



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

# REVIEWED GROUP INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 AUGUST 2007

**Revenue** ↑ **26%**  
**Operating profit** ↑ **45%**  
**EPS and HEPS** ↑ **37%**

## GROUP INCOME STATEMENT

	Reviewed 6 months to 31 August 2007 R'000	Unaudited 6 months to 31 August 2006 R'000	Audited 12 months to 28 February 2007 R'000
<b>Revenue</b>	<b>1 100 308</b>	871 639	1 688 652
Earnings before interest, taxation and depreciation (EBITDA)	<b>91 192</b>	58 097	84 483
Depreciation	<b>(13 350)</b>	(4 458)	(14 150)
Operating profit	<b>77 842</b>	53 639	70 333
Investment income	<b>12 862</b>	3 861	12 779
Finance costs	<b>(9 713)</b>	(2 392)	(7 822)
Share of profits from associate company	<b>1 132</b>	-	-
<b>Profit before taxation</b>	<b>82 123</b>	55 108	75 290
Taxation	<b>(24 840)</b>	(21 258)	(38 041)
<b>Profit for the period</b>	<b>57 283</b>	33 850	37 249
<b>Attributable to:</b>			
Equity holders of the company	<b>55 311</b>	33 657	36 275
Minority shareholders	<b>1 972</b>	193	974
	<b>57 283</b>	33 850	37 249
<b>Headline earnings reconciliation</b>			
Profit after taxation attributable to equity holders of the company	<b>55 311</b>	33 657	36 275
<b>Headline earnings</b>	<b>55 311</b>	33 657	36 275
Weighted average shares in issue	<b>130 634 200</b>	108 882 933	108 882 933
Diluted weighted average shares in issue	<b>135 970 022</b>	108 882 933	108 882 933
Earnings per share (cents)	<b>42,34</b>	30,91	33,32
Diluted earnings per share (cents)	<b>40,68</b>	30,91	33,32
Headline earnings per share (cents)	<b>42,34</b>	30,91	33,32
Diluted headline earnings per share (cents)	<b>40,68</b>	30,91	33,32
Headline earnings per share excluding the cost of BEE credentials (cents)	<b>42,34</b>	30,91	60,87

## GROUP CASH FLOW STATEMENT

	Reviewed 6 months to 31 August 2007 R'000	Unaudited 6 months to 31 August 2006 R'000	Audited 12 months to 28 February 2007 R'000
<b>Cash flows from operating activities</b>	<b>158 656</b>	39 501	93 428
Expenditure to maintain operating capacity	<b>(86 894)</b>	(40 165)	(63 290)
Expenditure for expansion	<b>(11 827)</b>	(5 022)	(5 022)
<b>Cash flows from investing activities</b>	<b>(98 721)</b>	(45 187)	(68 312)
<b>Cash flows from financing activities</b>	<b>237 673</b>	30 140	79 199
<b>Net increase in cash for period</b>	<b>297 608</b>	24 454	104 315
Cash at beginning of period	<b>205 560</b>	101 245	101 245
<b>Net cash at end of period</b>	<b>503 168</b>	125 699	205 560

## GROUP STATEMENT OF CHANGES IN EQUITY

	Issued capital and premium R'000	Share-based payments R'000	Foreign currency translation reserve R'000	Revaluation surplus R'000	Retained earnings R'000	Minority shareholder interest R'000	Total R'000
<b>Balance at 1 March 2006 Audited</b>	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	-	-	-	-	-	(644)	(644)
Net profit for the period	-	-	-	-	33 657	193	33 850
<b>Balance at 1 September 2006 Unaudited</b>	126 256	-	-	2 585	67 087	1 560	197 488
Premium on issue of preference shares	60 000	-	-	-	-	-	60 000
Net profit for the period	-	-	-	-	2 618	782	3 400
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)
<b>Balance at 1 March 2007 Audited</b>	177 945	-	(78)	3 571	32 035	2 210	215 683
Premium on issue of ordinary shares	349 937	-	-	-	-	-	349 937
Less listing expenses written off against share premium account	(9 000)	-	-	-	-	-	(9 000)
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	-	2 054	-	-	-	-	2 054
Net profit for the period	-	-	-	-	55 311	1 972	57 283
Dividends paid	-	-	-	-	(15 000)	-	(15 000)
<b>Balance at 31 August 2007 Reviewed</b>	<b>427 032</b>	<b>2 054</b>	<b>(78)</b>	<b>3 571</b>	<b>72 346</b>	<b>4 182</b>	<b>509 107</b>

## GROUP BALANCE SHEET

	Reviewed at 31 August 2007 R'000	Unaudited at 31 August 2006 R'000	Audited at 28 February 2007 R'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	<b>260 895</b>	132 143	151 084
Intangible assets	<b>73 639</b>	59 091	59 091
Deferred taxation	<b>5 047</b>	357	2 961
<b>Current assets</b>	<b>996 662</b>	447 894	573 319
Bank balances	<b>503 168</b>	126 883	217 518
Other current assets	<b>493 494</b>	319 932	355 789
Taxation	-	1 079	12
<b>Total assets</b>	<b>1 336 243</b>	639 485	786 455
<b>EQUITY AND LIABILITIES</b>			
Ordinary shareholders' interest	<b>504 925</b>	195 928	213 473
Minority shareholders' interest	<b>4 182</b>	1 560	2 210
Total equity	<b>509 107</b>	197 488	215 683
<b>Non-current liabilities</b>	<b>87 732</b>	50 068	55 674
Other financial liabilities	<b>63 542</b>	20 623	30 399
Deferred taxation	<b>24 190</b>	29 445	25 275
<b>Current liabilities</b>	<b>739 404</b>	391 929	515 098
Bank overdraft	-	1 184	11 958
Other current liabilities	<b>499 134</b>	297 258	364 859
Provisions	<b>185 223</b>	69 046	112 268
Taxation	<b>55 047</b>	24 441	26 013
<b>Total equity and liabilities</b>	<b>1 336 243</b>	639 485	786 455
Total shares in issue	<b>139 380 867</b>	119 189 200	119 189 200
Net asset value per share (cents)	<b>362,26</b>	164,38	179,10
Net tangible asset value per share (cents)	<b>309,43</b>	114,81	129,53

## SEGMENTAL REPORTING

Primary segments 31 August 2007 (R'000)	Gauteng	KwaZulu Natal	Western Cape	Outside South Africa	Total
Total assets	<b>990 994</b>	<b>223 288</b>	<b>12 710</b>	<b>109 251</b>	<b>1 336 243</b>
Total liabilities	<b>506 760</b>	<b>201 396</b>	<b>17 079</b>	<b>101 901</b>	<b>827 136</b>
Revenue	<b>719 091</b>	<b>248 986</b>	<b>24 192</b>	<b>108 039</b>	<b>1 100 308</b>
PAT before minorities	<b>40 913</b>	<b>14 062</b>	<b>(1 760)</b>	<b>4 068</b>	<b>57 283</b>
Depreciation	<b>9 889</b>	<b>895</b>	<b>287</b>	<b>2 279</b>	<b>13 350</b>

## Secondary segments 31 August 2007 (R'000)

	Revenue	Total assets
Building and Piling	395 516	303 619
Civils, Earthworks & Mining	704 792	1 032 624
<b>Total</b>	<b>1 100 308</b>	<b>1 336 243</b>

## ACQUISITION OF ECMP

Acquisition date	3 April 2007
Voting equity (%)	100
Cost of acquisition (R'000)	42 725
Number of shares issued	-
Cash paid (R'000)	42 725
Profit after taxation since acquisition (R'000)	13 663

## COMMENTARY

### Introduction

The directors are pleased to present the maiden interim financial results of the group for the six months ended 31 August 2007 ("the interim period"), which reflect profitability in line with pre-listing forecasts and significantly higher than the previous comparative period.

The period saw Stefanutti & Bressan list successfully on the JSE's main board on 3 August 2007. The share opened trade at a premium to the R12 a share in the pre-listing private placement, giving the company a market capitalisation on listing of R2,3 billion.

### Basis of preparation

The reviewed consolidated interim financial statements for the six months ended 31 August 2007 have been prepared in compliance with International Accounting Standards (IAS 34: *Interim Financial Reporting*). The accounting policies and method of measurement and recognition applied in preparation of the consolidated interim financial statements are consistent with those applied in the group's annual financial statements for the year ended 28 February 2007, which comply with International Financial Reporting Standards ("IFRS").

### Auditor's review

The consolidated interim financial statements for the six months ended 31 August 2007 have been reviewed by the company's auditors, Mazars Moores Rowland. Their unmodified review opinion is available for inspection at the company's registered office. The comparative interim financial information for the six months ended 31 August 2006 has not been audited or reviewed.

### 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), open pit contract mining and building works. 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. Following recent acquisitions (see 'Post balance sheet events' below) it has expanded its service offering to include mechanical and electrical construction and marine construction expertise.

### Review of operations

#### Concrete Structures

This division is well positioned to exploit buoyant market conditions. Prospects are pleasing with a number of large contracts awarded recently. Further large contracts are expected to be secured in the near future.

#### Roads, Earthworks and Mining

Roads and Earthworks performed well during the period and turnover for the next year is expected to increase on the back of rising demand in this sector. The good performance of the Mining division is expected to continue in the light of buoyant conditions in the resource sector.

#### Piling

The Piling division has performed well with projects secured which will continue well into the next financial period.

#### Building

This division has achieved results in line with expectations, with the exception of two residential apartment contracts which have impacted negatively on the division's margins. One of these contracts is now complete with the other nearing completion shortly.

### Skills development

A new in-house skills training school is currently being established with training expected to commence in early 2008. The selection of new bursary students for 2008 is underway and progressing well.

### Acquisition

During the period the company acquired 100% of the shareholding in Environmental, Civil and Mining Projects (Pty) Limited ("ECMP") with effect from 3 April 2007, for R42,7 million. ECMP is a civil engineering company specialising in the management of mine residue disposal facilities and open pit mining.

### Post balance sheet events

As announced on 19 September 2007 Stefanutti & Bressan entered into two agreements to acquire majority stakes in Skelton & Plummer & Civil & Coastal Construction. Both transactions remain subject to certain conditions precedent. The completion date is expected to be early December 2007. These acquisitions are in line with the group's pre-listing objective of expanding its service offerings by diversifying further into complementary construction niche markets.

### Financial results

Results for the period are in line with forecasts. Group revenue increased by 26% to R1,1 billion (2006: R871,6 million) while operating profit increased by 45% to R53,6 million (2006: R37,3 million). Net profit after tax was up 69% from R33,9 million in the previous comparative period, to R57,3 million. Headline earnings of R55,3 million for the period translated into headline earnings per share of 42,3 cents (2006: 30,9 cents).

## bridging your expectations

The group's operating profit margin has increased by 14,5% from 6,2% to 7,1%.

A share-based incentive scheme expense of R2 million is included in the earnings, as required by IFRS 2: *Share-Based Payments*.

The cash reserves which have been accumulated will facilitate both organic growth and current and future acquisitions.

### Prospects

In light of buoyant market conditions prospects for the group remain positive, and Stefanutti & Bressan is well positioned to capitalise on expected government and parastatal infrastructure spend. The group is set to benefit from planned transport infrastructure upgrades, including the construction of new roads as well as upgrades such as the Gauteng Freeway improvement project. Further demand is expected to be driven by Eskom's commitment to increase power capacity beyond 2020.

In addition the resource sector experiences continued expansion. Petrochemical and industrial projects, traditionally Stefanutti & Bressan's strongest market sectors, are experiencing good growth.

The group's order book currently stands at R3,0 billion.

In light of these factors and current performance, the directors are confident of delivering results for the full year in line with forecasts set out in the prospectus.

### Dividend policy

No interim dividend has been declared for the period under review. A final dividend will not be declared until the financial year ending February 2009.

### Appreciation

We thank our employees for their continued loyalty, hard work and commitment which culminated in the successful listing of the group on the JSE in August this year and has further resulted in the strong interim performance reflected in this report. We also thank our fellow directors for their wise counsel and our stakeholders for their consistent faith in the group.

On behalf of the board

**Biagino Stefanutti**  
Executive Chairman

**Willem Meyburgh**  
Chief Executive Officer

12 November 2007

### Directors:

Biagino Stefanutti (*Executive Chairman*); Willem Meyburgh (*Chief Executive Officer*); Dermot Quinn (*Financial Director*); Nomhle Canca\*; Kevin Eborali\*; Mafika Mkwanazi\*; Lemane Bridgman Sithole\* (Alternate: Joseph Fizelle)  
 \* Non-executive director  
 > Irish

### Registered office:

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### Corporate advisor and sponsor:

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(PO Box 651010, Benmore, 2010)

### Transfer secretaries:

Computershare Investor Services 2004 (Pty) Limited  
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### Company secretary:

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