INTEGRATED ANNUAL REPORT 2017

MAZOR GROUP

ABOUT THIS REPORT

This report was compiled for Mazor Group Limited ("the group") and its subsidiaries and covers the year ended 28 February 2017.

The report was produced for our stakeholders, including shareholders, employees, customers, suppliers, government and the communities in which we operate. It aims to present the risks and opportunities the group faces. We also disclose information regarding the group's business strategy, its governance and its performance.

In considering the report content we have considered issues which drive business strategy, are of concern to stakeholders and which can significantly impact the long-term sustainability of the group. These issues have accordingly been prioritised for inclusion in this report.

We have not placed any limitations on the scope or boundaries of this report.

The financial statements on pages 28 to 68 of this report have been audited in accordance with the International Standards on Auditing and the requirements of the Companies Act, No. 71 of 2008, and have been prepared under the supervision of the financial director, Liat Mazor CA(SA).

FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements which are not historical facts. Any statement that expresses or implies the group's intentions, expectations, predictions or beliefs (and the assumptions underlying them) is a forward-looking statement. Forward-looking statements involve inherent risks, uncertainties and assumptions, including, without limitation, risks related to the timing or ultimate completion of any proposed transactions and the possibility that benefits may not materialise as expected. If such risks or uncertainties materialise or such assumptions prove incorrect, actual results could differ materially from those expressed or implied by such forward-looking statements and assumptions. The forward-looking statements in this report are made as of the date of this report, and Mazor Group Limited expressly disclaims any obligation to update or correct these statements due to events occurring after issuing this report.

The financial information on which the forward-looking statements are based have not been audited nor reported on by the group's independent internal or external auditors.

The table below sets out the disclosures:

CONTENTS

Waterway House – V&A Waterfront

GROUP PROFILE

Mazor Group Limited comprises three main divisions:

- ***Steel,*** which designs, supplies and erects structural steel frames;
- ***Aluminium,*** which designs, manufactures and installs aluminium structures such as doors, windows, shop fronts, facades and balustrades for major blue-chip construction groups and also supplies aluminium fenestration systems; and
- ***Glass,*** which manufactures and distributes laminated, toughened safety glass and processed glass.

Mazor is based predominantly in the Western Cape but also has operations through its glass division and HBS Aluminium Systems (Pty) Ltd in Gauteng, Durban and George.

Mazor has to date contributed to many of the Western Cape's most prestigious construction projects including The Silo District, Portside, the 2010 Green Point Stadium, the Cape Town International Airport expansion, Century City Urban Square, the Westin Grand Hotel and numerous shopping centres including the V&A Waterfront and Canal Walk.

The following are Mazor Group Limited's main businesses:

MAZOR STEEL

Mazor Steel (Pty) Ltd

MAZOR ALUMINIUM

Mazor Aluminium (Pty) Ltd

COMPASS GLASS

Compass Glass (Pty) Ltd
Compass Glass SA (Pty) Ltd

HBS ALUMINIUM SYSTEMS

HBS Aluminium Systems (Pty) Ltd

Mazor's vision is simply to be sure we have reason to be proud.

We are proud of our 36-year heritage that has seen the group transition from a family-owned business to a company successfully listed, first on the AltX in 2007, and on the Main Board of the JSE in 2008. We are proud of our client base, which is stable, loyal and enduring. We are proud to service our clients because we are confident of the quality of our service and product and we are proud of our reputation that affirms this. We are proud of our team, because their commitment and adherence to the highest standards of quality and strictest standards of ethics mirror the values that are the bedrock of our culture since inception. We are proud that so many stakeholders choose to continue participating in the group.

"Mazor's ambition is to be an integrated, specialised, high-integrity materials solutions company that delivers to customers and ensures sustainable growth for stakeholders."

PWC, Silos – V&A Waterfront

FIVE-YEAR FINANCIAL REVIEW

		2017 R	2016 R	2015 R	2014 R	2013 R
Financial position						
Property, plant and equipment		**79 856 462**	84 832 242	77 793 737	83 867 768	86 514 822
Equity-accounted investments		**–**	–	–	–	1 374 547
Goodwill		**–**	–	–	8 141 200	8 396 200
Intangible assets		**17 000 000**	18 000 000	19 000 000	20 000 000	20 000 000
Current assets		**243 741 580**	236 719 563	198 600 213	232 250 214	233 593 012
Total assets		**344 342 005**	343 894 262	300 870 995	358 627 911	364 225 134
Current liabilities		**59 462 729**	88 967 481	65 217 642	60 857 638	85 925 357
Non-current liabilities (including deferred tax)		**6 562 659**	14 225 179	15 066 716	22 442 232	28 629 423
Capital and reserves		**278 316 617**	240 701 602	220 586 638	275 328 041	249 670 354
Interest-bearing debt		**15 180 320**	28 833 873	27 698 615	34 915 936	55 681 380
Instalment sales – short term		**6 088 598**	6 089 308	3 443 331	4 612 119	5 740 425
Instalment sales – long term		**3 949 921**	7 889 579	3 662 271	6 368 422	7 867 464
Mortgage bond – short term		**5 141 801**	1 570 456	–	1 146 685	930 155
Mortgage bond – long term		**–**	5 145 577	8 095 196	8 079 606	9 228 477
Loans – short term		**–**	2 515 960	4 022 923	3 698 656	16 504 379
Loans – long term		**–**	–	2 514 494	6 532 167	10 231 926
Bank overdraft		**–**	5 622 993	5 960 400	4 478 281	5 178 554
Financial results						
Sales		**582 845 340**	491 710 681	376 077 950	470 385 630	428 679 423**
Operating profit		**55 594 041**	40 944 595	(28 010 000)	39 826 042	37 301 433**
Income from equity-accounted investments		**–**	–	–	101 247	12 390
Total comprehensive income/(loss)		**47 040 941**	28 346 738	(39 212 552)	31 356 096	29 981 784
Earnings per share	(cents)	**43.2**	25.4	(33.1)	26.4	25.3
Headline earnings per share	(cents)	**43.6**	26.9	(26.1)	24.2	14.3
Dividends paid per share	(cents)	**8.5**	–	8.8	4.8	1.6
Shares in issue						
Number of shares in issue at year-end#		**109 351 442**	109 351 442	121 501 553	121 501 553	121 501 553
Weighted average number of shares		**108 916 756**	111 454 912	118 409 637	118 658 716	118 658 716
Key ratios						
Debt to equity	(%)	**5.45**	11.98	12.56	12.68	22.30
Current ratio	(times)	**4.1**	2.7	3.0	3.8	2.7
Return on total assets	(%)	**17.83**	13.06	(8.08)	11.98	10.98
Net tangible asset value per ordinary share		**239.9**	199.8	170.2	208.3	186.5
Scale of operations						
Number of businesses*		**6**	5	5	5	5
Number of employees at year-end		**639**	569	469	585	675

* Prior to 2013, this excluded HBS Aluminium Systems (Pty) Ltd as this was equity-accounted
** Restated to exclude discontinued operations
# This is shares in issue before excluding treasury shares

DEFINITIONS

DEBT TO EQUITY
Interest-bearing debt/capital and reserves

CURRENT RATIO
Current assets/current liabilities

RETURN ON TOTAL ASSETS
Profit before interest paid and taxation as a percentage of total assets

NET TANGIBLE ASSET VALUE PER ORDINARY SHARE
Ordinary shareholders' interest less goodwill and intangible assets divided by the weighted average number of shares in issue

Century City Conference Centre

JOINT CHAIRPERSON'S AND CEO'S REPORT

INTRODUCTION

We are delighted to report increased revenue across all our divisions for the year under review, putting us in a considerably better position than a year ago. Revenue has increased in a year when many businesses were trading flat, while operating profit has increased substantially due to the ongoing cost control strategy we have put in place. This has borne fruit particularly in our *Glass* division, which has experienced a significant turnaround and returned to profitability after a difficult year in 2016. All this has translated into a similarly pleasing rise in headline earnings per share.

These positive results belie the continuing market challenges that face us on the ground: competition is fierce, particularly for our *Aluminium* division, and the skills shortage we have previously mentioned has only improved by our own investment in training in-house, which carries a cost in itself. In addition, a rigorous focus on service delivery of the highest levels in all our businesses has reaped its rewards in a margin-pressured environment.

Fortunately, group revenue and profit have improved in line with growth in the construction sector, from which the group draws much of its business. We have found that our location in Cape Town, once a drawback, is favouring us as the Cape's residential and retail sub-sectors continue to flourish, assisting our revenue and growth substantially.

REVIEW OF OPERATIONS

All three divisions of the group have performed well this year, returning increased revenue, which is further reflected in overall group revenue and profit figures.

The *Steel* division experienced a significant increase in construction activity this year. Rising material costs are a persistent challenge.

The *Aluminium* division benefited from increased volumes resulting in improved revenue from manufacturing operations. Operating profit was however down due to lower top-line revenue in HBS (aluminium distribution) as a result of increased competition.

The *Glass* division also returned strongly to profitability, the result of a successful product-focused strategy and optimised efficiencies. This turnaround was particularly pleasing.

FINANCIAL RESULTS

Revenue was up by 18.5% to R582.8 million from R491.7 million in the prior year.

The *Aluminium* division posted revenue growth up 4.5% to R293.3 million, although operating profit dropped by 28.5% to a still healthy R26.8 million. The *Glass* division also not only increased its revenue by 11.6% to R155.7 million, but returned to a pleasing profit of R16.4 million after a prior-year loss. Revenue in the *Steel* division rose 87.6% year-on-year to R133.8 million, with profit also increasing from R4.6 million to R10.8 million compared to the prior year – an increase of 136.1%.

Operating profit for the group overall rose 35.8% to R55.6 million compared to R40.9 million in the prior year, while headline earnings increased to R47.5 million from R30 million in the prior year, resulting in an increase in headline earnings per share to 43.6 cents compared to 26.9 cents – a 62.1% rise.

The group increased cash and cash equivalents by R38.8 million due to operating activities.

SUSTAINABILITY

We recognise that our sustainability as a group is dependent on more than just our financial performance and is heavily impacted by the manner in which we pursue value creation. Our Social and Ethics Committee is charged with ensuring the broader sustainability policies within Mazor continue to address governance and compliance, corporate social responsibility, stakeholder relations, BBBEE, health and safety, labour relations and conditions of service, training and development, as well as supervision of the group's environmental impacts.

The Silo Hotel – V&A Waterfront

DIRECTORATE

There were no changes to the directorate of the business in the year under review.

PROSPECTS

Although the year under review has been comparatively stable economically and politically, we anticipate some political and economic uncertainty in South Africa in the year ahead, particularly in terms of fiscal policy and rising finance costs.

We believe that the Western Cape will continue to be a desirable residential destination and a consequent source of business.

We also note the ongoing focus on logistics and warehousing nationally, which offers opportunity for the *Steel* division.

In both these regards, we continue to be well positioned to take advantage of any future growth.

There is no doubt that oversupply and continuing competition in our sector means pressure will remain on margins for some time. Rationalisation is not occurring at the pace required to ensure sustained price increases so demand-side inflation will remain low.

In addition, skills shortages at all levels of the business are an ongoing challenge. Our solution remains to invest in in-house training to create the required skills.

Finally, we continue to control costs rigorously, keeping a keen eye on input costs in particular. Margins will come from efficiencies and product focus.

APPRECIATION

We would like to take this opportunity to thank our colleagues who work side by side with us, often in challenging conditions. Their enthusiasm and commitment are key contributors to our strong performance this year. We remain grateful to our fellow directors and board members, our suppliers and partners, our advisors, shareholders and clients for their continued confidence in the group.

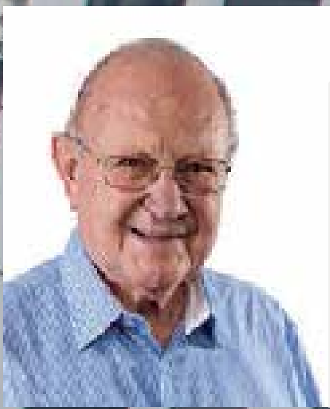
On behalf of the board

MONTY KAPLAN
Chairperson

RONNIE MAZOR
CEO

15 May 2017

DIRECTORATE



MONTY KAPLAN (88)

CA(SA)

Independent non-executive chairperson

Monty is a director of companies with many years' experience and is currently serving as a non-executive chairperson of Trematon Capital Investments Ltd. He was previously the CEO of Cape of Good Hope Bank Ltd.

RONNIE MAZOR (48)

BSC ECON – UCT

Chief executive officer

Ronnie worked in the banking and finance industry as a technical analyst for Bank Leumi in Israel analysing currencies, stocks and bonds. He joined Mazor Steel and Mazor Aluminium in 1995 and has been instrumental in the Mazor Group's growth.

LIAT MAZOR (41)

BBSC (FINANCE) – UCT, CA(SA), CFA

Financial director

Liat qualified as a chartered accountant having graduated from the University of Cape Town in 1998. She joined Arthur Andersen in 1999 where she completed her articles. In 2002, she joined Credit Suisse First Boston in London where she was a risk analyst covering emerging markets fixed-income derivatives. She joined the Mazor Group in 2004.

SHLOMO MAZOR (75)

Executive director

Shlomo co-founded Mazor Steel and Mazor Aluminium together with his wife Judy. Shlomo brought to the business his technical expertise, which were acquired over 23 years working as a boilermaker, welder and rigger in Israel. Shlomo has an in-depth knowledge of the product and continues to ensure that quality is achieved throughout the Mazor group.

ALLAN GROLL (62)

Independent non-executive director

Allan is a Cape Town-based investor with a wide range of local property and business interests. He is one of the founders and a director of Ingenuity Property Holdings Ltd. Allan currently serves as an executive director of Trematon Capital Investments Ltd.

ABUBAKER VARACHHIA (58)

BSC QUANTITY SURVEYING – UCT

Non-executive director

Abu qualified as a quantity surveyor at the University of Cape Town in 1986. He was a founding member of LDB Quantity Surveyors when it was established in 1990. Abu has been involved in some major and complex developments in South Africa.

He is currently a director of LDM quantity surveyors, chairperson of Spear Properties and sits on the board of the Cape Town Central City Improvement District.

Abu also served as chairperson of the Built Environment Advisory Committee for the 2004 Olympic Bid and non-executive director of Spearhead Properties and Ingenuity Property Investments Ltd.

FRANK BONER (71)

CA(SA)

Independent non-executive director

Frank qualified as a chartered accountant and served as managing partner of an accounting firm, now Horwarth Leveton Boner. He was joint managing director of Reichmans Ltd prior to its sale to Investec Bank where Frank subsequently served as manager of Investec's Corporate Asset-based Finance Division. In 1998, Frank joined Global Capital (Pty) Ltd, a boutique investment banking and private equity firm, and has been responsible for negotiating and concluding many investment transactions. Frank is an executive director and past CEO of Global Capital. He sits on the boards of some investee companies where he focuses predominantly on financial and strategic issues. Frank is chairperson of Consolidated Infrastructure Group Ltd, listed on the JSE.

RAY SCHUR (78)

CA(SA)

Independent non-executive director

Ray has served in senior executive positions with a number of South African retail groups, including Woolworths Holdings and JD Group. He was chief financial officer of Protea Hospitality Group from 2008 to 2014.

Ray served on the Woolworths Holdings audit committee until June 2005, was chairperson of the Paramount Property Fund's audit committee until February 2007 and currently serves as chairperson of the Ingenuity Property Investments Ltd's audit committee.

CORPORATE GOVERNANCE REPORT

Silos – V&A Waterfront

INTRODUCTION

The group is committed to the principles of accountability, integrity and transparency as set out in the King III Report on Corporate Governance in South Africa ("King III"). In doing so, the directors seek to identify and mitigate significant risks, ensuring sustainable business practices underpinned by transparent communication with all stakeholders. The board monitors compliance with the Code of Corporate Practices and Conduct contained within the King III report. The board adheres to the "apply or explain" principle as contained in this report and required in terms of the JSE Listings Requirements. The board is of the opinion that the group is mostly in compliance with the recommendations of the King III report. The group has published its register of compliance with King III on its website.

The group will in future be complying with the requirements of King IV which is effective for financial years beginning on or affter 1 April 2017, which, in the case of the group, will apply to the financial year ending 28 February 2018.

THE BOARD

The board comprises eight directors with a majority of non-executive directors (five), four of whom are independent. The board is chaired by independent non-executive chairperson, Mr. M Kaplan. The board is committed to the sustainability and growth of the company.

The board has discussed the requirements of paragraph 3.84(k) of the JSE Listings Requirements in respect of implementing a policy for the promotion of gender diversity. It has adopted a policy whereby, should any future appointment be required for independent non-executive directors, either due to a vacancy arising on the board or an additional appointment, priority will be given to women preferably serving in the construction industry, but not restricted to that industry.

The responsibilities of the chairperson and CEO are strictly separated, echoed in the separation of duties of the remaining executive directors and non-executive directors, to ensure that no director can exercise unfettered powers of decision-making. The chairperson 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. The CEO and other executive directors are responsible for devising and overseeing strategy and operational decisions in respect of the day-to-day operations, which are implemented by management. Non-executive directors contribute their independent and objective knowledge and experience to the board's deliberations. All non-executive directors are sufficiently qualified to contribute significant industry skill and expertise.

Board members are required to act with due diligence and care in all company dealings and to uphold the values and ethics of the company and are accountable to the shareholders for the company's performance.

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.

In accordance with the Memorandum of Incorporation one third of directors retire each year by rotation. Their re-appointment will be subject to shareholders' approval at the annual general meeting. At the upcoming annual general meeting Mr. A Varachhia and Mr. A Groll will retire and, being eligible, will stand for re-election. None of the non-executive directors have service contracts with the group.

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. The Charter tasks the board with:

- setting strategy;
- overseeing that the strategy results in sustainable outcomes;
- monitoring succession planning;
- determining investment policy;
- reviewing performance against pre-approved budgets;

- developing a corporate code of conduct;
- identifying key risk areas;
- reviewing processes and procedures to ensure the effectiveness of internal systems of control; and
- approving the annual financial statements and interim results.

Further duties set out in the Charter include:

- ensuring internal control procedures protecting the company's assets and reputation are in place;
- ensuring that adequate technology and systems are applied to run the business effectively;
- applying good corporate governance principles; and
- assessing the group's continuation as a going concern.

In terms of the Charter the board is required to regularly assess its own performance and effectiveness and that of the chairperson and individual directors. The board has evaluated the performance of the chairperson, the individual members of the board and the board as a whole. A consolidated summary of the evaluation was reported to and discussed by the board including any actions and suggestions for improvements.

The Charter is reviewed annually and has also been reviewed by the internal auditors as part of their focus on Corporate Governance.

The board meets at least four times a year and ad hoc meetings are convened when required. A special combined meeting of the board and Audit and Risk Committee was held on 5 April 2017 to consider the presentations by the heads of the group subsidiaries of their budgets for the 2018 financial year.

Details of directors' attendance at board meetings during the year under review are set out on the next page (the number in brackets represents the total number of meetings):

Directors	Board meetings
M Kaplan** (chairperson)	4(4)
R Mazor (CEO)	4(4)
L Mazor (financial director)	4(4)
A Groll**	3(4)
S Mazor	1(4)
A Varachhia*	3(4)
F Boner**	4(4)
R Schur**	4(4)

* Non-executive director

** Independent non-executive director

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.

In terms of regulations 3.84(i) and 7.F.6(j) of the JSE Listings Requirements, the board of directors must satisfy itself, on an annual basis, on the competence, qualifications and experience of the company secretary. The board has satisfied itself on these criteria by confirming the company secretary's qualifications (ACIS) and experience through verification with third parties. In terms of regulation 4.8(c) of the JSE Listing Requirements, the company secretary should maintain an arm's length relationship with the board of directors and should ideally not be a director. The board is satisfied that an arm's length relationship does exist between the company secretary and itself in that the company secretary has no separate relationship of any nature with any of the directors which could lead to conflicts of interest and dilution of the company secretary's independence.

REGULATORY AND LEGISLATIVE COMPLIANCE

The company secretary liaises closely with the group's sponsor to ensure the group complies with all applicable regulations and legislation.

CONFLICTS OF INTERESTS

Directors are required to disclose their shareholdings, additional directorships and any potential conflicts of interest to the chairperson or the company secretary. Directors are required to recuse themselves from discussion and voting upon any matter in which they may have an interest.

DEALING IN SECURITIES

Directors are prohibited from dealing in the group's shares during closed periods, which in any year extend from 28 February to the day the annual results are announced and from 31 August to the day the interim results are announced. In addition, all directors cannot trade during any period where they have access to any price-sensitive information. Before dealing in the shares of the group, directors are obliged to inform the chairperson or company secretary, who together with the sponsor ensure that such dealings are published on JSE news service SENS.

NEW APPOINTMENTS

The board, together with the Remuneration and Nomination Committee, is responsible for identifying and nominating new directors. 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 social and business concerns such as broad-based black economic empowerment ("BBBEE").

SUCCESSION PLANNING

Mazor continually seeks to identify suitable candidates within the group to train and mentor for succession to senior management and the board.

BOARD COMMITTEES

The board has established and mandated a number of committees to perform work on its behalf in various key areas affecting the business of the group. Each committee's role and responsibilities are spelt out in its charter, which is approved by the board and reviewed with sufficient regularity to ensure that it remains in line with the group's changing needs and business climate. As and when required, the board may establish ad hoc committees to address specific issues. Details of each board committee are provided below.

All committees have satisfied their responsibilities during the year in compliance with their charters.

A review of applicable charters is conducted to take into account good corporate governance in terms of King III and the Companies Act, No. 71 of 2008.

AUDIT AND RISK COMMITTEE

The Audit and Risk Committee is chaired by Mr. F Boner and further comprises Mr. M Kaplan and Mr. R Schur. All members of the committee are independent non-executive directors and have the requisite financial knowledge, skills and experience to contribute effectively to the carrying out of the functions of the committee.

The committee met four times during the year. (Attendance at meetings is set out on page 25.) Management and the external and internal auditors attend meetings by invitation.

The committee is responsible for reviewing and amending the group's internal controls and risk management systems and controls, oversight of financial reporting and for reviewing and ensuring implementation of audit recommendations. Further, the committee is tasked with appointing and recommending the external auditor.

A formal Audit Committee Charter is reviewed annually and includes further duties such as:

- evaluating management's accountability regarding the security of computer systems and contingency plans in the event of a systems breakdown;
- reviewing significant accounting and reporting issues;
- reviewing the external auditor's performance and audit scope;
- determining the independence of the external auditor;
- developing a formal risk management policy;
- reviewing systems in place to monitor the group's regulatory compliance;
- reviewing the adequacy of internal controls and internal financial control; and
- reviewing the expertise, resources and experience of the group's financial function.

The charter is reviewed annually and has also been reviewed by the internal auditors as part of their focus on Corporate Governance.

The report of the Audit and Risk Committee is set out on page 25.

REMUNERATION AND NOMINATION COMMITTEE

The committee is chaired by independent non-executive director Mr. F Boner and further comprises independent non-executive chairperson Mr. M Kaplan and independent non-executive director Mr. R Schur. (Attendance at meetings is set out on page 14.)

The formal Remuneration and Nomination Committee Charter sets out the committee's composition, duties and responsibilities. In terms of the charter the committee is responsible for determining and recommending the remuneration packages of executive directors and any criteria necessary to measure their performance, reviewing annual bonuses as well as recommending allocations to executive directors and senior employees in terms of the company's share scheme. In addition, the committee is responsible for reviewing and recommending compensation policies for non-executive directors. The committee is also responsible for the assessment and approval of the remuneration strategy for the group, for assisting the board in determining and administering remuneration policies and for recommendations on any nominations made to fill any board vacancies.

The report of the Remuneration Committee is set out on page 14.

SOCIAL AND ETHICS COMMITTEE

The committee is chaired by independent non-executive director Mr. R Schur and further comprises executive director Ms. L Mazor and Mr. D Reardon a senior manager.

The committee's charter sets out the committee's composition and includes duties such as monitoring the group's activities relating to social and economic development, good corporate citizenship, community upliftment, the environment, health and public safety, consumer relationships, labour and employment, in terms of compliance with the Ten Principles of the United Nations Global Compact.

The report of the Social and Ethics Committee is set out on page 15.

ACCOUNTING AND AUDITING

EXTERNAL AUDIT

The external auditors are responsible for reporting on whether the consolidated and separate annual financial statements are fairly presented in compliance with International Financial Reporting Standards and the requirements of the Companies Act. The preparation of the consolidated and separate annual financial statements remains the responsibility of the directors.

The Audit 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 respect of those services.

INTERNAL AUDIT

The internal audit function of the group is performed by Grant Thornton.

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 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 minimize 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 override of controls. The system is therefore designed to manage rather than eliminate risk of failure and opportunity risk.

RISK MANAGEMENT

The board, together with the Audit and Risk Committee, is responsible for overseeing risk management activities and ensuring that the requisite risk management culture, policies, practices and systems are implemented and functioning effectively.

During the year, the Audit and Risk Committee, in conjunction with the internal auditors, reviewed the group's overall risk strategy which is reported on at each Audit and Risk Committee and board meeting.

STAKEHOLDER COMMUNICATION

The group is committed to timely, consistent and transparent communication with all stakeholders. In doing so, Mazor strives to provide a balanced and understandable assessment of the group's position.

In all manners of communication including financial reporting, formal announcements, media releases, annual meetings, presentation and dialogue with investors and analysts, the group seeks to be clear, open, prompt and balanced, communicating in substance rather than form.

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

The annual general meeting provides an opportunity to communicate directly with shareholders and the group encourages shareholders to attend and voice their opinions.

CORPORATE SOCIAL INVESTMENT (CSI)

The group aims to contribute to the economic well-being and social development of the communities in which it operates through job creation and donations and educational and cultural contributions. The Social and Ethics Committee is responsible for this programme. During the year the Group contributed to the Red Cross Children's Hospital, Homes for Kids in South Africa ("HOKISA") and The Hope Factory, which assists in advancing the sustainable growth of entrepreneurial Black businesses.

BBBEE

Direct black shareholding in the group totals 16.6%, held by Cloudberry Investments 18 (Pty) Ltd, Clusten 54 (Pty) Ltd and Nabaz Properties (Pty) Ltd. The group is constantly striving to broaden BBBEE participation at group level on identification of viable opportunities in this regard.

PREFERENTIAL PROCUREMENT

In terms of discretionary spend the group seeks to secure products and services from black-owned and black-managed enterprises as far as is commercially viable.

GOING CONCERN

The annual financial statements contained in this annual report have been prepared on a going concern basis as the directors have every reason to believe that the company and the group have adequate resources to continue in operation for the year ahead.

NON-APPLICATION OF THE CODE

In some instances, the group has not applied the King III Code on good corporate governance. In accordance with the "apply or explain" principle of the Code, the table below sets out instances of non-application together with explanations for the relevant non-application.

KING III recommendation	Explanation for non-compliance
Constitution of the Audit and Risk Committee	The chairperson of the board, Mr. M Kaplan, was a member of this committee during the 2017 financial year. Mr. Kaplan is a chartered accountant with years of experience and the board wished to draw on this expertise. He will remain as a member of this committee, which does not comply with the Code, which determines that the chairperson of the board may not be a member of the audit and risk committee. Having regard to the group's size and the effectiveness of the current Audit and Risk Committee, the board does not view the appointment of another independent non-executive director to the board to replace Mr. Kaplan on this committee as an effective use of the group's resources. All other members of this committee are independent non-executive directors and Mr. M Kaplan does not serve as chairperson of this committee.
Chairperson of the Nomination Committee	The group has combined the nomination and remuneration committee and this committee is chaired by Mr. F Boner. The chairperson of the board, Mr. M Kaplan, will however chair all meetings dealing with nominations.
Compliance framework for the group	In terms of principle 6.4 of King III, the board should delegate the responsibility for the implementation of an effective compliance framework to management. Responsibility for compliance has been assigned to the company secretary to identify legislative impacts on the group whilst heads of divisions are responsible for compliance with relevant legislation.

REMUNERATION AND NOMINATION COMMITTEE REPORT

The committee assists the board in ensuring that the group's remuneration and recruitment policy is aligned with overall business strategy with the aim of attracting and retaining personnel who will create long-term value for all its stakeholders.

The group's policy is to remunerate its directors, executives and staff by paying them competitively structured packages, thereby aligning the corporate objectives with the commitment and performance of individuals.

Remuneration is benchmarked against industry norms and is performance-related. The employee's level of experience and qualifications are also taken into consideration when determining remuneration.

Non-executive directors are paid a monthly retainer as well as a fee per meeting. The monthly retainers are paid on a quarterly basis. Non-executive directors' fees were increased on 1 July 2016 as follows:

	2017		2016	
	Monthly retainer R	**Fees per meeting R**	Monthly retainer R	Fees per meeting R
Chairperson of the Board	**15 000**	**15 000**	13 000	13 000
Board member	**11 000**	**12 000**	10 000	10 000
Chairperson – Audit and Risk Committee		**20 000**		13 200
Member – Audit and Risk Committee		**15 000**		10 000
Chairperson – Remuneration and Nomination Committee		**15 000**		12 000
Member – Remuneration and Nomination Committee		**10 000**		9 000
Chairperson – Social and Ethics Committee		**15 000**		10 000
Member – Social and Ethics Committee		**10 000**		7 500

The fees were authorised by special resolution at the annual general meeting convened on 18 July 2016.

The committee reviews the remuneration policy and makes recommendations to the board. It is primarily responsible for overseeing the policies over remuneration and incentives of executive directors. In addition, the committee approves incentive bonus schemes for senior employees. The committee also recommends remuneration levels for non-executive directors to the board to be presented to shareholders for approval.

The attendance at the meeting held is set out below:

Directors' emoluments are disclosed in note 22 of the consolidated annual financial statements.

The CEO and financial director attend meetings of the Remuneration and Nomination Committee by invitation but are excluded during deliberations in respect of their own remuneration.

The committee meets once a year unless circumstances necessitate additional meetings.

Directors	Remuneration and Nomination Committee meeting
F Boner (Chairperson)	1(1)
M Kaplan	1(1)
R Schur	1(1)

SOCIAL AND ETHICS COMMITTEE REPORT

The committee assists the board in monitoring the group's activities in terms of legislation, regulation and codes of best practices relating to:

- ethics;
- stakeholder engagement, including employees, customers, communities and the environment; and
- strategic empowerment and compliance with transformation codes.

RESPONSIBILITIES OF THE COMMITTEE

The responsibilities of the committee are to:

- monitor the company's activities relating to social and economic development, good corporate citizenship, the environment and health and public safety;
- monitor progress on strategic empowerment and performance against targets;
- monitor changes in the application and interpretation of empowerment charters and codes;
- monitor functions required in terms of the Companies Act, No. 71 of 2008, and its regulations and compliance in respect of other relevant legislation; and
- monitor the United Nations Global Compact values in the areas of human rights, labour standards, the environment and anti-corruption.

COMPOSITION AND FUNCTIONING

The committee comprises one independent non-executive director, Mr. R Schur, one executive director, Ms. L Mazor, and a member of management, Mr. D Reardon.

The members of the committee believe that the group is substantively addressing the issues that are required to be monitored by the committee in terms of the Companies Act, No. 71 of 2008.

ATTENDANCE AT MEETINGS

Details of members' attendance of committee meetings during the year are set out below.

The number in brackets represents the total number of meetings the committee member could have attended.

MONITORING OF SUSTAINABLE DEVELOPMENT PRACTICES

In the execution of its duties the committee has compiled a checklist of matters relating to Social and Economic Development, Good Corporate Citizenship and Labour and Employment issues. At each of its meetings the committee reviews and reconfirms compliance or not with the various issues pertaining to the above matters and reports as such to the board of directors. The committee has been satisfied that management has applied and has attended to the formulation and implementation of policies, principles and practices to foster sustainable growth of the company and that this is being dealt with as part of the group's risk management profile.

R SCHUR
Social and Ethics Committee chairperson

Members	Social and Ethics Committee meetings
R Schur (chairperson)	2(2)
L Mazor	2(2)
D Reardon	2(2)

SUSTAINABILITY REPORT

The group affects its stakeholders in a number of ways and has an economic, environmental and social impact which it is committed to manage responsibly. This report aims to inform stakeholders about significant impact areas identified, the group's approach to addressing these challenges and taking advantage of opportunities presented. The report further addresses our process and progress in these areas.

The group acquires the products it uses in its manufacturing process from market-leading suppliers. When these materials are acquired by the group, they have already undergone processing subsequent to their harvesting from the natural environment. Mazor Group has no influence over these processes.

The group's direct impact on the environment mainly has to do with energy consumption (fuel and electricity) and CO_2 emissions, primarily as a result of vehicles distributing products to end-customers or construction sites.

We therefore consider that the group can influence economic sustainability and social sustainability to a larger extent than its impact on the environment.

The report therefore has a strong focus on economic and social impacts with a considerable focus on employment.

ECONOMIC

The value-added statement shows the value that the group has created through its trading and investing operations. Mazor Group generates value for many stakeholders as follows:

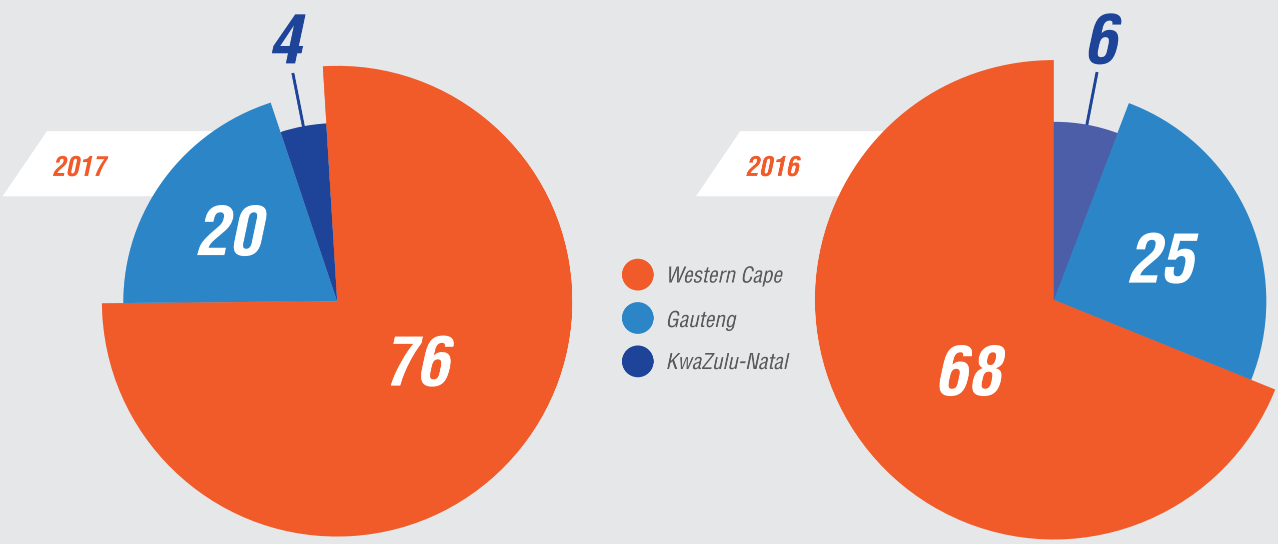
- Mazor's biggest asset, its employees, receive salaries/wages and bonuses;
- the South African government receives taxes;
- communities in which we operate benefit through employment opportunities;
- suppliers and contractors are supported by procuring consumables, services and capital goods;
- shareholders receive a return on their investment through dividends and capital growth of their investments; and
- to ensure sustainability and expansion, continuous and substantial reinvestment into the group is necessary.

This statement summarises total value generated and how it was disbursed among the group's stakeholders, leaving a retained amount to be reinvested in developing operations and replacing assets.

Economic value generated and distributed for the year ended 28 February 2017

	2017 **R**	2016 R
Revenue	**582 845 340**	491 710 681
Cost of materials and services	**(390 266 313)**	(333 342 856)
Value added by operations	**192 579 027**	158 367 825
Income from investments and interest received	**5 789 611**	3 967 933
Value generated	**198 368 638**	162 335 758
Distributed as follows:		
Employees		
Payroll costs	**130 257 924**	106 456 599
Providers of equity		
Dividend paid to shareholders	**9 266 876**	–
Providers of finance		
Interest and finance charges	**2 327 784**	2 932 442
Government		
Company taxation	**9 993 717**	12 103 491
Community investments	**294 311**	210 650
Reinvested within the group	**46 228 026**	40 632 576
Value distributed	**198 368 638**	162 335 758

REVENUE GENERATION BY REGION IS AS FOLLOWS:



(The Western Cape region includes operations in George.)

EMPLOYEE TURNOVER

Mazor employs 639 people (2016: 569).

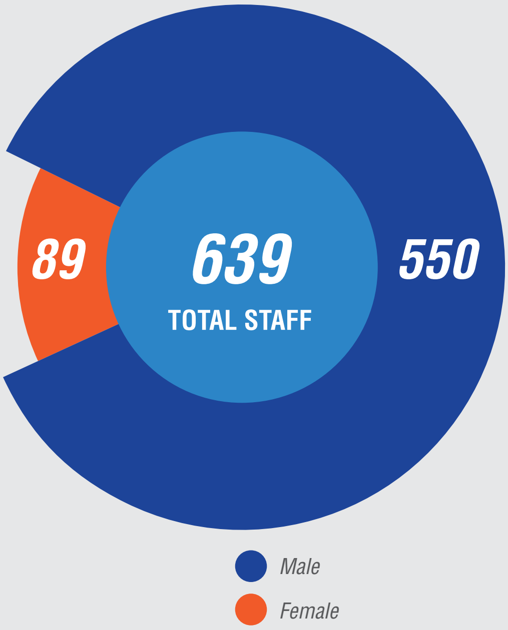
	Male				Female				Total			
	<25 years	25 – 50 years	>50 years	Total	<25 years	25 – 50 years	>50 years	Total	<25 years	25 – 50 years	>50 years	Total
New employee hires												
Western Cape	29	151	12	**192**	4	8	5	**17**	33	159	17	**209**
Gauteng	1	30	1	**32**	1	14	0	**15**	2	44	1	**47**
KwaZulu-Natal	0	0	0	**0**	0	0	0	**0**	0	0	0	**0**
All locations	30	181	13	**224**	5	22	5	**32**	35	203	18	**256**
Employees leaving employment												
Western Cape	14	101	13	**128**	1	8	2	**11**	15	109	15	**139**
Gauteng	1	27	3	**31**	0	14	1	**15**	1	41	4	**46**
KwaZulu-Natal	0	0	0	**0**	0	1	0	**1**	0	1	0	**1**
All locations	15	128	16	**159**	1	23	3	**27**	16	151	19	**186**
Total employee numbers												
Western Cape	39	318	101	**458**	5	41	15	**61**	44	359	116	**519**
Gauteng	2	60	18	**80**	1	20	2	**23**	3	80	20	**103**
KwaZulu-Natal	0	11	1	**12**	0	4	1	**5**	0	15	2	**17**
All locations	41	389	120	**550**	6	65	18	**89**	47	454	138	**639**
New employee hire rates (%)												
Western Cape	5	23	2	**30**	1	1	1	**3**	6	24	3	**33**
Gauteng	0	5	0	**5**	0	2	0	**2**	0	7	0	**7**
KwaZulu-Natal	0	0	0	**0**	0	0	0	**0**	0	0	0	**0**
All locations	5	28	2	**35**	1	3	1	**5**	6	31	3	**40**
Employees leaving employment rates (%)												
Western Cape	2	16	2	**20**	0	1	0	**1**	2	17	2	**21**
Gauteng	0	4	0	**4**	0	2	0	**2**	0	6	0	**6**
KwaZulu-Natal	0	0	0	**0**	0	0	0	**0**	0	0	0	**0**
All locations	2	20	2	**24**	0	3	0	**3**	2	23	2	**27**

LABOUR PRACTICES

The group's most significant social impact is through the effect it has on its employees as an employer.

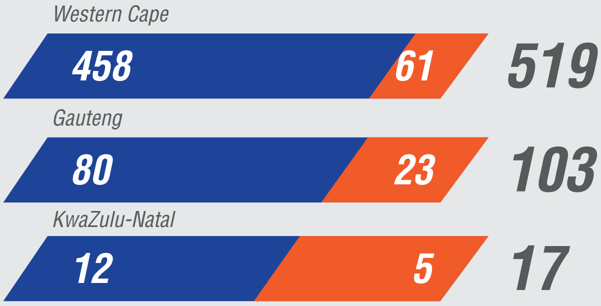
WORKFORCE PROFILE

The following tables give some insight into the group's employee profile. The group's total workforce is 86.1% male (2016: 85.2%), which is to be expected due to the physical nature of the group's activities.



WORKFORCE BY EMPLOYMENT CONTRACT

WORKFORCE BY REGION



(The Western Cape region includes operations in George.)

All employees work full time. The group does not have any employees on part-time employment contracts.

The above comprises all staff employed as at year-end; the group made use of no labour broker staff (2016: 0).

The majority of the group's employees are in the Western Cape (81.2%) (2016: 79.1%). This is correlated to the fact that 76% (2016: 68%) of group revenue is derived in the Western Cape.

The group has an employee turnover rate of 29% (2016: 28%).

A total of 186 employees left during the year. These are split by reason and region in the table below:

	Dismissal	Resignation	Contract expiry	Abscondment	Retrenched	Other	Total
Western Cape	24	18	54	36	1	6	**139**
Gauteng	4	14	26	1	0	1	**46**
KwaZulu-Natal	0	1	0	0	0	0	**1**
	28	33	80	37	1	7	**186**

The Group provides fair working conditions and remunerates at market-related rates.

43% of total employee turnover was due to non-renewal of contracts. Due to the cyclical nature of the group's construction divisions, the group hires additional employees on fixed-term contracts as and when required.

28 employees were dismissed during the year. The group follows proper disciplinary procedures throughout all the operating units which are both procedurally and substantively fair.

All of the employees who absconded are engaged in direct labour where traditionally the employee turnover is high.

"Other" includes termination due to retirement or death.

The group hired 256 new employees during the year. When the number of employees leaving is set off against the number of employees hired, the net number of employees hired is 70. A large number of employees hired are on fixed-term contracts as needed to match the volume of work. The overall increase in staff numbers is therefore in line with the increase in construction volumes.

The Group is constantly striving to increase efficiencies in a very competitive environment, thereby impacting employment rates.

DIVERSITY

As would be expected, the majority of the group's employees (71.05%) (2016: 70.30%) are between the ages of 25 and 50 years old and having regard to the industry, it is predominantly male.

Mazor has a policy of equal opportunity and non-discrimination in employment ensuring no discrimination on the base of race, gender or creed.

Employees by age group and gender

	Male	Female	Total	% of total employees
< 25 years	41	6	**47**	**7.36**
25 – 50 years	389	65	**454**	**71.04**
> 50 years	120	18	**138**	**21.60**
	550	89	**639**	

Employment equity

	Male				Female				Foreign		
	A	C	I	W	A	C	I	W	Male	Female	Total
Top management*	0	0	1	7	0	0	0	2	0	0	**10**
Senior management	0	2	0	8	0	0	0	4	0	0	**14**
Professionals, specialists and middle management	14	14	1	7	0	0	0	6	0	0	**42**
Skilled technical, academically qualified and junior management	29	72	8	24	3	19	2	25	3	0	**185**
Semi-skilled and discretionary decision-making	98	65	1	5	2	4	1	8	1	0	**185**
Unskilled and defined decision-making	25	12	1	0	5	2	0	3	2	0	**50**
Total permanent	166	165	12	51	10	25	3	48	6	0	**486**
Temporary employees	87	67	0	1	0	1	0	2	0	0	**158**
Total employees	253	232	12	52	10	26	3	50	6	0	**644**
% of total employees	39	36	2	8	2	4	0	8	1	0	**100**

* Includes five non-executive directors

A = African, C = Coloured, I = Indian, W = White

COLLECTIVE BARGAINING

The group endorses the employee's rights enshrined in the Constitution of the Republic of South Africa Act, No. 108 of 1996, including the right to collective bargaining and other labour rights under constitutional laws. We acknowledge the right of our employees to freedom of association.

Approximately 21% of the group's employees are represented by trade unions and some 51% of the total workforce is covered by collective bargaining agreements.

OCCUPATIONAL HEALTH AND SAFETY

The group regards the health and safety of its employees and that of persons affected by its operations to be fundamental to sustainability. The group's primary objective is to achieve and maintain a safe and healthy working environment by ensuring strict compliance with the South African Occupational Health and Safety Act, No. 85 of 1993, ("the Act") and regulations.

To this end the group ensures that matters affecting health and safety are accorded the highest priority, adequate precautions are taken to prevent injuries, incidents, accidents and ill health and the provisions of all relevant legislation are fully complied with.

To achieve these goals Mazor provides training to employees on occupational health and safety issues so as to ensure competence in the workplace, be aware of the potential hazards implicit in their work activities and be aware of their scope of authority in terms of occupational health and safety control. Furthermore, the group endeavours to manage occupational health and safety to acceptable standards, enforce health and safety measures through discipline in the workplace and protect the public and people other than company employees from Health and Safety hazards associated with the group's activities.

The group strives to eliminate fatalities and serious injuries. Zero fatalities were experienced in the current and prior year.

LOST TIME INJURY FREQUENCY RATE (LTIFR)

The LTIFR is calculated as the number of workman compensation claims involving one shift or more time lost per 100 000 hours worked. The group has a slightly higher LTIFR of 2.61 (2016: 2.34). We will strive to continually bring down this number and improve our safety record.

SKILLS DEVELOPMENT AND TRAINING

The group is committed to assisting employees at all levels to develop relevant skills and competencies. Mazor aims to assist employees in achieving their full potential and in doing so, endeavours to provide training for all staff.

HIV/AIDS

Mazor is concerned about HIV/AIDS in South Africa. The group has however not yet developed a formal policy in this regard and is assessing possible awareness programmes to be implemented in due course.

PRODUCT RESPONSIBILITY

The group complies with laws and regulations and no significant fines were incurred for non-compliance with laws and regulations.

SOCIETY

The group complies with laws and regulations and no significant fines or non-monetary sanctions were incurred for non-compliance with laws and regulations.

ENVIRONMENTAL

The group's impact on the environment via CO_2 emissions through its distribution activities and its consumption of fuel and electricity is a focus area for the future. Environmental awareness has not traditionally been an area of focus for the group. Management will therefore work to embed environmental consciousness into the culture of the operations.

The group will investigate the benefit of CO_2 emission measurement and the practical implementation of measurement methodologies.

The group complies with environmental legislation and incurred no significant fines or non-monetary sanctions from the authorities in this regard.


The Silo Hotel – V&A Waterfront

ANNUAL FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF MAZOR GROUP LIMITED

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

OPINION

We have audited the consolidated and separate financial statements of Mazor Group Limited (the group), set out on pages 28 to 68, which comprise the statement of financial position as at 28 February 2017, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the group as at 28 February 2017, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act of South Africa.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report. We are independent of the group in accordance with the Independent Regulatory Board for Auditors *Code of Professional Conduct for Registered Auditors (IRBA Code)* and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants* (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

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

OTHER INFORMATION

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

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the

MATTER	AUDIT RESPONSE
Revenue recognition for construction contracts (note 12)	
There are significant accounting judgements which are more fully described in the significant judgement and estimates section included with the accounting policies note. The majority of the group's construction contracts have a maturity within one year and most are completed shortly after year-end. Total revenue for construction contracts was R285 million, which represents 49% of the group's revenue in 2017 as per note 12 of the Consolidated Annual Financial Statements.	We performed substantive audit work, which included inspection of all contracts for the year to confirm estimated profit margins and total contract cost to complete. All completion certificates and claims for construction contracts has to be signed off by the management expert. We assessed the competence of the management expert in terms of ISA 540 by reviewing his qualifications and assessing his expertise by confirming his accreditation and years of industry experience and testing the assumptions, methods and data used. In addition, all of the uncompleted contract amounts due from customers, as detailed in note 6 to the Consolidated Annual Financial Statements, were traced to external completion certificates at year-end. No exceptions were noted.
Turnaround of the Glass division (note 29)	
The company had significant investments and loan receivables in their Glass division companies. The investment in the Glass division was impaired to zero and the loans partially impaired in the 2015 financial year due to the division's poor performance. The deferred tax assets in the individual companies were limited to the extent that it was considered probable that taxable profit would be available to be utilised. Consideration was given in the current year for a reversal of impairment and the carrying value of the deferred tax assets due to the Glass Division's return to profitability as seen in note 29 of the Consolidated Annual Financial Statements.	In our testing we discussed with management the uncertainty of the Glass division returning to profitability. We performed the following procedures: • we obtained a free cash flow model for a five-year forecast from the client and confirmed the mathematical accuracy by testing the underlying formulas; • we confirmed that the revenue growth rate and the discount percentage and period appears to be reasonable; and • we considered the accuracy of the figures and profit margins and found it to be reasonable based on past results. Based on the work performed we agreed with management that at this stage no reversal of impairment of the investment or loan accounts was required and no adjustment to the carrying value of the deferred tax asset is necessary.

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group and/or the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Mazars has been the auditor of Mazor Group Limited and subsidiaries for ten years.

MAZARS
Registered Auditor
Partner: Duncan Dollman

Cape Town
15 May 2017

DIRECTORS' RESPONSIBILITY

FOR THE ANNUAL FINANCIAL STATEMENTS

The directors are responsible for the preparation, integrity and fair presentation of the financial statements of the group and the company. The group and company annual financial statements, presented on pages 28 to 68, have been prepared in accordance with International Financial Reporting Standards ("IFRS") and the Companies Act of South Africa, and include amounts based on judgements and estimates made by management. The directors have also prepared the other information included in the annual report and are responsible for both its accuracy and its consistency with the financial statements. The annual financial statements have been prepared under the supervision of the financial director, Liat Mazor CA(SA).

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the group and place considerable importance on maintaining a strong control environment. To enable 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 effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the group and all employees are required to maintain the highest ethical standards in ensuring the group's business is conducted in a manner that in all reasonable circumstances is beyond reproach. Whilst operating risk cannot be fully eliminated, the group endeavours to minimise it 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 that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

APPROVAL OF THE GROUP AND COMPANY ANNUAL FINANCIAL STATEMENTS

The annual financial statements of the group and the company for the year ended 28 February 2017 were approved by the board of directors on 15 May 2017 and signed on its behalf by:

MONTY KAPLAN
Chairperson

RONNIE MAZOR
Chief executive officer

COMPANY SECRETARY'S REPORT

In terms of section 88(2)(e) of the Companies Act, No. 71 of 2008, as amended, I, Ivor Mark Bloom, certify that to the best of my knowledge and belief, all returns required of a public company have, in respect of the year ended 28 February 2017, been lodged with the Companies and Intellectual Property Commission and that all such returns are true, correct and up to date.

IVOR BLOOM
Company secretary

Cape Town
15 May 2017

AUDIT AND RISK COMMITTEE REPORT

The Audit and Risk Committee report has been prepared in terms of section 94(7) (f) of the Companies Act, No. 71 of 2008, as amended.

The Audit and Risk Committee has conducted its work in accordance with its charter which has been approved by the board and is recorded in the corporate governance report for the financial year ended 28 February 2017.

Details of directors' attendance at committee meetings during the year are set out below (the number in brackets represents the total number of meetings).

The CEO, financial director, the partner in charge of external audit and the partner in charge of internal audit attend the Audit Committee meetings by invitation.

Directors	Audit and Risk Committee meetings
F Boner	4(4)
M Kaplan	4(4)
R Schur	4(4)*
L Mazor^	4(4)

^ Attended by invitation

* Participated via conference call due to recovery from operation

INTERNAL FINANCIAL CONTROL AND RISK MANAGEMENT

The various systems of internal control are designed to provide reasonable assurance that assets are safeguarded, proper accounting records are maintained, the integrity and accuracy of financial information is protected and the incidence of fraud is minimised. The committee has oversight of the group's financial statements and reporting process, including the system of internal financial control. It is responsible for ensuring that the group's internal audit function is independent and has the necessary resources to discharge its duties. The committee oversees co-operation between internal and external auditors and serves as a link between the board and these functions

Nothing has come to the attention of the directors that indicate a material breakdown or material weakness in the internal control of the group during the year. The committee is satisfied that the accounting practices of the group are sound, that the financial statements fairly represent the financial affairs of the group and that the system of internal financial control is appropriate.

Grant Thornton currently performs the internal audit function responsible for testing and reviewing the adherence to internal control at the group's various locations.

The committee has performed an analysis of the strategic risks to which the group is exposed and recorded those risks in a risks register. The risks register is amended when appropriate. Strategies for mitigating the identified risks are developed and implemented on an ongoing basis.

The group's entire risk framework was reviewed during the year by the Audit and Risk Committee in conjunction with the internal auditors, which is discussed and reported on at each Audit and Risk Committee and board meeting.

STATUTORY DUTIES

The Audit and Risk Committee reviewed the performance and independence of the external auditor, Mazars, and the respective audit partner and has confirmed that it is satisfied with their independence.

The committee has nominated their appointment for further approval at the annual general meeting.

The nature and extent of non-audit services provided by the external auditors have been reviewed to ensure that the fees for such services do not become so significant as to call into question their independence.

The committee had ensured that in agreeing the audit fee for the year, that the audit environment would not be curtailed in any way and the appropriate level of scope be adopted.

The committee ensured that both the internal and external audit functions were conducted independently.

The committee was satisfied and reported to the board that the group was operating as a going concern. It had also been satisfied that the group has reported in terms of International Financial Reporting Standards and that the group had complied with the JSE Listings Requirements.

In compliance with the JSE Listings Requirements, the committee has considered and satisfied itself that the group financial director, Ms. L Mazor, adequately performed her duties and that she possesses the required expertise and experience to adequately perform her duties.

The Audit and Risk Committee is therefore satisfied that the group has adhered to and complied with all the statutory requirements for the year ended 28 February 2017.

FRANK BONER
Audit and Risk Committee chairperson

DIRECTORS' REPORT

The directors have pleasure in submitting their report and the annual financial statements of the company and the group for the year ended 28 February 2017.

NATURE OF BUSINESS

The company is listed on the "Construction and Materials" sector of the Main Board of the Johannesburg Stock Exchange. The company is the holding company of a number of subsidiary companies principally engaged in construction activities, supply of aluminium fenestration systems and glass beneficiation in the Republic of South Africa.

GROUP RESULTS

Revenue increased across all three divisions resulting in an increase in gross revenue by 18.53% to R582.8 million (2016: R491.7 million). This was mainly due to revenue increase of 87.55% to R133.8 million (2016: R71.3 million) in the Steel division as a result of the increase in construction activity in that sector. Revenue in the Aluminium division increased by 4.47% to R293.4 million (2016: R280.1 million). The increase in revenue as a result of the increased construction activity in the aluminium sector was tempered by a reduction in revenues from the supply of fenestration systems. In the Glass division, revenue also increased to R155.7 million from R139.5 million in the prior year.

The increase in revenue contributed to the increase of 35.78% in operating profit to R55.6 million.

The turnaround in the Glass division as a result of improved cost focus and efficiencies was the largest contributor to the increase in operating profit with the Glass division reflecting an operating profit of R16.4 million versus an operating loss in the prior year of R4.6 million.

Headline earnings for the year amounted to R47.5 million (2015: R30 million), an increase of 58.25%.

The consolidated statement of profit or loss and other comprehensive income is set out on page 29.

INTEREST IN SUBSIDIARIES

Details of interests in subsidiary companies are reflected on page 60.

BORROWING POWERS

The Memorandum of Incorporation places no restriction on the directors' borrowing powers.

STATED CAPITAL

Full details of the authorised, issued and unissued stated capital of the holding company at 28 February 2017 are set out in note 9 to these consolidated annual financial statements.

SHARE INCENTIVE SCHEMES

Mazor Group Limited has two share incentive schemes, namely the Mazor Group Limited Share Incentive Scheme and the Mazor Group Limited BEE Share Incentive Scheme. Employees are eligible to participate in the schemes only if and to the extent that offers are made to them or options are granted to them. The schemes hold 387 500 shares in the group purchased for a consideration of R1 550 000. The shares, comprising 0.3% of the issued share capital of the group, are held as treasury stock.

SHARE TRANSACTIONS

During the year Mazor Aluminium (Pty) Ltd purchased 101 505 shares in the group for a purchase consideration of R159 050. These shares comprising 0.09% of the issued share capital of the group, are held as treasury stock.

Currently there are 109 351 442 shares in issue, including treasury shares.

DIRECTORATE AND SECRETARY

Details concerning the company's directors, secretary, business and postal addresses are set out on pages 8 and 9 and the IBC.

Directors retiring by rotation at the annual general meeting in accordance with the Memorandum of Incorporation of the company are Mr. A Groll and Mr. A Varachhia. Both are eligible and offer themselves for re-election.

DIRECTORS' SHAREHOLDING

At 28 February 2017, the present directors held a total of 69 125 265 (2016: 69 023 515) ordinary shares.

	2017		2016	
Ordinary shares	**Direct**	**Indirect**	Direct	Indirect
M Kaplan*	**25 000**		25 000	
A Groll*		**3 293 202**		3 191 452
A Varachhia*		**9 385 992**		9 398 992
S Mazor*	**7 469 231**		7 469 231	
R Mazor*	**5 337 604**	**19 000 000**	5 337 604	19 000 000
L Mazor*	**14 000 000**	**10 000 000**	5 000 000	19 000 000
F Boner#		**614 236**		614 236
	26 831 835	**42 293 430**	17 806 835	51 191 680

* Shares are held beneficially

\# Shares are held non-beneficially

There has been no change in the interests of directors in share capital since the year-end.

DIRECTORS' REMUNERATION

Details of directors' remuneration are set out on pages 50 and 51.

PROPERTY, PLANT AND EQUIPMENT

Full details of the property, plant and equipment are reflected on pages 40 and 41.

The group spent R6.3 million (2016: R19.4 million) on the acquisition of new plant and equipment during the year. This was mainly spent on renewing a portion of the motor vehicle fleet.

SPECIAL RESOLUTIONS

During the year under review the following special resolutions were passed:

1. Authorisation given to directors to approve and implement the acquisition by the company (or by a subsidiary of the company) of shares issued by the company by way of a general authority.
2. Authorisation given to the company to pay remuneration to directors for their services as directors.
3. Authorisation given to the company to provide direct or indirect financial assistance to a director or prescribed officer of the company or of a related or interrelated company, or to a related or interrelated company or corporation.

DIVIDENDS

A final gross dividend of 8.5 cents per share in respect of the year ended 29 February 2016 was paid on 20 June 2016.

Dividend withholding tax ("DWT") of 1.28 cents per share was payable by shareholders who are not exempt from DWT. This resulted in a net dividend of 7.22 cents per share. There are 109 351 442 ordinary shares in issue (inclusive of treasury shares). The total dividend amount paid was R9 294 873.

LITIGATION

We are not aware of any legal or arbitration proceedings, pending or threatened, that may have or have had in the previous 12 months, a material effect on the group's financial position.

EVENTS AFTER THE REPORTING PERIOD

CAPITAL REDUCTION DISTRIBUTION

On 15 May 2017, subsequent to year-end, the board of directors declared a capital reduction distribution of 14.4 cents per share as a return of contributed tax capital to shareholders recorded in the share register of the company at the close of business on Friday, 9 June 2017.

The directors have determined that this capital reduction distribution will be paid out of qualifying contributed tax capital as contemplated in the definition of "contributed tax capital" in section 1 of the Income Tax Act, 1962. As the distribution will be regarded as a return of capital and may have potential capital gains tax consequences, Mazor shareholders are advised to consult their tax advisers regarding the impact of the distribution.

In compliance with IAS 10: Events after the Reporting Period, the capital distribution will only be accounted for in the financial statements in the year ending 28 February 2018.

The directors have reasonably concluded that the company will satisfy the solvency and liquidity requirements of sections 4 and 46 of the Companies Act, 2008, immediately after the capital distribution.

Future distributions will be decided on a year-to-year basis.

The net amount payable to shareholders is R15 746 608 million, being 14.4 cents per share, based on the current number of 109 351 442 shares in issue.

The income tax reference number of Mazor Group Limited is 9495/976/15/2.

The following salient dates apply to the dividends:

Last day to trade cum distribution	6 June 2017
Shares trade ex distribution	7 June 2017
Record date	9 June 2017
Payment date	12 June 2017

Share certificates may not be dematerialised or rematerialised between Wednesday, 7 June 2017 and Friday, 9 June 2017, both days inclusive.

CONSOLIDATED STATEMENT
OF FINANCIAL POSITION

AT 28 FEBRUARY 2017

	Notes	2017 R	2016 R
ASSETS			
Non-current assets			
Property, plant and equipment	2	**79 856 462**	84 832 242
Intangible asset	3	**17 000 000**	18 000 000
Deferred tax	4	**3 743 963**	4 342 457
		100 600 425	107 174 699
Current assets			
Inventories	5	**77 840 847**	101 758 943
Construction contracts and receivables	6	**23 022 833**	19 894 834
Current tax receivable		**426 553**	439 838
Trade and other receivables	7	**35 992 984**	41 359 974
Cash and cash equivalents	8	**106 458 363**	73 265 974
		243 741 580	236 719 563
Total assets		**344 342 005**	343 894 262
EQUITY AND LIABILITIES			
Equity			
Stated capital	9	**63 473 194**	63 632 244
Retained income		**214 843 423**	177 069 358
		278 316 617	240 701 602
Liabilities			
Non-current liabilities			
Other financial liabilities	10	**3 949 921**	13 035 156
Deferred tax	4	**2 612 738**	1 190 023
		6 562 659	14 225 179
Current liabilities			
Other financial liabilities	10	**11 230 399**	10 175 724
Current tax payable		**510 875**	400 438
Trade and other payables	11	**46 458 636**	58 022 355
Amounts due to customers		**1 262 819**	14 745 970
Bank overdraft	8	**–**	5 622 993
		59 462 729	88 967 481
Total liabilities		**66 025 388**	103 192 660
Total equity and liabilities		**344 342 005**	343 894 262

CONSOLIDATED STATEMENT
OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 28 FEBRUARY 2017

	Notes	2017 R	2016 R
Revenue	12	**582 845 340**	491 710 681
Cost of sales	13	**(413 992 751)**	(347 414 290)
Gross profit		**168 852 589**	144 296 391
Other income		**2 429 372**	1 321 605
Operating expenses		**(115 687 920)**	(104 673 401)
Operating profit	14	**55 594 041**	40 944 595
Investment revenue	15	**5 789 611**	3 967 933
Finance costs	16	**(2 327 784)**	(2 932 442)
Profit before taxation		**59 055 868**	41 980 086
Taxation	17	**(12 014 927)**	(13 633 348)
Total comprehensive income for the period		**47 040 941**	28 346 738
Basic and diluted earnings per share (cents)	19	**43.2**	25.4

CONSOLIDATED STATEMENT
OF CASH FLOWS

FOR THE YEAR ENDED 28 FEBRUARY 2017

	Notes	2017	2016
		R	R
Cash flows from operating activities			
Cash generated from operations	20	**67 649 116**	62 976 234
Interest income		**5 718 058**	3 923 538
Finance costs	16	**(2 327 784)**	(2 932 442)
Tax paid	21	**(9 869 995)**	(12 389 663)
Dividends paid		**(9 266 876)**	–
Net cash flow from operating activities		**51 902 517**	51 577 667
Cash flows from investing activities			
Purchase of property, plant and equipment	2	**(6 270 653)**	(19 352 628)
Proceeds from disposal of plant and equipment		**1 373 128**	2 043 130
Net cash flow from investing activities		**(4 897 525)**	(17 309 498)
Cash flows from financing activities			
Proceeds from other financial liabilities		**–**	6 873 285
Repayment of other financial liabilities		**(8 030 560)**	(5 400 620)
Purchase of treasury shares		**(159 050)**	(8 231 774)
Net cash flow from financing activities		**(8 189 610)**	(6 759 109)
Increase in cash and cash equivalents for the year		**38 815 382**	27 509 060
Cash and cash equivalents at the beginning of the year		**67 642 981**	40 133 921
Cash and cash equivalents at the end of the year	8	**106 458 363**	67 642 981

CONSOLIDATED STATEMENT
OF CHANGES IN EQUITY

FOR THE YEAR ENDED 28 FEBRUARY 2017

	Stated capital	Retained income	Total equity
	R	R	R
Balance at 1 March 2015	**71 864 018**	**148 722 620**	**220 586 638**
Changes in equity			
Profit for the period		28 346 738	28 346 738
Treasury shares acquired	(8 231 774)#		(8 231 774)
Balance at 29 February 2016	**63 632 244**	**177 069 358**	**240 701 602**
Changes in equity			
Profit for the period		47 040 941	47 040 941
Treasury shares acquired	(159 050)#		(159 050)
Dividends paid		(9 266 876)*	(9 266 876)
Balance at 28 February 2017	**63 473 194**	**214 843 423**	**278 316 617**

* A gross dividend of 8.5 cents per share on was paid 20 June 2016 (no dividend was paid in the prior year)

Refer to the directors' report and Stated Capital (note 9 of the consolidated annual financial statements) for further details

NOTES TO THE CONSOLIDATED
ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 28 FEBRUARY 2017

1 ACCOUNTING POLICIES

PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

The consolidated and company financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), the Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, and the Companies Act of South Africa.

The financial statements have been prepared on the historical cost basis.

The financial statements have been prepared on the going concern basis and these accounting policies set out below have been consistently applied throughout the group to all the periods presented, unless otherwise stated.

BASIS FOR CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the holding company and its subsidiaries. All financial results are consolidated with similar items on a line-by-line basis.

Intra-group transactions and balances are eliminated on consolidation.

INVESTMENTS IN SUBSIDIARIES

Consolidated annual financial statements

Subsidiaries are entities (including structured entities) in which the group has control. The group controls an entity when it has exposure to, or has rights to, variable returns from the group's involvement with the entity and the ability to affect those returns through exercising power over the entity. Subsidiaries are consolidated from the effective acquisition date until the effective disposal date or any date where there is a change in shareholding or control such that the entity becomes or ceases to be classified as a subsidiary.

Company annual financial statements

Investments in subsidiaries are carried at cost less any accumulated impairment.

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, and equity instruments issued by the company; plus
- any costs directly attributable to the purchase of the subsidiary.

Loans forming part of investment in subsidiaries

Loans forming part of the investment in subsidiaries are loans provided by the company to its subsidiaries on terms which are interest-free with no current or foreseeable intention to recall the loan. The loan investments are recognised on the difference between the loan amount and the fair value of the loan on initial recognition and represents an additional equity investment by the company in its subsidiaries. In the case of the loan investments, the aforementioned difference represents 100% of the loan amount since the fair value of the loan itself is zero, resulting in the difference being recognised as part of the investment in subsidiaries.

SIGNIFICANT JUDGEMENTS AND ESTIMATES

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgements is inherent in the formation of estimates. Actual results in the future could differ from these estimates, which may be material to the annual financial statements.

Significant judgements include:

- **Accounting for construction contracts**

  The group makes estimates and assumptions concerning the future, particularly as regards the calculation of the profitability of construction contracts. The resulting accounting estimates can, by definition, only approximate the actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

- **Impairment of trade receivables**

  Estimates are based on management's assessment of the likelihood of collecting receivables outstanding for longer than 60 days.

  Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

- **Property, plant and equipment**

  Property, plant and equipment are depreciated on a straight-line basis over its estimated useful life to residual value. Residual values and useful lives are based on management's best estimates and actual future outcomes may differ from these estimates.

- **Loans and receivables**

  The group assesses its loans and receivables for impairment at each end of the reporting period. In determining whether an impairment loss should be recorded in the statement of profit or loss and other comprehensive income, the group makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from the financial asset.

- **Operating lease commitments**

  The group has entered into commercial property leases on its occupied properties. The directors have determined, based on all available information, that the lessor retains the significant risks and rewards of ownership of these properties and, consequently, the property leases have been accounted for as operating leases.

- **Intangible assets**

  Predicting the useful life of an intangible asset requires significant judgement. The useful life associated with an asset that has no patent protection but that retains, and is expected to retain, a distinct identity is considered to be 20 years and is amortised on a straight-line basis over that period.

- **Taxation**

  The group recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the group to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

- **Allowance for slow-moving, damaged and obsolete stock**

  An allowance is considered to write stock down to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are subsequently measured at cost less accumulated depreciation and any impairment losses.

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

Item	Useful life
Land	Indefinite
Buildings	50 years
Plant and equipment	2 to 20 years
Furniture and fittings	3 to 6 years
Motor vehicles	3 to 8 years
Office and computer equipment	1 to 7 years
Computer software	1 to 5 years
Tools	2 to 4 years
Leasehold improvements	1 to 5 years

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

1 ACCOUNTING POLICIES (continued)

INTANGIBLE ASSET

Intangible assets are carried at cost less any accumulated amortisation and impairment losses.

The useful lives of intangible assets have been assessed as follows:

Item	Useful life
Unpatented technology	20 years

Amortisation of intangible assets is recognised in operating expenses in profit or loss as incurred.

FINANCIAL INSTRUMENTS

Classification

The group classifies financial assets and financial liabilities into the following categories:

- loans and receivables; and
- financial liabilities at amortised cost.

Classification depends on the purpose for which the financial instruments were obtained/incurred and takes place at initial recognition. Classification is re-assessed on an annual basis.

Initial recognition and measurement

Financial instruments are measured initially at fair value.

Subsequent measurement

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Trade receivables

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

Trade and other receivables are classified as loans and receivables.

Trade payables

Trade payables are classified as financial liabilities at amortised cost.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank, cash on hand and other short-term deposits with an original maturity of three months or less.

For purposes of the cash flow statement, cash and cash equivalents comprise cash and cash equivalents defined above, net of outstanding bank overdrafts.

Cash and cash equivalents are classified as loans and receivables.

Other financial liabilities

These financial liabilities are classified under financial liabilities at amortised cost.

The amortised cost method results in the accrual of interest in each year by applying the effective interest rate implicit to the outstanding balance on the borrowings. Borrowings are reduced when repayment is made.

LOANS TO (FROM) GROUP COMPANIES

These include loans to and from subsidiaries.

Loans to group companies are classified as loans and receivables.

Loans from group companies are classified as financial liabilities at amortised cost.

An impairment loss in respect of a loan receivable is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the loan's original effective interest rate. Impairment losses are recognised in profit or loss and reflected in an allowance account.

IMPAIRMENT LOSSES

The group assesses at each end of the reporting period 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.

The recoverable amount of an asset is the higher of its fair value less cost to sell and value in use. 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 is recognised immediately in the statement of comprehensive income.

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 in the following order:

- first, to reduce the carrying amount of any goodwill allocated to the cash-generating unit; and
- then, to the other assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

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.

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 are recognised as an operating lease liability. This liability is not discounted.

Any contingent rents are expensed in the period in which they are incurred.

Finance leases – lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payment is the interest rate implicit in the lease.

The lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the tease term so as to produce a constant periodic rate on the remaining balance of the liability.

TAX

Current tax assets and liabilities

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

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 by the end of the reporting period.

1 ACCOUNTING POLICIES (continued)

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 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 unused tax losses and deductible temporary differences to the extent that it is probable that taxable profit will be available against which the unused tax losses and deductible temporary differences 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).

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Changes in tax rates are substantively enacted when announced at the annual budget speech. The measurement of deferred tax assets and liabilities reflect the tax consequences that would follow from the manner in which the group expects to recover or settle the carrying amounts of its assets and liabilities at the end of the reporting period.

The carrying amount of deferred tax assets in the statement of financial position 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 off-set for presentation in the statement of financial position where the group has a legally enforceable right to do so and the income taxes relate to the same tax authority.

Tax expenses

The current tax payable is based on taxable income. Taxable income differs from profit reported in the statement of profit or loss and other comprehensive income when 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.

INVENTORIES

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

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.

CONSTRUCTION CONTRACTS AND RECEIVABLES

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.

Where the outcome of a construction contract can be estimated reliably, contract revenue and stage of completion of contract in progress is recognised by reference to the percentage of completion at the end of the reporting period, as determined by surveys of work performed.

Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

Contract costs comprise the costs that relate directly to the specific contract, costs that are attributable to contract activity in general and can be allocated to the contract and such other costs as are specifically chargeable to the customer under the terms of the contract.

Gross amount due from customer represents the amount of revenue earned on a contract but yet to be billed to the customer.

Construction contracts and receivables are financial instruments classified as loans and receivables.

EMPLOYEE BENEFITS

Short-term employee benefits

The cost of short-term employee benefits, (those that are expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service, such as wages, salaries, sick leave, bonuses, and non-monetary benefits such as medical aid, cars and housing), are recognised in the year in which the service is rendered and are not discounted.

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.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

REVENUE

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts, and value-added tax.

Sale of goods

The sale of goods includes processed glass and branded aluminium products.

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the group has transferred to the buyer the significant risks and rewards of ownership of the goods evidenced by physical delivery of such goods;
- the group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Contract revenue

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

- the initial amount of revenue agreed in the contract; and
- variations in contract work, claims and incentive payments:
  – to the extent that it is probable that they will result in revenue; and
  – they are capable of being reliably measured.

The stage of completion of construction contracts is determined by surveys of work performed.

Interest revenue

Interest revenue is recognised in the statement of profit or loss and other comprehensive income, using the effective interest rate method.

Other income

Other income earned by the group which is not included in revenue, is recognised on the following basis:

- dividends are recognised, in profit or loss, when an entity's right to receive payment has been established through dividend declaration by a subsidiary.

COST OF SALES

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. 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.

Contract costs comprise:

- costs that relate directly to the specific contract;
- costs that are attributable to contract activity in general and can be allocated to the contract; and
- such other costs as are specifically chargeable to the customer under the terms of the contract.

1 ACCOUNTING POLICIES (continued)

BORROWING COSTS

Borrowing costs arise on the borrowing of funds and are recognised as an expense in the statement of profit or loss and other comprehensive income, in the finance costs line item, in the year in which they are incurred as the group does not own any qualifying assets.

SHARE CAPITAL AND EQUITY

If the company reacquires its own equity instruments (i.e. treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) on those instruments are deducted from equity and the shares are cancelled or reissued. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the holding company's own equity instruments. Consideration paid or received shall be recognised directly in equity.

The cost of shares held by subsidiaries of the group (i.e. treasury shares) including any directly attributable incremental costs (net of income taxes) is deducted from stated capital.

DIVIDENDS DECLARED

Dividends are recognised in the statement of changes in equity on the date the dividends are declared.

SEGMENT REPORTING

Management determines group segments based on the predominant raw materials utilised in the operational activities.

For segmental analysis the measurement and recognition principles and policies applied are consistent with IFRS.

NEW STANDARDS AND INTERPRETATIONS

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 and relevant to its operations:

IAS 1: Presentation of Financial Statements Amendment

The group adopted the amendments to IAS 1 in the preparation of its financial statements in the current year. The amendments to IAS 1 are designed to encourage companies to apply professional judgement in determining what information to disclose in their financial statements, such as:

- materiality consideration;
- line items in the statement of financial position and statement of profit or loss and other comprehensive income can be aggregated or disaggregated as relevant; and
- examples were added to show how notes can be ordered to help understandability and comparability.

The most significant changes made to the financial statements as a result of the amendments was a reduction in disclosure for non-material items to ensure only relevant information has been provided.

Standards, amendments and interpretations not yet effective for the current financial year, but effective for ensuing financial years

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

IFRS 9: Financial Instruments

This is a new standard that replaces IAS 39. The standard incorporates classification and measurement requirements that are driven by cash flow characteristics and the group business model. Financial instruments are classified into one of three classes: amortised cost, fair value through profit or loss, and fair value through other comprehensive income. The standard also incorporates a forward-looking "expected loss" impairment model. Hedge accounting has been substantially modified and is more aligned with risk management activities.

The effective date of the standard is for financial years beginning on or after 1 January 2018.

The group plans to adopt the standard on its mandatory effective date which is for financial years beginning on or after 1 January 2018. The group will perform a high-level impact assessment of all three aspects of IFRS 9, which are classification, measurement and impairment in the following financial year. Overall, the group expects no significant impact on its statement of financial position and equity, except for the effect of applying the impairment requirements of IFRS 9. The group expects to adopt the simplified impairment model, which will result in a higher loss allowance and have a negative impact on equity, and will perform a detailed assessment in the future to determine to what extent.

IFRS 15: Revenue from Contracts with Customers

This is a new standard that establishes a single, comprehensive and robust framework for the recognition, measurement and disclosure of revenue. The effective date of the standard is for financial years beginning on or after 1 January 2018.

The group plans to adopt the new standard on its mandatory effective date, which is for financial years beginning on or after 1 January 2018 using the modified retrospective method. During 2017, the group performed a preliminary assessment of IFRS 15, which is subject to changes arising from a more detailed ongoing analysis. Furthermore, the group is considering the clarifications issued by the IASB in April 2016 and will monitor any further developments.

The group will perform a high-level impact assessment in the following financial year.

IFRS 16: Leases

This is a new standard that introduces a single accounting model for lessees, while the accounting for lessors is left largely unchanged from its predecessor (IAS 17: Leases). The effective date of the standard is for financial years beginning on or after 1 January 2019.

The adoption of IFRS 16 will result in a decrease in the group’s operating lease expense and an increase in the group’s finance costs and depreciation expense in the statement of comprehensive income as well as an increase in the group’s property, plant and equipment and finance lease liabilities on the statement of financial position. The group will adopt the new standard on its mandatory effective date, which is for financial years beginning on or after 1 January 2019.

2 PROPERTY, PLANT AND EQUIPMENT

	2017			2016		
	Cost R	Accumulated depreciation R	Carrying value R	Cost R	Accumulated depreciation R	Carrying value R
Land and buildings	13 159 160	410 425	12 748 735	13 159 160	281 354	12 877 806
Plant and equipment	90 429 795	38 006 883	52 422 912	91 962 705	34 050 377	57 912 328
Furniture and fittings	2 595 056	1 499 854	1 095 202	2 179 606	1 421 284	758 322
Motor vehicles	15 081 195	5 832 603	9 248 592	15 017 742	6 279 132	8 738 610
Office and computer equipment	8 006 754	4 561 498	3 445 256	8 265 816	4 408 644	3 857 172
Computer software	1 118 056	928 301	189 755	1 059 363	882 065	177 298
Tools	2 367 965	1 741 370	626 595	1 938 665	1 509 303	429 362
Leasehold improvements	202 552	123 137	79 415	184 608	103 264	81 344
Total	132 960 533	53 104 071	79 856 462	133 767 665	48 935 423	84 832 242

Reconciliation of property, plant and equipment – 2017

	Opening balance R	Impairment loss R	Additions R	Disposals R	Depreciation R	Total R
Land and buildings	12 877 806	–	–	–	(129 071)	12 748 735
Plant and equipment	57 912 328	875 000	944 195	(1 536 261)	(5 772 350)	52 422 912
Furniture and fittings	758 322	–	555 861	(7 445)	(211 536)	1 095 202
Motor vehicles	8 738 610	–	3 382 054	(1 629 385)	(1 242 687)	9 248 592
Office and computer equipment	3 857 172	–	718 787	(43 195)	(1 087 508)	3 445 256
Computer software	177 298	–	90 759	(9)	(78 293)	189 755
Tools	429 362	–	561 053	(54 736)	(309 083)	626 595
Leasehold improvements	81 344	–	17 944	–	(19 873)	79 415
Total	84 832 242	875 000	6 270 653	(3 271 032)	(8 850 401)	79 856 462

Reconciliation of property, plant and equipment – 2016

	Opening balance R	Impairment loss R	Additions R	Disposals R	Depreciation R	Total R
Land and buildings	13 006 877	–	–	–	(129 071)	12 877 806
Plant and equipment	52 332 943	(875 000)	13 064 451	(1 132 686)	(5 477 380)	57 912 328
Furniture and fittings	472 939	–	538 270	(69 308)	(183 579)	758 322
Motor vehicles	9 065 387	–	2 756 056	(1 883 768)	(1 199 065)	8 738 610
Office and computer equipment	2 455 048	–	2 440 533	(69 114)	(969 295)	3 857 172
Computer software	76 573	–	159 844	(4)	(59 116)	177 298
Tools	299 651	–	381 300	(18 432)	(233 157)	429 362
Leasehold improvements	84 319	–	12 174	–	(15 149)	81 344
Total	77 793 737	(875 000)	19 352 628	(3 173 312)	(8 265 811)	84 832 242

2 PROPERTY, PLANT AND EQUIPMENT (continued)

Pledged as security

Carrying value for assets pledged as security for the financial liabilities described in note 10 of the consolidated annual financial statements.

	2017	2016
	R	R
Land and buildings	**12 748 735**	12 877 806
Motor vehicles	**4 791 074**	3 535 458
Plant and equipment	**14 797 456**	16 960 778
Office and computer equipment	**–**	49 064
	32 337 265	33 423 106

3 INTANGIBLE ASSETS

Unpatented technology		
Cost	**20 000 000**	20 000 000
Accumulated amortisation	**(3 000 000)**	(2 000 000)
Carrying value	**17 000 000**	18 000 000

The carrying value of unpatented technology is reconciled as follows:		
Carrying value at the beginning of the year	**18 000 000**	19 000 000
Amortisation during the year	**(1 000 000)**	(1 000 000)
Carrying value at the end of the year	**17 000 000**	18 000 000

The intangible asset arose as a result of the acquisition of HBS Aluminimium Systems (Pty) Ltd. Its remaining useful life is estimated at 17 years (2016: 18 years).

Assessment of the group's intangible asset

The directors have reviewed the useful life of the intangible asset during the current financial year and the useful life has been assessed as 20 years.

20 years is currently management's best estimate, based on their in-depth industry knowledge, of the useful life of the intangible asset.

4 DEFERRED TAX

Deferred taxation assets		
Asset at the beginning of the year	**4 342 457**	5 477 045
Current year charge to the statement of profit or loss and other comprehensive income	**(598 494)**	(1 134 588)
Asset at the end of the year	**3 743 963**	4 342 457

Arising from the following temporary differences:		
Capital allowances	**(11 073 668)**	(12 834 058)
Accruals and other allowances	**1 349 364**	2 074 969
Tax effect of amount due to customers	**207 109**	1 770 425
Prepayments	**(15 208)**	–
Rental accruals	**829 237**	901 896
Tax losses	**12 447 129**	12 429 225
	3 743 963	4 342 457

		2017	2016
		R	R
4	**DEFERRED TAX (continued)**		
	Deferred taxation liabilities		
	Liability at the beginning of the year	**(1 190 023)**	(794 753)
	Current-year charge to the statement of profit or loss and other comprehensive income	**(1 422 715)**	(395 270)
	Liability at the end of the year	**(2 612 738)**	(1 190 023)
	Arising from the following temporary differences:		
	Capital allowances	**(3 042 853)**	(1 434 617)
	Accruals	**400 971**	150 614
	Prepayments	**–**	(14 643)
	Rental accruals	**(50 537)**	108 623
	Tax effect of amount due to customers	**79 681**	–
		(2 612 738)	(1 190 023)

The deferred tax liabilities were set-off against the deferred tax asset balances on an individual entity level. The entities with net deferred tax assets, as well as those with net deferred tax liabilities, were then aggregated on consolidation.

The directors have assessed that it is appropriate to recognise the deferred tax asset for tax losses as it will be realised through future profits generated by the individual subsidiaries of the group.

5 INVENTORIES

	2017	2016
Raw materials	**29 233 106**	43 559 762
Work-in-progress	**1 349 984**	1 308 130
Finished goods	**42 290 760**	55 555 762
Goods in transit	**4 966 997**	1 335 289
	77 840 847	101 758 943

		2017 R	2016 R
6	**CONSTRUCTION CONTRACTS AND RECEIVABLES**		
	Contract debtors	**5 603 806**	8 168 965
	Contract retentions	**864 080**	2 966 740
	Uncompleted contracts: amounts due by customers	**16 554 947**	8 759 129
		23 022 833	19 894 834
	Uncompleted contracts		
	Costs incurred to date	**226 914 060**	92 456 699
	Profit recognised to date	**106 346 785**	51 311 906
		333 260 845	143 768 605
	Work certified to date	**(316 705 898)**	(135 009 476)
	Amounts due from customers	**16 554 947**	8 759 129

The carrying values of these receivables approximate their fair values due to the short-term nature of the instruments.

The group's maximum exposure to credit risk through construction contract receivables is R23 022 833 (2016: R19 894 834).

Credit quality of construction contracts and receivables

The credit quality of construction contracts and receivables is evaluated by management on an ongoing basis. If customers are independently rated, then these ratings are used. In the absence of an independent rating, management assesses the credit quality of the customer taking into account its payment history.

		2017 R	2016 R
7	**TRADE AND OTHER RECEIVABLES**		
	Trade receivables	**34 802 336**	38 696 588
	Impairment of trade receivables	**(1 654 135)**	(2 648 273)
	Prepayments and deposits	**2 591 411**	4 012 720
	Value-added taxation	**–**	955 469
	Staff debtors	**13 549**	17 693
	Other receivables	**239 823**	325 777
		35 992 984	41 359 974

The carrying values of these receivables approximate their fair values due to the short-term nature of the instruments.

Trade and other receivables pledged as security

Cession in favour of First National Bank by Compass Glass (Pty) Ltd and Compass Glass SA (Pty) Ltd of any and all of the companies' rights in and to trade receivables.

Trade and other receivables past due but not impaired

Trade and other receivables which are less than 60 days past due are not considered to be impaired. At 28 February 2017, R3 148 037 (2016: R2 227 446) were past due but not impaired.

	2017 R	2016 R
7 TRADE AND OTHER RECEIVABLES (continued)		
The ageing of amounts past due but not impaired is as follows:		
60 – 90 days	**1 262 454**	942 372
90 – 120 days	**517 068**	220 530
+ 120 days	**1 368 515**	1 064 545
	3 148 037	2 227 447

Trade and other receivables impaired

As at 28 February 2017, trade and other receivables of R3 187 734 (2016: R2 829 566) were partially impaired and provided for.

The amount of the provision was R1 654 135 as at 28 February 2017 (2016: R2 648 273).

The ageing of these receivables is as follows:

	2017 R	2016 R
< 60 days	**285 607**	–
60 – 90 days	**529 057**	284 310
+ 120 days	**2 373 070**	2 545 256
	3 187 734	2 829 566

Reconciliation of provision for impairment of trade and other receivables

	2017 R	2016 R
Opening balance	**2 648 273**	2 059 782
Amounts written off as uncollectible	**(1 177 449)**	(1 558 933)
Movement in provision	**183 311**	2 147 424
	1 654 135	2 648 273

The creation and release of provision for impaired receivables have been included in operating expenses in profit or loss. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

The group's maximum exposure to credit risk through trade and other receivables is R33 401 573 (2016: R36 391 785).

Credit quality of trade and other receivables

The credit quality of trade and other receivables is evaluated by management on an ongoing basis. If customers are independently rated then these ratings are used. In the absence of an independent rating, management assesses the credit quality of the customer taking into account its financial position, payment history and other factors.

	2017 R	2016 R

8 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

	2017 R	2016 R
Cash on hand	**35 097**	26 500
Bank balances	**29 745 150**	15 078 859
Short-term deposits	**76 678 116**	58 160 615
	106 458 363	73 265 974
Bank overdraft	**–**	(5 622 993)
	106 458 363	67 642 981
Current assets	**106 458 363**	73 265 974
Current liabilities	**–**	(5 622 993)
	106 458 363	67 642 981

The group's maximum exposure to credit risk through cash and cash equivalents is R106 423 266 (2016: R73 239 474).

Credit quality of cash and cash equivalents, excluding cash on hand

The group only deposits cash with major banks of high quality credit standing and limits exposure to any one counterparty.

9 STATED CAPITAL

Authorised

500 000 000 ordinary shares with no par value

Issued

	2017 R	2016 R
109 351 442 (2016: 109 351 442) fully paid-up ordinary shares with no par value	**65 182 244**	65 182 244
Treasury shares – 489 005 (2016: 387 500)	**(1 709 050)**	(1 550 000)
	63 473 194	63 632 244
Reconciliation of number of shares issued:		
Reported as at 1 March	**109 351 442**	121 501 553
Treasury shares cancelled	**–**	(12 150 111)
	109 351 442	109 351 442

Less than 1% of the issued stated capital of the group has been issued to employees in terms of the share incentive schemes.

During the prior year, the group cancelled 12 150 111 shares which were previously held as treasury shares.

	2017 R	2016 R
10 OTHER FINANCIAL LIABILITIES		
Held at amortised cost		
WesBank, a division of FirstRand Bank Ltd	**10 038 519**	13 978 887
Instalment sale agreements bearing interest at varying rates between 0.25% above and 1.5% below the prime bank overdraft rate per annum and are repayable in monthly instalments of R623 829 (2016: R649 596). These liabilities are secured by motor vehicles and plant and equipment as disclosed in note 2 of the consolidated annual financial statements.		
First National Bank, a division of FirstRand Bank Ltd	**–**	2 515 960
The term loan bore interest at 0.5% below the prime overdraft rate per annum and was repayable in monthly instalments of R371 236 over a period of 48 months. The liability was secured by a general deed of suretyship offered by Mazor Group Limited.		
Investec Bank Ltd	**5 141 801**	6 716 033
Mortgage Bond secured over industrial property acquired as disclosed in note 2 of the consolidated annual financial statements. The bond is repayable in monthly instalments of R177 978 (2016: R183 222) over 60 months and bears interest at 0.25% below the prime overdraft rate per annum.		
Non-current liabilities		
At amortised cost	**3 949 921**	13 035 156
Current liabilities		
At amortised cost	**11 230 399**	10 175 724
	15 180 320	23 210 880
Fair value of other financial liabilities		
The loans bear interest at market-related rates. The carrying values of these loans are therefore deemed to approximate their fair values.		
Present value of minimum lease payments		
Minimum lease payments due:		
– Within one year	**6 747 271**	7 128 648
– In the second to fifth year inclusive	**4 133 411**	8 883 144
	10 880 682	16 011 792
Less: Future finance charges	**(842 163)**	(2 032 905)
Present value of minimum lease payments	**10 038 519**	13 978 887

	2017 R	2016 R
11 TRADE AND OTHER PAYABLES		
Trade payables	**30 293 198**	43 477 533
Value-added taxation	**1 639 673**	114 958
Sundry payables	**294 879**	240 695
Accrued leave pay	**2 400 968**	2 320 739
Accrued bonus	**1 510 633**	1 041 328
Other accruals	**7 357 723**	7 085 327
Operating lease payables	**2 961 562**	3 741 775
	46 458 636	58 022 355

Fair value of trade and other payables

Trade and other payables are carried at amortised cost, with the fair value being approximated by such carrying value.

	2017 R	2016 R
12 REVENUE		
Contract revenue	**284 957 768**	177 626 627
Sale of goods	**291 619 273**	308 326 038
Trading interest income	**6 268 299**	5 758 016
	582 845 340	491 710 681

	2017 R	2016 R
13 COST OF SALES		
Contract costs	**198 572 293**	118 388 765
Costs of goods sold	**211 225 972**	224 229 561
Trading interest paid	**4 194 486**	4 795 964
	413 992 751	347 414 290

14 OPERATING PROFIT

Operating profit is arrived at after taking into account the following (expenses) and income:

	2017 R	2016 R
Loss on disposal of plant and equipment	**(1 897 903)**	(1 130 184)
Foreign exchange gain	**1 190 620**	–
Amortisation	**(1 000 000)**	(1 000 000)
Depreciation		
– Plant and equipment	**(6 081 433)**	(5 710 538)
– Motor vehicles	**(1 242 687)**	(1 199 065)
– Other	**(1 526 281)**	(1 356 209)
Motor vehicle expenses	**(13 568 025)**	(13 319 138)
Staff costs	**(130 257 924)**	(106 456 599)
Operating lease rentals		
– Property	**(22 990 273)**	(20 227 662)
– Equipment	**(368 935)**	(397 177)
Reversal/(Impairment) of assets	**875 000**	(875 000)

15 INVESTMENT REVENUE

	2017 R	2016 R
Interest revenue		
Bank	**5 788 661**	3 966 070
Loans	**950**	1 863
	5 789 611	3 967 933

		2017 R	2016 R
16 FINANCE COSTS			
Bank		**2 321 943**	2 920 716
Other		**5 841**	11 726
		2 327 784	2 932 442
17 TAXATION			
Major components of the tax expense			
Current			
Local income tax – current year		**9 993 717**	12 103 491
		9 993 717	12 103 491
Deferred			
Originating and reversing temporary differences		**2 039 114**	(1 362 668)
Tax losses		**(17 904)**	2 892 525
		2 021 210	1 529 857
		12 014 927	13 633 348
Reconciliation of the tax expense			
Reconciliation between applicable tax rate and average effective tax rate:			
Applicable tax rate	(%)	**28.00**	28.00
Disallowable charges	(%)	**0.16**	0.13
Deferred tax asset not raised	(%)	**(8.35)**	3.61
Other	(%)	**0.53**	0.74
Effective tax rate	(%)	**20.35**	32.48
Estimated tax losses available for set-off against future taxable income		**93 121 635**	110 662 453
Potential tax relief at current taxation rates		**26 074 058**	30 985 487

Relief depends on sufficient taxable income being earned in future by subsidiaries concerned.

In the current year, R48.9 million of tax losses were not accounted for (2016: R66.5 million).

18 PENSION/PROVIDENT FUND COMMITMENT

The group provides post-retirement benefits by way of defined contribution plans. The group's contribution for the year, which was expended in the statement of profit or loss and other comprehensive income, amounts to R8 580 208 (2016: R6 850 285).

		2017	2016
		R	R

19 EARNINGS PER SHARE

Earnings per share is calculated by dividing earnings by the weighted average number of shares in issue.

Appropriate adjustments are made in calculating headline earnings per share.

		2017 R	2016 R
Shares in issue		**109 351 442**	109 351 442
Shares in issue (after treasury shares)		**108 862 437**	108 963 942
Weighted average number of shares		**108 916 756**	111 454 912
Weighted average number of shares:			
Shares in issue at the beginning of the period		**109 351 442**	121 501 553
Less: Treasury shares under the control of the board		**(434 686)**	(10 046 641)
Weighted average number of shares		**108 916 756**	111 454 912
Reconciliation between earnings and headline earnings:			
Earnings attributable to ordinary shareholders		**47 040 941**	28 346 738
Adjusted for:			
(Reversal)/Impairment of PPE		**(875 000)**	875 000
Loss on disposal of property, plant and equipment		**1 897 903**	1 130 184
Tax effect thereof		**(531 413)**	(316 451)
Headline earnings		**47 532 431**	30 035 471
Earnings per share	(cents)	**43.2**	25.4
Diluted earnings per share	(cents)	**43.2**	25.4
Headline earnings per share	(cents)	**43.6**	26.9
Diluted headline earnings per share	(cents)	**43.6**	26.9

20 CASH GENERATED FROM OPERATIONS

	2017 R	2016 R
Profit before taxation	**59 055 868**	41 980 086
Adjustments for:		
Depreciation and amortisation	**9 850 401**	9 265 811
Loss on sale of assets	**1 897 903**	1 130 184
(Reversal)/Impairment of assets	**(875 000)**	875 000
Interest received	**(5 789 611)**	(3 967 933)
Finance costs	**2 327 784**	2 932 442
Changes in working capital:		
Decrease/(Increase) in inventories	**23 918 097**	(6 354 233)
(Increase)/Decrease in trade and other receivables	**5 438 543**	(4 142 040)
(Increase)/Decrease in construction contracts and receivables	**(3 127 999)**	(25 741)
Increase in trade and other payables	**(25 046 870)**	21 282 658
	67 649 116	62 976 234

	2017 R	2016 R
21 TAX PAID		
Balance at beginning of the year	**39 400**	(246 772)
Current tax for the year recognised in the statement of profit or loss and other comprehensive income	**(9 993 717)**	(12 103 491)
Balance at the end of the year	**84 322**	(39 400)
	(9 869 995)	(12 389 663)
22 DIRECTORS' EMOLUMENTS		
Paid by the holding company		
– Non-executive directors' fees	**242 400**	507 000
Paid by subsidiaries		
– Non-executive directors' fees	**969 600**	389 000
– Salaries	**5 411 247**	5 039 282
– Bonus	**1 742 530**	396 246
– Medical	**210 622**	192 502
– Other benefits	**892 517**	802 917
	9 468 916	7 326 947

2017	Salaries R	Bonus R	Medical R	Other fees/ benefits^ R	Total emoluments R
Director					
Executive					
R Mazor	2 901 754	1 023 228	128 620	303 172	4 356 774
L Mazor	1 836 905	662 003	82 002	321 421	2 902 331
S Mazor	672 588	57 299	–	267 924	997 811
	5 411 247	1 742 530	210 622	892 517	8 256 916
Non-executive					
M Kaplan				319 000	319 000
A Groll				173 000	173 000
A Varachhia				163 000	163 000
F Boner				283 000	283 000
R Schur				274 000	274 000
	–	–	–	1 212 000	1 212 000
Total	5 411 247	1 742 530	210 622	2 104 517	9 468 916

^ This amount does not include any retirement fund contributions

22 DIRECTORS' EMOLUMENTS (continued)

2016	Salaries R	Bonus R	Medical R	Other fees/ benefits^ R	Total emoluments R
Director					
Executive					
R Mazor	2 700 695	230 481	117 540	297 207	3 345 923
L Mazor	1 706 187	145 765	74 962	245 304	2 172 218
S Mazor	632 400	20 000	–	260 406	912 806
	5 039 282	396 246	192 502	802 917	6 430 947
Non-executive					
M Kaplan				213 000	213 000
A Darko				42 000	42 000
A Groll				171 000	171 000
A Varachhia				151 000	151 000
F Boner				209 000	209 000
R Schur*				110 000	110 000
	–	–	–	896 000	896 000
Total	5 039 282	396 246	192 502	1 698 917	7 326 947

^ This amount does not include any retirement fund contributions
* R Schur was appointed to the board as an independent non-executive director with effect from 27 August 2015

Executive directors do not receive directors' fees for services as directors.

Non-executive directors do not have service contracts with group companies.

Prescribed officers' remuneration

2017 Prescribed officer	**Salaries** R	**Bonus** R	**Retirement contributions** R	**Other** R	**Total** R
DJ Mazor	**942 000**	**100 000**	**–**	**335 792**	**1 377 792**
	942 000	**100 000**	**–**	**335 792**	**1 377 792**

2016 Prescribed officer	Salaries R	Bonus R	Retirement contributions R	Other R	Total R
DJ Mazor	878 500	75 000	–	299 704	1 253 204
	878 500	75 000	–	299 704	1 253 204

NOTES TO THE CONSOLIDATED
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2017

	2017 R	2016 R

23 CAPITAL COMMITMENTS

Capital commitments include expenditure relating to plant and equipment for which board approval has been obtained.

	2017 R	2016 R
Authorised and contracted for	**6 541 690**	–

24 COMMITMENTS UNDER OPERATING LEASES

Commitments

The minimum lease rentals to be paid under non-cancellable leases at 28 February 2017 are:

	2017 R	2016 R
Buildings:		
– Payable within 1 year	**11 660 117**	22 580 691
– Payable in 2 to 5 years	**29 935 548**	38 825 177
– Payable thereafter	**9 739 444**	14 989 960

Lease terms are between three to ten years with three to five-year renewal options and escalation rates of 7% – 10% per annum.

No contingent rent is payable.

25 RELATED PARTIES

The group is controlled by Mazor Group Limited, the ultimate holding company. The group has the following interests in subsidiaries:

- Mazor Steel (Pty) Ltd (100%)
- Mazor Aluminium (Pty) Ltd (100%)
- Mazor Properties (Pty) Ltd (100%)
- Compass Glass (Pty) Ltd (100%)
- Compass Glass SA (Pty) Ltd (100%)
- HBS Aluminium Systems (Pty) Ltd (100%)
- Triple5 Logistics (Pty) Ltd (100%)

During the year, group companies, in the ordinary course of business, entered into various intra-group purchase and sale transactions.

Transactions and balances between the group companies have been eliminated on consolidation and are not disclosed.

Details of transactions and balances with other related parties are as set out below:

Other relationships **Nature of relationship**	**Nature of transaction**	**2017** **R**	2016 R
Entities with common directors/shareholders/beneficiaries			
The Li-Ron Trust	Rent paid	**5 883 491**	5 447 677
Ron-li (Pty) Ltd	Rent paid	**1 815 149**	1 680 693

Details of directors' emoluments are disclosed under note 22 of the consolidated annual financial statements.

26 FINANCIAL RISK MANAGEMENT

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

- Liquidity risk
- Credit risk
- Market risk
- Capital risk

The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance. This note presents information about the group's exposure to each of the above risks, the group's objectives, policies and processes for measuring and managing risk, and the group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The board of directors has overall responsibility for the establishment and oversight of the group's risk management framework. The board has established the Audit and Risk Committee, which assists the board in developing and monitoring the group's risk management policies. The committee reports regularly to the board of directors on its activities.

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.

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. The group has maintained a positive cash position for many years.

The following table analyses the group's financial liabilities into relevant maturity groupings. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	< 1 year	**2 – 5 years**	**Total**
	R	**R**	**R**
At 28 February 2017			
Trade and other payables	**37 945 800**	**–**	**37 945 800**
Other financial liabilities	**12 170 440**	**4 133 413**	**16 303 853**
Guarantees	**35 690 349**	**–**	**35 690 349**
	85 806 589	**4 133 413**	**89 940 002**

	< 1 year	2 – 5 years	Total
	R	R	R
At 29 February 2016			
Trade and other payables	50 803 556	–	50 803 556
Other financial liabilities	11 930 997	13 880 807	25 811 804
Bank overdraft	5 622 993	–	5 622 993
Guarantees	66 054 108	–	66 054 108
	134 411 654	13 880 807	148 292 461

26 FINANCIAL RISK MANAGEMENT (continued)

The maturity profile of the recognised financial instruments represents the undiscounted cash flows that are expected to occur in the future.

Credit risk

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

Potential credit risk comprises construction contracts, trade and other receivables and cash deposits.

Contract and trade receivables comprise a spread customer base. Management evaluates credit risk relating to customers on an ongoing basis.

When undertaking a new contract, the group evaluates both the contractor and the ultimate client. Most of the group's customer base consists of contractors with whom the group has been transacting for over five years. The group only transacts with contractors who are well established in the market place and with ultimate clients who the group has confirmed, through comprehensive credit checks, have the financial means to meet their financial obligations.

The credit quality of construction receivables neither past due nor impaired has been assessed as high. Sales are mostly made to local counterparties. Historical information about counterparty default rates indicates that there are no defaults. This is due to the group only taking on construction contracts for reputable counterparties with a high credit standing.

All trade debtors are subjected to stringent credit and background checks before opening an account in order to determine the potential customer's credit quality and credit limits. Insurance cover is obtained for all new accounts opened above a predetermined limit set by management.

The credit quality of trade receivables neither past due nor impaired has been assessed as high. Sales are mostly made to local counterparties. Historical information about counterparty default rates indicate that, as a percentage of bad debts written-off and provided for over total credit sales, the group's default rate is 0.11% (2016: 0.74%).

Market risk

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

The group is exposed to interest rate risk though its commitment to instalment sale agreements, other financial liabilities and cash and cash equivalents. The group manages its exposure by maintaining favourable bank and short-term deposit balances which serve to hedge against future exposure.

Sensitivity analysis

Potential interest rate risk is presented by way of a sensitivity analysis demonstrating the effects of movements in market interest rates.

A movement of 150 basis points in the prime lending rate would have had the following effects on profitability for the year:

	Interest rate risk		
	Profit/(loss) should the interest rate change by 1.5%		
	Amount exposed to risk	Rate increase	Rate decrease
2017	R	R	R
Financial assets			
Cash and cash equivalents	106 423 266	1 596 349	(1 596 349)
Impact of financial assets on:			
– profit before taxation		1 596 349	(1 596 349)
– profit after taxation		1 149 371	(1 149 371)
Financial liabilities			
Instalment sale agreements	10 038 519	(150 578)	150 578
Mortgage bonds	5 141 801	(77 127)	77 127
Impact of financial liabilities on:			
– profit before taxation		(227 705)	227 705
– profit after taxation		(163 947)	163 947
Overall impact on profit after tax		985 424	(985 424)

26 FINANCIAL RISK MANAGEMENT (continued)

	Interest rate risk		
	Profit/(loss) should the interest rate change by 1.5%		
	Amount exposed to risk	Rate increase	Rate decrease
2016	**R**	**R**	**R**
Financial assets			
Cash and cash equivalents	73 239 474	1 098 592	(1 098 592)
Impact of financial assets on:			
– profit before taxation		1 098 592	(1 098 592)
– profit after taxation		790 986	(790 986)
Financial liabilities			
Instalment sale agreements	13 978 887	(209 683)	209 683
Mortgage bonds	6 716 033	(100 740)	100 740
Loans	2 515 960	(37 739)	37 739
Bank overdraft	5 622 993	(84 345)	84 345
Impact of financial liabilities on:			
– profit before taxation		(432 508)	432 508
– profit after taxation		(311 406)	311 406
Overall impact on profit after tax		479 580	(479 580)

Capital risk management

The group manages its capital to ensure that the group will be able to continue as a going concern, while maximising the return to stakeholders through the optimisation of the debt and equity balances.

The group considers its capital to consist of stated capital of R63 473 194 (2016: R63 632 244) and retained income of R214 843 423 (2016: R177 069 358).

The board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The level of dividends paid by the group is determined with reference to the liquidity and solvency of the group as well as consideration of budgets and forecasts.

The group's overall strategy remains unchanged from the previous year. The group is not subject to any externally imposed capital requirements.

27 CATEGORIES OF FINANCIAL INSTRUMENTS

The following accounting policies for financial instruments have been applied to the line items below:

2017	**Loans and receivables** R	**Total** R
Assets as per the statement of financial position		
Construction contract receivables	**23 022 833**	**23 022 833**
Trade and other receivables	**33 401 573**	**33 401 573**
Cash and cash equivalents	**106 458 363**	**106 458 363**
	162 882 769	**162 882 769**

NOTES TO THE CONSOLIDATED
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2017

27 CATEGORIES OF FINANCIAL INSTRUMENTS (continued)

2016	Loans and receivables R	Total R
Assets as per the statement of financial position		
Construction contract receivables	19 894 834	19 894 834
Trade and other receivables	36 391 785	36 391 785
Cash and cash equivalents	73 265 974	73 265 974
	129 552 593	129 552 593

2017	**Financial liabilities at amortised cost** **R**	**Total** **R**
Liabilities as per the statement of financial position		
Other financial liabilities	**15 180 320**	**15 180 320**
Trade and other payables	**37 945 800**	**37 945 800**
	53 126 120	**53 126 120**

2016	Financial liabilities at amortised cost R	Total R
Liabilities as per the statement of financial position		
Other financial liabilities	23 210 880	23 210 880
Trade and other payables	50 803 556	50 803 556
Bank overdraft	5 622 993	5 622 993
	79 637 429	79 637 429

	2017 **R**	2016 R
28 GUARANTEES		
Guarantees issued by subsidiaries for the due fulfilment of construction contracts	**35 690 349**	66 054 108

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.

29 SEGMENTAL ANALYSIS

Operating segments

	Aluminium R	Steel R	Glass R	Corporate and Investments R	Consolidated R
At 28 February 2017					
Segment revenue – external	**293 373 314**	**133 800 550**	**155 671 476**	**–**	**582 845 340**
Segment revenue – internal	**787 520**	**3 918 884**	**40 776 438**	**3 612 546**	**49 095 388**
Segment result (operating profit)	**26 758 533**	**10 772 254**	**16 357 354**	**1 705 900**	**55 594 041**
Segment result (profit before tax)	**29 567 835**	**13 039 766**	**15 323 459**	**1 124 809**	**59 055 869**
Interest revenue	**2 940 285**	**2 671 079**	**154 477**	**23 770**	**5 789 611**
Finance costs	**(130 983)**	**(403 567)**	**(1 188 373)**	**(604 861)**	**(2 327 784)**
Motor vehicle expenses	**(3 919 009)**	**(2 328 737)**	**(7 320 279)**	**–**	**(13 568 025)**
Staff costs	**(65 882 243)**	**(33 613 653)**	**(30 762 028)**	**–**	**(130 257 924)**
Operating lease	**(10 621 595)**	**(3 264 265)**	**(9 473 348)**	**–**	**(23 359 208)**
Non-cash income and expenses					
– Depreciation and amortisation	**(3 193 052)**	**(1 110 476)**	**(5 417 802)**	**(129 071)**	**(9 850 401)**
– Impairments reversal	**–**	**–**	**875 000**	**–**	**875 000**
Segment assets	**161 529 896**	**58 533 220**	**110 515 495**	**13 763 394**	**344 342 005**
Segment liabilities	**20 389 707**	**15 673 987**	**24 126 422**	**5 835 272**	**66 025 388**
Capital expenditure	**2 564 426**	**2 622 224**	**1 084 003**	**–**	**6 270 653**

	Aluminium R	Steel R	Glass R	Corporate and Investments R	Consolidated R
At 29 February 2016					
Segment revenue – external	280 831 877	71 341 218	139 537 586	–	491 710 681
Segment revenue – internal	1 335 491	4 100 000	27 514 234	5 724 098	38 673 823
Segment result (operating profit/(loss))	37 407 001	4 561 812	(4 625 904)	3 601 686	40 944 595
Segment result (profit/(loss) before tax)	38 910 079	6 490 266	(6 355 306)	2 935 047	41 980 086
Interest revenue	1 600 741	2 267 617	78 854	20 721	3 967 933
Finance costs	(97 663)	(339 163)	(1 808 256)	(687 360)	(2 932 442)
Motor vehicle expenses	(3 930 779)	(1 447 092)	(7 941 267)	–	(13 319 138)
Staff costs	(54 141 550)	(23 871 723)	(28 443 326)	–	(106 456 599)
Operating lease	(10 002 946)	(3 264 265)	(7 357 628)	–	(20 624 839)
Non-cash income and expenses					
– Depreciation and amortisation	(3 045 440)	(874 497)	(5 216 803)	(129 071)	(9 265 811)
– Impairments	–	–	(875 000)	–	(875 000)
Segment assets	155 338 437	59 725 240	115 522 936	13 307 649	343 894 262
Segment liabilities	36 739 159	16 076 358	42 706 707	7 670 436	103 192 660
Capital expenditure	4 214 566	5 604 610	9 533 452	–	19 352 628

30 EVENTS AFTER THE REPORTING PERIOD

Refer to the directors' report on page 27 for detailed disclosure.

COMPANY STATEMENT OF FINANCIAL POSITION

AT 28 FEBRUARY 2017

	Notes	2017 R	2016 R
Assets			
Non-current assets			
Interest in subsidiaries	1	**116 053 708**	116 053 608
Long-term receivables	2	**1 323 057**	1 351 054
Deferred tax	3	**2 697**	–
		117 379 462	117 404 662
Current assets			
Trade and other receivables	4	**4 337 859**	4 478 342
Cash and cash equivalents	5	**766 800**	38 669
		5 104 659	4 517 011
Total assets		**122 484 121**	121 921 673
Equity and liabilities			
Equity			
Stated capital	6	**105 197 944**	105 197 944
Accumulated loss		**(107 483)**	(16 470 487)
		105 090 461	88 727 457
Liabilities			
Non-current liabilities			
Deferred tax	3	**–**	14 643
		–	14 643
Current liabilities			
Loans from subsidiaries	7	**17 271 552**	32 879 639
Current tax payable		**–**	31 919
Trade and other payables	8	**122 108**	268 015
		17 393 660	33 179 573
Total equity and liabilities		**122 484 121**	121 921 673

COMPANY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 28 FEBRUARY 2017

	Notes	2017 R	2016 R
Revenue	9	**1 280 000**	3 470 000
Operating expenses		**(1 423 643)**	(1 885 630)
Operating (loss)/profit	10	**(143 643)**	1 584 370
Investment revenue	11	**25 784 180**	16 798
Finance costs		**–**	(702)
Profit before taxation		**25 640 537**	1 600 466
Taxation	12	**17 340**	(477 097)
Total comprehensive income for the period		**25 657 877**	1 123 369

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 28 FEBRUARY 2017

	Notes	2017 R	2016 R
Cash flows from operating activities			
Cash (used in)/generated from operations	13	**(149 067)**	1 558 922
Interest income		**18 820**	16 798
Finance costs		**–**	(702)
Dividend income		**9 294 873**	–
Tax paid	14	**(31 919)**	(450 086)
Dividends paid		**(9 294 873)**	–
Net cash flow from operating activities		**(162 166)**	1 124 932
Cash flows from investing activities			
Investment in subsidiaries		**(100)**	–
Proceeds from long-term receivables		**27 997**	–
Net cash flow from investing activities		**27 897**	–
Cash flows from financing activities			
Loans advanced by subsidiaries		**862 400**	–
Loans repaid to subsidiaries		**–**	(1 513 000)
Net cash flow from financing activities		**862 400**	(1 513 000)
Increase/(decrease) in cash and cash equivalents for the year		**728 131**	(388 068)
Cash and cash equivalents at the beginning of the year		**38 669**	426 737
Cash and cash equivalents at the end of the year		**766 800**	38 669

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 28 FEBRUARY 2017

	Stated capital R	Accumulated loss R	Total equity R
Balance at 1 March 2015	120 385 583	(17 593 856)	102 791 727
Total comprehensive income for the period	–	1 123 369	**1 123 369**
Shares cancelled	(15 187 639)	–	**(15 187 639)**
Balance at 29 February 2016	105 197 944	(16 470 487)	88 727 457
Total comprehensive income for the period	–	**25 657 877**	**25 657 877**
Dividends paid	–	**(9 294 873)***	**(9 294 873)**
Balance at 28 February 2017	**105 197 944**	**(107 483)**	**105 090 461**

* *A gross dividend of 8.5 cents per share on was paid 20 June 2016 (no dividend was paid in the prior year)*

NOTES TO THE COMPANY ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 28 FEBRUARY 2017

			2017 R	2016 R
1	INTEREST IN SUBSIDIARIES			
	Shares at cost:	Ownership interest		
	Mazor Aluminium (Pty) Ltd	100%	**21 012 660**	21 012 660
	Mazor Steel (Pty) Ltd	100%	**17 542 376**	17 542 376
	Compass Glass SA (Pty) Ltd	100%	**69 549**	69 549
	Compass Glass (Pty) Ltd	100%	**5 557 436**	5 557 436
	Mazor Properties (Pty) Ltd	100%	**100**	100
	Triple5 Logistics (Pty) Ltd	100%	**100**	–
	Allowance for credit losses		**(5 626 983)**	(5 626 983)
			38 555 238	38 555 138
	Equity loans			
	Compass Glass (Pty) Ltd		**54 568 657**	54 568 657
	Compass Glass SA (Pty) Ltd		**38 132 575**	38 132 575
	Allowance for credit losses		**(15 202 762)**	(15 202 762)
			77 498 470	77 498 470
			116 053 708	116 053 608

All the subsidiaries are incorporated in South Africa and are 100% held by Mazor Group Limited.

The carrying value of subsidiaries is shown at cost net of impairment losses.

Triple5 Logistics (Pty) Ltd represents a logistics business opened during the current financial year for internal logistics purposes. Its operations are insignificant to the group. The company operated for four months during the year and generated no external renevue.

The company's investments in Compass Glass SA and Compass Glass were previously impaired by R5 626 983.

The recoverable amount for the investments is determined using value-in-use calculations which are based on assumptions reflecting past experience. Value in use is determined by discounting the future cash flows generated from continuing use of the cash-generating unit using a discount rate. The key assumptions from the value-in-use calculations are as follows:

– Discount rate: The discount rate is based on the company's weighted average cost of capital of between 12% and 15%

– Discount period: 5 years

– Revenue growth rate: Between 6% and 9% over the next 5 years

The loans forming part of the investment in subsidiaries are unsecured, interest-free and have no terms of repayment. There is no current or foreseeable intention to recall the loan.

	2017	2016
	R	R

2 LONG-TERM RECEIVABLES

Share trusts		
Mazor Group Limited Share Incentive Trust	**896 264**	920 840
Mazor Group Limited BEE Share Incentive Trust	**426 793**	430 214
	1 323 057	1 351 054
Total long-term receivables	**1 323 057**	1 351 054

The loans are unsecured, interest-free and will not be repaid within the next 12 months.

Credit quality of long-term receivables

The loans to the share trusts are assessed by management as recoverable and they will be reduced by dividends paid by the group in the forthcoming years.

3 DEFERRED TAXATION

Deferred taxation assets/(liabilities)		
(Liability)/asset at the beginning of the year	**(14 643)**	–
Current year charge to the statement of profit or loss and other comprehensive income	**17 340**	(14 643)
Asset/(liability) at the end of the year	**2 697**	(14 643)
Arising from the following temporary differences:		
Prepayments	**(15 208)**	(14 643)
Tax losses	**17 904**	–
	2 697	(14 643)

	2017 R	2016 R
4 TRADE AND OTHER RECEIVABLES		
Prepayments	**54 312**	52 295
Other receivables	**4 283 547**	4 426 047
	4 337 859	4 478 342

Credit quality of trade and other receivables

Other receivables comprise administration fees due by the subsidiaries of the company. The directors have assessed the receivables as fully recoverable, based on a review of the counterparties' financial positions and future cash flow projections.

Fair value of trade and other receivables

The trade and other receivables are carried at amortised cost which approximates their fair values due to the short-term nature of the instruments.

5 CASH AND CASH EQUIVALENTS

	2017 R	2016 R
Bank balances	**766 800**	38 669

Credit quality of cash and cash equivalents

The group only deposits cash with major banks of high quality credit standing and limits exposure to any one counterparty.

6 STATED CAPITAL

Authorised

500 000 000 ordinary shares with no par value

	2017 R	2016 R
Issued		
109 351 442 (2016: 109 351 442) fully paid-up ordinary shares with no par value	**105 197 944**	105 197 944
Reconciliation of number of shares issued:		
Reported as at 1 March	**109 351 442**	121 501 553
Treasury shares cancelled at R1.25 per share	**–**	(12 150 111)
	109 351 442	109 351 442

		2017 R	2016 R
7	**LOANS FROM SUBSIDIARIES**		
	Mazor Steel (Pty) Ltd	**17 271 552**	17 692 000
	Mazor Aluminium (Pty) Ltd	**–**	15 187 639
		17 271 552	32 879 639

The loans are unsecured and interest-free. Loans are repayable on demand.

Fair value of loans from subsidiaries

Loans from subsidiaries are carried at amortised cost which approximates the fair value thereof due to the short-term nature of the instrument.

		2017 R	2016 R
8	**TRADE AND OTHER PAYABLES**		
	Accounts payable	**98 369**	234 349
	Accruals	**23 333**	23 333
	Value-added taxation	**406**	10 333
		122 108	268 015

Fair value of trade and other payables

Trade and other payables are carried at amortised cost, with the fair value being approximated by such carrying value due to the short-term nature of the instrument.

		2017 R	2016 R
9	**REVENUE**		
	Administration and management fees	**1 280 000**	3 470 000
10	**OPERATING PROFIT/(LOSS)**		
	Operating profit/(loss) is arrived at after taking into account the following:		
	– Non-executive directors' emoluments (refer note 22 of the consolidated annual financial statements)	**(242 400)**	(507 000)
11	**INVESTMENT REVENUE**		
	Interest revenue		
	Bank	**18 820**	16 798
	Dividends		
	Dividends received from subsidiaries	**25 765 360**	–
		25 784 180	16 798

NOTES TO THE COMPANY
ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 28 FEBRUARY 2017

		2017 R	2016 R
12 TAXATION			
Major components of the tax expense			
Current			
Local income tax – current year		**–**	462 454
Deferred			
Originating temporary differences		**(17 340)**	14 643
		(17 340)	477 097
Reconciliation of the tax expense			
Reconciliation between applicable tax rate and average effective tax rate:			
Applicable tax rate	(%)	**28.00**	28.00
Disallowable charges	(%)	**0.07**	1.81
Non-taxable income	(%)	**(28.14)**	–
Effective tax rate	(%)	**(0.07)**	29.81
13 CASH (USED IN)/GENERATED FROM OPERATIONS			
Profit before taxation		**25 640 537**	1 600 466
Adjustments for:			
Interest received		**(18 820)**	(16 798)
Finance costs		**–**	702
Dividends received		**(25 765 360)**	–
Changes in working capital:			
Increase in trade and other receivables		**140 483**	(32 810)
Increase in trade and other payables		**(145 907)**	7 362
		(149 067)	1 558 922
14 TAX PAID			
Balance at the beginning of the year		**(31 919)**	(19 551)
Current tax for the year recognised in the statement of profit or loss and other comprehensive income		**–**	(462 454)
Balance at the end of the year		**–**	31 919
		(31 919)	(450 086)

15 CONTINGENCIES AND COMMITMENTS

The company has signed suretyships in favour of First National Bank for facilities granted to:

- Mazor Steel (Pty) Ltd and Mazor Aluminium (Pty) Ltd in the amount of R30 million
- Mazor Steel (Pty) Ltd, Mazor Aluminium (Pty) Ltd, Compass Glass (Pty) Ltd, Compass Glass SA (Pty) Ltd and HBS Aluminium Systems (Pty) Ltd in the amount of R50 million

Mazor Group Limited provided continuing suretyship to the extent of R11 million plus interest and costs over the mortgage bond provided to Mazor Properties (Pty) Ltd by Investec Ltd.

The above contingent liabilities have not been recognised as the directors consider the possibility that they will materialise into obligations of the company as being very remote.

	2017	2016
	R	R
16 RELATED PARTIES		
The company has the following interests in subsidiaries:		
– Mazor Steel (Pty) Ltd (100%)		
– Mazor Aluminium (Pty) Ltd (100%)		
– Compass Glass (Pty) Ltd (100%)		
– Compass Glass SA (Pty) Ltd (100%)		
– HBS Aluminium Systems (Pty) Ltd (100%)*		
– Mazor Properties (Pty) Ltd (100%)		
– Triple5 Logistics (Pty) Ltd (100%)		
The following entities are under common control:		
– Mazor Group Limited Share Incentive Trust		
– Mazor Group Limited BEE Share Incentive Trust		
Related party balances		
Loan accounts – owing (to)/by related parties		
– Mazor Steel (Pty) Ltd	**(17 271 552)**	(17 692 000)
– Mazor Aluminium (Pty) Ltd	**–**	(15 187 639)
– Compass Glass (Pty) Ltd	**54 568 657**	54 568 657
– Compass Glass SA (Pty) Ltd	**38 132 575**	38 132 575
– Mazor Group Limited Share Incentive Trust	**896 264**	920 840
– Mazor Group Limited BEE Share Incentive Trust	**426 793**	430 214
Amounts included in short-term receivables		
– Compass Glass (Pty) Ltd	**2 175 250**	2 186 650
– Compass Glass SA (Pty) Ltd	**2 005 700**	2 239 400

NOTES TO THE COMPANY
ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 28 FEBRUARY 2017

	2017	2016
	R	R
16 RELATED PARTIES (continued)		
Related party transactions		
Admin fees received from related parties		
– Mazor Steel (Pty) Ltd	–	650 000
– Mazor Aluminium (Pty) Ltd	**270 000**	780 000
– Compass Glass (Pty) Ltd	**300 000**	840 000
– Compass Glass SA (Pty) Ltd	**60 000**	360 000
– HBS Aluminium Systems (Pty) Ltd	**650 000**	840 000
Dividends received from related parties		
– Mazor Steel (Pty) Ltd	**10 577 721**	–
– Mazor Aluminium (Pty) Ltd	**15 187 639**	–
Dividends paid to related parties		
– Mazor Group Limited Share Incentive Trust	**24 576**	–
– Mazor Group Limited BEE Share Incentive Trust	**3 421**	–

* HBS Aluminium Systems (Pty) Ltd is an indirect subsidiary.

Details of directors' remuneration are disclosed under note 22 of the consolidated annual financial statements.

17 FINANCIAL RISK MANAGEMENT

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

– Liquidity risk

– Credit risk

The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance. This note presents information about the company's exposure to each of the above risks, the company's objectives, policies and processes for measuring and managing risk, and the company's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The board of directors has overall responsibility for the establishment and oversight of the company's risk management framework. The board has established the Audit and Risk Committee, which assists the board in developing and monitoring the company's risk management policies. The committee reports regularly to the board of directors on its activities.

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.

The company's risk to liquidity is a result of the funds available to cover future commitments. The company manages liquidity risk through an ongoing review of future commitments and credit facilities. The company has maintained a cash-positive position for many years.

The following table analyses the company's financial liabilities into relevant maturity groupings. The amounts disclosed in the table are the contractual undiscounted cash flows.

The maturity profile of the recognised financial instruments represents the undiscounted cash flows that are expected to occur in the future.

17 FINANCIAL RISK MANAGEMENT (continued)

	< 1 year R	2 – 5 years R	Total R
At 28 February 2017			
Loans from subsidiaries	**17 271 552**	**–**	**17 271 552**
Trade and other payables	**121 702**	**–**	**121 702**
Bank sureties	**45 180 320**	**–**	**45 180 320**
	62 573 574	**–**	**62 573 574**

	< 1 year R	2 – 5 years R	Total R
At 29 February 2016			
Loans from subsidiaries	32 879 639	–	32 879 639
Trade and other payables	257 682	–	257 682
Bank sureties	58 833 873	–	58 833 873
	91 971 194	–	91 971 194

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

Credit risk

Credit risk is the risk of financial loss to the company if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's loans to subsidiaries.

18 CATEGORIES OF FINANCIAL INSTRUMENTS

The following accounting policies for financial instruments have been applied to the line items below:

2017	**Loans and receivables R**	**Total R**
Assets as per the statement of financial position		
Long-term receivables	**1 323 057**	**1 323 057**
Trade and other receivables	**4 283 547**	**4 283 547**
Cash and cash equivalents	**766 800**	**766 800**
	6 373 404	**6 373 404**

2016	Loans and receivables R	Total R
Assets as per the statement of financial position		
Long-term receivables	1 351 054	1 351 054
Trade and other receivables	4 426 047	4 426 047
Cash and cash equivalents	38 669	38 669
	5 815 770	5 815 770

18 CATEGORIES OF FINANCIAL INSTRUMENTS (continued)

2017	Financial liabilities at amortised cost R	Total R
Liabilities as per the statement of financial position		
Loans from subsidiaries	**17 271 552**	**17 271 552**
Trade and other payables	**121 702**	**121 702**
	17 393 254	**17 393 254**

2016	Financial liabilities at amortised cost R	Total R
Liabilities as per the statement of financial position		
Loans from subsidiaries	32 879 639	32 879 639
Trade and other payables	257 682	257 682
	33 137 321	33 137 321

SHAREHOLDER ANALYSIS

FOR THE YEAR ENDED 28 FEBRUARY 2017

Register date: 24 February 2017 **Issued share capital: 109 351 442**

SHAREHOLDER SPREAD	Number of shareholders	%	Number of shares	%
1 – 1 000 shares	95	29.23	43 103	0.04
1 001 – 10 000 shares	109	33.54	458 341	0.42
10 001 – 100 000 shares	87	26.77	3 122 091	2.86
100 001 – 1 000 000 shares	21	6.46	4 833 175	4.42
1 000 001 shares and over	13	4.00	100 894 732	92.27
Total	**325**	**100**	**109 351 442**	**100**

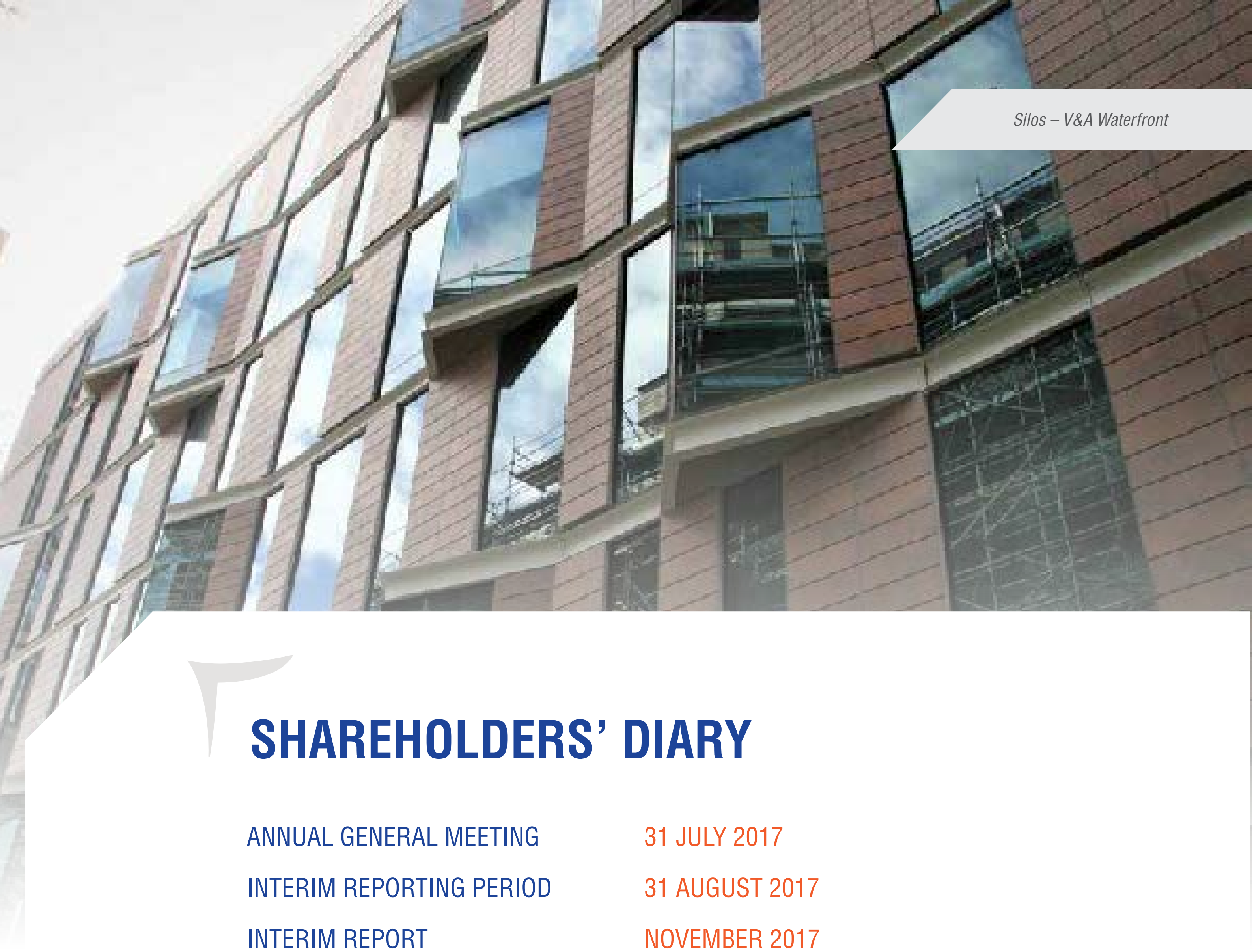
DISTRIBUTION OF SHAREHOLDERS	Number of shareholders	%	Number of shares	%
Banks	1	0.31	51	0.00
BEE employee share trusts	1	0.31	125 000	0.11
Brokers	3	0.92	1 193 798	1.09
Close corporations	10	3.08	281 586	0.26
Employee share trusts	1	0.31	262 500	0.24
Individuals	257	79.08	36 933 363	33.77
Mutual funds	5	1.54	7 342 891	6.71
Nominees and trusts	22	6.77	12 450 069	11.39
Other corporations	4	1.23	57 501	0.05
Private companies	20	6.15	50 603 178	46.28
Treasury shares	1	0.31	101 505	0.09
Total	325	100	109 351 442	100

PUBLIC/NON-PUBLIC SHAREHOLDERS	Number of shareholdings	%	Number of shares	%
Non-public shareholders	14	4.31	76 611 276	70.06
Directors' holdings	10	3.08	69 125 265	63.21
Associate holdings	1	0.31	6 997 006	6.40
Treasury shares	1	0.31	101 505	0.09
Share trust	1	0.31	262 500	0.24
BEE employee share trust	1	0.31	125 000	0.11
Public shareholders	311	95.69	32 740 166	29.94
Total	**325**	**100**	**109 351 442**	**100**

Note: Associate holdings comprise the remaining shareholding of Cloudberry Investments 18 (Pty) Ltd which is not included in Directors' holdings.

BENEFICIAL SHAREHOLDERS HOLDING 5% OR MORE	Number of shares	%
Zomar (Pty) Ltd	19 000 000	17.38
Cloudberry Investments 18 (Pty) Ltd*	17 939 200	16.41
L Mazor	14 000 000	12.80
Yonbor Nominees (Pty) Ltd	12 512 132	11.44
The Ati Trust	10 000 000	9.14
S Mazor	7 469 231	6.83
DJ Mazor	6 530 769	5.97

* With Clusten 54 (Pty) Ltd holding



SHAREHOLDERS' DIARY

ANNUAL GENERAL MEETING	31 JULY 2017
INTERIM REPORTING PERIOD	31 AUGUST 2017
INTERIM REPORT	NOVEMBER 2017
FINANCIAL YEAR-END	28 FEBRUARY 2018
ANNUAL REPORT	MAY 2017

NOTICE OF ANNUAL GENERAL MEETING

MAZOR GROUP

(Incorporated in the Republic of South Africa)
(Registration number: 2007/017221/06)
Share code: MZR ISIN: ZAE000109823

This document is important and requires your immediate attention

If you are in any doubt about what action you should take, consult your broker, Central Securities Depository Participant ("CSDP"), legal adviser, banker, financial adviser, accountant or other professional adviser immediately.

If you have disposed of all your shares in Mazor Group Limited, please forward this document, together with the enclosed form of proxy, to the purchaser of such shares or the broker, banker or other agent through whom you disposed of such shares.

Included in this document are:

- The notice of meeting, setting out the resolutions to be proposed thereat, together with explanatory notes
- A proxy form for use by shareholders holding ordinary shares in the company in certificated form or recorded in sub-registered electronic form in "own name" (which form must be lodged with the company's transfer secretary, being Computer Share Investor Services (Pty) Ltd, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 (PO Box 61051, Marshalltown, 2107) to be received by no later than 10:00 on Thursday, 27 July 2017
- Shareholders who have dematerialised their shares and are not registered as "own name" dematerialised shareholders who wish to attend the annual general meeting ("AGM"), must instruct their Central Securities Depository Participants ("CSDP") or broker to provide them with the relevant letter of representation to enable them to attend such meeting or, alternatively, should they wish to vote but not to attend the AGM, they must provide their CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker. Such shareholders must not complete this form of proxy.

A shareholder (including certificated shareholders and dematerialised shareholders who hold their shares with "own name" registration) entitled to attend and vote at the meeting may appoint one or more proxies to attend, participate and vote in his/her/its stead. A proxy does not have to be a shareholder of the company. The appointment of a proxy will not preclude the shareholder who appointed that proxy from attending the AGM and participating and voting in person thereat to the exclusion of any such proxy. A form of proxy for use at the meeting is attached.

Notice is hereby given to all shareholders of Mazor Group Limited as at the record date set out below that the AGM of shareholders will be held at 10:00 on Monday, 31 July 2017 at the offices of Mazars at Mazars House, Rialto Road, Grand Moorings Precinct, Century City, 7441 to transact the following business:

To consider and, if thought fit, pass with or without modification, the following special and ordinary resolutions, as well as any matters raised by shareholders at this AGM, with or without advance notice, which may be transacted at an AGM as determined by the Companies Act, No. 71 of 2008, as amended (the "Companies Act"), and as read with the Listings Requirements of the JSE Limited ("Listings Requirements"), which meeting is to be participated in and voted at by shareholders reflected in the share register as at the record date of Friday, 21 July 2017.

Identification of meeting participants: Kindly note that meeting participants (including proxies) are required to provide reasonably satisfactory identification before being entitled to attend or participate in a shareholders' meeting. Forms of identification include valid identity documents, driver's licences and passports.

When reading the resolutions below, please refer to the explanatory notes for AGM resolutions on page 74.

Presentation of financial statements

The audited annual financial statements of the company for the year ended 28 February 2017 (as approved by the board of directors) and including the directors' report, the Audit and Risk Committee report and the external auditors' report have been distributed as required and will be presented to shareholders.

The complete financial statements are set out on pages 28 to 68 of the integrated annual report.

ORDINARY RESOLUTIONS

Each of the below ordinary resolutions requires the support of a simple majority (that is, 50% +1) of the votes exercised in respect of reach resolution in order to be adopted.

1. **Ordinary resolution number one**

   Receive and adopt annual financial statements

   To receive and adopt the annual financial statements for the year ended 28 February 2017 including the directors' report and the report of the auditors thereon.

2. **Ordinary resolution number two**

   The appointment of the auditor of the company

   The appointment of the auditor of the company for the ensuing year ending 28 February 2018. To consider and, if deemed fit, to pass, without modification, the following ordinary resolution:

   "To re-appoint, on recommendation of the Audit Committee,

   2.1 Mazars as the auditors of the company, and

   2.2 Mr Duncan Dollman is hereby appointed as the designated auditor to hold office for the ensuing year in compliance with the requirements of section 90 (2) of the Companies Act No. 71 of 2008."

3. **Ordinary resolution number three**

   The re-appointment of A Varachhia as an independent non-executive director

   To resolve that the re-appointment of A Varachhia as an independent non-executive director, who retires by rotation, but being eligible, offers himself for re-election in accordance with the company's Memorandum of Incorporation for a further term of office be authorised and confirmed.

   (A Varachhia was first appointed to the board in November 2007. A brief CV appears on page 9 of the integrated annual report.)

4. **Ordinary resolution number four**

   The re-appointment of A Groll as an independent non-executive director

   To resolve that the re-appointment of A Groll as an independent non-executive director, who retires by rotation, but being eligible, offers himself for re-election in accordance with the company's Memorandum of Incorporation for a further term of office be authorised and confirmed.

(A Groll was first appointed to the board in October 2007. A brief CV appears on page 9 of the integrated annual report.)

5. **Ordinary resolution number five**

The re-appointment of F Boner as an Audit and Risk Committee member

To resolve that the re-appointment of F Boner as an Audit and Risk Committee member be authorised and confirmed. Information in respect of F Boner is set out in page 9 of the integrated annual report 2017.

6. **Ordinary resolution number six**

The re-appointment of M Kaplan as an Audit and Risk Committee member

To resolve that the re-appointment of M Kaplan as an Audit and Risk Committee member, be authorised and confirmed. Information in respect of M Kaplan is set out on page 8 of the integrated annual report 2017. Shareholders are advised of the dual role performed by M Kaplan as chairperson of the board and member of the Audit and Risk Committee and which fact is disclosed in the section "Non-compliance with the code" in the group's integrated annual report.

7. **Ordinary resolution number seven**

The re-appointment of R Schur as an Audit and Risk Committee member

To resolve that the re-appointment of R Schur as an Audit and Risk Committee member be authorised and confirmed. Information in respect of R Schur is set out on page 9 of the integrated annual report 2017.

8. **Ordinary resolution number eight**

Fees paid to directors

To resolve that the fees paid to the directors of the company in respect of the year ended 28 February 2017, as set out in the annual financial statements on pages 50 and 51, be approved.

9. **Ordinary resolution number nine**

General authority to issue shares for cash

"Resolved that the directors be given the general authority to issue unissued shares of a class already in issue, for cash, when the directors consider it appropriate in the circumstances, subject to the provisions of the Company's Memorandum of Incorporation, the Companies Act, No. 71 of 2008 and the JSE Listings Requirements."

10. **Ordinary resolution number ten**

General payments

To resolve that, in terms of the Memorandum of Incorporation and subject to the provisions of the Companies Act, No. 71 of 2008, and the JSE Listings Requirements, the directors of the company shall be entitled, from time to time, to pay by way of a reduction of stated capital, capital distributions to shareholders of the company in lieu of a dividend. Such distributions shall be made *pro rata* to all shareholders and shall be amounts equal to the amounts which the directors would have declared and paid out of profits of the company as interim and final dividends in respect of the financial year ending 28 February 2017. This authority shall not extend beyond the date of the annual general meeting following the date of the annual general meeting at which this resolution is being proposed or 15 months from the date of the resolution, whichever is shorter.

It is the intention of the company and/or any of its subsidiaries to utilise the general authority to make a general payment to shareholders, if at some future date the cash resources of the company are in excess of its requirements. In this regard the directors will take account of, inter alia, appropriate capitalisation structures for the company, the long-term cash needs of the company, and will ensure that any such payments are in the interests of shareholders.

The method by which the company intends to make general payments to shareholders in terms of a general authority and the date on which such payments will take place has not yet been determined.

11. **Ordinary resolution number eleven**

Control of authorised but unissued shares

"To resolve that all the unissued shares in the authorised share capital of the Company be and are hereby placed under the control of the directors of the Company, who are authorised to allot and issue the same to such persons and on such terms and conditions as they may determine in their sole and absolute discretion, subject to the provisions of the Companies Act No 71 of 2008 and the JSE Listings Requirements."

12. **Ordinary resolution number twelve**

Directors' or company secretary's authority to implement special and ordinary resolutions

To consider and, if deemed fit, to pass, without modification, the following ordinary resolution:

"Resolved as an Ordinary Resolution that each and every director of the company or the Company Secretary be and is hereby authorised to do all such things and sign all such documents as may be necessary for or incidental to the implementation of the resolutions passed at this meeting."

SPECIAL RESOLUTIONS

Each of the special resolutions below require the support of at least 75% of the votes cast by shareholders or represented by proxy at this meeting, in respect of each resolution in order to be adopted.

13. **Special resolution number one**

Repurchase of shares

The board of directors of the company has considered the impact of a repurchase of up to 20% of the company's shares, which falls within the amount permissible under a general authority in terms of the JSE Listings Requirements, the company's Memorandum of Incorporation and in compliance with the Companies Act, No. 71 of 2008.

Should the opportunity arise and should the directors deem it to be advantageous to the company to repurchase such shares, it is considered appropriate that the directors (and relevant subsidiaries) be authorised to repurchase the company's shares.

"Resolved that the company is authorised to repurchase or purchase, as the case may be, shares issued by the company, upon such terms and conditions and in such number as the directors of the company may from time to time determine, including that such securities be purchased or repurchased from share premium, but subject to the applicable requirements of the company's Memorandum of Incorporation, the companies Act, No. 71 of 2008 and the JSE Listings Requirements, each as presently constituted and as amended from time to time; and subject further to the restriction that the repurchase or purchase, as the case may be, by the company, of shares in the company of any class under this authority shall not, in aggregate in any one financial year exceed 20% of the shares in issue in such class as at the commencement of such financial year."

For the purpose of considering the special resolution, and in compliance with paragraph 11.26 of the JSE Listings Requirements, the information listed below has been included in the annual report, in which this notice of annual general meeting is included, at the places indicated:

- directors and management – refer to pages 8 and 9 of the integrated annual report;
- major shareholders – refer to page 69 of the integrated annual report;
- directors' interests in securities – refer to page 26 of the integrated annual report;
- share capital of the company – refer to page 45 of the integrated annual report; and
- the directors, whose names are set out on pages 8 and 9 of this report, collectively and individually accept full responsibility for the accuracy of the information contained in this special resolution and certify that to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement false or misleading and that they have made all reasonable enquiries in this regard.

There are no legal arbitration proceedings (including any such proceedings that are pending or threatened of which the company is aware), which may have or have had a material effect on the company's financial position over the last 12 months.

At the date of completing this notice, there have been no material changes in the financial or trading position of the company and its subsidiaries that have occurred since 28 February 2017.

At the present time, the directors have no specific intention with regard to the utilisation of this authority which will be used only if the circumstances are appropriate.

A general repurchase of the company's shares shall only take place after the JSE has received written confirmation from the company's sponsor in respect of the directors' working capital statement.

To the extent any repurchase is effected in terms of this authorisation, the company will only do so if:

- the company and the group will be able in the ordinary course of business to pay its debts for a period of 12 months after the date of the notice of the annual general/general meeting;
- the assets of the company and the group will be in excess of the liabilities of the company and the group for a period of 12 months after the date of the notice of the annual general/general meeting. For this purpose, the assets and liabilities should be recognised and measured in accordance with the accounting policies used in the latest audited group annual financial statements;
- the share capital and reserves of the company and the group will be adequate for ordinary business purposes for a period of 12 months after the date of the notice of the annual general/general meeting;
- the working capital of the company and the group will be adequate for ordinary business purposes for a period of 12 months after the date of the notice of the annual general/general meeting; and
- a resolution by the board of directors that they authorised the repurchase, that the company passed the solvency and liquidity test and that since the test was done there have been no material changes to the financial position of the group.

14. Special resolution number two

Directors' fees

Resolved that the company be and is hereby authorised, in terms of the Companies Act, No. 71 of 2008, to pay remuneration to its directors for their services as directors:

(a) For a period of two years from the passing of this resolution (unless such remuneration is proposed to be amended at next year's AGM), on the terms set out below.

From 1 July 2017:

		Board meeting	Audit and Risk Committee	Remuneration and Nomination Committee	Social and Ethics Committee
	Monthly fee	**Fee per meeting**	**Fee per meeting**	**Fee per meeting**	**Fee per meeting**
Chairperson	16 666	22 000	22 000	15 000	15 000
Member	12 500	15 000	16 500	10 000	10 000

NOTICE OF ANNUAL GENERAL MEETING

(continued)

15. Special resolution number three

Financial assistance

To consider and, if deemed fit, to pass, without modification, the following special resolution:

"Resolved as a special resolution, in accordance with sections 45(2) and 45(3) of the Companies Act, No. 71 of 2008, it is hereby resolved that the directors of the company be and they are hereby authorised to provide direct or indirect financial assistance to a director or prescribed officer of the company or of a related or inter-related company, or to a related or inter-related company or corporation, or to a member of a related or inter-related corporation, or to a person related to any such company, corporation, director, prescribed officer or member, subject to subsections (3) and (4) of the companies Act, No. 71 of 2008 and the Listings Requirements of the JSE Limited (JSE Listings Requirements); and resolved further, in accordance with sections 44(2) and 44(3) of the companies Act, No. 71 of 2008, the company's board of directors be and they are hereby authorised to provide financial assistance by way of a loan, guarantee, the provision of security or otherwise to any person for the purpose of, or in connection with, the subscription of any option, or any shares, issued or to be issued by the company or a related or inter-related company, or for the purchase of any shares of the company or a related or inter-related company, subject to subsection (3) of the companies Act, No. 71 of 2008 and the JSE Listings Requirements."

EXPLANATORY NOTES

Appointment of directors – ordinary resolution numbers three and four

In terms of section 68(2) of the companies Act, No. 71 of 2008, unless the Memorandum of Incorporation provides otherwise, the election of directors is to be conducted as a series of votes, each of which is on the candidacy of a single individual to a fill a single vacancy.

Explanatory note on special resolution number three

The reason for and the effect of special resolution number three is to approve the authority of the company's directors to provide financial assistance to directors and to all subsidiary, related and inter-related companies within the Mazor group of companies.

Election of the Audit and Risk Committee members – ordinary resolution numbers five, six and seven

In terms of the companies Act, No. 71 of 2008, the Audit Committee is no longer a committee of the board, but a committee elected by the shareholders at each AGM.

The Audit Committee, acting as a collective, should be adequately skilled to perform its role having regard to the size and circumstances of the company. In accordance with regulation 42 of the Companies Regulations, 2011, at least one third of the shareholders of the company's Audit and Risk Committee at any particular time must have academic qualifications or experience in economics, law, corporate governance, finance, accounting, commerce, industry, public affairs or human resource management.

The directors, whose names are given on pages 8 and 9 of the integrated annual report in which this notice was included, collectively and individually accept full responsibility for the accuracy of the information given in this notice 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 annual report and notice contains all information required by law and the JSE Listings Requirements.

There has been no material change in the financial or trading position of the company and its subsidiaries that has occurred since 28 February 2017.

PARTICIPATION IN MEETING ELECTRONICALLY

Shareholders may participate (but not vote) in the AGM via teleconference, details of which are available from Mr I Bloom. Access to the meeting by way of electronic participation will be at the shareholder's expense. However, only persons physically present at the AGM or represented by a valid proxy will be entitled to cast a vote on any matter put to a vote of shareholders.

By order of the board

IVOR BLOOM
Company secretary

Registered office:
8 Monza Road
Killarney Gardens, 7441

(PO Box 60635, Table View, 7439)

Sponsor:
Bridge Capital Advisors (Pty) Ltd

FORM OF PROXY

MAZOR GROUP

(Incorporated in the Republic of South Africa)
(Registration number: 2007/017221/06)
Share code: MZR ISIN: ZAE000109823

FOR USE AT THE ANNUAL GENERAL MEETING OF THE COMPANY TO BE HELD AT 10:00 ON MONDAY, 31 JULY 2017 AT THE OFFICES OF MAZARS, MAZARS HOUSE, RIALTO ROAD, GRAND MOORINGS PRECINCT, CENTURY CITY, 7441 AND AT ANY ADJOURNMENT THEREOF.

For use by the holders of the company's certificated ordinary shares ("certificated shareholders") and/or dematerialised ordinary shares held through a Central Securities Depository Participant ("CSDP") who have selected own-name registration ("own-name" dematerialised shareholders).

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 authorisation 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 ………………………………………………………………………………………(please print address)

being a shareholder of Mazor Group Limited and holding ordinary shares in the company, hereby appoint

1. ………………………………………………………………………………………of or failing him/her

2. ………………………………………………………………………………………of or failing him/her

3. the chairperson 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 ordinary resolutions to be proposed thereat and at any adjournment thereof; and to vote for and/or against the ordinary resolutions and/or abstain from voting in respect of the Mazor Group ordinary shares registered in my/our name(s), in accordance with the following instructions:

	FOR	AGAINST	ABSTAIN
Ordinary resolution number one – Receive and adopt the annual financial statements			
Ordinary resolution number two – Re-appointment of the auditor of the company			
Ordinary resolution number three – Re-appointment of A Varachhia as an independent non-executive director			
Ordinary resolution number four – Re-appointment of A Groll as an independent non-executive director			
Ordinary resolution number five – Re-appointment of F Boner as an Audit and Risk Committee member			
Ordinary resolution number six – Re-appointment of M Kaplan as an Audit and Risk Committee member			
Ordinary resolution number seven – Re-appointment of R Schur as an Audit and Risk Committee member			
Ordinary resolution number eight – The fees paid to directors'			
Ordinary resolution number nine – General authority to issue shares for cash			
Ordinary resolution number ten – General payments			
Ordinary resolution number eleven – Control of authorised but unissued shares			
Ordinary resolution number twelve – Directors or company secretary authority to implement special and ordinary resolutions			
Special resolution number one – Repurchase of shares			
Special resolution number two – Directors' fees			
Special resolution number three – Financial assistance			

* 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 ……………………………………………………on…………………………………… 2017

Member's signature……………………………………………………………………………………

ASSISTED BY (IF APPLICABLE)……………………………………………………………………

PLEASE READ THE NOTES ON THE REVERSE SIDE.

NOTES

1. This form 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 Central Securities Depository Participant ("CSDP") or broker who will furnish them with the necessary authority 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 chairperson 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 chairperson of the annual general meeting, if the chairperson 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 chairperson of the annual general meeting.

8. The chairperson 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 on 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 by no later than 10:00 on Thursday, 27 July 2017:

Transfer secretaries

Computershare Investor Services (Pty) Ltd
Rosebank Towers, 15 Biermann Avenue
Rosebank, 2196
PO Box 61051, Marshalltown, 2107
Telefax: 011 688 5200

CORPORATE INFORMATION

MAZOR GROUP LIMITED
(Incorporated in the Republic of South Africa)
Registration number: 2007/017221/06)
Share code: MZR
ISIN: ZAE000109823

REGISTERED OFFICE
8 Monza Road
Killarney Gardens, 7441
PO Box 60635, Table View, 7439
Telephone: +27 21 556 1555
Date of incorporation: 26 June 2007

REPORTING ACCOUNTANTS AND AUDITORS
Mazars
Mazars House
Rialto Road, Grand Moorings Precinct
Century City, 7441
PO Box 134, Century City, 7446
Telephone: +27 21 818 5000

COMMERCIAL BANKER
First National Bank Ltd
(Registration number 1929/001225/06)
Corner Cumberland and Industry Roads
Paarden Eiland, 7405
PO Box 14, Paarden Eiland, 7420
Telephone: +27 21 511 7063

COMPANY SECRETARY
Ivor Mark Bloom (ACIS)
12B Quarry Close, Kruis Road
Brackenfell, 7560
PO Box 605, Parow, 7499
Telephone: +27 21 981 4300

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

ATTORNEYS
Webber Wentzel Bowens
10 Fricker Road
Illovo, 2196
PO Box 61771, Marshalltown, 2107
Telephone: +27 11 530 5000

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

BRANDESIGN


8 Monza Road, Killarney Gardens, Cape Town, 7441
www.mazorgroup.co.za