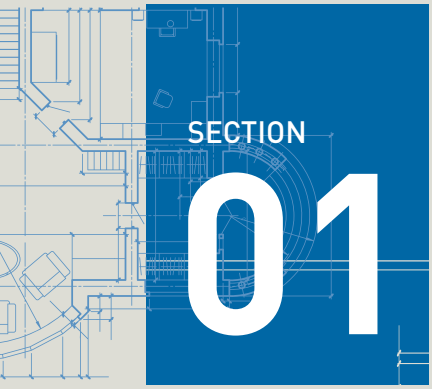


Introduction to the group

The group's strategy is to secure growth and reduce earnings volatility by capturing multiple margin streams across the infrastructure value chain by:

- Securing and executing large and/or multi-disciplinary contracts
- Optimising the contribution of our Manufacturing and Construction Materials portfolio
- Building an Infrastructure Concessions and Property portfolio
- Expanding our geographic footprint to at least 40% of revenue outside South Africa
- Diversifying across sectors to spread risk and to access stronger growth opportunities

004	Report approach
006	Unpacking our material issues
010	Group structure
012	Geographic footprint
014	Delivery on group strategy
020	Sector focus
034	The board
036	Team performance



REPORT APPROACH

The group carefully evaluates its reporting to stakeholders each year to continually improve its communication and the focus and relevance of each year's report.

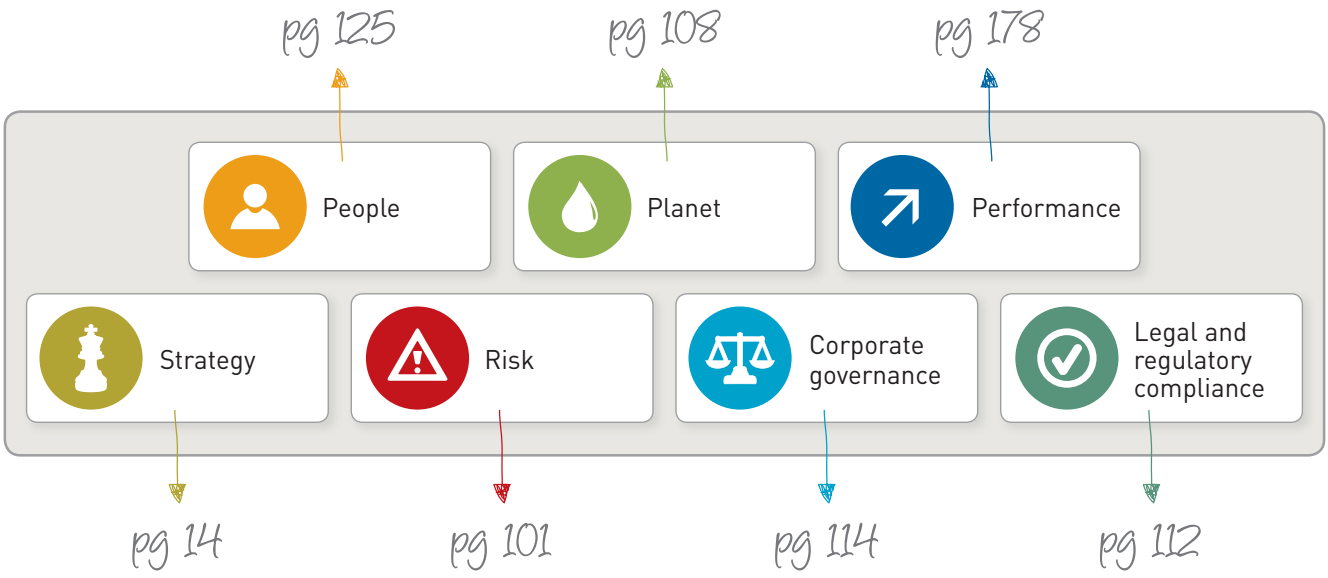
This year we produced a condensed printed report supplemented by information on a CD available at the back of this integrated report.

Our approach was to report only on the significant issues within our business along with the material matters identified through engagement with our stakeholders. We believe that by following this approach we are able to provide stakeholders with information that is pertinent. Our ability to issue our integrated report on the day of our year end results release adds to the value of the report as timeous information enhances relevance.

For feedback on our report please contact us at feedback@groupfive.co.za or +27 11 806 0278.

Internal process followed to identify and manage significant issues

The group's senior management and board members continued to measure the progress against our stated strategy and group objectives. In F2009 we implemented a total quality management system that underpins every aspect of our operations and reinforces the centrality of sustainability. During this year, the group evaluated the components of the **integrated business model** illustrated below as a base from which to extract the material issues across the group.



Against the backdrop of weak trading conditions, the resilience of the group's processes and systems was tested. Implementing a total quality management system allowed us to drive disciplined behaviour through the group to ensure that risk management became the primary driver of the tactical actions taken to mitigate the rapid decline in trading conditions and the extremely volatile and uncertain business climate.

The group's focus has been to develop objective measures to monitor its capacity to absorb risk. Specific risk parameters are used to evaluate the risk-bearing capacity of the group. The group's actual status is benchmarked against its estimated risk-bearing capacity. Where the actual deviates negatively from the hurdle position, it indicates a material elevation of risk. The affected area is monitored and material risks are interrogated and addressed. Material risks are also constantly updated in each business and risks captured on a central risk analysis register to facilitate pro-active management. Lessons learnt are ploughed back into the business to ensure continuous improvement.

The group also has over-arching group measures to ensure consistent and stringent monitoring of performance.

Refer to page 44 to evaluate how we performed against these measures.

The group's material focus areas

The group identified the following material focus areas across its business during the year:

- Weak global market conditions, which included difficult conditions in the group's home market of South Africa, in particular in its materials markets
- The direct impact of the Middle East debt crisis in terms of cancelled contracts and the potential future impact in terms of constrained growth
- The need to expand geographically and the group's ability to do so successfully
- The group's progression to larger engineering, procurement and construction contracts
- Environmental and regulatory compliance at Construction Materials
- Ensuring the group's financial health to deliver against its stated strategy
- The Competition Commission investigation into the construction industry
- The safety performance of the group and its sub-contractors
- Talent retention

Refer to page 6 for a summary of these issues, their effect on the business and how we aim to mitigate them.

External process followed to identify key stakeholder information needs

The internal identification of material issues was supplemented by a focused feedback analysis to identify the core issues for each key stakeholder group.

We identified our key stakeholders as:

- Employees
- Shareholders (equity providers) and analysts
- Financial institutions (debt providers)
- Media
- Credit rating agencies
- Insurers
- Regulatory bodies
- Suppliers
- Clients

Refer to page 8 for a summary of the issues raised.

UNPACKING OUR MATERIAL ISSUES

As outlined on the previous pages, the group followed an internal and external process involving management, the board and key stakeholders to confirm the significant issues for the group. This is not meant to be a comprehensive analysis of all risks, but aimed to provide the reader with the main issues affecting our operations.

Strategy and risk

Material issues	Mitigation	Status
Market weakness		
Construction order book shrinkage	➔ Geographic expansion ➔ Move to larger multi-disciplinary contracts ➔ Concessions and financial acumen to structure and develop own contracts	➔ Increase in Construction over-border order book from 24% to 30% ➔ Increase in Construction over-border traded revenue from 18% to 27% ➔ R1,6 billion of multi-disciplinary contracts won in mining and power still to be traded ➔ Concessions business growing strongly, with preferred bidder stage on a number of contracts with a value of over R4 billion
Margin retraction	➔ Stricter bid filter to ensure correct cost base ➔ Optimised terms with suppliers and sub-contractors ➔ Import lessons learnt from completed contracts ➔ Involve multiple group business units in higher margin, value-added contracts ➔ Shed non-core resources ➔ Cut or delay non-critical expenditure ➔ Rationalise and restructure support functions	➔ Although Construction margins retracted, they are still within or exceeding guidance given at interim time. These will be under pressure in the short term – Building and Housing 6% (guidance was 4% – 6%) – Civil Engineering 7% (guidance was 5% – 7%) – Engineering 7% (guidance was 6% – 9%) ➔ Margins in Manufacturing and Construction Materials remained under pressure ➔ Loss-maker ratio increased from 13% – 15% ➔ Group employee numbers reduced from 12 497 to 11 997 ➔ Restructuring within affected business areas completed
More onerous commercial terms	➔ Back to back terms with suppliers ➔ Ensure cash flow plan at bid stage structured to be positive ➔ Bid filter to prevent undue cash absorption in tenders	➔ Cash decline limited as much as possible ➔ Advance payments still a feature of cash position, although some unwind occurred as expected
Decline in materials volumes	➔ Re-sized business to suit current and medium term market conditions ➔ Revalued business to align with expected returns of 8% – 10% within a normalised market ➔ Reviewed plant and equipment strategy	➔ Employee numbers decreased from 804 to 557 ➔ Management mostly changed ➔ Capacity temporarily reduced by 25% ➔ R16 million of capex vs R47 million budgeted
Manufacturing price and margin pressure	➔ Process technology upgrades to reduce direct costs ➔ Variable costs reduced to suit demand ➔ Market expansion through Advanced Building Technologies (ABT) ➔ Market expansion through new export channels in Everite ➔ Implemented product range expansion	➔ Volumes were mostly flat against an overall market decline in our primary products of 10% – 15% ➔ Internal inflationary cost pressures were well maintained at 2.4% ➔ Export volumes up 7.4% ➔ Loss-making contract in Steel affected result
Middle East debt crisis		
Terminated and uncompleted contracts	➔ Agreements reached for payment plans (strong local joint venture partner assisting process) ➔ Back to back payment agreements with suppliers	➔ Although work in progress, contract values now agreed for material debts and payments have commenced ➔ Back to back agreements in place
No new contracts currently	➔ Continue to reduce reliance on UAE to focus on other territories in the region ➔ Size business to match activity levels	➔ New work being bid in Saudi, Qatar, Jordan ➔ Business restructure in progress
Geographic expansion		
Order book decline	➔ Focus on expansion into new markets ➔ Reduced reliance on domestic market	➔ Increase in Construction over-border order book from 24% to 30% ➔ Appointment of senior executive to Middle East and North Africa ➔ Deployment of senior executives to African hubs ➔ Seven additional new territories under development

Material issues	Mitigation	Status

Strategy and risk continued

Move to larger and EPC concessions contracts

Concentration of risk	➔ Introduced risk-bearing capacity tool to establish constraints ➔ Enhanced bid risk filter process with board participation ➔ Strict bid filter to ensure adherence to schedule, working capital cycle and cash flow assumptions ➔ Avoid process design risk	➔ Market weakness constrained opportunities ➔ However, EPC capacity building progressed to pre-qualification, bidding and execution on the group's third power plant contract and its first mining plant build ➔ Large EPC and multi-disciplinary bids and pre-qualifications increased from 18% to 22% of tendered values in the last year

Planet and compliance

Environmental and regulatory compliance at Construction Materials

Potential suspension or loss of mining licence	➔ Dedicated environmental officer driving compliance ➔ Inclusion of mining regulations in group regulatory compliance tracking system ➔ Task team involved with conversion of all mining rights	➔ Although formal quality certification processes were put on hold while restructuring took place, the cluster adheres to relevant legislation and requirements. There are a few areas requiring improvement where the group is engaging with the relevant authorities

Performance and risk

Financial capacity

The potential for bank and bond facility reduction dependent on credit view of sector	➔ Increase engagement with financial institutions ➔ Transparency in disclosure ➔ Demonstrate cash management responsibility ➔ Adhere to facility covenants	➔ Engagement with institutions indicates no change to existing facilities ➔ Institutions satisfied with level of transparency and access to the group ➔ Cash position has been in line with forecasts and as communicated

Compliance and corporate governance

Competition Commission investigation

Potential fines	➔ First to report markers to Competition Commission ➔ Achieved conditional leniency	➔ Conditional leniency agreement with the Commission granted and signed in August 2011, pending the completion of the industry investigation

Risk

Safety performance of the group and sub-contractors

A poor safety record could damage competitiveness and lead to the unacceptable loss of lives	➔ Management commitment to safety is embedded in managers' performance appraisals and remuneration	➔ No fatalities of Group Five employees, but six fatalities in sub-contractor base ➔ DIFR including sub-contractors worsened to 0.54 from 0.43 ➔ Some improvements seen in: – Lost time injuries, which declined from 79 to 53 – Non lost time injuries, which declined from 168 to 140

People

Talent retention

Potential loss of critical capacity	➔ Continue training and maintain competitive remuneration and career path development	➔ No senior manager or key technical employees left the group in the year under review ➔ Employee turnover of 6% ➔ Employee feedback improved year on year

UNPACKING OUR MATERIAL ISSUES CONTINUED

Stakeholders' requests

Below we outline the key issues our stakeholders wanted us to address and where these are discussed in our integrated report, both in the printed section as well as on the CD contained within the report.

Employees

Reviews where this is discussed: • HR • HR

Feedback improved, with an employee satisfaction rating of 67.0% versus 65.8% last year. Some key issues raised which still require attention:

- Rewards, recognition and performance management
  - This measure declined slightly
  - Some business units lack formal performance evaluation processes or personal development plans
  - Employees feel they don't receive sufficient feedback or acknowledgement for performance
- Change and transformation
  - This measure improved
  - Employees requested more information on transformation and the group's progress
- Improved communication
  - This measure improved
  - Group communications rated positively, supported by a strong buy-in from employees for the group brand
  - However, employees would like more direct communication from their own business units and the opportunity to interact with their senior management

Shareholders (equity providers) and analysts

Reviews where this is discussed: • CEO • CFO • Risk

- Order book and top line growth
  - Geographic and contract role expansion should be unpacked
  - How the strategy protects against the downturn should be explained
- Operating profit and margins
  - Information on how the group's value-add competencies will support profitability without having to chase margins
  - More detail around value erosion, such as loss-makers, Competition Commission and low-margin contracts
- Cash and related matters
  - Information around the working capital unwind
  - The potential strain on cash resources as concession projects increase and other growth initiatives require funding
- Return on equity (ROE) – Increasing asset utilisation and profitability of capital-intensive materials business units
- Risk – Need to address contract risk, payment risk and country risk
- Impairments of carrying value of assets in Construction Materials cluster – Update on progress required
- Middle East – payment risk, timing of market recovery, diversion of management time and resources

Financial institutions – (debt providers)

Reviews where this is discussed: • CFO • Risk

- Liquidity position going forward
  - Areas of risk and financial loss exposure
  - Competition Commission fines
  - Collectability of Middle East debtors
  - Gearing ratio
  - Interest cover
- Opportunity to provide debt funding to emerging markets on the basis of controlled credit risk

Media



- Competition Commission update required
- Construction Materials – group strategic intent with this cluster
- How strategy will be refined to ensure the group rides through the market storm
- Expansion in Africa and how risks will be managed
- Views on expectations around public sector spend
- Employment issues in tough market conditions
- Broad-based black economic empowerment position against continued pressure from government on corporates
- Information on current contracts

Credit rating agencies



- Liquidity position going forward
- Gearing ratio
- Cash availability
- Interest cover
- Areas of risk and financial loss exposure which would affect liquidity and potentially gearing
  - Competition Commission fines
  - Collectability of Middle East receivables

Insurers



- Ability to manage engineer, procure and construct (EPC) risks due to size of contracts and legal liability required to be assumed
- Adequacy of legal expertise to manage EPC contracts
- Increased exposure to Africa, which could result in an increase in plant claims due to a different operating environment

Regulatory bodies



- Transparency of disclosure to Competition Commission on all transgressions
- Transparency of operations within each jurisdiction, adherence to legislation and effective ongoing communication and resolution of all queries and assessments raised
- Disclosure of the group's structures, activities and intention.
- Complete adherence to legislation

Suppliers



- Provide information to empower the supplier to perform
- More collaboration on joint initiatives to unlock value to mutual advantage
- Communication regarding the key issues facing Group Five and the role supply partners can play in addressing these
- Information around key safety, health, environment and quality (SHEQ) strategies

Clients



- Ability to perform
- Requirement for performance bonds
- Broad-based black economic empowerment ownership complement within the group
- Socio-economic development and Accelerated and Shared Growth Initiative for South Africa (ASGISA) compliance within tenders

GROUP STRUCTURE

	Business segments	Key competencies
INVESTMENTS AND CONCESSIONS	Infrastructure Concessions	Full concessions and PPP developer, including operations and maintenance
	Property Developments	Development, ownership and management of selected A-grade property assets generating development and investment returns
MANUFACTURING	Fibre Cement	Exterior and interior walling, ceiling boards, roofing systems and pipes, fibre cement-clad steel-framed modular housing systems
	Steel	Large bore steel pipes, fabricated steel structures, scaffolding, formwork and steel reinforcing for use in concrete structures
CONSTRUCTION MATERIALS	Sand and aggregates	Materials used in the construction supply chain
	Readymix and extenders	
	Mining crushing services	
CONSTRUCTION	Building and Housing	Design to build and construction of large buildings and human settlements
	Civil Engineering	Construction of large structures in public and private infrastructure, including heavy civil structures, roads, ports, airports and pipelines
	Engineering	**Projects** Multi-disciplinary plant construction covering structural, mechanical, electrical and piping with a focus on the mining and industrial sectors
		Engineering and Construction* Multi-disciplinary project delivery from feasibility through to supporting bankability and front-end design, as well as project management of contracts during execution to completion Industrial services contractor









***Engineering and Construction (E+C)**

As communicated to stakeholders, the group's strategy is to establish E+C as a fifth cluster within the group. However, market conditions have slowed the intended growth plan of this business. For F2011 the unit remained managed and reported as part of the Engineering segment.

Key market sectors	Operational experience	Contribution to group: Revenue – 2011 (R'000)	Contribution to group: Operating profit** – 2011 (R'000)
Transport, power and real estate in public and private sectors	Africa and Eastern Europe	6.0% / 9 206 998 — 554 659 Investments and Concessions	12.1% / 498 828 — 60 231 Investments and Concessions
Real estate in private sectors	South Africa		
Real estate in public and private sectors	South Africa	9.4% / 9 206 998 — 867 523 Manufacturing	5.2% / 498 828 — 26 187 Manufacturing
All sectors	South Africa		
All sectors	South Africa	4.7% / 9 206 998 — 434 233 Construction Materials	(13.7)% / 498 828 — (68 157) Construction Materials
Real estate and related infrastructure in public and private sectors	Southern Africa, Central and West Africa	79.9% / 9 206 998 — 7 350 583 Construction	96.4% / 498 828 — 480 567 Construction
All sectors	Africa and Middle East		
Mining, industrial, power and oil and gas in public and private sectors	Africa and Middle East		
Mining, industrial, power, oil and gas and water in public and private sectors	Africa and Middle East		

E+C allows the group to grow by moving up the hierarchy of infrastructure delivery to take on design, build and engineering procurement and construction (EPC).

*** Total operating profit before fair value adjustments and impairments.*

GEOGRAPHIC FOOTPRINT

The group proved its ability to move its focus to over-border countries where some growth was experienced, with the Construction order book having moved from 24% to 30% over-border.

West Africa

COUNTRIES of operation / Burkina Faso 1 / Ghana 2 / Nigeria 3 / Sierra Leone 4

SEGMENTS operating within regions / Building and Housing / Engineering

	F2010	F2011	F2012[1]
Revenue	238	229	273
Employees	215	664	n/a
Sector			
Construction works			
• Private: public	100%:0%	100%:0%	100%:0%
• Mining and industrial	85%	99%	100%
• Power	15%	–	–
• Oil and gas	–	–	–
• Water and environment	–	–	–
• Real estate	–	1%	–
• Transport	–	–	–

Major contracts F2011[2] Mining construction works at open-cast mine, Ayanfuri gold project, Anglogold Ashanti.

Major contracts F2012[1][2] Mining construction works at open-cast mine, Ayanfuri gold project, Anglogold Ashanti.

East Africa

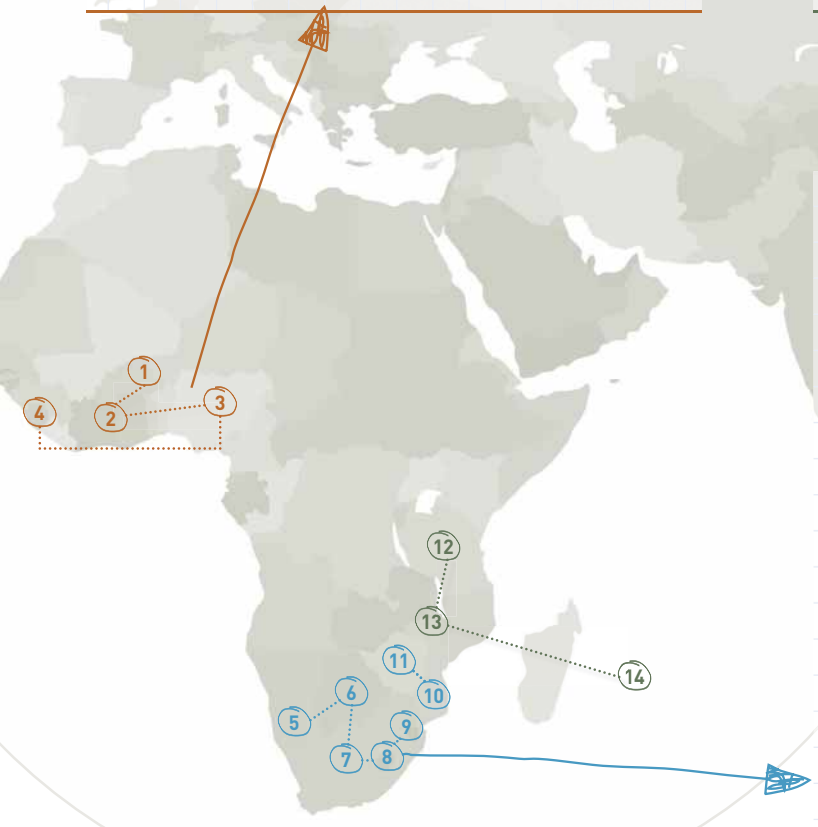
COUNTRIES of operation / Tanzania 12 / Malawi 13 / Mauritius 14

SEGMENTS operating within regions / Civil Engineering / Engineering

	F2010	F2011	F2012[1]
Revenue	178	25	30
Employees	156	110	n/a
Sector			
Construction works			
• Private: public	60%:40%	95%:5%	100%:0%
• Mining and industrial	44%	95%	100%
• Power	6%	5%	–
• Oil and gas	–	–	–
• Water and environment	9%	–	–
• Real estate	41%	–	–
• Transport	–	–	–

Major contracts F2011[2] Mining construction works at Kayelekera uranium mine.

Major contracts F2012[1][2] North Mara Gold Mine plant upgrade.



Southern Africa

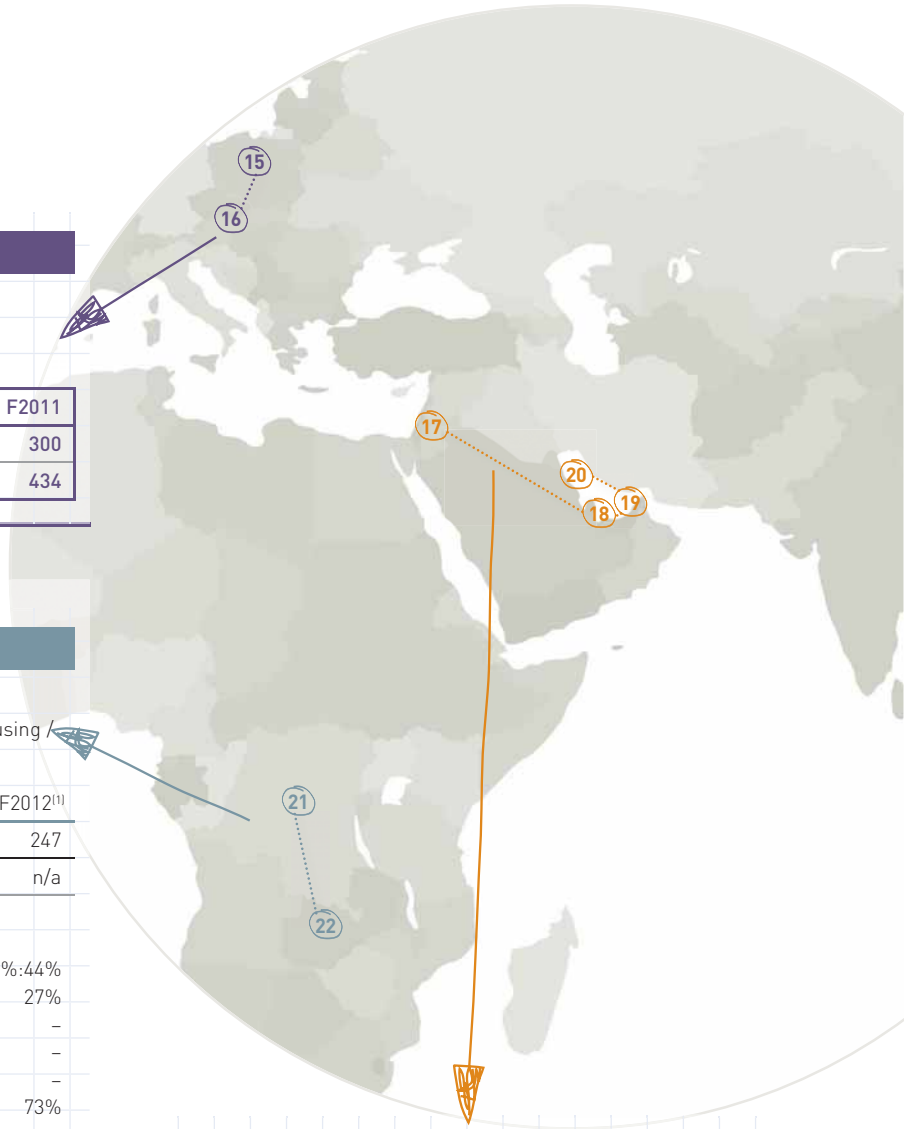
COUNTRIES of operation / Namibia 5 / Botswana 6 / South Africa 7 / Lesotho 8 / Swaziland 9 / Mozambique 10 / Zimbabwe 11

SEGMENTS operating within regions / Infrastructure Concessions / Property Developments / Manufacturing / Construction Materials / Building and Housing / Civil Engineering / Engineering

	F2010	F2011	F2012[1]
Revenue	9 336	7 217	5 228
Employees	10 287	10 031	n/a
Sector			
Construction works			
• Private: public	29%:71%	29%:71%	28%:72%
• Mining and industrial	7%	12%	9%
• Power	6%	6%	13%
• Oil and gas	16%	11%	21%
• Water and environment	2%	1%	6%
• Real estate	33%	22%	25%
• Transport	36%	48%	26%

Major contracts F2011[2] Koeberg Road Interchange upgrade.

Major contracts F2012[1][2] Zimbabwe Roads Rehabilitation.



Eastern Europe

COUNTRIES of operation / Poland 15 / Hungary 16

SEGMENTS operating within regions / Infrastructure Concessions

	F2010	F2011
Revenue	370	300
Employees	488	434

Central Africa

COUNTRIES of operation / DRC 21 / Zambia 22

SEGMENTS operating within regions / Building and Housing / Civil Engineering / Engineering

	F2010	F2011	F2012[1]
Revenue	448	1 031	247
Employees	341	354	n/a
Sector			
Construction works			
• Private: public	71%:29%	40%:60%	56%:44%
• Mining and industrial	65%	39%	27%
• Power	–	–	–
• Oil and gas	6%	–	–
• Water and environment	–	–	–
• Real estate	29%	61%	73%
• Transport	–	–	–

Major contracts F2011[2] Kinsevere mining copper contract – stage 2.

Major contracts F2012[1][2] Konkola Copper Mine housing contract.

Middle East

COUNTRIES of operation / Jordan 17 / Abu Dhabi 18 / Dubai 19 / Qatar 20

SEGMENTS operating within regions / Civil Engineering

	F2010	F2011	F2012[1]
Revenue	768	405	169
Employees	1 010	404	n/a
Sector			
Construction works			
• Private: public	3%:97%	28%:72%	58%:42%
• Mining and industrial	43%	17%	–
• Power	–	–	–
• Oil and gas	–	–	–
• Water and environment	–	14%	58%
• Real estate	20%	–	–
• Transport	37%	69%	42%

Major contracts F2011[2] Power and industrial work on aluminium smelter for EMAL. Commenced 2009.

Major contracts F2012[1][2] New Doha International Airport (NDIA) passenger rail system station box.

(1) Based on one-year forward looking secured order book – Construction only
(2) Key information on selected secured contracts per region

DELIVERY ON GROUP STRATEGY

This section indicates how our strategy outlined on page 2 performed against market dynamics and what our expectations are going forward.



CONSTRUCTION

Strategy:
Secure and execute large and/or multi-disciplinary contracts where the group has built capacity and can differentiate itself.

F2011

Market dynamics	How strategy performed against market dynamics	Additional actions
➔ Gross capital fixed investment delays in all private sector markets ➔ Severe slowdown in public infrastructure spend ➔ Reduced average size of contracts at lower margins post completion of 2010-related infrastructure spend	➔ Strategy buffered some of the worst of the market challenges ➔ Emphasis on securing large, longer term, multi-disciplinary contracts provided some resilience to rapid decline in contract awards	➔ Focus on concessions offering provided early entry opportunity in future infrastructure contracts such as roads, PPPs and power

F2012

Group's market expectations	Strategic focus
➔ Short term building and civil contracts will be smaller and tendered ➔ Medium/long term expected to favour packaged contracts ➔ Trends in contract size and complexity indicate that clients tend to align with contractors who will relieve them of non-core activities	➔ Despite short term hiatus in large contracts, the group has a longer term view on contract flow ➔ The infrastructure backlog (in all our geographies) will require us to continue building large and multi-disciplinary contract capacity ➔ Competence is being established in multiple business units for participation in turnkey and large contracts through cross-group packaging and the growth of engineer, procure and construct (EPC) ability in Engineering and Construction (E+C) – Strategy supports concessions business where bankable EPC package is a pre-requisite to contract closure – It will reduce reliance on single discipline tender market through contracts where more than one group business unit is involved

MANUFACTURING AND CONSTRUCTION MATERIALS

Strategy:

Optimise the contribution of our Manufacturing and Construction Materials portfolio to the group.

F2011			F2012
Market dynamics			**Group's market expectations**
➔ Volumes and prices declined in manufacturing markets across the board ➔ Construction Materials experienced the worst volumes and prices in decades in line with the construction downturn			**Manufacturing** ➔ Retail market has stabilised, but expected to remain weak for at least another 12 months ➔ Steel demand starting to improve slowly ➔ Infrastructure spend delays continue; timing of low-cost housing still uncertain **Construction Materials** ➔ Market volume decline slowed, but outlook set to remain tough. ➔ Some pricing improvement seen, which will support 12- to 18-month profitability improvement
How strategy performed against market dynamics		**Additional actions**	**Strategic focus**
Manufacturing ➔ Product development into new growth niches: new export markets and product range extension ➔ Margin decline; plant process improvements insufficient to prevent margin erosion ➔ Competitive advantage: developed supply chain and distribution excellence ➔ New international technology partnerships in Asia, Australia and South America improved product and process performance		**Manufacturing** ➔ Refined fibre cement strategy to meet tough markets; expanded exports and grew modular housing system offering ➔ Investment in repositioning construction steel product range ➔ Steel fabrication work secured externally	**Manufacturing** ➔ Product development to support growth pockets ➔ Export expansion in Fibre Cement ➔ Greater market penetration with new products, particularly modular housing ➔ Improvement in plant process design ➔ Restructure and reposition Steel business ➔ Further technology injection
Construction Materials Severity of market decline superseded strategy		**Construction Materials** ➔ Worst price and volume declines in decades led to impairment of carrying value of long term assets ➔ Reviewed carrying value of non-current assets in line with outlook ➔ Significant corrective action	**Construction Materials** ➔ Bed down new, refocused structure ➔ Rebuild team ➔ Develop further mining crushing services opportunities within South Africa and over-border

DELIVERY ON GROUP STRATEGY CONTINUED

INVESTMENTS AND CONCESSIONS

Strategy:
Build an infrastructure, concessions and property portfolio.

F2011	F2012
Market dynamics	**Group's market expectations**
Infrastructure Concessions • South Africa: – Slowdown in broader public private partnership (PPP) concessions roll out post 2010 FIFA World Cup – Achieved preferred bidder status on two PPPs, but further delays in process – Second phase of CTROM* transport concessions tenders – Power concessions (independent power projects) proposed but framework uncertain • Rest of Africa: – Investigating PPPs • Central and Eastern Europe: – Weak due to economic pressures and political changes	**Concessions** • South Africa: – Requests for proposals expected to be evaluated, with some awards – Traction expected in SA PPP, IPP renewables market and hospital PPPs • Rest of Africa: – Growing appetite for PPPs (roads, water, electricity, public buildings and other services); development over one to three years • Central and Eastern Europe: – No improvement in market conditions for full concessions until 2013 – Some electronic tolling contracts (ETCs) expected – More countries to adopt PPPs over next three years
Property assets • Investment in real estate developments not viable until tenant market demand recovers	**Property assets** • Conversion of land assets into developments still challenging • Slow and protracted recovery

How strategy performed against market dynamics	Additional actions	Strategic focus
Infrastructure Concessions • Concessions portfolio provided some defence against construction downturn	**Concessions** Strategy unchanged: • Investing time and resources for additional concessions markets • Fair value profit of R33,1 million generated in current year	**Concessions** • Strategy directed towards: – Broadening asset classes (PPPs, power, serviced accommodation, power and regional transport) – Expanding geographic spread to reduce concentration in Eastern Europe
Property assets • Continued positioning for better quality, core future property development investments	**Property assets** • Developed affordable housing project with Group Five Motlekar • Secured investment manager role for offshore listed property fund • Fair value profit of R15,3 million generated in current year	**Property assets** • Continue property portfolio transition strategy to preserve current asset values – with a diversified portfolio of fee-generating work plus longer term equity positioning

** Comprehensive toll road operations and maintenance.*

EXPANSIONARY GEOGRAPHIC STRATEGY

Strategy:
Expand our geographic footprint to 40% of revenue outside South Africa.

F2011		F2012
Market dynamics		**Group's market expectations**
➔ Global financial crisis reduced Group Five's ability for over-border geographic expansion to 25% of revenue against the targeted 40%		➔ **Africa:** Steady growth in resources with infrastructure to follow over time ➔ **Middle East:** Investment in public infrastructure backed by oil price, industrialisation and economic diversification ➔ **Eastern Europe:** After two years of contract postponements/ cancellations, expect more countries to adopt PPPs over next three years
How strategy performed against market dynamics	**Additional actions**	**Strategic focus**
Geographic diversity provided some relief to deep decline in South African construction sector. ➔ Delayed expansion in territories where the group has built capacity, specifically Middle East and Eastern Europe ➔ Revenue contribution from non-South African markets was: 2011: 25% 2010: 20% 2009: 37% 2008: 34%	Strategy unchanged. ➔ Resources committed to expanding group operations in current regions and entering new territories which fit the group's capabilities and risk criteria	**Africa:** Development of a more permanent presence in three distinct regions of West, East and Central Africa **Middle East:** Specific focus on Saudi Arabia, Qatar, UAE and Jordan ➔ Recovery of debt due to the group, order book growth ➔ Longer term strategy to re-build a sustainable business of relevant size **Eastern Europe:** ➔ Expect to participate in new pre-qualifications in new territories, with a potential beyond roads ➔ Secure Bulgaria IPP bankability and an additional transport concession



DELIVERY ON GROUP STRATEGY CONTINUED



FOCUSED SECTORS: MINING, INDUSTRIAL, POWER, OIL AND GAS, WATER AND ENVIRONMENT, REAL ESTATE AND TRANSPORT

Strategy:
Diversify across sectors to spread risk and access growth areas.

F2011	F2012
Market dynamics	**Group's market expectations**
➔ 36% of Construction revenue was generated from new sectors penetrated (power and oil and gas) (vs 24% in F2010) ➔ Public sector work in these sectors contributed 30% of Construction revenue compared to the group's traditional private sector role of building/civils/mining contractor ➔ Increased competition and margin pressure	➔ **Mining:** African mining recovery to continue ➔ **Industrial:** Emerging activity in pulp and paper, minerals benefaction and petrochemical ➔ **Power:** Integrated Resource Plan 2011; REFIT* bid process now in progress; growth market in baseload, independent power projects, renewable, including nuclear – group well positioned ➔ **Oil and gas:** Increased revenue in sector expected ➔ **Water and environment:** Water master plan (Department of Water and Forestry and Trans Caledon Tunnel Authority) – several large contracts in the market ➔ **Real estate:** Slow and protracted recovery; project funding very challenging; increased competition; affordable housing contracts increasing slowly ➔ **Transport:** Steady revenue base with growth through road concessions, port and rail possible; very competitive tender market

** The Renewable Energy Feed in Tariff.*

FOCUSED SECTORS: MINING, INDUSTRIAL, POWER, OIL AND GAS, WATER AND ENVIRONMENT, REAL ESTATE AND TRANSPORT continued

Strategy:
Diversify across sectors to spread risk and access growth areas.

F2011	F2012
How strategy performed against market dynamics	**Strategic focus**
➔ Sector strategy unchanged – together with geographic expansion; it mitigated some impact of weak markets (although global economic weakness has delayed some sector development) ➔ Capacity built before the downturn; pre-qualified in the new sectors of power, oil and gas, PPP/EPC, as well as work secured in re-emerging mining sector ➔ Increasing contribution to order book and pipeline shows future value in these sectors	➔ Diversify earnings between these seven sectors ➔ Timing of PPP roll out is unclear ➔ Demand for infrastructure contracts in our targeted sectors has now become critical
Mining F2010 vs F2011 contribution to: ➔ Construction revenue: 9% vs 11% ➔ Target pipeline*: 12% vs 13%	➔ Expand Group Five offering to the mining industry by including more group products and services ➔ Growth from strong operational bases established in targeted countries
Industrial F2010 vs F2011 contribution to: ➔ Construction revenue: 4% vs 4% ➔ Target pipeline*: 4% vs 1%	➔ Use of the group's multi-disciplinary strengths, together with technology packaging capability, to present as a strategic partner
Power F2010 vs F2011 contribution to: ➔ Construction revenue: 7% vs 7% ➔ Target pipeline*: 14% vs 28%	➔ Continue capacity building and diversification into alternative power sources; clear demand for power in South Africa and other markets ➔ Use Group Five's track record and strong position in this market ➔ Secure power plant contracts in thermal, renewable and nuclear technologies
Oil and gas F2010 vs F2011 contribution to: ➔ Construction revenue: 17% vs 29% ➔ Target pipeline*: 3% vs 2%	➔ Expansion of services business and packaging of technology within Engineering and Construction (E+C) ➔ Explore over-border business
Water and environment F2010 vs F2011 contribution to: ➔ Construction revenue: 1% vs 2% ➔ Target pipeline*: 7% vs 8%	➔ Develop design/build competence in water and with technical partners
Real estate F2010 vs F2011 contribution to: ➔ Construction revenue: 27% vs 32% ➔ Target pipeline*: 39% vs 32%	➔ Order book expansion in Building and Housing in Africa ➔ Development of affordable housing market in South Africa ➔ Design/build in support of concession PPPs
Transport F2010 vs F2011 contribution to: ➔ Construction revenue: 35% vs 15% ➔ Target pipeline*: 21% vs 16%	➔ Strategic positioning should result in growth as global economy improves and South Africa addresses domestic infrastructure backlog ➔ Secure N1-N2 and new port/rail work in SA ➔ Expand over-border order book

* *Our Target Opportunity Pipeline is the group's indicator of medium to long term opportunities and performance. It represents the group's targeted contracts and includes only the value that could be traded by the group and not total contract values. In addition, it is not to be confused with the secured order book nor does the group expect to secure the full pipeline presented.*

The group's capabilities have been refined to deliver comprehensive infrastructure solutions with high potential.

The next few spreads outline the group's capabilities in its target sectors.

SECTOR FOCUS – MINING

Mining | Industrial | Power | Oil and gas | Water and environment | Real estate | Transport



Key competencies

- Multi-disciplinary international mine and process plant constructor
- Consortium partner in engineer, procure and construct (EPC) mine construction
- Contract crushing and hauling services
- On-site services contractor
- Supply chain logistics into remote sites

Key differentiators

- Experienced African mining and process plant constructor across 20 countries
- Strong repeat business client base
- Reputation for delivery of complex contracts in remote and difficult conditions

2011



Kinsevere – Democratic Republic of Congo

The structural, mechanical, electrical, instrumentation and piping (SMEIP) supply, construct and commissioning of a copper plant to produce 60 000 tonnes per annum grade A copper. A site crew of 500 people achieved 1,35 million lost time injury free hours to complete the contract.

2010

Kayelekera uranium contract – Malawi

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

2009

Tenke Fungurume mining contract – Democratic Republic of Congo

Supply, fabrication and installation of structural steel, platework, piping, electrical cabling and instrumentation, as well as installation of mechanical equipment.

2008

Bogoso sulphide expansion contract – Ghana

This brownfields project to increase output was the largest BIOX plant constructed at the date of completion.

2007

Langer Heinrich uranium contract – Malawi

Supply of 2 100 tonnes of tanking plate work, 4 414 tonnes of steelwork and 1 312 pieces of free issue mechanical equipment.

CASE STUDY

Ayanfuri Gold

Development of an open-cast mining operation, process plant and related infrastructure – Ghana

Group Five Projects and DRA, a South African mining process design group, is involved in this R480 million engineer, procure and construct (EPC) contract for AngloGold Ashanti's process plant and related infrastructure at its open-cast gold mining operations.

Due to Group Five's local presence in Ghana since 1996, the group could ensure the availability of local skills and plant when the contract was awarded. The team was therefore able to start on time in March 2010 and expects to hand over to the client ahead of the contract deadline. Group Five is leading the logistics for the contract and controlled the shipping of items from Canada, China, Brazil, South Africa, Germany, Korea, Thailand, USA and Australia. With the group's logistics experience, materials were cleared from the port in record time so that port demurrage charges were minimised.

The access road from the port was in a very poor condition when the mill was due to be transported to site. The Group Five team repaired the public road to ensure that the mill shells could be safely transported to site.

During the contract, 125 000 cubic metres of earthworks have been moved and 6 500 cubic metres of concrete and 1 100 tonnes of steel used. Platinum awards in safety, quality and project lifecycle audits have been achieved.



SECTOR FOCUS – INDUSTRIAL

Mining | **Industrial** | Power | Oil and gas | Water and environment | Real estate | Transport



Key competencies

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

Key differentiators

- Track record in civils, heavy mechanical, electrical and piping construction
  - Aluminium, steel, zinc and gold smelting
  - Gold process plants
  - Petrochemical
  - Oil and gas
  - Sugar
  - Paper
  - Cement

2011



Sasol FT wax expansion – South Africa

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

2010

Matola cement mill – Mozambique

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

2009

Emirates Aluminium Smelter – UAE

Six packages ranging from a power plant and sub-station building to an anode bake furnace. We also constructed materials handling infrastructure.

2008

Highveld induction furnace – South Africa

Installation of a furnace and the supply of structural steel, handrailing, grating, piping and electrical and instrumentation works.

2007

Mittal stockhouse – South Africa

Installation and commissioning of 1 761 tonnes of structural steelwork, 440 tonnes of mechanical items, 56 tonnes of grating and hand railing, 404 tonnes of lining, 9 087 tonnes of sheeting and 44 tonnes of associated equipment.

CASE STUDY

Matola Cement Plant
Installation of a new mill – Mozambique

This R105 million brownfields contract for Cimentos de Mozambique started in March 2010 and involved mechanical, structural, electrical, civil and piling works. Group Five Projects worked in joint venture with two sub-contractors on this contract. This is a repeat client.

The contract involved major demolition works on very old concrete structures, including two 45-metre chimneys, all very close to the operating plant. This required the team to work extremely carefully to ensure that safety and production was not compromised.

The piling work was particularly challenging as the group worked from a platform very close to the sea level, with tides having to be accounted for. The civil works involved approximately 1 400 cubes of concrete which required an extremely high degree of accuracy.

The 130 tonne mill was installed in December 2010 after which the rest of the process equipment and structural steel for the 43 metre high building was fitted.

The group finished the contract without any labour disputes.

The group managed the logistics on this contract, ensuring that materials were speedily cleared through customs for both road transport from South Africa and from the port of Maputo for the heavy mill and associated equipment sourced from Europe.

Although numerous technical challenges were encountered due to amendments in design specification, the contract was handed over to the client after 13 months.



SECTOR FOCUS – POWER

Mining | Industrial | **Power** | Oil and gas | Water and environment | Real estate | Transport



Key competencies

- Power plant co-developer, equity participant and turnkey design and build contractor
- EPC for thermal, liquid and gas power plants
- Solar, wind and mini hydro power plant contractor
- Construction services in all disciplines
- Supply of construction materials

Key differentiators

- Dedicated power division within Engineering
- Track record in engineer, procure and construct (EPC) power plant delivery in Africa
- Approved EPC contractor to General Electric (GE) and other technology providers
- Capability to co-develop contracts to bankability
- Capability to execute across Africa and Middle East

2011



Kusile power station – South Africa

Construction of site-wide civil works for a coal-fired power station using flue gas desulpherisation technology.

2010

Sasol OCGT contract – South Africa

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

2009

Orapa Botswana IPP – Botswana

Engineering and design work, including conceptual works, as well as the procurement of two GE LM6 000 gas turbines.

2008

Aba power station – Nigeria

Design, supply and installation of three gas turbines, with a combined output of 120 megawatt for the Aba power station.

2007

Ibom gas-fired power station – Nigeria

A multi-disciplinary contract for the design, supply and construction of a gas-fired power plant.

CASE STUDY

Sasol **gas turbines and heat recovery steam generators** – South Africa



Group Five Engineering and Construction (E+C) was appointed in 2008 to design and build a power plant and install two 9E cycle gas turbines at Sasol's Secunda petrochemical plant in Mpumalanga. It worked together with Group Five Projects, Civil Engineering and Housing during this contract.

The two 120 megawatt turbines are the first privately-owned gas-fired units of its size in South Africa.

During the construction of the first phase, Sasol extended Group Five's scope of work to include the design, procurement, logistics, construction, installation and commissioning of two heat recovery steam generation (HRSG) boilers. The addition of the HRSGs enabled the exhaust gas heat from the turbines to be used to produce steam, which can be used in the Sasol manufacturing process.

The installation of the HRSG units involved working alongside an operating plant whilst ensuring safety to employees and preventing damage to the operating turbines. Group Five handled the logistics of shipping the various components from global factories, as well as the planning of the heavy lifts on site in a very constricted construction area. No lost time injuries were experienced.

The successful completion of this first major gas-fired combined cycle power plant illustrates that Group Five can undertake and successfully complete total EPC contracts by making use of the combined skills of its various business units and packaging them to offer an integrated solution to clients.

SECTOR FOCUS – OIL AND GAS



Key competencies

- Multi-disciplinary plant and infrastructure constructor
- Resident multi-disciplinary services contractor
- Refinery shutdown and turnaround contractor

Key differentiators

- Dedicated oil and gas business within Engineering
- Experienced shutdown and maintenance contractor to all oil and petrochemical majors
- Dedicated piping and steel fabrication facilities in line with ISO 3834 standards
- Tankage and pipeline technology constructor and services

2011



Sasol Alrode tanks – South Africa

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

2010

NMPP pipeline – South Africa

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

2009

Engen maintenance shutdown – South Africa

Planned plant maintenance and repair.

2008

Chevron maintenance shutdown – South Africa

Planned plant maintenance and repair.

2007

Cabinda gas plant – Angola

Earthworks and piling concrete work for a new gas plant.

CASE STUDY

New **Multi-products** pipeline (NMPP), **pump stations and terminals**

– South Africa

Group Five is working in partnership with Spiecapag of France to build a new multi-products 610 mm diameter pipeline from KwaZulu-Natal to Gauteng for Transnet.

In addition to the pipeline, Group Five is the sole contractor of associated pump stations along the pipeline, the construction of the terminals, valve network control blocks and other separately defined packages, as well as storage tanks and associated facilities in partnership with HMT, the group's US tankage partner. The combined value constitutes one of the largest construction contracts undertaken by Group Five.

Works on the contract started in May 2008. Group Five Coastal, Civil Engineering, Projects and the Oil and Gas business unit within Engineering and Construction (E+C) are involved in these contracts.

Pipeline
The pipeline is in its final stages before being commissioned along with the pump stations in September 2011. The pipeline involved a high-speed cross-country pipe laying method unfamiliar to South Africa.

Terminal 1 and pump stations
Construction of the five pump stations started as heavy civil construction contracts and will finish with the erection of major equipment and ancillary piping and electrical services. Although a late design change created significant pressure on the schedule, the contract is on track for completion in October 2011. The pump stations have achieved 1 million lost time injury-free hours.

Terminal 2
Group Five begun construction in March 2010 and is on track for the scheduled completion in July 2012. The contract requires multi-disciplinary expertise involving civil, building, mechanical, electrical and instrumentation construction work. There has been no lost time injury to date.



SECTOR FOCUS – WATER AND ENVIRONMENT

Mining | Industrial | Power | Oil and gas | **Water and environment** | Real estate | Transport



Key competencies

- Multi-disciplinary constructor of bulk water transport, treatment and storage systems
- Engineer, procure and construct (EPC) delivery of bulk water systems
- Design and manufacture of large bore spiral wound water pipes

Key differentiators

- More than 35 years' track record of delivery in water and marine civils sector, which includes some of the largest contracts in the SADC* region
- Dedicated pipe manufacture
- Strong African and Middle East capability

** Southern African Development Community.*

2011



BG3 pipeline – South Africa

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

2010

Olifantspoort water treatment works – South Africa

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

2009

Vresap pipeline – South Africa

Supply and installation of 126 kilometres of pipeline as a water supply system for Sasol between the Vaal dam and Secunda.

2008

Berg River dam – South Africa

65 metres high, 990 metres long concrete faced rock fill dam near Franschhoek to augment water supply to Cape Town.

2007

Lusip dam – Swaziland

Construction of three dams, spillway and off-takes for the Lubovane irrigation project.

CASE STUDY

Spring Grove
dam construction – South Africa



The Spring Grove dam construction in KwaZulu-Natal started in April 2011 by the group's Civil Engineering and Coastal businesses in joint venture with Pandev, one of the group's long-standing enterprise development partners. In addition, certain parts of the works have been sub-contracted to local small and medium entities.

Group Five has sound technical knowledge of dam construction and the seasonal impact and risks associated with dam construction. In the 1980s Group Five pioneered roller compacted concrete technology which allows for quicker dam construction. The group remains a leader in this niche market.

The bulk excavation for the foundations of the dam wall is 60% complete, with work on the river bed for the diversion conduit having started. The foundation preparation for the intake tower is in progress and temporary access roads around the site are well advanced. The concrete batch plant has been erected and is ready for commissioning. The earth embankment core trench has also been fully excavated and the concrete aggregates are being crushed using our own plant and construction materials expertise.

The contract is on track for completion in 2013.

SECTOR FOCUS – REAL ESTATE

Mining | Industrial | Power | Oil and gas | Water and environment | **Real estate** | Transport



Key competencies

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

Key differentiators

- Design to build capability
- In-house financial structuring capability for PPP delivery
- Large building capacity and track record
- International delivery capacity

2011



Khayelitsha District Hospital – South Africa

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

2010

Brandvlei Prison – South Africa

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

2009

Moses Mabhida soccer stadium – South Africa

Construction of a 70 000-seater stadium, including hospitality boxes, an athletics track, sports field, basement parking and external works.

2008

Bank of Tanzania – Zanzibar

Construction of the 12 000 m² branch office for the Bank of Tanzania, comprising a basement, ground floor and one tower.

2007

Vodacom VI – South Africa

The construction of a 15 000 m² mobile switch centre was an addition to the Vodacom suite of buildings.

CASE STUDY

Levy Junction,
mixed-use development – Zambia



Levy Junction is the largest mixed-use development and the first multi-level retail development in Zambia. Group Five Building started this 94 000 m² development in the capital of Lusaka in 2009. Delivery date is October 2011.

The R820 million contract consists of a 30 000 m² double-level retail centre, 25 000 m² of parking, a 130-bedroom hotel, a 5 000 m² commercial office block and the associated external works on parking and bulk services.

Group Five Building supplied major plant, including tower cranes, concrete mixing and transportation plant from South Africa as availability in Zambia is extremely limited. Over 60 Group Five management members were relocated to Zambia for the duration of the contract. The safety performance has been excellent, with no lost time injuries experienced to date.

On the back of its success with Levy Junction, the group is currently constructing two other commercial office developments in Lusaka. Group Five Housing has also started on a mine accommodation contract for one of the large mining companies on the copper belt.

To service this country effectively, the group established an administration office in the capital, with a full suite of support services. This office, together with our established office in Chingola on the copper belt, has plant yards for the storage and servicing of construction materials and equipment.

SECTOR FOCUS – TRANSPORT



Key competencies

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

Key differentiators

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

2011



Gauteng Freeway Improvement Project – package E – South Africa

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

2010

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

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

2009

King Shaka International Airport – South Africa

Design and construction of an international airport in KwaZulu-Natal.

2008

Durban harbour entrance widening – South Africa

Durban harbour widening by 100 metres. Removal and replacement of existing northern breakwater, extension of southern breakwater and deepening of harbour entrance by three metres to a depth of 19 metres.

2007

Western freeway upgrade phase 1 – South Africa

Major upgrade and widening of a section of freeway between Khangella and tollgate bridges in KwaZulu-Natal.

CASE STUDY

New Doha

International Airport (NDIA) passenger rail sub-terranean station complex – Middle East

This R650 million contract for the New Doha International Airport is the first contract for the group in Qatar in line with its strategy of expanding its presence in the Middle East outside of Dubai. The contract forms part of the State of Qatar's rail infrastructure system and complements other major infrastructure developments under construction in Qatar.

The project management team within our Middle East business unit has extensive experience in terms of piling, excavation and "top-down" construction. The construction method involves the casting of vertical diaphragm walls into the ground from above and then excavating the material to create a cavern. The team is working in partnership with one of the world's leading piling and diaphragm wall specialists.

The construction of the sub-terranean station complex started in January 2010. The station complex represents roughly 70% of the construction site area and is constrained on three sides by existing structures. This presents many access and coordination issues. As the diaphragm wall's typical panel is seven metres wide and 1,5 metres thick, very sophisticated and sizeable items of plant are required during the enabling works, further complicating the access.

The group has achieved all its milestones on the contract and has received interest from a number of consultants and contractors within the region for similar future contracts. There are more than 60 further sub-terranean stations planned to be constructed in the State of Qatar. Group Five believes it is therefore well placed to secure further contracts.



THE BOARD

The board was further strengthened, with the addition of two new board members. The board is pleased with its current diversity of gender, race and skill.

For CVs of the board members, refer to pages 31 to 32 of the CD enclosed within this integrated report.



Executive committee member

CMF (Cristina) Teixeira (38)
CFO

BCom, BCompt (Hons), CA(SA)

During Cristina's nine years at Group Five, with the last three as CFO, she has demonstrated her ability to manage the group's complex and demanding local and global financial environment. Under her guidance, the group's financial position has been very robust. She is also a valuable member of the group's strategic development team. Cristina has led the group's reporting strategy. This has been recognised through a number of awards for reporting and disclosure, including the Investment Analysts Society (IAS) award in its sector for five years in a row, as well as being the overall South African winner for 2010.



AC

LE (Lindiwe) Bakoro (37)
Independent non-executive director

BCom, Post-graduate diploma in Accounting, CA(SA), HDip Tax Law, MCom

Lindiwe brings strong experience in project finance, with a particular focus on infrastructure projects. She has a questioning mind and strong financial acumen and provides valuable financial advice and guidance in support of the group's financial position.



AC, RC, NOM, SED

Baroness L (Lynda) Chalker of Wallasey (69) (A)
Independent non-executive director

Fellow of the Institute of Statisticians, Recipient of nine UK honorary degrees

Lynda has extensive experience of working in Africa. She has a deep insight into the dynamics of African business and politics and interacts with African governments, resulting in an understanding of their fiscal policies and the regulatory environment. She also has a strong track record in community and social development. With her previous experience in the public sector as well as a director in commodity-driven entities working in Africa, her understanding of the group's sectors and clients provides critical assistance to the group.



RC, REM

Dr JL (John) Job (66)
Independent non-executive director

BSc (Hons), PhD in Physical Chemistry

John brings significant operational, executive and strategic leadership experience to the group. He assists the group and management with evaluating new opportunities and is able to interrogate decisions on a very practical level. He has a particularly strong ability to identify potential problem areas and provide advice on how those should be resolved. During the year he was instrumental in guiding management in the Construction Materials asset valuation assessment process.



NOM

P (Philisiwe) Buthelezi (47)
Chairperson

BA Economics, MSC in Economics, MBA (UK)

Philisiwe provides strategic input to the group through her deep knowledge of broad-based black economic empowerment and transformation issues, as well as her hands-on executive business experience. As a skilled executive in the public sector, she provides insight into the South African landscape, with a particular focus on economic requirements and the strategic direction of policy makers. She has strong international business acumen, which has been very valuable to the group.



RC, REM
Executive committee member

MR (Mike) Upton (56)
CEO

BSc Electrical Engineering, Professional Engineering (Pr Eng), Business Management Diploma (UK), FSAIEE

Mike adds significant value to the development of the group's strategy through his extensive experience in multi-disciplinary engineering and infrastructure contracts. He has a keen understanding of new business opportunities and how to deliver on them. Mike has an empowering management style, which has produced an inclusive culture enhanced by the diversity of ideas generated from within the group. He encourages the continuous development of employees and has entrenched a performance and quality orientated culture.



AC, RC, REM, NOM

SG (Stuart) Morris (65)
Lead independent non-executive director

BCom, CA(SA)

Stuart is a very experienced executive in South Africa, with an ability to critically assess controls and financial risks and to advise on the adequacy of systems and procedures. He provides a solid sounding board to the group's financial team and the chief financial officer. Stuart is also the board's lead independent non-executive director. During the year, he provided substantial value with respect to some material matters the group had to deal with, including the unwinding of the iLima portion of its BBBEE ownership transaction and the economic issues experienced in the Middle East.



AC, RC, NOM, SED

KK (Kalaa) Mpinga (50) (B)
Independent non-executive director

BSc Agricultural Economics, MSc International Agricultural Development

Kalaa brings significant experience in mining, construction, operational and relationship experience in Africa. He provides a clear understanding of the political and operating environment over-border, with a keen understanding of effective risk management. His experience as an executive and shareholder in his own businesses also offers a constructive perspective to the board and management team. He is a strong supporter of the group's African expansion strategy.



OA (Oyama) Mabandla (48)
Non-executive director

Juris Doctor (JD), BA Political Science

Oyama was appointed in August 2011. He brings strong commercial and legal experience to the board.



DDS (Struan) Robertson (61) (A)
Independent non-executive director

BSc (Mech) Eng MBA

Struan was appointed in August 2011. He brings international and very relevant industrial and engineering experience to the board. His experience of managing a major UK contracting business and his commitment to health and safety in the workplace will be of particular benefit to the board.

AC / Audit committee
RC / Risk committee
NOM / Nominations committee
SED / SED committee
REM / Remuneration committee
(A) = British
(B) = Congolese

TEAM PERFORMANCE

Group Five believes in measuring performance strictly against set objectives. In the next few pages, we outline how our board and senior management performed against their key performance areas.

Key performance areas	How impact is measured	Delivery F2010	Delivery F2011
CHAIRPERSON	**Evaluated by: Independent evaluation by Institute of Directors/shareholders through annual general meeting**		
Focused and unified board	Focused and unified board.	Board is unified and focused.	Board is unified and focused.
No conflicts of interest	No conflicts of interest.	No conflicts of interest declared this year.	No conflicts of interest declared this year.
Breaches of governance/ compliance	Breaches of governance/ compliance.	Integrity and governance confirmed by F2010 board review, current review in progress.	Integrity and governance confirmed by F2011 board review.
Annual work plan delivery and improved board complement	Annual work plan delivery and improved complement of board.	Board schedule met.	Board schedule met.
Ensuring effective board and exco interactions	Adherence to group policy for group strategy setting and budget approval.	The board has interacted with exco through strategy sessions.	In addition to meeting the board schedule, site visits with exco were conducted to the Middle East. A board sub-committee was also established to assist exco to develop a new broad-based black economic empowerment shareholder strategy.
Board review	Board review.	Current board review in progress.	Board review highlighted the need for additional board representation in the areas of law and engineering. Two new board members joined in August 2011.
Completion of CEO appraisal	Completion of CEO appraisal.	CEO appraisal completed.	CEO appraisal completed.
Board attendance	Board attendance.	Board attendance good.	Board attendance good. Refer to page 25 on the CD contained within this integrated report.

Key performance areas	How impact is measured	Delivery F2010	Delivery F2011
CEO			**Evaluated by: Chairperson and lead independent non-executive director**
Leadership	Employee satisfaction survey.	65.9% employee satisfaction score.	67.0% employee satisfaction score.
BBBEE	Construction Charter scorecard rating.	Level 3 BBBEE contributor.	Level 2 BBBEE contributor.
Safety	Group DIFR and fatalities.	Group DIFR improved from 0.39 to 0.33, but five fatalities, one of which was a Group Five employee.	Group DIFR worsened from 0.33 to 0.36 with six fatalities in our sub-contractor base.
Client focus	Client survey.	Client survey conducted indicated a high client satisfaction.	Formal survey to be undertaken every three years. In the current year, the focus was on building a client sector-focused orientation through the E+C structure and integration of the group's business development. This was achieved.
Capacity building	% of employees trained annually.	Training interventions increased from 8 933 to 14 941.	17 234 training interventions compared to 14 941 last year.
Organisational development, succession and transformation	Structural alignment with strategy and goals.	Structure refined to address regional business focus and launch of E+C.	Further structural changes identified in mitigation of weak markets and group strategy to expand geographically and become more sector focused.
Compliance/risk management	External audit report.	External audits clear.	External audits clear.
Group strategic development	Strength of order book as % of one year's revenue.	Construction order book sustained above a year's revenue.	Construction over-border order book sustained at a year's revenue.
Group financial performance	HEPS/EPS growth.	HEPS growth 10%, but material impairment reduced EPS.	HEPS down 46% based on market decline and poor performance by Manufacturing and Construction Materials. EPS reported loss due to materials impairment.
Stakeholder communication and interaction	Client, investor and board communications feedback.	Several market awards and strong feedback.	The group has won the Investment Analysts Society award for communications and reporting in our sector for five years in a row.
Inter-company initiatives and group procurement	% internal sales.	Manufacturing internal supply 15% and Construction Materials 21.5%.	Manufacturing internal supply 13% and Construction Materials 16%.

TEAM PERFORMANCE CONTINUED

Key performance areas	How impact is measured	Delivery F2010	Delivery F2011
CFO			**Evaluated by: CEO and chair of audit committee**
Leadership	Employee satisfaction survey.	65.9% employee satisfaction score.	67.0% employee satisfaction score.
Group financial performance and position	Actual versus targets to group over-arching financial goals.	HEPS growth of 10%, but material impairment reduced EPS.	HEPS down 46% based on market decline and poor performance by Manufacturing and Construction Materials. EPS reported loss due to Construction Materials impairment.
Financial risk management	GCR rating.	GCR level maintained.	GCR level maintained.
Organisational development, succession and transformation	Construction Charter scorecard rating.	Level 3 BBBEE rating.	Level 2 BBBEE rating.
External and internal compliance management	External and internal audit.	No material adverse internal or external audit findings.	No material adverse internal or external audit findings.
Technology enhancement and development	Extent of connectivity, integration, relevant and reliable management information.	100% site connectivity, disaster recovery plan in place, tested and externally verified as effective.	100% site connectivity, disaster recovery plan in place, tested and externally verified as effective.
Stakeholder communication and interaction	Investor and financial institution feedback.	The group has won the Investment Analysts Society award for communications and reporting in our sector for four years in a row. In F2010 we were also the overall winner.	The group has won the Investment Analysts Society award for communications and reporting in our sector for five years in a row.



Key performance areas	How impact is measured	Delivery F2010	Delivery F2011
NON-EXECUTIVE DIRECTORS		**Evaluated by: Independent evaluation by Institute of Directors/review by independent board evaluation service provider/shareholders through annual general meeting**	
Skills, experience and technical knowledge on strategy, performance, resources, transformation, standards of conduct and evaluation of performance	Evaluation of board skills against business requirements.	The previous board evaluation found that some skills were needed, which resulted in the nominations committee being mandated to source two additional board members.	Board evaluation found that skills were needed in law and in engineering and construction. Two new board members joined in August 2011.
Level of contribution as a board member	Attendance at required meetings and contribution to meetings.	Current members have significant experience and add value to the board. All board members are members of other committees.	Current members have significant experience and add value to the board. Outside of new members just appointed, non-executive board members are all members of other committees.
Offering sufficient time to Group Five	Number of other commitments and results of annual board evaluation.	Some board members are foreign based and could not attend all meetings in person, but all provided valuable input into board matters.	Some board members are foreign based and could not attend all meetings in person but attended by conference facilities. All provided valuable input into board matters. Refer to page 25 on the CD within this integrated report for attendance register.
COMPANY SECRETARY			**Evaluated by: group risk officer**
Ethics and governance	Code of ethics maintenance and communication, effective management of Tip-offs Anonymous line.	Tip-offs line survey results very positive, with broad understanding of the line, code of ethics communicated through the group and employee survey producing good results.	Effective management of increased fraud due to tough economic environment. The group is evaluating the establishment of a social and ethics committee in line with the new Companies Act.
Compliance with laws and regulations	Compliance exceptions, statutory and corporate status.	The group met all required statutes and compliance requirements.	The group met all required statutes and compliance requirements, with corrective action in progress within the Construction Materials cluster.
Directors' duties and induction	% of directors trained/inducted and adherence to laws and requirements.	No formal induction programme in place, although a number of training initiatives for board members took place. This will be addressed in the new year.	Although no formal induction or training initiatives for board members took place, they took part in further education through the Institute of Directors.
Adherence to the Companies Act and JSE Listings Requirements	Status of adherence and discretionary rating by manager.	No adverse findings from the group's sponsor, the JSE Limited or Securities Regulation Panel (SRP).	No adverse findings from the group's sponsor, the JSE Limited or Securities Regulation Panel (SRP).
BEE scheme administration	Effective administration of black management scheme (BMS) and share appreciation rights scheme.	Share schemes running effectively, with 245 black managers having benefited from the black management scheme to date.	Improved alignment of administration of scheme with external service provider required to remove process delays. During the year, the BMS reached maturity, with 58% of employees choosing to continue holding their shares.

TEAM PERFORMANCE CONTINUED

Key performance areas	How impact is measured	Delivery F2010	Delivery F2011
EXECUTIVE COMMITTEE MEMBERS			Evaluated by: CEO
Leadership	Employee satisfaction survey/ group policy set within specialist area.	Employee satisfaction ratings were high.	A 360 degree internal leadership survey was conducted in June. The feedback was generally positive, with "change management" and "dealing with complexities" to be addressed.
Transformation	Achievements of transformation targets and Construction Charter scorecard rating.	The group's largest cluster, Construction, has a Level 4 BBBEE rating and the group has a Level 3 rating.	The group this year focused on a single group scorecard and rating. It achieved a Level 2 contributor rating.
Delivery to the group	Achieved roll out versus budgeted implementation plan.	Strategic and tactical actions implemented.	Construction (with the exception of the Middle East) and Investments and Concessions delivered well against market conditions. Manufacturing and Construction Materials were adversely affected and did not meet expectations largely due to the severe decline in market conditions.
Organisational development and succession	Effectiveness of succession and development plans.	Succession, mentoring and training programmes in place.	Succession planning from junior to senior management was initiated during F2011. Exco succession and development is a focus area for F2012, along with a group structure review.
Technology/skills acquisition and development	Adoption of new technologies.	Several advancements made.	Successful strategic positioning and project development in energy and power sectors and PPPs through the group's increasing relationships with equipment and technology partners and its growing capabilities in concessions and EPC work.
Safety	Group and cluster DIFR and fatalities.	Group DIFR improved.	Group DIFR worsened from 0.33 to 0.36 with six fatalities within the sub-contractor base.
Compliance and quality	Audit reports.	External, internal and ISO audits clear.	External, internal and ISO audits clear.
Group strategic development in area of responsibility	Discretionary rating by manager.	Each exco member assigned strategic tasks with good progress.	Strategy was refined and firm actions delegated amongst exco. Progress in F2011 was slowed somewhat by economic conditions, but long term strategic goals progressed well.

Key performance areas	How impact is measured	Delivery F2010	Delivery F2011
EXECUTIVE COMMITTEE MEMBERS CONTINUED			Evaluated by: CEO
Teamwork	Discretionary rating by manager.	Exco teamwork is strong as evidenced by strategy delivery and internal sales.	The leadership and strategy measure in our employee survey this year showed an increase in alignment and teamwork. A 360 degree internal learnership survey was conducted in June. The feedback is generally positive, with "change management" and "dealing with complexities" to be addressed.
Stakeholder relations	Market survey.	Client satisfaction high, with clear areas of improvement identified.	Exco focused mainly on client relationships, which was successful.
MANAGEMENT COMMITTEE MEMBERS			Evaluated by: relevant executive committee member
Financial performance	Achievement of financial performance indicators.	Generally achieved.	Not all business units achieved performance indicators due to weak markets. Refer to operational reviews from page 142.
Cash generation	Ratio of profit to cash generation.	Not all business units met their cash targets due to weak markets.	Not all business units met their cash targets.
Inter-company initiatives and group procurement	Rating by CEO based on annual review.	Manufacturing internal supply of 15% and Construction Materials 21.5%.	Manufacturing internal supply of 13% and Construction Materials 16%.
Transformation	Delivery against transformation targets and Construction Charter scorecard rating.	The group's largest cluster, Construction, has a Level 4 BBBEE rating and the group has a Level 3 rating.	The group this year focused on a single group scorecard. It achieved a Level 2 rating.
Individual performance assessment – additional KPAs specific to area of focus	Discretionary rating by manager based on performance.	Performance ratings completed with good to excellent results.	74.5% of employees this year concluded a performance review with their managers compared to 67% in F2010.