FINANCIAL STATEMENTS '16

Stefanutti Stocks

Bridging your expectations

Contents

Preparation of financial statements

The financial statements contained in this report, and also available on the group's website **www.stefanuttistocks.com**, have been prepared under the supervision of the Chief Financial Officer, AV Cocciante, CA(SA). The annual financial statements have been audited in compliance with the applicable requirements of the Companies Act, No. 71 of 2008.

Antonio Cocciante
Chief Financial Officer

14 July 2016

Certificate by the Company Secretary

In terms of section 88(2)(e) of the Companies Act, No. 71 of 2008, I certify that, to the best of my knowledge and belief, Stefanutti Stocks Holdings Limited has, in respect of the financial year ended 29 February 2016, lodged with the Companies and Intellectual Property Commission all returns and notices required of a public company in terms of the Companies Act and that all such returns and notices are true, correct and up to date.

William Somerville
Company Secretary

14 July 2016

Organogram

1996/003767/06

Stefanutti Stocks Holdings Limited

1997/005231/07

Stefanutti Stocks Investments Proprietary Limited

2005/015885/07

Stefanutti Stocks International Holdings Proprietary Limited

2003/022221/07

Stefanutti Stocks Proprietary Limited

Various subsidiaries

Equity-accounted investee (Joint Venture)
Al Tayer Stocks LLC

Various subsidiaries

Various equity-accounted investees (Associates)

Various Joint Operations

Audit, Governance and Risk Committee report

This report is provided by the Audit, Governance and Risk Committee (ARCO/the committee) appointed in respect of the 2016 financial year of Stefanutti Stocks Holdings Limited, which incorporates the requirements of section 94(7) of the Companies Act, No. 71 of 2008, the King III principles and other regulatory requirements.

The committee, in addition to having specific statutory responsibilities to the shareholders in terms of the Companies Act, No. 71 of 2008, assists the board by advising and submitting recommendations on the group's financial reporting, internal financial controls, external and internal audit functions and statutory as well as regulatory compliance.

Terms of reference

The Companies Act, No. 71 of 2008 and King III have guided the detailed terms of reference that have been approved by the board. Minor updates were made to the committee's formal terms of reference after the annual review process which took place in May. The committee confirms that it has executed its duties during the past financial year in accordance with these terms of reference.

Execution of duties

During the year the committee attended to:

- Monitor compliance with the code of conduct and the ethical conduct of the company in liaison with the Social and Ethics Committee (S&E);
- Evaluate the independence and effectiveness of the external auditors as well as their performance and recommended their appointment;
- Review the draft audited financial statements and integrated report, the preliminary announcement and interim statements;
- Review, together with the external auditors, the conformity of the audited financial statements and related schedules with International Financial Reporting Standards (IFRS) and the company's accounting policies;
- Review the external audit plan and fees payable to the external auditors;
- Review the external audit findings and reports;
- Approve any non-audit services performed by the external auditors and the policy in this regard;
- Review internal audit policies, plans, reports and findings;
- Monitor compliance with applicable laws and regulations;
- Oversee the process of sustainability reporting and considered the findings and recommendations of the S&E;
- Assess key risk areas facing the group and recommended risk mitigation measures;
- Assess its own effectiveness as a committee via a self-effectiveness evaluation;
- Advise and update the board on issues ranging from accounting standards to published financial information; and
- Evaluate the finance function and expertise and experience of the CFO.

Composition

The board nominated the committee in respect of the 2016 financial year and shareholders appointed its members at the annual general meeting held on 4 September 2015. Shareholders will be requested to approve the appointment of the committee members for the 2017 financial year at the annual general meeting that is scheduled for 2 September 2016.

Zanele Matlala, an independent non-executive director, chairs the committee, and comprises three additional independent non-executive directors, namely Nomhle Canca, Howard Craig and Joseph Fizelle (alternate to Independent Non-executive Director Bridgman Sithole).

The Board Chairman, CEO, CFO, Group Risk Officer, external and internal auditors attend all committee meetings by invitation. Former CFO, Dermot Quinn, a non-executive director, is a permanent invitee of the committee. The company secretary acts as secretary to the committee.

The board has satisfied itself that the members are suitably skilled, independent and qualified to fulfil their duties. A self-assessment was conducted in May 2015. The overall the outcome was positive and the committee felt that it had discharged its duties. Abridged biographies of the members are published on page 20 of the integrated report.

Meetings

The committee held four meetings during the year. Attendance at these meetings is shown in the table set out on page 67 of the corporate governance section of the integrated report.

Internal financial controls

During the year under review, the committee:

- reviewed the effectiveness of the group's system of internal financial controls including receiving assurance from management, internal audit and external audit;
- reviewed issues raised by the external auditors in their reports; and
- reviewed policies and procedures for preventing and detecting fraud.

Based on the processes and assurances obtained, the committee believes that the significant internal financial controls are effective.

Regulatory compliance

Compliance with laws and regulations is a standing agenda item and is addressed accordingly by the committee at each meeting. The corporate governance report contains a more detailed discussion on regulatory compliance commencing on page 65 of the integrated report.

Oversight of risk management

The committee plays a pivotal role in the process of risk management. The Group Risk Officer as well as the Internal Audit Manager report directly to the committee. All risk identification, measurement and management is addressed through these channels.

A risk management framework, risk policy and risk register were presented to and considered by the committee during the year. The committee has satisfied itself that the following areas have been appropriately addressed:

› Financial reporting risks;
› Internal financial controls;
› Fraud risks;
› Information communication technology risks; and
› Reviewed technology risks, in particular how they are managed.

Refer to pages 12 to 15 of the integrated report for additional information relating to risk management.

Independence of the external auditors

The external auditors' independence and effectiveness is evaluated annually by the committee, which also considers whether any non-audit services rendered by such auditors materially impair their independence. A non-audit services policy is in place, which the committee reviews on an annual basis. Although the external auditors performed certain non-audit services during the year under review, their fees were deemed immaterial.

Based on enquiries made and assurances received, the committee is satisfied with the external auditor's independence. The committee has recommended to the board and to the shareholders, the reappointment of Mazars as the independent registered audit firm and Shaun Vorster as the individual registered auditor, respectively.

Internal audit

The internal audit function evaluates the group's exposure to risk while assessing the reliability and effectiveness of risk management processes and controls. This is guided by the Internal Audit Charter, which sets out the function's purpose, independence, ethics, duties, responsibilities and scope.

The Internal Audit Manager reports to the Group Risk Officer on an administrative basis and to the committee on a functional basis. The Internal Audit Manager has unrestricted access to the CEO, Chairman of the ARCO, and the Chairman of the board in order to perform his duties and fulfil his functions.

The internal audit function is guided by appropriate policies and procedures that are aligned to the International Professional Practice Framework (IPPF) as prescribed by the Institute of Internal Auditors. The amended IPPF includes the core principles within the mandatory section, which already incorporates the definition of internal auditing, code of ethics and standards for an internal audit function. The core principles, taken as a whole, articulate internal audit effectiveness, namely, the internal audit function must:

› Demonstrate integrity;
› Demonstrate competence and due professional care;
› Be objective and free from undue influence (independent),
› Align with the strategies, objectives and risks of the organisation;
› Be appropriately positioned and adequately resourced;
› Demonstrate quality and continuous improvement;
› Communicate effectively;
› Provide risk-based assurance;
› Be insightful, proactive and future-focused; and
› Promote organisational improvement.

A survey, including a self-assessment, with key stakeholders will be conducted by the Internal Audit Manager, during the forthcoming financial period, whereupon the results will be communicated to the committee. Any shortcomings identified will be addressed in order to ensure internal audit effectiveness.

In addition, the internal audit function monitors and assesses the group's corporate governance with regard to the various delegation of authority frameworks implemented throughout the group. The various levels of management in the group are delegated the responsibility for the design, implementation and evaluation of the risk management plans and to ensure their sustainability in all areas of the business.

A risk-based internal audit plan was presented to the committee for annual review and approval at the commencement of the year under review. The committee oversees the internal audit plan and is based on the key risks identified by executive management. The following processes were covered in the approved internal audit plan:

- Tender and estimating;
- Purchases and payables;
- Sub-contractor payments;
- Payroll salaries and wages;
- Financial discipline;
- ICT general computers control, system development life cycle, change management and backup and disaster recovery, as well as
- Contract execution (site) reviews.

As is required, the findings are discussed with management who either agreed to reinforce the existing control or implement new processes and controls to reduce the risk identified to an acceptable level, comparing the benefits derived with the cost of the control.

The group's internal audit function also appraises the group's risk management and internal controls and submits its assessment of these to the committee on an annual basis.

CFO

The annual evaluation of the finance function of the CFO was performed, as required in terms of the JSE Listings Requirements, and the committee was satisfied that Antonio Cocciante, who was appointed as CFO on 1 June 2015, in place of Dermot Quinn who retired on 31 May 2015, has the appropriate expertise and experience to meet the responsibilities of his appointed position as CFO.

The committee is also satisfied that the resources within the finance function are able to provide the required support to the CFO. The committee assessed the comments received from the external auditors when making its evaluation. Based on the processes and assurances obtained, the committee has satisfied itself and is of the opinion that the accounting practices are effective.

Integrated report

Following the review by the committee of the annual financial statements of Stefanutti Stocks Holdings Limited for the year ended 29 February 2016, the committee is of the view that in all material respects they comply with the relevant provisions of the Companies Act, No. 71 of 2008 and IFRS, and fairly present the consolidated and separate financial position which are available on the company's website at that date and the results of operations and cash flows for the year then ended.

The committee has also satisfied itself of the integrity of the remainder of the integrated report. Having achieved its objectives, the committee has recommended the integrated report for the year ended 29 February 2016 for approval to the Stefanutti Stocks board. The board has subsequently approved the report, which will be open for presentation at the forthcoming annual general meeting.

On behalf of the ARCO

Zanele Matlala
Chairman

14 July 2016

Directors' report

The directors have pleasure in presenting their report which forms part of the annual financial statements of the group and company for the year ended 29 February 2016.

Nature of business

Stefanutti Stocks Holdings Limited (Registration No. 1996/003767/06) is a public company incorporated and domiciled in the Republic of South Africa and is listed on the JSE Main Board in the "Construction and Materials — Heavy Construction" sector.

Stefanutti Stocks, a leading construction company operates throughout South Africa, sub-Saharan Africa and the Middle East with multidisciplinary expertise including concrete structures, marine construction, piling and geotechnical services, roads and earthworks, bulk pipelines, mine residue disposal facilities (mainly tailings dams), open-pit contract mining, all forms of building works including affordable housing, mechanical and electrical installation and construction.

A simplified group organogram has been provided, additional information on the group's operating entities is available on request.

Financial results and year under review

The consolidated financial statements of Stefanutti Stocks Holdings Limited and its subsidiaries, joint operations and equity-accounted investees (collectively the group) for the year ended 29 February 2016 are set out in the annual financial statements presented on pages 8 to 62.

The group continued to report the Power business as a discontinued operation with an associated loss of R30 million (Feb 2015: R56 million) being recorded for the year in resolving the final disputes with customers.

Due to deteriorating market conditions in the Middle East, specifically within the electromechanical sector, the group has disposed of its investment in Zener Steward Electromechanical LLC (Zener), fulfilling the classification requirements of a discontinued operation in terms of IFRS 5. The results for the year ended 28 February 2015 have been restated to extract the results of the discontinued operation from continuing to discontinued operations in the prior year. The loss attributable to the discontinuance of Zener of R49 million (Feb 2015 restated: R6 million), includes the write-down of the carrying value of the investment as well as trading losses incurred during the year.

During the year, the group disposed of its investment property, resulting in a profit on disposal of R16 million and a fair value adjustment of R6 million, which are included in operating profit.

SUMMARISED GROUP RESULTS

	2016 R'000	2015 R'000	% change year-on-year Increase ⬆ Decrease ⬇	Commentary on the year-on-year movements
Contract revenue	**9 669 473**	10 567 643	⬇ (8)	Primarily due to a reduction in revenue from the Building Business Unit.
Operating profit before investment income	**391 965**	335 381	⬆ 17	Including the profit on sale and fair value adjustment of the investment property of R16 million and R6 million respectively.
Finance costs	**60 422**	41 664	⬆ 45	Increase due to increased levels of borrowings and deemed interest on the third and fourth instalment of the Competition Commission penalty.
Profit	**185 881**	203 161	⬇ (9)	Including loss of R79 million relating to discontinued operations.
Interest bearing borrowings (including bank overdraft)	**636 343**	448 651	⬆ 42	Increased borrowings as a result of delayed payments and reduction in advance payments from clients.
Trade receivables	**1 610 062**	1 523 536	⬆ 6	Current market trends in which we experience significant delays in collection of outsourcing amounts, certification of work, etc.
Equity-accounted investees	**189 458**	232 255	⬇ (18)	Restatement of Zener Steward as a discontinued operation.
Bank balances	**850 940**	815 235	⬆ 4	
Excess billings over work done	**740 216**	1 047 587	⬇ (29)	Reduction of amounts received in advance from customers for work still to be executed.
Capital expenditure	**157 413**	185 780	⬇ (15)	R82 million was expensed for maintaining current capacity.
Earnings per share (cents) — continuing operations	**149,30**	150,37	⬇ (1)	
Headline earnings per share (cents) — continuing operations	**138,16**	146,83	⬇ (6)	

During the year, the company, through a subsidiary, repurchased 1 383 792 of its own shares at an average price of R3,47 per share in terms of a resolution passed at the company's most recent annual general meeting. These shares will not be cancelled and will be accounted for as treasury shares.

SUMMARISED COMPANY RESULTS

	2016 R'000	2015 R'000	% change year-on-year Increase ↑ Decrease ↓	Comments
Revenue	**30 070**	22 490	↑ 34	Increase in management fee.
Finance costs	**17 271**	8 103	↑ 113	Deemed interest on the third and fourth instalment of Competition Commission penalty.
Intergroup loan accounts	**204 058**	216 599	↓ (6)	Payment received on intergroup loans.
Other financial liabilities	**176 095**	168 074	↓ (5)	Repayment of loan.

Directorate

The names of the directors who currently hold office are set out in the corporate governance report of the integrated report as well as in the corporate information section.

Howard Craig and Mafika Mkwanazi were appointed as independent non-executive directors with effect from 17 April 2015.

The board also announced the appointment of Antonio Cocciante as CFO with effect from 1 June 2015, as successor to Dermot Quinn who retired from the group as an executive director (CFO). Dermot has remained on the board as a non-executive director with effect from 1 June 2015.

Resolutions

At the 2015 annual general meeting, the shareholders of the company passed the following special resolutions:

- Approval of the directors' fees.
- Approval of financial assistance provided by the company to related or inter-related companies or other entities, including, its subsidiaries, for any purpose, as well as present or future directors or prescribed officers of the company or of a related or inter-related company or entity.
- Approval to repurchase shares — the company and/or its subsidiaries are authorised by way of general authority to acquire ordinary shares issued by the company.

Litigation statement

In addition to the two matters previously reported, the company has received a third legal notification, arising out of the Competition Commission Fast Track Settlement Process in 2013.

As previously reported, the first matter relates to a complaint initiated by the Competition Commission into an alleged "World Cup Stadia Meeting", which has been referred to the Competition Tribunal for adjudication. Stefanutti Stocks has been cited as one of the respondents.

The second matter relates to a civil damages claim initiated by the City of Cape Town in respect of the Green Point Stadium, following the findings and the imposition of administrative penalties by the competition authorities. Stefanutti Stocks, having paid a penalty under these findings, has now been cited as one of the defendants.

A new and third matter relates to a civil damages claim initiated by SANRAL in respect of the Gauteng Freeway Improvement Project, following the findings and the imposition of administrative penalties by the competition authorities. Stefanutti Stocks, having paid a penalty under these findings, has now been cited as one of the defendants.

In conjunction with 14 other contractors, Stefanutti Stocks received notice from the Construction Industry Development Board of its intention to launch a formal inquiry regarding the contractor's conduct that gave rise to the penalties imposed by the Competition Commission. This process has not been finalised.

Stefanutti Stocks is confident that on the facts currently available it will be able to successfully defend all the above matters and it has accordingly not made any provision for these.

Approval

The annual financial statements and group annual financial statements, which appear on pages 8 to 73, were approved by the board of directors on 14 July 2016 and are signed by:

Willie Meyburgh
Chief Executive Officer

Antonio Cocciante
Chief Financial Officer

14 July 2016
Kempton Park

Independent auditor's report

To the shareholders of Stefanutti Stocks Holdings Limited

We have audited the consolidated and separate financial statements of Stefanutti Stocks Holdings Limited set out on pages 8 to 73, which comprise the statements of financial position as at 29 February 2016, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated and separate financial statements

The company's directors are responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with International Financial Reporting Standards, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the requirements of the Companies Act No. 71 of 2008, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated and separate financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Stefanutti Stocks Holdings Limited as at 29 February 2016, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, the SAICA Financial Reporting Guides and the requirements of the Companies Act No. 71 of 2008.

Other reports required by the Companies Act

As part of our audit of the consolidated and separate financial statements for the year ended 29 February 2016, we have read the Directors' Report, the Audit, Governance and Risk Committee's Report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Mazars has been the auditor of Stefanutti Stocks Holdings Limited for 10 years.

Mazars

Mazars
Registered Auditors
Partner: Shaun Vorster
Registered Auditor

Date: 14 July 2016
Johannesburg

Consolidated statement of profit or loss and other comprehensive income

FOR THE YEAR-ENDED FEBRUARY

CONTINUING OPERATIONS	Note	2016 R'000	Restated 2015 R'000
REVENUE	2	**9 737 386**	10 648 379
Contract revenue	2	**9 669 473**	10 567 643
Operating and administration expenses		**(9 246 559)**	(10 143 451)
Other income	2	**128 324**	72 538
EARNINGS BEFORE INTEREST, TAXATION, DEPRECIATION AND AMORTISATION (EBITDA)	3	**551 238**	496 730
Depreciation	8	**(151 353)**	(153 429)
Amortisation of intangible assets	12	**(7 920)**	(7 920)
OPERATING PROFIT BEFORE INVESTMENT INCOME		**391 965**	335 381
Investment income	2	**34 049**	41 544
Share of profits of equity-accounted investees	10	**19 040**	32 720
OPERATING PROFIT BEFORE FINANCE COSTS		**445 054**	409 645
Finance costs	4	**(60 422)**	(41 664)
PROFIT BEFORE TAXATION		**384 632**	367 981
Taxation	5	**(120 114)**	(102 678)
PROFIT FROM CONTINUING OPERATIONS		**264 518**	265 303
DISCONTINUED OPERATIONS			
Loss after tax	6	**(78 637)**	(62 142)
PROFIT		**185 881**	203 161
OTHER COMPREHENSIVE INCOME		**34 107**	152
Exchange differences on translation of foreign operations (may be reclassified to profit/(loss))		**84 980**	152
Reclassification adjustment from foreign currency translation reserve due to disposal of a foreign investment	6	**(62 193)**	—
Reclassification adjustment from foreign currency translation reserve due to disposal of the investment property	9	**11 320**	—
TOTAL COMPREHENSIVE INCOME		**219 988**	203 313
PROFIT ATTRIBUTABLE TO:			
Equity holders of the company		**182 317**	200 812
Profit from continuing operations		**260 954**	262 954
Loss from discontinued operations		**(78 637)**	(62 142)
Non-controlling interest — profit from continuing operations		**3 564**	2 349
		185 881	203 161
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Equity holders of the company		**214 582**	201 452
Profit from continuing operations		**293 219**	263 594
Loss from discontinued operations		**(78 637)**	(62 142)
Non-controlling interest — profit from continuing operations		**5 406**	1 861
		219 988	203 313
BASIC EARNINGS PER SHARE (CENTS)	7		
From continuing operations		**149,30**	150,37
From total operations		**104,31**	114,84
DILUTED EARNINGS PER SHARE (CENTS)	7		
From continuing operations		**138,75**	139,81
From total operations		**96,94**	106,77

Consolidated statement of financial position

AT YEAR-END

	Note	2016 R'000	Restated 2015 R'000
ASSETS			
NON-CURRENT ASSETS		**2 565 762**	2 678 885
Property, plant and equipment	8	**1 099 712**	1 109 652
Investment property	9	**—**	61 507
Equity-accounted investees	10	**189 458**	232 255
Goodwill and intangible assets	12	**1 248 529**	1 256 449
Deferred tax assets	13	**28 063**	19 022
CURRENT ASSETS		**3 946 516**	3 844 532
Inventories	14	**101 317**	110 757
Contracts in progress	15	**624 172**	789 379
Trade and other receivables	16	**2 151 738**	1 966 259
Taxation		**52 392**	21 028
Bank balances	17	**985 128**	848 665
		3 914 747	3 736 088
Assets of discontinued operation and non-current assets held for sale	6	**31 769**	108 444
TOTAL ASSETS		**6 512 278**	6 523 417
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES		**2 608 532**	2 399 334
Share capital and premium	18	**1 027 103**	1 031 909
Other reserves		**203 395**	181 557
Retained earnings		**1 370 219**	1 183 459
Equity holders of the company		**2 600 717**	2 396 925
Non-controlling interest	19	**7 815**	2 409
NON-CURRENT LIABILITIES		**231 709**	299 294
Other financial liabilities	21	**174 629**	248 112
Deferred tax liabilities	13	**57 080**	51 182
CURRENT LIABILITIES		**3 672 037**	3 824 789
Other financial liabilities	21	**346 296**	187 838
Trade and other payables	22	**1 886 177**	1 991 266
Excess billings over work done		**740 216**	1 047 587
Provisions	23	**488 996**	492 096
Taxation		**46 666**	26 932
Bank balances	17	**134 188**	33 430
		3 642 539	3 779 149
Liabilities directly associated with the discontinued operation	6	**29 498**	45 640
TOTAL EQUITY AND LIABILITIES		**6 512 278**	6 523 417

Consolidated statement of changes in equity

FOR THE YEAR ENDED FEBRUARY

		OTHER RESERVES						
	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 2014	1 031 009	29 246	125 164	27 608	981 546	2 194 573	548	2 195 121
Treasury shares disposed	900	(1 101)	—	—	1 101	900	—	900
Total comprehensive income	—	—	640	—	200 812	201 452	1 861	203 313
Profit	—	—	—	—	200 812	200 812	2 349	203 161
Other comprehensive income	—	—	640	—	—	640	(488)	152
BALANCE AT 28 FEBRUARY 2015	**1 031 909**	**28 145**	**125 804**	**27 608**	**1 183 459**	**2 396 925**	**2 409**	**2 399 334**
Treasury shares acquired	**(4 806)**	**—**	**—**	**—**	**—**	**(4 806)**	**—**	**(4 806)**
Realisation of revaluation reserve	**—**	**—**	**—**	**(4 443)**	**4 443**	**—**	**—**	**—**
Tax on revaluation of properties (refer note 13)	**—**	**—**	**—**	**(5 984)**	**—**	**(5 984)**	**—**	**(5 984)**
Total comprehensive income	**—**	**—**	**32 265**	**—**	**182 317**	**214 582**	**5 406**	**219 988**
Profit	**—**	**—**	**—**	**—**	**182 317**	**182 317**	**3 564**	**185 881**
Other comprehensive income	**—**	**—**	**32 265**	**—**	**—**	**32 265**	**1 842**	**34 107**
BALANCE AT 29 FEBRUARY 2016	**1 027 103**	**28 145**	**158 069**	**17 181**	**1 370 219**	**2 600 717**	**7 815**	**2 608 532**
Note	18						19	

Consolidated statement of cash flows

FOR THE YEAR ENDED FEBRUARY

	Note	2016 R'000	2015 R'000
CASH FLOWS FROM OPERATING ACTIVITIES		**(87 456)**	176 571
Cash receipts from customers		**9 551 907**	10 654 226
Cash paid to suppliers and employees		**(9 521 897)**	(10 352 947)
Cash generated from operations	24.1	**30 010**	301 279
Interest received	2	**33 144**	41 346
Finance costs	4	**(42 555)**	(47 062)
Dividends received	2	**25 392**	14 611
Taxation paid	24.2	**(133 447)**	(133 603)
CASH FLOWS FROM INVESTING ACTIVITIES		**(6 635)**	(157 803)
Expenditure to maintain operating capacity			
Property, plant and equipment acquired	8	**(82 308)**	(66 178)
Additions to non-current assets held for sale	6	**(2 935)**	—
Proceeds on disposals of property, plant and equipment		**35 014**	27 008
Proceeds on disposals of non-current assets held for sale		**118 899**	—
(Advance)/repayment of associate loan		**(200)**	969
Expenditure for expansion			
Property, plant and equipment acquired	8	**(75 105)**	(119 602)
CASH FLOWS FROM FINANCING ACTIVITIES		**54 935**	(218 947)
Treasury shares (acquired)/disposed	18	**(4 806)**	900
Proceeds from long- and short-term financing	21	**205 681**	118 044
Repayment of long- and short-term financing	21	**(145 940)**	(337 891)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(39 156)**	(200 179)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**815 235**	1 003 410
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**74 893**	12 038
CASH AT THE BEGINNING OF THE YEAR — DISCONTINUED OPERATION		**34**	—
CASH AT THE END OF THE YEAR — DISCONTINUED OPERATION		**(66)**	(34)
CASH AND CASH EQUIVALENTS AT YEAR-END	12	**850 940**	815 235

Significant estimates and judgements

FOR THE YEAR ENDED FEBRUARY

Early adoption of amended standard: IAS 1 Presentation of Financial Statements

The group and company early adopted the amendment which clarified that materiality applies to the whole set of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. As a consequence of early adopting the amendment, the group and company undertook a project to assess the effectiveness of disclosures in the annual financial statements and, where necessary, removed immaterial and unnecessary information. The following key changes resulted in a more streamlined and concise set of annual financial statements:

› the application of materiality to items resulting in the aggregation or deletion of immaterial items;
› the removal of duplicated information and disclosures;
› an updated sequence of information presented in the financial statements;
› an updated format of notes and disclosures so as to make these clearer, more concise and easier to understand to the user; and
› disaggregating the excess billings over work done (to this effect a third statement of financial position was included to illustrate the disaggregation. Refer to note 30).

1. Critical accounting estimates, judgements and assumptions

The preparation of the consolidated and company financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures and the disclosure of contingent liabilities. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations and future events and are believed to be reasonable under the circumstances. Actual results may differ from the estimates made by management from time to time.

In the process of applying the group's accounting policies, the directors have made the following estimates and judgements that have the most significant affects on the amounts recognised and disclosed in the annual financial statements:

CONSTRUCTION CONTRACTS

REVENUE AND OTHER INCOME

When applying the percentage of completion method, estimates are made on the total expected costs of individual contracts. The stage of completion is measured with reference to surveys of the work performed. When the surveys of work performed cannot be determined reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable. When management estimates, based on the cost of work performed to date in relation to the total work to be performed, that the total costs to be incurred to complete a contract will be in excess of the estimated total revenue from the contract, the full expected work to be incurred is recognised immediately.

GROUP ACCOUNTING

SUBSIDIARIES

Subsidiaries are entities controlled by the group. Control is achieved when the group is exposed or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The group also considers the following facts and circumstances in assessing whether it has power over an entity:

a) Rights arising from contractual arrangements
b) The group's voting rights and potential voting rights

The group reassesses whether or not it controls an entity if facts and circumstances indicate changes to the elements of control.

JOINT ARRANGEMENTS

Joint arrangements

A joint arrangement is an arrangement over which two or more parties have joint control.

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

In determining the classification of joint arrangements, management considered the following:

a) Contractual agreements with respect to sharing control; and
b) Whether parties are jointly and severally liable for the joint arrangement's rights and obligations.

Significant estimates and judgements
continued

FOR THE YEAR ENDED FEBRUARY

1. Critical accounting estimates, judgements and assumptions continued

Joint operations and joint ventures

Management assesses whether a joint arrangement can be classified as a joint operation or joint venture. This assessment depends on whether the joint arrangement has rights to the assets and obligations for the liabilities, relating to the arrangement. The group recognises its investments as joint operations when the operations are performed through unincorporated arrangements such as partnerships and contracts, and the group has rights to the assets, and obligations for the liabilities. Other investments are recognised as joint ventures when the group only has rights to the net assets of the arrangement.

Consolidated structured entities

Subsidiary companies include share incentive trusts set up for the benefit of the group's employees. Such trusts are consolidated in the group results because the group effectively controls these trusts through the specific mechanisms that were established when the trusts were formed. Shares issued to or held by these trusts are treated as treasury shares until such time as participants pay for or take delivery of such shares.

The group has four structured entities, The Stefanutti & Bressan Share Incentive Trust, Stefanutti Stocks Employee Participation Plan Trust, Stocks Building Africa Trust and the Housing Africa Development Trust.

OPERATING ASSETS

PROPERTY, PLANT AND EQUIPMENT

VALUATIONS

Valuations are performed with sufficient frequency to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. The last valuation was performed on 29 February 2012 by an independent valuer and included a review of title deed information, town planning conditions, property descriptions and improvements as well as locality. Market conditions and demand, comparable sales and vacant land values were also taken into consideration.

USEFUL LIVES

Land is not depreciated as it is deemed to have an indefinite useful life.

The useful life of an asset is the period over which the group expects to utilise the benefits embodied in the assets, and not necessarily the asset's economic life. Useful lives of assets are reviewed annually. The group uses the following indicators to determine useful life:

› Expected usage of assets
› Expected physical wear and tear
› Technical and commercial obsolescence

The estimated useful lives assigned to the categories of Property, Plant and Equipment are as follows:

› Buildings	50 years
› Plant and equipment	5 – 10 years
› Transport and motor vehicles	5 years
› Furniture, fittings, office and computer equipment	3 – 8 years

RESIDUAL VALUES

An estimate is made of the amount the group would expect to receive currently for the asset (excluding land as this is not depreciated) if the asset was already of the age and condition expected at the end of its useful life.

GOODWILL AND INTANGIBLE ASSETS

At the acquisition date, goodwill is allocated to each of the cash-generating units expected to benefit from the synergies of the business combination.

The estimated useful lives assigned to the categories of intangible assets are as follows:

› Trade names	10 years
› Technology	10 years

The average remaining amortisation periods for trade names and technology-related intangibles range between two and six years (2015: three and seven years).

Significant estimates and judgements
continued

FOR THE YEAR ENDED FEBRUARY

1. Critical accounting estimates, judgements and assumptions continued

IMPAIRMENT OF OPERATING ASSETS

GOODWILL

Goodwill is assessed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. Impairment is determined by assessing the recoverable amount of the cash-generating unit to which goodwill relates. The recoverable amount is determined as the value in use of each cash-generating unit by estimating the expected future cash flows in each unit and determining a suitable discount rate in order to calculate the present value of those cash flows.

PROPERTY, PLANT AND EQUIPMENT

Management assesses changes in interest rates, currency exchange rates as well as the state of affairs in the construction sector, as indicators that impairment testing may need to be performed.

TAXATION

Management assesses the extent to which it is probable that taxable profit will be available against which deductible temporary differences can be utilised. All companies with deferred tax asset balances are currently trading and expect to make profits which will enable them to recover the deferred tax assets.

The group is subject to income taxes in numerous jurisdictions and the calculation of the group's tax charge and worldwide provisions for income taxes necessarily involves a degree of estimation and judgement. There are transactions and tax computations for which the ultimate tax treatment or result is uncertain, or in respect of which the relevant tax authorities may or could indicate disagreement with the group's treatment and accordingly the final tax charge cannot be determined until resolution has been reached with the relevant tax authority.

The group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due after taking into account external advice where appropriate. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the reporting period in which such determination is made.

USE AND SALES RATE

The deferred tax rate applied to assets is determined by the expected manner of recovery, while the fair value adjustments of investment property in its entirety will be recovered through sale. Where the expected recovery of the asset is through sale, the capital gains tax rate of 22,4% (2015: 18,67%) is used for South African assets.

If the expected manner of recovery is through use, the normal tax rate of 28,00% (2015: 28,00%) is applied.

If the manner of recovery is partly through use and partly through sale, a combination of capital gains tax rate and normal tax rate is used.

PROVISIONS

Provisions are raised when deemed necessary by management and an estimate of expected outflows is made based on the information available at the time. These provisions are expected to be utilised within the next 12 months.

Warranty provisions	Warranty provisions are recognised for expected warranty claims, based on past experience
Contract related provisions	Contract related provisions represent the estimated amounts relating to incurred obligations to third party suppliers. Management estimates these amounts based on the expected cash outflows required to settle its obligations to suppliers. These obligations arise when, based on surveys of the work performed, it is evident that suppliers have delivered goods or services in excess of those which the suppliers has provided documentary evidence for.

CONTINGENT LIABILITIES

Management may assess and determine, based on expert advice received from time to time, whether an item is a contingent or actual liability. For legal activities where no legal action has been taken/instituted, management has assessed the likelihood of a future outflow to be remote and no contingent liabilities have been recognised.

Notes to the financial statements

FOR THE YEAR ENDED FEBRUARY

2. Revenue

	2016 R'000	2015 R'000
2.1 CONTRACT REVENUE		
Local	**6 792 171**	7 603 137
Foreign	**2 877 302**	2 964 506
	9 669 473	10 567 643
2.2 PROJECT MANAGEMENT FEE AND RENTAL INCOME		
Project management fee	**6 127**	15 516
Rent received	**12 359**	11 959
Rent received — investment property	**15 378**	11 717
	33 864	39 192
2.3 INVESTMENT INCOME		
Interest income from financial instruments held at amortised cost		
— Bank accounts	**28 208**	37 007
— Trade receivables and loans	**5 109**	3 579
— Joint operations	**582**	532
Other interest	**124**	228
Total interest received	**34 023**	41 346
Dividends received	**26**	198
	34 049	41 544
Total revenue	**9 737 386**	10 648 379
2.4 OTHER INCOME		
Profit on disposal of property, plant and equipment	**7 198**	8 594
Profit on disposal of investment property	**16 158**	—
Profit on foreign exchange	**50 344**	12 281
Fair value adjustment of investment property	**6 066**	—
Other income	**14 694**	12 471
Project management fee and rental income (note 2.2)	**33 864**	39 192
Total other income	**128 324**	72 538

Notes to the financial statements
continued

FOR THE YEAR ENDED FEBRUARY

3. EBITDA

	2016 R'000	2015 R'000
Included in these expenses are:		
Auditors' remuneration	**10 593**	8 696
Employee costs	**3 294 499**	3 070 377
— Short-term employee benefit costs	**3 104 065**	2 864 439
— Post-employment benefit costs	**188 405**	200 882
— Forfeitable Share Plan costs (note 20)	**2 029**	5 056
Loss on foreign exchange	**76 155**	16 935
Operating lease rentals	**22 536**	22 441
— Premises	**8 099**	13 479
— Plant and equipment	**12 551**	4 562
— Vehicles	**1 886**	4 400
Direct operating expenses arising from investment property generating rental income	**1 467**	1 145

4. Finance costs

	2016 R'000	2015 R'000
Finance costs on financial instruments held at amortised cost:		
— Bank overdrafts and bonds	**23 462**	15 551
— Instalment sale and finance lease agreements	**13 403**	13 965
— Financing agreements	**20 371**	10 410
— Trade payables	**1 096**	1 524
Other interest	**2 090**	214
	60 422	41 664

Notes to the financial statements
continued

FOR THE YEAR ENDED FEBRUARY

5. Taxation

5.1 TAXATION

	2016 Local R'000	2016 Foreign R'000	2016 Total R'000	2015 Local R'000	2015 Foreign R'000	2015 Total R'000
CURRENT TAX	**84 888**	**44 514**	**129 402**	91 153	36 737	127 890
— Current year	**83 804**	**43 680**	**127 484**	106 047	37 522	143 569
— Under/(over)provision previous year	**1 084**	**834**	**1 918**	(14 894)	(785)	(15 679)
DEFERRED TAX	**3 260**	**(12 548)**	**(9 288)**	(18 661)	(7 316)	(25 977)
— Current year	**5 476**	**(13 434)**	**(7 958)**	(31 608)	(9 153)	(40 761)
— (Over)/underprovision previous year	**(2 216)**	**886**	**(1 330)**	12 947	1 837	14 784
Withholding taxes	**—**	**—**	**—**	—	765	765
Taxation	**88 148**	**31 966**	**120 114**	72 492	30 186	102 678

5.2 RECONCILIATION OF TAX CHARGE

	2016 R'000	2015 R'000
Tax charge at 28% on profit before taxation	**107 697**	103 035
Adjusted for:		
— Disallowable expenditure — Interest	**5 260**	3 262
— Disallowable expenditure — Unrealised foreign exchange transactions	**1 263**	—
— Disallowable expenditure — Other (legal fees, overseas travel, fines, etc.)	**7 146**	2 227
— Exempt income — Foreign exchange profits	**(2 214)**	—
— Exempt income — Other (share of profits of equity-accounted investees etc.)	**(295)**	(857)
— Deferred tax assets not raised on losses	**5 759**	985
— Foreign tax rate differential	**(4 230)**	(4 884)
— Special allowances (Section 12H and 13 quin)	**(1 285)**	(960)
— Under/(over)provision previous year	**588**	(895)
— Tax losses utilised	**2 744**	—
— Withholding taxes and taxes on rental income	**(2 319)**	765
Effective tax	**120 114**	102 678

Notes to the financial statements
continued

FOR THE YEAR ENDED FEBRUARY

6. Discontinued operations and non-current assets held for sale

6.1 DISCONTINUED OPERATIONS

Find below information relating to the discontinued operations recognised in profit or loss:

POWER

The group continues to report the Power business as a discontinued operation in terms of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, with an associated loss of R30 million (Feb 2015: R56 million) being recorded for the year in resolving the final disputes with customers. Power is reported within the Mechanical and Electrical Business Unit for segment purposes.

ZENER STEWARD ELECTROMECHANICAL LLC

Due to deteriorating market conditions in the Middle East, specifically within the electromechanical sector, the group disposed of its 49% investment in Zener Steward Electromechanical LLC (Zener) fulfilling the classification requirements of a discontinued operation. The results for the year ended 28 February 2015 have been restated to extract the results of the discontinued operation from continuing to discontinued operations in the prior year in accordance with IFRS 5. Zener is reported within the Building Business Unit for segment purposes.

	2016 R'000	2015 R'000
LOSS FROM DISCONTINUANCE PER THE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME:	**(78 637)**	(62 142)
Power	**(29 764)**	(55 883)
Zener	**(48 873)**	(6 259)

The loss from the discontinued operations is entirely attributable to the owners of the company, as there is no non-controlling interest.

POWER

	2016 R'000	2015 R'000
Revenue	**—**	75 260
Other income	**—**	84
Expenses	**(41 331)**	(154 971)
Loss before tax	**(41 331)**	(79 627)
Income tax expense	**11 567**	23 744
Current tax	**5 622**	21 506
Deferred tax	**5 945**	2 238
Loss	**(29 764)**	(55 883)
THE LOSS IS ARRIVED AT AFTER TAKING INTO ACCOUNT THE FOLLOWING:		
Depreciation	**—**	4 616
Employee benefits	**5 124**	79 061
Finance costs	**36**	5 398
Impairment of goodwill	**—**	2 187
Loss on disposal of fixed assets	**782**	62
CASH FLOWS FROM DISCONTINUED OPERATION		
Net cash from operating activities	**(11 641)**	(53 601)
Net cash from investing activities	**21 283**	297
Net cash from financing activities	**(7 933)**	(17 904)

6. Discontinued operations and non-current assets held for sale continued

ZENER

	2016 R'000	2015 R'000
Share of losses of equity-accounted investees	**(34 672)**	(6 259)
Net gain on disposal of foreign investment	**6 768**	—
Provision for bad debt	**(20 969)**	—
Loss for the year	**(48 873)**	(6 259)

There were no cash flow effects with regards to the transactions recorded in Zener.

EPS AND HEPS ATTRIBUTABLE TO DISCONTINUED OPERATIONS

	2016 R'000	2015 R'000
LOSS PER SHARE (CENTS)		
Basic loss per share	**(44,99)**	(35,53)
Diluted loss per share	**(41,81)**	(33,04)
Headline loss per share	**(48,54)**	(34,26)
Diluted headline loss per share	**(45,11)**	(31,86)
HEADLINE EARNINGS RECONCILIATION:		
Loss after tax attributable to equity holders of the company	**(78 637)**	(62 142)
Adjusted for:		
Loss on disposal of property, plant and equipment	**782**	62
Tax effect of adjustments	**(219)**	(17)
Impairment of goodwill (note 12)	**—**	2 187
Net gain on disposal of foreign investment	**(6 768)**	—
Headline loss	**(84 842)**	(59 910)
Number of weighted average shares in issue	**174 779 842**	174 867 128
Number of diluted weighted average shares in issue	**188 080 746**	188 080 746

Notes to the financial statements
continued

FOR THE YEAR ENDED FEBRUARY

6. Discontinued operations and non-current assets held for sale continued

6.2 NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

Reconciliation of the carrying value of non-current assets held for sale:

	2016 R'000	2015 R'000
Carrying value at the beginning of the year	108 444	—
Transfer into non-current assets held for sale:		
— Investment property	62 769	—
— Power Division	—	84 974
— Properties	—	23 470
Additions to properties	2 935	—
Foreign exchange	(8 778)	—
Disposal of:		
— Investment property	(53 991)	—
— Properties	(26 405)	—
— Assets relating to Power Division	(53 205)	—
Carrying value at year-end	31 769	108 444

COMPRISING:

	2016 R'000	2015 R'000
— DISCONTINUED OPERATIONS		
NON-CURRENT ASSETS		
Property, plant and equipment	—	22 066
CURRENT ASSETS		
Inventories	—	99
Contracts in progress	—	21 516
Trade and other receivables	31 703	41 259
Bank balances	66	34
	31 769	84 974
— NON-CURRENT ASSETS HELD FOR SALE		
Properties	—	23 470
Total discontinued operations and non-current assets held for sale	31 769	108 444

6.3 LIABILITIES DIRECTLY ASSOCIATED WITH NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

	2016 R'000	2015 R'000
NON-CURRENT LIABILITIES		
Other financial liabilities	—	1 106
Deferred tax liabilities	1 769	7 715
CURRENT LIABILITIES		
Other financial liabilities	—	6 827
Trade and other payables	18 182	11 469
Excess billings over work done	7 677	—
Provisions	1 870	18 523
	29 498	45 640

Notes to the financial statements

continued

FOR THE YEAR ENDED FEBRUARY

7. Earnings, headline earnings and net asset value per share

Cents per share	**2016 Continuing operations**	**2016 Total operations**	2015 Continuing operations	2015 Total operations
EPS — Basic	**149,30**	**104,31**	150,37	114,84
EPS — Diluted	**138,75**	**96,94**	139,81	106,77
HEPS — Basic	**138,16**	**89,62**	146,83	112,57
HEPS — Diluted	**128,39**	**83,28**	136,52	104,66
Net asset value per ordinary share	**—**	**1 498,48**	—	1 370,14
Diluted net asset value per ordinary share	**—**	**1 382,77**	—	1 274,41
Net tangible asset value per ordinary share	**—**	**779,11**	—	651,92
Diluted net tangible asset value per ordinary share	**—**	**718,94**	—	606,38
EARNINGS/ATTRIBUTABLE ASSET VALUES				
EPS — Basic and diluted	**260 954**	**182 317**	262 954	200 812
HEPS — Basic and diluted	**241 476**	**156 634**	256 763	196 853
Net asset value	**—**	**2 600 717**	—	2 396 925
Net tangible value	**—**	**1 352 188**	—	1 140 476

	WEIGHTED AVERAGE SHARES		AS AT FEBRUARY	
	HEPS and EPS 2016	HEPS and EPS 2015	**NAV 2016**	NAV 2015
SHARES USED FOR EPS, HEPS AND NAV				
Basic	**174 779 842**	174 867 128	**173 556 487**	174 940 279
Diluted	**188 080 746**	188 080 746	**188 080 746**	188 080 746
Reconciliation between weighted average number of shares and diluted number of shares				
Issued ordinary shares — at the beginning of the year	**188 080 746**	188 080 746	**188 080 746**	188 080 746
Effect of treasury shares	**(6 429 930)**	(6 503 081)	**(6 429 930)**	(6 429 930)
Effect of shares held in investment subsidiary	**(6 870 974)**	(6 710 537)	**(8 094 329)**	(6 710 537)
WEIGHTED AVERAGE NUMBER OF SHARES IN ISSUE	**174 779 842**	174 867 128	**173 556 487**	174 940 279
Dilution potential of ordinary shares	**13 300 904**	13 213 618	**14 524 259**	13 140 467
Diluted weighted average number of shares in issue	**188 080 746**	188 080 746	**188 080 746**	188 080 746

Notes to the financial statements
continued

FOR THE YEAR ENDED FEBRUARY

7. Earnings, headline earnings and net asset value per share continued

	2016 Gross amount R'000	2016 Net amount R'000	2015 Gross amount R'000	2015 Net amount R'000
HEADLINE EARNINGS RECONCILIATION — CONTINUING OPERATIONS				
Profit after taxation from continuing operations attributable to equity holders of the company		**260 954**		262 954
Adjusted for:				
Profit on disposal of plant and equipment	**(7 198)**	**(5 178)**	(8 594)	(6 191)
Profit on disposal of investment property	**(16 158)**	**(8 234)**	—	—
Fair value adjustment on investment property	**(6 066)**	**(6 066)**	—	—
Headline earnings		**241 476**		256 763
HEADLINE EARNINGS RECONCILIATION — TOTAL OPERATIONS				
Profit after taxation from total operations attributable to equity holders of the company		**182 317**		200 812
Adjusted for:				
Profit on disposal of plant and equipment	**(6 416)**	**(4 615)**	(8 532)	(6 146)
Profit on disposal of investment property	**(16 158)**	**(8 234)**	—	—
Fair value adjustment on investment property	**(6 066)**	**(6 066)**	—	—
Net gain on disposal of foreign investment	**(6 768)**	**(6 768)**	—	—
Impairment of goodwill	**—**	**—**	2 187	2 187
Headline earnings		**156 634**		196 853

Notes to the financial statements
continued

FOR THE YEAR ENDED FEBRUARY

8. Property, plant and equipment

	REVALUED	COST			
	Land and buildings R'000	Transport and motor vehicles R'000	Plant and equipment R'000	Furniture, fittings, office and computer equipment R'000	Total R'000
2016					
Cost/Valuation	**421 658**	**170 196**	**1 352 541**	**93 938**	**2 038 333**
Accumulated depreciation	**(1 232)**	**(124 220)**	**(735 072)**	**(78 097)**	**(938 621)**
Carrying value at year-end	**420 426**	**45 976**	**617 469**	**15 841**	**1 099 712**
2015					
Cost/Valuation	406 479	174 731	1 324 709	87 379	1 993 298
Accumulated depreciation	(593)	(112 993)	(703 164)	(66 896)	(883 646)
Carrying value at year-end	405 886	61 738	621 545	20 483	1 109 652

Reconciliation of the carrying value of property, plant and equipment:

	Land and buildings R'000	Transport and motor vehicles R'000	Plant and equipment R'000	Furniture, fittings, office and computer equipment R'000	Total R'000
2016					
Carrying value at the beginning of the year	**405 886**	**61 738**	**621 545**	**20 483**	**1 109 652**
Foreign exchange	**(983)**	**432**	**9 268**	**(561)**	**8 156**
Additions	**16 167**	**9 382**	**124 122**	**7 742**	**157 413**
Disposals	**—**	**(4 258)**	**(19 746)**	**(152)**	**(24 156)**
Depreciation	**(644)**	**(21 318)**	**(117 720)**	**(11 671)**	**(151 353)**
Carrying value at year-end	**420 426**	**45 976**	**617 469**	**15 841**	**1 099 712**
2015					
Carrying value at the beginning of the year	379 606	64 888	680 176	22 773	1 147 443
Foreign exchange	2 872	(458)	(4 154)	226	(1 514)
Additions	49 885	21 973	103 137	10 785	185 780
Disposals	—	(1 128)	(17 226)	(122)	(18 476)
Depreciation	(607)	(21 412)	(123 610)	(12 416)	(158 045)
Transfer to non-current assets held for sale (note 6)	(25 870)	(2 125)	(16 778)	(763)	(45 536)
Carrying value at year-end	405 886	61 738	621 545	20 483	1 109 652

Had land and buildings been carried at cost, the carrying value of land and buildings would have been R402 million (Feb 2015: R384 million).

The fair value measurement for land and buildings has been categorised as Level 3 fair value based on the inputs used in the valuation technique.

No impairment losses were recognised or reversed during the years presented.

All disposals of assets result from the sale, scrapping and replacement thereof in the normal course of business.

Notes to the financial statements
continued

FOR THE YEAR ENDED FEBRUARY

9. Investment property

Reconciliation of the carrying value of investment property:

	2016 R'000	2015 R'000
Carrying value at the beginning of the year	61 507	68 302
Fair value adjustment in profit or loss	6 066	—
Foreign exchange recognised in other comprehensive income	(4 804)	(6 795)
Transfer to non-current assets held of sale	(62 769)	—
Carrying value at year-end	—	61 507
Directors' valuation of investment property	—	61 507

The investment property comprised an office park known as PWC Park on Thabo Mbeki Drive in Lusaka, comprising four individual buildings that are individually leased to third parties. The group decided during the year to dispose of the investment property recognising a net profit in the statement of profit or loss and other comprehensive income of R16 million. The disposal also resulted in the realisation of the foreign currency translation reserve linked to the investment property, R11 million was reclassified through other comprehensive income to profit or loss.

10. Equity-accounted investees

10.1 ANALYSIS OF THE CARRYING VALUE OF EQUITY-ACCOUNTED INVESTEES

	JOINT VENTURES		ASSOCIATES	
	2016 R'000	2015 R'000	2016 R'000	2015 R'000
Shares at cost less impairment (including long term borrowings)	3 832	3 832	8 435	8 155
Share of post-acquisition reserves	169 840	212 417	7 351	7 851
Carrying value of equity-accounted investees	173 672	216 249	15 786	16 006
Reconciliation of the carrying value of equity-accounted investees:				
Carrying value at the beginning of the year	216 249	191 893	16 006	15 419
Share of profit of equity-accounted investments after tax	18 403	24 106	637	2 355
Net movement resulting from acquisitions, disposals and transfers				
— Transfer to non-current assets and disposal groups held for sale (note 6)	(86 117)	—	—	—
Transactions relating to loans				
— Advances made	—	—	200	—
— Repayments	—	—	—	(970)
— Interest accrued	—	—	80	74
Exchange rate differences	48 053	13 898	1 313	(107)
Dividends received	(22 916)	(13 648)	(2 450)	(765)
Carrying value at year-end	173 672	216 249	15 786	16 006

Notes to the financial statements
continued

FOR THE YEAR ENDED FEBRUARY

10. Equity-accounted investees continued

10.2 INFORMATION IN RESPECT OF MATERIAL JOINT VENTURES

	AL-TAYER STOCKS		ZENER STEWARD	
	2016 R'000	2015 R'000	**2016 R'000**	2015 R'000
Nature of relationship	**Joint venture**		**Joint venture**	
Place of business	**United Arab Emirates**		**United Arab Emirates**	
% Ownership	**49%**	49%	—	49%
% Voting rights	**50%**	50%	—	50%
AMOUNTS RECOGNISED IN PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME OF THE JOINT VENTURE				
Dividends received	**22 916**	13 648	—	—
Revenue	**1 536 811**	1 560 628	—	395 274
Profit or loss from operations after taxation	**36 806**	60 730	—	(12 518)
Total comprehensive income	**132 911**	44 360	—	(1 094)
The difference between profit or loss and total comprehensive income is the foreign currency translation reserve amount recognised on conversion to Rand.				
AMOUNTS RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION OF THE JOINT VENTURE				
TOTAL ASSETS				
Non-current assets	**20 082**	4 500	—	4 106
Current assets	**832 698**	735 574	—	383 416
TOTAL LIABILITIES *				
Current liabilities (consist of trade and other payables and provisions)	**(505 436)**	(479 808)	—	(215 289)
Net asset value	**347 344**	260 266	—	172 233
Group's share of net asset value	**173 672**	130 133	—	86 116
Carrying value of investments	**173 672**	130 133	—	86 116
INCLUDED IN TOTAL ASSETS, LIABILITIES AND COMPREHENSIVE INCOME				
Cash and cash equivalents	**248 185**	196 285	—	63 253
Depreciation	**4 158**	953	—	485

* There are no non-current liabilities.

Notes to the financial statements
continued

FOR THE YEAR ENDED FEBRUARY

10. Equity-accounted investees continued

10.3 INFORMATION OF NON-MATERIAL ASSOCIATES

	2016 R'000	2015 R'000
Carrying amount (including long-term borrowings)	**15 786**	16 006
Group's share of profit after taxation	**637**	2 355
Group's share of total comprehensive income	**637**	2 355
Dividends received	**2 450**	765

No other comprehensive income relating to the associates was reported on during the year.

11. Joint operations

A portion of the group's operations are performed through joint operations as unincorporated arrangements such as partnerships and contracts, additional information relating to the group's significant joint operations is provided below:

	Nature of joint operations	Principal place of business	**Group's % interest 2016**	Group's % interest 2015
NAME OF JOINT OPERATIONS				
Kusile Civils Works — Kusile Power Station	Structures	Mpumalanga	**25**	25
SSAS — BRT Stations	Structures	Gauteng	**70**	70
SS4P — PRASA Platforms	Structures	Gauteng	**70**	70
SAM — Zuikerbosch Sedimentation	Structures	Gauteng	**60**	—
Zuikerbosch Consortium — Zuikerbosch Sedimentation	Structures	Gauteng	**42**	—
Oryx — Oryx Kissy Fuel Jetty	Structures	Sierra Leone	**40**	40
Stefanutti Stocks Marine & Axsys Projects	Structures	KwaZulu-Natal	**74**	74
SSM — Medupi Pump Station	Structures	Limpopo	**75**	—
Sikhuphe International Airport	Building	Swaziland	**55**	55
HKS — MVA Building	Building	Swaziland	**80**	80
KISS — International Convention Centre	Building	Swaziland	**50**	—
Stefanutti Stocks Basil Reed Kusile Building — Kusile	Building	Mpumalanga	**50**	50
Stefanutti Stocks CMH — Cecilia Makiwane Hospital	Building	Eastern Cape	**75**	75
Stefanutti Stocks Ladysmith Construction — Project Sunrise	Building	KwaZulu-Natal	**75**	75
Stefanutti Stocks/Izazi — Kusile Topsoil	Roads and Earthworks	Mpumalanga	**60**	60
Stefanutti Stocks/Five and Only — Ethekweni	Roads and Earthworks	KwaZulu-Natal	**60**	60

FOR THE YEAR ENDED FEBRUARY

12. Goodwill and intangible assets

	GOODWILL	INTANGIBLE ASSETS			TOTAL
		Trade names	Technology	Total	
	R'000	R'000	R'000	R'000	R'000
2016					
Cost	**1 232 416**	**78 648**	**1 958**	**80 606**	**1 313 022**
Accumulated impairment	**(4 179)**	**—**	**—**	**—**	**(4 179)**
Accumulated amortisation	**—**	**(58 567)**	**(1 747)**	**(60 314)**	**(60 314)**
Carrying value at year-end	**1 228 237**	**20 081**	**211**	**20 292**	**1 248 529**
2015					
Cost	1 232 416	78 648	1 958	80 606	1 313 022
Accumulated impairment	(4 179)	—	—	—	(4 179)
Accumulated amortisation	—	(50 755)	(1 639)	(52 394)	(52 394)
Carrying value at year-end	1 228 237	27 893	319	28 212	1 256 449

Reconciliation of the carrying value of goodwill and intangibles:

	GOODWILL	INTANGIBLE ASSETS			TOTAL
		Trade names	Technology	Total	
	R'000	R'000	R'000	R'000	R'000
2016					
Carrying value at the beginning of the year	**1 228 237**	**27 893**	**319**	**28 212**	**1 256 449**
Amortisation	**—**	**(7 812)**	**(108)**	**(7 920)**	**(7 920)**
Carrying value at year-end	**1 228 237**	**20 081**	**211**	**20 292**	**1 248 529**
2015					
Carrying value at the beginning of the year	1 230 424	35 705	427	36 132	1 266 556
Impairment	(2 187)	—	—	—	(2 187)
Amortisation	—	(7 812)	(108)	(7 920)	(7 920)
Carrying value at year-end	1 228 237	27 893	319	28 212	1 256 449

Technology-related intangible assets encompasses technology that was acquired. Goodwill was written off in the prior year due to the discontinuance of the Power Division and amounted to R2 million. This is included in the discontinued operation (note 6).

12. Goodwill and intangible assets continued

IMPAIRMENT TESTING FOR CASH-GENERATING UNITS CONTAINING GOODWILL

For the purpose of impairment testing, goodwill is allocated to the group's operating divisions which represent the lowest cash-generating unit within the group at which the goodwill is monitored for internal management purposes.

The value in use of the different business units was determined by discounting the future cash flows generated from the continuing use of the unit and was based on the following key assumptions:

	CARRYING VALUES OF GOODWILL PER CASH GENERATING UNIT		CONSTANT GROWTH RATE (A)		AVERAGE ANTICIPATED ANNUAL REVENUE GROWTH IN % (B)		WACC (C)	
CASH GENERATING UNITS	2016 R'000	2015 R'000	2016 %	2015 %	2016 %	2015 %	2016 %	2015 %
Stefanutti Stocks Marine	**16 167**	16 167	**3**	3	**0,5**	15,0	**18,3**	16,4
Stefanutti Stocks Civils KZN	**34 537**	34 537	**3**	3	**14,7**	11,5	**18,1**	15,9
Stefanutti Stocks Building	**789 700**	789 700	**4**	4	**20,7**	17,2	**16,6**	14,3
Stefanutti Stocks Housing	**122 323**	122 323	**3**	3	**14,9**	10,9	**18,1**	15,9
Stefanutti Stocks Roads and Earthworks	**22 573**	22 573	**3**	3	**1,1**	7,3	**18,2**	15,9
Stefanutti Stocks Mining Services	**58 926**	58 926	**3**	3	**0,2**	14,2	**18,1**	15,9
Cycad Pipelines	**152 446**	152 446	**4**	4	**25,7**	10,5	**16,4**	14,3
Mechanical	**19 360**	19 360	**3**	3	**7,8**	60,8	**18,1**	15,9
Electrical (Apollo E&I Construction (Pty) Ltd)	**11 062**	11 062	**4**	4	**5,8**	11,4	**18,1**	15,9
Electrical — Energotec	**1 143**	1 143	**4**	4	**5,8**	11,4	**18,1**	15,9
	1 228 237	**1 228 237**						

Discounted cash flow forecasts are prepared by management as the basis for determining the estimated recoverable amount. Appropriate growth and discount rates, given the industry and location of the cash-generating unit and its operations, are applied in the forecast. The recoverable amount of each unit mentioned above was based on its value in use, and was determined to be higher than its carrying amount. No impairment loss was recognised for any cash-generating unit. (2015: R2 million — Power Division).

Cash flows were projected based on actual operating results and four-year forecasts. Cash flows beyond this were extrapolated using a constant growth rate of (A) percent, which does not exceed the long-term average growth rate for the industry. Appropriate growth and discount rates, given the industry and location of the cash-generating unit and its operations, are applied to the forecast. The calculation of the weighted average cost of capital (WACC) (C) increased due to an increase in the risk-free rate of return (R186) year-on-year from 7,63 to 9,27.

Revenue forecasts were used as the basis for determining the value assigned to each cash-generating unit. The anticipated annual revenue growth included in the cash flow projections was an average of (B) percent for the years 2016 to 2019. The values assigned to the key assumptions represent management's assessment of the businesses and are based on both external and internal sources. A sensitivity analysis has been performed adjusting both the growth rate and WACC by 1%. This analysis did not result in any material impact on the valuation of goodwill.

Notes to the financial statements
continued

13. Deferred tax

13.1 DEFERRED TAX ASSETS

	2016 R'000	2015 R'000
Includes:		
Property, plant and equipment	**(422)**	(299)
Provisions	**7 877**	6 047
Retentions	**(161)**	2 995
Excess billings over work done	**(597)**	3 438
Prepaid expenses	**(23)**	(3 823)
Unrealised foreign exchange losses	**(3 169)**	826
Calculated losses	**24 558**	9 838
	28 063	19 022
Carrying value at the beginning of the year	**19 022**	12 082
Movements during the year attributable to:		
Temporary differences	**9 041**	6 774
Foreign exchange	**—**	166
Carrying value at year-end	**28 063**	19 022

All companies with deferred tax asset balances are currently trading and expect to make profits which will enable them to recover the deferred tax assets.

13.2 DEFERRED TAX LIABILITIES

	2016 R'000	2015 R'000
Includes:		
Property, plant and equipment	**96 242**	115 614
Intangible assets	**5 691**	7 900
Provisions	**(138 908)**	(222 497)
Doubtful debt allowance	**(12)**	(31)
Retentions	**1 952**	(6 932)
Future expenditure allowances	**140 981**	182 940
Excess billings over work done	**(60 701)**	(33 864)
Work-in-progress	**(34 618)**	4 455
Prepayments	**46 453**	6 034
Unrealised foreign exchange losses	**—**	(2 431)
Other	**—**	(6)
	57 080	51 182
Carrying value at the beginning of the year	**51 182**	80 338
Movements during the year attributable to:		
Temporary differences	**(247)**	(19 203)
Recognised directly in the statement of changes in equity — change in capital gains tax rate	**5 984**	—
Transfer to non-current assets held for sale	**—**	(9 953)
Foreign exchange	**161**	—
Carrying value at year-end	**57 080**	51 182

Notes to the financial statements
continued

FOR THE YEAR ENDED FEBRUARY

14. Inventories

	2016 R'000	2015 R'000
Consumables	**21 586**	28 962
Operational inventory	**79 731**	81 795
	101 317	110 757
Inventories expensed during the year	**8 899**	11 335
Inventories written off during the year	**1 950**	1 666

15. Contracts in progress

	2016 R'000	2015 R'000
Costs incurred to date	**22 012 148**	15 092 872
Plus: Profit and losses recognised to date	**1 544 480**	1 565 630
	23 556 628	16 658 502
Less: Work certified to date	**(23 521 954)**	(16 829 910)
Net amount due	**34 674**	(171 408)
Plus: Advance payments on contracts in progress	**170 609**	246 389
Plus: Excess billings over work done on contracts in progress	**418 889**	714 398
Contracts in progress	**624 172**	789 379
Retention debtors — relating to contracts in progress	**99 843**	82 257

Notes to the financial statements
continued

FOR THE YEAR ENDED FEBRUARY

16. Trade and other receivables

	2016 R'000	2015 R'000
Contract receivables	**1 610 062**	1 523 536
Retention debtors	**182 846**	152 633
Allowance for doubtful debts	**(32 002)**	(34 898)
Other receivables	**163 055**	50 776
Amounts due by joint operations	**119 695**	144 767
Prepayments	**60 292**	77 954
Value added tax	**47 790**	51 491
	2 151 738	1 966 259
MOVEMENT IN ALLOWANCE FOR DOUBTFUL DEBTS		
Carrying value at the beginning of the year	**(34 898)**	(38 754)
Additional provisions raised	**(722)**	(1 513)
Amounts written off as uncollectible	**2 444**	—
Amounts recovered during the year	**102**	6 002
Foreign currency	**980**	(653)
Unused amounts reversed	**92**	20
Carrying value at year-end	**(32 002)**	(34 898)
Carrying amount of related receivables	**32 002**	34 898

The group has provided for individual receivables based on estimated cash flows, determined by reference to past default experience. The carrying amount of impaired contract receivables is R32 million (2015: R35 million) before any allowances for doubtful debt.

17. Bank balances

Included in the cash flow statement is cash and cash equivalents comprising:

	2016 R'000	2015 R'000
Cash at banks and on hand	**985 128**	848 665
Less: Bank overdrafts	**(134 188)**	(33 430)
	850 940	815 235

Bank balances at the end of the year included the following balances that are restricted from immediate use:

	2016 R'000	2015 R'000
RESTRICTED CASH INCLUDED ABOVE		
Group's share of cash held by joint operations	**241 837**	127 112
Other restrictions	**11 049**	43 321
	252 886	170 433

Notes to the financial statements
continued

FOR THE YEAR ENDED FEBRUARY

18. Share capital and premium

	2016 R'000	2015 R'000
AUTHORISED		
400 000 000 ordinary shares of 0,00025 cents each (2015: 400 000 000 ordinary shares of 0,00025 cents each)	**1**	1
	1	1
ISSUED		
188 080 746 ordinary shares of 0,00025 cents each fully paid for both periods presented	*****	*
Issued shares remained the same during the year (2015: nil shares issued)		
Treasury shares in issue (presented as number of shares) at the reporting date: 14 524 259 (Feb 2015: 13 140 467)		
Treasury shares are held as follows:		
Total treasury shares	**14 524 259**	13 140 467
Subsidiary	**8 094 329**	6 710 537
Share trusts	**6 429 930**	6 429 930
Movement of treasury shares can be reconciled as follows (presented as number of shares):		
Opening balance	**13 140 467**	13 290 467
Exercising of options in terms of employee share incentive schemes	**—**	(150 000)
Acquisition of treasury shares through subsidiary	**1 383 792**	—
Closing balance	**14 524 259**	13 140 467
SHARE PREMIUM		
Carrying value at the beginning of the year	**1 031 909**	1 031 009
Effect of treasury shares	**(4 806)**	900
Carrying value at year-end	**1 027 103**	1 031 909

* Less than R1 000.

19. Non-controlling interest

The following table summarises the information relating to the group's subsidiary that has a material non-controlling interest. The non-controlling interest relates to a 40% (Feb 2015: 40%) shareholding in Stefanutti Stocks Hapel Limited, a company registered in Nigeria. The remaining 60% shareholding including voting rights, is indirectly held by Stefanutti Stocks International Holdings Proprietary Limited.

	2016 R'000	2015 R'000
Non-current assets	**16 461**	9 914
Current assets	**141 971**	69 905
Non-current liabilities	**(72 731)**	(39 952)
Current liabilities	**(66 163)**	(33 844)
NET ASSETS	**19 538**	6 023
Carrying amount of non-controlling interest	**7 815**	2 409
Revenue	**97 350**	214 212
Profit	**8 910**	5 873
Other comprehensive income	**4 606**	(1 220)
TOTAL COMPREHENSIVE INCOME	**13 516**	4 653
Profit allocated to non-controlling interest	**3 564**	2 349
Other comprehensive income allocated to non-controlling interest	**1 842**	(488)
Dividends paid or declared	**—**	—
STATEMENT OF CASHFLOWS		
Net cash from operating activities	**(9 315)**	(91 004)
Net cash from investing activities	**(29 721)**	15 280
Net cash from financing activities	**31 533**	28 884

There are no significant debt arrangements in Stefanutti Stocks Hapel Limited.

Notes to the financial statements
continued

FOR THE YEAR ENDED FEBRUARY

20. Employee share incentive schemes

20.1 SHARE-BASED PAYMENTS RESERVE

THE STEFANUTTI & BRESSAN SHARE INCENTIVE TRUST

Options are granted to employees at a price based on the weighted average price. Vesting periods are as follows:

a) On the second anniversary of the grant date, one third of the options will immediately accrue to the employee;

b) On the third anniversary of the grant date, a further third of the options will immediately accrue; and

c) The final third of the options will immediately accrue on the fourth anniversary of the grant date.

Employees are permitted to exercise options four times per annum, on predetermined dates which do not fall within the company's closed periods. Unexercised options expire after 10 years from the grant date. In the event of resignation, voluntary termination of the employment or dismissal of the option holder, unexercised options will automatically expire and be cancelled. Upon the involuntary termination of employment of the option holder, the option granted and not vested will be deemed to automatically meet all vesting conditions and may be exercised immediately. Upon retirement of an employee who is an option holder, the retiree can retain the options granted. However, the same vesting periods will apply as when the options were granted. These options are equity-settled.

	Weighted average exercise price	**2016 Quantity**	2015 Quantity
NUMBER OF SHARES HELD IN TRUST:			
Outstanding at the beginning of the year	R7,52	**5 171 197**	5 321 197
Exercised during the year	R6,00	**—**	(150 000)
OUTSTANDING AT YEAR-END	R7,52	**5 171 197**	5 171 197
WEIGHTED AVERAGE EXERCISE PRICE AT YEAR-END		**R7,52**	R7,52
OPTIONS EXERCISABLE AT YEAR-END		**5 171 197**	5 171 197
Exercise price of R10		**1 963 600**	1 963 600
Exercise price of R6		**3 207 597**	3 207 597
REMAINING CONTRACTUAL LIFE		**1 year**	2 years

No share options were awarded or expired during the years presented.

INFORMATION ON OPTIONS GRANTED DURING THE YEAR

Fair value was determined by Moores Stephens Corporate Finance using a variant of the binomial option pricing model. The following inputs were used: current/spot price, exercise/strike price, option life, risk free rate, volatility, dividends.

OPTION LIFE

Option holders exercise their options not on price, but mainly on holding periods. Executives, on average, exercise their options within two years after vesting, while staff exercise their options almost immediately upon vesting.

RISK-FREE RATE

The risk-free rate was based on the prevailing yield on long-term government stock (R153) as at the respective grant date.

VOLATILITY

Expected volatility was based on two different approaches. For valuations performed in terms of Grant Nos 1 and 2, the volatility of similar large construction companies were considered. Average volatility for six similar entities amounted to 28,44%. Historic volatility for Grant Nos 3 and 4 were determined by using the 360-day rolling volatility for Stefanutti Stocks to the date of grant, being 35,72%.

DIVIDEND YIELD

An average dividend yield of 1,24% based on the average dividend yield for six similar entities has been used in performing the valuation for all the options.

FOR THE YEAR ENDED FEBRUARY

20. Employee share incentive schemes continued

20.2 FORFEITABLE SHARE PLAN (FSP)

The FSP is operated together with the existing schemes, complementing and enhancing the ability of the group to attract, retain and reward key staff. The FSP will include participation by executive directors and selected employees of the group. Directors participate in the group's long-term incentive FSP and profit incentive schemes, which are designed to recognise the contributions that senior staff has made to the growth in the value of the group's equity and to retain key employees. In terms of the FSP, an amount is awarded to the directors in proportion to their contribution to the business, as reflected by their seniority and the company's performance, within the limits imposed by the scheme. This bonus is used to buy shares in the open market, the ownership of such shares being restricted for a period of three years. The restriction on the ownership of the shares is lifted after a three-year period in terms of the scheme rules. Shares may not be disposed of or otherwise encumbered during the vesting period of three years. Resignation, voluntary termination of employment or dismissal before the vesting period has expired, will result in the forfeiture of entitlement to the shares. These amounts are included under "incentives" in the executive directors' annual remuneration.

	2016 Quantity	2015 Quantity
NUMBER OF SHARES:		
Outstanding at the beginning of the year	**951 662**	1 347 546
Awarded during the year	**399 070**	799 039
Forfeited during the year	**—**	(121 434)
Vested during the year	**(529 966)**	(1 073 489)
OUTSTANDING AT YEAR-END	**820 766**	951 662
GRANT PRICE	**R7,15**	R7,88
FAIR VALUE AT GRANT DATE (R'000)	**2 855**	6 296
CONTRACTUAL LIFE OF EACH AWARD	**3 years**	3 years

Fair value at grant date represents the market value of the shares at award date. The group has to date purchased shares in the market.

FORFEITABLE SHARE PLAN COSTS

An expense of R2 million (2015: R5 million) which related to Forfeitable Share Plan costs was recognised in the current year.

Notes to the financial statements
continued

FOR THE YEAR ENDED FEBRUARY

21. Other financial liabilities

21.1 NON-CURRENT AND CURRENT LIABILITIES

	2016 Non-current R'000	2016 Current R'000	2015 Non-current R'000	2015 Current R'000
Unsecured borrowings	**26**	**210 220**	108 693	96 526
Secured borrowings	**65 310**	**63 614**	73 703	15 735
Instalment sales agreements	**109 293**	**72 462**	63 769	73 042
Finance leases	**—**	**—**	1 947	2 535
	174 629	**346 296**	248 112	187 838

SECURITY PROVIDED AGAINST BORROWINGS

	PROPERTY, PLANT AND EQUIPMENT, TRANSPORT AND MOTOR VEHICLES		DEBTORS	HOLDING COMPANY	SUBSIDIARY COMPANIES
	2016 R'000	2015 R'000			
Secured bank loans	**174 000**	174 000	**Revolving facility dependent on facility used**	**Suretyships and cross guarantees**	**Cross guarantees**
Instalment sales agreements	**163 000**	247 000			
	337 000	421 000			

21.2 INSTALMENT SALE AND FINANCE LEASE LIABILITIES PAYABLE

	FUTURE MINIMUM LEASE PAYMENTS		INTEREST		PRESENT VALUE OF MINIMUM LEASE PAYMENTS	
	2016 R'000	2015 R'000	**2016 R'000**	2015 R'000	**2016 R'000**	2015 R'000
MINIMUM INSTALMENT SALE AND FINANCE LEASE PAYMENTS DUE						
Less than one year	**84 218**	83 857	**11 756**	8 280	**72 462**	75 577
Between two and five years	**122 419**	69 903	**13 126**	4 187	**109 293**	65 716
	206 637	153 760	**24 882**	12 467	**181 755**	141 293

Notes to the financial statements
continued

FOR THE YEAR ENDED FEBRUARY

22. Trade and other payables

	2016 R'000	2015 R'000
Trade and other payables include:		
Trade payables	**874 144**	1 023 674
Retention creditors and subcontractors	**234 991**	239 122
Accrued expenses	**679 597**	662 645
Value added tax	**97 421**	65 801
Shareholders for dividends	**24**	24
	1 886 177	1 991 266

23. Provisions

	Balance at the beginning of the year R'000	Additional provisions R'000	Utilised during the year R'000	Balance at year-end R'000
Warranty provisions	94 797	74 801	(94 797)	74 801
Contract related provisions	397 299	414 195	(397 299)	414 195
	492 096	488 996	(492 096)	488 996

Warranty provisions relate to obligations to rectify defects on projects already delivered to customers. These defect period expires within 12 months.

Contract related provisions represents the estimated amounts relating to incurred obligations to third party suppliers. It is anticipated that these will be utilised within 12 months.

Notes to the financial statements
continued

FOR THE YEAR ENDED FEBRUARY

24. Notes to the statements of cash flows

24.1 CASH GENERATED FROM OPERATING ACTIVITIES

	2016 R'000	2015 R'000
Net profit before taxation		
From continuing operations	**384 632**	367 981
From discontinued operations	**(90 204)**	(85 886)
Adjusted for:		
Depreciation (note 8)	**151 353**	158 045
Amortisation of intangibles (note 12)	**7 920**	7 920
Impairment of goodwill (note 12)	**—**	2 187
Investment income (note 2)	**(34 023)**	(41 346)
Dividend received (note 2)	**(26)**	(198)
Finance costs (note 4 and 6)	**60 458**	47 062
Movement in provisions	**(19 753)**	3 440
Share of profit of equity-accounted investees (note 6 and 10)	**15 632**	(26 461)
Net loss on foreign exchange	**25 811**	4 654
Profit on disposals of property, plant and equipment	**(6 416)**	(8 532)
Gross profit on disposal of investment property net of foreign exchange profits	**(33 279)**	—
Fair value adjustment — investment property (note 9)	**(6 066)**	—
Gain on disposal of equity-accounted investee	**(6 768)**	—
Allowance for doubtful debt — equity-accounted investee	**20 969**	—
	470 240	428 866
Change in excess billings over work done	**(299 694)**	(121 273)
	170 546	307 593
Change in inventories	**9 539**	190
Change in contracts in progress	**186 723**	(338 722)
Change in trade and other receivables	**(109 585)**	(35 412)
Change in trade and other payables	**(98 377)**	389 997
Effect of foreign exchange rate changes on working capital	**(128 836)**	(22 367)
Cash generated from operations	**30 010**	301 279

24.2 RECONCILIATION OF TAXATION PAID DURING THE YEAR

	2016 R'000	2015 R'000
Charge against profit — continuing operations	**129 402**	128 655
Charge against profit — discontinued operations	**(5 622)**	(21 506)
Effect of foreign exchange rate changes on taxation	**(1 963)**	(106)
Movement in taxation balance	**11 630**	26 560
Payments made	**133 447**	133 603

25. Segment information

Segment reporting is done in a manner consistent with the internal reporting provided to the Executive Committee, with reportable operating segments being reported at business unit level. Individual members of the executive management team are responsible for the operating segments of the businesses noted below:

Roads, Pipelines and Mining Services, Mechanical and Electrical, Structures, Building and Other. Other segments include those operations that are primarily centralised in nature, i.e. it primarily applies to the group's headquarters and are not allocated to any one particular segment. Below are the types of activities from which each operating segment derives revenue:

Reportable segment	Operations
Roads, Pipelines and Mining Services	Construction of roads, terraces for new developments, municipal services, mining infrastructure and rehabilitation, fibre optic cable trenching, bulk pipelines, mine residue disposal facilities and open-pit contract mining.
Mechanical and Electrical	Includes mechanical and electrical installation and construction.
Structures	Civil engineering, structural concrete, geotechnical and marine capabilities, which include general and specialised concrete construction for infrastructure, mining and industrial markets.
Building	Full scope of building construction from commercial and industrial through to residential and leisure. This includes select residential developments for major mining and industrial clients as well as low-cost and affordable housing for the public sector.
Other	Other segments comprise segments which do not represent more than 10% of combined revenue or combined reported profit/(loss) or combined assets of all operating segments.

These reportable segments can be further broken down into divisions, but are managed at business unit level. The divisions are aggregated which are the same in nature and function and managed by the same managing director to form the business unit.

The accounting policies of the segments are the same as those applied in the group. Intersegment contract revenues are eliminated on consolidation. The performance of operating segments are assessed by management based on net investment income and operating profit. Goodwill to the value of R1 249 million (Feb 2015: R1 256 million) is included within reportable segment assets for other segments.

	Roads, Pipelines and Mining Services R'000	Mechanical and Electrical R'000	Structures R'000	Building R'000	Other segments and eliminations R'000	Total R'000
2016						
Revenues from external customers	**2 675 996**	**1 218 152**	**2 130 464**	**3 711 295**	**1 479**	**9 737 386**
Contract revenue	**2 637 921**	**1 216 092**	**2 113 292**	**3 702 168**	**—**	**9 669 473**
Intersegment contract revenues	**31 059**	**42 571**	**100 862**	**31 902**	**—**	**206 394**
Depreciation and amortisation	**67 531**	**18 082**	**38 871**	**32 394**	**2 395**	**159 273**
Net interest revenue/(expense)	**614**	**1 561**	**6 846**	**(8 997)**	**(26 423)**	**(26 399)**
Share of (losses)/profits of equity-accounted investees	**—**	**—**	**(706)**	**19 746**	**—**	**19 040**
Reportable segment operating profit/(loss)	**212 588**	**66 061**	**47 267**	**66 746**	**(697)**	**391 965**
Reportable segment profit/(loss) — continuing operations	**145 867**	**49 594**	**34 421**	**60 321**	**(25 685)**	**264 518**
Reportable segment profit/(loss) — total operations	**145 867**	**19 830**	**34 421**	**11 448**	**(25 685)**	**185 881**
Reportable segment assets	**1 576 826**	**513 170**	**1 210 575**	**1 978 701**	**1 233 006**	**6 512 278**
Equity-accounted investees	**—**	**—**	**740**	**188 718**	**—**	**189 458**
Reportable segment liabilities	**1 042 685**	**284 062**	**791 039**	**1 393 541**	**392 419**	**3 903 746**

Notes to the financial statements

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FOR THE YEAR ENDED FEBRUARY

25. Segment information continued

	Roads, Pipelines and Mining Services R'000	Mechanical and Electrical R'000	Structures R'000	Building R'000	Other segments and eliminations R'000	Total R'000
2015						
Revenues from external customers	2 995 757	667 987	2 550 310	4 428 387	5 938	10 648 379
Contract revenue	2 960 508	666 835	2 532 950	4 407 350	—	10 567 643
Intersegment contract revenues	68 822	51 089	117 047	—	8 752	245 710
Depreciation and amortisation	71 871	14 143	39 358	33 723	2 254	161 349
Net interest revenue/(expense)	(496)	(649)	6 081	9 540	(14 794)	(318)
Share of profits of equity-accounted investees	—	—	642	32 078	—	32 720
Reportable segment operating profit/(loss)	220 780	35 345	78 584	4 777	(4 105)	335 381
Reportable segment profit/(loss) — continuing operations	154 149	24 265	64 285	41 992	(19 388)	265 303
Reportable segment profit/(loss) — total operations	154 149	(31 618)	64 285	35 733	(19 388)	203 161
Reportable segment assets	1 562 031	507 058	1 361 633	1 814 664	1 278 031	6 523 417
Equity-accounted investees	—	—	1 446	230 809	—	232 255
Reportable segment liabilities	1 116 290	274 513	896 797	1 482 737	353 746	4 124 083

GEOGRAPHICAL AREAS

The group operates mainly in the geographical areas of South Africa (local), Africa and the Middle East (foreign).

	2016		2015	
	Local R'000	**Foreign R'000**	Local R'000	Foreign R'000
Contract revenues from external customers	**6 792 171**	**2 877 302**	7 603 137	2 964 506
Non-current assets (excluding deferred tax)	**2 019 926**	**517 773**	2 088 164	571 699

MAJOR CUSTOMERS

Revenue generated from a single customer of the group amounted to approximately R585 million (2015: R896 million), of which the largest portion of this revenue was earned in Building (Feb 2015: Structures). The group is not reliant on any one major customer as its services span a varied number of industries and countries.

Notes to the financial statements

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FOR THE YEAR ENDED FEBRUARY

26. Related parties

Stefanutti Stocks Holdings Limited is the holding company for the group.

Related parties are those who control or have a significant influence over the group and parties who are controlled or significantly influenced by the group (including subsidiaries, joint arrangements and associates).

NATURE OF RELATIONSHIPS			
SUBSIDIARIES	**EQUITY-ACCOUNTED INVESTEES (NOTE 10)**	**JOINT OPERATIONS (NOTE 11)**	**OTHER**
Stefanutti Stocks Proprietary Limited Trading company for operations based in South Africa, as well as some foreign operations **Stefanutti Stocks International Holdings Proprietary Limited** Holding company for subsidiaries based in foreign countries **Stefanutti Stocks Investments Proprietary Limited** Treasury company for the group	**Joint Venture** Al Tayer Stocks LLC, an interior fit-out company based in the United Arab Emirates **Associates** Various associates		**Consolidated Structured Entities** Stefanutti & Bressan Share Trust Stefanutti Stocks Employee Participation Plan Trust Stocks Building Africa Share Trust Housing Africa Development Share trust
OUTSTANDING BALANCES			
	Associates 2016: R5 132 Receivable 2015: R4 853 Receivable	**Note 16** 2016: R119 695 Receivable 2015: R144 767 Receivable	
PROVISIONS OF GUARANTEES — REFER TO NOTE 27			

A full list of subsidiaries, joint arrangements and associates is available on request.

26. Related parties continued

NON-EXECUTIVE DIRECTORS

Non-executive director remuneration is compared to the company's peer group. Recommendations are made by the CFO and Human Resources Executive, to the Remuneration and Nominations Committee (REMCO), for onward review by the board and submission to shareholders. Non-executive directors are compensated based on attendance fees. The fees are based on the size and complexity of the group and also take into account market practices and fee surveys provided to the committee. No distinction is made between fees payable to independent non-executive directors and other non-executive directors, although the fees of the Chairman take his expanded role into account.

The total fees paid to non-executive directors are not limited to a maximum annual amount, irrespective of the number of meetings attended. Directors qualify for reimbursement of expenses incurred in performing their duties for and on behalf of the company.

Non-executive directors do not have service contracts. Instead, letters of appointment confirm their terms of engagement, and include matters such as fees, term of office, expected time commitment, share dealing and board performance assessments. The Chairman has a letter of appointment, which is specific to his role and function. This letter of appointment is in line with normal business terms.

The fees paid to non-executive directors, as well as the proposed fees for the next financial year, were approved by the REMCO, the board of directors and shareholders at the last annual general meeting.

There is no requirement for non-executive directors to be shareholders of the company and they do not qualify to participate in any incentive scheme that is operated by the group.

The company's directors are appointed for a term of three years and are obliged to retire at the end of that period, but may offer themselves for re-election at the annual general meeting. A third retire by rotation annually.

			SHORT-TERM BENEFITS					
	Date appointed	Date resigned	Attendance fees R'000	Annual fees R'000	Pre-approved services R'000	Reimbursable expenses R'000	**Total 2016 R'000**	Total 2015 R'000
NON-EXECUTIVE DIRECTORS								
KR Eborall (Chairman)			—	860	—	—	**860**	681
ME Mkwananzi	17 Apr 2015		236	—	—	—	**236**	—
DG Quinn	1 Jun 2015		336	—	270	38	**644**	—
NJM Canca			467	—	—	—	**467**	485
T Eboka			280	—	—	—	**280**	282
HJ Craig	17 Apr 2015		356	—	—	—	**356**	—
ZJ Matlala			474	—	—	—	**474**	399
LB Sithole			259	—	—	—	**259**	245
JWLM Fizelle (Alternate to LB Sithole)			304	—	—	—	**304**	297
B Stefanutti		15 Jul 2014	—	—	—	—	**—**	516
V Cuba		28 Aug 2014	—	—	—	—	**—**	356

PRESCRIBED OFFICERS REMUNERATION

The group's prescribed officers consist of certain Executive Committee members who are not executive directors of the group.

EXECUTIVE KEY MANAGEMENT PERSONNEL

Executive key management personnel are defined as executive directors of the company and other members of the Executive Committee.

26. Related parties continued

Details of remuneration for executive directors, prescribed officers and key management personnel are as follows:

	SHORT-TERM EMPLOYEE BENEFITS					
	Basic salary R'000	Other benefits R'000	Short- and long-term incentives R'000	Total R'000	Post-employment benefits R'000	Total R'000
2016						
EXECUTIVE DIRECTORS						
W Meyburgh — CEO	**4 217**	**255**	**7 684**	**12 156**	**475**	**12 631**
DG Quinn — CFO (retired on 31 May 2015)	**1 404**	**62**	**6 107**	**7 573**	**87**	**7 660**
AV Cocciante — CFO (appointed 1 June 2015)	**2 123**	**36**	**400**	**2 559**	**191**	**2 750**
PRESCRIBED OFFICERS						
S Ackerman (resigned from EXCO 17 November 2015)	**1 849**	**188**	**1 159**	**3 196**	**338**	**3 534**
W Jerling	**973**	**53**	**120**	**1 146**	**97**	**1 243**
H Jones	**2 727**	**167**	**750**	**3 644**	**261**	**3 905**
V Olley	**2 645**	**105**	**1 056**	**3 806**	**247**	**4 053**
F Venter	**2 970**	**175**	**3 331**	**6 476**	**503**	**6 979**
EXECUTIVE KEY MANAGEMENT PERSONNEL	**23 131**	**1 326**	**22 790**	**47 247**	**2 532**	**49 779**
2015						
EXECUTIVE DIRECTORS						
W Meyburgh — CEO	4 018	246	3 170	7 434	453	7 887
DG Quinn — CFO	2 863	222	2 304	5 389	331	5 720
PRESCRIBED OFFICERS						
S Ackerman	2 970	247	2 143	5 360	362	5 722
H Jones	1 894	137	2 230	4 261	177	4 438
V Olley	2 290	114	1 253	3 657	214	3 871
F Venter	2 829	186	2 812	5 827	480	6 307
EXECUTIVE KEY MANAGEMENT PERSONNEL	20 889	1 457	16 113	38 459	2 338	40 797

Any awards made in terms of the FSP scheme is included within short- and long-term incentives. The details of these awards are as follows:

	2016 R'000	2015 R'000
EXECUTIVE DIRECTORS		
W Meyburgh — CEO	**2 855**	1 562
DG Quinn — CFO	**2 082 ***	1 139

* Vesting criteria was met and paid.

No awards were made to prescribed officers and key management personnel during the years under review.

DIRECTORS' SERVICE CONTRACTS

The contracts of employment of executive directors or senior executives do not preclude the company from exercising its normal rights to terminate the contract in the event of misconduct or poor performance. Executive directors retire from their positions and from the board at their normal retirement date.

Details of all contracts of employment for executive directors are not disclosed as the group operates in a highly competitive environment and the disclosure could be detrimental to its efforts to retain its employees.

26. Related parties continued

DIRECTORS' SHARE OPTIONS

Details of the executive directors' share options are as follows:

	Options granted opening balance	Strike price	Options exercised during the year	Exercise price	Options granted closing balance
DG Quinn (retired as executive director on 31 May 2015)	400 000	6,00	—	—	400 000

No share options were awarded during the year. All share options granted are exercisable from 19 July 2011 and expire on 19 July 2017.

DIRECTORS' SHARE AWARDS IN TERMS OF THE FSP SCHEME

Refer to note 20.2 for more detail on the FSP scheme.

	2016		2015	
	Total shares awarded	**Value of shares R'000**	Total shares awarded	Value of shares R'000
W Meyburgh	**399 070**	**2 855**	230 766	1562
DG Quinn (vesting criteria were met and paid)	**—**	**2 082**	168 273	1 139

The value of the shares are included within short- and long-term incentives.

DIRECTORS' SHAREHOLDING

	2016			2015		
	Direct beneficial	**Indirect beneficial**	**Total**	Direct beneficial	Indirect beneficial	Total
PERCENTAGE OF FULLY PAID SHARES HELD						
LB Sithole	**—**	**0,01**	**0,01**	—	0,01	0,01
JWLM Fizelle (Alternate)	**0,1**	**0,01**	**0,11**	0,02	0,01	0,03
W Meyburgh (CEO)	**0,95**	**4,40**	**5,35**	0,59	4,40	4,99
DG Quinn	**0,29**	**0,08**	**0,37**	0,40	0,08	0,48
AV Cocciante (CFO)	**0,15**	**—**	**0,15**	—	—	—

DIRECTORS TRADING IN COMPANY SECURITIES

	Nature of transaction	Number of shares	Put strike price	Call strike price	First tranche	Last tranche
LB Sithole	Zero cost collar	1 712 200	R9,33	R11,07	30 June 2015	22 March 2016
JWLM Fizelle	Zero cost collar	614 640	R9,33	R11,07	30 June 2015	22 March 2016

POST YEAR-END SHARE TRANSACTIONS

There were no transactions between the year-end date and the approval date of these annual financial statements.

FOR THE YEAR ENDED FEBRUARY

27. Guarantees and contingent liabilities

GUARANTEES

	2016 R'000	2015 R'000
Total insurance policies ceded to third parties on behalf of the group	**3 262 217**	3 867 079
Guarantees and suretyships through certain banks	**3 070 000**	3 064 000

The directors are of the opinion that the possibility of any loss is remote and it is not anticipated that any material liabilities will arise.

CONTINGENT LIABILITIES

In addition to the two matters previously reported the company has received a third legal notification, arising out of the Competition Commission Fast Track Settlement Process in 2013.

As previously reported, the first matter relates to a complaint initiated by the Competition Commission into an alleged "World Cup Stadia Meeting", which has been referred to the Competition Tribunal for adjudication. Stefanutti Stocks has been cited as one of the respondents.

The second matter relates to a civil damages claim initiated by the City of Cape Town in respect of the Green Point Stadium, following the findings and the imposition of administrative penalties by the competition authorities. Stefanutti Stocks, having paid a penalty under these findings, has now been cited as one of the defendants.

A new and third matter relates to a civil damages claim initiated by SANRAL in respect of the Gauteng Freeway Improvement Project, following the findings and the imposition of administrative penalties by the competition authorities. Stefanutti Stocks, having paid a penalty under these findings, has now been cited as one of the defendants.

In conjunction with 14 other contractors, Stefanutti Stocks received notice from the Construction Industry Development Board of its intention to launch a formal inquiry regarding the contractor's conduct that gave rise to the penalties imposed by the Competition Commission. This process has not been finalised.

We are confident that on the facts currently available we will be able to successfully defend all the above matters and has accordingly not made any provision for these.

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FOR THE YEAR ENDED FEBRUARY

28. Capital commitments

	2016 R'000	2015 R'000
Capital expenditure approved for expansion/maintenance of operations	**201 923**	278 866

Capital expenditure will be financed from internal resources and existing facilities.

The capital commitments relate primarily to the acquisition of project-related capital expenditure for the following financial year.

At the reporting date the group had the following outstanding commitments to lease the following:

	2016		2015	
	Less than one year R'000	**Between two and five years R'000**	Less than one year R'000	Between two and five years R'000
2016				
Properties	**4 750**	**11 719**	3 406	1 533
Plant and equipment	**48 648**	**59 294**	43 510	58 656
Transport and motor vehicles	**650**	**1 950**	—	—
Furniture, fittings, office and computer equipment	**142**	**674**	113	170
	54 190	**73 637**	47 029	60 359

DETAILS OF SIGNIFICANT LEASING ARRANGEMENTS

Property rented for business purposes, have terms between two to three years, which are payable monthly, and have options to renew at market-related rentals. Plant and equipment rentals to the value of R53 million are rented for a period between three and four years, payable monthly and all outstanding rentals are due on date of cancellation. Additional rental commitments of R52 million are entered into on an ad hoc basis per project requirement. No leases contain contingent rent provisions or covenants. The group does not have any commitments after five years.

29. Risk management, accounting classifications and fair value

ACCOUNTING CLASSIFICATIONS AND FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table shows the carrying amounts of financial assets and financial liabilities.

The carrying amounts of bank balances, trade receivables and trade payables approximate their fair values due to the short-term maturity of these assets and liabilities. There is no significant difference between the carrying amounts of other financial assets and liabilities and their fair values due to the effective interest method used.

	2016 R'000	2015 R'000
FINANCIAL ASSETS, LOANS AND RECEIVABLES AT AMORTISED COST		
Bank balances	**985 128**	848 665
Trade and other receivables	**2 043 656**	1 836 814
Equity-accounted investees — Loans — Associates	**5 132**	4 853
OTHER FINANCIAL LIABILITIES AT AMORTISED COST		
Bank balances	**134 188**	33 430
Trade and other payables	**1 109 135**	1 262 796
Other financial liabilities	**520 925**	435 950

29. Risk management, accounting classifications and fair value continued

CAPITAL RISK MANAGEMENT

The primary objective of the group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The group manages its capital structure centrally and makes adjustments to it, in line with changes in economic conditions. To maintain or adjust the capital structure, the group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes in respect of capital risk management during the current or previous year.

In setting the ideal mix between debt and equity, the group seeks to optimise its returns on shareholders' equity while maintaining prudent financial gearing. The group monitors capital using a gearing ratio which is net debt divided by total capital. Generally the objective is to operate at a gearing ratio of not greater than 35%. The group retains excess capital to fund future growth.

The group includes within net debt interest-bearing loans, borrowings and bank overdrafts.

Capital is considered to consist of share capital, share premium, retained earnings and other reserves. The group is subject to externally imposed capital requirements by certain of their bankers which, in the event of non-compliance may have an impact on the liquidity risk of the group. At year-end all such requirements were met.

Gearing ratios at year-end were as follows:

	2016 R'000	2015 R'000
Net debt	**636 343**	448 651
Interest-bearing long-term liabilities	**502 155**	415 221
Bank overdrafts	**134 188**	33 430
Total equity	**2 600 717**	2 396 925
Gearing ratio	**24,5%**	18,7%

RISK MANAGEMENT FRAMEWORK

The group's board of directors has overall responsibility for the establishment and oversight of the group's risk management framework.

The group has exposure to the following risks arising from financial instruments:

› credit risk
› liquidity risk
› market risk

CREDIT RISK

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the group's receivables from customers.

The carrying amount of financial assets represents the maximum credit exposure.

Trade and other receivables

The group's exposure to credit risk is influenced mainly by the individual characteristics of each customer.

Management also considers the factors that may influence credit risk including the default risk of the industry and country in which customers operate. The credit granting policy is set on a group basis and managed at operating entity level. Each business unit in the group is responsible for the management of credit risk in receivables and does so through ongoing credit evaluations and credit control policies and procedures.

Trade receivables comprise a widespread customer base, primarily in South Africa but also in the rest of Africa and Dubai. The majority of the customers are concentrated in the industrial public and private development sectors. Due to the diverse nature of the operations, management does not believe that the group is significantly exposed to a high concentration of credit risk. Management evaluates credit risk relating to customers on an ongoing basis. Any change in the credit quality of trade receivables is considered from the date credit was granted up to the reporting date. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

29. Risk management, accounting classifications and fair value continued

The group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The movement in the allowance for impairment in respect of trade and other receivables during the year are disclosed in note 16.

	2016 R'000	2015 R'000
AGEING OF CONTRACT RECEIVABLES		
As at 29 February, the ageing analysis of contract receivables is as follows:		
Not past due and not provided for		
Current	**1 014 843**	867 297
30 days	**191 563**	198 686
	1 206 406	1 065 983
Past due but not impaired		
60 days	**63 453**	153 033
90 days	**109 428**	131 446
>120 days	**198 740**	138 130
	371 621	422 609
Impaired	**32 035**	34 944
	1 610 062	1 523 536

The average credit period is 60 days. Interest is charged as per agreements reached with individual clients per signed contracts. The group has the right to waive interest as it deems necessary. Before accepting a new client, the group runs thorough credit and background checks in order to determine the potential customer's creditworthiness. All contracts and clients' creditworthiness are assessed on an individual basis. As a result of the policies and procedures implemented by management as noted above, the credit quality of contract receivables that are not past due and not provided for is considered to be good.

Exposure to trade receivables is mitigated by the request for collateral.

	2016 R'000	2015 R'000
COLLATERAL		
Contract receivables	**83 808**	115 215
Collateral held in the form of:		
Payment guarantee	**60 408**	130 442
Builder's lien	—	85 228

Payment guarantee
Guarantees are received from clients on signing the construction contract when required. Payment guarantees can be called on when the client is in default of negotiated terms. Guarantees are issued for specified periods and expire on final completion of the contract.

Builder's Lien
This is the right the contractor has over the construction (the building) if the client is in default on negotiated terms. The builder's lien is not readily convertible into cash, because of the nature of the collateral. The group will hold the right until payment is received should there not be a market for disposing of such an asset.

Bank balances

The group only deposits with major banks with high-quality ratings, the credit quality therefore is assessed as good.

LIQUIDITY RISK

Liquidity risk is the risk that the group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The group manages liquidity risk through an ongoing review of future commitments and credit facilities and by ensuring that adequate unutilised borrowings facilities are maintained. This will ensure that the group will be in a position to meet its liabilities when they are due. The group also monitors on a monthly basis the level of expected cash inflows on trade and other receivables together with expected cash outflows to ensure all commitments are met. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted.

29. Risk management, accounting classifications and fair value continued

The group maintains the following lines of credit:

- R1,061 million secured term loan and banking facility
- R645,5 million secured banking facility

EXPOSURE TO LIQUIDITY RISK

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are presented gross and undiscounted, and include contractual interest payments.

	Carrying amount R'000	Total R'000	On demand R'000	Less than one year R'000	Between two and five years R'000	More than five years R'000
2016						
Other financial liabilities	**520 925**	**613 238**	**13 187**	**384 367**	**190 533**	**25 151**
Trade and other payables	**1 109 135**	**1 109 135**	**—**	**1 109 135**	**—**	**—**
Bank balances	**134 188**	**134 188**	**11 045**	**123 143**	**—**	**—**
	1 764 248	**1 856 561**	**24 232**	**1 616 645**	**190 533**	**25 151**
2015						
Other financial liabilities	435 950	509 866	9 926	205 716	257 592	36 632
Trade and other payables	1 262 796	1 262 796	—	1 262 796	—	—
Bank balances	33 430	33 430	10 930	22 500	—	—
	1 732 176	1 806 092	20 856	1 491 012	257 592	36 632

MARKET RISK

Market risk is the risk that changes in foreign exchange rates and interest rates, will affect the group's income or the value of its holdings of financial instruments.

Currency risk

The group is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and borrowings are denominated and the respective functional currencies.

In addition to the above the group also has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. The presentation currency of the group is Rand. The currencies in which these transactions are primarily denominated are Zambian Kwacha, Mozambique Metical and various other African currencies.

	2016				2015			
	ZMK R'000	**MZN R'000**	**Other R'000**	**Total R'000**	ZMK R'000	MZN R'000	Other R'000	Total R'000
Profit for the year included	**39 446**	**7 430**	**28 794**	**75 670**	19 839	16 325	38 777	74 941
Unhedged monetary assets	**337 352**	**348 775**	**295 266**	**981 393**	190 844	341 728	325 552	858 124
Trade receivables	**136 376**	**181 317**	**160 458**	**478 151**	145 856	168 833	111 785	426 474
Other receivables	**100 591**	**31 394**	**69 033**	**201 018**	21 352	52 261	66 006	139 619
Bank balances	**100 385**	**136 064**	**65 775**	**302 224**	23 636	120 634	147 761	292 031
Unhedged monetary liabilities	**116 284**	**369 849**	**190 862**	**676 995**	49 610	287 886	139 015	476 511
Trade payables	**2 226**	**53 067**	**78 986**	**134 279**	—	67 635	61 544	129 179
Other payables	**114 058**	**193 687**	**87 490**	**395 235**	49 610	220 251	66 541	336 402
Bank overdraft	**—**	**123 095**	**24 386**	**147 481**	—	—	10 930	10 930

FOR THE YEAR ENDED FEBRUARY

29. Risk management, accounting classifications and fair value continued

The group trades in a number of currencies and certain currencies have been excluded where considered immaterial.

	AVERAGE RATE		CLOSING RATE	
	2016	2015	**2016**	2015
THE FOLLOWING EXCHANGE RATES HAVE BEEN APPLIED				
ZMW	**1,4577**	1,732	**1,4025**	1,661
MZN	**0,3312**	0,3472	**0,3297**	0,342
AED	**3,6753**	2,9817	**4,3685**	3,022
USD	**13,4991**	10,9519	**16,0452**	11,584

Sensitivity analysis

A reasonably possible strengthening/(weakening) of the following currencies at year-end would have affected the measurement of profit or loss denominated in a foreign currency by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	MOVEMENT		STRENGTHENING/(WEAKENING)	
	2016 %	2015 %	**2016 R'000**	2015 R'000
ZMW	**4**	11	**1 838/(1 838)**	2 182/(2 182)
MZN	**1**	12	**34/(34)**	1 959/(1 959)
AED	**16**	21	**2 920/(2 920)**	5 062/(50 62)
USD	**16**	21	**249/(249)**	39/(39)

Interest rate risk

The group is exposed to interest rate risk through its cash and cash equivalents and interest-bearing, short- and long-term liabilities. Short-term interest rate exposure is monitored and managed by each business unit in the group. The majority of borrowings are obtained at variable rates exposing the group to cash flow interest rate risk.

The terms and conditions of outstanding interest-bearing loans are as follows:

	CURRENCY	NOMINAL INTEREST RATE		YEAR OF MATURITY	CARRYING VALUE	
		2016 %	2015 %		**2016 R'000**	2015 R'000
Unsecured borrowings	ZAR	**2 – 7,9**	2 – 8,00	2016 calendar year	**191 476**	179 626
Unsecured borrowings	ZMK	**—**	9,50	Settled during the year	**—**	4 865
Secured borrowings	ZAR/SZL	**8 – 10**	7,65 – 8,25	2016-2022	**77 158**	89 438
Secured borrowings	ZAR	**Prime**	—	Revolving credit	**51 766**	—
Instalment sales agreements	ZAR	**8 – 11**	7,65 – 10	2016 – 2020	**181 755**	136 811
Finance leases	ZAR/SZL	**—**	7,75 – 12,0	Settled during the year	**—**	4 481
					502 155	415 221

Trade and other payables are settled within normal business terms.

29. Risk management, accounting classifications and fair value continued

SENSITIVITY ANALYSIS

A change of 100 basis points in interest rates would have increased or decreased profit or loss by R4 million before tax (2015: R0,9 million).

FAIR VALUE — ASSETS

MEASUREMENT OF FAIR VALUE

The fair value measurements for land and buildings as well as investment property has been categorised as a Level 3 fair value based on the inputs to the valuation technique used. The fair value calculation for investment property for 2016 was based on the offered price.

VALUATION TECHNIQUE AND SIGNIFICANT UNOBSERVABLE INPUTS

PROPERTY, PLANT AND EQUIPMENT

Valuation technique	Significant unobservable inputs	Interrelationship between key unobservable inputs and fair value measurement
Discounted cash flow method	Average annual market related rentals of R2 878 277 Average annual market related expenses of R503 305 Average risk-adjusted discount rate of 10,75%	Estimated fair value would increase/(decrease) if: Market related rentals were higher/(lower); Market related expenses were higher/(lower); and Risk-adjusted discount rate were higher/(lower).

INVESTMENT PROPERTY

Valuation technique	Significant unobservable inputs	Interrelationship between key unobservable inputs and fair value measurement
Discounted cash flow method	Expected market rental growth (2% – 5%) Occupancy rate (100%) Weighted average cost of capital (9,4%)	Estimated fair value would increase/(decrease) if: Expected market rental growth was higher/(lower); The occupancy rate was higher/(lower); and The risk-adjusted discount rate was lower/(higher).

A sensitivity analysis was performed by adjusting the growth rate and WACC with 1%. The effects on the valuation of the property were as follows:

Increase growth rate with 1%	— Increase in value of R10 million
Decrease growth rate with 1%	— Decrease in value of R7 million
Increase WACC with 1%	— Decrease in value of R8 million
Decrease WACC with 1%	— Increase in value of R12 million
Increase growth rate and WACC with 1%	— Decrease in value of R1 million
Decrease growth rate and WACC with 1%	— Increase in value of R1 million
Increase growth rate and reduce WACC with 1%	— Increase in value of R27 million
Decrease growth rate and reduce WACC with 1%	— Decrease in value of R14 million

Notes to the financial statements
continued

FOR THE YEAR ENDED FEBRUARY

30. Impact of reporting changes — 2014

To enhance the presentation of items to present more clear and concise disclosure, the group has elected to split excess billings over work done and provisions from a single line item into two separate lines in the statement of financial position. This enhancement had no impact on the underlying disclosed amounts or earnings. To enable the comparability of information both 2015 and 2014 comparatives were similarly enhanced.

STATEMENT OF FINANCIAL POSITION	Restated 2014 R'000
ASSETS	
NON-CURRENT ASSETS	2 701 695
Property, plant and equipment	1 147 443
Investment property	68 302
Equity-accounted investees	207 312
Goodwill and intangible assets	1 266 556
Deferred tax assets	12 082
CURRENT ASSETS	3 596 602
Inventories	111 046
Contracts in progress	472 173
Trade and other receivables	1 972 106
Taxation	17 240
Bank balances	1 024 037
TOTAL ASSETS	6 298 297
EQUITY AND LIABILITIES	
CAPITAL AND RESERVES	2 195 121
Share capital and premium	1 031 009
Reserves	182 018
Retained earnings	981 546
Equity holders of the company	2 194 573
Non-controlling interest	548
NON-CURRENT LIABILITIES	433 088
Other financial liabilities	352 750
Deferred tax liabilities	80 338
CURRENT LIABILITIES	3 670 088
Other financial liabilities	310 980
Trade and other payables	1 612 738
Excess billings over work done	1 168 860
Provisions	507 179
Taxation	49 704
Bank balances	20 627
TOTAL EQUITY AND LIABILITIES	6 298 297

31. Non-adjusting events after reporting period

BUSINESS COMBINATIONS

With effect from 1 March 2016, the group acquired an effective 74% stake in the following two empowered construction businesses active in the South African petrochemical market:

KLB Mkhize Electrical Projects (Pty) Ltd (KLB), an electrical and instrumentation company for a purchase consideration of R7 million and Celik Engineering (Pty) Ltd (Celik), a mechanical and structural piping engineering company for a purchase consideration of R2 million.

The effective 74% stake is by way of a subsidiary holding 49% direct interest as well as a 25% indirect interest, through another entity that purchased the other 51%.

In terms of IFRS 3: Business Combinations the initial accounting for the acquisition has only been determined provisionally, as the Purchase Price Allocation has not been completed. The carrying value of assets and liabilities as noted in the table below, are based on unaudited amounts and, are expected to approximate the fair value of assets and liabilities before acquisition.

	KLB R'000	Celik R'000
Acquisition date	**1 March 2016**	**1 March 2016**
Effective voting equity	**74%**	**74%**
Total purchase consideration	**7 000**	**2 000**
UNAUDITED NET ASSET VALUE	**2 463**	**354**
NON-CURRENT ASSETS	**473**	**239**
Plant and equipment	**473**	**239**
CURRENT ASSETS	**7 404**	**2 402**
Trade and other receivables	**6 168**	**1 747**
Intergroup loans	**652**	**—**
Bank balances	**584**	**655**
Non-current liabilities	**708**	**486**
Shareholders' loans	**708**	**486**
Current liabilities	**4 706**	**1 801**
Trade and other payables	**3 203**	**775**
Intergroup loan accounts	**—**	**803**
Taxation	**1 503**	**223**
Goodwill arising on acquisition	**4 537**	**1 646**
Acquisition-related costs included in operating costs	**105**	**105**
Impact on revenue and profit or loss if the business combination took place on 1 March 2015		
Revenue for the year 1 March 2015 to 29 February 2016	**32 223**	**6 133**
Profit before tax for the year 1 March 2015 to 29 February 2016	**5 365**	**795**

The above transactions will be settled in cash. The goodwill arising from the acquisitions is attributable to the cost of acquiring empowered companies established in a select industry in the South African market. The carrying value of trade receivables amounting to R6 million and R2 million respectively, approximates their fair value and the group is of the opinion that all receivables will be recovered. The acquisition-related costs were incurred subsequent to year-end.

OTHER

The third instalment of the Competition Commission penalty amounting to R77 million including interest, was paid on 23 March 2016.

No other material reportable events have occurred between the reporting date and the date of these financial statements.

Accounting policies

FOR THE YEAR ENDED FEBRUARY

Basis of preparation

GOING-CONCERN STATEMENT

The directors consider that the group and company has adequate resources to continue operating for the foreseeable future and that it is therefore appropriate to adopt the going-concern basis in preparing the annual financial statements of the group and company. The directors have satisfied themselves that the group and company is in a sound financial position and that it has access to sufficient cash resources to meet foreseeable cash requirements.

These financial statements have been prepared using a combination of the historical cost and fair value basis of accounting.

PREPARED IN ACCORDANCE WITH

International Financial Reporting Standards (IFRS), SAICA Financial Reporting Guides and International Financial Reporting Interpretations Committee (IFRIC).	JSE Listing Requirements	Companies Act, No. 71 of 2008	Going-concern principles

FUNCTIONAL AND PRESENTATION CURRENCY

South African Rand

ROUNDING POLICY

R'000 (thousand)

FOREIGN CURRENCY TRANSACTIONS

PROCEDURES FOLLOWED TO TRANSLATE TO PRESENTATION CURRENCY

In the group financial statements, transactions are translated into the respective functional currencies of group companies applying the following principles:

› Monetary assets and liabilities for each statement of financial position presented are translated at the closing rate at reporting date.

› Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

› Income and expenses for each statement of profit or loss and other comprehensive Income are translated at exchange rates at the dates of the transactions or, where exchange differences did not fluctuate significantly, at the average exchange rates for the period.

SIGNIFICANT ACCOUNTING POLICIES

Included below is a summary of the significant accounting policies applicable to the group and company financial statements. These accounting policies include only the areas in IFRS where elections have been made or policy choices exercised (including the choice or election made) as well as measurement criteria applied. The accounting policies also include information where it will assist users in understanding how transactions, other events and conditions are reflected in reported financial performance and financial position and was included based on the materiality as determined by management.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Construction contracts			
Revenue and other income		Contract assets and liabilities	
Employee benefits			
Short-term benefits	Equity-accounted investees and joint operations		Share-based payments
Group accounting			
Subsidiaries	Joint arrangements	Translation of foreign operations	
Operating assets			
Property, plant and equipment	Goodwill and intangible assets	Leases	Inventories
Financial instruments			
Financial assets	Impairment	Financial liabilities	
Capital and reserves			
Share capital and equity		Treasury shares	

Construction contracts

Revenue and other income

		INCLUDES	RECOGNITION	MEASUREMENT
Contract revenue	Local	South Africa	Based on: › Fair value consideration received or receivable › Including variations and claims › Excluding Value added tax	Stage of completion based on surveys of work performed.
	Foreign	Rest of Africa as well as Middle East		When surveys of work performed can't be determined reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.
Other income	Interest income	Amounts both received and accrued	Time proportion basis	Effective interest method
	Project management fee	Amounts both received and accrued	When services are rendered	Fair value
	Rental income	Amounts both received and accrued	Over period of lease term	Fair value
	Other income	Amounts both received and accrued	When services are rendered	Fair value

Contract assets and liabilities

CONTRACT ASSETS	MEASUREMENT
Contracts in progress	Cost plus profit recognised to date less cash received or receivable less any provision for losses.

CONTRACT LIABILITIES	MEASUREMENT
Excess billings over work done	The amount by which progress billings exceed costs incurred plus recognised profit less recognised losses.
Provisions	Estimates are made of the expected cash outflows relating to contracts.

Employee benefits

Stefanutti Stocks identifies three types of employee benefits which are accounted for in accordance with IAS 19, as well as two types of share-based payments accounted for in accordance with IFRS 2.

Short-term employee benefits

Includes:	Paid vacation leave, sick leave, bonuses, medical aid, death and disability cover.
Accounting treatment:	The expected cost of bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.
	The expected cost of accrued leave is recognised as the employees render services that increase their entitlement or, in the case of non-accumulating leave, when the absence occurs. Accrued leave is measured as the amount that the company expects to pay as a result of unused entitlement that has accumulated to the employees at the reporting date.

Post-employment benefits

Defined contribution plan:	The group contributes to a defined contribution plan. The group requires monthly-paid employees to partake in a group retirement fund and hourly-paid employees in the relevant industry funds. The group contributes a monthly contribution to these funds and does not bear any further responsibility thereafter. These funds are managed by various portfolio managers and are governed by the Pension Funds Act, 24 of 1956.
Accounting treatment:	The payments are charged as expenses when the related services are provided.

Accounting policies
continued

FOR THE YEAR ENDED FEBRUARY

Employee benefits continued

Share-based payments

SHARE-BASED PAYMENTS

Services received or acquired in a share-based payment transaction where the group settles the consideration for services by issuing shares are classified as equity-settled share-based payments. These include transactions where employees receive remuneration for services rendered to the group in the form of shares or share options.

Services received or acquired in a share-based payment transaction are recognised as an expense when the services are rendered. A corresponding increase in equity is recognised if the services were received in an equity-settled share-based payment transaction. Transactions with employees (including directors) are recognised as an employee cost in profit or loss at the grant date fair value of the share options granted.

The fair value of share options is determined using a variant of the binomial option pricing model, taking into account the terms and conditions. The fair value of the units issued is based on the strike price at the grant date.

If the share-based payments granted do not vest until the employee completes a specified period of service or achieves specified performance conditions, the group accounts for those services as they are rendered by the employee during the vesting period. The fair value that is accounted for over the vesting period is determined on the grant date of the share-based payment. The cumulative expense that is recognised at each reporting date reflects the extent to which the vesting conditions have expired or been met and the group's best estimate of the number of share options that will ultimately vest.

In the event that an employee leaves the employment of the group, the individual forfeits his right to exercise the said share-based payment. The share-based payment is therefore cancelled and the underlying share remains under the control of the trust allowing for further reallocation thereof. To the extent that the share-based payment has not been reallocated, the share-based payment expense relating thereto ceases.

FORFEITABLE SHARE PLAN (FSP)

The group operates a FSP whereby the consideration for services received from executive directors and selected employees, in a share-based payment transaction is settled, at the group's own election, either by purchase of shares in the market, or by issuing new shares to settle the benefits. The shares may not be disposed of or otherwise encumbered during the vesting period of three years. The cash cost is expensed over the vesting period in profit or loss. In the event of resignation, voluntary termination or dismissal of the employee before the vesting period has expired, entitlement to the shares are forfeited by the individual. Upon forfeiture the shares are disposed of in the open market and the cash recovery is recognised in profit or loss. Similarly, the cost of the unvested portion of the forfeited shares is expensed. Involuntary termination of the employment of the employee, results in the vesting period ceasing and the shares vesting on a pro rata basis.

Group accounting

Subsidiaries

RECOGNITION AND MEASUREMENT

COMPANY

Investments in subsidiaries are initially recognised at cost and are subsequently measured at cost less any accumulated impairment.

GROUP

Business combinations are accounted for using the acquisitions method. When the group acquires a business, it assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the group's accounting policies as well as the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Subsidiaries are consolidated from the date of acquisition, which is the date on which the group obtains control of the subsidiary and continue to be consolidated until the date that control ceases.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

Group accounting continued

NON-CONTROLLING INTEREST (NCI)

NCIs are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

INTERCOMPANY TRANSACTIONS

All intergroup balances, transactions, income and expenses are eliminated in full in the consolidated financial statements.

Equity accounted investees and joint operations

GROUP

ASSOCIATES AND JOINT VENTURES	JOINT OPERATIONS
INITIAL RECOGNITION AND MEASUREMENT Associates and joint ventures are accounted for using the equity method. Interest in equity-accounted investees are initially recognised at cost. Cost includes any equity contributions, which are made at the date of acquisition as well as loans which will in all likelihood not be settled in the near future. Goodwill recognised on the acquisition, of a joint venture as well as an associate company is included in the cost of the investment. In instances where the year-ends of equity-accounted investees differ from that of the group, monthly management accounts are used to ensure information is reported coterminous with the group's year-end.	Results of joint operations are included when two or more parties combine their operations, resources and expertise in order to manufacture/build a particular product.
DERECOGNITION On the date that the equity-accounted investments are disposed of, the entity ceases to equity account the investments.	When the combined operation ceases, the group's share of the assets and liabilities held jointly as well as its share of profits or losses is derecognised.
SUBSEQUENT MEASUREMENT Subsequent to initial recognition, the group recognises its share of the profit or loss and other comprehensive income, until the date on which joint control ceases.	The group has rights to the assets and obligations for its liabilities in a joint operation, and therefore recognises in relation to its interest in a joint operation the following: a) its assets, including its share of any assets held jointly; b) its liabilities, including its share of any liabilities incurred jointly; c) its share of the revenue from the sale of the output by the joint operation; and d) its expenses, including its share of any expenses incurred jointly.
IMPAIRMENT The group assesses whether there is any indication that an equity-accounted investee may be impaired and its value-in-use is less than the carrying amount at each reporting date. An impairment is recognised when there is objective evidence that the equity-accounted investment is impaired and its value-in-use is less than the carrying amount. Impairment losses are deducted from the carrying amount of these investments. Any impairment is calculated after application of the equity method. Losses resulting from transactions with equity-accounted investees are recognised only to the extent of unrelated investor's interests in the equity-accounted investees.	**NOT APPLICABLE**

FOR THE YEAR ENDED FEBRUARY

Group accounting continued

Translation of foreign operations

PROCEDURES FOLLOWED TO TRANSLATE TO PRESENTATION CURRENCY

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into Rand at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into Rand at the exchange rates at the dates of the transactions.

The difference in translation between these rates is recognised in the foreign currency translation reserve.

Operating assets

Property, plant and equipment

CATEGORIES	INITIAL MEASUREMENT	SUBSEQUENT MEASUREMENT	DEPRECIATION METHOD	IMPAIRMENT
Land and buildings	Initially recognised at cost	Carried at the revalued amount (Fair value less depreciation and accumulated impairment losses)	Land is not depreciated, all other assets are depreciated on a straight-line basis over their useful lives	Assets are tested for impairment, when there is an indication that it may be impaired, by determining the recoverable amount of the assets either individually or at the cash generating unit level
Plant and equipment		Cost less accumulated depreciation and accumulated impairment losses		
Transport and motor vehicles				
Furniture, fittings, office and computer equipment				

Goodwill and intangible assets

	CATEGORIES	INITIAL MEASUREMENT AND RECOGNITION	SUBSEQUENT MEASUREMENT	AMORTISATION METHOD	IMPAIRMENT
Intangible assets	Tradename	Measured at cost including transaction cost	Cost less accumulated amortisation and impairment	Amortised on the straight-line method over the useful life	Management uses the value-in-use method to determine the recoverable amount of goodwill and when there are impairment indicators for intangible assets as there is no active market for these assets
	Technology				
Acquired through business combination	Goodwill	Measured at fair value as at the date of the business combination Measured at cost if the fair value at date of acquisition cannot be determined	Cost less accumulated impairment	Goodwill is not amortised but is assessed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired	

Operating assets continued

Leases

FINANCE LEASE

INITIAL MEASUREMENT AND RECOGNITION	SUBSEQUENT MEASUREMENT	DEPRECIATION METHOD
Finance leases are recognised as assets and liabilities at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments.	At amortised cost	Finance leases are depreciated over their expected useful lives on the same basis as owned assets, or where shorter, the terms of the leases.

OPERATING LEASE

INITIAL MEASUREMENT AND RECOGNITION
Rentals payable and receivable under operating leases are recognised in profit or loss on a straight-line basis over the term of the relevant lease.

Inventories

INVENTORY

INITIAL MEASUREMENT AND RECOGNITION
Inventories include consumables (such as fuel, tyres, spares and stationery) and operational inventory. Operational inventory is inventory that will be used in the normal operating cycle. Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis and comprises the cost to purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Financial instruments

Financial assets, financial liabilities and equity instruments are recognised in the group's statement of financial position when the group becomes a party to the controlled provisions of the instrument.

Financial assets

CLASSIFICATION	INSTRUMENTS INCLUDED IN THE CLASSIFICATION	INITIAL MEASUREMENT	SUBSEQUENT MEASUREMENT
Loans and receivables	Trade and other receivables, loans to group companies and cash and cash equivalents	Fair value plus direct transaction costs	Amortised costs using the effective interest rate method, less impairment

Impairment

Criteria the entity uses to determine that there is objective evidence that an impairment loss has occurred (including measurement)	**LOANS AND RECEIVABLES: TRADE AND OTHER RECEIVABLES** An estimate of any impairment is made to an allowance account on individual receivables. Objective evidence that the collection of the full amount under the original terms of the invoice is no longer probable would include indicators such as probable insolvency or significant difficulties in the debtor. Impaired debts are derecognised when they are assessed as uncollectible. **CONTRACT RECEIVABLES (INCLUDED IN TRADE AND OTHER RECEIVABLES)** The impairment calculation recognise an allowance, measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the effective interest rate computed at initial recognition, in determining the estimate of any impairment, less any collateral held against contract receivables where applicable. To minimise the risks related to contract receivables, management may, at its discretion, request collateral in the form of payment guarantees and builders' liens for such receivables. The impairment calculation takes into account the existence of any collateral held against contract receivables, where applicable. **LOANS TO GROUP COMPANIES** Significant financial difficulties, probability that the company will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered as objective evidence of impairment.

Financial instruments continued

Financial Liabilities

CLASSIFICATION	INSTRUMENTS INCLUDED IN THE CLASSIFICATION	INITIAL MEASUREMENT	SUBSEQUENT MEASUREMENT
Loans and borrowings and payables.	Other liabilities, loans from group companies, trade and other payables and bank overdrafts.	Fair value plus direct transaction costs.	Amortised costs using the effective interest method.

Capital and reserves

Share capital

Share capital issued by the company is recorded at the proceeds received, net of issue costs.

Reserves

Share-based payments reserve comprises the accumulated effect of share-based payments in terms of the employee share scheme.

Foreign currency translation reserve comprises the translation effect of foreign subsidiaries and joint arrangements to the reporting currency.

Revaluation surplus reserve comprises the revaluation of land and buildings.

Treasury shares

When shares are held in the group, through subsidiary companies, reducing the group's share capital, those equity instruments, held at cost (treasury shares), are presented as a deduction against the group's equity. No gain or loss is recognised in profit or loss. The share capital is reduced for the par value of the shares and the balance against the share premium.

Accounting policies
continued

FOR THE YEAR ENDED FEBRUARY

New accounting pronouncements adopted

Standards and interpretations issued and not yet effective

The group has chosen not to early adopt the following Standards and Interpretations, which have been published and are mandatory for the group's accounting periods beginning on or after 1 March 2016 or later periods.

	ACCOUNTING STANDARD/INTERPRETATION	TYPE	EFFECTIVE DATE	IMPACT ON THE FINANCIAL STATEMENTS
IFRS 9	**FINANCIAL INSTRUMENTS**	New	1 January 2018	
	CLASSIFICATION AND MEASUREMENT OF FINANCIAL ASSETS › all financial assets are initially measured at fair value; › debt instruments are subsequently measured at fair value through profit or loss; › amortised cost or fair value through other comprehensive income; › equity instruments are measured at fair value through profit or loss.			The group's business model is to hold and collect and the group only collects capital and interest, therefore our financial instruments are unlikely to change.
	CLASSIFICATION AND MEASUREMENT OF FINANCIAL LIABILITIES For liabilities measured at fair value through profit and loss, the change in the fair value of the liability attributable to changes in credit risk is presented in other comprehensive income. The remainder of the change in fair value is presented in profit and loss; and all other classification and measurement requirements in IAS 39 have been carried forward into IFRS 9.			No expected change as the group does not classify liabilities at fair value through profit and loss.
	IMPAIRMENT The impairment requirements are based on an expected credit loss (ECL) model. Entities are generally required to recognise 12-month ECL on initial recognition and thereafter, as long as there is no significant deterioration in credit risk. However, if there has been a significant increase in credit risk on an individual or collective basis, then entities are required to recognise lifetime ECL.			Impairment requirement might result in earlier recognition of credit losses.
	HEDGE ACCOUNTING Hedge effectiveness testing is prospective and depending on the hedge complexity, can be qualitative. A risk component of a financial or non-financial instrument may be designated as the hedge item if the risk component is separately identifiable and reliably measurable. More designations of groups of items as the hedged item are possible, including layer designations and some net positions.			The group does not apply hedge accounting, therefore no expected effect.
IFRS 11	**ACCOUNTING FOR ACQUISITIONS OF INTEREST IN JOINT OPERATIONS** The amendments require an entity acquiring an interest in a joint operation in which the activity of the joint operation constitutes a business to apply, to the extent of its share, all of the principles in IFRS 3 and other IFRSs, that do not conflict with the requirements of IFRS 11.	Amendment	1 January 2016	Expected to impact disclosures only.
IFRS 15	**REVENUE FROM CONTRACTS WITH CUSTOMERS** New standard that requires entities to recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is achieved through a five step methodology that is required to be applied to all contracts with customers.	New	1 January 2018	Expected to result in a restatement of revenue recognised as well as additional disclosures.

Accounting policies
continued

FOR THE YEAR ENDED FEBRUARY

New accounting pronouncements adopted continued

	ACCOUNTING STANDARD/INTERPRETATION	TYPE	EFFECTIVE DATE	IMPACT ON THE FINANCIAL STATEMENTS
IFRS 16	**LEASES** New standard that introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.	New	1 January 2019	Expected to result in a restatement of numerous of our operating leases to recognising the "right of use assets" together with the related lease liabilities. Also expected to result in additional disclosures.
IAS 7	**STATEMENT OF CASH FLOWS** Require entities to disclose information about changes in their financing liabilities.	Amendment	1 January 2017	Expected to result in additional disclosures.
IAS 16 AND IAS 38	**CLARIFICATION OF ACCEPTABLE METHODS OF DEPRECIATION AND AMORTISATION** On revaluation the carrying amount of an asset is adjusted to the value in one of the following ways: i) The gross carrying amount is adjusted consistently with the valuation (e.g. change the total or change the carrying amount to that with accumulated depreciation adjusted proportionately). ii) The accumulated depreciation is eliminated against the gross carrying amount of the asset.	Amendment	1 January 2016	No impact expected as the group is already using these methods.
IAS 34	**INTERIM FINANCIAL REPORTING — DISCLOSURE OF INFORMATION 'ELSEWHERE IN THE INTERIM FINANCIAL REPORT'** The amendment clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross reference between the interim financial statements and wherever they are included within the interim financial report. The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time.	Amendment	1 January 2016	Expected to impact disclosures.

Statement of profit or loss and other comprehensive income — Company

FOR THE YEAR ENDED FEBRUARY

	Note	2016 R'000	2015 R'000
REVENUE	2	**30 080**	22 519
Operating and administration expenses	3	**(32 639)**	(24 297)
Other income		**30 070**	22 490
OPERATING LOSS BEFORE INVESTMENT INCOME		**(2 569)**	(1 807)
Investment income	2	**10**	29
OPERATING LOSS BEFORE FINANCE COSTS		**(2 559)**	(1 778)
Finance costs	4	**(17 271)**	(8 103)
LOSS BEFORE TAXATION		**(19 830)**	(9 881)
Taxation	5	**(318)**	(302)
LOSS		**(20 148)**	(10 183)
TOTAL COMPREHENSIVE LOSS			
Equity holders of the company		**(20 148)**	(10 183)

Statement of financial position — Company

AT YEAR-END

	Note	2016 R'000	2015 R'000
ASSETS			
NON-CURRENT ASSETS		**1 142 793**	1 118 843
Investment in subsidiaries	6	**1 116 702**	1 116 702
Deferred tax assets	7	**1 988**	2 141
Intergroup loan accounts	8	**24 103**	—
CURRENT ASSETS		**183 975**	220 329
Intergroup loan accounts	8	**179 955**	216 599
Prepayments		**3 944**	2 675
Bank balances		**76**	1 055
TOTAL ASSETS		**1 326 768**	1 339 172
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
EQUITY HOLDERS OF THE COMPANY		**1 138 406**	1 158 554
Share capital and premium	9	**1 161 538**	1 161 538
Reserves		**30 584**	30 584
Accumulated losses		**(53 716)**	(33 568)
NON-CURRENT LIABILITIES			
Other financial liabilities	10	**—**	99 599
CURRENT LIABILITIES		**188 362**	81 019
Other financial liabilities	10	**176 095**	68 475
Intergroup loan accounts	8	**1 880**	1 880
Trade and other payables	11	**10 381**	10 661
Taxation		**6**	3
TOTAL EQUITY AND LIABILITIES		**1 326 768**	1 339 172

Statement of changes in equity — Company

FOR THE YEAR ENDED FEBRUARY

	Share capital and premium R'000	Share based payments reserve R'000	Retained earnings R'000	Total equity R'000
COMPANY				
BALANCE AT 1 MARCH 2014	1 161 538	31 685	(24 486)	1 168 737
Realisation of share-based payments reserve	—	(1 101)	1 101	—
Total comprehensive loss — Loss for the year	—	—	(10 183)	(10 183)
BALANCE AT 28 FEBRUARY 2015	**1 161 538**	**30 584**	**(33 568)**	**1 158 554**
Total comprehensive loss — Loss for the year	**—**	**—**	**(20 148)**	**(20 148)**
BALANCE AT 29 FEBRUARY 2016	**1 161 538**	**30 584**	**(53 716)**	**1 138 406**
Notes	9			

Statement of cash flows — Company

FOR THE YEAR ENDED FEBRUARY

	Notes	2016 R'000	2015 R'000
Cash flows from operating activities		**(4 270)**	(12 096)
Cash receipts from customers		**28 811**	20 757
Cash paid to suppliers and employees		**(32 929)**	(24 461)
Cash generated from operating activities	12	**(4 118)**	(3 704)
Interest received	2	**10**	29
Interest paid		**—**	(8 103)
Income taxes paid	12	**(162)**	(318)
CASH FLOWS FROM INVESTING ACTIVITIES		**12 541**	—
Proceeds from intergroup loans	8	**12 541**	—
CASH FLOWS FROM FINANCING ACTIVITIES		**(9 250)**	11 507
Repayment of long- and short-term financing	10	**(9 250)**	(73 412)
Intergroup loans granted		**—**	(4 094)
Proceeds from intergroup loan accounts		**—**	89 013
DECREASE IN CASH AND CASH EQUIVALENTS		**(979)**	(589)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**1 055**	1 644
CASH AND CASH EQUIVALENTS AT YEAR-END		**76**	1 055

Notes to the annual financial statements

FOR THE YEAR ENDED FEBRUARY

1. Accounting policies

The financial statements have been prepared by applying the applicable accounting policies as included in the group financial statements.

2. Revenue

	2016 R'000	2015 R'000
Management fees	**30 070**	22 490
Interest received — bank accounts	**10**	29
	30 080	22 519

3. Operating and administration expenses

	2016 R'000	2015 R'000
Included in these expenses are:		
Employee costs	**25 157**	16 725
— Short-term employee benefit costs	**22 313**	14 217
— Post-employment benefit costs	**1 230**	1 568
— Forfeitable Share Plan costs	**1 614**	940

4. Finance costs

	2016 R'000	2015 R'000
Finance costs on financial instruments held at amortised cost:		
— Financing agreements	**17 271**	8 103

5. Taxation

	2016 R'000	2015 R'000
5.1 TAXATION		
CURRENT TAX		
Local — Current year	**165**	291
DEFERRED TAX		
Local — Current year	**153**	11
	318	302
5.2 RECONCILIATION OF TAX CHARGE		
Tax charge at 28% on loss before taxation	**(5 552)**	(2 767)
Adjusted for:		
Disallowable expenditure — interest	**4 836**	2 269
Disallowable expenditure — legal fees	**498**	394
Disallowable expenditure — JSE costs and other	**536**	406
Effective tax	**318**	302

Notes to the annual financial statements
continued

FOR THE YEAR ENDED FEBRUARY

6. Investment in subsidiaries

SUBSIDIARIES

			PROPORTION HELD DIRECTLY AND VOTING RIGHTS		COMPANY COST	
Name of company	Country of incorporation	Principal activities	**2016 %**	2015 %	**2016 R'000**	2015 R'000
Stefanutti Stocks International Holdings Proprietary Limited	South Africa	Holding company	**100**	100	**9 437**	9 437
Stefanutti Stocks Investments Proprietary Limited	South Africa	Treasury company	**100**	100	*****	*
Stefanutti Stocks Proprietary Limited	South Africa	Trading company	**90**	90	**1 087 574**	1 087 574
Apollo E&I Construction Proprietary Limited	South Africa	Electrical company	**100**	100	**19 691**	19 691
					1 116 702	1 116 702

* Amount below R1 000.

CONSOLIDATED STRUCTURED ENTITIES

	Type of assistance	**2016 R'000**	2015 R'000
The Stefanutti & Bressan Share Trust	Loan	**24 103**	24 103
Stocks Building Africa Trust	Loan	**5 201**	5 177

Financial assistance was supplied to these consolidated structured entities to allow these trusts to obtain shares for the share incentive schemes.

7. Deferred tax

	2016 R'000	2015 R'000
DEFERRED TAX ASSETS		
The balance comprises:		
Provisions	**1 988**	2 141
	1 988	2 141
Carrying value at the beginning of the year	**2 141**	2 152
Movements during year attributable to:		
Temporary differences	**(153)**	(11)
CARRYING VALUE AT YEAR-END	**1 988**	2 141

The company is currently trading and is expected to make profits which will enable it to recover the deferred tax assets.

Notes to the annual financial statements
continued

FOR THE YEAR ENDED FEBRUARY

8. Intergroup loan accounts

Current liabilities	Terms	2016 R'000	2015 R'000
NON-CURRENT ASSETS			
Stefanutti & Bressan Share Incentive Trust	Interest free, payable on demand	**24 103**	—
CURRENT ASSETS			
Stefanutti & Bressan Share Incentive Trust	Interest free, payable on demand	**—**	24 103
Stefanutti Stocks Proprietary Limited	Loan unsecured, payable on demand	**179 955**	192 496
		204 058	216 599
CURRENT LIABILITIES			
Stefanutti Stocks International Holdings Proprietary Limited	Interest free, payable on demand	**(1 880)**	(1 880)

SUBSIDIARIES

CREDIT QUALITY OF LOANS TO GROUP COMPANIES

The loans to group companies are neither past due nor impaired and the credit quality can be assessed by reference to historical information. Based on the aforementioned, the company is of the opinion that the credit quality of intergroup loan accounts is fair.

9. Share capital and premium

	2016 R'000	2015 R'000
AUTHORISED		
400 000 000 ordinary shares of 0,00025 cents each for both years presented	**1**	1
	1	1
ISSUED		
188 080 746 ordinary shares of 0,00025 cents each fully paid for both years presented	*****	*
SHARE PREMIUM		
Balance at the beginning of the year	**1 161 538**	1 161 538

* Less than R1 000.

10. Other financial liabilities

	2016 Non-current R'000	2016 Current R'000	2015 Non-current R'000	2015 Current R'000
Unsecured loans	**—**	**176 095**	99 599	68 475

The unsecured loan is denominated in Rand, matures in the 2016 calendar year and carries interest at 7% (2015: 7%).

Notes to the annual financial statements
continued

FOR THE YEAR ENDED FEBRUARY

11. Trade and other payables

	2016 R'000	2015 R'000
Trade payables	**325**	465
Accrued expenses	**9 628**	10 043
Value added tax	**404**	129
Shareholders for dividends	**24**	24
	10 381	10 661

12. Notes to the statement of cash flows

	2016 R'000	2015 R'000
12.1 CASH GENERATED FROM OPERATING ACTIVITIES		
Net loss before taxation	**(19 830)**	(9 881)
Adjusted for:		
Interest received	**(10)**	(29)
Finance costs	**17 271**	8 103
	(2 569)	(1 807)
Movements in working capital:		
Increase in trade receivables	**(1 269)**	(1 762)
Decrease in trade payables	**(280)**	(135)
	(4 118)	(3 704)
12.2 RECONCILIATION OF TAXATION PAID DURING THE YEAR		
Charge against profit	**165**	291
Movement in taxation balance	**(3)**	27
Payments made	**162**	318

13. Related parties

NATURE OF RELATIONSHIPS

SUBSIDIARIES	OTHER
Stefanutti Stocks Proprietary Limited Trading company for operations based in South Africa, as well as some foreign operations **Stefanutti Stocks International Holdings Proprietary Limited** Holding company for subsidiaries based in foreign countries **Stefanutti Stocks Investments Proprietary Limited** Treasury company for the group	**Consolidated Structured Entities** Stefanutti & Bressan Share Trust Stefanutti Stocks Employee Participation Plan Trust

Notes to the annual financial statements
continued

FOR THE YEAR ENDED FEBRUARY

13. Related parties continued

RELATED PARTY TRANSACTIONS

	2016 R'000	2015 R'000
STEFANUTTI STOCKS PROPRIETARY LIMITED		
Rendering of services — Management fees	**30 070**	22 490

OUTSTANDING BALANCES

	2016 R'000	2015 R'000
INTERGROUP LOANS — RECEIVABLE		
Stefanutti Stocks Proprietary Limited	**179 955**	192 496
Stefanutti & Bressan Share Incentive Trust	**24 103**	24 103
INTERGROUP LOANS — PAYABLE		
Stefanutti Stocks International Holdings Proprietary Limited	**1 880**	1 880

PROVISIONS OF GUARANTEES

Refer to note 14.

14. Guarantees and contingent liabilities

GUARANTEES

	2016 R'000	2015 R'000
Total insurance policies ceded to third parties on behalf of the group:	**3 262 217**	3 867 079
Guarantees and suretyships with certain banks	**3 070 000**	3 064 000

The directors are of the opinion that the possibility of any loss is remote and it is not anticipated that any material liabilities will arise.

CONTINGENT LIABILITIES

In addition to the two matters previously reported the company has received a third legal notification, arising out of the Competition Commission Fast Track Settlement Process in 2013.

As previously reported, the first matter relates to a complaint initiated by the Competition Commission into an alleged "World Cup Stadia Meeting", which has been referred to the Competition Tribunal for adjudication. Stefanutti Stocks has been cited as one of the respondents.

The second matter relates to a civil damages claim initiated by the City of Cape Town in respect of the Green Point Stadium, following the findings and the imposition of administrative penalties by the competition authorities. Stefanutti Stocks, having paid a penalty under these findings, has now been cited as one of the defendants.

A new and third matter relates to a civil damages claim initiated by SANRAL in respect of the Gauteng Freeway Improvement Project, following the findings and the imposition of administrative penalties by the competition authorities. Stefanutti Stocks, having paid a penalty under these findings, has now been cited as one of the defendants.

In conjunction with 14 other contractors, Stefanutti Stocks received notice from the Construction Industry Development Board of its intention to launch a formal inquiry regarding the contractor's conduct that gave rise to the penalties imposed by the Competition Commission. This process has not been finalised.

We are confident that on the facts currently available we will be able to successfully defend all the above matters and has accordingly not made any provision for these.

Notes to the annual financial statements
continued

FOR THE YEAR ENDED FEBRUARY

15. Risk management, accounting classifications and fair value

Further detail can be found in note 29 of the group financial statements.

RISK MANAGEMENT FRAMEWORK

The group's board of directors has overall responsibility for the establishment and oversight of the group's risk management framework.

The company has exposure to the following risks arising from financial instruments:

› credit risk
› liquidity risk
› market risk

CREDIT RISK

Credit risk is the risk of financial loss to the company if a counterparty to a financial instrument fails to meet its contractual obligations.

The carrying amount of financial assets represents the maximum credit exposure.

BANK BALANCES

The company only deposits cash with reputable banks with high-quality credit ratings, the credit quality therefore is assessed as good.

The company held cash of R76 thousand (2015: R1 million) at year-end.

LIQUIDITY RISK

Liquidity risk is the risk that the company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

EXPOSURE TO LIQUIDITY RISK

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments.

	Carrying amount R'000	Total R'000	On demand R'000	Less than one year R'000	Between 2 to 5 years R'000
2016					
Other financial liabilities	**176 095**	**207 316**	**—**	**207 316**	**—**
Trade and other payables	**325**	**325**	**—**	**325**	**—**
	176 420	**207 641**	**—**	**207 641**	**—**
2015					
Other financial liabilities	168 074	200 054	—	81 529	118 525
Trade and other payables	465	465	—	465	—
	168 539	200 519	—	81 994	118 525

15. Risk management, accounting classifications and fair value continued

MARKET RISK

Market risk is the risk that changes in market prices such as interest rates will affect the groups income or the value of its holdings of financial instruments.

INTEREST RATE RISK

The company is exposed to interest rate risk through its cash and cash equivalents and interest-bearing short- and long-term liabilities.

Short-term interest rate exposure is monitored and managed by the directors.

The terms and conditions of outstanding interest-bearing loans are as follows:

	Currency	**2016 %**	2015 %	Year of maturity	**2016 R'000**	2015 R'000
Unsecured borrowings	ZAR	**7**	7	2016 calendar year	**176 095**	168 075

SENSITIVITY ANALYSIS

A change of 100 basis points in interest rates would have increased/decreased profit/loss by R1,7 million (2015: R1,6 million).

16. Non-adjusting events after reporting period

No material reportable events have occurred between the reporting date and the date of these financial statements.

Shareholders' analysis

ANALYSIS OF ORDINARY SHAREHOLDERS AS AT 26 FEBRUARY 2016

	Number of shareholdings	% of total shareholding	Shares held	% of issued capital
SHAREHOLDER SPREAD				
1 – 1 000 shares	774	38,13	322 431	0,17
1 001 – 10 000 shares	757	37,30	3 055 502	1,63
10 001 – 100 000 shares	335	16,50	11 319 872	6,02
100 001 – 1 000 000 shares	130	6,40	41 272 435	21,94
1 000 001 shares and over	34	1,67	132 110 506	70,24
TOTAL	2 030	100,00	188 080 746	100,00
DISTRIBUTION OF SHAREHOLDERS				
Assurance companies	9	0,44	13 861 575	7,37
Close corporations	27	1,33	136 063	0,07
Collective investment schemes	71	3,50	91 313 382	48,56
Custodians	22	1,08	2 243 660	1,19
Foundations and charitable funds	18	0,89	724 309	0,39
Hedge funds	2	0,10	193 051	0,10
Insurance companies	3	0,15	489 353	0,26
Investment partnerships	15	0,74	191 736	0,10
Managed funds	8	0,39	630 260	0,34
Medical aid funds	10	0,49	1 663 379	0,88
Organs of state	2	0,10	4 133 510	2,20
Private companies	31	1,53	1 045 659	0,56
Public entities	2	0,10	158 418	0,09
Retail shareholders	1 570	77,33	19 597 629	10,42
Retirement benefit funds	131	6,45	21 239 766	11,29
Scrip lending	2	0,10	514 000	0,27
Share schemes	3	0,15	6 429 930	3,42
Stockbrokers and nominees	6	0,30	799 067	0,42
Treasury	2	0,10	7 962 686	4,23
Trusts	96	4,73	14 753 313	7,84
TOTAL	2 030	100,00	188 080 746	100,00
SHAREHOLDER TYPE				
NON-PUBLIC SHAREHOLDERS	44	2,17	28 264 677	15,03
Directors and associates of the company and subsidiaries	39	1,92	13 872 061	7,38
Own holdings	2	0,10	7 962 686	4,23
Share trusts	3	0,15	6 429 930	3,42
PUBLIC SHAREHOLDERS	1 986	97,83	159 816 069	84,97
TOTAL	2 030	100,00	188 080 746	100,00
BENEFICIAL SHAREHOLDERS (>3%)				
Sanlam Group			39 436 472	20,97
Coronation Fund Managers			21 486 750	11,42
PSG			16 306 417	8,67
Meyburgh Family Trust			8 275 233	4,40
Investec			7 901 742	4,20
Stefanutti Stocks Investment Holding			7 962 686	4,23
TOTAL			101 369 300	53,89

Abbreviations and definitions

"ARCO"
Audit, Governance and Risk Committee

"Companies Act"
Companies Act, No. 71 of 2008, as amended

"CEO"
Chief Executive Officer

"CFO"
Chief Financial Officer

"EPS"
Earnings per share

"FSP"
Forfeitable Share Plan

"HEPS"
Headline earnings per share

"IFRS"
International Financial Reporting Standards

"ICT"
Information communication technology

"JSE"
JSE Limited

"NAV"
Net asset value

"REMCO"
Remuneration and Nominations Committee

"S&E"
Social and Ethics Committee

"SAICA"
South African Institute of Chartered Accountants

"Stefanutti Stocks"; "the group" or "the company"
Stefanutti Stocks Holdings Limited, all of its subsidiaries, joint operations and equity-accounted investees

"the current year"
The financial year ended 29 February 2016

"the next year"
The financial year ending 28 February 2017

"the previous year"
The financial year ended 28 February 2015

"VAT"
Value added tax

"Zener"
Zener Steward Electromechanical LLC

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 14 July 2016** KR Eborall# (Chairman); NJM Canca#; ZJ Matlala#; T Eboka#; LB Sithole#; HJ Craig#; ME Mkwanazi#; JWLM Fizelle# (alternate to LB Sithole); 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 PO Box 6697, Johannesburg, 2000 Telephone number: +27 11 547 4000

Attorneys	**Webber Wentzel** 90 Rivonia Road, Sandton, Johannesburg, 2196 PO Box 61771, Marshalltown, 2107 Telephone number: +27 11 530 5000
Transfer Secretaries	**Computershare Investor Services (Pty) Ltd** Ground Floor, 70 Marshall Street, Johannesburg, 2001 PO Box 61051, Marshalltown, 2107 Telephone number: +27 11 370 5000
Sponsor	**Bridge Capital Advisors (Pty) Ltd** 2nd Floor, 27 Fricker Road, Illovo Boulevard, Illovo, 2196 PO Box 651010, Benmore, 2010 Telephone number: +27 11 268 6231
Bankers	Nedbank Limited The Standard Bank of South Africa Limited Absa Bank Limited Bidvest Bank Limited First National Bank, a division of FirstRand Bank Limited Nedbank Swaziland Standard Chartered Bank Banco Internacional de Mozambique Standard Bank Mozambique Moza Banco Banco Unico United Bank for Africa Banco Commercial & Investimentas Emirates NBD HSBC First Gulf Bank
Website	**www.stefanuttistocks.com**

SIGIL DESIGN BUREAU

WWW.STEFANUTTISTOCKS.COM