ANNUAL FINANCIAL STATEMENTS ’14

Bridging your expectations

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Stefanutti Stocks is one of South Africa's leading engineering and construction groups and has been listed on the JSE Main Board in the "Construction and Materials – Heavy Construction" sector since 2007. The group offers highly diversified services across the full spectrum of engineering and construction disciplines. The focus areas of the group comprise structures, buildings, roads, open-pit mining, mechanical services, industrial instrumentation, electrical contracting and power distribution.

All group operations are registered with the Construction Industry Development Board (CIDB) as a Category 9 Contractor, which places no limitations on the project size for which the group can tender.

The group operates in South Africa, sub-Saharan Africa as well as in the Middle East, in both the private and public sectors. Clients include governments, state-owned companies local authorities, large industrial, mining corporations, financial institutions and property developers. The group operates in African countries including Angola, Botswana, Lesotho, Malawi, Mozambique, Namibia, Nigeria, Republic of Congo, Sierra Leone, Swaziland and Zambia. The group has offices in Doha and Dubai in the Middle East.

Stefanutti Stocks' headquarters is based in Kempton Park, Gauteng and it employs a global workforce of 13 765 with approximately 11 421 employees throughout South Africa.

Preparation of Annual Financial Statements

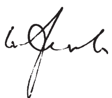
The annual financial statements contained in this report, and also available on the group's website **www.stefanuttistocks.com**, have been prepared under the supervision of the Chief Financial Officer, DG Quinn, BScEcon, CA(SA). The annual financial statements have been audited in compliance with the applicable requirements of the Companies Act.

Dermot Quinn
Chief Financial Officer

15 July 2014

Certificate by the Company Secretary

In terms of section 88(2)(e) of the Companies Act, I certify that, to the best of my knowledge and belief, Stefanutti Stocks Holdings Limited has, in respect of the financial year ended 28 February 2014, 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

15 July 2014

Directors' Responsibilities and Approval

STATEMENT OF RESPONSIBILITY

The directors are required by the Companies Act to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and group annual financial statements and related information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the company and the group as at the end of the financial year and the results of their operations and cash flows for the year then ended, in conformity with International Financial Reporting Standards (IFRS). The annual financial statements have been audited by the independent auditors, Mazars, who were given unrestricted access to all financial records and the related data.

The annual financial statements and group annual financial statements are prepared in accordance with IFRS, and are based on appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates, as well as the Companies Act No 71 of 2008, as amended, the JSE Listings Requirements and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee.

The directors acknowledge that they are ultimately responsible for the system of internal financial controls established for the company and the group, and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and the group.

The focus of risk management in the company and the group is on identifying, assessing, managing and monitoring all known forms of risk across the company and the group. While operating risk cannot be fully eliminated, the company and the group endeavour to minimise risk by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied upon for the preparation of the annual financial statements and group financial statements. However, any system of internal control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the company's and the subsidiaries' cash flow forecasts for the year ending 28 February 2015 and, in light of this review and current financial position, are satisfied that the company and group have access to adequate resources to continue in operational existence for the foreseeable future. Therefore, the annual financial statements and group annual financial statements have been prepared on the going-concern basis.

APPROVAL

The annual financial statements and group annual financial statements, which appear on pages 6 to 71, were approved by the board of directors on 15 July 2014 and are signed on their behalf:

Willie Meyburgh
Chief Executive Officer

Dermot Quinn
Chief Financial Officer

15 July 2014
Johannesburg

Independent Auditors' Report

TO THE SHAREHOLDERS OF STEFANUTTI STOCKS HOLDINGS LIMITED

We have audited the group annual financial statements and annual financial statements of Stefanutti Stocks Holdings Limited set out on pages 6 to 71, which comprise the statements of financial position as at 28 February 2014, and the statements of comprehensive income, changes in equity and 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 FINANCIAL STATEMENTS

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, 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 misstatements, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these 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 financial statements present fairly, in all material respects, the consolidated and separate financial position of Stefanutti Stocks Holdings Limited at 28 February 2014, 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, and the requirements of the Companies Act of South Africa.

OTHER REPORTS REQUIRED BY THE COMPANIES ACT

As part of our audit of the financial statements for the year end 28 February 2014, 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 financial statements. The reports are the responsibility of the respective preparers. Based on our reading of the reports we have not identified material inconsistencies between these reports and the audited financial statements. However, we have not audited these reports and accordingly do not express an opinion on them.

MAZARS INC.
Director: Shaun Vorster
Registered Auditor

15 July 2014
Johannesburg

Audit, Governance and Risk Committee Report

The Audit, Governance and Risk Committee (the committee) appointed in respect of the 2014 financial year of Stefanutti Stocks Holdings Limited provides this report, which incorporates the requirements of section 94(7)f of the Companies Act, the King III principles and other regulatory requirements. The committee's operation is guided by detailed terms of reference that are informed by the Companies Act and King III and was approved by the board.

THE AUDIT, GOVERNANCE AND RISK COMMITTEE

In addition to having specific statutory responsibilities to the shareholders in terms of the Companies Act, the committee assists the board by advising and making submissions on financial reporting, internal financial controls, external and internal audit functions as well as statutory and regulatory compliance of the group.

Terms of reference

The committee's formal terms of reference are regularly reviewed and minor updates were made during the year. The committee has executed its duties during the past financial year in accordance with these terms of reference.

Composition

The board nominated the committee in respect of the 2014 financial year and shareholders appointed its members at the annual general meeting held on 6 September 2013. Shareholders will be requested to approve the appointment of the members of the committee for the 2015 financial year at the annual general meeting scheduled for 5 September 2014.

Independent Non-executive Director, Zanele Matlala, chairs the committee and further comprises two independent non-executive directors, namely Kevin Eborall and Nomhle Canca. Joseph Fizelle, alternate to Independent Non-executive Director Bridgman Sithole, also serves on the committee. The board has satisfied itself that the members are suitably skilled, independent and qualified to fulfil their duties and a self-assessment was conducted in 2014.

Abridged biographies of these directors are published on pages 20 and 21 of the integrated report.

The Chief Executive Officer, Chief Financial Officer, external and internal auditors attend all committee meetings, by invitation.

Meetings

The committee met four times during the year. Attendance at these meetings is shown in the table set out on page 62 of the corporate governance report, included in the integrated report.

Execution of duties

In the execution of its duties, the committee:

- monitors compliance with the code of conduct and the ethical conduct of the company in liaison with the Social and Ethics Committee;
- evaluates the independence and effectiveness of the external auditors as well as their performance and recommends their appointment;
- reviews the draft audited financial statements and integrated report, the preliminary announcement and interim statements;
- reviews, together with the external auditors, the conformity of the audited financial statements and related schedules with IFRS and the company's accounting policies;
- reviews the external audit plan and fees payable to the external auditors;
- reviews the external audit findings and reports;
- approves any non-audit services performed by the external auditors and the policy in this regard;
- reviews internal audit policies, plans, reports and findings;
- monitors compliance with applicable laws and regulations;
- oversees the process of sustainability reporting and considered the findings and recommendations of the Social and Ethics Committee;
- assesses key risk areas facing the group and recommends risk mitigation measures;
- advises and updates the board on issues ranging from accounting standards to published financial information; and
- evaluates the finance function and experience of the Chief Financial Officer.

OVERSIGHT OF RISK MANAGEMENT

The committee plays an integral role in the group's risk management process. Both the Group Risk Officer and Internal Audit Manager report directly to the committee, and all risk identification, measurement and management is addressed through these channels. A risk management plan, risk register and risk policy 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 technology risks;
- Reviewed technology risks, in particular how they are managed.

For additional information relating to risk management, refer to page 10 to 13 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 significant 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 of the committee.

EXTERNAL AUDIT

The preparation of the annual financial statements is the responsibility of the directors, however the external auditors are responsible for reporting on whether the annual financial statements are fairly presented in compliance with IFRS.

The committee evaluates the independence and effectiveness of the external auditors and considers whether any non-audit services rendered by such auditors substantively impair their independence. In this regard, a non-audit services policy is in place, which is reviewed annually by the committee.

Based on processes followed and assurances received, the committee has no concerns regarding the external auditors' independence. Based on the group's satisfaction with the results of the activities outlined above, it 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 of the company, respectively.

The external auditors performed certain non-audit services during the year under review, however, their fees were immaterial.

INTERNAL AUDIT

The formal internal audit function, headed by the Internal Audit Manager, establishes appropriate policies and procedures to guide the internal audit and is tasked with evaluating the group's exposure to risk while also evaluating the adequacy and effectiveness of controls and risk management processes. This is guided by an 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 unhindered access to the Chief Executive Officer, Chairman of the Audit, Governance and Risk Committee, and the Chairman of the board.

Internal audit also 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 monitoring of the risk management plans and to ensure their sustainability in all areas of the business.

The internal audit plan is overseen by the committee and is based on the key risks identified by executive management. Group Internal Audit presented a risk-based internal audit plan to the committee for review and approval at the commencement of the year under review. The approved internal audit plan dealt with the following head office processes:

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

The findings were discussed with management whereupon management either agreed to reinforce the existing control or implement new processes and controls to reduce the risk identified to an acceptable level, taking the cost of the control into account when compared with the benefits derived therefrom.

The committee is entitled to appoint an independent internal review at any time, the results of which are to be reported to the Chief Executive Officer and the committee chairman. In addition, the Institute of Internal Auditors or another suitably qualified independent party, conducts an external review of the internal audit function every four years.

CHIEF FINANCIAL OFFICER

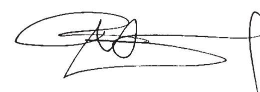
The committee has performed its annual evaluation of the finance function and of the Chief Financial Officer and is satisfied that Dermot Quinn has the appropriate expertise and experience to meet the responsibilities of his appointed position as Chief Financial Officer as required in terms of the JSE Listings Requirements. It has further satisfied itself that the resources within the finance function are adequate to provide the necessary support to the Chief Financial Officer. In making these assessments, the committee has also obtained feedback from the external auditors. Based on the processes and assurances obtained, the committee is satisfied and believes 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 For the year ended 28 February 2014, the committee is of the view that in all material respects they comply with the relevant provisions of the Companies Act and IFRS, and fairly present the consolidated and separate financial position 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 28 February 2014 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 Audit, Governance and Risk Committee



Zanele Matlala
Chairman

15 July 2014

Directors' Report

The directors have pleasure in presenting their report which forms part of the annual financial statements of the company and of the group for the year ended 28 February 2014.

NATURE OF BUSINESS

Stefanutti Stocks Holdings Limited (Registration no 1996/003767/06) is, listed on the JSE Limited (JSE) (trading code: SSK). The company's subsidiaries function in various African and middle-eastern countries in multiple construction industries. The group is structured into four business units:

- Structures;
- Building;
- Roads, Pipelines and Mining Services; and
- Mechanical and Electrical.

FINANCIAL RESULTS AND YEAR UNDER REVIEW

The results for the year are set out in the annual financial statements presented on pages 6 to 71.

The accounting policies as well as the methods of computation used in the preparation of the results for the year ended 28 February 2014 are consistent with those applied in the audited annual financial statements for the year ended 28 February 2013, except for the standards and amendments to standards that became effective on 1 January 2013: IFRS 10: Consolidated Financial Statements, IFRS 11: Joint Arrangements, IFRS 12: Disclosure of Interests in Other Entities, IFRS 13: Fair Value Measurement, IAS 19: Employee Benefits, IAS 27: Separate Financial Statements, IAS 28: Investments in Associates and Joint Ventures.

The adoption of IFRS 11 required restatement of the comparative information, as two entities in the Middle East which were previously proportionately consolidated are now equity accounted in terms of the Standard.

Details of this restatement are set out in note 37 to the annual financial statements.

The group made an operating profit of R177 million (2013: R219 million) during the financial year under review. For the detailed review of the financial information refer to the Performance Review on page 24 and the operational reviews of the individual business units from page 32 and the Chief Financial Officer's Report on page 100 in the integrated report.

The comprehensive annual financial statements can also be found on the group's website **www.stefanuttistocks.com**.

DIRECTORS AND COMPANY SECRETARY

The names of the directors who currently hold office are set out on page 59 of the integrated report.

Details of directors' remuneration, forfeitable share plan (FSP) and options are set out in note 29 to the annual financial statements.

The compliance statement made by the company secretary is found on page 1 of the annual financial statements. Detail information regarding the company secretary is on page 59 of the integrated report.

RESOLUTIONS

At the 2013 annual general meeting, the shareholders of the company passed the following special resolutions:

- Approval of directors' fees.
- Approval of financial assistance provided by the company to related or inter-related companies or other entities, including, inter alia, 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.

SUBSIDIARY COMPANIES

Details of the principal subsidiary companies are set out in note 5 to the annual financial statements.

SHARE OPTION SCHEMES

Refer to note 17 for information relating to option schemes and share-based payments.

EVENTS AFTER REPORTING PERIOD

No material reportable events have occurred between the reporting date and the date of this integrated report (refer note 36).

LITIGATION STATEMENT

Cycad Pipelines has been implicated in one instance of anti-competitive behaviour, and in this regard has signed a settlement agreement in the amount of R3,4 million with the Competition Commission. This anti-competitive behaviour occurred prior to the acquisition of Cycad Pipelines. Under the terms of the acquisition agreement of Cycad Pipelines, the sellers have the responsibility to settle this liability, and there is therefore no financial impact of this transgression on the group.

At the date of this report, there were no pending material matters.

GOING CONCERN

The directors consider that the group and company both 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 company and of the group. The directors have satisfied themselves that the group and company are in a sound financial position and that it has access to sufficient cash resources to meet its foreseeable cash requirements.

Statements of Financial Position

As at 28 February 2014

	Notes	GROUP 2014 R'000	GROUP Restated 2013 R'000	GROUP Restated 1 March 2012 R'000	COMPANY 2014 R'000	COMPANY 2013 R'000
ASSETS						
NON-CURRENT ASSETS		**2 701 695**	2 658 306	2 351 934	**1 118 854**	1 118 126
Property, plant and equipment	3	**1 147 443**	1 136 347	1 018 782	—	—
Investment property	4	**68 302**	60 794	57 673	—	—
Investment in subsidiaries	5	—	—	—	**1 116 702**	1 116 702
Equity-accounted investees	6	**207 312**	178 070	142 088	—	—
Goodwill and intangible assets	8	**1 266 556**	1 273 718	1 124 455	—	—
Deferred tax assets	9	**12 082**	9 377	8 936	**2 152**	1 424
CURRENT ASSETS		**3 596 602**	3 427 547	3 462 896	**304 075**	392 793
Intergroup loan accounts	10	—	—	—	**301 518**	388 470
Inventories	11	**111 046**	78 413	91 901	—	—
Contracts in progress	12	**472 173**	491 761	383 544	—	—
Trade and other receivables	13	**1 972 106**	2 003 016	2 127 838	**913**	2 030
Taxation		**17 240**	11 810	5 579	—	—
Bank balances	14	**1 024 037**	842 547	854 034	**1 644**	2 293
TOTAL ASSETS		**6 298 297**	6 085 853	5 814 830	**1 422 929**	1 510 919
EQUITY AND LIABILITIES						
EQUITY		**2 195 121**	1 996 308	2 113 696	**1 168 737**	1 174 650
Equity holders of the company		**2 194 573**	1 996 308	2 113 696	**1 168 737**	1 174 650
Non-controlling interest	16	**548**	—	—	—	—
NON-CURRENT LIABILITIES		**433 088**	664 059	281 770	**168 075**	241 161
Other financial liabilities	18	**352 750**	578 199	220 566	**168 075**	241 161
Deferred tax liabilities	9	**80 338**	85 860	61 204	—	—
CURRENT LIABILITIES		**3 670 088**	3 425 486	3 419 364	**86 117**	95 108
Other financial liabilities	18	**310 980**	363 817	157 212	**73 411**	81 839
Intergroup loan accounts	10	—	—	—	**1 880**	1 880
Trade and other payables	19	**1 612 738**	1 575 923	1 687 329	**10 796**	11 363
Provisions	20	**1 676 039**	1 431 910	1 496 106	—	—
Taxation		**49 704**	47 522	46 199	**30**	26
Bank balances	14	**20 627**	6 314	32 518	—	—
TOTAL EQUITY AND LIABILITIES		**6 298 297**	6 085 853	5 814 830	**1 422 929**	1 510 919
Note			37	37		

Statements of Comprehensive Income

For the year ended 28 February 2014

	Notes	GROUP 2014 R'000	GROUP Restated 2013 R'000	COMPANY 2014 R'000	COMPANY 2013 R'000
REVENUE	21	**9 498 432**	9 057 386	**18 770**	217 872
Contract revenue	21	**9 423 623**	8 981 903	**—**	—
EARNINGS/(LOSS) BEFORE INTEREST, TAXATION, DEPRECIATION AND AMORTISATION (EBITDA)		**335 588**	424 259	**(6 266)**	(5 015)
Depreciation	3	**(150 442)**	(195 029)	**—**	—
Amortisation of intangible assets	8	**(8 405)**	(10 226)	**—**	—
OPERATING PROFIT/(LOSS) BEFORE INVESTMENT INCOME AND NON-OPERATIONAL ITEM (OPERATING PROFIT/(LOSS))		**176 741**	219 004	**(6 266)**	(5 015)
Competition Commission penalty	18	**—**	(323 000)	**—**	(323 000)
OPERATING PROFIT/(LOSS) BEFORE INVESTMENT INCOME		**176 741**	(103 996)	**(6 266)**	(328 015)
Investment income	23	**32 984**	36 892	**70**	190 971
Share of profits of equity-accounted investees	6	**14 229**	17 223	**—**	—
OPERATING PROFIT/(LOSS) BEFORE FINANCE COSTS		**223 954**	(49 881)	**(6 196)**	(137 044)
Finance costs	24	**(49 447)**	(60 596)	**(1)**	—
PROFIT/(LOSS) BEFORE TAXATION	22	**174 507**	(110 477)	**(6 197)**	(137 044)
Taxation	25	**(55 683)**	(51 584)	**284**	(146)
PROFIT/(LOSS) FOR THE YEAR		**118 824**	(162 061)	**(5 913)**	(137 190)
OTHER COMPREHENSIVE INCOME		**77 889**	57 010	**—**	—
Exchange differences on translation of foreign operations (may be reclassified to profit/(loss))		**77 889**	57 010	**—**	—
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		**196 713**	(105 051)	**(5 913)**	(137 190)
Note			37		
PROFIT/(LOSS) FOR THE YEAR ATTRIBUTABLE AS FOLLOWS:					
Equity holders of the company		**118 304**	(162 061)		
Non-controlling interest	16	**520**	—		
		118 824	(162 061)		
TOTAL COMPREHENSIVE INCOME/(LOSS) ATTRIBUTABLE TO:					
Equity holders of the company		**196 165**	(105 051)		
Non-controlling interest	16	**548**	—		
		196 713	(105 051)		
Basic earnings/(loss) per share (cents)	28	**67,76**	(93,17)		
Diluted earnings/(loss) per share (cents)	28	**62,90**	(86,17)		

Statements of Changes in Equity

For the year ended 28 February 2014

	Notes	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
GROUP									
BALANCE AT 1 MARCH 2012 RESTATED		1 019 843	44 332	(9 707)	27 649	1 031 579	2 113 696	—	2 113 696
Treasury shares disposed	15	9 066	—	—	—	(405)	8 661	—	8 661
Realisation of share-based payments reserve		—	(11 220)	—	—	11 220	—	—	—
Total comprehensive loss		—	—	57 010	—	(162 061)	(105 051)	—	(105 051)
Loss for the year		—	—	—	—	(162 061)	(162 061)	—	(162 061)
Exchange differences on translation of foreign operations		—	—	57 010	—	—	57 010	—	57 010
Dividends paid	27	—	—	—	—	(20 998)	(20 998)	—	(20 998)
BALANCE AT 28 FEBRUARY 2013 RESTATED		1 028 909	33 112	47 303	27 649	859 335	1 996 308	—	1 996 308
Treasury shares disposed	15	2 100	(2 570)	—	—	2 570	2 100	—	2 100
Realisation of share-based payments reserve		—	(1 296)	—	—	1 296	—	—	—
Total comprehensive income		—	—	77 861	(41)	118 345	196 165	548	196 713
Profit for the year		—	—	—	—	118 304	118 304	520	118 824
Exchange differences on translation of foreign operations		—	—	77 861	—	—	77 861	28	77 889
Realisation of revaluation reserve		—	—	—	(50)	50	—	—	—
Tax on realisation of revaluation reserve		—	—	—	9	(9)	—	—	—
BALANCE AT 28 FEBRUARY 2014		1 031 009	29 246	125 164	27 608	981 546	2 194 573	548	2 195 121
Note		15						16	

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, equity-accounted investees and joint operations to the reporting currency.

Revaluation surplus reserve comprises the revaluation of land and buildings.

Non-controlling interest represents equity in a subsidiary not attributable, directly or indirectly, to the holding company.

Statements of Changes in Equity continued

For the year ended 28 February 2014

	Notes	Share capital and premium R'000	Share based payments reserve R'000	Retained earnings R'000	Total R'000
COMPANY					
BALANCE AT 1 MARCH 2012		1 161 538	44 834	128 038	1 334 410
Realisation of share-based payments reserve		—	(10 579)	10 579	—
Total comprehensive loss for the year		—	—	(137 190)	(137 190)
Dividends paid	27	—	—	(22 570)	(22 570)
BALANCE AT 28 FEBRUARY 2013		**1 161 538**	**34 255**	**(21 143)**	**1 174 650**
Realisation of share-based payments reserve		—	(2 570)	2 570	—
Total comprehensive loss for the year		—	—	(5 913)	(5 913)
BALANCE AT 28 FEBRUARY 2014		**1 161 538**	**31 685**	**(24 486)**	**1 168 737**
Note		15			

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

Statements of Cash Flows

For the year ended 28 February 2014

	Notes	GROUP 2014 R'000	GROUP Restated 2013 R'000	COMPANY 2014 R'000	COMPANY 2013 R'000
CASH FLOWS FROM OPERATING ACTIVITIES		**530 340**	189 326	**(6 087)**	(2 953)
Cash receipts from customers		**9 529 342**	9 182 208	**19 887**	219 814
Cash paid to suppliers and employees		**(8 929 062)**	(8 883 670)	**(25 603)**	(222 692)
Cash generated from/(utilised in) operations	26	**600 280**	298 538	**(5 716)**	(2 878)
Interest received	23	**32 984**	36 829	**70**	93
Finance costs	24	**(49 447)**	(60 596)	**(1)**	—
Dividends paid	26	**—**	(20 991)	**—**	(22 563)
Dividends received	6 & 23	**18 043**	2 167	**—**	22 570
Taxation paid	26	**(71 520)**	(66 621)	**(440)**	(175)
CASH FLOWS FROM INVESTING ACTIVITIES		**(138 068)**	(454 349)	**—**	—
Expenditure to maintain operating capacity					
Property, plant and equipment acquired	3	**(66 964)**	(88 622)	**—**	—
Proceeds on disposals of property, plant and equipment		**54 142**	17 721	**—**	—
Repayment of associate loan		**3 619**	2 603	**—**	—
Proceeds on disposal of associate		**—**	474	**—**	—
Expenditure for expansion					
Property, plant and equipment acquired	3	**(127 865)**	(148 275)	**—**	—
Net cash for acquisition of subsidiaries	26	**(1 000)**	(238 250)	**—**	—
CASH FLOWS FROM FINANCING ACTIVITIES		**(276 186)**	240 217	**5 438**	2 779
Treasury shares disposed		**2 100**	8 661	**—**	—
Proceeds from long- and short-term financing		**64 624**	410 292	**—**	—
Repayment of long- and short-term loans		**(342 910)**	(178 736)	**(81 514)**	—
Proceeds from intergroup loan accounts	10	**—**	—	**86 952**	11 215
Intergroup loan accounts granted	10	**—**	—	**—**	(8 436)
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**116 086**	(24 806)	**(649)**	(174)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**836 233**	821 516	**2 293**	2 467
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**51 091**	39 523	**—**	—
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	14	**1 003 410**	836 233	**1 644**	2 293

Accounting Policies

For the year ended 28 February 2014

The principal accounting policies adopted in the preparation of the consolidated and separate annual financial statements are set out below:

1. PRESENTATION OF FINANCIAL STATEMENTS

1.1 STATEMENT OF COMPLIANCE

The annual financial statements and group annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), the Companies Act No 71 of 2008, as amended, the JSE Listings requirements and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee.

1.2 BASIS OF PREPARATION

The consolidated financial statements include those of the holding company, its subsidiaries, joint operations and equity-accounted investees.

The annual financial statements have been prepared using a combination of the historical cost and fair value basis of accounting. Those categories to which the fair value basis of accounting have been applied are indicated in the individual accounting policy notes below.

In the current year, the group has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for the year ended 28 February 2014.

The principal accounting policies are set out below. The accounting policies are consistent with the previous year except for where new policies have been adopted. Refer to note 2.

1.3 BASIS OF CONSOLIDATION

1.3.1 Investments in subsidiaries

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

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

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.

Subsidiaries are entities controlled by the group. The group controls an entity when it is exposed to, or has rights to, and has power to affect the variable returns from its involvement with the entity. The results of the subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date on which control commences until the date on which control ceases.

Non-controlling interest (NCI), where the non-controlling shareholders have the right to a portion of profit/loss and net assets in subsidiaries not held by the group, is included in the statement of financial position. Non-controlling interest is presented separately within equity, in the statement of financial position and profits and total comprehensive income are allocated to it on the statement of comprehensive income.

1.3.2 Interests in equity-accounted investees

The group's interests in equity-accounted investees comprise interests in joint ventures and associates.

Joint ventures

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture.

Interests in joint ventures are accounted for using the equity method. Interests in joint ventures are initially recognised at cost. 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.

Associates

Associates are accounted for using the equity method. Associates are entities in which the group has significant influence and which are neither subsidiaries nor joint arrangements. Significant influence is the power to participate in the financial and operating policy decisions of the associate, not control or joint control over those policies.

Under the equity method, the investments are initially recognised at cost and the carrying amount is increased or decreased to recognise the group's share of the profits or losses of the associates after their acquisition dates. An associate's carrying amount includes any long-term loan(s) receivable from the associate, for which settlement is neither planned nor likely to occur in the foreseeable future.

Impairment of equity-accounted investees

An impairment is recognised when there is objective evidence that the equity-accounted investment is impaired. Impairment losses are deducted from the carrying amount of these investments. The use of the equity method is discontinued from the date on which the group ceases to have significant influence over equity-accounted investees.

Losses resulting from transactions with equity-accounted investees are recognised only to the extent of unrelated investors' interests in the equity-accounted investees.

1.3.3 Joint operations

A joint operation is a joint arrangement in which the group has rights to its assets and obligations for its liabilities.

Interests in jointly controlled operations are recognised by way of what the group terms proportionate consolidation. A joint operator shall recognise in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

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.

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.

1.3.4 Company annual financial statements

Investments in subsidiaries in the company's separate annual financial statements are initially recognised at cost. The cost of an investment, is the aggregate of the fair value, at the date of exchange, of assets acquired, liabilities incurred or assumed and shares issued, including acquisition costs.

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

1.4 SIGNIFICANT JUDGEMENTS AND ESTIMATES

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 judgements that have an effect on the amounts recognised in the annual financial statements:

Allowance for doubtful debts

Receivable balances are written off when they are delinquent. An allowance is raised on accounts based on management's assessment of the likelihood of collecting receivables outstanding.

Allowance for slow-moving, damaged and obsolete inventory

Inventory is written down to the lower of cost or net realisable value. Management has made estimates of the selling price and direct cost to sell on certain inventory items.

Share-based payments and options granted

Management uses a variant of the binomial pricing model to determine the estimated fair value of the options at issue date. Additional details regarding the estimates are included in the note relating to share-based payments.

Property, plant and equipment, goodwill, intangible assets and impairments

Impairment testing

Management used the value-in-use method to determine the recoverable amount of goodwill and intangible assets as there is no active market for these assets. Additional disclosure of these estimates are included in the note relating to goodwill and intangible assets. Future events could cause management to conclude that impairment indicators exist.

Residual value

The group is required to measure the residual value of an item of property, plant and equipment. An estimate is made of the amount it would receive currently for the asset if the asset was already of the age and condition expected at the end of its useful life. IAS 16 requires residual values (if material) to be estimated first at the date of acquisition and thereafter to be reviewed at each reporting date.

Useful life

The useful life of an asset is the period over which the group expects to use the asset, and not necessarily the asset's economic life. Useful lives of assets are reviewed annually. If these change from the prior period, the depreciation charge is adjusted prospectively. The group uses the following indicators to determine useful life:

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

Investment property

In the application of accounting policies, which is described in the note relating to the investment property, management is required to make judgements, estimates and assumptions about the fair value of the investment property that are not readily apparent from other sources. The estimates and assumptions are based on historical experience and other factors that are considered to be relevant. The fair value of the investment property is determined after taking prevailing market rentals and occupation levels into account. An appropriate capitalisation rate is used that reflects the risk associated with that particular building.

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 investee and has the ability to affect those returns through its power over the investee.

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

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

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

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 the 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.

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. Additional disclosures of these estimates of provisions are included in the note relating to provisions.

Deferred taxation

Management may need to assess, from time to time, the extent to which it is probable that taxable profit will be available against which deductible temporary differences can be utilised.

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/made, management has assessed the likelihood of a future outflow to be remote and no contingent liabilities have been recognised.

Fair value of assets acquired in business combinations

Fair values are attributed to the identifiable assets, intangible assets, liabilities and contingent liabilities acquired during a business combination. These fair values are determined by reference to active market values, or where these are unavailable, by reference to current market prices of similar assets or liabilities, or by applying a discounted cash flow model to the expected future cash flows to be generated.

Contracting profit or loss recognition

When applying the percentage of completion method, estimates are made of the total expected costs of individual contracts.

1.5 FAIR VALUE MEASUREMENT

The group measures financial instruments at fair value at each year-end. Fair values of financial instruments disclosed at amortised cost are disclose in note 32.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

A fair value measurement is for a particular asset or liability. Therefore, when measuring fair value an entity shall take into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Such characteristics include:

- Condition and location of the asset
- Restrictions, if any, on the sale or use of the asset

A fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability
- In the absence of a principal market, in the most advantageous market for the asset or liability

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their own economic best interests.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

1.6 PROPERTY, PLANT AND EQUIPMENT

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the group; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially recognised at cost. The cost of property, plant and equipment includes amounts incurred initially to acquire or construct an item of property, plant and equipment. Amounts incurred subsequently to add to, or replace part of the asset, are also recognised at cost. Replacement costs include the cost of major inspections. If the replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised. Day-to-day servicing costs, such as labour and consumables, are expensed through profit and loss.

Property, plant and equipment, other than land and buildings, is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses.

Land and buildings are carried at a revalued amount, being the fair value of the property at the date of revaluation, less depreciation and any accumulated impairment losses subsequent to the date of the revaluation. 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 done 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. The residual value of the building exceeds the carrying value, therefore no depreciation is recognised. Land is not depreciated as it is deemed to have an indefinite useful life. Residual values are determined as described in note 1.4 above.

Any increase in the assets' carrying amounts, as a result of a revaluation, is credited through other comprehensive income to the revaluation surplus reserve.

Depreciation is provided on property, plant and equipment to write down the cost, less residual value, on the straight-line basis over their estimated useful lives 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

Where a part of an item of property, plant and equipment is significant in relation to the cost of the item, that part is depreciated separately. The depreciation charge is recognised and expensed through profit and loss.

The residual values, useful lives and depreciation methods applied to property, plant and equipment are reviewed, and adjusted if necessary, at each year-end. These changes are accounted for as a change in estimate.

An item of property, plant and equipment is derecognised upon disposal or where no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an item of property, plant and equipment is included in the statement of comprehensive income and is calculated as the difference between the net disposal proceeds, if any, and the carrying amount of the item at the date of derecognition.

When a decision is made to sell an item of property, plant and equipment during the year, and it meets the requirements of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, the asset is reclassified from non-current assets to current assets and carried at the lower of its carrying amount or fair value less costs to sell, and depreciation on that asset ceases. Any impairment is recognised directly in the statement of comprehensive income.

1.7 INVESTMENT PROPERTY

Investment property is any land, building or part thereof that is owned by the group for the purpose of earning rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, for administrative purposes, or sale in the ordinary course of business. This classification is performed on a property-by-property basis.

Investment property is recognised as an asset when it is probable that future economic benefits, that are associated with the investment property will flow to the group, and the cost of the investment property can be measured reliably.

Investment property is initially recognised at cost including all transaction costs, and subsequently measured at fair value. All subsequent expenditure relating to investment property that has been recognised is added to the carrying amount of the investment property when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing investment property, will flow to the enterprise.

Investment property is derecognised when it has either been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected therefrom.

Fair value

At the statement of financial position date, investment property is measured at fair value as determined by the directors, taking into account the effect of lease smoothing in terms of IAS 40. The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. A gain or loss arising from a change in fair value is included in the statement of comprehensive income for the period in which it arises. Any gain or loss on the derecognition of an investment property is recognised in the statement of comprehensive income in the year of derecognition.

1.8 GOODWILL AND INTANGIBLE ASSETS

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of the acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. The group measures the non-controlling interest in the acquiree at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in other expenses.

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.

Goodwill arises from business combinations and is initially measured at cost. Cost represents the excess of the purchase consideration over the fair value of the group's share of the identifiable assets, intangible assets, liabilities and contingent liabilities acquired at the date of acquisition. Fair values of the identifiable assets, intangible assets, liabilities and contingent liabilities are determined by reference to market values of those or similar items, where available, or by discounting expected future cash flows to achieve present values. Subsequently, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is reviewed for impairment at each year-end or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired.

At the acquisition date, goodwill is allocated to each of the cash-generating units expected to benefit from the synergies of a combination. 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 choosing a suitable discount rate in order to calculate the present value of those cash flows.

Where the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, an impairment loss is recognised in the statement of comprehensive income, beginning with the write-off of the goodwill allocated to such cash-generating unit. Where the goodwill is insufficient to cover the amount of the impairment adjustment, the remaining assets in the cash-generating unit is impaired on a pro rata basis.

Where goodwill forms part of a cash-generating unit and that unit is disposed of, the goodwill is included in the carrying amount of the operation when determining the gain or loss on disposal of that operation.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is determined on the basis of the relative value of the operation disposed of and the portion of the cash-generating unit retained. This goodwill is included in the carrying amount of the operation when determining the gain or loss on disposal of that operation.

Goodwill recognised on the acquisition of a joint venture as well as an associate company is included in the carrying amount of the investment.

An impairment loss recognised for goodwill is not subsequently reversed.

Intangible assets

Intangible assets are initially recognised at cost.

The cost of an intangible asset includes its purchase price and any directly attributable cost of preparing the asset for its intended use.

Where an intangible asset is acquired in a business combination, the cost of that intangible asset is its fair value at the acquisition date.

Amortisation is provided for all intangible assets on a straight-line basis so as to write down the cost of the intangible assets, on the straight-line basis over their useful lives as determined when the purchase price allocation is done.

Useful lives of intangibles are as follows:

Contract- and customer-related intangible assets	1 – 3 years
Trade names-related intangible assets	1 – 10 years
Technology-related intangible assets	1 – 3 years

The amortisation charge is recognised through profit and loss as it is incurred. The amortisation period and amortisation method applied to an intangible asset with a useful life is reviewed, and adjusted if necessary, on an annual basis. These changes are accounted for as a change in estimate.

Intangible assets are derecognised upon disposal or when no future economic benefits are expected from its use. The gain or loss arising from the derecognition of an intangible asset is included in the statement of comprehensive income and is calculated as the difference between the net disposal proceeds, if any, and the carrying amount of the asset at the date of derecognition.

1.9 IMPAIRMENT OF ASSETS

The group assesses whether there is any indication that an asset may be impaired at each reporting date.

Irrespective of whether there is any indication of impairment, the group also tests goodwill acquired in a business combination for impairment at each year-end by comparing its carrying amount with its recoverable amount. If any such indication of possible impairment exists, the group estimates the recoverable amount of the asset as follows:

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time-value of money and the risks specific to the asset. If the fair value less costs of disposal of an asset is less than its carrying amount taking into consideration recent market transactions, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss. The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use.

Other 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. Where this assessment is performed at the cash-generating unit level, the impairment is determined by assessing the recoverable amount of the cash-generating unit to which the asset relates. In such instances, the recoverable amount is determined as the value in use of the cash-generating unit by estimating the expected future cash flows of the unit and choosing a suitable discount rate in order to calculate the present value of those cash flows, or by applying a fair value determination.

Where the recoverable amount is less than the carrying amount of the asset or the cash-generating unit, an impairment loss is recognised in the statement of comprehensive income.

The group assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated. The increased carrying amount of an asset attributable to a reversal of an impairment loss may not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in the statement of comprehensive income. Any reversal of an impairment loss of a revalued asset is either treated as a revaluation increase, or as a reversal of an impairment loss in the statement of comprehensive income.

1.10 FINANCIAL INSTRUMENTS

Initial recognition for financial assets and financial liabilities

The group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement. 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 contractual provisions of the instrument. Financial assets and financial liabilities are initially recognised at fair value plus direct transaction cost.

Loans to/(from) group companies

These include current accounts as well as loans to/(from) holding companies, subsidiaries, joint ventures, joint operations and associates.

Loans from group companies: Other financial liabilities

Loans payable is included in current liabilities, has no fixed terms of repayment and are payable on demand and interest free.

Loans to group companies: Loans and receivables

Loans to group companies are subsequently measured at amortised cost less any impairment.

Trade and other receivables: Loans and receivables

Trade and other receivables are subsequently measured at amortised cost less any impairment. This results in interest income being recognised in the statement of comprehensive income over the period of the deferral.

Trade and other payables: Other financial liabilities

Trade and other payables are subsequently measured at amortised cost.

Bank overdrafts: Other financial liabilities

Bank overdrafts are subsequently measured at amortised cost.

Cash and cash equivalents: Loans and receivables

Cash and cash equivalents comprise bank balances. Cash and cash equivalents are short, highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are subsequently recorded at amortised cost.

For the purpose of the cash flow statement, the net amount of the statement of financial position of bank balances is used.

Other financial liabilities: Other financial liabilities

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost. Gains or losses are recognised in the statement of comprehensive income when the liabilities are derecognised as well as through the effective interest rate method.

Amortised cost

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate method. The effective interest rate amortisation is included in finance cost in the statement of comprehensive income.

Effective interest rate

The effective interest rate method is a method of calculating the amortised cost of a financial asset/liability and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts/payments (including all fees on charges paid that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) throughout the expected life of the financial instrument or where appropriate, a shorter period. The interest income/expense is recognised on an effective basis for all financial assets/liabilities.

Derecognition of financial assets and liabilities

Financial assets are derecognised when all the risks and rewards of ownership of the financial asset have been transferred.

Financial liabilities are derecognised when the obligation under the liability is discharged, cancelled or expires.

Impairment of financial instruments

Loans to group companies: Loans and receivables

On loans receivable an impairment loss is recognised in the statement of comprehensive income when there is objective evidence that the loan receivable is impaired. 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.

The impairment is measured as the difference between the carrying amount and the recoverable amount. If the recoverable amount is lower than the carrying amount, the impairment will be recognised. The recoverable amount is the fair value of the loans/receivables based on estimated future cash flows discounted to their present value using the pre-tax discount rate, that reflects current market assessments of the time value of money and risks specific to the financial instrument. Impairment losses are reversed in subsequent periods when an increase in the loans recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the loan, at the date the impairment is reversed, does not exceed what the amortised cost would have been had the impairment not been recognised.

Gains or losses are recognised in the statement of comprehensive income when loans and receivables are derecognised or impaired, as well as through the amortisation process.

Trade and other receivables: Loans and receivables

An estimate of any impairment is made to an allowance account on individual receivables. Allowances for estimated irrecoverable amounts are recognised in the statement of comprehensive income when there is objective evidence that the collection of the full amount under the original terms of the invoice is no longer probable. Objective evidence would include indicators such as probable insolvency or significant difficulties in the debtor. An allowance recognised is 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. Impaired debts are derecognised when they are assessed as uncollectible.

Contract receivables (included in trade and other receivables)

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. In determining the estimate of any impairment for these receivables, an allowance is recognised and 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. The calculation takes into account the existence of any collateral held against contract receivables, where applicable.

If the amount of the impairment decreases and the decrease can be objectively related to an event occurring after the impairment was recognised, the reversal for the previously recognised impairment is recognised within the statement of comprehensive income.

1.11 SHARE CAPITAL

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

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 the statement of comprehensive income. The share capital is reduced for the par value of the shares and the balance against the share premium.

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.

1.12 TAXATION

Current taxation

Current taxation is recognised as income or an expense and included in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. The current tax payable is based on taxable profit. Taxable profit differs from profit reported in the statement of comprehensive income where there are items of income or expense that are taxable or deductible in other years and it also excludes items that are not taxable or deductible under existing tax legislation.

Current taxation for current and prior periods is, to the extent unpaid, recognised as a tax payable in the statement of financial position. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as a tax receivable in the statement of financial position.

Current taxation liabilities and current taxation assets are measured at the amount expected to be paid to/(recovered from) the tax authorities, using the tax rates and tax legislation that have been enacted or substantively enacted at the reporting date.

Current taxation assets and liabilities are offset for presentation in the statement of financial position where the company has a legally enforceable right to do so and the income taxes relate to the same tax authority.

Deferred taxation assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of goodwill, or the initial recognition of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither accounting profit/(accounting loss) nor taxable profit/(taxable loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction that, at the time of the transaction, affects neither accounting profit/(accounting loss) nor taxable profit/(tax loss) and is not a business combination.

A deferred tax asset is recognised for all taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except to the extent that the group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised. The carrying amount of deferred tax assets in the statement of financial position is reviewed annually and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax legislation) that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and liabilities reflect the tax consequences that would follow from the manner in which the company expects to recover or settle the carrying amounts of its assets and liabilities at the reporting date.

Deferred tax assets and liabilities are offset for presentation in the statement of financial position where the company has a legally enforceable right to do so and the income taxes relate to the same tax authority.

Deferred tax assets and deferred tax liabilities arising in the group annual financial statements from different subsidiaries are not offset as there is no allowance within South African tax legislation that allows income tax from different entities to be offset.

Value added taxation

A value added taxation liability is recognised in the statement of financial position where the amount of output exceeds the input and a value added taxation asset is recognised when the input exceeds the output value.

1.13 LEASES

Leases of assets where the group substantially assumes all the benefits and risks of ownership are classified as finance leases. Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. When an arrangement is or contains a lease, that lease is recognised in terms of the lease policy below.

Finance leases – Lessee

Assets leased under a finance lease are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased asset or, if lower, the present value on the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Subsequent measurement is at amortised cost. Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the terms of the lease.

Operating leases

Rentals payable under operating leases as lessee are expensed in the statement of comprehensive income on a straight-line basis over the term of the relevant lease.

Rentals received under operating leases as lessor are recognised in the statement of comprehensive income within other income.

1.14 INVENTORIES

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 completing and the estimated costs necessary to make the sale.

The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.15 CONSTRUCTION CONTRACTS

A construction contract is a contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology, and functions, or their ultimate purpose of use.

A group of contracts is treated as a single construction contract when the group of contracts is negotiated as a single package, the contracts are so interrelated that they are in effect part of a single project with an overall profit margin and the contracts are performed concurrently or in a continuous sequence.

An agreement for the construction of real estate is a construction contract when the buyer is able to specify the major structural elements of the design of the real estate before construction begins and/or specify major structural changes once construction is in progress. Revenue in such cases is determined in accordance with the percentage of completion of the contract. In all other contracts, revenue is recognised on delivery of the constructed assets. If the entity is not required to provide materials, but only to construct the real estate, the supply is the rendering of services, and revenue is recognised on the percentage of completion basis.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred where it is probable those costs will be recovered. Contract costs on these contracts are recognised when incurred.

When the outcome of a construction contract can be estimated reliably, contract revenue is recognised by using the percentage of completion method as set out in note 1.19. Costs are recognised in the statement of comprehensive income as incurred. However, costs incurred in the year in connection with future activity on a contract are excluded and shown as contracts in progress. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Where recognised revenue, using the percentage of completion method, exceeds billed work, the balance is also shown under contracts in progress. Where billed work exceeds recognised revenue using the percentage of completion method, the balance is shown as contracting provisions.

1.16 EMPLOYEE BENEFITS

Short-term employee benefits

The cost of short-term employee benefits are recognised in the period in which the service is rendered and is not discounted.

The expected cost of accrued leave is recognised as an expense 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.

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.

Post-employment benefits

Payments to a defined contribution retirement plan are charged as an expense as the related service is rendered.

The group requires monthly-paid employees to partake in a group retirement fund and hourly-paid employees in the relevant industry funds. These funds are managed by various portfolio managers and are governed by the Pension Funds Act.

1.17 SHARE-BASED PAYMENTS

Share trusts

Goods or services received or acquired in a share-based payment transaction where the group settles the consideration for those goods or services by issuing shares are classified as equity-settled share-based payments. These include share-based payment transactions where employees (including the directors) receive remuneration for services rendered to the company in the form of shares or share options, as well as share-based payment transactions where employees (including the directors) receive share options in the group share incentive scheme as a result of their employment within the group.

Goods or services received or acquired in a share-based payment transaction are recognised when the goods are received or as the services are rendered. A corresponding increase in equity is recognised if the goods or services were received in an equity-settled share-based payment transaction. When the goods or services are received or acquired in a share-based payment transaction and do not qualify for recognition as assets, they are recognised as expenses in the statement of comprehensive income. Transactions with employees (including directors) are recognised as an employee cost in the statement of comprehensive income.

For share-based payment transactions with employees (including directors), the fair value of the transaction is measured as the fair value of the share options granted at the grant date.

The fair value of share options is determined using a binomial model, such as the Black-Scholes model, taking into account the terms and conditions upon which the share options were granted. The fair value of the units issued is based on the strike price at 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 goods or services received or acquired 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 the statement of comprehensive income. 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 the statement of comprehensive income. 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.

1.18 PROVISIONS AND CONTINGENCIES

Provisions are recognised when the group has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the obligation.

The amount of a provision is the present value, of the best estimate, of the amount required to settle the obligation. The amount of the provision is discounted using a pre-tax discount rate when the effect of the expected future cash outflow related to the provision is not expected to occur soon after the reporting date and the effect of discounting is material. Provisions are reviewed annually to reflect current best estimates of the expenditure required to settle the obligations.

The group raises a provision for warranties calculated at the best estimate of the costs of warranty claims. The group uses past history to estimate the volume of claims and expected costs of repairs under the warranty clause in the contract.

1.19 REVENUE

Contract revenue

Revenue from construction contracts is recognised in accordance with the accounting policy for construction contracts and receivables.

Revenues relating to contracts are accounted for using the percentage of completion method and are measured at the fair value of the consideration received or receivable and includes variations and claims. The stage of completion is measured by reference to the survey of work performed. When the survey of work performed cannot be determined reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Revenue from the rendering of services is recognised when:

- the amount of revenue can be measured reliably; and
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the stage of contract completion at the end of the reporting period can be measured reliably; and/or
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Operating leases

Revenue from rental agreements is recognised in accordance with the accounting policy for operating leases.

Other income

Interest is recognised on a time proportion basis using the effective interest rate method.

Dividend revenue is recognised in the statement of comprehensive income when the group's right to receive payment has been established. This normally coincides with the declaration of the dividend.

Revenue from management fees performed is recognised on the date when the risk passes in the underlying transaction.

1.20 BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as the actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset (less any temporary investment of those borrowings) or the weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised may not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when expenditures for the asset have occurred, when borrowing costs have been incurred, and the activities that are necessary to prepare the asset for its intended use or sale are in progress.

The capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted and the capitalisation of borrowing costs finally ceases when all the activities necessary to prepare the qualifying asset for its intended use or sale are substantially complete.

All other borrowing costs arising on the borrowing of funds are recognised as an expense in the statement of comprehensive income, in the finance costs line item, in the period in which they are incurred.

1.21 DIVIDENDS

Dividends declared by the company to holders of the company's shares are recognised in the statement of changes in equity. Dividends that have not been declared at the reporting date are not accounted for in the current period. Such dividends are disclosed where the declaration occurred after the reporting date, but before these annual financial statements are approved for issue.

1.22 TRANSLATION OF FOREIGN CURRENCIES

The functional currency of the group is the South African Rand.

In the group annual financial statements, the results and financial position of a foreign operation are translated into Rand using the following procedures:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position.
- Income and expenses for each statement of 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.
- All resulting exchange differences are recognised as a separate component of equity and included in the foreign currency translation reserve.

Exchange differences arising on a monetary item that forms part of a net investment in a foreign operation are initially recognised in the foreign currency translation reserve in the group's annual financial statements and recognised in the statement of comprehensive income on disposal of the net investment. These exchange differences are recognised in the statement of comprehensive income in the group's annual financial statements.

1.23 SEGMENT REPORTING

IFRS 8 requires an entity to adopt a "management approach" to reporting the financial performance of its segments. 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.

1.24 OFFSETTING OF FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is currently an enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2. NEW ACCOUNTING PRONOUNCEMENTS ADOPTED

2.1 STANDARDS AND INTERPRETATIONS EFFECTIVE AND ADOPTED IN THE CURRENT YEAR

In the current year, the group has adopted the following Standards and Interpretations that are effective for the current year and that are relevant to its operations:

IFRS 10, IFRS 11, IFRS 12, IAS 27 and IAS 28 (the "Consolidation Standards")

IFRS 10 provides a single basis for consolidation with a new definition of control based on whether the group has power over an investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect those returns. This standard did not impact on the group's annual financial statements.

IFRS 11 impacts the accounting for joint arrangements, defined as investments or arrangements which are subject to joint control through contractually agreed sharing of control between two or more parties. A joint arrangement is classified as either a joint operation or a joint venture, and the option to proportionately consolidate joint ventures has been removed, requiring them to be accounted for under the equity method while joint operations are accounted for using the proportionate consolidation method.

The application of IFRS 11 impacted the group's accounting of its interest in various joint ventures. Prior to IFRS 11 the group accounted for these joint ventures as joint operations by proportionally consolidating these entities into the group financial statements. Upon adoption of IFRS 11, the group has determined that its interests are to be classified as joint ventures under IFRS 11 and are required to be accounted for using the equity method. The transition was applied retrospectively as required by IFRS 11 and the comparative information for the immediately preceding period (2013) is restated. The effect of applying IFRS 11 on the group financial statements is disclosed in note 37.

IFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities.
In general, the application of IFRS 12 has resulted in more extensive disclosures in the consolidated financial statements (see notes 5, 6, 7, 34 and 37). The impact of the consolidation standards are disclosed above for IFRS 10 and IFRS 11. The adoption of the Consolidation Standards required retrospective application.

IFRS 13 Fair Value Measurement

IFRS 13 establishes a single source of guidance for fair value measurements and their disclosures. The scope of IFRS 13 is broad: the fair value measurement requirements of IFRS 13 apply to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except for those items excluded from IFRS 13 as described in the Basis of Preparation. IFRS 13 does not change when an entity is required to use fair value but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (most advantageous) market at the measurement date under current market conditions. Fair value under IFRS 13 is an "exit price" regardless of whether that price is directly observable or estimated using another valuation technique. The application of IFRS 13 has not materially impacted the fair value measurements of the group.

Additional disclosures where required, are provided in the individual notes relating to the assets and liabilities whose fair values were determined. IFRS 13 required prospective application.

IAS 19 Employee Benefits (Revised 2011)

The distinction between short-term and other long-term employee benefits is based on the expected timing of settlement rather than the employee's entitlement to the benefits. The amendment did not impact on the group's annual financial statements.

IAS 1 Presentation of Items of Other Comprehensive Income – Amendments to IAS 1

The amendments to IAS 1 did not impact the group's financial statement balances however they impact the presentation within the Statement of Comprehensive Income as the group is now required to classify components of other comprehensive income based on whether they are or may eventually be recycled into income (e.g. currency translation and cash flow hedging adjustments) versus those items that will never be recycled into income (e.g. actuarial gains and losses on pension plans). The amendments to IAS 1 required retrospective application.

2.2 STATEMENTS 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 2014 or later periods. Management is currently assessing the impact of these amendments and new Interpretations.

	ACCOUNTING STANDARD/INTERPRETATION	TYPE	EFFECTIVE DATE
			Annual periods beginning on or after
IFRS 2	**SHARE-BASED PAYMENT** Definitions changed for vesting condition and service condition; definition added for performance condition and service condition.	Amendment	1 July 2014
IFRS 3	**BUSINESS COMBINATIONS** Contingent consideration shall be treated in accordance with the IFRS 9 (IAS 39) requirements where it is a financial instrument, or it shall be measured at fair value at each reporting date with changes recognised in profit or loss. Accounting for the formation of joint arrangements in the financial statements of the joint arrangement itself is scoped out of IFRS 3.	Amendment	1 July 2014
IFRS 8	**OPERATING SEGMENTS** A brief description of the operating segments that have been aggregated in accordance with IFRS 8.12 and the economic indicators assessed in determining that the segments share similar economic characteristics must be disclosed where this judgement is applied. A reconciliation of reportable segments' assets to the entity's is only required if the segment assets are reported in accordance with paragraph 23.	Amendment	1 July 2014
IFRS 9	**FINANCIAL INSTRUMENTS** A new standard that forms the first part of a three-part project to replace IAS 39 Financial Instruments: Recognition and Measurement. Phase 1 of this project, classification and measurement is complete and the required accounting is as follows: **Financial assets** › all financial assets are initially measured at fair value; › subsequent measurement of debt instruments is only at amortised cost if the instrument meets the requirements of the business model test and the "characteristics of financial asset test"; › all other debt instruments are subsequently measured at fair value; › all equity investments are subsequently measured at fair value either through OCI or profit and loss; and › embedded derivatives contained in non-derivative host contracts are not separately recognised. Unless the hybrid contract qualifies for amortised cost accounting, the entire instrument is subsequently recognised at fair value through profit and loss. **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 OCI. 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.	New	No date defined

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	ACCOUNTING STANDARD/INTERPRETATION	TYPE	EFFECTIVE DATE
IFRS 9	**FINANCIAL INSTRUMENTS** Fair value adjustments to investments in equity instruments through a contingent consideration on a business combination may not be presented through Other Comprehensive Income. Financial liabilities raised due to contingent considerations in business combinations are subsequently measured at fair value through profit and loss.	Amendment	1 July 2014
IFRS 10	**CONSOLIDATED FINANCIAL STATEMENTS** Exemption from the requirement to consolidate investment entities that must be fair valued in accordance with IAS 39 of IFRS 9 (if applicable) if it meets the requirements.	Amendment	1 January 2014
IFRS 11	**JOINT ARRANGEMENTS** Requires the acquirer of an interest in a joint operation in which the activity constitutes a business (as defined in IFRS 3 Business Combinations) to apply all of the principles and disclosure requirements for business combinations in IFRS 3 and other IFRSs, except where those principles conflict with the guidance of IFRS 11.	Amendment	1 January 2014
IFRS 12	**DISCLOSURE OF INTEREST IN OTHER ENTITIES** Disclosure requirements for investment entities that are fair valued.	Amendment	1 January 2014
IFRS 13	**FAIR VALUE MEASUREMENT** The portfolio exemption applies to all contracts within the scope of, and accounted for in accordance with IAS 39 or IFRS 9, regardless of whether they meet the definitions as per IAS 32.	Amendment	1 July 2014
IFRS 15	**REVENUE FROM CONTRACTS WITH CUSTOMERS** A new standard that establishes a single, comprehensive and robust framework for the recognition, measurement and disclosure of revenue.	New	1 January 2017
IAS 16	**PROPERTY, PLANT AND EQUIPMENT** Amendment: on revaluation, the carrying amount of an asset is adjusted to that 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 July 2014
	Clarification: a depreciation method based on revenue is not appropriate.	Amendment	1 January 2016
IAS 19	**EMPLOYEE BENEFITS** Simplification of accounting for contributions by employees which are independent of the number of years for defined benefit plans.	Amendment	1 July 2014
IAS 24	**RELATED PARTY DISCLOSURES** The definition of related parties includes the entity, or any member of a group of which it is a part, that provides key management personnel services to the reporting entity or its parent. Details of the individual employee benefits do not need to be disclosed for an entity that provides key management personnel services. The amounts incurred for key management personnel services from an entity must be disclosed.	Amendment	1 July 2014

	ACCOUNTING STANDARD/INTERPRETATION	TYPE	EFFECTIVE DATE
IAS 27	**SEPARATE FINANCIAL STATEMENTS** Requirement to account for interests in investment entities at fair value in accordance with IAS 39 or IFRS 9 (if applicable) in the separate financial statements of the parent.	Amendment	1 January 2014
IAS 32	**FINANCIAL INSTRUMENTS: PRESENTATION** Explanation of "currently has a legally enforceable right to set-off" and requirement to disclose gross amounts subject to set-off rights and the related net credit exposure.	Amendment	1 January 2014
IAS 36	**IMPAIRMENT OF ASSETS**		
	Clarifies the disclosures required for the recoverable amount of impaired assets when the amount is based on fair value less costs of disposal.	Amendment	1 January 2014
	Allows hedge accounting to continue when derivatives are novated under certain conditions.	Amendment	1 January 2014
IAS 37	Contingent consideration of an acquirer in a business combination is now scoped out of IAS 37.	Amendment	1 July 2014
IAS 38	**INTANGIBLE ASSETS** On revaluation the carrying amount of an assets is adjusted to that 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 assets.	Amendment	1 July 2014
	Include a rebuttable presumption that an amortisation method that is based on revenue is inappropriate.	Amendment	1 January 2016
IAS 39	**FINANCIAL INSTRUMENTS: RECOGNITION AND MEASUREMENT** Contingent consideration of an acquirer in a business combination is classified as a financial liability or financial asset at fair value through profit or loss.	Amendment	1 July 2014
IAS 40	**INVESTMENT PROPERTY** When exercising judgement to determine whether an acquisition of a property is the acquisition of an investment property or a business combination. The judgement is exercised within the scope of IFRS 3 Business Combinations.	Amendment	1 July 2014

3. PROPERTY, PLANT AND EQUIPMENT

	GROUP		
	Cost/ valuation R'000	Accumulated depreciation R'000	Carrying value R'000
2014			
Land and buildings	**379 606**	**—**	**379 606**
Transport and motor vehicles	**151 949**	**(87 061)**	**64 888**
Plant and equipment	**1 357 805**	**(677 629)**	**680 176**
Furniture, fittings, office and computer equipment	**80 181**	**(57 408)**	**22 773**
	1 969 541	**(822 098)**	**1 147 443**
2013			
Land and buildings	340 726	—	340 726
Transport and motor vehicles	142 881	(73 540)	69 341
Plant and equipment	1 366 356	(660 947)	705 409
Furniture, fittings, office and computer equipment	69 457	(48 586)	20 871
	1 919 420	(783 073)	1 136 347

The carrying amount of property, plant and equipment of the group can be reconciled as follows:

	Carrying value at beginning of year R'000	Currency translation R'000	Additions R'000	Additions due to business combinations R'000	Disposals R'000	Depreciation R'000	Carrying value at end of year R'000
GROUP							
2014							
Land and buildings	**340 726**	**4 280**	**36 130**	**—**	**(1 530)**	**—**	**379 606**
Transport and motor vehicles	**69 341**	**190**	**15 252**	**1 628**	**(3 032)**	**(18 491)**	**64 888**
Plant and equipment	**705 409**	**3 131**	**130 006**	**927**	**(39 056)**	**(120 241)**	**680 176**
Furniture, fittings, office and computer equipment	**20 871**	**489**	**13 441**	**486**	**(804)**	**(11 710)**	**22 773**
	1 136 347	**8 090**	**194 829**	**3 041**	**(44 422)**	**(150 442)**	**1 147 443**
Note				**34**			

The split between land and buildings is as follows:

	2014 R'000	2013 R'000
Land	**100 869**	101 074
Buildings	**278 737**	239 652
	379 606	340 726

3. PROPERTY, PLANT AND EQUIPMENT continued

	Carrying value at beginning of year R'000	Currency translation R'000	Additions R'000	Additions due to business combinations R'000	Disposals R'000	Depreciation R'000	Carrying value at end of year R'000
GROUP							
2013							
Land and buildings	265 956	734	74 988	—	(952)	—	340 726
Transport and motor vehicles	59 094	195	17 186	18 243	(4 063)	(21 314)	69 341
Plant and equipment	673 562	(1 266)	133 714	67 552	(4 847)	(163 306)	705 409
Furniture, fittings, office and computer equipment	20 170	113	11 009	302	(314)	(10 409)	20 871
	1 018 782	(224)	236 897	86 097	(10 176)	(195 029)	1 136 347
Note				34			

Had land and buildings been carried on the cost model, the carrying value of land and buildings would have been R357 million (2013: R319 million).

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 done on 29 February 2012.

The group's obligations under instalment sale agreements and finance leases are secured by certain transport and motor vehicles as well as plant and equipment (Refer to note 18). These assets have a net book value at year end amounting to R435 million (2013: R331 million)

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

Land was disposed of as it was not utilised as part of the operations.

For the year ended 28 February 2014

4. INVESTMENT PROPERTY

	GROUP	
	2014 R'000	2013 R'000
A) RECONCILIATION OF CARRYING AMOUNT		
Carrying value at the beginning of the year	**60 794**	57 673
Foreign currency translation	**7 508**	3 121
Carrying value at year-end	**68 302**	60 794
Land and buildings	**68 302**	60 794
Total directors' valuation of investment property	**68 302**	60 794

Details of the property are as follows:

The investment property comprises an office park known as PWC park on Thabo Mbeki Drive in Lusaka, comprising four individual buildings that are individually leased to third parties.

It is the policy of the directors to have the investment property valued every five years by an independent valuer. The directors estimate the fair value of the investment property at R68 million (2013: R61 million), and take prevailing market rentals, occupation levels and capitalisation rates into account. The capitalisation rate applied to the property was based on a weighted average cost of capital of 9,3% (2013: 8,6%).

B) MEASUREMENT OF FAIR VALUE

i) Fair value hierarchy

The fair value measurement for investment property of R68 million has been categorised as a Level 3 fair value based on the inputs to the valuation technique used below.

ii) Level 3 fair value

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values.

	R'000
Opening balance as at 1 March 2013	60 794
Foreign currency translation	7 508
CLOSING BALANCE AS AT 28 FEBRUARY 2014	68 302

4. INVESTMENT PROPERTY continued

VALUATION TECHNIQUE AND SIGNIFICANT UNOBSERVABLE INPUTS

The following table shows the valuation technique used in measuring the fair value of investment property, as well as the significant unobservable inputs used.

Valuation technique	Significant unobservable inputs	Interrelationship between key unobservable inputs and fair value measurement
Discounted cash flows:		**The estimated fair value would increase (decrease) if:**
The valuation model considers the present value of net cash flows to be generated from the investment property based on market-related rates, taking into account expected rental growth rates, occupancy rate and other costs not paid by tenants. The expected net cash flows are discounted using risk-adjusted discount rates. Among other factors, the discount rate considered the quality of a building and its location, tenant credit quality and lease terms.	Expected market rental growth (2% – 5%)	expected market rental growth was higher (lower);
	Occupancy rate (100%)	the occupancy rate was higher (lower);
	Weighted average cost of capital (9,3%)	the risk-adjusted discount rate was lower (higher).

5. INVESTMENT IN SUBSIDIARIES

Name of company	Country of incorporation	PROPORTION HELD DIRECTLY AND VOTING RIGHTS 2014 %	2013 %	COMPANY COST 2014 %	2013 %
Stefanutti Stocks International Holdings Proprietary Limited	South Africa	**100**	100	**9 437**	9 437
Pegasus Properties Proprietary Limited#	South Africa	**70**	70	*****	*
Stefanutti Stocks Investments Proprietary Limited	South Africa	**100**	100	*****	*
Stefanutti Stocks Proprietary Limited	South Africa	**100**	100	**1 087 574**	1 087 574
Apollo E&I Construction Proprietary Limited	South Africa	**100**	100	**19 691**	19 691
				1 116 702	1 116 702

* *Amount below R1 000*
\# *Company is dormant and has ceased trading.*

For the year ended 28 February 2014

6. EQUITY-ACCOUNTED INVESTEES

	Note	2014	2013
Interest in joint ventures	6.1	191 893	163 592
Interest in associates	6.2	15 419	14 478
		207 312	178 070

6.1 INTEREST IN JOINT VENTURES

Al-Tayer Stocks LLC and Zener Steward LLC are companies incorporated in Dubai and are principally engaged in the supply of construction-related services, specifically interior fit-out and electromechanical installations. Neither of these entities are publicly listed. These interests are held in order to provide the group with the necessary skills and local presence required in order to operate within the Dubai market.

Al-Tayer Stocks and Zener Steward are both structured in separate vehicles and the group only has a residual interest in the net assets of these two companies. Accordingly, the group classified its interest in these entities as joint ventures and account for these using the equity method.

The information used to account for interests in joint ventures is coterminous with the group's year-end.

The following table summarises the financial information of these joint ventures. The table also reconciles the summarised financial information to the carrying amount of the group's interest.

	AL-TAYER STOCKS		ZENER STEWARD		TOTAL	
	2014 R'000	2013 R'000	2014 R'000	2013 R'000	2014 R'000	2013 R'000
Percentage ownership interest	50%	50%	50%	50%		
Financial year-end	July	July	December	December		
Non-current assets	4 600	2 985	4 275	2 346	8 875	5 331
Current assets	503 502	332 047	301 450	216 707	804 952	548 754
Non-current liabilities	—	—	—	—	—	—
Current liabilities	(297 643)	(172 780)	(132 398)	(54 122)	(430 041)	(226 902)
Net assets (100%)	210 459	162 252	173 327	164 931	383 786	327 183
Group's share of net assets (50%)	105 229	81 126	86 664	82 466	191 893	163 592
CARRYING AMOUNT OF INTEREST IN JOINT VENTURES	105 229	81 126	86 664	82 466	191 893	163 592
The value of cash and cash equivalents included in current assets amount to:	75 403	107 412	83 783	78 407	159 186	185 819
The value of other current financial liabilities excluding trade and other payables and provisions amount to:	—	—	—	—	—	—
Revenue	840 294	544 829	283 532	150 685	1 123 826	695 514
Depreciation	983	1 035	554	501	1 537	1 536
Interest income	—	—	6	—	6	—
Profit/(loss) from operations (group's share)	16 112	10 879	(5 171)	3 547	10 941	14 426
Total comprehensive income/(loss) (group's share)	16 112	10 879	(5 171)	3 547	10 941	14 426
DIVIDENDS RECEIVED BY THE GROUP	9 877	—	7 526	—	17 403	—

6. EQUITY-ACCOUNTED INVESTEES *continued*

6.2 INTEREST IN ASSOCIATES

Investment in associate companies	PERCENTAGE HELD % 2014	% 2013	Year-end	Country of incorporation	Nature of business	Number of shares owned
UNLISTED ASSOCIATES						
Ukumba Brick & Quarry Proprietary Limited	**32**	32	February	South Africa	Quarry	64 ordinary shares of R1 each
Broad Brush Investments Proprietary Limited	**50**	50	February	South Africa	Property development	50 ordinary shares of R1 each
Bongwe Investments Proprietary Limited	**34**	34	April	Botswana	Concession	1 055 ordinary shares of no par value
Plot 21 Investments Proprietary Limited	**33**	33	April	Botswana	Concession	436 ordinary shares of no par value

The group has interests in a number of individually immaterial associates.

Investments in Bongwe Investments Proprietary Limited and Plot 21 Investments Proprietary Limited arose through the group's decision to enter into Public Private Partnerships in Botswana. The flow of funds from these entities is governed by the Public Private Partnership agreement.

Broad Brush Investments Proprietary Limited is regarded as an associate as the group only has significant influence, i.e. the power to participate in the financial and operating policy decisions of the investee, and no control or joint control over those policies.

Associates are accounted for using the equity method. Investor interest was determined by capital contributions and long-term loans that are not expected to be settled in the foreseeable future.

The information used to account for interest in associates is coterminous with the group's year-end.

The following table analyse, in aggregate, the carrying amount and share of profit and other comprehensive income of these associates:

	2014 R'000	2013 R'000
Non-current assets	**283 131**	254 260
Current assets	**46 753**	38 757
Non-current liabilities	**(293 486)**	(272 322)
Current liabilities	**(8 112)**	(2 511)
Net assets (100%)	**28 286**	18 184
Group's share of net assets equity accounted	**9 647**	6 364
Long-term loans with associates	**5 772**	8 114
CARRYING AMOUNT OF INTEREST IN ASSOCIATE	**15 419**	14 478
Revenue	**42 855**	45 493
Depreciation	**251**	142
Interest income	**41 688**	25 841
Income tax expense	**2 241**	2 550
Profit from operations (group's share)	**3 288**	2 797
Total comprehensive income (group's share)	**3 288**	2 797
DIVIDENDS RECEIVED BY THE GROUP	**640**	2 104

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7. JOINT OPERATIONS

A proportion of the group's operations are performed through joint operations as unincorporated arrangements such as partnerships and contracts.

Joint operations are proportionately consolidated as the group has rights to its assets and obligations for its liabilities.

	Nature of joint operations	Principal place of business	Group's % interest
DETAILS OF SIGNIFICANT JOINT VENTURE OPERATIONS:			
Kusile Civils Works — Kusile Power Station	Structures	Mpumalanga	25
Stefanutti/Wramatshe — Phase 2 BRPM Stylsdrift Merensky Project	Structures	North West	50
Stefanutti Stocks Cycad Cerimele Pipeline — Komati Water Scheme	Structures and Pipelines	Mpumalanga	75
Stefanutti Stocks Namibia Construction — Trekkopje	Structures	Namibia	58
WBHO/Civil & Coastal Construction — Ben Schoeman Dock	Structures	Western Cape	40
Stefanutti Stocks/Franki — Piling at Kusile Power Station	Structures	Mpumalanga	50
Stefanutti Basil Read — Khangela Bridge	Structures	KwaZulu-Natal	33,33
Kusile Silos — Walter Gilbert Road	Structures	Mpumalanga	44
Sierra Leone Pepel Port Marine Works	Structures	Sierra Leone	50
Rimirio — Foskor Flotation Plant	Structures	Limpopo	85
Goedgevonden — Coal Precision Plant	Structures	Mpumalanga	50
Stefanutti Stocks Aqua — Upgrade of N11	Structures	KwaZulu-Natal	50
Stefanutti Stocks and SA5 — Saldanha Access Platform	Structures	Western Cape	50
Simandou — Simandou	Structures	Guinea	25
Oryx — Oryx Kissy Fuel Jetty	Structures	Sierra Leone	40
Stefanutti Stocks Marine and Isithembiso — Sealing of the Iron Ore Jetty	Structures	Western Cape	90
JST — Stefanutti Stocks — Mini Garona Office Park	Building	North West	70
Sikhuphe International Airport	Building	Swaziland	55
Stefanutti Stocks Basil Reed Kusile Building — Kusile	Building	Mpumalanga	50
Biyana Stefanutti Stocks — MTN Doornfontein	Building	Gauteng	70
Stefanutti Stocks CMH — Cecilia Makiwane Hospital	Building	Eastern Cape	75
BP Nacala	Building	Mozambique	25
BP Beira	Building	Mozambique	50
Rigamani SSH — Kusasalethu Hostel	Building	Gauteng	50
Stefanutti Stocks/Izazi — Kusile topsoil	Roads and Earthworks	Mpumalanga	70

8. GOODWILL AND INTANGIBLE ASSETS

	COST			AMORTISATION AND IMPAIRMENT LOSSES			
	Opening balance R'000	Additions through business combinations R'000	Closing balance R'000	Opening balance R'000	Amortisation/ impairment R'000	Closing balance R'000	Net book value R'000
GROUP							
2014							
Goodwill	**1 231 273**	**1 143**	**1 232 416**	**(1 992)**	**—**	**(1 992)**	**1 230 424**
INTANGIBLE ASSETS	**126 798**	**100**	**126 898**	**(82 361)**	**(8 405)**	**(90 766)**	**36 132**
Contract and customer related	**46 292**	**—**	**46 292**	**(46 292)**	**—**	**(46 292)**	**—**
Trade names and patents	**78 548**	**100**	**78 648**	**(34 646)**	**(8 297)**	**(42 943)**	**35 705**
Technology	**1 958**	**—**	**1 958**	**(1 423)**	**(108)**	**(1 531)**	**427**
	1 358 071	**1 243**	**1 359 314**	**(84 353)**	**(8 405)**	**(92 758)**	**1 266 556**
Note		**34**					
GROUP							
2013							
Goodwill	1 078 827	152 446	1 231 273	(1 992)	—	(1 992)	1 229 281
INTANGIBLE ASSETS	119 755	7 043	126 798	(72 135)	(10 226)	(82 361)	44 437
Contract and customer related	44 009	2 283	46 292	(44 009)	(2 283)	(46 292)	—
Trade names and patents	73 788	4 760	78 548	(26 811)	(7 835)	(34 646)	43 902
Technology	1 958	—	1 958	(1 315)	(108)	(1 423)	535
	1 198 582	159 489	1 358 071	(74 127)	(10 226)	(84 353)	1 273 718
Note		34					

Contract and customer-related intangible assets relates to existing contracts with customers acquired as part of business combinations, as well as future pipeline orders. Technology-related intangible assets encompasses technology that was acquired. The average remaining amortisation periods for trade names, patents and technology-related intangibles range between four and eight years (2013: five and 17 years). There are no impairment losses for the periods presented.

CHANGE IN ESTIMATE

There was a change in the estimate of the useful life of a trade name, which decreased from 17 years to zero, resulting in an increased amortisation charge of R362 000 for the year.

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.

8. GOODWILL AND INTANGIBLE ASSETS continued

The aggregate carrying amounts of goodwill allocated to each unit are as follows:

CARRYING VALUES OF GOODWILL PER CASH-GENERATING UNIT

	2014 R'000	2013 R'000
Stefanutti Stocks Marine	16 167	16 167
Stefanutti Stocks Civils KZN	34 537	34 537
Stefanutti Stocks Building	789 700	789 700
Stefanutti Stocks Housing	122 323	122 323
Stefanutti Stocks Roads and Earthworks	22 573	22 573
Stefanutti Stocks Mining Services	58 926	58 926
Cycad Pipelines Proprietary Limited (note 34)	152 446	152 446
Mechanical	19 360	19 360
Electrical (Apollo E&I Construction Proprietary Limited)	11 062	11 062
Power (RGF)	2 187	2 187
Energotec (note 34)	1 143	—
	1 230 424	1 229 281

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 (2013: Nil).

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

	CONSTANT GROWTH RATE (a)		AVERAGE ANTICIPATED ANNUAL REVENUE GROWTH IN (b)		WACC	
	2014 %	2013 %	2014 %	2013 %	2014 %	2013 %
Stefanutti Stocks Marine	3	3	15,4	17,7	16,2	14,8
Stefanutti Stocks Civils KZN	3	3	16,1	11,1	16,2	14,8
Stefanutti Stocks Building	4	3	13,5	25,2	14,6	14,6
Stefanutti Stocks Housing	3	3	35,4	23,3	16,2	14,6
Stefanutti Stocks Roads & Earthworks	3	3	5,7	8,9	16,2	14,8
Stefanutti Stocks Mining Services	3	3	11,1	17,0	16,2	12,7
Cycad Pipelines	4	3	23,3	33,7	14,6	13,2
Mechanical	3	3	12,6	19,4	16,2	13,2
Electrical (Apollo E&I Construction Proprietary Limited and Energotec)	4	3	10,5	14,2	16,2	13,2
Power (RGF)	3	3	19,6	19,4	16,2	13,2

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) increased due to the provision of certain specified risks brought into account in the calculation.

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 2015 to 2018. The values assigned to the key assumptions represent management's assessment of the businesses and are based on both external sources 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.

9. DEFERRED TAX

	GROUP		COMPANY	
	2014 R'000	2013 R'000	**2014 R'000**	2013 R'000
9.1 DEFERRED TAX ASSETS				
The balance comprises:				
Property, plant and equipment	**(212)**	(80)	**—**	—
Provisions	**2 521**	4 766	**2 152**	1 424
Retentions	**(3 250)**	(2 702)	**—**	—
Future expenditure allowances	**—**	(7)	**—**	—
Income overclaimed	**927**	326	**—**	—
Work in progress	**(522)**	(1 226)	**—**	—
Prepaid expenses	**—**	(116)	**—**	—
Assessed losses	**12 618**	8 416	**—**	—
	12 082	9 377	**2 152**	1 424
Balance at beginning of the year	**9 377**	8 936	**1 424**	1 423
Movements during year attributable to:				
Temporary differences	**2 682**	405	**728**	1
Recognised directly in equity	**9**	—	**—**	—
Currency translation	**14**	36	**—**	—
BALANCE AT END OF THE YEAR	**12 082**	9 377	**2 152**	1 424

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.

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9. DEFERRED TAX continued

	GROUP		COMPANY	
	2014 R'000	2013 R'000	**2014 R'000**	2013 R'000
9.2 DEFERRED TAX LIABILITIES				
The balance comprises:				
Property, plant and equipment	**119 959**	118 601	**—**	—
Intangible assets	**10 117**	12 335	**—**	—
Provisions	**(273 784)**	(263 364)	**—**	—
Doubtful debt allowance	**(1 606)**	(4 051)	**—**	—
Retentions	**6 129**	42 369	**—**	—
Future expenditure allowances	**262 089**	219 877	**—**	—
Income overclaimed	**(67 682)**	(89 607)	**—**	—
Work in progress	**24 664**	43 856	**—**	—
Prepayments	**812**	6 166	**—**	—
Other	**(360)**	(322)	**—**	—
	80 338	85 860	**—**	—
Balance at beginning of the year	**85 860**	61 204	**—**	—
Movements during year attributable to:				
Temporary differences	**(5 934)**	4 003	**—**	—
Intangible assets raised (note 34)	**—**	1 972	**—**	—
Arising from acquisitions	**—**	18 573	**—**	—
Currency translation	**412**	108	**—**	—
BALANCE AT END OF THE YEAR	**80 338**	85 860	**—**	—

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 18,67% (2013: 18,67%) is used for South African assets. If the expected manner of recovery is through use, the normal tax rate of 28,00% (2013: 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.

10. INTERGROUP LOAN ACCOUNTS

	COMPANY	
	2014 R'000	2013 R'000
Stefanutti Stocks International Holdings Proprietary Limited	**(1 880)**	(1 880)
Stefanutti & Bressan Share Incentive Trust*	**25 003**	27 103
Stefanutti Stocks Proprietary Limited#	**276 515**	361 367
	299 638	386 590
Current assets	**301 518**	388 470
Current liabilities	**(1 880)**	(1 880)
Fair value of intergroup loans	**299 638**	386 590

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 good.

* *Loan is interest free and payable on demand.*

The loan is unsecured and has no fixed terms of repayment, however, repayable on demand.

11. INVENTORIES

	GROUP		COMPANY	
	2014 R'000	2013 R'000	**2014 R'000**	2013 R'000
Consumables	**111 046**	78 413	**—**	—
Inventories expensed during the year	**16 501**	6 227	**—**	—
Inventories written off during the year	**2 835**	2 476	**—**	—

12. CONTRACTS IN PROGRESS

	GROUP		COMPANY	
	2014 R'000	2013 R'000	**2014 R'000**	2013 R'000
Costs incurred plus profits recognised, less the sum of recognised losses and progress billings relating to contracts in progress at year-end	**472 173**	491 761	**—**	—

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13. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2014 R'000	2013 R'000	**2014 R'000**	2013 R'000
FINANCIAL INSTRUMENTS				
Contract receivables	**1 519 830**	1 454 913	**—**	—
Retention debtors	**191 084**	318 271	**—**	—
Allowance for doubtful debts	**(38 754)**	(31 860)	**—**	—
Other receivables	**46 498**	48 529	**—**	—
Amounts due by joint operations	**120 760**	104 349	**—**	—
	1 839 418	1 894 202	**—**	—
NON-FINANCIAL INSTRUMENTS				
Prepayments	**113 646**	70 443	**874**	2 030
VAT	**19 042**	38 371	**39**	—
	1 972 106	2 003 016	**913**	2 030
AGEING OF CONTRACT RECEIVABLES				
As at 28 February 2014, the ageing analysis of contract receivables is as follows:				
Not past due and not impaired				
Current	**993 909**	875 088	**—**	—
30 days	**208 238**	338 832	**—**	—
	1 202 147	1 213 920	**—**	—
Past due but not impaired				
60 days	**33 338**	59 657	**—**	—
90 days	**78 007**	49 614	**—**	—
>120 days	**167 519**	98 343	**—**	—
	278 864	207 614	**—**	—
Impaired	**38 819**	33 379	**—**	—
	1 519 830	1 454 913	**—**	—

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 and ongoing basis and the assessment includes a review of past default rates where such information is available.

As a result of the policies and procedures implemented by management as noted above, the credit quality of receivable balances that are not past due and not provided for is considered to be good.

13. TRADE AND OTHER RECEIVABLES continued

	GROUP		COMPANY	
	2014 R'000	2013 R'000	**2014 R'000**	2013 R'000
MOVEMENT IN ALLOWANCE FOR DOUBTFUL DEBTS				
Balance at beginning of the year	**(31 860)**	(51 283)	**—**	—
Amounts provided for during the year	**(20 572)**	(21 394)	**—**	—
Amounts written off as uncollectible	**5 337**	3 439	**—**	—
Amounts recovered during the year	**7 906**	25 606	**—**	—
Foreign currency translation	**435**	—	**—**	—
Unused amounts reversed	**—**	11 772	**—**	—
Balance at end of the year	**(38 754)**	(31 860)	**—**	—
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 R39 million (2013: R33 million) before any provisions for doubtful debt.				
COLLATERAL HELD FOR CONTRACT RECEIVABLES				
Contract receivables	**168 333**	176 000	**—**	—
Collateral held in the form of:				
Payment guarantee	**152 376**	287 987	**—**	—
Builder's lien	**12 731**	6 638	**—**	—

TERMS AND CONDITIONS ASSOCIATED WITH USE OF COLLATERAL

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 of the 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.

14. BANK BALANCES

	GROUP		COMPANY	
	2014 R'000	2013 R'000	**2014 R'000**	2013 R'000
CURRENT ASSETS				
Bank balance	**1 024 037**	842 547	**1 644**	2 293
CURRENT LIABILITIES				
Bank balance	**(20 627)**	(6 314)	**—**	—
	1 003 410	836 233	**1 644**	2 293

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

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15. SHARE CAPITAL AND PREMIUM

	GROUP		COMPANY	
	2014 R'000	2013 R'000	**2014 R'000**	2013 R'000
AUTHORISED				
400 000 000 ordinary shares of 0,00025 cents each (2013: 400 000 000 ordinary shares of 0,00025 cents each)	**1**	1	**1**	1
	1	1	**1**	1
ISSUED				
188 080 746 ordinary shares of 0,00025 cents each fully paid (2013: 188 080 746 ordinary shares of 0,00025 cents each fully paid)	*****	*	*****	*
Issued shares remained the same during the year (2013: nil shares issued).				
Treasury shares at the reporting date amounted to 13 290 467 (2013: 13 640 467)				
Treasury shares are held as follows:				
Total treasury shares	**13 290 467**	13 640 467	**—**	—
Subsidiary	**6 710 537**	6 710 537	**—**	—
Share trusts	**6 579 930**	6 929 930	**—**	—
Movement of treasury shares can be reconciled as follows:				
Opening balance	**13 640 467**	15 130 969	**—**	—
Exercising of options in terms of employee share incentive schemes	**(350 000)**	(1 490 502)	**—**	—
Closing balance	**13 290 467**	13 640 467	**—**	—
SHARE PREMIUM				
— Balance at the beginning of the year	**1 028 909**	1 019 843	**1 161 538**	1 161 538
— Effect of treasury shares	**2 100**	9 066	**—**	—
	1 031 009	1 028 909	**1 161 538**	1 161 538

* *Less than R1 000.*

16. NON-CONTROLLING INTEREST

The following table summarises the information relating to the group's subsidiary that has a non-controlling interest. The non-controlling interest relates to a 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 (refer to note 5).

	2014
	Stefanutti Stocks Hapel Limited
Non-controlling interest percentage	**40%**
	R'000
Non-current assets	**30 312**
Current assets	**124 790**
Non-current liabilities	**—**
Current liabilities	**(153 731)**
NET ASSETS	**1 371**
Carrying amount of non-controlling interest	**548**
Revenue	**19 477**
Profit	**1 301**
Other comprehensive income	**70**
TOTAL COMPREHENSIVE INCOME	**1 371**
PROFIT ALLOCATED TO NON-CONTROLLING INTEREST	**520**
OTHER COMPREHENSIVE INCOME ALLOCATED TO NON-CONTROLLING INTEREST	**28**

17. EMPLOYEE SHARE INCENTIVE SCHEMES

17.1 SHARE-BASED PAYMENTS RESERVE

The Stefanutti & Bressan Share Incentive Trust

Options are granted to employees at a price based on a 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	**2014 Quantity**	2013 Quantity
NUMBER OF SHARES HELD BY TRUST:			
Outstanding at the beginning of the year	R7,38	**5 671 197**	7 149 897
Awarded during the year	—	**—**	—
Expired during the year	—	**—**	—
Forfeited during the year	—	**—**	(36 400)
Exercised during the year	R6,00	**(350 000)**	(1 442 300)
OUTSTANDING AT THE END OF THE YEAR	R7,48	**5 321 197**	5 671 197
EXERCISE PRICE AT THE END OF THE YEAR		**R7,48**	R7,38
OPTIONS EXERCISABLE AT YEAR-END		**5 321 197**	5 671 197
Exercise price of R10		**1 963 600**	1 963 600
Exercise price of R6		**3 357 597**	3 707 597
REMAINING CONTRACTUAL LIFE		**3 years**	4 years

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 option 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 Grants 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.

17. EMPLOYEE SHARE INCENTIVE SCHEMES continued

17.1 SHARE-BASED PAYMENTS RESERVE continued

THE STOCKS BUILDING AFRICA EMPLOYEES SHARE TRUST

The trust was formed with the objective of allowing employees to be allocated shares in the company. Units are allocated to specific employees identified by management. After three years these units may be converted to shares based on the growth in value of the units from grant date to exercise date. In the event of resignation, voluntary termination of the employee or dismissal as well as involuntary termination of employment (including retrenchment, death and permanent disability) before the vesting period has expired, will result in the forfeiture of any entitlement to the shares.

	2014 Quantity	2013 Quantity
NUMBER OF UNITS IN ISSUE:		
Outstanding at the beginning of the year	—	415 000
Exercised during the year	—	(415 000)
Outstanding at the end of the year	—	—
UNITS EXERCISABLE AT YEAR-END	—	415 000

All units have been allocated.

17.2 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. In terms of the plan, the group can, at its election, purchase shares in the market or issue new shares to settle benefits. Shares may not be disposed of or otherwise encumbered during the vesting period of three years. In the event of resignation, voluntary termination of employment or dismissal before the vesting period has expired, will result in the forfeiture of entitlement to the shares. Upon the involuntary termination of employment of an employee, the vesting period will cease and shares will immediately vest.

	2014 Quantity	2013 Quantity
NUMBER OF SHARES:		
Outstanding at the beginning of the year	**3 557 920**	4 627 449
Awarded during the year	**190 000**	729 025
Forfeited during the year	**(235 408)**	(478 792)
Vested during the year	**(2 164 966)**	(1 319 762)
OUTSTANDING AT THE END OF THE YEAR	**1 347 546**	3 557 920
GRANT PRICE	**R9.48**	R10.65
FAIR VALUE AT GRANT DATE (R'000)	**1 801**	7 761
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 R19 million (2013: R24 million) which related to Forfeitable Share Plan costs was recognised in the current year for the group, the company expense amounted to R1 million (2013: R2 million).

18. OTHER FINANCIAL LIABILITIES

	GROUP		COMPANY	
	2014 R'000	2013 R'000	**2014 R'000**	2013 R'000
18.1 NON-CURRENT LIABILITIES				
Secured bank loans	**70 403**	168 785	**—**	—
Unsecured loans	**186 151**	263 387	**168 075**	241 161
Instalment sale agreements	**94 150**	143 260	**—**	—
Finance leases	**2 046**	2 767	**—**	—
	352 750	578 199	**168 075**	241 161
18.2 CURRENT LIABILITIES				
Secured bank loans	**90 706**	90 742	**—**	—
Unsecured loans	**106 731**	124 407	**73 411**	81 839
Instalment sale agreements	**110 873**	144 910	**—**	—
Finance leases	**2 670**	3 758	**—**	—
	310 980	363 817	**73 411**	81 839
OTHER LIABILITIES	**663 730**	942 016	**241 486**	323 000

Information about the group's exposure to interest rate, foreign currency and liquidity risk is included in note 33.

18.3 INSTALMENT SALE AND FINANCE LEASE LIABILITIES:

Instalment sale and finance lease liabilities are payable as follows:

	FUTURE MINIMUM LEASE PAYMENTS		INTEREST		PRESENT VALUE OF MINIMUM LEASE PAYMENTS	
	2014	2013	**2014**	2013	**2014**	2013
MINIMUM INSTALMENT SALE AND FINANCE LEASE PAYMENTS DUE						
Within one year	**120 762**	165 712	**7 219**	17 044	**113 543**	148 668
Second to fifth year	**108 134**	158 033	**11 938**	12 006	**96 196**	146 027
PRESENT VALUE OF MINIMUM PAYMENTS	**228 896**	323 745	**19 157**	29 050	**209 739**	294 695

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18. OTHER FINANCIAL LIABILITIES continued

18.4 TERMS AND REPAYMENT SCHEDULE

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

		NOMINAL INTEREST RATE			CARRYING VALUE	
	Currency	**2014 %**	2013 %	Year of maturity	**2014 R'000**	2013 R'000
Secured bank loan*	ZAR	**7,25 – 7,75**	7,25	2022	**31 158**	33 687
Secured bank loan*	ZAR	**7,50 – 8,00**	7,50	2022	**45 567**	50 158
Secured bank loan#	ZAR	**7,15 – 7,65**	7,65	2015	**83 333**	173 611
Secured bank loan*	SZL	**8,00**	9,00	2016	**1 050**	1 311
Secured bank loan*	ZAR	**—**	Prime -2,30	—	**—**	124
Secured bank loan*	ZAR	**—**	Prime -1,00	—	**—**	292
Secured bank loan	ZAR	**—**	Prime -1,35	—	**—**	344
Unsecured loan**	ZAR	**7,00**	7,00	2016	**241 486**	323 000
Unsecured loan	ZMW	**9,50**	9,50	No repayment terms	**14 277**	18 442
Unsecured loan	ZAR	**—**	3,00	—	**—**	2 352
Unsecured loan	ZAR	**2,00 – 3,00**	—	2014	**2 577**	—
Unsecured loan	ZAR	**6,00**	6,00	No repayment terms	**27 900**	37 350
Unsecured loan	ZAR	**7,25 – 7,75**	—	2014	**1 334**	—
Unsecured loan	ZAR	**8,00**	—	2014	**459**	—
Instalment sale agreements	ZAR	**7,20 – 8,65**	7,00 – 10,00	2014 – 2019	**205 023**	288 170
Finance leases	ZAR	**12,00**	11,00	2015	**356**	754
Finance leases	SZL	**7,50**	7,50 – 8,00	2016	**4 344**	5 655
Finance leases	MZN	**13,00 – 18,50**	13,00 – 18,50	2014	**16**	116
TOTAL INTEREST–BEARING LIABILITIES					**658 880**	935 366

The secured bank loans* are secured over land and buildings with a carrying amount of R155 million (2013: R157 million).

Secured bank loan# is secured by cross guarantees from the company and a subsidiary.

Instalment sale agreements and finance leases are secured by certain transport and motor vehicles as well as plant and equipment to the value of R435 million (2013: R331 million).

** This loan relates to the Competition Commission penalty that has been accounted for in terms of IAS 39: Financial Instruments: Recognition and Measurement.

19. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2014 R'000	2013 R'000	**2014 R'000**	2013 R'000
FINANCIAL INSTRUMENTS				
Trade payables include:				
Trade and other payables	**836 403**	971 247	**658**	1 525
Retention creditors and subcontractors	**184 033**	173 258	**—**	—
	1 020 436	1 144 505	**658**	1 525
NON-FINANCIAL INSTRUMENTS				
Accrued expenses	**528 112**	382 874	**10 114**	9 814
VAT	**64 166**	48 520	**—**	—
Shareholders for dividends	**24**	24	**24**	24
	592 302	431 418	**10 138**	9 838
	1 612 738	1 575 923	**10 796**	11 363

Trade and other payables are settled within normal business terms.

20. PROVISIONS

	GROUP			
	Carrying value at beginning of year R'000	Additional provisions R'000	Used/reversed during the year R'000	Carrying value at the end of the year R'000
Contracting	1 363 432	1 596 575	(1 363 432)	1 596 575
Warranty	68 478	79 464	(68 478)	79 464
	1 431 910	1 676 039	(1 431 910)	1 676 039

CONTRACTING PROVISIONS

Relate to the provision for future contract costs and are expected to be realised over the next 12 months.

WARRANTY PROVISIONS

Relate to claims in respect of ongoing contracts and are expected to be realised over the next 12 months.

21. REVENUE

	GROUP		COMPANY	
	2014 R'000	2013 R'000	**2014 R'000**	2013 R'000
Contract revenue comprises turnover, which excludes Value Added Tax and represents the invoice value of goods and services supplied:				
Contract revenue	**9 423 623**	8 981 903	**—**	—
Other income	**41 825**	38 591	**18 700**	26 901
Investment income (note 23)	**32 984**	36 892	**70**	190 971
	9 498 432	9 057 386	**18 770**	217 872

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22. PROFIT/(LOSS) FROM OPERATIONS

	GROUP		COMPANY	
	2014 R'000	2013 R'000	**2014 R'000**	2013 R'000
Profit/(loss) from operations is stated after taking into account the following items of income and expenditure:				
INCOME	**115 724**	67 781	**18 700**	26 901
Profit on disposal of property, plant and equipment	**12 139**	7 642	**—**	—
Profit on foreign exchange	**49 388**	10 469	**—**	—
Rent received	**12 290**	14 465	**—**	—
Rent received — investment property	**11 085**	8 240	**—**	—
Project management fee	**18 450**	15 886	**—**	—
Other income	**12 372**	11 079	**18 700**	26 901
EXPENDITURE				
Auditors' remuneration				
— Audit fee	**8 902**	8 870	**180**	176
— Other services	**166**	521	**—**	—
Employee costs	**2 673 925**	2 488 267	**17 364**	19 853
— Short-term employee benefit costs	**2 446 564**	2 305 562	**14 733**	16 421
— Post-employment benefit costs	**208 557**	159 142	**1 466**	1 482
— Forfeitable Share Plan costs (note 17)	**18 804**	23 563	**1 165**	1 950
Loss on disposal of property, plant and equipment	**2 419**	97	**—**	—
Loss on foreign exchange	**44 463**	28 048	**—**	—
Operating lease rentals	**12 330**	8 786	**—**	—
— Premises	**3 756**	5 564	**—**	—
— Plant and equipment	**3 578**	213	**—**	—
— Vehicles	**4 996**	3 009	**—**	—
Direct operating expenses arising from investment property generating rental income	**940**	532	**—**	—
— Annual land lease fee	**68**	110	**—**	—
— Insurance	**48**	216	**—**	—
— Repairs and maintenance	**807**	143	**—**	—
— Other sundry expenses	**17**	63	**—**	—

23. INVESTMENT INCOME

	GROUP		COMPANY	
	2014 R'000	2013 R'000	**2014 R'000**	2013 R'000
Interest income from financial instruments				
— Bank accounts	**22 033**	27 084	**70**	93
— Trade receivables and loans	**6 651**	3 263	**—**	—
— Joint operations	**4 100**	6 216	**—**	—
Other interest	**200**	266	**—**	—
TOTAL INTEREST RECEIVED	**32 984**	36 829	**70**	93
Dividends received	**—**	63	**—**	190 878
Dividends	**—**	63	**—**	22 570
Dividends in specie*	**—**	—	**—**	168 308
	32 984	36 892	**70**	190 971

* *With effect from 1 March 2010, the South African business operations were restructured, in terms of which certain operations previously held in subsidiary companies, commenced operations as divisions of Stefanutti Stocks Proprietary Limited.*

As part of the restructuring process, a dividend in specie was declared from subsidiary companies to the holding company. The dividend in specie consist of loans that were transferred.

24. FINANCE COSTS

	GROUP		COMPANY	
	2014 R'000	2013 R'000	**2014 R'000**	2013 R'000
Interest paid on financial instruments				
— Bank overdrafts and bonds	**20 823**	27 374	**1**	—
— Instalment sale and finance lease agreements	**17 875**	24 002	**—**	—
— Financing agreements	**7 643**	8 209	**—**	—
— Trade payables	**162**	85	**—**	—
Other interest	**2 944**	926	**—**	—
	49 447	60 596	**1**	—

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25. TAXATION

	GROUP		COMPANY	
	2014 R'000	2013 R'000	**2014 R'000**	2013 R'000
25.1 TAXATION				
Current tax	**64 299**	47 986	**444**	147
— Current year	**78 138**	48 712	**439**	147
— (Overprovision)/underprovision previous year	**(13 839)**	(726)	**5**	—
Deferred tax	**(8 616)**	3 598	**(728)**	(1)
— Current year	**(16 383)**	3 598	**(728)**	(1)
— Underprovision previous year	**7 767**	—	**—**	—
TAXATION	**55 683**	51 584	**(284)**	146
25.2 RECONCILIATION OF TAX CHARGE				
Tax charge at 28% on profit/(loss) before taxation	**48 862**	(30 933)	**(1 735)**	(38 372)
Adjusted for:				
— Disallowable expenditure	**17 187**	103 555	**1 446**	91 964
— Exempt income	**(1 569)**	(714)	**—**	(53 446)
— Assessed losses utilised	**(608)**	(3 322)	**—**	—
— Deferred tax assets not raised/(raised) on losses	**305**	(5 080)	**—**	—
— Foreign tax rate differential	**(1 023)**	(10 612)	**—**	—
— Special allowances	**(1 425)**	(649)	**—**	—
— Overprovisions previous year	**(6 072)**	(726)	**5**	—
— Other	**26**	65	**—**	—
EFFECTIVE TAX	**55 683**	51 584	**(284)**	146

26. NOTES TO THE STATEMENTS OF CASH FLOWS

	GROUP		COMPANY	
	2014 R'000	2013 R'000	**2014 R'000**	2013 R'000
26.1 CASH GENERATED FROM OPERATING ACTIVITIES				
Net profit/(loss) before taxation	**174 507**	(110 477)	**(6 197)**	(137 044)
Adjusted for:				
Depreciation (note 3)	**150 442**	195 029	**—**	—
Amortisation of intangibles (note 8)	**8 405**	10 226	**—**	—
Competition Commission penalty	**—**	323 000	**—**	323 000
Investment income (note 23)	**(32 984)**	(36 829)	**(70)**	(93)
Dividends received (note 23)	**—**	(63)	**—**	(190 878)
Finance costs (note 24)	**49 447**	60 596	**1**	—
Movement in provisions (note 20)	**244 129**	(66 265)	**—**	—
Profit on disposal of associate	**—**	(296)	**—**	—
Share of profits of equity-accounted investees (note 6)	**(14 229)**	(17 223)	**—**	—
Net (profit)/loss on foreign exchange	**(4 925)**	17 579	**—**	—
Profit on disposals of property, plant and equipment	**(9 720)**	(7 545)	**—**	—
	565 072	367 732	**(6 266)**	(5 015)
Movements in working capital:				
(Increase)/decrease in inventories	**(32 633)**	18 751	**—**	—
Decrease/(increase) in contracts in progress	**19 588**	(100 349)	**—**	—
Decrease in trade receivables	**30 910**	177 166	**1 117**	1 942
Increase/(decrease) in trade payables	**33 531**	(139 384)	**(567)**	195
Effect of exchange rate changes on working capital	**(16 188)**	(25 378)	**—**	—
	600 280	298 538	**(5 716)**	(2 878)
26.2 RECONCILIATION OF DIVIDENDS PAID DURING THE YEAR				
Charged in statement of changes in equity (note 27)	**—**	20 998	**—**	22 570
Movement in shareholders for dividends (note 19)	**—**	(7)	**—**	(7)
PAYMENTS MADE	**—**	20 991	**—**	22 563
26.3 RECONCILIATION OF TAXATION PAID DURING THE YEAR				
Charge against profit	**64 299**	47 986	**444**	147
Effect of exchange rate changes on taxation	**3 973**	1 183	**—**	—
Movement in taxation balance	**3 248**	17 452	**(4)**	28
PAYMENTS MADE	**71 520**	66 621	**440**	175

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26. NOTES TO THE STATEMENT OF CASH FLOWS continued

	GROUP		COMPANY	
	2014 R'000	2013 R'000	**2014 R'000**	2013 R'000
26.4 NET CASH FOR ACQUISITION OF SUBSIDIARIES (NOTE 34)				
Fair value of assets acquired:				
Property, plant and equipment	**3 041**	86 097	**—**	—
Intangible assets	**100**	—	**—**	—
Loans	**—**	32	**—**	—
Inventories	**—**	5 263	**—**	—
Contracts in progress	**—**	7 868	**—**	—
Trade and other receivables	**—**	52 312	**—**	—
Bank balances	**—**	22 780	**—**	—
Non-current — Other financial liabilities	**—**	(3 553)	**—**	—
Deferred tax liabilities	**—**	(18 573)	**—**	—
Current — Other financial liabilities	**—**	(6 129)	**—**	—
Trade and other payables	**(3 284)**	(27 971)	**—**	—
Provisions	**—**	(2 069)	**—**	—
Taxation	**—**	(12 544)	**—**	—
TOTAL NET ASSETS ACQUIRED	**(143)**	103 513	**—**	—
Cash consideration paid	**1 000**	261 030	**—**	—
Less: Cash acquired	**—**	(22 780)	**—**	—
	1 000	238 250	**—**	—

27. DIVIDENDS PAID

	GROUP		COMPANY	
	2014 R'000	2013 R'000	**2014 R'000**	2013 R'000
Final dividend of 12 cents per share declared on 15 May 2012 and payable on 9 July 2012.	**—**	22 570	**—**	22 570
	—	22 570	**—**	22 570
Dividends relating to treasury shares	**—**	(1 572)	**—**	—
	—	20 998	**—**	22 570

28. BASIC EARNINGS PER SHARE, HEADLINE EARNINGS RECONCILIATION AND ASSET VALUE PER SHARE

	GROUP	
	2014 R'000	2013 R'000
28.1 BASIC EARNINGS PER SHARE		
Net profit/(loss) for the year attributable to equity holders of the company	**118 304**	(162 061)
Weighted average shares in issue	**174 584 799**	173 941 097
Diluted weighted average shares in issue	**188 080 746**	188 080 746
Basic earnings/(loss) per share (cents)	**67,76**	(93,17)
Diluted earnings/(loss) per share (cents)	**62,90**	(86,17)

Basic earnings/(loss) per share is calculated by dividing earnings attributable to ordinary equity holders of the company by the weighted average number of shares in issue.

Diluted earnings/(loss) per share is calculated by dividing earnings attributable to ordinary equity holders of the company by the diluted weighted average number of shares in issue.

	GROUP		GROUP	
	2014 Gross R'000	**2014 Net R'000**	2013 Gross R'000	2013 Net R'000
HEADLINE EARNINGS RECONCILIATION				
Profit/(loss) after taxation attributable to equity holders of the company		**118 304**		(162 061)
Adjusted for:				
Profit on disposal of plant and equipment	**(9 720)**	**(7 040)**	(7 545)	(5 423)
Profit on disposal of associate	—	—	(296)	(241)
HEADLINE EARNINGS/(LOSS)		**111 264**		(167 725)
Normalised headline earnings reconciliation				
Headline earnings/(loss)		**111 264**		(167 725)
Adjusted for:				
Amortisation of intangibles	**8 405**	**6 188**	10 226	7 370
Competition Commission penalty	—	—	323 000	323 000
NORMALISED HEADLINE EARNINGS		**117 452**		162 645
Headline earnings/(loss) per share (cents)		**63,73**		(96,43)
Diluted headline earnings/(loss) per share (cents)		**59,16**		(89,18)
Normalised headline earnings per share (cents)		**67,28**		93,51
Diluted normalised headline earnings per share (cents)		**62,45**		86,48

Headline earnings/(loss) per share is calculated by dividing headline earnings attributable to ordinary equity holders of the company by the weighted average number of shares in issue.

Diluted headline earnings/(loss) per share is calculated by dividing headline earnings attributable to ordinary equity holders of the company by the diluted weighted average number of shares in issue.

Normalised headline earnings per share is calculated by dividing normalised headline earnings attributable to ordinary equity holders of the company by the weighted average number of shares in issue.

Diluted normalised headline earnings per share is calculated by dividing normalised headline earnings attributable to ordinary equity holders of the company by the diluted weighted average number of shares in issue.

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28. BASIC EARNINGS PER SHARE, HEADLINE EARNINGS RECONCILIATION AND ASSET VALUE PER SHARE continued

	GROUP	
	2014 R'000	2013 R'000
28.1 BASIC EARNINGS PER SHARE continued		
RECONCILIATION OF SHARES FOR BASIC EARNINGS PER SHARE AND HEADLINE EARNINGS PER SHARE PURPOSES		
Number of shares in issue at year-end	**188 080 746**	188 080 746
Adjusted for treasury shares held by share trusts	**(6 785 410)**	(7 429 112)
Adjusted for treasury shares held by subsidiary	**(6 710 537)**	(6 710 537)
WEIGHTED AVERAGE SHARES IN ISSUE	**174 584 799**	173 941 097

	GROUP	
	2014 R'000	2013 R'000
28.2 NET ASSET VALUE PER SHARE		
Net shares in issue	**174 790 279**	174 440 279
Total shares in issue	**188 080 746**	188 080 746
Net asset value per share (cents)	**1 255,55**	1 144,41
Net tangible asset value per share (cents)	**530,93**	414,23
Diluted net asset value per share (cents)	**1 166,82**	1 061,41
Diluted net tangible asset value per share (cents)	**493,41**	384,19
RECONCILIATION OF SHARES FOR NET ASSET VALUE PER SHARE PURPOSES		
Number of shares in issue at year-end	**188 080 746**	188 080 746
Adjusted for treasury shares held by share trusts	**(6 579 930)**	(6 929 930)
Adjusted for treasury shares held by subsidiary	**(6 710 537)**	(6 710 537)
WEIGHTED AVERAGE SHARES IN ISSUE	**174 790 279**	174 440 279

29. RELATED PARTIES

Related parties are those that control or have a significant influence over the group (i.e. key management personnel), and parties that are controlled or significantly influenced by the group (including subsidiaries, joint ventures and associates). Stefanutti Stocks Holdings Limited has no holding company, nor is there a major shareholder that has a significant influence over the group.

Group companies have entered into transactions in the ordinary course of business with each other, and/or other institutions/individuals that are also shareholders or key management personnel. The majority of these transactions relate to property leases, delivery of services and other services. All such transactions have been concluded under terms that are consistent with those entered into with third parties. Details of transactions between the group and other related parties are disclosed below.

		COMPANY	
		2014 R'000	2013 R'000
RELATIONSHIPS			
Subsidiaries	Refer to note 5		
Equity-accounted investees	Refer to note 6		
Joint operations	Refer to note 7		
Key management personnel	Refer below		
Interests in contracts and transactions with key management personnel	Refer below		
RELATED PARTY — BALANCES — SUBSIDIARIES			
Amounts owing — subsidiary companies	Refer to note 10	**299 638**	386 590
Balances are unsecured and receivable/(payable) within normal business terms. Settlements are done in cash.			
RELATED PARTY TRANSACTIONS – INTERGROUP			
Administration fees received from group companies		**18 700**	26 901
Dividend received from group companies		**—**	190 878
Inter-segment contract revenues		**98 063**	144 815
Guarantees	Refer to note 30		
INTERESTS IN CONTRACTS AND TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL			
Ukumba Brick & Quarry Proprietary Limited (DG Quinn, director of the company, has 5% interest)			
— Dividend received		**100**	230
Piazza Trust (Family trust of B Stefanutti, director of the company)			
— Rental income received		**630**	546

All other significant intergroup transactions are contract related and are disclosed in note 35 as intersegment contract revenue. Unless specifically disclosed, these transactions occurred under terms that are consistent with those entered into with third parties.

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29. RELATED PARTIES continued

KEY MANAGEMENT PERSONNEL

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

	2014 R'000	2013 R'000
Short-term benefits	33 284	29 606
Post-employment benefits	2 437	2 523
Termination benefits	—	5 163
Share-based payments	411	1 255
TOTAL	36 132	38 547

DIRECTORS' REMUNERATION

Executive directors' remuneration

The following tables disclose a breakdown of the annual remuneration (excluding equity awards) of executive directors for the years ended 28 February 2014 and 28 February 2013:

	W Meyburgh Chief Executive Officer R'000	D Quinn Chief Financial Officer R'000	SD Pell** Chief Operating Officer R'000	S Ackerman* R'000	Total R'000
YEAR ENDED 28 FEBRUARY 2014					
Short-term benefits					
Basic salary	3 726	2 678	—	2 059	8 463
Other benefits	263	233	—	146	642
Incentive bonus	2 910	1 623	—	1 924	6 457
Post-employment benefits					
Pension	422	310	—	136	868
TOTAL REMUNERATION	7 321	4 844	—	4 265	16 430
YEAR ENDED 28 FEBRUARY 2013					
Short-term benefits					
Basic salary	3 488	2 390	218	2 726	8 822
Other benefits	465	408	5 189#	381	6 443
Incentive bonus	1 232	694	267	1 229	3 422
Post-employment benefits					
Pension	396	279	69	169	913
TOTAL REMUNERATION	5 581	3 771	5 743	4 505	19 600

* *Resigned as an executive director on 19 November 2013.*
** *SD Pell resigned 31 March 2012.*
# *Inclusive of termination benefits amounting to R5,163 million.*

29. RELATED PARTIES continued

NON-EXECUTIVE DIRECTORS' FEES

Non-executive director remuneration is compared to the company's peer group. Recommendations are made by the Chief Financial Officer and Human Resources Executive, to the Remuneration and Nominations Committee, 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 and Lead Independent Director take their expanded roles 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, terms of office, expected time commitments, share dealing and board performance assessments. The Chairman and Lead Independent Director have letters of appointment, which are specific to their roles and functions.

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

	SHORT-TERM BENEFITS				
	Attendance fees R'000	Annual fees R'000	Retainer R'000	**Year ended 28 February 2014 R'000**	Year ended 28 February 2013 R'000
NON-EXECUTIVE DIRECTORS					
B Stefanutti (Chairman)	—	840	540	**1 380**	1 650
ME Mkwanazi#	—	333	—	**333**	648
V Cuba (Lead Independent Director)*	102	195	—	**297**	—
NJM Canca	496	—	—	**496**	472
T Eboka**	190	—	—	**190**	—
KR Eborall	659	—	—	**659**	538
HSP Mashaba##	167	—	—	**167**	317
ZJ Matlala	472	—	—	**472**	391
LB Sithole	246	—	—	**246**	177
JWLM Fizelle (Alternate to LB Sithole)	262	—	—	**262**	203
TOTAL	2 594	1 368	540	**4 502**	4 396

resigned 5 September 2013.

resigned 2 August 2013.

* *appointed 2 August 2013 and as Lead Independent Director 19 November 2013.*

** *appointed 17 May 2013.*

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. One third retire by rotation annually.

For the year ended 28 February 2014

29. RELATED PARTIES continued

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.

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
D Quinn	400 000	6,00	—	—	400 000

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

DIRECTORS' SHARE AWARDS IN TERMS OF THE FSP SCHEME

Directors participate in the group's long-term incentive FSP and profit incentive schemes, which are designed to recognise the contributions that senior staff have 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 contributions 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. These amounts are included under "other benefits" in the executive directors' annual remuneration. Forfeitures are dealt with in accordance with accounting policies note 1.17.

The details of the FSP can be found in note 17.2 on page 46.

	YEAR ENDED 28 FEBRUARY 2014		YEAR ENDED 28 FEBRUARY 2013	
	Total shares awarded	**Value of shares R'000**	Total shares awarded	Value of shares R'000
W Meyburgh	—	—	21 467	228
D Quinn	—	—	15 236	162
S Ackerman	—	—	16 106	171

These amounts are included within "Other benefits" in the executive directors' annual remuneration.

30. GUARANTEES AND CONTINGENT LIABILITIES

	GROUP		COMPANY	
	2014 R'000	2013 R'000	**2014 R'000**	2013 R'000
GUARANTEES				
Total insurance policies ceded to third parties on behalf of the group for:				
Subsidiaries	**3 139 487**	2 645 438	**—**	—
	3 139 487	2 645 438	**—**	—

It is the opinion of the directors that the possibility of any loss is improbable and it is not anticipated that any material liabilities will arise.

CONTINGENT LIABILITIES

No contingent liabilities existed at year-end.

31. CAPITAL COMMITMENTS

	GROUP		COMPANY	
	2014 R'000	2013 R'000	**2014 R'000**	2013 R'000
Approved by the directors not yet contracted for	**273 948**	281 369	**—**	—
Approved by directors, contracted for but not yet expensed	**10 177**	—	**—**	—
	284 125	281 369	**—**	—

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.

31. CAPITAL COMMITMENTS continued

At the reporting date, the group had the following outstanding commitments as lessor under operating leases:

	Less than 1 year R'000	Between 2 and 5 years R'000	More than 5 years R'000
RENTAL COMMITMENTS			
2014			
Properties	**3 601**	**4 232**	—
Plant and equipment	**59 287**	**82 530**	
	62 888	**86 762**	—
2013			
Properties	2 036	3 409	—
Plant and equipment	23 108	17 331	—
Furniture, fittings, office and computer equipment	169	210	—
	25 313	20 950	—

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. No leases contain contingent rent provisions or covenants.

32. FINANCIAL INSTRUMENTS

Details of the group's financial instruments are set out below:

Carrying and fair values of financial instruments by class:

At 28 February 2014, 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 rate method used. The net fair value of the group's financial instruments are stated below:

		GROUP		COMPANY	
	Note	2014 R'000	2013 R'000	2014 R'000	2013 R'000
FINANCIAL ASSETS, LOANS AND RECEIVABLES					
Bank balances	14	**1 024 037**	842 547	**1 644**	2 293
Trade and other receivables	13	**1 839 418**	1 894 202	—	—
Intergroup loan accounts	10	—	—	**301 518**	388 470
Equity-accounted investees — Loans — Associates	6	**5 772**	8 114	—	—
OTHER FINANCIAL LIABILITIES					
Bank balances	14	**20 627**	6 314	—	—
Trade and other payables	19	**1 020 436**	1 144 505	**658**	1 525
Intergroup loan accounts	10	—	—	**1 880**	1 880
Other financial liabilities	18	**663 730**	942 016	**241 486**	323 000

Exposure to interest rate and credit risk arises in the normal course of the group's business.

33. RISK MANAGEMENT

The group's activities exposes it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk.

The group's principal financial liabilities comprise loans and borrowings, trade and other payables as well as bank overdrafts. The main purpose of these liabilities is to finance the group's operations and capital expenditure. The group has trade and other receivables and cash it derives directly from its operations.

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 and makes adjustments to it, in light of 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 years ended 28 February 2014 and 28 February 2013.

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 28 February 2014 and 28 February 2013 were as follows:

	GROUP	
	2014 R'000	2013 R'000
Net debt	**679 507**	941 680
Total equity	**2 194 573**	1 996 308
Share capital and share premium	**1 031 009**	1 028 909
Other reserves	**182 018**	108 064
Retained earnings	**981 546**	859 335
Gearing ratio	**31,0%**	47,2%

The prior year gearing ratio was higher than the group norm as a result of raising the Competition Commission penalty.

MARKET RISK

Financial market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprise interest rate risk and currency risk.

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. Borrowings issued at variable rates expose the group to cash flow interest rate risk. Most of the borrowings are issued at variable interest rates (Refer to note 18).

The following table demonstrates the sensitivity to a change in interest rates on loans and borrowings.

	2014 R'000	2013 R'000
Profit/(loss) for the year as per statement of comprehensive income	**118 824**	(162 061)
Effect on profit/(loss)		
1% increase/(decrease) in interest rate	**2 485/(2 485)**	3 578/(3 578)

33. RISK MANAGEMENT continued

CURRENCY RISK

The group is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchases, assets and liabilities are denominated and the respective functional currencies of the group. The group operates both cross border and offshore and is exposed to foreign exchange risk arising from various currency exposures.

The group has certain investments in foreign operations, with net assets that are exposed to foreign currency translation risk.

	2014 R'000	2013 R'000
Profit for the year included in the financial statements that is subject to foreign currency risk	51 858	122 653
Unhedged monetary assets exposed to foreign currency risk	845 456	588 252
Unhedged monetary liabilities exposed to foreign currency risk	321 650	261 120

The group manages its risk by reviewing its foreign currency exposure, including commitments on an ongoing basis.

The material exchange rates at year-end were as follows:

	2014	2013
AED — United Arab Emirates Dirham	R2,939	R2,408
BWP — Botswana Pula	R1,216	R1,103
EUR — Euro	R14,764	—
MZN — Mozambique New Metical	R0,333	R0,283
USD — US Dollar	R10,795	R8,845
ZMW — Zambian Kwacha	R1,856	R1,648

SENSITIVITY ANALYSIS

A strengthening (weakening) of the following currencies would have affected profit or loss 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		PROFIT OR LOSS		PROFIT OR LOSS	
	2014	2013	2014 Increase R'000	2014 Decrease R'000	2013 Increase R'000	2013 Decrease R'000
28 FEBRUARY 2014						
BWP	9	9	542	(542)	1 083	(1 083)
EURO	26	—	5 475	(5 475)	—	—
MZN	12	12	4 531	(4 531)	2 110	(2 110)
USD	21	21	131	(131)	7 693	(7 693)
AED	21	21	9 635	(9 635)	1 928	(1 928)
ZMW	11	11	4 741	(4 741)	588	(588)

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

FORWARD EXCHANGE CONTRACTS WHICH RELATE TO FUTURE COMMITMENTS

	Forward exchange rate	Maturity date	Reason for forward exchange contract
AMOUNT IN FOREIGN CURRENCY PURCHASED			
Euro 669 636	14,7476	04/03/2014	Plant and equipment

33. RISK MANAGEMENT continued

LIQUIDITY RISK

Prudent liquidity risk management implies maintaining sufficient cash on hand and the availability of funding through an adequate level of credit facilities. Due to the dynamic nature of the underlying businesses, group treasury maintains flexibility in funding by maintaining availability under committed credit lines and ensure that adequate unutilised borrowing facilities are maintained.

Liquidity risk mainly results from funds available/unavailable to cover future commitments. The group manages liquidity risk through an ongoing review of future commitments and credit facilities, and by ensuring that adequate unutilised borrowing facilities are maintained. Cash flow forecasts are prepared and borrowing facilities are monitored.

Exposure to liquidity risks is set out in the maturity analysis table below:

MATURITY ANALYSIS

		CONTRACTUAL CASH FLOWS				
	Carrying amount R'000	Total R'000	On demand R'000	Less than 1 year R'000	Between 2 and 5 years R'000	More than 5 years R'000
GROUP						
2014						
Other financial liabilities	**663 730**	**753 186**	**27 926**	**306 991**	**377 372**	**40 897**
Trade and other payables	**1 020 436**	**1 020 436**	—	**1 020 436**	—	—
Bank balances	**20 627**	**20 627**	—	**20 627**	—	—
	1 704 793	**1 794 249**	**27 926**	**1 348 054**	**377 372**	**40 897**
2013						
Other financial liabilities	942 016	1 045 404	—	399 718	594 032	51 654
Trade and other payables	1 144 505	1 144 505	—	1 144 505	—	—
Bank balances	6 314	6 314	—	6 314	—	—
	2 092 835	2 196 223	—	1 550 537	594 032	51 654
COMPANY						
2014						
Other financial liabilities	**241 486**	**281 243**	—	**81 514**	**199 729**	—
Trade and other payables	**658**	**658**	—	**658**	—	—
	242 144	**281 901**	—	**82 172**	**199 729**	—
2013						
Other financial liabilities	323 000	363 082	—	81 839	281 243	—
Trade and other payables	1 525	1 525	—	1 525	—	—
	324 525	364 607	—	83 364	281 243	—

CREDIT RISK

The credit granting policy is set on a group basis and managed at operating entity level.

Exposure per financial instrument class is represented in detail in note 32, without taking into account any collateral held or other netting agreements.

Credit risk exposure arises mainly from the possibility that parties holding cash deposits, cash equivalents and trade receivables will not meet their commitments to the group. 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. The group only deposits cash with major banks with high-quality credit ratings.

For the year ended 28 February 2014

33. RISK MANAGEMENT continued

TRADE RECEIVABLES

Trade receivables comprise a widespread customer base. This customer base is primarily in South Africa, but also exists 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 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 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.

Exposure to trade receivables is mitigated by the request for collateral. Details of collateral held is disclosed in note 13.

34. BUSINESS COMBINATIONS

2014

With effect from 1 August 2013, the group acquired plant and equipment, intangible assets and liabilities relating to Energotec, the electrical and instrumentation business of First Strut (RF) Limited, at a cost of R1 million. Energotec is an installer of electrical and instrumentation solutions and operates primarily within the petro-chemical industry. This business complements the group's existing electrical and instrumentation activities.

The fair values of assets and liabilities acquired and the goodwill resulting therefrom are reflected in the table below:

	ENERGOTEC Fair value R'000
Acquisition date	1 August 2013
AT ACQUISITION VALUES	
NON-CURRENT ASSETS	3 141
Plant and equipment (note 3)	3 041
Intangible assets (note 8)	100
CURRENT LIABILITIES — ACCRUALS	(3 284)
	(143)
Net asset value acquired	(143)
Cost of acquisition — Cash paid	1 000
Goodwill arising on acquisition (note 8)	1 143
Acquisition-related costs	796

The goodwill arises from the acquisition of a well-established and reputable operation with its associated skilled workforce. This allows the group to strengthen its position in the electrical and instrumentation market, specifically within the petro-chemical sector.

It is impractical to report any revenue, profit or loss for Energotec as only certain fixed assets, payroll liabilities and human capital expertise were acquired and integrated into the group's existing electrical and instrumentation operation.

Acquisition-related costs were recognised in the statement of comprehensive income within operating expenses.

34. BUSINESS COMBINATIONS continued

2013

The group acquired 100% of Cycad Pipelines Proprietary Limited, a specialised pipeline infrastructure construction company and its related operations. This acquisition is in line with the group's growth strategy to broaden its service offering in the construction sector.

The fair values of assets and liabilities acquired and the goodwill resulting therefrom are reflected in the table below:

	Cycad Pipelines
Acquisition date	1 March 2012
Voting equity	100%

	Fair value R'000
AT ACQUISITION VALUES	
NON-CURRENT ASSETS	86 129
Property, plant and equipment (note 3)	86 097
Loans	32
CURRENT ASSETS	88 223
Contracts in progress	7 868
Inventories	5 263
Trade and other receivables	52 312
Cash and cash equivalents	22 780
	174 352
EQUITY AND LIABILITIES	
Capital and reserves	103 513
Share capital	126 457
Retained income	(22 944)
NON-CURRENT LIABILITIES	22 126
Other financial liabilities	3 553
Deferred tax	18 573
CURRENT LIABILITIES	48 713
Taxation	12 544
Other financial liabilities	6 129
Trade and other payables	27 971
Provisions	2 069
	174 352
Net asset value acquired	103 513
Intangible assets (note 8)	7 043
Deferred tax (note 9)	(1 972)
NET IDENTIFICABLE ASSETS RECOGNISED ON ACQUISITION	108 584
Cost of acquisition — Cash paid	261 030
Goodwill arising on acquisition (note 8)	152 446
Revenue since acquisition included in results	256 017
Profit before tax since acquisition included in results	33 929
Acquisition-related costs	2 850

The goodwill arising from the acquisition is attributable to the ability to access the pipeline construction market, in which the group did not previously have a presence, by the acquisition of a well-established and reputable company with a skilled and specialised workforce.

The fair values of trade receivables at the acquisition date amounts to R52 million, and the group is of the opinion that the outstanding amounts were recoverable.

Acquisition-related costs were recognised in the statement of comprehensive income within operating expenses.

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35. SEGMENT INFORMATION

Operating segments are identified on the basis of internal financial information about components of the group that are regularly reviewed by and provided to the chief operating decision maker (CODM); in order to allocate resources to the segments and assess their performance. Individual members of the executive management team are responsible for the operating segments of the business noted below.

The group has identified its operating segments based on its business by services provided and geographical areas served and have aggregated them into the following reportable operating segments: Structures, Building, Roads, Pipelines and Mining Services (RPM), Mechanical and Electrical 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:

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.

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, electrical, instrumentation and power line transmission and distribution operations.

OTHER SEGMENTS

Other segments comprise segments which do not represent 10% or more combined revenue or combined reported profit/(loss) or combined assets of all operating segments.

The accounting policies of the segments are the same as those applied in the group. Intersegment contract revenues are eliminated on consolidation.

	Structures R'000	Building R'000	Roads, Pipelines and Mining Services R'000	Mechanical and Electrical R'000	Other segments R'000	Total R'000
2014						
Revenues from external customers	2 641 903	3 205 727	2 437 176	1 212 245	1 381	9 498 432
Contract revenue	2 637 106	3 147 678	2 428 473	1 210 366	—	9 423 623
Intersegment contract revenues	36 054	—	23 690	38 319	—	98 063
Depreciation and amortisation	42 778	28 222	62 120	23 781	1 946	158 847
Net interest revenue/(expense)*	820	7 326	(6 614)	(1 230)	(16 765)	(16 463)
Reportable segment operating profit/(loss)*	128 051	(150 726)	189 030	1 319	9 067	176 741
Reportable segment profit/(loss)	98 164	(102 122)	133 519	692	(11 429)	118 824
Reportable segment assets	1 455 911	1 784 986	1 239 823	501 747	1 315 830	6 298 297
Equity-accounted investees	1 124	206 188	—	—	—	207 312
Reportable segment liabilities	1 070 802	1 378 300	838 862	272 421	542 791	4 103 176

* *The performance of operating segments is assessed by management based on net interest revenue, operating profit, and expense amounts as disclosed in the segment information above.*

35. SEGMENT INFORMATION continued

	Structures R'000	Building R'000	Roads, Pipelines and Mining Services R'000	Mechanical and Electrical R'000	Other segments R'000	Total R'000
2013						
Revenues from external customers	2 653 021	3 357 785	2 162 874	712 252	171 454	9 057 386
Contract revenue	2 737 738	3 232 565	2 301 647	709 953	—	8 981 903
Intersegment contract revenues	41 708	1 239	43 734	58 134	—	144 815
Depreciation and amortisation	60 779	25 986	96 586	20 502	1 402	205 255
Net interest revenue/(expense)*	6 931	1 369	(7 352)	(658)	(24 057)	(23 767)
Reportable segment operating profit/(loss)*	141 189	(54 956)	176 732	(51 053)	7 092	219 004
Reportable segment profit/(loss)	112 608	(22 948)	128 770	(34 624)	(345 867)	(162 061)
Reportable segment assets	1 542 513	1 525 285	1 276 940	478 277	1 262 838	6 085 853
Equity-accounted investees	—	178 070	—	—	—	178 070
Reportable segment liabilities	1 136 655	1 177 810	817 145	285 486	672 449	4 089 545

* *The performance of operating segments is assessed by management based on net interest revenue, operating profit, and expense amounts as disclosed in the segment information above.*

GEOGRAPHICAL AREAS

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

	2014		2013	
	Local R'000	**Foreign R'000**	Local R'000	Foreign R'000
Contract revenues from external customers	**7 387 515**	**2 036 108**	7 178 464	1 803 439
Non-current assets (excluding deferred tax)	**2 249 635**	**439 978**	2 338 325	310 604

MAJOR CUSTOMERS

Although revenues from one customer of the group represent approximately R1,1 billion (2013: R1,1 billion) of the group's total revenues, of which the largest portion is included in Structures, the group is not reliant on any one major customer as its services span over a varied number of industries and countries.

36. NON-ADJUSTING EVENTS AFTER REPORTING PERIOD

No material reportable events have occurred between the reporting date and the date of this integrated report.

For the year ended 28 February 2014

37. CHANGES IN ACCOUNTING POLICIES

A) JOINT ARRANGEMENTS

IFRS 11 requires classification of interests in joint arrangements as either joint operations (if the group has rights to the assets, and obligations for the liabilities) or joint ventures (if the group has rights to the net assets of an arrangement).

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

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

The adoption of IFRS 11 requires restatement of the comparative information, as two entities in the Middle East which were previously proportionately consolidated are now equity-accounted in terms of this standard.

B) SUMMARY OF QUANTITATIVE IMPACTS

The following tables summarise the impacts of the above changes on the group's financial position, comprehensive income and cash flows.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	IMPACT OF CHANGES IN ACCOUNTING POLICIES		
	As previously reported	Joint ventures	As restated
1 MARCH 2012			
Property, plant and equipment	1 019 910	(1 128)	1 018 782
Equity-accounted investees	15 996	126 092	142 088
Inventories	94 036	(2 135)	91 901
Contracts in progress	431 445	(47 901)	383 544
Trade and other receivables	2 229 658	(101 820)	2 127 838
Cash and cash equivalents	923 344	(69 310)	854 034
TOTAL ASSETS	4 714 389	(96 202)	4 618 187
Trade and other payables	1 777 647	(90 318)	1 687 329
Provisions	1 501 990	(5 884)	1 496 106
TOTAL LIABILITIES	3 279 637	(96 202)	3 183 435
28 FEBRUARY 2013			
Property, plant and equipment	1 139 012	(2 665)	1 136 347
Equity-accounted investees	14 478	163 592	178 070
Inventories	80 282	(1 869)	78 413
Contracts in progress	525 677	(33 916)	491 761
Trade and other receivables	2 148 699	(145 683)	2 003 016
Bank balances	935 456	(92 909)	842 547
TOTAL ASSETS	4 843 604	(113 450)	4 730 154
Trade and other payables	1 678 724	(102 801)	1 575 923
Provisions	1 442 559	(10 649)	1 431 910
TOTAL EQUITY AND LIABILITIES	3 121 283	(113 450)	3 007 833

37. CHANGES IN ACCOUNTING POLICIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	IMPACT OF CHANGES IN ACCOUNTING POLICIES		
	As previously reported	Joint ventures	As restated
28 FEBRUARY 2013			
Revenue	9 405 143	(347 757)	9 057 386
Contract revenue	9 329 660	(347 757)	8 981 903
Earnings before interest, taxation, depreciation and amortisation	439 585	(15 326)	424 259
Depreciation	(195 797)	768	(195 029)
Finance costs	(60 728)	132	(60 596)
Share of profits of equity-accounted investees	2 797	14 426	17 223

CONSOLIDATED STATEMENT OF CASH FLOWS

	IMPACT OF CHANGES IN ACCOUNTING POLICIES		
	As previously reported	Joint ventures	As restated
28 FEBRUARY 2013			
Cash generated from operations	311 425	(12 887)	298 538
Finance costs	(60 728)	132	(60 596)
CASH FLOWS FROM OPERATING ACTIVITIES	202 081	(12 755)	189 326
Expenditure for expansion			
Property, plant equipment acquired	(149 990)	1 715	(148 275)
CASH FLOWS FROM INVESTING ACTIVITIES	(456 064)	1 715	(454 349)
NET DECREASE IN CASH FOR PERIOD	(13 766)	(11 040)	(24 806)
Effect of exchange rate changes on cash and cash equivalents	52 082	(12 559)	39 523
Cash and cash equivalents at the beginning of the year	890 826	(69 310)	821 516
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	929 142	(92 909)	836 233

Shareholders' Analysis

As at 28 February 2014

Shareholder spread	Number of shareholdings	% of total shareholding	Shares held	% held
1 – 1 000 shares	906	38,20	408 714	0,22
1 001 – 10 000 shares	890	37,52	3 448 909	1,83
10 001 – 100 000 shares	408	17,20	13 442 831	7,15
100 001 – 1 000 000 shares	133	5,61	46 444 651	24,69
1 000 001 and over	35	1,47	124 335 641	66,11
TOTAL	2 372	100,00	188 080 746	100,00

Distribution of shareholders	Number of shareholdings	% of total shareholding	Shares held	% held
Collective investment schemes	98	4,13	73 068 252	38,85
Retail shareholders	1 827	77,03	34 802 614	18,50
Retirement benefit funds	126	5,31	20 187 137	10,73
Trusts	137	5,78	15 855 782	8,43
Own holdings	1	0,04	6 710 537	3,57
Share trusts	3	0,13	6 579 930	3,50
Assurance companies	14	0,59	11 244 001	5,98
Organs of state	3	0,13	8 423 713	4,48
Custodians	29	1,22	3 619 383	1,92
Investment partnerships	14	0,59	2 223 171	1,18
Medical aid funds	8	0,34	1 197 164	0,64
Private companies	44	1,85	1 006 656	0,54
Stockbrokers and nominees	8	0,34	728 962	0,39
Foundations and charitable funds	12	0,51	657 722	0,35
Insurance companies	5	0,21	643 139	0,34
Managed funds	7	0,30	594 939	0,32
Hedge funds	2	0,08	197 316	0,10
Public entities	2	0,08	173 100	0,09
Close corporations	29	1,22	91 553	0,05
Scrip lending	2	0,08	75 671	0,04
Control account	1	0,04	4	0,00
TOTAL	2 372	100,00	188 080 746	100,00

Shareholder type	Number of shareholdings	% of total shareholding	Shares held	% held
NON-PUBLIC SHAREHOLDERS	63	2,66	48 530 575	25,81
Directors and associates of the company	59	2,49	35 240 108	18,74
Own holdings	1	0,04	6 710 537	3,57
Share trusts	3	0,13	6 579 930	3,50
PUBLIC SHAREHOLDERS	2 309	97,34	139 550 171	74,19
TOTAL	2 372	100,00	188 080 746	100,00

Beneficial shareholders (>3%)	Shares held	% held
Sanlam Group	23 932 904	12,72
Coronation Fund Managers	22 969 575	12,21
B Stefanutti	17 505 512	9,31
PSG Alphen Asset Management	9 702 482	5,16
W Meyburgh	9 153 473	4,87
Government Employees Pension Fund	8 423 713	4,48
Stefanutti Stocks Investment Holding Ltd	6 710 537	3,57
Investec	5 706 029	3,03
Stefanutti & Bressan Share Incentive Trust	5 646 250	3,00
TOTAL	109 750 475	58,35

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
Company Secretary	**WR Somerville** 20 Lurgan Road, Parkview, 2193 Telephone number: +27 11 482 4019
Auditors	**Mazars** 2nd Floor, Mazars House, 5 St Davids Place, Parktown, 2193 PO Box 6697, Johannesburg, 2000 Telephone number: +27 11 547 4000
Attorneys	**Webber Wentzel** 10 Fricker Road, Illovo Boulevard, 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 African Banking Corporation Banco Commercial & Investimentas Middle East Barclays Bank Emirates NBD HSBC
Website	**www.stefanuttistocks.com**