

AUDITED RESULTS

FOR THE YEAR ENDED 28 FEBRUARY 2009

↑ 1 443%
Cash on hand

↑ 36%
Net tangible asset value

↑ 31%
Fully diluted HEPS of 19,68 cents

↑ 54%
Revenue

CONSOLIDATED BALANCE SHEET

	As at 28 February 2009 R'000 Audited	As at 29 February 2008 R'000 Audited
ASSETS		
Non-current assets	683 153	650 733
Property, plant and equipment	205 187	150 770
Investments	412	2 242
Deferred taxation	13 147	-
Goodwill	464 407	497 721
Current assets	566 009	447 278
Inventories	11 150	17 001
Development property	59 239	27 262
Trade and other receivables	345 955	372 528
Cash resources	60 222	17 685
Gross amount due from customers	89 443	12 802
Total assets	1 249 162	1 098 011
EQUITY AND LIABILITIES		
Capital and reserves	709 530	638 830
Share capital and premium	547 869	529 879
Share-based payment reserve	7 478	2 353
Fair value reserve	-	3 111
Accumulated profits	154 183	103 487
Non-current liabilities	64 902	112 374
Deferred taxation	23 338	22 292
Vendor liabilities	8 586	21 957
Interest-bearing borrowings	32 978	68 125
Current liabilities	474 730	346 807
Trade and other payables	213 732	175 484
Bank overdraft	25 786	15 453
Current portion of vendor liabilities	17 530	58 887
Gross amount due to customers	89 276	41 505
Current portion of interest-bearing borrowings	95 825	24 959
Provisions	1 460	12 472
Taxation	31 121	18 047
Total equity and liabilities	1 249 162	1 098 011
Number of ordinary shares in issue	399 975	305 844
Weighted average number of shares	357 063	278 515
Net asset value (cents)	198,71	229,37
Net tangible asset value (cents)	68,65	50,66

CONSOLIDATED INCOME STATEMENT

	As at 28 February 2009 R'000 Audited	As at 29 February 2008 R'000 Audited
Revenue	1 543 041	1 002 458
Gross profit	247 656	213 189
Other income	928	3 789
Administration and operating expenses	(144 250)	(124 500)
EBITDA	104 334	92 478
Depreciation	(15 826)	(9 575)
Profit before interest and taxation	88 508	82 903
Net interest received/(paid)	(7 357)	2 590
Profit before taxation	81 151	85 493
Taxation	(33 566)	(26 078)
Net profit for the period	47 585	59 415
Profit attributable to shareholders	47 585	59 415
Weighted average shares	357 063	278 515
Earnings per share (cents)	13,33	21,33
Headline earnings per share (cents)	23,33	22,31
Dividend per share (cents)	-	-
Diluted earnings per share (cents)	12,04	14,84
Fully diluted earnings per share (cents)	11,25	13,90
Diluted headline earnings per share (cents)	21,08	15,52
Fully diluted headline earnings per share (cents)	19,68	14,53

CONSOLIDATED CASH FLOW STATEMENT

	As at 28 February 2009 R'000 Audited	As at 29 February 2008 R'000 Audited
Cash generated/(utilised) by operations	144 027	(41 324)
Cash generated/(utilised) from operations	144 027	(41 324)
Interest received	12 068	7 821
Interest paid	(19 425)	(5 231)
Taxation paid	(31 380)	(5 699)
Net cash flows from operating activities	105 290	(44 433)
Cash flows from investing activities	(72 648)	(122 571)
Purchase of property, plant and equipment	(72 648)	(122 571)
Proceeds from sale of property, plant and equipment	2 359	5 605
Purchase of investment property	-	(885)
Additions of goodwill at net amount	-	(89 961)
Less deferred tax purchased	-	2 640
Purchase/(Sale) of investments	(1 830)	(1 922)
Net cash flow from investing activities	(72 119)	(207 094)
Cash flows from financing activities	-	103 083
Issue of shares net of expenses	-	103 083
Decrease in shareholders' loans	-	-
Increase in interest-bearing borrowings	35 719	80 812
Increase in short-term liabilities	-	-
Increase/(decrease) in vendor liability	(36 686)	51 644
Net cash flows from financing activities	(967)	235 539
Net increase/(decrease) in cash and cash equivalents	32 204	(15 988)
Cash and cash equivalents at beginning of year	2 232	18 220
Cash and cash equivalents at end of year	34 436	2 232

COMMENTARY TO FINANCIAL RESULTS

OVERVIEW

The group posted another set of strong results, despite the economic turmoil experienced globally. Sanyati posted revenue of R1,5 billion (2008: R1,0 billion), representing a very satisfactory growth of 54%. The increase in revenue is mainly as a result of the Engineering Central division being consolidated into the group for a full twelve months, for the first time. When excluded, the remaining Sanyati divisions contributed a strong organic growth of approximately 30% for the period under review. This result translated into a 13% improvement in earnings before interest, taxation, depreciation and amortisation (EBITDA) to R104,3 million (2008: R92,5 million). The reasons for the strong EBITDA results are twofold: the first-time consolidation of the Engineering Central division for 12 months and the very good performance from the Civil Inland division and more particularly the concrete sliding division. In certain geographical areas the results were impacted by unusual high rainfall, which led to slight delays on certain projects. The EBITDA margin declined to 6,8% compared to 9,2% a year ago. Earnings per share decreased by 38% to 13,3 cents (2008: 21,3 cents) and headline earnings per share increased by 4,5% to 23,3 cents (2008: 22,3 cents). The decline in earnings per share is directly related to the impairment of goodwill in an amount of R35,7 million. When excluding the goodwill impairment, earnings per share increased by 9,3% for the year.

No dividends have been declared for the financial year-end, in line with our current group dividend policy.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Fair value reserve R'000	Share premium R'000	Treasury shares R'000	Accumulated profits R'000	Shares to be issued R'000	Share-based payment reserve R'000	Share capital R'000	Total R'000
Balance at 28 February 2007	3 111	52 743	-	44 072	-	-	2	99 928
Profit for the year	-	-	-	59 415	-	-	-	59 415
Share Issue	-	161 373	-	-	-	-	1	161 374
Treasury shares consolidation	-	21 000	(21 000)	-	-	-	-	-
Share adjustments	-	-	-	-	315 760	2 353	-	318 113
Balance at 29 February 2008	3 111	235 116	(21 000)	103 487	315 760	2 353	3	638 830
Share Issues and adjustments	-	256 858	-	-	(238 869)	5 125	1	23 115
Treasury shares consolidation	-	3 000	(3 000)	-	-	-	-	-
Transfer of fair value reserve	(3 111)	-	-	3 111	-	-	-	-
Profit for the year	-	-	-	47 585	-	-	-	47 585
Balance at 28 February 2009	-	494 974	(24 000)	154 183	76 891	7 478	4	709 530

SEGMENTAL REPORT

2009	Building	Civils Coastal	Civils Inland	Roads	Engineering Central	Holding company	Inter-company and eliminations	Total
Revenue								
Segment revenue	234 049	576 824	283 413	163 721	310 633	-	(25 599)	1 543 041
Inter-segment sales	(994)	(1 354)	-	(23 251)	-	-	25 599	-
Sales to external customers	233 055	575 470	283 413	140 470	310 633	-	-	1 543 041
Results								
Gross profit	50 267	60 055	58 514	11 007	63 589	-	4 224	247 656
PBIT	(6 491)	30 034	32 462	(763)	43 317	11 342	(21 393)	88 508
Finance costs	(3 236)	1 060	2 007	(672)	(3 239)	(7 050)	3 773	(7 357)
PBT	(9 727)	31 094	34 469	(1 435)	40 078	4 292	(17 620)	81 151
Taxation	(1 148)	(4 699)	-	(1 711)	(6 985)	(1 548)	(17 475)	(33 566)
Profit for the year	(10 875)	26 395	34 469	(3 146)	33 093	2 744	(35 095)	47 585
Depreciation	4 631	2 607	2 415	969	3 314	1 873	17	15 826
Capital expenditure	21 079	5 017	5 455	11 713	24 461	4 895	28	72 648
Segment assets	209 860	252 403	214 709	66 263	230 623	717 660	(442 356)	1 249 162
Segment liabilities	211 036	216 366	161 696	101 156	110 983	99 246	(360 851)	539 632

2008	Building	Civils Coastal	Civils Inland	Roads	Holding company	Inter-company and eliminations	Total
Revenue							
Segment revenue	187 028	503 256	221 770	176 201	2 107	(87 904)	1 002 458
Inter-segment sales	(2 501)	(82 265)	-	(3 138)	-	87 904	-
Sales to external customers	184 527	420 991	221 770	173 063	2 107	-	1 002 458
Results							
Gross profit	54 958	74 141	43 235	41 135	2 107	(2 387)	213 189
PBIT	15 137	37 231	27 707	12 885	(7 634)	(2 423)	82 903
Finance costs/(income)	(344)	204	-	(283)	(2 167)	-	(2 590)
PBT	15 481	37 027	27 707	13 168	(5 467)	(2 423)	85 493
Taxation	(4 406)	(10 591)	(7 974)	(3 742)	635	-	(26 078)
Profit for the year	11 075	26 436	19 733	9 426	(4 832)	(2 423)	59 415
Depreciation	4 584	2 846	932	589	624	-	9 575
Capital expenditure	20 658	71 072	11 071	16 308	4 306	-	123 415
Segment assets	196 459	312 664	97 812	103 238	659 472	(271 634)	1 098 011
Segment liabilities	(180 579)	(210 336)	(55 678)	(100 055)	(87 469)	174 936	(459 181)

DIVISIONAL PERFORMANCE

Sanyati Civils Coastal

This division posted revenue of R575 million (2008: R421 million), a 36% increase and gross profit of R60 million from R74 million in 2008, a decrease of 19%. This is as a result of the loss of R17,2 million on a single contract. This contract was initially part of the Gem acquisition and subsequent to the acquisition, incorporated into Civils Coastal. The division's gross operating margin remains strong at 11% going forward and we anticipate a strong performance from this division in the year ahead.

Sanyati Civils Inland

The division contributed R283 million (2008: R222 million), a 27% increase in revenue to the group and a gross profit of R58 million from R43 million in 2008, translating into a gross margin of 21%. Although this division will again contribute significantly to the group in 2010, we do not anticipate margins as high as previously achieved. The division's continued involvement with some of the flagship projects in Gauteng continues to reduce its reliance on the previous predominately private client base.

Sanyati Engineering Central

The division recorded revenue of R311 million (2008: Nil) and gross profit of R64 million (2008: Nil). The gross margin of 20% in 2009 is anticipated to be slightly lower for the 2010, financial year. Still subject to profit warranties until February 2010 this division continues to grow and expand into new operational areas. The division's involvement in niche markets has resulted in its high levels of profitability.

Sanyati Building

Revenue and gross profit for the year ended 28 February 2009 were R233 million (2008: R185 million), a 26% increase in revenue, and R50 million (2008: R55 million), respectively. The contribution from building activities is expected to further decline in the year ahead due to current economic circumstances and we do not anticipate a repeat in the gross margin of 21% for the year ahead.

Sanyati Roads

This division posted revenue of R141 million (2008: R173 million), an 18% decrease in revenue. Gross profit posted is R11 million from R41 million in 2008. The division's gross margin remains under pressure at 7%. With an increase in work load into the 2010 financial year we anticipate a recovery to previous levels of profitability.

FINANCIAL REVIEW

Capital expenditure

The group invested R72,6 million (2008: R122,6 million) in capital assets during the year. This capital expenditure of R72,6 million was mainly expansionary in nature, made up of R21,1 million at Sanyati Building (mainly piling operations), R11,7 million at Sanyati Roads and R24,5 million at Engineering Central. The balance of the capital expenditure relates to minor assets purchased for the other divisions as well as an increased investment in the group's information technology.

Balance sheet

Sanyati continues to boast a strong balance sheet and we are very comfortable with the group's capital position as at 28 February 2009.

Trade accounts receivable, net of provisions of R345,9 million at year-end, are R26,6 million lower than the prior year. The average days outstanding in debtors at year-end are 58 days, compared to 67 days in the prior year but above the target of 50 days. This was as a result of improved collection procedures as well as a movement away from the previous client base. Improved cash collection procedures should assure a further reduction to targeted levels.

Credit control across the group remains good and no significant write-offs have been experienced in the year under review. The group has a bad debt provision of R13,9 million that is been carried forward to the new financial year.

Interest-bearing borrowings comprise of the group overdraft facility, amounts due to vendors as well as amounts owed to commercial financial institutions. The group is carrying interest-bearing debt of R180,7 million (2008: R189,4 million). R154,6 million of this debt is owed to banking institutions for asset based finance agreements as well as development bonds over various commercial and industrial properties currently under development. The net debt to equity ratio at year-end is 25,5%.

Cash flows

Cash operating profit from continuing operations increased to R144 million from a negative R41,3 million in 2008. Accounts receivable provided cash of R27 million for the year with only R0,5 million of debtors having been written off in the current year and days outstanding at year-end amounting to 58 days. After interest and taxation outflows, there was a net cash inflow of R105,3 million.

The outflow in investing activities of R72,1 million is in line with the forecast spend. Prior to financing activities, the Group generated net cash inflows of R33,1 million.

Financing activities realised cash inflows of R1 million, sourced via the increase in interest-bearing borrowings of R35,7 million, offset by the payments made to vendors, leaving the group cash positive at year-end to the extent of R34,4 million. The group is well placed to continue funding any future capital commitments or potential acquisitions.

Prospects

Looking towards the future, we have a secured forward pipeline of work of R2,4 billion with approximately R1,3 billion pending award at present. Included in this amount of confirmed work is R2,1 billion that will be executed during the 2010 financial year.

"The greater South African economy has benefited tremendously from the spurt of infrastructure growth brought about by the 2010 World Cup Soccer. Government's well timed commitment to ongoing and substantial infrastructural spend should mean that these benefits will continue to be felt well beyond 2010. Sanyati is well placed to benefit from the roads and general infrastructural improvement spend that is expected to continue throughout the country over the next three to four years. Our exposure to 2010 World Cup Soccer stadia and related infrastructure improvement programs is being replaced with a range of equally attractive projects awarded by Government agencies and municipalities. Sanyati, as a Group, is not dependent on one specialised area of construction. Through thoughtful acquisitions we have assembled a national footprint and a diversified product offering enabling Sanyati to easily be part of any "build" within South Africa." concludes Jackson.

Board of directors

In line with Sanyati's move to the Main Board on 17 July 2008, it was our stated intention to divorce the roles of CEO and executive chairman. I am pleased to announce that on 9 April 2009, Sanyati announced the appointment of myself as executive chairman and Malcolm Lobban as chief executive officer of the group with effect from 1 May 2009. We are delighted to welcome Malcolm on board to develop the future strategic direction of Sanyati.

Effective 11 May 2009, Archie Rutherford resigned as executive director of Sanyati to pursue his own interests.

Rick Jackson

Executive Chairman

Marc Krouse

GFD

CORPORATE INFORMATION

Sanyati Holdings Limited

("Sanyati" or "the company")

(Registration number: 1988/002538/06)

Share code: SAN ISIN: ZAE000081055

Directors: RD Jackson (*Executive chairman*), MI Krouse (*GFD*), R Crowie*, HM Dlamini*, MR Gahagan*, N Khambule*, MH Lobban (*CEO*), MJ Sangweni (**Non-executive*)