REVIEWED CONDENSED CONSOLIDATED RESULTS

FOR THE 12 MONTHS ENDED 28 FEBRUARY 2021

STEFANUTTI STOCKS HOLDINGS LIMITED
("Stefanutti Stocks" or "the company" or "the group")

(Registration number: 1996/003767/06)
(Share code: SSK ISIN: ZAE000123766)

- **Revenue R5,0 billion**
- **Cash at end of year R756 million**
- **Current order book R5,5 billion**

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

R'000	% Increase/ (Decrease)	Reviewed 12 months ended 28 February 2021	Restated 12 months ended 29 February 2020
Continuing operations			
Contract revenue	(30%)	**5 040 586**	7 227 036
Earnings before interest, taxation, depreciation and amortisation (EBITDA)	(104%)	**33 983**	(767 820)
Depreciation and amortisation		**(130 265)**	(201 453)
Impairment of assets		**(15 137)**	(52 995)
Operating loss before investment income	(89%)	**(111 419)**	(1 022 268)
Investment income		**28 734**	27 827
Share of losses of equity-accounted investees		**(1 323)**	(2 171)
Operating loss before finance costs		**(84 008)**	(996 612)
Finance costs		**(134 236)**	(114 953)
Loss before taxation		**(218 244)**	(1 111 565)
Taxation		**(93 104)**	4 412
Loss for the period from continuing operations		**(311 348)**	(1 107 153)
Profit after tax for the period from discontinued operations		**21 166**	35 105
Loss for the period		**(290 182)**	(1 072 048)
Other comprehensive income		**(68 916)**	51 962
Exchange differences on translation of foreign operations (may be reclassified to profit/(loss)) – Continuing operations		**(17 862)**	13 950
Exchange differences on translation of foreign operations (may be reclassified to profit/(loss)) – Discontinued operations		**(43 731)**	38 012
Impairment losses recognised on re-valued assets (may not be reclassified to profit/(loss))		**(27 549)**	–
Reclassification of foreign currency translation reserve on disposal of foreign subsidiary		**20 226**	–
Total comprehensive income		**(359 098)**	(1 020 086)
Loss attributable to:			
Equity holders of the company		**(287 027)**	(1 070 943)
Loss for the period from continuing operations		**(311 348)**	(1 107 153)
Profit for the period from discontinued operations		**24 321**	36 210
Non-controlling interest		**(3 155)**	(1 105)
Loss for the period from continuing operations		**–**	–
Loss for the period from discontinued operations		**(3 155)**	(1 105)
		(290 182)	(1 072 048)
Total comprehensive income attributable to:			
Equity holders of the company		**(352 941)**	(1 016 040)
Loss for the period from continuing operations		**(344 032)**	(1 093 203)
(Loss)/profit for the period from discontinued operations		**(8 909)**	77 163
Non-controlling interest		**(6 157)**	(4 046)
Loss for the period from continuing operations		**–**	–
Loss for the period from discontinued operations		**(6 157)**	(4 046)
		(359 098)	(1 020 086)
Earnings per share (cents)			
From continuing operations		**(186,16)**	(662,00)
From total operations		**(171,62)**	(640,35)
Diluted earnings per share (cents)			
From continuing operations		**(186,16)**	(662,00)
From total operations		**(171,62)**	(640,35)

Treasury shares were not included in the calculation of diluted earnings per share or diluted headline earnings per share as their effect is anti-dilutive.

Commentary to the statement of profit or loss and other comprehensive income

Headline earnings reconciliation		Continuing operations 28 Feb 2021	Continuing operations 29 Feb 2020	Discontinued operations 28 Feb 2021	Discontinued operations 29 Feb 2020	Total operations 28 Feb 2021	Total operations 29 Feb 2020
(Loss)/profit after taxation attributable to equity holders of the company		**(311 348)**	(1 107 153)	**24 321**	36 210	**(287 027)**	(1 070 943)
Adjusted for:							
Profit on disposal of plant and equipment		**(24 737)**	(11 887)	**(1 551)**	(59)	**(26 288)**	(11 946)
Tax effect		**7 609**	3 999	**433**	(1)	**8 042**	3 998
Gain on disposal of non-current assets held for sale		**(8 148)**	–	**–**	–	**(8 148)**	–
Tax effect		**2 281**	–	**–**	–	**2 281**	–
Fair value adjustments		**–**	–	**5 926**	–	**5 926**	–
Tax effect		**–**	–	**(1 815)**	–	**(1 815)**	–
Bargain purchase gain		**–**	(15 169)	**–**	–	**–**	(15 169)
(Profit)/loss on sale of subsidiary		**(507)**	–	**2 200**	–	**1 693**	–
Profit on sale of joint operation		**(53 887)**	–	**–**	–	**(53 887)**	–
Loss on re-measurement of disposal group		**–**	–	**26 103**	–	**26 103**	–
Impairment of equity-accounted investees		**34 533**	–	**–**	–	**34 533**	–
Impairment of investments		**24 000**	–	**–**	–	**24 000**	–
Impairment of assets		**15 137**	52 995	**–**	–	**15 137**	52 995
Headline earnings		**(315 067)**	**(1 077 215)**	**55 617**	**36 150**	**(259 450)**	**(1 041 065)**
Number of weighted average shares in issue		**167 243 684**	167 243 684	**167 243 684**	167 243 684	**167 243 684**	167 243 684
Number of diluted weighted average shares in issue		**188 080 746**	188 080 746	**188 080 746**	188 080 746	**188 080 746**	188 080 746
Earnings per share (cents)	(73%)	**(186,16)**	(662,00)	**14,54**	21,65	**(171,62)**	(640,35)
Diluted earnings per share (cents)	(73%)	**(186,16)**	(662,00)	**14,54**	21,65	**(171,62)**	(640,35)
Headline earnings per share (cents)	(75%)	**(188,39)**	(644,10)	**33,26**	21,62	**(155,13)**	(622,48)
Diluted headline earnings per share (cents)	(75%)	**(188,39)**	(644,10)	**33,26**	21,62	**(155,13)**	(622,48)

STATEMENT OF FINANCIAL POSITION

R'000	Reviewed 28 February 2021	Audited 29 February 2020
ASSETS		
Non-current assets	**1 211 650**	2 606 385
Property, plant and equipment	**608 411**	1 591 318
Equity-accounted investees	**25 703**	342 361
Goodwill and intangible assets	**345 664**	405 930
Deferred tax assets	**231 872**	266 776
Current assets	**3 148 139**	4 038 663
Other current assets	**2 285 196**	3 186 154
Taxation	**89 171**	79 620
Bank balances	**773 772**	772 889
Non-current assets held for sale	**1 053 068**	–
Total assets	**5 412 857**	6 645 048
EQUITY AND LIABILITIES		
Capital and reserves	**352 568**	711 666
Share capital and premium	**1 007 718**	1 007 718
Other reserves	**48 874**	228 435
Reserves of disposal group	**105 324**	–
Accumulated loss	**(809 348)**	(506 249)
Equity holders of the company	**352 568**	729 904
Non-controlling interest	**–**	(18 238)
Non-current liabilities	**269 703**	896 398
Other financial liabilities	**182 821**	479 627
Excess billings over work done	**46 506**	294 823
Provisions	**40 376**	121 948
Current liabilities	**4 505 859**	5 036 984
Other current liabilities*	**2 651 350**	2 985 721
Excess billings over work done	**1 205 771**	1 053 733
Provisions	**551 512**	885 103
Taxation	**79 092**	80 051
Bank balances	**18 134**	32 376
Liabilities associated with disposal group held for sale**	**284 727**	–
Total equity and liabilities	**5 412 857**	6 645 048
* including interest-bearing liabilities of	**1 352 478**	998 135
** including interest-bearing liabilities of	**32 920**	–
Commentary to the financial position		
Total number of net shares in issue	**167 243 684**	167 243 684
Net asset value per share (cents)	**210,81**	436,43
Net tangible asset value per share (cents)	**4,13**	193,71

STATEMENT OF CASH FLOWS

R'000	Reviewed 12 months ended 28 February 2021	Audited 12 months ended 29 February 2020
Cash consumed by operations	**(242 131)**	(751 406)
Interest received	**31 718**	29 740
Finance costs	**(113 590)**	(65 952)
Dividends received	**1 565**	29 952
Taxation paid	**(69 872)**	(60 309)
Cash flows from operating activities	**(392 310)**	(817 975)
Net proceeds received – Property, Plant and Equipment	**153 937**	103 276
Net proceeds on disposal of joint operation and subsidiaries	**123 807**	–
Expenditure for expansion	**(4 252)**	(28 367)
Expenditure for maintaining	**(14 205)**	(854)
Net cash (outflow)/inflow due to business combinations	**(3 187)**	46 330
Cash flows from investing activities	**256 100**	120 385
Movements on long- and short-term financing	**259 026**	531 218
Cash flows from financing activities	**259 026**	531 218
Net movement in cash for the period	**122 816**	(166 372)
Effect of exchange rate changes on cash and cash equivalents	**(16 063)**	26 114
Cash and cash equivalents at beginning of year	**740 513**	880 771
Cash at the end of the year – Discontinued operations	**(91 628)**	–
Cash and cash equivalents at the end of the year	**755 638**	740 513

SEGMENT INFORMATION

Segment information	Construction & Mining	Building	M&E	Reconciling segments*	Total
28 February 2021 (reviewed)					
Contract revenue	3 664 938	1 105 862	269 786	–	5 040 586
Intersegment contract revenue	37 440	6 213	18 242	–	61 895
Reportable segment profit/(loss) – Continuing operations	85 453	(130 769)	(79 004)	(187 028)	(311 348)
Reportable segment profit/(loss) – Discontinued operations	6 101	15 065	–	–	21 166
Reportable segment assets	3 042 942	1 572 335	351 807	445 773	5 412 857
Reportable segment liabilities	2 343 592	1 088 755	84 575	1 543 367	5 060 289
Segment information 29 February 2020 restated					
Contract revenue	4 679 460	1 650 385	897 191	–	7 227 036
Intersegment contract revenue	66 475	35 637	44 635	–	146 747
Reportable segment profit/(loss) – Continuing operations	(428 671)	(496 144)	(43 016)	(139 322)	(1 107 153)
Reportable segment profit/(loss) – Discontinued operations	(40 428)	75 533	–	–	35 105
Reportable segment assets	4 045 827	1 586 122	477 766	535 333	6 645 048
Reportable segment liabilities	3 333 139	1 286 916	171 147	1 142 180	5 933 382

** Other segments comprise segments that are primarily centralised in nature i.e. the group's headquarters*

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STATEMENT OF CHANGES IN EQUITY

R'000	Share capital and premium	Foreign currency translation reserve	Revaluation surplus reserve	Legal reserve	Reserves of disposal group	Accumulated loss	Attributable to equity holders of the company	Non-controlling interest	Total equity
Balance at 28 February 2019 audited	1 007 718	59 829	118 961	–	–	559 436	1 745 944	(14 192)	1 731 752
Total comprehensive income	–	54 903	–	–	–	(1 070 943)	(1 016 040)	(4 046)	(1 020 086)
Loss	–	–	–	–	–	(1 070 943)	(1 070 943)	(1 105)	(1 072 048)
Other comprehensive income	–	54 903	–	–	–	–	54 903	(2 941)	51 962
Realisation of revaluation reserve on sale of land and buildings	–	–	(6 022)	–	–	6 022	–	–	–
Recognition of reserve	–	–	–	764	–	(764)	–	–	–
Balance at 29 February 2020 audited	**1 007 718**	**114 732**	**112 939**	**764**	**–**	**(506 249)**	**729 904**	**(18 238)**	**711 666**
Total comprehensive income	**–**	**(5 135)**	**(27 549)**	**–**	**(33 230)**	**(287 027)**	**(352 941)**	**(6 157)**	**(359 098)**
Loss	**–**	**–**	**–**	**–**	**–**	**(287 027)**	**(287 027)**	**(3 155)**	**(290 182)**
Other comprehensive income	**–**	**(5 135)**	**(27 549)**	**–**	**(33 230)**	**–**	**(65 914)**	**(3 002)**	**(68 916)**
Realisation of revaluation reserve on sale of land and buildings	**–**	**–**	**(8 323)**	**–**	**–**	**8 323**	**–**	**–**	**–**
Discontinued operations	**–**	**(82 107)**	**(56 447)**	**–**	**138 554**	**–**	**–**	**–**	**–**
Disposal of non-controlling interest	**–**	**–**	**–**	**–**	**–**	**(24 395)**	**(24 395)**	**24 395**	**–**
Balance at 28 February 2021 reviewed	**1 007 718**	**27 490**	**20 620**	**764**	**105 324**	**(809 348)**	**352 568**	**–**	**352 568**

DISAGGREGATION OF CONTRACT REVENUE

Contract revenue from continuing operations can be further disaggregated as follows:	Reviewed 12 months ended 28 February 2021	Restated 12 months ended 29 February 2020
Geographical		
Within South Africa	**3 525 650**	6 102 372
Construction & Mining	**2 233 275**	3 666 846
Building	**1 022 589**	1 620 689
M&E	**269 786**	814 837
Outside South Africa	**1 514 936**	1 124 664
Construction & Mining	**1 431 663**	1 012 614
Building	**83 273**	29 696
M&E	**–**	82 354
Total	**5 040 586**	7 227 036
Sector		
Private	**3 213 849**	4 905 751
Construction & Mining	**1 997 572**	2 649 767
Building	**975 491**	1 358 793
M&E	**240 786**	897 191
Public	**1 826 737**	2 321 285
Construction & Mining	**1 667 366**	2 029 693
Building	**130 371**	291 592
M&E	**29 000**	–
Total	**5 040 586**	7 227 036

Shareholders are referred to the webcast and presentation relating to the reviewed condensed consolidated results for the 12 months ended 28 February 2021 which is available on the company's website: www.stefstocks.com.

The links are https://stefanuttistocks.com/investors/audio-visual-presentations/results-Feb-2021/ and https://stefanuttistocks.com/investors/presentations/annual-results-Feb-2021/

BASIS OF PREPARATION AND ACCOUNTING POLICIES

The reviewed condensed consolidated results for the year ended 28 February 2021 (results for the year and/or the reporting period) have been prepared in accordance with framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements issued by the Financial Reporting Standards Council. The report contains the information required by International Accounting Standard IAS 34: Interim Financial Reporting and is in compliance with the Listings Requirements of the JSE Limited and the requirements of the South African Companies Act, 71 of 2008. The accounting policies as well as the methods of computation used in the preparation of the results for the period ended 28 February 2021 are in terms of IFRS and are consistent with those applied in the audited annual financial statements for the year ended 29 February 2020.

There is no significant difference between the carrying amounts of financial assets and liabilities and their fair values. The fair value measurement for land and buildings are categorised as a level 3, based on the valuation method of income capitalisation using unobservable inputs i.e. market capitalisation rates and income/expenditure ratio. The results are presented in Rand, which is Stefanutti Stocks' functional currency.

The company's directors are responsible for the preparation and fair presentation of the reviewed condensed consolidated results. These results have been compiled under the supervision of the Chief Financial Officer, AV Cocciante, CA(SA).

AUDITORS' REVIEW

These reviewed condensed consolidated results for the year ended 28 February 2021 have been reviewed by the group's auditors, Mazars. Their unmodified review conclusion is available for inspection at the company's registered office. The auditor's conclusion contained the following emphases of matter: We draw attention to the disclosure included in this announcement, which indicates that the group incurred a net loss of R290 million for the year ended 28 February 2021 and, as of that date, the group's current liabilities exceeded its current assets by R1 358 million.

As disclosed, these events and conditions, along with other matters as noted, including the uncertainties surrounding the COVID-19 pandemic and contingent liabilities, indicate that a material uncertainty exists that may cast significant doubt with respect to the group's ability to continue as a going concern. In order to address these issues the group has implemented a restructuring plan of which further details regarding its implementation are disclosed in the "Restructuring Plan update" section. Based on the successful implementation of the restructuring plan, the directors consider it appropriate that the group's condensed consolidated results be prepared on the going-concern basis. Therefore, our opinion is not modified in respect of this matter.

COVID-19

Stefanutti Stocks' priority continues to be the health and safety of its employees. The management of the group remains committed to supporting the initiatives that the governments have implemented in the various countries in which the group operates. Importantly, Stefanutti Stocks continues to adhere to the required protocols and maintains a close working relationship with clients and key stakeholders to mitigate the extensive impact of COVID-19 and reduce the long-term effects on its business.

GROUP PROFILE

Stefanutti Stocks is a construction company operating throughout South Africa, sub-Saharan Africa and the United Arab Emirates with multi-disciplinary expertise including concrete structures, marine construction, piling and geotechnical services, roads and earthworks, bulk pipelines and surface mining related services, all forms of building works, including affordable housing, and mechanical and electrical installation and construction.

RESTRUCTURING PLAN UPDATE

The group hereby provides shareholders with an update on the Restructuring Plan as reported in the Unaudited Condensed Consolidated Results of Stefanutti Stocks for the six months ended 31 August 2020 issued on 26 November 2020, subsequent disposal of properties announcement issued on 21 October 2020 as well as the disposal of the mining services division announcement issued on 28 April 2021.

As previously reported, the Restructuring Plan has been approved by both the company's board of directors and the Lenders and envisages, *inter alia*:

- the sale of non-core assets;
- the sale of underutilised plant and equipment;
- the sale of certain operations;
- internal restructuring initiatives required to restore optimal operational and financial performance;
- the securing of additional short-term funding of R430 million, of which R270 million related to the negative effects of the national lockdown in March/April 2020;
- a favourable outcome from the processes relating to the contractual claims and compensation events on the Kusile power project;
- the restructuring of the short-term funding received to date from the Lenders into a term loan; and
- evaluation of an optimal business model going forward and associated capital structure analysis including the potential of raising new equity.

In accordance with the Restructuring Plan, the Lenders had provided the requisite funding and converted the short-term funding agreement into a term loan on 1 July 2020, which loan terminates on 28 February 2022. The loan bears interest at prime plus 5,4%, including arranging and facility fees, and is secured by special and general notarial bonds over movable assets, continuous covering mortgage bonds over immovable assets and various cessions. Shareholders are further advised that the group, on 25 May 2021, reached an agreement with the Lenders to extend the current capital repayment profile of the loan. The capital portion of the loan repayments are envisaged to commence in July 2021 with a residual loan balance at 28 February 2022 of approximately R420 million. The resolution of contractual claims and compensation events on the Kusile power project is taking longer than anticipated due to the complex nature thereof.

The Lenders have agreed to provide continued guarantee support for current and future projects being undertaken by the group. Management has made considerable progress in reconfiguring the group's organisational structure to improve operational performance and decrease overhead costs, including the reduction of the group's overall headcount. This is an ongoing process which continues as the aspects of the Restructuring Plan are being implemented in this uncertain environment.

The purpose of the Restructuring Plan is to put in place an optimal capital structure and access to liquidity to position the group for long-term growth.

The Restructuring Plan is anticipated to be implemented over the financial year ending February 2022 and, to the extent required, shareholder approval will be sought for certain aspects of the Restructuring Plan. Stefanutti Stocks will continue to update shareholders on the progress of the various aspects of the Restructuring Plan.

The funding provided by the Lenders has assisted in relieving the group's liquidity pressures even though current liabilities exceed current assets at 28 February 2021. In addition thereto, uncertainties surrounding the COVID-19 pandemic and contingent liabilities as noted in note 25 of the group's Consolidated Annual Financial Statements for the year ended 29 February 2020, continue to indicate that a material uncertainty exists that may cast doubt on the group's ability to continue as a going concern in the short term. However, having converted the short-term funding agreement with the Lenders to a term loan and on the basis of successfully implementing the Restructuring Plan, the directors consider it appropriate that the group's results for the reporting period be prepared on the going-concern basis.

OVERVIEW OF RESULTS

As previously highlighted to shareholders in various announcements and updates since late 2018, the group continues to pursue a number of contractual claims and compensation events on the Kusile power project. Due to the complexity of the claims, the processes remain ongoing. No further details of the claims have been disclosed on the basis that it may prejudice the group's position in defending the claims brought against it and in pursuing those claims brought against Eskom by the group.

As a consequence of the implementation of the Restructuring Plan, a number of non-core assets, underutilised plant and equipment and identified operations earmarked for sale have been reclassified in terms of IFRS 5: Non-current Assets Held for Sale and Discontinued Operations.

Non-current assets held for sale

The following items of property, plant and equipment were reclassified as held for sale as the group is actively marketing these assets and is expected to dispose of these within a year:

Property, plant and equipment	Business unit	Non-current assets held for sale R'000	Liabilities directly associated with non-current assets held for sale R'000
Land and buildings	Construction & Mining and M&E	47 435	8 190
Transport and motor vehicles	Construction & Mining	138	–
Plant and equipment	Construction & Mining and Building	140 335	23 630
		187 908	**31 820**

The carrying value of the investment relating to the equity-accounted United Arab Emirates Joint Venture of R268 million, has also been re-classified to non-current assets held for sale.

Negotiations with respect to the sale of this entity remain ongoing. Once agreement has been reached shareholders will be advised as to the terms which could impact on the fair value of the investment.

Discontinued operations

In line with the Restructuring Plan, the group has initiated a disposal programme to sell certain operations which have accordingly been classified as discontinued operations effective 1 July 2020 and 28 February 2021. These disposals, including certain foreign operations, are expected to be concluded within the next 12 months and include the disposal of the Mining Services division as contemplated in the Circular sent to Shareholders on 28 April 2021. The financial performance, reportable assets and reportable liabilities are presented within the Construction & Mining and Building business units. Financial information relating to the discontinued operations is set out in the tables below:

Statement of profit or loss and other comprehensive income	Feb 2021 R'000	Feb 2020 R'000
Contract revenue	866 770	1 358 890
Earnings before interest, taxation, depreciation and amortisation (EBITDA)	54 038	6 825
Depreciation and amortisation	(4 779)	(17 470)
Fair value adjustments	(5 926)	–
Loss on re-measurement to fair value less costs to sell	(26 103)	–
Operating profit/(loss) before investment income	**17 230**	**(10 645)**
Investment income	3 649	2 479
Share of profits of equity-accounted investees	5 707	48 367
Operating profit before finance costs	**26 586**	**40 201**
Finance costs	(2 475)	(11 114)
Profit before taxation	**24 111**	**29 087**
Taxation	(2 945)	6 018
Profit for the period	**21 166**	**35 105**
Other comprehensive income	(36 232)	38 012
Exchange differences on translation of foreign operations (may be reclassified to profit/(loss))	(43 731)	38 012
Reclassification of foreign currency translation reserve on disposal of foreign subsidiary	7 499	–
Total comprehensive income	(15 066)	73 117
Profit attributable to:	21 166	35 105
Equity holders of the company	24 321	36 210
Non-controlling interest	(3 155)	(1 105)
Total comprehensive income attributable to:	(15 066)	73 117
Equity holders of the company	(8 909)	77 163
Non-controlling interest	(6 157)	(4 046)
Earnings per share	14,54	21,65
Headline earnings per share	33.26	21,62

Net cash flows from discontinued operations	Feb 2021 R'000	Feb 2020 R'000
Net cash movement from operating activities	134 473	(240 995)
Net cash movement from investing activities	97 146	(53 695)
Net cash movement from financing activities	(178 899)	13 994
Effect of exchange rate changes on cash and cash equivalents	6 469	1 890
Net cash flows	59 189	(278 806)

Statement of financial position	Local operations Feb 2021 R'000	Foreign operations Feb 2021 R'000	Total Feb 2021 R'000
Non-current assets	**43 587**	**245 549**	**289 136**
Property, plant and equipment	10 764	233 946	244 710
Goodwill and intangible assets	32 823	–	32 823
Deferred tax assets	–	11 603	11 603
Current assets	**56 802**	**251 533**	**308 335**
Other current assets	47 486	168 818	216 304
Taxation	–	403	403
Bank balances	9 316	82 312	91 628
	100 389	**497 082**	**597 471**
Non-current liabilities	**–**	**386**	**386**
Financial liabilities	–	386	386
Current liabilities	**43 066**	**209 455**	**252 521**
Other current liabilities	40 352	148 179	188 531
Excess billings over work done	–	53 409	53 409
Provisions	2 714	7 867	10 581
	43 066	**209 841**	**252 907**

Disaggregation of contract revenue

Contract revenue from discontinued operations can be further disaggregated as follows:	Feb 2021 R'000	Feb 2020 R'000
Geographical		
Within South Africa	**345 688**	**388 912**
Construction & Mining	345 688	388 912
Outside South Africa	**521 082**	**969 978**
Construction & Mining	35 232	59 547
Building	485 850	910 431
Total	**866 770**	**1 358 890**
Sector		
Private	**849 442**	**1 298 356**
Construction & Mining	363 592	387 925
Building	485 850	910 431
Public	**17 328**	**60 534**
Construction & Mining	17 328	60 534
Total	**866 770**	**1 358 890**

Continuing operations

The continued adverse market conditions, as well as the substantial impact of COVID-19, has reduced contract revenue from continuing operations to R5,0 billion (restated Feb 2020: R7,2 billion) with an operating loss of R111 million (restated Feb 2020: R1 022 million). On 30 October 2020 the group ceased marketing the Mechanical & Electrical business unit, which is now classified as part of continuing operations.

The United Arab Emirates operation, included in the share of profits of equity-accounted investees, reported a profit of R6 million for the period to June 2020 (Feb 2020 profit of R48 million). From July 2020, the operation has been classified as held for sale and carried at fair value.

The group has not provided for a deferred tax asset on the losses pertaining to the South African trading entity. Furthermore, the tax charge is impacted by the profitability of the cross-border operations at their varying tax rates.

The after tax loss for the period for continuing operations is R311 million (restated Feb 2020: R1 107 million) and for discontinued operations a profit after tax of R21 million (restated Feb 2020: R35 million).

Earnings and headline earnings per share for total operations are reported as a loss of 171,62 cents (Feb 2020: 640,35 cents) and a loss of 155,13 cents (Feb 2020: 622,48 cents) respectively.

The group's order book for continuing operations is currently R5,5 billion of which R2,1 billion arises from work beyond South Africa's borders.

Finance costs increased to R134 million (restated Feb 2020: R115 million) as a result of the extended funding made available from the Lenders. Total interest-bearing liabilities have remained relatively consistent at R1 553 million (Feb 2020: R1 510 million).

The impact of COVID-19 and current dispute resolution processes have contributed negatively on cash consumed by operations of R242 million (Feb 2020: R751 million). The group's total cash position has increased to R847 million (Feb 2020: R741 million). Should the discontinued operations be excluded, the cash position is R756 million (Feb 2020: R741 million).

The effect of the weakening Rand on the translation of certain foreign operations resulted in R62 million loss (Feb 2020: R52 million profit) being recognised in other comprehensive income.

Review of operations

Construction & Mining

Construction & Mining's contract revenue from continuing operations decreased to R3,7 billion (restated Feb 2020: R4,7 billion) with an operating profit of R71 million (restated Feb 2020: operating loss of R383 million).

A decision has been taken to cease the Contract Mining operation. At February 2021, only one insignificant contract remains active, which will be completed by October 2021. In terms of the requirements of IFRS 5: *Non-current Assets Held for Sale and Discontinued Operations*, the results of the Contract Mining operations are disclosed as part of continuing operations. The operating loss for Contract Mining for the year amounted to R55 million (Feb 2020: R161 million).

Opportunities exist for this business unit in transport infrastructure, water and wastewater treatment plants, mine infrastructure and in the alternate energy sector.

The government's proposed National Development Plan (NDP) will offer potential opportunities to this business unit.

As previously reported, with respect to two contract mining project terminations, the arbitration matters remain ongoing. The group is confident that the terminations were lawful and therefore no provision has been made for these. Both arbitrations are expected to be completed by February 2022.

Construction & Mining's total order book at February 2021 was R3,6 billion (Feb 2020: R4,6 billion).

Building

Due to the National Lockdown and the safety regulations of COVID-19, the Building business unit was unable to work for three months during the reporting period, resulting in contract revenue from continuing operations reducing to R1,1 billion (restated Feb 2020: R1,7 billion). The operating loss decreased to R31 million (restated operating loss Feb 2020: R514 million). The profit of the equity-accounted United Arab Emirates operation is excluded from this result.

This business unit should also potentially benefit from the NDP, together with commercial, retail, industrial, warehouse and factory opportunities in the private sector, in Gauteng, KwaZulu-Natal and Western Cape.

The Mozambique division's order book is currently under pressure, impacted by the ongoing unrest in the northern province gas fields expansion projects. The division is, however, pursuing other opportunities in the office, residential, factory and surface mine infrastructure in the private sector.

Building's total order book at February 2021 was R2,0 billion (Feb 2020: R2,3 billion) excluding the United Arab Emirates order book of R485 million (Feb 2020: R658 million).

Mechanical & Electrical

Mechanical & Electrical's contract revenue decreased to R270 million (Feb 2020: R897 million) with an operating loss of R64 million (Feb 2020: R25 million). This business unit has been severely impacted by the effects the COVID-19 pandemic has had on global commodity prices resulting in major plant maintenance and upgrade projects being put on hold. However, opportunities in the traditional petrochemical sector for the Oil & Gas division are showing signs of improvement.

The arbitration matter relating to the cancellation of a petrochemical contract had to be postponed due to a fundamental change in the client's defence. A date for the arbitration is yet to be set. At this stage the financial impact thereof cannot be quantified.

During the reporting period, Stefanutti Stocks terminated a mechanical project. The client is disputing the termination, which has now been referred to arbitration. The arbitration process is expected to be completed by February 2022. The group is confident that the termination was lawful and therefore no provision has been made against this.

Mechanical & Electrical's total order book at Feb 2021 was R136 million (Feb 2020: R328 million).

Safety

Management and staff remain committed to enhanced health and safety policies and procedures, and together strive to constantly improve the group's safety performance. The group's Lost Time Injury Frequency Rate (LTIFR) at February 2021 was 0,03 (Feb 2020: 0,02) and the Recordable Case Rate (RCR) was 0,35 (Feb 2020: 0,29).

Broad-Based Black Economic Empowerment (B-BBEE)

The group is a level 1 B-BBEE contributor measured in terms of the Construction Sector scorecard with a Black Economic Interest score of 81,3%.

Industry related matters

With respect to the civil claim received from the City of Cape Town (Green Point Stadium), the arbitration date has been set for September 2021. The group remains confident it can defend this claim.

The group continues to be negatively affected through disruptive and unlawful activities by certain communities and informal business forums in certain areas of South Africa.

Dividend declaration

Notice is hereby given that no dividend will be declared (Feb 2020: Nil).

Changes and proposed changes to the board of directors

In accordance with paragraph 3.59 of the Listings Requirements of the JSE Limited, shareholders are advised of the following changes to the board:

Dermot Quinn has informed the Board of his intention to retire from the Board at the Company's 2021 Annual General Meeting. Dermot has served on the Board since 2007 as the Chief Financial Officer and thereafter as a non-executive director. John Poluta, currently alternate non-executive director to Busisiwe Silwanyana, will be appointed as a non-executive director. John has been on the Board as an alternate non-executive director since 2017.

The Board expresses its appreciation to Dermot for his valued past contributions and guidance over the years and wishes him all the best for the future.

Given the critical importance of the ongoing implementation of the Restructuring Plan, and in order to devote the required time and resource to this process, Antonio Cocciante will step down from his role as Chief Financial Officer and executive director, effective 31 May 2021 until such time that the plan has been fully implemented. During this implementation period, Yolanda du Plessis will be appointed as acting Chief Financial Officer and executive director with effect from 1 June 2021. Yolanda has been with the group since 2008 and has worked closely with both Dermot and Antonio over the years. Yolanda's appointment has the support of the Board.

Yolanda's profile is set out below.

BCompt (Hons), CA(SA); Post Graduate Diploma: International Tax

Yolanda qualified as a chartered accountant in 2006 and has more than 20 years' experience in statutory reporting, audit, corporate governance and sustainability matters as well as tax. Yolanda was appointed in 2008 as Group Financial Manager.

Subsequent events

Other than the matters noted herein, there were no other material reportable events which occurred between the reporting date and the date of this announcement.

Appreciation

We would like to express our appreciation to the board, the management team and all of our employees for their continuous commitment and dedication in this demanding environment. We also express our gratitude to our Lenders, service providers, customers, suppliers and shareholders for their ongoing support.

On behalf of the board

Zanele Matlala
Chairman

Russell Crawford
CEO

Published on 27 May 2021

Directors

Non-executive directors
ZJ Matlala# (Chairman), B Harie#, B Silwanyana#, J Poluta (alternate to B Silwanyana), DG Quinn#, HJ Craig#
 # Independent

Executive directors
RW Crawford (Chief Executive Officer)
AV Cocciante (Chief Financial Officer)

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50 Smits Road, Dunkeld, 2196
(PO Box 651010, Benmore, 2010)

Transfer secretaries
Computershare Investor Services Proprietary Limited
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Private Bag X9000, Saxonwold, 2132

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Mazars
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Company secretary
W Somerville
Co-Unity Offices, 18 Royal Street, Hermanus, 7200

This announcement together with the investor presentation is available on the company's website.