

Group Five BEE Deal Caves In

Written by Rudi Prinsloo
Sunday, 21 June 2009 07:27 -



Group Five's black economic empowerment (BEE) deal with iLima is in trouble, the listed construction giant said on Thursday.

Group Five said in a statement it had given guidance to BEE investment firm iLima on refinancing initiatives.

"In spite of significant efforts by iLima, Group Five and other interested parties, exacerbated by the current adverse financial market conditions, these refinancing initiatives have failed," Group Five said.

In addition, iLima had not fulfilled certain conditions to which the original Group Five BEE transaction was subject, the statement said.

"As a consequence, the Group Five BEE transaction, in so far as it relates to iLima, will unwind," the company said.

iLima would return the shares it held in Group Five to the construction company.

"Group Five's direct and indirect exposure to iLima remains R172 million," it said.

It added that from an accounting perspective, the exposure would ultimately be recouped against the value of the shares held by iLima to be returned to Group Five and therefore there would be no financial effect on the current and prior year earnings of Group Five.

The unwinding of the iLima Group Five BEE transaction would not impact on Group Five's other BEE transactions involving Mvelaphanda Group or the Group Five BEE management and staff schemes, the company said.

"As a result of Group Five's focus on the continuous improvement of its broad based BEE scorecard and transformation, Group Five's DTI and Construction BBBEE scorecard overall rating remains unchanged," the statement said.

"Group Five remains committed to complying with both the provisions and the spirit of BEE," the group said.

Source : Sapa /jr/gj
Date : 18 Jun 2009 16:09