Stefanutti Stocks

Annual Report 2009

United in bridging your expectations

Annual Report 2009

Mission

- To operate as a multi-disciplinary group in the construction economies of Africa, the Middle East and other select international markets
- To focus on continuous and sustainable top and bottom line growth
- To create a desirable place of work, being a natural home for creativity and enthusiasm, within a safe working environment

United in bridging your expectations

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GROUP OVERVIEW

Stefanutti Stocks is a multi-disciplinary engineering and construction group with the capability of managing activities throughout the construction environment.

Our offering extends across a wide scope of supply including the construction of fixed infrastructure, municipal services, mining, industrial and petrochemical facilities and all structures and buildings essential for the continued development of the economies within which we operate.

During the year Stefanutti Stocks became a major competitor to first-tier construction groups following the merger with Stocks which became effective on 31 July 2008. Significant synergies between the two companies facilitated a smooth and efficient integration which has yielded economies of scale and other benefits for the group including a strengthened management team. In addition the merger boosted direct black shareholding in the group to 18,3%.

The group has a geographical footprint across South Africa, Southern Africa including Angola, Botswana, Lesotho, Mozambique, Namibia, Swaziland, Zambia, Zimbabwe and the Middle East.

Our clients include governments, parastatals and local authorities, major mining houses, leading industrial and other corporations, financial institutions and property developers.

Business units

structures

property & concessions

building

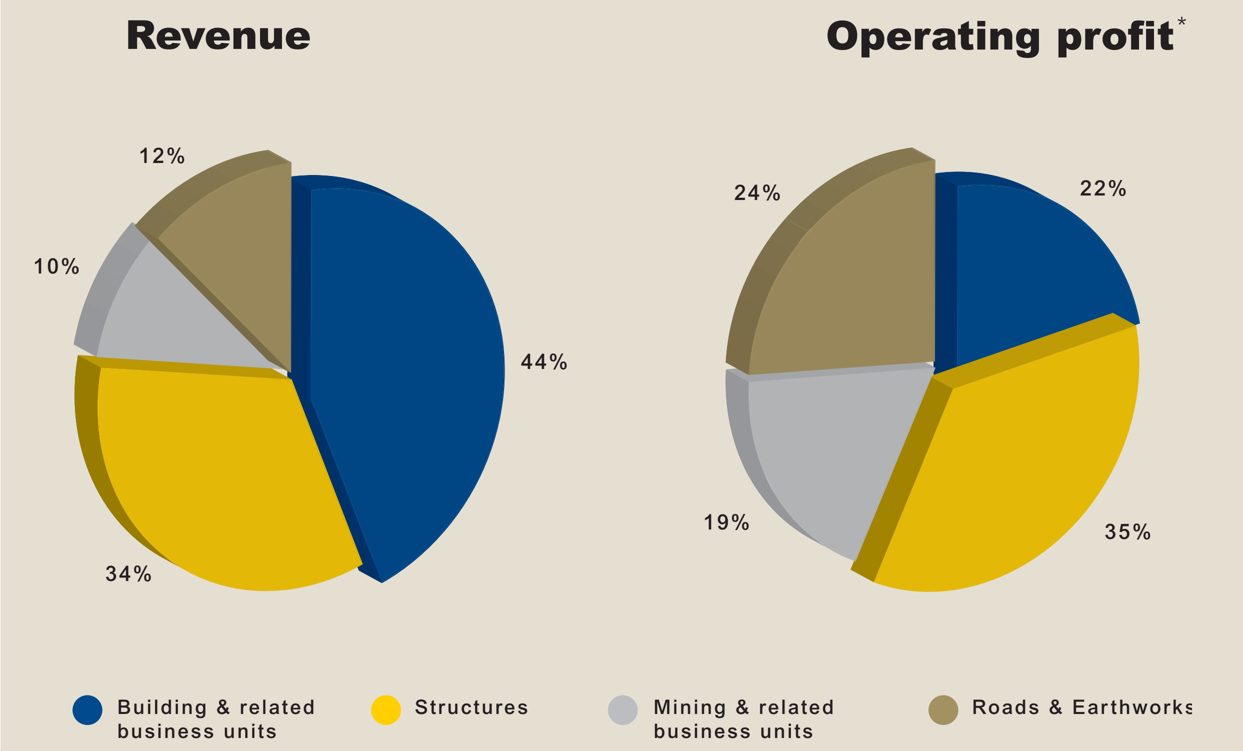
mechanical, electrical & power

roads & earthworks

mining services

Financial highlights

- Revenue ⬆ 144%
- Operating profit ⬆ 113%
- Headline earnings ⬆ 79%
- Normalised HEPS ⬆ 93%
- Cash generated from operations R1,1 billion
- Maiden dividend of 58 cents per share



* *includes proportion of holding company costs*

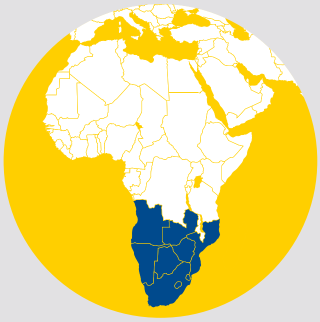
We are active in South Africa, Southern Africa including Angola, Botswana, Lesotho, Mozambique, Namibia, Swaziland, Zambia, Zimbabwe and the Middle East.

Geographical footprint

In South Africa and Southern Africa we operate in the structures, roads & earthworks, property & concessions, mining services, mechanical, electrical & power as well as building sectors. In the Middle East our operations cover interior fit-outs, refurbishments and electro-mechanical installations as well as general construction work.

Key disciplines

Structures



- reinforced concrete works for mine infrastructure, industrial and petrochemical plants, power stations, storage silos, bridges, marine works and effluent and water treatment plants;
- specialists in construction of incrementally launched bridges and related structures, cooling towers and high volume storage facilities;
- geotechnical works;
- incorporates Civil & Coastal Construction, a specialist marine contractor; and
- operates throughout South Africa and select African countries.

Management

Schalk Ackerman (51)
Years of industry experience: 28 years

Recent projects

- Kusile Power Station – Mpumalanga (joint venture)
- Ben Schoeman Dock – Cape Town (joint venture)
- Gauteng Freeway Improvement Project
- Chemical Berth – Richards Bay
- Ngezi and Unki Mines – Zimbabwe
- Moses Mabhida Stadium – Durban (joint venture)

Operations

- Civils
- Civils KZN
- Geotechnical
- Civil & Coastal Construction

Structures encompasses the group's civil engineering, geotechnical and marine capabilities and remains the primary business driver for the group.

This Business Unit was boosted by a 50% increase in production volumes within the civil engineering industry, which was significantly greater than in the previous year. The order book remains at a satisfactory level.

As a result of its expertise and capacity, Structures is involved in a number of major infrastructure and expansion projects such as the new Kusile Power Station (civils, geotechnical and earthworks), Ben Schoeman Dock in Cape Town Harbour (marine), the Gauteng Freeway Improvement Project (civils), the Chemical Berth in Richards Bay (civils and marine) and the Moses Mabhida Stadium in Durban (civils and building). Some of these projects are executed in joint venture.

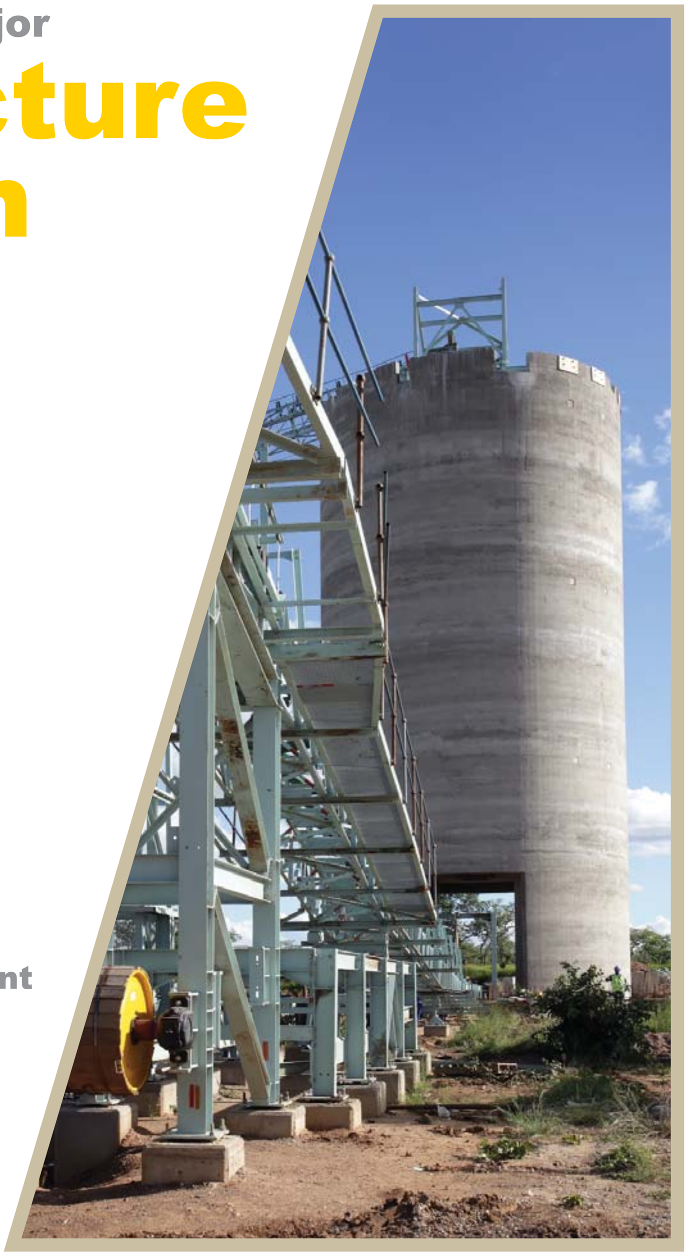
The mining sector remained one of the key markets during the year with projects in the platinum, coal, chrome and gold sectors for a variety of mining houses. Structures is further involved in projects in neighbouring countries including mine infrastructure contracts in Botswana and Zimbabwe, marine, petrochemical and ethanol projects in Angola and Mozambique and industrial projects in Zambia.

Going forward the Business Unit will focus on road, rail, harbour, power and water/effluent treatment projects to generate ongoing growth in light of extensive government expenditure committed to these areas. Further expansion of Structures' activities beyond South Africa will also be a priority with concentrated efforts in the industrial, marine, mining and petrochemical markets.

Active in a number of major

infrastructure expansion

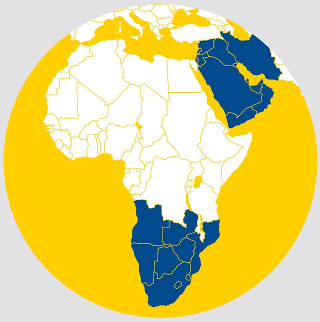
projects



Capabilities

- Heavy industrial structures
- Power projects
- Mining infrastructure
- Ports & harbours
- Bridges
- Water & waste water treatment
- Piling & lateral support
- Concrete rehabilitation

Building



- contracts across the full spectrum of commercial, industrial, institutional and leisure fields;
- focused housing operation from low-cost housing to high rise residential with specific focus on affordable housing; and
- operates throughout South Africa and select Southern African countries.

Middle East

- general construction, focused on the infrastructure market;
- interior contracting and refurbishments through Al-Tayer Stocks LLC; and
- electromechanical contracting through Zener Steward LLC.

Management

Stephen Pell (51)
Years of industry experience: 30 years

Recent projects

South Africa

- One & Only Hotel – Cape Town (joint venture)
- OR Tambo & Cape Town International Airports (joint venture)
- Liberty Life Head Office – Durban
- Lebone College – North West (joint venture)
- I'Langa Mall Shopping Centre – Nelspruit (joint venture)
- Skhupe International Airport – Mbabane (joint venture)
- OR Tambo City Lodge
- New offices SADC – Gaborone
- Radisson Hotel Maputo – Mozambique

Middle East

- Bloomingdales – Dubai
- Marina Hotel Yas Island – Abu Dhabi
- GCAA New Navigation Area – Abu Dhabi
- Ducab Copper Rod Factory – Abu Dhabi

Building operates throughout Southern Africa servicing the full scope of building construction from commercial and industrial through to residential and leisure.

The bulk of the Stocks merger activity took place in this Business Unit, where the operational structure has since been rationalised and re-organised. Building has emerged with strong leadership and management which is fast earning the group a reputation as a professional contractor which can be relied on to deliver a quality product. Bolstered by the Stocks building business, the Business Unit substantially increased revenue and profit while maintaining solid building margins.

The Housing operation specialises in affordable housing for government and major mining houses and institutions. It had a successful year with good margins despite a number of projects being terminated by mining houses due to general budget cuts. Even more pleasing is an almost full order book for the year ahead. Although Housing's main focus is not RDP housing, this market could offer good growth potential in the future.

Outside South Africa the group completed the first Concession contract in Botswana – The Ombudsman's Offices – and is far progressed with the second, the new offices for the Southern African Development Community ("SADC"). The Mozambique operation is now well established and has secured two important contracts – new offices for M-Cell and the new Radisson Hotel in Maputo.

The Stocks merger has enabled Stefanutti Stocks to gain a foothold in the Middle East market through its partnership companies Al-Tayer Stocks and Zener Steward.

Al-Tayer Stocks expanded into Abu Dhabi and Bahrain on the back of a concerted drive to develop capacity in order to assume larger-scale projects. Significant projects undertaken as a result included the HSBC Head Office, Barclays Bank fit-out, Sharjah City Centre refurbishment and the Cisco relocation. The year also marked the award of the largest fit-out contract to date – Bloomingdales in Dubai Mall.

Zener Steward delivered satisfactory growth and also expanded into Abu Dhabi. Notable projects completed included the GCAA New Navigation Area and the Ducab Copper Rod Factory. The order book for the year ahead is reasonable, particularly in light of the sudden contraction in the market place.

Servicing the

full scope

of building construction

To further capitalise on the US Dollar stream, Stefanutti Stocks is in the process of starting up a general construction operation looking at the opportunities in infrastructure in the UAE, Qatar and Oman.

In general the global economic crisis has started to impact on our markets with opportunities being more fiercely contested. However, we believe that we are well positioned to withstand these challenges with a solid order book for FY2010.

Capabilities

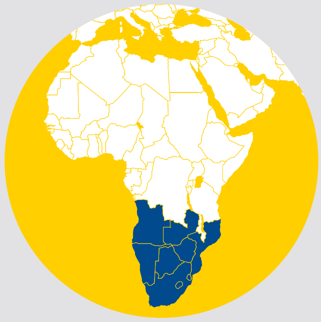
South Africa and Southern Africa

- Healthcare facilities
- Transport nodes
- Retail & parkades
- High rise residential
- Housing
- Office accommodation
- Educational institutions
- Sport stadiums
- Hotel and leisure

Middle East

- General construction
- Electromechanical
- Interior fit-outs and refurbishments

Mechanical, Electrical & Power ("MEP")



- **mechanical, electrical and instrumentation work in industrial, mining, manufacturing and petrochemical sectors;**
- **high voltage overhead line and substation construction;**
- **incorporates Skelton & Plummer, a specialist in mechanical, electrical and instrumentation construction; and**
- **operates throughout South Africa and select Southern African countries.**

Management

Jan Oberholzer (51)
Years of industry experience: 26 years

Recent projects

- **Buffelsfontein Pump Station – North West**
- **PP Rust Overland Piping – Limpopo**
- **Impala K4 Refrigeration – North West**
- **Sunderland Ridge Sewage Works – Gauteng**
- **Declines Shaft Electrical and Instrumentation Installation – Limpopo**

The Business Unit comprises Skelton & Plummer Investment Holdings Company (Pty) Limited, which was acquired by the group in January 2008. It provides mechanical, electrical and instrumentation construction work across the industrial, mining, manufacturing and petrochemical sectors throughout Southern Africa. The Business Unit made a solid contribution to both group revenue and profit for the year under review.

The still buoyant construction industry during the year boosted the performance of the mechanical operation. Approximately 50% of the order book for FY2010 is in hand and management is confident of meeting budgeted targets, albeit at slightly reduced operating margins. The electrical and instrumentation operation is also in the process of expanding its markets.

The Business Unit has established a new operation specialising in electrical power transmission and distribution, overhead line and substation construction. Eskom and municipality expansion plans and similar opportunities in neighbouring countries will encourage further growth opportunities for the Business Unit.

New operations

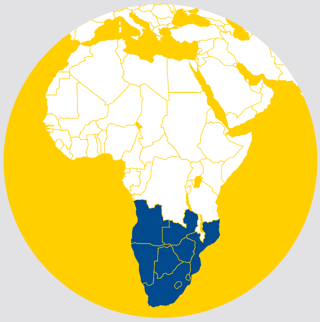
specialising in electrical power transmission and distribution, overhead line and substation construction

Capabilities

- Power transmission & distribution
- Piping
- Cabling
- Steel tanks
- Kiln & mill installation
- Structural steel
- Industrial electrical

Mining Services

- **specialises in mine residue disposal and recovery projects, opencast contract mining and bulk materials;**
- **incorporates wholly-owned subsidiary ECMP – a civil engineering company specialising in environmental, civil and mining engineering projects; and**
- **operates throughout South Africa and select Southern African countries.**



Management

Mike Smith (59)
Years of industry experience: 36 years

Recent projects

- **De Beers & Assmang Tailings Dams – Northern Cape**
- **Nkomati Mine Tailings Dams – Mpumalanga**
- **Nkomati Mine: Nickel and Chrome Opencast Contract Mining – Mpumalanga**

This Business Unit, which encompasses the pre-listing acquisition of ECMP, specialises in mine residue disposal and recovery projects, opencast contract mining and bulk materials handling projects across Southern Africa.

Despite the difficult conditions in the mining sector in the latter half of the year due to falling commodities markets worldwide, Mining Services posted positive results. It successfully preserved margins, by firstly securing existing contracts and secondly by winning several new contracts from major mining houses.

The Design division within the Business Unit exceeded budgeted fee recoveries on a wide range of tailings projects for mining groups throughout Southern Africa.

The Construction division also completed a number of substantial projects during the year including large disposal facilities in the Northern Cape for De Beers and Assmang, and in Mpumalanga for the Nkomati Dam.

The Tailings Operations division also performed well and successfully increased its order book during the year.

Going forward the Open Pit Mining division will remain an integral component of the Nkomati Mining operation until completion of the initial Mining Phase in August 2009. This division will further focus on new open pit mining opportunities throughout Southern Africa.

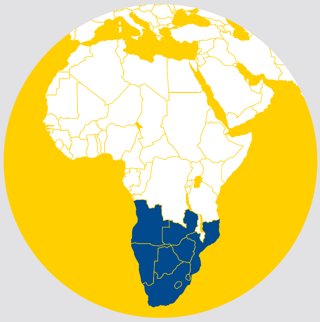
Prospects for FY2010 remain positive with several coal and gold projects on the horizon.

Secured
existing contracts
and won several
new contracts
from major mining houses

Capabilities
- Design & construction of waste residue disposal and recovery facilities
- Operations & management of waste/residue disposal and recovery facilities
- Open pit mining and materials handling facilities

Key disciplines *continued*

Roads & Earthworks



- construction of roads, bulk earthworks, landfill sites, golf course developments, terraces for new developments and municipal services; and
- operates throughout South Africa, Swaziland and other select African countries.

Management

Deryck White (60)
Years of industry experience: 40 years

Recent projects

- Lusip Canal – Swaziland
- Johannesburg Development Agency – Rapid Bus Route

Roads & Earthworks operates in the construction of roads, bulk earthworks, landfill sites, golf course developments, township infrastructure, terraces for new developments and municipal services throughout South Africa as well as in Swaziland and Zambia.

The Business Unit continues to make a strong contribution to group revenue and profit. The contract awards by the Johannesburg Development Agency on the Rapid Bus Route contributed to growth during the year. In addition a new asphalt division has expanded capacity and opened access to new markets.

Significant additional capital expenditure was incurred in this Business Unit to increase capacity in anticipation of future growth.

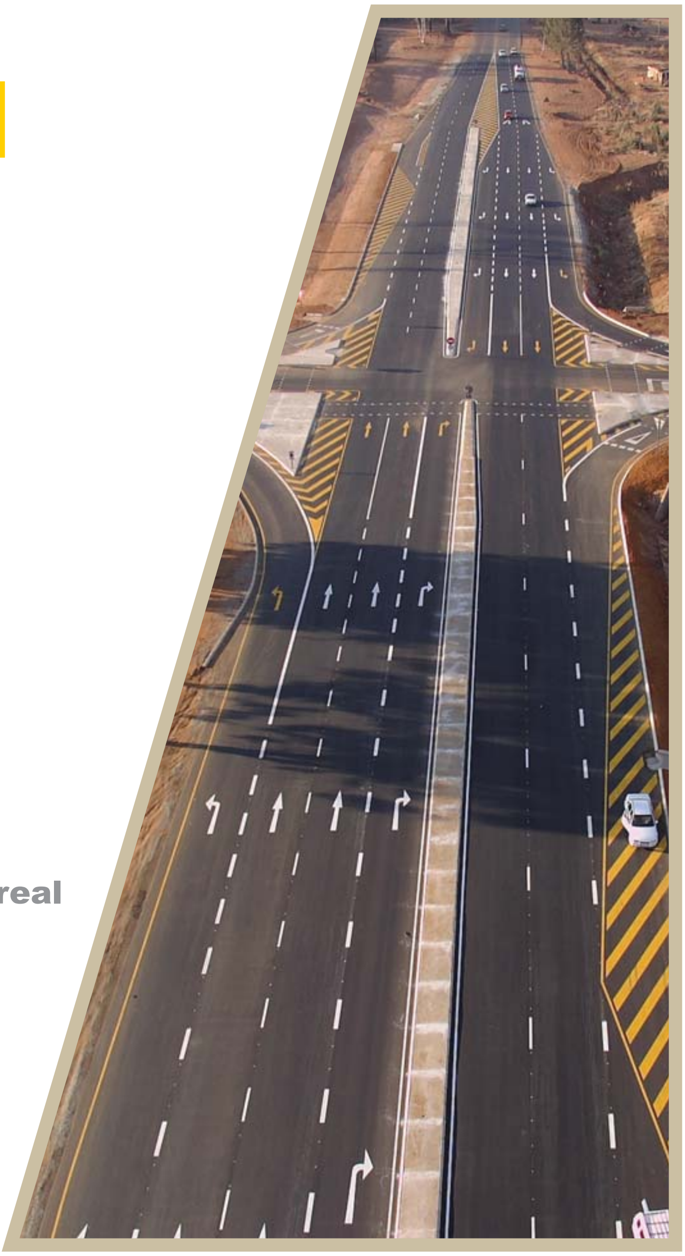
Roads & Earthworks is currently in the process of establishing a crushing division to further diversify its business. This will initially consist of a number of mobile crushing and screening plants for contract crushing.

A R185 million contract for extended works on the Lusip Canal in Swaziland was recently awarded to the Business Unit, which is exploring other opportunities in other neighbouring countries. Overall Roads & Earthworks expects a good order book with consistent margins.

Capacity

increased

to meet demand

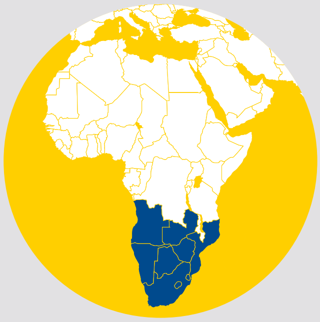


Capabilities

- Landfill
- Industrial terraces
- Transport
- Residential & non-residential real estate
- Mining infrastructure
- Petrochemical
- Asphalt & surfacing
- Golf courses
- Rail
- Freeways

Property & Concessions

- property development procures mainly cross-border contracts by facilitating property development in neighbouring countries;
- Public-Private-Partnerships (PPP) partners with government in provision of facilities or services through concession contracts and services other Business Units within group to facilitate turnkey contracts; and
- operates throughout South Africa, Botswana and other select Southern African countries.



Management

Rob King (49)
Years of industry experience: 31 years

Recent projects

- New offices Southern African Development Community (“SADC”) – Botswana
- Office of the Ombudsman and Land Tribunal – Botswana

This Business Unit procures contracts by facilitating property development and partners with government in the provision of facilities or services through concession contracts (“PPPs”). Services within the concessions sector include facilities management, maintenance and project funding assistance.

The past year has seen significant changes to the concessions environment, with a number of new projects listed as potential PPPs particularly in the local government arena. On the downside bringing these projects to account is proving to be a lot slower than hoped. The current global financial crisis could continue to affect project funding.

The development of the new offices for SADC in Gaborone is expected to be complete by mid-2009, after which the 15 year concession period will commence. The preferred bidder negotiation on the third concession project in Botswana continues, albeit at a less than satisfactory pace.

We remain optimistic regarding prospects for Property & Concessions as we leverage our concession capability to create additional opportunities for the other Business Units. In particular the infrastructure needs of South Africa and neighbouring countries are particularly suited to PPP solutions.

New
opportunities

Capabilities

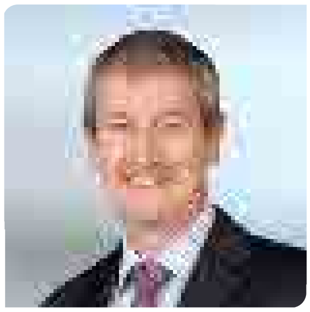
- Public Private Partnerships (Infrastructure)
- Facilities management
- Concessions
- Property development facilitation

Directorate

Executive directors

Biagino (Gino) Stefanutti (61)
Chairman and co-founder
National Diploma Civil Engineering

Gino has 38 years' experience in the engineering and construction industry. He co-founded Stefanutti Stocks as Stefanutti & Bressan (Pty) Limited in 1971.



Dermot Quinn (57)
Chief Financial Officer
BScEcon, CA(SA)

Dermot qualified as a Chartered Accountant in 1984 with audit firm Arthur Young. He joined the group in 1992, after having spent five years with Grovewalk Holdings Limited as Financial Director. He was appointed as Financial Director of Stefanutti & Bressan (Pty) Limited in 2000 and upon the restructuring of the group in 2005, was appointed to the holdings board.

Willem (Willie) Meyburgh (55)
Chief Executive Officer
National Diploma Civil Engineering, BCom

Willie started his career as a site engineer for Roberts Construction (Pty) Limited mainly on projects involving surface concrete structures for mines in the Goldfields area. In 1979 he joined C.M.G.M. as site manager and was appointed as a director in 1982. In 1984 he joined SM Goldstein in Welkom as contracts manager and was appointed as a director in 1986. He was subsequently appointed as managing director of Glybeton (Pty) Limited (a subsidiary of Group Five Limited) when SM Goldstein and Group Five merged in 1992. In 1996 he joined Stefanutti & Bressan Civils (Pty) Limited as managing director to set up the group's businesses in Gauteng and was appointed as Chief Executive Officer of the group in 2007.

Stephen Pell (51)
BSc Building Management

Prior to joining Stocks in 2006, Stephen gained extensive experience in the construction markets in South Africa, Africa and the Middle East particularly in the disciplines of building, industrial civils, roads and earthworks. He previously held the position of director of Murray & Roberts Limited and managing director of Murray & Roberts Construction. In July 2007 he was appointed as Chief Executive Officer of Stocks Limited. Following the merger with Stefanutti & Bressan Holdings Limited in 2008 he was appointed an executive director of Stefanutti Stocks.

Non-executive directors

Bridgman Sithole (45)

Bridgman is currently executive chairman of Mowana Investments (Pty) Limited, a black empowerment investment holding company invested in Stefanutti Stocks. Prior to joining Mowana Investments in 2005, Bridgman had been an executive director for Strategy & Business Development at Business Connexion since 2003. He has held various senior positions within the ANC, provincial governments and ABSA Bank Limited. Bridgman currently serves on the boards of numerous private companies.

Herman Mashaba (49)

Herman founded the cosmetics company Black Like Me Products in 1984. He served as a non-executive chairman of Stocks Limited from 2005 until the merger with Stefanutti & Bressan Holdings Limited in 2008. Following the merger he was appointed as non-executive director. He is the non-executive chairman of Buildingworks Group Limited and deputy non-executive chairman of Growthpoint Properties Limited. Herman is also the chairman of the Institute of Directors in South Africa and the executive chairman of his investment companies under Leswikeng/Phatsima Group.

Independent non-executive directors

Kevin Eborall (64)
Nat Dip Prod Eng (Industrial Eng), BCom

Kevin graduated as an Industrial Engineer in 1965 and has held senior positions at Dorbyl, ICL and Fraser Alexander. He has served on boards of various public and private companies. Kevin currently provides consulting services to a number of companies in the mining services, construction and security industries. He is the chairman of Skygistics, an international satellite communications company.

Nomhle Canca (43)
BA (Political Science), BA (Economics)

Nomhle has over 20 years' experience in the financial services industry, having started her career as a stockbroker in Atlanta (USA) and later registered with the New York Stock Exchange. She is the co-founder of Women Investment Portfolio Holdings ("Wiphold"). She has held various directorships at private companies.

Mafika Mkwanazi (55)
BSc (Maths), BSc (Electrical Engineering)

Mafika is currently a non-executive director of Nedbank Limited. He has previously worked in senior positions at South African Breweries, Bristol Myers (Pty) Limited as a production manager for the consumer division and BMW as an engine plant manager. Mafika has served on the boards of various companies including Transnet, Western Areas Limited, Industrial Development Corporation, Letseng Diamonds and Metrorail.

Alternate director

Joseph Fizelle (38)
alternate to Bridgman Sithole
BCom, HDipPrAcc, CA (Ireland)

Joseph is a fellow of the Irish Institute of Chartered Accountants. He is an executive director of Mowana Investments (Pty) Limited, a black empowerment investment holding company which has a significant equity investment in Stefanutti Stocks. Prior to joining Mowana Investments in 2004, Joseph was employed in corporate finance at JP Morgan and Standard Bank for a period of six years and before that at PricewaterhouseCoopers. He currently serves on the boards of numerous private companies.

Gino Stefanutti
Chairman

Chairman's report

Introduction

2009 was a milestone year for Stefanutti Stocks. Through the successful merger with Stocks, our group has positioned itself as a major competitor in the first-tier construction sector, spanning South Africa, Southern Africa and the Middle East.

Each brand has built an independent legacy:
- Stefanutti & Bressan, founded more than 36 years ago, has built an enviable reputation in concrete structures, roads, bridges, earthworks, piling & geotechnical and mining services; and
- Stocks, founded 63 years ago, is a highly respected group, responsible for some of the most prestigious building projects in Southern Africa.

The fusion of these two brands has enabled us to forge a foundation which will support future growth for many years to come. The Stefanutti Stocks name is starting to take its rightful place in the South African construction sector.

Strategy

Subsequent to the rapid growth experienced by the group over recent years, Stefanutti Stocks intends to take advantage of the current slowdown in certain sectors of the market to consolidate its position in anticipation of expected growth once market conditions improve.

The group has embarked on a vigorous strategy to expand its geographic footprint outside South Africa in higher-margin Business Units such as Roads & Earthworks. Although the group is not impervious to the cyclical downturn, its diversification has helped to spread risk, which bodes well for our ability to maintain profitability beyond FY2010.

Acquisitions will continue to be considered where the targets are placed in growth markets within which the group is already active. Consistent with our existing policy, in FY2010 Stefanutti Stocks will continue to acquire any outstanding minority interests in underlying subsidiaries.

Milestones

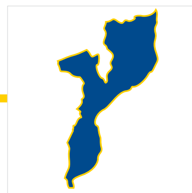
1971
Co-founded by Gino Stefanutti and Ivo Bressan

1974
Awarded first bridge contract

1988
- Opened Swaziland office
- Established a Roads & Earthworks company

1992
Awarded major contract for the Tugela River Bridge – then the heaviest incrementally launched structure in the southern hemisphere

1994
Established a presence in Mozambique



1996
- Opened Gauteng office (Kempton Park) on award of three major cooling towers for Eskom's Majuba power station
- Annual turnover R84 million

Through the successful merger with Stocks, our group has positioned itself as a major competitor in the first-tier construction sector.

Financial results

The 2009 results reflect the group's strong performance and consistent positive growth trajectory. Group revenue and earnings more than doubled for the year and saw the directors declare a final dividend of 58 cents per share.

Further details in respect of the annual financial results are set out in the Chief Executive Officer's report and in the attached annual financial statements and notes.

Business environment

In 2008 the South African construction industry was exceptionally robust, driven by unprecedented infrastructure development spend. At that time the "construction frenzy" was anticipated to continue well beyond 2012. However, with the market conditions having cooled off since September 2008 as a result of the global financial crisis, the industry outlook has moderated somewhat.

The global credit crisis and onset of recession in both developed and emerging markets have dampened growth prospects in the short to medium term. This has resulted in uncertainty in the financial viability of certain projects, with the prospect of capital spend now being deferred. Capital raising has become more challenging with parastatals and private institutions needing to seek alternative funding sources to advance projects.

The building market in the residential and non-residential (commercial and industrial) sectors has contracted and a portion of anticipated investment spend for expansion of mines has also been postponed due to falls in commodities prices.

Notwithstanding the group's diversified structure, those Business Units which are active in the affected sectors will be impacted. Those Business Units which are engaged in infrastructure development projects continue to enjoy good prospects.

B-BBEE

A focused approach to B-BBEE during the year saw the group progress to a 'Level 4' on the Construction scorecard.

These efforts were recognised when Stefanutti Stocks was ranked as the top empowered company in the 'Basic Industries' sector by the Financial Mail/Empowerdex Survey 2009. The ranking reflects the group's 18,3% direct B-BBEE equity participation at group level and total B-BBEE score of 65,36%. Stefanutti Stocks ranked 31st of the top 200 listed companies across all sectors.

Our solid B-BBEE platform and ongoing investment in skills training and corporate social initiatives also contributed to this achievement.

Appreciation

I would like to welcome all our new employees and I look forward to working together to extend a united legacy well into the future. I extend my appreciation to our executive directors, the management team and all Stefanutti Stocks employees for their hard work and commitment which contributed to the group's excellent performance. I also thank my colleagues on the board for their wise counsel during the year.

I finally wish to thank our customers, business partners and shareholders for their ongoing loyal support.

Gino Stefanutti
Executive Chairman

13 July 2009

2003
Established geotechnical company specialising in reinforced piling and lateral support

2005
Annual turnover R1 billion

2006
Introduction of BEE partner Mowana Investments

2007
- Acquired ECMP
- Listed on JSE

2008
- Acquired majority stake in Skelton & Plummer
- Acquired majority stake in Civil & Coastal Construction
- Merged with Stocks
- Rebranded as Stefanutti Stocks Holdings Limited

Stefanutti Stocks

2009
Annual turnover R6,3 billion

Willie Meyburgh
Chief Executive Officer

Chief Executive Officer's report

Introduction

All Business Units performed well, buoyed mainly by infrastructure development in Southern Africa, Eskom's expansion plans and projects related to the 2010 World Cup Soccer.

The three acquisitions concluded just prior to and during FY2009, including the successful merger with Stocks, have helped establish Stefanutti Stocks as a prominent construction group in Southern Africa. Stefanutti Stocks is now a multi-disciplinary engineering and construction group with a geographic footprint encompassing the Middle East.

With the group's recent organic and acquisitive growth Stefanutti Stocks' management pool is now an asset of considerable strength, and in itself provides a significant competitive advantage. The breadth of the team has been boosted by experienced manpower, with great depth of skills in specialised areas. This is combined with vast experience in our traditional business to cement a firm platform for future growth.

Stocks merger

The effective implementation of an early integration strategy has resulted in a successful merger of the two groups. This has yielded significant advantages such as economies of scale, enhanced efficiencies and critical mass. In addition our bottom line has been boosted, our international footprint broadened and greater access to infrastructure work in the Middle East has been opened. Further, management has been bolstered, specifically in the *Building* Business Unit.

A highlight benefit of the merger was the increase in direct B-BBEE equity holding in the group to 18,3%. This contributed to the recent achievement of a top place ranking for Stefanutti Stocks by an independent survey – the group was recognised as the leading black empowered group in the construction sector.

Financial results

Strong organic growth combined with Stocks' results for the seven months since the effective date of the merger, is reflected in the excellent results for the year.

Revenue increased 144% to R6,3 billion, with operating profit also more than doubling year-on-year by 113% to R392,2 million. Net profit after tax was up 121% on the previous year to R319,4 million.

Headline earnings of R299,3 million translated into headline earnings per share ("HEPS") of 185,4 cents, a significant increase from 103,7 cents for the previous year. Normalised HEPS of 202,6 cents showed an even more substantial increase of 93%, up from 104,8 cents. Earnings per share grew 78% to 184,3 cents from 103,3 cents despite more shares in issue following the Stocks merger.

Approximately 18% of total group turnover was generated outside South Africa.

Further detail in respect of the annual financial results is set out in the annual financial statements and accompanying notes.

Stefanutti Stocks is now a multi-disciplinary engineering and construction group with a geographic footprint encompassing the Middle East.

Operations

Post the Stocks merger the group was effectively restructured into six operating Business Units, namely *Structures, Building, Roads & Earthworks, Mining Services, Mechanical, Electrical & Power* and *Property & Concessions.*

A major drive to build capacity was successfully completed during the year especially in the *Building* and *Structures* Business Units. Focus in the year ahead will be to continue this drive in the *Mining Services, Mechanical, Electrical & Power* and *Roads & Earthworks* Business Units. For a review of each Business Unit please see pages 4 to 15.

Outlook and prospects

Stefanutti Stocks remains confident that despite a challenging market there still remain opportunities to exploit. The current economic climate has resulted in increased competition and resultant pressure on margins. Nonetheless the group's successful reputation has allowed us to counter the lowering of tender prices in some instances.

Notwithstanding that a number of projects in the residential, non-residential, industrial and mining sectors are being put on hold, all projects already secured by the group currently remain on track.

The sectors with particularly healthy prospects include government and quasi-government infrastructure as well as electrical power generation, which encompasses renewable energy, power lines and ancillary work at two new coal-fired power stations. Upgrading of neglected water and effluent treatment plants is also expected to provide further opportunities. In addition increasing demand for road rehabilitation in light of South Africa's aging road network should assist in driving growth. Further, as government embarks on more PPP projects Stefanutti Stocks' experience in this market will generate opportunities.

Looking ahead the indicators for the group are that the conditions should remain positive for FY2010 and FY2011, and then strengthen again between 2012 and 2013. The group will continue to monitor the impact on client expenditure programmes of the current uncertainty in global financial markets.

Stefanutti Stocks' order book stood at R6,4 billion at year-end.

Appreciation

I wish to thank all our management and staff for their efforts and dedication which contributed to Stefanutti Stocks' performance. Mergers and acquisitions often present a challenging process and I thank everyone at the group for their commitment to a successful integration. My appreciation also extends to the board for their support and guidance.

Willie Meyburgh
Chief Executive Officer

13 July 2009

Corporate governance

In their commitment to sound corporate governance principles the directors of Stefanutti Stocks adhere to the Code of Corporate Practices and Conduct ("the Code") set out in the King II Report. Compliance with the Code is continually monitored to ensure ongoing improvement of operational and corporate practices.

Advancements in corporate governance during the year included:
- an evaluation of the effectiveness of the board and of the Audit, Governance and Risk and Remuneration and Nominations Committees;
- implementation of a formal risk management manual;
- establishment of an in-house internal audit function; and
- independent review of corporate governance in terms of King III.

In anticipation of the introduction of King III in 2010, the board conducted a high-level review during the year of the group's corporate governance in relation to the proposed new requirements. A further review will be conducted by the board when the final King III report is released, after which any corrective action for areas requiring attention will be implemented.

The board believes that the company has complied with King II in all material respects during the year. The directors remain committed to identifying and mitigating all significant risks, promoting sound and swift decision-making and ensuring sustainable business practices underpinned by transparent communication with all stakeholders.

The board

In line with the recommendations of King II the nine-strong board comprises a majority of non-executive directors (five), of whom three are independent. The board is currently chaired by executive Chairman Gino Stefanutti. At a Remuneration and Nominations Committee meeting post year-end, Gino Stefanutti proposed that he change his capacity on the board of directors to become non-executive Chairman. This was approved by the committee but will only become effective from 1 March 2010. He will retire at the upcoming Annual General Meeting and being eligible, will stand for re-election as director. The name and a brief *curriculum vitae* of each director is set out on pages 16 and 17 of the annual report.

The directors are cognisant of the need to increase the number of independent directors and are involved in an ongoing process to identify appropriate candidates. In terms of the review Mafika Mkwanazi was appointed as Lead Independent Director with effect from 1 March 2010.

The responsibilities of the executive Chairman, Chief Executive Officer and remaining executive directors are strictly separated from those of the non-executive directors to ensure that no director can exercise unrestricted powers of decision-making. The Chairman provides leadership and guidance to the board and encourages proper deliberation on all matters requiring the board's attention while obtaining input from other directors. He, the Chief Executive Officer and other executive directors are further responsible for implementing strategy and operational decisions in respect of the day-to-day operations. Non-executive directors contribute their independent and objective knowledge and experience to board deliberations. All non-executive directors are sufficiently qualified to contribute industry skill and expertise.

Non-executive directors have unrestricted access to management at any time. Directors further have access to the external auditors. All directors are entitled, at the group's expense, to seek independent professional advice on any matters pertaining to the group where they deem this to be necessary.

The board is governed by a Board Charter detailing its composition, appointment, responsibilities and processes as well as the fiduciary duties and role of each director. In terms of the Charter the board is responsible for monitoring key risk areas, performance indicators and management. Further responsibilities include:
- reviewing the performance of the Chief Executive Officer;
- reviewing the group's financial results and procedures, policies and codes of conduct;
- implementing the group's plans and strategies;
- approving financial and non-financial objectives; and
- ensuring ethical behaviour and compliance with laws and regulations.

To assist the board in discharging its collective responsibilities, certain board responsibilities have been delegated to the Audit, Governance and Risk and Remuneration and Nominations Committees. The board recognises that it is ultimately accountable and responsible for the performance and affairs of the company and that the use of delegated authorities to board committees in no way absolves the board and its directors of the obligation to carry out their duties and responsibilities.

In accordance with the Articles of Association, one-third of the directors of the company are required to retire by rotation at every Annual General Meeting and their re-appointment is subject to shareholders' approval. In addition, the appointments of all new directors are subject to confirmation by shareholders at the Annual General Meeting at the first opportunity after their initial appointment. At the upcoming Annual General Meeting Kevin Eborall, Bridgman Sithole and Gino Stefanutti will retire and being eligible, will stand for re-election. The appointments of Herman Mashaba and Stephen Pell will be confirmed at the upcoming Annual General Meeting.

The board meets at least four times a year and ad-hoc meetings are convened when required. During the year additional board meetings were held to discuss the Stocks transaction. Directors are provided in advance with all necessary information to enable them to discharge their responsibilities. In addition executive and non-executive directors meet informally on a regular basis.

Details of directors' attendance at board and committee meetings during the year are set out below:

Directors	Board meetings	Audit, Governance and Risk Committee meetings	Remuneration and Nominations Committee meetings
B Stefanutti *(Chairman)*	5 (5)		
W Meyburgh *(Chief Executive Officer)*	5 (5)	5 (5)	5 (5)
D Quinn *(Chief Financial Officer)*	5 (5)	5 (5)	5 (5)
S Pell *(appointed 14 August 2008)*	1 (1)	2 (3)	
N Canca**#	4 (5)	4 (5)	
K Eborall**	5 (5)	5 (5)	5 (5)
H Mashaba* *(appointed 14 August 2008)*	1 (1)		1 (1)
M Mkwanazi**~	5 (5)		5 (5)
B Sithole*	2 (5)	3 (5)	
J Fizelle* *(alternate to B Sithole)*	3 (5)	1 (5)	

Note: The number in brackets reflects the total number of meetings held.

\# *Audit, Governance and Risk Committee Chairman*

~ *Remuneration and Nominations Committee Chairman*

**Non-executive*

***Independent non-executive*

Board processes

Company secretary

The company secretary is responsible for updating the board on legislative and/or regulatory developments on an ongoing basis. All directors have unrestricted access to the advice and services of the company secretary and to company records, information, documents and property.

Regulatory and legislative compliance

As part of the company secretary's responsibility for ensuring group compliance with all applicable regulations and legislation, the company secretary will work together with the internal audit function to ensure compliance with relevant regulations and legislation. In addition, he liaises closely with the group's sponsor where appropriate in regard to compliance with the JSE Listings Requirements. The company secretary attends regular courses providing updates on relevant regulations and legislation to enable him to effectively discharge his duties.

Share dealings and disclosures of interest

Directors are required to declare their shareholdings, additional directorships, potential conflicts of interest and any dealings in securities of the company to an appointed executive director and the company secretary, who together with the sponsor ensure that such dealings are published on SENS.

In addition, all directors and management with access to financial information and any other price sensitive information are prohibited from dealing in the shares of the company during 'closed periods' as defined by the JSE.

New appointments

New board appointees are identified and nominated by the Remuneration and Nominations Committee. The appointment process is conducted in a formal and transparent manner. In making new appointments, the committee and the board take into account the blend of skills and experience as well as concerns such as diversity.

In terms of the formal induction programme new appointees are introduced to key senior management and attend site visits. In addition they are provided with copies of the latest interim financial results announcements and annual financial statements as well as an overview of the company's accounting systems.

Further all new appointees are required to attend a four-day 'Directors Induction Programme' run through the Wits Business School. The programme covers pertinent aspects of company law, stock exchange regulations, the roles, responsibilities and liabilities of directors, basic techniques of financial analysis and the importance of investor and media relations.

Board and board committee effectiveness evaluation

The board conducts an annual effectiveness evaluation which reviews its mix of skills, the effectiveness of the board committees and related corporate governance matters. Feedback of the evaluation is communicated to the board as a whole and any necessary steps to address areas of improvement are put in place expeditiously.

No major areas of concern were identified by the evaluation conducted in January 2009 and facilitated by an independent third party, Corporate Statutory Services.

Succession planning

The group's succession plan was reviewed during the year and submitted to the Remuneration and Nominations Committee for consideration.

Board committees

All committees have discharged their responsibilities during the year in compliance with their Charters. An effectiveness evaluation administered by an independent third party is conducted annually by each committee in the year under review. Corporate Statutory Service administered this process. Going forward the chairmen of the committees or another committee member nominated by them will attend the company's Annual General Meeting.

Executive Committee ("EXCO")

The EXCO consists of executive directors Willie Meyburgh, Stephen Pell, Dermot Quinn and Gino Stefanutti as well as senior management; Schalk Ackerman, John Jackson, Jan Oberholzer, Elardus Rademeyer, Mike Smith, Deryck White and Rob King. It meets monthly and is mandated by the board to assist the Chief Executive Officer in the management of group operations and finances. The committee reports directly to the Chief Executive Officer.

Audit, Governance and Risk Committee

The information below constitutes the report of the Audit, Governance and Risk Committee in respect of the past financial year of the company, as required by section 270A of the Corporate Laws Amendment Act.

The Audit, Governance and Risk Committee is chaired by independent non-executive director Nomhle Canca and also comprises independent non-executive director Kevin Eborall and non-executive director Bridgman Sithole (alternate: Joseph Fizelle). The Chief Executive Officer Willie Meyburgh, Chief Financial Officer Dermot Quinn and executive director Stephen Pell as well as the external auditors attend by invitation and management or independent third parties are invited to attend as appropriate. The company secretary is the secretary of the committee.

In line with King II recommendations, the committee meets four times per year with additional special meetings convened as and when required. (Attendance at committee meetings is set out on page 23.)

The committee is responsible for assisting the board in evaluating the company's risk, developing and maintaining systems of internal control, maintaining accounting records and monitoring compliance with King II and the JSE Listings Requirements. The formal Charter, which is reviewed annually, further tasks the committee with:

- Monitoring compliance with codes of conduct and the ethical conduct of the company;
- Evaluating the independence and effectiveness of the external auditors and recommending their appointment;
- Reviewing the annual financial statements and interim reports;
- Approving any non-audit services performed by the external auditors and the policy in this regard;
- Determining the key risk areas facing the group and recommending risk mitigation measures; and
- Advising and updating the board on issues ranging from accounting standards to published financial information.

The committee considered the independence of the external auditors, Mazars Moores Rowland in accordance with section 270A of the Corporate Laws Amendment Act and was of the view that the external auditors were independent of the company.
The committee nominated, subject to the endorsement of the board and the approval of shareholders, the re-appointment of Mazars Moores Rowland and Mr Mark Snow as the independent registered audit firm and the individual registered auditor of the company, respectively.

During the year meetings were held with the external auditors where management was not present. No matters of concern were raised.

The company's policy on non-audit services, which is reviewed annually by the committee, sets out which services may or may not be provided by the company's external auditors.

The committee considered and is satisfied with the expertise and experience of the company's Chief Financial Officer, Dermot Quinn.

The Audit, Governance and Risk Committee has recommended the financial statements for approval to the board.

Nombulelo Canca

N Canca
Audit, Governance and Risk Committee Chairman

Remuneration and Nominations Committee

The committee is chaired by independent non-executive director Mafika Mkwanazi and is further comprised of independent non-executive director Kevin Eborall and non-executive director Herman Mashaba. The Chief Executive Officer and Chief Financial Officer attend meetings by invitation and are excluded from deliberations in respect of their own remuneration. The company secretary is the secretary of the committee.

The formal Charter tasks the committee with reviewing the group's remuneration policy, assessing executive remuneration, recommending non-executive directors' fees to the board and reviewing and recommending share incentive schemes. The committee is further responsible for setting the criteria for board nominations and identifying and recommending nominees to the board.

(Attendance at committee meetings is set out on page 23.)

Remuneration philosophy

To ensure the retention of key personnel the group benchmarks executive remuneration against industry norms and takes individual and group performance targets into account in determining executive remuneration. Annual bonuses are aligned with group performance while share options align executives' interests with those of shareholders. This underscores Stefanutti Stocks' belief that employees' remuneration packages remain one of the most influential tools available to incentivise, develop and motivate staff. The group has a remuneration policy which includes basic pay, incentive bonuses and a separate policy dealing with share options.

The group continually aligns the remuneration philosophy with the business strategy within the following parameters:

- motivation of staff;
- contribute to the attraction and retention of high calibre, quality talent;
- facilitate a correlation between performance and reward;
- be transparent, well understood, equitable, market-related and fair;
- recognise and promote the development of all employees; and
- be in the best interests of the company's shareholders.

Directors' emoluments are set out in the Directors' report.

Accounting and auditing

External audit

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

As indicated above, the Audit, Governance and Risk Committee evaluates the independence and effectiveness of the external auditors and considers whether any non-audit services rendered by such auditors substantively impair their independence. If this is found to be the case, appropriate corrective action will be taken in regard to those services.

Internal audit

With effect from September 2008 the group established a formal internal audit function. The Internal Audit Charter sets out the duties, responsibilities and scope of the internal audit function. These include reviewing the reliability and integrity of financial and operating information, effectiveness and efficiency of operations, systems to ensure compliance with policies and procedures and the means of safeguarding assets.

The internal audit function is further tasked with:

- evaluating the risk management processes and the group's exposure to risk;
- evaluating the adequacy and effectiveness of controls;
- assessing the corporate governance process; and
- establishing appropriate policies and procedures for the internal audit function.

The internal auditor reports to the Audit, Governance and Risk Committee and has unhindered access to the board Chairman and Chief Executive Officer and to all group records relevant to any function under review.

The internal auditor is required to ensure that the internal audit resources are appropriate and sufficient and that the team has the appropriate professional qualifications and skills to maintain the internal audit competence.

Going forward, an external review of the internal audit function will be conducted every four years by an independent party.

Internal control and risk management

Internal control

The board is responsible for the group's systems of internal control and risk management and is assisted in this regard by the Audit, Governance and Risk Committee. These systems of internal control are designed to provide reasonable but not absolute assurance as to the integrity and reliability of the annual financial statements, to safeguard and maintain accountability of the group's assets and to identify and minimise significant fraud, potential liability, loss and material misstatement while complying with applicable statutory laws and regulations.

There are inherent limitations to the effectiveness of any system of internal control, including the possibility of human error and the circumvention or overriding of controls. The system is therefore designed to manage rather than eliminate risk of failure and opportunity risk.

Nothing has come to the attention of the board to indicate that there has been a material breakdown in the internal systems of control during the year.

Risk management

The board is responsible for overseeing risk management activities. In doing so it adheres to the principles that risk management is necessary to protect the company's personnel, assets and reputation and the environment, and is further necessary for effective business operations, achieving the group's objectives, reliable reporting to shareholders/stakeholders and compliance with all relevant laws and regulations.

To this end the internal audit function, under the supervision of the board, has implemented processes and policies to achieve an appropriate level of risk management and to monitor developments in this regard.

Stakeholder communication

The group is committed to timely, consistent and transparent communication with all stakeholders. An open culture of communication is encouraged throughout the group through employee representative committees, pension fund trustee meetings and regular departmental and general staff meetings. In addition notice boards, the group's newsletters 'News for Now' and 'Benchmark' and website, are used to communicate with staff.

Company announcements are published on SENS and posted on the company's website. Financial results announcements are also posted to shareholders. Further, the Chief Executive Officer and Chief Financial Officer are available to answer queries from stakeholders, including industry analysts, at all times and wherever possible engage with the financial media to ensure accurate reporting.

Code of Ethics ("the Code")

A formal Code which sets out standards of integrity and ethics in dealings with suppliers, customers, business partners, stakeholders, government and society at large is in place. Every employee of Stefanutti Stocks is expected to subscribe to the Code, which requires all to act with honesty and integrity in all dealings with stakeholders and to interact with fairness, dignity and respect to create and protect a credible and well-reputed business and a working environment free from harassment and discrimination.

Industry associations

Stefanutti Stocks as a group, and through its operating companies, is a member of various industry associations and bodies including:

- The South African Federation of Civil Engineering Contractors (SAFCEC);
- The Association of South African Quantity Surveyors (ASAQS);
- The Construction Education and Training Authority (CETA);
- The South African Institute of Civil Engineering (SAICE);
- The Geotechnical Division of SAICE;
- The South African Council for Project on Construction Management Professions (SACPCMP);
- The Engineering Council of South Africa (ECSA);
- The Building Industrial Federation of South Africa (BIFSA); and
- Master Builders South Africa (MBSA).

Sustainability

The directors acknowledge sustainable transformation as a business imperative and therefore prioritise social and environmental practices alongside financial reporting.

B-BBEE

Stefanutti Stocks was ranked as the top empowered company in the 'Basic Industries' sector (which encompasses the construction industry) by the Financial Mail/Empowerdex Top Empowerment Companies Survey 2009. With a total B-BBEE score of 65,36% Stefanutti Stocks ranked 31st overall amongst all listed companies.

Stefanutti Stocks' top-ranking by the Financial Mail/Empowerdex survey recognises the group's commitment to B-BBEE. The group's key subsidiaries are rated as 'level 5' contributors in terms of the Department of Trade and Industry's B-BBEE Codes of Good Practice ("the Codes"). Each is aiming to improve to a 'level 4' contributor rating in the short term.

Via our major shareholders black shareholding in the group totals 18,3% – Mowana Investments (Pty) Limited holds 8,9% and is represented on the board by Bridgman Sithole (alternate: Joseph Fizelle), while Leswikeng Building (Pty) Limited owns 9,4% and is represented on the board by Herman Mashaba. Leswikeng Building, the former B-BBEE partner to Stocks, became an important stakeholder in the group on conclusion of the merger. A number of black minority investors hold over 3%.

To further underpin the group's support of transformation, it was recommended at a Remuneration and Nominations Committee meeting post year-end that a B-BBEE Transformation Committee be established during the current year, with an appropriate Charter to be accordingly formalised.

Preferential procurement

A preferential procurement policy is in place which stipulates Stefanutti Stocks' objective of annually increasing the proportion of procurement from suitably qualified vendors. The policy is in line with the targets stipulated in the Codes. Suppliers are requested to provide proof substantiating their B-BBEE rating and those with a higher rating are given preference in line with the policy.

The group is on track to meet its stated target of 45% B-BBEE compliant procurement during the current year, having achieved 40% during the year under review. A minimum of 9% will be procured from black vendors (minimum 50% black-owned).

Enterprise development

Stefanutti Stocks assists smaller businesses through its enterprise development programme. Qualifying enterprises which meet the compliance criteria but which have gaps in terms of their delivery or financial capacity may be selected as enterprise development beneficiaries. The objective of the programme is to increase the potential procurement transaction volumes while transferring skills to develop highly competent and competitive suppliers.

Formal agreements are signed with suitably qualified enterprise development beneficiaries for a duration of two years, at which stage the process is reviewed.

Employment equity

Following the conclusion of the merger with Stocks, the group's employment equity policies and processes were revised. Accordingly a new Employment Equity Policy was implemented during the year and is included in the group's Employment Policies and Procedures Manual.

The Employment Equity Policy outlines the group's commitment to non-discriminatory employment practices. The policy recognises and rewards initiative, effort and merit across the board while at the same time prioritising the advancement of designated groups.

The group HR executive, in conjunction with each Business Unit's HR manager, is responsible for developing and submitting Employment Equity Plans which outline employment equity goals in terms of hiring, training and promotion.

The detailed Employment Equity Plans are made available to employees via the members of the Employment Equity Committees of the respective operating entities. Further targets, strategies and specific action plans are agreed with the Employment Equity Committees and are revised annually.

Over the past year the group has sought to identify barriers to entry and promotion of historically disadvantaged individuals into specific job categories and occupations. To mitigate these barriers Stefanutti Stocks has adopted the following measures:

- targeted recruitment campaigns;
- bursaries for further education and to facilitate promotion;
- learnership programmes; and
- mentoring and coaching programmes.

Tables detailing Stefanutti Stocks' progress towards achieving its equity targets are set out below:

	Female					Male					Grand	%	%
	African	Coloured	Indian	White	Total	African	Coloured	Indian	White	Total	total	Black	Female
Occupational level													
1. Top management	1				1	3			20	23	24	16%	4%
2. Senior management				5	5		2		48	50	55	4%	9%
3. Middle management	3	2		12	17	28	21	13	221	283	300	22%	6%
4. Junior management	19	6	7	48	80	367	98	54	384	903	983	56%	8%
5. Semi-skilled	87	24	18	102	231	3 402	106	35	136	3 679	3 910	94%	6%
6. Unskilled	187	4		1	192	2 402	32	3	6	2 443	2 635	100%	7%
Grand total	297	36	25	168	526	6 202	259	105	815	7 381	7 907	88%	7%

	Female					Male					Grand	%	%
	African	Coloured	Indian	White	Total	African	Coloured	Indian	White	Total	total	Black	Female
Occupational category													
1. Legislators, senior officials & managers	1			5	6	2	2		69	73	79	6%	8%
2. Professionals	13	5	2	29	49	88	27	24	271	410	459	35%	11%
3. Technicians & associated professionals	19	4	4	20	47	370	104	43	380	897	944	58%	5%
4. Clerks	63	23	19	111	216	292	13	25	61	391	607	71%	36%
7. Craft & related trades	5				5	460	40		19	519	524	96%	1%
8. Plant & machine operators & assemblers	5			1	6	817	21	9	8	855	861	99%	1%
9. Elementary occupations	191	4		2	197	4 173	52	4	7	4 236	4 433	100%	4%
Grand total	297	36	25	168	526	6 202	259	105	815	7 381	7 907	88%	7%

Going forward the employment equity structures will review the biographical composition of the group's entities including race, gender and age before setting new targets.

Skills development and training

Stefanutti Stocks is committed to ongoing training and development to further the skills base and empower employees to perform better in their current positions and so accelerate advancement. Emphasis is placed on internal promotion, with particular focus on black candidates.

62 learners are currently benefiting from the group's Cadet Foreman programme, designed to accelerate training of suitable candidates as foremen. 56% of the current candidates are black.

A training centre, accredited by the Construction Education and Training Authority ("CETA"), has been established. The centre conducts health and safety training, operator certification courses and basic labour skills training. Of the more than 2 000 employees who have attended courses at the centre, over 95% were black.

Courses run by the centre are focused on skills training as well as industry-specific courses including:

- Construction Management;
- Reading Construction Drawings;
- Civils Construction Site Administration;
- Concrete Technology;
- Machine and Vehicle Operation;
- Drill Rigging;
- Foreman Training;
- Erection of Formwork;
- Power Hand Tools; and
- Scaffolding and Preparing Work Areas.

Employees are encouraged to further their education and CETA accredited learnerships are provided to suitable candidates. 42% of employees on learnerships are black. In addition, Stefanutti Stocks offers bursaries to students who work for the group during vocational breaks and complete onsite training. At present 66 students are benefiting from this programme, of which 18% are black.

In order to incentivise and encourage advancement, top performing employees are rewarded through site incentive schemes based on the performance of the project.

Safety, Health and Environment

Stefanutti Stocks' exemplary safety standards are evidenced by the safety commendations awarded to the group's operations during the year including:

- STAR award from Sasol Limited for all Sasol Technology ("SASTECH") projects;
- 1 million man hour achievement, Angola – Cabinda Gulf Oil Company;
- First place national and regional Master Builders South Africa ("MBSA") competition R10-20 million category – Gottlieb project;
- First place national and regional MBSA competition R120-200 million category – Liberty Life project;
- Presidential certificate for over 95% safety rating – Liberty Life project;
- 47 600 man hours free of injury – De Beers Finsch Mine;
- Master Builders Association ("MBA") 5 Star Rating
  – Building (KwaZulu-Natal)
  – Civil Structures (KwaZulu-Natal); and
- Nosa 4 Star Rating
  – Roads & Earthworks
  – Civil Structures (Geotechnical)
  – Civil Structures.

To maintain a safe and healthy working environment Stefanutti Stocks ensures strict compliance with the relevant safety legislation. Amendments to the Acts are closely monitored and distributed accordingly. During the year the group reviewed its safety management system to ensure full compliance with all regulations and standards.

A Health and Safety Officer ("HSO") is appointed for each project, and is responsible for evaluating and monitoring safety and health procedures for the project in question. The HSO is responsible for identifying potential hazards and risks and ensuring that appropriate steps are taken to address and eliminate these, including necessary safety and health training.

A Safety Observation Log Book system is in place at all sites to ensure management's participation in identifying safety risk and implementing improvements.

The risk identification process utilised by Stefanutti Stocks follows a five step system:

- Find the hazard;
- Analyse the hazard;
- Identify the risks;
- Assess the controls; and
- Fix if necessary.

Risk assessments are carried out in terms of legal requirements and incorporate certain minimum steps including maintaining a risk register, changing work procedures and tools and machinery where necessary, conducting pre-work inspections and monthly SHE inspections.

Injury incident reports are reviewed by management. The group has developed a trend analysis system and where any negative trends are identified, appropriate steps and/or training is implemented to mitigate against future occurrences. Based on the incident reports employees are either provided with further training, additional tool box talks are held or certain safety procedures are reinforced. Where employees are found to not be following due and correct procedures, they are issued with verbal warnings. Where necessary, additional risk assessments are conducted and policies amended accordingly to avoid future recurrence of the incident.

The disabling injury frequency rate ("DIFR") is closely monitored and during the past year the group achieved a 12 month rolling average DIFR of 0,55 - on track for the target of 0,40.

Staff received formal as well as "on-the-job" health and safety training, which included courses on:

- Fall inspector and protection;
- Fire fighting;
- Material handling;
- Safe lifting practices;
- First aid;
- Welding safety; and
- Working at heights.

Safety managers in the group are members of and registered as Safety Practitioners with the Institute of Safety Management ("IoSM"). The Building Business Unit's safety manager in KwaZulu-Natal, Siven Naidoo, serves on the Master Builders Association KwaZulu-Natal OHS committee and is the public relations officer in the province for the IoSM.

HIV/AIDS

As outlined in the formal Dread Disease Policy Stefanutti Stocks strives to prevent discrimination against employees living with HIV/AIDS. The Policy is reviewed annually and communicated to all employees.

Through the HIV/AIDS Awareness Programme voluntary counselling and testing was conducted at various operations during the year with a high number of employees participating. Further, staff received T-shirts encouraging them to 'Know your status' and World AIDS Day was marked by key rings distributed to all employees to further heighten awareness.

907 employees attended with 516 undertaking voluntary testing.

Environment

Stefanutti Stocks has a formal environmental policy in place outlining the procedure for identifying, eliminating and managing environmental issues that may arise as a result of the execution of projects.

The HSO at each site conducts monthly environmental audits and regular risk assessments to ensure compliance with minimum requirements. The group is required to conform to client specifications and aligns with the environmental impact assessments provided. In addition Stefanutti Stocks has identified some inherent risks and implemented procedures to mitigate these risks as outlined below:

Activity	Mitigation
Storm water management	• Ensure standing water in work and lay-down areas is minimised • Maintain temporary drainage in work areas • Avoid contamination of drainage water in work areas
Various construction activities	• Ensure vehicles and/or equipment meet noise limits • Restrict activities deemed to generate high levels of noise to between 07h00 and 18h00 from Mondays to Fridays
Batch plant area housekeeping and rehabilitation	• Submit rehabilitation plan for work areas to a Technical Officer eight weeks prior to demobilisation • Rehabilitation plan containing: – Types and volumes of waste generated – Methods of waste disposal – Sub-contractors used in waste disposal
Waste generation	• Separate waste by category: – Concrete waste and old bags – Pallets and wooden crates – Hazardous waste – Old oil, spill oil and fuel and contaminated soil – Domestic waste – Scrap metal and old engine parts • Ensure waste disposal is the responsibility of the Site Manager • May appoint a waste contractor and a waste holding facility in the workshops • All employees to dispose of leftover food, paper and plastic in the appropriate disposal bins • Ensure storage of hazardous materials complies with applicable statutory requirements • Material Safety Data Sheets ("MSDS") submitted to the Engineer and when applicable, to the Site Clinic • All employees to use latrines provided on site • Prohibit burning of waste material on site

Activity	Mitigation
Transport	• Comply with South African road usage legislation • Vehicles travelling to and from the site restricted to designated access roads and routes • Maintain vehicles according to manufacturer's specifications • Transportation of people to and on site only permitted in roadworthy and "fit-for-purpose" vehicles • Load vehicles so as to prevent spillage on roads • Control soil loads on construction vehicles • Ensure vehicles driven so as to prevent or reduce dust being created
Demobilisation	• Level work site and remove all buildings, structures and excess materials • Fill up and level excavations and inspection pits • Inspect soil post levelling and remove polluted areas

Corporate Social Investment ("CSI")

During the year the group continued its contribution to various CSI projects. Beneficiaries are identified within the communities where projects are based. Managers are responsible for selecting qualifying beneficiaries and submitting proposals in this regard to the relevant managing director for approval.

Beneficiaries during the year included:

Beneficiary	Description
Bambanani	A Gauteng-based charity providing care and shelter to HIV/AIDS orphans
CANSA	National charity providing care, shelter and support to cancer patients and their families
Cotlands	National charity providing healthcare and shelter to HIV/AIDS orphans
Field Band Foundation	National organisation teaching youth in rural areas and townships musical instruments and dance
Friends of Sunfield	Care for the mentally handicapped
Gauteng Department of Education	Sponsorship of trophies to the Gauteng Department of Education for sports and culture aimed at encouraging youth to participate in sports and cultural activities
Go For Gold	A tertiary level programme aimed at providing financial support to students from disadvantaged backgrounds to pursue studies in construction-related courses
iKusasa Lami	Gauteng-based programme aimed at identifying top-performing youths from historically disadvantaged communities and exposing them to career choices and work-shadow opportunities
Kids Haven	Shelter for orphans
Maropeng Disadvantaged Schools Programme	Programme offering schools in disadvantaged communities the opportunity to send scholars on a day excursion to Sterkfontein and Maropeng. Curriculum-based knowledge is imparted and lunch is provided

Annual financial statements

Contents

The reports and statements set out below comprise the annual financial statements of the company and of the group presented to the members:

33	Directors' responsibilities and approval
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Directors’ responsibilities and approval

Statement of responsibility

The directors are required by the South African Companies Act to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and group annual financial statements and related information included in this report. It is their responsibility to ensure that the annual financial statements present fairly the state of affairs of the company and the group as at the end of the financial year and the results of their operations and cash flows for the year then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

The external auditors are responsible for independently reviewing and reporting on the company’s and group’s annual financial statements. The annual financial statements have been examined by the group’s external auditors and their report is presented on page 34.

The annual financial statements and group annual financial statements are prepared in accordance with International Financial Reporting Standards and are based on appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

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

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

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

The directors have reviewed the company’s and the subsidiaries’ cash flow forecasts for the year ending 28 February 2010 and, in the light of this review and current financial position, are satisfied that the company and group have access to adequate resources to continue in operational existence for the foreseeable future. Therefore, the annual financial statements and group annual financial statements have been prepared on the going concern basis.

Approval

The annual financial statements and group annual financial statements, which appear on pages 35 to 98, were approved by the board of directors on 13 July 2009 and are signed on their behalf:

W Meyburgh
Chief Executive Officer

D Quinn
Chief Financial Officer

13 July 2009
Johannesburg

Declaration by company secretary

I declare that, to the best of my knowledge, the company has lodged with the Registrar of Companies all such returns as are required of a public company in terms of the South African Companies Act, and that all such returns are true, correct and up-to-date.

W Somerville

13 July 2009
Johannesburg

Independent auditor's report

To the members of Stefanutti Stocks Holdings Limited

We have audited the annual financial statements and group annual financial statements of Stefanutti Stocks Holdings Limited, which comprise the directors' report, the balance sheet and consolidated balance sheet as at 28 February 2009, the income statement and consolidated income statement, the statement of changes in equity and the consolidated statement of changes in equity and cash flow statement and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 35 to 98.

Directors' responsibility for the annual financial statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

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

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

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the company and the group as at 28 February 2009, and their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa.

Mazars Moores Rowland

Mazars Moores Rowland
Registered Auditor
Partner: Mark Snow
Registered Auditor

13 July 2009
Johannesburg

Directors' report

The directors present their report for the year ended 28 February 2009. This report forms part of the audited annual financial statements and group audited annual financial statements.

Business and operations

The company's business and operations and the results thereof are clearly reflected in the annual financial statements. With the exception of the disclosures in this report, no material fact or circumstance has occurred between the accounting date and the date of this report.

Stefanutti Stocks is a holding company. Its subsidiaries are involved in the engineering and construction sector in South Africa. The spectrum of work ranges from construction of industrial and petrochemical plants, cooling towers for power stations, mine infrastructure, dams, roads, bridges, water and effluent treatment plants, township infrastructure and industrial and commercial works to piling and geotechnical services.

Financial results

The results of the company and its subsidiaries' operations for the year ended 28 February 2009 are fully disclosed in the annual financial statements and accompanying notes.

Dividend

In line with the dividend policy the board declared a final dividend of 58 cents per share (2008: Nil) on 15 May 2009.

Secondary tax on companies of R10 908 683 will be payable on the dividend declared.

Share capital

The total authorised ordinary share capital at year-end was R1 000 consisting of 400 000 000 ordinary shares of R0,0000025 each (with no change from the previous year). 39 724 879 ordinary shares were issued to former Stocks shareholders following the merger.

The total issued ordinary share capital at year-end was R470, consisting of 188 080 746 ordinary shares of R0,0000025 each (2008: 148 355 867 ordinary shares of R0,0000025 each).

Refer to note 13 in the annual financial statements for further details of the Share Incentive Trusts.

Property, plant and equipment

No major changes occurred during the year regarding use or policies of property, plant and equipment.

Borrowings

The borrowings during the year have not exceeded those authorised by the Articles of Association.

Directors

The directors of the company during the accounting period and up to the date of this report were as follows:

B Stefanutti *(Executive Chairman)*
W Meyburgh *(Chief Executive Officer)*
D Quinn+ *(Chief Financial Officer)*
S Pell *(appointed 14 August 2008)*
N Canca*^
K Eborall*^
H Mashaba* *(appointed 14 August 2008)*
M Mkwanazi*^
B Sithole*
J Fizelle*+ *(alternate to B Sithole)*

** Non-executive ^ Independent + Irish*

At the upcoming Annual General Meeting Kevin Eborall, Bridgman Sithole and Gino Stefanutti will retire and being eligible, will stand for re-election. Confirmation of the appointments of Herman Mashaba and Stephen Pell will be sought.

Directors' and officers' interest in contracts

No material contracts in which directors have an interest were entered into during the year other than the transactions detailed in note 25 to the annual financial statements.

Directors' report

Directors' emoluments

The remuneration of directors for the year ended 28 February 2009 was as follows:

	Basic R'000	Incentive bonus R'000	Other benefits R'000	Pension R'000	Fees paid to non-executive directors R'000	Total R'000
B Stefanutti *(Chairman)*	**2 235**	**2 561**	**296**	**413**	**–**	**5 505**
W Meyburgh *(Chief Executive Officer)*	**2 138**	**2 499**	**335**	**396**	**–**	**5 368**
D Quinn *(Chief Financial Officer)*	**1 423**	**1 462**	**238**	**263**	**–**	**3 386**
S Pell *(appointed 14 August 2008)*	**833**	**301**	**271**	**173**	**–**	**1 578**
N Canca	**–**	**–**	**–**	**–**	**265**	**265**
K Eborall	**–**	**–**	**–**	**–**	**420**	**420**
H Mashaba *(appointed 14 August 2008)*	**–**	**–**	**–**	**–**	**64**	**64**
M Mkwanazi	**–**	**–**	**–**	**–**	**290**	**290**
B Sithole	**–**	**–**	**–**	**–**	**262**	**262**
	6 629	**6 823**	**1 140**	**1 245**	**1 301**	**17 138**

The remuneration of directors for the year ended 29 February 2008 was as follows:

	Basic R'000	Incentive bonus R'000	Other benefits R'000	Pension R'000	Fees paid to non-executive directors R'000	Total R'000
B Stefanutti *(Chairman)*	1 803	1032	201	331	–	3 367
W Meyburgh *(Chief Executive Officer)*	1 693	981	273	312	–	3 259
D Quinn *(Chief Financial Officer)*	1 073	413	197	199	–	1 882
N Canca	–	–	–	–	100	100
M Mkwanazi	–	–	–	–	100	100
B Sithole	–	–	–	–	100	100
K Eborall	–	–	–	–	333	333
	4 569	2 426	671	842	633	9 141

Directors' shareholding

Shareholding as held at 28 February 2009

	Direct shareholding		Indirect shareholding		
	Beneficial %	**Non-beneficial %**	**Beneficial %**	**Non-beneficial %**	**Total %**
B Stefanutti *(Chairman)*	**25,72**	**–**	**–**	**–**	**25,72**
W Meyburgh *(Chief Executive Officer)*	**0,36**	**–**	**5,20**	**–**	**5,56**
D Quinn *(Chief Financial Officer)*	**0,08**	**–**	**0,27**	**–**	**0,35**
S Pell *(appointed 14 August 2008)*	**0,64**	**–**	**–**	**–**	**0,64**
K Eborall	**0,04**	**–**	**–**	**–**	**0,04**
H Mashaba *(appointed 14 August 2008)*	**–**	**–**	**1,11**	**–**	**1,11**
M Mkwanazi	**0,02**	**–**	**–**	**–**	**0,02**
B Sithole	**–**	**–**	**2,87**	**–**	**2,87**
J Fizelle *(alternate)*	**0,02**	**–**	**0,90**	**–**	**0,92**

The following transactions took place post year-end:

Name	Nature of transaction	Number of shares	Date	Price
B Sithole	Sale	500 000	10 June 2009	R11,99
H Mashaba	Sale	500 000	1 June 2009	R10,00
H Mashaba	Sale	7 296	12 June 2009	R11,88
H Mashaba	Sale	196	15 June 2009	R11,75
H Mashaba	Sale	10 000	17 June 2009	R11,74

Directors' shareholding (continued)

Shareholding as held at 29 February 2008

	Direct shareholding		Indirect shareholding		
	Beneficial %	Non-beneficial %	Beneficial %	Non-beneficial %	Total %
B Stefanutti *(Chairman)*	32,60	–	–	–	32,60
W Meyburgh *(Chief Executive Officer)*	0,46	–	6,59	–	7,05
D Quinn *(Chief Financial Officer)*	0,10	–	0,34	–	0,44
K Eborall	0,05	–	–	–	0,05
M Mkwanazi	–	–	0,02	–	0,02
B Sithole	–	–	3,53	–	3,53
J Fizelle *(alternate)*	0,02	–	1,11	–	1,13

Company secretary

Antonio Cocciante, who was fulfilling the role of company secretary in a temporary capacity, has resigned this position with effect from 18 May 2009 but continues in a financial management capacity. William Somerville was appointed in his stead. His business and postal addresses are set out on the inside back cover.

Auditors

Subject to the approval of shareholders, Mazars Moores Rowland will continue in office in accordance with section 270(2) of the Companies Act. A resolution to seek their re-appointment and that of the individual registered auditor has been included in the notice of Annual General Meeting.

Report of the Audit, Governance and Risk Committee

The report of the above committee, as required in terms of section 270A of the Corporate Laws Amendment Act, is set out on page 24 of the annual report.

Acquisitions

In 2008 Stefanutti & Bressan Holdings Limited acquired the entire ordinary share capital of Stocks.
The purchase consideration was settled through a combination of cash and shares. In total 39 724 879 ordinary shares were issued at R17,00 a share to former Stocks shareholders and B-BBEE shareholder Leswikeng Building (Pty) Limited.

The company acquired the remaining minority interests in Stefanutti Stocks Building Gauteng (Pty) Limited (formerly Stefanutti & Bressan Building Inland (Pty) Limited), Stefanutti Stocks Building KZN (Pty) Limited (formerly Stefanutti & Bressan (Pty) Limited) and Stefanutti Stocks Geotechnical (Pty) Limited (formerly Stefanutti & Bressan (Pty) Limited).

Interest in subsidiaries

Details of the company's investment in subsidiaries are set out in note 4 of the annual financial statements.

The results of the subsidiaries so far as concerns the members of the group are as follows:
Net profit: R373 074 (2008: R151 072).

Special resolutions

The following special resolutions were passed at the Annual General Meeting on 29 August 2008:

- that a general authority to repurchase shares in the company be granted to the directors of the company;
- an amendment to the Articles of Association; and
- that the name of the company be changed to Stefanutti Stocks Holdings Limited.

The special resolutions were registered by the Registrar of Companies on 8 September 2008.

Post balance sheet events

The minority shareholdings of Stefanutti Stocks Building W Cape (Pty) Limited (formerly Stefanutti & Bressan Building Western Cape (Pty) Limited) and Civil & Coastal Construction (Pty) Limited have been acquired post year-end. Further acquisitions of minority interests in subsidiaries are being considered.

13 July 2009

Balance sheets

as at 28 February 2009

		GROUP		COMPANY	
		2009	2008	**2009**	2008
	Notes	**R'000**	R'000	**R'000**	R'000
ASSETS					
Non-current assets		**2 000 566**	547 078	**1 421 584**	304 859
Property, plant and equipment	3	**763 246**	358 129	**80**	–
Investments in subsidiaries and associates	4	**15 795**	1 350	**1 419 253**	304 859
Goodwill and intangible assets	5	**1 161 544**	155 950	**–**	–
Deferred tax	6	**59 981**	31 649	**2 251**	–
Current assets		**3 023 474**	1 285 351	**166 736**	244 266
Intergroup loan accounts	7	**–**	–	**153 403**	158 546
Inventories	8	**72 203**	45 772	**–**	–
Contracts in progress	9	**130 037**	11 370	**–**	–
Trade and other receivables	10	**1 437 414**	560 735	**836**	3 542
Taxation		**2 506**	4 491	**1 437**	4
Bank balances	11	**1 381 314**	662 983	**11 060**	82 174
Total assets		**5 024 040**	1 832 429	**1 588 320**	549 125
EQUITY AND LIABILITIES					
Capital and reserves		**1 613 258**	615 773	**1 166 113**	493 369
Share capital and premium	12	**1 055 997**	424 365	**1 161 538**	486 215
Share-based payments reserve		**31 577**	10 905	**30 973**	10 905
Foreign currency translation reserve and revaluation surplus		**47 627**	3 458	**–**	–
Retained earnings		**438 848**	151 954	**(26 398)**	(3 751)
Equity attributable to equity holders of the holding company		**1 574 049**	590 682	**1 166 113**	493 369
Minority interest		**39 209**	25 091	**–**	–
Non-current liabilities		**227 107**	136 719	**–**	37 545
Other financial liabilities	14	**160 953**	69 893	**–**	–
Vendors for acquisition	15	**–**	37 545	**–**	37 545
Deferred tax	6	**66 154**	29 281	**–**	–
Current liabilities		**3 183 675**	1 079 937	**422 207**	18 211
Other financial liabilities	14	**199 146**	110 514	**44 368**	8 030
Intergroup loan accounts	7	**–**	–	**369 298**	–
Trade and other payables	16	**1 671 409**	493 054	**8 541**	10 181
Provisions	17	**1 172 207**	390 561	**–**	–
Bank balances	11	**47 437**	–	**–**	–
Taxation		**93 476**	85 808	**–**	–
Total equity and liabilities		**5 024 040**	1 832 429	**1 588 320**	549 125

Income statements

for the year ended 28 February 2009

	Notes	GROUP 2009 R'000	GROUP 2008 R'000	COMPANY 2009 R'000	COMPANY 2008 R'000
Revenue	18	**6 316 570**	2 587 859	**43 799**	26 366
Contract revenue	18	**6 212 899**	2 544 923	**–**	–
Contract costs		**(5 266 004)**	(2 139 915)	**–**	–
Contract gross profit		**946 895**	405 008	**–**	–
Other income		**20 784**	4 440	**33 375**	12 496
Operating costs		**(435 841)**	(192 132)	**(49 249)**	(24 213)
Earnings/(loss) before interest, taxation, depreciation and amortisation		**531 838**	217 316	**(15 874)**	(11 717)
Depreciation		**(100 896)**	(30 925)	**(4)**	–
Amortisation of intangible assets		**(38 751)**	(2 087)	**–**	–
Operating profit/(loss)	19	**392 191**	184 304	**(15 878)**	(11 717)
Investment income	20	**74 879**	41 130	**10 424**	13 870
Finance costs	21	**(30 535)**	(18 476)	**(19 444)**	(4 810)
Share of (loss)/profits from associate companies	4	**(703)**	1 409	**–**	–
Profit/(loss) before taxation		**435 832**	208 367	**(24 898)**	(2 657)
Taxation	22	**(116 414)**	(63 949)	**2 251**	(2 487)
Profit/(loss) for the year		**319 418**	144 418	**(22 647)**	(5 144)
Net profit for the year attributable as follows:					
Equity holders of the company		**297 525**	134 919	**–**	–
Minority shareholders		**21 893**	9 499	**–**	–
		319 418	144 418	**–**	–
Earnings per share (cents)	24	**184,27**	103,28	**–**	–
Diluted earnings per share (cents)	24	**173,56**	99,23	**–**	–

Statements of changes in equity

for the year ended 28 February 2009

	Notes	Issued capital and premium R'000	Share-based payment reserve R'000	Foreign currency translation reserve R'000	Revaluation surplus R'000	Retained earnings R'000	Minority shareholder interest R'000	Total R'000
GROUP								
Balance at 1 March 2007		177 945	–	(78)	3 571	32 035	2 210	215 683
Premium on issue of ordinary shares		350 000	–	–	–	–	–	350 000
Less: Listing expenses written off against share premium account		(11 730)	–	–	–	–	–	(11 730)
Less: Capital distribution from share premium account		(30 000)	–	–	–	–	–	(30 000)
Effect of consolidating the S&B Share Incentive Trust		(61 850)	–	–	–	–	–	(61 850)
Employee share options	13	–	10 905	–	–	–	–	10 905
Total income and expense for the year		–	–	(35)	–	134 919	9 459	144 343
Net profit for the year		–	–	–	–	134 919	9 499	144 418
Translation of foreign subsidiary		–	–	(35)	–	–	(40)	(75)
Minority interest acquired		–	–	–	–	–	13 422	13 422
Dividends paid		–	–	–	–	(15 000)	–	(15 000)
Balance at 29 February 2008		**424 365**	**10 905**	**(113)**	**3 571**	**151 954**	**25 091**	**615 773**
Premium on issue of ordinary shares		**675 323**	**–**	**–**	**–**	**–**	**–**	**675 323**
Effect of consolidating the trusts and treasury shares		**(43 691)**	**–**	**–**	**–**	**–**	**–**	**(43 691)**
Employee share options	13	**–**	**21 118**	**–**	**–**	**–**	**–**	**21 118**
Realisation of share-based payments reserve		**–**	**(446)**	**–**	**–**	**446**	**–**	**–**
Total income and expense for the year		**–**	**–**	**42 743**	**1 426**	**297 525**	**21 893**	**363 587**
Net profit for the year		**–**	**–**	**–**	**–**	**297 525**	**21 893**	**319 418**
Translation of foreign subsidiary		**–**	**–**	**42 743**	**–**	**–**	**–**	**42 743**
Revaluation of land and buildings		**–**	**–**	**–**	**1 426**	**–**	**–**	**1 426**
Dividends paid by subsidiary to outside shareholders		**–**	**–**	**–**	**–**	**(1 487)**	**–**	**(1 487)**
Minority interest acquired		**–**	**–**	**–**	**–**	**(11 242)**	**(10 767)**	**(22 009)**
Adjustment resulting from Purchase Price Allocation finalisation		**–**	**–**	**–**	**–**	**–**	**2 992**	**2 992**
Redemption of shares		**–**	**–**	**–**	**–**	**(12 163)**	**–**	**(12 163)**
Settlement of share trust investments		**–**	**–**	**–**	**–**	**13 815**	**–**	**13 815**
Balance at 28 February 2009		**1 055 997**	**31 577**	**42 630**	**4 997**	**438 848**	**39 209**	**1 613 258**

	Notes	Issued capital and premium R'000	Share-based payment reserve R'000	Retained earnings R'000	Total R'000
COMPANY					
Balance at 1 March 2007		177 945	–	16 393	194 338
Premium on issue of ordinary shares		350 000	–	–	350 000
Less: Listing expenses written off against share premium account		(11 730)	–	–	(11 730)
Less: Capital distribution from share premium account		(30 000)	–	–	(30 000)
Employee share options	13	–	10 905	–	10 905
Net loss for year		–	–	(5 144)	(5 144)
Dividends paid pre-listing		–	–	(15 000)	(15 000)
Balance at 29 February 2008		**486 215**	**10 905**	**(3 751)**	**493 369**
Premium on issue of ordinary shares		**675 323**	**–**	**–**	**675 323**
Employee share options	13	**–**	**20 068**	**–**	**20 068**
Net loss for the year		**–**	**–**	**(22 647)**	**(22 647)**
Balance at 28 February 2009		**1 161 538**	**30 973**	**(26 398)**	**1 166 113**

Cash flow statements

for the year ended 28 February 2009

		GROUP		COMPANY	
	Notes	**2009 R'000**	2008 R'000	**2009 R'000**	2008 R'000
Cash flows from operating activities		**1 033 040**	407 448	**(5 193)**	(17 208)
Cash receipts from customers		**5 218 903**	2 303 110	**46 505**	19 621
Cash paid to suppliers and employees		**(4 076 186)**	(1 838 843)	**(41 245)**	(13 307)
Cash generated from operations	23.1	**1 142 717**	464 267	**5 260**	6 314
Investment income		**74 879**	41 130	**10 424**	13 870
Finance costs		**(30 535)**	(18 476)	**(19 444)**	(4 810)
Dividends paid	23.2	**(1 487)**	(30 255)	**–**	(29 940)
Dividends received		**1 510**	–	**–**	–
Taxation paid	23.3	**(152 980)**	(49 218)	**(1 433)**	(2 642)
Secondary tax on companies paid	23.4	**(1 064)**	–	**–**	–
Cash flows from investing activities		**(464 751)**	(251 730)	**(1 114 478)**	(140 582)
Expenditure to maintain operating capacity					
Property, plant and equipment acquired		**(366 120)**	(172 184)	**(84)**	–
Proceeds on disposals of property, plant and equipment		**22 933**	17 552	**–**	–
Expenditure for expansion					
Net cash required for acquisition of subsidiaries	23.5	**(121 492)**	(89 892)	**(1 114 394)**	(140 582)
Additional investment in associates		**(72)**	–	**–**	–
Short-term advances		**–**	(7 206)	**–**	–
Cash flows from financing activities		**65 995**	301 705	**1 048 557**	170 867
Proceeds from issue of shares		**–**	350 000	**675 323**	350 000
Listing expenses allocated against share premium account		**–**	(11 730)	**–**	(11 730)
Repurchase of shares		**(19 839)**	–	**–**	–
Capital distribution from share premium account		**–**	(30 000)	**–**	(30 000)
Proceeds from long-term financing		**85 834**	(42 408)	**–**	(42 408)
Long- and short-term liabilities raised		**–**	35 843	**368 091**	48 350
Short-term loans advanced		**–**	–	**5 143**	(143 345)
Increase in cash and cash equivalents		**634 284**	457 423	**(71 114)**	13 077
Cash and cash equivalents at beginning of the year		**662 983**	205 560	**82 174**	69 097
Effect of exchange rate changes on cash and cash equivalents		**36 610**	–	**–**	–
Cash and cash equivalents at end of the year	11	**1 333 877**	662 983	**11 060**	82 174

Accounting policies

for the year ended 28 February 2009

The principal accounting policies adopted in the preparation of these consolidated annual financial statements are set out below and have been applied consistently to all periods presented.

1. Presentation of financial statements

The annual financial statements and group annual financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and the Companies Act of South Africa.

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

In the current year, the group has adopted all of the new and revised Standards and Interpretations issued by the IASB and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to its operation and effective for the period ended 28 February 2009.

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

1.1 Significant judgements and estimates

In the process of applying the group's accounting policies, the directors have made the following judgements that have an effect on the amounts recognised in the annual financial statements:

Investment property

The group owns land and buildings that it partly uses for administration purposes and partly uses to earn rental income. The areas used for these purposes cannot be individually separated and sold or leased under a finance lease. It proved difficult to determine the classification of the property as owner-occupied or investment property. The directors ultimately decided the property should be classified as owner-occupied because the overriding reason for purchasing the property was to use it for administration purposes.

Allowance for doubtful debts

Debtor accounts are written off when they are delinquent. An allowance is raised on accounts when recovery is no longer evident.

Allowance for slow moving, damaged and obsolete inventory

An allowance account is used to write inventory down to the lower of cost or net realisable value. Management has made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the operating profit note.

Options granted

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

Impairment testing

Management uses the value in use to determine the recoverable amount of goodwill and intangible assets as there is no active market in identifying assets that may have been impaired. Additional disclosure of these estimates is included in the note relating to goodwill and intangible assets.

Accounting policies

for the year ended 28 February 2009

1. Presentation of financial statements (continued)

1.1 Significant judgements and estimates (continued)

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosures of these estimates of provisions are included in the note relating to provisions.

Contingent provisions on business combinations

Contingencies recognised in the current year required estimates and judgements. Refer to note 31 on acquisition of business combinations.

Expected manner of realisation for deferred tax

Deferred tax is provided for on the fair value adjustments of investment properties based on the expected manner of recovery, i.e. sale or use. This manner of recovery affects the rate used to determine the deferred tax liability. Additional disclosure of these different rates is included in the note relating to deferred tax.

1.2 Property, plant and equipment

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

Property, plant and equipment, other than land and buildings, are subsequently measured at cost less accumulated depreciation and any accumulated impairment losses. Land and buildings are carried at a revalued amount, being the fair value of the property at the date of revaluation, less any subsequent accumulated depreciation on buildings and any accumulated impairment losses subsequent to the date of the revaluation. Should the residual value exceed the revalued amount then no depreciation is recognised.

Where assets are carried at revalued amounts, the valuations are performed with sufficient regularity to ensure that the fair value of the revalued assets do not differ materially from their carrying amounts. Any increase in the assets' carrying amounts, as a result of a revaluation, is credited directly to equity in the revaluation surplus. The increase is recognised in the income statement to the extent that it reverses a revaluation decrease of the same asset previously recognised in the income statement.

Any decrease in the assets' carrying amounts, as a result of a revaluation, is recognised in the income statement in the year in which it arises. However, the decrease is debited directly against the revaluation surplus in equity to the extent that it reverses any revaluation previously credited to this reserve for a specific asset.

1. Presentation of financial statements (continued)

1.2 Property, plant and equipment (continued)

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

Aircraft	5 000 hours flying time
Motor vehicles	5 years
Long-term plant and equipment	10 years
Medium-term plant and equipment	8 years
Short-term plant and equipment	5 years
Furniture and fittings	8 years
Office and computer equipment	3 years
Leasehold improvements	4 years

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

Where a part of an item of property, plant and equipment is significant in relation to the cost of the item, that part is depreciated separately. The depreciation charge is recognised as an expense in the income statement.

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

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

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

1.3 Goodwill and intangible assets

Goodwill

Goodwill arising from business combinations is initially measured at cost. Cost represents the excess of the purchase consideration over the fair value of the company's and group's share of the identifiable assets, liabilities and contingent liabilities acquired at the date of acquisition. Subsequently, goodwill is measured at cost less any accumulated impairment losses.

Where the fair value of the company's and group's share of the identifiable assets, liabilities and contingent liabilities acquired in a business combination is greater than the cost of the combination, the difference is recognised in the income statement immediately.

Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired.

Accounting policies

for the year ended 28 February 2009

1. Presentation of financial statements (continued)

1.3 Goodwill and intangible assets (continued)

Goodwill (continued)

At the acquisition date, goodwill is allocated to each of the cash-generating units expected to benefit from a business combination. Impairment is determined by assessing the recoverable amount of the cash-generating unit to which goodwill relates. The recoverable amount is determined as the value in use of each cash-generating unit by estimating the expected future cash flows in each unit and applying a suitable discount rate in order to calculate the present value of those cash flows.

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

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

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

An impairment loss recognised for goodwill is not subsequently reversed.

Intangible assets

Intangible assets are initially recognised at cost.

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

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

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

Useful lives of intangibles are as follows:

Customer-related intangible assets	1 – 3 years
Tradenames	1 – 10 years
Technology-related intangible assets	1 – 3 years

The amortisation charge is recognised as an expense in the income statement. The amortisation period and amortisation method applied to an intangible asset with a finite useful life is reviewed, and adjusted if necessary, on an annual basis. These changes are accounted for as a change in estimate.

1. Presentation of financial statements (continued)

1.3 Goodwill and intangible assets (continued)

Intangible assets (continued)

Intangible assets are tested for impairment when there is an indication thereof by determining the recoverable amount of the assets either individually or at the cash-generating unit level. Where this assessment is performed at the cash-generating unit level, the impairment is determined by assessing the recoverable amount of the cash-generating unit to which the intangible asset relates. In such instances, the recoverable amount is determined as the value in use of the cash-generating unit by estimating the expected future cash flows in the unit and applying a suitable discount rate in order to calculate the present value of those cash flows.

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

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

1.4 Investments in subsidiaries

Group annual financial statements

The group annual financial statements comprise the consolidated annual financial statements of the company, its subsidiaries and results of associates and jointly controlled operations. The annual financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

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

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

Subsidiaries, which are those entities in which the group has an interest of more than one half of the voting rights or otherwise has the power to govern the financial and operating policies, are consolidated. The results of the subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition and up to the effective date of disposal. Intergroup transactions are eliminated on consolidation.

Minority interests included on the balance sheet represent the portion of profit of loss and net assets in subsidiaries not held by the group. Minority interests are presented separately in the income statement and within equity in the consolidated balance sheet.

Company annual financial statements

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

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

1.5 Investment in joint ventures

The group has interests in certain jointly controlled operations:

The group and company recognised the following with respect to these interests in its annual financial statements:

a) the assets that it controls and the liabilities that it incurs; and
b) the expenses that it incurs and its share of the income that it earns from the sale of goods or services by the joint venture.

1. Presentation of financial statements (continued)

1.5 Investment in joint ventures (continued)

Results of joint ventures are included when two or more venturers combine their operations, resources and expertise in order to manufacture/build a particular product jointly, the joint venture is derecognised when the combined operations ceases.

1.6 Investments in associates

Group annual financial statements

Investments in associates are accounted for using the equity method. Associates are entities in which the group has significant influence and which are neither a subsidiary nor a joint venture.

Under the equity method, the investments are initially recognised at cost and the carrying amount is increased or decreased to recognise the group's share of the profits or losses of the associates after their acquisition dates. An impairment is recognised when it is probable that the investment is irrecoverable. The use of the equity method is discontinued from the date on which the group ceases to have significant influence over an associate.

Company annual financial statements

Investments in associates in the company's separate annual financial statements are initially recorded at cost. Investments in associates are subsequently measured at cost less any accumulated impairment. An impairment is recognised when it is probable that the investment is irrecoverable.

1.7 Impairment of assets

The group assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the group estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the group also tests goodwill acquired in a business combination for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual year-end and at the same time every year.

The accounting policy that deals with the impairment of goodwill is included in the respective accounting policy note.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

In general, an impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in the income statement. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit by first reducing the goodwill allocated to the cash-generating unit (if any) and then to the other assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

1. Presentation of financial statements (continued)

1.7 Impairment of assets (continued)

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

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

1.8 Financial instruments

Initial recognition for financial assets and financial liabilities

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

Loans to/(from) group companies: Loans and receivables/Other financial liabilities

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

Loans payable where there are no determinable terms of repayment are included in current liabilities and are considered repayable on demand.

When the estimates of receipts or payments on loans to/(from) group companies are revised or the repayment terms contained within the loan agreement are altered, the carrying amount of the loan is adjusted to reflect the revised cash flows by computing the present value of the estimated future cash flows using the loan's original effective interest rate. Any adjustment is recognised in the income statement.

On loans receivable an impairment loss is recognised in the income statement when there is objective evidence that the loan receivable is impaired. Significant financial difficulties, probability that the debtor company will enter bankruptcy or financial reorganisation, and default or delinquency in payments are objective evidence of impairment.

The impairment is measured as the difference between the carrying amount and the recoverable amount, if the recoverable amount is lower than the carrying amount the impairment will be recognised.

Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Accounting policies

for the year ended 28 February 2009

1. Presentation of financial statements (continued)

1.8 Financial instruments (continued)

Trade and other receivables: Loans and receivables

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

Trade and other payables: Other financial liabilities

Trade and other payables are subsequently measured at amortised cost.

Bank overdrafts and borrowings

Bank overdrafts and borrowings are subsequently measured at amortised cost using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and other short-term deposits. Cash and cash equivalents are short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are subsequently recorded at amortised cost.

Derecognition of financial assets and liabilities

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

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

Impairment of financial instruments

An estimate of any impairment is made to an allowance account on individual receivables. Allowances for estimated irrecoverable amounts are recognised in profit and loss when there is objective evidence that the collection of the full amount under the original terms of the invoice is no longer probable. Objective evidence would include indicators such as probable insolvency or significant difficulties in the debtor. An allowance recognised is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the effective interest rate computed at initial recognition. Impaired debts are derecognised when they are assessed as uncollectible.

1.9 Share capital

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

Treasury shares

Shares held in the group through acquisition by subsidiary companies reduce the group's share capital. These equity instruments (treasury shares) are presented as a deduction against the group's equity. No gain or loss is recognised in the income statement. Share capital is reduced for the par value of the shares and the share premium is reduced only to the extent of the specific share premium raised on acquisition of the treasury shares to the subsidiary company. Any further reduction against equity for the treasury shares is charged against retained earnings in the statement of changes in equity.

1. Presentation of financial statements (continued)

1.9 Share capital (continued)

Treasury shares (continued)

Subsidiary companies include share incentive trusts set up for the benefit of the group's employees. Such trusts are consolidated in the group results because the group effectively controls the trust through the specific mechanisms that were established when the trust was formed.

1.10 Taxation

Current tax

Current and deferred taxes are recognised as income or an expense and included in the income statement. The current tax payable is based on taxable profit. Taxable profit differs from profit reported in the income statement where there are items of income or expense that are taxable or deductible in other years and it also excludes items that are never taxable or deductible under existing tax legislation.

Secondary taxation on companies is provided in respect of declared dividends, net of dividends received or receivable, and is recognised as a taxation charge in the income statement in the year the related dividend is declared.

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

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

Deferred tax assets and liabilities

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

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

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

A deferred tax asset is recognised for the carry forward of unused tax losses (and unused secondary taxation on companies credits) to the extent that it is probable that future taxable profit will be available against which the unused tax losses and secondary taxation on companies credits can be utilised.

1. Presentation of financial statements (continued)

1.10 Taxation (continued)

Deferred tax assets and liabilities (continued)

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

The carrying amount of deferred tax assets in the balance sheet are reviewed annually and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

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

Value added taxation

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

1.11 Leases

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

Finance leases – lessee

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

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments is recognised as an operating lease liability. This liability is not discounted.

Operating leases – lessor

Operating lease income is recognised as income on a straight-line basis over the lease terms. The difference between the amounts recognised as income and the contractual income are recognised as an operating lease asset. This asset is not discounted.

Income from leases is disclosed within other income in the income statement.

The underlying leased asset is not derecognised from the group's balance sheet and is depreciated in accordance with the accounting policy for property, plant and equipment.

1. Presentation of financial statements (continued)

1.12 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis and comprises the cost to purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completing and the estimated costs necessary to make the sale.

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

1.13 Construction contracts

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

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

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

When the outcome of a construction contract can be estimated reliably, contract revenue is recognised by using the percentage of completion method as set out in note 1.17. Costs are recognised in net profit as incurred. However, costs incurred in the year in connection with future activity on a contract are excluded and shown as contracts in progress. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

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

1.14 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits (those payable within 12 months after the service is rendered, such as wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits such as medical aid, cars and housing) are recognised in the period in which the service is rendered and are not discounted.

The expected cost of accrued leave is recognised as an expense as the employees render service that increases 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 employee at the balance sheet date.

Accounting policies

for the year ended 28 February 2009

1. Presentation of financial statements (continued)

1.14 Employee benefits (continued)

Short-term employee benefits (continued)

The expected cost of bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Post-employment benefits

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

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

1.15 Share-based payments

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

Goods or services received or acquired in a share-based payment transaction are recognised when the goods are received or as the services are rendered. A corresponding increase in equity is recognised if the goods or services were received in an equity-settled share-based payment transaction.

When the goods or services received or acquired in a share-based payment transaction do not qualify for recognition as assets, they are recognised as expenses in the income statement. Transactions with employees (including directors) are recognised as a salary cost in the income statement.

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

The fair value of share options is determined using a binomial model, such as the Black-Scholes-Merton formula, taking into account the terms and conditions upon which the share options were granted. The fair value of the units issued is based on the share price at grant date.

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

1. Presentation of financial statements (continued)

1.16 Provisions and contingencies

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

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

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

Where the group has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision. In determining the measurement of the provision resulting from an onerous contract, the group considers the least net unavoidable cost of exiting the contract, which is generally the lower of the cost of fulfilling the contract and any compensation or penalties arising from failure to fulfil it. The group also considers any impairment losses that have occurred on assets dedicated to the onerous contract.

Contingent liabilities acquired in a business combination are recognised in the financial statements when their fair value can be measured reliably. Subsequently, any contingent liabilities that are recognised separately in the financial statements are measured at the higher of the amount that would be recognised as a provision and the amount initially recognised less cumulative amortisation. All other contingent assets and contingent liabilities are not recognised, but are disclosed in the notes to the financial statements.

Contingent assets and contingent liabilities are not recognised, but are disclosed in the notes to the annual financial statements.

1.17 Revenue

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

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

Revenue from the rendering of services is recognised when:
a) the amount of revenue can be measured reliably;
b) it is probable that the economic benefits associated with the transaction will flow to the entity;
c) the costs incurred can be measured reliably; and
d) the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

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

1. Presentation of financial statements (continued)

1.17 Revenue (continued)

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

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

1.18 Borrowing costs

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

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

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

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

1.19 Dividends

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

1.20 Translation of foreign currencies

The functional currency of the company is South African rand.

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

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

1. Presentation of financial statements (continued)

1.20 Translation of foreign currencies (continued)

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

1.21 Segmental reporting

A geographical segment relates to providing services within a particular economic environment that is subject to risks and returns that are different from those of segments operating in other economic environments.

The group's primary format for segmental reporting is determined in accordance with reference to the geographical location of the operations.

2. New accounting policies adopted

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the group has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

IFRIC 12 Service Concession Arrangements

The interpretation addresses the accounting by private sector operators involved in the provision of public sector infrastructure assets and services, such as schools and roads. The interpretation states that for arrangements falling within its scope (essentially those where the infrastructure assets are not controlled by the operator), the infrastructure assets are not recognised as property, plant and equipment of the operator.

Rather, depending on terms of the arrangement, the operator will recognise:

- A financial asset where the operator has an unconditional right to receive a specified amount of cash or other financial asset over the life of the arrangement; or
- An asset where the operator's future cash flows are not specified, for example where they will vary according to usage of the infrastructure asset; or
- Both a financial asset and an intangible asset where the operator's return is provided partially by a financial asset and partially by an intangible asset.

The effective date of the interpretation is for the years beginning on or after 1 January 2008.

The group has adopted the interpretation for the first time in the 2009 annual financial statements.

The amendment did not have have a material impact on the group's financial statements.

2. New accounting policies adopted (continued)

2.2 Statements and interpretations issued and not yet effective

The group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the group's accounting periods beginning on or after 1 March 2009 or later periods:

IAS 1 (Revised) Presentation of Financial Statements

The main revisions to IAS 1:

- Require the presentation of non-owner changes in equity either in a single statement of comprehensive income or in an income statement and statement of comprehensive income;
- Require the presentation of a balance sheet at the beginning of the earliest comparative period whenever a retrospective adjustment is made. This requirement includes related notes;
- Require the disclosure of income tax and reclassification adjustments relating to each component of other comprehensive income or in the notes;
- Allow dividend presentations to be made either in the statement of changes in equity or in the notes only; and
- Have changed the titles to some of the financial statement components, where the 'balance sheet' becomes the 'statement of financial position' and the 'cash flow statement' becomes the 'statement of cash flows'. These new titles will be used in International Financial Reporting Standards, but are not mandatory for use in financial statements.

The effective date of the standard is for years beginning on or after 1 January 2009.

The group expects to adopt the standard for the first time in the 2010 annual financial statements.

IFRS 8 Operating Segments

IFRS 8 replaces IAS14 Segment Reporting. The new standard requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes.

The effective date of the standard is for years beginning on or after 1 January 2009.

The group expects to adopt the standard for the first time in the 2010 annual financial statements.

The adoption of this standard is not expected to impact on the results of the group, but may result in more disclosure than is currently provided in the annual financial statements.

IFRIC 15 Agreements for the Construction of Real Estate

IFRIC 15 specifies whether an agreement for the construction of real estate is within the scope of IAS 11 Construction Contracts or IAS 18 Revenue, and thus impacts the related recognition of revenue. An agreement for the construction of real estate is a construction contract within the scope of IAS 11 only when the buyer is able to specify the major structural elements of the design of the real estate before construction begins and/or specify major structural changes once construction is in progress. Revenue in such cases should be determined in accordance with the percentage of completion of the contract. In all other cases, IAS 18 applies. If IAS 18 applies and the entity is required to provide the materials for the construction as well as carry out the construction activity, the supply represents the sale of goods. In such cases, revenue is recognised on delivery of the constructed asset. If the entity is not required to provide materials, but only to construct the real estate, the supply is the rendering of services, and revenue should be recognised on the percentage of completion basis.

2. New accounting policies adopted (continued)

2.2 Statements and interpretations issued and not yet effective (continued)

IFRIC 15 Agreements for the Construction of Real Estate (continued)

The effective date of the interpretation is for the years beginning on or after 1 January 2009.

The group expects to adopt the interpretation for the first time in the 2010 annual financial statements.

The effect on the group's financials is currently being assessed.

Amendment to IFRS 2 Share Based Payment: Vesting Conditions and Cancellations

The amendment clarifies that vesting conditions are only performance conditions or service conditions. All other conditions are non-vesting conditions. Non-vesting conditions are accounted for in the same manner as market conditions. It further clarifies that if either party can choose not to satisfy a non-vesting condition, then the arrangement is treated as a cancellation upon non-fulfilment of that condition.

The effective date of the amendment is for years beginning on or after 1 January 2009.

The group expects to adopt the amendment for the first time in the 2010 annual financial statements.

It is unlikely that the amendment will have a material impact on the group's annual financial statements.

Amendment to IFRS 7 Financial Instruments: Disclosures

The amendment relates to changes in the Implementation Guidance of the Standard. 'Total interest income' was removed as a component of finance costs from paragraph IG13. This was to remove inconsistency with the requirements of IAS 1 Presentation of Financial Statements which precludes the offsetting of income and expenses.

The effective date of the amendment is for years beginning on or after 1 January 2009.

The group expects to adopt the amendment for the first time in the 2010 annual financial statements.

The amendment will not have a material impact on the group's annual financial statements as the group does not offset interest.

Amendment to IAS 1 Presentation of Financial Statements

The amendment is to clarify that financial statements classified as held for trading in accordance with IAS 39 Financial Instruments: Recognition and Measurement are not always required to be presented as current assets/liabilities.

The effective date of the amendment is for years beginning on or after 1 January 2009.

The group expects to adopt the amendment for the first time in the 2010 annual financial statements.

It is unlikely that the amendment will have a material impact on the group's annual financial statements.

Accounting policies

for the year ended 28 February 2009

2. New accounting policies adopted (continued)

2.2 Statements and interpretations issued and not yet effective (continued)

Amendment to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

The amendment clarified that Implementation Guidance related to any Standard is only mandatory when it is identified as an integral part of the Standard.

The effective date of the amendment is for years beginning on or after 1 January 2009.

The group expects to adopt the amendment for the first time in the 2010 annual financial statements.

It is unlikely that the amendment will have a material impact on the group's annual financial statements.

Amendment to IAS 10 Events after the Reporting Period

The amendment clarified that if dividends are declared (appropriately authorised and no longer at the discretion of the entity) after the reporting period but before the financial statements are authorised for issue, the dividends may not be recognised as a liability as no obligation exists at the reporting date; thus clarifying that in such cases a liability cannot be raised even if there is a constructive obligation.

The effective date of the amendment is for years beginning on or after 1 January 2009.

The group expects to adopt the amendment for the first time in the 2010 annual financial statements.

It is unlikely that the amendment will impact the group's annual financial statements.

Amendment to IAS 16 Property, Plant and Equipment

The term 'net selling price' has been replaced with 'fair value less cost to sell' in the definition of recoverable amount.

The effective date of the amendment is for years beginning on or after 1 January 2009.

The group expects to adopt the amendment for the first time in the 2010 annual financial statements.

It is unlikely that the amendment will have a material impact on the group's annual financial statements.

Amendment to IAS 23 Borrowing Costs (as revised in 2007)

The description of specific components of borrowing costs has been replaced with a reference to the guidance in IAS 39 Financial Instruments: Recognition and Measurement on effective interest rate.

The effective date of the amendment is for years beginning on or after 1 January 2009.

The group expects to adopt the amendment for the first time in the 2010 annual financial statements.

It is unlikely that the amendment will have an impact on the group's annual financial statements.

2. New accounting policies adopted (continued)

2.2 Statements and interpretations issued and not yet effective (continued)

Amendment to IFRS 7 Financial Instruments: Disclosures; IAS 32 Financial Instruments: Presentations; IAS 28 Investments in Associates and IAS 31 Interests in Joint Ventures

The amendment adjusted the disclosure requirements of investments in associates and interests in joint ventures which have been designated as at fair value through profit or loss or are classified as held for trading. The amendment provides that only certain specific disclosure requirements of IAS 28 Investment in Associates and IAS 31 Interests in Joint Ventures are required together with the disclosure of IFRS 7 Financial Instruments: Disclosures and IAS 32 Financial Instruments: Presentation.

The effective date of the amendment is for years beginning on or after 1 January 2009.

The group expects to adopt the amendment for the first time in the 2010 annual financial statements.

It is unlikely that the amendment will have a material impact on the group's annual financial statements.

Amendment to IAS 34 Interim Financial Reporting

The amendment clarifies that the requirement to present information on earnings per share in interim financial reports applies only to entities within the scope of IAS 33 Earnings per Share.

The effective date of the amendment is for years beginning on or after 1 January 2009.

The group expects to adopt the amendment for the first time in the 2010 annual financial statements.

It is unlikely that the amendment will have a material impact on the group's annual financial statements.

Amendment to IAS 36 Impairment of Assets

The amendment requires disclosures of estimates used to determine the recoverable amount of cash-generating units containing goodwill or intangible assets with indefinite useful lives. Specifically, the following disclosures are required when discounted cash flows are used to estimate fair value less costs to sell:

– The period over which management has projected cash flows;
– The growth rate used to extrapolate cash flow projections; and
– The discount rate(s) applied to the cash flow projections.

The effective date of the amendment is for years beginning on or after 1 January 2009.

The group expects to adopt the amendment for the first time in the 2010 annual financial statements.

It is expected to result in additional disclosure.

2. New accounting policies adopted (continued)

2.2 Statements and interpretations issued and not yet effective (continued)

IFRS 3 (Revised) Business Combinations

The revised IFRS 3 Business Combinations requires:

- Acquisition costs to be expensed;
- Non-controlling interest to either be calculated at fair value, in the cost of the business combination without identifiable assets of the acquiree or on the proportionate basis;
- Contingent consideration to be included, at fair value, in the cost of the business combination without further adjustment to goodwill, apart from measurement period adjustments;
- All previous interests in the acquiree to be remeasured to fair value at acquisition date when control is achieved in stages, and for the fair value adjustments to be recognised in profit or loss;
- Goodwill to be measured as the difference between the acquisition date fair value of consideration paid, non-controlling interest and fair value of previous shareholding and the fair value of the net identifiable assets of the acquiree;
- The acquirer to reassess, at acquisition date, the classification of the net identifiable assets of the acquiree, except for leases and insurance contracts;
- Contingent liabilities of the acquiree to only be included in the net identifiable assets when there is a present obligation with respect to the contingent liability;
- The requirements have been clarified for how the acquirer accounts for some of the assets and liabilities acquired in a business combination such as replacing the acquiree's share-based payment awards, being indemnified by the seller, embedded derivatives, cash flow hedges and operating leases;
- Business combinations involving only mutual entities and business combinations achieved by contract alone are now within the scope of IFRS 3; and
- Requirements have been added regarding re-acquired rights. Where the acquirer and acquiree were parties to a pre-existing relationship (eg. the acquirer had granted the acquiree a right to use its intellectual property where the terms of any contract are not market terms), a gain or loss is recognised and the purchase consideration adjusted to reflect a payment or receipt for the non-market terms, and an intangible asset (being the rights re-acquired) is recognised at fair value and amortised over the contract term.

The effective date of the standard is for years beginning on or after 1 July 2009.

The group expects to adopt the standard for the first time in the 2011 annual financial statements.

This standard is only applicable prospectively. The impact on the group's financial statements cannot be determined at this time.

Amendment to IAS 27 Consolidated and Separate Financial Statements

The revisions require:

- Losses of the subsidiary to be allocated to non-controlling interest, even if they result in the non-controlling interest being a debit balance;
- Changes in level of control without loss of control to be accounted for as equity transactions, without any gain or loss being recognised or any measurement of goodwill;
- When there is a change in the level of control without losing control, the group is prohibited from making reclassification adjustments; and
- When control is lost, the net identifiable assets of the subsidiary as well as non-controlling interest and goodwill are to be derecognised. Any remaining investment is remeasured to fair value at the date on which control is lost, and a gain or loss on loss of control is recognised in profit or loss.

2. New accounting policies adopted (continued)

2.2 Statements and interpretations issued and not yet effective (continued)

Amendment to IAS 27 Consolidated and Separate Financial Statements (continued)

The effective date of the amendment is for years beginning on or after 1 July 2009.

The group expects to adopt the amendment for the first time in the 2011 annual financial statements.

The effect on the group's financials is currently being assessed.

IAS 12 Income Taxes – consequential amendments due to IAS 27 (Amended) Consolidated and Separate Financial Statements

The amendment is as a result of amendments to IAS 27 Consolidated and Separate Financial Statements. The amendment refers to situations where a subsidiary, on acquisition date, did not recognise a deferred tax asset in relation to deductible temporary differences, because, for example, there may not have been sufficient future taxable profits against which to utilise the deductible temporary differences. If the deferred tax asset subsequently becomes recognisable, the amendment now requires that the deferred tax asset should be recognised against goodwill (and profit or loss to the extent that it exceeds goodwill), only if it results from information in the measurement period about circumstances that existed at acquisition date. No adjustment may be made to goodwill for information outside of the measurement period.

The effective date of the amendment is for years beginning on or after 1 July 2009.

The group expects to adopt the interpretation for the first time in the 2011 annual financial statements.

It is unlikely that the interpretation will have a material impact on the group's annual financial statements.

Notes to the annual financial statements

for the year ended 28 February 2009

3. Property, plant and equipment

	GROUP Cost/ valuation R'000	Accumulated depreciation R'000	Carrying value R'000	COMPANY Cost/ valuation R'000	Accumulated depreciation R'000	Carrying value R'000
2009						
Owned and leased assets						
Land	**46 358**	**–**	**46 358**	**–**	**–**	**–**
Buildings	**118 317**	**–**	**118 317**	**–**	**–**	**–**
Aircraft	**600**	**–**	**600**	**–**	**–**	**–**
Transport and motor vehicles	**81 962**	**(24 326)**	**57 636**	**–**	**–**	**–**
Plant and equipment	**632 055**	**(125 862)**	**506 193**	**–**	**–**	**–**
Furniture, fittings, office and computer equipment	**45 571**	**(14 521)**	**31 050**	**84**	**(4)**	**80**
Leasehold improvements	**3 092**	**–**	**3 092**	**–**	**–**	**–**
	927 955	**(164 709)**	**763 246**	**84**	**(4)**	**80**
2008						
Owned and leased assets						
Land	15 421	–	15 421	–	–	–
Buildings	19 409	–	19 409	–	–	–
Aircraft	600	–	600	–	–	–
Transport and motor vehicles	70 551	(15 669)	54 882	–	–	–
Plant and equipment	306 186	(47 462)	258 724	–	–	–
Furniture, fittings, office and computer equipment	17 976	(8 918)	9 058	–	–	–
Leasehold improvements	141	(106)	35	–	–	–
	430 284	(72 155)	358 129	–	–	–

3. Property, plant and equipment (continued)

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

	Carrying value at beginning of year R'000	Revalu-ations R'000	Currency trans-lation R'000	Additions R'000	Disposals R'000	Depre-ciation R'000	Carrying value at end of year R'000
2009							
Group							
Owned assets							
Land	**15 421**	**2 036**	**–**	**30 554**	**(1 653)**	**–**	**46 358**
Buildings	**19 409**	**–**	**–**	**98 908**	**–**	**–**	**118 317**
Aircraft	**600**	**–**	**–**	**–**	**–**	**–**	**600**
Transport and motor vehicles	**52 684**	**–**	**–**	**16 991**	**(3 512)**	**(10 134)**	**56 029**
Plant and equipment	**248 978**	**–**	**–**	**340 674**	**(13 337)**	**(81 781)**	**494 534**
Furniture, fittings, office and computer equipment	**9 058**	**–**	**1 334**	**27 939**	**(864)**	**(6 417)**	**31 050**
Leasehold improvements	**35**	**–**	**–**	**3 091**	**(25)**	**(9)**	**3 092**
	346 185	**2 036**	**1 334**	**518 157**	**(19 391)**	**(98 341)**	**749 980**

	Carrying value at beginning of year R'000	Revalu-ations R'000	Transfers R'000	Additions R'000	Disposals R'000	Depre-ciation R'000	Carrying value at end of year R'000
2008							
Group							
Owned assets							
Land	11 371	–	–	4 050	–	–	15 421
Buildings	11 888	–	–	7 521	–	–	19 409
Aircraft	600	–	–	–	–	–	600
Transport and motor vehicles	40 380	–	–	24 332	(6 981)	(5 047)	52 684
Plant and equipment	67 155	–	–	210 281	(7 353)	(21 105)	248 978
Furniture, fittings, office and computer equipment	4 929	–	–	6 895	(51)	(2 715)	9 058
Leasehold improvements	107	–	–	–	–	(72)	35
	136 430	–	–	253 079	(14 385)	(28 939)	346 185

3. Property, plant and equipment (continued)

Additions can be split as follows:

	2009 Additions	**2009 Additions due to business combi-nations**	**2009 Total**	2008 Additions	2008 Additions due to business combi-nations	2008 Total
Land	**22 667**	**7 887**	**30 554**	–	4 050	4 050
Buildings	**26 504**	**72 404**	**98 908**	3 370	4 151	7 521
Transport and motor vehicles	**16 320**	**671**	**16 991**	15 879	8 453	24 332
Plant and equipment	**274 342**	**66 332**	**340 674**	143 520	66 761	210 281
Furniture, fittings, office and computer equipment	**20 814**	**7 125**	**27 939**	6 153	742	6 895
Leasehold improvements	**3 091**	**–**	**3 091**	–	–	–
	363 738	**154 419**	**518 157**	168 922	84 157	253 079

The group's obligations under instalment sale agreements are secured by certain transport and motor vehicles as well as plant and equipment (Refer to note 14.2). These assets have a net book value at year-end amounting to R231 792 000 (2008: R189 990 000).

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

A fixed asset register containing information on land and buildings is open for inspection in terms of paragraph 22.4 of Schedule 4 to the Companies Act.

	Carrying value at beginning of year R'000	**Revalu-ations R'000**	**Additions R'000**	**Disposals R'000**	**Depre-ciation R'000**	**Carrying value at end of year R'000**
2009						
Group						
Leased assets						
Transport and motor vehicles	**2 198**	**–**	**33**	**(263)**	**(361)**	**1 607**
Plant and equipment	**9 746**	**–**	**4 962**	**(855)**	**(2 194)**	**11 659**
	11 944	**–**	**4 995**	**(1 118)**	**(2 555)**	**13 266**
2008						
Group						
Leased assets						
Transport and motor vehicles	983	–	1 455	–	(240)	2 198
Plant and equipment	13 671	–	1 806	(3 985)	(1 746)	9 746
	14 654	–	3 261	(3 985)	(1 986)	11 944
2009						
Company						
Owned assets						
Furniture, fittings, office and computer equipment	**–**	**–**	**84**	**–**	**(4)**	**80**
	–	**–**	**84**	**–**	**(4)**	**80**

4. Investment in subsidiaries and associates

Subsidiaries	Proportion held directly 2009 %	2008 %	GROUP 2009 R'000	2008 R'000	COMPANY Cost 2009 R'000	2008 R'000
Name of company						
Stefanutti Stocks International Holdings (Pty) Limited	**100**	100	**–**	–	**9 437**	9 437
Stefanutti Stocks Building KZN (Pty) Limited	**100**	81	**–**	–	**13 855**	5 497
Stefanutti Stocks Civils KZN (Pty) Limited	**100**	100	**–**	–	**83 700**	83 700
Stefanutti Stocks Building Gauteng (Pty) Limited	**100**	72	**–**	–	**2 780**	*
Stefanutti Stocks Civils Gauteng (Pty) Limited	**100**	100	**–**	–	**37 243**	37 243
Stefanutti Stocks Earthworks (Pty) Limited	**100**	100	**–**	–	**28 400**	28 400
Stefanutti Stocks Geotechnical (Pty) Limited	**100**	85	**–**	–	**9 060**	*
Stefanutti Stocks Building W Cape (Pty) Limited	**87,5**	87,5	**–**	–	*****	*
Pegasus Properties (Pty) Limited	**70**	70	**–**	–	*****	*
Environmental, Civil & Mining Projects (Pty) Limited	**100**	100	**–**	–	**73 857**	67 034
Civil & Coastal Construction (Pty) Limited	**51**	51	**–**	–	**20 786**	20 722
Skelton & Plummer Investment Holding Company (Pty) Limited	**80,3**	80,3	**–**	–	**52 863**	52 826
Stefanutti Stocks Protec Park (Pty) Limited	**100**	100	**–**	–	*****	*
Stefanutti Stocks Building (Pty) Limited	**100**	–	**–**	–	**1 087 272**	*
			–	–	**1 419 253**	304 859

**Amount below R1 000*

4. Investment in subsidiaries and associates (continued)

GROUP Investment in associate companies	Percentage held 2009 %	2008 %	Share value 2009 R'000	2008 R'000	Loans 2009 R'000	2008 R'000	Profit/(loss) for the year 2009 R'000	2008 R'000	Total value of investment 2009 R'000	2008 R'000
Unlisted associates										
Ukumba Brick & Quarry (Pty) Limited	**32**	32	**–**	914	**–**	–	**–**	523	**–**	914
Begane Mobile Crushers (Pty) Limited	**30**	30	**106**	436	**–**	–	**(330)**	886	**106**	436
Broad Brush Investments (Pty) Limited	**28**	–	**1 666**	–	**2 683**	–	**(38)**	–	**4 349**	–
Walk Aboard Properties (Pty) Limited	**50**	–	**1 454**	–	**–**	–	**–**	–	**1 454**	–
Ubuntu Building Ikapa (Pty) Limited	**28**	–	**(1 150)**	–	**–**	–	**9**	–	**(1 150)**	–
Bongwe Investments (Pty) Limited	**34**	–	**22**	–	**7 107**	–	**(962)**	–	**7 129**	–
Plot 21 Investments (Pty) Limited	**33**	–	**2 020**	–	**1 754**	–	**345**	–	**3 774**	–
Stobech Facilities Management (Pty) Limited	**33**	–	**(104)**	–	**237**	–	**69**	–	**133**	–
A C Shopfitters (Pty) Limited	**50**	–	**–**	–	**–**	–	**204**	–	**–**	–
			4 014	1 350	**11 781**	–	**(703)**	1 409	**15 795**	1 350

The investment in associates has been separately disclosed in the prior year balance sheet in order to facilitate a better understanding.

5. Goodwill and intangible assets

GROUP	Goodwill R'000	Contract and customer related R'000	Trade names R'000	Technology R'000	Total R'000
Cost					
Balance at 1 March 2007	59 091	–	–	–	59 091
Acquisitions through business combinations	92 685	6 261	–	–	98 946
Balance at 29 February 2008	151 776	6 261	–	–	158 037
Balance at 1 March 2008	**151 776**	**6 261**	**–**	**–**	**158 037**
PPA Allocation - Skelton & Plummer	**(13 550)**	**2 193**	**10 281**	**1 076**	**–**
Acquisitions through business combinations	**947 621**	**32 785**	**63 057**	**882**	**1 044 345**
Balance at 28 February 2009	**1 085 847**	**41 239**	**73 338**	**1 958**	**1 202 382**
Amortisation and impairment losses					
Balance at 1 March 2007	–	–	–	–	–
Amortisation for the year	–	(2 087)	–	–	(2 087)
Balance at 29 February 2008	–	(2 087)	–	–	(2 087)
Balance at 1 March 2008	**–**	**(2 087)**	**–**	**–**	**(2 087)**
Amortisation for the year	**–**	**(33 712)**	**(4 759)**	**(280)**	**(38 751)**
Balance at 28 February 2009	**–**	**(35 799)**	**(4 759)**	**(280)**	**(40 838)**
Carrying amounts					
At 1 March 2007	59 091	–	–	–	59 091
At 29 February 2008	151 776	4 174	–	–	155 950
At 1 March 2008	**151 776**	**4 174**	**–**	**–**	**155 950**
At 28 February 2009	**1 085 847**	**5 440**	**68 579**	**1 678**	**1 161 544**

Impairment testing for cash-generating units containing goodwill

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

5. Goodwill and intangible assets (continued)

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

	2009 R'000	2008 R'000
Carrying values of goodwill per cash-generating unit		
Stefanutti Stocks Building (Pty) Limited (note 31)	**757 642**	–
Civil & Coastal Construction (Pty) Limited	**16 167**	16 543
Environmental, Civil and Mining Projects (Pty) Limited	**56 171**	49 349
Skelton & Plummer Investment Holding Company (Pty) Limited	**19 360**	26 793
Stefanutti Stocks Housing (Pty) Limited	**126 793**	–
Stefanutti Stocks Building Construction Operations	**50 612**	–
	1 026 745	92 685
Multiple units without significant goodwill	**59 102**	59 091
	1 085 847	151 776

The recoverable amount of each unit mentioned above was based on its value in use. The recoverable amount of the units was determined to be higher than its carrying amount and no impairment loss was recognised for any cash-generating unit.

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

	Stefanutti Stocks Building (Pty) Limited	Civil & Coastal Construction (Pty) Limited	Environmental, Civil and Mining Projects (Pty) Limited	Skelton & Plummer Investment Holding Company (Pty) Limited	Stefanutti Stocks Housing (Pty) Limited	Stefanutti Stocks Building Construction Operations
a) Constant growth rate	3%	3%	8%	3%	3%	3%
b) Average anticipated annual revenue growth in %	15,7%	12%	8%	17%	17%	13,5%
c) WACC	15,5%	15,8%	11,9%	15,8%	15,5%	15,2%

Cash flows were projected based on actual operating results and four-year forecasts. Cash flows beyond this were extrapolated using a constant growth rate of (a) percent, which does not exceed the long-term average growth rate for the industry.

Revenue forecasts were used as the basis for determining the value assigned to each cash-generating unit. The anticipated annual revenue growth included in the cash flow projections was an average of (b) percent for the years 2010 to 2013.

Values were determined based on past experience together with external sources of information.

	GROUP 2009 R'000	GROUP 2008 R'000	COMPANY 2009 R'000	COMPANY 2008 R'000
6. Deferred tax				
6.1 Deferred tax assets				
The balance comprises:				
Property, plant and equipment	**(24 088)**	(1 511)	**–**	–
Other provisions	**88 327**	27 531	**–**	–
Provision for bad debts	**12 896**	6 332	**–**	–
Retentions	**(4 033)**	(4 325)	**–**	–
Future expenditure allowances	**(104 342)**	(26 969)	**–**	–
Income overclaimed	**113 586**	33 480	**–**	–
Work in progress	**(832)**	–	**–**	–
Debtors certified after year-end	**(24 945)**	–	**–**	–
Stock in trade	**6 009**	–	**–**	–
IFRS adjustments in subsidiaries	**(4 848)**	(3 563)	**–**	–
Assessed losses	**2 251**	674	**2 251**	–
	59 981	31 649	**2 251**	–
Balance at beginning of year	**31 649**	2 961	**–**	–
Movements during year attributable to:				
Temporary differences	**5 506**	28 717	**2 251**	–
Arising from acquisitions	**22 826**	–	**–**	–
Change in tax rate	**–**	(29)	**–**	–
Balance at end of year	**59 981**	31 649	**2 251**	–
6.2 Deferred tax liabilities				
The balance comprises:				
Property, plant and equipment	**22 792**	17 884	**–**	–
Intangible assets	**22 051**	–	**–**	–
Provisions	**(32 266)**	(19 092)	**–**	–
Provision for bad debts	**(251)**	(97)	**–**	–
Retentions	**32 626**	7 226	**–**	–
Future expenditure allowances	**33 797**	26 545	**–**	–
Income overclaimed	**(25 127)**	(9 099)	**–**	–
Capital allowances	**–**	1 625	**–**	–
Fair value adjustments	**2 671**	3 120	**–**	–
Revaluation of properties	**9 753**	–	**–**	–
Other	**108**	–	**–**	–
Acquisition of subsidiary	**–**	1 169	**–**	–
	66 154	29 281	**–**	–
Balance at beginning of year	**29 281**	25 275	**–**	–
Movements during year attributable to:				
Temporary differences	**1 241**	(3 668)	**–**	–
Intangible assets	**22 134**	–	**–**	–
Arising from acquisitions	**11 619**	7 934	**–**	–
Change in tax rate	**–**	(260)	**–**	–
Adjustment prior year	**(69)**	–	**–**	–
Property valuation	**611**	–	**–**	–
Currency translation	**1 337**	–	**–**	–
Balance at end of year	**66 154**	29 281	**–**	–

6. Deferred tax (continued)

6.2 Deferred tax liabilities (continued)

Use and sales rate

The deferred tax rate applied to the fair value adjustments of investment property/financial assets is determined by the expected manner of recovery. Where the expected recovery of the investment property/financial asset is through sale, the capital gains tax rate of 14% (2008: 14%) is used. If the expected manner of recovery is through indefinite use, the normal tax rate of 28% (2008: 28%) is applied.

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

	GROUP		COMPANY	
	2009 R'000	2008 R'000	**2009 R'000**	2008 R'000
7. Intergroup loan accounts				
Stefanutti Stocks International Holdings (Pty) Limited	**–**	–	**742**	727
Stefanutti Stocks Building KZN (Pty) Limited	**–**	–	**(39 273)**	2 220
Stefanutti Stocks Civils KZN (Pty) Limited	**–**	–	**(55 049)**	193
Stefanutti Stocks Building Gauteng (Pty) Limited	**–**	–	**37 280**	32 448
Stefanutti Stocks Civils Gauteng (Pty) Limited	**–**	–	**(105 175)**	582
Stefanutti Stocks Earthworks (Pty) Limited	**–**	–	**(67 670)**	6 552
Stefanutti Stocks Geotechnical (Pty) Limited	**–**	–	**(7 105)**	927
Stefanutti Stocks Building W Cape (Pty) Limited	**–**	–	**(6 412)**	1 651
S&B Civils Roads (Pty) Limited	**–**	–	**(3 921)**	45
S&B Construcoes Mozambique Limited	**–**	–	**11 804**	13 922
Environmental, Civil and Mining Projects (Pty) Limited	**–**	–	**(23 228)**	167
Skelton & Plummer Projects (Pty) Limited	**–**	–	**9 792**	17 278
Civil & Coastal Construction (Pty) Limited	**–**	–	**44**	18 400
Stefanutti Stocks Protec Park (Pty) Limited	**–**	–	**11 198**	1 570
Stefanutti & Bressan Share Incentive Trust	**–**	–	**61 852**	61 851
S&B Building (Pty) Limited	**–**	–	**(10 648)**	13
Pegasus Properties	**–**	–	**691**	–
Stefanutti Stocks Investments (Pty) Limited	**–**	–	**20 000**	–
Stefanutti Stocks Building (Pty) Limited	**–**	–	**(50 817)**	–
	–	–	**(215 895)**	158 546
Current assets	**–**	–	**153 403**	158 546
Current liabilities	**–**	–	**(369 298)**	–
	–	–	**(215 895)**	158 546

The amounts owing are unsecured, bear interest at 2% above the average call rate and are repayable on demand.

Subsidiaries

Credit quality of loans to group companies

The credit quality of loans to group companies are neither past due nor impaired, and can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates. The company is of the opinion that the credit quality of intergroup loans are good.

	GROUP		COMPANY	
	2009	2008	**2009**	2008
	R'000	R'000	**R'000**	R'000
7. Intergroup loan accounts (continued)				
Fair value of loans to and from group companies				
Loans (from)/to group companies	**–**	–	**(215 895)**	158 546
The book value of the loans approximates their fair value due to the short-term term nature and interest that is accrued.				
8. Inventories				
Consumables	**72 203**	45 772	**–**	–
9. Contracts in progress				
Costs incurred plus profits recognised, less the sum of recognised losses and progress billings relating to contracts in progress at year-end	**130 037**	11 370	**–**	–
10. Trade and other receivables				
Financial instruments				
Contract receivables	**1 149 340**	492 783	**–**	–
Retention debtors	**143 072**	67 890	**–**	–
Allowance for doubtful debts	**(65 739)**	(34 296)	**–**	–
Other receivables	**50 783**	11 175	**7**	3 542
Amounts due by joint ventures	**53 670**	13 086	**–**	–
	1 331 126	550 638	**7**	3 542
Non-financial instruments				
Prepayments	**96 181**	8 950	**307**	–
VAT	**10 107**	1 147	**522**	–
	1 437 414	560 735	**836**	3 542
Ageing of trade receivables				
As at 28 February 2009, the ageing analysis of trade receivables are as follows:				
Past due but not impaired				
60 – 90 days	**54 813**	32 688	**–**	–
90 – 120 days	**79 174**	4 089	**–**	–
>120 days	**94 630**	12 042	**–**	–
	228 617	48 819	**–**	–

	GROUP		COMPANY	
	2009	2008	**2009**	2008
	R'000	R'000	**R'000**	R'000

10. Trade and other receivables (continued)

The average credit period is 60 days. Interest is charged as per agreements reached with individual clients and is as per signed contracts. The group has the right to waive interest as it deems necessary. Before accepting a new customer, the group runs thorough credit and background checks in order to determine the potential customer's creditworthiness. All contracts and clients' creditworthiness are assessed on an individual and ongoing basis. The credit quality of trade receivables that are neither past due nor impaired is considered to be good.

	GROUP 2009 R'000	GROUP 2008 R'000	COMPANY 2009 R'000	COMPANY 2008 R'000
Movement in allowance for doubtful debts				
Balance at beginning of year	**(34 296)**	(2 924)	**–**	–
Amounts provided for during the year	**(12 476)**	(31 372)	**–**	–
Amounts written off as uncollectible	**5 769**	–	**–**	–
Acquisitions of subsidiaries	**(24 736)**	–	**–**	–
Balance at end of year	**(65 739)**	(34 296)	**–**	–

The group has provided for individual receivables based on estimated irrecoverable amounts, determined by reference to past default experience.

	GROUP 2009 R'000	GROUP 2008 R'000	COMPANY 2009 R'000	COMPANY 2008 R'000
Collateral held for contract debtors				
Contract debtors	**135 182**	–	**–**	–
Collateral held in the form of:				
Payment guarantee	**299 511**	79 000	**–**	–
Builders lien	**66 377**	4 500	**–**	–

Terms and conditions associated with use of collateral

Payment guarantee

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

Builders lien

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

	GROUP		COMPANY	
	2009	2008	**2009**	2008
	R'000	R'000	**R'000**	R'000
11. Bank balances				
Current assets				
Bank balance	**1 381 314**	662 983	**11 060**	82 174
Current liabilities				
Bank balance	**(47 437)**	–	**–**	–
	1 333 877	662 983	**11 060**	82 174
Credit extended by bankers to the group is as follows:				
Nedbank R631 million				
Standard Bank R2 million				
First National Bank R95 million				
Barclays Bank – Dubai AED52,5 million				
Emirates Bank AED6,25 million				
The banking facilities of the companies and group are secured by way of cross deeds of suretyship provided by all group companies.				
12. Share capital and premium				
Authorised				
400 000 000 ordinary shares of R0,0000025 each (2008: 400 000 000 ordinary shares of R0,0000025 each)	**1**	1	**1**	1
	1	1	**1**	1
Issued				
188 080 746 ordinary shares of R0,0000025 each (2008: 148 355 867 ordinary shares of R0,0000025 each)	*****	*	*****	*
Share premium				
– Arising on issue and conversion of ordinary shares and on conversion of preference shares to ordinary shares	**424 365**	424 365	**486 215**	486 215
– Effect of share trust and treasury shares	**(43 691)**	–	**–**	–
– Arising on issue of 39 724 879 ordinary shares	**675 323**	–	**675 323**	–
	1 055 997	424 365	**1 161 538**	486 215

** Less than R1 000*

The unissued ordinary shares are under the control of the directors in terms of a resolution of members passed at the last Annual General Meeting. This authority remains in force until the next Annual General Meeting.

The share premium arose during the 2009 year as a result of the issue of shares relating to the Stocks acquisition:

– 39 724 879 ordinary shares of R0,0000025 at R17,00 per share.

13. Share-based payments reserve

The group has three share-based payment schemes, each managed through a separate trust. The schemes are explained below.

The Stefanutti & Bressan Share Incentive Trust

Options are granted to employees at a price based on a weighted average price. Vesting conditions 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;
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, at predetermined dates which do not fall within the company's closed periods. Unexercised options expire after 10 years from the grant date. In the event of resignation, voluntary termination of the employment or dismissal of the option holder, unexercised options will automatically expire and be cancelled. Upon the involuntary termination of employment of the option holder, the option granted and not exercised, will be deemed to automatically meet all vesting conditions and may be exercised. Upon retirement of an employee who is an option holder, the retiree can retain the options granted, however, the same vesting conditions will apply as when the options were granted.

	2009 R'000	2008 R'000
Number of shares held by trust:		
Outstanding at the beginning of the year	**8 765 087**	–
Granted during the year	**225 000**	8 765 087
Forfeited during the year	**(196 345)**	–
Exercised during the year	**–**	–
Expired during the year	**–**	–
Outstanding at the end of the year	**8 793 742**	8 765 087
Exercise price at the end of the year	**R6,96**	R6,82
Fair value at grant date	**R10,31**	R10,00

Information on options granted during the year

Fair value was determined by Moores Stephens Corporate Finance using a variant of the binomial option pricing model. The following inputs were used:
Current/Spot price, Exercise/Strike price, Option life, Risk free rate, Volatility, Dividends.

Method and the assumptions to incorporate the effect of expected early exercise:

– How expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility; and
– How any other features of the option grant were incorporated into the measurement of fair value, such as a market condition.

The Stocks Building Africa Employees Share Trust

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

As part of the Stocks acquisition the allocated shares in the trust were converted to Stefanutti Stocks Holdings Limited shares.

The Stocks Building Africa Employees Share Trust was acquired on 31 July 2008, the effective date of the Stocks acquisition.

	2009 Number of units	2008 Number of units
13. Share-based payments reserve (continued)		
Number of units in issue:		
Outstanding at date of acquisition	**2 140 000**	–
Granted during the year	**–**	–
Forfeited during the year	**(50 000)**	–
Exercised during the year	**(1 275 000)**	–
Expired during the year	**–**	–
Outstanding at the end of the year	**815 000**	–

Grant date – exercise date	Number of units	Value at grant date (R)
30 September 2005 – 30 September 2008	1 275 000	1,03
23 March 2007 – 30 September 2009	300 000	2,60
29 September 2007 – 30 September 2010	515 000	6,50

On 30 September 2008 1 275 000 units were redeemed and converted to 675 721 Stefanutti Stocks shares at a value of R18,00.

The Housing Africa Employees Share Trust

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

As part of the Stocks acquisition the allocated shares in the trust were converted to Stefanutti Stocks Holdings Limited shares.

The Housing Africa Employees Share Trust was acquired on 31 July 2008, the effective date of the Stocks acquisition.

	2009 Number of units	2008 Number of units
Number of units in issue:		
Outstanding at date of acquisition	**390 000**	–
Granted during the year	**–**	–
Forfeited during the year	**–**	–
Exercised during the year	**–**	–
Expired during the year	**–**	–
Outstanding at the end of the year	**390 000**	–

Grant date – exercise date	Number of units	Value at grant date (R)
1 May 2008 – 30 April 2011	390 000	16,50

	GROUP		COMPANY	
Share-based payments	**2009 R'000**	2008 R'000	**2009 R'000**	2008 R'000
Expense arising from share-based payment transactions	**21 118**	10 905	**20 068**	10 905

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for the year ended 28 February 2009

	GROUP 2009 R'000	GROUP 2008 R'000	COMPANY 2009 R'000	COMPANY 2008 R'000
14. Other financial liabilities				
14.1 Long-term loans				
Nedbank	**189**	1 281	**–**	–
Less: Current portion	**(189)**	(168)	**–**	–
Loan is secured and bears interest at 11,7% (2008: 12,7%). The loan is repayable in monthly instalments of R15 000 (2008: R15 000).				
Secured by a mortgage bond on Erf 2395, portion 15 in the township of Van Riebeeck Park Extension 24, Kempton Park, Gauteng				
Nedbank	**12 659**	–	**–**	–
Less: Current portion	**(785)**	–	**–**	–
Loan is secured and bears interest at 12%. The loan is repayable in monthly instalments of R65 000.				
Secured by a mortgage bond on Erven 1450, 1451, 1452, 1453, 1454 and 1455 in the township of Terenure Extension 42, Kempton Park, Gauteng				
Nedbank	**5 750**	–	**–**	–
Loan is secured, no minimum payments are required, interest is settled monthly and surplus funds deposited in the account. Interest is charged at prime less 1,75%.				
Secured by a bond on Terenure Erf 68 Portion 17, Kempton Park, Gauteng				
Cabinda Gulf & Oil Company	**586**	1 226	**–**	–
Less: Current portion	**(586)**	(640)	**–**	–
Loan is unsecured and interest free. The loan is repayable in 11 monthly instalments of R53 272.				
Other long-term loans	**18 171**	–	**–**	–

The loans are interest free and have no fixed terms of repayment. The loans are subordinated.

	GROUP 2009 R'000	GROUP 2008 R'000	COMPANY 2009 R'000	COMPANY 2008 R'000
14. Other financial liabilities (continued)				
14.2 Instalment sale agreements				
Various financial institutions				
The group purchased plant, equipment, transport and motor vehicles under instalment sale agreements payable over two to three years at an effective interest rate ranging from 10% to 15% (2008: 12% to 16%). All instalment sale agreements have a fixed monthly repayment basis.	**277 087**	151 900	**–**	–
Less: Current portion of instalment sale agreement	**(151 929)**	(83 706)	**–**	–
All instalment sale agreements are denominated in Rand.				
The group's obligations under instalment sale agreements are secured by certain transport and motor vehicles as well as plant and equipment (refer note 3). These assets have a net book value at year-end amounting to R231 792 000 (2008: R 189 990 000).				
Non-current liabilities	**160 953**	69 893	**–**	–
14.3 Loans payable				
Cabinda Gulf Oil Company Loan is unsecured, bears no interest and is payable by 31 March 2009.	**1 289**	–	**–**	–
Vendors of Skelton & Plummer Investment Holding Company (Pty) Limited Loan is unsecured, bears no interest and was repaid during the current year.	**–**	8 030	**–**	8 030
Vendors of Civil & Coastal Construction (Pty) Limited Loan is unsecured, bears no interest and was repaid during the current year.	**–**	17 970	**–**	–
Vendors of Environmental, Civil and Mining Projects (Pty) Limited Loan is unsecured, bears no interest and is payable by 31 May 2009.	**44 368**	–	**44 368**	–
Current portion of other financial liabilities	**153 489**	84 514	**–**	–
Current liabilities	**199 146**	110 514	**44 368**	8 030
The carrying value of current liabilities approximates their fair value due to the short-term nature of these instruments.				
Minimum instalment sale payments due				
Within one year	**167 734**	96 605	**–**	–
Second to fifth year	**139 936**	80 068	**–**	–
More than five years	**474**	812	**–**	–
Total value of instalments	**308 144**	177 485	**–**	–
Finance charges	**(31 057)**	(25 585)	**–**	–
	277 087	151 900	**–**	–

The borrowings during the year have not exceeded those authorised by the Articles of Association.

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for the year ended 28 February 2009

	GROUP		COMPANY	
	2009	2008	**2009**	2008
	R'000	R'000	**R'000**	R'000
15. Vendors for acquisition				
Amounts owing include:				
Vendors of Environmental, Civil and Mining Projects (Pty) Limited	**–**	37 545	**–**	37 545
The amounts owing are unsecured, interest free and is an estimate which relates to the final payment for the acquisition of Environmental, Civil and Mining Projects (Pty) Limited. The amount will be based on average earnings after taxation, for the three years ending March 2009. The amounts are payable after March 2009, and are included in other financial liabilities in the current year.				
16. Trade and other payables				
Financial instruments				
Accounts payable include:				
Trade and other payables	**867 425**	296 199	**199**	10 181
Accrued expenses	**487 827**	90 321	**8 342**	–
Retention creditors	**121 255**	38 006	**–**	–
	1 476 507	424 526	**8 541**	10 181
Non-financial instruments				
Advance payments received	**152 032**	55 243	**–**	–
VAT	**42 870**	13 285	**–**	–
	1 671 409	493 054	**8 541**	10 181

The carrying value of accounts payable approximates their fair value due to the short-term nature of these instruments.

	GROUP			
	Carrying value at beginning of year R'000	**Additional provisions R'000**	**Used during the year R'000**	**Carrying value at end of the year R'000**
17. Provisions				
Group				
Owned assets				
Leave pay	**13 022**	**360**	**(13 382)**	**–**
Bonus	**23 288**	**13 186**	**(23 288)**	**13 186**
Contracting	**321 962**	**1 067 849**	**(321 962)**	**1 067 849**
Warranty	**23 761**	**91 172**	**(23 761)**	**91 172**
Plant maintenance	**8 344**	**–**	**(8 344)**	**–**
WCA provision	**184**	**–**	**(184)**	**–**
	390 561	**1 172 567**	**(390 921)**	**1 172 207**

17. Provisions (continued)

Leave pay benefits

Leave pay benefits relate to the leave pay entitlements accrued to employees of the group at year-end.

Bonus benefits

Bonus benefits relate to the bonus entitlements accrued to employees of the group at year-end.

Contracting provisions

Relate to the provision for future contract costs and will be realised over the next twelve months.

Warranty provisions

Relate to claims in respect of ongoing contracts and will be realised over the next twelve months.

	GROUP		COMPANY	
	2009 R'000	2008 R'000	**2009 R'000**	2008 R'000
18. Revenue				
Contract revenue comprises turnover, which excludes value-added tax and represents the invoice value of goods and services supplied.				
Contract revenue	**6 212 899**	2 544 923	**–**	–
Other income*	**28 792**	1 806	**33 375**	12 496
Investment income (note 20)	**74 879**	41 130	**10 424**	13 870
	6 316 570	2 587 859	**43 799**	26 366
**Included in other income are amounts which were offset against operating expenses.*				
19. Operating profit/(loss)				
Operating profit is stated after:				
Income				
Profit on disposal of property, plant and equipment	**481**	1 163	**–**	–
Profit on foreign exchange	**293**	–	**–**	–
Rent received	**88**	206	**–**	–
Project management fee	**1 206**	1 600	**–**	–
Depreciation recouped	**147**	–	**–**	–
Expenditure				
Auditor's remuneration				
– Audit fee	**5 822**	2 116	**729**	460
Depreciation				
– Property, plant and equipment	**100 896**	30 925	**4**	–
Amortisation of intangible assets	**38 751**	2 087	**–**	–

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for the year ended 28 February 2009

	GROUP 2009 R'000	GROUP 2008 R'000	COMPANY 2009 R'000	COMPANY 2008 R'000
19. Operating profit/(loss) (continued)				
Employee costs	**1 111 217**	433 265	**40 142**	25 346
– Short-term employee benefit costs	**1 028 899**	397 018	**18 622**	13 396
– Post-employment benefit costs	**61 200**	25 342	**1 452**	1 045
– Share-based payments	**21 118**	10 905	**20 068**	10 905
Loss on disposal of property, plant and equipment	**2 904**	1 981	**–**	–
Operating lease rentals	**7 111**	3 618	**–**	–
– Premises	**7 002**	3 535	**–**	–
– Plant and equipment	**109**	83	**–**	–
20. Investment income				
Interest income from financial instruments:				
Bank accounts	**69 626**	37 681	**6 537**	13 151
Trade receivables	**–**	2 244	**–**	–
Joint ventures	**4 579**	1 044	**–**	–
Staff loans	**513**	22	**–**	–
Other interest	**161**	139	**3 887**	719
	74 879	41 130	**10 424**	13 870
21. Finance costs				
Interest paid on financial instruments:				
Bank overdrafts	**1 918**	68	**–**	–
Instalment sale agreements	**26 654**	13 379	**–**	–
Group companies	**–**	–	**19 061**	1 313
Shareholders	**–**	4 261	**–**	3 481
Other interest	**1 963**	768	**383**	16
	30 535	18 476	**19 444**	4 810
22. Taxation				
22.1 South African normal tax				
– Current tax	**114 775**	89 198	**–**	2 487
– Deferred tax	**(13 863)**	(32 154)	**(2 251)**	–
– current year	**(4 265)**	(32 385)	**(2 251)**	–
– intangible amortisation	**(9 598)**	–	**–**	–
– interest due to rate change	**–**	231	**–**	–
Secondary tax on companies	**1 064**	–	**–**	–
South African normal tax	**101 976**	57 044	**(2 251)**	2 487
22.2 Swaziland normal tax				
– Current tax	**6 050**	5 844	**–**	–
22.3 Botswana normal tax				
– Current tax	**6 908**	926	**–**	–
22.4 Mozambique normal tax				
– Current tax	**1 272**	135	**–**	–
22.5 Mauritius normal tax				
– Current tax	**208**	–	**–**	–
Total taxation	**116 414**	63 949	**(2 251)**	2 487

	GROUP		COMPANY	
	2009	2008	**2009**	2008
	R'000	R'000	**R'000**	R'000
22. Taxation (continued)				
22.6 Reconciliation of tax charge				
South African normal tax	**109 368**	54 091	**(6 971)**	(771)
Swaziland normal tax	**6 050**	5 844	**–**	–
Botswana normal tax	**6 908**	926	**–**	–
Mozambique normal tax	**1 272**	135	**–**	–
Mauritius normal tax	**208**	–	**–**	–
Adjusted for:				
– Disallowable expenditure	**6 086**	3 417	**6 597**	3 258
– Exempt income	**(15 765)**	(830)	**(1 877)**	–
– Change in tax rate	**–**	366	**–**	–
– Other	**1 223**	–	**–**	–
Secondary tax on companies	**1 064**	–	**–**	–
Effective tax	**116 414**	63 949	**(2 251)**	2 487
Secondary tax on companies of R10 908 683 will be payable on the dividend declared on 15 May 2009.				
23. Notes to the cash flow statement				
23.1 Cash generated by operating activities				
Net profit/(loss) before taxation	**435 832**	208 367	**(24 898)**	(2 657)
Adjusted for:				
Depreciation	**100 896**	30 925	**4**	–
Amortisation and impairment losses	**38 751**	2 087	**–**	–
Share-based payments	**21 118**	10 905	**20 068**	10 905
Investment income	**(74 879)**	(41 130)	**(10 424)**	(13 870)
Finance costs	**30 535**	18 476	**19 444**	4 810
Movement in provisions	**542 205**	269 852	**–**	–
Other non-cashflow items in income statement	**2 129**	–	**–**	–
(Loss)/profit on disposal of property, plant and equipment	**(2 423)**	818	**–**	–
	1 094 164	500 300	**4 194**	(812)
Movements in working capital:				
(Increase)/decrease in inventories and contracts in progress	**(71 462)**	14 295	**–**	–
(Increase)/decrease in trade receivables	**(372 482)**	(195 522)	**2 706**	(3 036)
Increase/(decrease) in trade payables	**484 455**	145 194	**(1 640)**	10 162
Effect of exchange rate changes on working capital	**8 042**	–	**–**	–
	1 142 717	464 267	**5 260**	6 314

Notes to the annual financial statements

for the year ended 28 February 2009

	GROUP		COMPANY	
	2009 R'000	2008 R'000	**2009 R'000**	2008 R'000
23. Notes to the cash flow statement (continued)				
23.2 Reconciliation of dividends paid during the year				
Charged in statement of changes in equity	**1 487**	15 000	**–**	15 000
Movement in shareholders for dividends	**–**	15 255	**–**	14 940
Payments made	**1 487**	30 255	**–**	29 940
23.3 Reconciliation of taxation paid during the year				
Charge in income statement	**116 414**	63 949	**–**	2 487
Adjustment for deferred tax	**4 265**	32 385	**–**	–
Adjustment for deferred tax intangibles	**9 598**	–	**–**	–
Deferred tax rate adjustment	**–**	(231)	**–**	–
STC	**(1 064)**	–	**–**	–
Movement in taxation balance	**23 767**	(46 885)	**1 433**	155
Payments made	**152 980**	49 218	**1 433**	2 642
23.4 Reconciliation of Secondary Tax on Companies paid during the year				
Charge in income statement	**1 064**	–	**–**	–
Payments made	**1 064**	–	**–**	–
23.5 Net cash required for acquisition of subsidiaries				
Fair value of assets acquired				
Property, plant and equipment	**154 419**	84 156	**–**	–
Intangible assets	**177 466**	285	**–**	–
Investments	**18 442**	–	**–**	–
Deferred tax assets	**11 778**	–	**–**	–
Inventories	**73 635**	41 893	**–**	–
Trade and other receivables	**503 284**	39 908	**–**	–
Other receivables	**42 127**	–	**–**	–
Bank balances	**283 410**	67 690	**–**	–
Minority shareholders	**–**	(2 951)	**–**	–
Deferred tax liabilities	**–**	(6 416)	**–**	–
Non-current other financial liabilities	**(47 070)**	(19 528)	**–**	–
Current other financial liabilities	**(9 243)**	(56 449)	**–**	–
Trade and other payables	**(691 535)**	(77 572)	**–**	–
Provisions	**(239 441)**	(8 441)	**–**	–
Tax liabilities	**(33 421)**	(8 431)	**–**	–
Total net assets acquired	**243 851**	54 144	**–**	–
Cash consideration paid	**1 087 272**	140 582	**1 087 272**	140 582
(Loan received from subsidiary)/ cash consideration paid to acquire loan in subsidiary	**(30 899)**	17 000	**27 122**	–
Add back: Effect of treasury shares	**23 852**	–	**–**	–
Less: Equity issued	**(675 323)**	–	**–**	–
Less: Cash acquired	**(283 410)**	(67 690)	**–**	–
	121 492	89 892	**1 114 394**	140 582

	GROUP 2009 R'000	GROUP 2008 R'000
24. Earnings per share, headline earnings reconciliation and asset value per share		
Earnings per share		
Net profit for the year attributable to equity holders of the group	**297 525**	134 919
Weighted average shares in issue	**161 464 960**	130 634 200
Diluted weighted average shares in issue	**171 428 947**	135 970 022
Earnings per share (cents)	**184,27**	103,28
Diluted earnings per share (cents)	**173,56**	99,23

Earnings per share is calculated by dividing earnings attributable to ordinary equity holders of the group by the weighted average number of ordinary shares in issue.

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

	GROUP 2009 R'000 Gross	GROUP 2009 R'000 Net	GROUP 2008 R'000 Gross	GROUP 2008 R'000 Net
Headline earnings reconciliation				
Profit after taxation attributable to equity holders of the group		**297 525**		134 919
Adjusted for:				
Loss on disposal of plant and equipment	**2 423**	**1 742**	818	491
Headline earnings		**299 267**		135 410
Normalised headline earnings reconciliation				
Headline earnings		**299 267**		135 410
Adjusted for:				
Amortisation of intangibles	**38 751**	**27 902**	2 087	1 503
Normalised headline earnings		**327 169**		136 913
Weighted average shares in issue		**161 464 960**		130 634 200
Diluted weighted average shares in issue		**171 428 947**		135 970 022
Headline earnings per share (cents)		**185,35**		103,65
Diluted headline earnings per share (cents)		**174,57**		99,59
Normalised headline earnings per share (cents)		**202,63**		104,81
Diluted normalised headline earnings per share (cents)		**190,85**		100,69

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

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

24. Earnings per share, headline earnings reconciliation and asset value per share (continued)

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

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

	GROUP	
	2009	2008
	R'000	R'000
Asset value per share		
Net shares in issue	**175 859 983**	139 380 867
Total shares in issue	**188 080 746**	148 355 867
Net asset value per share (cents)	**895,06**	423,79
Net tangible asset value per share (cents)	**234,56**	311,90
Diluted net asset value per share (cents)	**836,90**	398,15
Diluted net tangible asset value per share (cents)	**219,32**	293,03

		COMPANY	
		2009	2008
		R'000	R'000
25. Related parties			
Relationships			
Subsidiaries	Refer to note 4		
Associate companies	Refer to note 4		
Key management personnel	Refer to note 28		
Joint ventures	Refer to note 34		
Other companies			
Directors' interests	Refer below		
Related party balances			
Amounts owing (to)/by subsidiary companies	Refer to note 7	**(215 895)**	158 546
Included in trade and other receivables		**3 918**	3 522
Included in trade and other payables		**(6 121)**	(952)
Related party transactions			
Admin fees received from group companies		**33 375**	12 496
Interest paid to group companies		**19 061**	1 313
Transactions with entities where control existed during the year			
G-Ko Tech CC		**–**	2 106
J Saayman (director of subsidiary company has 50% interest)			
Begane Mobile Crusher (Pty) Limited		**200**	2 875
D Quinn (director of holding company has 10% interest)			
Ukumba Brick & Quarry (Pty) Limited		**600**	–
D Quinn (director of holding company has 5% interest)			
Piazza Trust		**327**	262
B Stefanutti (director of holding company's family trust)			
The DW Trust		**502**	322
D White (director of subsidiary company's family trust)			
Stefanutti Stocks Geotechnical (Pty) Limited		**9 060**	–
Stefanutti Stocks Building KZN (Pty) Limited		**8 354**	–
Stefanutti Stocks Building Gauteng (Pty) Limited		**2 772**	–
Acquisition of minorities			

	GROUP 2009 R'000	GROUP 2008 R'000	COMPANY 2009 R'000	COMPANY 2008 R'000
26. Contingent liabilities				
Total insurance policies ceded to third parties on behalf of group companies amounted to	**1 239 154**	641 332	**–**	–
It is the opinion of the directors that the possibility of any loss is improbable and it is not anticipated that any material liabilities will arise.				
27. Capital commitments				
Approved by the directors and contracted for	**20 921**	90 715	**–**	–
Approved by the directors not yet contracted for	**80 650**	281 827	**–**	–
	101 571	372 542	**–**	–

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

The capital commitments relate primarily to the acquisition of project related capital expenditure.

	<1 year R'000	2-5 years R'000	>5 years R'000
Rental commitments			
Furniture, fittings, office and computer equipment	36	188	–
Property	2 240	3 597	–
Plant and equipment	2 544	2 695	–
Transport and motor vehicle	368	345	–
	5 188	6 825	–

28. Directors' emoluments

Executive directors

The remuneration of executive directors for the year ended 28 February 2009 was as follows:

	Short-term employee benefit costs			Post-employment benefit costs	
	Salary R'000	**Other benefits R'000**	**Bonus R'000**	**Retirement fund contributions R'000**	**Total R'000**
2009					
B Stefanutti	**2 235**	**296**	**2 561**	**413**	**5 505**
W Meyburgh	**2 138**	**335**	**2 499**	**396**	**5 368**
D Quinn	**1 423**	**238**	**1 462**	**263**	**3 386**
SD Pell	**833**	**271**	**301**	**173**	**1 578**
Total	**6 629**	**1 140**	**6 823**	**1 245**	**15 837**
2008					
B Stefanutti	1 803	201	1 032	331	3 367
W Meyburgh	1 693	273	981	312	3 259
D Quinn	1 073	197	413	199	1 882
Total	4 569	671	2 426	842	8 508

28. Directors' emoluments (continued)

Non-executive directors

The remuneration of non-executive directors for the year ended 28 February 2009 was as follows:

	Paid by holding company R'000	Paid by subsidiary R'000	Total fees R'000
2009			
N Canca	**265**	**–**	**265**
M Mkwanazi	**290**	**–**	**290**
B Sithole	**262**	**–**	**262**
K Eborall	**240**	**180**	**420**
H Mashaba	**64**	**–**	**64**
Total	**1 121**	**180**	**1 301**
2008			
N Canca	100	–	100
M Mkwanazi	100	–	100
B Sithole	100	–	100
K Eborall	100	233	333
Total	400	233	633

29. Financial instruments

Fair values

At 28 February 2009, the carrying amounts of bank balances and cash, trade receivables and trade payables approximate their fair values due to the short-term maturity of these assets and liabilities. The carrying amounts of intergroup loan accounts, other financial liabilities and vendors for acquisitions approximate their values due to the effective interest rate method used. The net fair value of the group's financial instruments are stated below:

		GROUP		COMPANY	
	Note	**2009 R'000**	2008 R'000	**2009 R'000**	2008 R'000
Financial assets, loans and receivables					
Bank balances and cash	11	**1 381 314**	662 983	**11 060**	82 174
Trade and other receivables	10	**1 331 126**	550 638	**7**	3 542
Intergroup loan accounts	7	**–**	–	**153 403**	158 546
Other financial liabilities					
Bank balances and cash	11	**47 437**	–	**–**	–
Trade and other payables	16	**1 476 507**	424 526	**8 541**	10 181
Intergroup loan accounts	7	**–**	–	**369 298**	–
Other financial liabilities	14	**360 099**	180 407	**44 368**	8 030
Vendors for acquisitions	15	**–**	37 545	**–**	37 545
Fair value through profit/(loss)					
Foreign exchange contracts – receivable	10	**–**	3 002	**–**	–
Foreign exchange contracts – payable	16	**608**	–	**–**	–

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

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30. Risk management

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

Group treasury identifies, evaluates and hedges financial risks in close cooperation with the group's operating units. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

Capital risk management

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

The group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 28 February 2009 and 29 February 2008.

The group monitors capital using a gearing ratio, which is net debt divided by total capital. The group's policy is to maintain the gearing ratio between 20% and 35%. The group includes within net debt, interest-bearing loans and long-term borrowings.

Capital is considered to consist of share capital, share premium, other reserves and retained earnings.

Gearing ratios at 28 February 2009 and 29 February 2008 were as follows:

	2009 R'000	2008 R'000
Net debt	**314 442**	191 952
Total equity attributable to shareholders	**1 574 049**	590 682
Share capital and share premium	**1 055 997**	424 365
Other reserves	**79 204**	14 363
Retained earnings	**438 848**	151 954
Gearing ratio (%)	**20**	32

The variance in the gearing ratio during 2009 resulted primarily from the acquisition of Stefanutti Stocks Building (Pty) Limited (formerly Stocks Limited) on 31 July 2008 and the subsequent issue of shares at a premium of R675 323 000.

Number of treasury shares in existence at 28 February 2009 were 12 220 762 (2008: 8 975 000).

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, group treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The group's risk to liquidity is a result of the funds available to cover future commitments. The group manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

30. Risk management (continued)

Maturity analysis

	Carrying amount R'000	Total R'000	Contractual cash flows On demand R'000	Less than 1 year R'000	Between 2 and 5 years R'000	More than 5 years R'000
2009						
Group						
Instalment sale liability	**125 158**	**125 158**	**–**	**–**	**125 158**	**–**
Long-term loans	**35 795**	**35 795**	**–**	**–**	**–**	**35 795**
Other financial liabilities	**199 146**	**199 146**	**–**	**199 146**	**–**	**–**
Trade and other payables	**1 671 409**	**1 671 409**	**–**	**1 671 409**	**–**	**–**
	2 031 508	**2 031 508**	**–**	**1 870 555**	**125 158**	**35 795**
2008						
Instalment sale liability	68 194	68 194	–	–	68 194	–
Long-term loans	1 699	1 699	–	–	1 699	–
Vendors for acquisitions	37 545	37 545	–	–	37 545	–
Other financial liabilities	110 514	110 514	–	110 514	–	–
Trade and other payables	493 054	493 054	–	493 054	–	–
	711 006	711 006	–	603 568	107 438	–
2009						
Company						
Other financial liabilities	**44 368**	**44 368**	**–**	**44 368**	**–**	**–**
Intergroup loan accounts	**369 298**	**369 298**	**369 298**	**–**	**–**	**–**
Trade and other payables	**8 541**	**8 541**	**–**	**8 541**	**–**	**–**
	422 207	**422 207**	**369 298**	**52 909**	**–**	**–**
2008						
Vendors for acquisition	37 545	37 545	–	–	37 545	–
Other financial liabilities	8 030	8 030	–	8 030	–	–
Trade and other payables	10 181	10 181	–	10 181	–	–
	55 756	55 756	–	18 211	37 545	–

Credit risk

Credit risk management policy is set on a group basis, whilst the management of this risk is done at group, as well as operating entity level.

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

Exposure per financial instrument class is represented in detail in note 29 – Financial instruments. Exposure in the form of intergroup loan accounts is disclosed in note 7 – Intergroup loan accounts.

Notes to the annual financial statements

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30. Risk management (continued)

Credit risk (continued)

Trade receivables comprise a widespread customer base. Management evaluates credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

Exposure to trade receivables is mitigated by the request for collateral. Detail of collateral held is disclosed in note 10 – Trade and other receivables.

Credit quality of the financial assets that are neither past due nor impaired is disclosed in note 10 – Trade and other receivables.

Foreign exchange risk

The group operates both cross-border and offshore and is exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. To manage their foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, entities in the group use forward exchange contracts. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

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

30. Risk management (continued)

Forward exchange contracts which relate to future commitments

Amount in foreign currency purchased	Forward exchange rate	Maturity date
Stefanutti Stocks Civils KZN (Pty) Limited		
US Dollar $273 000	1US Dollar $ = R10,1214	03 Mar 09
US Dollar $ 92 000	1US Dollar $ = R10,3165	02 Jun 09
US Dollar $ 92 000	1US Dollar $ = R10,3682	02 Jul 09
US Dollar $ 92 000	1US Dollar $ = R10,4327	04 Aug 09
US Dollar $246 000	1US Dollar $ = R10,4829	01 Sep 09
US Dollar $249 000	1US Dollar $ = R10,5290	01 Oct 09
US Dollar $249 000	1US Dollar $ = R10,5866	03 Nov 09
US Dollar $470 000	1US Dollar $ = R10,6400	01 Dec 09
US Dollar $249 000	1US Dollar $ = R10,6950	05 Jan 10
US Dollar $249 000	1US Dollar $ = R10,7400	02 Feb 10
US Dollar $214 000	1US Dollar $ = R10,7900	02 Mar 10
US Dollar $214 000	1US Dollar $ = R10,8230	01 Apr 10
US Dollar $ 81 000	1US Dollar $ = R10,8670	30 Apr 10
US Dollar $ 81 000	1US Dollar $ = R10,9200	01 Jun 10
US Dollar $ 41 000	1US Dollar $ = R10,9610	01 Jul 10
US Dollar $ 84 000	1US Dollar $ = R11,0110	03 Aug 10
US Dollar $540 000	1US Dollar $ = R10,4730	25 Mar 09
US Dollar $540 000	1US Dollar $ = R10,5557	27 Apr 09
US Dollar $540 000	1US Dollar $ = R10,6248	25 May 09
US Dollar $540 000	1US Dollar $ = R10,6989	24 Jun 09
US Dollar $540 000	1US Dollar $ = R10,7745	27 Jul 09
US Dollar $540 000	1US Dollar $ = R10,8336	25 Aug 09
US Dollar $540 000	1US Dollar $ = R10,8946	23 Sep 09
US Dollar $540 000	1US Dollar $ = R10,9550	26 Oct 09
US Dollar $540 000	1US Dollar $ = R11,0075	24 Nov 09
Stefanutti Stocks Geotechnical (Pty) Limited		
Euro 320 000	1Euro = R13,6983	16 Mar 09

The group reviews its foreign currency exposure, including commitments, on an ongoing basis.

	GROUP		COMPANY	
	2009	2008	**2009**	2008
	R'000	R'000	**R'000**	R'000
30. Risk management (continued)				
Sensitivity analysis				
Dollar				
Net profit for the year included in financials	**3 540**	551	**–**	–
Average rate used for conversion	**R8,70**	R7,31	**–**	–
Effect on profit:				
Increase/(decrease) of R1	**407**	75	**–**	–
Dirham				
Net profit for the year included in financials	**51 863**	–	**–**	–
Average rate used for conversion	**R2,53**	–	**–**	–
Effect on profit:				
Increase/(decrease) of R1	**20 464**	–	**–**	–
Pula				
Net profit for the year included in financials	**19 147**	1 435	**–**	–
Average rate used for conversion	**R1,17**	R1,17	**–**	–
Effect on profit:				
Increase/(decrease) of R1	**16 365**	1 218	**–**	–
Emalangeni				
Net profit for the year included in financials	**14 118**	13 638	**–**	–
Average rate used for conversion	**R1**	R1	**–**	–
Effect on profit:				
Increase/(decrease) of R1	**14 118**	13 638	**–**	–

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 subsidiary in the group. Borrowings issued at variable rates expose the group to cash flow interest rate risk. All borrowings are issued at variable interest rates. During 2008 and 2009 the group's borrowings at variable rates were denominated in the reporting currency.

Balances exposed to interest rate risk	**2009 R'000**	2008 R'000
Instalment sale agreements	**277 087**	151 900
Long-term loans	**18 598**	1 281

At 28 February 2009, if interest rates on borrowings had been 1% higher/lower with all other variables held constant, the post-tax profit for the year would have been influenced as a result of the higher/lower interest expenses on variable rate borrowings, as follows:

30. Risk management (continued)

	2009 R'000	2008 R'000
Net profit as per income statement	**319 418**	144 418
Effect on profit		
1% increase/(decrease) on interest rate	**2 915**	1 480
An average rate was determined by expressing the interest paid for the year under review as a percentage of outstanding long-term liabilities at year-end.		
The average interest rate on which above mentioned calculation were based are as follows:		
Average interest rate (%)	**9,0**	8,7

31. Business combinations

With effect from 31 July 2008, the company acquired 100% of the issued share capital of Stefanutti Stocks Building (Pty) Limited (formerly Stocks Limited). In terms of IFRS 3 Business Combinations the purchase price allocation has been completed.

	Stefanutti Stocks Building (Pty) Limited (formerly Stocks Limited)
Acquisition date	31 Jul 08
Voting equity (%)	100
Number of shares issued at R17,00 per share	39 724 879

At acquisition	Carrying value R'000	Fair value R'000
Non-current assets	**350 327**	**369 660**
Current assets	**902 456**	**902 456**
Non-current liabilities	**(35 292)**	**(61 131)**
Current liabilities	**(973 640)**	**(973 640)**
Net asset value acquired	**243 851**	**237 345**
Cost of acquisition		**1 087 272**
Cash paid		**411 949**
Fair value of shares issued		**675 323**
Goodwill and intangible arising on acquisition		**849 927**
Intangible asset		**92 285**
Goodwill		**757 642**
Revenue for the period from 1 May 2008 – 28 February 2009		**2 261 679**
Profit after taxation for the period from 1 May 2008 – 28 February 2009		**73 997**
Profit after taxation since acquisition		**71 349**

Revenue and profit is reported in terms of Stefanutti Stocks Building (Pty) Limited statutory period which is 1 May 2008 to 28 February 2009. It is impracticable to disclose this information from 1 March 2008 as the acquiree previously had a 30 April year-end.

The goodwill of R757 642 000 is attributable to the workforce of the acquired business and the significant synergies expected to be realised after the group's acquisition.

31. Business combinations (continued)

2008	ECMP	Skelton & Plummer	Civil & Coastal
Acquisition date	3 April 2007	2 January 2008	1 November 2007
Voting equity (%)	100	80,3	51,0
Number of shares issued	–	–	–
At acquisition values	**Fair value R'000**	**Fair value R'000**	**Fair value R'000**
Non-current assets	55 624	12 279	16 538
Current assets	44 272	73 847	34 504
Non-current liabilities	(19 042)	(4 039)	(2 863)
Current liabilities	(69 430)	(49 312)	(39 987)
Net asset value acquired	11 424	32 775	8 192
Cost of acquisition	67 034	52 826	20 722
Minorities arising on acquisition	–	(6 457)	(4 015)
Intangible arising on acquisition	6 261	–	–
Goodwill arising on acquisition	49 349	26 508	16 545
Cash paid	29 489	44 796	20 722
Profit after taxation since acquisition	32 948	4 506	9 008

If the combination had taken place at the beginning of the year, the profit after tax attributable to ordinary shareholders for the year ended 29 February 2008 would have been R149,5 million and revenue from operations would have been R2 876,8 million.

The goodwill of R92,4 million comprises the fair value of expected synergies arising from acquisition.

32. Segmental analysis

	Gauteng R'000	KwaZulu-Natal R'000	Western Cape R'000	Outside South Africa R'000	Reconciling items R'000	Consolidated R'000
Primary reporting						
Geographical segments at 28 February 2009						
Total assets	**3 238 203**	**437 859**	**338 582**	**1 009 396**	**–**	**5 024 040**
Total liabilities	**(1 899 524)**	**(366 740)**	**(235 816)**	**(548 603)**	**(360 099)**	**(3 410 782)**
Contract revenue	**(3 431 244)**	**(840 694)**	**(852 457)**	**(1 088 504)**	**–**	**(6 212 899)**
Profit for the year	**(142 338)**	**(38 920)**	**(48 307)**	**(89 853)**	**–**	**(319 418)**
Depreciation	**84 339**	**4 272**	**6 326**	**5 959**	**–**	**100 896**

	Building and Piling R'000	Civils, Earthworks and Mining Services R'000	Consolidated R'000
Secondary reporting			
Industry segments at 28 February 2009			
Contract revenue	**(2 908 458)**	**(3 304 441)**	**(6 212 899)**
Total assets	**1 749 430**	**3 274 610**	**5 024 040**

33. Post-balance sheet events

The minority shareholdings in Stefanutti Stocks Building W Cape (Pty) Limited (formerly Stefanutti & Bressan Building Western Cape (Pty) Limited) and Civil & Coastal Construction (Pty) Limited have been acquired after year-end. The financial effect of the transactions was R1,7 million and R57,5 million, respectively.

	GROUP	
	2009	2008
	R'000	R'000
34. Joint ventures		
A proportion of the group's operations are performed through joint ventures as unincorporated arrangements such as partnerships and contracts.		
The group's aggregate proportionate share of joint ventures included in the consolidated balance sheet is as follows:		
Current assets	**615 590**	56 102
Current liabilities	**(553 010)**	(55 430)
Net assets	**62 580**	672
The group's aggregate proportionate share of joint ventures included in the consolidated income statement is as follows:		
Contract revenue	**1 360 451**	99 170
Profit after tax	**217 408**	33 978

Details of joint venture companies:

	Nature of joint venture	Group's % interest
Al-Tayer Stocks LLC	Interior fit-out	50
Zener Steward LLC	Electrical	50

34. Joint ventures (continued)

	Nature of Joint Venture	Group's % interest
Details of significant joint venture operations:		
Group 5/Grinaker LTA/Stefanutti & Bressan – Amakhulu Civils	Structures	25
Group 5/Stefanutti & Bressan – Richards Bay Coal Terminal	Structures	50
Stefanutti & Bressan/Basil Read – Khangela Bridge	Structures	33
Stefanutti & Bressan Civils/Sibathathu – PP2 Roads & Services	Structures	60
Stefanutti & Bressan Civils/Murray & Roberts – Train 3	Structures	50
Stefanutti & Bressan Civils/Concor – PFG	Structures	50
Stefanutti & Bressan Civils/Concor – Retrofit	Structures	50
Concor/Stefanutti & Bressan Civils – Dwaalboom	Structures	50
Stefanutti & Bressan Civils/Concor – Waterval Thickener	Structures	50
Stefanutti & Bressan Civils/Concor – ISA Mill	Structures	50
Stefanutti & Bressan Civils/Concor – Goedgevonden	Structures	50
Concor/Stefanutti & Bressan Civils – Gauteng Freeway	Structures	50
Kusile Civils Works Joint Venture	Structures	25
Grinaker LTA/S&B Botswana – Tati Nickel	Structures	50
WBHO/Civil & Coastal Construction – Ben Schoeman Dock	Structures	40
Civil & Coastal Construction/African Concrete – Foreshore Freeway	Structures	50
Civil & Coastal Construction/Sea and Shore – Hermanus Rehabilitation	Structures	50
Stefanutti Stocks Geotechnical/Franki – Piling at Kusile Power Station	Structures	50
Stefanutti & Bressan Piling/SPG – Centurion Grouting	Structures	50
Stocks Simune Joint Venture – Project A	Building	50
Grinaker Stocks Joint Venture – Cape Town International Airport and Multi-storey Parkade	Building	50
Concor/Trencon Construction/Stefanutti & Bressan Building Inland – ACSA Pier	Building	20
Stefanutti & Bressan Building Inland/CA Brand – Sanridge Village	Building	50
Stefanutti & Bressan Building Inland/CA Brand – Houghton Apartments	Building	50
Stefanutti & Bressan Building Inland/Trencon Construction – Standard Bank Office Park	Building	65
Stefanutti & Bressan Building Inland/SPG – Bombela Civils	Building	65
Group Five KwaZulu-Natal (Pty) Limited – RMB Westville	Building	50
WBHO/Stocks – One & Only Hotel	Building	50
Big Cedar/Stocks – Tuskrio Casino	Building	100
Fikile/Stocks Joint Venture 5 – Kalafong Hospital	Building	60
Fikile/Stocks Joint Venture 3 – Cradle of Humankind	Building	70
Stocks Nkunzi Joint Venture – Plumbing Durban Stadium	Building	60
Fikile/Stocks Joint Venture 6 – Anglo Parkade	Building	70
Fikile/Stocks Joint Venture 7 – OR Tambo Multi-storey Parkade	Building	80
Grinaker/Stocks Joint Venture – Michaelangelo Towers	Building	70
JR-Stocks-Modisc Joint Venture – Mmabatho Legislator	Building	70
JR-Stocks-Madona Joint Venture – Vryburg Hospital	Building	75
Mpophoma Joint Venture – U'Shaka Marine Park	Building	35
Stocks Mavundla Joint Venture – Cedara Agricultural College	Building	60
Stocks Mavundla Zek Joint Venture – Zimbali Hotel	Building	85
Yikusasa Stocks Joint Venture – Tembisa Hospital	Building	70
Yikusasa Stocks Joint Venture 2 – Johannesburg General Hospital	Building	30
Group 5/WBHO/Stefanutti & Bressan/Pendev – Durban Stadium	Building and Structures	18
Stefanutti & Bressan Earthworks/SPG Joint Venture – Cut and Cover for Gautrain	Roads & Earthworks	80

Analysis of shareholders

REGISTER DATE: 27 February 2009
ISSUED SHARE CAPITAL: 188 080 746 shares

	Number of shareholders	%	Number of shares	%
Shareholder spread				
1 – 1 000 shares	1 596	51,19	699 183	0,37
1 001 – 10 000 shares	1 132	36,31	4 120 782	2,19
10 001 – 100 000 shares	287	9,20	8 972 236	4,77
100 001 – 1 000 000 shares	73	2,34	22 510 876	11,97
1 000 001 shares and over	30	0,96	151 777 669	80,70
	3 118	**100,00**	**188 080 746**	**100,00**
Distribution of shareholders				
Banks	11	0,35	303 900	0,16
Brokers	7	0,22	449 318	0,24
Close corporations	64	2,05	145 357	0,07
Endowment funds	8	0,26	400 273	0,21
Group share trusts	3	0,10	10 473 379	5,57
Individuals	2 524	80,96	86 153 914	45,80
Insurance companies	11	0,35	1 721 089	0,92
Investment companies	3	0,10	6 504 165	3,46
Mutual funds	60	1,92	10 692 689	5,69
Nominees and trust	259	8,31	26 777 188	14,24
Other corporations	38	1,22	759 418	0,40
Pension funds	53	1,70	6 260 210	3,33
Private companies	74	2,37	35 368 660	18,81
Public companies	2	0,06	20 564	0,01
Treasury subsidiary	1	0,03	2 050 622	1,09
	3 118	**100,00**	**188 080 746**	**100,00**
Public/non-public shareholders				
Non-public shareholders	75	2,41	119 802 579	63,70
Directors of the holding company	6	0,19	60 682 706	32,26
Directors of a subsidiary	60	1,92	37 266 528	19,82
Non-executive involvement	5	0,17	9 329 344	4,96
Group share trusts	3	0,10	10 473 379	5,57
Treasury subsidiary	1	0,03	2 050 622	1,09
Public shareholders	3 043	97,59	68 278 167	36,30
	3 118	**100,00**	**188 080 746**	**100,00**

	Number of Shares	%
Beneficial shareholders holding 3% or more		
Biagino Stefanutti	48 368 552	25,72
Leswikeng Building (Pty) Limited	17 608 478	9,36
Moputso Investments No 25 (Pty) Limited (Mowana Investments (Pty) Limited)	16 724 311	8,89
Meyburgh Familie Trust	9 775 233	5,20
Stefanutti & Bressan Share Incentive Trust	8 975 000	4,77

Shareholders' diary

Financial year-end	28 February 2009
Announcement of annual results	19 May 2009
Annual report posted	July 2009
Annual General Meeting	27 August 2009
Announcement of interim results	November 2009

Notice of annual general meeting

Stefanutti Stocks Holdings Limited
(formerly Stefanutti & Bressan Holdings Limited)
(Registration number 1996/003767/06)
Share code: SSK
ISIN: ZAE000123766
("Stefanutti Stocks" or "the company")

Notice is hereby given that the Annual General Meeting of Stefanutti Stocks will be held at Monaco Training Room, No 9 Palala Street, Protec Park, Cnr Zuurfontein & Oranjerivier Drive, Kempton Park on Thursday, 27 August 2009 at 12:00 for the purposes of:

- considering and adopting the annual financial statements of the company for the year ended 28 February 2009;
- re-electing directors;
- re-appointing the auditors;
- considering and, if deemed fit, adopting, with or without modification, the ordinary and special resolutions set out below; and
- transacting any other business as may be transacted at an Annual General Meeting.

Ordinary resolutions

Ordinary resolution 1: Adoption of annual financial statements
"RESOLVED THAT the annual financial statements of the company for the year ended 28 February 2009 be and are hereby received and adopted."

Ordinary resolution 2: Re-election of director
"RESOLVED THAT KR Eborall be re-elected as a director of the company."
A brief *curriculum vitae* in respect of KR Eborall is included in the annual report of which this notice forms part.

Ordinary resolution 3: Re-election of director
"RESOLVED THAT LB Sithole be re-elected as a director of the company."
A brief *curriculum vitae* in respect of LB Sithole is included in the annual report of which this notice forms part.

Ordinary resolution 4: Re-election of director
"RESOLVED THAT B Stefanutti be re-elected as a director of the company."
A brief *curriculum vitae* in respect of B Stefanutti is included in the annual report of which this notice forms part.

Ordinary resolution 5: Confirmation of appointment of director
"RESOLVED THAT the appointment of HSP Mashaba as a director of the company be confirmed."
A brief *curriculum vitae* in respect of HSP Mashaba is included in the annual report of which this notice forms part.

Ordinary resolution 6: Confirmation of appointment of director
"RESOLVED THAT the appointment of SD Pell as a director of the company be confirmed."
A brief *curriculum vitae* in respect of SD Pell is included in the annual report of which this notice forms part.

Ordinary resolution 7: Future directors' remuneration
"RESOLVED THAT the non-executive directors be paid the following fixed fee amount per annum up to a maximum of R302 400 per director with effect from 1 March 2009:

Non-executive director	R151 200
Audit, governance and risk committee chairman	R151 200
Audit, governance and risk committee member	R75 600
Remuneration and nominations committee chairman	R151 200
Remuneration and nominations committee member	R75 600

Any amount exceeding the limit will be subject to board approval."

Ordinary resolution 8: Appointment of auditors
"RESOLVED THAT Mazars Moores Rowland be and is hereby re-appointed as auditors of the company for the ensuing financial year and the directors be and are hereby authorised to fix the remuneration of the auditors and to note that the individual registered auditor who will undertake the audit during the financial year ending 28 February 2010 will be Mr Mark Snow."

Notice of annual general meeting

Ordinary resolution 9: Issue of shares for cash
"RESOLVED THAT the directors be authorised pursuant *inter alia* to the company's Articles of Association, until this authority lapses at the next Annual General Meeting of the company, unless it is then renewed at the next Annual General Meeting of the company provided that it shall not extend beyond 15 months, to allot and issue any ordinary shares for cash subject to the Listings Requirements of the JSE Limited ("JSE") on the following bases:
(a) the allotment and issue of the shares must be made to persons qualifying as public shareholders as defined in the Listings Requirements;
(b) the shares which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such shares or rights that are convertible into a class already in issue;
(c) the number of shares issued for cash shall not in the aggregate in any one financial year exceed 15% (fifteen percent) of the company's issued share capital of ordinary shares. The number of ordinary shares which may be issued shall be based on the number of ordinary shares in issue at the date of such application less any ordinary shares issued during the current financial year, provided that any ordinary shares to be issued pursuant to a rights issue (announced, irrevocable and fully underwritten) or acquisition (concluded up to the date of application including announcement of the final terms) may be included as though they were shares in issue at the date of application;
(d) the maximum discount at which ordinary shares may be issued is 10% (ten percent) of the weighted average traded price on the JSE of those shares over the 30 business days prior to the date that the price of the issue is determined or agreed by the directors of the company; and
(e) after the company has issued shares for cash which represent, on a cumulative basis within a financial year, 5% (five percent) or more of the number of shares in issue prior to that issue, the company shall publish an announcement containing full details of the issue (including the number of shares issued, the average discount to the weighted average traded price of the shares over the 30 days prior to the date that the price of the issue is determined or agreed to by the directors and the effect of the issue on net asset value and earnings per share), or any other announcements that may be required in such regard in terms of the JSE Listings Requirements which may be applicable from time to time."

In terms of the JSE Listings Requirements a 75% (seventy-five percent) majority of the votes cast by shareholders present or represented by proxy at the Annual General Meeting must be cast in favour of ordinary resolution number 9 for it to be approved.

Ordinary resolution 10: Unissued ordinary shares
"RESOLVED THAT all the authorised but unissued ordinary shares in the capital of the company be and are hereby placed at the disposal and under the control of the directors, and that the directors be and are hereby authorised to allot, issue and otherwise to dispose of all or any of such shares at their discretion, in terms of and subject to the provisions of the Companies Act, 1973 (Act No 61 of 1973), as amended, and the Listings Requirements of the JSE Limited and subject to the proviso that the aggregate number of ordinary shares which may be allotted and issued in terms of this ordinary resolution number 10 shall be limited to 15% (fifteen percent) of the number of ordinary shares in issue from time to time."

A majority of the votes cast by all shareholders present, or represented by proxy at the Annual General Meeting, will be required to approve this resolution.

Ordinary resolution 11: Signature of documentation
"RESOLVED THAT a director of the company or the company secretary be and is authorised to sign all such documentation and do all such things as may be necessary for or incidental to the implementation of ordinary resolutions numbers 1, 2, 3, 4, 5, 6, 7, 8, 9 and 10 and special resolution number 1 which are passed by the shareholders."

Special resolutions

Special resolution 1: General authority to repurchase company shares
"RESOLVED THAT the company and/or its subsidiaries be and is hereby authorised, by way of general authority, to acquire ordinary shares issued by the company, in terms of Sections 85(2), 85(3) and 89 of the Companies Act, 1973 (Act No 61 of 1973), as amended and in terms of the Listings Requirements of the JSE Limited ("JSE") being that:
(a) any such acquisition of ordinary shares shall be implemented on the open market of the JSE;
(b) this general authority shall only be valid until the company's next Annual General Meeting, provided that it shall not extend beyond 15 months from the date of the passing of this special resolution;
(c) an announcement will be published on SENS as soon as the company has acquired ordinary shares constituting, on a cumulative basis, 3% of the number of ordinary shares in issue prior to the acquisition, pursuant to which the aforesaid 3% threshold is reached, containing full details of such repurchases;

(d) acquisitions in aggregate in any one financial year may not exceed 10% of the company's ordinary issued share capital nor may acquisitions in aggregate, from the date of passing of this special resolution, exceed 10% of the company's ordinary issued share capital at the date of passing of this special resolution;
(e) in determining the price at which ordinary shares issued by the company are acquired by it in terms of this general authority, the maximum premium at which such ordinary shares may be acquired will be 10% of the volume weighted average price at which such ordinary shares are traded on the JSE, as determined over the five trading days immediately preceding the date of repurchase of such ordinary shares by the company;
(f) at any point in time, the company will appoint only one agent to effect any repurchase(s) on the company's behalf;
(g) the company may only undertake a repurchase of securities if, after such repurchase, it still complies with minimum shareholder spread requirements in accordance with the Listings Requirements; and
(h) the company or its subsidiaries will not repurchase securities during a prohibited period in accordance with the JSE Listings Requirements."

Reason for and effect of special resolution number 1
The reason for special resolution number 1 is to grant the company a general authority in terms of the Companies Act for the acquisition by the company, or any of its subsidiaries, of shares issued by the company, or its holding company, which authority shall be valid until the earlier of the next Annual General Meeting of the company or the variation or revocation of such general authority by special resolution by any subsequent general meeting of the company, provided that the general authority shall not extend beyond fifteen (15) months from the date of this Annual General Meeting. The passing and registration of this special resolution will have the effect of authorising the company or any of its subsidiaries to acquire shares issued by the company or its holding company.

The following additional information, some of which may appear elsewhere in the annual report of which this notice forms part, is provided in terms of the Listings Requirements for purposes of this general authority:

- directors and management – see pages 16-17 of the annual report;
- major beneficial shareholders – see page 99 of the annual report;
- directors' interests in ordinary shares – see page 36 of the annual report; and
- share capital of the company – see page 35 of the annual report.

Litigation statement
The directors, whose names appear under board of directors on pages 16-17 of the annual report of which this notice forms part, are not aware of any legal or arbitration proceedings, including proceedings that are pending or threatened, that may have or have had in the recent past, being at least the previous twelve (12) months, a material effect on the financial position of the company or its subsidiaries.

Directors' responsibility statement
The directors, whose names appear under the board of directors on pages 16-17 of the annual report, collectively and individually accept full responsibility for the accuracy of the information pertaining to this special resolution and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading and that all reasonable enquiries to ascertain such facts have been made and that the special resolution contains all necessary information.

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

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

- the intention of the directors of the company is to utilise the general authority to repurchase shares in the capital of the company if, at some future date, the cash resources of the company are in excess of its requirements or there are other good reasons for doing so. In this regard, the directors will take account of, *inter alia*, an appropriate capitalisation structure for the company, the long-term cash needs of the company, and the interests of the company; and
- in determining the method by which the company intends to repurchase its securities, the maximum number of securities to be repurchased and the date on which such repurchase will take place, the directors of the company will ensure that:

Notice of annual general meeting

- the company and its subsidiaries will, after the repurchase, be able to pay their debts as they become due in the ordinary course of business for the next twelve (12) months after the date of notice of this Annual General Meeting;
- the consolidated assets of the company and its subsidiaries fairly valued and recognised and measured in accordance with the accounting policies used in the latest audited financial statements will, after the repurchase, be in excess of the consolidated liabilities of the company and its subsidiaries for the next twelve (12) months after the date of this notice of the Annual General Meeting;
- the issued share capital and reserves of the company and its subsidiaries will, after the repurchase, be adequate for the ordinary business purposes of the company and its subsidiaries for the next twelve (12) months after the date of notice of this Annual General Meeting; and
- the working capital available to the company and its subsidiaries will, after the repurchase, be sufficient for the ordinary business requirements of the company and its subsidiaries for the next twelve (12) months after the date of notice of this Annual General Meeting.

The company will provide its sponsor and the JSE with all documentation as required in Schedule 25 of the Listings Requirements, and will not commence any repurchase until the sponsor has signed off on the adequacy of its working capital, advised the JSE accordingly and the JSE has approved this documentation.

Voting and proxies

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

Dematerialised shareholders who have elected own-name registration in the sub-register through a Central Securities Depository Participant (CSDP) and who are unable to attend but wish to vote at the Annual General Meeting, should complete and return the attached form of proxy and lodge it with the transfer secretaries of the company.

Shareholders who have dematerialised their shares through a CSDP or broker rather than through own-name registration and who wish to attend the Annual General Meeting must instruct their CSDP or broker to issue them with the necessary authority to attend. If such shareholders are unable to attend, but wish to vote at the Annual General Meeting, they should timeously provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between that shareholder and his/her CSDP or broker.

Forms of proxy may also be obtained on request from the company's registered office. The completed forms of proxy must be deposited at, posted or faxed to the transfer secretaries at the address below, to be received at least 24 hours prior to the meeting. Any member who completes and lodges a form of proxy will nevertheless be entitled to attend and vote in person at the Annual General Meeting should the member subsequently decide to do so.

By order of the board

W Somerville
Company secretary
13 July 2009

Registered Office
No 9 Palala Street
Protec Park, Cnr Zuurfontein & Oranjerivier Drive
Kempton Park
1619

(PO Box 12394, Aston Manor, 1630)
Telephone: +27 11 571 4300

Transfer secretaries
Computershare Investor Services (Pty) Limited
70 Marshall Street
Johannesburg
2001

(PO Box 61051, Marshalltown, 2107)
Telephone: +27 11 370 5000

Form of proxy

Stefanutti Stocks Holdings Limited
(formerly Stefanutti & Bressan Holdings Limited)
(Registration number 1996/003767/06)
Share code: SSK
ISIN: ZAE000123766
(Stefanutti Stocks or the company)

For use at the Annual General Meeting of the company to be held at Monaco Training Room, No 9 Palala Street, Protec Park, Cnr Zuurfontein & Oranjerivier Drive, Kempton Park on Thursday, 27 August 2009 at 12:00 and at any adjournment thereof.

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

Not for the use by holders of the company's dematerialised ordinary shares who are not own-name dematerialised shareholders. Such shareholders must contact their CSDP or broker timeously if they wish to attend and vote at the Annual General Meeting and request that they be issued with the necessary letter of representation to do so, or provide the CSDP or broker timeously with their voting instructions should they not wish to attend the Annual General Meeting in order for the CSDP or broker to vote thereat in accordance with their instructions.

I/We (Full name in block letters)

of (Address)

being a member/members of Stefanutti Stocks and holding ordinary shares in the company, hereby appoint

of or failing him/her

of or failing him/her

the chairman of the Annual General Meeting,

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

	Number of votes		
	For*	Against*	Abstain*
Ordinary resolutions			
1. To adopt the annual financial statements of the company for the year ended 28 February 2009			
2. To re-elect KR Eborall as a director of the company			
3. To re-elect LB Sithole as a director of the company			
4. To re-elect B Stefanutti as a director of the company			
5. To confirm the appointment of HSP Mashaba as a director of the company			
6. To confirm the appointment of SD Pell as a director of the company			
7. To approve future remuneration of non-executive directors			
8. To re-appoint the auditors and to fix their remuneration			
9. To issue unissued shares for cash			
10. To place unissued shares under directors' control			
11. To authorise the directors or the company secretary to sign documentation			
Special resolution			
1. To give the directors a general authority to repurchase company shares			

**Please indicate with an "X" in the appropriate spaces above how you wish your votes to be cast. Unless otherwise instructed, my/our proxy may vote as he/she thinks fit.*

Signed at (place) on (date) 2009

Member's signature Assisted by (if applicable)

Please read the notes on the reverse side.

Notes to the form of proxy

1. This form of proxy is to be completed only by those members who are:
   (a) holding shares in a certificated form; or
   (b) recorded in the sub-register in electronic form in their "own name".
2. Members who have dematerialised their shares, other than "own-name" dematerialised shareholders, and who wish to attend the Annual General Meeting must contact their CSDP or broker who will furnish them with the necessary letter of representation to attend the Annual General Meeting, or they must instruct their CSDP or broker as to how they wish to vote in this regard. This must be done in terms of the agreement entered into between the members and their CSDP or broker.
3. Each member is entitled to appoint one or more proxies (who need not be a member(s) of the company) to attend, speak and, on a poll, vote in place of that member at the Annual General Meeting.
4. A member may insert the name of a proxy or the names of two alternative proxies of the member's choice in the space provided, with or without deleting "the chairman of the Annual General Meeting". The person whose name stands first on the form of proxy and who is present at the Annual General Meeting will be entitled to act as proxy to the exclusion of those whose names follow.
5. A member's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that member in the appropriate box(es) provided. Failure to comply with the above will be deemed to authorise the chairman of the Annual General Meeting, if the chairman is the authorised proxy, to vote in favour of the ordinary resolutions at the Annual General Meeting, or any other proxy to vote or to abstain from voting at the Annual General Meeting as he/she deems fit, in respect of all the member's votes exercisable thereat.
6. A member or his/her proxy is not obliged to vote in respect of all the ordinary shares held by such member or represented by such proxy, but the total number of votes for or against the ordinary resolutions and in respect of which any abstention is recorded may not exceed the total number of votes to which the member or his/her proxy is entitled.
7. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy, unless previously recorded by the company's transfer office or waived by the chairman of the Annual General Meeting.
8. The chairman of the Annual General Meeting may reject or accept any form of proxy which is completed and/or received other than in accordance with these instructions, provided that he is satisfied as to the manner in which a member wishes to vote.
9. Any alterations or corrections to this form of proxy must be initialled by the signatory(ies).
10. The completion and lodging of this form of proxy will not preclude the relevant member from attending the Annual General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such member wish to do so.
11. A minor must be assisted by his/her parent/guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the company's transfer secretaries.
12. Where there are joint holders of any shares, only that holder whose name appears first in the register in respect of such shares need sign this form of proxy.
13. Forms of proxy must be lodged with the transfer secretaries at the address given below at least 24 hours prior to the meeting:

    Computershare Investor Services (Pty) Limited
    Ground Floor, 70 Marshall Street
    Johannesburg, 2001
    PO Box 61051 Marshalltown, 2107
    Telephone: +27 11 370 5000

Notes

Notes

Corporate information

Company registration number
1996/003767/06

Country of incorporation
South Africa

Nature of business
Stefanutti Stocks is a multi-disciplinary engineering and construction group. The South Africa-based group operates internationally and is well positioned to manage a range of projects of any scale. Stefanutti Stocks' expertise spans concrete structures and rehabilitation, roads and earthworks, piling and geotechnical services, mine residue disposal facilities and opencast contract mining and building.

Directors
B Stefanutti (Chairman)
W Meyburgh (Chief Executive Officer)
D Quinn* (Chief Financial Officer)
S Pell
N Canca
K Eborall
H Mashaba
M Mkwanazi
B Sithole
J Fizelle* (alternate to B Sithole)
*Irish

Business address
No 9 Palala Street, Protec Park
Cnr Zuurfontein and Oranjerivier Drives,
Kempton Park, 1619
(PO Box 12394, Aston Manor, 1630)
Telephone: +27 11 571 4300
Facsimile: + 27 11 976 3487

Company secretary
W Somerville
20 Lurgan Road, Parkview, 2193
Telephone: +27 11 482 4019

Bankers
Nedbank
The Standard Bank of South Africa
Investec Bank
ABSA Bank
Nedbank Swaziland
Standard Chartered Bank Botswana
Banco Internacional De Moçambique

Middle East
Barclays Bank
Emirates Bank
National Bank of Dubai

Auditors
Mazars Moores Rowland
Registered Auditor

Transfer secretaries
Computershare Investor Services (Pty) Limited
Ground Floor, 70 Marshall Street, Johannesburg, 2001
(PO Box 61051, Marshalltown, 2107)
Telephone: +27 11 370 5000

Sponsor
Bridge Capital Advisors (Pty) Limited
2nd Floor, 27 Fricker Road, Illovo Boulevard, Illovo, 2196
(PO Box 651010, Benmore, 2010)
Telephone: +27 11 268 6231

Attorneys
Webber Wentzel
10 Fricker Road, Illovo Boulevard,
Johannesburg, 2196
(PO Box 61771, Marshalltown, 2107)
Telephone: +27 11 530 5000

Definitions

"the board"	*The board of directors of Stefanutti Stocks Holdings Limited*
"Civil & Coastal Construction"	*Civil & Coastal Construction (Pty) Limited*
"the current year"	*The year ending 28 February 2010*
"ECMP"	*Environmental, Civil and Mining Projects (Pty) Limited*
"IFRS"	*International Financial Reporting Standards*
"JSE"	*JSE Limited*
"King II Report"	*King Report on Corporate Governance for South Africa 2002*
"King III"	*Third Report on Governance in South Africa*
"Listings Requirements"	*Listings Requirements of the JSE*
"the previous year"	*The year ended 29 February 2008*
"SENS"	*Stock Exchange News Service*
"Skelton & Plummer"	*Skelton & Plummer Investment Holding Company (Pty) Limited*
"Stefanutti Stocks" or "the company" or "the group"	*Stefanutti Stocks Holdings Limited (formerly Stefanutti & Bressan Holdings Limited), its subsidiaries and associates*
"Stocks"	*Stefanutti Stocks Building (Pty) Limited (formerly Stocks Limited)*
"the year" or "the year under review"	*The year ended 28 February 2009*

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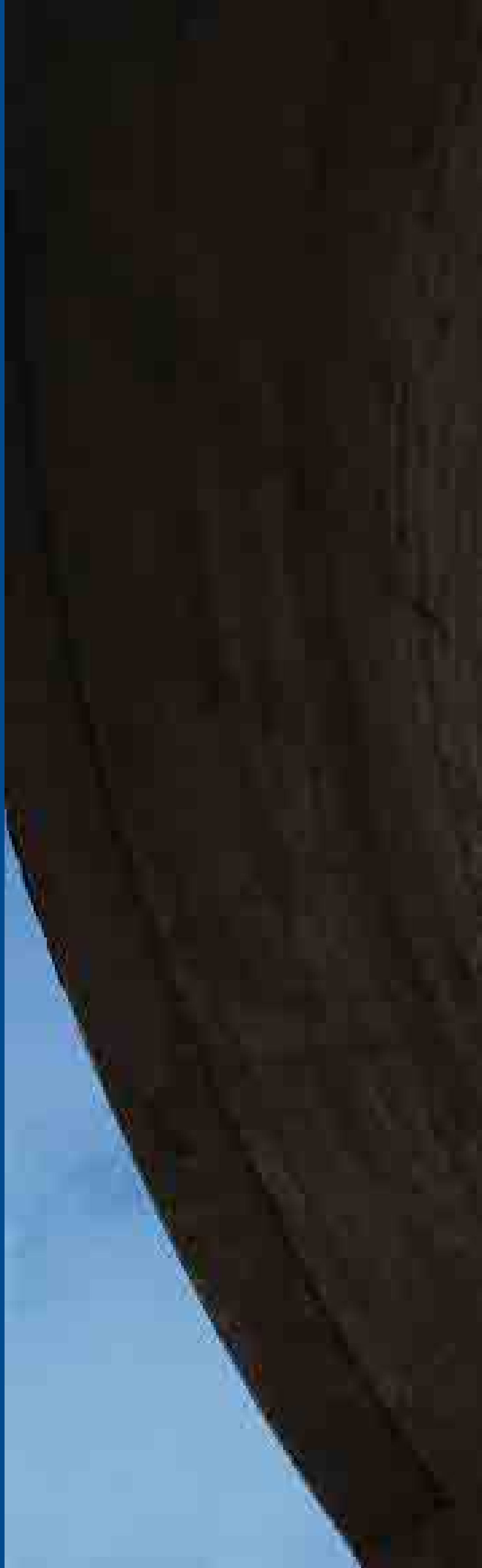

Stefanutti Stocks

www.stefanuttistocks.com