

Group Five warns of widening losses

By [Robert Laing](#)

20 Dec 2017

Group Five expects its interim headline loss per share for the six months to end-December to worsen by 34% to R4.15 from R3.10 in the matching period, it said in a trading update on Tuesday morning, 19 December.



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Reasons for its widening loss include delay penalties on its \$410m Kpone power station project in Ghana.

Tuesday's statement said the construction company faced potential fines of \$310,000 a day up to a maximum total of \$62.5m on the Kpone project.

Group Five said it expected to complete the Kpone project by the end of February rather than December, and was contesting that it must pay penalties for missing the original deadlines because delays were caused by changes to Ghanaian law.

The construction group said it also intended to recoup delay penalties by suing the power station's design engineer along with various other sub-contractors for causing the project to run late.

In July, institutional investor Allan Gray changed Group Five's management. Allan Gray instructed the new team to sell or close unprofitable businesses.

The trading statement said there had been "a general unwind in the South African construction order book" during the reporting period.

"Construction will eventually consist of a buildings and housing business, despite the reduction of work anticipated in the first half of 2018, where the group has a proven track record, and a small, nimble civil engineering business in SA."

Source: BDpro

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