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Unaudited interim results for the six months ended 31 December 2005

Agenda

- Key factors
- Financial highlights
- Financial review
- Business review
- Prospects



Key factors



Key factors – affecting six months and going forward

- Sixth consecutive period of earnings growth
- Revisit level of over-border African construction work as a result of SA Government infrastructure budget
- Realise value from certain manufacturing operations



Financial highlights



Financial highlights

	CHANGE 2004 - 2005	2005 December Unaudited	2004 December Unaudited Restated	2005 June Unaudited Restated
Revenue - R millions	↑ 34,8%	3 131	2 323	4 939
Headline earnings per share – cents	↑ 35,8%	69,4	51,1	147,0
Earnings per share – cents	↑ 18,8%	81,0	68,2	185,5
Dividends per share – cents	↑ 17,6 %	20,0	17,0	49,0
Net cash generated – R millions	↑ 101,3%	137,4	68,3	102,9



Financial review

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



Financial review

Key performance indicators



Key financial ratios at Group Five

	Six months ended Dec 2005 Unaudited	Six months ended Dec 2004 Unaudited Restated	Year ended June 2005 Unaudited Restated
- Dividend Cover	4,1	4,0	3,8
- Profit margin %	3,0	3,3	3,9
- Gearing (long and short-term) – debt to equity ratio %	–	17,8	7,0
- Capital Expenditure (R million)	113	35	169
- Interest Cover	5,2	5,9	6,2
- Revenue per employee (R 000's)	283	209	467
- External financial institution guarantees available (R million)	1 158	1 141	1 028
- Return on shareholders interest %	9.8	9.2	22.3
- Secured next 12 month order book (R million)	4 358	3 819	4 000
- Revenue over border – %	36%	30%	31%



Super-ordinate goals

Medium term super-ordinate goals	Achievement for year to 30 June 2005 (restated)	Achievement for six months to 31 December 2005
<ul style="list-style-type: none"> ▪ 50% – 70% of revenue earned outside South Africa 	<ul style="list-style-type: none"> ▪ 31%; with construction order book for 2006 consisting of 53% over-border 	<ul style="list-style-type: none"> ▪ 36%; with construction order book for twelve months ending 31 December 2006 consisting of 45% over-border; target being revisited
<ul style="list-style-type: none"> ▪ Total construction order book (12 months and beyond) equal to 1,5 times of annual construction revenue 	<ul style="list-style-type: none"> ▪ 1,2 	<ul style="list-style-type: none"> ▪ 1,2
<ul style="list-style-type: none"> ▪ Return on shareholders funds of 25% 	<ul style="list-style-type: none"> ▪ 22,3% 	<ul style="list-style-type: none"> ▪ 9,8% for the period versus 9,2% for the comparable reporting period
<ul style="list-style-type: none"> ▪ EPS growing of 5% –10% in real terms per annum 	<ul style="list-style-type: none"> ▪ Real growth of 8% from June 2004 	<ul style="list-style-type: none"> ▪ Real growth of 15,4% from Dec 2004



Super-ordinate goals

Medium term super-ordinate goals	Achievement for year to 30 June 2005	Achievement for six months to 31 December 2005
<ul style="list-style-type: none"> ▪ 30% of revenues to be from annuity stream business 	<ul style="list-style-type: none"> ▪ 21% 	<ul style="list-style-type: none"> ▪ 18%
<ul style="list-style-type: none"> ▪ Gearing never to exceed 33% of equity 	<ul style="list-style-type: none"> ▪ 7% 	<ul style="list-style-type: none"> ▪ 0%
<ul style="list-style-type: none"> ▪ Cash generated equal or greater than net profit 	<ul style="list-style-type: none"> ▪ 79% of net profit for the year ended 30 June 2005 	<ul style="list-style-type: none"> ▪ 233% of net profit for the six months ended 31 December 2005
<ul style="list-style-type: none"> ▪ Operating margin \geq 5% 	<ul style="list-style-type: none"> ▪ 3,9% 	<ul style="list-style-type: none"> ▪ 3,0%



Financial review

Segmental analysis



Segmental analysis – Revenue

	R million Six months Dec 2005 Unaudited	R million Six months June 2005 Unaudited	R million Six months Dec 2004 Unaudited
REVENUE			
- Property Development Services	45	79	16
- Manufacturing	429	381	412
* Everite Building Products	234	210	222
* Vaal Sanitaryware	52	53	48
* Piping	143	118	142
- Construction	2 527	2 035	1 773
* Building & Housing	1 525	1 276	993
* Civils, Roads & Earthworks	718	561	490
* Engineering Projects	284	198	290
- Concessions/ O&M	130	120	122
Total revenue	3 131	2 615	2 323

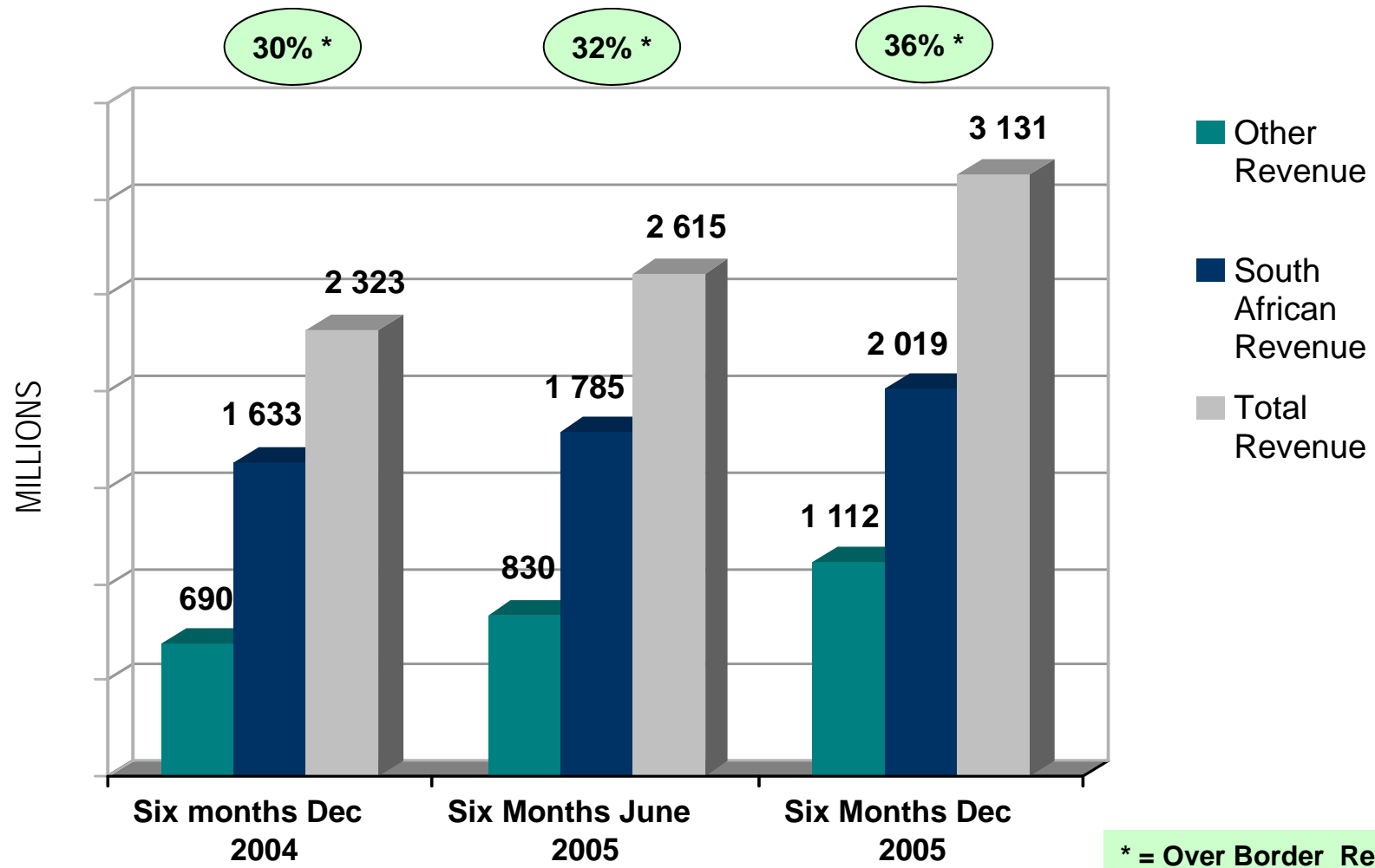


Segmental analysis – Operating profit

	R million Six months Dec 2005 Unaudited	R million Six months June 2005 Unaudited	R million Six months Dec 2004 Unaudited
OPERATING PROFIT			
- Property Development Services	14	13	3
- Manufacturing	29	22	38
* Everite Building Products	25	16	15
* Vaal Sanitaryware	5	5	15
* Piping	(1)	1	8
- Construction	46	42	30
* Building & Housing	36	38	17
* Civils, Roads & Earthworks	6	(8)	(2)
* Engineering Projects	4	12	15
- Concessions/ O&M	4	41	5
Total operating profit	93	118	76



Total revenue – geographical segments



Financial review

Liquidity & cash resources



Cash flow (R million)

	Six months to Dec 2005 Unaudited	Six months to June 2005 Unaudited As restated	Six months to Dec 2004 Unaudited As restated
Operating cash	117	98	116
Working capital changes	180	118	(15)
Cash from operations	297	216	101
Finance costs	(18)	(18)	(13)
Tax & dividends paid	(30)	(53)	(50)
Net cash from operating activities	249	145	38
Fixed assets – (net)	(26)	(23)	(19)
Investment & financing – (net)	(86)	(87)	49
Net increase in cash	137	35	68



Financial review

IFRS adoption



New accounting standards

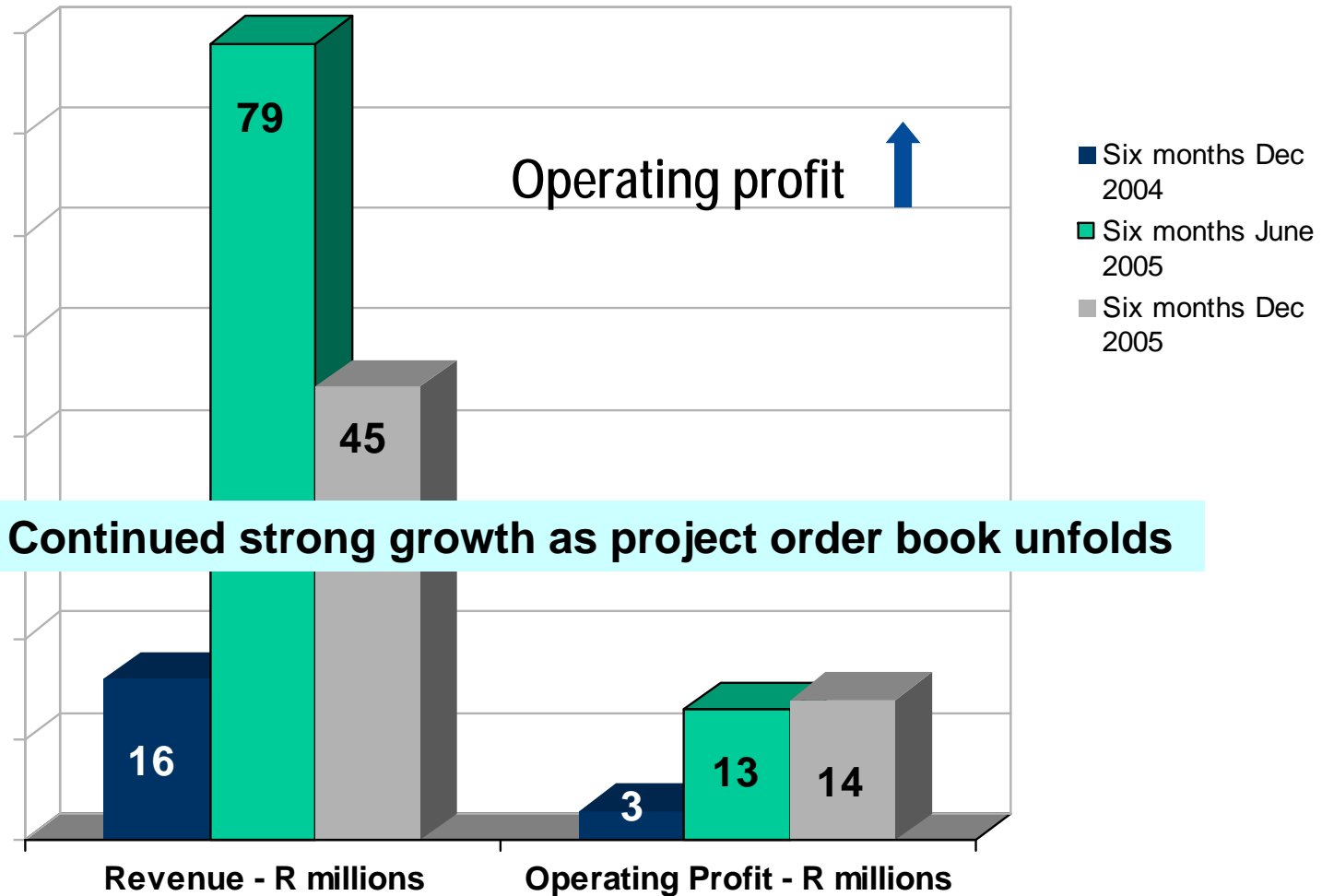
- With effect from 1 July 2005, the Group adopted International Financial Reporting Standards (IFRS) using certain exemptions allowed under IFRS1;
- The pre-tax effect on earnings reported during the six months ended 31 December 2004 was R1,9million (year ended 30 June 2005 was R4,6 million) as a result of employee share option accounting and component depreciation for property, plant and equipment (excluding mobile plant and equipment);
- For mobile plant and equipment, an exemption under IFRS1 was used whereby fair value was used as deemed cost at 1 July 2005;
- In adopting IAS21 “Foreign Exchange”, the IFRS 1 exemption was used whereby IAS 21 is applied prospectively and cumulative translation gains at 1 July 2005 are set at zero;
- The discount of R51million arising on the issue of shares to iLimaMvela has been accounted for through equity; accounting guidance is expected soon from SAICA but will be for years beginning on or after 1 May 2006 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.



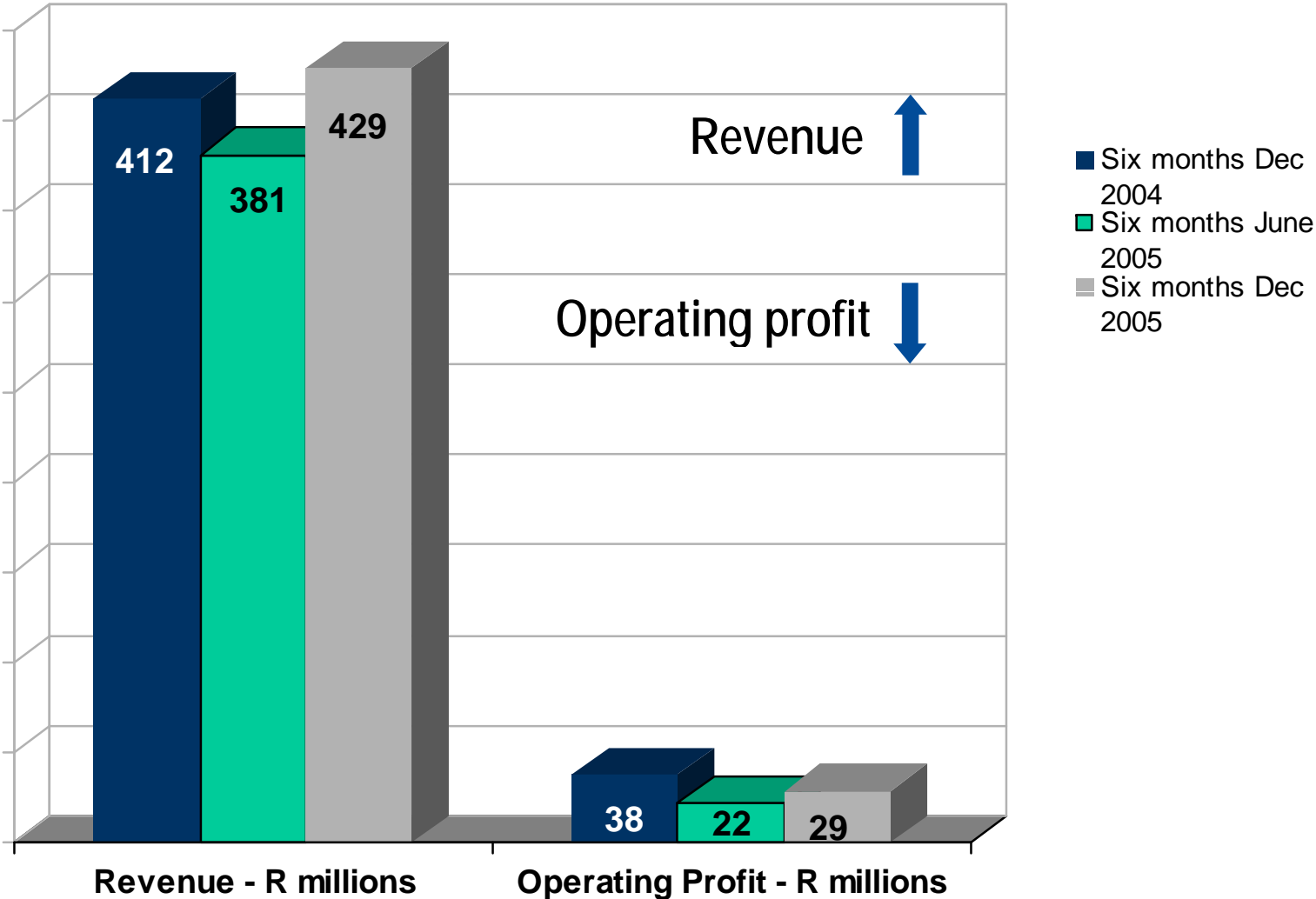
Business review



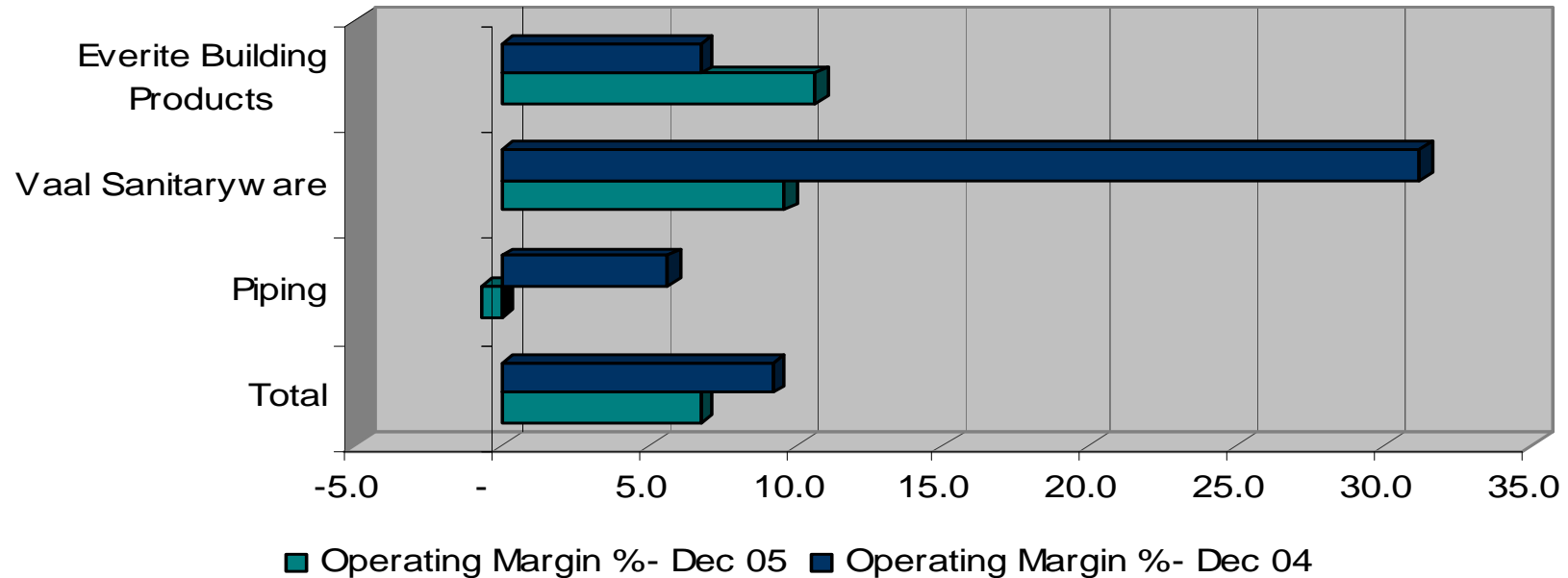
Property Development Services



Manufacturing



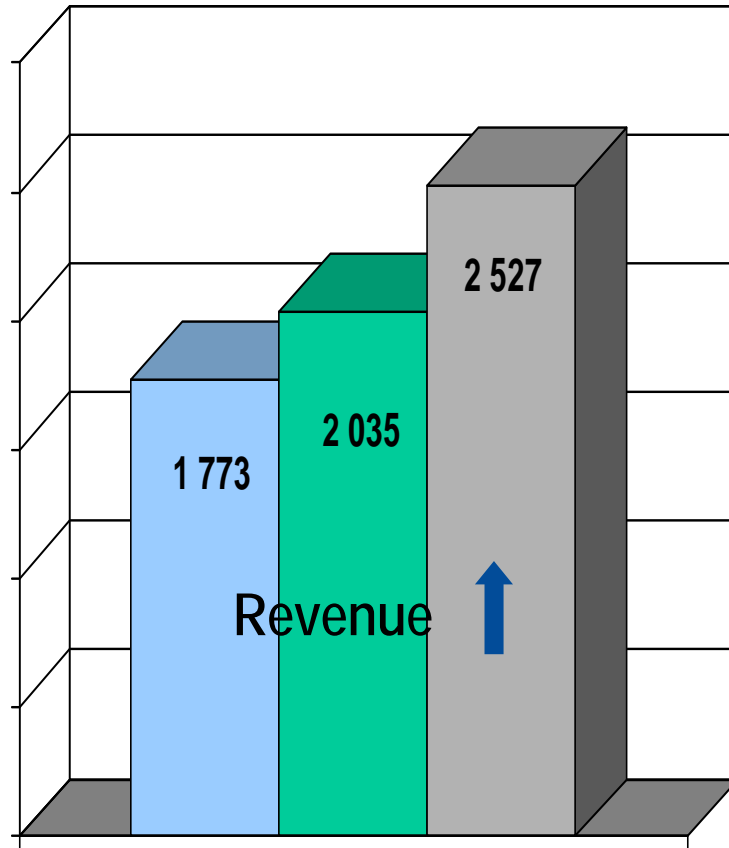
Manufacturing – Revenue and operating margin by business (Dec 2005 versus Dec 2004)



- Reduced operating profit to R29 million (2004: R38 million);
- Continuation of strong results in Everite Building Products;
- Margin pressure due to strong competition and market oversupply in the first quarter at Vaal Sanitaryware;
- Strong competition and low civils activity at DPI Plastics resulting in a loss for the current six months

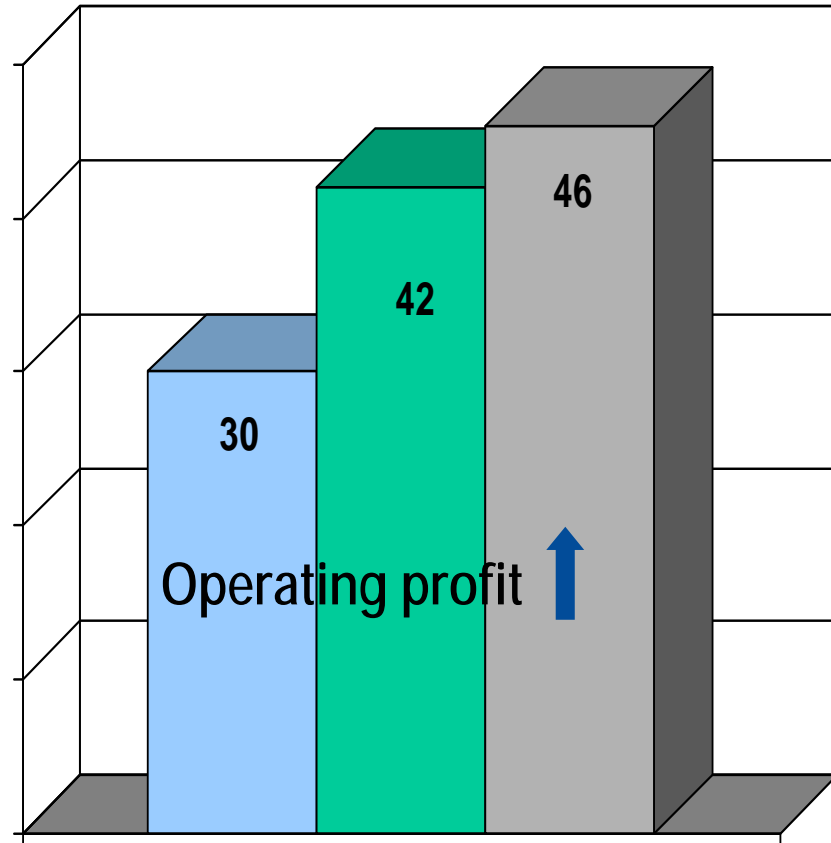


Construction



Revenue - R millions

- Six months to Dec 2004
- Six months to June 2005
- Six months to Dec 2005

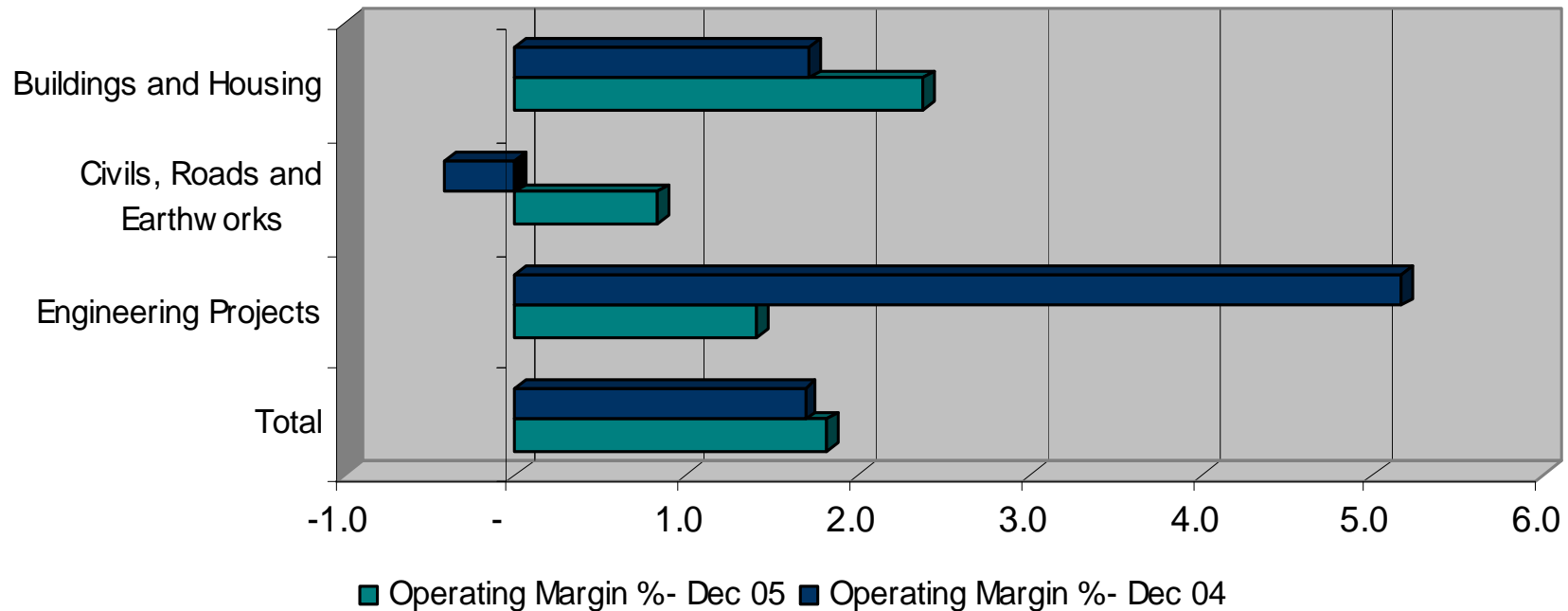


Operating Profit - R millions

- Six months to Dec 2004
- Six months to June 2005
- Six months to Dec 2005



Construction – Revenue and operating margin by business (Dec 2005 versus Dec 2004)



Continued strong growth with

- Operating profit increasing by 53,3% to R46 million (2004: R30 million)
- Overall margin improved from 1,7% to 1,8%
- Over-border work contributing 41,2% (2004: 36,3%) to revenue



Construction

Performance – Buildings/Housing

- Revenue increased by 53,6% to R1 525 million (2004: 993 million)
- Operating profit more than doubled to R36 million (2004: R17 million)
- Overall margins improved to 2,4% from 1,7%

Performance – Civil and Roads and Earthworks

- Civils and Roads and Earthworks businesses were merged during the period to improve efficiencies and lower overhead base;
- Revenue increased by 46,5% to R718 million (2004: R490 million) and operating profit of R6 million (0,8% margin) (2004: operating loss R 2million) was achieved;
- Problem roads contract in Malawi was terminated and all known losses accounted for in prior periods;
- Dubai contracts, at higher margins, continue to meet expectations



Construction

Performance – Engineering Projects

- Revenue in line with 2004 and operating profit decreased to R4 million (2004: R 15 million);
- Business began with a lower than targeted order book and combined with further project delays and two underperforming contracts, operating profit was negatively affected



Construction – order book

	12 months to June 2006
Forecasted construction turnover (Rm)	5 412
Secured construction revenue to 30 June 2006 (Rm)	5 278
% Secured of budget	98
% Order book international	45
% Order book local	55

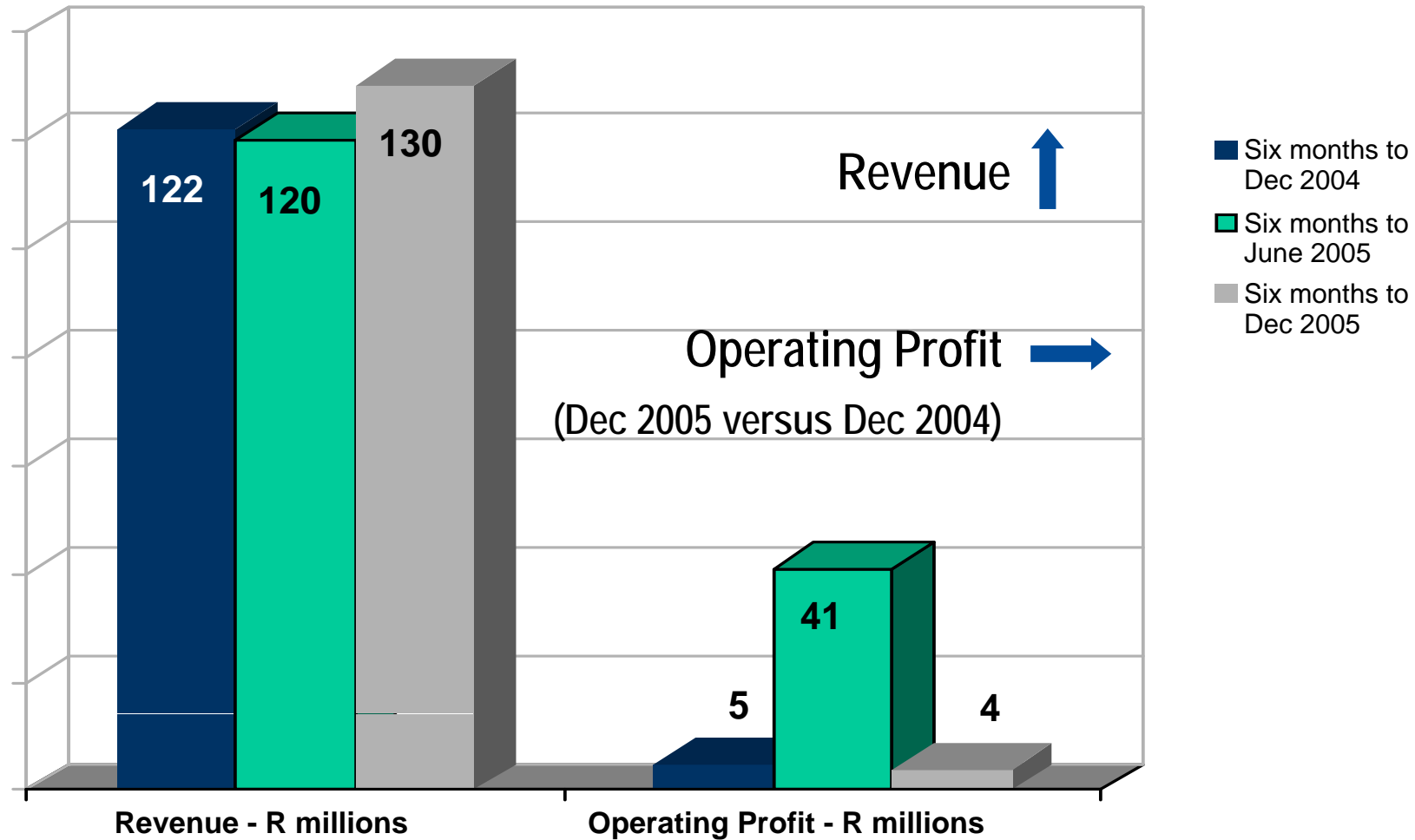


Construction – order book (continued)

	Total	Building/ Housing	Civils and Roads & Earthworks	Engineering Projects
12 months to June 2006 (Rm)	5 278	2 889	1 791	598
12 months to Dec 2006 (Rm)	4 358	2 259	1 746	353



Concessions/ Operations and Maintenance



Concessions/ Operations and Maintenance

Performance

- Revenue increased by 6,6% to R130 million (2004: R122 million) with operating profit remaining in line with the comparative period;
- Subsequent to 31 December 2005, the Group decided to exit all Indian operations over the next six months with certain O&M contracts already having been terminated;
- Polish concession is proceeding favourably towards the construction phase.



Prospects



Prospects

- Construction secured and completed order book to 30 June 2006 is at a record R5,3 billion
- Secured one year order book to 31 December 2006 is at R4,4 billion
- Continued improvement expected in the local Civils market as well as growth in Dubai and over-border mining, power, oil and gas;
- Expected second half improvement at manufacturing and property developments;
- Looking at realising value from certain manufacturing operations;
- Expected strong earnings growth from operations for the full year to 30 June 2006



Questions

