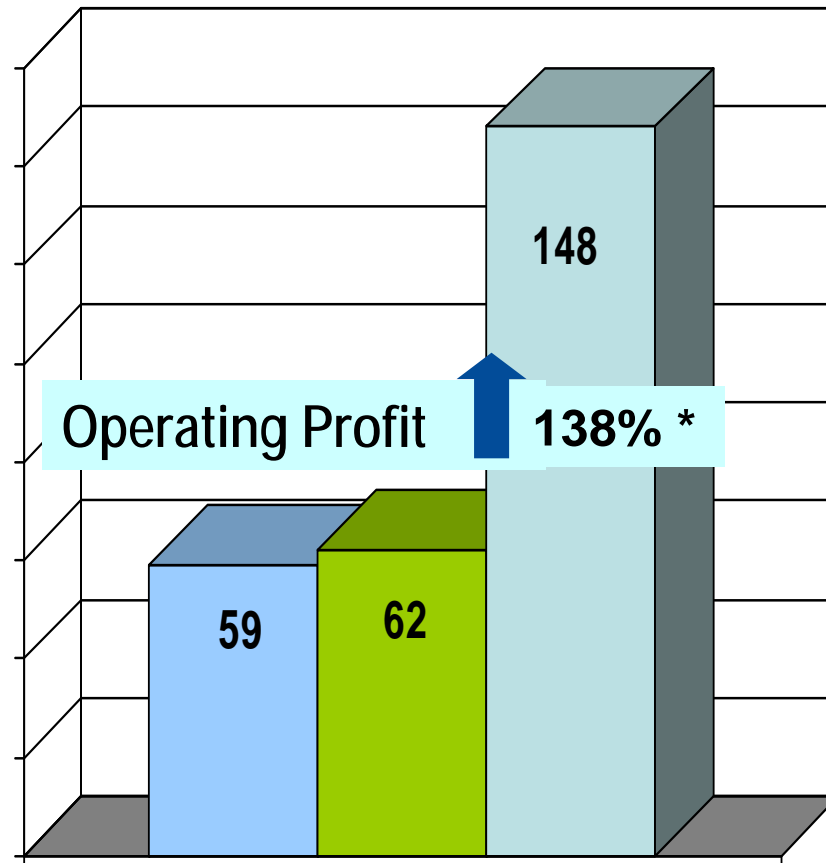
- VRESAP contract with full effect coming through next year.
- This is a very focused business that is dependent on large-scale contracts.



Construction



■ 2004 ■ 2005 ■ 2006



Operating Profit - R millions

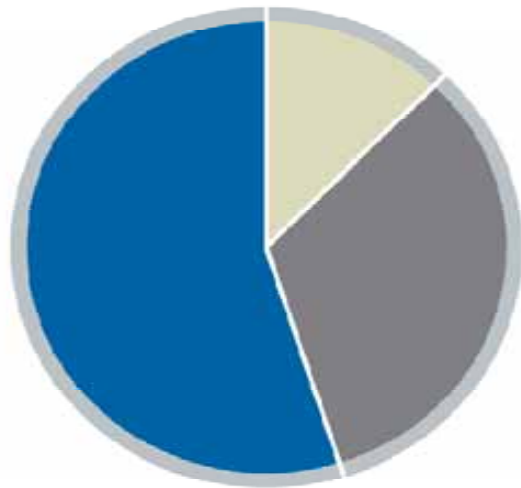
■ 2004 ■ 2005 ■ 2006

* = 2006 versus 2005



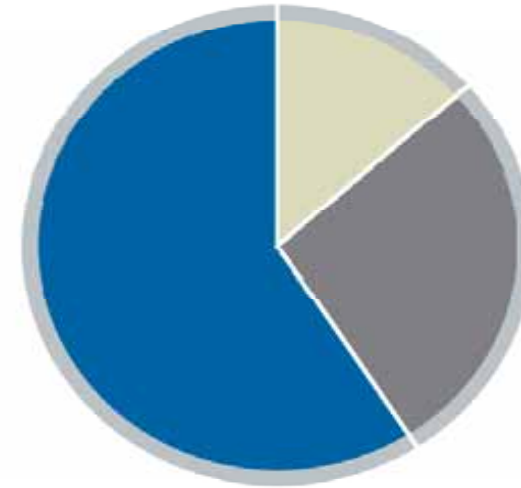
Construction – revenue by business

Revenue by business – 2006
(R million)



Engineering Projects	624	12%
Civil Engineering and Roads and Earthworks	1 663	33%
Building and Housing	2 788	55%

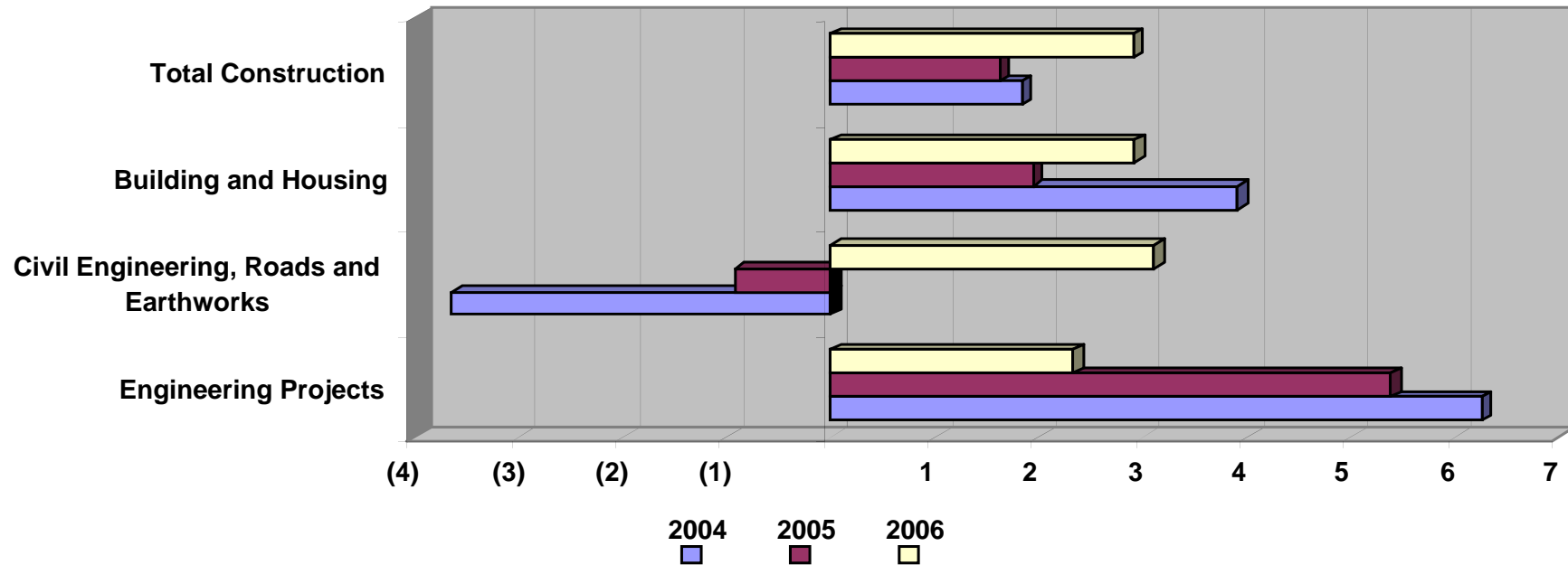
Revenue by business – 2005
(R million)



Engineering Projects	514	13%
Civil Engineering and Roads and Earthworks	1 052	27%
Building and Housing	2 269	60%



Construction – operating margin % by business



Continued strong growth with

- Operating profit increasing by 138% to R147,9 million (2005: R62,2 million)
- Overall margin improved from 1,5% to 2,9%
- Over-border work contributing 44,2% (2005: 41,1%) to revenue



Construction – order book

Secured order book (R millions)				
Period	Total	Building and Housing	Civil Engineering	Engineering Projects
Year ended 30 June 2005 (actual)	3 835	2 269	1 052	514
Percentage over-border	41	31	51	66
Year to 30 June 2006 (actual)	5 075	2 788	1 663	624
Percentage over-border	44	27	65	67
Year to 30 June 2007	4 653	2 489	1 764	400
Percentage over-border *	42	20	63	87
Estimated annual capacity	6 000	3 000	2 300	700

* = capacity based on current resources and skills

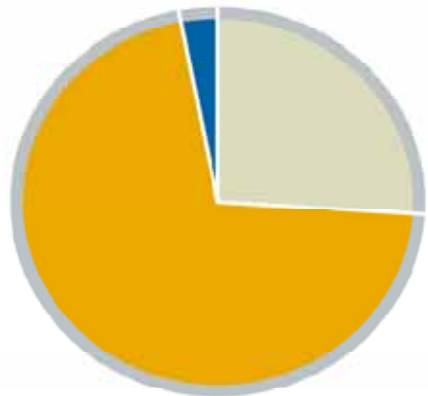


Construction

Performance – Building and Housing

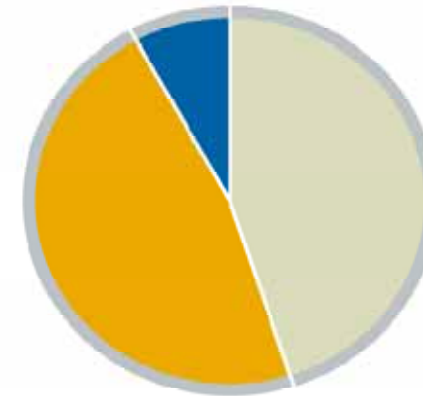
- Revenue increased by 22.9% to R2 788 million.
- Operating profit almost doubled to R81,6 million.
- Operating margin increased by 1% to 2.9%.
- Strong performance from East Africa offsetting fully provided losses in Angola.

Building and Housing construction revenue by industry type – 2006



Residential	26%
Commercial/retail	71%
Industrial	3%

Building and Housing construction revenue by industry type – 2005



Residential	45%
Commercial/retail	47%
Industrial	8%

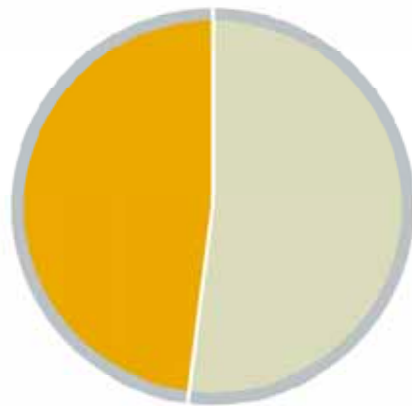


Construction

Performance – Civil Engineering (including Roads and Earthworks and Dubai businesses)

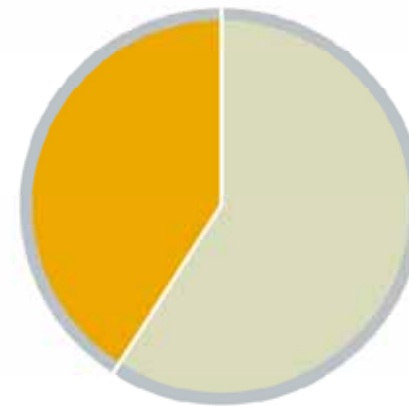
- Revenue increased by 57.4% to R 1 663 million.
- Operating loss turned around to an operating profit of R51,7 million.
- Operating margin increased to 3.1% from a loss in the prior year.
- Strong performance from Dubai and non recurrence of Roads losses.

Civil Engineering and Roads and Earthworks construction revenue by industry type – 2006



Public 52%
Private 48%

Civil Engineering and Roads and Earthworks construction revenue by industry type – 2005



Public 59%
Private 41%

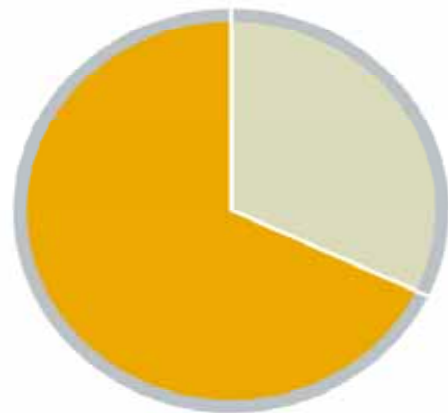


Construction

Performance – Engineering Projects

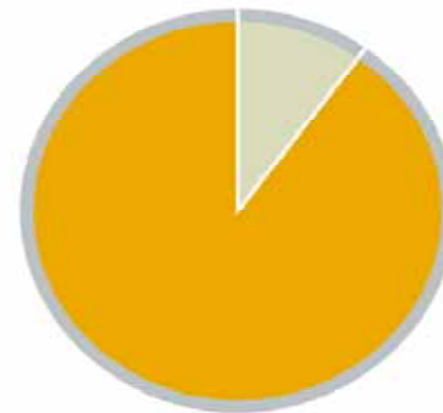
- Revenue increased by 21.4% to R514 million.
- Operating profit decreased by 47.4% to R14,6 million.
- Operating margins decreased by 3.1% to 2.3%.
- Business hampered by two poor performing contracts, one in Angola, for which all losses have been provided.

Engineering Projects construction revenue by industry type – 2006



Oil, gas and power 32%
Mining and industrial 68%

Engineering Projects construction revenue by industry type – 2005



Oil, gas and power 10%
Mining and industrial 90%



Prospects



Prospects

- Prospects in PDS remain positive particularly in the commercial and industrial markets and in the low-to-middle-income residential housing bracket.
- Improvement in IDS going forward due to growing contribution of the higher-margin toll road contracts in Hungary.
- Continued growth from Everite due to strong affordable housing demand and increasing capacity.
- Prospects for F2007 are positive for Building and Housing with a secured one-year order book already in the region of R2,5 billion.
- Civil project tender activity locally and in Africa as well as Dubai, continues to increase.
- The Engineering Projects business is generally a high margin business due to the specialised nature of its work and it has a one-year secured order book of R400 million at higher margins with capacity for a further R300 million.
- Overall the construction order book of R4,7 billion should lead to good earnings growth for F2007.



Questions

