



STEFANUTTI STOCKS HOLDINGS LIMITED
("Stefanutti Stocks" or "the company" or "the group")
(Registration number: 1996/003767/06)
(Share code: SSK ISIN: ZAE000123766)

UNAUDITED CONDENSED CONSOLIDATED RESULTS

FOR THE SIX MONTHS ENDED 31 AUGUST 2024

- Revenue R3,6 billion
- Operating profit R132 million
- Cash at end of period R784 million
- Current order book R8,9 billion

excellence in execution

COMMENTARY

Shareholders are referred to the webcast and presentation relating to the unaudited condensed consolidated results for the 6 months ended 31 August 2024 (the period) which is available on the company's website: www.stefstocks.com. A physical copy can also be obtained at the company's registered office.

The links are: <https://stefanuttistocks.com/investors/presentation-interim-results-aug-2024/> and <https://stefanuttistocks.com/investors/audio-visual-interim-results-aug-2024/>

GROUP PROFILE

Stefanutti Stocks is a listed, multidisciplinary construction group (a B-BBEE Level 1 contributor) with the capability to deliver a range of projects of any scale to a multitude of clients in diverse markets. As an ambitious and well-respected construction group we boast technical proficiency across all our disciplines. The group's geographic footprint spans South Africa and sub-Saharan African countries where its mission is to deliver exceptional engineering solutions that enrich people's lives.

RESTRUCTURING PLAN UPDATE

The group hereby provides shareholders with an update on the Restructuring Plan as reported in the Consolidated Annual Financial Statements of Stefanutti Stocks for the year ended 29 February 2024 (Feb 2024 results), issued on 18 June 2024 and the SENS announcements issued on 29 August 2024 and 7 October 2024.

The following aspects of the Restructuring Plan remain outstanding:

- concluding the disposal of SS-Construções (Moçambique) Limitada and Stefanutti Stocks Construction Limited (the disposal group);
- reaching a favourable outcome from the processes relating to the contractual claims and compensation events on the Kusile power project;
- resolution of the arbitral award relating to the Kalabo-Sikongo-Angola border gate road in the Western Province of Zambia; and
- an evaluation of the company's capital structure, including the potential of raising new equity.

The group on 27 March 2024, reached agreement with the Lenders to extend the capital repayment profile of the loan as well as its duration to 30 June 2025.

Capital repayments of R13 million and R37 million were made in March 2024 and July 2024 respectively, reducing the loan to R947 million.

The loan bears interest at prime plus 3,7%, including arranging and facility fees, and is secured by special and general notarial bonds over movable assets, continuous covering mortgage bonds over immovable assets and various cessions. The loan does not contain any financial covenants, but rather imposes certain information and general undertakings.

The Lenders continue to provide guarantee support for current and future projects being undertaken by the group.

The Restructuring Plan is anticipated to be implemented over the period to June 2025 and, to the extent required, shareholder approval will be sought for the remaining aspects of the Restructuring Plan. The group will continue to update shareholders on the progress of the various aspects of the Restructuring Plan.

The directors consider it appropriate that the group's results for the period be prepared on the going-concern basis, taking into consideration:

- the current order book;
- short-term potential awards;
- identified prospects over the medium- and long-term;
- continuing operations executing the group's order book profitably;
- reaching a favourable outcome on contractual claims and compensation events on the Kusile power project;
- continued support from the Lenders; and
- successfully implementing the remaining aspects of the Restructuring Plan.

The loan provided by the Lenders has assisted with the group's liquidity, even though at 31 August 2024 the group's current liabilities exceed its current assets by R1 280 million (Feb 2024: R1 136 million), and the group's total liabilities exceed its total assets by R94 million (Feb 2024: R52 million). The group remains commercially solvent based on the cash flow projections included in the Restructuring Plan and the continued support of the Lenders. However, the matters as noted above including uncertainties surrounding the contingent liabilities as stated in note 26 of the group's Feb 2024 results, continue to indicate that a material uncertainty exists that may cast doubt on the group's ability to continue as a going concern, and as a consequence could impact on the group's ability to realise its assets and discharge its liabilities in the ordinary course of business.

KUSILE POWER PROJECT UPDATE

As previously highlighted to shareholders in numerous announcements and updates since late 2018, the group continues to pursue a number of contractual claims and compensation events on the Kusile power project.

Since August 2021, the group has secured payment of a combined total of R119 million for measured work and the Dispute Adjudication Board (DAB) rulings.

Stefanutti Stocks and Eskom (the parties) entered into an "Interim Arrangement for the Purposes of Agreeing or Determining the Contractor's Claims and Facilitating the Dispute Resolution Process" in February 2020, for all delay events up to the end of December 2019, referred to as claim 5. This process involves the appointment by each party of independent experts (the experts) to evaluate the causes, duration and quantification of delays.

Further to the above, the parties and the DAB have signed a memorandum of understanding (MOU) dealing with the following:

- The DAB will issue decisions confirming entitlements, which entitlements the experts have agreed to, which will then be binding on the parties;
- The DAB will rely on the experts for the narrowing of the issues and information to be considered in its assessments;
- The DAB will continue to make interim decisions on the narrowed issues and information, in a progressive manner which will be binding on the parties;
- The DAB will issue such interim decisions relating to delay and quantum; and
- At the end of the process the DAB will issue a final binding decision in terms of the contract with respect to duration and quantification, at which point either party may issue a notice of dissatisfaction and refer the dispute to arbitration.

It is anticipated that the DAB will issue its binding decision for claim 5 in early 2025.

At this stage the claims must follow due process, therefore, the group's claims team cannot express a view on the value of any potential award nor the exact timing thereof. As the outcome of this process remains uncertain, the claims have not been recognised in the financial statements.

OVERVIEW OF RESULTS

Certain underutilised plant and equipment and the disposal group have been earmarked for sale and accordingly have been reclassified in terms of *IFRS 5: Non-current Assets Held for Sale and Discontinued Operations*. Due to current market conditions, the disposal of these assets is taking longer than anticipated.

Non-current Assets Held for Sale

The following items are classified as non-current assets held for sale:

Plant and equipment	Segment	Aug 2024 R'000	Feb 2024 R'000
Plant and equipment	Inland, Coastal and Western Cape	18 879	19 050

Discontinued Operations and Disposal Group

On 22 November 2022 shareholders approved the disposal of SS-Construções (Moçambique), Limitada (SS Mozambique) and Stefanutti Stocks Construction Ltd (SS Construction) (collectively the Proposed Transaction) by the company's wholly owned subsidiaries, Stefanutti Stocks Mauritius Holdings Limited and Stefanutti Stocks International Holdings Proprietary Limited to CCG-Compass Consulting Group (Purchaser). The completion of the Proposed Transaction is subject to the fulfilment or waiver of certain conditions precedent, including that the Purchaser provides alternative security arrangements to release Stefanutti Stocks from its existing security arrangements. The parties have extended the period for fulfilment or waiver of the conditions precedent to 31 December 2024.

SS Mozambique holds an 80% interest in a Mauritian company, Stefanutti Stocks Hyvec Partners JV Limited (Hyvec JV), which was established to execute a contract that was awarded to construct villas for a resort in Mauritius (the Project).

The Proposed Transaction envisaged that the group's interest in Hyvec JV would be (indirectly) transferred to the Purchaser. However, for various commercial reasons, the parties now intend for the 80% shareholding in Hyvec JV (as well as certain plant and formwork owned by SS Mozambique used on the Project) to be sold by SS Mozambique to other Stefanutti Stocks group companies prior to the implementation of the Proposed Transaction. Due to the exclusion of Hyvec JV from the Proposed Transaction the original sale and purchase agreements concluded with the Purchaser will be amended. The amendments will also address related and ancillary matters, in particular the restraint and non-solicitation provisions originally agreed by the parties in relation to the Mauritius territory. The amendments will not impact the purchase consideration payable by the Purchaser. When the amendments are signed, shareholders will be updated accordingly.

Consequently, the Hyvec JV has been reclassified to continuing operations as at 29 February 2024 and the Statement of Comprehensive Income for the period ended 31 August 2023 has been restated.

Due to legislative changes in Mauritius, it took the Hyvec JV substantially longer to on-board the required out-of-country labour. Additional resources required to achieve the construction programme resulted in the group recognising a further onerous contract provision at 31 August 2024 of R30 million.

Due to circumstances beyond the group's control, the classification of SS Mozambique and SS Construction as held for sale remains appropriate.

The disposal group, managed by the Africa Region, reported a loss for the period of R48 million (restated Aug 2023: profit of R10 million) which includes a fair value adjustment of R23 million (restated Aug 2023: R28 million fair value adjustment reversal) and a forex loss of R10 million (Aug 2023: a profit of R3 million).

For detailed information refer to note 5.

Continuing operations

Contract revenue from continuing operations is R3,6 billion (restated Aug 2023: R3,5 billion) with an improved operating profit of R132 million (restated Aug 2023: R62 million).

Earnings before interest, tax, depreciation and amortisation (EBITDA) improved to R166 million from R90 million for the comparative period due to an improved operating performance. Included in EBITDA is a net expected credit loss (ECL) reversal of R6 million (Aug 2023: a provision of R4 million). The reversals in the current period relates to trade receivables that were previously provided for and subsequently recovered.

The depreciation charge increased to R34 million (restated Aug 2023: R28 million) due to capital expenditure incurred during the period and in the prior year.

Due to improved cash balances during the period, investment income increased to R27 million (restated Aug 2023: R17 million).

Equity-accounted investees reported a loss of R1,0 million (Aug 2023: R0,3 million) due to a depressed property market and the winding down of the Botswana associate, which declared a dividend of R8 million, reducing the carrying value thereof to R15 million (Feb 2024: R25 million).

The tax charge is impacted by the profitability of the cross-border operations at their varying tax rates. Furthermore, the group has not provided for a deferred tax asset on the losses reported for the Hyvec JV.

Profit for the period for total operations is R2,9 million compared to a loss of R2,0 million for the comparative period.

Earnings per share for total operations is a profit of 1,71 cents (Aug 2023: loss per share of 1,21 cents), and headline earnings per share a profit of 13,23 cents (Aug 2023: loss per share of 22,41 cents).

The group's current order book is R8,9 billion (restated Aug 2023: R7,2 billion) of which R1,5 billion (restated Aug 2023: R1,9 billion) arises from work beyond South Africa's borders.

Property, plant and equipment increased to R658 million due to the purchase of new plant and equipment of R168 million of which R76 million was financed through instalment sale agreements and R47 million relates to right-of-use assets.

The increase in inventory to R53 million (Feb 2024: R46 million) primarily relates to project specific requirements, whilst the increase in contracts in progress from R536 million to R596 million is predominantly due to a specific project linked to milestone invoicing.

Total interest-bearing liabilities increased from R1 208 million to R1 278 million due to the financing of capital expenditure of R116 million. Interest paid on the loan during the period reduced to R60 million (Aug 2023: R69 million) as a result of capital repayments made.

Provisions increased to R1,0 billion from R966 million in line with trading activity and the inclusion of the onerous contract provision of R30 million relating to the Hyvec JV.

The increase in excess billings over work done to R1,4 billion (Feb 2024: R1,3 billion) resulted in cash generated from operations of R302 million (Feb 2024: R322 million), which also includes an inflow from working capital of R111 million (Feb 2024: R168 million). This contributed to the increase in the group's cash position to R784 million (Feb 2024: R755 million).

The effect of the strengthening Rand on the translation of certain foreign operations resulted in a R40 million loss (Feb 2024: R13 million profit) being recognised in other comprehensive income, negatively impacting the group's net asset value.

Review of operations

Inland Region

The Inland Region delivered a strong performance with contract revenue and operating profit of R1,5 billion (Aug 2023: R1,5 billion) and R81 million (Aug 2023: R74 million) respectively.

All disciplines are performing to expectation.

The Inland's order book at August 2024 was R4,3 billion (Aug 2023: R3,0 billion).

Coastal Region

The Coastal Region reflected an improved performance with a significant increase in both contract revenue and operating profit to R1,0 billion (Aug 2023: R544 million) and R33 million (Aug 2023: R0,3 million) respectively. All disciplines are performing to expectation.

Coastal's order book at August 2024 was R1,9 billion (Aug 2023: R2,1 billion).

Western Cape Region

Western Cape's contract revenue is R427 million (Aug 2023: R508 million) with an operating profit of R31 million (Aug 2023: R15 million). All disciplines are performing to expectation.

Western Cape's order book at August 2024 was R1,6 billion (Aug 2023: R1,0 billion).

Africa Region

The Africa Region's contract revenue is R722 million (restated Aug 2023: R1,0 billion) with an operating profit of R37 million (restated Aug 2023: R22 million). These results have been negatively impacted by the recognition of a provision of R30 million due to additional resources required to reach contract completion for the Hyvec JV and difficult operating conditions in Botswana due to excess capacity in the sector. The remaining operations are performing to expectation.

With respect to the arbitration award relating to the Kalabo-Sikongo-Angola border gate road in the Western Province of Zambia, shareholders are advised that the process remains ongoing as reported in the Feb 2024 results. Due to the uncertainty relating to the timing and quantum of receipts, the award has not been recognised in the financial statements.

Africa's order book at August 2024 was R1,4 billion (restated Aug 2023: R1,4 billion).

Safety

Management and staff remain committed to the group's health and safety policies and procedures, and together strive to constantly improve the group's safety performance. The group's Lost Time Injury Frequency Rate (LTIFR) at August 2024 was 0,06 (Feb 2024: 0,03) and the Recordable Case Rate (RCR) was 0,29 (Feb 2024: 0,24).

Broad-Based Black Economic Empowerment (B-BBEE)

The group is a level 1 B-BBEE contributor measured in terms of the Construction Sector scorecard with a Black Ownership score of 63,73%.

Industry-related matters

The group continues to be negatively affected by disruptive and unlawful activities by certain communities and informal business forums in several areas of South Africa.

Dividend declaration

Notice is hereby given that no dividend will be declared (Aug 2023: Nil).

Capital commitments

Capital commitments relate to expenditure for plant and equipment which has been authorised and/or contracted for but not yet recognised in the financial statements. Capital commitments which have been authorised but not yet contracted for as at 31 August 2024 amount to R207 million.

Subsequent events

Other than the matters noted herein, there are no other material reportable events which occurred between the reporting date and the date of this announcement.

Appreciation

We express our appreciation to the board, the management team and all our employees for their continuous commitment and dedication. We also express our gratitude to our Lenders, service providers, customers, suppliers and shareholders for their ongoing support.

On behalf of the board

Zanele Matlala
Chairman

Russell Crawford
Chief Executive Officer

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	%	Unaudited 6 months ended 31 August 2024 R'000	*Restated 6 months ended 31 August 2023 R'000	Audited 12 months ended 29 February 2024 R'000
	Increase			
Continuing operations				
Contract revenue (note 4)	2	3 625 849	3 542 261	7 084 226
Earnings before interest, taxation, depreciation and amortisation (EBITDA)				
	84	166 136	90 335	270 247
Depreciation		(34 247)	(27 917)	(57 758)
Fair value adjustments		–	(437)	(2 743)
Operating profit before investment income				
	113	131 889	61 981	209 746
Investment income		26 877	17 068	43 591
Share of losses of equity-accounted investees		(1 078)	(328)	(2 030)
Operating profit before finance costs				
		157 688	78 721	251 307
Finance costs		(73 750)	(78 660)	(150 822)
Profit before taxation				
		83 938	61	100 485
Taxation		(33 337)	(12 516)	(74 346)
Profit/(loss) for the period from continuing operations				
(Loss)/profit after tax for the period from discontinued operations (note 5.1)		50 601	(12 455)	26 139
		(47 734)	10 434	(10 253)
Profit/(loss) for the period for total operations				
		2 867	(2 021)	15 886
Other comprehensive income				
		(47 257)	13 160	(3 386)
Exchange differences on translation of foreign operations (may be reclassified to profit/(loss)) – Continuing operations		(39 578)	11 233	13 024
Exchange differences on translation of foreign operations (may be reclassified to profit/(loss)) – Discontinued operations		(7 679)	1 672	6 874
Reclassification of foreign currency translation reserve on deregistration of foreign operations - Continuing operations		–	255	(23 284)
Total comprehensive income				
		(44 390)	11 139	12 500
Profit/(loss) attributable to equity holders of the company:				
Continuing operations		50 601	(12 455)	26 139
Discontinued operations		(47 734)	10 434	(10 253)
		2 867	(2 021)	15 886
Total comprehensive income attributable to equity holders of the company:				
Continuing operations		11 023	(967)	15 879
Discontinued operations		(55 413)	12 106	(3 379)
		(44 390)	11 139	12 500
Earnings per share (cents) (note 1)				
Continuing operations		30,25	(7,45)	15,63
Discontinued operations		(28,54)	6,24	(6,13)
Total operations		1,71	(1,21)	9,50
Diluted earnings per share (cents) (note 1)				
Continuing operations		29,20	(7,45)	15,63
Discontinued operations		(28,54)	6,24	(6,13)
Total operations		1,65	(1,21)	9,50

* The information has been restated for the changes between continuing and discontinued operations as stated in the commentary.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited 31 August 2024 R'000	Audited 29 February 2024 R'000
ASSETS		
Non-current assets	1 138 970	1 008 977
Property, plant and equipment	658 145	528 666
Equity-accounted investees	15 025	24 862
Goodwill	272 376	272 376
Trade and other receivables	9 084	9 531
Deferred tax assets	184 340	173 542
Current assets	3 560 659	3 423 906
Inventories	52 742	46 295
Contracts in progress	596 333	535 792
Trade and other receivables	2 002 390	1 998 873
Taxation	92 973	88 122
Bank balances	816 221	754 824
Non-current assets held for sale and disposal groups (note 5.2)	821 954	675 488
Total assets	5 521 583	5 108 371
EQUITY AND LIABILITIES		
Capital and reserves	(93 932)	(51 703)
Share capital and premium	1 007 718	1 007 718
Other reserves	88 802	133 898
Accumulated loss	(1 190 452)	(1 193 319)
Non-current liabilities	212 528	188 578
Financial liabilities	190 043	149 312
Excess billings over work done	22 485	39 266
Current liabilities	4 840 530	4 559 663
Financial liabilities	1 055 276	1 059 014
Trade and other payables	1 231 160	1 238 928
Excess billings over work done	1 375 165	1 225 326
Provisions	1 041 372	966 073
Taxation	105 150	70 319
Bank balances	32 407	3
Liabilities directly associated with disposal groups* (note 5.2)	562 457	411 833
Total equity and liabilities	5 521 583	5 108 371
* including interest-bearing liabilities and bank overdrafts of	37 134	57 114

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital and premium R'000	Other reserves				Accumulated loss R'000	Total equity R'000
		Foreign currency translation reserve R'000	Share-based payments reserve R'000	Revaluation surplus reserve R'000	Reserves of disposal groups held for sale R'000		
Balance at 28 February 2023	1 007 718	29 354	–	20 039	85 730	(1 209 205)	(66 364)
Total comprehensive income	–	11 488	–	–	1 672	(2 021)	11 139
Loss for the period	–	–	–	–	–	(2 021)	(2 021)
Other comprehensive income	–	11 488	–	–	1 672	–	13 160
Balance at 31 August 2023 restated*	1 007 718	40 842	–	20 039	87 402	(1 211 226)	(55 225)
Forfeitable share awards	–	–	2 161	–	–	–	2 161
Total comprehensive income	–	(21 748)	–	–	5 202	17 907	1 361
Profit for the period	–	–	–	–	–	17 907	17 907
Other comprehensive income	–	(21 748)	–	–	5 202	–	(16 546)
Balance at 29 February 2024 audited	1 007 718	19 094	2 161	20 039	92 604	(1 193 319)	(51 703)
Forfeitable share awards	–	–	2 161	–	–	–	2 161
Total comprehensive income	–	(39 578)	–	–	(7 679)	2 867	(44 390)
Profit for the period	–	–	–	–	–	2 867	2 867
Other comprehensive income	–	(39 578)	–	–	(7 679)	–	(47 257)
Balance at 31 August 2024 unaudited	1 007 718	(20 484)	4 322	20 039	84 925	(1 190 452)	(93 932)

* The information has been restated for the changes between continuing and discontinued operations as stated in the commentary.

Reserves

Foreign currency translation reserve comprises the translation effect of foreign subsidiaries, joint arrangements and equity-accounted investees to the presentation currency.

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

Revaluation surplus reserve comprises the revaluation of land and buildings.

Reserves of disposal groups comprises foreign currency translation and revaluation surplus reserves.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited 6 months ended 31 August 2024 R'000	Unaudited 6 months ended 31 August 2023 R'000	Audited 12 months ended 29 February 2024 R'000
Cash generated from operations	302 018	184 540	321 946
Investment income	26 751	16 273	42 825
Finance costs	(81 766)	(80 339)	(162 668)
Dividends received	7 796	–	9 563
Taxation paid	(21 308)	(27 034)	(62 780)
Cash flows from operating activities	233 491	93 440	148 886
Proceeds received – property, plant and equipment	13 239	24 606	42 986
Expenditure for maintaining – property, plant and equipment	(45 338)	(11 485)	(37 040)
Advances to equity-accounted investees	(1 571)	(1 587)	(3 158)
Proceeds on disposal of equity-accounted investees	929	3 107	4 418
Proceeds on disposal of AI Tayer Stocks LLC	–	16 227	60 095
Cash flows from investing activities	(32 741)	30 868	67 301
Repayment of long-term financing	(85 595)	(63 657)	(216 050)
Repayment of short-term financing	(4 368)	(4 552)	(9 976)
Purchase of shares	(3 638)	–	–
Cash flows from financing activities	(93 601)	(68 209)	(226 026)
Net increase/(decrease) in cash for the period	107 149	56 099	(9 839)
Cash at the beginning of the period – continuing operations	754 821	560 562	560 562
Cash at the beginning of the period – discontinued operations	(40 837)	156 264	156 264
Less: Cash at the end of the period – discontinued operations	(28 289)	(85 752)	40 837
Effect of exchange rate changes on cash and cash equivalents	(9 030)	(206)	6 997
Cash and cash equivalents at the end of the period – continuing operations	783 814	686 967	754 821

NOTES

BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated results for the 6 months ended 31 August 2024 (the period) have been prepared in accordance with framework concepts and the measurement and recognition requirements of IFRS® Accounting Standards (IFRS Accounting Standards) and the South African Financial Reporting Requirements. The report contains the information required by International Accounting Standard IAS 34: Interim Financial Reporting and is in compliance with the Listings Requirements of the JSE Limited and the requirements of the South African Companies Act 71 of 2008. The accounting policies as well as the methods of computation used in the preparation of the results for the period ended 31 August 2024 are in terms of IFRS Accounting Standards and are consistent with those applied in the audited annual financial statements for the year ended 29 February 2024.

There is no significant difference between the carrying amounts of financial assets and liabilities and their fair values. The fair value measurements for land and buildings are categorised as a level 3, based on the valuation method of income capitalisation or direct comparable sales using unobservable inputs such as market capitalisation rates and income/expenditure ratio. Plant and equipment included within non-current assets held for sale have been categorised as a level 3 fair value based on significant unobservable inputs to the valuation technique used. These assets are measured using the comparable sales method. This entails the use of quoted prices for identical or similar assets in the market.

The results are presented in Rand, which is Stefanutti Stocks' presentation currency. The company's directors are responsible for the preparation and fair presentation of the results which have been compiled under the supervision of the Chief Financial Officer, Y du Plessis, CA(SA). These results have not been audited or reviewed by the company's independent external auditor.

GOING CONCERN

The directors consider it appropriate that the group's results for the period be prepared on the going-concern basis, taking into consideration:

- the current order book;
- short-term potential awards;
- identified prospects over the medium- and long-term;
- continuing operations executing the group's order book profitably;
- reaching a favourable outcome on contractual claims and compensation events on the Kusile power project;
- continued support from the Lenders; and
- successfully implementing the remaining aspects of the Restructuring Plan.

The loan provided by the Lenders has assisted with the group's liquidity, even though at 31 August 2024 the group's current liabilities exceed its current assets by R1 280 million (Feb 2024: R1 136 million), and the group's total liabilities exceed its total assets by R94 million (Feb 2024: R52 million).

The group remains commercially solvent based on the cash flow projections performed up to February 2026, included in the Restructuring Plan and the continued support of the Lenders. However, the matters as noted above including uncertainties surrounding the contingent liabilities as stated in note 26 of the group's Consolidated Annual Financial Statements for the year ended 29 February 2024, continue to indicate that a material uncertainty exists that may cast doubt on the group's ability to continue as a going concern, and as a consequence could impact on the group's ability to realise its assets and discharge its liabilities in the ordinary course of business.

1. HEADLINE EARNINGS RECONCILIATION

	Continuing operations			Discontinued operations			Total operations		
	31 Aug 2024 R'000	31 Aug 2023* R'000	29 Feb 2024 R'000	31 Aug 2024 R'000	31 Aug 2023* R'000	29 Feb 2024 R'000	31 Aug 2024 R'000	31 Aug 2023 R'000	29 Feb 2024 R'000
Profit/(loss) after taxation attributable to equity holders of the company	50 601	(12 455)	26 139	(47 734)	10 434	(10 253)	2 867	(2 021)	15 886
Adjusted for:									
Net profit on disposal of plant and equipment	(3 006)	(4 824)	(10 308)	(542)	–	–	(3 548)	(4 824)	(10 308)
Net gain on disposal of non-current assets held for sale	(1 114)	(5 977)	(8 972)	–	–	–	(1 114)	(5 977)	(8 972)
Fair value adjustments	–	437	2 743	22 734	(28 390)	(73 721)	22 734	(27 953)	(70 978)
Reclassification of FCTR** on deregistration of foreign operations	–	255	(23 284)	–	–	–	–	255	(23 284)
Net tax effect	1 017	3 038	4 458	174	–	–	1 191	3 038	4 458
Headline earnings	47 498	(19 526)	(9 224)	(25 368)	(17 956)	(83 974)	22 130	(37 482)	(93 198)

* The information has been restated for the changes between continuing and discontinued operations as stated in the commentary.

** FCTR – foreign currency translation reserve

Number of:

Weighted average shares in issue	167 243 684	167 243 684	167 243 684	167 243 684	167 243 684	167 243 684	167 243 684	167 243 684	167 243 684
Diluted weighted average shares in issue	173 301 536	167 243 684	167 243 684	167 243 684*	167 243 684	167 243 684	173 301 536	167 243 684	167 243 684
Earnings per share (cents)	30,25	(7,45)	15,63	(28,54)	6,24	(6,13)	1,71	(1,21)	9,50
Diluted earnings per share (cents)	29,20	(7,45)	15,63	(28,54)	6,24	(6,13)	1,65	(1,21)	9,50
Headline earnings per share (cents)	28,40	(11,68)	(5,52)	(15,17)	(10,73)	(50,21)	13,23	(22,41)	(55,73)
Diluted headline earnings per share (cents)	27,41	(11,68)	(5,52)	(15,17)	(10,73)	(50,21)	12,77	(22,41)	(55,73)

* 173 301 536 anti-dilutive.

2. RECONCILIATION OF NUMBER OF SHARES

Earnings per share (EPS) and Headline earnings per share (HEPS)	Weighted average shares	
	31 August 2024	29 February 2024
Shares used for EPS and HEPS		
Basic	167 243 684	167 243 684
Diluted	173 301 536	167 243 684
Reconciliation of number of shares		
Issued ordinary shares – at the beginning of the period	188 080 746	188 080 746
Effect of treasury shares held in share trust	(6 429 930)	(6 429 930)
Effect of treasury shares held in investment subsidiary	(14 407 132)	(14 407 132)
Basic weighted average number of shares	167 243 684	167 243 684
Reconciliation of the basic and diluted weighted average number of shares		
Basic weighted average number of shares	167 243 684	167 243 684
Dilutive effects	6 057 852	–
Diluted weighted average number of shares	173 301 536	167 243 684

3. CONDENSED CONSOLIDATED SEGMENT INFORMATION

	Inland ^{^^} Region R'000	Coastal Region R'000	Western Cape Region R'000	Africa Region R'000	Reconciling segments [^] R'000	Total R'000
31 August 2024 (unaudited)						
Contract revenue	1 521 607	955 077	427 204	721 961	–	3 625 849
Intersegment contract revenue	–	4 408	–	2 676	–	7 084
Reportable segment profit/(loss)						
– Continuing operations	69 107	24 140	23 266	13 616	(79 528)	50 601
Reportable segment profit/(loss)						
– Discontinued operations	–	–	–	(47 734)	–	(47 734)
Reportable segment assets	1 919 074	875 445	250 848	2 025 180	451 036	5 521 583
Reportable segment liabilities	1 770 281	849 679	257 220	1 557 770	1 180 565	5 615 515
31 August 2023 (restated)*						
Contract revenue	1 466 291	543 872	507 653	1 024 445	–	3 542 261
Intersegment contract revenue	–	21 405	1 727	6 094	–	29 226
Reportable segment profit/(loss)						
– Continuing operations	86 615	(3 326)	11 036	12 281	(119 061)	(12 455)
Reportable segment profit/(loss)						
– Discontinued operations	–	–	–	10 434	–	10 434
Reportable segment assets	1 737 794	588 724	202 954	2 355 530	501 313	5 386 315
Reportable segment liabilities	1 512 885	478 945	221 177	1 839 287	1 389 246	5 441 540
29 February 2024 (audited)						
Contract revenue	3 092 529	1 214 775	1 140 075	1 636 847	–	7 084 226
Intersegment contract revenue	–	33 422	3 764	10 772	–	47 958
Reportable segment profit/(loss)						
– Continuing operations	203 844	11 647	27 787	(3 291)	(213 848)	26 139
Reportable segment profit/(loss)						
– Discontinued operations	–	–	–	(10 253)	–	(10 253)
Reportable segment assets	1 744 324	567 134	216 036	2 161 392	419 485	5 108 371
Reportable segment liabilities	1 522 075	489 930	240 836	1 679 221	1 228 012	5 160 074

* The information has been restated for the changes between continuing and discontinued operations as stated in the commentary.

[^] Reconciling segments comprise segments that are primarily centralised in nature i.e. the group's headquarters. Included in reportable segment operating loss are finance costs on the funding loan of R60 million (Aug 2023: R69 million; Feb 2024: R134 million). Included in assets is goodwill of R272 million (Feb 2024: R272 million) and the receivable from AI Tayer Stocks LLC of R23 million (Feb 2024: R25 million). Included in liabilities is the funding loan of R947 million (Feb 2024: R997 million).

^{^^} A specific contract, which is executed in Zimbabwe, is included within the Inland Region for reporting purposes, as the required specialised skills and expertise to execute the contract are derived from the Inland Region.

4. DISAGGREGATION OF REVENUE

Contract revenue can be further disaggregated as follows:

	Unaudited 6 months ended 31 August 2024 R'000	*Restated 6 months ended 31 August 2023 R'000	Audited 12 months ended 29 February 2024 R'000
Geographical			
Within South Africa	2 778 921	2 153 197	4 729 043
Inland Region	1 396 640	1 103 394	2 375 915
Coastal Region	955 077	542 150	1 213 053
Western Cape Region	427 204	507 653	1 140 075
Outside South Africa	846 928	1 389 064	2 355 183
Inland Region	124 967	362 897	716 614
Coastal Region	–	1 722	1 722
Africa Region	721 961	1 024 445	1 636 847
	3 625 849	3 542 261	7 084 226
Sector			
Private	2 802 105	2 541 635	5 327 272
Inland Region	1 454 829	1 380 424	2 941 593
Coastal Region	593 505	270 926	572 041
Western Cape Region	252 105	369 378	837 914
Africa Region	501 666	520 907	975 724
Public	823 744	1 000 626	1 756 954
Inland Region	66 778	85 867	150 936
Coastal Region	361 572	272 946	642 734
Western Cape Region	175 099	138 275	302 161
Africa Region	220 295	503 538	661 123
	3 625 849	3 542 261	7 084 226

	Inland Region R'000	Coastal Region R'000	Western Cape Region R'000	Africa Region R'000	Total R'000
31 August 2024 (unaudited)					
Disciplines					
Buildings	1 325	351 748	259 058	616 415	1 228 546
Civils and Geotechnical	616 697	233 454	168 146	30 744	1 049 041
Mechanical Electrical Piping	300 785	–	–	–	300 785
Mining	78 175	–	–	39 056	117 231
Roads and Earthworks	524 625	369 875	–	35 746	930 246
	1 521 607	955 077	427 204	721 961	3 625 849
31 August 2023 (restated)*					
Disciplines					
Buildings	13 002	191 989	395 912	819 159	1 420 062
Civils and Geotechnical	774 346	351 883	111 741	141 945	1 379 915
Mechanical Electrical Piping	352 281	–	–	–	352 281
Mining	76 001	–	–	1 323	77 324
Roads and Earthworks	250 661	–	–	62 018	312 679
	1 466 291	543 872	507 653	1 024 445	3 542 261
29 February 2024 (audited)					
Disciplines					
Buildings	21 974	394 494	868 679	1 339 139	2 624 286
Civils and Geotechnical	1 598 801	814 842	271 396	179 072	2 864 111
Mechanical Electrical Piping	762 792	–	–	–	762 792
Mining	189 248	–	–	–	189 248
Roads and Earthworks	519 714	5 439	–	118 636	643 789
	3 092 529	1 214 775	1 140 075	1 636 847	7 084 226

* The information has been restated for the changes between continuing and discontinued operations as stated in the commentary.

5. DISCONTINUED OPERATIONS

5.1 STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Unaudited 6 months ended 31 August 2024 R'000	*Restated 6 months ended 31 August 2023 R'000	Audited 12 months ended 29 February 2024 R'000
Contract revenue	241 395	220 105	404 133
Earnings before interest, taxation, depreciation and amortisation (EBITDA)	(20 868)	(23 199)	(72 135)
Fair value adjustments [^]	(22 734)	28 390	73 721
Operating (loss)/profit before investment income	(43 602)	5 191	1 586
Investment income	1	145	141
Operating (loss)/profit before finance costs	(43 601)	5 336	1 727
Finance costs	(9 013)	(4 047)	(12 957)
(Loss)/profit before taxation	(52 614)	1 289	(11 230)
Taxation	4 880	9 145	977
(Loss)/profit for the period	(47 734)	10 434	(10 253)
Other comprehensive income	(7 679)	1 672	6 874
Exchange differences on translation of foreign operations (may be reclassified to profit/(loss))	(7 679)	1 672	6 874
Total comprehensive income	(55 413)	12 106	(3 379)
(Loss)/profit attributable to equity holders of the company	(47 734)	10 434	(10 253)
Total comprehensive income attributable to equity holders of the company	(55 413)	12 106	(3 379)
Earnings and diluted earnings per share (cents)	(28,54)	6,24	(6,13)
Headline earnings and diluted headline earnings per share (cents)	(15,17)	(10,73)	(50,21)

* The information has been restated for the changes between continuing and discontinued operations as stated in the Commentary.

[^] The fair value adjustments relate to the (loss)/gain on the subsequent increase/(decrease) in fair value less costs to sell as required by IFRS 5.

5.2 STATEMENT OF FINANCIAL POSITION

	Unaudited 31 August 2024 R'000	Audited 29 February 2024 R'000
Non-current assets	357 266	382 729
Property, plant and equipment	321 340	349 186
Deferred tax assets	35 926	33 543
Current assets	468 543	273 709
Inventories	116 557	123 922
Contracts in progress	114 951	50 167
Trade and other receivables	170 960	81 583
Taxation	652	1 966
Bank balances	65 423	16 071
	825 809	656 438
Less: Fair value adjustment – Disposal Group	(22 734)	–
Total assets	803 075	656 438
Current liabilities	562 457	411 833
Financial liabilities	–	206
Trade and other payables	140 450	184 690
Excess billings over work done	364 685	142 964
Provisions	20 188	27 065
Bank balances	37 134	56 908
Total liabilities	562 457	411 833

5. DISCONTINUED OPERATIONS (CONTINUED)

5.3 NET CASH FLOWS

	Unaudited 31 August 2024 R'000	Audited 29 February 2024 R'000
Net cash movement from operating activities	69 026	(48 421)
Net cash movement from investing activities	3 500	(265)
Net cash movement from financing activities	(195)	(908)
Effects of exchange rate changes on cash and cash equivalents	(3 205)	553
Net movement in cash	69 126	(49 041)

5.4 DISAGGREGATION OF REVENUE

Contract revenue can be further disaggregated as follows:

	Unaudited 6 months ended 31 August 2024 R'000	*Restated 6 months ended 31 August 2023 R'000	Audited 12 months ended 29 February 2024 R'000
Africa Region			
Geographical – Outside South Africa	241 395	220 105	404 133
Sector – Private	241 395	220 105	404 133
Discipline – Buildings	241 395	220 105	404 133

* The information has been restated for the changes between continuing and discontinued operations as stated in the Commentary.

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Y du Plessis (Chief Financial Officer)

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This announcement together with the investor presentation is available on the company's website and physical copies can be obtained from the company's registered office.

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