STEFANUTTI STOCKS GROUP

Consolidated Annual Financial Statements '19

Contents

PREPARATION OF ANNUAL FINANCIAL STATEMENTS

The consolidated annual financial statements contained in this report, have been prepared under the supervision of the Chief Financial Officer, AV Cocciante, CA(SA). The consolidated annual financial statements have been audited in compliance with the applicable requirements of the Companies Act, No. 71 of 2008 (The Companies Act).

Antonio Cocciante
Chief Financial Officer

19 June 2019

CERTIFICATE BY THE COMPANY SECRETARY

In terms of section 88(2)(e) of the Companies Act, I certify that, to the best of my knowledge and belief, Stefanutti Stocks Holdings Limited has, in respect of the financial year ended 28 February 2019, lodged with the Companies and Intellectual Property Commission all returns and notices required of a public company in terms of the Companies Act and that all such returns and notices are true, correct and up to date.

William Somerville
Company Secretary

19 June 2019

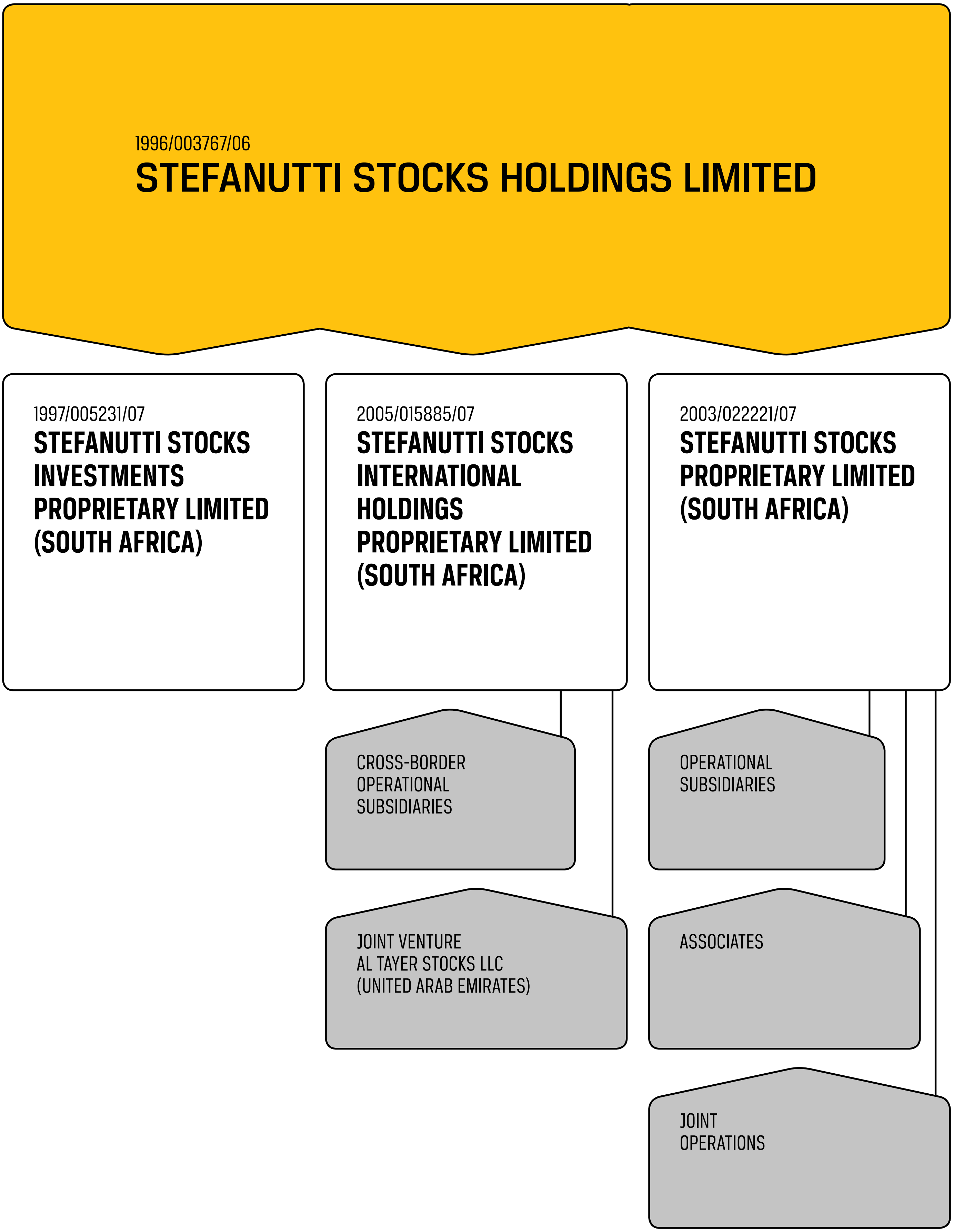
OUR BUSINESS UNITS

The Stefanutti Stocks Integrated Annual Report 2019 introduces a new icon system to represent its three business units.

These icons represent CONSTRUCTION & MINING, BUILDING and MECHANICAL & ELECTRICAL from left to right. These icons are utilised in either the black outlines or colour-coded, as appropriate.

The iconography family is informed by the basic principles of building blocks – with the specific silhouette for each icon broadly alluding to the particular focus of each business unit.

Simplified group organogram



Audit, governance and risk committee report

This report is provided by the ARCO (the committee), appointed in respect of the 2019 financial year of Stefanutti Stocks Holdings Limited, which incorporates the requirements of section 94(7)(f) of the Companies Act, the King IV™[1] principles and other regulatory requirements imposed upon it.

THE ARCO

In addition to the specific statutory responsibilities bestowed upon it in terms of the Companies Act, the committee assists the board by advising and submitting recommendations on the group's financial reporting, internal financial controls, external and internal audit functions and legislative and regulatory compliance.

Terms of reference

The Companies Act and King IV have guided the detailed, formal terms of reference that have been approved and adopted by the board. Minor updates were made to the terms of reference after the annual review process. The committee confirms that it has executed its duties during the past financial year in accordance with these terms of reference. The group has performed a gap analysis of King IV and considered the outcomes. In this regard, a discussion on the application of the 16 principles of King IV is set out on pages 44 to 52 of the integrated annual report.

Execution of duties

During the year the committee:

- Monitored compliance with the code of conduct and the ethical conduct of the company in liaison with the S&E Committee;
- Evaluated the independence and effectiveness of the external auditors as well as their performance and recommended their reappointment;
- Reviewed the draft audited financial statements and integrated report, the preliminary announcement and interim statements;
- Reviewed the company's solvency and liquidity and going concern status;
- Reviewed, together with the external auditors, the conformity of the audited financial statements and related schedules with IFRS and the company's accounting policies;
- Reviewed the external audit plan and fees payable to the external auditors;
- Reviewed the external audit findings and reports;
- Approved any non-audit services performed by the external auditors and the policy in this regard;
- Reviewed internal audit policies, plans, reports and findings and noted the independence of the internal audit function;
- Monitored compliance with applicable laws and regulations;
- Oversaw the process of sustainability reporting and considered the findings and recommendations of the S&E Committee;
- Assessed key risk areas facing the group, the risk register and recommended risk mitigation measures;
- Considered the tax risk report and significant tax matters;
- Oversaw insurance arrangements;
- Considered reports on major contracts;
- Oversaw IT governance;
- Advised and updated the board on issues ranging from accounting standards to published financial information;
- Conducted a detailed review of IFRS 9: Financial Instruments, IFRS 15: Revenue from Contracts with Customers and IFRS 16: Leases and the impact of these accounting standards on the company;
- Nominated the external auditors and the designated audit partner for re-appointment by shareholders at the annual general meeting, as required by the Companies Act and the JSE Listing Requirements;
- Evaluated the finance function and expertise and experience of the CFO;
- Reviewed the King IV gap analysis and the application of the 16 principles;
- Approved materiality for the group consolidated financial statements in terms of IFRS Practice Statement 2 — Making Materiality Judgements;
- Considered proposed changes to the JSE Listings Requirements, the Companies Act and King IV; and
- Considered the JSE Proactive Monitoring Reports and the impact thereof on the annual financial statements.

Composition

The board nominated the members of the committee in respect of the 2019 financial year and shareholders appointed its members at the AGM, which was held on 8 August 2018. Shareholders will be requested to approve the appointment of the committee members for the 2020 financial year at the annual general meeting that is scheduled for 12 August 2019.

The committee is chaired by Zanele Matlala, an independent non-executive director, and comprises a further three independent non-executive directors, namely, Bharti Harie, Busisiwe Silwanyana and John Poluta (alternate to Independent Non-executive Director Busisiwe Silwanyana).

Meeting invitees include the Board Chairman, CEO, CFO, Group Risk Officer, Group Financial Manager, external and internal auditors as well as Dermot Quinn, a non-executive director, who is a permanent invitee of the committee. Dermot Quinn became an independent non-executive director on 1 March 2019 having served a three financial year cooling off period. The company secretary acts as secretary to the committee.

The board has satisfied itself that the committee members are suitably skilled, have the correct expertise and experience, are independent and are qualified to fulfil their duties. Abridged biographies of the members are published on page 42 of the integrated report.

Meetings

The committee held four meetings during the year. Attendance at these meetings is shown in the table set out on page 48 of the corporate governance report. During the year, the committee met in private with the external auditors.

1 The King IV Report on Corporate Governance for South Africa 2016, Institute of Directors in Southern Africa NPC with all rights reserved and is available at https://www.iodsa.co.za/page/AboutKingIV.

INTERNAL FINANCIAL CONTROLS

The committee's areas of focus, for the year under review, were to:

› Evaluate the effectiveness of the group's system of internal financial controls including receiving assurance from management, internal audit and external audit;
› Review matters presented in the external auditor's reports; and
› Assess the various policies and procedures in place for the prevention and detection of fraud.

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

REGULATORY COMPLIANCE

Legislative and regulatory compliance remains a standing agenda item for each committee meeting. The corporate governance report contains a more detailed discussion on regulatory compliance commencing on page 50 of the integrated annual report.

OVERSIGHT OF RISK MANAGEMENT

The committee plays an oversight role in the risk management process. The Group Risk Officer and the Internal Audit Manager report directly to the committee and address all risk identification, measurement and management through these channels.

During the year a risk management framework, risk policy and risk register were presented for consideration to the committee and the committee has satisfied itself that the following areas of focus have been appropriately attended to:

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

Refer to page 9 of the integrated annual report for the risk management report.

INDEPENDENCE OF EXTERNAL AUDITORS

The committee assesses the external auditors' independence and effectiveness on an annual basis. It also considers whether the external auditors' independence is materially impaired by any non-audit services rendered. A non-audit services policy exists, which the committee reviews annually. While the external auditors rendered certain non-audit services during the reporting period, their fees were deemed immaterial.

The committee is satisfied with the external auditors' independence based on enquiries made by the committee and assurances given by the auditors. The committee has thus recommended to the board and to the shareholders, the reappointment of Mazars as the independent registered audit firm and Susan Truter as the individual registered auditor.

INTERNAL AUDIT

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

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

The policies and procedures that guide the internal audit function are aligned to the International Professional Practice Framework (IPPF) as prescribed by the Institute of Internal Auditors. The amended IPPF includes the core principles within the mandatory section, which also incorporates the definition of internal auditing, the code of ethics as well as the standards for an internal audit function. These core principles, reviewed in their entirety, articulate internal audit effectiveness, namely, the internal audit function must:

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

The internal audit function is also tasked with monitoring and assessing the group's corporate governance particularly pertaining to the various delegation of authority frameworks applicable across the company. The numerous management levels within the group are responsible for designing, implementing and evaluating the risk management plans and must ensure their sustainability in all aspects of the business.

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

› Tender and estimating;
› Purchases and payables;
› Subcontractor payments;
› Payroll salaries and wages;
› Financial discipline;
› ICT general computer controls, system development life cycle, change management and backup and disaster recovery; and
› Contract execution (site) reviews.

All findings were communicated to management who reinforced the existing control or implemented new controls and processes to minimise the risk identified to an acceptable level, comparing the advantages gained with the cost of the control.

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

As required by the International Standards of Internal Auditing, an external assessment of the internal audit function will be conducted during the 2019 financial year.

COMMITTEE FOCUS AREAS

The focus areas for the year under review:

› Solvency and liquidity
› Funding
› Debtors
› Material contracts
› Working capital
› King IV

The focus areas for the coming year:

› Solvency and liquidity
› Funding
› Debtors
› Material contracts
› Working capital

CFO

As required in terms of the JSE Listings Requirements, the annual evaluation of the finance function and the CFO was duly undertaken, and the committee is satisfied that the CFO, Antonio Cocciante, has the appropriate qualifications, expertise, skills and experience to meet the responsibilities as CFO. The committee has also satisfied itself that the resources within the finance function are competent to assist the CFO with the needed support. The committee considered the matters raised from the external auditors when making its evaluation.

ANNUAL FINANCIAL STATEMENTS AND INTEGRATED ANNUAL REPORT

Following the review by the committee of the separate and consolidated annual financial statements of Stefanutti Stocks Holdings Limited for the year ended 28 February 2019, the committee is of the view that in all material respects they comply with the relevant provisions of the Companies Act and IFRS, the JSE Listings Requirements as well as the SAICA Financial Reporting Guides (as issued by the Accounting Practices Committee) and fairly present the consolidated and separate financial position as at 28 February 2019, and its financial performance and cash flows for the year ended. These are available on the company's website.

The committee has also satisfied itself of the integrity of the remainder of the integrated annual report. Having achieved its objectives, the committee has recommended the integrated report for the year ended 28 February 2019 for approval to the Stefanutti Stocks board. The board has approved the report, which will be open for presentation at the forthcoming annual general meeting.

On behalf of the ARCO

Zanele Matlala
Chairman

19 June 2019

Directors' report

The directors have pleasure in presenting their report, which forms part of the consolidated annual financial statements of the group for the year ended 28 February 2019.

NATURE OF BUSINESS

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

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

FINANCIAL RESULTS AND YEAR UNDER REVIEW

The consolidated annual financial statements of Stefanutti Stocks Holdings Limited and its subsidiaries, joint operations and equity-accounted investees (collectively the group) for the year ended 28 February 2019 are set out in the annual financial statements presented on pages 13 to 65.

The consolidated annual financial statements for the group (results for the year) have been prepared in accordance with International Financial Reporting Standards (IFRS) and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council. The report is compliant with the relevant provisions of the Companies Act, as well as the Listings Requirements of the JSE Limited.

The accounting policies as well as the methods of computation used in the preparation of the results for the year ended 28 February 2019 are in terms of IFRS and are consistent with those applied in the audited annual financial statements for the year ended 28 February 2018 except for the adoption of new standards. The group has adopted IFRS 9: Financial Instruments, IFRS 15: Revenue from Contracts with Customers and IFRS 16: Leases with effect from 1 March 2018. The adoption of the new standards resulted in the restatement of prior year information. Reference to any prior year information would already include any adjustments made. Refer to note 2 — Adoption of New Accounting Standards for more information.

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

The Building business unit is pursuing a number of contractual claims and compensation events on a large public sector power project in South Africa. In terms of IAS 37: Provisions, Contingent Liabilities and Contingent Assets, during the current financial year, the group has provided for potential unrecoverable preliminary and general costs to complete the project, whilst in this regard actively pursuing its contractual rights in terms of the dispute resolution process as set out in the contract. Including the above provision for costs, the group has reported an operating loss of R158,0 million (Feb 2018: operating loss of R506,0 million). This excludes results from the United Arab Emirates operation, which contributed R66 million (Feb 2018: R48 million) towards the share of profits of equity accounted investees.

Earnings and headline earnings per share are reported as a loss of 65,99 cents (restated Feb 2018: loss of 317,77 cents) and a loss of 70,12 cents (Feb 2018: profit of 67,51 cents) respectively. Headline earnings per share in the comparative period was impacted by the adjustment of impairment of assets of R667 million.

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

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

The issues noted above has resulted in the group experiencing short-term liquidity pressures and as a consequence material uncertainty may exist that may cast doubt on the group's ability to continue as a going concern.

In order to address this short-term liquidity pressure, the group is exploring raising the required funding through a combination of specific ring-fenced project financing, a number of alternative funding solutions and, only if required, a possible a fresh issue of shares (the 'Funding Plan'). The first part of the Funding Plan, being the specific ring-fenced project financing has been secured. The remaining aspects of the Funding Plan are being pursued. Shareholders will be advised accordingly. Based on the successful implementation of the remainder of the Funding Plan and the current assessment of the group's financial budget for the ensuing year, the directors consider it appropriate that the group's consolidated results be prepared on the going-concern basis.

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

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

SUMMARISED GROUP RESULTS

	2019 R'000	2018 R'000	% change year-on-year Increase ⬆ (Decrease) ⬇		Commentary on the year-on-year movements
Contract revenue	**9 875 023**	10 363 522	⬇	(5)	Impact of operating within a distressed environment
Earnings before interest, taxation, depreciation and amortisation (EBITDA)	**55 558**	345 567	⬇	(84)	Provision recognised for potential unrecoverable preliminary and general costs relating to a specific project
Operating loss before investment income	**(157 991)**	(505 982)	⬆	69	No recognition of impairment of goodwill as in prior year to the value of R667 million
Loss for the year	**(111 321)**	(547 033)	⬆	80	Combination of factors as discussed above
Property, plant and equipment (note 8)	**1 501 945**	1 483 727	⬆	1	Include right-of-use assets to the value of R59 million which were previously recognised as operating leases
Trade and other receivables (note 15)	**2 340 777**	2 549 243	⬇	(8)	Reduced trading activity, combined with delayed payments from clients
Interest-bearing borrowings (including bank overdraft) (note 19)	**637 163**	783 396	⬇	(19)	Lower capital expenditure during the year
Trade and other payables (note 20)	**2 101 707**	1 892 675	⬆	11	Aligning supplier payment terms to the extended payment patterns being imposed by the group's clients.
Earnings per share (cents)	**(65,99)**	(317,77)	⬆	79	
Headline earnings per share (cents)	**(70,12)**	67,51	⬇	(204)	

DIRECTORATE

Mafika Mkwanazi retired by rotation at the company's Annual General Meeting and did not offer himself for re-election.

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

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

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

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

RESOLUTIONS

At the 2018 annual general meeting, the shareholders of the company passed the following special resolutions:

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

INDUSTRY-RELATED MATTERS

The group has one remaining matter arising out of the Competition Commission Fast Track Settlement Process in 2013. The matter relates to a civil damages claim initiated by the City of Cape Town in respect of the Green Point Stadium, following the findings and the imposition of administrative penalties by the competition authorities. Stefanutti Stocks having paid a penalty under these findings has now been cited as one of the defendants. The matter is ongoing but Stefanutti Stocks remains confident that on the facts available it will be able to successfully defend the above matter and, has accordingly not made any provision. A trial date has been set for the first quarter of 2020.

Once again, and consistent with experiences reported by other construction companies, the group has been negatively affected by disruptive and unlawful activities by certain communities and informal business forums in certain areas of South Africa.

APPROVAL

The group annual financial statements, which appear on pages 13 to 65, were approved by the board of directors and are signed by:

Willie Meyburgh
Chief Executive Officer

Antonio Cocciante
Chief Financial Officer

19 June 2019
Kempton Park

Independent auditor's report

To the Shareholders of Stefanutti Stocks Holdings Limited

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Stefanutti Stocks Holdings Limited and its subsidiaries (the group) set out on pages 13 to 65, which comprise the consolidated statement of financial position as at 28 February 2019, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the group as at 28 February 2019, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

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 Consolidated Financial Statements section of our report. We are independent of the group in accordance with the 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 in accordance with 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 the 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.

Material uncertainty related to going concern

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. All key audit matters relate to the consolidated financial statements.

MATTER	AUDIT RESPONSE
Valuation of goodwill (note 11) Goodwill comprises 7% (2018: 7%) of total assets of the group. As required by the applicable accounting standards, senior management conduct annual impairment tests to assess the recoverability of the carrying value of goodwill. This is performed using discounted cash flow models. There are a number of key areas of estimation and judgement made in determining inputs into these models which include: › Future revenue › Operating margins › Interest rates › Discount rates applied to projected future cash flows › Adequacy of budgeting techniques The impairment tests performed on goodwill are considered to be a key audit matter due to the extent of judgement and estimation involved.	Critical assessment, with the assistance of our valuation experts, as to whether the model used by management to calculate the value in use of the individual cash generating units complies with the requirements of IAS 36 – Impairment of Assets. This included: › Assessing the assumptions used to determine discount rates and recalculation of these rates; › Analysing the future projected cash flows used in models to determine the reasonability and attainability given the current macro-economic climate and expected future performance of cash generating units; › Subjecting key assumptions to sensitivity analyses; › Assessing the reasonability of forecast assumptions through: Comparing actual results for 2019 to budgets › Discussions with management as to reasons for deviations › Corroborating reasons obtained from management above with supporting documentation › Assessing the adequacy and reliability of budgeting techniques; and › Reviewing the adequacy of disclosure as required in terms of IAS 36.
Income tax and deferred tax (notes 6 and 12) Due to the multiple tax jurisdictions within which the group operates and the significant judgement to be applied with respect to the application of certain tax laws specifically relating to contract accounting, determining the amounts to be recognised for tax in terms of IAS 12, have been identified as a key audit matter. Judgement includes: › Consideration of regulations by various tax authorities with respect to recognition of income and deferred tax; and › Valuation of income and deferred tax assets and liabilities. Management provides for tax based on the most probable outcome as disclosed in the taxation note to the financial statements.	Evaluation of recognition and measurement of current and deferred tax assets and liabilities; including (with the assistance of our tax experts): › Analysing the current and deferred tax calculations, in order to ensure compliance with the relevant tax legislation and accounting standards, taking into account the multiple tax jurisdictions within which the group operates and specifically assessing the complex tax allowances relating to contract accounting; › Evaluating the client's assessment of the estimated manner in which timing differences, including the recoverability of deferred tax assets would be realised by comparing this to evidence obtained in other areas of the audit. These included, but were not limited to, cash flow forecasts, business plans, and minutes of meetings; and › Challenging assumptions made by senior management with respect to uncertain tax and deferred tax positions to assess the appropriateness of tax provisions against the most probable outcome.

MATTER	AUDIT RESPONSE
Recognition of contract revenue, costs, related receivables and liabilities including the valuation of contracts in progress, excess billings over work done and contract provisions (notes 3 and 14)	
The industry in which the group operates is characterised by contract risk with significant judgements involved in the assessment of both current and future financial performance. Contracting, by its nature, requires a significant amount of management estimation and judgement in order to report the performance of the contract for the period accurately. Revenue and costs are recognised based on the stage of completion of individual contracts, calculated as the proportion of total costs at reporting date compared to the estimated total costs of contracts. Anticipated losses to completion are immediately recognised as an expense in contract costs. Revenue relating to contracts comprises 99% (2018: 99%) of the group's revenue. Excess billings over work done comprises 25% (2018: 24%) of total liabilities. Contracts in progress comprise 8% (2018: 7%) of total assets. Contracts in progress consist of costs incurred plus profit recognised to date less cash received or receivables less any provisions or losses. The status of contracts is updated on a regular basis. In doing so the directors are required to exercise judgement in their assessment of the valuation of contract variations and claims and liquidated damages as well as the completeness and accuracy of forecasted costs to complete and the ability to deliver contracts within forecasted timescales. Judgement is also applied with respect to the recognition and measurement of contracts in progress and excess billings over work done. The potential final contract values can cover a wide range of outcomes. As a result, this is considered a key audit matter.	Year-end verification of contracts in progress, provision for costs, over- and under-claims (excess billings over work done), contract revenue and costs was based on a sample of contracts including contracts in progress and excess billings over work done at year end as well as contracts completed during the year. Our testing included a combination of substantive procedures (tests of detail and analytical reviews) as well as test of controls and included but was not limited to: › Considering the appropriateness of the group's revenue recognition policy including the adequacy of the disclosures relating to contracts; › Assessment of the design and implementation of key controls over recognition of contract revenue and margin including tests to determine whether these controls were operating effectively throughout the period, regardless of whether these controls were ultimately relied upon; › Verifying the completeness of revenue, for a sample of contracts, by inspecting signed Quantity Surveyor Certificates and agreeing differences to source documents; › Assessing the Quantity Surveyors' expertise, skills, competence and objectivity, (for a sample of contracts) as required by ISA 540; › Testing and recalculating the reasonability of the stage of completion calculation based on revenue and costs incurred to date in relation to the signed contract, which include the following: Costs incurred to date less prior year costs incurred to date/Total revised expected costs for contract; › Analysing estimates for total forecast revenue, costs and profit to complete through inspection of contract documentation, including taking into account historical accuracy of such estimates to perform reasonability of the stage of completion of contracts; › Recalculating the reasonability of the stage of completion calculation based on the revenue and costs incurred to date in relation to the signed contract that has been verified; › Assessing the existence and valuation of claims and variations within contract costs via inspection of correspondence with customers and the supply chain; › Agreeing balances relating to contracts in progress (as recalculated above) and excess billings over work done to the general ledger and accounting packs; › Assessing the recoverability and completeness of contracts in progress and excess billings over work done with reference to events subsequent to year-end; › Assessing recoverability of related receivables, including testing of post period end cash receipts; › Attending cost meetings (contract review meetings) where contract performance for the year was discussed. This enabled us to gain assurance over discussions held by the contract directors to identify risky contracts for the year and to oversee management exercising control over the contracts under discussion; › Inspecting site ledger reconciliations to ensure that contract costs were complete and accounted for in the correct time period; › Understanding the performance and status of contracts through enquiries with management and contract directors having oversight over various contracts; › Assessing the existence and valuation of claims and variations within contract costs through inspection of correspondence with customers and the supply chain; › Reviewing legal and contracting experts' reports received on contentious matters. › Assessing the reasonability of the contract cost provisions by critically evaluating management's calculations.

MATTER	AUDIT RESPONSE
Going concern assumption (note 26) The financial statements of the group are prepared on the going concern basis. There has been a decrease in the performance of the entity during the last couple of years. During the year there have been a number of divisions that have been struggling due to a lack of opportunity within the South African construction industry. In addition, the entity has a number of government debtors within and outside of South Africa that have been outstanding for an extended period of time. As management stated, the group continues to implement expansion strategies and improved procurement methods. On inspection of the cash and cash equivalents, it has been noted that the cash reserves have decreased over the years and the entity is experiencing negative investing and financing cash flows. The decline in the cash flows is attributable to the decrease in the revenue and the overall decrease in opportunity in the construction industry. In addition the above, the cash has also declined as the group has struggled to obtain external funding from financial institutions as the risk in the South African construction industry has increased. Subsequent to year end, the group has been able to secure additional funding. This is part of the Funding Plan implemented by them. By obtaining the funding, the short-term liquidity pressure has reduced to a certain extent. These factors could indicate that the going concern assumption is not applicable in the preparation of the financial statements, or that a material uncertainty over the appropriateness of the assumption could exist. The judgement and level of estimation involved in performing the cash flow forecasts, budgets and other elements of the going concern assessment result in this being considered to be a key audit matter.	Management's going concern assessment was obtained in order to obtain an understanding of their assessment, especially with regards to the cash flow forecast and the model used by them. Key features of our audit approach to obtain assurance over the assessment included: › assessing the reasonableness of the cash flow forecasts used in the assessment based on our knowledge of the business obtained through our other audit work; › performing sensitivity analyses on the cash flow forecasts. › Recalculating key ratios, including the current ratio and acid test ratio; › evaluating the accuracy of the modelling process by comparing past estimates of results to actual results and evaluating the assumptions based on our knowledge of the group and its related industry; › testing the arithmetical accuracy of the calculations; › challenging the appropriateness of the most important assumptions through debate with management and those charged with governance; and › confirming with management the probability of securing specific ring-fenced project funding and issuing additional shares to raise long-term funding for the group. Through discussions with management and confirmation received, it was identified that the group was able to secure the project-specific funding after year end. We have also assessed the adequacy of the group's disclosures in respect of management's assessment of going concern. Management's assessment lead to a conclusion that the going concern assumption is appropriate, however, a material uncertainty exists. Based on our procedures we agree with the assessment made by management.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report, the Audit, Governance and Risk Committee's Report, the Company Secretary's Certificate and the Social and Ethics Committee's Report as required by the Companies Act of South Africa and the Integrated Annual Report, which we obtained prior to the date of this report. Other information does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the group'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 group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements 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 these consolidated financial statements.

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

› Identify and assess the risks of material misstatement of the consolidated financial statements, 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 group'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 group'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 consolidated financial statements or, if such disclosures are ina9dequate, 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 group to cease to continue as a going concern.

› Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

› Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Mazars has been the auditor of Stefanutti Stocks Holdings Limited for 13 years.

Mazars

Mazars
Registered Auditors
Partner: Susan Truter
Registered Auditor

19 June 2019
Johannesburg

Consolidated statement of profit or loss and other comprehensive income

FOR THE YEAR ENDED 28 FEBRUARY

	Note	2019 R'000	Restated 2018 R'000
REVENUE	3	**9 897 885**	10 389 559
Contract revenue	3	**9 875 023**	10 363 522
Other income	4	**59 527**	66 270
Operating and administration expenses		**(9 878 992)**	(10 084 225)
EARNINGS BEFORE INTEREST, TAXATION, DEPRECIATION AND AMORTISATION (EBITDA)	4	**55 558**	345 567
Depreciation and amortisation	8, 11	**(213 549)**	(184 435)
Impairment of assets	11	**–**	(667 114)
OPERATING LOSS BEFORE INVESTMENT INCOME		**(157 991)**	(505 982)
Investment income	5	**43 960**	49 113
Share of profits of equity-accounted investees	9	**68 075**	41 388
OPERATING LOSS BEFORE FINANCE COSTS		**(45 956)**	(415 481)
Finance costs	5	**(101 129)**	(82 842)
LOSS BEFORE TAXATION		**(147 085)**	(498 323)
Taxation	6	**35 764**	(48 710)
LOSS FOR THE YEAR		**(111 321)**	(547 033)
OTHER COMPREHENSIVE INCOME		**58 483**	(45 148)
Exchange differences on translation of foreign operations (may be reclassified to profit/(loss))		**58 483**	(35 697)
Reclassification adjustment from foreign currency translation reserve due to disposal of a foreign investment		**–**	(9 451)
TOTAL COMPREHENSIVE INCOME		**(52 838)**	(592 181)
LOSS ATTRIBUTABLE TO:			
Equity holders of the company		**(110 761)**	(542 593)
Non-controlling interest		**(560)**	(4 440)
		(111 321)	(547 033)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Equity holders of the company		**(42 372)**	(584 329)
Non-controlling interest		**(10 466)**	(7 852)
		(52 838)	(592 181)
EARNINGS PER SHARE (CENTS)	7	**(65,99)**	(317,77)
DILUTED EARNINGS PER SHARE (CENTS)	7	**(65,99)**	(317,77)

Consolidated statement of financial position

AS AT 28 FEBRUARY

	Note	**28 Feb 2019 R'000**	Restated 28 Feb 2018 R'000	Restated 1 Mar 2017 R'000
ASSETS				
NON-CURRENT ASSETS		**2 451 850**	2 287 678	2 563 278
Property, plant and equipment	8	**1 501 945**	1 483 727	1 212 248
Equity-accounted investees	9	**280 449**	209 181	189 860
Goodwill and intangible assets	11	**457 585**	460 506	1 087 133
Deferred tax assets	12	**211 871**	134 264	74 037
CURRENT ASSETS		**3 996 410**	4 057 226	3 960 020
Inventories	13	**187 924**	146 278	145 087
Contracts in progress	14	**506 568**	408 865	404 525
Trade and other receivables	15	**2 340 777**	2 549 243	2 207 479
Taxation		**38 755**	10 786	44 496
Bank balances	16	**922 386**	942 054	1 158 433
TOTAL ASSETS		**6 448 260**	6 344 904	6 523 298
EQUITY AND LIABILITIES				
CAPITAL AND RESERVES		**1 731 752**	1 790 251	2 390 790
Share capital and premium	17	**1 007 718**	1 013 379	1 021 737
Other reserves		**178 790**	110 401	181 515
Retained earnings		**559 436**	670 197	1 183 412
Equity holders of the company		**1 745 944**	1 793 977	2 386 664
Non-controlling interest		**(14 192)**	(3 726)	4 126
NON-CURRENT LIABILITIES		**419 366**	480 320	366 388
Financial liabilities	19	**313 890**	478 659	346 460
Excess billings over work done	14	**25 000**	–	–
Provisions	21	**79 942**	–	–
Deferred tax liabilities	12	**534**	1 661	19 928
CURRENT LIABILITIES		**4 297 142**	4 074 333	3 766 120
Other current liabilities	19	**281 684**	293 445	328 794
Trade and other payables	20	**2 101 707**	1 892 675	1 750 748
Excess billings over work done	14	**1 145 970**	1 110 870	1 210 055
Provisions	21	**679 948**	657 470	420 400
Taxation		**46 218**	93 710	56 121
Bank balances	16	**41 615**	26 163	2
		6 448 260	6 344 904	6 523 298

Consolidated statement of changes in equity

FOR THE YEAR ENDED 28 FEBRUARY

		Other reserves						
	Share capital and premium R'000	Share-based payment reserve R'000	Foreign currency translation reserve R'000	Revaluation surplus reserve R'000	Retained earnings R'000	Capital and reserves attributable to equity holders of the company R'000	Non-controlling interest R'000	Total equity R'000
BALANCE AT 28 FEBRUARY 2017 AS PREVIOUSLY REPORTED	1 021 737	28 145	33 176	120 194	1 235 000	2 438 252	4 126	2 442 378
Change in accounting policy – IFRS 9	–	–	–	–	(32 723)	(32 723)	–	(32 723)
Change in accounting policy – IFRS 15	–	–	–	–	(18 865)	(18 865)	–	(18 865)
BALANCE AT 1 MARCH 2017 RESTATED	1 021 737	28 145	33 176	120 194	1 183 412	2 386 664	4 126	2 390 790
Treasury shares acquired	(8 358)	–	–	–	–	(8 358)	–	(8 358)
Realisation of share-based payment reserve	–	(28 145)	–	–	28 145	–	–	–
Realisation of revaluation reserve	–	–	–	(1 233)	1 233	–	–	–
Total comprehensive income	–	–	(41 736)	–	(542 593)	(584 329)	(7 852)	(592 181)
Loss	–	–	–	–	(542 593)	(542 593)	(4 440)	(547 033)
Other comprehensive income	–	–	(41 736)	–	–	(41 736)	(3 412)	(45 148)
BALANCE AT 28 FEBRUARY 2018 RESTATED	**1 013 379**	**–**	**(8 560)**	**118 961**	**670 197**	**1 793 977**	**(3 726)**	**1 790 251**
Treasury shares acquired	**(5 661)**	**–**	**–**	**–**	**–**	**(5 661)**	**–**	**(5 661)**
Total comprehensive income	**–**	**–**	**68 389**	**–**	**(110 761)**	**(42 372)**	**(10 466)**	**(52 838)**
Loss	**–**	**–**	**–**	**–**	**(110 761)**	**(110 761)**	**(560)**	**(111 321)**
Other comprehensive income	**–**	**–**	**68 389**	**–**	**–**	**68 389**	**(9 906)**	**58 483**
BALANCE AT 28 FEBRUARY 2019	**1 007 718**	**–**	**59 829**	**118 961**	**559 436**	**1 745 944**	**(14 192)**	**1 731 752**
Note	17							

Consolidated statement of cash flows

FOR THE YEAR ENDED 28 FEBRUARY

	Note	2019 R'000	2018 R'000
CASH FLOWS FROM OPERATING ACTIVITIES		**253 822**	286 690
Cash generated from operations	22	**360 553**	322 410
Investment income	5	**40 530**	48 379
Finance costs	5	**(92 820)**	(49 157)
Dividends received	9	**42 105**	21 805
Taxation paid	22	**(96 546)**	(56 747)
CASH FLOWS FROM INVESTING ACTIVITIES		**(76 790)**	(75 417)
Expenditure to maintain operating capacity			
Property, plant and equipment acquired	8	**(22 586)**	(29 407)
Proceeds on disposals of property, plant and equipment		**22 995**	51 494
Advance of associate loan	9	**(9 234)**	(11 706)
Expenditure for expansion			
Property, plant and equipment acquired	8	**(67 965)**	(101 326)
Acquisition of joint operation – net of cash acquired		**–**	15 528
CASH FLOWS FROM FINANCING ACTIVITIES		**(260 322)**	(423 400)
Treasury shares acquired	17	**(5 661)**	(8 358)
Proceeds from long- and short-term financing	19, 22	**63 507**	59 386
Repayment of long- and short-term financing	19, 22	**(318 168)**	(474 428)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(83 290)**	(212 127)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**915 891**	1 158 431
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**48 170**	(30 413)
CASH AND CASH EQUIVALENTS AT YEAR-END	16	**880 771**	915 891

Notes to the annual financial statements

FOR THE YEAR ENDED 28 FEBRUARY

1. CRITICAL ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS

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

MATERIALITY STATEMENT

The group prepared a materiality statement as guided by IFRS Practice Statement 2 – Making Materiality Judgements which was approved by the ARCO. This document guided the preparers in assessing materiality when preparing the annual financial statements and applying judgement. The materiality statement covered both quantitative and qualitative factors such as the impact of new accounting standards, industry conditions and disruptive events and items regulated by statutory requirements.

IN THE PROCESS OF APPLYING THE GROUP'S ACCOUNTING POLICIES, THE DIRECTORS HAVE MADE THE FOLLOWING ESTIMATES AND JUDGEMENTS THAT HAVE THE MOST SIGNIFICANT EFFECTS ON THE AMOUNTS RECOGNISED AND DISCLOSED IN THE ANNUAL FINANCIAL STATEMENTS:

CONSTRUCTION CONTRACTS

Revenue is recognised over time as the group transfers control of goods and services to the customer whilst enhancing an asset controlled by the customer. The output method is followed in measuring the progress towards satisfaction of the performance obligations. Revenue is measured with reference to surveys of work performed. When the surveys of work performed cannot be determined reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable. When management estimates, based on the cost of work performed to date in relation to the total work to be performed, that the total costs to be incurred to complete a contract will be in excess of the estimated total revenue from the contract, the full expected loss to be incurred is recognised immediately or any penalties arising from failure to fulfil it, whichever is the least net cost.

Certain contracts include penalty provisions, claims and a change of scope of work to be performed which constitutes variable consideration. 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.

In certain instances, the group receives advance payments when starting on a contract as part of the negotiated price. The group concluded that there is a significant financing component for those contracts where the client elects to pay in advance, other than advance payments received and utilised within 12 months. The financing component is calculated based on the length of time between the client's payment and the transfer of goods and services over time, relating to the advance payment received. This financing component is recognised in profit or loss as it is incurred. An appropriate interest rate is applied, which reflects the separate financing transaction between the group and the client.

OPERATING ASSETS

PROPERTY, PLANT AND EQUIPMENT

Valuations

Valuations are performed with sufficient frequency to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. A valuation was performed on 28 February 2017 by an accredited independent valuer. Properties were valued by either applying the Comparable Sales Method or Income Capitalisation Method. To determine which method to be the most appropriate for each property, cognisance was taken of the following relevant to each property: Each property's general uniqueness, durability, proximity of location, relatively "limited" supply, and the specific utility of a given site.

The Income Capitalisation Method of valuation entails the determination of the Net Annual Income for the property, which is then capitalised at an appropriate market related capitalisation rate. This method of valuation is best suited for income-producing properties.

The Comparable Sales Method approach entails the identification, analysis and application of recent comparable sales involving physically and legally similar units in the general proximity of the property to be valued. This method of valuation is best suited for non-income producing properties.

This valuation included a review of title deed information, town planning conditions, property descriptions and improvements as well as locality. Market conditions and demand, comparable sales and vacant land values were also taken into consideration.

Useful lives

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

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

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

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

Notes to the annual financial statements continued

FOR THE YEAR ENDED 28 FEBRUARY

1. CRITICAL ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS CONTINUED

RESIDUAL VALUES

An estimate is made of the amount the group would expect to receive currently for the asset, if the asset was already of the age and condition expected at the end of its useful life.

IMPAIRMENT OF ASSETS

GOODWILL

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

Each year, management employs a rigorous process in assessing the recoverability of goodwill, which begins with the budgeting process as one of its base inputs. The budgets, upon which the impairment tests are based, go through an internal vetting and approval process which covers the budget and strategic planning process for the coming four years.

Budgets are zero based each year, and through the vetting process are tested for sensibility given the strategic intent and capabilities of the operations within the group. The Executive Committee and Board are part of this process, who ultimately approve these budgets.

Management believe the zero based budgeting process is best suited to the assessment of the recoverability of goodwill as it addresses the complexities of the construction environment, such as the fact that the construction industry is not static, nor is it repetitive.

The varying industry disciplines within the group which differ in nature, as well as in contract execution, adds to this complexity. During the approval process the past experience and knowledge of the Executive Committee and board are applied to further temper the budgets and inputs to the process. Refer to note 11.

PROPERTY, PLANT AND EQUIPMENT

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

PROVISION FOR EXPECTED CREDIT LOSSES (ECLs) OF TRADE RECEIVABLES

The group applies the simplified approach of recognising lifetime ECLs. A provision matrix is used in measuring the ECLs. The provision rates used, are based on days past due for groupings of various customer segments with similar risk profiles. The provision matrix is based on the historical default rates and are adjusted with forward looking information, specific to each risk profile.

TAXATION

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

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

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

USE AND SALES RATE

The deferred tax rate applied to assets is determined by the expected manner of recovery. Where the expected recovery of the asset is through sale, the capital gains tax rate of 22,4% (2018: 22,4%) is used for South African assets, and foreign tax rates for foreign entities.

If the expected manner of recovery is through use, the normal tax rate of 28,00% (2018: 28,00%) is applied for South African assets and foreign tax rates for foreign entities.

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

PROVISIONS

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

Warranty provisions	Warranty provisions are recognised for expected warranty claims, based on past experience. Estimates are made of the anticipated time, materials and sub-contractor involvement required to honour the warranty.
Contract-related provisions	Contract-related provisions represent the estimated amounts relating to incurred obligations to third party suppliers. Management estimates these amounts based on the expected cash outflows required to settle its obligations to suppliers.

FOR THE YEAR ENDED 28 FEBRUARY

2. ADOPTION OF NEW ACCOUNTING STANDARDS

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

IFRS 9: FINANCIAL INSTRUMENTS

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

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

Instrument	IAS 39 Classification	IAS 39 Measurement	IFRS 9 Classification	IFRS 9 Measurement
Trade receivables	Loans and receivables	Amortised cost	Financial Assets at amortised cost	Amortised cost
Other receivables	Loans and receivables	Amortised cost	Financial Assets at amortised cost	Amortised cost
Financial liabilities	Other financial liabilities	Amortised cost	Financial Liabilities at amortised cost	Amortised cost
Trade payables	Other financial liabilities	Amortised cost	Financial Liabilities at amortised cost	Amortised cost
Other payables	Other financial liabilities	Amortised cost	Financial Liabilities at amortised cost	Amortised cost

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

Below is the reconciliation of the impairment allowances in accordance with IAS 39 to the opening loss allowances determined in accordance with IFRS 9:

	Allowance for impairment under IAS 39 as at 28 Feb 2017 R'000	Remeasurement R'000	Expected credit loss under IFRS 9 as at 1 Mar 2017 R'000
Trade receivables	12 298	49 035	61 333

	Allowance for impairment under IAS 39 as at 28 Feb 2018 R'000	Remeasurement R'000	Expected credit loss under IFRS 9 as at 1 Mar 2018 R'000
Trade receivables	12 821	51 965	64 786

IFRS 15: REVENUE FROM CONTRACTS WITH CUSTOMERS

IFRS 15 establishes a single and comprehensive framework which sets out how and when revenue should be recognised. Revenue will now be recognised when control over the goods or services is transferred to the customer. It replaces IAS18: Revenue, IAS 11: Construction Contracts and related interpretations.

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

The group has applied the following practical expedients as permitted by IFRS 15:

› No restatement was performed for:
  a) completed contracts that began and ended in the same annual reporting period, and
  b) contracts that were completed before the 2018 comparative period.

› For completed contracts that have variable consideration, the transaction price at the date the contract was completed was used rather than estimating the variable consideration for comparative periods.

› The aggregate effect of all modifications for contracts with modifications were reflected, for the period before the 2018 comparative period, when
  a) Identifying satisfied and unsatisfied performance obligations
  b) Determining the transaction price
  c) Allocating the transaction price to the satisfied and unsatisfied performance obligations

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

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

Notes to the annual financial statements continued

FOR THE YEAR ENDED 28 FEBRUARY

2. ADOPTION OF NEW ACCOUNTING STANDARDS CONTINUED

IFRS 16: LEASES

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

The group early adopted IFRS 16 to limit the number of restatements due to changes of accounting standards and to present a single lease accounting model which recognises assets and liabilities for all leases consistently in terms of measurement, presentation and disclosure, with effect from 1 March 2018. The modified retrospective approach was applied by recognising the cumulative effect at the date of initial application. This resulted in no restatement of comparative reporting periods, instead recognising the cumulative effect as an adjustment to the Statement of Financial Position as on 1 March 2018. The group has applied the following practical expedients as permitted by IFRS 16:

- Leases with a lease terms shorter than 12 months were not capitalised but accounted for in the same way as short-term leases and costs associated with these leases are shown as part of short-term lease expenses;
- Applied a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Initial direct costs were excluded from the measurement of the right-of-use asset;
- Hindsight was used in determining the lease term if the contract contained options to extend or terminate the lease.

The cumulative effect is the recognition of right-of-use assets to the value of R36 million as well as a corresponding lease liability.

The following tables summarise the impact of the adoption of IFRS 9, IFRS 15 and IFRS 16 on the results of the comparative reporting periods:

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

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

FOR THE YEAR ENDED 28 FEBRUARY

3. REVENUE

3.1 RECONCILIATION OF REVENUE

	2019 R'000	2018 R'000
CONTRACT REVENUE		
Within South Africa	**7 559 370**	7 402 560
Outside South Africa	**2 315 653**	2 960 962
	9 875 023	10 363 522
PROJECT MANAGEMENT FEE AND RENTAL INCOME		
Project management fee	**17 399**	13 600
Rent received	**5 463**	12 437
	22 862	26 037
TOTAL REVENUE	**9 897 885**	10 389 559

3.2 DISAGGREGATED CONTRACT REVENUE

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

	Construction & Mining R'000	Building R'000	Mechanical & Electrical R'000	Total R'000
2019				
Within South Africa	**3 870 323**	**2 658 418**	**1 030 629**	**7 559 370**
Outside South Africa	**1 443 552**	**694 160**	**177 941**	**2 315 653**
	5 313 875	**3 352 578**	**1 208 570**	**9 875 023**
Private	**3 378 798**	**2 634 320**	**1 208 570**	**7 221 688**
Public	**1 935 077**	**718 258**	**–**	**2 653 335**
	5 313 875	**3 352 578**	**1 208 570**	**9 875 023**
2018				
Within South Africa	3 400 719	3 079 207	922 634	7 402 560
Outside South Africa	1 567 243	1 293 756	99 963	2 960 962
	4 967 962	4 372 963	1 022 597	10 363 522
Private	2 656 157	3 046 472	932 597	6 635 226
Public	2 311 805	1 326 491	90 000	3 728 296
	4 967 962	4 372 963	1 022 597	10 363 522

3. REVENUE CONTINUED

3.3 TRANSACTION PRICE ALLOCATED TO REMAINING PERFORMANCE OBLIGATIONS

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) are as follows:

	Construction & Mining R'000	Building R'000	Mechanical & Electrical R'000	Total R'000
2019				
Shorter than 12 months	**3 257 118**	**2 523 916**	**537 359**	**6 318 393**
Longer than 12 months	**3 297 397**	**170 801**	**–**	**3 468 198**
	6 554 515	**2 694 717**	**537 359**	**9 786 591**
2018				
Shorter than 12 months	4 405 096	2 558 052	588 595	7 551 743
Longer than 12 months	4 809 396	722 625	–	5 532 021
	9 214 492	3 280 677	588 595	13 083 764

The remaining performance obligations are expected to realise as indicated. Performance obligations longer than 12 months mostly relate to long term contracts (that stretch between 3 to 4 years) in the Construction & Mining segment, and in particular for Mining services.

3.4 CONTRACT BALANCES

	2019 R'000	2018 R'000
Contracts in Progress (note 14.1)	**506 568**	408 865
Excess billings over work done (note 14.2)	**1 170 970**	1 110 870
Trade receivables (note 15)	**1 829 180**	2 197 016

Excess billings over work done include long and short-term advances received from clients to deliver construction related services. The movement in this value is dependant on the terms of contracts agreed with clients. Interest of R17 million (note 5.2) was recognised in the current year on long-term advances.

Contracts in progress are recognised for revenue earned from construction related services and is conditional on certification and invoicing of work performed. Upon certification and invoicing the amounts recognised as contracts in progress are reclassified to trade receivables. The increase in the contracts in progress relate to a slower cycle in converting items from contracts in progress to trade receivables. There was no provision recognised for expected credit losses on contracts in progress.

Trade receivables are generally on terms of 60 days and interest is charged as per agreements with individual clients. The value of trade receivables decreased due to payments received from slow paying foreign government debtors. The balance of expected credit losses provided for on trade receivables amounted to R 67 million (2018: R65 million).

4. OTHER INCOME AND EBITDA

4.1 OTHER INCOME

	2019 R'000	2018 R'000
Profit on disposal of property, plant and equipment	**9 465**	13 524
Profit on foreign exchange rate movements	**26 239**	25 644
Other income	**961**	1 065
Project management fee and rental income (note 3.1)	**22 862**	26 037
	59 527	66 270

FOR THE YEAR ENDED 28 FEBRUARY

4. OTHER INCOME AND EBITDA CONTINUED

4.2 EBITDA

	2019 R'000	2018 R'000
Included in these expenses are:		
Auditors remuneration	**11 358**	11 192
Employee costs	**2 612 749**	2 642 350
– Short-term employee benefit costs	**2 430 055**	2 450 114
– Post-employment benefit costs	**180 862**	189 492
– Long-term employment benefits (note 18)	**1 832**	2 744
Loss on foreign exchange rate movements	**17 317**	35 406
Expenses relating to leases	**313 805**	–
– Short-term lease	**308 873**	–
– Low value assets	**1 868**	–
– Variable lease payments	**3 064**	–

5. INVESTMENT INCOME AND FINANCE COSTS

5.1 INVESTMENT INCOME

	2019 R'000	2018 R'000
Investment income from financial instruments held at amortised cost:		
– Bank accounts	**40 112**	44 727
– Trade receivables and loans	**1 579**	2 051
– Joint operations	**694**	1 014
– Equity-accounted investees	**1 255**	939
Other interest	**320**	382
	43 960	49 113

5.2 FINANCE COSTS

	2019 R'000	2018 R'000
Finance costs from financial instruments held at amortised cost:		
– Bank overdrafts and bonds	**7 860**	19 305
– Right-of-use assets (including Instalment sale and finance lease agreements)	**45 921**	33 656
– Financing agreements	**1 651**	4 922
– Joint operations	**15 666**	2 229
– Voluntary Rebuild Programme (deemed interest)	**7 357**	8 024
– Deferred settlement arrangement	**2 122**	10 314
– Trade payables	**3 020**	4 282
– Revenue contracts (note 3.4)	**17 460**	–
Other interest	**72**	110
	101 129	82 842

Notes to the annual financial statements continued

FOR THE YEAR ENDED 28 FEBRUARY

6. TAXATION

6.1 TAXATION

	2019 Local R'000	2019 Foreign R'000	2019 Total R'000	2018 Local R'000	2018 Foreign R'000	2018 Total R'000
CURRENT TAX	**(3 588)**	**44 845**	**41 257**	48 639	81 882	130 521
– Current year	**96**	**48 442**	**48 538**	43 262	82 170	125 432
– (Over)/under provision previous year	**(3 684)**	**(3 597)**	**(7 281)**	5 377	(288)	5 089
DEFERRED TAX	**(87 720)**	**9 616**	**(78 104)**	(107 595)	25 784	(81 811)
– Current year	**(103 055)**	**2 844**	**(100 211)**	(111 648)	26 146	(85 502)
– Under provision previous year	**15 335**	**6 772**	**22 107**	4 053	(362)	3 691
WITHHOLDING TAX	**–**	**1 083**	**1 083**	–	–	–
Taxation	**(91 308)**	**55 544**	**(35 764)**	(58 956)	107 666	48 710

6.2 RECONCILIATION OF TAX CHARGE

	2019 R'000	2018 R'000
TAX AT 28% ON LOSS BEFORE TAXATION	**(41 184)**	(139 530)
Adjusted for:		
DISALLOWABLE EXPENDITURE:		
– Goodwill impaired	**–**	186 792
– Interest	**2 675**	5 135
– Other (legal fees, overseas travel, fines, etc.)	**1 693**	8 546
– Losses from equity-accounted investees	**271**	1 883
– Unrealised foreign exchange transactions	**–**	6 672
EXEMPT INCOME:		
– Foreign exchange profits	**–**	(2 646)
– Other (share of profits of equity-accounted investees, etc.)	**(1 560)**	(1 364)
Share of profits of joint venture – Al Tayer Stocks	**(18 263)**	(13 520)
Deferred tax assets not raised on losses	**6 651**	6 320
Foreign tax rate differential	**2 345**	(3 927)
Special and future allowances	**(1 282)**	(46 862)
Deferred tax assets raised on losses reversed	**1 836**	33 201
Capital Gains Tax	**(160)**	(781)
Under/(over) provision previous year	**14 826**	8 780
Tax losses utilised	**(4 695)**	11
Withholding taxes	**1 083**	–
Effective tax	**(35 764)**	48 710

Notes to the annual financial statements continued

FOR THE YEAR ENDED 28 FEBRUARY

7. EARNINGS, HEADLINE EARNINGS AND NET ASSET VALUE PER SHARE

Cents per share	**2019**	2018
EPS – Basic	**(65,99)**	(317,77)
EPS – Diluted	**(65,99)**	(317,77)
HEPS – Basic	**(70,12)**	67,51
HEPS – Diluted	**(70,12)**	61,29
Net asset value per ordinary share	**1 043,95**	1 058,49
Diluted net asset value per ordinary share	**928,29**	953,83
Net tangible asset value per ordinary share	**770,35**	786,78
Diluted net tangible asset value per ordinary share	**685,00**	708,99

	2019 R'000	2018 R'000
LOSS/ASSET VALUES ATTRIBUTABLE TO:		
EPS – Basic and diluted	**(110 761)**	(542 593)
HEPS – Basic and diluted	**(117 683)**	115 278
Net asset value	**1 745 944**	1 793 977
Net tangible value	**1 288 359**	1 333 471

	Weighted average shares		As at February	
	HEPS and EPS 2019	HEPS and EPS 2018	**NAV 2019**	NAV 2018
SHARES USED FOR EPS, HEPS AND NAV				
Basic	**167 836 344**	170 748 789	**167 243 384**	169 485 204
Diluted	**188 080 746**	188 080 746	**188 080 746**	188 080 746
Reconciliation between weighted average number of shares and diluted number of shares				
Issued ordinary shares – at the beginning of the year	**188 080 746**	188 080 746	**188 080 746**	188 080 746
Effect of treasury shares held in share trusts	**(6 429 930)**	(6 429 930)	**(6 429 930)**	(6 429 930)
Effect of treasury shares held in investment subsidiary	**(13 814 472)**	(10 902 027)	**(14 407 432)**	(12 165 612)
NUMBER OF SHARES IN ISSUE	**167 836 344**	170 748 789	**167 243 384**	169 485 204
Dilution potential of ordinary shares	**20 244 402**	17 331 957	**20 837 362**	18 595 542
Diluted number of shares in issue	**188 080 746**	188 080 746	**188 080 746**	188 080 746

	2019 Gross amount R'000	**2019 Net amount R'000**	2018 Gross amount R'000	2018 Net amount R'000
HEADLINE EARNINGS RECONCILIATION				
Loss after taxation attributable to equity holders of the company		**(110 761)**		(542 593)
Adjusted for:				
Profit on disposal of plant and equipment	**(9 465)**	**(6 922)**	(12 942)	(9 243)
Impairment of goodwill and intangible assets		**–**	667 114	667 114
Headline earnings		**(117 683)**		115 278

Notes to the annual financial statements continued

FOR THE YEAR ENDED 28 FEBRUARY

8. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment comprise owned and leased assets that do not meet the definition of investment property.

	2019 R'000	2018 R'000
8.1 Owned assets	**993 113**	1 483 727
8.2 Right-of-use assets	**508 832**	–
Instalment sales (include assets which were recognised as finance lease assets in accordance with IAS 17 until 28 February 2018)	**449 783**	–
Other (consists of operating leases which were capitalised in accordance with IFRS 16 on 1 March 2018)	**59 049**	–
	1 501 945	1 483 727

8.1 OWNED ASSETS

	Revalued	Cost			
	Land and buildings R'000	Transport and motor vehicles R'000	Plant and equipment R'000	Furniture, fittings, office and computer equipment R'000	Total R'000
2019					
Cost/Valuation	**588 083**	**168 815**	**1 621 175**	**87 206**	**2 465 279**
Accumulated depreciation	**(1 912)**	**(146 357)**	**(1 250 222)**	**(73 675)**	**(1 472 166)**
Carrying value at year-end	**586 171**	**22 458**	**370 953**	**13 531**	**993 113**
2018					
Cost/Valuation	506 576	133 371	1 907 597	84 934	2 632 478
Accumulated depreciation	(903)	(104 777)	(971 235)	(71 836)	(1 148 751)
Carrying value at year-end	505 673	28 594	936 362	13 098	1 483 727

Reconciliation of the carrying value of owned assets:

	Land and buildings R'000	Transport and motor vehicles R'000	Plant and equipment R'000	Furniture, fittings, office and computer equipment R'000	Total R'000
2019					
Carrying value at the beginning of the year	**505 673**	**28 594**	**936 362**	**13 098**	**1 483 727**
Additions	**53 991**	**3 406**	**21 592**	**11 562**	**90 551**
Disposals	**(3 482)**	**(1 532)**	**(5 596)**	**(2 920)**	**(13 530)**
Assets scrapped	**–**	**(2)**	**(3 926)**	**(1 517)**	**(5 445)**
Depreciation	**(1 047)**	**(7 459)**	**(60 343)**	**(6 570)**	**(75 419)**
Foreign exchange movement	**31 036**	**565**	**3 359**	**(122)**	**34 838**
Net movement between owned and right-of-use assets	**–**	**(1 114)**	**(520 495)**	**–**	**(521 609)**
Carrying value at year-end	**586 171**	**22 458**	**370 953**	**13 531**	**993 113**
2018					
Carrying value at the beginning of the year	494 561	35 553	671 521	10 613	1 212 248
Additions	28 567	5 925	456 644	9 327	500 463
Additions through increase in investment in joint operation	–	–	469	229	698
Disposals	(19 781)	(2 233)	(26 147)	(449)	(48 610)
Depreciation	(903)	(10 694)	(157 768)	(6 649)	(176 014)
Foreign exchange movement	3 229	43	(8 357)	27	(5 058)
Carrying value at year-end	505 673	28 594	936 362	13 098	1 483 727

Had land and buildings been carried at cost, the carrying value of land and buildings would have been R466 million (Feb 2018: R385 million).

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

Additions in the cash flow statement are shown net of direct financing raised.

FOR THE YEAR ENDED 28 FEBRUARY

8. PROPERTY, PLANT AND EQUIPMENT CONTINUED

8.2 RIGHT-OF-USE ASSETS

	Cost				
	Land and buildings R'000	Transport and motor vehicles R'000	Plant and equipment R'000	Furniture, fittings, office and computer equipment R'000	Total R'000
2019					
Cost	**22 253**	**25 983**	**591 224**	**4 581**	**644 041**
Instalment sales	**–**	**6 212**	**529 341**	**4 229**	**539 782**
Other	**22 253**	**19 771**	**61 883**	**352**	**104 259**
Accumulated depreciation	**(13 247)**	**(8 835)**	**(111 664)**	**(1 463)**	**(135 209)**
Instalment sales	**-**	**(948)**	**(87 641)**	**(1 410)**	**(89 999)**
Other	**(13 247)**	**(7 887)**	**(24 023)**	**(53)**	**(45 210)**
Carrying value at year-end	**9 006**	**17 148**	**479 560**	**3 118**	**508 832**

Reconciliation of the carrying value of right-of use assets:

	Land and buildings R'000	Transport and motor vehicles R'000	Plant and equipment R'000	Furniture, fittings, office and computer equipment R'000	Total R'000
2019					
Take on balance with adoption of IFRS 16	**19 227**	**15 772**	**547**	**352**	**35 898**
Net movement between owned and right-of use assets*	**–**	**1 114**	**520 495**	**–**	**521 609**
Additions	**4 940**	**9 097**	**70 914**	**4 229**	**89 180**
Instalment sales	**–**	**5 098**	**9 578**	**4 229**	**18 905**
Other	**4 940**	**3 999**	**61 336**	**-**	**70 275**
Depreciation	**(13 247)**	**(8 835)**	**(111 664)**	**(1 463)**	**(135 209)**
Instalment sales	**–**	**(948)**	**(87 641)**	**(1 410)**	**(89 999)**
Other	**(13 247)**	**(7 887)**	**(24 023)**	**(53)**	**(45 210)**
Foreign exchange movements	**1 256**	**–**	**-**	**-**	**1 256**
Other	**1 256**	**–**	**-**	**-**	**1 256**
Modifications (changes in lease term)	**(3 170)**	**–**	**(732)**	**-**	**(3 902)**
Instalment sales	**–**	**–**	**(732)**	**-**	**(732)**
Other	**(3 170)**	**–**	**-**	**–**	**(3 170)**
Carrying value at year-end	**9 006**	**17 148**	**479 560**	**3 118**	**508 832**

Transactions relating to right-of-use assets do not impact the cash flow statement as they are non-cash in nature.

* Inclusive of re-classification of assets previously subject to instalment sales.

Notes to the annual financial statements continued

FOR THE YEAR ENDED 28 FEBRUARY

9. EQUITY-ACCOUNTED INVESTEES

9.1 ANALYSIS OF THE CARRYING VALUE OF EQUITY-ACCOUNTED INVESTEES

	Joint ventures		Associates	
	2019 R'000	2018 R'000	**2019 R'000**	2018 R'000
Shares at cost less impairment	**3 832**	3 832	**5 602**	5 602
Share of post-acquisition reserves	**223 010**	165 735	**(5 383)**	(7 379)
Long-term borrowings	**–**	–	**53 388**	41 391
Carrying value of equity-accounted investees	**226 842**	169 567	**53 607**	39 614
RECONCILIATION OF THE CARRYING VALUE OF EQUITY-ACCOUNTED INVESTEES:				
Carrying value at the beginning of the year	**169 567**	158 002	**39 614**	31 858
Share of profit of equity-accounted investments after tax	**65 680**	48 285	**2 395**	(6 897)
Transactions relating to loans:				
– Advances made	**–**	–	**11 997**	11 706
– Reclassification from trade debtors to loans	**–**	–	**–**	9 307
Elimination of intergroup profits	**–**	–	**490**	(1 935)
Exchange rate differences	**32 114**	(18 640)	**697**	(700)
Dividends received	**(40 519)**	(18 080)	**(1 586)**	(3 725)
Carrying value at year-end	**226 842**	169 567	**53 607**	39 614

9.2 INFORMATION IN RESPECT OF MATERIAL JOINT VENTURE

	Al Tayer Stocks	
	2019 R'000	2018 R'000
Nature of relationship	Joint venture	
Nature of joint venture	Building	
Place of business and country of incorporation	United Arab Emirates	
% Ownership	**49**	49
% Voting rights	**50**	50
SUMMARISED AMOUNTS IN THE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME OF THE JOINT VENTURE		
Dividends received	**40 519**	18 080
Revenue	**2 829 606**	1 962 225
Depreciation	**3 080**	4 444
Profit from operations after taxation	**131 359**	96 570
Total comprehensive income	**195 587**	59 288

The difference between profit and total comprehensive income relate to the foreign currency translation reserve, when the investment is converted to Rand.

Notes to the annual financial statements continued

FOR THE YEAR ENDED 28 FEBRUARY

9. EQUITY-ACCOUNTED INVESTEES CONTINUED

	Al Tayer Stocks	
	2019 R'000	2018 R'000
TOTAL ASSETS		
Non-current assets	**16 228**	10 737
Current assets	**1 577 785**	1 409 084
TOTAL LIABILITIES		
Current liabilities (consist of trade and other payables and provisions)	**(1 140 330)**	(1 080 688)
Net asset value	**453 683**	339 133
Group's share of net asset value	**226 842**	169 567
Carrying value of investments	**226 842**	169 567
INCLUDED IN TOTAL ASSETS, LIABILITIES AND COMPREHENSIVE INCOME:		
Cash and cash equivalents	**172 683**	262 319

9.3 INFORMATION OF NON-MATERIAL ASSOCIATES

	2019 R'000	2018 R'000
Carrying amount (including long-term borrowings)	**53 607**	39 614
Group's share of profit/(loss) after taxation	**2 395**	(6 897)
Group's share of total comprehensive income	**3 093**	(6 897)
Dividends received	**1 586**	3 725

The difference between profit and total comprehensive income relate to the foreign currency translation reserve, when the investment is converted to Rand.

Notes to the annual financial statements continued

FOR THE YEAR ENDED 28 FEBRUARY

10. JOINT OPERATIONS

A portion of the group's operations are performed through joint operations as unincorporated arrangements such as partnerships and contractual arrangements. Joint operations are dissolved at the end of a contract for which it was formed. A loss of interest was therefore in the ordinary course of business. New joint operations are formed when new contracts are awarded to ensure a contract can be executed effectively. Additional information relating to the group's significant joint operations is provided below:

	Nature of joint operations	Principal place of business	**Group's % interest 2019**	Group's % interest 2018
NAME OF JOINT OPERATIONS				
Kusile Civils Works – Kusile Power Station	Construction & Mining	Mpumalanga	**25**	25
SSAS – BRT Stations	Construction & Mining	Gauteng	**70**	70
SSAS 2 – BRT Stations	Construction & Mining	Gauteng	**60**	60
SS4P – PRASA Platforms	Construction & Mining	Gauteng	**70**	70
SAM – Zuikerbosch Sedimentation	Construction & Mining	Gauteng	**80**	80
Zuikerbosch Consortium – Zuikerbosch Sedimentation	Construction & Mining	Gauteng	**56**	56
SS Civeng GG66 – Exxaro Stockyard and Conveyors	Construction & Mining	Gauteng	**80**	80
SS Axsys GG6 – Substation Buildings	Construction & Mining	Gauteng	**70**	70
Stefanutti Stocks Marine 6 Axsys Projects – Reconstruction and deepening of Maydon Warf Berths	Construction & Mining	KwaZulu-Natal	**74**	74
SSM – Medupi Pump Station	Construction & Mining	Limpopo	**75**	75
SSO/Vitatype – Nsezi WTW Phase 2	Construction & Mining	KwaZulu-Natal	**–**	80
Stefanutti Stocks/Izazi – Kusile Topsoil	Construction & Mining	Mpumalanga	**60**	60
Stefanutti Stocks/Five and Only – Ethekweni	Construction & Mining	KwaZulu-Natal	**60**	60
Stefanutti Stocks Siyozimela – Crossroads extension	Construction & Mining	KwaZulu-Natal	**60**	60
Stefanutti Stocks Letsatsi JV – Eshowe Kwahlokohloko	Construction & Mining	KwaZulu-Natal	**70**	–
South 32 Mine – Life of Mine Kathu	Construction & Mining	Mpumalanga	**–**	56
SS Ergoflex – Polokwane SO2 abatement project	Construction & Mining	Limpopo	**70**	–
SSA – TNPA Saldanha Scour	Construction & Mining	Western Cape	**80**	–
SS Axsys Klipspruit – Klipspruit extension WP16	Construction & Mining	Mpumalanga	**58**	–
Stefanutti Stocks/Consolidated Contractors – Kalabo-Sikongo Road Project	Construction & Mining	Zambia	**50**	–
Stefanutti Stocks Ladysmith Construction – Project Sunrise	Building	KwaZulu-Natal	**75**	75
Stefanutti Stocks Building/AP Park Square – Park Square	Building	KwaZulu-Natal	**80**	80
Stefanutti Stocks Botani/Axsys – Mercedes-Benz Logistics Building	Building	Eastern Cape	**58**	58
Stefanutti Stocks Axsys/Simunye – Mercedes-Benz Bodyshop	Building	Eastern Cape	**56**	–
Stefanutti Stocks BMH – Carnival City	Building	Gauteng	**50**	–
Stefstocks Axsys Projects – Substation South 32	Building	Mpumulanga	**50**	–
HKS – MVA Building	Building	Swaziland	**–**	80
FISH – Five Star Hotel	Building	Swaziland	**44**	44
KISS – International Convention Centre	Building	Swaziland	**50**	50
Sikhupe International Airport – Sikhupe International Airport	Building	Swaziland	**55**	55
Montys Swaziland – Plumbing on various building contracts	Building	Swaziland	**50**	–
Stefanutti Stocks Wayoe – Ahafo Supply	Mechanical & Electrical	Gauteng	**60**	60
Stefanutti Stocks Wayoe – Subika Supply	Mechanical & Electrical	Gauteng	**60**	60
Stefanutti Stocks Wayoe – Ahafo Install	Mechanical & Electrical	Ghana	**60**	60
Stefanutti Stocks Wayoe – Subika Install	Mechanical & Electrical	Ghana	**60**	60

FOR THE YEAR ENDED 28 FEBRUARY

11. GOODWILL AND INTANGIBLE ASSETS

	2019			2018		
	Goodwill R'000	**Intangible assets R'000**	**Total R'000**	Goodwill R'000	Intangible assets R'000	Total R'000
Cost	**1 232 416**	**131 120**	**1 363 536**	1 232 416	131 120	1 363 536
Accumulated impairment	**(774 831)**	**(51 288)**	**(826 119)**	(774 831)	(51 288)	(826 119)
Accumulated amortisation	**–**	**(79 832)**	**(79 832)**	–	(76 911)	(76 911)
Carrying value at year-end	**457 585**	**–**	**457 585**	457 585	2 921	460 506

Reconciliation of the carrying value of goodwill and intangible assets:

	2019			2018		
	Goodwill R'000	**Intangible assets R'000**	**Total R'000**	Goodwill R'000	Intangible assets R'000	Total R'000
Carrying value at the beginning of the year	**457 585**	**2 921**	**460 506**	1 075 791	11 342	1 087 133
Additions	**–**	**–**	**–**	–	48 908	48 908
Impairment	**–**	**–**	**–**	(618 206)	(48 908)	(667 114)
Amortisation	**–**	**(2 921)**	**(2 921)**	–	(8 421)	(8 421)
Carrying value at year-end	**457 585**	**–**	**457 585**	457 585	2 921	460 506

IMPAIRMENT TESTING FOR CASH-GENERATING UNITS (CGU) CONTAINING GOODWILL

For purposes of impairment testing, goodwill is allocated to the group's operating divisions which represent the lowest CGUs, where goodwill is monitored for internal management purposes.

The value in use of the different CGUs is determined by discounting the future cash flows generated from the continuing use of the CGUs and based on the following key assumptions:

	Carrying values of goodwill per CGU		Constant growth rate (A)		AARG % (B)		Pre-tax WACC (C)	
CASH-GENERATING UNITS	**2019 R'000**	2018 R'000	**2019 %**	2018 %	**2019 %**	2018 %	**2019 %**	2018 %
Stefanutti Stocks Coastal	**50 704**	50 704	**3**	3	**13**	22	**16,6**	17,8
Stefanutti Stocks Building (Stocks Building Africa (Pty) Ltd)	**294 960**	294 960	**3**	3	**6**	9,6	**15,9**	17,4
Stefanutti Stocks Roads and Earthworks	**22 573**	22 573	**3**	3	**(1)**	3	**15,6**	16,8
Stefanutti Stocks Mining Services	**58 926**	58 926	**3**	3	**10**	6	**15,3**	16,5
Mechanical	**19 360**	19 360	**3**	3	**9**	15	**15,3**	16,7
Electrical (Apollo E&I Construction (Pty) Ltd)	**11 062**	11 062	**3**	3	**14**	11	**15,3**	16,7
	457 585	457 585						

These CGUs noted above cannot be directly linked to the operating segments as disclosed in the segment information in note 23, as the above CGUs are representative of acquisitions made whereas the operating segments represent the business units as a whole.

Discounted cash flow forecasts are prepared by management as the basis for determining the estimated recoverable amount. Appropriate growth and discount rates, given the industry and location of the CGUs and its operations, are applied in the forecast. The recoverable amount of each CGU was based on its value in use and was determined to be higher than the carrying amount.

Cash flows are projected based on actual operating results and four-year forecasts. Cash flows beyond this were extrapolated using a constant growth rate of (A) which does not exceed the long-term average growth rate for the industry. Appropriate growth and discount rates, given the industry and location of the CGUs and its operations, are applied to the forecast. The calculation of the weighted average cost of capital (WACC) (C) decreased due to a decrease in the beta from 0,88 to 0,49. The beta coefficient is a measure of the volatility, or systematic risk, of an individual stock in comparison to the unsystematic risk of the entire market. The risk-free rate of return (R186) increased year-on-year from 8,14% to 8,71%.

Notes to the annual financial statements continued

FOR THE YEAR ENDED 28 FEBRUARY

11. GOODWILL AND INTANGIBLE ASSETS CONTINUED

Revenue forecasts were used as the basis for determining the value assigned to each CGU. The AAARG (B) included in the cash flow projections is an average for the years 2020 to 2023. The values assigned to the key assumptions represent management's assessment of the CGUs and are based on both external and internal sources.

Management has determined where the AAARG is in excess of 10%, the following factors contributed to this:

› lower turnover base;
› increased exposure to cross-border work;
› benefit of recently awarded contracts;
› potential contract awards in the short term;
› potential growth opportunities in certain sectors of the market including mining surface infrastructure, marine, water and sanitation treatment plants.

Revenue growth of less than 10% is reflective of the impact of operating within a distressed trading environment.

SENSITIVITY ANALYSIS FOR SIGNIFICANT GOODWILL

If the growth rate and WACC are adjusted to the percentages as indicated, the corresponding effect on the recoverable amount of the CGUs is illustrated in the tables below.

STEFANUTTI STOCKS BUILDING

	WACC	
GROWTH RATE %	14,9% R'000	16,9% R'000
2,0	13 426	(71 114)
4,0	97 165	(12 817)

STEFANUTTI STOCKS ROADS AND EARTHWORKS

	WACC	
GROWTH RATE %	14,6% R'000	16,6% R'000
2,0	9 988	(52 123)
4,0	71 583	(9 668)

STEFANUTTI STOCKS COASTAL

	WACC	
GROWTH RATE %	15,6% R'000	17,6% R'000
2,0	5 408	(27 854)
4,0	37 439	(5 233)

Similar sensitivity analyses were performed on the remaining goodwill allocated to other CGUs and no impairments were identified.

FOR THE YEAR ENDED 28 FEBRUARY

12. DEFERRED TAX

12.1 DEFERRED TAX ASSETS

	2019 R'000	2018 R'000
Includes:		
Property, plant and equipment	**(148 767)**	(104 652)
Provisions	**218 733**	162 794
Leases	**16 480**	–
Retentions	**18 059**	23 003
Expected credit loss (ECL)	**20 728**	19 939
Future allowances	**(125 437)**	(79 357)
Excess billings over work done	**158 585**	157 115
Work-in-progress	**(36 411)**	(42 365)
Prepaid expenses	**(1 423)**	(986)
Unrealised foreign exchange losses	**(3 540)**	(2 012)
Calculated losses	**94 864**	785
	211 871	134 264
Carrying value at the beginning of the year	**134 264**	74 037
Temporary differences	**76 893**	63 576
Foreign exchange	**714**	(3 349)
Carrying value at year-end	**211 871**	134 264

Deferred tax assets have not been raised on deductible temporary differences amounting to R35 million (2018: R118 million).

RECOVERABILITY OF DEFERRED TAX ASSETS

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

The group considered the following criteria in assessing the probability that taxable profit will be available against which the unused tax losses can be utilised:

› Whether the entity has sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity, which will result in taxable amounts against which the unused tax losses can be utilised
› Whether it is probable that the entity will have taxable profits before the unused tax losses expire
› Whether the unused tax losses result from identifiable causes which are unlikely to recur.

To the extent that it is not probable that taxable profit will be available against which the unused tax losses or unused tax credits can be utilised, the deferred tax asset is not recognised. To determine the probability that taxable profit will be available against which the unused tax losses can be utilised, the group has reviewed its budgets of taxable profits for the foreseeable future and compared that to its total tax losses.

Management has utilised financial budgets approved by management and the strategic plan, which has been approved by the executive committee and the board of directors, to determine the recoverability of the deferred tax asset balance.

Notes to the annual financial statements continued

FOR THE YEAR ENDED 28 FEBRUARY

12. DEFERRED TAX CONTINUED

12.2 DEFERRED TAX LIABILITIES

	2019 R'000	2018 R'000
Includes:		
Property, plant and equipment	**534**	(1 857)
Intangible assets	**–**	(731)
Provisions	**–**	285
Retentions	**–**	1 381
Excess billings over work done	**–**	484
Work-in-progress	**–**	(1 223)
	534	1 661
Carrying value at the beginning of the year	**1 661**	19 928
Movements during the year attributable to:		
Temporary differences	**(1 211)**	(18 235)
Foreign exchange	**84**	(32)
Carrying value at year-end	**534**	1 661

13. INVENTORIES

	2019 R'000	2018 R'000
Consumables	**38 356**	27 547
Operational inventory	**38 703**	53 348
Development property	**110 865**	65 383
	187 924	146 278
Inventories expensed during the year	**87 303**	82 029
Inventories written off during the year	**5 414**	4 848

The development property relates to various properties in South Africa, which are held while the development units are in the process of being built and will be realised when the properties are sold.

14. CONSTRUCTION CONTRACTS

14.1 CONTRACTS IN PROGRESS

Contract in progress relate to the group's rights to consideration for work completed but not invoiced at the reporting date for construction services rendered.

	2019 R'000	2018 R'000
Carrying value at beginning of the year	**408 865**	404 524
Revenue recognised in the current period from performance obligations satisfied in previous periods	**(389 543)**	(377 646)
Recognition of work in progress as contract cost	**(17 533)**	(50 679)
Contracts in progress recognised in the current period	**500 588**	433 595
Foreign exchange	**4 191**	(929)
Carrying value at year-end	**506 568**	408 865
Current	**506 568**	408 865

FOR THE YEAR ENDED 28 FEBRUARY

14. CONSTRUCTION CONTRACTS CONTINUED

14.2 EXCESS BILLINGS OVER WORK DONE

Excess billings over work done relate to the group's obligation to transfer services to clients for which the group has received consideration.

	2019 R'000	2018 R'000
Carrying value at beginning of the year	**1 110 870**	1 210 055
Revenue recognised in the current period that was included in the opening balance	**(941 794)**	(619 042)
Excess billings over work done recognised in the current period	**1 040 970**	535 432
Repayment of advance payments	**(53 275)**	–
Foreign exchange	**14 199**	(15 575)
Carrying value at year-end	**1 170 970**	1 110 870
Non-current	**25 000**	–
Current	**1 145 970**	1 110 870

15. TRADE AND OTHER RECEIVABLES

	2019 R'000	2018 R'000
Contract receivables	**1 895 879**	2 261 802
Allowance for expected credit losses	**(66 699)**	(64 786)
Contract receivables (net of impairment)	**1 829 180**	2 197 016
Retention debtors	**133 046**	126 676
Other receivables	**86 675**	33 422
Receivables from joint operations	**105 556**	85 815
Receivables from associates	**12 312**	26 514
Prepayments*	**88 395**	21 864
Value added tax*	**85 613**	57 936
	2 340 777	2 549 243

* Non-financial assets.

Below table is a reconciliation of the expected credit losses:

Management has assessed that no impairment is required for retention debtors at this time, based on an assessment of past events.

Simplified approach	2019 R'000	2018 R'000
Opening balance	**(64 786)**	(61 333)
Changes due to credit risk movement	**(10 276)**	(8 087)
Amounts written off	**7 691**	180
Amounts reversed	**928**	4 494
Foreign currency translation	**(256)**	(40)
	(66 699)	(64 786)

Information about the credit exposure of trade receivables is disclosed in note 27.

CHANGES DUE TO CREDIT RISK MOVEMENT

Included in trade receivables are long outstanding amounts due from the governments of Zambia and Nigeria. The outstanding amounts are not in dispute and periodic payments are being received. In both Nigeria and Zambia work will only recommence on affected contracts once all outstanding amounts have been collected.

AMOUNTS WRITTEN OFF

The amount of R8 million written off relates to a debtor which is in liquidation. The finalisation of the liquidation process will determine the final settlement amount.

Notes to the annual financial statements continued

FOR THE YEAR ENDED 28 FEBRUARY

16. BANK BALANCES

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

	2019 R'000	2018 R'000
Cash at banks and on hand	**922 386**	942 054
Less: Bank overdrafts	**(41 615)**	(26 163)
	880 771	915 891

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

	2019 R'000	2018 R'000
RESTRICTED CASH INCLUDED ABOVE		
Group's share of cash held by joint operations	**215 181**	267 650
Other restrictions (subject to Reserve Bank approval, etc.)	**983**	1 331
	216 164	268 981

Cash held in joint operations is restricted as approval for cash movements is required by all joint operation participants.

17. SHARE CAPITAL AND PREMIUM

	2019 R'000	2018 R'000
AUTHORISED		
400 000 000 ordinary shares of 0,00025 cents each (2018: 400 000 000 ordinary shares of 0,00025 cents each)	**1**	1
	1	1
ISSUED		
188 080 746 ordinary shares of 0,00025 cents each (2018: 188 080 746 ordinary shares of 0,00025 cents each)	*****	*

* Less than R1 000.

	Number of shares	
	2019	2018
Details of treasury shares in issue		
Treasury shares held by:	**20 837 062**	18 595 542
Subsidiary	**14 407 132**	12 165 612
Share trusts	**6 429 930**	6 429 930
Reconciliation of shares:		
Opening balance	**18 595 542**	15 839 177
Acquisition of treasury shares through subsidiary	**2 241 520**	2 756 365
Closing balance	**20 837 062**	18 595 542

	2019 R'000	2018 R'000
SHARE PREMIUM		
Carrying value at the beginning of the year	**1 013 379**	1 021 737
Effect of treasury shares acquired	**(5 661)**	(8 358)
Carrying value at year-end	**1 007 718**	1 013 379

FOR THE YEAR ENDED 28 FEBRUARY

18. EMPLOYEE SHARE INCENTIVE SCHEMES

18.1 SHARE-BASED PAYMENTS RESERVE

THE STEFANUTTI & BRESSAN SHARE INCENTIVE TRUST

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

a) On the second anniversary of the grant date, one third of the options will immediately accrue to the employee;
b) On the third anniversary of the grant date, a further third of the options will immediately accrue; and
c) The final third of the options will immediately accrue on the fourth anniversary of the grant date.

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

	2019 Quantity	2018 Quantity
NUMBER OF SHARES HELD:	**5 496 250**	5 496 250

All share options expired on 26 July 2017. No new options were issued or exercised since the share options expired.

18.2 LONG-TERM EMPLOYMENT BENEFITS

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

	2019 Quantity	2018 Quantity
NUMBER OF SHARES:		
Outstanding at the beginning of the year	**2 218 392**	2 359 322
Awarded during the year	**–**	–
Vested during the year	**–**	140 930
OUTSTANDING AT YEAR-END	**2 218 392**	2 218 392
GRANT PRICE	**–**	–
FAIR VALUE AT GRANT DATE (R'000)	**–**	–
CONTRACTUAL LIFE OF EACH AWARD	**3 years**	3 years

Fair value at grant date represents the market value of the shares at award date. In fulfilment of the FSP obligations, the group purchases shares in the market.

FSP COSTS

An expense of R2 million (2018: R3 million) which related to the FSP was recognised in the current year (note 4).

Notes to the annual financial statements continued

FOR THE YEAR ENDED 28 FEBRUARY

19. OTHER FINANCIAL LIABILITIES

19.1 NON-CURRENT AND CURRENT LIABILITIES

	2019 Non-current R'000	**2019 Current R'000**	2018 Non-current R'000	2018 Current R'000
Unsecured borrowings	**26**	**4 464**	26	17 180
Secured borrowings	**43 495**	**40 318**	36 876	9 391
Lease liabilities (note 19.2)	**177 757**	**229 077**	340 956	219 921
Borrowings	**221 278**	**273 859**	377 858	246 492
Voluntary Rebuild Programme	**92 612**	**7 825**	100 801	7 279
Deferred Settlement Arrangement	**–**	**–**	–	39 674
Other financial liabilities	**313 890**	**281 684**	478 659	293 445

The Voluntary Rebuild Programme is contractually repaid annually over a period of 12 years, with an annual instalment of R15 million, at an implied interest rate of 7,5%.

19.2 LEASE LIABILITIES

Lease liabilities can be categorised as follows:

	2019 Non-current R'000	**2019 Current R'000**	2018 Non-current R'000	2018 Current R'000
Instalment sales agreements	**154 946**	**191 165**	340 956	219 921
Other (previously accounted for as operating leases)	**22 811**	**37 912**	–	–
	177 757	**229 077**	340 956	219 921

	Undiscounted cash flows	
	2019 R'000	2018 R'000
Less than one year	**255 211**	260 615
Between two and five years	**189 244**	452 930

Cash outflow of R50 million was recognised for lease liabilities in operating activities for cashflow purposes.

SECURITY PROVIDED AGAINST BORROWINGS

	Property, plant and equipment, transport and motor vehicles		Inventory development property		Contract receivables	Holding company	Subsidiary companies
	2019 R'000	2018 R'000	**2019 R'000**	2018 R'000			
Secured bank loans	**140 433**	193 958	**56 596**	50 705	**Revolving dependent on facility used and outstanding receivable balance**	**Suretyships and cross guarantees**	**Cross guarantees**
Lease liabilities	**570 987**	586 803	**–**	–			
	711 420	780 761	**56 596**	50 705			

Notes to the annual financial statements continued

FOR THE YEAR ENDED 28 FEBRUARY

20. TRADE AND OTHER PAYABLES

	2019 R'000	2018 R'000
Trade payables	**884 660**	948 702
Retention creditors and subcontractors	**212 701**	233 337
Accrued expenses*	**656 211**	532 040
Amounts due to joint operations	**249 132**	87 839
Value added tax and withholding taxes*	**98 979**	90 733
Unclaimed dividends*	**24**	24
	2 101 707	1 892 675

* Non-financial liabilities.

21. PROVISIONS

	Balance at the beginning of the year R'000	Additional provisions raised R'000	Utilised/reversed during the year R'000	Balance at year-end R'000
NON-CURRENT				
Contract related provisions	–	79 942	–	79 942
CURRENT				
Warranty provisions	57 507	37 554	(57 507)	37 554
Contract related provisions	599 963	642 394	(599 963)	642 394
	657 470	679 948	(657 470)	679 948
	657 470	**759 890**	**(657 470)**	**759 890**

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

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

Included within contract related provisions is a provision of R263 million for potential unrecoverable preliminary and general costs to complete a contract. This relates to a number of contractual claims and compensation events on a large public sector power project in South Africa. The group is still actively pursuing its contractual rights in terms of the dispute resolution process as set out in the contract.

FOR THE YEAR ENDED 28 FEBRUARY

22. NOTES TO THE STATEMENT OF CASH FLOWS

22.1 CASH GENERATED FROM OPERATING ACTIVITIES

	2019 R'000	2018 R'000
Net loss before taxation	**(147 085)**	(498 323)
Adjusted for:		
Restatement effect of IFRS 9	**–**	2 930
Restatement effect of IFRS 15	**–**	51 959
	(147 085)	(443 433)
Adjusted for:		
Investment income (note 5)	**(43 960)**	(49 113)
Finance costs (note 5)	**101 129**	82 842
Depreciation (note 8)	**210 628**	176 014
Assets scrapped (note 8)	**5 445**	–
Share of profit of equity-accounted investees (note 9)	**(68 075)**	(41 388)
Amortisation of intangibles (note 11)	**2 921**	8 421
Impairment of goodwill and intangible assets (note 11)	**–**	667 114
Movement in provisions (note 21)	**102 420**	222 435
Net loss on foreign exchange	**(8 922)**	311
Profit on disposals of property, plant and equipment	**(9 465)**	(12 942)
Disposal of development units settled against liability	**(9 581)**	–
Allowance for doubtful receivables (note 15)	**1 657**	483
Lease payments	**(50 031)**	–
Other non-cash items (expenses financed, modifications on right-of-use assets, inventory written off etc.)	**27 295**	4 611
	114 376	615 355
MOVEMENTS IN WORKING CAPITAL		
Change in inventories	**(47 060)**	758
Change in contracts in progress	**(97 703)**	(13 344)
Change in trade and other receivables	**169 948**	(284 333)
Change in trade and other payables	**210 258**	111 912
Change in excess billings over work done	**60 100**	(115 726)
Effect of foreign exchange rate changes on working capital	**(49 366)**	7 788
Cash generated from operations	**360 553**	322 410

FOR THE YEAR ENDED 28 FEBRUARY

22. NOTES TO THE STATEMENT OF CASH FLOWS CONTINUED

22.2 RECONCILIATION OF TAXATION PAID DURING THE YEAR

	2019 R'000	2018 R'000
Charge against profit	**41 257**	130 521
Withholding taxes	**1 083**	–
Effect of foreign exchange rate changes on taxation	**1 428**	(4 881)
Other non-cash movements	**(22 683)**	2 406
Movement in taxation balance	**75 461**	(71 299)
Payments made	**96 546**	56 747

22.3 RECONCILIATION OF CASHFLOW MOVEMENTS RELATING TO FINANCING ACTIVITIES

			Non-cashflow movements				
	Opening balance R'000	Cashflow inflow/ (cash outflow) R'000	Additions R'000	Foreign exchange movements R'000	Interest R'000	Other non-cashflow movements R'000	Closing balance R'000
Unsecured borrowings	17 206	(2 436)	21 012	(671)	–	(23 201)**	11 910
Secured borrowings	46 267	31 453	–	(1 706)	376	2	76 392
Leases (Instalment sale agreements)	560 877	(236 361)	21 062	–	533	–	346 111
Leases (Other)*	35 898	(50 031)	70 157	1 217	7 935	(4 452)	60 724
Total borrowings	660 248	(257 375)	112 231	(1 160)	8 844	(27 651)	495 137
Voluntary Rebuild Programme	108 080	(7 643)	–	–	–	–	100 437
Deferred Settlement Arrangement	39 674	(39 674)	–	–	–	–	–
	808 002	(304 692)	112 231	(1 160)	8 844	(27 651)	595 574

* Cash outflow shown as part of operating activities.

** Other non-cashflow movements consist of the following:

	R'000
Transfer between debtors, creditors and liability balances	13 620
Disposal of development units	9 581

Notes to the annual financial statements continued

FOR THE YEAR ENDED 28 FEBRUARY

23. SEGMENT INFORMATION

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

Below are the types of activities in which each business unit (operating segment) derives revenue:

BUSINESS UNIT	DESCRIPTION OF SEGMENT
Construction & Mining	Construction of roads, terraces for new developments, municipal services, mining infrastructure and rehabilitation, fibre optic cable trenching, bulk pipelines, mine residue disposal facilities, open-pit contract mining, civil engineering, structural concrete, geotechnical and marine capabilities, which include general and specialised concrete construction for infrastructure, mining and industrial markets.
Building	Full scope of building construction from commercial and industrial through to residential and leisure. This includes select residential developments for major mining and industrial clients as well as low-cost and affordable housing for the public sector.
Mechanical & Electrical	Includes mechanical and electrical installation and construction.
Other	Other segments comprise segments which do not represent more than 10% of combined revenue or combined reported profit/(loss) or combined assets of all operating segments. It also includes those operations that are primarily centralised in nature, i.e. it primarily applies to the group's headquarters and are not allocated to any one particular segment.

Segments are managed at business unit level and can be further broken down into divisions. Divisions which are similar in nature and function are aggregated and managed by the same managing director to form business units.

Intersegment contract revenues are eliminated on consolidation. The performance of operating segments are assessed by management based on net investment income and operating profit. Goodwill to the value of R458 million (Feb 2018: R461 million) is included within reportable segment assets for other segments.

	Construction & Mining R'000	Building R'000	Mechanical & Electrical R'000	Other segments and eliminations R'000	Total R'000
2019					
Revenue from external customers	**5 336 737**	**3 352 578**	**1 208 570**	**–**	**9 897 885**
Contract revenue	**5 313 875**	**3 352 578**	**1 208 570**	**–**	**9 875 023**
Intersegment contract revenue	**16 560**	**15 864**	**84 273**	**–**	**116 697**
Depreciation, amortisation and impairment	**(172 263)**	**(21 880)**	**(16 420)**	**(2 986)**	**(213 549)**
Investment income	**22 435**	**17 548**	**2 981**	**996**	**43 960**
Finance costs	**(46 274)**	**(34 526)**	**(1 179)**	**(19 150)**	**(101 129)**
Share of profits/(losses) of equity-accounted investees	**1 536**	**67 506**	**(967)**	**–**	**68 075**
Reportable segment operating profit/(loss)	**112 029**	**(250 906)**	**(19 036)**	**(78)**	**(157 991)**
Taxation	**(43 260)**	**74 077**	**6 343**	**(1 396)**	**35 764**
Reportable segment profit/(loss)	**46 546**	**(127 357)**	**(11 064)**	**(19 446)**	**(111 321)**
Reportable segment assets	**3 482 984**	**1 915 686**	**542 666**	**506 924**	**6 448 260**
Equity-accounted investees	**5 033**	**279 686**	**(4 270)**	**–**	**280 449**
Reportable segment liabilities	**2 295 149**	**1 820 214**	**362 005**	**239 140**	**4 716 508**

FOR THE YEAR ENDED 28 FEBRUARY

23. SEGMENT INFORMATION CONTINUED

	Construction & Mining R'000	Building R'000	Mechanical & Electrical R'000	Other segments and eliminations R'000	Total R'000
2018					
Revenue from external customers	4 992 022	4 374 786	1 022 597	154	10 389 559
Contract revenue	4 967 962	4 372 963	1 022 597	–	10 363 522
Intersegment contract revenue	2 764	–	61 325	–	64 089
Depreciation, amortisation and impairment	(142 137)	(21 013)	(12 809)	(675 590)	(851 549)
Investment income	28 913	7 703	9 408	3 089	49 113
Finance costs	(37 531)	(16 824)	(217)	(28 270)	(82 842)
Share of (losses)/profits of equity-accounted investees	(662)	48 274	(6 726)	502	41 388
Reportable segment operating profit/(loss)	165 740	(4 417)	12 899	(680 204)	(505 982)
Taxation	(80 222)	(33 442)	(5 688)	70 642	(48 710)
Reportable segment profit/(loss)	76 239	1 294	9 675	(634 241)	(547 033)
Reportable segment assets	3 676 759	1 560 158	520 496	587 491	6 344 904
Equity-accounted investees	–	208 099	(3 303)	4 385	209 181
Reportable segment liabilities	2 635 404	1 330 342	295 844	293 063	4 554 653

GEOGRAPHICAL AREAS

The group operates mainly in the geographical areas of South Africa (local), Africa and the United Arab Emirates (foreign).

	2019			2018		
	Local	**Foreign**		Local	Foreign	
	R'000	**Africa R'000**	**UAE R'000**	R'000	Africa R'000	UAE R'000
Contract revenues from external customers	**7 559 370**	**2 315 653**	**–**	7 402 560	2 860 999	99 963
Non-current assets (excluding deferred tax)	**1 586 179**	**426 958**	**226 842**	1 552 870	355 198	245 346

MAJOR CUSTOMERS

Revenue generated from a single customer of the group amounted to approximately R507 million (2018: R994 million), of which the largest portion of this revenue was earned in Building (Feb 2018: Building). The group is not reliant on any one major customer as its services span a varied number of industries and countries.

Notes to the annual financial statements continued

FOR THE YEAR ENDED 28 FEBRUARY

24. RELATED PARTIES

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

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

NATURE OF RELATIONSHIPS			
SUBSIDIARIES	EQUITY-ACCOUNTED INVESTEES (NOTE 9)	JOINT OPERATIONS (NOTE 10)	OTHER
Stefanutti Stocks Proprietary Limited Trading company for operations based in South Africa, as well as some foreign operations **Stefanutti Stocks International Holdings Proprietary Limited** Holding company for subsidiaries based in foreign countries **Stefanutti Stocks Investments Proprietary Limited** Treasury company for the group	**Joint Venture** Al Tayer Stocks LLC, an interior fit-out company based in the United Arab Emirates **Associates** Various individually immaterial associates	Various joint operations	**Consolidated Structured Entities** Stefanutti & Bressan Share Trust Stefanutti Stocks Employee Participation Plan Trust Stocks Building Africa Share Trust Housing Africa Development Share Trust
OUTSTANDING BALANCES			
	Note 9 2019: R53 388 Receivable 2018: R41 391 Receivable **Note 15** 2019: R12 312 Receivable 2018: R26 514 Receivable	**Note 15** 2019: R105 556 Receivable 2018: R85 815 Receivable **Note 20** 2019: R249 132 Payable 2018: R87 839 Payable	
PROVISION OF GUARANTEES (NOTE 25)			

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

FOR THE YEAR ENDED 28 FEBRUARY

24. RELATED PARTIES CONTINUED

NON-EXECUTIVE DIRECTORS

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

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

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

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

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

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

	Short-term benefits				
	Attendance fees R'000	Annual fees R'000	Pre-approved services R'000	**Total 2019 R'000**	Total 2018 R'000
NON-EXECUTIVE DIRECTORS					
KR Eborall (Chairman)	–	944	–	**944**	901
JM Poluta (alternate to BP Silwanyana)	428	–	–	**428**	126
DG Quinn	503	–	155	**658**	891
HJ Craig	475	–	–	**475**	412
ZJ Matlala	587	–	–	**587**	570
B Silwanyana (appointed 13 April 2018)	331	–	–	**331**	–
B Harie (appointed 13 April 2018)	268	–	–	**268**	–
ME Mkwanazi (retired 8 August 2018)	410	–	–	**410**	422
NJM Canca	–	–	–	**–**	386
T Eboka	–	–	–	**–**	134
LB Sithole (retired on 1 September 2017)	–	–	–	**–**	241
JWLM Fizelle (alternate to LB Sithole) (retired on 1 September 2017)	–	–	–	**–**	170

Notes to the annual financial statements continued

FOR THE YEAR ENDED 28 FEBRUARY

24. RELATED PARTIES CONTINUED

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

	Short-term employee benefits						
	Basic salary R'000	Other benefits R'000	Short-term incentives – relating to prior year R'000	Short-term incentives – relating to current year R'000	Total R'000	Post-employment benefits R'000	Total R'000
2019							
EXECUTIVE DIRECTORS							
W Meyburgh – CEO	**5 053**	**459**	**–**	**–**	**5 512**	**566**	**6 078**
AV Cocciante – CFO	**3 366**	**38**	**–**	**–**	**3 404**	**309**	**3 713**
PRESCRIBED OFFICERS *							
R Crawford	**3 585**	**229**	**3 185**	**450**	**7 449**	**340**	**7 789**
V Olley	**3 206**	**117**	**476**	**50**	**3 849**	**298**	**4 147**
HF Schwegmann (appointed 1 June 2018)	**2 377**	**164**	**230**	**90**	**2 861**	**225**	**3 086**
DR du Plessis (appointed 1 September 2018)	**1 694**	**122**	**183**	**400**	**2 399**	**151**	**2 550**
H Jones (retired 31 August 2018)	**1 516**	**101**	**187**	**–**	**1 804**	**155**	**1 959**
EXECUTIVE KEY MANAGEMENT PERSONNEL #	**25 812**	**1 317**	**5 943**	**1 420**	**34 492**	**2 439**	**36 931**
2018							
EXECUTIVE DIRECTORS							
W Meyburgh – CEO	4 805	272	1 894	1 501	8 472	539	9 011
AV Cocciante – CFO	3 206	46	1 263	1 019	5 534	294	5 828
PRESCRIBED OFFICERS *							
R Crawford	2 831	218	2 800	460	6 309	273	6 582
W Jerling (resigned 31 January 2018)	2 696	372	1 060	100	4 228	300	4 528
H Jones	3 093	186	525	153	3 957	295	4 252
V Olley	3 051	106	814	70	4 041	284	4 325
EXECUTIVE KEY MANAGEMENT PERSONNEL #	24 448	1 514	10 204	3 663	39 829	2 360	42 189

* Prescribed officers consist of certain Executive Committee members who are not executive directors of the group.

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

Short-term incentives are aligned with the group strategy, using both financial performance measures and personal objectives. Minimum targets are required to be met before respective bonus awards are earned. No long-term employee benefits have been awarded as the group has implemented a new scheme, which measures performance over a three-year period. Please refer to the remuneration report included within the integrated report for more detail.

DIRECTORS' SERVICE CONTRACTS

All employment contracts of executive directors and senior management are in terms of the group's standard employment terms and conditions.

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

For further detail of executive directors and senior management remuneration practices refer to the remuneration report included in the integrated report.

FOR THE YEAR ENDED 28 FEBRUARY

24. RELATED PARTIES CONTINUED

DIRECTORS' SHAREHOLDING

	2019			2018		
	Direct beneficial %	**Indirect beneficial %**	**Total %**	Direct beneficial %	Indirect beneficial %	Total %
PERCENTAGE OF FULLY-PAID SHARES HELD						
DG Quinn	**–**	**0,37**	**0,37**	0,29	0,08	0,37
ME Mkwanazi	**–**	**–**	**–**	0,03	–	0,03
JM Poluta	**–**	**0,08**	**0,08**	–	0,08	0,08
W Meyburgh (CEO)	**5,83**	**–**	**5,83**	5,83	–	5,83
AV Cocciante (CFO)	**0,34**	**0,15**	**0,49**	0,34	0,15	0,49

POST YEAR-END SHARE TRANSACTIONS

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

25. GUARANTEES AND CONTINGENT LIABILITIES

GUARANTEES

	2019 R'000	2018 R'000
Total insurance policies ceded to third parties on behalf of the group	**3 457 692**	3 429 362
Guarantees and suretyships through certain banks	**3 159 955**	3 157 884

The directors are of the opinion that the possibility of any loss is remote and it is not anticipated that any material liabilities will arise. Certain of the guarantees and suretyships are supported by cross suretyships from subsidiaries.

CONTINGENT LIABILITIES

The group has one remaining matter arising out of the Competition Commission Fast Track Settlement Process in 2013. The matter relates to a civil damages claim initiated by the City of Cape Town in respect of the Green Point Stadium, following the findings and the imposition of administrative penalties by the competition authorities. Stefanutti Stocks having paid a penalty under these findings has now been cited as one of the defendants. The matter is ongoing but Stefanutti Stocks remains confident that on the facts available it will be able to successfully defend the above matter and, has accordingly not made any provision. A trial date has been set for the first quarter of 2020.

26. GOING CONCERN STATEMENT

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

In terms of IAS 37: a provision of R263 million for potential unrecoverable preliminary and general costs to complete a contract has been raised.

Due to these matters, the group is experiencing temporary liquidity pressures and as a consequence material uncertainty may exist that may cast doubt on the group's ability to continue as a going concern in the short-term.

In order to address this short-term liquidity pressure, the group is exploring raising the required funding through a combination of specific ring-fenced project financing, a number of alternative funding solutions and, only if required, a possible fresh issue of shares (the 'Funding Plan'). The first part of the Funding Plan, being the specific ring-fenced project financing has been secured. The remaining aspects of the Funding Plan are being pursued. Shareholders will be advised accordingly. Based on the successful implementation of the remainder of the Funding Plan and the current assessment of the group's financial budget for the ensuing year, the directors consider it appropriate that the group's consolidated results be prepared on the going-concern basis.

Notes to the annual financial statements continued

FOR THE YEAR ENDED 28 FEBRUARY

27. RISK MANAGEMENT, ACCOUNTING CLASSIFICATIONS AND FAIR VALUE

The group's principal financial liabilities comprise loans and borrowings, and trade and other payables. The main purpose of these liabilities is to finance the group's operations. The principal financials assets include trade receivables, and cash and cash equivalents that is derived directly from the groups operations.

ACCOUNTING CLASSIFICATIONS AND FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

	2019 R'000	2018 R'000
FINANCIAL ASSETS AT AMORTISED COST		
Bank balances (Note 16)	**922 386**	942 054
Trade and other receivables (Note 15)	**2 166 769**	2 469 443
Equity-accounted investees – Loans – Associates (Note 9)	**53 388**	41 391
FINANCIAL LIABILITIES AT AMORTISED COST		
Bank balances (Note 16)	**41 615**	26 163
Trade and other payables (Note 20)	**1 346 493**	1 269 878
Financial liabilities (Note 19)	**595 574**	772 104

CAPITAL RISK MANAGEMENT

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

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

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

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

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

Gearing ratios at year-end were as follows:

	2019 R'000	2018 R'000
Net debt	**637 163**	783 396
Interest-bearing long-term liabilities	**595 548**	757 233
Bank overdrafts	**41 615**	26 163
Total equity attributable to equity holders of the company	**1 745 944**	1 793 977
Gearing ratio	**36,5%**	43,7%

The gearing ratio decreased from 43,7% to 36,5%%. This is mostly attributable to a reduction in equity as a result of settlement of interest-bearing liabilities, combined with a reduction in equity as a result of a loss made to the value of R111 million.

27. RISK MANAGEMENT, ACCOUNTING CLASSIFICATIONS AND FAIR VALUE CONTINUED

RISK MANAGEMENT FRAMEWORK

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

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

› Credit risk
› Liquidity risk
› Market risk

CREDIT RISK

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

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

Trade and other receivables

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

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

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

The average credit period is 60 days. Interest is charged as per agreements reached with individual clients per signed contracts. The group has the right to waive interest as it deems necessary. Before accepting a new client, the group runs thorough credit and background checks in order to determine the potential customer's creditworthiness. All contracts and clients' creditworthiness is assessed on an individual basis.

Expected credit loss model

The group applied the simplified approach to determine the Expected Credit Loss (ECL) for trade receivables, by calculating the lifetime ECLs for these trade receivables. An impairment analysis is performed at each reporting date using a provision matrix. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. Since the average credit period is 60 days, amounts shown as current and 30 days are not viewed as impaired. Any amounts past the normal credit terms are subject to impairment. The group split its customer segments between local and foreign trade receivables, and further break it down between clients that operate in the private sector versus those in public sector. These trade receivables are further broken down within these categories into their credit risk categories. The calculation reflects the probability-weighted outcome at the reporting date about past events, current conditions and a forecast on future economic conditions. The assessment on future economic conditions take into account local growth in markets, interest rates and public sector investment. The maximum exposure to credit risk is the carrying value of trade receivable as indicated.

Below is the information on credit risk exposure on the groups trade receivables using a provision matrix:

	Current R'000	30 days R'000	60 days R'000	90 days R'000	120 days R'000	Total R'000
FEBRUARY 2019						
Carrying amount	**723 079**	**239 785**	**155 820**	**146 698**	**630 497**	**1 895 879**
Expected credit loss rate*	**–**	**–**	**4,5%**	**1,8%**	**9,1%**	**–**
Expected credit loss	**–**	**–**	**7 024**	**2 608**	**57 067**	**66 699**
FEBRUARY 2018						
Carrying amount	1 015 748	297 684	177 446	257 611	513 313	2 261 802
Expected credit loss rate	–	–	3,0%	3,2%	9,9%	–
Expected credit loss	–	–	5 374	8 296	51 116	64 786

* The expected credit loss % changed due to the changes in the composition of trade receivables, specifically between local and foreign, at year-end.

27. RISK MANAGEMENT, ACCOUNTING CLASSIFICATIONS AND FAIR VALUE CONTINUED

The following tables explain how significant changes in the gross carrying amount of the trade receivables contributed to changes in the loss allowance:

Increase/(decrease) in lifetime ECL

	Not credit impaired R'000	Credit impaired R'000
FEBRUARY 2018		
Trade receivables within a certain risk category increased with R95 million up to 120 days		94 575
Increase in days past due up to 120 days		22 607
Reduction in trade receivables of R133 million in the 60 and 90 days past due		(132 538)
Reduction in origination of new trade receivables and settlement	(350 567)	
FEBRUARY 2017		
Trade receivables within a certain risk category with a gross carrying amount of R327 million increased to R433 million in the 120 days past due		106 432
Trade receivables within a certain risk category with a gross carrying amount of R90 million increased to R157 million in the 60 and 90 days past due		67 325
Origination of new trade receivables net of those settled	213 065	
Increase in days past due up to 120 days		30 647

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

	2019 R'000	2018 R'000
COLLATERAL		
Contract receivables	**106 784**	195 790
Collateral held in the form of:		
Payment guarantee	**6 483**	100 931
Builder's lien	**100 301**	122 838
Credit insurance	**30 000**	–

Payment guarantee

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

Builder's Lien

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

Credit insurance

Insurance is obtained in case of default of client.

Bank balances

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

27. RISK MANAGEMENT, ACCOUNTING CLASSIFICATIONS AND FAIR VALUE CONTINUED

LIQUIDITY RISK

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

The group maintains the following lines of credit:

› R1 774 million (2018: R1 938 million) which include mainly banking, guarantee and asset-based facilities.

As on 28 February 2019 the facilities used of above credit lines are as follows:

	Limit R'000	Utilisation R'000	Available R'000
Facility A	1 082 039	613 117	468 922
Facility B	278 778	187 784	90 994
Facility C	100 000	66 295	33 705
Facility D	313 450	124 313	189 137
	1 774 267	991 509	782 758

EXPOSURE TO LIQUIDITY RISK

The following are the remaining contractual maturities of financial instruments that impact on the liquidity of the group at the reporting date. The amounts are presented gross and undiscounted and include contractual interest payments.

	Carrying amount R'000	Total R'000	On demand R'000	Less than one year R'000	Between two and five years R'000	More than five years R'000
2019						
FINANCIAL ASSETS						
Trade and other receivables	**2 166 769**	**2 166 769**	**–**	**2 166 769**	**–**	**–**
	2 166 769	**2 166 769**	**–**	**2 166 769**	**–**	**–**
FINANCIAL LIABILITIES						
Other financial liabilities	**595 574**	**668 780**	**944**	**318 762**	**289 074**	**60 000**
Trade and other payables	**1 346 493**	**1 346 493**	**–**	**1 346 493**	**–**	**–**
Bank balances	**41 615**	**41 615**	**–**	**41 615**	**–**	**–**
	1 983 682	**2 056 888**	**944**	**1 706 870**	**289 074**	**60 000**
2018						
FINANCIAL ASSETS						
Trade and other receivables	2 469 443	2 469 443	–	2 469 443	–	–
	2 469 443	2 469 443	–	2 469 443	–	–
FINANCIAL LIABILITIES						
Other financial liabilities	772 104	967 584	–	342 059	550 525	75 000
Trade and other payables	1 269 878	1 269 878	–	1 269 878	–	–
Bank balances	26 163	26 163	–	26 163	–	–
	2 068 145	2 263 625	–	1 638 100	550 525	75 000

Notes to the annual financial statements continued

FOR THE YEAR ENDED 28 FEBRUARY

27. RISK MANAGEMENT, ACCOUNTING CLASSIFICATIONS AND FAIR VALUE CONTINUED

MARKET RISK

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

Currency risk

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

In addition to the above, the group also has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. The presentation currency of the group is Rand. The currencies in which these transactions are primarily denominated are Zambian Kwacha (ZMW), Mozambique Metical (MZN), United Arab Emirates Dirham (AED), United States Dollar (USD) and other African currencies.

	2019					2018				
	AED R'000	ZMW R'000	MZN R'000	Other R'000	Total R'000	AED R'000	ZMW R'000	MZN R'000	Other R'000	Total R'000
Profit/(loss) for the year included	66 308	31 139	22 995	22 807	143 249	42 816	66 216	26 013	42 681	177 726
Unhedged monetary assets	9 735	292 910	369 625	367 991	1 040 261	17 546	552 934	168 322	387 200	1 126 002
Trade receivables	–	255 589	30 039	173 396	459 024	–	521 155	69 532	174 762	765 449
Other receivables	13	25 137	43 394	67 691	136 235	–	5 041	20 228	29 519	54 788
Bank balances	9 722	12 184	296 192	126 904	445 002	17 546	26 738	78 562	182 919	305 765
Unhedged monetary liabilities	1 871	45 152	232 791	129 387	409 201	7 187	104 516	150 260	65 838	327 801
Trade payables	87	3 660	41 824	31 567	77 138	210	11 013	38 340	40 651	90 214
Other payables	1 784	41 492	190 967	74 210	308 453	6 977	93 503	111 920	25 187	237 587
Bank overdraft	–	–	–	23 610	23 610	–	–	–	–	–

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

	Average rate		Closing rate	
	2019	2018	2019	2018
THE FOLLOWING EXCHANGE RATES HAVE BEEN APPLIED				
ZMW	1,2550	1,3748	1,1593	1,1987
MZN	0,2233	0,2089	0,2237	0,1911
AED	3,6871	3,5631	3,8115	3,2004
USD	13,5427	13,0869	13,9999	11,7548

Sensitivity analysis

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

	Movement		Strengthening/(weakening)	
	2019 %	2018 %	2019 R'000	2018 R'000
ZMW	9	3	3 425/(3 425)	7 284/(7 284)
MZN	7	5	1 585/(1 585)	1 402/(1 402)
AED	3	9	2 270/(2 270)	3 818/(3 818)
USD	3	8	331/(331)	4 866/(4 866)

FOR THE YEAR ENDED 28 FEBRUARY

27. RISK MANAGEMENT, ACCOUNTING CLASSIFICATIONS AND FAIR VALUE CONTINUED

Interest rate risk

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

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

	Currency	Nominal interest rate		Year of maturity	Carrying value	
		2019 %	2018 %		**2019 R'000**	2018 R'000
Unsecured borrowings	ZAR	**3,6 – 8,6**	Variable linked to prime	2020	**4 464**	2 334
Secured borrowings	ZAR	**9 – 9,3**	9 – 9,3	2023	**36 813**	46 267
Secured borrowings	MZN	**5,9**	–	2021	**39 580**	–
Secured borrowings	ZAR	**Prime**	–	Linked to sale of development property	**7 420**	–
Lease liabilities (Instalment sales)	ZAR	**8,8 – 10,5**	8,9 – 11	2020 – 2023	**346 111**	560 877
Lease liabilities (Other)	Various	**9,5 – 23,25**	–	2020 – 2022	**60 723**	–
Voluntary Rebuild Programme	ZAR	**7,5**	7,5	2028	**100 437**	108 080
Deferred Settlement Arrangement	ZAR	**–**	7	2020	**–**	39 674
					595 548	757 232

SENSITIVITY ANALYSIS

A change of 100 basis points in interest rates would have increased or decreased profit or loss by R10 million before tax (2018: R3 million).

28. AVAILABILITY OF STEFANUTTI STOCKS SEPARATE ANNUAL FINANCIAL STATEMENTS

The Stefanutti Stocks Holdings Limited separate annual financial statements have been prepared and signed on 19 June 2019, and are available on the group's website.

The Stefanutti Stocks separate annual financial statements have been prepared in accordance with the requirements of the Companies Act and the company's independent auditors, Mazars, has expressed an unqualified opinion with an emphasis of matter thereon.

Notes to the annual financial statements continued

FOR THE YEAR ENDED 28 FEBRUARY

BASIS OF PREPARATION

GOING-CONCERN STATEMENT

The group is currently experiencing short-term liquidity pressure and is exploring raising the required funding through a combination of specific ring-fenced project financing, a number of alternative funding solutions and, only if required, a possible fresh issue of shares (the 'Funding Plan'). The first part of the Funding Plan, being the specific ring-fenced project financing has been secured. The remaining aspects of the Funding Plan are being pursued. Based on the successful implementation of the remainder of the Funding Plan and the current assessment of the group's financial budget for the ensuing year, the directors consider it appropriate that the group's consolidated results be prepared on the going-concern basis.

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

PREPARED IN ACCORDANCE WITH

International Financial Reporting Standards (IFRS), Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council.	JSE Listing Requirements	Companies Act, No. 71 of 2008	Going-concern principles

FUNCTIONAL AND PRESENTATION CURRENCY

South African Rand

ROUNDING POLICY

R'000 (thousand)

FOREIGN CURRENCY TRANSACTIONS

PROCEDURES FOLLOWED TO TRANSLATE TO PRESENTATION CURRENCY

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

› Monetary assets and liabilities for each statement of financial position presented are translated at the closing rate at reporting date.
› Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.
› Income and expenses for each statement of profit or loss and other comprehensive income are translated at exchange rates at the dates of the transactions or, where exchange differences did not fluctuate significantly, at the average exchange rates for the period.

Accounting policies

FOR THE YEAR ENDED 28 FEBRUARY

SIGNIFICANT ACCOUNTING POLICIES

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

REFERENCE TABLE BETWEEN SIGNIFICANT ACCOUNTING POLICIES AND NOTES

SIGNIFICANT ACCOUNTING POLICIES	NOTES AND ACCOUNTING POLICY (AP)
Construction contracts	**AP 1**
Revenue	2, 3
Contract assets and liabilities	2, 3, 14, 15
Provisions and onerous contracts	21
Investment income	5.1
Other income and EBITDA	4
Employee benefits	**AP 2**
Short-term benefits	4, 24
Post-employment benefits	4, 24
Long-term employment benefits	4, 24
Group accounting	**AP 3**
Translation of foreign operations	Statement of changes in equity
Subsidiaries	Page 1
Equity-accounted investees and joint operations	9, 10
Operating assets	**AP 4**
Property, plant and equipment	8
Goodwill	11
Inventories	13
Lease liabilities	4, 19
Financial instruments	**AP 5**
Financial assets	15, 16, 27
Impairment	15, 27
Financial liabilities	16, 19, 20, 27
Capital and reserves	**AP 6**
Share capital	17
Reserves	Statement of changes in equity
Treasury shares	Statement of changes in equity, 7, 17

FOR THE YEAR ENDED 28 FEBRUARY

1. CONSTRUCTION CONTRACTS

REVENUE FROM CONTRACTS WITH CUSTOMERS

			INCLUDES	RECOGNITION	MEASUREMENT
Revenue	Contract revenue	Within South Africa	South Africa	Stage of completion based on surveys of work performed When surveys of work performed cannot be determined reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable	Based on: › Fair value consideration received or receivable › Including variations and claims › Excluding Value added tax
		Outside South Africa	Rest of Africa as well as United Arab Emirates		
	Other income	Project management fee	Amounts both received and accrued	Fair value	When services are rendered
		Rental income	Amounts both received and accrued	Fair value Rental income from leases are recognised as operating leases	Over period of lease term

All transactions are concluded at arm's length, therefore the transaction price is considered to reflect the fair value.

	REVENUE TYPE	INCLUDES	RECOGNITION DRIVE	TRANSFER OF CONTROL	MEASUREMENT	DURATION OF CONTRACT
Construction & Mining	Roads, earthworks and pipelines	› Bulk earthworks › Road construction, maintenance and rehabilitations › Crushing and screening › Agricultural land preparation and infrastructural development › Large diameter welded steel pipe installation	Measured work performed	Over time	Fair value	› Longer than 12 months › Shorter than 12 months
	Mining services	› Bulk materials handling › Design, construction, operations and maintenance of tailing storage facilities › Hydraulic mining › Open pit contract mining	Measured work performed	Over time	Fair value	› Longer than 12 months
	Civil works	› Caisson floating and installations › Civils works, bridges and transport infrastructure › Concrete rehabilitation › Marine and shipyard infrastructure	Measured work performed	Over time	Fair value	› Longer than 12 months › Shorter than 12 months
	Geotechnical services	› Geotechnical construction piling and lateral support › Rock anchors and shotcrete	Measured work performed	Over time	Fair value	› Shorter than 12 months
	General contracting	› Dam construction › Balance of plant infrastructure for renewable energy projects	Measured work performed	Over time	Fair value	› Longer than 12 months › Shorter than 12 months

FOR THE YEAR ENDED 28 FEBRUARY

1. CONSTRUCTION CONTRACTS CONTINUED

	REVENUE TYPE	INCLUDES	RECOGNITION DRIVE	TRANSFER OF CONTROL	MEASUREMENT	DURATION OF CONTRACT
Building	Non-residential	› Airport buildings › Commercial buildings › Education facilities › Hospitals and medical facilities › Industrial warehouses, factories and distribution centres	Measured work performed	Over time	Fair value	› Longer than 12 months › Shorter than 12 months
Building	Residential	› Affordable housing › Residential developments	Measured work performed	Over time/ at a point in time depending on ownership	Fair value	› Longer than 12 months › Shorter than 12 months
Mechanical & Electrical	Mechanical Electrical Oil & gas	› Control system installation › Design and build high rate water clarifier plants › Field instrumentation installation › Pipe spool fabrication › Petrochemical shutdown maintenance work	Measured work performed	Over time	Fair value	› Shorter than 12 months

The group has applied the practical expedient allowed for transition contracts expected to be less than one year.

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

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the group expects to be entitled in exchange for those goods or services. Payment terms for services delivered are normally within 30 to 60 days.

COSTS INCURRED	VARIABLE CONSIDERATION	SIGNIFICANT FINANCING COMPONENT	SIGNIFICANT FINANCING COMPONENT
		SHORTER THAN 12 MONTHS	LONGER THAN 12 MONTHS
All costs incurred to obtain a contract are expensed immediately and recognised in profit or loss	The group estimates the amount of variable consideration, to which it would be entitled to. Variable consideration is constrained until it is highly probable that a reversal of revenue will not occur.	Advances received on contracts with customers are generally shorter than 12 months, and therefore the group does not adjust the consideration for the effects of a significant financing component.	In instances where advances received are utilised in a period longer than 12 months, the group adjusts the consideration for the effects of a significant financing component by using an applicable interest rate. Contract revenue is adjusted with this financing component and accounted for as finance costs paid.

Accounting policies continued

FOR THE YEAR ENDED 28 FEBRUARY

1. CONSTRUCTION CONTRACTS CONTINUED

WARRANTIES AND RELATED OBLIGATIONS

PERFORMANCE GUARANTEES	ADVANCE PAYMENT GUARANTEES	SUBCONTRACTOR RETENTIONS	DEFECTS LIABILITIES	TENDER GUARANTEES
Performance guarantees are issued to a client to guarantee the quality and performance of the construction services rendered in the event that there is default in terms of the contract.	Advance payment guarantees are issued in lieu of an advance received and reduces over the period of the contract as the advance payment is utilised.	Specific amounts are withheld on each payment made to subcontractors, and either repaid when the defects liability period comes to an end or when payment is received from the client.	Defects liabilities provide for warranties relating to defects arising subsequent to the completion of the contract.	Tender guarantees are issued as guarantee that should the project tendered for be awarded, the group would be in the position to execute the contract.
Performance guarantees are dependent on the nature, terms and timing of each specific contract.	Advance payment guarantees are dependent on the nature, terms and timing of each specific contract.	Retentions are dependent on the nature, terms and timing of each specific contract.	Defects liabilities are dependent on the nature, terms and timing of each specific contract.	Tender guarantees are dependent on the nature, terms and timing of each specific contract tendered on.

CONTRACT ASSETS AND LIABILITIES

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

CONTRACT LIABILITIES	MEASUREMENT
Excess billings over work done	The amount by which progress billings exceed costs incurred plus recognised profit less recognised losses.
Provisions	Estimates are made of the expected cash outflows relating to contracts.
Onerous contracts	In the instance where the group has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision. An onerous contract is a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

OTHER INCOME AND EBITDA

	INCLUDES	MEASUREMENT	RECOGNITION
Other income	Amounts both received and accrued	Fair value	When services are rendered

EBITDA

EBITDA comprises earnings before interest, share of profits of equity-accounted investees, taxation, depreciation, amortisation and impairment.

INVESTMENT INCOME

	INCLUDES	MEASUREMENT	RECOGNITION
Investment income	Amounts both received and accrued	Effective interest method	Time proportion basis

Accounting policies continued

FOR THE YEAR ENDED 28 FEBRUARY

2. EMPLOYEE BENEFITS

Stefanutti Stocks identifies three types of employee benefits which are accounted for in accordance with IAS 19.

SHORT-TERM BENEFITS

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

POST-EMPLOYMENT BENEFITS

Defined contribution plan	The group contributes to a defined contribution plan. The group requires monthly-paid employees to partake in a group retirement fund and hourly-paid employees in the relevant industry funds. The group contributes a monthly contribution to these funds and does not bear any further responsibility thereafter. These funds are managed by various portfolio managers and are governed by the Pension Funds Act, No. 24 of 1956.
Accounting treatment	The payments are charged as expenses when the related services are provided.

LONG-TERM EMPLOYMENT BENEFITS

Forfeitable share plan	The group operates a profit-sharing bonus scheme whereby the consideration for services received from directors and senior employees is paid through a performance-based bonus that is used to purchase a variable number of shares in the open market. The shares may not be disposed of or otherwise encumbered during the vesting period of three years. All risks and benefits associated with the shares transfer to the employee on award of the bonus.
Accounting treatment	The bonus cost is expensed over the vesting period in profit and loss.

3. GROUP ACCOUNTING

TRANSLATION OF FOREIGN OPERATIONS

PROCEDURES FOLLOWED TO TRANSLATE TO PRESENTATION CURRENCY

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

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

SUBSIDIARIES

Subsidiaries are entities controlled by the group.

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

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

RECOGNITION AND MEASUREMENT

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

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

NON-CONTROLLING INTEREST (NCI)

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

3. GROUP ACCOUNTING CONTINUED

INTERCOMPANY TRANSACTIONS

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

CONSOLIDATED STRUCTURED ENTITIES

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

EQUITY-ACCOUNTED INVESTEES AND JOINT OPERATIONS

JOINT OPERATIONS AND JOINT VENTURES

Management assesses whether a joint arrangement must be classified as a joint operation or joint venture. This assessment depends on whether the joint arrangement has rights to the assets, and obligations for the liabilities, relating to the arrangement. The group recognises its investments as joint operations when the operations are performed through unincorporated arrangements such as partnerships and contracts, and the group has rights to the assets, and obligations for the liabilities. In determining the classification of joint arrangements, management considered the contractual agreements with respect to sharing control; and whether parties are jointly and severally liable for the joint arrangement's rights and obligations. Other investments are recognised as joint ventures when the group only has rights to the net assets of the arrangement.

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

Accounting policies continued

FOR THE YEAR ENDED 28 FEBRUARY

4. OPERATING ASSETS

PROPERTY, PLANT AND EQUIPMENT

OWNED ASSETS

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

RIGHT-OF-USE ASSETS

CATEGORIES	INITIAL MEASUREMENT	SUBSEQUENT MEASUREMENT	DEPRECIATION METHOD AND PERIOD
Land and buildings	Right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability 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 restore the underlying asset or the site on which it is located, less any lease incentives received.	Cost less accumulated depreciation and accumulated impairment losses.	Right-of-use assets are depreciated over their expected useful lives on the same basis as owned assets, or where shorter, the terms of the leases.
Plant and equipment			
Transport and motor vehicles			
Furniture, fittings, office and computer equipment			

GOODWILL

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

Accounting policies continued

FOR THE YEAR ENDED 28 FEBRUARY

4. OPERATING ASSETS CONTINUED

INVENTORIES

INVENTORY

INITIAL MEASUREMENT AND RECOGNITION

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

LEASE LIABILITIES

INITIAL MEASUREMENT AND RECOGNITION	SUBSEQUENT MEASUREMENT
Lease liabilities is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the group's incremental borrowing rate.	At amortised cost. It is remeasured when there is a change in future lease payments arising from a change in term or if the group changes its assessment on whether it will exercise a purchase, extension or termination. These adjustments are recognised as modifications in the statement of profit or loss. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

For the prior year operating leases were recognised as expenses on a straight-line basis over the term of the lease. Finance leases were recognised as a lease liability with a corresponding asset recognised within property, plant and equipment over the period of the lease.

SHORT-TERM LEASES AND LEASES OF LOW-VALUE ASSETS

INITIAL MEASUREMENT AND RECOGNITION

The group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases that have a lease term of 12 months or less and leases of low-value assets. Low-value assets are defined as assets with a value of R250 000 and less. Lease payments associated are recognised in profit or loss on a straight-line basis over the term of the relevant lease.

5. FINANCIAL INSTRUMENTS

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

FINANCIAL ASSETS

CLASSIFICATION	INSTRUMENTS INCLUDED IN THE CLASSIFICATION	INITIAL MEASUREMENT	SUBSEQUENT MEASUREMENT
Amortised cost	Trade and other receivables (excluding Value Added Tax and Prepayments), and cash and cash equivalents.	Fair value plus direct transaction costs.	Amortised costs using the effective interest rate method, less impairment.

IMPAIRMENT

Expected credit loss model	**TRADE AND OTHER RECEIVABLES** The group uses an allowance account to recognise credit losses on trade and other receivables. The group applies its impairment model as follows: **EXPECTED CREDIT LOSS MODEL (ECL)** The group applies the simplified approach of recognising lifetime ECLs over the lifetime of the trade receivables. The group applies a matrix in measuring the expected credit loss, based on general economic conditions and an assessment of both current and future conditions. Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the entity, failure to make contractual payments for a period of greater than 120 days past due and when external information such as probable insolvency or significant difficulties indicates that it is unlikely to receive the outstanding contractual amounts in full. Any amount written off is only done after considering any collateral held. Financial assets written off may still be subject to enforcement activities under the group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss. Impairment allowances are deducted from the carrying amounts of the trade and other receivables.

FINANCIAL LIABILITIES

CLASSIFICATION	INSTRUMENTS INCLUDED IN THE CLASSIFICATION	INITIAL MEASUREMENT	SUBSEQUENT MEASUREMENT
Amortised cost	Other liabilities, trade and other payables, including retention creditors and subcontractors and bank overdrafts.	Fair value plus direct transaction costs.	Amortised costs using the effective interest method.

6. CAPITAL AND RESERVES

SHARE CAPITAL

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

RESERVES

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

Revaluation surplus reserve comprises the revaluation of land and buildings.

TREASURY SHARES

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

Accounting policies continued

FOR THE YEAR ENDED 28 FEBRUARY

NEW ACCOUNTING PRONOUNCEMENTS ADOPTED

STANDARDS AND INTERPRETATIONS ISSUED AND NOT YET EFFECTIVE

The group has chosen not to early adopt the following Standards and Interpretations, which have been published and are mandatory for the group's accounting periods beginning on or after 1 March 2019 or later periods.

	ACCOUNTING STANDARD/INTERPRETATION	TYPE	EFFECTIVE DATE	IMPACT ON THE ANNUAL FINANCIAL STATEMENTS
IAS 28	**INVESTMENTS IN ASSOCIATES AND JOINT VENTURES** The amendment clarifies that an entity applies IFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in IFRS 9 applies to such long-term interests.	Amendment	1 January 2019	The impairment requirements might result in recognition of credit losses.
IFRS 11	**JOINT ARRANGEMENTS** A party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in IFRS 3. The amendments clarify that the previously held interests in that joint operation are not remeasured.	Amendment	1 January 2019	No expected change as the company does not currently have such instances.
IAS 12	**INCOME TAXES** The amendment clarifies that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.	Amendment	1 January 2019	No expected change as the company does not currently have such instances.
IAS 23	**BORROWING COST** The amendment clarifies that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.	Amendment	1 January 2019	No expected change as the company does not have qualifying assets.
IAS 1 AND IAS 8	**DEFINITION OF MATERIAL** The amendment clarifies that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements.	Amendment	1 January 2019	No expected change as the company's considers both the nature and magnitude of the information, in terms of the company's materiality statement.

Accounting policies continued

FOR THE YEAR ENDED 28 FEBRUARY

NEW ACCOUNTING PRONOUNCEMENTS ADOPTED CONTINUED

	ACCOUNTING STANDARD/INTERPRETATION	TYPE	EFFECTIVE DATE	IMPACT ON THE ANNUAL FINANCIAL STATEMENTS
CONCEPTUAL FRAMEWORK	**CONCEPTUAL FRAMEWORK** The Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. It is arranged in eight chapters, as follows: › Chapter 1 — The objective of financial reporting › Chapter 2 — Qualitative characteristics of useful financial information › Chapter 3 — Financial statements and the reporting entity › Chapter 4 — The elements of financial statements › Chapter 5 — Recognition and derecognition › Chapter 6 — Measurement › Chapter 7 — Presentation and disclosure › Chapter 8 — Concepts of capital and capital maintenance The Conceptual Framework is accompanied by a Basis for Conclusions. The board has also issued a separate accompanying document, Amendments to References to the Conceptual Framework in IFRS Standards, which sets out the amendments to affected standards in order to update references to the Conceptual Framework. In most cases, the standard references are updated to refer to the Conceptual Framework. There are exemptions in developing accounting policies for regulatory account balances for two standards, namely, IFRS 3 and for those applying IAS 8.	New	1 January 2019	No impact expected as the group applies the standards throughout a set of annual financial statements and does not revert to the framework.

Shareholders' analysis

ANALYSIS OF ORDINARY SHAREHOLDERS AS AT 28 FEBRUARY 2019

	Number of shareholdings	% of total shareholdings	Number of shares	% of issued capital
SHAREHOLDER SPREAD				
1 – 1 000	785	40,47	268 044	0,14
1 001 – 10 000	615	31,70	2 552 285	1,36
10 001 – 100 000	417	21,49	12 941 062	6,88
100 001 – 1 000 000	82	4,23	26 888 004	14,30
Over 1 000 000	41	2,11	145 431 351	77,32
TOTAL	1 940	100,00	188 080 746	100,00
DISTRIBUTION OF SHAREHOLDERS				
Assurance companies	10	0,52	7 923 587	4,21
Close corporations	18	0,93	829 199	0,44
Collective investment schemes	37	1,91	79 783 290	42,42
Custodians	9	0,47	2 243 961	1,19
Foundations and charitable funds	11	0,57	440 695	0,23
Hedge funds	8	0,41	14 211 796	7,55
Insurance companies	1	0,05	43 036	0,02
Investment partnerships	13	0,67	185 158	0,10
Managed funds	3	0,16	181 020	0,10
Medical aid funds	1	0,05	220 022	0,12
Organs of State	1	0,05	3	0,00
Private companies	52	2,68	3 666 362	1,95
Public entities	1	0,05	42 000	0,02
Retail shareholders	1 594	82,16	38 271 687	20,35
Retirement benefit funds	54	2,78	9 146 014	4,86
Scrip lending	2	0,10	1 363 948	0,73
Share schemes	4	0,21	6 479 930	3,45
Stockbrokers and nominees	5	0,26	1 877 232	1,00
Treasury	2	0,10	14 389 667	7,65
Trusts	112	5,77	6 781 834	3,61
Unclaimed scrip	2	0,10	305	0,00
TOTAL	1 940	100,00	188 080 746	100,00
SHAREHOLDER TYPE				
NON-PUBLIC SHAREHOLDERS	35	1,80	34 581 382	18,39
Directors and associates of the company and subsidiaries	30	1,55	13 761 785	7,32
Own holdings	2	0,10	14 389 667	7,65
Share trusts	3	0,15	6 429 930	3,42
PUBLIC SHAREHOLDERS	1 905	98,20	153 499 364	81,61
TOTAL	1 940	100,00	188 080 746	100,00

Shareholders' analysis continued

ANALYSIS OF ORDINARY SHAREHOLDERS AS AT 28 FEBRUARY 2019

	Number of shares	% of issued capital
BENEFICIAL SHAREHOLDERS WITH A HOLDING GREATER THAN 3% OF THE ISSUED SHARES		
Sanlam Group	26 806 010	14,25
PSG	20 293 099	10,79
Investec	16 476 698	8,76
Meyburgh Family Trust	10 972 409	5,83
Centaur	7 862 811	4,18
Stefanutti Stocks Investments Proprietary Limited	7 679 130	4,08
Stefanutti Stocks Investment Holding	6 710 537	3,57
Allan Gray	6 319 207	3,36
TOTAL	103 119 901	54,82

Abbreviations and definitions

"AAARG"
Average Anticipated Annual Revenue Growth

"AGM"
Annual general meeting

"ARCO"
Audit, Governance and Risk Committee

"C&M"
Construction & Mining

"CEO"
Chief Executive Officer

"CFO"
Chief Financial Officer

"CGU"
Cash generating unit

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

"EBITDA"
Earnings before interest, share of profits of equity-accounted investees, taxation, depreciation and amortisation

"EPS"
Earnings per share

"FSP"
Forfeitable Share Plan

"HEPS"
Headline earnings per share

"ICT"
Information communication technology

"IFRS"
International Financial Reporting Standards

"JSE"
JSE Limited

"JSE Listings Requirements"
Listings Requirements of the JSE Limited

"King IV"
King IV Report on Corporate Governance for South Africa 2016

"M&E"
Mechanical & Electrical

"NAV"
Net asset value

"Operating profit"
Operating profit before investment income

"REMCO"
Remuneration and Nominations Committee

"S&E Committee"
Social and Ethics Committee

"SAICA"
South African Institute of Charted Accountants

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

"the board"
The board of directors of Stefanutti Stocks

"the current year"
The financial year ended 28 February 2019

"the next year"
The financial year ending 29 February 2020

"the previous year"
The financial year ended 28 February 2018

"UAE"
United Arab Emirates

"WACC"
Weighted average cost of capital

Corporate information

Company Information

Stefanutti Stocks Holdings Limited
Share code: SSK ISIN: ZAE000123766
JSE Sector: Construction Year end: 28 February

Registration Number

1996/003767/06

Country of Incorporation

South Africa

Registered Office

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

Postal Address

PO Box 12394, Aston Manor, 1630

Telephone Number

+27 11 571 4300

Facsimile

+27 11 976 3487

Directors

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

* Independent Non-executive Directors

Company Secretary

WR Somerville
20 Lurgan Road, Parkview, 2193
Telephone number: +27 11 326 0975

Auditors

Mazars
Mazars House, 54 Glenhove Road, Melrose Estate, 2196
PO Box 6697, Johannesburg, 2000
Telephone number: +27 11 547 4000

Attorneys

Webber Wentzel
90 Rivonia Road, Sandton, Johannesburg, 2196
PO Box 61771, Marshalltown, 2107
Telephone number: +27 11 530 5000

Transfer Secretaries

Computershare Investor Services (Pty) Ltd
Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196
PO Box 61051, Marshalltown, 2107
Telephone number: +27 11 370 5000

Sponsor

Bridge Capital Advisors (Pty) Ltd
50 Smits Road, Dunkeld, 2196
PO Box 651010, Benmore, 2010
Telephone number: +27 11 268 6231

Bankers

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

Website

www.stefanuttistocks.com

Stefanutti Stocks

WWW.STEFANUTTISTOCKS.COM