

## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions and interpretations commencing on page 7 of this Circular apply to this Circular in its entirety except where the context indicates a contrary intention.

### Action required

- This Circular is important and should be read in its entirety, with particular attention to the section entitled "Action Required by Shareholders", commencing on page 4.
- If you are in any doubt as to what action you should take in relation to this Circular, please consult your accountant, broker, banker, attorney, CSDP or other professional advisor immediately.
- If you have disposed of all your Stefanutti Stocks Shares, this Circular together with the accompanying notice convening the General Meeting and form of proxy should be handed to the purchaser of such Stefanutti Stocks Shares or to the broker, CSDP, banker or other agent through whom the disposal was effected.

**Stefanutti Stocks does not accept responsibility, and will not be held liable, for any action of, or omission by, any CSDP or broker including, without limitation, any failure on the part of the CSDP or broker of any beneficial owner of Stefanutti Stocks Shares to notify such beneficial owner of the details set out in this Circular or to take any action on behalf of such beneficial owner.**



## STEFANUTTI STOCKS HOLDINGS LIMITED

(Registration number 1996/003767/06)

Share code: SSK

ISIN: ZAE000123766

("Stefanutti Stocks" or the "Company" or the "Group")

## CIRCULAR TO SHAREHOLDERS

**Relating to the proposed disposal by Stefanutti Stocks through a wholly-owned subsidiary, of its entire interest, representing 49% of the entire issued share capital in Al Tayer Stocks LLC to the Purchaser, which transaction constitutes a Category 1 Transaction for Stefanutti Stocks in terms of the Listings Requirements, in consideration for cash:**

and incorporating:

- **Notice of the General Meeting;**
- **Registration form to participate in the electronic General Meeting; and**
- **form of proxy (blue) in respect of the General Meeting (for use by Certificated Shareholders and "Own-Name" Dematerialised Shareholders only).**

### Sponsor



### Legal Advisor

**WEBBER WENTZEL**  
in alliance with > Linklaters

### Transaction Advisor



### Reporting Accountant

**mazars**

Date of issue: **Tuesday, 3 August 2021**

*This Circular is only available in English. Copies may be obtained from the registered office of the Company or at the Transfer Secretaries, during office hours on Business Days from Tuesday, 3 August 2021, at the addresses set out in the "Corporate Information" section. A copy of this Circular will also be available on Stefanutti Stocks' website <https://stefanuttistocks.com/investors/circulars/circular-al-tayer-stocks/>. Further information for obtaining a copy of this Circular is set out in paragraph (d) of the "Action Required by Shareholders" section.*

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## **FORWARD-LOOKING STATEMENT DISCLAIMER**

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The definitions and interpretations commencing on page 7 of this Circular apply, *mutatis mutandis*, to this forward-looking statement disclaimer.

This Circular contains statements about Stefanutti Stocks that are or may be forward-looking statements. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. These forward-looking statements are not based on historical facts, but rather reflect current expectations concerning future results and events and may generally be identified by the use of forward-looking words or phrases such as “believe”, “aim”, “expect”, “anticipate”, “intend”, “foresee”, “forecast”, “likely”, “should”, “planned”, “may”, “estimated”, “potential” or similar words and phrases.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and/or depend on circumstances that may or may not occur in the future. Stefanutti Stocks cautions that forward-looking statements are not guarantees of future performance. Actual results, financial and operating conditions, liquidity, solvency and the developments within the industry in which Stefanutti Stocks operates, may differ materially from those made in, or suggested by, the forward-looking statements contained in this Circular.

All these forward-looking statements are based on estimates and assumptions made by Stefanutti Stocks, as communicated in publicly available documents by Stefanutti Stocks, all of which estimates and assumptions, although believed by Stefanutti Stocks to be reasonable, are inherently uncertain. Such estimates, assumptions or statements may not eventuate. Factors which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied in those statements or assumptions include other matters not yet known to Stefanutti Stocks or not currently considered material by Stefanutti Stocks.

Shareholders should keep in mind that any forward-looking statement(s) made in this Circular or elsewhere is applicable only at the date on which such forward-looking statement(s) is made, being the Last Practicable Date. New factors that could cause the business of Stefanutti Stocks to not perform as expected may emerge from time to time and it is not possible to predict all of them. Further, the extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statement is not known. Stefanutti Stocks has no duty to, and does not intend to, update or revise the forward-looking statements contained in this Circular after the date of this Circular, except as may be required by law. Any forward-looking statements have not been reviewed or reported on by the external auditors of Stefanutti Stocks.

### **COVID-19**

The COVID-19 global pandemic has resulted in significant global and local financial market volatility and uncertainty. Although uncertain and unquantified at this stage, continued or worsening levels of market disruption and volatility could have a significant impact on Stefanutti Stocks’ business operations as well as Stefanutti Stocks’ ability to access capital and conclude the various key initiatives. This could result in a material change in the financial or trading position of Stefanutti Stocks. Stefanutti Stocks has put in place various risk mitigation strategies. Management and the Directors cannot accurately predict what the likely future impact of COVID-19 will be on the economy, or on Stefanutti Stocks and its operations.

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## CORPORATE INFORMATION

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### Registered office

Stefanutti Stocks Holdings Limited  
(Registration number 1996/003767/06)  
9 Palala Street  
Protec Park  
Cnr Zuurfontein Avenue and Oranjerivier Drive  
Kempton Park  
1619  
(PO Box 12394, Aston Manor, 1630)  
Date of incorporation: 27 March 1996  
Place of incorporation: Republic of South Africa

### Company Secretary

W.R. Somerville  
Co-Unity Offices  
18 Royal Street  
Hermanus  
7200

### Sponsor

Bridge Capital Advisors Proprietary Limited  
(Registration number: 1998/016302/07)  
10 Eastwood Road  
Dunkeld  
2196  
(PO Box 651010, Benmore, 2010)

### Independent Reporting Accountants and Auditors

Mazars  
Practice number: 900222  
Mazars House  
54 Glenhove Road  
Melrose Estate  
2196  
(PO Box 6697, Johannesburg, 2000)

### Legal advisor

Webber Wentzel  
90 Rivonia Road  
Sandton  
2196  
(PO Box 61771, Marshalltown, 2107)

### Transaction Advisor

Birkett Stewart McHendrie Proprietary Limited  
Jindal Africa Building  
22 Kildoon Road  
Bryanston  
Sandton  
2191

### Transfer Secretaries

Computershare Investor Services Proprietary Limited  
(Registration number: 2004/003647/07)  
Rosebank Towers  
15 Biermann Avenue  
Rosebank  
Johannesburg  
2196  
(Private Bag X9000, Saxonwold, 2132)

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## **ACTION REQUIRED BY SHAREHOLDERS**

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This Circular is important and requires your immediate attention. The action you need to take is set out below. The definitions and interpretations commencing on page 7 of this Circular apply, *mutatis mutandis*, to this Action Required by Shareholders section.

If you are in any doubt as to what action to take, consult your accountant, broker, banker, attorney, CSDP or other professional advisor immediately.

If you have disposed of all your Stefanutti Stocks Shares, please forward this Circular to the purchaser of such Stefanutti Stocks Shares or to the broker, CSDP, banker or other agent through whom the disposal was effected.

The General Meeting, convened in terms of the Notice of General Meeting, will be held entirely by electronic communication on Tuesday, 31 August 2021, commencing at 09:00, as permitted by the Listings Requirements, the provisions of the Companies Act and the MOI.

In this respect, the Company has retained the services of Computershare to host the General Meeting on an interactive electronic platform remotely, in order to facilitate remote participation and voting by Shareholders. Computershare will also act as scrutineer.

Shareholders or their proxies or representatives who wish to participate in the General Meeting via electronic communication, must register with the Transfer Secretaries, Computershare, by delivering the completed and signed application form attached hereto (the application) via email to proxy@computershare.co.za as soon as possible. The application form may also be delivered (i) by hand, to Computershare at Rosebank Towers, First Floor, 15 Biermann Avenue, Rosebank, 2196, or (ii) by post to Private Bag X9000, Saxonwold, 2132 (at the risk of the Participant). Irrespective of the manner in which the application form is delivered, the application form must be delivered as soon as possible, but in any event, for administrative purposes only, by no later than 09:00 on Friday, 27 August, 2021, together with proof of identification. Computershare will first validate a Participant's registration request pursuant to section 63(1) of the Companies Act.

As indicated above, the General Meeting will be held entirely through electronic communication, however, in order to facilitate the effective and efficient conduct of the General Meeting, all Shareholders are requested to submit their votes by proxy before the General Meeting at their earliest convenience. Shareholders intending to participate and/or vote at the General Meeting are required to complete the registration form ("Electronic Participation Form") annexed hereto. When completing the registration form, participants will be required to provide proof of identification and accordingly the registration validation process will include the requisite verification required by section 63(1) of the Companies Act. Shareholders are advised that the email addresses and/or contact numbers provided by Shareholders in their completed Electronic Participation Form are the only addresses and/or contact numbers that will be recognised for purposes of electronic participation (including voting, where applicable) at the General Meeting.

Dematerialised Shareholders, other than those Shareholders who have dematerialised their Stefanutti Stocks Shares with "Own-Name" registration, should contact their CSDP or broker in the manner and time stipulated in their agreement with their CSDP or broker to furnish them with their voting instructions; and in the event that they wish to participate in the meeting, to obtain the necessary authority to do so.

**If you have dematerialised your Stefanutti Stocks Shares other than with "Own-Name" registration:**

- (a) Voting at the General Meeting
  - (i) Your CSDP/broker is obliged to contact you in the manner stipulated in the agreement concluded between you and your CSDP/broker to ascertain how you wish to cast your vote at the General Meeting and thereafter to cast your vote in accordance with your instructions.
  - (ii) If you have not been contacted, it would be advisable for you to contact your CSDP/broker and furnish it with your voting instructions.
  - (iii) If your CSDP/broker does not obtain voting instructions from you, it will be obliged to vote in accordance with the instructions contained in the agreement concluded between you and your CSDP/broker.

- (iv) You should NOT complete the attached form of proxy.
- (b) Attendance and representation at the General Meeting
  - (i) If you wish to attend the General Meeting or if you wish to appoint a proxy to represent you, you must advise your CSDP/broker in accordance with the agreement concluded between you and your CSDP/broker, and your CSDP/broker will issue you with the necessary letter of representation for you or your proxy to attend the General Meeting.
  - (ii) Unless you advise your CSDP/broker, in accordance with the terms of the agreement concluded between you and your CSDP/broker, that you wish to attend the General Meeting, or to appoint a proxy to do so on your behalf, and have been provided with the necessary letter of representation from it or instructed it to send its proxy to represent you at the General Meeting, your CSDP/ broker may assume that you do not wish to attend the General Meeting and act in accordance with the agreement between you and your CSDP/broker.

**If you have not dematerialised your Stefanutti Stocks Shares or you have dematerialised your Stefanutti Stocks Shares with “Own-Name” registration:**

- (c) Voting, attendance, and representation at the General Meeting
  - (i) Shareholders are strongly encouraged to submit votes by proxy before the General Meeting.
  - (ii) You are, however, entitled to attend and vote at the General Meeting by electronic communication and may speak at and vote at the General Meeting.
  - (iii) If you are unable to attend the General Meeting, you may appoint a proxy to represent you at the General Meeting by completing the attached form of proxy (*blue*) in accordance with the instructions it contains and returning it to the Transfer Secretaries to be received by email at **proxy@computershare.co.za** by no later than 09:00 on **Friday, 27 August 2021**, for administration purposes. Alternatively, such forms of proxy may be lodged with the chairman of the General Meeting at any time before the meeting by email, care of Mr William Somerville at w.somerville@mweb.co.za.
  - (iv) Where there are joint holders of Stefanutti Stocks Shares, any one of such persons may vote at the General Meeting in respect of such Stefanutti Stocks Shares as if that person is solely entitled thereto, but if more than one of such joint holders are present or represented at the General Meeting, the person whose name appears first in the Register in respect of such Stefanutti Stocks Shares or its/his/her proxy, as the case may be, shall alone be entitled to vote in respect of such Stefanutti Stocks Shares.
- (d) Shareholders were advised in the SENS announcement issued by the Company on Tuesday, 3 August 2021 to obtain a copy of the Circular as follows:
  - (i) by accessing an electronic copy of the Circular on the Company's website, available at **<https://stefanuttistocks.com/investors/circulars/circular-al-tayer-stocks/>**;
  - (ii) by contacting the Transfer Secretaries on +27 11 370 7701 or at #ZACSJHBClientService1@Computershare.co.za to request an electronic copy of the Circular;
  - (iii) by contacting their CSDP to request an electronic copy of the Circular; and
  - (iv) by contacting the company secretary, Mr William Somerville at w.somerville@mweb.co.za in order to request an electronic copy of the Circular or to make reasonable alternative arrangements to obtain a copy.

**If you wish to dematerialise your Stefanutti Stocks Shares, please contact your broker.**

- (e) Identification of Shareholders and proxies.

In terms of section 63(1) of the Companies Act, before any person may attend or participate in the General Meeting, that person must present reasonably satisfactory identification and the person presiding at the General Meeting must be reasonably satisfied that the right of the person to participate and vote at the General Meeting, either as a Stefanutti Stocks Shareholder, or as a proxy or a representative for a Stefanutti Stocks Shareholder, has been reasonably verified. Acceptable forms of identification include a valid green-bar coded or smart card identification document issued by the South African Department of Home Affairs, a South African driver's licence, or a valid passport. Only those Shareholders who are fully verified (as required in terms of section 63(1) of the Companies Act) and subsequently registered at the commencement of the General Meeting with Computershare in accordance with what is set out above, will be allowed to participate in and/or vote by electronic means.

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## SALIENT DATES AND TIMES

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Important dates and times in relation to the General Meeting are set out below.

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**2021**

Record date for Stefanutti Stocks Shareholders to receive the Circular and Notice of General Meeting	Friday, 23 July
Circular and Notice of General Meeting distributed and announced on SENS	Tuesday, 3 August
Last Date to Trade to be eligible to participate in and vote at the General Meeting	Tuesday, 17 August
General Meeting record date for Stefanutti Stocks Shareholders to be entitled to participate in and vote at the General Meeting	Friday, 20 August
For administrative purposes only, last date to lodge forms of proxy with Computershare by 09:00	Friday, 27 August
Last date to lodge forms of proxy with the chairman of the General Meeting by 09:00	Tuesday, 31 August
General meeting to be held at 09:00	Tuesday, 31 August
Results of the General Meeting published on SENS	Tuesday, 31 August
Results of the General Meeting published in the press	Wednesday, 1 September

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### Notes

1. The dates and times provided for in this Circular are subject to amendment. Any material amendments will be published on SENS.
2. All times referred to in this Circular are local times in South Africa.
3. If the General Meeting is adjourned or postponed, forms of proxy submitted for the initial General Meeting will remain valid in respect of any adjournment or postponement of the General Meeting, unless the contrary is stated on such form of proxy.
4. The Register for Certificated Shareholders will be closed between the Last Date to Trade and the General Meeting record date.
5. No Stefanutti Stocks Shares may be dematerialised or rematerialised from Wednesday, 18 August 2021, to Friday, 20 August 2021 (both days inclusive).
6. Shareholders should note that as transactions in Stefanutti Stock Shares are settled in the electronic settlement system used by Strate; settlement of trades takes place 3 (three) Business Days after such trade. Therefore, persons who acquire Stefanutti Stocks Shares after close of trade on Tuesday, 17 August 2021 will not be eligible to attend, participate in and vote at the General Meeting.



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## DEFINITIONS AND INTERPRETATIONS

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In this Circular and the annexures hereto, unless the context indicates otherwise, the words in the first column shall have the meanings assigned to them in the second column, the singular includes the plural and *vice versa*, an expression which denotes one gender includes the other genders, a natural person includes a juristic person and *vice versa*, and cognate expressions shall bear corresponding meanings.

<b>“Act” or “Companies Act”</b>	the Companies Act, 71 of 2008, as amended from time to time;
<b>“AED”</b>	the United Arab Emirate dirhams, the lawful currency of the UAE from time to time;
<b>“Agreement” or “Transaction Agreement”</b>	the written sale of shares agreement concluded between Stefanutti Stocks, the Seller and the Purchaser on Wednesday, 23 June 2021 in connection with the implementation of the Transaction, as amended from time to time;
<b>“attend”, “present”, “participate” or similar wording</b>	includes being able to attend, be present or participate by means of electronic participation;
<b>“Al Tayer Stocks” or “ATS”</b>	Al Tayer Stocks LLC, a limited liability company incorporated in accordance with the laws of the UAE with registration number 513709, 49% owned by the Seller and 51% owned by Al Tayer Group LLC, which is a building and interior fit-out contracting company, offering a full range of services across all industries, delivering projects in the interior fit-out and design, and building sectors in the UAEs, the shares of which are the subject of the Transaction;
<b>“Al Tayer Shares”</b>	the 490 shares in the share capital of Al Tayer Stocks, representing 49% (forty-nine percent) of the entire issued share capital of Al Tayer Stocks and embedding the right to 50% (fifty percent) of the aggregate distributions and/or dividends declared, paid or made by Al Tayer Stocks;
<b>“Board”, “Board of Directors” or “Directors”</b>	the Board of Directors of Stefanutti Stocks from time to time;
<b>“Business Day”</b>	any day other than a Saturday, Sunday or an official public holiday in South Africa;
<b>“Certificated Shareholders”</b>	Stefanutti Stocks Shareholders who hold Stefanutti Stocks Shares, represented by a share certificate, which Stefanutti Stocks Shares have not been dematerialised;
<b>“Circular”</b>	this Circular incorporating the Notice of General Meeting, dated Tuesday, 3 August 2021, including the annexures and attachments thereto;
<b>“Completion Date”</b>	the date on which the updated commercial registration reflecting the change in shareholding of the Al Tayer Shares from the Seller to the Purchaser is issued by the DED;
<b>“Conditions Precedent”</b>	the Conditions Precedent contemplated in the Transaction Agreement which are referred to in paragraph 5.3 of this Circular;
<b>“CSDP”</b>	Central Securities Depository Participant as defined in the Financial Markets Act, appointed by a Shareholder for purposes of, and in regard to, dematerialisation of Stefanutti Stocks Shares the electronic settlement system operated by Strate;
<b>“DED”</b>	the Dubai Department of Economic Development;

<b>“dematerialise” or “dematerialisation”</b>	the process by which securities held by Certificated Shareholders are converted or held in an electronic form as uncertificated securities and recorded in a sub-register of security holders maintained by a CSDP or broker;
<b>“Dematerialised Shareholders”</b>	Stefanutti Stocks Shareholders who hold Stefanutti Stocks Shares which have been dematerialised in terms of the requirements of Strate;
<b>“Equity Value Adjustment”</b>	the value of the adjustment, or reduction, to the Preliminary Equity Value of ATS agreed to between the Seller and the Purchaser which adjustment (i) amounts to AED34,0 million and (ii) was determined having regard to the prospects of success relating to the formal and final settlement reached by ATS in respect of the recovery of costs and/or fees by ATS from its clients on certain construction projects, as is customary in the construction industry;
<b>“Financial Markets Act”</b>	Financial Markets Act, 19 of 2012, as amended from time to time;
<b>“form of proxy”</b>	the form of proxy incorporated into this Circular for use by Certificated Shareholders and Dematerialised Shareholders with “Own-Name” registration only, for purposes of appointing a proxy to represent such Stefanutti Stocks Shareholder at the General Meeting;
<b>“General Meeting”</b>	General Meeting of Stefanutti Stocks Shareholders to be held at 09:00 on Tuesday, 31 August 2021, entirely by electronic communication on the platform hosted by Computershare (including any adjournment or postponement thereof);
<b>“IFRS”</b>	International Financial Reporting Standards as issued by the Board of the International Accounting Standards Committee from time to time;
<b>“Independent Reporting Accountants”</b>	Mazars, practice number 900222, Registered Auditors, acting as the Auditors and Independent Reporting Accountants to Stefanutti Stocks;
<b>“JSE”</b>	JSE Limited, a South African limited liability public company with registration number 2005/022939/06, which is licensed to operate a securities exchange under the Financial Markets Act;
<b>“Last Date to Trade”</b>	Tuesday, 17 August 2021, being the last Business Day to trade Stefanutti Stocks Shares in order to reflect in the Register so as to be eligible to vote at the General Meeting;
<b>“Last Practicable Date”</b>	Thursday, 22 July 2021, being the Last Practicable Date prior to the finalisation of this Circular;
<b>“Lender Group” or “Lenders”</b>	the primary lenders and guarantors of the Group consisting of Nedbank Limited, Credit Guarantee Insurance Corporation of Africa Limited, Lombard Insurance Company Limited and Santam Limited;
<b>“Listings Requirements”</b>	the Listings Requirements of the JSE, as amended from time to time;
<b>“MOI”</b>	the memorandum of incorporation of the Company;
<b>“Notice of General Meeting”</b>	the notice to Stefanutti Stocks Shareholders convening the General Meeting of Shareholders for the purpose of considering and, if deemed fit, approving with or without modification, the resolutions set out in such Notice of General Meeting relating to the Transaction and which notice together with the form of proxy is attached to, and forms part of, this Circular;
<b>“Own-Name registration”</b>	Dematerialised Shareholders who have instructed their CSDP to hold their Stefanutti Stocks Shares in their own name on the uncertificated register of Stefanutti Stocks;
<b>“Purchase Consideration”</b>	the consideration as set-out in clause 5.2 of this Circular;

<b>“Purchaser”</b>	Investment Trading Group LLC, a privately owned company based in the UAE under number 232952 whose registered office is at PO Box 7310, Dubai, UAE, owned by the Al Tayer family alongside the Al Tayer Group LLC, which owns the remaining 51% interest in the share capital of ATS;
<b>“Preliminary Equity Value”</b>	the Preliminary Equity Value of Al Tayer Stocks as at 30 June 2021, being AED131,8 million;
<b>“Retention Amount”</b>	the amount as set-out in clause 5.2 of this Circular;
<b>“Rand” or “R” or “ZAR”</b>	South African Rand;
<b>“Register”</b>	the Company’s securities register maintained by the Transfer Secretaries in accordance with sections 50(1) and 50(3) of the Companies Act;
<b>“Seller”</b>	Stefanutti Stocks International Holdings Proprietary Limited, a private company incorporated in accordance with the laws of the Republic of South Africa with registration number 2005/015885/07, a wholly-owned subsidiary of Stefanutti Stocks;
<b>“SENS”</b>	the Stock Exchange News Service of the JSE;
<b>“South Africa”</b>	the Republic of South Africa;
<b>“Stefanutti Stocks Shares”</b>	the ordinary shares in the issued share capital of Stefanutti Stocks with a par value of 0.00025 cents per share;
<b>“Stefanutti Stocks Shareholders” or “Shareholders”</b>	the holders of the Stefanutti Stocks Shares from time to time;
<b>“Strate”</b>	Strate Proprietary Limited, a South African limited liability private company with registration number 1998/022242/07, which is a registered central securities depository in terms of the Financial Markets Act and is responsible for the electronic settlement system used by the JSE;
<b>“Submission Date”</b>	the day upon which the nominated representatives of the Purchaser and the Seller appear at the offices of a duly authorised UAE notary in Dubai to deliver all required documentation and to execute and sign all Transaction documents as well as such documents and forms as required by the DED in order to obtain the updated commercial registration;
<b>“Transaction”</b>	the proposed disposal of the Seller’s 49% shareholding in Al Tayer Stocks to the Purchaser subject to, and in accordance with the terms of, the Transaction Agreement;
<b>“Transfer Secretaries”</b>	Computershare Investor Services Proprietary Limited, a South African limited liability company with registration number 2004/003647/07 and the transfer secretaries of Stefanutti Stocks in South Africa;
<b>“UAE”</b>	United Arab Emirates; and
<b>“VAT”</b>	Value-Added Tax as levied in terms of the Value-Added Tax Act, 1991 (Act 89 of 1991), as amended from time to time.



# STEFANUTTI STOCKS HOLDINGS LIMITED

(Registration number 1996/003767/06)  
Share code: SSK  
ISIN: ZAE000123766  
("Stefanutti Stocks" or the "Company" or the "Group")

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## Non-executive

ZJ Matlala\* (*Chairman*)  
HJ Craig\*  
B Harie\*  
BP Silwanyana\*  
JM Poluta\* (*Alternate Director*)  
DG Quinn\*

\*independent

## Executive

RW Crawford (*Chief Executive Officer*)  
Y Du Plessis (*Acting Chief Financial Officer*)

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## CIRCULAR TO STEFANUTTI STOCKS SHAREHOLDERS

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### 1. INTRODUCTION AND PURPOSE OF THIS CIRCULAR

Stefanutti Stocks Shareholders are referred to the announcement released by the Company on SENS on Thursday, 24 June 2021, advising that, the Seller and the Purchaser have entered into the Agreement pursuant to which the Seller's 49% shareholding in Al Tayer Stocks will be sold to the Purchaser for the Purchase Consideration and on the terms and conditions set out in the Agreement.

The purpose of this Circular is to:

- provide Shareholders with the Notice of General Meeting for the purpose of convening the General Meeting at which the resolutions required to be adopted to approve and authorise the implementation of the Transaction will be considered and, if deemed fit, approved by Shareholders; and
- provide Shareholders with the requisite information to enable Shareholders to make an informed decision with respect to the resolutions set out in the Notice of General Meeting.

### 2. BACKGROUND INFORMATION ON AL TAYER STOCKS

Al Tayer Stocks is a building and interior contracting company, offering a full range of services across all industries, delivering projects in the building, interior fit-out and design, and build sectors. Since its formation in 1998, the business has grown significantly, with projects performed including retail outlets, sports facilities, corporate training centres, hotels, healthcare facilities, luxury villas, warehouses and industrial units. Al Tayer Stocks offers a broad spectrum of building services, with a team that include experts ranging from concrete works and steel fixing to block work and screeding. Al Tayer Stocks also offers plastering, carpentry, and painting, as well as mechanical, electrical, and plumbing services, and own and operate its own plant equipment, including construction hoists, telehandlers, and excavators.

### 3. ABOUT THE PURCHASER

The initial purchaser is Investment Trading Group LLC, a privately-owned company based in the UAE which is held as to its entire share capital by Mr Ahmed H Al Tayer, Mr Obaid H Al Tayer, Mr Matar H Al Tayer, Dr Tariq H Al Tayer and Mr Saeed H Al Tayer, each Emirati nationals (the "Al Tayer family"). The core financial obligations of Investment Trading Group LLC under the Transaction are guaranteed by Al Tayer Group LLC, a privately-owned company based in the UAE which is also held as to its entire share capital by the Al Tayer family. Al Tayer Group LLC owns the remaining 51% interest in the share

capital of ATS. The Agreement also anticipates the assignment of all rights from Investment Trading Group LLC to Al Tayer Ventures LLC once it has been incorporated. Al Tayer Ventures LLC is a UAE privately owned company currently under incorporation, to be held as to its entire share capital by the Al Tayer family. The assignment from Investment Trading Group LLC to Al Tayer Ventures LLC does not affect the commitments of Al Tayer Group LLC as stated above.

The Al Tayer Group LLC is a diversified regional business established in 1979 with its headquarters in Dubai, UAE. Since its inception, the Al Tayer Group LLC has grown rapidly and currently operates in six countries in the Middle East and beyond, employing approximately 8 000 employees. Al Tayer Group LLC operates leading, quality-focused businesses in automobile sales and service, luxury and lifestyle retail, perfumes and cosmetics distribution, real estate, engineering, and interior contracting.

The Al Tayer Group LLC's portfolio includes several of the world's leading brands, such as Armani, Bvlgari, Gucci, Jimmy Choo, Ounass.ae, Harvey Nichols, Bloomingdale's, Ford, Ferrari, Jaguar, Land Rover and Maserati. The Al Tayer Group LLC operates nearly 190 retail stores across multiple markets in the Middle East and 23 automotive showrooms across the UAE. In addition, Al Tayer Group LLC has investments in supply chain management, precision tools manufacturing, cinemas, medical services, and travel agency services.

#### 4. **BACKGROUND AND RATIONALE FOR THE TRANSACTION**

As previously disclosed to Stefanutti Stocks Shareholders in various announcements, the most recent being the Reviewed Condensed Consolidated Results of Stefanutti Stocks for the 12 months ended 28 February 2021 published on SENS on 27 May 2021, the Restructuring Plan has been approved by both the Board of Directors and the Lender Group and envisages, among others, the sale of non-core assets as well as the sale of certain divisions/subsidiaries to achieve its purpose and objectives.

The purpose of the Restructuring Plan is to put in place an optimal capital structure and access to liquidity to position the Group for long-term growth, and the Transaction forms part of the Restructuring Plan and is in furtherance of achieving its objectives.

#### 5. **SALIENT TERMS OF THE TRANSACTION**

##### 5.1 **Completion Date**

The Transaction will, subject to fulfilment of the conditions contemplated in paragraph 5.3 below be implemented on the Completion Date being the date on which the updated commercial registration reflecting the change in shareholding of the Al Tayer Shares from the Seller to the Purchaser is issued by the DED.

##### 5.2 **Purchase Consideration**

1. The Preliminary Equity Value is AED131,8 million
2. The Equity Value Adjustment is AED34,0 million
3. The Retention Adjustment is AED45,6 million

The Purchase Consideration for the Transaction is based on the Preliminary Equity value of ATS being AED131,8 million less an Equity Value Adjustment being AED34,0 million with a portion of the Purchase Consideration (including the Retention Amount) retained by the Purchaser ("Retention Adjustment"). The Purchase Consideration may be increased by a reduction in the Equity Value Adjustment as contemplated below.

The initial payment of the Purchase Consideration is AED22,8 million, which amounts to ZAR90,3 million using an exchange rate of AED1,00 to ZAR3,96 at 29 July 2021. payable in cash into the Seller's bank account by way of electronic funds transfer of immediately available funds on the fifth Business Day following the finalisation of the regulatory submissions required by the DED. The remaining portion of the Purchase Consideration shall be paid to the Seller in accordance with the terms and conditions of the Agreement, which terms dictate among others the manner in which the Retention Amount is to be paid to the Seller or retained by the Buyer (as the case may be) in the event of formal and final settlement reached by ATS regarding recovery of costs and/or fees by ATS from its clients on certain construction projects as is customary in the construction industry.

The Equity Value Adjustment and Retention Amount, and consequently the balance of the Purchase Consideration, is calculated with reference to this recovery process. To the extent that these processes are resolved favourably, Stefanutti Stocks' portion of the Equity Value Adjustment and Retention Amount, subject to a maximum of the Preliminary Equity Value shall be paid to Stefanutti Stocks over a period of time. However, if these processes are not successfully resolved, Stefanutti Stocks' portion of the Equity Value Adjustment and Retention Amount, will not be payable. For completeness it is noted that if the recovery processes are not resolved favourably then the Retention Amount will not be payable. Further, if the recovery processes result in a reduction of the Equity Value Adjustment (and consequently an increase to the Purchase Consideration), the Seller's portion of such recovered amounts must be paid within eight Business Days of recovery of the relevant amount and the Retention Amount shall be payable depending on among others the settlement of the recovery processes underlying the Retention Amount.

### 5.3 **Conditions Precedent**

In terms of the Agreement the Seller gives certain warranties, undertakings and indemnities to the Purchaser which are customary for transactions of this nature. The Transaction is also subject to the fulfilment and/or waiver of conditions customary for transactions of this nature including:

- the Shareholders resolutions of the Purchaser approving and authorising the entry into and implementation of the Transaction having been delivered to the Seller;
- the Shareholders resolutions of the Company and Seller confirming the entry into and implementation of the Transaction having been adopted by the requisite majority of Shareholders and a copy thereof having been notarised, legalised and attested to in accordance with the standard required by the UAE Embassy and provided to the Purchaser;
- the Group obtaining the requisite written consent of the Lender Group for the implementation of the Transaction; and
- the Seller and therefore Stefanutti Stocks ensuring that all regulatory and/or corporate approvals required under the applicable law for the implementation of and entry into the Transaction are procured.

### 5.4 **Transaction Categorisation and Shareholder Approval**

At the time of signing the Agreement, the Purchase Consideration, measured against the market capitalisation of Stefanutti Stocks, resulted in a percentage ratio of more than 30%. Accordingly, the Transaction is classified as a Category 1 Transaction and requires approval by way of an ordinary resolution passed by Stefanutti Stocks Shareholders, in terms of the Listings Requirements. For the avoidance of doubt, the Transaction does not constitute a disposal of all or greater part of the assets or undertaking of Stefanutti Stocks, as contemplated in section 112 of the Companies Act.

The Transaction is not with a related party and there are accordingly no related party transaction implications in terms of the Listings Requirements.

Stefanutti Stocks would still qualify and meet the requirements for a listing on the JSE in terms of the Listings Requirements after implementation of the Transaction with remaining total assets of approximately R5.1 billion and will continue operations through its existing businesses and divisions.

### 5.5 **Net Assets and Attributable Profits**

The consolidated value of the net assets of ATS at 31 December 2020 amounted to AED416,2 million. The profit after tax for the year ended 31 December 2020 attributable to ATS was AED16,1 million. This represents the 100% value of the ATS group.

## 6. **FINANCIAL INFORMATION REGARDING THE TRANSACTION**

In terms of the Listings Requirements, a Category 1 Transaction requires the disclosure of historical financial information and the *pro forma* financial information showing the effects of the Transaction on the Company's (i) Statement of Financial Position and the net assets and net tangible assets per share of the Company, and (ii) consolidated Statement of Comprehensive Income and earnings and headline earnings per share of the Company (including, if applicable, diluted earnings and headline earnings per share).



The Reporting Accountant's Report on the historical information of Al Tayer Stocks for the periods included is annexed hereto as **Annexure 3**. The historical financial information of Al Tayer Stocks for the financial years ended 30 June 2018, 30 June 2019 and 30 June 2020 and for the six months ended 31 December 2020 annexed hereto as **Annexure 4**.

As required in terms of the Listings Requirements, copies of the aforementioned historical financial information of Al Tayer Stocks will also be available for inspection as described in paragraph 15 of this Circular.

6.1 The *pro forma* financial information is set out in **Annexure 1** of this Circular and is presented in accordance with the provisions of the Listings Requirements and the Guide on *Pro Forma* Financial Information issued by the South African Institute of Chartered Accountants. The *pro forma* financial information, including the assumptions on which it is based and the financial information from which it has been prepared, is the responsibility of the Board.

The accounting policies used in the preparation of the *pro forma* financial effects are compliant with IFRS and are consistent with those applied in the financial statements of Stefanutti Stocks for the year ended 28 February 2021. It has been assumed, for purposes of the *pro forma* financial effects, that the Transaction took place with effect from 1 March 2020 for the *pro forma* condensed consolidated Statement of Profit or Loss and at 28 February 2021 for the *pro forma* condensed consolidated Statement of Financial Position.

The *pro forma* financial information has been prepared for illustrative purposes only, to provide information on how the Transaction may have affected the financial position of Stefanutti Stocks. Due to its nature, the *pro forma* financial information may not fairly represent Stefanutti Stocks financial position, comprehensive income, changes in equity or cash flows after the Transaction.

The table below is a summary of the detailed *pro forma* financial information as set out in **Annexure 1**.

	<b>Published year-end results Note 1</b>	<b><i>Pro forma</i> results after disposal of Mining Services Note 2</b>	<b><i>Pro forma</i> results after the Transaction Note 3</b>	<b>Net impact</b>	<b>Change (%)</b>
Net asset value per ordinary share (cents) <sup>4</sup>	210,81	209,76	142,26	(68,55)	(32,52)
Net tangible asset value per ordinary share (cents) <sup>4</sup>	4,13	3,08	(64,42)	(68,55)	(1659,81)
Earnings per share ("EPS") <sup>5</sup>					
Basic EPS (cents)	(171,62)	(189,46)	(200,18)	(28,56)	(16,64)
Diluted EPS (cents)	(171,62)	(189,46)	(200,18)	(28,56)	(16,64)
Headline earning per share ("HEPS") <sup>5</sup>					
Basic HEPS (cents)	(155,13)	(170,12)	(116,41)	38,72	24,95
Diluted HEPS (cents)	(155,13)	(170,12)	(116,41)	38,72	24,95
Shares in issue					
Weighted average Shares in issue for basic EPS	167 243 684	167 243 684	167 243 684		
Weighted average Shares in issue for diluted EPS	167 243 684	167 243 684	167 243 684		
Weighted average Shares in issue for basic HEPS	167 243 684	167 243 684	167 243 684		
Weighted average Shares in issue for diluted HEPS	167 243 684	167 243 684	167 243 684		

#### Notes and assumptions:

1. The "Published year-end results" column has been extracted, without adjustment, from the Group's Consolidated Annual Financial Statements for the year ended 28 February 2021, which can be accessed on Stefanutti Stocks' website at <https://www.stefanuttistocks.com> and is available for inspection at the registered office of Stefanutti Stocks as set out in paragraph 15 of this Circular.
  2. The "Pro forma results after the disposal of Mining Services" refers to the Circular that was issued on 28 April 2021 with regards to this Transaction. The values have been adjusted to reflect the value for the full year and as on 28 February 2021 compared to values as at 31 August 2020 for Pro Forma purposes per Circular issued on 28 April 2021.
  3. The "Pro forma results after the Transaction" column reflects the impact of the pro forma adjustments on Stefanutti Stocks as a consequence of the Transaction. The effects of the Transaction are calculated on the assumption that the Purchase Consideration includes no recoveries with respect to the Equity Value Adjustment and a 60% recovery of the Retention Adjustment and will be utilised to reduce interest-bearing borrowings.
  4. Pro forma net asset and net tangible asset value per share are based on the principal assumption that the Transaction was effective on 28 February 2021.
  5. Pro forma earnings and headline earnings per share are based on total operations and the principal assumption that the Transaction was effective on 1 March 2020.
  6. Details of the pro forma financial effects of the Transaction on Stefanutti Stocks consolidated statement of profit or loss and consolidated statement of financial position for the year ended 28 February 2021 are contained in **Annexure 1** of this Circular. The assumptions used in the preparation of the pro forma financial effects as well as the detailed notes and descriptions to the pro forma financial information are set out in **Annexure 1**.
  7. With respect to the impact of Covid-19 on the Group's operations, refer to note 29 of the Group's Consolidated Annual Financial Statements for the year ended 28 February 2021.
- 6.2 The Independent Reporting Accountant's assurance report on the pro forma financial information is set out in **Annexure 2** of this Circular.

## 7. APPLICATION OF PROCEEDS

The proceeds of the Transaction will be applied to the reduction of Stefanutti Stocks' current funding facilities provided by the Lender Group in accordance with the Restructuring Plan.

## 8. OVERVIEW OF STEFANUTTI STOCKS

Stefanutti Stocks is one of South Africa's largest multidisciplinary construction groups with over 8 000 employees. The Group has the capacity to deliver a range of infrastructure development projects to clients across diverse sectors. All South African operations are divisions of Stefanutti Stocks Proprietary Limited, a Level 1 B-BBEE contributor, and a fellow subsidiary of the Seller.

The Company has a Grade 9 rating from the South African Construction Industry Development Board (CIDB), providing it with unlimited tender capability. Furthermore, its broad spectrum of expertise means that it has the capability and capacity to offer a single point responsibility on multidisciplinary (infrastructure development) projects, effectively removing the interface risk from the clients' domain.

The Stefanutti Stocks' range of capabilities covers multidisciplinary construction activities throughout the built environment. The business' offering extends across a wide scope including the construction of fixed infrastructure, municipal services, mining and industrial facilities, and all structures and buildings essential for the continued development of the economies within which we operate. The Group's divisions and subsidiaries are specialists in a range of construction-related activities including building; civil engineering; electrical and instrumentation; geotechnical; marine; mechanical and piping; mining services; oil and gas; pipelines, roads and earthworks as well as general contracting.

Stefanutti Stocks' operations offer a broad spectrum of capabilities to the following sectors:

- Building;
- Bulk Earthworks and Geotechnical;
- Energy Generation;
- Industrial Plants, Oil and Gas;
- Mining and Mining Infrastructure;
- Transport Infrastructure (road, rail, marine and air); and
- Water, Sanitation and Pipelines.



## 9. STEFANUTTI STOCKS' PROSPECTS

The continued adverse market conditions notwithstanding the dire need for infrastructure investment as declared in terms of the South African Governments' Infrastructure Development Programme, as well as the substantial impact of Covid-19, continues to have an adverse effect on the Group's operations.

As reported in the year-end results for 28 February 2021 published on 27 May 2021, the Group continues to pursue a number of contractual claims and compensation events on the Kusile power project. Due to the complexity of the claims, the processes remain ongoing. No further details of the claims have been disclosed on the basis that it may prejudice the Group's position in defending the claims brought against it and in pursuing those claims brought against Eskom by the Group. Shareholders are referred to Stefanutti Stocks' website ([www.stefstocks.com](http://www.stefstocks.com)) to access the investor presentations and webcast for the year-end results for 28 February 2021 which gives the latest update.

The Group's prospects in terms of the key management reporting areas are described below:

### RESTRUCTURING PLAN

The Group hereby provides shareholders with an update on the Restructuring Plan as reported in the Group's Consolidated Annual Financial Statements for the year ended 28 February 2021 issued on 28 June 2021.

The Restructuring Plan has been approved by both the Board of Directors and the Lender Group and envisages, among others:

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

In accordance with the Restructuring Plan, the Lender Group had provided the requisite funding and converted the short-term funding agreement into a term loan on 1 July 2020, which loan terminates on 28 February 2022. The loan bears interest at prime plus 5.4%, including arranging and facility fees, and is secured by special and general notarial bonds over movable assets, continuous covering mortgage bonds over immovable assets and various cessions. Shareholders are further advised that the Group, on 25 May 2021, reached an agreement with the Lender Group to extend the current capital repayment profile of the loan. The capital portion of the loan repayments are envisaged to commence in July 2021 with a residual loan balance at 28 February 2022 of approximately R420 million. The resolution of contractual claims and compensation events on the Kusile power project is taking longer than anticipated due to the complex nature thereof.

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

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

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

## **GOING CONCERN**

The funding provided by the Lender Group has assisted in relieving the Group's liquidity pressures even though current liabilities exceed current assets at 28 February 2021. In addition thereto, uncertainties surrounding the COVID-19 pandemic and contingent liabilities as noted in note 26 of the Group's Consolidated Annual Financial Statements for the year ended 28 February 2021, continue to indicate that a material uncertainty exists that may cast doubt on the Group's ability to continue as a going concern in the short-term. However, having converted the short-term funding agreement with the Lender Group to a term loan on 1 July 2020 and on the basis of successfully implementing the Restructuring Plan, the Directors consider it appropriate that the Group's results for the year ended 28 February 2021 be prepared on the going-concern basis.

## **CONSTRUCTION & MINING**

### **Order book as at February 2021– R3,6 billion**

The Roads & Earthworks division is still operating in a constrained market, where tender activity in the public sector has remained subdued. Despite the market conditions, the division has managed to secure a budgeted order book for the 2022 financial year and has a number of medium-term prospects.

Initiatives implemented in the last financial year in respect of financial controls, focus on project selection and execution and have started to pay dividends. The division has returned to profitability and while cash flow is constrained it is improving and manageable.

The Mining Services Division comprising the Materials Handling and Tailings Management sub-divisions but excluding the Contract Mining sub-division was disposed of subject to the terms and conditions as set out in the circular distributed to Shareholders on 28 April 2021.

The Coastal division has produced satisfactory results against the backdrop of a constrained market. Anticipated projects such as the work on the N3 for SANRAL and the Port upgrade have been slow to award due to COVID-19 and other administrative challenges. However, Umgeni Water have put out a number of projects to tender and the Coastal division may be awarded some of this work. The Coastal division has recently successfully completed projects for premier clients such as Vopak and Sasol.

The Civils division continues to deliver satisfactory results, again against the backdrop of a constrained market and easing of COVID-19 restrictions. The division's order book is under pressure but there are a number of opportunities presenting themselves in the Water, Renewable Energy and Transport space which may assist with this. Further, the work on the Kusile Power Station is progressing well, albeit at a reduced pace and is likely to continue until the end of 2021.

The Geotechnical division continues to operate in a shrinking market which has seen a number of its historic competitors exit the industry. The division has seen a number of cross border opportunities and is currently working in Zambia on the new Livingstone Hotel. While local opportunities remain limited, it is believed that the upsurge in SANRAL road and bridge projects may present opportunities for the division.

The Eswatini (former Swaziland) division continues to perform well and has a secured order book for the next two years which should put the division in a strong position for the short to medium term. The trading conditions in Eswatini are, however, becoming increasingly more competitive and political. The focus will be mostly on internationally funded projects and private clients as the Eswatini Government funded projects are almost certain to be awarded to the favoured local contractor.

The Zambia division has been able to secure work for the next 18 months after going through a major restructuring due to lack of opportunities and substantial amounts of outstanding debtors. The award of the Livingstone Hotel project has provided an anchor project from which to rebuild a sustainable business. Opportunities are picking up and hopefully a longer-term upswing in the copper industry will add value to the construction sector. The Zambia division continues to pursue its outstanding debtors with the Zambian Government and has started receiving a steady flow of payments, albeit small, since the beginning of the year.

The Botswana division continues to perform well despite the effects of COVID-19. The division could see major project opportunities coming to fruition from across the Botswana construction sector, however, these opportunities may take up to 18 months to materialise into project awards. With two of the division's projects reaching a conclusion at the end of the year it is imperative that the division secures another sizeable project before the financial year-end. The current management team are working on building relationships which will support a sustainable business going forward with a balance of general construction works.

## **BUILDING**

### **Order book as at February 2021 – R2,0 billion**

The building sector in South Africa experienced another challenging year in 2020, as weak infrastructure investment translated to a scarcity of large projects coming to market and greater pressure on margins.

The COVID-19 pandemic significantly contributed to the reduction of opportunities and a number of projects were cancelled or delayed as a result.

Building reported mixed results across its operations, with reasonable performances from KwaZulu-Natal (KZN), Western Cape and Mozambique and a poor performance from Gauteng. To mitigate risk, the Building business unit was more selective regarding the types of work being procured, which in itself put pressure on revenue and margin. In Gauteng, a new leadership team was appointed in September 2019 to turn the business around and create more opportunities in the Gauteng region.

Since August 2020, there has been a significant uptick in work opportunities and projects coming to market. This has been experienced across all three regions, of which some of these opportunities include: Western Cape – data centres valued at approximately R1,2 billion, commercial buildings valued at approximately R1,0 billion, social housing valued at approximately R0,5 billion; KZN – industrial warehouses, valued at approximately R1,1 billion, retail upgrades valued at approximately R0,6 billion; Gauteng – industrial buildings valued at approximately R2,0 billion, hospital upgrades valued at approximately R0,8 billion and production facility upgrades valued at approximately R0,4 billion.

The Mozambique division's order book is currently under pressure, impacted by the ongoing unrest in the northern province gas fields expansion projects. The division is, however, pursuing other opportunities in the office, residential, factory and surface mine infrastructure in the private sector. In addition, the division has taken measures to reduce its holding cost in the interim.

## **MECHANICAL & ELECTRICAL**

### **Order book as at February 2021 – R136 million**

The Mechanical & Electrical business unit has been severely impacted by the effect the COVID-19 pandemic has had on global commodity prices resulting in major plant maintenance and upgrade projects being put on hold. However, opportunities in the traditional petrochemical sector for the Oil & Gas division are showing signs of improvement.

## **ESKOM — KUSILE POWER PROJECT**

### **SSBR JV – Package 16**

Eskom continues with their adverse approach to certification. The expected cash inflow from Eskom on this project requires National Treasury approval, which to date has not been granted. Since 1 March 2020 only R20,4 million has been certified and paid with total costs incurred of R299 million. The Group is pursuing a number of contractual claims and compensation events on this project, and due to the complexity of the claims, the processes remain ongoing. No further details of the claims have been disclosed on the basis that it may prejudice the Group's position in defending the claims brought against it and in pursuing those claims brought against Eskom by the Group.

All construction work is complete and snagging is anticipated to be completed by July 2021. The Group is in the process of agreeing the final account, all sectional final measurements for all structures have been submitted. This process remains ongoing, however, is very slow due to Eskom being under resourced. All commissioning works expected to be completed by February 2022. Measurement items which cannot be agreed will be referred to the Dispute Adjudication Board for a decision.

As previously mentioned, the Group and Eskom have both committed to a claims resolution process which involves the appointment of independent experts to evaluate the causes of delays and the quantification thereof. The independent delay experts have completed their independent analysis of the delays on access and initial design, construction and commissioning, with the experts to finalise their analysis on the effects of sectional delays and their effect across the project within the next few months.

The Parties are successfully limiting the issues in dispute, which issues will begin to be referred to the Dispute Adjudication Board from July 2021 for a decision. The independent quantum experts are in the process of completing their exercise of interrogating a sample of total costs and to date have not found any anomalies. In addition, they are in the process of agreeing the methodology to apply such costs to the delay analysis assessment for the extension of time and claims for additional payment. The parties are still on track to substantially resolve the disputes by February 2022.

### **Stefanutti Stocks Izazi JV – Package 28**

As previously reported, Eskom terminated this contract due to their inability to provide access to complete the relevant works. Based on the works completed, as well as Eskom’s termination of the contract, the Group contends that there are material amounts due to the Group.

The Group had already commenced an adjudication process in 2018. As several disputes relate to measurement of the works, it has been agreed with Eskom to increase the matters under dispute to include the termination and final certification and embark on an independent expert process to resolve these disputes. In order to accommodate this independent expert process, the adjudicator has been requested not to publish his decision. The parties are still on track to substantially resolve the dispute by February 2022.

### **AUDIT, GOVERNANCE AND RISK COMMITTEE – GENERAL RISK MANAGEMENT**

The Board Risk Committee for the time being is focusing on the following aspects:

- › COVID-19 and the effect on the sustainability of the Group.
- › Going concern.
- › Solvency and liquidity.
- › Funding requirements and repayments.
- › Debtors recoverability.
- › Material contracts.
- › Working capital requirements and movement.

## **10. ADDITIONAL INFORMATION ON STEFANUTTI STOCKS**

### **10.1 Share Capital of the Company**

The table below shows the authorised and issued share capital of Stefanutti Stocks as at the Last Practicable Date:

	<b>R’000</b>
<b>Authorised</b>	
400 000 000 ordinary shares of 0,00025 cents	
<b>Total</b>	<b>1</b>
<b>Issued</b>	
188 080 746 ordinary shares of 0,00025 cents	–
Share premium	1 007 718
<b>Total</b>	<b>1 007 718</b>

## 10.2 Major Shareholders

Insofar as it is known to the Directors, Shareholders who directly or indirectly beneficially held a 5% or greater shareholding in the issued ordinary share capital of Stefanutti Stocks, as at 28 May 2021 were as follows:

<b>Name of Shareholder</b>	<b>Number of Shares held</b>	<b>Direct beneficial</b>	<b>Indirect beneficial</b>	<b>% of issued share capital*</b>
Stefanutti Stocks Investments Proprietary Limited	14 407 132	14 407 132	–	7.66
Ninety One	14 015 479	–	14 015 479	7.45
Welkom Investments	30 200 119	30 200 119	–	16.06
AG Capital	28 867 327	28 867 327	–	15.35
Standard Financial Markets	9 548 765	–	9 548 765	5.08
<b>Total</b>	<b>97 038 822</b>	<b>73 474 578</b>	<b>23 564 244</b>	<b>51.60</b>

\*There is no controlling shareholder as at 28 May 2021.

## 10.3 Directors' Remuneration and Service Contracts

The Directors' remuneration and benefits are set out below:

<b>28 FEBRUARY 2021</b>	<b>Basic salary R'000</b>	<b>Other benefits (travel allowances) R'000</b>	<b>Retention bonus R'000</b>	<b>Post-employment benefits R'000</b>	<b>Short-term incentives relating to Feb 2019 R'000</b>	<b>Total R'000</b>
<b>EXECUTIVE DIRECTORS</b>						
RW Crawford – CEO	3 582	232	2 150	309	–	6 273
AV Coccianti – CFO	3 182	32	1 837	264	140	5 455

Contracts of employment with Executive Directors were concluded on terms and conditions that are standard for such appointments and contain normal terms of employment. The contracts of employment are available for inspection as described in paragraph 15 of this Circular.

The non-executive Directors short-term benefits are set out below:

### 28 FEBRUARY 2021

	<b>Attendance fees R'000</b>	<b>Annual fees R'000</b>	<b>Pre-approved services R'000</b>	<b>Total 2021 R'000</b>
<b>NON-EXECUTIVE DIRECTORS</b>				
ZJ Matlala	–	880	–	880
JM Poluta (alternate to B Silwanyana)	441	–	–	441
DG Quinn	648	–	–	648
HJ Craig	488	–	–	488
B Silwanyana	472	–	–	472
B Harie	448	–	–	448

There are no service contracts in place in respect of non-executive Directors of Stefanutti Stocks.

#### 10.4 Directors' interests in Stefanutti Stocks Shares

The direct and indirect interests of the Directors, and their associates (including Directors who resigned in the last 18 months), in the ordinary share capital of Stefanutti Stocks, as at the last practicable date, are set out below:

Director	Direct beneficial (number of Shares)	Indirect beneficial (number of Shares)	percentage Holding %
<b>Non-executive</b>			
DG Quinn	–	700 000	0.37
JM Poluta	–	150 612	0.08
<b>Executive</b>			
RW Crawford	7 693	336 780	0.18
AV Cocciantè	634 666	290 335	0.49
<b>Total</b>	<b>642 359</b>	<b>1 477 727</b>	<b>1.12</b>

There have been no dealings in Shares for the period beginning 1 March 2021 and ending on the Last Practicable Date by the Directors, including former Directors who have resigned during the 18 months prior to the Last Practicable Date.

#### 10.5 Directors' interest in the Transaction

The Directors do not have any beneficial interest, whether direct or indirect, in the Transaction nor did they have any material interest in a transaction that was effected by Stefanutti Stocks during:

- the current or immediately preceding financial year; or
- an earlier financial year and remain in any respect outstanding or unperformed.

#### 10.6 Material Loans and Contracts of Stefanutti Stocks

- Details relating to material loans made to Stefanutti Stocks are set out in **Annexure 5** of this Circular.
- Details relating to Stefanutti Stocks material contracts are set out in **Annexure 6** of this Circular.

Al Tayer Stocks does not have material loans or material contracts.

#### 10.7 Material Change

There have been no material changes in the financial or trading position of Stefanutti Stocks since the publication of the Group's Consolidated Annual Financial Statements for the year ended 28 February 2021 other than:

- the circular dated 28 April 2021 to Shareholders relating to the disposal of the Mining Services Division comprising the Materials Handling and Tailings Management sub-divisions but excluding the Contract Mining sub-division. Stefanutti Stocks convened a General Meeting of Shareholders on 26 May 2021 whereby Shareholders approved the disposal of the Mining Services Division which transaction constituted a Category 1 transaction in terms of the Listings Requirements.

There have been no material changes in the financial or trading position of Al Tayer Stocks since the publication of the interim financial statements for the six months ended 31 December 2020.

#### 10.8 Working Capital Statement

Having made due and careful enquiry as to the working capital requirements of Stefanutti Stocks for the 12 months following the date of issue of this Circular, the Board is of the opinion that the working capital facilities of Stefanutti Stocks and its subsidiaries is sufficient for the current requirements of Stefanutti Stocks and will be adequate for at least the next 12 months from the date of issue of this Circular. The Transaction will initially generate approximately R87,3 million in freely available cash, which will be used by Stefanutti Stocks to strengthen its financial position by reducing its overall existing debt as envisaged under the Restructuring Plan, thereby contributing positively to the working capital requirements.

## 10.9 Litigation Statement

Save as otherwise publicly disclosed, including in the Stefanutti Stocks Integrated Annual Report and the Group's Consolidated Annual Financial Statements for the year ended 28 February 2021, there are no legal or arbitration proceedings, including any proceedings that are pending or threatened, of which the Group is aware, that may have or have had, in the recent past, being at least the previous 12 months, a material effect on the Group's financial position.

## 11. EXPENSES RELATING TO THE TRANSACTION

The estimated expenses that will be incurred by Stefanutti Stocks in respect of the Transaction are approximately R2,9 million, excluding VAT and include the following:

<b>Nature of expense</b>	<b>Service providers</b>	<b>R'000</b>
Transaction Advisors	Metis/Birkett Stewart McHendrie	500
Legal Advisors	Webber Wentzel	500
Sponsor	Bridge Capital Advisors Proprietary Limited	450
Independent Reporting Accountants	Mazars	1 184
JSE documentation fees	JSE Limited	56
Printing, publication, distribution expenses	Ince	140
Transfer Secretaries	Computershare Investor Services (Pty) Ltd	50
<b>Total</b>		<b>2 880</b>

Stefanutti Stocks incurred preliminary expenses during 2021 in relation to the circular to Shareholders dated 28 April 2021 regarding the disposal of the Mining Services Division and are disclosed in the table below:

<b>Nature of expense</b>	<b>Service providers</b>	<b>R'000</b>
Transaction Advisors	Metis/Birkett Stewart McHendrie	500
Legal Advisors	Webber Wentzel	500
Sponsor	Bridge Capital Advisors Proprietary Limited	150
Independent Reporting Accountants	Mazars	371
JSE documentation fees	JSE Limited	75
Printing, publication, distribution expenses	Ince	100
Meeting scrutineers	Computershare Investor Services (Pty) Ltd	50
<b>Total</b>		<b>1 746</b>

Stefanutti Stocks incurred preliminary expenses during 2020 in relation to the circular to Shareholders dated 22 December 2020 regarding the disposal of the Clayville Properties and are disclosed in the table below:

<b>Nature of expense</b>	<b>Service Providers</b>	<b>R'000</b>
Transaction Advisors	Metis/Birkett Stewart McHendrie	100
Legal Advisors	Webber Wentzel	150
Sponsor	Bridge Capital Advisors Proprietary Limited	150
Independent Reporting Accountants	Mazars	188
JSE documentation fees	JSE Limited	53
Printing, publication, distribution expenses	Ince	78
Transfer Secretaries	Computershare Investor Services (Pty) Ltd	50
<b>Total</b>		<b>769</b>



## 12. **DIRECTORS' RESPONSIBILITY STATEMENT AND RECOMMENDATION**

The Directors, whose names are set out on page 10 of this Circular, collectively and individually accept full responsibility for the accuracy of the information given in this Circular in relation to Stefanutti Stocks and certify that, to the best of their knowledge and belief, no material facts have been omitted which would make any statement in this Circular false or misleading, that all reasonable enquiries to ascertain such facts have been made and that the Circular contains all information as required by the Listings Requirements.

Having regard to the terms and conditions of the Transaction, the Board is of the opinion that the terms of the Transaction are in the interest of Shareholders. The Transaction forms part of the disposal of certain non-core assets as envisaged by the Restructuring Plan which aims to put in place the optimal capital structure and access to liquidity to position the Group for long-term growth. To this end the Board, recommends that Shareholders vote in favour of the ordinary resolutions as set out in the Notice of General Meeting to approve and authorise the implementation of the Transaction.

## 13. **CONSENTS**

All parties detailed in the "Corporate Information" section on page 1 of this Circular have consented in writing to the inclusion of their names and reports in the Circular in the form and context in which they appear and have not withdrawn their consents prior to the publication of this Circular. The Independent Reporting Accountants have consented to references to its reports in the form and context in which they appear and have not withdrawn their consents prior to the publication of the Circular.

## 14. **GENERAL MEETING AND VOTING RIGHTS**

A General Meeting of Stefanutti Stocks Shareholders will be held entirely by electronic communication in terms of the MOI and Companies Act on Tuesday, 31 August 2021 at 09:00 in order to consider, and if deemed fit, pass, with or without modification, the resolutions set out in the Notice of General Meeting as attached and forming part of this Circular.

Shareholders are referred to the Notice of General Meeting attached to this Circular for details on the resolutions to be proposed at the General Meeting and to the "Action Required by Shareholders" section of this Circular for information on the procedure to be followed by Shareholders in order to participate and to exercise their votes at the General Meeting.

Every Shareholder present or represented by proxy at the General Meeting shall have all votes determined in accordance with the voting rights associated with the Stefanutti Stocks Shares held by that Shareholder.

The quorum requirement for the General Meeting to begin or for a matter to be considered at the General Meeting is at least three Shareholders present in person. In addition:

- the General Meeting may not begin until sufficient persons are present or represented by proxy to exercise, in aggregate, at least 25% of the voting rights that are entitled to be exercised in respect of at least one matter to be decided at the General Meeting; and
- a matter to be decided at the General Meeting may not begin to be considered unless sufficient persons are present or represented by proxy to exercise, in aggregate, at least 25% of all of the voting rights that are entitled to be exercised in respect of that matter at the time the matter is called on the agenda.

Votes at the General Meeting will be taken by way of a poll and not a show of hands. On a poll, any person who is present at the General Meeting, whether as a Shareholder or as proxy for a Shareholder, has the number of votes determined in accordance with the voting rights associated with the Stefanutti Stocks Shares held.



## 15. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours at the registered offices of Stefanutti Stocks at No 9 Palala Street, Protec Park, Cnr Zuurfontein Avenue and Oranjerivier Drive, Kempton Park, 1619, and will also be electronically available by making an email request to the company secretary at w.somerville@mweb.co.za, from the date of publication of this Circular up to and including the date of the General Meeting:

- the MOI of Stefanutti Stocks and its major subsidiaries;
- the Agreement;
- the signed Independent Reporting Accountant's assurance report on the compilation of the *pro forma* financial information set out in **Annexure 2**;
- the signed Independent Reporting Accountant's report on the report of historical financial information set out in **Annexure 3**;
- Directors' service contracts;
- material contracts referenced in paragraph 10.6 and **Annexure 6** of this Circular;
- the advisors' consents as per paragraph 13 of this Circular;
- Historical financial information of AI Tayer Stocks LLC and its subsidiaries for the financial years ended 30 June 2018, 30 June 2019, 30 June 2020;
- Historical financial information of AI Tayer Stocks LLC and its subsidiaries for the six months ended 31 December 2020; and
- a signed copy of this Circular.

On behalf of the Board

**ZJ Matlala**

*Chairman*

28 July 2021

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## **PRO FORMA FINANCIAL INFORMATION**

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### **PRO FORMA FINANCIAL INFORMATION ON THE TRANSACTION**

#### Basis of Preparation

The definitions and interpretations commencing on page 7 of the Circular have been used throughout this Annexure. The *pro forma* financial information should be read in conjunction with paragraph 6 of the Circular.

Set out below is the *pro forma* statement of financial position and statement of comprehensive income of Stefanutti Stocks, showing the *pro forma* effects of the transaction (the “*pro forma* financial information”).

The *pro forma* financial information has been provided for illustrative purposes only, to provide information on how the transaction may have affected the financial position of Stefanutti Stocks, assuming it was implemented on 1 March 2020 for purposes of the *pro forma* statement of comprehensive income and 28 February 2021 for purposes of the *pro forma* statement of financial position. Because of its nature, the *pro forma* financial information may not fairly represent Stefanutti Stocks financial position, changes in equity, results of operations or cash flows after the Transaction.

The *pro forma* financial information, including the assumptions on which it is based and the financial information from which it has been prepared, is the responsibility of the Board of Directors. The *pro forma* financial information has been prepared in accordance with Stefanutti Stocks’ accounting policies and in compliance with IFRS.

The *pro forma* financial information should be read in conjunction with the independent Reporting Accountant’s assurance report thereon, which is presented in **Annexure 2**.

**PRO FORMA CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE 12 MONTHS ENDED 28 FEBRUARY 2021**

	Audited 12 months ended 28 February 2021 (note 2) R'000	Adjustments resulting from the disposal of the Mining Services Division (note 3) R'000	Pro forma after disposal of the Mining Services Division R'000	Adjustment to give effect to disposal of ATS (note 5) R'000	Disposal of ATS (note 6-9) R'000	Continuing group results (Note 10-12) R'000	Transaction Costs (Note 12-13) R'000	Pro-forma after disposal R'000
<b>CONTINUING OPERATIONS</b>								
Contract Revenue	5 040 586	-	5 040 586	-	-	-	-	5 040 586
<b>Earnings before interest, taxation, depreciation and amortisation (EBITDA)</b>	<b>33 983</b>	<b>(1 746)</b>	<b>32 237</b>	-	-	-	<b>(2 880)</b>	<b>29 357</b>
Depreciation and amortisation	(130 265)	-	(130 265)	-	-	-	-	(130 265)
Impairment of assets	(15 137)	(58 926)	(74 063)	-	-	-	-	(74 063)
<b>Operating loss before investment income</b>	<b>(111 419)</b>	<b>(60 672)</b>	<b>(172 091)</b>	-	-	-	<b>(2 880)</b>	<b>(174 971)</b>
Investment income	28 734	-	28 734	-	-	337	-	29 071
Share of losses of equity- accounted investees	(1 323)	-	(1 323)	-	-	-	-	(1 323)
<b>Operating loss before finance costs</b>	<b>(84 008)</b>	<b>(60 672)</b>	<b>(144 680)</b>	-	-	<b>337</b>	<b>(2 880)</b>	<b>(147 223)</b>
Finance costs	(134 236)	10 000	(124 236)	-	-	12 282	-	(111 954)
<b>Loss before taxation</b>	<b>(218 244)</b>	<b>(50 672)</b>	<b>(268 916)</b>	-	-	<b>12 619</b>	<b>(2 880)</b>	<b>(259 177)</b>
Taxation	(93 104)	-	(93 104)	-	-	-	-	(93 104)
<b>Loss for the period from continuing operations</b>	<b>(311 348)</b>	<b>(50 672)</b>	<b>(362 020)</b>	-	-	<b>12 619</b>	<b>(2 880)</b>	<b>(352 281)</b>
Profit after tax for the period from discontinued operations (note 3 & 4)	21 166	20 834	42 000	(5 707)	(21 971)	-	-	14 322
<b>Loss for the period</b>	<b>(290 182)</b>	<b>(29 838)</b>	<b>(320 020)</b>	<b>(5 707)</b>	<b>(21 971)</b>	<b>12 619</b>	<b>(2 880)</b>	<b>(337 959)</b>

	Audited 12 months ended 28 February 2021 (note 2) R'000	Adjustments resulting from the disposal of the Mining Services Division (note 3) R'000	Pro forma after disposal of the Mining Services Division R'000	Adjustment to give effect to disposal of ATS (note 5) R'000	Disposal of ATS (note 6-9) R'000	Continuing group results (Note 10-12) R'000	Transaction Costs (Note 12-13) R'000	Pro-forma after disposal R'000
<b>Other comprehensive income:</b>	<b>(68 916)</b>	<b>-</b>	<b>(68 916)</b>	<b>11 522</b>	<b>(85 789)</b>	<b>-</b>	<b>-</b>	<b>(143 183)</b>
Exchange differences on translation of foreign operations (may be reclassified to profit/loss) – continuing operations	(17 862)	-	(17 862)	-	-	-	-	(17 862)
Exchange differences on translation of foreign operations (may be reclassified to profit/loss) – discontinued operations	(43 731)	-	(43 731)	11 522	-	-	-	(32 209)
Impairment losses recognised on re-valued assets (may not be re-classified to profit/loss)	(27 549)	-	(27 549)	-	-	-	-	(27 549)
Reclassification of foreign currency translation reserve on disposal of foreign subsidiary	20 226	-	20 226	-	(85 789)	-	-	(65 563)
<b>Total comprehensive income</b>	<b>(359 098)</b>	<b>(29 838)</b>	<b>(388 936)</b>	<b>5 815</b>	<b>(107 760)</b>	<b>12 619</b>	<b>(2 880)</b>	<b>(481 142)</b>

	Audited 12 months ended 28 February 2021 (note 2) R'000	Adjustments resulting from disposal of Mining Services Division (note 3) R'000	Pro forma after disposal of Mining Services Division R'000	Adjustment to give effect to disposal of ATS (note 5) R'000	Disposal of ATS (note 6-9) R'000	Continuing group results (note 10-12) R'000	Transaction Costs (Note 12-13) R'000	Pro-forma after disposal R'000
<b>Loss attributable to:</b>								
Equity holders of the company	(287 027)	(29 838)	(316 865)	(5 707)	(21 971)	12 619	(2 880)	(334 804)
Loss for the period from continuing operations	(311 348)	(50 672)	(362 020)	–	–	12 619	(2 880)	(352 281)
Profit for the period from discontinued operations	24 321	20 834	45 155	(5 707)	(21 971)	–	–	17 477
Non-controlling interest	(3 155)	–	(3 155)	–	–	–	–	(3 155)
Loss for the period from continuing operations	–	–	–	–	–	–	–	–
Loss for the period from discontinued operations	(3 155)	–	(3 155)	–	–	–	–	(3 155)
	<b>(290 182)</b>	<b>(29 838)</b>	<b>(320 020)</b>	<b>(5 707)</b>	<b>(21 971)</b>	<b>12 619</b>	<b>(2 880)</b>	<b>(337 959)</b>
<b>Total comprehensive income attributable to:</b>								
Equity holders of the company	(352 941)	(29 838)	(382 779)	5 815	(107 760)	12 619	(2 880)	(474 985)
Loss for the period from continuing operations	(344 032)	(50 672)	(394 704)	–	–	12 619	(2 880)	(384 965)
Loss for the period from discontinued operations	(8 909)	20 834	11 925	5 815	(107 760)	–	–	(90 020)
Non-controlling interest	(6 157)	–	(6 157)	–	–	–	–	(6 157)
Loss for the period from continuing operations	–	–	–	–	–	–	–	–
Loss for the period from discontinued operations	(6 157)	–	(6 157)	–	–	–	–	(6 157)
	<b>(359 098)</b>	<b>(29 838)</b>	<b>(388 936)</b>	<b>5 815</b>	<b>(107 760)</b>	<b>12 619</b>	<b>(2 880)</b>	<b>(481 142)</b>

	Audited 12 months ended 28 February 2021 (note 2) R'000	Adjustments resulting from disposal of Mining Services Division (note 3) R'000	Pro forma after disposal of Mining Services Division R'000	Adjustment to give effect to disposal of ATS (note 5) R'000	Disposal of ATS (note 6-9) R'000	Continuing group results (note 10-12) R'000	Transaction Costs (Note 12-13) R'000	Pro-forma after disposal R'000
<b>Earnings per share (cents)</b>								
Continuing operations	(186.16)	(30.30)	(216.46)	–	–	7.55	(1.72)	(210.63)
Discontinuing operations	14.54	12.46	27.00	(3.41)	(13.14)	–	–	10.45
<b>Total operations</b>	<b>(171.62)</b>	<b>(17.84)</b>	<b>(189.46)</b>	<b>(3.41)</b>	<b>(13.14)</b>	<b>7.55</b>	<b>(1.72)</b>	<b>(200.18)</b>
<b>Diluted earnings per share (cents)</b>								
Continuing operations	(186.16)	(30.30)	(216.46)	–	–	7.55	(1.72)	(210.63)
Discontinuing operations	14.54	12.46	27.00	(3.41)	(13.14)	–	–	10.45
<b>Total operations</b>	<b>(171.62)</b>	<b>(17.84)</b>	<b>(189.46)</b>	<b>(3.41)</b>	<b>(13.14)</b>	<b>7.55</b>	<b>(1.72)</b>	<b>(200.18)</b>
<b>Headline earnings per share (cents)</b>								
Continuing operations	(188.39)	4.94	(183.45)	–	–	7.55	(1.72)	(177.62)
Discontinuing operations	33.26	(19.93)	13.33	(3.41)	51.29	–	–	61.21
<b>Total operations</b>	<b>(155.13)</b>	<b>(14.99)</b>	<b>(170.12)</b>	<b>(3.41)</b>	<b>51.29</b>	<b>7.55</b>	<b>(1.72)</b>	<b>(116.41)</b>
<b>Diluted headline earnings per share (cents)</b>								
Continuing operations	(188.39)	4.94	(183.45)	–	–	7.55	(1.72)	(177.62)
Discontinuing operations	33.26	(19.93)	13.33	(3.41)	51.29	–	–	61.21
<b>Total operations</b>	<b>(155.13)</b>	<b>(14.99)</b>	<b>(170.12)</b>	<b>(3.41)</b>	<b>51.29</b>	<b>7.55</b>	<b>(1.72)</b>	<b>(116.41)</b>
Number of weighted average shares in issue	167 243 684	167 243 684	167 243 684	167 243 684	167 243 684	167 243 684	167 243 684	167 243 684
Number of diluted weighted average shares in issue	167 243 684	167 243 684	167 243 684	167 243 684	167 243 684	167 243 684	167 243 684	167 243 684

## Headline earnings reconciliation

	Audited 12 months ended 28 February 2021 (note 2) R'000	Adjustments resulting from disposal of Mining Services Division (note 3) R'000	Pro forma after disposal of Mining Services Division R'000	Adjustment to give effect to disposal of ATS (note 5) R'000	Disposal of ATS (note 6-9) R'000	Continuing group results (note 10-12) R'000	Transaction Costs (Note 12-13) R'000	Pro-forma after disposal R'000
<b>Continuing operations</b>								
Loss attributable to equity holders of the company	(311 348)	(50 672)	(362 020)	-	-	12 619	(2 880)	(352 281)
Profit on disposal of property, plant and equipment	(24 737)	-	(24 737)	-	-	-	-	(24 737)
Tax effect	7 609	-	7 609	-	-	-	-	7 609
Gain on disposal of non-current assets held for sale	(8 148)	-	(8 148)	-	-	-	-	(8 148)
Tax effect	2 281	-	2 281	-	-	-	-	2 281
Profit on sale of subsidiary	(507)	-	(507)	-	-	-	-	(507)
Profit on sale of joint operation	(53 887)	-	(53 887)	-	-	-	-	(53 887)
Impairment of equity-accounted investees	58 533	-	58 533	-	-	-	-	58 533
Impairment of assets	15 137	58 926	74 063	-	-	-	-	74 063
<b>Headline earnings</b>	<b>(315 067)</b>	<b>8 254</b>	<b>(306 813)</b>	<b>-</b>	<b>-</b>	<b>12 619</b>	<b>(2 880)</b>	<b>(297 074)</b>
<b>Total operations</b>								
Loss attributable to equity holders of the company	(287 027)	(29 838)	(316 865)	(5 707)	(21 971)	12 619	(2 880)	(334 804)
Profit on disposal of property, plant and equipment	(26 288)	1 602	(24 686)	-	-	-	-	(24 686)
Tax effect	8 042	(448)	7 594	-	-	-	-	7 594
Gain on disposal of non-current assets held for sale	(8 148)	-	(8 148)	-	-	-	-	(8 148)
Tax effect	2 281	-	2 281	-	-	-	-	2 281
Fair value adjustments	5 926	-	5 926	-	107 760	-	-	113 686

	Audited 12 months ended 28 February 2021 (note 2) R'000	Adjustments resulting from disposal of Mining Services Division (note 3) R'000	Pro forma after disposal of Mining Services Division R'000	Adjustment to give effect to disposal of ATS (note 5) R'000	Disposal of ATS (note 6-9) R'000	Continuing group results (note 10-12) R'000	Transaction Costs (Note 12-13) R'000	Pro-forma after disposal R'000
Tax effect	(1 815)	-	(1 815)	-	-	-	-	(1 815)
Loss on sale of subsidiary	1 693	-	1 693	-	-	-	-	1 693
Profit on sale of joint operations	(53 887)	-	(53 887)	-	-	-	-	(53 887)
Loss on remeasurement of disposal group	26 103	(26 103)	-	-	-	-	-	-
Profit on disposal of Mining Services division	-	(29 213)	(29 213)	-	-	-	-	(29 213)
Impairment of equity- accounted investees	58 533	-	58 533	-	-	-	-	58 533
Impairment of assets	15 137	58 926	74 063	-	-	-	-	74 063
<b>Headline earnings</b>	<b>(259 450)</b>	<b>(25 074)</b>	<b>(284 524)</b>	<b>(5 707)</b>	<b>85 789</b>	<b>12 619</b>	<b>(2 880)</b>	<b>(194 703)</b>



## Notes and assumptions

- The *pro forma* Statement of Comprehensive Income ("SOCl") figures illustrate the possible financial effects if the transaction had taken place on 1 March 2020.
- The *pro forma* SOCl ("Audited 12 months ended 28 February 2021" column) has been extracted from the published audited financial information of Stefanutti Stocks for the period ended 28 February 2021, as released on SENS on 28 June 2021.
- The *pro forma* "Adjustments resulting from the disposal of the Mining Services Division" has been based on assumptions as disclosed per the circular issued to shareholders on 28 April 2021.
  - The financial information included within this *pro forma* section has been updated to reflect the financial information as disclosed on 28 February 2021, whereas the circular that was issued was based on the financial information for the six months ended 31 August 2020. The information for both financial periods are disclosed below for clarification purposes and the 31 August 2020 information has been extracted from the Circular issued.
  - The Mining Services Division was disclosed as a discontinued operation in the SOCl for the year ended 28 February 2021.
  - The financial information relating to the Mining Services Division is disclosed in the table below. The profit for the period after tax has been deconsolidated on 1 March 2020.

STATEMENT OF COMPREHENSIVE INCOME	28 February 2021 R'000	31 August 2020 R'000
Revenue	346 067	169 572
<b>Earnings before interest, taxation, depreciation and amortisation (EBITDA)</b>	<b>37 792</b>	<b>19 020</b>
Depreciation and amortisation	(3 158)	(1 751)
Fair value adjustments	(339)	–
Impairment of assets	(26 103)	–
<b>Operating profit before investment income</b>	<b>8 192</b>	<b>17 269</b>
Investment income (note 3.4)	294	798
<b>Operating profit before finance costs</b>	<b>8 486</b>	<b>18 067</b>
Finance costs	(107)	(46)
<b>Profit before taxation</b>	<b>8 379</b>	<b>18 021</b>
Taxation (note 3.5)	–	–
<b>Profit for the period after taxation</b>	<b>8 379</b>	<b>18 021</b>

- The sub-divisions within the Mining Services Division use only one central bank facility. As the other sub-division is in a loss making position, it was assumed that all investment income earned be allocated to Materials Handling and Tailings Management Sub-Divisions. The amount represents actual interest earned for the period 1 March 2020 to 28 February 2021.
- The above sub-divisional results are consolidated into the tax calculation of Stefanutti Stocks Proprietary Limited. These sub-divisions form part of one statutory entity and for that reason are not assessed separately for tax purposes. Assumptions could be applied to allocate proportions of tax income/expenses and corresponding tax/deferred tax assets and liabilities. The rights and obligations with regards to the legal tax assets/liabilities as stated however would be assigned to the statutory entity Stefanutti Stocks Proprietary Limited. It was assumed that there was no tax effect on the transaction as Stefanutti Stocks Proprietary Limited is in an assessed loss position.
- The two sub-divisions are disposed of for a value of R80 million. The profit on sale of disposal can be calculated as follows:

Calculation of Net Asset Value as on 1 March 2020	R'000
Non-current assets: Property, plant and equipment	14 287
Guaranteed working capital as per agreement	30 000
Current assets	66 127
Current liabilities	(64 850)
Purchase price adjustment to ensure working capital equals R30 million	28 723
Guaranteed cash balance as per agreement	6 500
Calculated Net Asset Value	50 787
<b>Calculation of profit on disposal at 1 March 2020</b>	<b>R'000</b>
Proceeds	80 000
Calculated Net Asset Value	50 787
Profit on disposal	29 213

- R1,7 million being the estimated transaction costs for the transaction.
- Goodwill impairment attached to the Mining Services Division of R59 million impaired due to disposal.
- The proceeds, as per the sale agreement of R80 million will be utilised for settlement of current debt.
- The settlement of debt will result in a decrease of finance costs of R10 million (continuing effect on the income statement), which was calculated using an interest rate of 12,5%. No adjustment for tax was made on the interest saving as the Group is currently in a tax loss position.
- The equity-accounted investment of Al Tayer Stocks was disclosed as a discontinued operation in the SOCl for the period ended 28 February 2021.

5. Consist of the reversal of share of profits of equity-accounted investees for the period 1 March 2020 to 30 June 2020 of R5,7 million, as the equity-accounted investment was classified as held for sale effective 1 July 2020. Also included is the reversal of exchange differences on translation of foreign operations of R11,5 million for the period 1 March 2020 to 28 February 2021.
6. Recognition of fair value adjustment of R107,8 million as calculated in note 7.
7. The Purchase Consideration for the Transaction is based on the Preliminary Equity Value of ATS being AED131,8 million less an Equity Value Adjustment being AED34 million with a portion of the Purchase Consideration being the Retention Amounts held back until the finalisation of the Retention Adjustments.

The Purchase Consideration may be increased with the Equity Value Adjustment. Refer to paragraph 5.2.

The Preliminary Equity Value of ATS of AED131,8 million has been determined as on 30 June 2020 based on provisional financial statements of the ATS group. The transaction has been denominated in AED and the conversion to Rand influences the fair value of the investment, which was reflected as R273,5 million as on 1 March 2020.

Due to the variable nature of the Purchase Consideration, the value of the Purchase Consideration is based on the probabilities of potential recoveries of the Equity Value Adjustment and Retention Adjustment, best assumptions and judgement was applied taking into consideration the available information at the date of issuing this document. The actual results may vary due to changes to circumstances in the future which may influence the recoverability of determination of the Purchase Consideration.

A sensitivity analysis has been performed, disclosed in the table below, based on probabilities of potential recoveries of the Equity Value Adjustment and Retention Adjustment in determining the possible Purchase Consideration. The Purchase Consideration is used to determine the fair value of the investment.

The sensitivity analysis is calculated as on 1 March 2020, using a conversion rate of R4,31 for AED1,00. In performing the sensitivity analysis probabilities have been applied to the Equity Value Adjustment and Retention Adjustment to determine the Purchase Consideration and assess the impact on the financial statements.

**Sensitivity Analysis  
(Conversion rate of R 4,31 used)**

	Proposed Transaction AED'000	No recovery R'000	50 % recovery R'000	100 % recovery R'000
Preliminary equity value (100 %)	131 822	568 153	568 153	568 153
Equity value adjustment (100 %)	(34 031)	(146 674)	(73 337)	–
Retention adjustment (100 %)	(52 197)	(224 969)	(112 485)	–
Fair value of investment after Adjustments (100 %)	45 594	196 510	382 331	568 153
50 % value attributable to the group	22 797	98 255	191 166	284 077
Fair value of investment – 1 March 2020		273 505	273 505	273 505
Fair value adjustment		(175 250)	(82 340)	–

Recoverability for purposes of the circular was assumed applying a worst-case scenario for the Equity Value adjustment, assuming that there would be no recovery of the AED34 million and a potential recovery of 60% relating to the Retention Adjustments. The potential recovery of 60% will result in a 40% adjustment to the Retention value.

The purchase consideration can be calculated as follows:

	Proposed Transaction AED'000	Judgement applied on recoverability	AED'000	R'000
Exchange rate at 1 March 2020				R4.31
Preliminary Equity Value (100 %)	131 822		131 822	568 153
Equity Value Adjustment (100 %)	(34 031)	No recovery – 100 % adjustment	(34 031)	(146 674)
Retention Adjustments (100 %)	(52 197)	60 % recovery – 40 % adjustment	(20 879)	(89 988)
Purchase Consideration (100 %)	45 594		76 912	331 491
Group's share at 50 %*(note 10)	22 797		38 456	165 745
Less: Value of investment				273 505
Fair value adjustment (note 6)				(107 760)
Effect on earnings per share				(64.43)

\*The Group's shareholding in ATS is only 49% but the determination of the Purchase Consideration is based on a 50% allocation of net asset value after relevant adjustments have been made.

8. Foreign Exchange Translation Reserve relating to the conversion of the investment from AED to ZAR to the value of R85,8 million realised in SOCI on disposal of investment.
9. The disposal of the investment will not result in any tax effects as the disposal meets the requirements of Paragraph 64B of the Eighth Schedule.
10. Proceeds of AED22,8 million (R98,3 million) as calculated in note 7 will be utilised for settlement of current debt. The proceeds will be paid by the 5<sup>th</sup> business day following the finalisation of the regulatory submissions required by the DED. The settlement of debt will result in a decrease of finance costs of R12,3 million (continuing effect on the income statement), which was calculated using an interest rate of 12,5%.
11. The potential 60% recovery of Retention Adjustments to the value of R67,5 million (AED52,2million less AED20,9 million = AED31,3 million and the groups 50% share AED15,7 million) at a rate of R4,31 carries interest at 0,5% per annum. Finance income of R0,337 million was recognised for the year.
12. No adjustment for tax was made on any transactions recognised in profit/loss as the Group is currently in a tax loss position.
13. Being the estimated transaction costs for the Transaction.
14. There have been no material subsequent events which will impact the above Transaction.

**PRO FORMA STATEMENT OF FINANCIAL POSITION AT 28 FEBRUARY 2021**

	Audited 12 months at 28 February 2021 (note 16) R'000	Adjustments resulting from disposal of Mining Services Division (note 17) R'000	Pro forma after disposal of Mining Services excluding Contract Mining Sub-Division R'000	Fair value adjustment (note 18 & 19) R'000	Disposal of ATS (note 19 – 22) R'000	Settlement of debt (note 23) R'000	Transaction Costs (note 24 & 25) R'000	Pro-forma after disposal R'000
<b>Assets</b>								
Non-current assets	1 211 650	-	1 211 650	-	64 202	-	-	1 275 852
Property, plant and equipment	608 411	-	608 411	-	-	-	-	608 411
Equity-accounted investees	25 703	-	25 703	-	-	-	-	25 703
Goodwill and intangible assets	345 664	-	345 664	-	-	-	-	345 664
Deferred tax assets	231 872	-	231 872	-	-	-	-	231 872
Other receivables (note 21)	-	-	-	-	64 202	-	-	64 202
Current assets	3 148 139	(17 828)	3 130 311	-	93 468	(93 468)	-	3 130 311
Inventories	59 594	-	59 594	-	-	-	-	59 594
Contracts in progress	610 758	-	610 758	-	-	-	-	610 758
Trade and other receivables	1 614 844	-	1 614 844	-	-	-	-	1 614 844
Taxation	89 171	-	89 171	-	-	-	-	89 171
Bank balances	773 772	(17 828)	755 944	-	93 468	(93 468)	-	755 944
Non-current assets held for sale	1 053 068	(96 080)	956 988	(110 019)	(157 670)	-	-	689 299
<b>Total assets</b>	<b>5 412 857</b>	<b>(113 908)</b>	<b>5 298 949</b>	<b>(110 019)</b>	<b>-</b>	<b>(93 468)</b>	<b>-</b>	<b>5 095 462</b>
<b>Equity and liabilities</b>								
Capital and reserves	352 568	(1 746)	350 822	(110 019)	-	-	(2 880)	237 923
Share capital and premium	1 007 718	-	1 007 718	-	-	-	-	1 007 718
Other reserves	48 874	-	48 874	-	-	-	-	48 874
Reserves of disposal group	105 324	-	105 324	-	(74 267)	-	-	31 057
Accumulated loss	(809 348)	(1 746)	(811 094)	(110 019)	74 267	(2 880)	(2 880)	(849 726)

	Audited 12 months at 28 February 2021 R'000	Adjustments resulting from disposal of Mining Services Division (note 17) R'000	Pro forma after disposal of Mining Services excluding Contract Mining Sub-Division R'000	Fair value adjustment (note 18 & 19) R'000	Disposal of ATS (note 19 – 22) R'000	Settlement of debt (note 23) R'000	Transaction Costs (note 24 & 25) R'000	Pro-forma after disposal R'000
<b>Non-current liabilities</b>	269 703	-	269 703	-	-	-	-	269 703
Financial liabilities	182 821	-	182 821	-	-	-	-	182 821
Excess billings over work done	46 506	-	46 506	-	-	-	-	46 506
Provisions	40 376	-	40 376	-	-	-	-	40 376
<b>Current liabilities</b>	4 505 859	(78 254)	4 427 605	-	-	(93 468)	2 880	4 337 017
Financial liabilities	1 353 367	(80 000)	1 273 367	-	-	(93 468)	-	1 179 899
Trade and other payables	1 297 983	1 746	1 299 729	-	-	-	2 880	1 302 609
Excess billings over work done	1 205 771	-	1 205 771	-	-	-	-	1 205 771
Provisions	551 512	-	551 512	-	-	-	-	551 512
Taxations	79 092	-	79 092	-	-	-	-	79 092
Bank overdraft	18 134	-	18 134	-	-	-	-	18 134
Liabilities directly associated with discontinued operations	284 727	(33 908)	250 819	-	-	-	-	250 819
<b>Total equity and liabilities</b>	<b>5 412 857</b>	<b>(113 908)</b>	<b>5 298 949</b>	<b>(110 019)</b>	<b>-</b>	<b>(93 468)</b>	<b>-</b>	<b>5 095 462</b>

## Notes and assumptions

15. The *pro forma* Statement of Financial Position ("SOPF") figures illustrate the possible financial effects if the Transaction had taken place on 28 February 2021.
16. The *pro forma* SOPF ("Audited 12 months ended 28 February 2021" column) has been extracted from the published audited financial information of Stefanutti Stocks for the period ended 28 February 2021 as released on SENS on 28 June 2021.
17. The *pro forma* "Adjustment resulting from the disposal of the Mining Services Division excluding Contract Mining Sub-Division" has been based on the circular issued to shareholders on 28 April 2021.
- 17.1 The financial information included within this *pro forma* section has been updated to reflect the financial information as at 28 February 2021, whereas the circular issued on 28 April 2021 was based on the financial information for the six months ended 31 August 2020. The information for both financial periods are included for clarification purposes. The 31 August 2020 information has been extracted from the Circular issued.

**Table A**

The Mining Services Division has been reclassified as a discontinued operation and all assets and liabilities have been disclosed as Held for Sale and measured at the lower of carrying value and fair value less cost to sell in terms of IFRS 5.

<b>STATEMENT OF FINANCIAL POSITION</b>	<b>28 February 2021 R'000</b>	<b>31 August 2020 R'000</b>
<b>Assets</b>		
<b>Non-current assets</b>	<b>43 500</b>	<b>71 522</b>
Property, plant and equipment	10 677	12 596
Goodwill	32 823	58 926
<b>Current assets</b>	<b>52 580</b>	<b>63 787</b>
Other current assets (Current assets+ guaranteed cash balance note 17.2)	52 580	63 787
<b>Total assets</b>	<b>96 080</b>	<b>135 309</b>
<b>Equity and liabilities</b>		
<b>Accumulated loss</b>	–	<b>28 022</b>
Profit on disposal (Table C)	–	(30 904)
Goodwill impairment	–	58 926
<b>Current liabilities</b>	<b>96 080</b>	<b>107 287</b>
Other current liabilities	31 310	53 643
Purchase price adjustment (note 17.3)	(17 828)	(33 136)
Provisions	2 598	6 780
Other current liabilities – Settlement of debt with proceeds received of R80 million (note 17.4)	80 000	80 000
<b>Total equity and liabilities</b>	<b>96 080</b>	<b>135 309</b>

**Table B**

<b>Calculation of Net Asset Value</b>	<b>28 February 2021 R'000</b>	<b>31 August 2020 R'000</b>
<b>Non-current assets</b>	<b>43 500</b>	<b>12 596</b>
Property, plant and equipment	10 677	12 596
Goodwill	32 823	–
<b>Guaranteed working capital as per agreement</b>	<b>30 000</b>	<b>30 000</b>
Current assets	46 080	57 287
Current liabilities including provisions	(33 908)	(60 423)
Purchase price adjustment to ensure working capital equals R30 million (note 17.3)	17 828	33 136
Guaranteed cash balance as per agreement (note 17.2)	<b>6 500</b>	<b>6 500</b>
<b>Calculated Net Asset Value</b>	<b>80 000</b>	<b>49 096</b>

**Table C**

<b>Calculation of profit on disposal</b>	<b>28 February 2021 R'000</b>	<b>31 August 2020 R'000</b>
Proceeds (note 17.5)	80 000	80 000
Calculated Net Asset Value	80 000	49 096
Profit on disposal	–	30 904
Impairment of Goodwill	–	(58 926)
Net impact on SOCI	–	(28 022)

17.2 Included within other current assets is a cash balance of R6,5 million which forms part of the requirements of the sale agreement.

17.3 A purchase price adjustment are made to ensure a positive working capital cycle of R30 million is maintained as required per the "Purchase Consideration" definition. The shortfall will be funded from the Group's own funds.

17.4 The above sub-divisional results are consolidated into the tax calculation of Stefanutti Stocks Proprietary Limited. These sub-divisions form part of one statutory entity and for that reason is not assessed separately for tax purposes. The rights and obligations with regards to the legal tax assets/liabilities as stated would be assigned to the statutory entity Stefanutti Stocks Proprietary Limited as opposed to the sub-divisions, hence no tax effects were recognised.

17.5 The proceeds, as per the sale agreement of R80 million will be utilised for settlement of current debt.

17.6 R1,7 million being the estimated transaction costs for the disposal of the Mining Services sub-division.

18. Recognition of fair value adjustment of R110,1 million as calculated in note 19.

19. The Purchase Consideration for the Transaction is based on the Preliminary Equity Value of ATS being AED131,8 million less an Equity Value Adjustment being AED34 million with a portion of the Purchase Consideration being the Retention Amounts held back until the finalisation of the Retention Adjustments.

The Purchase Consideration may be increased with the Equity Value Adjustment. AED22,8 million will be paid as soon as all the conditions relevant to this Transaction have been met as explained in paragraph 5.2.

The Preliminary Equity Value of ATS of AED131,8 million has been determined as on 30 June 2020 based on provisional financial statements of the ATS group. The Transaction has been denominated in AED and the conversion to Rand influences the fair value of the investment, which was reflected as R267,7 million at 28 February 2021.

Due to the variable nature of the Purchase Consideration, the value of the Purchase Consideration is based on the probabilities of potential recoveries of the Equity Value Adjustment and Retention Adjustment, best assumptions and judgement was applied taking into consideration the available information at the date of signature of this document. The actual results may vary due to changes to circumstances in the future which may influence the recoverability of determination of the Purchase Consideration.

A sensitivity analysis has been performed, disclosed in the table below, based on probabilities of potential recoveries of the Equity Value Adjustment and Retention Adjustment in determining the possible Purchase Consideration. The Purchase Consideration is used to determine the fair value of the investment.

The sensitivity analysis is calculated as on 28 February 2021, using a conversion rate of R4,10 for AED1,00. In performing the sensitivity analysis probabilities have been applied to the Equity Value Adjustment and Retention Adjustment to determine the Purchase Consideration and assess the impact on the financial statements.

#### **Sensitivity Analysis**

##### **(Conversion rate of R 4,10 used)**

	Proposed Transaction AED'000	No recovery R'000	50 % recovery R'000	100 % recovery R'000
Preliminary equity value (100 %)	131 822	540 470	540 470	540 470
Equity value adjustment (100 %)	(34 031)	(139 527)	(69 764)	–
Retention adjustment (100 %)	(52 197)	(214 008)	(107 004)	–
Fair value of investment after Adjustments (100 %)	45 594	186 935	363 702	540 470
50 % value attributable to the group	22 797	93 468	181 851	270 235
Fair value of investment – 28 February 2021		267 689	267 689	267 689
Fair value adjustment		(174 221)	(85 838)	–

Recoverability for purposes of the circular was assumed applying a worst-case scenario for the Equity Value adjustment, assuming that there would be no recovery of the AED34 million and a potential recovery of 60% relating to the Retention Adjustments. The potential recovery of 60% will result in a 40% adjustment to the Retention value.

The purchase consideration can be calculated as follows:

	AED'000	Judgement applied on recoverability	AED'000	R'000
Exchange rate at 28 February 2021				R4.10
Preliminary equity value (100 %)	131 822		131 822	540 470
Equity value adjustment (100 %)	(34 031)	No recovery-100 % adjustment	(34 031)	(139 527)
Retention adjustments (100 %)	(52 197)	60 % recovery- 40 % adjustment	(20 879)	(85 603)
Purchase consideration (100 %)	45 594		76 912	315 340
Group's share at 50 % * (note 19,21)	22 797		38 456	157 670
Less: Value of investment				267 689
Fair value adjustment (note 16)				(110 019)

\*The Group's shareholding in ATS is only 49% but the determination of the purchase consideration is based on a 50% allocation of net asset value after relevant adjustments have been made.

20. Foreign Exchange Translation Reserve of R74,3 million relating to the conversion of the equity-accounted investment from AED to Rand was realised in SOCI on disposal of investment.
21. The potential 60% recovery of retention adjustments to the value of R64,2 million (AED52,2 million less AED20,9 million = AED31,3 million and the groups 50% share AED15,7 million) are assumed to be fully recovered by 28 February 2023. The R64,2 million is calculated as follows:

	R'000's
Purchase consideration	R157 670
Less: Initial payment (AED22 797 x R4.10)	R93 468
Outstanding receivable	R64 202

22. The disposal of the investment will not result in any tax effects as the disposal meets the requirements of Paragraph 64B of the Eighth Schedule.
23. Proceeds of AED22,8 million (R93.5 million) will be utilised for settlement of current debt. The proceeds will be paid by the 5<sup>th</sup> Business Day following the finalisation of the regulatory submissions required by the DED.
24. No adjustment for tax was made on any transactions recognised in profit/loss as the group is currently in a tax loss position.
25. Being the estimated transaction costs for the Transaction.
26. There have been no material subsequent events which will impact the above Transaction.
27. Total number of net shares in issue: 167 243 684  
Net asset value per share (cents): 142.26  
Net tangible asset value per share (cents): (64.42)

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## INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF *PRO FORMA* FINANCIAL INFORMATION

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28 July 2021

The Directors of Stefanutti Stocks Holdings Limited  
No 9 Palala Street, Protec Park  
Cnr Zuurfontein Avenue and Oranjerivier Drive  
Chloorkop  
Kempton Park  
1619

### INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF THE *PRO FORMA* FINANCIAL INFORMATION OF THE GROUP

We have completed our assurance engagement to report on the compilation of *pro forma* financial information of Stefanutti Stocks Holdings Limited ("Stefanutti" or "the Group") by the Directors.

The *pro forma* financial information, as set out in **Annexure 1** of the Circular, consist of a Consolidated Statement of Comprehensive Income and a Consolidated *Pro Forma* Statement of Financial Position and related assumptions. The *pro forma* financial information has been compiled on the basis of the applicable criteria specified in the Listings Requirements.

The *pro forma* financial information has been compiled by the Directors to illustrate the impact of the corporate action or event, described in the Circular, on the Group's financial position as at 28 February 2021 for purposes of the Statement of Financial Position and 1 March 2020 for the Statement of Comprehensive Income. As part of this process, information about the Group's financial position and financial performance has been extracted by the Directors from the Group's financial statements for the period ended 28 February 2021, on which an unmodified auditor's report was issued on 21 June 2021.

### DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL INFORMATION

The Directors are responsible for compiling the *pro forma* financial information on the basis of the applicable criteria specified in the Listings Requirements and described in **Annexure 1** of the Circular and the SAICA Guide on Pro Forma Financial Information, revised and issued in September 2014 ("Applicable Criteria").

### OUR INDEPENDENCE AND QUALITY CONTROL

We have complied with the independence and other ethical requirements of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code), which is founded on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*.

Mazars applies the International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

### INDEPENDENT REPORTING ACCOUNTANT'S RESPONSIBILITY

Our responsibility is to express an opinion about whether the *pro forma* financial information has been compiled, in all material respects, by the Directors on the basis of the applicable criteria specified in the Listings Requirements based on our procedures performed.

We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3420, Assurance Engagements to Report on the Compilation of *Pro Forma* Financial Information Included in a Prospectus which is applicable to an engagement of this nature. This standard requires that we comply with the ethical requirements and plan and perform our procedures to obtain reasonable assurance



about whether the *pro forma* financial information has been compiled, in all material respects, on the basis of the Applicable Criteria.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in the compiling of the *pro forma* financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the *Pro Forma* Financial Information.

As the purpose of *pro forma* financial information included in a circular is solely to illustrate the impact of a significant corporate action or event on unadjusted financial information of the entity as if the corporate action or event has occurred or had been undertaken at an earlier date selected for purposes of the illustration, we do not provide any assurance that the actual outcome of the event or transaction at 28 February 2021 would have been as presented.

A reasonable assurance engagement to report on whether the *pro forma* financial information has been compiled, in all material respects, on the basis of the applicable criteria, involves performing procedure to assess whether the applicable criteria used in the compilation of the *pro forma* financial information provides a reasonable basis for presenting the significant effects directly attributable to the corporate action or event, and to obtain sufficient appropriate evidence about whether:

- The related *pro forma* adjustments give appropriate effect to those criteria; and
- The *pro forma* financial information reflects the proper application of those adjustments to the unadjusted financial information.

Our procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the corporate action or event in respect of which the *pro forma* financial information has been compiled, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the *pro forma* financial information.

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

## **OPINION**

In our opinion, the *pro forma* financial information has been compiled, in all material respects, on the basis of the applicable criteria specified by the Listings Requirements and described in **Annexure 1**.

## **RESTRICTION OF USE**

This report has been prepared for the purpose of satisfying the requirements of the Listings Requirements, and for no other purpose.

## **MAZARS**

Registered Auditors

Partner: Susan Truter

Registered Auditor

Chartered Accountants (SA)

Mazars House, 54 Glenhove Road, Melrose Estate

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## INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON THE HISTORICAL CONSOLIDATED FINANCIAL INFORMATION OF AL TAYER STOCKS LLC

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The Directors of Stefanutti Stocks Holdings Limited  
No 9 Palala Street, Protec Park  
Cnr Zuurfontein Avenue and Oranjerivier Drive  
Chloorkop  
Kempton Park  
1619

28 July 2021

Dear Sirs

### INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON THE HISTORICAL CONSOLIDATED FINANCIAL INFORMATION OF AL TAYER STOCKS LLC INCLUDED IN THE CIRCULAR TO STEFANUTTI STOCKS SHAREHOLDERS

#### Introduction

This Reporting Accountant's Report on the Historical Consolidated Financial Information of Al Tayer Stocks LLC is prepared to comply with the Listings Requirements and for inclusion in the Circular to be issued to shareholders of Stefanutti Stocks Holdings Limited on or about Tuesday, 3 August 2021.

At your request and for the purposes of the Stefanutti Stocks Holdings Limited ("the Company") Circular, we have:

- audited the historical consolidated financial information of Al Tayer Stocks LLC ("the Subject Matter") whose shares are partly being sold by the Company in respect of the year ended 30 June 2020 as presented in **Annexure 4** to the Circular dated Tuesday, 3 August 2021 ("the Circular");
- reviewed the historical consolidated financial information of the Subject Matter in respect of the year ended 30 June 2019 as presented in **Annexure 4** to the Circular;
- reviewed the historical consolidated financial information of the Subject Matter for the year ended 30 June 2018 as presented in **Annexure 4** to the Circular; and
- reviewed the interim historical financial information of the Subject Matter for the period ended 31 December 2020 as presented in **Annexure 4** to the Circular.

#### Historical consolidated financial information for the year ended 30 June 2020

##### Opinion

The historical consolidated financial information in respect of the year ended 30 June 2020 as presented in **Annexure 4** to the Circular comprises the consolidated statement of financial position as at 30 June 2020, and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the historical consolidated financial information, including the accounting policies.

In our opinion, the historical consolidated financial information presents fairly, in all material respects, the consolidated statement of financial position of the Subject Matter as at 30 June 2020, and its consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended in accordance with the basis of preparation paragraph per **Annexure 4** below and the Listings Requirements.

##### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Historical Consolidated Financial Information for the year ended 30 June 2020* section of our report. We are independent of the Subject Matter in accordance with sections 290 and 291 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised January 2018), parts 1 and 3 of the

Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised November 2018) (together the IRBA codes) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants and International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) respectively. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

***Directors' responsibility for the historical consolidated financial information for the year ended 30 June 2020***

The Company's Directors are responsible for the preparation and fair presentation of the historical consolidated financial information for the year ended 30 June 2020 in accordance with the basis of preparation and the Listings Requirements, and for such internal control as the Directors determine is necessary to enable the preparation of historical consolidated financial information that is free from material misstatement, whether due to fraud or error.

In preparing the historical consolidated financial information, the Directors are responsible for assessing the Subject Matter's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Subject Matter or to cease operations, or have no realistic alternative but to do so.

***Auditor's responsibility for the audit of the historical consolidated financial information for the year ended 30 June 2020***

Our objectives are to obtain reasonable assurance about whether the historical consolidated financial information for the year ended 30 June 2020 as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the historical consolidated financial information.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the historical consolidated financial information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Subject Matter's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Subject Matter's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the historical consolidated financial information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Subject Matter to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the historical consolidated financial information, including the disclosures, and whether the historical consolidated financial information represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

#### **Historical consolidated financial information for the years ended 30 June 2019 and 30 June 2018**

We have reviewed the historical consolidated financial information of the Subject Matter, as presented in **Annexure 4** to the Circular, which comprise the consolidated statements of financial position as at 30 June 2019 and 30 June 2018 and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, including a summary of significant accounting policies and explanatory notes.

#### **Directors' responsibility for the historical consolidated financial information for the years ended 30 June 2019 and 30 June 2018**

The Directors are responsible for the preparation and fair presentation of the historical consolidated financial information in accordance with the basis of preparation and the Listings Requirements, and for such internal control as the Directors determine is necessary to enable the preparation of historical consolidated financial information that is free from material misstatement, whether due to fraud or error.

#### **Auditor's responsibility for the review of the historical consolidated financial information for the years ended 30 June 2019 and 30 June 2018**

Our responsibility is to express a conclusion on the historical consolidated financial information. We conducted our review in accordance with International Standards on Review Engagements (ISRE) 2400, *Engagements to Review Financial Statements*. ISRE 2400 requires us to conclude whether anything has come to our attention that causes us to believe that the historical consolidated financial information is not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of financial information in accordance with ISRE 2400 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.

The procedures performed in a review are substantially less than and differ in nature from those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on the historical consolidated financial information.

#### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the historical consolidated financial information of the Subject Matter for the years ended 30 June 2019 and 30 June 2018 do not present fairly, in all material respects, the consolidated financial position of the Subject Matter as at 30 June 2019 and 30 June 2018, and its financial performance and cash flows for the years then ended, in accordance with the basis of preparation note per **Annexure 4** below and the Listings Requirements.

#### **Historical consolidated financial information for the interim period ended 31 December 2020**

We have reviewed the interim historical consolidated financial information of the Subject Matter, as presented in **Annexure 4** to the Circular, which comprise the consolidated statement of financial position as at 31 December 2020 and the consolidated statement of comprehensive income, changes in equity and cash flows for the interim period then ended, and selected explanatory notes included in note 29 to the historical consolidated financial information.

**Directors` responsibility for the interim historical consolidated financial information for the period ended 31 December 2020**

The Directors are responsible for the preparation and fair presentation of the interim historical consolidated financial information in accordance with the International Financial Reporting Standard, (IAS) 34 Interim Financial Reporting and the Listings Requirements, and for such internal control as the Directors determine is necessary to enable the preparation of interim historical consolidated financial information that is free from material misstatement, whether due to fraud or error.

**Auditor`s responsibility for the review of the interim historical consolidated financial information for the period ended 31 December 2020**

Our responsibility is to express a conclusion on the interim historical consolidated financial information. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the interim historical consolidated financial information is not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of financial information in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.

The procedures performed in a review are substantially less than and differ in nature from those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on the interim historical consolidated financial information.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the interim historical consolidated financial information of the Subject Matter for the period ended 31 December 2020 is not prepared, in all material respects, in accordance with the International Financial Reporting Standard, (IAS) 34 Interim Financial Reporting and the Listings Requirements.

**Purpose of the report**

The purpose of our report is for the Circular of Stefanutti Stocks Holdings Limited and is not to be used for any other purpose.

**Mazars**

Registered Auditor  
Susan Truter  
Partner

**Mazars**

54 Glenhove Road  
Melrose Estate  
Johannesburg  
South Africa  
28 July 2021

## THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS OF AL TAYER STOCKS LLC FOR THE YEARS ENDED 30 JUNE 2018, 30 JUNE 2019 AND 30 JUNE 2020 AND THE SIX MONTHS ENDED 31 DECEMBER 2020

The definitions and interpretations commencing on page 7 of the Circular have been used throughout this **Annexure 4**.

The Historical Financial Information has been extracted from the audited financial statements of Al Tayer Stocks and its subsidiaries for the year ended 30 June 2020, and extracted from the reviewed financial statements for the 6 months ended 31 December 2020 and the years ended 30 June 2019 and 30 June 2018. The Historical Financial Information has been prepared in accordance with the accounting policies of the group in compliance with IFRS and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council. The year-end of Al Tayer Stocks and its subsidiaries is June which is different to the Stefanutti Stocks Group which is February.

The functional currency for Al Tayer Stocks and its subsidiaries is United Arab Dirham ("AED"). These consolidated financial statements have been translated to South African Rands ("ZAR") for purposes of investor analysis within the South African market. The following exchange rates has been used:

	Closing Rate	Average Rate
June 2018	R3,74	R3,50
June 2019	R3,97	R3,86
June 2020	R4,72	R4,27
December 2020	R3,99	R4,43

The Historical Financial Information has been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below.

The accounting policies as well as the methods of computation used in the preparation of the extract of results for the year ended 30 June 2020, 30 June 2019 and 30 June 2018 are in terms of IFRS and are consistent with those applied in the prior years except for the adoption of new standards. Al Tayer Stocks and its subsidiaries has adopted IFRS 15: Revenue from Contracts with Customers and IFRS 9: Financial Instruments effective from 1 July 2018. Under the transition method chosen, comparative information had not been restated. Al Tayer Stocks and its subsidiaries applied IFRS 16 on 1 July 2019, using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of initially applying IFRS 16 is recognised in retained earnings at the date of initial application.

The reviewed results for the period ended 31 December 2020 has been prepared and contains the information required by International Accounting Standards IAS 34: Interim Financial Reporting. Information to this extent can be found in note 29.

Mazars, who is the Independent Reporting Accountant to the Company, conducted the review of the Historical Financial Information for the period ended 31 December 2020 and years ended 30 June 2019 and 30 June 2018 and audit of the Historical Information for the year ended 30 June 2020 in accordance with International Standards on Auditing and reported without qualification on the Historical Financial Information.

The Directors are responsible for the preparation and presentation of the Historical Financial Information.

Al Tayer Stocks is a building and interior fit-out contracting company, offering a full range of services across all industries, delivering projects in the interior fit-out & design and building sectors in the United Arab Emirates ("UAE"). Since its formation in 1998, the business has grown significantly, undertaking interior fit-out projects in retail, corporate training centres, hotels, healthcare facilities, luxury villas, warehouses and industrial units. Al Tayer Stocks also offers a broad spectrum of building services with projects being undertaken in sports facilities, warehouses and luxury villas.

Revenue increased year on year to R3,5 billion (2019: R2,8 billion, 2018: R2,4 billion) but with a decrease in gross profit to 3.4 % (2019: 8,5%, 2018: 10,3%). The group reported a profit for the year of R48 million (2019: R120 million, 2018: R149 million), with an increase in operating and general expenses to R163 million (2019: R150 million, 2018: R122 million). Finance costs of R1,2 million relating to right-of-use assets was recognised for the 2020 financial year. (2019: Nil, 2018: Nil).

The adoption of IFRS 16: Leases resulted in the recognition of right-of-use assets to the value of R15,9 million as well as the recognition of lease liabilities of R16,6 million.

Contract and other receivables increased year on year from R715 million in 2018, R815 million in 2019 to R887 million in 2020, with a corresponding increase in trade and other payables from R1,111 million in 2019 to R1,564 million in 2020. (2018: R1,148 million).

Cash on hand is reported as R416 million at year-end (2019: R320 million, 2018: R438 million).



**Consolidated statement of financial position  
at**

		<b>Reviewed December 2020 R'000</b>	Audited June 2020 R'000	Reviewed June 2019 R'000	Reviewed June 2018 R'000
	<i>Note</i>				
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment	9	<b>5 307</b>	6 594	10 156	7 178
Right-of-use assets	22	<b>12 781</b>	15 939	–	–
Intangible assets	10	<b>40</b>	52	82	197
Long-term contract asset	12	<b>16 550</b>	31 599	–	–
Long-term retention receivables	11	<b>118 687</b>	102 610	67 559	102 147
Long-term due from related parties	15	<b>–</b>	33 803	37 372	16 903
		<b>153 365</b>	190 597	115 169	126 425
<b>Current assets</b>					
Inventories	12	<b>636</b>	933	788	547
Contract assets	12	<b>362 732</b>	634 397	390 430	302 183
Contract and other receivables	11	<b>612 752</b>	887 410	814 983	715 285
Due from related parties	15	<b>95 357</b>	58 762	72 564	105 765
Cash in hand and at banks	14	<b>421 770</b>	415 760	319 660	438 042
		<b>1 493 247</b>	1 997 262	1 598 425	1 561 822
<b>Total assets</b>		<b>1 646 612</b>	2 187 859	1 713 594	1 688 247
<b>Equity and liabilities</b>					
<b>Capital and reserves</b>					
Share capital	18	<b>3 554</b>	3 554	3 554	3 554
Statutory reserve	19	<b>3 134</b>	3 134	3 134	3 134
Currency translation reserve	20	<b>52 095</b>	126 878	46 410	20 613
Retained earnings		<b>357 374</b>	341 258	410 824	381 202
<b>Total equity</b>		<b>416 157</b>	474 824	463 922	408 503
<b>Non-current liabilities</b>					
Employees' end of service benefits	17	<b>51 987</b>	60 152	46 823	36 834
Long-term retention payables	16	<b>60 514</b>	68 211	35 083	45 999
Long term lease liabilities	22	<b>7 456</b>	9 075	–	–
		<b>119 957</b>	137 438	81 906	82 833
<b>Current liabilities</b>					
Trade and other payables	16	<b>1 099 422</b>	1 563 849	1 111 163	1 148 297
Due to related parties	15	<b>5 359</b>	4 210	56 603	48 614
Short-term lease liabilities	22	<b>5 717</b>	7 538	–	–
		<b>1 110 498</b>	1 575 597	1 167 766	1 196 911
<b>Total liabilities</b>		<b>1 230 455</b>	1 713 035	1 249 672	1 279 744
<b>Total equity and liabilities</b>		<b>1 646 612</b>	2 187 859	1 713 594	1 688 247

The group has applied IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments effective from 1 July 2018. Under the transition method chosen, comparative information had not been restated.

The group initially applied IFRS 16 at 1 July 2019, using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of initially applying IFRS 16 is recognised in retained earnings at the date of initial application.

Refer to note 3 – Changes in accounting policies and disclosures.



**Consolidated statement of profit or loss and other comprehensive income  
for the period/year ended**

		<b>Reviewed December 2020 R'000</b>	Audited June 2020 R'000	Reviewed June 2019 R'000	Reviewed June 2018 R'000
	<i>Note</i>				
Contract revenue	6	<b>916 417</b>	3 507 101	2 839 254	2 412 580
Contract costs		<b>(830 371)</b>	(3 387 186)	(2 596 825)	(2 163 203)
<b>Gross profit</b>		<b>86 046</b>	119 915	242 429	249 377
Administrative and general expenses	7	<b>(70 434)</b>	(162 931)	(150 299)	(122 032)
Net expected credit losses	23	–	4 269	(6 255)	(3 867)
Other income		–	1 305	1 384	1 016
Finance income	8	<b>911</b>	5 853	6 803	4 745
Finance costs	22	<b>(407)</b>	(1 232)	–	–
<b>Profit/(Loss) for the year</b>		<b>16 116</b>	(32 821)	94 062	129 239
Other comprehensive income for the year:					
Items that may be reclassified subsequently to profit or loss					
Currency translation differences		<b>(74 784)</b>	80 468	25 797	19 724
<b>Total comprehensive income for the year</b>		<b>(58 668)</b>	47 647	119 859	148 963

The group has applied IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments effective from 1 July 2018. Under the transition method chosen, comparative information had not been restated.

The group initially applied IFRS 16 at 1 July 2019, using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of initially applying IFRS 16 is recognised in retained earnings at the date of initial application.

Refer to note 3 Changes in accounting policies and disclosures.

**Consolidated statement of cash flows  
for the period/year ended**

		<b>Reviewed December 2020 R'000</b>	Audited June 2020 R'000	Reviewed June 2019 R'000	Reviewed June 2018 R'000
	<i>Note</i>				
<b>Operating activities</b>					
(Loss)/Profit for the year		<b>16 116</b>	(32 821)	94 062	129 239
<i>Adjustments for:</i>					
Depreciation and amortisation	9,10	<b>1 077</b>	5 439	5 138	4 157
Depreciation on right-of-use assets	22	<b>3 432</b>	6 384	–	–
Profit on sale of right-of-use assets		<b>(315)</b>	–	–	–
Provision for employees' end of service benefits	17	<b>5 264</b>	11 071	10 974	7 500
Net expected credit losses	23	<b>–</b>	(4 269)	19 688	3 867
Interest on lease liabilities	22	<b>407</b>	1 219	–	–
Finance income	8	<b>(911)</b>	(5 853)	(6 803)	(4 745)
<i>Operating profit/(loss) before changes in working capital</i>					
		<b>25 070</b>	(18 830)	123 059	140 018
Change in inventories		<b>1</b>	4	(201)	130
Change in contract assets		<b>204 388</b>	(182 521)	(67 694)	(56 124)
Change in contract and other receivables		<b>117 585</b>	58 006	(47 212)	(171 801)
Change in due from related parties		<b>(18 928)</b>	34 519	19 795	(63 111)
Change in trade and other payables		<b>(244 714)</b>	243 446	(118 816)	244 598
Change in due to related parties		<b>1 995</b>	(57 085)	4 847	(52 055)
<i>Operating profit/(loss) after changes in working capital</i>					
		<b>85 397</b>	77 539	(86 222)	41 655
Employees' end of service benefits paid	17	<b>(4 035)</b>	(7 021)	(3 470)	(835)
<i>Net cash generated from/(used in) operating activities</i>					
		<b>81 362</b>	70 518	(89 692)	40 820
<b>Investing activities</b>					
Additions to property, plant and equipment	9	<b>(775)</b>	(434)	(7 476)	(678)
Additions to intangible assets	10	<b>–</b>	–	(4)	(91)
Net movement in fixed deposits	14	<b>(89 666)</b>	17 500	34 752	(55 415)
Finance income	8	<b>911</b>	5 853	6 803	4 745
<i>Net cash (used)/generated from investing activities</i>					
		<b>(89 530)</b>	22 919	34 075	(51 439)
<b>Financing activities</b>					
Dividend paid	24	<b>–</b>	(36 745)	(51 447)	(87 646)
Repayments of lease liabilities	22	<b>(3 720)</b>	(6 995)	–	–
<i>Net cash used in financing activities</i>					
		<b>(3 720)</b>	(43 740)	(51 447)	(87 646)
<b>Net (decrease)/increase in cash and cash equivalents</b>					
		<b>(11 888)</b>	49 697	(107 064)	(98 265)
Currency translation difference		<b>(27 936)</b>	26 590	10 213	7 920
Cash and cash equivalents at the beginning of the year		<b>188 853</b>	112 566	209 417	299 762
<b>Cash and cash equivalents at the end of the year</b>					
	14	<b>149 029</b>	188 853	112 566	209 417

**Consolidated statement of changes in equity  
for the period/year ended**

	Share capital R'000	Statutory reserve R'000	Currency Translation reserve R'000	Retained earnings R'000	Total R'000
At 1 July 2017	<b>3 554</b>	<b>3 134</b>	<b>889</b>	<b>339 609</b>	<b>347 186</b>
Total comprehensive income					
Profit for the year	–	–	–	129 239	129 239
Other comprehensive income					
Currency translation difference			19 724	–	19 724
Total comprehensive income for the year	–	–	<b>19 724</b>	<b>129 239</b>	<b>148 963</b>
<i>Transactions with owners of the Group directly recorded in equity</i>					
Dividend (refer note 24)	–	–	–	(87 646)	(87 646)
Total transactions with owners of the Group				(87 646)	(87 646)
At 30 June 2018	<b>3 554</b>	<b>3 134</b>	<b>20 613</b>	<b>381 202</b>	<b>408 503</b>
At 1 July 2018	<b>3 554</b>	<b>3 134</b>	<b>20 613</b>	<b>381 202</b>	<b>408 503</b>
Cumulative effect of adoption of IFRS 9 <i>Financial Instruments</i>	–	–	–	(12 993)	(12 993)
Total comprehensive income					
Profit for the year	–	–	–	94 062	94 062
Other comprehensive income					
Currency translation difference	–	–	25 797	–	25 797
Total comprehensive income for the year	–	–	<b>25 797</b>	<b>94 062</b>	<b>119 859</b>
<i>Transactions with owners of the Group directly recorded in equity</i>					
Dividend (refer note 24)	–	–	–	(51 447)	(51 447)
Total transactions with owners of the Group	–	–	–	(51 447)	(51 447)
At 30 June 2019	<b>3 554</b>	<b>3 134</b>	<b>46 410</b>	<b>410 824</b>	463 922
At 1 July 2019	<b>3 554</b>	<b>3 134</b>	<b>46 410</b>	<b>410 824</b>	463 922
Total comprehensive income					
Loss for the year	–	–	–	(32 821)	(32 821)
Other comprehensive income					
Currency translation difference	–	–	80 468	–	80 468
Total comprehensive income for the year	–	–	<b>80 468</b>	<b>(32 821)</b>	<b>47 647</b>
<i>Transactions with owners of the Group directly recorded in equity</i>					
Dividend (refer note 24)	–	–	–	(36 745)	(36 745)
Total transactions with owners of the Group	–	–	–	(36 745)	(36 745)
At 30 June 2020	<b>3 554</b>	<b>3 134</b>	<b>126 878</b>	<b>341 258</b>	<b>474 824</b>
	<i>Note 18</i>	<i>Note 19</i>	<i>Note 20</i>		

**Consolidated statement of changes in equity  
for the period/year ended**

	Currency				
	Share capital R'000	Statutory reserve R'000	Translation reserve R'000	Retained earnings R'000	Total R'000
At 1 July 2020	3 554	3 134	126 878	341 258	474 824
<i>Total comprehensive income</i>					
Profit for the year	–	–	–	16 116	16 116
<i>Other comprehensive income</i>					
Currency translation difference	–	–	(74 784)	–	(74 784)
Total comprehensive income for the year	–	–	(74 784)	16 116	(58 668)
At 31 December 2020	3 554	3 134	52 094	357 374	416 156

**Notes to the Annual Financial Statements**

**1. REPORTING ENTITY**

Al Tayer Stocks LLC (“the Company”) (Registration No. 513709) is registered as a limited liability company in the Emirate of Dubai on 6 September 1998 in accordance with the provisions of the UAE Federal Law No. 8 of 1984 (as amended). The Company commenced commercial operations in September 1999. The registered office of the Company is P.O. Box 2623, Dubai, United Arab Emirates.

The current shareholding of the Company is as follows:

Shareholders	Percentage (%)
Al Tayer Group LLC	51%
Stefanutti Stocks International Holdings Proprietary Limited	49%

The company and its subsidiaries listed below are collectively referred to as “the group”. The company’s effective interest, in its subsidiaries is as follows:

Name	Status	Holding	Relationship	Place of incorporation
Al Tayer Stocks Bahrain S.P.C. (“ATS Bahrain”)	LLC	100%	Subsidiary	Kingdom of Bahrain
Al Tayer Stocks Qatar WLL (“ATS Qatar”)	WLL	100%	Subsidiary	Qatar

There have been no changes to the shareholdings during the current year.

51% interest in Al Tayer Stocks Qatar WLL is held by a local Qatari National who holds these shares for the beneficial interest of the Company.

As at the reporting date, both subsidiaries are dormant and does not have a valid trade licenses in the given jurisdictions. Al Tayer Stocks Bahrain SPC is dormant since April 2014. The commercial registration was valid until 21st April 2014. The Commercial registration of Al Tayer Stocks Qatar is valid until 5th January 2021. The company is currently under liquidation.

The principal activities of the company and its subsidiaries (collectively referred as “the group”) are construction of buildings for commercial, residential or leisure projects (including hotels), the provision of related external services and carrying out interior fit-outs.

## Notes to the Annual Financial Statements (continued)

### 2. BASIS OF PREPARATION

#### Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”), SAICA financial Reporting Guides (as issued by the Accounting Practices Committee) and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council.

#### Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis. The basis of preparation has remained consistent from the previous financial year and there have been no changes to accounting policies and measurement basis, except for those mentioned in note 3.

#### Functional and presentation currency

The group’s functional currency is United Arab Dirham (“AED”). These consolidated financial statements have been translated to South African Rands (“ZAR”) for purposes of investor analysis within the South African market.

#### Translation to presentation currency (IAS 21 par 39)

- Assets and liabilities for each statement of financial position presented (ie. including comparatives) are translated at the closing rate at the date of that statement of financial position.
- Income and expenses for each statement presenting profit or loss and other comprehensive income (i.e. including comparatives) are translated at the average exchange rates for the period unless exchange rates fluctuate significantly, in which case the exchange rate on transaction date is used.
- All resulting exchange differences are recognised in other comprehensive income.

#### Use of estimates and judgements

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affect only that period or in the period of revision and future periods if the revision affect both the current as well as future periods.

Information about judgements, assumptions and estimation uncertainties in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in note 25.

### 3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

#### IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments

The group has applied IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments from 1 July 2018.

#### IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement.

The group has adopted IFRS 15 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 July 2018). Accordingly, the information presented for 2018 has not been restated – i.e. it is presented, as previously reported, under IAS 18, IAS 11 and related interpretations. There was no material impact on the group’s consolidated statement of financial position as at 30 June 2018 and consolidated statements of profit or loss and other comprehensive income and consolidated cash flows for the year there ended on account of applying IFRS 15.

## Notes to the Annual Financial Statements (continued)

### 3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

#### IFRS 9 Financial Instruments

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

As a result of the adoption of IFRS 9, the group has adopted consequential amendments to IAS 1 Presentation of Financial Statements, which require impairment of financial assets to be presented in a separate line item in the consolidated statement of profit or loss. Previously, the group's approach was to include the impairment of trade receivables in administrative and general expenses. Consequently, the group reclassified impairment losses recognised under IAS 39, from 'administrative and general expenses' to 'net expected credit losses' in the consolidated statement of profit or loss and other comprehensive income from the year ended 30 June 2018.

The following table summarises the impact of transition to IFRS 9 on the opening balance of consolidated retained earnings:

Impact in adoption of IFRS 9 at 1 July 2018:

<b>Retained earnings</b>	<b>ZAR '000</b>
Recognition of expected credit losses under IFRS 9 (note 23)	12 993

The adoption of IFRS 9 has not had a significant effect on the group's accounting policies related to financial liabilities.

The following table explains the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the group's financial assets and financial liabilities as at 1 July 2018. The effect of adopting IFRS 9 on the carrying amounts of financial assets at 1 July 2018 relates solely to the new impairment requirements:

<b>Financial assets</b>	<b>Original classification under IAS 39</b>	<b>New classification under IFRS 9</b>	<b>Original carrying amount under IAS 39 ZAR'000</b>	<b>New carrying amount under IFRS 9 ZAR'000</b>
Contract receivables	Loans and receivables	Amortised cost	302 643	289 650
Retention receivable	Loans and receivables	Amortised cost	224 963	224 963
Other receivables	Loans and receivables	Amortised cost	22 562	22 562
Cash at banks	Loans and receivables	Amortised cost	436 921	436 921
Due from related parties	Loans and receivables	Amortised cost	122 668	122 668
			1 109 757	1 096 764

<b>Financial liabilities</b>	<b>Original classification under IAS 39</b>	<b>New classification under IFRS 9</b>	<b>Original carrying amount under IAS 39 ZAR'000</b>	<b>New carrying amount under IFRS 9 ZAR'000</b>
Trade payables	Other financial liabilities	Amortised cost	154 609	154 609
Retention payable	Other financial liabilities	Amortised cost	136 759	136 759
Other payables	Other financial liabilities	Amortised cost	677 281	677 281
Due to related parties	Other financial liabilities	Amortised cost	48 614	48 614
			1 017 263	1 017 263

## Notes to the Annual Financial Statements (continued)

### 3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

#### IFRS 16 Leases

*Policy applicable from 1 July 2019*

The group has initially applied IFRS 16 *Leases* from 1 July 2019. A number of other new standards are also effective from 1 July 2019, but they do not have a material effect on the group's consolidated financial statements.

IFRS 16 replaces existing leases guidance, including IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases – Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Leases*. The details of new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below:

##### *a. Definition of a lease*

Previously, the group determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 *Determining whether an Arrangement contains a Lease*. The group now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in Note 22.

On transition to IFRS 16, the group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The group applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease under IFRS 16. Therefore, the definition of a lease under IFRS16 was applied only to contracts entered into or changed on or after 1 July 2019.

At commencement or on modification of a contract that contains a lease component, the group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the group has elected not to separate non- lease components and account for the lease and non-lease components as a single lease component.

The group recognizes right-of-use assets and lease liabilities at the lease commencement date. The right-of-use assets is initially measured at cost, which comprises the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use assets is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the group by the end of the lease term or the cost of the right-of-use assets reflects that the group will exercise a purchase option. In that case the right-of-use assets will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use assets is periodically reduced by impairment losses, if any, and adjusted for certain remeasurement of the lease liabilities.

The lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the group's incremental borrowing rate.

The group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liabilities comprises the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the group is reasonably certain to exercise; and
- lease payments in an optional renewal period if the group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the group is reasonably certain not to terminate early.



## Notes to the Annual Financial Statements (continued)

### 3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

#### IFRS 16 Leases (continued)

The lease liabilities are measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the group's estimate of the amount expected to be payable under residual value guarantee, if the group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in substance fixed lease payment.

When the lease liabilities is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use assets or is recorded in profit or loss if the carrying amount of the right-of-use assets has been reduced to zero.

#### *Short-term leases and leases of low-value assets*

The group has elected not to recognise right-of-use assets and lease liabilities for leases of low value assets and short-term leases. Leases are considered low value if the cost of the underlying asset is less than USD5 000. The group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

#### **As a lessor**

The group has not leased out anything. Therefore, the group is not required to make any adjustments on transition to IFRS 16 as lessor.

#### **Impact on transition**

On transition to IFRS 16, the group recognised right-of-use assets measured at an amount equal to the lease liability, adjusted by the amount of any related prepayments, accrued lease rental and other related lease payables outstanding as at 1 July 2019.

The impact on transition is summarised below.

	<b>1 July 2019 R'000</b>
Right-of-use assets and lease liabilities (note 22)	<b>12 859</b>

When measuring lease liabilities for leases that were classified as operating leases, the group discounted lease payments using its incremental borrowing rate at 1 July 2019 of 5%.

	<b>1 July 2019 R'000</b>
Operating lease commitments as disclosed under IAS 17 in the group's consolidated financial statements for the year ended 30 June 2019	<b>6 002</b>
Lease commitments of motor vehicles on the transition to IFRS 16	<b>12 859</b>
<b>Total operating lease commitments</b>	<b>18 861</b>
Less: recognition exemption for leases of low-value assets and leases with less than 12 months of lease term at transition	<b>(6 002)</b>
Lease liabilities recognised at 1 July 2019 (note 22)	<b>12 859</b>

## Notes to the Annual Financial Statements (continued)

### 4. STANDARDS ISSUED NOT YET EFFECTIVE

A number of new standards are issued, but not yet effective, up to the date of issuance of the group's consolidated financial statements are disclosed below.

The following amended standards and interpretations are not expected to have a significant impact on the group's consolidated financial statements:

- Amendments to References to Conceptual Framework in IFRS Standards;
- Definition of a Business (Amendments to IFRS 3);
- Definition of Material and presentation of liabilities (Amendments to IAS 1 and IAS 8);
- IFRS 17 Insurance Contracts;
- Sale or contribution of assets between an investor and its associate or joint venture (Amendments to IFRS 10 and IAS 28) (Effective date deferred indefinitely);
- IFRS 16 Covid 19 related rent concessions;
- IFRS 9 Fees in the 10% test for derecognition of financial liabilities;
- IAS 16 Proceeds before intended use; and
- IAS 37 Onerous contracts-costs of fulfilling a contract.

### 5. SIGNIFICANT ACCOUNTING POLICIES

#### Basis of consolidation

These consolidated financial statements comprise the financial statements of the Company and its subsidiaries set out in Note 1, which have been consolidated on a line-by-line basis. The financial statements of all subsidiaries have been prepared up to 30 June 2020.

#### *Subsidiaries*

Subsidiaries are entities controlled by the group. The group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has ability to affect those returns through its power over the entity. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

#### *Non-controlling interests*

Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date.

Changes in non-controlling interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

#### *Transactions eliminated on consolidation*

Material intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates and joint ventures are eliminated to the extent of the group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

#### *Transactions under common control*

Business combinations arising from transfers of interests in entities that are under the control of the shareholders are accounted for using the cost model under book value accounting whereby the assets and liabilities acquired are recognised at their carrying amount. Any gain/loss arising is recognised directly in equity.

## Notes to the Annual Financial Statements (continued)

### 5. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### IFRS 15 Revenue from Contracts with Customers

##### *Satisfaction of performance obligation*

The group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method of recognising revenue. The group has assessed that based on the contracts entered into with customers and the provision of relevant laws and regulations, where contracts are entered into to provide construction and fit-out works to customers, the group does not create an asset with an alternative use and has an enforceable right to payment for performance completed to date. In these circumstances, the group recognises revenue over time and in other cases, revenue is recognised at a point in time.

##### *Determination of transaction prices*

The group is required to determine the transaction prices in respect of each of its contracts with customers. In making such judgement the group assesses the impact of any variable consideration in the contract, due to discounts or penalties, the existence of any significant financing components in the contract and any non-cash consideration in the contract.

##### *Allocation of transaction price to performance obligation in contracts with customers*

The group has elected to apply the input method in allocating the transaction price to performance obligations where revenue is recognised over time. The group considers that the use of input method which requires revenue recognition on the basis of the group's efforts to the satisfaction of the performance obligation provides the best reference of revenue actually earned. In applying the input method, the group estimates the cost to complete the project in order to determine the amount of revenue to be recognised.

##### *Cost to complete the project*

The group estimates the cost to complete the projects in order to determine the costs attributable to revenue being recognised. These estimates include the cost of design and consultancy, construction, potential claims by subcontractors as evaluated by the project consultant and the cost of meeting other contractual obligations to the customers.

##### *Unapproved variations and claims*

The group made significant assumptions and judgements on the estimated total contract price in accordance with IFRS 15 requirements regarding unapproved variations and claims. At the reporting date, the amount of these unapproved variations and claims are under negotiation with the customers and based on the past history and status of discussions with the customers, and the fact that unapproved variations are supported by the engineers' instructions appointed by the customers, the group's management had assessed that the unapproved variations and claims are fully recoverable in the foreseeable future.

#### IFRS 9 Financial Instruments

##### Financial assets

Financial assets consist of contract and other receivables, retention receivables, due from related parties and cash in hand and at banks.

##### ***Contract and other receivables, retention receivables and due from related parties***

Contract and other receivables (including contract assets), cash at bank and due from related parties, retention receivables and due from related parties are initially measured at fair value plus direct transaction costs. They are subsequently measured at amortised costs using the effective interest method, less expected credit loss. Interest income, foreign exchange gains and losses and impairment losses are recognised in the consolidated profit or loss. Any gain or loss on derecognition is recognised in the consolidated profit or loss.

## Notes to the Annual Financial Statements (continued)

### 5. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### *Impairment loss (Expected Credit Losses)*

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. This will require considerable judgement about how the changes in economic factors affect ECLs, which will be determined on a probability-weighted basis. The new impairment model applies to financial assets measured at amortised cost and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IAS 39.

The group uses the simplified approach to recognise impairment allowances on contract and other receivables, retention receivables and due from related parties. Under the simplified approach, impairment allowances are always measured at an amount equal to lifetime ECL. Refer to note 23.

#### **Cash and cash equivalents**

Cash and cash equivalents comprise cash balances and fixed deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value and are used by the group in the management of short-term commitment. They are initially measured at fair value plus direct transaction costs. They are subsequently measured at amortised cost using the effective interest method.

#### **Financial assets – derecognition**

The group derecognises a financial asset when the contractual rights to the cash flows from the asset expire or if the group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset transferred. Any interest in such transferred financial assets that is created or retained by the group is recognised as a separate asset or liability.

#### **Financial liabilities**

Financial liabilities consist of trade and other payables, retention payables, lease liabilities and retention payables.

Financial liabilities are initially recognised at fair value plus direct transaction costs. They are subsequently measured at amortised cost using the effective interest rate method.

#### **Financial liabilities – derecognition**

The group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the consolidated profit or loss.

#### **Property, plant and equipment and depreciation**

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. Any gain or loss on disposal of an item of property, plant and equipment is recognised net in the consolidated profit or loss.

#### *Subsequent cost*

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the group. Ongoing repairs and maintenance is expensed as incurred.

## Notes to the Annual Financial Statements (continued)

### 5. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Property, plant and equipment and depreciation (continued)

##### *Depreciation*

Items of property, plant and equipment are depreciated from the date that they are available for use or, in respect of self-constructed assets, from the date that the asset is completed and ready for use.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

<b>Assets</b>	<b>Life (years)</b>
Plant and machinery	3-6
Furniture, fittings and equipment	4-5
Computers	3

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line basis over their estimated useful lives and is generally recognised in the consolidated profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the group will obtain ownership by the end of the lease term (note 22).

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

##### *Capital work in progress*

Capital work in progress is stated at cost and not depreciated until such time the assets are ready for intended use and transferred to the respective category under property, plant and equipment.

#### Intangible assets and amortisation

Intangible assets acquired separately are carried at costs less accumulated amortisation and accumulated impairment losses, if any. Amortisation is recognised on a straight-line basis over the estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. The estimated useful life for the current and comparative periods are as follows:

<b>Assets</b>	<b>Life (years)</b>
Computer software	3

#### Foreign currency

##### *Foreign currency transactions and balances*

Transactions in foreign currencies are translated to the respective functional currencies of the group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency ("AED") at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in the consolidated profit or loss.

##### *Foreign operations*

The assets and liabilities of foreign operations are translated to AED at exchange rates at the reporting date. The income and expenses of foreign operations are translated to AED at exchange rates at the dates of the transactions. Foreign currency differences are recognised in other comprehensive income and presented in the foreign currency translation reserve in equity.

## Notes to the Annual Financial Statements (continued)

### 5. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Provisions

A provision is recognised in the consolidated statement of financial position when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions consist of warranty, contract-related and bonus provisions.

Warranty provisions are recognised for expected warranty claims, based on past experience. Estimates are made of the anticipated time, materials and sub-contractor involvement required to honour the warranty.

Contract-related provisions represent the estimated amounts relating to incurred obligations to third party suppliers. Management estimates these amounts based on the expected cash outflows required to settle its obligations to suppliers.

Bonus provisions are measured based on company policy and incorporate company performance, employee salary and length of service.

#### Impairment

##### *Non-financial assets*

At each reporting date, the group reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating unit ("CGU").

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less cost of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre – tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount.

Impairment losses are recognised in the consolidated profit or loss. Impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

#### Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average cost method, and includes expenditure incurred in acquiring inventories and other costs incurred in bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business less the estimated selling expenses.

#### Employees' end of service benefits

The provision for employees' end of service benefits is based on the liability that would arise if the employment of all staff was terminated at the reporting date and is calculated in accordance with the UAE Federal Labour Law and the relevant local laws applicable to overseas subsidiaries.

Pension and other social benefits for employees are covered by the General Organisation for Social Insurance scheme to which employees and employers contribute monthly based on a fixed percentage of salaries. The group's contribution to this scheme, which represents a defined contribution scheme under IAS 19 – Employment Benefits, is expensed as incurred.

The group provides for employees' end of service benefits in accordance with UAE Federal Labour Law and is based on the liability that would arise if all of the group's staff were terminated at the reporting date.

The group also provides for employees' end of service benefits determined in accordance with the provision of the Qatar Labour Law No 14 of 2004 based on employees' salaries and period of employment and are paid to the employees on termination of employment with the group.

The group has no expectation of settling its employees' end of service benefits obligation in near term and hence classified this as a non-current liability. The provision is not discounted as the difference between the provision stated in the consolidated statement of financial position and net present value is not expected to be significant.

## Notes to the Annual Financial Statements (continued)

### 6. CONTRACT REVENUE

Contract Revenue from contracts with customers can be further disaggregated as follows:

<b>Division</b>	<b>Audited June 2020 R'000</b>	Reviewed June 2019 R'000	Reviewed June 2018 R'000
Interiors	<b>2 279 427</b>	1 928 628	1 852 568
Building	<b>1 227 674</b>	910 626	560 012
<b>Total</b>	<b>3 507 101</b>	2 839 254	2 412 580

Revenue can be further disaggregated for the June 2020 year-end as follows:

	<b>Interiors</b>	<b>Building</b>	<b>Total</b>
<b>Private Sector</b>	<b>1 944 603</b>	<b>1 179 982</b>	<b>3 124 585</b>
Offices & Commercial	990 760	170 936	1 161 696
Shopping & Retail	26 567	25 329	51 896
Hospitals & Medical	25 347	–	25 347
Education	29 611	506 029	535 640
Tourism & Leisure	507 622	371 446	879 068
High End Villas	100 280	111 500	211 780
Apartments	264 416	(5 258)	259 158
<b>Public Sector</b>	<b>334 824</b>	<b>47 692</b>	<b>382 516</b>
Shopping & Retail	7 253	–	7 253
Education	10 562	1 050	11 612
Offices & Commercial	156 028	–	156 028
Factories & Warehouses	149 505	–	149 505
Tourism & Leisure	11 476	46 642	58 118
<b>Total</b>	<b>2 279 427</b>	<b>1 227 674</b>	<b>3 507 101</b>

The above information is not available for June 2019 and June 2018.

### 7. ADMINISTRATIVE AND GENERAL EXPENSES

	<b>Audited June 2020 R'000</b>	Reviewed June 2019 R'000	Reviewed June 2018 R'000
Staff costs	<b>104 713</b>	106 007	88 444
Management and administrative fees paid to the Shareholders (note 15)	<b>14 398</b>	14 045	9 610
Rent	<b>9 593</b>	8 656	7 733
IT expenses	<b>7 861</b>	6 805	2 841
Depreciation and amortisation (note 9 and 10)	<b>5 439</b>	5 138	4 156
Depreciation on right of use assets (note 22)	<b>6 384</b>	–	–
Printing and stationery	<b>2 764</b>	2 995	2 430
Legal and registration expenses	<b>1 944</b>	2 071	1 561
Hiring and recruitment expenses	<b>577</b>	1 097	548
Others	<b>9 258</b>	3 485	4 709
	<b>162 931</b>	150 299	122 032

Other administrative and general expenses include pension contributions paid by the group of R173 831 (2019: R208 160, 2018: R62 782).



## Notes to the Annual Financial Statements (continued)

### 8. FINANCE INCOME

	<b>Audited June 2020 R'000</b>	Reviewed June 2019 R'000	Reviewed June 2018 R'000
Interest on fixed deposits	<b>5 853</b>	6 803	4 745

\*Fixed deposits are maintained at prevailing market interest rate of 1.76 – 2.28% (2019: 2.3 – 3.0%, 2018: 0,65 – 2,46%) with UAE banks of repute.

### 9. PROPERTY, PLANT AND EQUIPMENT

	<b>Plant and machinery R'000</b>	<b>Furniture, fittings and equipment R'000</b>	<b>Computers R'000</b>	<b>Total R'000</b>
<b>Cost</b>				
At 1 July 2017	–	25 642	5 413	31 055
Additions	–	135	543	678
Translation differences	–	1 330	315	1 645
At 30 June 2018	–	27 107	6 271	33 378
At 1 July 2018	–	27 107	6 271	33 378
Additions	6 819	63	594	7 476
Translation differences	272	1 681	405	2 358
At 30 June 2019	7 091	28 851	7 270	43 212
<b>At 1 July 2019</b>	<b>7 091</b>	<b>28 851</b>	<b>7 270</b>	<b>43 212</b>
<b>Additions</b>	<b>–</b>	<b>263</b>	<b>171</b>	<b>434</b>
<b>Translation differences</b>	<b>1 607</b>	<b>5 483</b>	<b>1 394</b>	<b>8 484</b>
<b>At 30 June 2020</b>	<b>8 698</b>	<b>34 597</b>	<b>8 835</b>	<b>52 130</b>
<b>Depreciation</b>				
At 1 July 2017	–	16 199	4 773	20 972
Charge for the year	–	3 368	520	3 888
Translation differences	–	1 059	281	1 340
At 30 June 2018	–	20 626	5 574	26 200
At 1 July 2018	–	20 626	5 574	26 200
Charge for the year	1 068	3 363	579	5 010
Translation differences	116	1 369	361	1 846
At 30 June 2019	1 184	25 358	6 514	33 056
<b>At 1 July 2019</b>	<b>1 184</b>	<b>25 358</b>	<b>6 514</b>	<b>33 056</b>
<b>Charge for the year</b>	<b>1 434</b>	<b>3 436</b>	<b>527</b>	<b>5 397</b>
<b>Translation differences</b>	<b>640</b>	<b>5 156</b>	<b>1 287</b>	<b>7 083</b>
<b>At 30 June 2020</b>	<b>3 258</b>	<b>33 950</b>	<b>8 328</b>	<b>45 536</b>
<b>Net book value</b>				
<b>At 30 June 2020</b>	<b>5 440</b>	<b>647</b>	<b>507</b>	<b>6 594</b>
At 30 June 2019	5 907	3 493	756	10 156
At 30 June 2018	–	6 481	697	7 178

None of the items of property, plant and equipment have been pledged or held as security.

## Notes to the Annual Financial Statements (continued)

### 10. INTANGIBLE ASSETS

	<b>Audited June 2020 R'000</b>	Reviewed June 2019 R'000	Reviewed June 2018 R'000
<b>Cost</b>			
At 1 July	<b>1 548</b>	1 454	1 290
Additions	–	4	91
Translation differences	<b>293</b>	90	73
At 30 June	<b>1 841</b>	1 548	1 454
<b>Amortisation</b>			
At 1 July	<b>1 466</b>	1 257	923
Charge for the year	<b>42</b>	128	269
Translation differences	<b>281</b>	81	65
At 30 June	<b>1 789</b>	1 466	1 257
<b>Net book value</b>	<b>52</b>	82	197

### 11. CONTRACT AND OTHER RECEIVABLES

	<b>Audited June 2020 R'000</b>	Reviewed June 2019 R'000	Reviewed June 2018 R'000
Contract receivables	<b>302 185</b>	448 604	317 507
Less: allowance for expected credit loss (note 23)	<b>(34 467)</b>	(35 057)	(13 932)
Currency translation differences	<b>(3 629)</b>	(950)	(932)
	<b>264 089</b>	412 597	302 643
Retention receivables	<b>499 120</b>	256 249	224 964
Advance to suppliers	<b>196 393</b>	187 592	267 262
Prepayments	<b>4 023</b>	7 301	4 790
Other receivables*	<b>26 395</b>	18 803	17 773
	<b>990 020</b>	882 542	817 432
Less: long-term retention receivables	<b>(102 610)</b>	(67 559)	(102 147)
	<b>887 410</b>	814 983	715 285

\*Other receivables mainly consist of prepayments and deposits.

### 12. INVENTORIES AND CONTRACT ASSETS

	<b>Audited June 2020 R'000</b>	Reviewed June 2019 R'000	Reviewed June 2018 R'000
Contract assets (refer note (i) below) (note 13)	<b>665 996</b>	390 430	302 183
Less: Long term contract assets	<b>(31 599)</b>	–	–
	<b>634 397</b>	390 430	302 183
Inventories (refer note (ii) below)	<b>933</b>	788	547
	<b>635 330</b>	391 218	302 730

(i) Included under contract asset is an amount of R158,5 million (2019: R164,3 million) due from related parties against projects carried out by the group.

(ii) There were no write-downs or reversal of write-downs of inventories during the current year.

## Notes to the Annual Financial Statements (continued)

### 13. CONTRACT ASSETS

	<b>Audited June 2020 R'000</b>	Reviewed June 2019 R'000	Reviewed June 2018 R'000
Contract cost for projects	<b>3 743 821</b>	2 667 202	3 436 530
Add: estimated attributable profits	<b>119 915</b>	242 429	240 065
Currency translation differences	<b>12 624</b>	6 570	16 067
Contract revenue for projects	<b>3 876 360</b>	2 916 201	3 692 662
Less: progress billing for projects	<b>(3 238 486)</b>	(2 530 083)	(3 390 479)
	<b>637 874</b>	386 118	302 183
Disclosed in the consolidated financial statements as:			
Contract assets	<b>665 996</b>	390 430	302 183
Billing in excess of valuation (note 16)	<b>28 122</b>	4 312	–

*The below table is a reconciliation of the movement in contract assets:*

	<b>Audited June 2020 R'000</b>	Reviewed June 2019 R'000	Reviewed June 2018 R'000
Carrying value at beginning of the year	386 118	302 183	230 435
Revenue recognised from performance obligations satisfied in previous periods	(415 390)	(312 435)	(227 103)
Contracts in progress recognised in current year	577 111	375 929	283 227
Currency translation differences	90 035	20 441	15 624
Carrying value at year-end	637 874	386 118	302 183

### 14. CASH IN BANK AND AT HAND

	<b>Audited June 2020 R'000</b>	Reviewed June 2019 R'000	Reviewed June 2018 R'000
Cash at banks on a current account	<b>187 577</b>	70 122	170 484
Fixed deposits with maturity less than 3 months*	–	41 162	37 812
Cash at hand	<b>1 276</b>	1 282	1 121
<b>Cash and cash equivalents</b>	<b>188 853</b>	112 566	209 417
Fixed deposits with maturity more than 3 months*	<b>226 907</b>	207 094	228 625
<b>Cash in bank and at hand</b>	<b>415 760</b>	319 660	438 042

\*Fixed deposits are maintained at prevailing market interest rate of 1.76 – 2.28% (2019: 2.3- 3.0%) with UAE banks of repute.

## Notes to the Annual Financial Statements (continued)

### 15. RELATED PARTY TRANSACTIONS AND BALANCES

The group, in the ordinary course of business, carries out transactions with other business enterprises that fall within the definition of a related party contained in IAS 24. The terms relating to these transactions are mutually agreed between related parties.

Transactions carried out by the group with related parties during the year are as follows:

	<b>Audited June 2020 R'000</b>	Reviewed June 2019 R'000	Reviewed June 2018 R'000
Value of work done for related parties	<b>92 731</b>	490 175	367 407
Purchases	<b>39 097</b>	41 933	41 659
Management and administrative fees paid to shareholders (refer note (i) below)	<b>14 398</b>	14 045	9 610
Transfer of employees end of service benefits (note 17)	<b>283</b>	99	68

(i) The management fee is charged by the shareholders, for back office support facilities provided to the group ( note 7).

The balances outstanding with related parties are as follows:

	<b>Audited June 2020 R'000</b>	Reviewed June 2019 R'000	Reviewed June 2018 R'000
<b>Long term due from related parties *</b>			
Al Tayer Real Estate Company LLC#	<b>27 641</b>	20 522	7 123
Mr Khalid Al Tayer^	<b>6 162</b>	1 057	–
Al Tayer Motors LLC#	–	11 671	6 262
Mr Matar Humaid Al Tayer^	–	2 865	2 351
Kings College Healthcare LLC^	–	1 257	1 167
	<b>33 803</b>	37 372	16 903

## Notes to the Annual Financial Statements (continued)

### 15 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

The balances outstanding with related parties are as follows:

	<b>Audited June 2020 R'000</b>	Reviewed June 2019 R'000	Reviewed June 2018 R'000
<b>Short-term due from related parties*</b>			
Al Tayer Motors LLC#	<b>32 483</b>	37 326	33 347
Al Tayer Real Estate Company LLC#	<b>16 851</b>	20 522	54 452
Mr Khalid Al Tayer^	<b>5 809</b>	5 088	–
Mr Matar Humaid Al Tayer^	<b>3 530</b>	3 823	2 226
Kings College Healthcare LLC#	<b>63</b>	1 256	13 640
Al Tayer Group LLC#	<b>15</b>	3 806	529
AL Tayer Travel Agency LLC#	<b>11</b>	–	–
Al Tayer Engineering LLC#	–	337	–
Aati Contracts#	–	406	–
Al Tayer Trends WLL Qatar#	–	–	1 571
	<b>58 762</b>	72 564	105 765
<b>Due to related parties*</b>			
Al Tayer Group LLC#	<b>2 487</b>	22 427	1 546
Al Tayer Engineering LLC#	<b>1 611</b>	2 207	–
Madarek LLC#	<b>96</b>	81	–
AL Tayer Insignia LLC#	<b>16</b>	102	91
Sanam Rent A Car LLC#	–	–	–
Al Tayer Real Estate Company LLC#	–	15 042	39 896
Mr Khalid Al Tayer^	–	9 609	–
Aati Contracts#	–	7 127	–
Mouina LLC Qatar#	–	8	–
Al Tayer Motors LLC#	–	–	7 081
	<b>4 210</b>	56 603	48 614

# Joint operation partners

^ Shareholders/related to shareholder

\* Balances due from and due to related parties are unsecured, interest-free, with varied repayment terms (30-60 days for operational accounts) and are receivable/(payable) on demand.

### Compensation to key management personnel

	<b>Audited June 2020 R'000</b>	Reviewed June 2019 R'000	Reviewed June 2018 R'000
Salaries and short-term employee benefits	<b>48 340</b>	51 901	42 908
Staff end of service benefits	<b>2 393</b>	1 828	1 399

All employment contracts of key management personnel are in terms of the Group's standard employment terms and conditions and determined in line with applicable labour laws and industry practice. Standard terms and conditions include length of service, employee salaries and performance of the Company.

## Notes to the Annual Financial Statements (continued)

### 16. TRADE AND OTHER PAYABLES

	<b>Audited June 2020 R'000</b>	Reviewed June 2019 R'000	Reviewed June 2018 R'000
Trade payables	<b>238 273</b>	169 717	154 609
Retention payable	<b>349 338</b>	197 527	136 759
Advances received from customers	<b>105 097</b>	130 413	225 647
Billing in excess of valuation (note 13)	<b>28 122</b>	4 312	–
VAT payable	<b>4 975</b>	9 086	9 835
Other payables and accruals*	<b>906 255</b>	635 191	667 446
	<b>1 632 060</b>	1 146 246	1 194 296
Less: long-term retentions	<b>(68 211)</b>	(35 083)	(45 999)
	<b>1 563 849</b>	1 111 163	1 148 297

\*Other payables and accruals mainly consist of accruals for supplier invoices and payroll-related expenses.

### 17. EMPLOYEES' END OF SERVICE BENEFITS

	<b>Audited June 2020 R'000</b>	Reviewed June 2019 R'000	Reviewed June 2018 R'000
At 1 July	<b>46 823</b>	36 834	28 267
Add: provision made during the year	<b>10 788</b>	10 875	7 432
Add: transfer from related parties (note 15)	<b>283</b>	99	68
Less: payments made during the year	<b>(7 021)</b>	(3 470)	(835)
Translation differences	<b>9 279</b>	2 485	1 902
At 30 June	<b>60 152</b>	46 823	36 834

### 18. SHARE CAPITAL

	<b>Audited June 2020 R'000</b>	Reviewed June 2019 R'000	Reviewed June 2018 R'000
Authorised, issued and fully paid up, par value shares: 1 000 shares of AED1 000 each			
At year-end	<b>3 554</b>	3 554	3 554

### 19. STATUTORY RESERVE

In accordance with the Articles of Association of the entities registered in the UAE, Qatar and Bahrain, 10% of the net profit for the year of the individual entities is to be transferred to a statutory reserve. Such transfer may be discontinued when the reserve equals 50% of the respective paid up share capital of the individual entities. In the current year, no transfer has been made to the statutory reserve as the reserve reached 50% of the share capital of the individual entities. This reserve is non-distributable.

	<b>Audited June 2020 R'000</b>	Reviewed June 2019 R'000	Reviewed June 2018 R'000
At year-end	<b>3 134</b>	3 134	3 134

## Notes to the Annual Financial Statements (continued)

### 20. CURRENCY TRANSLATION RESERVE

The translation reserve comprises of all foreign currency differences arising from the translation of the consolidated financial statements of the foreign operations whose functional currencies are different from the group's presentation currency.

	<b>Audited June 2020 R'000</b>	Reviewed June 2019 R'000	Reviewed June 2018 R'000
At year-end	<b>126 878</b>	46 410	20 613

### 21. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

	<b>Audited June 2020 R'000</b>	Reviewed June 2019 R'000	Reviewed June 2018 R'000
Letters of guarantees	<b>1 047 886</b>	823 274	811 861
Letter of credit	<b>18 073</b>	41 552	98 005

Letters of guarantees are primarily issued for the performance of the contract work undertaken. The group has no capital commitments of as at 30 June 2020 (2019: nil, 2018: R6,4 million).

### 22. LEASES

#### Leases as lessee

The group's employees' vehicles are leased from third parties. The lease run for a period of two to four years. This lease is classified as a finance lease under IFRS 16.

#### i. Right-of-use-assets

	<b>Audited June 2020 R'000</b>
<b>Cost</b>	
Initial recognition of lease assets under IFRS 16 at 1 July 2019	<b>12 859</b>
Additions	6 970
Translation differences	3 166
Balance as at 30 June 2020	<b>22 995</b>
<b>Depreciation</b>	
At 1 July 2019	–
Depreciation charge for the year (refer note 7)	6 384
Translation differences	672
Balance as at 30 June 2020	<b>7 056</b>
<b>Carrying amount at 30 June 2020</b>	<b>15 939</b>

There were no transaction costs on initial recognition.



## Notes to the Annual Financial Statements (continued)

### 22. LEASES (continued)

#### Leases as lessee (continued)

##### ii. Lease liabilities

	<b>Audited June 2020 R'000</b>
Recognition of lease liabilities under IFRS 16 balance as at 1 July 2019	<b>12 859</b>
Recognised during the year	6 972
Interest on lease liabilities	1 232
Payments made during the year	(6 995)
Translation differences	2 545
Balance as at 30 June 2020	<b>16 613</b>
Current portion	7 538
Non-current portion	9 075
Balance as at 30 June 2020	<b>16 613</b>

### 23. FINANCIAL RISK AND CAPITAL MANAGEMENT

The group has exposure to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk.

This note presents information about the group's exposure to each of the above risks, the group's objectives, policies and processes for measuring and managing risk and the group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements. The group's risk management policies are established to identify and analyse the risks faced by group, to set appropriate risk limits and controls, and to monitor risks and adherence to risk limits. Risk management policies and systems are reviewed regularly to reflect in the conditions and the activities.

The Board of Directors has the overall responsibility for the establishment and oversight of the group's risk management framework. The group's senior management is responsible for developing and monitoring the group's risk management policies. The group's senior management reports to the Board of Directors on its activities.

#### Credit risk

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the group's contract and other receivables (including long-term retention receivables and contract assets), cash at bank and due from related parties.

The group's exposure to credit risk is influenced mainly by the individual characteristics of each customer, including payment history, financial performance and the impact of the Covid-19 pandemic. The customers are mainly based in Dubai and are from various industries (retail, financial institutions, property developers and state-owned companies) and therefore there is no material concentration of credit risk in relation to geographic or segmental profile of customers. The demographics of the group's customer base, including the default risk of the industry and country, in which customer operates, has less of influence on credit risk. At 30 June 2020, the group has concentration of credit risk with ten customers accounting for 80% (2019: ten customers accounting for 79%, 2018: ten customers accounting for 81%) of the gross contract receivables at that date.

## Notes to the Annual Financial Statements (continued)

### 23. FINANCIAL RISK AND CAPITAL MANAGEMENT (continued)

#### Credit risk (continued)

The group uses the simplified approach to recognise impairment allowances on contract and other receivables, retention receivables and due from related parties. Under the simplified approach, impairment allowances are always measured at an amount equal to lifetime ECL. The group establishes allowance for impairment that represents its estimate of expected credit loss in respect of contract and other receivables and due from related parties. The main component of this allowance is a specific loss component that relates to individually significant exposures, and a collective loss component established for group of similar assets in respect of losses that have been incurred but not yet identified. Due from related parties are considered as fully recoverable by the management.

Bank balances are maintained with banks of repute.

#### Exposure to credit risk

The carrying amount of the financial assets represents the maximum credit exposure. The maximum exposure to the credit risk at the reporting date was:

	<b>Audited June 2020 R'000</b>	Reviewed June 2019 R'000	Reviewed June 2018 R'000
Contract and other receivables* (note 11)	<b>789 604</b>	687 649	545 380
Cash at bank (note 14)	<b>414 484</b>	318 378	436 921
Due from related parties (note 15)	<b>92 565</b>	109 936	122 668
	<b>1 296 653</b>	1 115 963	1 104 969

\*Excluding advances to suppliers and prepayments

#### Expected credit loss assessment as at 30 June 2020

The group uses an allowance matrix to measure the ECLs of contract receivables, which comprise a very large number of individual balances.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated separately for exposures in different segments based on common credit risk characteristics.

Loss rates are based on actual credit loss experience over the past years. These rates are multiplied by scalar factors to reflect difference between economic conditions during the period over which the historical data has been collected, current conditions and the group's view of economic conditions over the expected lives of the receivables, taking into account the impact of the Covid 19 pandemic.

The following tables provides information about the exposure to credit risk and ECLs for contract receivables as at 30 June 2020 and as at 30 June 2019:

	<b>Gross carrying amount June 2020 R'000</b>	<b>Loss Allowance June 2020 R'000</b>	<b>Average loss rate</b>	Gross carrying amount June 2019 R'000	Loss Allowance June 2019 R'000	Average loss rate
Less than 30 days past due	<b>682 670</b>	<b>(3 669)</b>	–	586 880	(2 178)	–
31 – 60 days past due	<b>46 036</b>	<b>(647)</b>	1%	590	(17)	3%
61 – 90 days past due	<b>24 236</b>	<b>(720)</b>	3%	19 941	(1 232)	6%
91 – 120 days past due	<b>9 874</b>	<b>(422)</b>	4%	1 758	(125)	7%
121 – 150 days past due	–	–	–	–	–	–
151 – 180 days past due	<b>4 288</b>	<b>(801)</b>	19%	52 885	(6 021)	11%
More than 181 days past due	<b>34 201</b>	<b>(31 837)</b>	93%	42 799	(26 434)	62%
	<b>801 305</b>	<b>(38 096)</b>		704 853	(36 007)	

## Notes to the Annual Financial Statements (continued)

### 23. FINANCIAL RISK AND CAPITAL MANAGEMENT (continued)

#### Credit risk (continued)

Comparative information for year-ended June 2018 is as below:

	Gross carrying amount June 2018 R'000	Loss allowance June 2018 R'000	Average loss rate
Less than 30 days past due	463 849	–	
31-90 days past due	51 061	–	
91-360 days past due	6 491	–	
More than 360 days past due	21 069	(14 864)	71%
	542 470	(14 864)	

The extended aging breakdown for the year ended June 2018 is not readily available for purposes of these translated financial statements.

The movement in the allowance for contract receivables is as follows:

	<b>Audited June 2020 R'000</b>	Reviewed June 2019 R'000	Reviewed June 2018 R'000
At 1 July	<b>36 007</b>	14 864	10 212
Adjustment on initial application of IFRS 9	–	13 433	–
Provision during the year	–	12 249	4 345
Reversal of provision	<b>(4 269)</b>	(5 994)	(478)
Translation differences	<b>6 358</b>	1 455	785
At 30 June (note 11)	<b>38 096</b>	36 007	14 864

Based on reduced historical default rates and review of contract receivable balances, including an analysis of payment history and financial performance of the debtors based on readily available market information, the group's management is of the view that no further provision is required against outstanding receivables, as of 30 June 2020.

No ECL has been provided for contract assets, other receivables and due from related parties as management has assessed the risk of default as low due to the nature of the receivables. Contract assets mainly represent contract work-in-progress and are not certified for payment as at the financial year-end. Other receivable mainly represent advances to suppliers for which minimal credit risk is foreseen as these are ongoing suppliers.

#### Liquidity risk

Liquidity risk is the risk that the group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The liquidity risk mainly relates to trade and other payables, long-term retention payable and due to related parties. The group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation.

The global outbreak of the COVID-19 virus has severely impacted businesses and economies worldwide. The COVID-19 outbreak has been considered a pandemic and continues to affect the business operations models of our customers and the supply chain, which in turn impacts our business model. As the COVID-19 outbreak continues to evolve, it is difficult to forecast its duration and the extent of the full economic impact as of the reporting date. While the effects of the COVID-19 outbreak on the group impacts the timing of awarding of contracts, management have implemented cost reduction measures and are continuously monitoring its impact on profits and operating cash flows and believe that the group has sufficient liquidity available to continue to meet its financial commitments for the foreseeable future when they become due.

## Notes to the Annual Financial Statements (continued)

### 23. FINANCIAL RISK AND CAPITAL MANAGEMENT (continued)

#### Liquidity risk (continued)

The following are the contractual maturities of the financial liabilities at the reporting date including expected interest payments and excluding impact of netting off agreements:

#### Financial liabilities

	Carrying amount R'000	Contractual cash flow R'000	Less than one year R'000	More than one year R'000
<b>30 June 2020</b>				
Trade and other payables (excluding advances from customers)	1 526 963	(1 526 963)	(1 458 752)	(68 211)
Lease liabilities	16 613	(17 731)	(7 962)	(9 769)
Due to related parties	4 210	(4 210)	(4 210)	–
	<b>1 547 786</b>	<b>(1 548 904)</b>	<b>(1 470 924)</b>	<b>(77 980)</b>
<hr/>				
	Carrying amount R'000	Contractual cash flow R'000	Less than one year R'000	More than one year R'000
<b>30 June 2019</b>				
Trade and other payables (excluding advances from customers)	1 014 834	(1 014 834)	(979 751)	(35 083)
Due to related parties	56 603	(56 603)	(56 603)	–
	<b>1 071 437</b>	<b>(1 071 437)</b>	<b>(1 036 354)</b>	<b>(35 083)</b>
<hr/>				
	Carrying amount R'000	Contractual cash flow R'000	Less than one year R'000	More than one year R'000
<b>30 June 2018</b>				
Trade and other payables (excluding advances from customers)	968 649	(968 649)	(922 650)	(45 999)
Due to related parties	48 614	(48 614)	(48 614)	–
	<b>1 017 263</b>	<b>(1 017 263)</b>	<b>(971 264)</b>	<b>(45 999)</b>

#### Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

##### *Currency risk*

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The group's exposure to the risk of changes in foreign exchange rates relates primarily to the group operating activities, when revenue or expense are denominated in a different currency from the group's functional currency which is AED. The group transacts mostly in AED which is group's functional currency. Therefore, the group does not face any significant foreign currency risk.

##### *Interest rate risk*

Interest rate risk is the risk that the value of the financial instrument will fluctuate because of changes in market interest rates. Interest rates on the group's financial instruments, mainly fixed deposits, are based on normal commercial market rates.

## Notes to the Annual Financial Statements (continued)

### 23. FINANCIAL RISK AND CAPITAL MANAGEMENT (continued)

#### Market risk (continued)

The fixed interest rate on the group's deposits is based on markets rates.

At the reporting date, the interest rate profile of the group's interest-bearing financial instruments was:

	<b>Audited June 2020 R'000</b>	Reviewed June 2019 R'000	Reviewed June 2018 R'000
Fixed rate instruments			
Fixed deposits	<b>226 907</b>	248 256	266 437

The group does not account for fixed rate financial assets and liabilities at fair value through profit and loss. Therefore, a change in interest rates at the reporting date would not affect the profit or loss.

#### Capital management

The group's main objective when managing capital is to safeguard the group's ability to continue as a going concern and to meet its business commitments. There was no change in the group's approach to capital management during the current year and the group is not subject to any externally imposed capital requirements.

#### Fair value

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

### 24. DIVIDENDS

The group has declared a dividend of ZAR62 million (ZAR62,33 per share) for the year ended 30 June 2019. Against this dividend declaration, ZAR23 million interim dividend was paid during the year ended 30 June 2019 and the remaining ZAR37 million final dividend was paid during the year ended 30 June 2020.

### 25. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The following are the critical accounting estimates and judgements used by management in the preparation of these consolidated financial statements:

#### (a) IFRS 15 Revenue from contracts with Customers

The application of revenue recognition policy in accordance with IFRS 15 require management to make the following judgements:

##### *Satisfaction of performance obligation*

The group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method of recognising revenue.

The group has assessed that based on the contracts entered into with customers and the provision of relevant laws and regulations, where contracts are entered into to provide construction and fit-out works to customer, the group does not create an asset with an alternative use and has an enforceable right to payment for performance completed to date. In these circumstances, the group recognises revenue over time and in other cases, revenue is recognised at a point in time.

## Notes to the Annual Financial Statements (continued)

### 25. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

#### *(a) IFRS 15 Revenue from contracts with Customers (continued)*

##### *Determination of transaction prices*

The group is required to determine the transaction prices in respect of each of its contracts with customers. In making such judgement the group assesses the impact of any variable consideration in the contract, due to discounts or penalties, the existence of any significant financing component in the contract and any non-cash consideration in the contract. Variable consideration is measured either at the most likely outcome method or expected value method and is considered at each reporting date. The most appropriate method is selected for each contract and applied consistently throughout the contract term. In most instances the most likely outcome method is used as there are only a few possible outcomes.

##### *Allocation of transaction price to performance obligation in contracts with customers*

The group has elected to apply the input method in allocating the transaction price to performance obligations where revenue is recognised over time. The group considers that the use of input method which requires revenue recognition on the basis of the group's efforts to the satisfaction of the performance obligation provides the best reference of revenue actually earned. In applying the input method, the group estimates the cost to complete the project in order to determine the amount of revenue to be recognised.

##### *Cost to complete the project*

The group estimates the cost to complete the projects in order to determine the costs attributable to revenue being recognised. These estimates include the cost of design and consultancy, construction, potential claims by subcontractors as evaluated by the project consultant and the cost of meeting other contractual obligations to the customers.

##### *Unapproved variations and claims*

The group made significant assumptions and judgements on the estimated total contract price in accordance with IFRS 15 requirements regarding unapproved variations and claims. At the reporting date, the amount of these unapproved variations and claims (R637,874 – note 13) are under negotiation with the customers and based on the past history and status of discussions with the customers, and the fact that unapproved variations are supported by the engineers' instructions appointed by the customers, the group's management had assessed that the unapproved variations and claims are fully recoverable in the foreseeable future.

#### *(b) Impairment losses on financial and amount due from related parties*

The group uses an allowance matrix to measure the ECLs of contract receivables (including retentions) from individual customers and amount due from related parties. In the model applied, loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated separately for exposures in different segments based on common credit risk characteristics. Loss rates are based on actual credit loss experience over the past three years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the group's view of economic conditions over the expected lives of the receivables. Scalar factors are based on actual and forecast GDP.

#### *(c) Leases*

The group recognises a right-of-use assets and a lease liability at the lease commencement date. These are used to maximise operational flexibility in terms of managing the assets used.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

## Notes to the Annual Financial Statements (continued)

### 25. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

#### (c) Leases (continued)

The lease term is reassessed if an option is actually exercised (or not exercised) or the group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

The lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the group's incremental borrowing rate. The group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

### 26. INVESTMENT IN SHARES

During the current and previous year, the group has not purchased or invested in any shares.

### 27. COMPARATIVE FIGURES

Certain comparative figures have been reclassified, wherever necessary to conform to the presentation adopted in these consolidated financial statements. This does not impact the previously reported profit, net assets and equity of the group.

### 28. IMPACT OF COVID-19

The pandemic is considered to be an ongoing event and management is continuously assessing and monitoring developments with regard to its impact on the business, with a focus on the following aspects:

#### 1. **Going concern and liquidity**

The global outbreak of the COVID-19 virus has severely impacted businesses and economies worldwide. The COVID-19 outbreak has been considered a pandemic and continues to affect the business operations models of our customers and the supply chain, which in turn impacts our business model. As the COVID-19 outbreak continues to evolve, it is difficult to forecast its duration and the extent of the full economic impact as of the reporting date. While the effects of the COVID-19 outbreak on the group impacts the timing of awarding of contracts, the management have implemented cost reduction measures and continuously monitoring its impact on profits and operating cash flows and believe that the group has sufficient liquidity available to continue to meet its financial commitments for the foreseeable future when they become due.

#### 2. **Recoverability and impairment of financial assets**

The group's assessment of expected credit losses on its financial assets entails the use of a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated separately for exposures in different segments based on common credit risk characteristics. These rates are multiplied by scalar factors to reflect difference between economic conditions during the period over which the historical data has been collected, current conditions and the group's view of economic conditions over the expected lives of the receivables, taking into account the current and forecasted impact of the COVID-19 pandemic. As at the date of these financial statements, there was no significant change in the calculated expected credit losses due to COVID-19.

Subsequent to year-end, there have been no significant changes in the COVID-19 pandemic restrictions impacting the group and therefore no adjustments have been made to the financial results reported as at year-end.



## Notes to the Annual Financial Statements (continued)

### 29. COMMENTARY WITH REGARDS TO DECEMBER 2020 FINANCIAL INFORMATION

#### a) Basis of preparation and accounting policies

The reviewed results for the six months ended 31 December 2020 have been prepared in accordance with framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS). The note contains the information required by International Accounting Standard IAS 34: Interim Financial Reporting and is in compliance with the Listings Requirements.

The accounting policies as well as the methods of computation used in the preparation of the results for the period ended 31 December 2020 are in terms of IFRS and are consistent with those applied in the audited annual financial statements for the year ended 30 June 2020. There is no significant difference between the carrying amounts of financial assets and liabilities and their fair values. The results are presented in Rand which is Stefanutti Stocks' functional currency.

These reviewed consolidated results for the period ended 31 December 2020 have been reviewed by the group's auditors Mazars.

#### b) Overview of results

The reduction in revenue to R916 million compared to the prior year is mainly due to a reduction in awards as a result of the impact of COVID-19 on the market. This caused a corresponding decrease in contract costs (R830 million) as well as impacting both Inventories and Contract Assets and Trade and other payables.

The group reported a profit for the period of R16 million, which is an improvement to the loss of reported in the prior year of R33 million, which was as the result of losses recognised on certain Building projects.

Interest rates declined from 2,0% to 0,5% impacting finance income to reduce to R0,9 million.

Administrative and general expenses decreased for the period mainly due to a reduction in staff costs as a result of redundancies.

Further information is included in the notes below.

#### c) Contract Revenue

Contract Revenue from contracts with customers can be further disaggregated as follows:

<b>Division</b>	Reviewed December 2020 R'000
Interiors	630 910
Building	285 507
<b>Total</b>	<b>916 417</b>

Notes to the Annual Financial Statements (continued)

29. COMMENTARY WITH REGARDS TO DECEMBER 2020 FINANCIAL INFORMATION (continued)

c) **Contract Revenue (continued)**

	<b>Interiors</b>	<b>Building</b>	<b>Total</b>
<b>Private Sector</b>	<b>505 077</b>	<b>74 744</b>	<b>579 821</b>
Offices & Commercial	338 242	34 190	372 432
Shopping & Retail	9 890	(1 085)	8 805
Hospitals & Medical	16 333	–	16 333
Education	217	32 609	32 826
Tourism & Leisure	76 679	–	76 679
Factories & Warehouses	50 213	–	50 213
High End Villas	13 503	9 030	22 533
<b>Public Sector</b>	<b>125 833</b>	<b>210 763</b>	<b>336 596</b>
Shopping & Retail	456	–	456
Education	74 345	49 566	123 911
Offices & Commercial	15 806	261	16 067
Factories & Warehouses	12 954	114 806	127 760
Tourism & Leisure	22 272	46 130	68 402
<b>Total</b>	<b>630 910</b>	<b>285 507</b>	<b>916 417</b>

d) **Administrative and general expenses**

	Reviewed December 2020 R'000
Staff costs	33 101
Management and administrative fees paid to the Shareholders	1 106
Rent	13 761
IT expenses	2 351
Depreciation and amortisation	1 756
Depreciation on right of use assets	3 432
Printing and stationery	1 182
Legal and registration expenses	1 449
Hiring and recruitment expenses	221
Others	12 075
<b>Total</b>	<b>70 434</b>

e) **Cash in bank and at hand**

	Reviewed December 2020 R'000
Cash at banks on a current account	148 136
Fixed deposits with maturity less than 3 months*	–
Cash at hand	893
<b>Cash and cash equivalents</b>	<b>149 029</b>
Fixed deposits with maturity more than 3 months*	272 741
<b>Cash in bank and at hand</b>	<b>421 770</b>

**Notes to the Annual Financial Statements (continued)**

**29. COMMENTARY WITH REGARDS TO DECEMBER 2020 FINANCIAL INFORMATION (continued)**

**f) Dividend declaration**

No dividend has been declared for the period 1 July 2020 to 31 December 2020.

**g) Subsequent events**

Negotiations with respect to the sale and purchase of 49% of the issued share capital of AI Tayer Stocks LLC between Stefanutti Stocks International Holdings Proprietary Limited (the Seller) and Investment Trading Group LLC (the Purchaser) has been concluded with a final sale agreement signed on 23 June 2021. Other than the matters noted herein, there were no other material reportable events which occurred between the reporting date and the date of this Circular.

## MATERIAL LOANS

Below is a summary of the material loans for Stefanutti Stocks. AI Tayer Stocks LLC and its subsidiaries do not have outstanding loans.

Description	Reason for the loan & Lender	Effective date and Amount outstanding	Secured/ unsecured & Security provided	Amount, repayment/ renewal terms and conditions	Interest rate	Borrowing Period
Nutella Project	Capital funding Lender: The Lender Group	Effective date: Nov 2019 Amount outstanding: R1 205 390 029	Secured as follows: Continuous Covering Mortgage-Capital Value-R42 million Additional value-R8 million Special Notarial Bond-Capital Value-R2 billion Additional Value-R400 million General Notarial Bond for the following companies: Stefanutti Stocks Holdings Limited, K201116847 (South Africa) Proprietary Limited, Stefanutti Stocks International Holdings Proprietary Limited, and Stefanutti Stocks Proprietary Limited amounting to Capital value of R1 billion each and Additional value of R200 million each	Original loan amount: R1 205 390 029. Repayable in monthly interest payments, commencing May 2021 to Feb 2022, excluding July 2021 and monthly capital payments commencing July 2021 to Feb 2022, excluding December 2021.	7.49%	Nov 2019-Feb 2022
Term Credit Facility Agreement	Capital funding Lender: Nedbank	Effective date: Jul 2019 Amount outstanding: R115 240 650	The Loan from Nedbank is secured by a guarantee provided by a Guarantor in favour of Nedbank, and the Guarantor's obligations in terms of the guarantee are in turn secured by mortgage bonds of R174 million Continuous covering mortgage – R145 million Additional value – R29 million	Original loan amount: R131 703 600 (amount fully drawn as at Jul 2020 from Jul 2019) Repayable in monthly instalments, starting Jul 2020, ending Nov 2022.	7.3%	Jul 2019-Nov 2022
Tiriano Voluntary Rebuild Program	Voluntary rebuild program Stefanutti Stocks has voluntarily committed to make annual contributions to the South African Government's Tiriano Construction Fund.	Effective date: Jun 2016 Amount outstanding: R110 750 337	Unsecured	Original loan amount: R180 000 000 Repayable in annual instalments of R15 million over 12 years, starting in Jun 2016, ending Jun 2027.	Deemed interest of 7.5%	Jun 2016-Jun 2027

Description	Reason for the loan & Lender	Effective date and Amount outstanding	Secured/ unsecured & Security provided	Amount, repayment/ renewal terms and conditions	Interest rate	Borrowing Period
Nedbank bond	2 Mortgage bonds Lender: Nedbank	Effective date: Mortgage bond 1 – Mar 2012 Mortgage bond 2 – July 2012 Amount outstanding: R10 013 146	Mortgage bond 1 Secured by continuous covering mortgage bonds of R100 million with an additional sum of R25 million registered over a property with Net Book Value of R128 676 216 Mortgage bond 2 Secured by continuous covering mortgage bonds of R 35 million with an additional sum of R8 750 million registered over property with a Net book Value of R45 million	Original loan amount: R89 868 005 Repayable in monthly instalments, starting Mar 2012, ending Oct 2022.	Mortgage bond 1-Prime minus 1,0% Mortgage bond 2-Prime minus 1,25%	Mar 2012 – Oct 2022
Born Free Investments 385 (Pty) Ltd	Financing of leasehold improvements for SS Coastal division	Effective date: Feb 2021 Amount outstanding: R5 086 275	Unsecured	Original loan: R5 000 000 Repayable in monthly instalments starting March 2021, ending December 2025	7%	March 2021 – Dec 2025
EIS Properties bond	Mortgage loans Lender: First National Bank	Effective date: Jul 2019 Amount outstanding: R1 711 577	Secured by property with NBV R8 391 723	Original loan: R1 849 489 Repayable in monthly instalments starting Jul 2019, ending Jan 2035	9%	Jul 2019- Jan 2035
Instalment sale agreements	Purchase of various Plant & Equipment Lenders:, Nedbank, Wesbank, Absa	Effective dates of between 2016-2021 Amount outstanding: R25 869 162	Secured by underlying vehicles and plant& equipment	Original cost amounts: R84 million Payable monthly over periods of between 1 – 5 years, starting 2016, ending 2023	5,65% – 9%	2016-2023
Right-of-use liabilities	Rental of buildings (accommodation purposes), vehicles and various plant & equipment for construction sites and Furniture, fittings,office and computer equipment Lenders: various suppliers	Effective dates of between 2018-2021 Amount outstanding: R54 695 197	Secured by underlying buildings, vehicles, plant& equipment, Furniture, fittings,office and computer equipment	Original cost amounts: R171 million Payable monthly over periods of 1 – 4 years, starting 2018, ending 2030	7,0% – 9,75	2018-2030

The term and funding loans included within interest-bearing liabilities do not contain any financial covenants but rather impose certain information undertakings and general undertakings. Information undertakings include items such as submission of financial statements, operating budgets, fortnightly cash flow forecasts and various other undertakings. General undertakings consists mainly of compliance matters.

## MATERIAL CONTRACTS – STEFANUTTI STOCKS

Details of material contracts entered into by Stefanutti Stocks and its Subsidiaries during the two years preceding the date of this Circular, other than in the ordinary course of business, are set out below:

<b>Contract</b>	<b>Parties to contract</b>	<b>Nature of contract</b>	<b>Date of signature of contract</b>
Senior Bridging Facility Agreement, originally dated 4 November 2019, as amended and restated by the First Amendment and Restatement for the Senior Bridging Facility Agreement dated 30 June 2020, further amended and restated by the Second Amendment and Restatement Agreement for the Senior Bridging Facility Agreement dated 24 December 2020 and amended and restated by the Third Amendment and Restatement Agreement for the Senior Bridging Facility Agreement dated 25 May 2021 (“SBFA”)	Stefanutti Stocks (Pty) Ltd, Stefanutti Stocks Holdings Ltd, Stefanutti Stocks International Holdings (Pty) Ltd and K2011136847 (South Africa) (Pty) Ltd are the Original Guarantors. The following entities have acceded to the SBFA: Stefanutti Stocks (Zambia) Limited, Stefanutti Stocks Botswana (Pty) Ltd and Stefanutti Stocks Mauritius Holdings Limited.	The rationale for entering into the SBFA was to secure funding to enable the group to implement a restructuring plan. The primary objectives of the restructuring plan are to put in place an optimal capital structure and access to liquidity, which will position the group for long-term growth.	Senior Bridging Facility Agreement signed on 04/11/2019; First Amendment and Restatement for the Senior Bridging Facility Agreement signed on 30 June 2020; Second Amendment and Restatement Agreement for the Senior Bridging Facility Agreement signed on 24 December 2020; Third Amendment and Restatement Agreement for the Senior Bridging Facility Agreement signed on 25 May 2021.
Term Credit Facility Agreement	Stefanutti Stocks (Pty) Ltd	Loan Stefanutti Stocks (Pty) Ltd (“SSPL”) and Keaton Mining (Pty) Ltd entered into a contract on 30 November 2018 (“the Contract”). SSPL subsequently signed a Sale and Cession Agreement with Nedbank on 22 July 2019, in terms of which the receivables due to SSPL in terms of the Contract, were ceded to Nedbank. The Contract was subsequently cancelled and SSPL and Nedbank therefore agreed to refinance the Sale and Cession Agreement in accordance with the Term Credit Facility Agreement	30/07/2020

Al Tayer Stocks does not have any material contracts.



# STEFANUTTI STOCKS HOLDINGS LIMITED

(Registration number 1996/003767/06)

Share code: SSK

ISIN: ZAE000123766

("Stefanutti Stocks" or the "Company" or the "Group")

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## NOTICE OF GENERAL MEETING OF SHAREHOLDERS

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Notice is hereby given that a General Meeting of the Shareholders will be held on Tuesday, 31 August 2021 at 09:00 entirely by electronic communication. Shareholders are referred to the "Action Required by Shareholders" section of this Circular for information on the procedure to be followed by Shareholders in order to participate and to exercise their votes at the General Meeting.

The purpose of the General Meeting is for Shareholders to consider and, if deemed fit, to approve the resolutions contained herein, with or without modification.

Capitalised terms used in this Notice of General Meeting but not otherwise defined shall have the meaning ascribed to them in the Circular to which this Notice of General Meeting is attached.

Only Shareholders who are registered in the Register on Friday, 20 August 2021 will be entitled to attend, speak and vote at the General Meeting. Therefore, the Last Date to Trade to be eligible to participate and vote at the General Meeting of Stefanutti Stocks Shareholders is Tuesday, 17 August 2021.

In terms of section 62(3)(e) of the Companies Act:

- a shareholder who is entitled to attend and vote at the general meeting is entitled to appoint a proxy or two or more proxies to attend, participate in and vote at the general meeting in the place of the shareholder; and
- a proxy need not be a shareholder.

Kindly note that, in terms of section 63(1) of the Companies Act, any person attending or participating in a meeting of shareholders must present reasonably satisfactory identification and the person presiding at the meeting must be reasonably satisfied that the right of any person to participate in and vote (whether as a shareholder or as a proxy for a shareholder) has been reasonably verified. Accordingly, all Shareholders recorded in the Registers of the Company on the voting record date will be required to provide identification satisfactory to the chairman of the General Meeting in order to participate in and vote at the General Meeting. Forms of identification include valid identity documents, drivers' licenses and passports.

### ORDINARY RESOLUTION NUMBER 1 – APPROVAL OF THE TRANSACTION

**"RESOLVED THAT** in accordance with the Companies Act, the MOI and the Listings Requirements, the Transaction be and is hereby approved and Stefanutti Stocks and/or the Seller be and is hereby authorised to dispose of its 49% interest held in Al Tayer Stocks by way of, among others, the sale of the Al Tayer Shares to the Purchaser on the terms and subject to the conditions set out in the Transaction Agreement."

In order for Ordinary Resolution Number 1 to be adopted, the support of more than 50% of the voting rights exercised on the resolution by Shareholders, present in person or by proxy at the General Meeting, is required. Only Shareholders reflected on the Register as such on the voting record date are entitled to vote on the Ordinary Resolution Number 1.

#### Reason and effect:

The reason for Ordinary Resolution Number 1 is that the value of the Transaction exceeds 30% of Stefanutti Stocks market capitalisation, resulting in the Transaction qualifying as a Category 1 Transaction in terms of section 9 of the Listings Requirements, which Transaction requires Shareholder approval by way of ordinary resolution. The effect of Ordinary Resolution Number 1, if adopted by the requisite majority of Shareholders,



will be to grant the requisite approval for the implementation of the Transaction, as required under the Listings Requirements.

## **ORDINARY RESOLUTION NUMBER 2 – AUTHORITY GRANTED TO DIRECTORS**

**“RESOLVED THAT**, any Director be and is hereby authorised to sign all such documents and do all such things as may be necessary for or incidental to the implementation of the Transaction and the resolutions contemplated herein, and all such actions taken prior hereto be and are hereby ratified.”

In order for Ordinary Resolution Number 2 to be adopted, the support of more than 50% of the voting rights exercised on the resolution by Shareholders, present in person or by proxy at the General Meeting, is required. Only Shareholders reflected on the Register as such on the voting record date are entitled to vote on the Ordinary Resolution 2.

### **Reason and effect:**

The reason for Ordinary Resolution Number 2 is to authorise any Director to sign all such documents and do all such things as may be necessary, desirable or incidental to the implementation of the resolutions passed at the General Meeting. The effect of Ordinary Resolution Number 2, if adopted by the requisite majority of Shareholders, will be to grant the requisite authority to any Director to sign all such documents and do all such things as may be necessary, desirable or incidental for or to the implementation of the resolutions passed at the General Meeting. The resolution also ratifies actions already taken by Directors in relation to the Transaction.

### **Electronic participation**

The Company has made provision for Shareholders or their proxies to participate electronically in the General Meeting by way of an electronic platform hosted by Computershare. Should you wish to participate in the General Meeting by electronic communication as aforesaid, you, or your proxy, will be required to advise the Company thereof by no later than 09:00 on Friday, 27 August 2021, for administration purposes only, by submitting by email to **proxy@computershare.co.za**, with relevant contact details, including an email address, cellular number and landline as well as full details of the Stefanutti Stocks Shareholder's title to securities issued by the Company and proof of identity, in the form of copies of identity documents and share certificates (in the case of certificated Stefanutti Stock Shares) and (in the case of dematerialised Stefanutti Stock Shares) written confirmation from the Shareholder's CSDP confirming the Shareholder's title to the dematerialised Stefanutti Stock Shares.

Upon receipt of the required information, the Shareholder concerned will be provided with a secure code and instructions to access the electronic communication during the General Meeting. Shareholders must note that access to the electronic communication will be at the expense of the Shareholders who wish to utilise the facility.

### **Proxies and authority for representatives to act**

A form of proxy is attached for the convenience of any Shareholder holding certificated Stefanutti Stock Shares and Dematerialised Shareholders with “Own-Name” registration, who cannot attend the General Meeting but wishes to be represented thereat.

The attached form of proxy is only to be completed by those Shareholders who are:

- holding shares in certificated form; or
- recorded on the Company's sub-register in dematerialised electronic form with “Own-Name” registration.

All other beneficial owners who have dematerialised their Stefanutti Stock Shares through a CSDP or broker and wish to attend the General Meeting, must instruct their CSDP or broker to provide them with the necessary letter of representation, or they must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker. These Shareholders must not use a form of proxy.

Forms of proxy must be deposited with Computershare by email at **proxy@computershare.co.za** to be received by no later than 09:00 on Friday, 27 August 2021, for administration purposes, or to the chairman of the General Meeting at any time before the meeting commences by email, care of Mr W Somerville, at [w.somerville@mweb.co.za](mailto:w.somerville@mweb.co.za). Any Shareholder who completes and lodges a form of proxy will nevertheless be entitled to attend, speak and vote in person at the General Meeting should the Shareholder decide to do so.

A company that is a Shareholder, wishing to attend and participate at the General Meeting should ensure that a resolution authorising a representative to so attend and participate at the General Meeting on its behalf is passed by its Directors. Resolutions authorising representatives in terms of section 57(5) of the Companies Act must be lodged with Computershare prior to the General Meeting, for administration purposes, or to the chairman of the General Meeting at any time before the meeting commences by email, care of Mr W Somerville, at w.somerville@mweb.co.za.

**The Company does not accept responsibility and will not be held liable for any failure on the part of the CSDP or broker of a Dematerialised Shareholder to notify such Shareholder of the General Meeting of Stefanutti Stocks Shareholders or any business to be conducted thereat.**

By order of the Board

**Stefanutti Stocks**

**3 August 2021**

## ELECTRONIC PARTICIPATION FORM

### PARTICIPATION IN THE GENERAL MEETING VIA ELECTRONIC COMMUNICATION:

Capitalised terms used in this Electronic Participation Form shall bear the meanings ascribed thereto in the Circular to which the Notice of General Meeting is attached.

1. **Stefanutti Stocks Shareholders or their duly appointed proxy(ies) that wish to participate in the General Meeting via electronic communication (“Participants”) must apply to the Transfer Secretaries, by delivering this duly completed Electronic Participation Form to:**
  - 1.1 Rosebank Towers, First Floor, 15 Biermann Avenue, Rosebank 2196, or posting it to Private Bag X9000, Saxonwold, 2132 (at the risk of the Participant), or by email to **proxy@computershare.co.za** so as to be received by Computershare by no later than 09:00 on Friday, 23 July 2021, for administrative reasons, in order for the Transfer Secretaries to arrange such participation for the **Stefanutti Stocks** Shareholder and for the Transfer Secretaries to provide the **Stefanutti Stocks** Shareholder with the details as to how to access the General Meeting by means of electronic participation.
  - 1.2 **Stefanutti Stocks** Shareholders may still register/apply to participate in and/or vote electronically at the General Meeting after the aforementioned date, provided, however, that those **Stefanutti Stocks** Shareholders are verified (as required in terms of section 63(1) of the Companies Act) and are registered at the commencement of the General Meeting.
2. **Important notice**
  - 2.1 The Transfer Secretaries shall, by no later than Monday, 30 August 2021, notify Participants that have delivered valid notices in the form of this Electronic Participation Form, by email of the relevant details through which Participants can participate electronically, subject to such **Stefanutti Stocks** Shareholders delivering this Electronic Participation Form by 09:00 on Friday, 27 August 2021.
  - 2.2 For administrative purposes only, the cut-off time to participate in the General Meeting via electronic communication will be 08:55 on Tuesday, 31 August 2021, provided that those **Stefanutti Stocks** Shareholders wishing to participate are verified (as required in terms of section 63(1) of the Companies Act) and are registered at the commencement of the General Meeting.
  - 2.3 Upon receiving a completed Electronic Participation Form, the Transfer Secretaries will follow a verification process to verify each applicant’s entitlement to participate in and/or vote at the General Meeting. The Transfer Secretaries will provide **Stefanutti Stocks** with the email address of each Participant or their duly appointed proxy to enable the Company to forward to such Participant a Teams meeting invitation required to access the General Meeting. Alternatively, the Transfer Secretaries will forward to such Verified **Stefanutti Stocks** Shareholders a Teams meeting invitation required to access the General Meeting.
  - 2.4 **Stefanutti Stocks** or the Transfer Secretaries will send each Participant a Teams meeting invitation with a link to “Join the Teams Meeting” on Monday, 30 August 2021, to enable Participants to link up and participate electronically in the General Meeting. This link will be sent to the email address nominated by the Participant in this Electronic Participation Form.
  - 2.5 **Stefanutti Stocks** Shareholders connecting to the General Meeting electronically will be able to participate in the General Meeting. The electronic platform Teams to be utilised for the General Meeting does not provide for electronic voting during the meeting. Accordingly, **Stefanutti Stocks** Shareholders are strongly encouraged to submit votes by proxy in advance of the General Meeting, by completing the Form of Proxy and lodging the completed proxy form together with the Electronic Participation Form with Computershare. **Stefanutti Stocks** Shareholders who indicate in this Electronic Participation Form that they wish to vote during the electronic meeting, will be contacted by Computershare to make the necessary arrangements.

## Electronic Participation Form

Full name of Participant: \_\_\_\_\_

ID number: \_\_\_\_\_

Email address: \_\_\_\_\_

\*Note: this email address will be used by the Company's Transfer Secretaries to share the Teams meeting invitation required to access the General Meeting electronically

Cell number: \_\_\_\_\_

Telephone number: \_\_\_\_\_ (code): \_\_\_\_\_ (number): \_\_\_\_\_

\*Note: The electronic platform to be utilised for the General Meeting does not provide for electronic voting during the meeting. Accordingly, Stefanutti Stocks Shareholders are strongly encouraged to submit votes by proxy in advance of the General Meeting, by completing the proxy form.

Indicate (by marking with an "X") whether:

votes will be submitted by proxy (in which case, please enclose the duly completed Form of Proxy with this form) rather than seeking to vote during the General Meeting; or

the Participant wishes to exercise votes during the General Meeting. If this option is selected, the Company's Transfer Secretaries will contact you to make the necessary arrangements.

Name of CSDP or broker (if Stefanutti Stocks Shares are held in dematerialised format): \_\_\_\_\_

Contact number of CSDP/broker: \_\_\_\_\_

Contact person of CSDP/broker: \_\_\_\_\_

Number of share certificate (if applicable): \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

### Terms and conditions for participation in the General Meeting via electronic communication

1. Documentary evidence establishing the authority of the named person, including any person acting in a representative capacity, who is to participate in the General Meeting, must be attached to this application.
2. A certified copy of the valid identity document/passport of the person attending the General Meeting by electronic participation, including any person acting in a representative capacity, must be attached to this application.
3. The cost of electronic participation in the General Meeting is for the expense of the Participant and will be billed separately by the Participant's own service provider.
4. The Participant acknowledges that the electronic communication services are provided by a third party and indemnifies Stefanutti Stocks and/or the Transfer Secretaries against any loss, injury, damage, penalty or claim arising in any way from the use or possession of the electronic services, whether or not the problem is caused by any act or omission on the part of the Participant or anyone else. In particular, but not exclusively, the Participant acknowledges that he/she will have no claim against Stefanutti Stocks and/or the Transfer Secretaries, whether for consequential damages or otherwise, arising from the use of the electronic services or any defect in it or from total or partial failure of the electronic services and connections linking the Participant via the electronic services to the General Meeting.
5. The application to participate in the General Meeting electronically will only be deemed successful if this Electronic Participation Form has been completed fully and signed by the Participant.



## STEFANUTTI STOCKS HOLDINGS LIMITED

(Registration number 1996/003767/06)

Share code: SSK

ISIN: ZAE000123766

("Stefanutti Stocks" or the "Company" or the "Group")

### FORM OF PROXY – (FOR USE BY CERTIFICATED SHAREHOLDERS AND "OWN-NAME" DEMATERIALISED SHAREHOLDERS ONLY)

For completion by the aforesaid registered Shareholders who are unable to attend the General Meeting of Shareholders of the Company to be held on Tuesday, 31 August 2021 at 09h00 by electronic communication ("the General Meeting of Stefanutti Stocks Shareholders").

If you are a Dematerialised Shareholder, other than with "Own Name" registration, do not use this form. Dematerialised Shareholders, other than with "Own Name" registration, should provide instructions to their appointed Central Securities Depository Participant ("CSDP") or broker in the form as stipulated in the agreement entered into between the Shareholder and the CSDP or broker.

I/We (FULL NAMES IN BLOCK LETTERS PLEASE)

of (ADDRESS)

Telephone number

Cell phone number

Email address

being a Shareholder (s) of the Company holding shares in the Company do hereby appoint:

1. \_\_\_\_\_ or failing him,
2. \_\_\_\_\_ or failing him,
3. The chairman of the General Meeting of Stefanutti Stocks Shareholders

as my/our proxy to vote for me/our behalf at the General Meeting (and any adjournment thereof) for the purpose of considering and, if deemed fit, passing with or without modifications, the following resolutions to be considered at the General Meeting of Stefanutti Stocks Shareholders.

	Number of votes		
	*In favour of	*Against	*Abstain
Ordinary Resolution Number 1: Approval of the Transaction			
Ordinary Resolution Number 2: Authority granted to Directors			

Insert an X or the number of Stefanutti Stock Shares in the appropriate block. If no indications are given, the proxy will vote as he/she deems fit. Each Shareholder entitled to attend, speak and vote and the meeting may appoint one or more proxies (who need not be a Shareholder of the Company) to attend, speak and vote in his/her stead.

Please read the notes on the reverse side hereof.

Signed at \_\_\_\_\_ on \_\_\_\_\_ 2021

Signature \_\_\_\_\_

Assisted by me (where applicable) \_\_\_\_\_

Completed forms of proxy must, for administrative purposes, be lodged with the Transfer Secretaries by email at **proxy@computershare.co.za** by no later than 09:00 (South African Standard Time) on Friday, 27 August 2021. Alternatively, such forms of proxy may be lodged with the chairman of the General Meeting at any time before the meeting by email, care of Mr W Somerville, at [w.somerville@mweb.co.za](mailto:w.somerville@mweb.co.za)

**Notes to form of proxy:**

1. This form of proxy should only be used by Certificated Shareholders or Shareholders who have dematerialised their Stefanutti Stock Shares with "Own Name" registration.
2. All other Shareholders who have dematerialised their Stefanutti Stock Shares through a Central Securities Depository Participant ("CSDP") or broker and wish to attend the General Meeting, must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker.
3. A Shareholder may insert the name/s of one or more proxies, none of whom need be a member of the Company, in the space provided, with or without deleting "the chairman of the General Meeting". The person whose name appears first on the form of proxy and who is present at the General Meeting will be entitled to act as proxy to the exclusion of those whose names follow. In the event that no names are indicated, the proxy shall be exercised by the chairman of the General Meeting.
4. A Shareholder's instructions on the form of proxy must be indicated by the insertion of an "X" or the number of Stefanutti Stock Shares in the appropriate space provided. Failure to comply with the above will be deemed to authorise the chairman of the General Meeting, if the chairman is the authorised proxy, to vote in favour of the resolutions at the General Meeting, or any other proxy to vote or to abstain from voting at the General Meeting as he/she deems fit in respect of all of the Shareholder's votes exercisable thereat. A Shareholder or his/her proxy is not obliged to use all the votes exercisable by the Shareholder or his/her proxy, but the total of the votes cast and in respect whereof abstentions are recorded may not exceed the total of the votes exercisable by the Shareholder or by his/her proxy.
5. In order to be effective, completed forms of proxy must reach the Transfer Secretaries by 09:00 on Friday, 27 August 2021, for administration purposes, or to the chairman of the General Meeting by email to w.somerville@mweb.co.za at any time before the meeting commences.
6. The completion and lodging of this form of proxy shall in no way preclude the Shareholder from attending, speaking and voting in person at the General Meeting to the exclusion of any proxy appointed in terms hereof.
7. Should this form of proxy not be completed and/or received in accordance with these notes, the chairman may accept or reject it, provided that in the case of acceptance, the chairman is satisfied as to the manner in which the Shareholder wishes to vote.
8. Documentary evidence establishing the authority of the person signing this form of proxy in a representative or other legal capacity must be attached to this form of proxy unless previously recorded by the Transfer Secretaries or waived by the chairman of the General Meeting.
9. The chairman shall be entitled to reject the authority of a person signing the form of proxy –
  - 9.1 under a power of attorney; or
  - 9.2 on behalf of a Company,unless that person's power of attorney or authority is deposited at the registered office of the Company or Computershare not less than forty- eight hours before the meeting.
10. Where Shares are held jointly, all joint holders are required to sign the form of proxy.
11. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the Transfer Secretaries.
12. Any alteration of or correction to this form of proxy must be initialled by the signatory/ies.
13. On a poll, every Shareholder present in person or represented by proxy shall have one vote for every share held by such Shareholder.

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**Computershare Investor Services Proprietary Limited**

proxy@Computershare.co.za

## **SUMMARY OF THE RIGHTS CONTEMPLATED IN SECTION 58 OF THE COMPANIES ACT**

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

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



