REVIEWED CONDENSED CONSOLIDATED FINANCIAL RESULTS

FOR THE YEAR ENDED 29 FEBRUARY 2008

STEFANUTTI & BRESSAN HOLDINGS LIMITED
("Stefanutti & Bressan" or "the company" or "the group")
(Registration number 1996/003767/06)
Share code: SFB ISIN: ZAE000101903

- **Revenue** ↑ 51%
- **Headline earnings** ↑ 272%
- **Operating profit** ↑ 162%
- **EPS on forecast** ↑ 24%
- **Cash on hand R662,9 million**
- **Profitability ahead of pre-listing forecasts**
- **Three acquisitions successfully concluded**
- **Post year-end acquisition of Stocks Limited**

Condensed group income statement

R'000	% increase	Reviewed 12 months to 29 February 2008	Audited 12 months to 28 February 2007
Revenue	51	**2 544 923**	1 688 652
Earnings before interest, taxation, depreciation and amortisation (EBITDA)		**217 316**	84 483
Depreciation		**(30 925)**	(14 150)
Amortisation of intangible assets		**(2 087)**	–
Operating profit	162	**184 304**	70 333
Investment income		**41 130**	12 779
Finance costs		**(18 476)**	(7 822)
Share of profits from associate company		**1 409**	–
Profit before taxation	177	**208 367**	75 290
Taxation		**(63 949)**	(38 041)
Profit for the year	288	**144 418**	37 249
Attributable to:			
Equity holders of the company		**134 919**	36 275
Minority shareholders		**9 499**	974
		144 418	37 249
Headline earnings reconciliation			
Profit after taxation attributable to equity holders of the company		**134 919**	36 275
Adjusted for:			
Plus IAS 16 impairment of land and buildings		**–**	668
Plus/(less) IAS 16 loss/(profit) on disposal of plant and equipment		**818**	(665)
Tax effect of adjustment		**(237)**	96
Total minority interest of adjustments		**(90)**	15
Headline earnings	272	**135 410**	36 389
Normalised headline earnings reconciliation			
Headline earnings		**135 410**	36 389
Adjusted for:			
Cost of BEE credentials		**–**	30 000
Plus IFRS 2 share-based incentive scheme expense		**10 905**	–
Plus IFRS 3 amortisation of intangibles		**2 087**	–
Tax effect of adjustments		**(584)**	–
Normalised headline earnings		**147 818**	66 389
Weighted average shares in issue		**130 634 200**	108 882 933
Diluted weighted average shares in issue		**135 970 022**	108 882 933
Earnings per share (cents)	210	**103,28**	33,32
Diluted earnings per share (cents)		**99,23**	33,32
Headline earnings per share (cents)	210	**103,65**	33,42
Diluted headline earnings per share (cents)		**99,59**	33,42
Normalised headline earnings per share (cents)		**113,15**	60,97
Diluted normalised headline earnings per share (cents)		**108,71**	60,97

Condensed group balance sheet

R'000	Reviewed at 29 February 2008	Audited at 28 February 2007
ASSETS		
Non-current assets		
Property, plant and equipment	**358 129**	151 084
Intangible assets	**155 950**	59 091
Deferred taxation	**31 649**	2 961
Current assets	**1 286 701**	573 319
Bank balances	**662 983**	217 518
Other current assets	**619 227**	355 789
Taxation	**4 491**	12
Total assets	**1 832 429**	786 455
EQUITY AND LIABILITIES		
Ordinary shareholders' interest	**590 682**	213 473
Minority shareholders' interest	**25 091**	2 210
Total equity	**615 773**	215 683
Non-current liabilities	**136 719**	55 674
Other financial liabilities	**69 893**	30 399
Vendors for acquisition	**37 545**	–
Deferred taxation	**29 281**	25 275
Current liabilities	**1 079 937**	515 098
Bank overdraft	**–**	11 958
Other current liabilities	**603 568**	364 859
Provisions	**390 561**	112 268
Taxation	**85 808**	26 013
Total equity and liabilities	**1 832 429**	786 455
Net shares in issue	**139 380 867**	119 189 200
Total shares in issue	**148 355 867**	119 189 200
Net asset value per share (cents)	**423,79**	179,10
Net tangible asset value per share (cents)	**311,90**	129,53
Diluted net asset value per share (cents)	**398,15**	179,10
Diluted net tangible asset value per share (cents)	**293,03**	129,53

Condensed group cash flow statement

R'000	Reviewed 12 months to 29 February 2008	Audited 12 months to 28 February 2007
Cash flows from operating activities	**407 448**	93 428
Expenditure to maintain operating capacity	**(161 838)**	(63 290)
Expenditure for expansion	**(89 892)**	(5 022)
Cash flows from investing activities	**(251 730)**	(68 312)
Cash flows from financing activities	**301 705**	79 199
Net increase in cash for the year	**457 423**	104 315
Cash at beginning of year	**205 560**	101 245
Net cash at end of year	**662 983**	205 560

Segmental reporting

Primary segments
29 February 2008

R'000	Gauteng	KwaZulu Natal	Western Cape	Outside South Africa	Total
Total assets	**1 334 245**	**222 424**	**127 031**	**148 729**	**1 832 429**
Total liabilities	**786 893**	**182 323**	**117 002**	**130 438**	**1 216 656**
Revenue	**1 535 855**	**578 560**	**160 033**	**270 475**	**2 544 923**
Profit for the year	**88 440**	**32 271**	**8 623**	**15 084**	**144 418**

Secondary segments
29 February 2008

R'000	Revenue	Total assets
Building and Piling	**888 262**	**356 108**
Civils, Earthworks & Mining Services	**1 656 661**	**1 476 321**
Total	**2 544 923**	**1 832 429**

Commentary

Introduction

The directors are pleased to present the group's maiden annual financial results since listing for the year ended 29 February 2008 ("the year"). These results reflect profitability 25% and operating margin 9% ahead of forecasts set out in the company's pre-listing prospectus.

Stefanutti & Bressan successfully debuted on the JSE Limited on 3 August 2007 and has since traded at a significant premium to the pre-listing private placement price of R12 a share and posted good trading volumes.

During the year Stefanutti & Bressan further successfully concluded three acquisitions in the disciplines of Mining Services and Concrete Structures, which have been well integrated into the group's operations. Subsequent to year-end the company announced a proposed merger with construction group Stocks Limited ("Stocks") to be effected through the acquisition of Stocks for R1,1 billion (see 'Post balance sheet events' below).

Basis of preparation

The condensed consolidated annual financial statements for the year have been prepared in compliance with International Financial Reporting Standards ("IFRS"), IAS 34 and the requirements of the South African Companies Act 1973. The accounting policies and method of measurement and recognition applied in preparation of the condensed consolidated annual financial statements are consistent with those applied in the group's most recent audited annual financial statements for the year ended 28 February 2007 ("the previous year"), which comply with IFRS.

Auditor's review

The condensed consolidated annual financial statements for the year have been reviewed by the company's auditors, Mazars Moores Rowland. Their unqualified review opinion is available for inspection at the company's registered office.

Group profile

Stefanutti & Bressan operates throughout Southern Africa with expertise spanning concrete structures and rehabilitation, roads and earthworks, piling and geotechnical services, mine residue disposal facilities (tailings dams), opencast contract mining, building works and mechanical, electrical and marine construction. Its spectrum of projects ranges across industrial and petrochemical plants, cooling towers for power stations, mine infrastructure, dams, roads, bridges, water and effluent treatment plants, township infrastructure and industrial, commercial and select residential buildings.

With the proposed acquisition of Stocks (see 'Post balance sheet events' below) the group will significantly increase its scale and critical mass, in particular within its building discipline, enabling Stefanutti & Bressan to secure even larger and more complex projects.

Review of operations

Concrete Structures

This division accounts for the largest contribution to group revenue and performed strongly. The market for heavy civil engineering construction services has seen significant improvement during the past 12 months with good growth expected to continue.

Roads and Earthworks

Roads and Earthworks continued to perform well during the year. The outlook for this division remains extremely positive, with revenue expected to escalate in the year ahead as a result of ongoing demand.

Piling

The division reflected healthy profitability for the year, with healthy growth expected to continue for the year ahead.

Mining Services

With the integration of Environmental, Civil and Mining Projects (Pty) Limited ("ECMP') into the group's operations (see 'Acquisitions' below) Mining Services is well positioned to benefit from robust growth in the mining and minerals processing sectors on the back of global demand for commodities. Construction of large mine infrastructure projects currently underway is progressing well, with the expectation of further similar contracts in the future.

Building

This division achieved results in line with expectations, with the exception of two residential apartment contracts which impacted negatively on margins. Both contracts are now complete. For the year ahead Building is well positioned to capitalise on new opportunities and projects.

Acquisitions

Prior to listing with effect from 3 April 2007, the company acquired 100% of the shareholding in ECMP. The acquisition has been fully integrated into the group's Mining Services operations with ECMP being a civil engineering company specialising in mine residue disposal facilities and open-cast contract mining activities.

Further to the announcements of 19 September 2007 and 18 January 2008 regarding the acquisition of majority stakes in mechanical and electrical construction specialists Skelton & Plummer Investment Holding Company (Pty) Limited ("Skelton & Plummer") and in Civil & Coastal Construction (Pty) Limited ("Civil & Coastal") – marine construction experts, all conditions precedent have been met and the transactions successfully concluded. The 80,3% stake in Skelton & Plummer was acquired with effect from 2 January 2008 while the acquisition of a 51% stake in Civil & Coastal was effective from 1 November 2007.

In terms of IFRS 3: *Business Combinations* the initial accounting for the acquisitions of Skelton & Plummer and Civil & Coastal has only been determined provisionally, as the Purchase Price Allocation has not been completed.

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

During May 2008 a top-up payment of R8,0 million will be made to the vendors of Skelton & Plummer. After 31 March 2009 a final payment for ECMP based on average earnings after taxation of the previous three years will be made, equating to R37,5 million.

Post balance sheet events

As previously announced on 11 March 2008 and 5 May 2008 Stefanutti & Bressan has concluded binding agreements for the acquisition of the entire ordinary issued share capital of Stocks, one of South Africa's leading construction businesses for 63 years with activities spread across Southern Africa and the Gulf region.

The acquisition will position the enlarged group as a major competitor in the first-tier construction sector with almost R5 billion turnover and 8 000 employees, and will further expand Stefanutti & Bressan's geographical footprint to include the Gulf region in which Stocks has long-established niche businesses in fit-out contracting and electromechanical services.

Stocks specialises in commercial buildings including airports, office parks, shopping centres and hotels as well as affordable housing for major mining and industrial clients.

Stefanutti & Bressan will settle the purchase consideration through a combination of cash and shares. In total 39 724 880 Stefanutti & Bressan shares will be issued at R18,60 a share to Stocks management and BEE shareholder Leswikeng Building (Pty) Limited. Consequently BEE shareholding in Stefanutti & Bressan will increase to 18,3%.

As the conclusion of the acquisition is subject to certain remaining conditions precedent, it is impracticable to provide the disclosure requirements of IFRS 3: *Business Combinations – Post Balance Sheet* at this stage.

Financial results

Results for the year exceed the pre-listing forecasts. Group revenue increased by 51% to R2,5 billion (2007: R1,7 billion) while operating profit increased by 162% to R184,3 million (2007: R70,3 million). Net profit after tax was up to R144,4 million from R37,2 million in the previous year, reflecting an increase of 24,6% above the pre-listing forecast.

Headline earnings of R135,4 million for the year translated into headline earnings per share of 103,65 cents (2007: 33,32 cents), 24,2% ahead of the pre-listing forecast.

A share-based incentive scheme expense of R10,9 million as required by IFRS 2: *Share-based Payment* and a customer related intangible amortisation cost of R2,1 million as required by IFRS 3: *Business Combinations,* are included in earnings for the year.

Cash on hand increased to R662,9 million.

Prospects

In light of unprecedented sector growth and continued robust market conditions the group remains confident of future growth. Stefanutti & Bressan is set to benefit from government's fast-tracking of infrastructure spend including on electricity, roads, ports and railways. In addition the group expects to benefit from investment backlogs in major municipal infrastructure such as water and wastewater purification plants.

The group further expects to participate significantly in Eskom's capital expansion programme and is currently tendering on a number of power-related projects. Additional opportunities include further coal-fired power stations and the proposed Eskom nuclear programme roll-out. Stefanutti & Bressan also anticipates continued private sector spending on capital projects in the commodities, petrochemical and manufacturing industries, in which the group is well-positioned to participate.

The acquisition of Stocks, once concluded, is set to significantly strengthen Stefanutti & Bressan's offering. The combined skills pool, particularly at management level where an industry-wide skills shortage is set to continue, will boost capacity and provide a clear competitive advantage. In addition Stocks' strong focus on building will bolster Stefanutti & Bressan's relatively smaller operations in this field. Further Stocks' established US Dollar-revenue stream from the Gulf operations will act as a rand hedge for the group, with its foothold in the high-growth region providing an opportunity for the group to penetrate other niche markets in the Gulf region, and leverage its full services offering.

Notwithstanding the prospects for strong future growth management is conscious of the constraints which factors such as the skills shortage, electricity supply and rising interest rates may have on future growth.

The order book currently stands at R3,8 billion.

Dividend policy

In line with group policy set out in the pre-listing prospectus, an annual dividend will not be declared before conclusion of the current financial year ending February 2009.

Company secretary

A Cocciante was appointed as company secretary with effect from 12 May 2008 following the resignation of MRM Financial Services (Pty) Limited.

Appreciation

We welcome the new employees that have joined Stefanutti & Bressan following the acquisitions during the year and thank all our employees whose hard work and dedication have been integral to the achievement of these results. We also thank our business partners and advisors for their ongoing support and our fellow directors for their wise counsel.

On behalf of the board

Gino Stefanutti
Executive Chairman

Willie Meyburgh
Chief Executive Officer

19 May 2008

Directors:
B Stefanutti *(Executive Chairman)*; W Meyburgh *(Chief Executive Officer)*; D Quinn> *(Financial Director)*; N Canca*; K Eborall*; M Mkwanazi*; LB Sithole* **Non-executive director* > *Irish*

Registered office:
MRM Financial Services (Pty) Limited, MRM Office Park, 10 Village Road, Kloof, 3610
(PO Box 12394, Aston Manor, 1630)

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

Transfer secretaries:
Computershare Investor Services (Pty) Limited, 70 Marshall Street, Johannesburg, 2001
(PO Box 61763, Marshalltown, 2107)

Company secretary:
A Cocciante, Protec Park, Cnr Zuurfontein & Oranjerivier Drive, Kempton Park, 1619
(PO Box 12394, Aston Manor, 1630)

Investor relations:
Envisage Investor & Corporate Relations

bridging your expectations

Group statement of changes in equity

R'000	Issued capital and premium	Share-based payments	Foreign currency translation reserve	Revaluation surplus	Retained earnings	Minority shareholder interest	Total
Balance at 1 March 2006 Audited	121 234	–	–	2 778	33 430	2 011	**159 453**
Premium on issue of ordinary shares	5 022	–	–	–	–	–	**5 022**
Impairment of land and buildings	–	–	–	(193)	–	–	**(193)**
Acquisition of minority interest	–	–	–	–	–	(643)	**(643)**
Net profit for the year	–	–	–	–	36 275	974	**37 249**
Premium on issue of preference shares	60 000	–	–	–	–	–	**60 000**
Share buy-back	(8 311)	–	–	–	–	–	**(8 311)**
Revaluation of land and buildings	–	–	–	986	–	103	**1 089**
Translation of foreign subsidiary	–	–	(78)	–	–	(235)	**(313)**
Dividends paid	–	–	–	–	(37 670)	–	**(37 670)**
Balance at 1 March 2007 Audited	177 945	–	(78)	3 571	32 035	2 210	**215 683**
Premium on issue of ordinary shares	350 000	–	–	–	–	–	**350 000**
Less listing expenses written off against share premium account	(11 730)	–	–	–	–	–	**(11 730)**
Less capital distribution from share premium account	(30 000)	–	–	–	–	–	**(30 000)**
Effect of consolidating the S&B Share Incentive Trust	(61 850)	–	–	–	–	–	**(61 850)**
Employee share options	–	10 905	–	–	–	–	**10 905**
Net profit for the year	–	–	–	–	134 919	9 499	**144 418**
Dividends paid	–	–	–	–	(15 000)	–	**(15 000)**
Translation of foreign subsidiary	–	–	(35)	–	–	(40)	**(75)**
Minority interest acquired	–	–	–	–	–	13 422	**13 422**
Balance at 29 February 2008 Reviewed	**424 365**	**10 905**	**(113)**	**3 571**	**151 954**	**25 091**	**615 773**