Shareholders' Information and Notice of the Annual General Meeting

FOR THE YEAR ENDED 28 FEBRUARY 2019

The Stefanutti Stocks Integrated Report 2019 and the Annual Financial Statements 2019 are available on the company's website (www.stefanuttistocks.com) and a printed copy is available on request from the Company Secretary.

Company profile

Stefanutti Stocks is one of South Africa's leading engineering and construction groups and has been listed on the JSE Main Board in the "Construction and Materials – Heavy Construction" sector since 2007.

The group offers highly diversified services across a wide spectrum of engineering and construction disciplines. The focus areas of the group comprise concrete structures, marine construction, piling and geotechnical services, roads and earthworks, bulk pipelines, open-pit contract mining and surface mining related services, all forms of building works, including affordable housing, and mechanical and electrical installation and construction.

All group operations are registered with the Construction Industry Development Board (CIDB) as a Category 9 Contractor, which places no limitations on the project size for which the group can tender. Furthermore, the group is also ISO 9001, ISO 14001 and OHSAS 18001 certified.

The group operates in South Africa, sub-Saharan Africa, including Botswana, Ghana, Guinea, Kenya, Lesotho, Mozambique, Namibia, Nigeria, Swaziland (Eswatini), Tanzania, the United Arab Emirates and Zambia, in both the private and public sectors. Clients include governments, state-owned companies, local authorities, large industrial entities, mining corporations, financial institutions and property developers.

Stefanutti Stocks's headquarters is based in Kempton Park, Gauteng and it employs a global workforce of 10 746 with 7 577 employees throughout South Africa.

We continue to create sustainable partnerships with all stakeholders through a values-driven culture.

VISION

if you can dream it, we can construct it

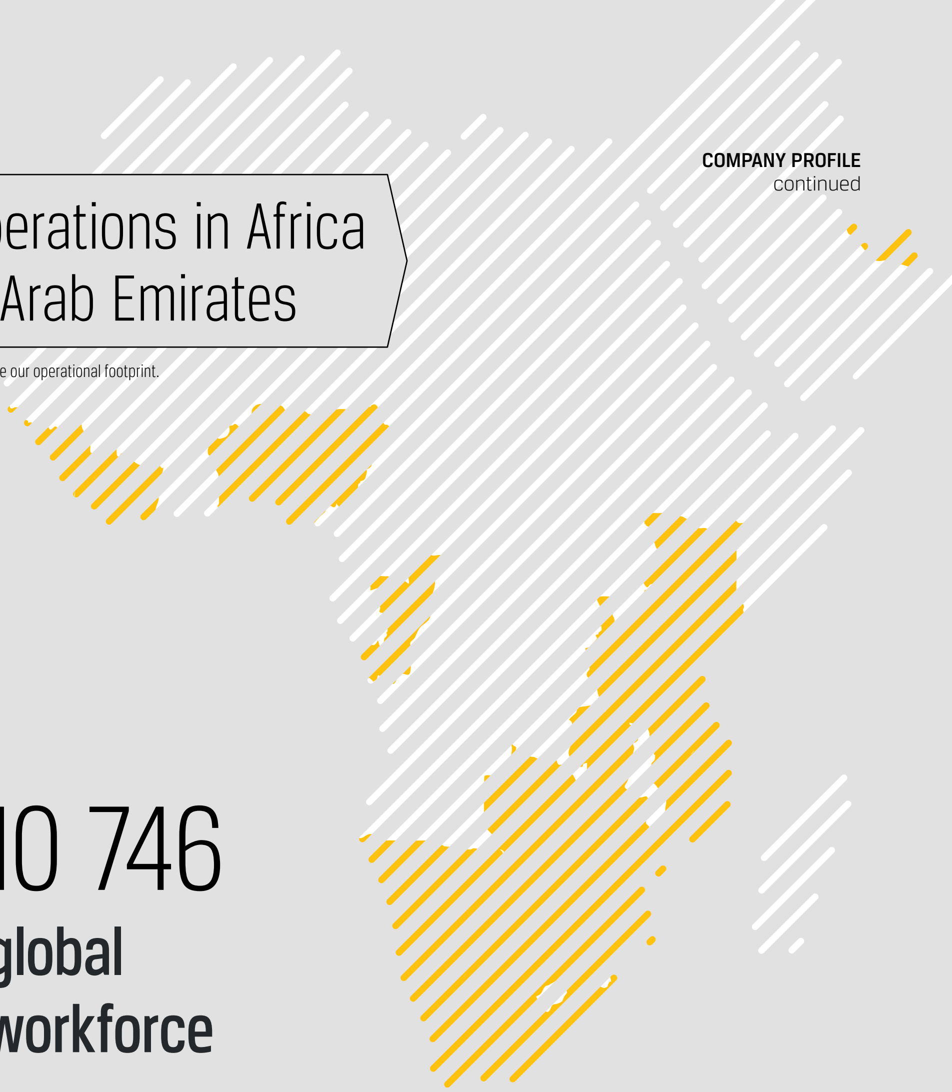
MISSION

excellence in execution

This is accomplished by setting and achieving measurable key objectives to support sustainable earnings growth and, at the same time, maintaining a sound financial position while implementing key non-financial objectives to support our growth strategy.

Regional operations in Africa and United Arab Emirates

Key: Shaded countries on the map indicate our operational footprint.



Category 9
CIDB Contractor

7 577
employees in South Africa

10 746
global workforce

VALUES

CANDOUR
Frank and respectful discussions with the objective of finding positive outcomes.

PROFESSIONALISM
The application of a competent, disciplined and meticulous approach to all aspects of business, resulting in performance of high quality and reliability.

ACCOUNTABILITY
Taking personal responsibility for one's actions and the resultant outcomes.

EXCELLENCE
A passionate mind-set that puts quality at the forefront of all business activity.

PEOPLE RELATIONS
The value which results in people treating one another fairly and with respect and always being mindful of the human dignity of others.

DYNAMIC
Embracing openness and flexibility of mind and an energetic, proactive solution-driven attitude.

Commentary

BASIS OF PREPARATION AND ACCOUNTING POLICIES

The summarised condensed consolidated results for the year ended 28 February 2019 (results for the year) have been prepared in accordance with framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council. The report contains the information required by International Accounting Standard (IAS) 34: Interim Financial Reporting and are in compliance with the Listings Requirements of the JSE Limited. The accounting policies as well as the methods of computation used in the preparation of the results for the year ended 28 February 2019 are in terms of IFRS and are consistent with those applied in the audited annual financial statements for the year ended 28 February 2018 except for the adoption of new standards. The group has adopted IFRS 9: Financial Instruments, IFRS 15: Revenue from Contracts with Customers and IFRS 16: Leases with effect from 1 March 2018.

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's functional currency.

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

INDEPENDENT AUDITOR'S REPORT

The summarised report is extracted from audited information but is not itself audited by Stefanutti Stocks's external auditor. The unmodified independent auditors' report, with an emphasis of matter paragraph, can be found on page 8 of the consolidated annual financial statements, as well as on Stefanutti Stocks's website.

The auditor's conclusion contained the following emphasis of matter:

We draw attention to the consolidated statement of profit or loss and other comprehensive income and consolidated statement of financial position as well as note 26 of the financial statements, which indicates that the group incurred a net loss of R111 million for the year ended 28 February 2019 and, as of that date, the group's current liabilities exceeded its current assets by R301 million. These events and conditions, along with other matters as set forth in note 26, indicate that a material uncertainty exists that may cast significant doubt on the group's ability to continue as a going concern due to the short-term liquidity pressure. Our opinion is not modified in respect of this matter.

ADOPTION OF NEW ACCOUNTING STANDARDS

The impact of the new accounting standards on the group's financial statements are as follows:

IFRS 9: Financial Instruments

IFRS 9 sets out requirements for recognition and measurement of financial assets and liabilities. This standard replaces IAS 39: Financial Instruments: Recognition and Measurement.

IFRS 9 is applied retrospectively to each prior reporting period resulting in the restatement of comparative reporting periods. While the classification and measurement remain unaffected, the impairment model adjustment did impact the group.

IFRS 9 replaces the 'incurred loss' model with an 'expected credit loss' (ECL) model, thereby requiring an impairment of the carrying amounts of financial assets. This new model applies to financial assets measured at amortised cost and contract assets. The ECL model recognises an impairment allowance on financial assets and is calculated considering possible future losses based on past experience as well as future economic factors. In terms of IFRS 9, the group applied the simplified approach and measured the impairment allowance on the lifetime of trade receivables and contract assets. Impairment allowances are deducted from the carrying amounts of the assets.

IFRS 15: Revenue from Contracts with Customers

IFRS 15 establishes a single and comprehensive framework which sets out how and when revenue should be recognised. Revenue will now be recognised when control over the goods or services is transferred to the customer. It replaces IAS 18: Revenue, IAS 11: Construction Contracts and related interpretations.

The group has adopted IFRS 15 and applied it retrospectively to each prior reporting period presented subject to practical expedients as defined in the Standard. This resulted in the restatement of comparative reporting periods.

A contract modification is a change in the scope or price of a contract and is recognised as an adjustment to revenue at the date of the contract modification. In estimating the value of the adjustment to revenue, a higher probability threshold in recognising revenue has to be applied. In applying these higher thresholds, certain revenue that was recognised previously had to be reversed.

In certain circumstances, the change from an output method to an input method, to measure progress of the transfer of control of goods and services constitutes a better reflection of transfer of control. This change in approach resulted in a difference in revenue recognised.

IFRS 16: Leases

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and replaces IAS17: Leases and related interpretations.

The group early adopted IFRS 16 to limit the number of restatements due to changes of accounting standards and to present a single lease accounting model which recognises assets and liabilities for all leases consistently in terms of measurement, presentation and disclosure, with effect from 1 March 2018. The modified retrospective approach was applied by recognising the cumulative effect at the date of initial application.

This resulted in no restatement of comparative reporting periods, instead recognising the cumulative effect as an adjustment to the Statement of Financial Position as on 1 March 2018. The cumulative effect is the recognition of right-of-use assets to the value of R36 million as well as a corresponding right-of-use liability.

The table below summarises the impact of the adoption of IFRS 9, IFRS 15 and IFRS 16 on the results of the comparative reporting periods:

OVERVIEW OF RESULTS

The Board of Directors report that the group's performance continues to reflect the impact of operating within a extremely difficult trading environment. Contract revenue from operations reduced to R9,9 billion compared to the previous year (restated Feb 2018: R10,4 billion).

As previously reported, the Building business unit is pursuing a number of contractual claims and compensation events on a large public sector power project in South Africa.

In terms of IAS 37: Provisions, Contingent Liabilities and Contingent Assets, during the current financial year, the group has provided for potential unrecoverable preliminary and general costs to complete the project, whilst in this regard actively pursuing its contractual rights in terms of the dispute resolution process as set out in the contract. Including the above provision for costs, the group has reported an operating loss of R158,0 million (restated Feb 2018: operating loss of R506,0 million).

FEBRUARY 2017	Previously reported 28 Feb 2017 R'000	IFRS 9 R'000	IFRS 15 R'000	Restated 1 Mar 2017 R'000
NON-CURRENT ASSETS				
Deferred tax assets	58 802	15 235	–	74 037
CURRENT ASSETS				
Contracts in progress	414 525	–	(10 000)	404 525
Trade and other receivables	2 256 514	(49 035)	–	2 207 479
NON-CURRENT LIABILITIES				
Deferred tax liabilities	24 452	(1 077)	(3 447)	19 928
CURRENT LIABILITIES				
Excess billings over work done	1 197 743	–	12 312	1 210 055
RETAINED EARNINGS	1 235 000	(32 723)	(18 865)	1 183 412

FEBRUARY 2018	Previously reported 28 Feb 2018 R'000	Adjustments 2017 R'000	IFRS 9 R'000	IFRS 15 R'000	Restated 28 Feb 2018 R'000	IFRS 16 R'000	Restated 1 Mar 2018 R'000
NON-CURRENT ASSETS							
Property, plant and equipment	–	–	–	–	–	35 898	35 898
Deferred tax assets	98 610	19 759	1 347	14 548	134 264	–	134 264
CURRENT ASSETS							
Contracts in progress	465 067	(10 000)	–	(46 202)	408 865	–	408 865
Trade and other receivables	2 601 208	(49 035)	(2 930)	–	2 549 243	–	2 549 243
NON-CURRENT LIABILITIES							
Lease liabilities	–	–	–	–	–	35 898	35 898
CURRENT LIABILITIES							
Excess billings over work done	1 092 801	12 312	–	5 757	1 110 870	–	1 110 870
RETAINED EARNINGS	760 779	(51 588)	(1 583)	(37 411)	670 197	–	670 197

This excludes results from the United Arab Emirates operation, which contributed R66 million (Feb 2018: R48 million) towards the share of profits of equity accounted investees. Earnings and headline earnings per share are reported as a loss of 65,99 cents (restated Feb 2018: loss of 317,77 cents) and a loss of 70,12 cents (Feb 2018: profit of 67,51 cents) respectively. Headline earnings per share in the comparative period was impacted by the adjustment of impairment charges relating to assets.

The group's order book is currently R11,5 billion of which 43% arises from work beyond South Africa's borders.

Capital expenditure for the period amounted to R109 million (Feb 2018: R500 million). In terms of IFRS 16, an additional R70 million (Feb 2018: Nil) worth of plant and equipment has been capitalised. These items are not owned by the group but are rented from suppliers, with limited liability. The increase in the prior year's capital expenditure, with the capitalisation of plant and equipment in terms of IFRS 16, has resulted in an increase in depreciation to R211 million (Feb 2018: R176 million) and finance costs to R101 million (Feb 2018: R83 million). Due to the lower capital expenditure during the current year, including the impact of IFRS 16, interest-bearing liabilities have reduced to R637 million (Feb 2018: R783 million).

As a result of the well documented adverse market conditions facing the industry, the group has experienced a further increase in delayed payments from clients. This practice once again had a negative impact on trade and other receivables and payables. Cash generated from operations increased to R361 million (Feb 2018: R322 million). Notwithstanding a reduction in working capital of R246 million (Feb 2018: an increase of R293 million), the group's overall cash decreased to R881 million (Feb 2018: R916 million).

The issues noted above as well as the matters mentioned in the review of operations below have resulted in the group experiencing short-term liquidity pressures and as a consequence material uncertainty may exist that may cast doubt on the group's ability to continue as a going concern in the short term.

In order to address this short-term liquidity pressure, the group is exploring raising the required funding through a combination of specific ring-fenced project financing, a number of alternative funding solutions and, only if required, a possible fresh issue of shares (the 'Funding Plan'). The first part of the Funding Plan, being the specific ring-fenced project financing has been secured.

The remaining aspects of the Funding Plan are being pursued. Shareholders will be advised accordingly. Based on the successful implementation of the remainder of the Funding Plan and the current assessment of the group's financial budget for the ensuing year, the directors consider it appropriate that the group's consolidated results be prepared on the going-concern basis.

Prior to the short-term liquidity pressure, the company repurchased 2 241 520 shares at an average price of R2,52 per share. This repurchase is in terms of a resolution passed at the company's Annual General Meeting in 2018. These shares will not be cancelled and will be accounted for as treasury shares.

The effect of the weakening Rand on the translation of certain foreign operations resulted in R58 million profit (Feb 2018: R36 million loss) being recognised in other comprehensive income.

Review of operations

CONSTRUCTION & MINING

Construction & Mining's contract revenue increased to R5,3 billion (restated Feb 2018: R5,0 billion) but with a reduction in operating profit to R112 million (restated Feb 2018: R166 million) with an operating profit margin of 2,1% (restated Feb 2018: 3,3%). These results were materially impacted by the liquidation of a South African mining client to which the Mining Services division had exposure, and the significant underperformance of a project in the Roads & Earthworks division.

The Zambian and Swaziland divisions delivered good results.

Albeit at reduced levels, tender enquiries and awards received from the mining sector continue to support Construction & Mining's order book. As a result of muted investor confidence in the economy, the country continues to experience reduced infrastructure spend in both the public and private sectors.

This situation when combined with a policy of increased fragmentation of civil contracts, has caused the civils operations not to perform to expectations with both order book and operating profit margins, expected to remain under pressure.

The long outstanding amounts due from the governments of Zambia and Nigeria continue to be a source of frustration. The outstanding amounts are not in dispute and periodic payments are being received. In both Nigeria and Zambia work will only recommence on affected contracts once all outstanding amounts have been collected.

Construction & Mining's order book at February 2019 was R6,5 billion (Feb 2018: R9,0 billion).

BUILDING

In a challenging trading environment, the Building business unit's contract revenue reduced to R3,4 billion (restated Feb 2018: R4,4 billion) and as a result of the provision raised in terms of IAS 37: Provisions, Contingent Liabilities and Contingent Assets explained above, the operating loss increased to R251 million (restated Feb 2018: operating loss R4 million). If the IAS 37 provision is excluded, the operating profit would be R12 million. The profit of the equity accounted United Arab Emirates operation is excluded from this result.

The Mozambique and Coastal divisions continue to deliver good results.

Delayed payments from developers working for government in the social housing sector continue to further impact this business units cash resources.

Building's order book at February 2019 was R2,7 billion (Feb 2018: R3,3 billion) excluding the United Arab Emirates order book of R808 million (Feb 2018: R1,0 billion).

MECHANICAL & ELECTRICAL

Mechanical & Electrical's turnover increased to R1,2 billion (restated Feb 2018: R1,0 billion). The previously reported claim against the Oil & Gas division, by an international client, has been settled at a cost of R38 million. This has resulted in this business unit declaring an operating loss of R19 million (restated Feb 2018: operating profit R13 million).

The ongoing shortage of work in the traditional petrochemical and platinum-related surface mining infrastructure markets is negatively affecting the Mechanical & Electrical's financial performance and order book.

The arbitration matter relating to the cancellation of a petrochemical contract scheduled for the first quarter of 2019 has been postponed, due to a fundamental change in the client's defence. At this stage the financial impact thereof cannot be quantified.

Mechanical & Electrical's order book at February 2019 was R537 million (Feb 2018: R790 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 2019 was 0,02 (Feb 2018: 0,11) and the Recordable Case Rate (RCR) was 0,36 (Feb 2018: 0,54).

Outlook and strategy

Confidence in the South African economy remains at an historic low. A continuing contraction in construction activity will result in turnover and operating profit margins of the group remaining under pressure for some time to come.

The group's order book is R11,5 billion. In the medium term there are some opportunities in the local market which include surface mining related services, selected open pit mining contracts, petrochemical tank farms, smaller oil and gas projects, pipelines, water and sanitation treatment plants as well as warehouses and some design and construct opportunities in the building sector.

Cross-border opportunities exist in road and bridge construction, bulk pipelines and mixed-use building projects.

The group is a level 2 Broad-Based Black Economic Empowerment contributor measured in terms of the new Construction Sector scorecard. Notwithstanding, there is increasing pressure from the local market to improve our level of black ownership. The group is assessing various options in order to address this requirement.

Industry related matters

With respect to the civil claim received from the City of Cape Town (Green Point Stadium), a trial date has been set for the first quarter of 2020. The group remains confident it can defend this claim.

Once again, and consistent with experiences reported by other construction companies, the group has been negatively affected by 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 2018: Nil).

Subsequent events

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

Changes and proposed changes to the board of directors

Shareholders are referred to the announcement released on SENS on 28 June 2018 proposing the following changes to the board:

- Kevin Eborall will retire as board chairman and a director with effect from 31 May 2019. Zanele Matlala, currently chairman of the Audit, Governance and Risk Committee, will be appointed as board chairman on 1 June 2019 and at the same time step down as chairman of this committee.
- Willie Meyburgh will retire from Stefanutti Stocks as CEO on 31 May 2019. Russell Crawford, currently CEO Designate reporting to Willie, will be appointed as CEO and director of the company with effect from 1 June 2019.

The board has decided to implement these changes effective at the Company's next Annual General Meeting scheduled to take place on 12 August 2019.

Appreciation

We would like to express our wholehearted 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 customers, suppliers, service providers and shareholders for their ongoing support.

On behalf of the board

Kevin Eborall
Chairman

Willie Meyburgh
Chief Executive Officer

19 June 2019

Summarised consolidated statement of profit or loss and other comprehensive income

FOR THE YEAR ENDED 28 FEBRUARY

	% Increase/ (decrease) R'000	**2019 R'000**	Restated* 2018 R'000
REVENUE	(5)	**9 897 885**	10 389 559
Contract revenue	(5)	**9 875 023**	10 363 522
EARNINGS BEFORE INTEREST, TAXATION, DEPRECIATION AND AMORTISATION (EBITDA)	(84)	**55 558**	345 567
Depreciation and amortisation		**(213 549)**	(184 435)
Impairment of assets		**–**	(667 114)
OPERATING LOSS BEFORE INVESTMENT INCOME	69	**(157 991)**	(505 982)
Investment income		**43 960**	49 113
Share of profits of equity-accounted investees		**68 075**	41 388
OPERATING LOSS BEFORE FINANCE COSTS		**(45 956)**	(415 481)
Finance costs		**(101 129)**	(82 842)
LOSS BEFORE TAXATION		**(147 085)**	(498 323)
Taxation		**35 764**	(48 710)
LOSS FOR THE YEAR		**(111 321)**	(547 033)
OTHER COMPREHENSIVE INCOME		**58 483**	(45 148)
Exchange differences on translation of foreign operations (may be reclassified to profit/(loss))		**58 483**	(35 697)
Reclassification from foreign currency translation reserve		**–**	(9 451)
TOTAL COMPREHENSIVE INCOME		**(52 838)**	(592 181)
LOSS ATTRIBUTABLE TO:			
Equity holders of the company		**(110 761)**	(542 593)
Non-controlling interest		**(560)**	(4 440)
		(111 321)	(547 033)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Equity holders of the company		**(42 372)**	(584 329)
Non-controlling interest		**(10 466)**	(7 852)
		(52 838)	(592 181)
EARNINGS PER SHARE (CENTS)	79	**(65,99)**	(317,77)
DILUTED EARNINGS PER SHARE (CENTS)	79	**(65,99)**	(317,77)

* Prior period amounts have been restated, refer to adoption of new accounting standards.

Summarised consolidated statement of financial position

AS AT 28 FEBRUARY

	2019 R'000	Restated* 2018 R'000	Restated* 1 Mar 2017 R'000
ASSETS			
NON-CURRENT ASSETS	**2 451 850**	2 287 678	2 563 278
Property, plant and equipment	**1 501 945**	1 483 727	1 212 248
Equity-accounted investees	**280 449**	209 181	189 860
Goodwill and intangible assets	**457 585**	460 506	1 087 133
Deferred tax assets	**211 871**	134 264	74 037
CURRENT ASSETS	**3 996 410**	4 057 226	3 960 020
Other current assets	**3 035 269**	3 104 386	2 757 091
Taxation	**38 755**	10 786	44 496
Bank balances	**922 386**	942 054	1 158 433
TOTAL ASSETS	**6 448 260**	6 344 904	6 523 298
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES	**1 731 752**	1 790 251	2 390 790
Share capital and premium	**1 007 718**	1 013 379	1 021 737
Other reserves	**178 790**	110 401	181 515
Retained earnings	**559 436**	670 197	1 183 412
Equity holders of the company	**1 745 944**	1 793 977	2 386 664
Non-controlling interest	**(14 192)**	(3 726)	4 126
NON-CURRENT LIABILITIES	**419 366**	480 320	366 388
Financial liabilities	**313 890**	478 659	346 460
Excess billings over work done	**25 000**	–	–
Provisions	**79 942**	–	–
Deferred tax liabilities	**534**	1 661	19 928
CURRENT LIABILITIES	**4 297 142**	4 074 333	3 766 120
Other current liabilities**	**2 383 391**	2 186 120	2 079 542
Excess billings over work done	**1 145 970**	1 110 870	1 210 055
Provisions	**679 948**	657 470	420 400
Taxation	**46 218**	93 710	56 121
Bank balances	**41 615**	26 163	2
Total equity and liabilities	**6 448 260**	6 344 904	6 523 298

* Prior period amounts have been restated, refer to adoption of new accounting standards.			
** Including interest-bearing liabilities of	**281 684**	278 600	328 794

Summarised consolidated statement of changes in equity

FOR THE YEAR ENDED 28 FEBRUARY

	Share capital and premium R'000	Share-based payments reserve R'000	Foreign currency translation reserve R'000	Revaluation surplus reserve R'000	Retained earnings R'000	Attributable to equity holders of the company R'000	Non-controlling interest R'000	Total equity R'000
BALANCE AT 28 FEBRUARY 2017 AS PREVIOUSLY REPORTED	1 021 737	28 145	33 176	120 194	1 235 000	2 438 252	4 126	2 442 378
Change in accounting policy – IFRS 9	–	–	–	–	(32 723)	(32 723)	–	(32 723)
Change in accounting policy – IFRS 15	–	–	–	–	(18 865)	(18 865)	–	(18 865)
BALANCE AT 1 MARCH 2017 RESTATED*	1 021 737	28 145	33 176	120 194	1 183 412	2 386 664	4 126	2 390 790
Treasury shares acquired	(8 358)	–	–	–	–	(8 358)	–	(8 358)
Realisation of reserve	–	(28 145)	–	(1 233)	29 378	–	–	–
Total comprehensive income	–	–	(41 736)	–	(542 593)	(584 329)	(7 852)	(592 181)
Loss	–	–	–	–	(542 593)	(542 593)	(4 440)	(547 033)
Other comprehensive income	–	–	(41 736)	–	–	(41 736)	(3 412)	(45 148)
BALANCE AT 28 FEBRUARY 2018 RESTATED*	**1 013 379**	**–**	**(8 560)**	**118 961**	**670 197**	**1 793 977**	**(3 726)**	**1 790 251**
Treasury shares acquired	**(5 661)**	**–**	**–**	**–**	**–**	**(5 661)**	**–**	**(5 661)**
Total comprehensive income	**–**	**–**	**68 389**	**–**	**(110 761)**	**(42 372)**	**(10 466)**	**(52 838)**
Loss	**–**	**–**	**–**	**–**	**(110 761)**	**(110 761)**	**(560)**	**(111 321)**
Other comprehensive income	**–**	**–**	**68 389**	**–**	**–**	**68 389**	**(9 906)**	**58 483**
BALANCE AT 28 FEBRUARY 2019	**1 007 718**	**–**	**59 829**	**118 961**	**559 436**	**1 745 944**	**(14 192)**	**1 731 752**

* Prior period amounts have been restated, refer to adoption of new accounting standards.

Summarised consolidated statement of cash flows

FOR THE YEAR ENDED 28 FEBRUARY

	2019 R'000	2018 R'000
Cash generated from operations	**360 553**	322 410
Interest received	**40 530**	48 379
Finance costs	**(92 820)**	(49 157)
Dividends received	**42 105**	21 805
Taxation paid	**(96 546)**	(56 747)
CASH FLOWS FROM OPERATING ACTIVITIES	**253 822**	286 690
Expenditure to maintain operating capacity	**(8 825)**	10 381
Expenditure for expansion	**(67 965)**	(85 798)
CASH FLOWS FROM INVESTING ACTIVITIES	**(76 790)**	(75 417)
Treasury shares acquired	**(5 661)**	(8 358)
Movements on long- and short-term financing	**(254 661)**	(415 042)
CASH FLOWS FROM FINANCING ACTIVITIES	**(260 322)**	(423 400)
NET DECREASE IN CASH FOR THE YEAR	**(83 290)**	(212 127)
Effect of exchange rate changes on cash and cash equivalents	**48 170**	(30 413)
Cash and cash equivalents at beginning of year	**915 891**	1 158 431
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**880 771**	915 891

Summarised segment information

FOR THE YEAR ENDED 28 FEBRUARY

	Construction & Mining R'000	Building R'000	Mechanical & Electrical R'000	Reconciling segments ^ R'000	Total R'000
2019					
Contract revenue	**5 313 875**	**3 352 578**	**1 208 570**	**–**	**9 875 023**
Intersegment contract revenues	**16 560**	**15 864**	**84 273**	**–**	**116 697**
Reportable segment profit/(loss)	**46 546**	**(127 357)**	**(11 064)**	**(19 446)**	**(111 321)**
Reportable segment assets	**3 482 984**	**1 915 686**	**542 666**	**506 924**	**6 448 260**
Reportable segment liabilities	**2 295 149**	**1 820 214**	**362 005**	**239 140**	**4 716 508**
2018 (RESTATED)*					
Contract revenue	4 967 962	4 372 963	1 022 597	–	10 363 522
Intersegment contract revenues	2 764	–	61 325	–	64 089
Reportable segment profit/(loss)	76 239	1 294	9 675	(634 241)	(547 033)
Reportable segment assets	3 676 759	1 560 158	520 496	587 491	6 344 904
Reportable segment liabilities	2 635 404	1 330 342	295 844	293 063	4 554 653

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

* Prior period amounts have been restated, refer to adoption of new accounting standards.

Headline earnings and net asset value per share

FOR THE YEAR ENDED 28 FEBRUARY

	% Increase/ (decrease) R'000	**2019 R'000**	Restated* 2018 R'000
HEADLINE EARNINGS RECONCILIATION			
Loss after taxation attributable to equity holders of the company		**(110 761)**	(542 593)
Adjusted for:			
Profit on disposal of plant and equipment		**(9 465)**	(12 942)
Tax effect		**2 543**	3 699
Impairment of assets		**–**	667 114
HEADLINE EARNINGS		**(117 683)**	115 278
Number of weighted average shares in issue		**167 836 344**	170 748 789
Number of diluted weighted average shares in issue		**188 080 746**	188 080 746
Headline earnings per share (cents)	(204)	**(70,12)**	67,51
Diluted headline earnings per share (cents)	(214)	**(70,12)**	61,29

	2019	Restated 2018	Restated 1 Mar 2017
NET ASSET VALUE			
Total number of net shares in issue	**167 243 684**	169 485 204	172 241 569
Net asset value per share (cents)	**1 043,95**	1 058,49	1 385,65
Net tangible asset value per share (cents)	**770,35**	786,78	754,48

* Prior period amounts have been restated, refer to adoption of new accounting standards.

Summarised disaggregation of revenue

FOR THE YEAR ENDED 28 FEBRUARY

Revenue can be further disaggregated as follows:

	2019 R'000	Restated* 2018 R'000
GEOGRAPHICAL		
WITHIN SOUTH AFRICA	**7 559 370**	7 402 560
Construction & Mining	**3 870 323**	3 400 719
Building	**2 658 418**	3 079 207
Mechanical & Electrical	**1 030 629**	922 634
OUTSIDE SOUTH AFRICA	**2 315 653**	2 960 962
Construction & Mining	**1 443 552**	1 567 243
Building	**694 160**	1 293 756
Mechanical & Electrical	**177 941**	99 963
TOTAL	**9 875 023**	10 363 522
SECTOR		
PRIVATE	**7 221 688**	6 635 226
Construction & Mining	**3 378 798**	2 656 157
Building	**2 634 320**	3 046 472
Mechanical & Electrical	**1 208 570**	932 597
PUBLIC	**2 653 335**	3 728 296
Construction & Mining	**1 935 077**	2 311 805
Building	**718 258**	1 326 491
Mechanical & Electrical	**–**	90 000
TOTAL	**9 875 023**	10 363 522

* Prior period amounts have been restated, refer to adoption of new accounting standards.

Notice of annual general meeting

Stefanutti Stocks Holdings Limited

(Incorporated in the Republic of South Africa)

Registration number: 1996/003767/06

Share code: SSK ISIN: ZAE000123766

(Stefanutti Stocks or the company)

Notice is hereby given to the shareholders of the company that the annual general meeting of Stefanutti Stocks will be held at 6 Mulalani Road, The Lecture Room, Ground Floor, Protec Park, corner Zuurfontein Avenue and Oranjerivier Drive, Kempton Park, on Monday, 12 August 2019 at 12:00, to (i) consider and, if deemed fit, to pass, with or without modification, the following ordinary and special resolutions, in the manner required by the Companies Act, as read with the JSE Limited (JSE) Listings Requirements (JSE Listings Requirements); and (ii) deal with such other business as may lawfully be dealt with at the meeting.

IMPORTANT DATES

Record date to receive the Notice:
Friday, 21 June 2019

Last date to trade to be eligible to vote:
Tuesday, 30 July 2019

Record date to be eligible to vote:
Friday, 2 August 2019

Last date for lodging forms of proxy (by 12:00):
Wednesday, 7 August 2019

Accordingly, the date on which a person must be registered as a shareholder in the register of the company for purposes of being entitled to attend and vote at the meeting is Friday, 2 August 2019.

NB: Section 63(1) of the Companies Act – Identification of meeting participants.

Kindly note that meeting participants (including proxies) are required to provide reasonably satisfactory identification before being entitled to attend or participate in a shareholders' meeting. Forms of identification include valid identity documents, driver's licences and passports.

PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

The consolidated annual financial statements of the company and its subsidiaries (as approved by the board of directors of the company), including the directors' report, the report of the Audit, Governance and Risk Committee and the external auditors' report for the year ended 28 February 2019, have been distributed as required and will be presented to shareholders.

The consolidated annual financial statements can be found on the group's website.

ORDINARY RESOLUTIONS

Ordinary resolution 1: Adoption of annual financial statements

"RESOLVED THAT the annual financial statements of the company for the year ended 28 February 2019, including the directors' report and the report of the Audit, Governance and Risk Committee, be and are hereby received and adopted."

Percentage of voting rights required to pass this resolution: 50% plus one vote.

Retirement by rotation

In terms of the Memorandum of Incorporation, one-third of the directors shall retire by rotation at the AGM.

KR Eborall independent non-executive director and board Chairman, has undertaken to retire at this AGM and not offer himself for re-election.

The following director retires at this AGM and offers herself for re-election: ZJ Matlala. The board has considered her performance, including her attendance at meetings of the board and its committees, and recommends and supports her re-election.

Ordinary resolution 2: Re-election of director

"RESOLVED THAT, ZJ Matlala, who retires by rotation in terms of the Memorandum of Incorporation of the company and who is eligible and available for re-election, be re-elected as a director of the company."

A brief curriculum vitae in respect of ZJ Matlala is included in Appendix 1 on page 17 of this report of which this notice forms part.

Percentage of voting rights required to pass this resolution: 50% plus one vote.

Ordinary resolution 3: Appointment of auditors

"RESOLVED THAT Mazars be and are hereby re-appointed as auditors of the company for the ensuing financial year with S Truter (IRBA No: 506557) as the individual responsible for the audit and the directors be and are hereby authorised to fix the remuneration of the auditors."

Percentage of voting rights required to pass this resolution: 50% plus one vote.

Ordinary resolution numbers 4, 5, 6 and 7: Appointment of Audit, Governance and Risk Committee members

Ordinary resolution numbers 4, 5, 6 and 7 are in respect of the appointment of members of the Audit, Governance and Risk Committee. The membership as proposed by the board of directors is: DG Quinn, B Harie, BP Silwanyana and JM Poluta (alternate to BP Silwanyana) all of whom are independent non-executive directors. As at the date of this AGM notice the chairman of the committee was ZJ Matlala.

The board has appointed DG Quinn as chairman of ARCO with effect from 12 August 2019. He will take over from ZJ Matlala from that date.

Ordinary resolution 4: Appointment of Audit, Governance and Risk Committee member

"RESOLVED THAT DG Quinn be appointed as a member of the company's Audit, Governance and Risk Committee with effect from the end of this meeting in terms of section 94(2) of the Companies Act."

A brief curriculum vitae in respect of DG Quinn is included in Appendix 1 on page 17 of this report of which this notice forms part.

Percentage of voting rights required to pass this resolution: 50% plus one vote.

Ordinary resolution 5: Appointment of Audit, Governance and Risk Committee member

"RESOLVED THAT B Harie be appointed as a member of the company's Audit, Governance and Risk Committee with effect from the end of this meeting in terms of section 94(2) of the Companies Act."

A brief curriculum vitae in respect of B Harie is included in Appendix 1 on page 17 of this report of which this notice forms part.

Percentage of voting rights required to pass this resolution: 50% plus one vote.

Ordinary resolution 6: Appointment of Audit, Governance and Risk Committee member

"RESOLVED THAT BP Silwanyana be appointed as a member of the company's Audit, Governance and Risk Committee with effect from the end of this meeting in terms of section 94(2) of the Companies Act."

A brief curriculum vitae in respect of BP Silwanyana is included in Appendix 1 on page 17 of this report of which this notice forms part.

Percentage of voting rights required to pass this resolution: 50% plus one vote.

Ordinary resolution 7: Appointment of Audit, Governance and Risk Committee member

"RESOLVED THAT JM Poluta be appointed as a member of the company's Audit, Governance and Risk Committee with effect from the end of this meeting in terms of section 94(2) of the Companies Act."

A brief curriculum vitae in respect of JM Poluta is included in Appendix 1 on page 17 of this report of which this notice forms part.

Percentage of voting rights required to pass this resolution: 50% plus one vote.

Ordinary resolution 8: Company's remuneration policy

"To approve on a non-binding advisory basis, the company's remuneration policy (excluding the remuneration of the non-executive directors for the services as directors and members of board committees)."

The company's remuneration policy and related information appears in Appendix 4 on page 19 in this report.

Ordinary resolution 9: Company's remuneration implementation report

"To approve on a non-binding advisory basis, the company's remuneration implementation report".

The company's remuneration implementation report appears in Appendix 4 on page 19 of this report.

Notes to ordinary resolution numbers 8 and 9

Shareholders are reminded that in terms of King IV, should 25% or more of the votes cast be against one or both of these non-binding ordinary resolutions, the company undertakes to engage with shareholders:

TABLE TO SPECIAL RESOLUTIONS 1.1 TO 1.12

			Current fee per meeting R	Proposed fee per meeting R
1.1	Board	Chairman	959 200/annum	959 200/annum
1.2	Board	Member	50 900	50 900
1.3	Audit, Governance and Risk Committee	Chairman	95 000	95 000
1.4	Audit, Governance and Risk Committee	Member	50 900	50 900
1.5	Remuneration and Nominations Committee	Chairman	50 900	50 900
1.6	Remuneration and Nominations Committee	Member	29 100	29 100
1.7	Social and Ethics Committee	Chairman	42 700	42 700
1.8	Social and Ethics Committee	Member	22 900	22 900
1.9	Any other committee to be formed	Chairman	38 000	38 000
1.10	Any other committee to be formed	Member	20 400	20 400
1.11	Directors' hourly rate (note 4)		1 975	1 975
1.12	Specific project fees (note 5)		1 975	1 975

Notes:

1. The board Chairman receives an all-in fee and not a per meeting fee.
2. The fees include permanent non-executive invitees of committees.
3. Proposed fee per meeting and the board Chairman's all-in fee are exclusive of value-added tax.
4. The non-executive director hourly fee to be approved at the AGM, is paid in respect of attendance at non-scheduled directors' meetings. However, where these special board or committee meetings are held, the total fee earned per director is capped at the fee for one meeting of the relevant committee.
5. Should the board require a non-executive director to undertake a specific project on behalf of the company, then prior to commencement, a total fee based upon scope, duration and expertise required is established, agreed and submitted to the board for approval. Thereafter this is monitored over the course of the specific project. The cumulative fees will be capped to a maximum of R350 000 per annum.
6. The proposed fee is payable from the AGM for financial year ended 28 February 2019 to the AGM for the financial year ended 28 February 2021.
7. No increase in fees have been proposed in the table set above and the fees remain unchanged, as approved by shareholders at the AGM held on 8 August 2018.

- to ascertain the reasons for the dissenting votes, and
- where these concerns are legitimate and credible

undertake to review, clarify or amend the remuneration policy and/or processes as necessary.

SPECIAL RESOLUTIONS

Special resolutions 1.1 to 1.12: Non-executive directors' fees

"RESOLVED THAT payment to the non-executive directors of the fees for services as directors with effect from the date of this annual general meeting until the date of the annual general meeting of the company for the year ended 28 February 2021, as noted in the table on page 13, as well as any value added tax payable on such fees by the directors be authorised.

REASON FOR AND EFFECT OF SPECIAL RESOLUTIONS 1.1 TO 1.12

The reason for special resolutions 1.1 to 1.12 is to comply with the provisions of the Companies Act. The effect of the special resolutions is that, if approved by the shareholders at the annual general meeting, the fees payable to non-executive directors until the annual general meeting for the year ended 28 February 2021, will be as set out in the table. Executive directors are not remunerated for their services as directors, but are remunerated as employees of the company.

Attendance fees are only paid for physical attendance (rather than teleconference attendance) of board and committee meetings (other than special or urgent meetings).

The above rates have been proposed to ensure that the remuneration of non-executive directors remains competitive in order to enable the company to retain and attract persons of the calibre, appropriate capabilities, skills and experience required in order to make meaningful contributions to the company.

Percentage of voting rights required to pass this resolution: 75%.

Special resolution 2: General authority to repurchase company shares

"RESOLVED THAT the company and/or its subsidiaries be and is hereby authorised, by way of general authority, to acquire ordinary shares issued by the company, in terms of the Companies Act, the Memorandum of Incorporation of the company and the JSE Listings Requirements being that:

(a) any such acquisition of ordinary shares shall be implemented on the open market of the JSE;

(b) this general authority shall only be valid until the company's next annual general meeting, provided that it shall not extend beyond 15 (fifteen) months from the date of passing this special resolution;

(c) an announcement will be published on SENS as soon as the company has acquired ordinary shares constituting, on a cumulative basis, 3% (three percent) of the number of ordinary shares in issue prior to the acquisition, pursuant to which the aforesaid 3% (three percent) threshold is reached, containing full details of such repurchases;

(d) acquisitions in aggregate in any one financial year may not exceed 20% (twenty percent) of the company's ordinary issued share capital nor may acquisitions in aggregate, from the date of passing this special resolution, exceed 20% (twenty percent) of the company's ordinary issued share capital at the date of passing this special resolution;

(e) in determining the price at which ordinary shares issued by the company are acquired by it in terms of this general authority, the maximum premium at which such ordinary shares may be acquired will be 10% (ten percent) of the volume weighted average price at which such ordinary shares are traded on the JSE, as determined over the 5 (five) trading days immediately preceding the date of repurchase of such ordinary shares by the company;

(f) at any point in time, the company will appoint only one agent to effect any repurchase(s) on the company's behalf;

(g) the company or its subsidiary may not repurchase securities during a prohibited period unless it has in place a repurchase programme where the dates and quantities of securities to be traded during the relevant period are fixed (not subject to any variation) and has been submitted to the JSE in writing prior to the commencement of the prohibited period; and

(h) a resolution by the board of directors that it has authorised the repurchase, that the company and its subsidiaries have passed the solvency and liquidity test and that, since the test was performed, there have been no material changes to the financial position of the group."

Percentage of voting rights required to pass this resolution: 75%.

REASON FOR AND EFFECT OF SPECIAL RESOLUTION 2

The reason for special resolution 2 is to grant the company a general authority in terms of the Companies Act, the JSE Listings Requirements and the company's Memorandum of Incorporation for the acquisition by the company, or any of its subsidiaries, of shares issued by the company, or its holding company, which authority shall be valid until the earlier of the next annual general meeting of the company or the variation or revocation of such general authority by special resolution by any subsequent general meeting of the company, provided that the general authority shall not extend beyond 15 (fifteen) months from the date of this annual general meeting. The passing of this special resolution will have the effect of authorising the company or any of its subsidiaries to acquire shares issued by the company or its holding company.

The board believes it to be in the interest of the company that shareholders grant a general authority to provide the board with optimum flexibility to repurchase shares as and when an opportunity that is in the best interest of the company arises.

DIRECTORS' RESPONSIBILITY STATEMENT

The directors whose names appear under Appendix 3 on page 18 of report, collectively and individually accept full responsibility for the accuracy of the information pertaining to this special resolution and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading and that all reasonable enquiries to ascertain such facts have been made and that the special resolution contains all necessary information.

MATERIAL CHANGES

Other than the facts and developments reported on in this integrated annual report, there have been no material changes in the affairs or financial position of the company and its subsidiaries since the date of signature of the audit report and up to the date of this notice.

STATEMENT BY THE BOARD OF DIRECTORS OF THE COMPANY

Pursuant to, and in terms of, the JSE Listings Requirements, the board of directors of the company hereby state that:

› the intention of the directors of the company is to utilise the general authority to repurchase shares in the capital of the company if, at some future date, the cash resources of the company are in excess of its requirements or there are other good reasons for doing so. In this regard, the directors will take account of, inter alia, an appropriate capitalisation structure for the company, the long-term cash needs of the company, and the interests of the company; and

› in determining the method by which the company intends to repurchase its ordinary shares, the maximum number of ordinary shares to be repurchased and the date on which such repurchase will take place, the directors of the company will ensure that:

  » the company and its subsidiaries will, after the repurchase, be able to pay their debts as they become due in the ordinary course of business for the next 12 (twelve) months after the date of such repurchase;

  » the consolidated assets of the company and its subsidiaries fairly valued and recognised and measured in accordance with the accounting policies used in the latest audited financial statements will, after the repurchase, be in excess of the consolidated liabilities of the company and its subsidiaries for the next 12 (twelve) months after the date of such repurchase;

  » the issued share capital and reserves of the company and its subsidiaries will, after the repurchase, be adequate for the ordinary business purposes of the company and its subsidiaries for the next 12 (twelve) months after the date of such repurchase; and

  » the working capital available to the company and its subsidiaries will, after the repurchase, be sufficient for the ordinary business requirements of the company and its subsidiaries for the next 12 (twelve) months after the date of such repurchase.

ANY MATTERS RAISED BY SHAREHOLDERS, WITH OR WITHOUT ADVANCE NOTICE TO THE COMPANY

To deal, at the annual general meeting, with any matters raised by shareholders, with or without advance notice to the company.

SUMMARY OF APPLICABLE RIGHTS ESTABLISHED IN SECTION 58 OF THE COMPANIES ACT

For purposes of this summary, the term "shareholder" shall have the meaning ascribed thereto in section 57(1) of the Companies Act.

1. At any time, a shareholder of a company is entitled to appoint any individual, including an individual who is not a shareholder of that company, as a proxy to participate in, speak and vote at a shareholders' meeting on behalf of the shareholder.
2. A proxy appointment must be in writing, dated and signed by the relevant shareholder.
3. Except to the extent that the Memorandum of Incorporation of a company provides otherwise:
   3.1 a shareholder of the relevant company may appoint two or more persons concurrently as proxies, and may appoint more than one proxy to exercise voting rights attached to different securities held by such shareholder; and
   3.2. a copy of the instrument appointing a proxy must be delivered to the relevant company, or to any other person on behalf of the relevant company, before the proxy exercises any rights of the shareholder at a shareholders' meeting.
4. Irrespective of the form of instrument used to appoint a proxy:
   4.1 the appointment of the proxy is suspended at any time and to the extent that the shareholder who appointed that proxy chooses to act directly and in person in the exercise of any rights as a shareholder of the relevant company; and
   4.2 should the instrument used to appoint a proxy be revocable, a shareholder may revoke the proxy appointment by cancelling it in writing, or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and the relevant company.
5. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the relevant shareholder as of the later of the date:
   5.1 stated in the revocation instrument, if any; or
   5.2 upon which the revocation instrument is delivered to the proxy and the relevant company as required in section 58(4)(c)(ii) of the Companies Act.
6. Should the instrument appointing a proxy or proxies have been delivered to the relevant company, as long as that appointment remains in effect, any notice that is required by the Companies Act or the relevant company's Memorandum of Incorporation to be delivered by such company to the shareholder must be delivered by such company to:
   6.1 the shareholder; or
   6.2 the proxy or proxies if the shareholder has in writing directed the relevant company to do so and has paid any reasonable fee charged by the company for doing so.
7. A proxy is entitled to exercise, or abstain from exercising, any voting right of the relevant shareholder without direction, except to the extent that the Memorandum of Incorporation of the relevant company or the instrument appointing the proxy provides otherwise.
8. If a company issues an invitation to shareholders to appoint one or more persons named by such company as a proxy, or supplies a form of instrument for appointing a proxy:
   8.1 such invitation must be sent to every shareholder who is entitled to receive notice of the meeting at which the proxy is intended to be exercised;
   8.2 the company must not require that the proxy appointment be made irrevocable; and
   8.3 the proxy appointment remains valid only until the end of the relevant meeting at which it was intended to be used, unless revoked as contemplated in section 58(5) of the Companies Act.

VOTING AND PROXIES

A shareholder of the company entitled to attend and vote at the annual general meeting is entitled to appoint one or more proxies (who need not be a shareholder of the company) to attend, vote and speak in his/her stead. On a show of hands, every shareholder of the company present in person or represented by proxy shall have one vote only.

On a poll, every shareholder of the company present in person or represented by proxy shall have one vote for every share held in the company by such shareholder.

Dematerialised shareholders who have elected own-name registration in the sub-register through a Central Securities Depository Participant (CSDP) and who are unable to attend but wish to vote at the annual general meeting, should complete and return the attached form of proxy and lodge it with the transfer secretaries of the company to be received, for administrative reasons only, by no later than 12:00 on Wednesday, 7 August 2019.

Shareholders who have dematerialised their shares through a CSDP or broker rather than through own-name registration and who wish to attend the annual general meeting must instruct their CSDP or broker to issue them with the necessary authority to attend.

If such shareholders are unable to attend, but wish to vote at the annual general meeting, they should timeously provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between that shareholder and his/her CSDP or broker.

Forms of proxy may also be obtained on request from the company's registered office. The completed forms of proxy must be deposited at, posted or faxed to the transfer secretaries at the address below, to be received, for administrative reasons only, at least 48 hours prior to the meeting. Any shareholder who completes and lodges a form of proxy will nevertheless be entitled to attend and vote in person at the AGM.

Any member who completes and lodges a form of proxy will nevertheless be entitled to attend and vote in person at the annual general meeting should the member subsequently decide to do so.

The practical applications of the aforementioned rights are discussed in the notes to the proxy form attached hereto.

By order of the board

William Somerville

Company Secretary

19 June 2019

Registered office

No. 9 Palala Street

Protec Park

Cnr Zuurfontein Avenue and Oranjerivier Drive

Kempton Park

1619

PO Box 12394, Aston Manor, 1630

Telephone: +27 11 571 4300

Transfer secretaries

Computershare Investor Services
Proprietary Limited

Rosebank Towers, 15 Biermann Avenue

Rosebank

Johannesburg

2196

PO Box 61051, Marshalltown, 2107

Telephone: +27 11 370 5000

Fax: +27 11 688 5238

APPENDIX 1:

Curriculum vitae of directors

STANDING FOR RE-ELECTION OR FOR APPOINTMENT AS MEMBERS OF THE AUDIT, GOVERNANCE AND RISK GOVERNANCE COMMITTEE

ZANELE MATLALA (55)

INDEPENDENT NON-EXECUTIVE

Qualifications: BCom, BCompt (Hons), CA(SA), Advanced Management Programme (Insead)

Appointed: February 2012

Length of service: seven years

Stefanutti Stocks board committee memberships: ARCO Chairman

External board committee memberships: Executive director Merafe Resources Limited (CEO), RAC Limited, Dipula Income Fund, Royal Bafokeng Platinum Limited

Skills and experience:
CEO of Merafe Resources Limited (June 2012). CFO of Merafe Resources Limited (Oct 2010 to May 2012). Extensive financial services experience as CFO and Group Financial Director of Kagiso Trust Investments and Executive Manager: Private Sector Investments of the Development Bank of Southern Africa. Various positions at the Industrial Development Corporation, including heading the Wholesale Venture Capital Funds.

DERMOT QUINN (67)

INDEPENDENT NON-EXECUTIVE

Qualifications: BScEcon, CA(SA)

Appointed: June 2015

Length of service: four years

Stefanutti Stocks board committee memberships: REMCO member, ARCO invitee

External board committee memberships: None

Skills and experience:
Qualified as chartered accountant (1984). Joined the Stefanutti Stocks group (1992 to 2004). Chief Financial Officer of Stefanutti Stocks (2005 to May 2015).

BHARTI HARIE (48)

INDEPENDENT NON-EXECUTIVE

Qualifications: BA, LLM

Appointed: April 2018

Length of service: one year and two months

Stefanutti Stocks board committee memberships: ARCO member, REMCO member

External board committee memberships: Director of the Mineworkers Investment Company Limited, Ascendis Health Limited, Bell Equipment Sales South Africa (Pty) Ltd and Lenmed Investments Limited

Skills and experience:
Previously spent 14 years at the Industrial Development Corporation of South Africa as head of the Corporate Funding and International Finance departments.

BUSISIWE SILWANYANA (46)

INDEPENDENT NON-EXECUTIVE

Qualifications: BCom (Hons), CA(SA), MBA

Appointed: April 2018

Length of service: one year and two months

Stefanutti Stocks board committee memberships: S&E Chairman, ARCO member

External board committee memberships: YeboYethu (RF) Limited

Skills and experience:
Executive Director of Hugiano Health Group (Pty) Ltd. Spent 15 years in banking across both Corporate and Investment Banking and Business Banking divisions. Initially spent time at ABSA Corporate & Investment Banking. Subsequently joined Standard Bank Group's Corporate & Investment Banking, spending about 10 years across the Johannesburg and United Kingdom offices with responsibilities in Structured Finance, serving as an executive. Over a four-year tenure at Standard Bank Group's Business Banking, held a number of senior positions, was an executive heading the Leading business, the Mid-corporate, Medium-enterprises and Franchising segments. Then joined Royal Philips NV Africa in Johannesburg, spent three years heading Philips Capital business covering Africa. Previously served as a member of the SAICA Education Committee and as director on the board of SAICA's Thuthuka Education Upliftment Bursary Fund.

JOHN POLUTA (47)

INDEPENDENT NON-EXECUTIVE

Qualifications: BCom, BAcc, CA(SA)

Appointed: July 2017

Length of service: one year and 11 months

Stefanutti Stocks board committee memberships: ARCO member

External board committee memberships: Executive director Mowana Investments (Pty) Ltd

Skills and experience:
Executive director of Mowana Investments. Co-founder of Mowana Investments (2005). Investment analyst with two leading stock broking firms.

APPENDIX 2:

Attendance at board and committee meetings

MEETING ATTENDANCE

Board member	Board	ARCO	REMCO	S&E
Chairman	KR Eborall	ZJ Matlala	HJ Craig	BP Silwanyana
Number of meetings	5	4	3	3
KR Eborall	5/5	4/4 ^	3/3	n/a
W Meyburgh (CEO)	5/5	4/4 ^	3/3 ^	1/3
AV Cocciante (CFO)	5/5	4/4 ^	3/3 ^	3/3 ^
HJ Craig	4/5	3/3*	1/1	3/3
ZJ Matlala	5/5	4/4	n/a	n/a
ME Mkwanazi (Retired 8 August 2018)	4/4	3/3	2/2	n/a
JM Poluta (Alternate to B Silwanyana)	4/5 †	4/4	n/a	n/a
DG Quinn	5/5	4/4 ^	3/3	n/a
B Harie (Appointed 13 April 2018)	4/4	2/2	1/1	n/a
BP Silwanyana (Appointed 13 April 2018)	4/4	2/2	n/a	2/2

n/a Not applicable. ^ By invitation. † Permanent invitee. * Not part of committee since 29 October 2018.

APPENDIX 3:

Directors of Stefanutti Stocks Holdings Limited

AS AT 19 JUNE 2019

Non-executive directors

KR Eborall * (Chairman)
ZJ Matlala *
HJ Craig *
B Harie *
BP Silwanyana *
JM Poluta * (alternate to BP Silwanyana)
DG Quinn *

* Independent

Executive directors

W Meyburgh (CEO)
AV Cocciante (CFO)

APPENDIX 4:

Remuneration report

INTRODUCTION

This remuneration report sets out the information applicable to the group's remuneration strategy and remuneration policy for the executive directors, members of the executive committee (EXCO) and non-executive directors. However, where relevant, it also deals with general remuneration matters. The Remuneration Committee (REMCO/the committee) assists the board in determining remuneration policies for the group and has set the remuneration policy for financial year-end 2019 (FYE 2019).

Members from REMCO, together with the CFO, engaged directly with the group's major shareholders, including both those who voted for and those who voted against the remuneration policy at the 2018 Annual General Meeting (AGM).

Consistent with previous years, this was done towards the end of the calendar year, by way of telephonic communication and thereafter, one-on-one meetings where requested.

The matters raised by shareholders have been considered and appropriately addressed in the remuneration policy.

This report consists of four sections:

- **Section A:** a background statement to provide context to the remuneration policy;
- **Section B:** an overview of the main provisions of the remuneration policy;
- **Section C:** the implementation of the remuneration policy; and
- **Section D:** other.

SECTION A: BACKGROUND STATEMENT

The structure of this report has been compiled to align with the recommended principles and practices of King IV.

The overall principle of the Stefanutti Stocks remuneration policy is:

- To ensure the behaviour of the group's employees are aligned to the overall group strategy in the short, medium and long term, within the group's risk framework;
- To align the strategic interests of the company and its senior executives, with those of its shareholders; and
- To reflect remuneration which is fair, responsible and transparent.

The purpose of the policy is to continually attract, retain, motivate and reward employees at all levels.

Stefanutti Stocks's 2018 AGM was held on 8 August 2018, and ordinary resolution No. 12, to approve the company's remuneration policy, was passed with a 74,07% majority:

Votes for:	87 595 014	74,08%
Votes against:	30 650 491	25,92%
Total shares voted:	118 245 505	100,00%
Votes abstained:	80 380	

Ordinary resolution No. 13, to approve the company's implementation report, was passed with an 80,94% majority.

The board has approved the information provided by the committee in this report and accepted its recommendations.

1. REMCO

The committee is responsible for the development and oversight of the group's remuneration philosophy and policy. The composition, mandate, role and responsibilities of the committee are set out in written terms of reference, which have been approved by the board. The committee believes the remuneration policy has achieved the stated objectives of optimising strategic performance within both the macro and micro environments facing the company and its management.

A. COMPOSITION

At year-end the committee consisted of:

- **HJ Craig (Chairman) –** Independent non-executive director
- **KR Eborall –** Independent non-executive director
- **DG Quinn –** Non-executive director
- **B Harie –** Independent non-executive director

The majority of the committee's members are independent non-executive directors. In addition, the Chief Executive Officer (CEO), Chief Financial Officer (CFO) and the Human Resources Executive attend meetings by invitation. The Company Secretary attends all meetings as the secretary of the committee.

The committee has access to independent advisors to ensure that it receives expert advice on remuneration matters, both in general and on industry-specific matters. The CEO, CFO and the Human Resources Executive also make recommendations to the committee. However, they are excluded from deliberations in respect of their own remuneration.

B. ROLE AND RESPONSIBILITIES

The written terms of reference of the committee are reviewed annually, with any proposed changes submitted to the board for approval. During the year under review, all remuneration policies were reviewed by the committee to ensure that the policies remained appropriate for the business, and aligned with the principles of both King IV and the Companies Act. There were no changes to the terms of reference for FYE 2019.

The REMCO's role and responsibilities include:

- The chairman of the committee reports to the board on the committee's recommendations and decisions;
- Ensuring that an adequate succession plan is in place for all senior management positions;
- Recommending to the board the annual Total Fixed Package (TFP), short- and long-term incentives, and other benefits to be paid to the executive directors;
- Reviewing and approving the annual TFP, including short- and long-term incentives paid to the EXCO members;
- Reviewing and approving short- and long-term incentive pay structures for other qualifying staff;
- Reviewing and approving the overall annual TFP increases for company and operational directors and monthly paid employees;
- Reviewing and approving the executive directors' service contracts;
- Reviewing and recommending the board diversity policy, which covers both race and gender, to the board;
- Ensuring the principle of equal pay for equal work is applied in the workplace;
- Ensuring the remuneration of the executive directors and executive management is both fair and responsible, relative to overall employee remuneration in the group; and
- Approval of the independent external advisors to the committee.

C. NOMINATIONS COMMITTEE

The company has a combined Remuneration and Nominations Committee. The REMCO is chaired by an independent non-executive director (Howard Craig) whilst the NOMCO is chaired by the board Chairman (Kevin Eborall).

The NOMCO's role and responsibilities include:

- Reviewing and approving the induction and training policy and processes for new board members;
- Ensuring the committee comprises at least two independent non-executive directors, and all committee members have the appropriate skills and experience;
- Assessing the composition and competencies of the board and identifying any deficiencies in this regard;
- Identifying and recommending nominees to the board. Prior to nomination, appropriate background checks and due diligence processes are performed on all proposed new directors;
- Reviewing directors' independence annually, establishing those directors eligible for re-election at the AGM and assessing the performance and attendance of these directors in order to make a recommendation to shareholders on their re-election;
- Taking into account the board diversity policy (which deals with race and gender at board level) whenever the board's composition is renewed (at least annually) and also whenever a new appointment to the board is under consideration;
- Identifying and recommending non-executive directors with greater than nine years' service to the board for the appropriate review and approval;
- Reviewing and approving the role of the Chairman and recommending to the board, the extension of the chairman's contract for a further year — the Chairman is above the age threshold of 70 years;
- Considering the necessity to appoint a Lead Independent Director; and
- Ensuring that an adequate succession plan is in place for all non-executive directors.

Responsibility for senior management appointments and remuneration has been assigned to the CEO. The CEO provides feedback to the committee and the board in this regard.

The committee continues to evaluate and benchmark the company's remuneration practices against relevant industry peers, external market conditions, availability of internal and external resources, risk factors and achievement of strategy.

The retirement age for non-executive directors is 70 years, unless otherwise approved by the board.

D. MEETINGS

The committee met three times during the year. The following key remuneration decisions were taken during the year:

- The review and recommendation of the company's remuneration policy and implementation report, and submission thereof to shareholders for a non-binding advisory vote at the 2018 AGM;
- The review of the executive directors' incentive scheme (EDIS), comprising:
  a. Short-term Incentives (STI)
     i. No short-term incentive payments were made to executive directors in terms of both financial performance and personal objectives for FYE 2019.
  b. Long-term Incentives (LTI)
     i. No long-term incentive awards were earned by the executive directors relating to FYE 2019;
- No changes were made to the EDIS;
- The review of the succession policies and plans for the executive directors and the EXCO;
- Noted that the LTI measure for total shareholder return (TSR) of the company for FYE 2019 achieved a top ranking of 1 out of 7 (FYE 2018: 6 out of 7) within the specified peer group;
- The approval of the STI payments for company, operational and other directors, made under the directors short-term incentive scheme (DPSIS);
- No LTI payments were made to company, operational and other directors under the Forfeitable Share Plan (FSP);
- No annual salary increases were granted, with effect from 1 March 2019. This included executive directors, company directors and all general salaried staff;
- The average annual increase for hourly paid employees, determined under the industry bargaining council in September 2018, was 7,5%;
- The review and recommendation to the board of the non-executive directors' fees for submission to shareholders at the next AGM;
- Noting that the group's internal board gender diversity policy of 30% female board members, as at the date of this report had been met;
- The recommendation to the board to approve certain projects to be undertaken by Mr DG Quinn, at an approved hourly rate. The projects and applicable hourly rate are reviewed and pre-approved on an annual basis;
- Noting that Mr ME Mkwanazi had undertaken to retire at the 2018 AGM, and not offer himself for re-election;
- Noting that with the retirement of Mr Mkwanazi, it was recommended that his alternate, Mr JM Poluta, be appointed alternate director to Ms BP Silwanyana, and that;
- Mr HJ Craig be appointed chairman of REMCO;
- The recommendation to the board that Mr DG Quinn remain as a member of the Pension Fund Advisory Body at the approved non-executive director hourly rate. The position to be reviewed on an annual basis;
- The review and approval of the role and function of the board Chairman;
- The review and approval of the succession plan for the board Chairman; and
- The recommendation that Mr KR Eborall remain as Chairman until the conclusion of the 2019 AGM, noting his age of 74 years;
- The approval of 21st Century as external advisors to the committee and positive finding as to their independence.

Attendance at these meetings is shown in the table set out on page 18.

2. Areas of focus for FYE 2020

The key areas of focus for the committee for the ensuing year will be:

- The succession plans for the executive directors;
- The remuneration, including short- and long-term incentives payable to the executive directors;
- The approval of the annual work plan for the committee;
- The consideration of the fees to be paid to non-executive directors;
- The succession plans for the board members;
- The approval of the independent external advisors to the committee; and
- The continued interaction with major shareholders regarding the company's remuneration policy and principles.

SECTION B: REMUNERATION POLICY OVERVIEW

1. Strategy and philosophy

The company's philosophy is to employ dynamic and competent individuals who subscribe to the group's culture and values. Compensation packages are designed to reward superior performance with superior rewards, whilst poor performance earns no additional rewards.

Stefanutti Stocks strives to provide a safe working environment, and one which encourages the development and personal growth of employees within the framework of the company's objectives.

The key components of the remuneration policy for the executive directors and members of EXCO are as follows:

› Paying a market competitive TFP which includes a base salary, medical insurance, retirement fund contributions and certain other market-related benefits;
› Paying a Total Remuneration (TR) which is targeted to be within the upper quartile of relevant industry benchmarks. However, in light of prevailing market conditions, the company is currently paying at the median of this benchmark;
› Paying an appropriate mix between TFP and short- and long-term incentives;
› Paying an annual cash STI designed to achieve strategic performance goals in the short term;
› STIs incorporate established, threshold and stretch targets, under financial performance criteria, and also reward individuals for their personal contributions under key performance areas (KPAs);
› Making appropriate long-term incentive awards to executives and all other directors in terms of the FSP, which was approved at a general meeting in August 2009;
› External advisors are utilised to assist in benchmarking the respective processes;
› The long-term share incentive participation is designed to align the executive directors' performance with shareholder expectations and ensure sustainable future company performance; and
› The group adopts a prudent risk and reward philosophy, applied within the scope of the group's risk profile.

2. Components of remuneration of executive directors and EXCO

A. GUARANTEED REMUNERATION

When structuring guaranteed packages, the group applies a TFP approach.

Base salary reflects the market value of the individual's skills, experience and performance, and is paid monthly in cash.

Benefits such as pension, medical aid and car allowance are included in the TFP. It is obligatory that all permanent salaried employees of Stefanutti Stocks belong to the Stefanutti Stocks Pension Fund. Membership of a funeral policy plan, which is independent of the pension scheme, is also mandatory for all South African group employees.

The Stefanutti Stocks Pension Fund is a defined contribution fund and provides retirement funding plans and health risk cover benefits for its members.

It is also compulsory for all new salaried employees to join the group's prescribed medical aid, unless the employee can prove that he/she is a dependent on another medical aid.

Hourly-paid employees' remuneration, bonuses and other benefits are determined at industry bargaining council level. The company offers these employees membership to the Stefanutti Stocks Provident Fund, which provides retirement funding and health risk cover benefits. Membership of an approved funeral policy plan is also compulsory for limited duration contract (LDC) employees.

B. VARIABLE REMUNERATION

Executive Directors Incentive Scheme (EDIS)

Executive directors' variable remuneration falls under the EDIS.

i. Short-term Incentive Plan (STI)

The STI is designed to align the short-term interests of the executives with group strategy, using both financial performance measures and personal objectives.

The intention is to motivate executives to drive performance and strive to exceed short-term goals.

Minimum threshold targets are required to be met before respective bonus awards are earned.

All targets are reviewed and set at the beginning of each financial year, with awards due under the scheme being reviewed and approved at financial year-end, by the committee and the board.

The financial and personal performance awards earned under the STI plan are cash-based annual awards.

The two financial performance measures are:

1. Operating profit (OP), and
2. Return on equity (ROE)

The weighting applicable to the personal performance measures is as follows:

CEO	Operations	25%
	Sustainability and compliance	35%
	Stakeholders alignment	25%
	Financial	15%
CFO	Governance	45%
	Stakeholders alignment	40%
	Financial	15%

Financial performance measures

Financial performance measures account for 70% of possible STI payable to executive directors.

› Operating profit margin (OP): An annual expected operating profit margin is established at the commencement of each financial year, with maximum and minimum thresholds applied. The expected OP is internally reviewed and set on an annual basis, and is based on relevant industry and peer comparatives;
› This OP is based upon normalised operating profit excluding all extraordinary and non-trading items, and was set at 3,0% for FYE 2019 (FYE 2018: 3,0%);
  » On achievement of the targeted OP of 3,0%, an award of 100% (multiplied by 70%) of the TFP is made.
  » If the OP achieved is below a minimum threshold of 1,0%, no award of the STI is made.
  » If the OP achieved is at or above a maximum stretch target of 5,0%, a maximum of 200% (multiplied by 70%) of the TFP is made.
  » A linear sliding scale apportionment is applied between threshold and stretch targets.
› ROE: An annual targeted ROE is also established at the commencement of each financial year, targeted to meet the company's weighted average cost of capital (WACC), also with maximum and minimum thresholds applied.
  » On achievement of the ROE meeting WACC, the full amount calculated under the OP metric above remains unchanged.
  » If this ROE/WACC metric falls below the minimum threshold of WACC minus 6%, a diluting factor of 50% is applied to the amount calculated under the OP metric.
  » If this ROE/WACC metric is at or above the stretch target of WACC plus 6%, an escalating factor of 150% is applied to the amount calculated under the OP metric.
  » A linear sliding scale apportionment is applied between threshold and stretch targets.
› The maximum STI payable to executive directors is limited to 250% of TFP (FYE 2018: 250% of TFP).

Personal performance measures

Personal performance measures account for 30% of possible STIs payable to executive directors.

At the commencement of each financial year, personal objectives are set out under key performance areas (KPAs) by the board, for executive directors.

Should the operating profit margin fall below the minimum threshold, currently 1%, no amounts are payable in terms of personal performance awards.

ii. Long-term Incentive Plan (LTI)

The LTI plan is designed to align the interests of the executives with those of the shareholders using financial performance measures.

The overall intention is to:

› generate a long-term sustainable financial performance for the group;
› promote long-term commitment of the executives to the business; and
› provide a wealth-creation mechanism for the executives and value creation for shareholders.

The LTI has been formulated using four metrics, the applicable targets of which are set by the board at the commencement of each financial year:

Metrics

1. HEPS growth (HEPS%)
2. Total shareholder return (TSR)
3. Return on capital invested (ROCI)
4. Free cash flow (FCF)

There were no changes made to the metrics for the FYE 2019.

The maximum allocation for achievement of each stretch target above is 200% of TFP, multiplied by the relevant weighting factor, whilst measurables falling below threshold result in no award being generated for that measurable. The maximum LTI payable to executive directors is therefore 200% of TFP.

Payment for the achievement of LTIs is made by way of forfeitable shares, which vest on the third anniversary of the award, but only to the extent that:

(a) the annual performance measures above have been met over a consecutive three-year performance period, and
(b) the performance measures are averaged over the three-year period to determine the final measure and award.

Cliff vesting occurs at the end of the three-year period.

The forfeitable shares to be awarded to executives on vesting are acquired in the market, or from shares held in the treasury account, or from the share trust account.

The REMCO has the authority to cash settle LTI awards in exceptional circumstances.

iii. REMCO discretion

When evaluating executives' performance in terms of variable remuneration, REMCO also considers any internal and external factors that may have contributed to thresholds not being met.

Stefanutti & Bressan Share Option Scheme

The company has ceased using its share option scheme, and no options have been issued since February 2009. Outstanding awards in terms of the scheme lapsed in 2017.

Forfeitable Share Plan (FSP)

The FSP was introduced in 2009 to replace the Stefanutti & Bressan Share Option Scheme, and was approved by shareholders at a general meeting held on 25 August 2009.

The committee considers annual allocations of forfeitable shares and in terms of the FSP, any company shares required to meet the FSP, and approved by the board, are purchased in the market, at the ruling price and are therefore non-dilutory to shareholders.

The maximum number of shares issued under the FSP, in any one year, to which an executive, a company or operational director is entitled, will not exceed 1% of the current issued share capital. The aggregate number of shares granted under the FSP at any one time will not exceed 10% of the current issued share capital. Shares issued under the FSP vest with the relevant executive, company or operational director, on the anniversary of the third year after the award date, provided the director still remains employed within the group.

Executive directors' awards

The LTI award of forfeitable shares is calculated on an annual basis in order to mitigate unanticipated outcomes arising out of cyclical factors and share price volatility.

No LTI awards were earned by the CEO and CFO for FYE 2019, based upon the reported FYE 2019 results.

The LTI measure for Total Shareholder Return of the company for FYE 2019 achieved a top ranking of 1 out of 7 (FYE 2018: 6 out of 7) within the specified peer group.

Company and operational directors

The committee determines the value of forfeitable shares to be awarded to the directors, taking into account the financial performance of the group. This will be a percentage of audited financial year-end profit after tax.

No awards were made during the year under review.

The tables showing the breakdown of the annual remuneration of directors for the years ended 28 February 2019 and 28 February 2018 are set out in note 24 to the consolidated annual financial statements.

LTI PERFORMANCE MEASURES FOR FYE 2018

Metric	Weighting	Performance criteria – target	Vesting
1. HEPS%	25%	Growth in (HEPS) equals CPI plus 20% of CPI.	100% of TFP vests upon achievement of target, whereas 50% vests upon achievement of threshold (CPI plus 10% of CPI) and 200% vests upon achievement of stretch target (CPI plus 40% of CPI).
2. TSR	25%	A total shareholder return placement in ranking number three or four out of the specified peer group.	100% of TFP vests upon achievement of target, whereas 50% vests upon achievement of threshold, (between positions 5 or 6). 200% of TFP vests upon achievement of stretch target (between positions 1 or 2).
3. ROCI	20%	Return on capital invested equals WACC plus 2%.	100% of TFP vests upon achievement of target, with 50% vesting upon achievement of threshold (WACC plus 0%) and 200% vesting upon achievement of stretch target (WACC plus 4%).
4. FCF	30%	A 20% year-on-year improvement in free cash flow.	100% of TFP vests upon achievement of target. 80% vests upon achievement of threshold set at 10% year-on-year improvement, whilst 200% vests upon a 30% year-on-year improvement, i.e. stretch target.

3. Key Man Attraction and Retention Scheme

The committee approved the implementation of a Key Man Attraction and Retention Scheme in 2012. The primary purpose of this scheme is to enable the company to compete for new, and retain existing, key employees on an equal footing with its competitors. This remuneration is additional to the standard TFP, short and long-term incentive plans.

This scheme recognises that there are occasions when additional incentives, in the form of forfeitable shares or retention bonuses, may need to be provided, such as:

- In making an employment offer to an individual when it is necessary to offer compensation for relinquishing an existing long-term incentive; or
- To prevent the solicitation of key members of staff by third-party organisations. The potential recruitment cost of replacement is considered in such cases.

4. Non-executive directors' fees

Recommendations are made to the committee by the executive directors and Human Resources Executive, for onward review by the board and submission to shareholders.

Non-executive directors are compensated by way of attendance fees. The fees are set with reference to the company's industry peer group, companies of a similar size and complexity, and also take into account industry practices and independent fee surveys provided to the committee by external service providers.

The fees of the Chairman, and if applicable, the Lead Independent Director, take their expanded roles into account, and are an all-inclusive fee. No distinction is made between fees payable to independent non-executive directors and other non-executive directors.

Non-executive directors qualify for reimbursement of reasonable expenses incurred in performing their duties for and on behalf of the company. Should the board require a non-executive director to undertake a specific project on behalf of the company, this will be subject to pre-authorisation and executed at a pre-approved total fee.

The non-executive director hourly fee to be approved at the AGM, is paid in respect of attendance at non-scheduled directors' meetings, but is capped at the respective fee for one meeting only.

Non-executive directors do not have service contracts. Instead, letters of appointment serve to confirm their terms of engagement, and include matters such as fees, term of office, expected time commitment, share dealing and board performance assessment. The Chairman has a letter of appointment, which is specific to his responsibilities and functions.

All non-executive directors are appointed for a term of three years and are obliged to retire at the end of that period. They may offer themselves for re-election at the next AGM.

Upon recommendation from NOMCO, the board will, on an annual basis, consider the continued services of any non-executive director who has reached or exceeded the maximum period of service of nine years with the company. It will further consider the continued services of any non-executive director who has exceeded the normal retirement age of 70 years.

The fees paid to non-executive directors for the financial year ending 28 February 2019 and 28 February 2018 are reflected in note 24 of the consolidated annual financial statements.

The proposed fee is payable from the AGM for financial year ended 28 February 2019 to the AGM for the financial year ended 28 February 2021 and is set out in the notice of AGM. No increase in fee has been proposed.

Non-executive directors are not required to be shareholders and they do not qualify to participate in any incentive scheme that is operated by the group.

5. Directors' service contracts

Executive directors are employed on standard contracts of employment within the group. These contracts are not fixed-term contracts and do not provide for termination payment. Normal retirement age is set at 65 years.

Executive directors are subject to notice periods of one month. The employment contracts include pay in lieu of notice, and outstanding leave pay provisions which may be invoked at the discretion of the committee. A longer notice period as may be appropriate under certain circumstances, may be agreed by the committee, in which case the notice period would be regularly reviewed and reduced as necessary.

The executive directors' contracts of employment do not include provisions entitling the individual to special termination benefits or balloon payments on termination of employment or on a change of control.

Any STI and/or LTI entitlements awarded to an executive director under the EDIS scheme will be determined based on the scheme rules.

Employees terminating employment due to resignation or dismissal on grounds of misconduct, poor performance or dishonest or fraudulent conduct or due to absconding (fault termination), will forfeit all unvested STI and/or LTI awards. Employees terminating employment due to death, retirement, retrenchment, ill health, disability or injury, will be classified as good leavers and a proportional vesting of the outstanding STI and/or LTI awards will vest on the date of termination of employment.

No provision is made for post vesting forfeiture of remuneration (i.e. claw-back).

6. Voting on remuneration

At the AGM of shareholders scheduled for 12 August 2019, the remuneration policy and the implementation report contained in this report will be put to shareholders for a non-binding vote. Shareholders will also be asked to pass a special resolution, to take effect from 13 August 2019, approving any proposed changes in non-executive directors' fees. Details of these fees are also set out in the Notice of AGM commencing on page 12.

In the event that either the remuneration policy or the implementation report, or both, are voted against by 25% or more of the voting rights entitled to be exercised by shareholders at the AGM, then the committee will ensure that the following measures are taken:

- An engagement process to ascertain the reasons for the dissenting votes, and
- Appropriately addressing legitimate and credible objections and concerns raised which may require amending the remuneration policy or clarifying or adjusting remuneration governance and/or processes.

A summarised version of the remuneration policy can be viewed on **www.stefanuttistocks.com**.

SECTION C: REMUNERATION IMPLEMENTATION REPORT

1. Compensation structure

Executive remuneration comprises:

GUARANTEED REMUNERATION

› a TFP approach

VARIABLE REMUNERATION

› under the EDIS:
  » STI — one-year performance period
  » LTI — three-year average performance period

a. Guaranteed remuneration

Increases are effective from 1 March each year.

No salary increases were granted with effect 1 March 2019.

The total employee and company contributions of Mr Meyburgh and Mr Cocciante, to the company pension fund, were R566 000 and R309 000 respectively.

b. Variable remuneration

STI

i. Financial performance

No STI payments were made to executive directors for FYE 2019 (FYE 2018: CEO R1 501 000 and CFO R1 019 000).

In previous years, the reported STI reflected the amounts actually paid to the executives earned in respect of that year, and also included a portion earned in respect of the previous financial year.

Financial performance measures account for 70% of possible STIs payable to executive directors.

OP

No amounts were earned by the CEO and CFO, under the OP metric awards, based upon the FYE 2019 reported results reflecting a normalised operating margin of -0,8%.

ROE

No amounts were earned by the CEO and CFO under the ROE metric, based upon a -6,3% ROE for FYE 2019.

ii. Personal performance

Personal performance measures account for 30% of possible STIs payable to executive directors.

Achievement of personal performance objectives set for the CEO and CFO, were 45% (FYE 2018: 70%) and 50% (FYE 2018: 90%) respectively. However, no payments were made to the executive directors, as the OP metric (-0,8%) fell below the minimum threshold.

The total STI earned by the executive directors for FYE 2019 was RNil (FYE 2018 R2 519 945)

iii. Calculation of executives STIs

See the table below.

LTI

i. Structure

The LTI structure provides for annual awards under the FSP, which are subject to meeting financial performance targets measured over a three-year period.

ii. Performance criteria

The performance criteria are:

(i) HEPS%, 25% weighting
(ii) TSR, 25% weighting
(iii) ROCI, 20% weighting
(iv) FCF, 30% weighting

iii. Peer group

The peer group for the TSR is:

› Aveng Limited
› Basil Read Holdings Limited
› Group 5 Limited
› Murray & Roberts Holdings Limited
› Raubex Group Limited
› Wilson Bayly Holmes Ovcon Limited

iv. Awards

For the three years ending February 2019, no forfeitable shares vested with the executive directors under the FSP (FYE 2018: Nil).

2. Changes to EDIS

No changes were made to EDIS.

3. Policy compliance

Remuneration paid for FYE 2019 is in compliance with the company's remuneration policy.

CALCULATION OF EXECUTIVES' STIs

	R'000 FYE Feb '19 TFP	Financial performance scorecard	R'000 Financial STI	Financial weighting %	Personal weighting %	R'000 FYE Feb '19 final STI	% of TFP	Max STI % of TFP
W Meyburgh (CEO)	5 775	Nil	Nil	70	45	Nil	0	250
AV Cocciante (CFO)	3 675	Nil	Nil	70	50	Nil	0	250

REMUNERATION DISCLOSURE OF EXECUTIVE DIRECTORS

R'000s	Basic salary	Other benefits	Post-employment benefits	Short-term incentives	Long-term incentives	**Total 2019**	Total 2018
W Meyburgh (CEO)	5 053	459	566	Nil	Nil	**6 078**	9 011
AV Cocciante (CFO)	3 366	38	309	Nil	Nil	**3 713**	5 828

SECTION D: OTHER

1. Interest of directors in contracts

Directors are required to notify the company of their interests in contracts and this is a standard agenda item at each board meeting. There have been no material changes post 28 February 2019 to date.

Information regarding related-party transactions is set out in note 24 of the consolidated annual financial statements.

2. Prescribed officers

Directors and prescribed officers as defined in terms of the Companies Act, have been assessed and identified as executive and company directors.

3. Directors' shareholding

The beneficial holdings at 28 February 2019 and 28 February 2018, held by the directors of the company in the issued shares of the company are set out in note 24 of the consolidated annual financial statements.

4. Directors' trading in company securities

As standard group policy, directors are required to obtain clearance prior to trading in the company's securities. Such clearance must be obtained from the Chairman or the CEO. The Chairman consults the CEO or a designated director prior to his trading in the company's securities. Directors are required to inform their portfolio/investment managers not to trade in the securities of the company unless they have specific written instructions from that director to do so. Directors may not trade in their securities during closed periods.

Directors are further prohibited from dealing in the company's securities at any time when they are in possession of unpublished price-sensitive information in relation to the company, or where clearance to trade is not given.

Statement by the board regarding compliance with the remuneration policy

The board supports REMCO's position that the group's remuneration policy for the remuneration of executive directors and other senior executives has been considered and set taking proper account of remuneration and employment conditions throughout the group. Furthermore, the board believes that this policy, as detailed herein, drives group strategy and value creation for all stakeholders.

On behalf of the REMCO

H.G. Craig

Howard Craig
Chairman

19 June 2019

Corporate information

Company information

Stefanutti Stocks Holdings Limited

Share code: SSK ISIN: ZAE000123766

JSE Sector: Construction Year-end: 28 February

Registration number

1996/003767/06

Country of incorporation

South Africa

Registered office

No. 9 Palala Street, Protec Park, Cnr Zuurfontein Avenue
and Oranjerivier Drive, Kempton Park, 1619

Postal address

PO Box 12394, Aston Manor, 1630

Telephone number

+27 11 571 4300

Facsimile

+27 11 976 3487

Directors

As at 19 June 2019: KR Eborall* (Chairman); ZJ Matlala*; HJ Craig*;
B Harie*; BP Silwanyana*; JM Poluta* (alternate to BP Silwanyana);
DG Quinn*; W Meyburgh (CEO); AV Cocciante (CFO)

* Independent non-executive directors

Company Secretary

WR Somerville

20 Lurgan Road, Parkview, 2193

Telephone number: +27 11 326 0975

Auditors

Mazars

Mazars House, 54 Glenhove Road, Melrose Estate, 2196

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Attorneys

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Transfer Secretaries

Computershare Investor Services (Pty) Ltd

Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196

PO Box 61051, Marshalltown, 2107

Telephone number: +27 11 370 5000

Sponsor

Bridge Capital Advisors (Pty) Ltd

50 Smits Road, Dunkeld, 2196

PO Box 651010, Benmore, 2010

Telephone number: +27 11 268 6231

Bankers

Absa Bank Limited
Barclays Bank Moçambique
Bidvest Bank Limited
Diamond Bank Plc Nigeria
Ecobank
Emirates NBD
First Gulf Bank
First National Bank, a division of FirstRand Bank Limited
First National Bank Botswana
First National Bank Moçambique
First National Bank Zambia Limited
HSBC Middle East
Investec
Nedbank Limited
Nedbank Namibia
Nedbank (Swaziland) Limited
RMB Botswana
Société Générale de Banques en Guinée
Société Générale Moçambique
Stanbic Bank Botswana
Stanbic Bank Ghana
Stanbic Bank Kenya
Stanbic Bank Zambia Limited
Stanbic IBTC Bank Nigeria
Standard Bank Malawi
Standard Bank Moçambique
Standard Bank Swaziland
Standard Chartered Bank
Standard Lesotho Bank Limited
The Standard Bank of South Africa Limited
United Bank for Africa
Zenith Bank Plc Nigeria

Website

www.stefanuttistocks.com

Form of proxy

Stefanutti Stocks Holdings Limited

(Incorporated in the Republic of South Africa) Registration number: 1996/003767/06 Share code: SSK ISIN: ZAE000123766 (Stefanutti Stocks or the company)

For use at the annual general meeting of the company to be held at 6 Mulalani Road, The Lecture Room, Ground Floor, Protec Park, corner of Zuurfontein Avenue and Oranjerivier Drive, Kempton Park, on Monday, 12 August 2019 at 12:00 and at any adjournment thereof.

For use by the holders of the company's certificated ordinary shares and/or dematerialised ordinary shares held through a Central Securities Depository Participant (CSDP) or broker who have selected own-name registration (own-name dematerialised shareholders). Additional forms of proxy are available from the transfer secretaries of the company.

Not for the use by holders of the company's dematerialised ordinary shares who are not own-name dematerialised shareholders. Such shareholders must contact their CSDP or broker timeously if they wish to attend and vote at the annual general meeting and request that they be issued with the necessary letter of representation to do so, or provide the CSDP or broker timeously with their voting instructions should they not wish to attend the annual general meeting in order for the CSDP or broker to vote thereat in accordance with their instructions. Terms used in this proxy form have the meanings given to them in the notice of annual general meeting to which this proxy form is attached.

I/We ______________________________ (full name in block letters)

of ______________________________ (address)

______________ (e-mail address) ______________ (telephone number) ______________ (cellphone number)

being a member(s) of Stefanutti Stocks and holding ______________ ordinary shares in the company,

hereby appoint ______________________ of ______________________

failing him/her ______________________ of ______________________

failing him/her the chairman of the annual general meeting, as my/our proxy to act for me/us and on my/our behalf at the annual general meeting which will be held for the purpose of considering and, if deemed fit, passing, with or without modification, the special and ordinary resolutions to be proposed thereat and at any adjournment thereof; and to vote for and/or against the special and ordinary resolutions and/or abstain from voting in respect of the Stefanutti Stocks ordinary shares registered in my/our name(s), in accordance with the following instructions:

	Number of votes		
	For	Against	Abstain
ORDINARY RESOLUTIONS			
1. To adopt the annual financial statements of the company for the year ended 28 February 2019, including the directors' report and the report of the Audit, Governance and Risk Committee			
2. To re-elect ZJ Matlala as a director of the company			
3. To re-appoint the auditors			
4. To appoint DG Quinn as a member of the Audit, Governance and Risk Committee			
5. To appoint B Harie as a member of the Audit, Governance and Risk Committee			
6. To appoint BP Silwanyana as a member of the Audit, Governance and Risk Committee			
7. To appoint JM Poluta as a member of the Audit, Governance and Risk Committee			
8. To approve the company's remuneration policy			
9. To approve the company's remuneration implementation report			
SPECIAL RESOLUTIONS			
1. To approve non-executive directors' fees — Special Resolutions 1.1 to 1.12			
1.1 Board Chairman			
1.2 Board Member			
1.3 Audit, Governance and Risk Committee Chairman			
1.4 Audit, Governance and Risk Committee Member			
1.5 Remuneration and Nominations Committee Chairman			
1.6 Remuneration and Nominations Committee Member			
1.7 Social and Ethics Committee Chairman			
1.8 Social and Ethics Committee Member			
1.9 Any other committee to be formed — Chairman			
1.10 Any other committee to be formed — Member			
1.11 Directors' hourly rate			
1.12 Specific project fees			
2. General authority to repurchase company shares			

* Please indicate by inserting the relevant number of votes in the appropriate spaces above how you wish your votes to be cast. Unless otherwise instructed, my/our proxy may vote as he/she thinks fit.

Signed at ______________________ (place) on ______________________ (date) 2019

Member's signature ______________________ assisted by ______________________ (if applicable)

Notes to the form of proxy

1. This form of proxy is to be completed only by those members who are:
   (a) holding shares in a certificated form; or
   (b) recorded in the sub-register in electronic form in their own name.
2. Members who have dematerialised their shares, other than own-name dematerialised shareholders, and who wish to attend the annual general meeting must contact their CSDP or broker who will furnish them with the necessary letter of representation to attend the annual general meeting, or they must instruct their CSDP or broker as to how they wish to vote in this regard. This must be done in terms of the agreement entered into between the members and their CSDP or broker.
3. Each member is entitled to appoint one or more individuals as a proxy (who need not be a member(s) of the company) to participate in, speak, and vote in place of that member at the annual general meeting.
4. A member wishing to appoint a proxy must do so in writing by inserting the name of said proxy or the name of one alternative proxy of the member's choice on the form of proxy in the space provided, with or without deleting "the chairman of the annual general meeting". The person whose name stands first on the form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow.
5. A member's instructions to the proxy must be indicated on the form of proxy by the insertion of the relevant number of votes exercisable by that member in the appropriate box(es) provided. Failure to comply with the above will be deemed to authorise the chairman of the annual general meeting, if the chairman is the authorised proxy, to vote in favour of the ordinary and special resolutions at the annual general meeting, or any other proxy to vote or to abstain from voting at the annual general meeting as he/she deems fit, in respect of all the member's votes exercisable thereat.
6. The proxy shall (unless this sentence is struck out and countersigned) have the authority to vote, as he/she deems fit, on any other resolution which may validly be proposed at the meeting, including in respect of any proposed amendment to the above resolutions. If the aforegoing sentence is struck out, the proxy shall be deemed to be instructed to vote against any such proposed additional resolution and/or proposed amendment to an existing resolution as proposed in the notice to which this form is attached.
7. A member or his/her proxy is not obliged to vote in respect of all the ordinary shares held by such member or represented by such proxy, but the total number of votes for or against the ordinary resolutions and in respect of which any abstention is recorded may not exceed the total number of votes to which the member or his/her proxy is entitled.
8. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy, unless previously recorded by the company's transfer office or waived by the chairman of the annual general meeting.
9. The chairman of the annual general meeting may reject or accept any form of proxy which is completed and/or received other than in accordance with these instructions, provided that he is satisfied as to the manner in which a member wishes to vote.
10. Any alterations or corrections to this form of proxy must be initialled by the signatory(ies).
11. The completion and lodging of this form of proxy will not preclude the relevant member from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such member wish to do so.
12. A minor must be assisted by his/her parent/guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the company's transfer secretaries.
13. Where there are joint holders of any shares, only that holder whose name appears first in the register in respect of such shares need sign this form of proxy.
14. Any proxy appointment made in terms of this form of proxy remains valid until the end of the annual general meeting, unless revoked earlier.
15. Members are requested to lodge forms of proxy with the transfer secretaries at the address given below, for administrative reasons only, at least 48 hours prior to the annual general meeting (see address below), provided that the chairman of the annual general meeting may accept proxies that have been delivered after the expiry of the aforementioned period up and until the time of commencement of the annual general meeting.

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Stefanutti Stocks

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