Raubex Integrated Report

2014

40 YEARS

Raubex Group Limited

Scope and boundary of the Integrated Report

We are pleased to present to you the Integrated Report of Raubex for the year ended 28 February 2014. This Integrated Report covers the activities and performance of Raubex and all of its operating subsidiaries, joint operations and branches both local and international, a schedule of which is set out in notes 39 and 40 of the Annual Financial Statements. This Integrated Report aims to provide a balanced, comprehensible and complete view of the business by reporting on the financial and non-financial performance of the group to enable stakeholders to make an informed assessment of Raubex. The Board acknowledges its responsibility to ensure the integrity of this Integrated Report. The Board has considered the volume and complexity of the information in the Integrated Report and is of the opinion that it does not warrant a summarised version.

The Integrated Report also highlights the opportunities, risks and material issues faced by the group in the normal course of business and key consideration is given regarding the environmental and social impact of the activities of the group and the sustainability of the group's operating activities when compiling this report.

This Integrated Report is presented in accordance with IFRS, the Companies Act, the JSE Listings Requirements and King III. The International Integrated Reporting <IR> Framework, released on 8 April 2014 by the International Integrated Reporting Council, has been taken into consideration when preparing this Integrated Report. This Framework focuses on the company providing relevant, reliable, comparable and comprehensive information pertaining to the business operations and capital employed in the group throughout the Integrated Report. As a result of the transition period to follow the GRI G4 guidelines, Raubex took a decision not to include the GRI index.

In terms of paragraph 8.63(a) of the JSE Listings Requirements, the group has published its application of the Chapter 2 Principles on its website.

There are no material changes to the layout or content of this Integrated Report compared to the 2013 Integrated Report, other than a greater emphasis on providing additional supplementary information on the group's strategic direction, risk and sustainability initiatives.

Disclaimer

The Integrated Report may contain certain forward-looking statements concerning the group's environment, financial performance and conditions, strategy and growth expectations. Such views involve both known and unknown risks, assumptions, uncertainties and important factors that could materially influence the actual performance of the group. No assurance can therefore be given that these will prove to be correct and no representation or warranty expressed or implied is given as to the accuracy or completeness of such views.

This Integrated Report for the year ended 28 February 2014 is published and was posted to shareholders on 15 August 2014. This Integrated Report is also available on the company's website www.raubex.com.

Assurance

Raubex's external auditor, PricewaterhouseCoopers Inc., has assured the Annual Financial Statements and their Independent Auditor's report is contained in this Integrated Report.

Raubex has an Internal Audit function, performed by a dedicated Internal Audit team. The Audit Committee, together with Internal Audit, provides the Board with comfort pertaining to the reliability of the information provided in this Integrated Report.

The Sustainability report as a whole has not been independently assured; however, certain information contained in the Sustainability report has been reviewed by the group's own internal control functions.

All operating subsidiaries are subject to an annual independent B-BBEE verification audit by a SANAS accredited verification agency, Empowerlogic.

Approval of this Integrated Report

The Board confirms its responsibility for the integrity of this Integrated Report. The content of this Integrated Report has been collectively assessed by the Board and in its opinion this Integrated Report addresses the material issues that could potentially impact the performance of the group.

The Integrated Report was approved by the Board on 1 August 2014 and signed on its behalf by:

RJ Fourie
Chief Executive Officer

JF Gibson
Financial Director

Key facts

Revenue up 12,2% to R6,33 billion (2013: R5,64 billion)

Profit after tax up 19,2% to R379,7 million (2013: R318,6 million)

Cash and cash equivalents up 4,3% to R871,3 million (2013: R835,7 million)

ROCE of 12,7% (2013: 12,7%)

Employs 8 306 people (2013: 7 807 people)

B-BBEE Level 3 -Contributor status

Raubex Group Limited

Contents

All abbreviations and definitions are available in the terms of reference on page 128.

Who we are

Raubex is one of South Africa's leading specialist infrastructure development groups, celebrating 40 years in the construction industry since 1974. Raubex listed on the JSE in March 2007 and operates across South Africa as well as throughout southern Africa.

The group consists of two divisions, namely the

Construction Division and Materials Division.

The group structure is as follows:

Divisions

The **Construction Division** includes three main reporting segments, namely ***Road Surfacing and Rehabilitation*** (with the largest contributor being ***Roadmac***), ***Road Construction and Earthworks*** (with the largest contributor being ***Raubex Construction***) and ***Infrastructure***. This division specialises in all aspects of road construction, rehabilitation and related infrastructure development including bulk earthworks, services, concrete structures and asphalt surfacing. The Infrastructure segment has construction capabilities which include electrical and alternative energy (solar and wind), rail, telecommunications, pipeline and housing infrastructure.

The **Materials Division** specialises, through ***Raumix***, in the supply of aggregates from commercial quarries. Through Raubex's subsidiaries ***B&E International*** and ***SPH Kundalila***, the group is a leading provider of material handling and screening services to the mining industry and provides mobile crushing solutions for remote project sites. ***Burma Plant Hire*** specialises in plant hire for the mining and construction sectors. ***Tosas***, acquired in April 2013, is a manufacturer and distributor of value-added bituminous products used primarily for road construction activities.

Reporting segments

Road Surfacing and Rehabilitation	Road Construction and Earthworks	Infrastructure	Raumix	Tosas

Raubex International

Major subsidiaries

Road Surfacing and Rehabilitation	Road Construction and Earthworks	Infrastructure	Raumix	Tosas
Roadmac Surfacing	Raubex Construction	Raubex Infra	Raumix Aggregates	Tosas (Pty) Ltd
Roadmac Surfacing Cape	Raubex Construction Zambia	L&R Civils	B&E International	Tosas Namibia
Raubex KZN	Raubex Construction Namibia	Raubex Housing	SPH Kundalila	Tosas Botswana
Centremark Roadmarking		Raudev	Burma Plant Hire	
Milling Techniks		Strata Civils		
National Asphalt				

For more detail on each of these divisions and segments, refer to pages 19 to 26 of this Integrated Report.

Strategic objectives, opportunities and values

Strategic objectives

The principal objective of the group is to maximise the profitability of all business units and provide value to shareholders whilst meeting all stakeholder expectations. The group is focused on the improvement of key business drivers as measured by earnings per share, dividend per share and ROCE.

Raubex has identified the following strategic objectives as key to its future growth and performance:

Description	Progress during **2014**	Focus for **2015**
Drive to attain a more balanced portfolio of work in the construction and related services sector		
Reduce high level of exposure to a relatively small customer base i.e. SANRAL, South African Provincial and Municipal Governments	▪ Grew the Infrastructure segment's order book with contracts from a private customer base	▪ Grow the Infrastructure segment's order book and improve margins ▪ Secure more work for mining infrastructure projects, i.e. mine employee housing
Expand existing business models into new geographies		
Expansion strategy in new geographic markets. Replicate current business model outside of South Africa without exposing the group to unacceptable risk levels	▪ Tendered on carefully selected projects ▪ Awarded a Zambia Link 8000 contract ▪ Grew new Infrastructure segment exposure in Zambia and the DRC ▪ Progress made towards the acquisitions of OMV Crushers and Shisalanga Construction	▪ Continue to tender on carefully selected projects in Africa ▪ Manage execution of Zambia Link 8000 projects ▪ Leverage of Tosas footprint in Namibia and Botswana ▪ Look for value enhancing acquisitions in line with existing business model
Build on existing competitive advantages		
Continued business optimisation programmes and realisation of synergies between the different business units	▪ Continued to leverage the vertically integrated business model and realised synergies between business segments ▪ Maintained reserved capacity to capitalise on improved pricing when market conditions allow	▪ Selectively tender on projects that suit business segment integration to improve overall margin ▪ Maintain reserve capacity for improved pricing and contract selection when market conditions allow
Improve market position		
Further strengthen leading position in core markets and continually seek opportunities to consolidate vertical integration	▪ Leveraged acquisition of Tosas to ensure security of bitumen supply ▪ Continuously looked for opportunities aligned with strategy to strengthen integrated model and better balance the portfolio – OMV Crushers and Shisalanga Construction acquisitions	▪ Bed down the OMV Crushers and Shisalanga Construction acquisitions ▪ Return Tosas to profitability ▪ Strengthen the concrete capacity of the Construction Division ▪ Expand geographical footprint of the Materials Division

Opportunities

The opportunities the group have identified to further unlock and create stakeholder value:

Strengthen the Materials Division

The Materials Division of the group has been identified as an area for future expansion and an area that must be strengthened in order to achieve a more diversified revenue stream. Opportunities exist to strengthen the division's commercial quarry activities through the establishment of new greenfield sites and through the acquisition of strategically positioned established sites. The operations of OMV Crushers, which consists of commercial quarry and gypsum operations in the North West province, have been acquired as well as Shisalanga Construction, an asphalt company in northern KwaZulu-Natal. There are also opportunities to increase material handling and screening operations for both existing and new customers in the mining industry.

Increase share of construction activities in the mining industry

The relationships established by the Materials Division and the new Infrastructure segment have created opportunities for the Construction Division to market its skills and capability to provide construction services to the mining industry and in so doing diversify its customer base and reduce reliance on public sector contracts. Exiting opportunities have been created from the new mining charter for the group to deliver on mine employee housing through its ability to provide a total solution to the development and construction of mine housing infrastructure.

Prepare for improvement in market conditions in road construction industry

The group's core business and key strength remains its ability to successfully tender, secure and execute road construction, rehabilitation and maintenance projects. The skills and expertise built up over years of industry participation ensure that the group is in pole position to capitalise on any improvement in the competitive environment currently being experienced. Competitor attrition and the successful execution of the Government's infrastructure plan are expected to create more favourable operating conditions in the road construction sector in the medium term. The success of SANRAL's toll system on the GFIP will determine whether the "user pays principle", is used to finance other strategic road upgrades. The decision to hand over the administration and maintenance of the provincial road networks to SANRAL is gaining momentum and will stimulate the recovery in the road construction and rehabilitation sector.

Acquisition and expansion opportunities

Opportunities are expected to arise from competitor attrition in the industry and from the group's strategy to diversify its customer base and attain a more balanced portfolio of work. The group's strong balance sheet and cash flow position it well to take advantage of acquisition opportunities. Markets in cross-border geographies continue to be explored with project specific opportunities having been identified in Namibia and Zambia.

Prepare to capitalise on Government's planned infrastructure spend

The South African Government adopted an infrastructure plan that is intended to transform the economic landscape of South Africa, create a significant number of new jobs, strengthen the delivery of basic services to the people of South Africa and support the integration of African economies. This multi-billion rand plan lists 17 Strategic Integrated Projects ("SIPs") that include energy, transport and logistics infrastructure. These projects cover all the key infrastructure platforms of rail, road and port; dams, irrigation systems and sanitation; new energy generation plants, transmission lines and distribution of electricity to households; communication and broadband infrastructure and social infrastructure in the form of hospitals, schools and universities. The group is well positioned to capitalise on the execution of this infrastructure plan.

Growth in the new Infrastructure segment

The new Infrastructure segment is well positioned to capitalise on the Government's planned infrastructure spend, particularly in the electrical and alternatively energy sector as well as rail, water and telecommunication infrastructure projects. Opportunities also exist in the housing sector where the division has the capability to provide turnkey solutions to the mining housing developments and private developers. The success of the housing project undertaken for Anglo American at its Kumba Iron Ore mine in Kathu holds potential for Raubex in the mining services sector.

Core values

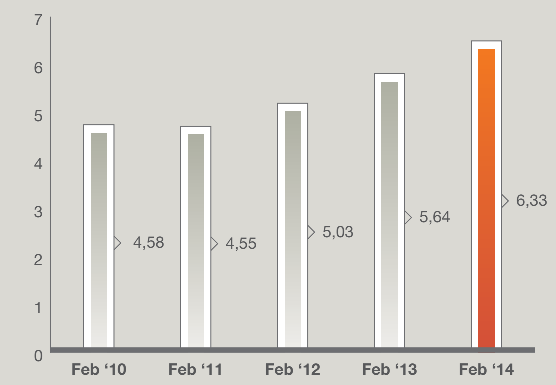
Raubex subscribes to the following core values in its dealings with stakeholders and execution of work:

- Quality
- Integrity
- Professionalism

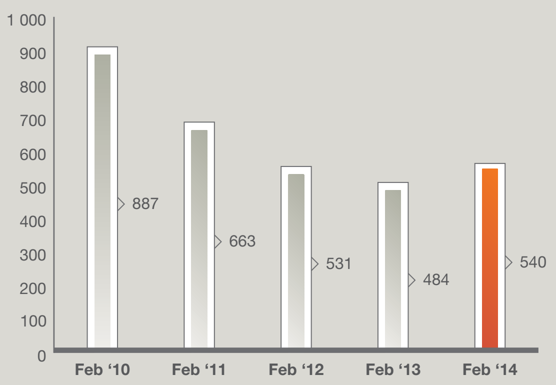
Five-year review

28 February		2014	2013	2012	2011	2010
Profit performance						
Revenue	R'm	**6 325**	5 636	5 033	4 546	4 583
Operating profit	R'm	**540**	484	531	663	887
Depreciation	R'm	**283**	251	228	220	225
Profit before income tax	R'm	**534**	477	519	649	859
Earnings	R'm	**356**	301	331	443	595
Financial position						
Total assets	R'm	**5 354**	4 858	4 387	4 011	3 826
Total equity	R'm	**3 241**	2 959	2 729	2 545	2 270
Total liabilities	R'm	**2 113**	1 899	1 658	1 466	1 556
Total operating assets	R'm	**1 842**	1 561	1 354	1 276	1 243
Cash flow information						
Cash from operating activities	R'm	**751**	859	663	853	793
Capital expenditure	R'm	**483**	461	287	293	252
Free cash flow	R'm	**185**	275	259	362	290
Cash and cash equivalents	R'm	**871**	836	625	595	495
Ratio and statistics						
Operating profit margin	%	**8,5**	8,6	10,6	14,6	19,4
EPS	cents	**191,3**	163,2	179,5	241,5	325,6
Diluted EPS	cents	**187,9**	160,3	178,5	240,3	323,6
HEPS	cents	**187,1**	158,7	177,2	240,2	323,8
Total dividend per share	cents	**65,0**	65,0	93,0	107,0	105,0
Net asset value per share	cents	**1 714,1**	1 582,1	1 468,2	1 381,1	1 240,4
ROCE	%	**12,7**	12,7	15,4	20,2	29,4
ROE	%	**11,7**	10,8	12,5	17,6	26,1
Current ratio	times	**2,0**	2,0	2,0	2,0	1,7
Gearing	%	**22,1**	19,7	17,5	18,8	23,5
Headcount	%	**8 306**	7 807	7 029	6 770	6 109
JSE statistics						
Market value per share						
– At year-end	cents	**2 183**	1 900	1 513	1 927	2 262
– Highest (year to 28 February)	cents	**2 520**	1 990	2 162	2 695	2 750
– Lowest (year to 28 February)	cents	**1 753**	1 250	1 170	1 694	1 600
Closing PE ratio	times	**11**	12	8	8	7
Market capitalisation – close	R'm	**4 059**	3 506	2 792	3 556	4 131
Volume traded (year to 28 February)	'000	**77 387**	54 716	96 779	111 614	95 419
Weighted number of shares	'000	**185 900**	184 536	184 536	184 536	182 624
Issued shares at 28 February	'000	**185 900**	184 536	184 536	184 536	182 624

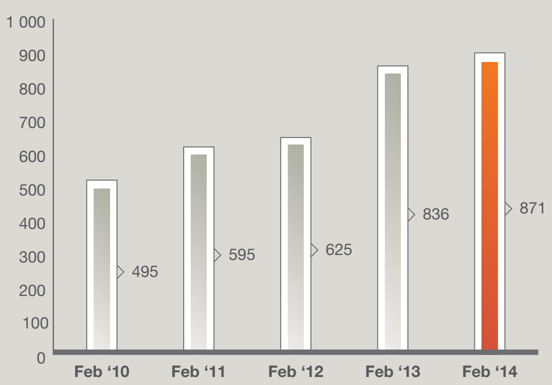
Revenue (R billion)



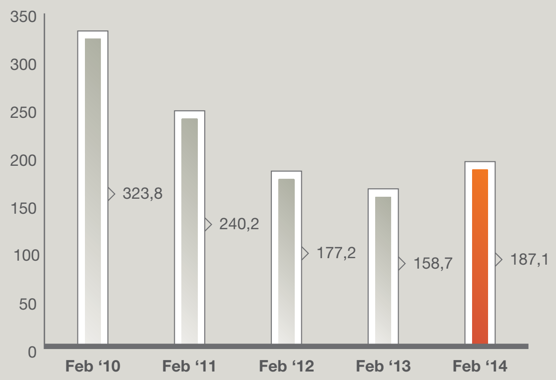
Operating profit (R million)



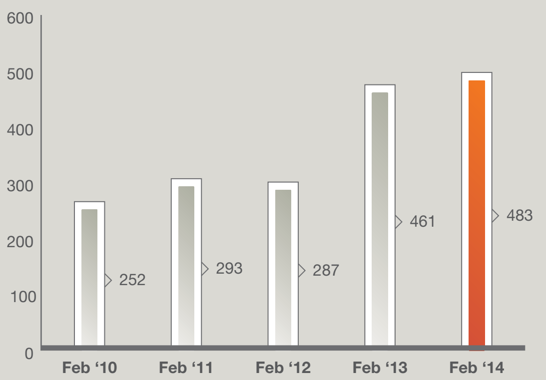
Cash and cash equivalents (R million)



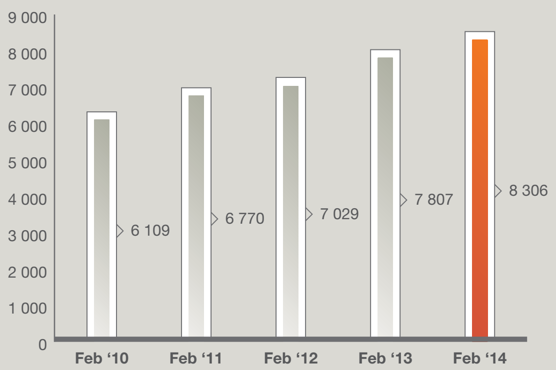
HEPS (cents)



Capital expenditure (R million)



Headcount



Stakeholder engagement

King III promotes stakeholder engagement and the Companies Act also requires a company to embrace engagement with its shareholders, employees, unions, communities and customers. Raubex's Social and Ethics Committee monitors and assists the Board with stakeholder engagement.

Raubex embraces open, transparent and constructive communication with all stakeholders. Raubex has a dedicated Human Resources department and where deemed necessary, external consultants are used to assist the Social and Ethics Committee in executing stakeholder engagement.

Mutual trust and understanding with Raubex's stakeholders are imperative and the company uses specific means of communication with its different stakeholder groups, which are set out below.

The group has identified the following stakeholder groups and how the group communicates with each of these groups:

Stakeholder	Communication
Shareholders and analysts	Raubex views its relationships with its shareholders and potential investors as essential to the reputation and survival of the group as providers of financial capital as well as determining the true value of the share price. The media are also important as the publishers of articles and information about the group. The group engages with these stakeholders as follows: ▪ Twice yearly results presentations and road shows ▪ One-on-one meetings with larger shareholders on a regular basis within the constraints of equal information for all shareholders and according to the JSE Listings Requirements ▪ SENS announcements ▪ Meetings with potential investors ▪ Press releases ▪ Interviews with journalists, both financial and trade ▪ Representation at investor conferences
Employees	Raubex's relationship with its employees is important and open communication within the group between employees is encouraged. The group communicates and provides its employees with: ▪ A quarterly internal newsletter ▪ Training sessions ▪ Performance reviews ▪ Staff meetings ▪ Email announcements
Communities	The communities impacted by the group's activities and operations are seen as a stakeholder as it impacts the welfare of the people living in these communities. The group's engagement with the communities includes contributions towards initiatives in respect of fund raisings, donations and community upliftment and involvement.
Customers and clients	Customers and clients are important stakeholders for the success of the group. The group has customers and clients who include large corporations and Government departments. The group engages with these stakeholders on various levels including the following: ▪ Regular operational meetings at the customer's site ▪ Customer service meetings ▪ Customer feedback surveys ▪ Processes to respond to complaints that meet the requirements of the Consumer Protection Act ▪ Appropriate customer entertainment and functions

Raubex's Social and Ethics Committee monitors and assists the Board with stakeholder engagement.

Stakeholder	Communication
Suppliers	Suppliers are the providers of services, materials and equipment that the group requires to service its customers. The group's engagement with these stakeholders vary and include elements of the following: ▪ Attendance at construction or technical conferences, where appropriate ▪ Regular one-on-one meetings with key suppliers
Financial institutions	The financial institutions are custodians of the group's funds and provide funding for the acquisition of assets and/or investments. The group engages with them as follows: ▪ Regular meetings with the bankers ▪ Bank representatives are invited to attend the bi-annual results presentations
JSE and STRATE	The JSE and STRATE are responsible for the regulation of the group's securities which are listed on the Main Board of the JSE. The group engages with the JSE and STRATE as follows: ▪ Submission of documents, etc. for comment and approval in terms of the JSE Listings Requirements ▪ Participating in JSE training sessions where applicable and required ▪ Submitting comments on JSE draft regulations and rules, if required ▪ Engagement through the group's corporate sponsor
Trade unions	Trade unions are important as some of the group's workers are members. The key trade unions are NUM and BCAWU. Engagement with these stakeholders includes: ▪ One-on-one meetings when required ▪ Participation through SAFCEC in the bargaining unit in respect of wage negotiations
Industry associations	Industry associations provide a forum to discuss and address industry-wide issues and also enable the industry to make representations to Government. The group's engagement with these associations is mainly through active membership.
National, Provincial and Local Governments	All levels of Government are important stakeholders as they set the regulatory environment within which the group operates, provide infrastructure and collect taxes. The group's engagement includes the following: ▪ Regular engagement with various departments within the Government, including SANRAL ▪ Interaction with the South African Revenue Service in respect of taxation issues and compliance

Material issues and risk management

The management of Raubex has assessed all the material issues and potential risks which could influence or impact the key drivers in the way in which the business is managed. The Risk Committee oversees this process and a report is provided at each Board meeting. The Risk Committee's responsibilities are set out in the Corporate Governance report on page 30 of this Integrated Report.

The group has a comprehensive insurance programme to protect against a wide variety of insurable risks. External advisors are used to advise on the appropriate type and level of cover. The terms and levels of each facility are reviewed annually to ensure that satisfactory cover is in place.

Description of risk	Level of risk	Mitigation of risk
Competitive environment		
The competitive conditions currently being experienced in the construction industry have driven tender margins down to levels that are insufficient to compensate for risk on a sustainable basis.	High	Contract pricing is closely reviewed by experienced senior management and Exco members before tenders are submitted. Where possible, the group is selective and focused towards tendering on contracts that can be leveraged off the group's vertically integrated model. High-margin contracts in Africa are selectively pursued.
Industrial action		
The group revenue streams are reliant on a stable labour force. Ongoing industrial action in the platinum mining sector has elevated the level of this risk for the group's Materials Division which is heavily exposed to the mining industry.	High	The group regularly engages with union officials and shop stewards to promote a healthy employee relationship and reduce the risk of industrial action from its own employees. The risk of industrial action on customer sites in the mining industry remains high as the group has no control over these sites. Diversification between commodities and mining customers goes some way to mitigating this risk for the group as a whole.
Foreign currency risk		
The management of foreign currency exposure when operating in non-base currency geographies is critical to the success of the group's geographic expansion strategy. Contracting in non-base currencies and the inability to effectively hedge these currencies has had an adverse effect on the profitability of these contracts in the past.	Increased from Moderate to High	The group has adopted a cautious approach to currency selection when tendering in new geographies, favouring tenders that allow for currency selective payment options in order to naturally hedge revenues against costs and mitigate the risk of foreign exchange losses. Where tenders do not allow for currency selection, forward exchange contracts are used to hedge foreign currency exposure. If there is an inactive market in the non-base currency, uncertainty surrounding the timing of cash flows and ability to effectively hedge through forward exchange contracts, cost escalation mechanisms are negotiated to provide protection on currency-related inflation with residual risk being priced into contracts where possible.
Customer base		
A material percentage of the group's local revenue stream is either directly or indirectly linked to the South African Government's infrastructure programme through SANRAL, Provincial Governments and Local Municipalities.	Reduced from High to Moderate	The group's strategy to offer a more balanced portfolio of construction and related services and also expand its current business model into new geographies aims to mitigate against this risk and ensure a more diversified revenue stream from an expanded customer base. The development and growth of the Infrastructure Division and increase in the group's international order book has gone some way to mitigate this risk.

Raubex assesses and monitors all risks on a regular basis and takes appropriate steps and action to mitigate these risks.

Description of risk	Level of risk	Mitigation of risk
Credit risk		
Challenging conditions continue to be experienced in the South African construction market with an increasing number of customers showing signs of distress as a result of competitive pricing and margins not being sufficient to cover operating risks. These conditions result in higher levels of credit risk that the group is exposed to in its private customer base.	Moderate	Strict credit approval and review procedures are in place in order to manage this risk to an acceptable level.
Tender risk		
The majority of the group's revenue comes from contract work acquired through a tender process. There is inherent risk in tendering for work and most tenders, in addition to pricing, mark-up and contractual conditions require an educated view to be taken on factors pertaining to geological conditions and quality and availability of materials.	Moderate	The group has tender levels of authority and review processes in place to mitigate this risk as far as possible.
B-BBEE		
Progress in achieving B-BBEE goals has been identified as a risk that needs to be managed. The group's B-BBEE score must be maintained in order to remain competitive amongst its peers in the tender market.	Moderate	The effect that the revised codes will have on the group and the relative score of the group versus its competitors is an area that is being monitored. The risk of direct ownership falling below the threshold 26% level required by the Department of Mineral Resources has been mitigated through the establishment of an Employee Trust and Community Development Trust that hold a direct interest in the underlying quarries of the group.
Bitumen supply		
The group continues to have concerns around the ability of the South African refineries to ensure an adequate and efficient supply of bitumen to the local market and is of the view that the local refineries supply will not be sufficient to meet the demands of the South African road construction industry going forward.	Reduced from Moderate to Low	The group has been proactive in the process of developing alternative supply strategies that will ensure a timely and sustainable supply of bitumen to the South African market over the medium to long term. The group has set up storage and decanting facilities to handle imported bitumen. The Tosas acquisition has increased the group's storage capacity to a level that will make the importation of bitumen more economical.

Board of directors

Executive directors

Rudolf Johannes Fourie (48)

N Dip Marketing Management
Chief Executive Officer

Rudolf joined Raubex in 1997 as Managing Director of newly formed Roadmac Surfacing. Under his management, Roadmac has grown to be the leading surfacing company in South Africa. He has more than 20 years' experience in road surfacing and the bitumen industry. He became the CEO on 1 March 2010. Prior to working for Raubex, he worked as regional manager for the Colas Group until 1997 after he completed his studies in 1989.

James Finlay Gibson (40)

B.Com (Hons), CA(SA)
Financial Director

James joined Raubex in July 2006 as Group Financial Accountant. He has managed the overall group financial function since then and played a key role during the listing process on the JSE in 2007. James was appointed Financial Director effective 24 July 2013. James is a Chartered Accountant and holds a Bachelor of Commerce Degree from the University of Cape Town. After completing his articles with Grant Thornton in 2000, James spent time abroad in the United Kingdom and gained experience contracting in London to Panasonic Corporation and P&O Nedlloyd before returning to South Africa where he spent three years in management accounting positions with SAB Limited before joining Raubex.

Non-executive directors

Jacobus (Koos) Esaias Raubenheimer (71)

BSc Eng (Civil) Pr Eng
Chairman

Koos founded Raubex in 1974 and led the group until retiring as CEO in February 2010. Prior to founding Raubex, Koos worked as an engineer with the Free State and Kruger National Park Road Departments for nine years. He has over 45 years of construction experience and invaluable experience in steering Raubex through challenging markets over many cycles. Koos continues to be involved with Raubex as a Non-Executive Director and Chairman of the Board.

Freddie Kenney (60)

Freddie Kenney joined Raubex (Pty) Ltd as a director and shareholder in 2004, through the empowerment transaction with Kenworth. Freddie is widely regarded as a versatile and talented businessman in Bloemfontein, with interests in low-cost housing development, retail development and construction.

Independent non-executive directors

Ntombi Felicia Msiza (39)

BCom, H Dip (Tax), MBA

Felicia joined Raubex as an Independent Non-executive Director in February 2011. She has extensive experience in the field of governance, including internal audit, external audit and risk management . She previously held an executive position in Governance at Broadband Infraco and served as a Director at the IDT as head of Internal Audit and with SizweNtsaluba VSP as head of the Mpumalanga office. Felicia also held a directorship position within the Institute of Internal Auditors of South Africa ("IIASA") and served on the Audit Committee and Public Sector Committee in addition to various positions with Group Five, Sappi and National Treasury, amongst others.

Bryan Hugh Kent (69)

BCom, FCMA, CA(SA), H Dip (Tax), H Dip (Company Law)

Bryan joined Raubex as an Independent Non-executive Director in February 2011. He is an independent financial consultant and a director on the boards of Achor Yeast, Cadiz, Country Bird, Emira Property Fund and Setpoint Technologies amongst others. Bryan was also a partner at PricewaterhouseCoopers for 13 years where he managed the national tax practice and gained considerable experience in the areas of property matters, financial structuring, leveraged buyouts, international taxation and listings.

Leslie (Les) Arthur Maxwell (67)

BCom, CA(SA)

Les joined Raubex as an Independent Non-executive Director in 2007. Until 14 March 2013, he held the position of Financial Director of JCI Limited. Les joined the board of JCI as an Independent Financial Director to manage/effect the finalisation of forensic and other financial investigations in progress, the implementation of decisions and settlements arising therefrom and the preparation and publication of consequent financial results and reports. Les, over a 20-year period, has held directorships with Fralex Ltd, Fraser Alexander Ltd and Joy Manufacturing Co (Pty) Ltd, where he held the position of Financial Director.

Company Secretary

Heike Elze Ernst (32)

LLB, Admitted Attorney

Heike joined Raubex in February 2008. She was admitted as an attorney in 2005, after which she practiced as an associate attorney at GP Venter Attorneys, specialising in litigation and commercial law. In 2008 she was appointed as the Company Secretary of the group and has since taken on the role of group legal advisor for all group companies providing legal advice, administrative support and guidance. She has also assisted in various mergers and acquisitions for the group.

Chairman's report

"This year we celebrate our 40th anniversary and it is with much appreciation and gratefulness to all our stakeholders that I present my report for the year ended 28 February 2014. The past financial year continued to be a year of perseverance for the construction industry and in light of this, I believe Raubex delivered a commendable performance. Raubex has made some strategic acquisitions over the past 18 months that we believe will strengthen the group's sustainable position to underpin its long-term growth strategy."

Koos Raubenheimer
Non-executive Chairman

We have achieved many milestones during Raubex's 40 years in business, mainly due to the commitment and dedication of our employees to the Raubex family. The 2014 financial year continued to be exceptionally challenging with the local construction industry remaining under pressure due to the high levels of competition within the sector. Other market factors such as the lacklustre economic growth, weak Rand against all major currencies and sectors of the mining industry being crippled by protracted labour unrest, all added to Raubex having to focus on innovative strategies and diversifying its business portfolio.

As part of the group's strategy to secure bitumen supply and strengthen its vertically integrated model, Raubex bedded down the acquisition of Tosas, a manufacturer and distributor of value-added bitumen products, which alleviated the group's bitumen shortage and ensured efficient supply of bitumen to all contract sites.

The controversy around the implementation of the e-toll system in Gauteng continues to attract attention. The roll-out of the toll system on other national roads is dependent on the success of the Gauteng e-toll system and we will continue to follow the situation closely. We are optimistic and positive with regards to SANRAL's success in taking over the management of certain provincial roads. For the year ended 31 March 2013, SANRAL reported that it awarded 255 contracts worth R11,6 billion for new works, rehabilitation and improvement, periodic and special maintenance, routine road maintenance, community development, professional consulting engineering and other activities. The South African paved road network is estimated to be 153 719 kilometres, of which the national road network administered by SANRAL has increased from 16 170 kilometres to 19 704 kilometres over the past year as certain roads within the provincial networks of the Eastern Cape and North West provinces were handed over to SANRAL. This bodes well for Raubex in terms of the upkeep and maintenance of the country's roads.

South Africa's multibillion-rand public infrastructure programme, which includes projects that would, amongst others, unlock key mineral resources, as well as improve and expand South Africa's road infrastructure, were again given strong emphasis by President Jacob Zuma in his State of the Nation Address, delivered in Parliament on 13 February 2014. However, the implementation and roll-out of these projects have been slow to materialise.

Corporate governance and social responsibility

Raubex remains wholly committed to maintaining high standards of corporate governance, in line with the requirements of the JSE Listings Requirements and the King Code. Our Board makes every effort to communicate effectively to our various stakeholders. King III's overriding principles, encompassing accountability, transparency and openness, are benchmarks for the South African business community to adhere to in order to match global best practice in the pursuit of good corporate governance. Corporate governance therefore remains a focus area for Raubex. Our Corporate Governance report sets out our principles and policies in more detail.

We are also conscious of our responsibility towards the effects of our operations on the environment and the need to uplift the communities in which we operate. The Sustainability report covers the group's progress with environmental and sustainability issues as well as our activities for the benefit of society and the policies we adhere to.

Transformation

We continually strive to improve our B-BBEE credentials and meaningful transformation remains a top priority for Raubex. We believe that sustainable transformation is important to both the long-term future of the construction sector and the country.

We are therefore pleased to report that Raubex has maintained its Level 3 B-BBEE rating. The group's B-BBEE status is crucial to the ongoing success of the business in order for us to maintain a competitive score amongst our peer group for tender purposes. Raubex Construction, Roadmac Surfacing and Roadmac Surfacing Cape have all achieved a Level 2 B-BBEE Contributor status.

Construction industry matters

During the financial year, Raubex paid the R58,8 million penalty as agreed with the Competition Commission. However, in November 2013, the media reported that the door had been opened for civil claims against the construction companies found guilty in the bid-rigging and collusion investigation. We have assessed the incidents where certificates have been issued and have engaged with our client, i.e. SANRAL on this matter. The group will continue to cooperate fully with the Competition Commission and other authorities going forward and remains committed to enhancing its compliance infrastructure. Raubex's competition law compliance programme incorporates corporate governance designed to ensure that its employees, management, directors and agents do not engage in future contraventions of the Competition Act. It also includes mechanisms for the monitoring and detection of any contraventions of the Competition Act.

Prospects

We do not foresee that the highly competitive local construction conditions will abate in the short to medium term and we therefore continue to pursue high-margin international opportunities in sub-Saharan Africa. Raubex's order book as at 28 February 2014 was a healthy R6,55 billion compared to the R5,23 billion at the end of the comparable period. We remain cautiously optimistic and hopeful that, with the May 2014 elections concluded, that Government will have the ability to manage the implementation of its long awaited infrastructure plans.

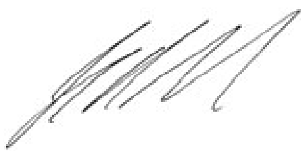
We are of the opinion that it is becoming critical for Government to gain traction with its infrastructure projects as the South African economy is in dire need of creating more jobs and stemming the slow slide into a fully fledged recession.

Post year-end, Raubex received Competition Commission approval for two acquisitions in its drive to diversify its revenue stream and strengthen its business model. OMV Crushers and Shisalanga Construction, both family-owned businesses, will be a good cultural fit and make a positive contribution to the bottom line.

Appreciation

The performance of Raubex is attributable to the dedication and commitment of the management team and staff and I would therefore like to thank Rudolf Fourie and his team for their hard work during this challenging period in our 40-year history.

To my fellow Board members, thank you for your support during the year, your experience and expertise are always valued.



Koos Raubenheimer
Non-executive Chairman

Chief Executive Officer's report

"Raubex delivered a satisfactory performance given prevailing market conditions and the competitive landscape. Our strategy to diversify the group's revenue streams, strengthen our integrated model and better balance our portfolio remain key focus areas to deliver sustainable growth and create value for all our stakeholders."

Rudolf Fourie
Chief Executive Officer

The past year has been another challenging one for the construction industry, characterised by extremely competitive trading conditions, particularly in the road construction space. Strong performances from our Materials operations and Raubex Infrastructure, which has now successfully established its presence and reputation in the marketplace, have helped mitigate the impact of a difficult local operating environment.

Good progress has been made in growing our international exposure and we are pleased to have secured significant contracts in Zambia and Namibia during the year under review.

The group has maintained a strong balance sheet and cash position during the year and looking ahead we will focus on acquisitions that strengthen our vertically integrated model and on growing our current order book with improved margins.

The year in review

The year in review was again marked by a competitive landscape with margin pressure resulting in further attrition in the construction sector as companies no longer managed to remain profitable. The labour unrest in sectors of the mining industry and potential for spill over into other industries is of great concern and the knock-on effect on the South African economy, exacerbated by other market factors, is worrying. With the run-up to the May 2014 election, the Government appeared to be holding back on implementing its much anticipated mega infrastructure projects. The efficient roll-out of these projects and the anticipated R827 billion capital injection required to fund these projects are key to reviving the construction sector.

The perseverance of our team and the diversification initiatives undertaken by the group have contributed to the satisfactory performance of the group for the year ended 28 February 2014. The quality of the order book is also testimony of the group's achievements during the year under review.

Raubex paid a final settlement of R58,8 million to the Competition Commission as a result of their investigation into the construction industry and we continue to engage with SANRAL and Government at a high level to restore trust and move the industry forward.

The success of the e-toll programme for the GFIP remains vital and we continue to monitor the progress by SANRAL on this matter.

The Infrastructure segment performed well during the year. The Construction and Materials businesses continued to seek opportunities beyond South Africa's borders and good progress in securing contracts in Zambia and Namibia have been made. Improved conditions in the Materials Division have also positively contributed to the group's results for the period.

The construction industry continues to experience slow payments on some provincial projects but we have been able to maintain tight financial control over our debtors as well as cash flow.

Financial overview

Revenue increased by 12,2% to R6,33 billion (2013: R5,64 billion) and operating profit increased by 11,6% to R539,9 million (2013: R483,8 million). The increase in operating profit is mainly due to the R58,8 million provision made for an administrative penalty payable to the Competition Commission during the prior year. Normalised operating profit, excluding the effect of this provision, decreased marginally by 0,5% from R542,6 million to R539,9 million. The group's operating margin remained flat at 8,5% (2013: 8,6%). Operationally, a strong performance from the group's Materials Division and a positive contribution from the new Infrastructure segment were offset by challenging market conditions that have persisted in the road construction sector during the year.

Profit before tax increased by 12,0% to R534,5 million (2013: R477,1 million). The effective tax rate decreased to 29,0% from 33,2% due to the non-tax deductible nature of the provision made for the Competition Commission penalty during the prior year.

Earnings per share increased 17,2% to 191,3 cents (2013: 163,2 cents) with headline earnings per share increasing 17,9% to 187,1 cents (2013: 158,7 cents).

Cash generated from operations decreased by 12,5% to R751,4 million (2013: R859,0 million) before finance charges and taxation. The decrease is largely attributable to the payment of the R58,8 million Competition Commission penalty as well as an increase in the group's working capital requirements during the year. Trade and other receivables decreased by 1,9% to R1,07 billion, with inventories increasing by 71,2% to R420,2 million as a result of a strategic increase in bitumen and aggregate stock on hand. The inventory requirements of Tosas amounted to R75,2 million at year-end also added to the increase in inventories.

Capital expenditure on property, plant and equipment increased by 4,9% to R483,3 million, mainly due to the replacement of plant and equipment. Capital expenditure was impacted during the year by the depreciating Rand.

The group's net cash inflow for the year was R35,6 million after taking into account the acquisition in cash of Tosas and the settlement of the Competition Commission penalty. Total cash and cash equivalents at the end of the year increased by 4,3% to R871,3 million (2013: R835,7 million).

Divisional overview

The operational and financial reviews on each of the divisions and segments are set out on pages 19 to 26 of this Integrated Report.

Prospects

We are expecting trading conditions in the South African road construction industry to remain challenging but stable in the short term. Competitive pressures, particularly in the heavy rehabilitation and construction sector, are expected to continue in the year ahead and we believe the attrition and consolidation within the construction sector is also set to persist.

The volume of work out to tender is expected to remain steady and sufficient to maintain the group's order book. Improvements in the sector remain dependent on the timely roll-out of the Government's infrastructure development plan, the successful implementation of tolling and associated revenue collection as well as the continued handover of strategic and primary road networks, and associated maintenance budgets, from Provincial Governments to SANRAL.

The group will continue to seek growth through expansion into Africa in both the road construction and the mining and material handling sectors.

The award for the upgrading of the Safwa to Chinsali road and the Mpika to Mfuwe road in the Muchinga Province of Zambia will support the performance of the Raubex Construction

Chief Executive Officer's report continued

Division in the coming year, whilst a new crushing and materials handling contract recently secured for the Tschudi Copper Mine project in Namibia, will strengthen the group's presence in Namibia.

The group has grown its secured order book to R6,55 billion (2013: R5,23 billion) with 26% of the order book attributable to contracts in Africa.

The Infrastructure business has now established a reputation in the market and has encouraging prospects to grow its order book.

The Tosas acquisition represents a strong strategic fit for Raubex as an integrated road construction and rehabilitation company as it ensures an uninterrupted supply of bitumen and modified binders to the group and its external market. Encouraging progress has been made in bedding down this acquisition and a return to profitability is expected in the year ahead.

Furthermore, Raubex has completed the acquisition of OMV Crushers and Shisalanga Construction, post year-end. These acquisitions will lead to geographical diversification and contribute to the earnings of the Materials and Asphalt operations of the group.

The group has maintained a healthy balance sheet and a strong cash position during the year through cautious management and will continue to explore acquisition opportunities that support the group's vertically integrated model.

Dividend

The Board declared a final gross cash dividend of 35 cents per share which, coupled with the interim cash dividend of 30 cents per share, brings the total dividend to 65 cents per share for the full year. The dividend per share for the year remained unchanged from the previous corresponding period. The dividend policy of three times cover remains unchanged.

Acknowledgements

I would like to take this opportunity to thank all the members of the Board and my executive management team for their dedication, hard work and support during what has again been a particularly challenging year. On behalf of the executive management team, we would like to extend our appreciation to each and every Raubex employee for their continued commitment and trust we can further establish Raubex as a leading construction company.

We also express our gratitude and thanks to all our customers, suppliers, service providers and shareholders for their ongoing support.

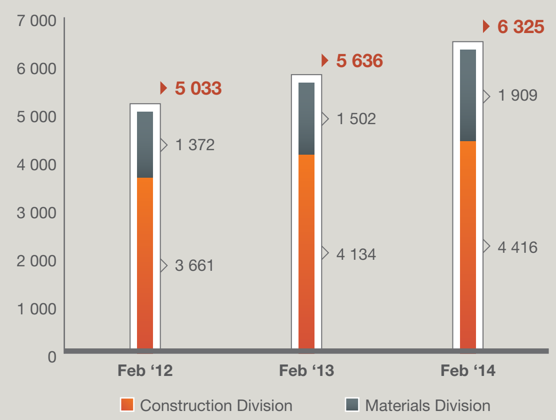
Rudolf Fourie
Chief Executive Officer

Divisional reviews

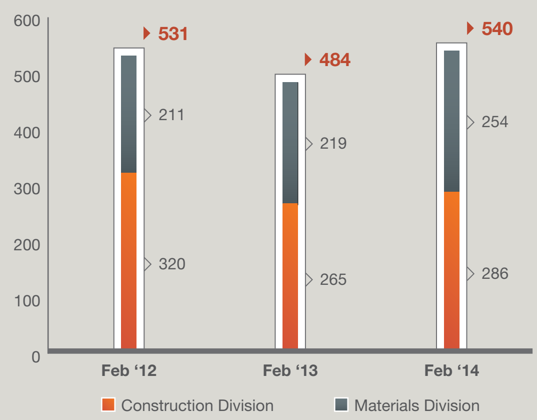
The group operates a fully integrated business model covering all aspects of the road construction process including the supply of construction materials in the form of crushed aggregates, asphalt and bitumen, heavy earthworks, building of concrete structures, road surfacing and road marking. The group also controls and operates a selection of strategically positioned commercial quarries and specialises in material handling and screening operations for the mining sector. The group expanded its business model last year to include an Infrastructure segment with construction capabilities in the electrical and alternative energy (wind and solar), rail, telecommunications, pipeline and housing sectors.

The group has two operating divisions, namely the Construction Division and the Materials Division.

Revenue (R million)



Operating profit (R million)



The main reporting segments are:

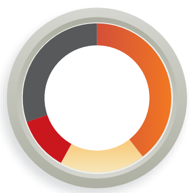
Revenue

28 February 2013

Road Surfacing and Rehabilitation	48,9%
Road Construction and Earthworks	21,6%
Infrastructure	2,9%
Materials Division	26,6%

Revenue

28 February 2014

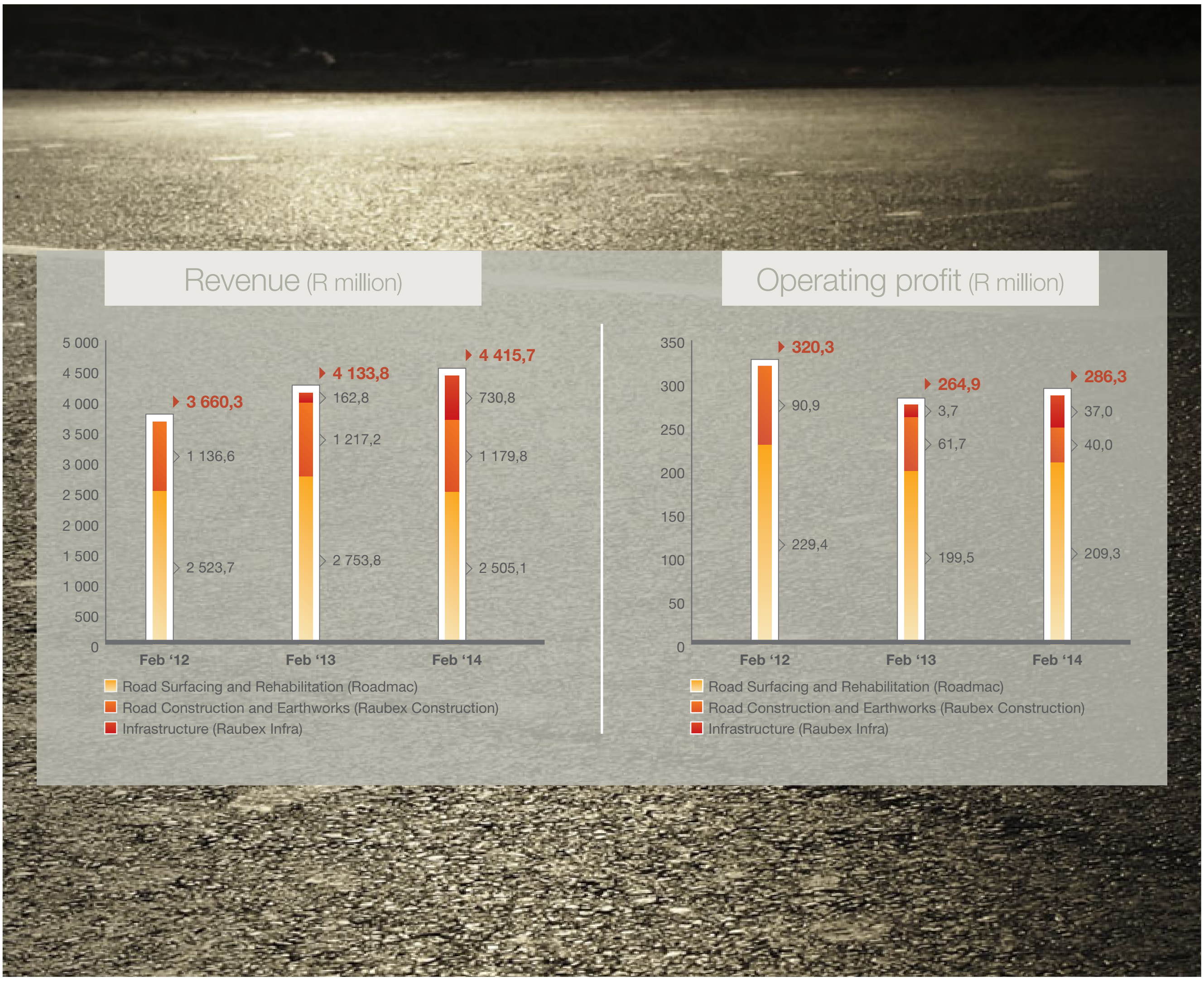


Road Surfacing and Rehabilitation	39,6%
Road Construction and Earthworks	18,7%
Infrastructure	11,6%
Materials Division	30,1%

Divisional reviews continued

Construction Division

The Construction Division comprises three reporting segments, namely Road Surfacing and Rehabilitation (mainly Roadmac), Road Construction and Earthworks (mainly Raubex Construction) and Infrastructure.



Road Surfacing and Rehabilitation segment

Activities

The group's Road Surfacing and Rehabilitation segment specialises in road maintenance, i.e. the light rehabilitation of roads, i.e. chip and spray, surface dressings, enrichments and slurry seals and also the manufacturing and paving of asphalt. Through its subsidiary, **Roadmac**, the company holds the African patent for an ultra-thin asphalt surfacing technology called ULM and is the leading applicator in this market. The business has a strong management team, skilled operators and a well maintained fleet of specialised equipment that is kept up to date with the latest technologies available.

Asphalt production is carried out through the group's subsidiary, **National Asphalt**. The group has a combined production capacity of 1,75 million tons per annum through strategically placed fixed plants servicing the Free State, Gauteng, KwaZulu-Natal and Mpumalanga and mobile plants which are used to service contracts and clients in more rural areas. For the year ended 28 February 2014, National Asphalt utilised 927 000 tonnes (2013: 967 000 tonnes). Fully equipped laboratories ensure a high standard of quality and process control and management strives to be at the forefront of new asphalt technologies. Significant advances have been made in the field of Recycled Asphalt Paving ("RAP") technology that offers both a more cost-effective and environmentally friendly solution to road rehabilitation. The use of this technology is expected to become more prevalent in future rehabilitation projects.

Results for 2014

Roadmac, part of the Road Surfacing and Rehabilitation segment of this division, continues to be the largest contributor to Raubex group's revenue, contributing 39,6% (2013: 48,9%) of total group revenue. The business delivered a satisfactory performance for the year in spite of the continued impact of strong competition in the light rehabilitation market. Revenue for this business decreased by 9,0% to R2,51 billion (2013: R2,75 billion) as a result of the business' focus on securing a better quality order book. Operating profit increased by 4,9% to R209,3 million (2013: R199,5 million). The pressure on tender margins has eased slightly which resulted in the operating profit margin increasing to 8,4% (2013: 7,2%). This is a commendable achievement given the competitor landscape continuing to place pressure on margins.

Included in the results above, **National Asphalt** reported an increase in revenue of 3,4% to R893 million (2013: R864 million) and an increase in operating profit of 8,0% to R54 million (2013: R50 million). The asphalt manufacturing margins improved slightly during the year due to the recovery of bitumen storage costs and production from new technology asphalt plants.

The volume of work out for tender has remained steady while the order book for the year ahead at 28 February 2014 has decreased to R1,78 billion (2013: R2,17 billion).

The segment incurred capital expenditure of R85,5 million during the year (2013: R126,3 million).

Outlook for 2015

The group expects margins to remain steady for now. However, conditions are expected to remain challenging in the year ahead and competitor attrition is set to continue. The business has secured a healthy order book and the volume of work out for tender has remained steady. Raubex also looks forward to SANRAL continuing to take over more of the provincial road networks across the country and assuming responsibility for tendering the work out as this will boost transparency and delivery on much needed upgrading across the largest portion of South African roads. The group is also positive about the production from the new technology RAP plants and SANRAL's move towards this new technology which offers both environmental and cost saving solutions for the rehabilitation of roads that have high bitumen content in the asphalt. The acquisition of Shisalanga Construction will be earnings enhancing and extend the group's asphalt presence into northern KwaZulu-Natal.

Divisional reviews continued

Road Construction and Earthworks segment

Activities

The group's Road Construction and Earthworks segment specialises in new road construction and the heavy rehabilitation of existing roads together with associated infrastructure and concrete structures. The business has notable project management expertise and a reputation for delivering effective and specialised solutions to its clients. The business is well-resourced and skilled by a team of engineers, technologists, artisans and personnel managers who are complemented by a well maintained fleet of specialised road building equipment.

The group's International Construction segment operates throughout southern Africa with businesses in Zambia and Namibia.

Results for 2014

This business segment's performance reflects the intense competition experienced in the road construction and heavy rehabilitation market during this cycle. This became particularly pronounced as the lower margin contracts in the order book were realised. Industrial strike action and an abnormal number of adverse weather days experienced in the second half of the year disrupted production and further impacted the business' performance for the year. The volume of work out to tender has remained steady although there is no sign of any margin improvements in the South African market as competitive pressures persist. Revenue for this business was down by 3,1% to R1,18 billion (2013: R1,22 billion) whilst operating profit decreased by 35,1% to R40,0 million (2013: R61,7 million). As a result of the market conditions mentioned above, operating profit margin decreased to 3,4% (2013: 5,1%).

The group's international operations reported stable results for the year with most of the activities taking place in Namibia. Raubex Construction commenced work on the upgrading of the road section from Rosh Pinah to Oranjemund in the south of the country towards the end of the year with a total contract value of R558,6 million. Operations in Zambia were reduced during the year but the group has maintained a presence in anticipation of the award of two Link 8000 road construction projects. Africa contracts in Zambia and Namibia have strengthened the order book to R2,07 billion as at 28 February 2014, compared to the order book of R1,2 billion as at 28 February 2013.

The business incurred capital expenditure of R51,2 million during the year (2013: R37,1 million).

Outlook for 2015

The group expects the volume of work out to tender to remain steady whilst the competitive conditions being experienced in the South African market are set to continue. Provincial and municipal expenditure needs to expand significantly and the general construction cycle needs to improve, driven by the Government's various infrastructure programmes. This will support margin improvement and competitive easing in the business' chosen areas of work. The tolling stalemate also needs resolution before Government makes conclusive decisions regarding the roll-out of large roads-related projects already designed and which would benefit Raubex both directly and indirectly.

Post year-end, the group was awarded the contract for the upgrading of the Safwa to Chinsali road for ZMW265 million and the ZMW540 million contract for the upgrading of the Mpika-Nabwalya-Mfuwe road both in the Muchinga Province of Zambia. These contracts, which will endure for between 24 months and 30 months, will support the segment's international order book with more profitable work as it sees out the highly competitive conditions in the South African market.

Infrastructure segment

Activities

The group's Infrastructure business offers multidisciplinary solutions outside of the road construction sector and specialises in electrical and alternative energy infrastructure (solar and wind), rail and rail-related infrastructure, fibre as well as GSM telecommunication, pipeline and housing infrastructure. The business' core focus is on building relationships with strategic partners to successfully execute turnkey projects. This segment was established during 2013 in line with the group's strategy to attain a more balanced portfolio of work in the construction sector and increase the group's exposure to more diversified revenue streams.

Results for 2014

The Infrastructure business segment delivered a satisfactory performance for the first full year of operation and successfully executed a number of projects. One such project was the successfully completed contract for the installation of a fibre optic cable in the southern region of the DRC. Good progress was made on works for clients involved in Eskom's Renewable Energy Independent Power Producer Procurement Programme ("REIPPPP") and reputation was established in the mining industry with Kumba Iron Ore on mine housing development projects. Revenue for the division increased to R730,8 million (2013: R162,8 million) and operating profit increased to R37,0 million (2013: R3,7 million). The operating profit margin reported was a pleasing 5,1% (2013: 2,3%), well within the target range of between 4% and 7% set by Raubex.

The business incurred capital expenditure of R22,8 million (2013: R13,7 million) during the year.

Through a focus on quality of work and delivery, the business has been able to establish a solid reputation in the marketplace and continued to grow its order book to R909,4 million (2013: R768,3 million).

Outlook for 2015

Raubex is of the opinion that there is significant growth potential for this business, especially in the water infrastructure, renewable energy and mine housing sectors. Raubex Infrastructure will continue to grow its order book at a measured pace and focus on capacity to improve margins in the year ahead within its guidance range of 4% to 7%.

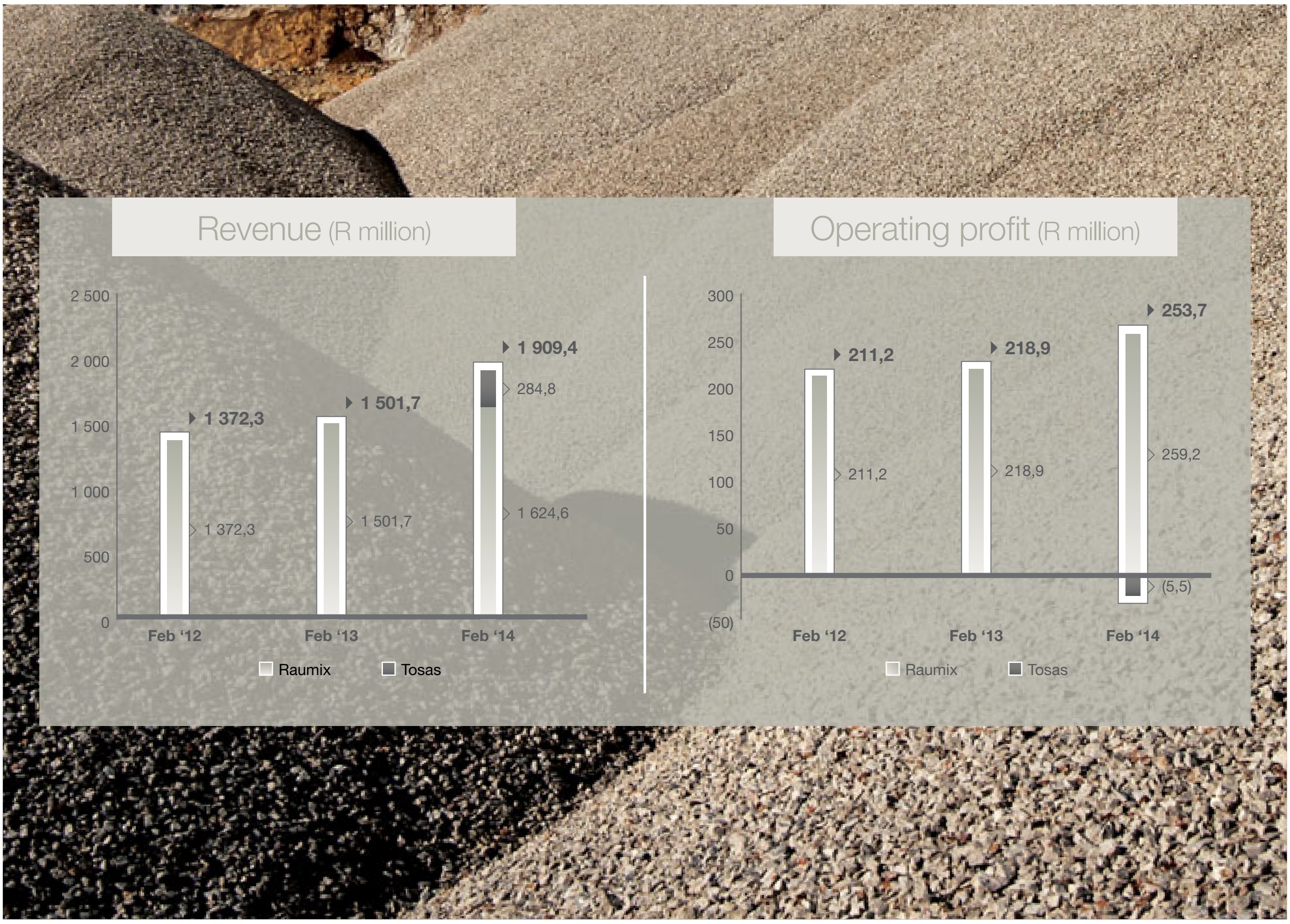
The business will focus on maintaining its reputation for quality work and on time delivery of projects as it pursues opportunities created by the new mining charter for employee housing development and also round three and four of the REIPPPP. There is significant potential for growth in water infrastructure projects in line with Government plans and market demand and the business will position itself to take advantage of this.

Divisional reviews continued

Materials Division

Activities

The Materials Division's core focus is spread over four areas including contract crushing, production of aggregates for the commercial market, materials handling for the mining industry and the supply of bitumen. Raumix controls and operates commercial quarries, with B&E International and SPH Kundalila specialising in contract crushing of aggregates and providing material handling and screening services. Burma Plant Hire specialises in plant hire to the mining and construction sectors and Tosas, acquired in April 2013, provides the group with value-added bitumen.



Aggregates

Raumix is the group's aggregates business and controls and operates commercial quarries strategically located in the following geographic areas:

- Gauteng (Midrand and Pretoria)
- Free State (Bloemfontein)
- Eastern Cape (Aliwal North, Cradock and Queenstown)
- KwaZulu-Natal (Harding)

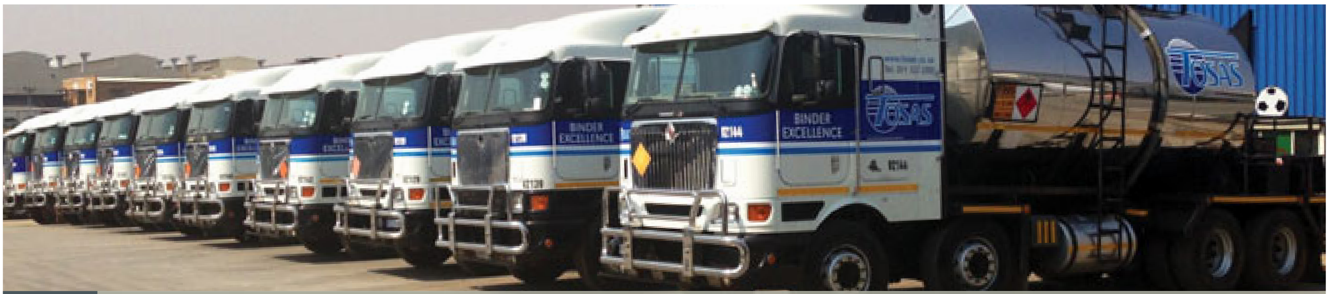
These quarries supply crushed aggregate to the construction industry for both the residential market and infrastructure projects.

Contract crushing, materials handling and screening

The group specialises in contract crushing and provides high-quality aggregates to greenfield and remote projects sites where transport of materials is not a viable option. The company is a leader in its field and its expertise includes the ability to design and construct mobile plant; to effect frequent moves and rapid installation; prospect for suitable rock sources; operate (and rehabilitate) project dedicated quarries, and the ability to achieve consistency of products at high rates of production in remote areas.

Comprehensive materials handling solutions are provided to the mining industry with capabilities covering all aspects, including drilling, blasting and screening as well as ore loading and hauling. Activities include the screening of gold waste rock dumps and the operation of high-volume screening plants for commodities including diamonds, iron-ore, chrome, coal and lime. Mineral processing activities focus on the area of primary mineral processing involving pre-concentration in-field and processing run of mine for further treatment. Plant is generally purpose built and designed in-house to provide the capacity and capability required for each operation. The materials handling and screening operations are situated throughout southern Africa and operate a modern fleet of well-maintained equipment combined with a highly experienced and motivated team. Its professional approach and focus on health and safety has enabled it to build strong relationships with its clients.

Divisional reviews continued



Bitumen storage and modified bitumen supply

Tosas is a manufacturer and distributor of value-added bituminous products used primarily for road construction activities. Tosas was acquired by the group on 26 April 2013 following a lengthy divestiture process by Sasol which resulted in lower sales volumes compared to historical levels.

The business has secured a supply agreement with Sasol which could satisfy approximately 50% of the group's current bitumen requirements in the event of a shortage and has capacity to store 2 000 tonnes of bitumen. Approximately 30,8% of Tosas' revenue is supplied inter-group.

Results for 2014

Raumix

Overall, the business delivered a good performance for the year with commercial quarries reporting strong results driven by improved conditions and increased volumes sold into the residential and commercial building markets as well as infrastructure development supporting quarries in the Eastern Cape Province. The contract crushing operations continued to be affected by the competitive conditions across the construction industry which has put pressure throughout the supply chain. Mining and material handling operations reported stable results with little disruptions resulting from industrial actions during the year. However, as these operations are focused on the gold and diamond mining industries, they will continue to be exposed to sector-related risks, including commodity cycles.

Raumix reported an increase in revenue of 8,2% to R1,62 billion (2013: R1,50 billion) on the back of an increase in volumes from quarries based in Gauteng. The increase in operating profit of 18,4% to R259,2 million (2013: R218,9 million) resulted in the operating profit margin increasing to 16,0% (2013: 14,6%) mainly as a result of the improved performance from the group's commercial quarries and mining operations.

The business incurred capital expenditure of R320,3 million during the year (2013: R283,8 million) mainly on the replacement of ageing crushing and material handling plants to service ongoing contracts and maintain efficiencies.

The business secured contracts at acceptable margins and its order book increased to R1,67 billion as at 28 February 2014 (2013: R1,1 billion) supported by a new crushing and material handling contract secured for the Tschudi copper mine in Namibia.

Tosas

Revenue of R284,8 million and an operating loss of R5,5 million was reported for the year ended 28 February 2014. Total revenue including inter-group supply amounted to R411,5 million. The business is bedding down well and synergies are being realised. Despite the operating loss reported, no sites in the rehabilitation division suffered any standing time due to lack of bitumen.

Tosas has secured an external order book of R127,2 million.

Outlook for 2015

Raumix

Favourable trading conditions are expected to continue for the group's commercial quarry operations and earnings will be enhanced through the acquisition of the operations of OMV Crushers in Stilfontein and Potchefstroom. Material handling and screening operations will remain focused on the diamond and gold mining industries. However, they continue to be exposed to the risk of future labour action and commodity cycles. The new crushing and material handling contract recently secured for the Tschudi Copper Mine project in Namibia will strengthen Raumix's presence in Namibia and diversify commodity exposure. Margin pressure is expected to continue in the contract crushing market in line with the competitive pressures being experienced in the Construction Division. The business will continue to explore higher margin opportunities in Africa.

Tosas

Management is confident that the lost market share will be recovered over the medium term whilst short-term synergies continue to be achieved, including the efficient supply of bitumen to contract sites. Tosas is expected to return to profitability in the year ahead as it strives towards its goal to become the preferred binder supplier in southern Africa.

Corporate Governance report

General

Corporate governance is an integral part of the group's business philosophy. The directors and senior management of the group accept full responsibility for the application of the principles necessary to ensure that effective corporate governance is practiced consistently throughout the group.

The group supports King III and its best practice recommendations and has committed to the process of applying its recommendations. The Board is of the opinion that the group substantially complies with the key requirements of King III, the provisions of the Companies Act and the JSE Listings Requirements. The Board, with assistance from the Internal Audit function and the Company Secretary, reviews compliance with the King III recommendations and monitors and evaluates areas of non-compliance.

Board

At the date of this Integrated Report, Raubex has a unitary Board with seven directors comprising two executive directors and five non-executive directors, three of whom are independent.

The Board provides effective leadership based on an ethical foundation and ensures that the company is and is seen to be a responsible corporate citizen and that all deliberations, decisions and actions are based on the four values of responsibility, accountability, fairness and transparency that underpin good governance. The Board ensures that the company's ethics are managed effectively and conducts its business in the best interest of the company, the group and all stakeholders. The Board has a formal charter setting out its responsibilities and is the focal point for and custodian of corporate governance.

The Board appreciates that strategy, risk, performance and sustainability are inseparable. The Board's responsibility includes providing the group with clear strategic direction, ensuring that there is adequate succession planning at senior levels, reviewing operational performance and management, determining policies and procedures which seek to ensure the integrity of the group's risk management and internal controls, implementing and maintaining clear channels of communication and overseeing director selection, orientation and evaluation.

The group's non-executive directors bring an independent view to the Board's decision making on issues such as strategy, resources, transformation, diversity and employment equity, standards of conduct and evaluation of performance. At each AGM, directors comprising one-third of the aggregate number of non-executive directors are subject, by rotation, to retirement and re-election by shareholders in accordance with the company's MOI.

The Board meets at least four times a year with additional meetings called if necessary. Information relevant to a meeting is supplied on a timely basis to the Board, ensuring directors make well-informed and reasoned decisions. The directors have unrestricted access to the Company Secretary and, where applicable, may seek the advice of independent professionals on matters concerning the affairs of the group.

Chairman and Chief Executive Officer

The roles of the Chairman and the CEO are separate and they operate under separate mandates issued by the Board. This differentiates the division of responsibility within the company and ensures a balance of authority.

The Board is chaired by Koos Raubenheimer, a non-executive director and the founder of Raubex. The Chairman is responsible for providing leadership to the Board, overseeing its efficient operation and ensuring good corporate governance practices. The Chairman is not considered to be independent due to his material shareholding in the group and the role of Lead Independent Non-executive Director is filled by Les Maxwell.

Rudolf Fourie is the CEO of the group and is responsible for the management of the group's day-to-day operations and affairs in line with the policies and strategic objectives set out and agreed to by the Board. The CEO is supported by the group's Exco of which he chairs a monthly meeting where the group's results, performance and prospects are reviewed. The CEO reports to each Board meeting on the performance and prospects of the group and any other material matters arising.

Directors of Raubex

The directors of the company and their credentials are set out on pages 12 and 13 of the Integrated Report.

Independence of the Board

The Board maintains its independence through:

- keeping the roles of Chairman and CEO separate;
- having a Lead Independent Non-executive Director;
- the non-executive directors not holding fixed term service contracts and their remuneration not being tied to the financial performance of the group;
- all directors having access to the advice and services of the Company Secretary;
- all directors, with prior permission from the Board, being entitled to seek independent professional advice on the affairs of the group at the group's expense;
- functioning Board committees comprising mainly of non-executive directors; and
- the appointment or dismissal of the Company Secretary being decided by the Board as a whole and not by one individual director.

The Board has assessed the independence of the independent non-executive directors and is satisfied that they are independent.

Corporate Governance report continued

Interests in contracts and conflicts of interest

Directors are required to inform the Board timeously of conflicts or potential conflicts of interest that they may have in relation to particular items of business and are obliged to recuse themselves from discussions or decisions in relation to such matters. Directors are also required to disclose their other directorships at least annually and to inform the Board when any changes occur.

Insurance

A suitable directors' liability insurance policy has been taken out by the group. No claims have been lodged under this policy up to the date of this report.

Board meeting attendance

A register of quarterly Board meeting attendance is tabled below:

	8 May 2013	22 August 2013	8 November 2013	20 February 2014
RJ Fourie	✓	✓	✓	✓
JF Gibson	✓	✓	✓	✓
JE Raubenheimer	✓	✓	✓	✓
F Kenney	×	✓	✓	✓
L Maxwell	✓	✓	✓	✓
BH Kent	✓	✓	✓	✓
FN Msiza	✓	✓	✓	✓

✓ Attended

× Absent, with apology

Performance assessment and development

An evaluation of the Board and the individual directors is performed annually by the Chairman. The Board has determined its own rules, functions, duties and performance criteria to serve as the basis for the performance appraisal. Although no formal director development process has been adopted, performance evaluations have been structured in such a way as to identify the training needs of directors. The Company Secretary assists the Board with director induction and training requirements.

Board committees

Audit Committee

The Board has ensured that the group has an effective and independent Audit Committee which comprises suitably skilled and experienced independent non-executive directors.

The following members serve on the Audit Committee:

- LA Maxwell (Chairman)
- BH Kent
- NF Msiza

The committee has adopted formal terms of reference that have been approved by the Board. To effectively comply with its terms of reference, the external auditors, the Financial Director, the group financial manager and internal audit manager attend the Audit Committee meetings as standing invitees. When appropriate, the executive directors and officers attend the meetings by invitation.

The committee is responsible for assisting the Board in fulfilling its responsibility in respect of financial reporting issues. It also has a responsibility to ensure that management has implemented and maintained an effective control environment.

The Audit Committee's terms of reference include the following key responsibilities:

- to review the effectiveness of the group's systems of internal control, including internal financial control and to ensure that effective internal control systems are maintained;
- to oversee the group's risk management processes with specific oversight of financial reporting risks, internal financial controls, fraud risks and IT risks.
- to assist the Board in fulfilling its responsibilities in respect of financial reporting issues and compliance with laws and regulations;
- to monitor and supervise the effective functioning and performance of the internal auditors;
- to ensure that the scope of the Internal Audit function has no limitations imposed by management and that there is no impairment of its independence;
- to evaluate the independence, effectiveness and performance of the external auditors;
- to ensure that the respective roles and functions of external audit and internal audit are sufficiently clarified and coordinated;
- to review financial statements for proper and complete disclosure of timely, reliable and consistent information and to confirm that the accounting policies used are appropriate; and

- to oversee integrated reporting and ensure that a combined assurance model is applied to provide a coordinated approach to all assurance activities.

The committee also sets the principles for recommending the use of the external auditors for non-audit purposes that include tax services, corporate restructuring, merger and acquisition advice and training.

The Audit Committee report is set out on pages 48 and 49 of the group's Annual Financial Statements.

IT Steering Committee

The Board is responsible for IT governance and ensures that IT is aligned with the performance and sustainability objectives of the group. The Board has delegated to management the responsibility for the implementation of an IT governance framework. An IT Steering Committee has been appointed to assists the Board with its governance of the group's IT. The committee has adopted formal terms of reference that have been approved by the Board.

The IT Steering Committee reports to the Audit Committee and is responsible for:

- strategic direction in the design of systems and the use of IT resources within the group;
- the review and approval of IT systems and related expenditure within the group to ensure alignment with group strategy;
- development and implementation of an IT governance framework;
- value delivery through concentrating on optimising expenditure and proving the value of IT;
- risk management through addressing the safeguarding of IT assets, disaster recovery plans and ensuring continuity of operations;
- the protection and management of the group's information; and
- the coordination of priorities between the IT department, user departments and other stakeholders.

The establishment of the IT Steering Committee has resulted in a more coordinated approach to IT management throughout the group and under its direction the group's Virtual Private Network has been bedded down and communication and information sharing within the group has noticeably improved.

The group's IT function is adequately resourced with the necessary skills and expertise to manage its systems internally and ensure business continuity.

Remuneration and Nomination Committee

The Remuneration and Nomination Committee is an independent committee appointed by the Board.

The committee consists of five members, three independent non-executive directors and two non-executive directors.

The following members serve on the committee:

- LA Maxwell (Chairman)
- BH Kent
- JE Raubenheimer
- F Kenney
- NF Msiza

The committee has adopted formal terms of reference that have been approved by the Board and includes the key responsibility of assisting the Board in:

- determining the remuneration, incentive arrangements and benefits of the executive directors of the company, including pension rights and any compensation payments;
- determining the fees payable to the Chairman of the Board;
- determining the fees payable to the non-executive directors of the Board;
- determining the remuneration of the Exco members;
- recommending and monitoring the level and structure of remuneration of senior executive employees;
- considering and deciding upon such other matters as the Board may refer to it;
- reviewing, at least annually, the committee's performance and terms of reference; and
- assisting the Board in the appointment of new directors to the Board.

Directors are appointed through a formal process. In order to appoint a new director, the committee will source candidates and make proposals regarding candidates, which proposals will be followed up with curricula vitae and interviews. Candidates will then be recommended to the Board, who may conduct inteviews and will then make an appointment, subject to shareholders' approval at the next AGM.

The Remuneration and Nomination Committee report is set out on pages 32 to 34 of this Integrated Report.

Executive Committee

The Exco supports the CEO in carrying out his responsibilities for the day-to-day management of the group's operations and consists of eight members. During the year the Exco was strengthened to include two divisional financial executives and the Company Secretary.

The following members serve on the Exco of the group:

- RJ Fourie (CEO)
- JF Gibson (Group Financial Director)
- TG Wiese (Managing Director – Materials Division)
- LJ Raubenheimer (Managing Director – Construction Division)
- GM Raubenheimer (HR and Administrative Executive)
- JA Louw (Group Financial Manager)
- RL Shedlock (Financial Director – Materials Division)
- HE Ernst (Company Secretary and Legal Advisor)

Corporate Governance report continued

The Exco is chaired by the CEO and has regular input from executives from operations, finance, IT, human resources, compliance and investor relations. Meetings are convened monthly. The committee is responsible for the strategic planning and operations of the group.

Risk Committee

The Board is responsible for the governance of risk and has appointed a committee responsible for risk management which comprises two independent non-executive directors and one divisional financial executive. Exco members attend the Risk Committee meeting by invitation. The Board determines the levels of risk tolerance and has delegated to management the responsibility to implement and monitor the risk management plan and quarterly risk assessments.

The following members serve on the Risk Committee which convened four times during the year.

- BH Kent (Chairman)
- NF Msiza
- RL Shedlock

The Risk Committee is responsible for:

- overseeing the development of the group's risk management policy;
- monitoring the implementation of the group's risk management policy;
- ensuring that the risk management policy is adhered to throughout the group and integrated in the daily activities of the group;
- ensuring that risk management assessments are performed on an ongoing basis;
- considering and implementing plans to mitigate identified risks;
- continuous risk monitoring; and
- reporting identified risks to the Board.

A formal risk recording and rating methodology has been adopted whereby risks are identified and prioritised by subsidiary companies and divisions before being communicated through to the Risk Committee for review and recording in the group's risk register. Decisions are then made on how best to mitigate, manage or transfer high impact, high probability risks. The material risks and mitigating processes are set out on pages 10 and 11 of this Integrated Report.

The Board is satisfied with the effectiveness of the system and process of risk management.

Social and Ethics Committee

The Companies Act requires all listed public companies to have a Social and Ethics Committee. In line with these requirements, the group has an established Social and Ethics Committee. The Social and Ethics Committee report is set out on page 35 of the Integrated Report and sets out its responsibilities and functions.

The following members serve on the Social and Ethics Committee of the group:

- F Kenney (Chairman)
- GM Raubenheimer
- TA Dale

GM (Thabo) Raubenheimer serves on the Exco of the group, while Trevor Dale is the Group Human Resource Manager.

Share dealing

The group has imposed closed periods in line with a "closed period" as defined in the JSE Listings Requirements. During these periods directors, officers and defined employees may not deal in any securities issued by the group. Notwithstanding the closed periods directors and officers may not trade in the group's securities during any period where they have access to unpublished price-sensitive information.

To ensure effective compliance, it is a requirement that no trade in the group's securities may take place outside of the closed periods without:

- the prior written approval from the Chairman for the CEO, Financial Director and non-executive directors;
- the prior written approval of the Lead Independent Non-executive Director for the Chairman; and
- the prior written approval of the Financial Director for Exco members.

Directors, officers and defined employees are required to instruct their portfolio or investment managers not to trade in the securities of the group without their written consent. They are required to advise the Company Secretary immediately after the trade has taken place who will then report the transaction to the JSE through SENS within 24 hours after receipt of such information in accordance with the JSE Listings Requirements. A register of share dealings by directors is maintained by the Company Secretary and reviewed by the Board on a quarterly basis.

Company Secretary

The Company Secretary has been fully empowered by the Board to enable her to properly fulfil her duties and she has complete access to people and required resources. The Company Secretary plays an important role in supporting the Board of the company. She also provides a central source of guidance and advice to the Board and within the company on matters of business ethics and corporate governance. Relevant information on new regulations and legislation relating to directors is tabled when necessary. The directors have unlimited access to the advice and services of the Company Secretary.

The Company Secretary ensures that, in accordance with the pertinent laws, the proceedings and affairs of the Board and its members, the company itself and, where appropriate, the owners of securities in the company are properly administered.

The Company Secretary ensures compliance with the rules and JSE Listings Requirements, the statutory requirements of the company and its subsidiaries in South Africa in accordance with the Companies Act and also administers the group's share option scheme.

Together with the Chairman, the Company Secretary is involved in ensuring proper information flows within the Board and its committees and between senior management and the non-executive directors.

The position of Company Secretary is held by Heike Elze Ernst. She is not a director of the group or any of its subsidiaries and the Board is satisfied that an arm's length relationship is maintained between the Company Secretary and the Board. Mrs Ernst's curriculum vitae is set out on page 13 of this Integrated Report. During her tenure with the group, she has attended various workshops and seminars on matters relevant to the company secretarial function and is also a member of the Institute of Directors. The Board has assessed her abilities and is satisfied with the qualifications, experience and the level of competence demonstrated.

Internal audit

The Board ensures that there is an effective risk-based Internal Audit function that subscribes to the Institute of Internal Auditors standards. Internal Audit is an independent function and provides the Board with assurance that an effective governance, risk management and internal control environment is maintained. The Internal Audit function is informed by the strategy and risks of the group and its reports and recommendations, which provide a written assessment of the effectiveness of the company's internal controls, are tabled at quarterly Audit Committee meetings for review. The Audit Committee is responsible for overseeing the Internal Audit function and ensures that it has the appropriate skills and resources.

Compliance with laws, rules, codes and standards

Raubex is committed to the highest ethical and legal standards and expects all its stakeholders to act in accordance with the highest levels of personal and professional integrity in all aspects of their occupation and activity, and to comply with all laws, regulations and policies applicable to the group.

The company is committed to business conduct which ensures that its directors, management and employees do not engage in any conduct which constitutes a prohibited practice.

The Board ensures that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards. The Board has delegated to management the implementation of an effective compliance framework and process. Compliance risk forms part of the company's risk management process and a compliance function has been established which is managed by a designated compliance officer who reports into the Risk Committee. Significant progress has been made in implementing a compliance framework throughout the group and assurance provided through Internal Audit will be a focus area in the coming year.

The historical conduct that occurred during 2006 and prior to its listing in 2007 relating to transgressions of the Competition Act has seen the existing corporate governance infrastructure enhanced with a competition law compliance programme that incorporates corporate governance designed to ensure that its employees, management, directors and agents do not engage in future contraventions of the Competition Act.

Stakeholder communication and relations

The Board appreciates that stakeholders' perceptions affect the group's reputation and strives to achieve the appropriate balance between its various stakeholder groupings in the best interest of the company. The Board has delegated to management to deal with stakeholder relationships and structures have been introduced to manage the interface with the various stakeholder groups. There are responsive systems of governance and practice, which the Board and management regard as appropriate.

The communication with stakeholders is considered to be transparent and effective and the group has retained the services of public relations professionals to assist with stakeholder communication issues and investor relations. Further detail on the group's stakeholder communication is available on pages 8 and 9 of this Integrated Report.

The company maintains a website that contains up-to-date information at www.raubex.com

Remuneration and Nomination Committee report

The Remuneration and Nomination Committee ("the committee"), which is an independent committee appointed by the Board, is pleased to present this report for the financial year ended 28 February 2014 as recommended by the King III report on corporate governance.

Terms of reference

The committee, which has adopted formal terms of reference approved by the Board, has conducted its affairs in compliance with those terms of reference and has discharged its responsibilities contained therein.

Members and meeting attendance

The committee, which meets at least twice per annum with authority to convene additional meetings as circumstances require, is chaired by Les Maxwell, an Independent Non-executive Director, and consists of five non-executive directors, three of whom are independent. The CEO and the Financial Director attend the meetings by invitation only and are not party to any decisions with respect to their own remuneration.

The members who serve on the committee and the meeting attendance register are set out in the table below:

	8 May 2013	22 August 2013	20 February 2014
LA Maxwell (Chairman)	✓	✓	✓
JE Raubenheimer	✓	✓	✓
F Kenney	✓	✓	✓
BH Kent	✓	✓	✓
NF Msiza	✓	✓	✓

Activities

The committee was convened three times during the year and dealt with the following matters:

- A review of fees payable to the Chairman of the Board and to the non-executive directors, and a recommendation to the Board on such fees for the ensuing year.
- A review of the remuneration of the executive directors of the Board and members of the Exco and a recommendation to the Board on the base pay for those parties for the ensuing year.
- A review of the performance, including a review of KPI performance, of the executive directors and Exco members and a recommendation to the Board in respect of the short term incentive payable to those parties during the year.
- A review of the KPI's of the executive directors and Exco members to ensure alignment with the strategic objectives and financial performance of the group.
- A review of the long-term incentive arrangement applicable to the executive directors and Exco members.
- A recommendation to the Board on the number of share options to be granted in terms of the group's deferred stock scheme.
- A review of applications received to fill the position of Financial Director and a subsequent recommendation to the Board in respect thereof.
- A review of the results of the 2013 AGM vote on the non-binding advisory endorsement on the group's remuneration policy.

There have been no material changes to the group's remuneration policy or practices during the financial year under review.

Remuneration of the Chairman and non-executive directors of the Board

The committee conducted a fee survey during the period and found that the fees of the Chairman and the non-executive directors were at a level below the group's policy to pay at least in line with median fee levels of the industry. A proposal was made and accepted by the Board to increase the fees of the Chairman and the Lead Independent Non-executive Director, proportionate to the level of responsibility associated with his role, and to align the fees of the independent and other non-executive directors.

The above review and realignment includes a proposal that there will be a fixed annual fee structure and that individual meeting fees will no longer be payable.

The current fees and the above proposed fees, which will be tabled for shareholder approval at the group's forthcoming AGM, are set out below:

	2014			Proposed 2015	
Category	**Annual fees (R)**	**Maximum meeting fees (R)**	**Total (R)**	Annual fees (R)	Total (R)
Chairman	**449 400**	**120 000**	**569 400**	800 000	800 000
Lead independent non-executive	**337 056**	**120 000**	**457 056**	650 000	650 000
Independent non-executive	**337 056**	**120 000**	**457 056**	500 000	500 000
Non-executive	**224 700**	**120 000**	**344 700**	500 000	500 000

Non-binding advisory endorsement on remuneration policy

The voting results in respect of the endorsement of the group's remuneration policy at the AGM held on 7 November 2013 were as follows:

- 67,9% of shareholders voted in favour of the remuneration policy; and
- 32,1% voted against.

On consideration of the above result, the committee undertook to review the remuneration policy for members of the Board and Exco for the ensuing financial year to ensure alignment with industry best practices and retention of key executives. Such a review was undertaken and the policy is considered to be appropriate for the group.

General remuneration policy

The group's remuneration policy aims to attract, motivate and retain management, including executive directors of the Board and members of Exco, with the required level of professional and operational expertise necessary to achieve the group's objectives.

Remuneration packages are designed in line with this policy and consist of the following components:

Base pay

The base pay of the executive directors and the Exco members is determined by the committee. The base pay of other managers, officers and employees is determined by executive management.

The policy on base pay is to pay salaries that are at least in line with the median base pay for comparable positions in the industry and geographies in which the group operates. Consideration is given to experience, responsibility and individual performance when determining and reviewing base pay.

Average annual increase guidelines are set by the Exco and new appointments with remuneration packages in excess of pre-determined limits are referred to the Exco for approval. In determining base pay all company contributions and allowances are taken into account including pension, provident, life and disability insurance and medical aid contributions.

Short-term incentive

Executive directors and nominated senior executive management participate in an annual executive bonus scheme. The scheme has a structure which includes:

- a measurement of earnings achieved against targets set in annual group and divisional budgets approved by the Board; and
- a measurement against KPI's determined by the Board.

The scheme structure can result in payments which are above the median level of the industry and has proved to be highly effective in motivating eligible participants to deliver performances that are above the industry average. The maximum annual bonus is capped at 200% of base pay for some participants and 100% of base pay for others.

KPIs

As indicated above, part of the executive bonus scheme computation measures performance against KPI's determined by the Board.

For example:

Key performance indicator	% weighting CEO	% weighting Financial Director
Group earnings as % of budget*	70	70
Individual KPIs		
Earnings per share	6	6
Return on capital employed	6	6
Cash management	6	6
Strategic targets	6	–
Stakeholder relationship	6	6
Compliance and risk management	–	6
Total	100	100
Maximum incentive	200% of base pay	200% of base pay

* *In order to participate in this KPI, earnings of at least 90% of budget must be achieved*

Remuneration and Nomination Committee report continued

When the committee reviews the annual bonus computation of eligible participants it also, when evaluating the overall performance of participants, takes into consideration:

- the company's performance in relation to its peers;
- prevailing market conditions, particularly those which are outside the control of participants and which have had a material influence on the group, its operations and results; and
- the response of participants to such conditions.

Once incentives have been calculated in terms of the scheme structure, the committee, after taking into account the above factors and the impact they have had on the group's performance and results, has a discretionary right to recommend the award of ex gratia bonuses it considers appropriate.

KPIs are adapted for eligible divisional executives to include elements of both the group and divisional financial performances as well as divisional strategic goals with 70% of the maximum incentive attributable to achievement of the group and divisional annual budgets.

A formal budget setting and approval process is followed. Budgets are presented by subsidiary company heads and are rolled up into operating division budgets presented to the Exco for approval. The Exco interrogates the budgets and applies a reasonable degree of stretch before presenting the budget to the Board for final approval.

Long-term incentive

The purpose of the Deferred Stock Scheme is to attract, retain and provide selected executives and members of senior management with an incentive to align their interests with those of the group. The maximum number of ordinary shares in respect of which options may be granted to employees in terms of the scheme in a particular financial year and the maximum number of shares in respect of which options may be granted to any individual employee in terms of the scheme in a particular financial year are approved annually by the shareholders.

The Board, with assistance from the committee, will make recommendations to the shareholders for the purpose of determining the maximum number of shares to be issued. The Board shall from time to time identify employees who are strategically important for the company to retain and to have them participate in the scheme.

The options granted to an identified employee are only valid if the employee concludes a restraint agreement with the company which includes a "retention period" of not less than three years. During this period the employee is required to remain in the full time employ of the company or any of the company's subsidiaries in order to avoid lapsing of the option.

Contracts and severance

The remuneration and fees of the executive directors, non-executive directors and prescribed officers of the group are set out in note 32 of the group's Annual Financial Statements.

Employment contracts have been concluded with all executives and managers and these contracts specify the period of the contract as well as notice of termination. Separate restraint of trade agreements have been concluded with key executives and managers, which agreements are linked to the acceptance of share options granted.

Restraint of trade contracts provide for a restraint period equal to the duration of the employee's employment with any of the group companies; and a further period equal to two years from the termination date, provided that the restraint period shall endure for not less than five years following the effective date of the agreement.

LA Maxwell
Chairman of the Remuneration and Nomination Committee

1 August 2014

Social and Ethics Committee report

Introduction

The Social and Ethics Committee has a Board-approved Social and Ethics Charter which incorporates the responsibilities of the committee and the terms of reference, aligned to the guidelines and requirements provided by the Companies Act and King III. The Charter is regularly reviewed and updated where necessary to ensure that the terms of reference, as set out in the Charter, complies with all regulatory and legislative guidelines and that the committee performs its duties in terms of the Companies Act and King III. The Social and Ethics Committee has executed its duties, in accordance with these terms of reference, during the past financial year.

Members

At 28 February 2014, the Social and Ethics Committee was chaired by Freddie Kenny, a Non-executive Director. The other two members are Thabo Raubenheimer, an Exco member, and Trevor Dale, the group's Human Resources Manager. The Exco members of the group attend by invitation. The Company Secretary acts as the committee secretary and Legal Advisor.

Meetings

The Social and Ethics Committee held two meetings during the year.

Statutory duties

This committee has a broad mandate in terms of the Companies Act and King III and reports to the Board.

In execution of its statutory duties, the Social and Ethics Committee is responsible for monitoring the group's activities, taking into account relevant legislation, legal requirements and prevailing codes of best practice, relating to:

- social and economic development;
- good corporate citizenship;
- the environment, health and public safety;
- consumer relationships; and
- labour and employment.

The Social and Ethics Committee also:

- consults with advisors and attends presentations on the various aspects of the duties and responsibilities relating to social and ethics issues;
- monitors the group's compliance with the United Nations Global Compact 10 Principles on Human Rights, Environment, Labour and Anti-Corruption;
- monitors the group's compliance with the Organisation for Economic Co-operations and Development recommendations regarding corruption;
- monitors the group's compliance with the International Labour Organisation's definition of "Decent Work";
- monitors the group's CSI; and
- creates a reporting structure for the group's business units in respect of the committee's requirements.

The committee is aware its function will continue to evolve as it addresses all the responsibilities within its mandate. The committee is satisfied with the group's progress in the different areas and with the plans for the 2015 financial year.

The social and economic sustainability of Raubex is important and the Sustainability report contains more detail on the group's staff, environmental issues and CSI initiatives. These issues are of significant importance to the group in terms of its obligations to all of its stakeholders, society as a whole and the countries in which it operates.

On behalf of the Social and Ethics Committee.

Freddie Kenney
Social and Ethics Committee Chairman

1 August 2014

Sustainability report

Introduction

The Sustainability report has been created to report, in more detail, on Raubex's employees, the group's CSI initiatives and the impact of the group's operations on the environment.

The following issues are of significant importance to the group in terms of its obligations to all of its stakeholders, who include its employees, suppliers and customers, shareholders and the communities in the countries in which the group operates. The report covers:

- Employment equity
- B-BBEE
- Skills development
- Occupational Health and Safety
- Community Social Investment
- Environment

Employment equity

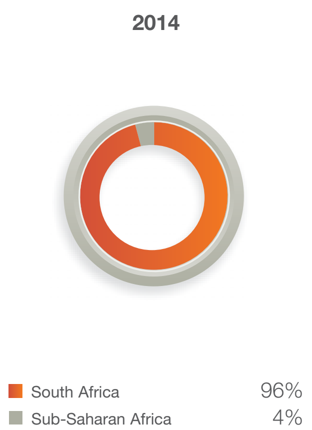
The group conforms to all Employment Equity legislation in terms of its strategy, plan and reports that are compiled on a monthly basis, including the annual submissions as legislated. The group has a clearly defined employment equity strategy. This strategy is aimed at realising the potential of previously disadvantaged individuals in South Africa. Management is committed to promoting equity and diversity throughout the group, with special focus on its South African operations, where every effort is made to increase the percentage of HDSA's at management level. The group's Employment Equity policy expressly prohibits any form of unfair discrimination and these practices are reinforced through planned employment equity committee meetings and the communication that takes place with the workforce through consultative committees and interaction with trade union bodies. The role of the employment equity committee includes:

- the implementation and regular review of the Employment Equity Policy;
- establishment and implementation of policies and strategic plans relating to employment equity;
- recommending and monitoring Employment Equity Programmes;
- investigating complaints relating to Employment Equity Programmes;
- reviewing targets, appointments, rejections, promotions and discrimination matters; and
- collation, communication and sharing of employment equity information.

Employee headcount per geography

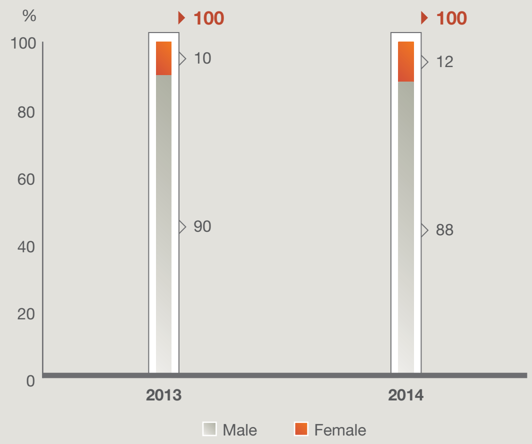
For the year ended 28 February 2014, Raubex employed 8 306 (2013: 7 807) employees, of whom 96% (2013: 95%) are based in South Africa and 4% (2013: 5%) in sub-Saharan Africa.

Country	Male	Female	**2014**	2013
South Africa	7 027	951	**7 978**	7 446
Sub-Saharan Africa	307	21	**328**	361
Total employees	7 334	972	**8 306**	7 807

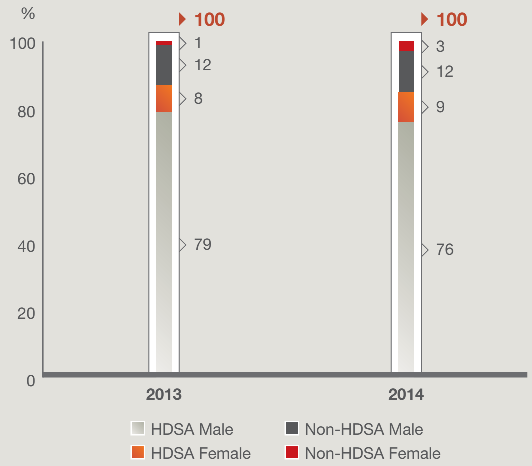


Employee headcount per gender

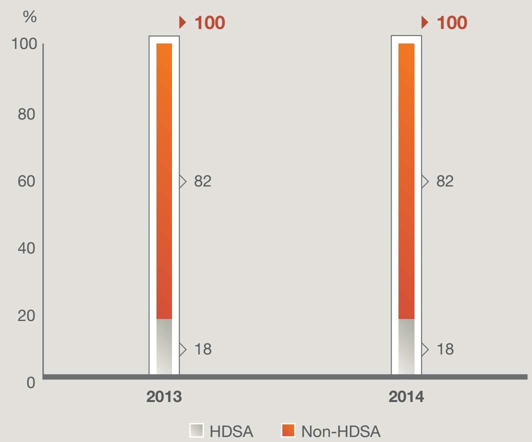
As at 28 February 2014, of the 8 306 employees, 88% (2013: 90%) were male employees and the balance were female employees.



Employee headcount per HDSA classification



Raubex employees per top and senior management classification (South Africa)



Raubex acknowledges the need to improve its HDSA employee representation at the senior and top management levels. This will be addressed through increased focus on training and mentoring of HDSA employees to ensure a talent pool from which management level positions can be filled by HDSA employees within the group.

Broad-Based Black Economic Empowerment

B-BBEE is a central part of South Africa's economic transformation strategy. A multi-faceted "broad based" approach has been adopted which aims to increase the number of previously disadvantaged individuals benefiting from the South African economy. The core elements of B-BBEE in South Africa are:

- Direct empowerment
  - Equity ownership
  - Management and control
- Human resources development
  - Employment equity
  - Skills development
- Indirect empowerment
  - Preferential procurement
  - Enterprise development
- Social economic development

All group operating subsidiaries are subject to an annual independent B-BBEE verification audit by a SANAS accredited verification agency. The scorecards issued are used as the basis for internal target setting and measurement of transformation progress.

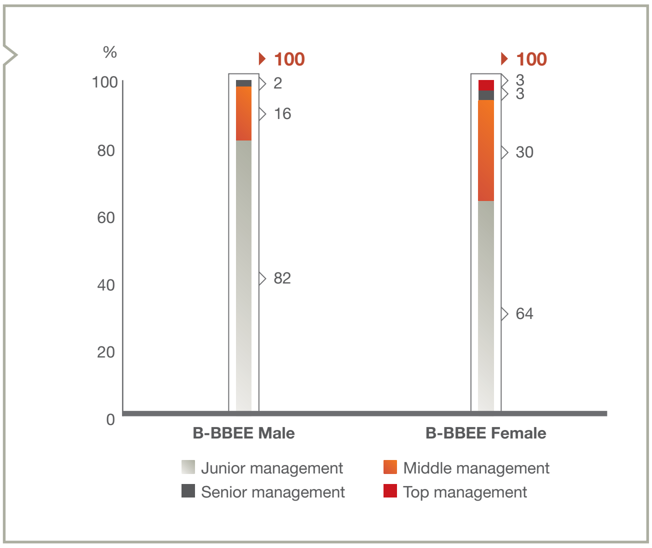
The group is proud of its empowerment credentials and the progress it has made with respect to transformation. The group has an overall consolidated rating of a Level 3 (2013: Level 3) contributor to B-BBEE using the Construction Charter codes and scores highly in the equity ownership, procurement, enterprise development and social economic development elements of the scorecard. The employment equity and skills development elements of the scorecard are focus areas for management in the medium term.

In the Construction Division, Raubex Construction has maintained its Level 2 B-BBEE contributor status (2013: Level 2), Roadmac Surfacing and Roadmac Surfacing Cape improved their rating to a Level 2 B-BBEE contributor status (2013: Level 3). This puts the business on a competitive footing with its peers during tender evaluation.

In the Materials Division, the entities involved in mining activities, i.e. the commercial quarries have been empowered through the establishment of an Employee Trust and a Community Development Trust which holds a 26% (2013: 26%) interest in the underlying quarry entities in compliance with the requirements of the Department of Mineral Resources. Similar contract specific structures are put in place when tenders for mining-related contracts require it.

Sustainability report continued

Raubex's B-BBEE management structure is



Skills development

The group maintains a centralised training facility that provides specialised training in the fields of artisan training, diesel mechanics, fitters, millwrights and electricians, civil engineering apprentices, NQF 2 learners and a number of bursary holders studying with universities of technology and academic universities. Training is also offered in health and safety, supervisory skills and other short courses identified through needs analysis conducted in conjunction with line management and the respective managing directors.

Trainees are recruited from within all communities and geographical areas. A number of schools are supported by the group. These schools are representative of the demographics of the country and have contributed a substantial number of learners/apprentices from disadvantaged communities.

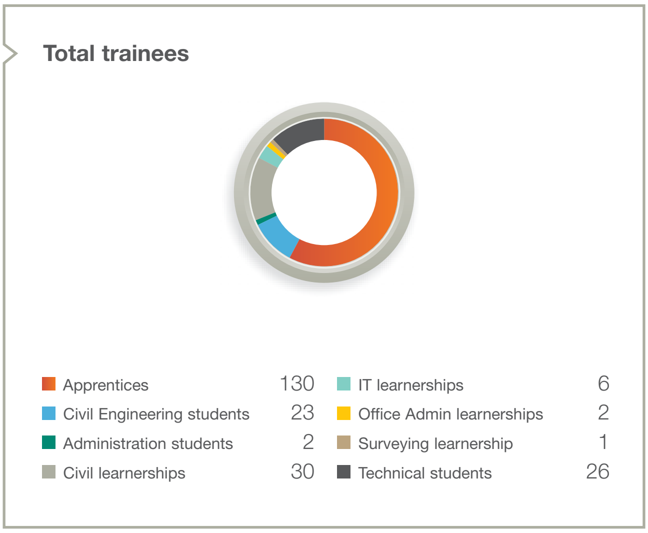
The training centre is registered and accredited by MERSETA and is also affiliated with the Construction SETA and the Services SETA. The training centre employs a qualified mechanical instructor accredited by MERSETA for a range of National Certificate learnerships in diesel trade theory. Other training initiatives undertaken by the group include the UIF Project which was launched by the Department of Labour in partnership with MERSETA to train diesel apprentices. The project is funded by the Department of Labour (50%) and MERSETA (50%). To qualify for this project the apprentice must have been employed and made contributions to UIF previously. A Memorandum of Agreement has been signed with the Department of Labour and MERSETA to train 50 apprentices on this project. Raubex is proud to be a part of this project that will stimulate further skills development for the company and the industry.

The training centre facilities include:

- a fully equipped mechanical workshop for practical training;
- three classrooms seating 44 learners in total; and
- on-site accommodation.

Additional training and lecture room facilities were created to improve and expand the current training services offered. The training centre situated in Bloemfontein continues to run programmes aimed at the training and development of a variety of disciplines in the civil engineering sector and various trades. In addition to this facility the Materials Division also runs programmes to cater for the specialised needs in mining-related operations.

Raubex's training programme for the year ended 28 February 2014 consisted of:



Raubex's training includes:

Apprenticeships

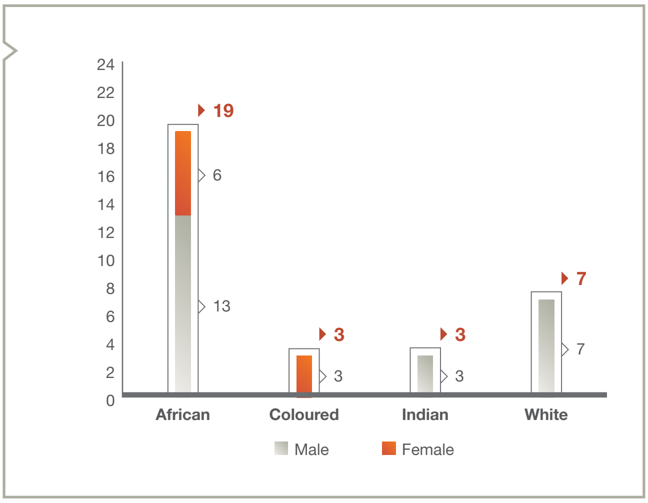
Raubex currently has enrolled 130 apprentices through MERSETA and the UIF Programme launched by the Department of Labour, which run over a period of three years on average.

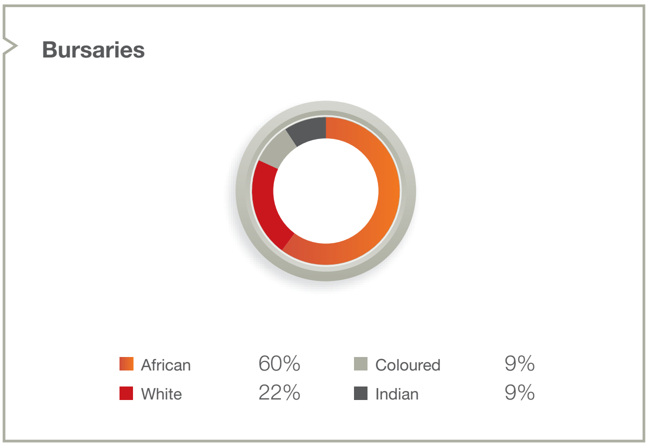
Civil learnership (NQF2)

Raubex had thirty (30) employees who are enrolled in this NQF2 programme.

Bursaries

Raubex offers bursaries to promising students within the construction industry. There are currently 32 active bursary holders within the group. The bursary holders are:





Occupational Health and Safety

The group is committed to a safe and healthy working environment and ensures strict compliance with the South African Occupational Health and Safety Act, 1993 and the Mine Health and Safety Act. The group consistently strives to ensure that safe and healthy working conditions are maintained and improved on where necessary. A SHEQ working group has been established and consists of representatives from all group subsidiaries. Most of the representatives are employed in roles related to safety, health and environmental matters. In some instances, subsidiaries are represented by senior operations managers or the managing director. The level of commitment is high and based on the understanding that the performance targets set by the group need to be achieved without compromising the health and safety of its workforce.

The working group has focused its effort on the following main areas:

- **awareness** – creating and maintaining awareness throughout the group of incidents and ways to avoid or minimise such incidents;
- **reporting** – the introduction of a uniform reporting mechanism, ensuring correct reporting against established guidelines that also conform to applicable legislation in the construction and mining environment;
- **standards** – to revisit the required standards set by legislation, regulations and best practices and to ensure at least minimum compliance;
- **training** – coordinate SHEQ training through the group in order to promote and stimulate the sharing of ideas; and
- **identification of problems** experienced in carrying out the SHEQ functions and find ways to address them.

Meetings are held quarterly with full participation in the setting of an agenda and facilitation of value added presentations during such meetings. In addition to this, a steering committee has been established to oversee the functions of the working group and to act as a link between the initiatives undertaken and the various divisional and Exco meetings. During a recent working group session the existing Health and Safety Policy was revised to include the broader spectrum of work the group is involved in.

It is the policy of the group to:

- maintain safe and healthy workplaces, to operate safe systems and methods of works and to protect employees, clients and others, including the public, by striving to eliminate foreseeable hazards, which may result in personal injury, fires, security losses or damage to property, through the systematic identification of hazards and the adequate assessment and control of risk;
- make all companies in Raubex responsible to ensure a sustainable health and safety programme is maintained;
- provide all entities with the information, instruction, training and supervision they need to work safely and to develop employees, systems, policies and procedures as a key resource;
- communicate openly on health and safety issues with all entities in Raubex;
- ensure all contractors/sub-contractors are treated as resources that form part of Raubex;
- ensure the continual improvement on all Health and Safety issues in Raubex;

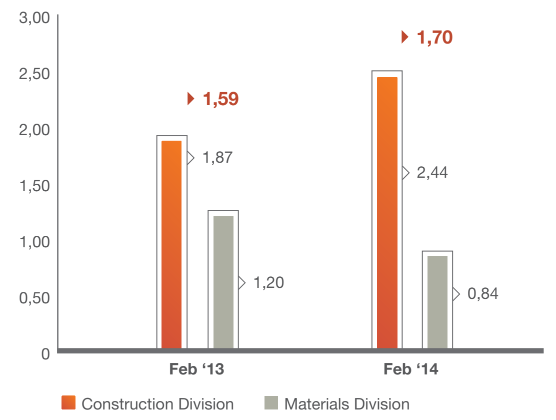
Sustainability report continued

- comply with all relevant laws, regulations and standards and in the absence of appropriate legislation, the aim will be to develop and adopt a standard reflecting best practices;
- appoint competent employees to enable the different stakeholders to comply with their responsibilities towards health and safety;
- provide a framework for reviewing, monitoring and achieving SHE objectives and targets;
- make the policy available to all stakeholders; and
- review this policy annually.

Although it is the responsibility of every individual in the group to look after their own health and safety, it is the overall responsibility of management to ensure that mechanisms are in place to create awareness and a safe working environment. The challenges lie in controlling external factors that operate outside the group, especially the public on road construction projects and other external individuals or elements that access the group's operations.

Despite all necessary measures taken and processes implemented, regrettably the group had four (2013: six) fatal incidents during the year and our condolences are extended to their families. The fatality rate for the group was 0,04, compared to 0,07 the previous year. The road construction teams in particular are exposed to a high level of risk in their day-to-day working environment.

The LTIR for the group for the financial year ended 28 February 2014 is 1,70 (2013: 1,59). The LTIR for the two divisions are:



Safety training

Raubex concentrates on safety training and various training courses have been attended by employees in the various businesses. The group has also engaged the services of an accredited trainer who will focus on the provision of health, safety and environment based courses.

ISO accreditation

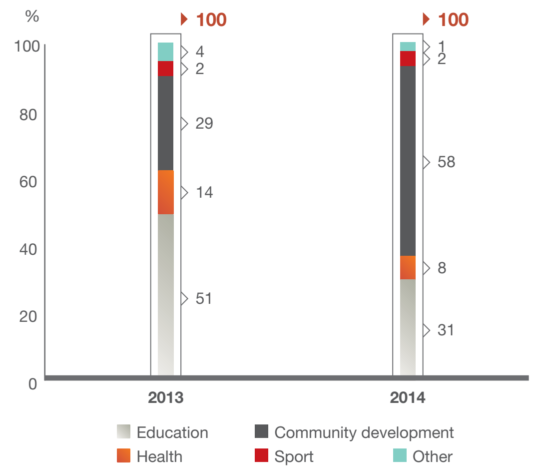
The operations continued to make progress towards its objective to obtain ISO certification across all segments. ISO accreditation is part of Raubex's sustainability strategy and the following were achieved:

Business	Detail	Date obtained
National Asphalt – Cliffdale	ISO 9001:2008	August 1996
National Asphalt – Mobile Plant	ISO 9001:2008	August 1996
National Asphalt – Bon Accord	ISO 9001:2008	February 2012
National Asphalt – Nelspruit	ISO 9001:2008	February 2014
National Asphalt – Cliffdale Laboratory	ISO 17025 accreditation	In progress
National Asphalt – Cliffdale	SABITA accreditation	In progress
Raubex Infra	ISO 9001	January 2013
Raubex Infra	ISO 14001	In Process – December 2014
Raubex Infra	OSHAS 18001	In Process – December 2014
SPH Kundalila	BS OHSAS 18001:2007	June 2013
Tosas	ISO 14001	May 2013
Tosas	BS-OSHAS 18001	May 2013

Corporate Social Investment

The group is aware of its social responsibilities and believes it is crucial for businesses to play a positive role in the communities within which they operate. The group's CSI strategy is to focus on education and skills development initiatives and in this way align the transformation of South Africa's previously disadvantaged individuals with the group's business model.

The group's divisions were involved in a wide range of projects supporting education, health and community development initiatives. Raubex spent 0,8 % (2013: 0,6%) of profit after taxation on social economic development. Group spend on social economic development initiatives has been classified according to the categories in the adjacent table.



Significant contributions were made to the following organisations and initiatives:

Tsepang Educare Trust

The Tsepang Educare Trust is a non-profit organisation serving the interests of women and children in rural and disadvantaged areas. "Tshepang" which is a Sesotho word meaning "hope" supports women and children on farms, informal settlements and small towns throughout the Eastern Free State. Their target group is rural women and children who do not have many developmental or educational opportunities. For women, the recognition received through training improves their self-esteem which contributes immensely to their ability to be leaders in matters which affect women and children in their generally male dominated communities. Training capacitates women to earn a living through opening their own pre-schools, or gaining employment in existing Early Childhood Development centres. Tshepang has trained women in early childhood development, Financial Management, Community Training and parenting programmes and also prepares children for learning in formal education and primary schools. Tsepang Educare Trust was supported with a financial contribution of R250 000 (2013: R250 000).

Monokotswai Intermediate School

Monokotswai Intermediate School is situated in Botshabelo, west of Bloemfontein. During the period Raumix Aggregates built three classrooms for the school at a cost of R374 798. This project will benefit the pupils at the school for years to come by way of providing an environment conducive to learning and academic achievement.

Sustainability report continued

Monyetla Project

The Monyetla Project is a registered Public Benefit Organisation with the mission to assist top grade 12 achievers from previously disadvantaged communities to qualify for bursaries for tertiary education. The word "monyetla" means "opportunity" in Sesotho. The initiative was established in February 2007 and every year the top 20 learners from different schools are invited to be part an elite group of students assisted by some of the most experienced educators in the Free State. Last year the Monyetla students obtained a total of 118 distinctions (2013: 92 distinctions) with some learners scoring in the 90% range for subjects such as mathematics, accounting and physics. The overall pass rate was 95%. The Monyetla Project was supported with a financial contribution of R55 000 (2013: R45 000).

Township Vegetable Tunnel Project – Spoudazo

Spoudazo Enterprises Trust is a registered Public Benefit Organisation, the purpose of which is to enhance the interests of the poor and vulnerable, to further their interests and well-being by means of providing them with welfare, humanitarian assistance, health care, land and housing, education and development services. Raubex has partnered with Spoudazo Enterprises with regards to the setup of vegetable tunnels for the poor and the vulnerable, including training and mentoring, since October 2012. Since then Raubex has extended their support for this project, adding tunnels to this project at the turn of every season. Currently there are now 45 tunnels sponsored by Raubex in the township areas of Mangaung. Spoudazo was supported with a financial contribution of R177 330 (2013: R317 310).

Naval Hill Planetarium

The University of the Free State launched a campaign to raise funds to establish a planetarium in 2009. After consultation with the Local and Provincial Government, the optimal location for a planetarium for central South Africa was identified. The location is the historic Lamont-Hussey Observatory on Naval Hill in Bloemfontein. The building project commenced in November 2012 and Raubex supported the project with funding to the value of R424 000. The programmes at the planetarium are predominantly aimed at school groups. In 2013-2014 at least 75% of the learners were from disadvantaged schools. This percentage will gradually increase to more than 80% as more funding becomes available to support school visits from rural areas.

Environmental report

The group is aware of its environmental responsibilities and the environmental legislation applicable to its various business operations. There is a culture of compliance within the senior management structures of the group and systems have been implemented to measure the impact that the group's activities have on the environment. The group recently completed its fourth annual carbon footprint assessment in June 2014 and will continue to submit the results to the Carbon Disclosure Project. The group's carbon footprint assessment has been compiled by external service providers using the following methodology and data submitted by the group, no external assurance was provided.

- The carbon emissions were measured in accordance with the GHG Protocol (WRI & WBCSD, 2004).
- As per the classification of the GHG Protocol, all Scope 1, Other Direct and Scope 2 emissions were included in the report.
- Scope 3 emissions were excluded from the analysis.
- The equity share approach was used to consolidate all emissions within the specified boundary.

An analysis of the group's carbon footprint report for the year ended 28 February 2014 indicated the following results:

- total carbon dioxide equivalents (CO_2e) emissions amounted to 179 241 tonnes (2013: 168 233 tonnes);
- scope 1 accounted for 90,3% (2013: 90,3%) of total measured emissions;
- emissions generated by diesel combusted in vehicles, machinery and equipment accounted for 76,6% (2013: 80,5%) of Scope 1 emissions;
- fuel oil used by National Asphalt and Tosas accounted for 13,8% (2013: 15%) of Scope 1 emissions; and
- emissions from electricity use (Scope 2) contributed 9,6% (2013: 9,6%) of total measured emissions.

Asphalt production

The group is particularly sensitive to the environmental impact of its asphalt production operations and advances have been made in reducing emissions from its asphalt plants. The measured carbon footprint of the group's asphalt production is in line with the average industry benchmark of 30 kilograms per ton.

National Asphalt is at the forefront in the implementation of Warm Mix Asphalt ("WMA") technologies which will result in lower carbon emissions through reduced energy consumption. These asphalt mixes include a variety of technologies from leading suppliers and include bitumen foaming technology. The company has also developed a local "green" WMA technology from renewable sources called EcoNat and it is believed that Foaming and EcoNat will become the major warm asphalt mixes of the future. Significant advances have also been made in the field of Recycled Asphalt Paving technology that offers both a more cost effective and environmentally friendly solution to road rehabilitation. The use of this technology is expected to become more prevalent in future rehabilitation projects.

4 / Financial performance

The reports and statements set out below comprise the financial statements presented to the shareholders:

Statement of responsibility by the Board of directors

for the year ended 28 February 2014

The directors are responsible for the maintenance of proper accounting records and the preparation, integrity and fair presentation of the Annual Financial Statements and group Annual Financial Statements of Raubex Group Limited and its subsidiaries. The Annual Financial Statements presented on pages 50 to 127 have been prepared in accordance with International Financial Reporting Standards ("IFRS") and in the manner required by the Companies Act, 71 of 2008 in South Africa and include amounts based on judgements and estimates made by management. The directors are also responsible for the preparation of the other information included in the annual report and for both its accuracy and its consistency with the Annual Financial Statements.

The directors acknowledge that they are ultimately responsible for the process of risk management and the systems of internal financial control established by the group and place considerable importance on maintaining a strong control environment. To enable the 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. These standards include the proper delegation of responsibilities within a clearly defined framework, 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 above reproach. The focus of risk management in the group is on identifying, assessing, managing and monitoring all known forms of risk across the group. While 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, based on the information and explanations given by management and the internal auditor 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 financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The going concern basis has been adopted in preparing the financial statements. The directors have no reason to believe that the group will not be a going concern in the foreseeable future based on forecasts and available cash resources. The viability of the company and the group is supported by the financial statements.

The financial statements have been audited by the independent auditors, PricewaterhouseCoopers Inc., who has been given unrestricted access to all financial records and related data, including minutes of all meetings of shareholders, the board of directors and committees of the board. The directors believe that all representations made to the independent auditors during their audit were valid and appropriate. PricewaterhouseCoopers Inc.'s unmodified audit report is presented on page 47.

The financial statements were approved by the Board of directors on 9 May 2014 and signed on its behalf by.

RJ Fourie
Chief Executive Officer

JF Gibson
Financial Director

Statement of compliance by the Company Secretary

for the year ended 28 February 2014

I certify that the company has lodged with the Registrar of Companies all such returns as are required of a public company in terms of the Companies Act, 71 of 2008 in respect of the year ended 28 February 2014, and that all such returns are true, correct and up to date.

Mrs HE Ernst
Company Secretary

9 May 2014

Independent Auditor's report

To the shareholders of Raubex Group Limited

We have audited the consolidated and separate financial statements of Raubex Group Limited set out on pages 52 to 127, which comprise the statements of financial position as at 28 February 2014, and the statement of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

The company's directors are responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with International Financial Reporting Standards 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.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated and separate financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Raubex Group Limited as at 28 February 2014, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Other reports required by the Companies Act

As part of our audit of the consolidated and separate financial statements for the year ended 28 February 2014, we have read the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: L Rossouw
Registered Auditor

9 May 2014

Audit Committee report

The Audit Committee is pleased to present this report for the financial year ended 28 February 2014 in compliance with the Companies Act, 71 of 2008 and the recommendations of the King III report on corporate governance.

The Audit Committee is an independent statutory committee appointed by the board and performs its functions on behalf of Raubex Group Limited and its subsidiary companies.

Audit Committee terms of reference

The Audit Committee has adopted formal terms of reference that have been approved by the board of directors. The committee has conducted its affairs in compliance with its terms of reference and has discharged its responsibilities contained therein.

Audit Committee members, meeting attendance and assessment

The Audit Committee is independent and consists of the three independent non-executive directors set out below. It meets at least four times per annum, with authority to convene additional meetings as circumstances require.

Mr LA Maxwell	Mr BH Kent	Ms NF Msiza
Independent non-executive (Chairman) Appointed: 1 March 2007 Qualifications: BCom, CA(SA)	*Independent non-executive* Appointed: 24 February 2011 Qualifications: BCom, CA(SA), FCMA, HDip Tax, HDip Company Law	*Independent non-executive* Appointed: 24 February 2011 Qualifications: BCom, HDip Tax, MBA

The Chairman of the board, executive directors, non-executive directors, external auditors, internal auditors, financial managers and other assurance providers attend meetings by invitation only.

During the year under review four meetings were held and attended as follows:

Name of member	8 May 2013	21 August 2013	8 November 2013	**20 February 2014**
Mr LA Maxwell	✓	✓	✓	✓
Mr BH Kent	✓	✓	✓	✓
Ms NF Msiza	✓	✓	✓	✓

Role and responsibilities

The Audit Committee carried out its functions through the attendance of Audit Committee meetings, site visits and discussions with executive management and internal audit.

Statutory duties

The Audit Committee's role and responsibilities include statutory duties per the Companies Act, 71 of 2008 and further responsibilities assigned to it by the board. The Audit Committee has executed its duties in terms of the requirements of King III.

The Audit Committee is satisfied that it has complied with its legal, regulatory and other responsibilities.

External auditor appointment and independence

The Audit Committee has satisfied itself that the external auditors, PricewaterhouseCoopers Inc., are independent of the company and its subsidiaries and have ensured that their appointment has complied with the Companies Act.

The committee, in consultation with executive management, agreed to the engagement letter, terms, audit plan and budgeted fees for the year ended 28 February 2014.

Financial statements and accounting practices

The Audit Committee has reviewed the accounting policies and the financial statements of the company and is satisfied that they are appropriate and comply with International Financial Reporting Standards, the Companies Act, 71 of 2008 and the JSE Listings Requirements.

Internal financial controls

The Audit Committee has reviewed the process by which internal audit performs its assessment of the effectiveness of the company's system of internal control, including internal financial controls. Nothing has come to the attention of the committee to indicate any material breakdown in the company's system of internal financial control. The Audit Committee is satisfied with the effectiveness of the company's internal financial controls.

Duties assigned by the board

In addition to the statutory duties of the Audit Committee, as reported above, the board of directors has determined further functions for the Audit Committee to perform. These functions include the following:

Integrated reporting and combined assurance

The Audit Committee fulfils an oversight role regarding the company's integrated report and the reporting process and considers the level of assurance coverage obtained from management, internal and external assurance providers in making its recommendation to the board.

Going concern

The Audit Committee reviews the going concern status of the company at each meeting and makes recommendations to the board.

Governance of risk

The Audit Committee fulfils an oversight role regarding financial reporting risks, internal financial controls, fraud risk as it relates to financial reporting and Information Technology risks as it relates to financial reporting.

An Information Technology steering committee assists the Audit Committee to fulfil their oversight role with regards to the governance of IT risks.

Internal audit

The Audit Committee is responsible for ensuring that the company's Internal Audit function is independent and has the necessary resources, standing and authority within the company to enable it to discharge its duties.

Evaluation of the expertise and experience of the Financial Director and finance function

The Audit Committee has satisfied itself that the Financial Director has appropriate expertise and experience.

The Audit Committee has considered, and has satisfied itself of the appropriateness of the expertise and adequacy of resources of the finance function and experience of the senior members of management responsible for the financial function.

LA Maxwell
Chairman of the Audit Committee

9 May 2014

Directors' report

This report presented by the directors is a constituent document of the group consolidated financial statements at 28 February 2014.

Nature of business

Raubex Group Limited is an investment holding company with interests in the road construction, rehabilitation and infrastructure development sectors which includes energy, rail, telecommunications, pipeline and housing infrastructure including the supply of aggregates to the construction industry. The company does not trade and all of its activities are undertaken through a number of subsidiaries and joint operations. Details of the major operating subsidiaries and joint operations are disclosed in notes 39 and 40 of the group financial statements.

Group financial results

Group earnings attributable to owners of the parent for the year ended 28 February 2014 were R355,6 million (2013: R301,3 million), representing basic earnings per share of 191,3 cents (2013: 163,2 cents). Headline earnings per share were 187,1 cents (2013: 158,7 cents).

Full details of the financial position and results of the group are set out in these financial statements.

Share capital

There were 1 364 238 new shares (2013: nil) issued during the year in terms of the group share option scheme.

Full details of the authorised and issued capital of the company at 28 February 2014 are set out in note 12 of these financial statements.

Share option scheme

Full details of the share option scheme are set out in note 28 of these financial statements.

Dividend

The following dividends were declared during the year ended 28 February 2014:

- Final dividend number 12 declared on 13 May 2013 of 35 cents per ordinary share (2013: 35 cents per share); and
- Interim dividend number 13 declared on 11 November 2013 of 30 cents per ordinary share (2013: 30 cents per share).

A final dividend in respect of the year ended 28 February 2014 of 35 cents per ordinary share was declared after the year-end. These financial statements do not reflect this dividend payable.

Business combinations

Tosas Holdings (Pty) Ltd

On 26 April 2013, the group acquired 100% of the share capital of Tosas Holdings (Pty) Ltd from Sasol Oil (Pty) Ltd for a purchase price of R120 million cash. Tosas is a manufacturer and distributor of value added bituminous products used primarily for road construction activities and their operations include several bitumen processing and storage facilities in the inland region of South Africa as well as in Namibia and Botswana. The acquisition represents a strong strategic fit for Raubex as an integrated road construction and rehabilitation company operating across southern Africa. The company contributed revenues of R284,8 million and net loss of R3,5 million for the period from 26 April 2013 to 28 February 2014. If the acquisition had occurred on 1 March 2013, contributions to group revenue would have been R355,7 million and net loss of R4,9 million.

ND Goodwin & Sons (Pty) Ltd

On 16 February 2014, the group acquired 100% of the share capital of ND Goodwin & Sons (Pty) Ltd from its shareholders for a purchase price of R2,3 million cash. The company holds the legal title to a fixed property in Middelburg, Mpumalanga. The company made no contribution to revenues or profit for the period.

Details of the acquisition are set out in note 35 of these financial statements, while details of all subsidiaries are set out in note 39 of these financial statements.

Transactions with non-controlling interests

Raumix Holdings (Pty) Ltd

On 1 March 2013, the group acquired the remaining 5% of the share capital from the non-controlling shareholders in Raumix Holdings (Pty) Ltd for R8,2 million cash. The company holds investments in the group commercial quarry operations.

Capital commitments

Details of capital commitments are set out in note 34 of these financial statements.

Property, plant and equipment

There have been no major changes in the nature of the assets of the group during the year or in the policy relating to their use. Capital expenditure for the year amounted to R483,3 million (2013: R460,9 million). Property, plant and equipment acquired through the acquisition of subsidiaries during the year amounted to R122 million (2013: R35,3 million).

Contingencies

Details of contingencies are set out in note 37 of these financial statements.

Events after the reporting period

There were no material events after the reporting period to report up to date of preparation of these group financial statements.

Special resolutions

The following special resolutions were passed during the year:

Special resolution number one: Remuneration of non-executive directors

Resolved in terms of article 26.4.2 of the company's Memorandum of Incorporation and in accordance with sections 66(8) and 66(9) of the Companies Act, 71 of 2008 that the remuneration payable to the non-executive directors be as set out below for a period of two years, commencing 1 December 2013, unless such remuneration is proposed to be amended at the next AGM.

	Annual remuneration R	Attendance fee per meeting# R
Chairman	449 400	10 000
Independent non-executive director	337 056	10 000
Non-executive director	224 700	10 000

 # Meeting fees are capped at 12 meetings per year.

Special resolution number two: General authority to acquire/(repurchase) shares

Resolved that the company and/or any subsidiary of the company be authorised by way of general authority to acquire shares issued by the company, upon such terms and conditions and in such number as the directors of the company determine, but subject to the applicable requirements in the company's Memorandum of Incorporation, the Companies Act, 71 of 2008 and the JSE Listings Requirements.

Special resolution number three: Financial assistance to related or inter-related companies and corporations

Resolved that in accordance with section 45 of the Companies Act, 71 of 2008 that the directors of the company, as a general approval and subject to the applicable requirements of the company's Memorandum of Incorporation, the Companies Act, 71 of 2008 and the JSE Listings Requirements, be authorised to provide any direct or indirect financial assistance to a company or corporation which is related or inter-related, provided that no such financial assistance may be provided at any time in terms of this authority after the expiry of two years from the date of the adoption of this special resolution.

Directorate and secretary

The names of the directors and secretary are set out on pages 12 and 13 of these financial statements.

Interests of directors in the share capital

Details of ordinary shares held directly and indirectly per individual director and details of share options granted to the directors are set out in note 32 of these financial statements.

Shareholder spread

Details of the shareholder categories are set out in note 41 of these financial statements.

Auditors

PricewaterhouseCoopers Inc. will continue in office in accordance with section 90(6) of the Companies Act. At the Annual General Meeting shareholders will be requested to appoint PricewaterhouseCoopers Inc. as the group's auditors for the 2015 financial year.

Group statement of financial position

at 28 February 2014

	Notes	2014 R'000	2013 R'000
ASSETS			
Non-current assets			
Property, plant and equipment	6	**1 841 611**	1 561 232
Intangible assets	7	**763 671**	763 951
Deferred income tax assets	17	**37 509**	23 936
Total non-current assets		**2 642 791**	2 349 119
Current assets			
Inventories	8	**420 240**	245 546
Construction contracts in progress and retentions	9	**322 590**	307 381
Trade and other receivables	10	**1 068 410**	1 089 032
Current income tax receivable		**28 671**	31 218
Cash and cash equivalents	11	**871 260**	835 685
Total current assets		**2 711 171**	2 508 862
Total assets		**5 353 962**	4 857 981
EQUITY			
Share capital	12	**1 859**	1 845
Share premium	12	**2 179 613**	2 179 613
Other reserves	13	**(1 104 240)**	(1 112 515)
Retained earnings		**2 109 193**	1 850 616
Equity attributable to owners of the parent		**3 186 425**	2 919 559
Non-controlling interest	14	**54 612**	39 031
Total equity		**3 241 037**	2 958 590
LIABILITIES			
Non-current liabilities			
Borrowings	15	**429 961**	349 303
Provisions for liabilities and charges	16	**34 675**	26 152
Deferred income tax liabilities	17	**266 464**	245 623
Total non-current liabilities		**731 100**	621 078
Current liabilities			
Trade and other payables	18	**1 075 529**	978 350
Borrowings	15	**287 600**	233 201
Current income tax liabilities		**18 696**	7 937
Provisions for liabilities and charges	16	**–**	58 825
Total current liabilities		**1 381 825**	1 278 313
Total liabilities		**2 112 925**	1 899 391
Total equity and liabilities		**5 353 962**	4 857 981

The notes on pages 57 to 113 are an integral part of these group financial statements.

Group statement of profit or loss

for the year ended 28 February 2014

	Notes	2014 R'000	2013 R'000
Revenue	19	**6 325 012**	5 635 519
Cost of sales	23	**(5 463 929)**	(4 843 407)
Gross profit		**861 083**	792 112
Other income	20	**11 302**	15 223
Other gains/(losses) – net	21	**16 021**	21 840
Administrative expenses	23	**(348 531)**	(345 370)
Operating profit		**539 875**	483 805
Finance income	24	**38 749**	33 518
Finance costs	24	**(44 162)**	(40 184)
Finance costs – net	24	**(5 413)**	(6 666)
Profit before income tax		**534 462**	477 139
Income tax expense	25	**(154 786)**	(158 571)
Profit for the year		**379 676**	318 568
Attributable to:			
Owners of the parent		**355 573**	301 249
Non-controlling interests	14	**24 103**	17 319
		379 676	318 568
Basic earnings per share (cents)	29	**191,3**	163,2
Diluted earnings per share (cents)	29	**187,9**	160,3

The notes on pages 57 to 113 are an integral part of these group financial statements.

Group statement of comprehensive income

for the year ended 28 February 2014

	Note	2014 R'000	2013 R'000
Profit for the year		**379 676**	318 568
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Remeasurements of post-employment benefit obligations		**2 043**	–
Items that may be subsequently reclassified to profit or loss			
Currency translation differences	13	**4 688**	3 815
Other comprehensive income for the year, net of tax		**6 731**	3 815
Total comprehensive income for the year		**386 407**	322 383
Attributable to:			
Owners of the parent		**362 304**	305 064
Non-controlling interests		**24 103**	17 319
Total comprehensive income for the year		**386 407**	322 383

The notes on pages 57 to 113 are an integral part of these group financial statements.

Group statement of changes in equity

for the year ended 28 February 2014

	Share capital R'000	Share premium R'000	Other reserves R'000	Retained earnings R'000	Total attributable to owners of the parent company R'000	Non-controlling interest R'000	Total equity R'000
Balance at 1 March 2012	1 845	2 179 613	(1 142 401)	1 670 355	2 709 412	19 468	2 728 880
Changes in equity:							
Share option reserve	–	–	26 071	–	26 071	–	26 071
Non-controlling interest arising on business combination	–	–	–	–	–	3 602	3 602
Acquisition of non-controlling interest	–	–	–	(1 040)	(1 040)	(84)	(1 124)
Total comprehensive income for the year	–	–	3 815	301 249	305 064	17 319	322 383
Dividends paid	–	–	–	(119 948)	(119 948)	(1 274)	(121 222)
Total changes	–	–	29 886	180 261	210 147	19 563	229 710
Balance at 28 February 2013	1 845	2 179 613	(1 112 515)	1 850 616	2 919 559	39 031	2 958 590
Balance at 1 March 2013	1 845	2 179 613	(1 112 515)	1 850 616	2 919 559	39 031	2 958 590
Changes in equity:							
Shares issued in terms of equity-settled share option scheme	14	–	(23 767)	23 767	14	–	14
Share option reserve	–	–	27 354	–	27 354	–	27 354
Acquisition of non-controlling interest	–	–	–	(1 971)	(1 971)	(6 214)	(8 185)
Total comprehensive income for the year	–	–	4 688	357 616	362 304	24 103	386 407
Dividends paid	–	–	–	(120 835)	(120 835)	(2 308)	(123 143)
Total changes	14	–	8 275	258 577	266 866	15 581	282 447
Balance at 28 February 2014	**1 859**	**2 179 613**	**(1 104 240)**	**2 109 193**	**3 186 425**	**54 612**	**3 241 037**
Notes	12	12	13			14	

The notes on pages 57 to 113 are an integral part of these group financial statements.

Group statement of cash flows

for the year ended 28 February 2014

	Notes	2014 R'000	2013 R'000
Cash flows from operating activities			
Cash generated from operations	31	**751 420**	859 007
Finance income	24	**38 749**	33 518
Finance costs	24	**(44 162)**	(40 184)
Dividend received	20	**–**	1 037
Income tax paid	31	**(136 438)**	(173 269)
Net cash generated from operating activities		**609 569**	680 109
Cash flows from investing activities			
Purchases of property, plant and equipment	6	**(483 299)**	(460 939)
Proceeds from sale of property, plant and equipment	31	**52 839**	49 908
Acquisition of subsidiaries	35	**(115 040)**	(14 597)
Net cash used in investing activities		**(545 500)**	(425 628)
Cash flows from financing activities			
Proceeds from borrowings		**504 253**	388 607
Repayment of borrowings		**(404 319)**	(311 100)
Proceeds from shares issued		**14**	–
Dividends paid to owners of the parent	30	**(120 835)**	(119 948)
Dividends paid to non-controlling interests	14	**(2 308)**	(1 274)
Acquisition of interest in a subsidiary	35	**(8 185)**	–
Net cash used in financing activities		**(31 380)**	(43 715)
Net increase in cash and cash equivalents		**32 689**	210 766
Cash and cash equivalents at the beginning of the year		**835 685**	624 919
Effects of exchange rates on cash and cash equivalents		**2 886**	–
Cash and cash equivalents at the end of the year	11	**871 260**	835 685

The notes on pages 57 to 113 are an integral part of these group financial statements.

Notes to the group financial statements

for the year ended 28 February 2014

1. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The consolidated financial statements of Raubex Group Limited have been prepared in accordance with International Financial Reporting Standards ("IFRS"), IFRS Interpretations Committee ("IFRS IC"), the JSE Listings Requirements and the Companies Act, 71 of 2008 of South Africa and are consistent with those of the previous year. The consolidated financial statements have been prepared under the historical cost convention, as modified by financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed below.

After making enquiries, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. The group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

1.1 Significant estimates and judgements

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

Estimated impairment of goodwill

The group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in note 1.6. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates (refer note 7).

Provisions

Provisions are recognised when the group has a present, legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made (refer notes 1.19 and 16).

Impairment of trade and other receivables

A provision for impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of profit or loss within other 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 other income in the statement of profit or loss (refer notes 10 and 20).

Construction contract revenue recognition and profit taking

The group uses the percentage-of-completion method in accounting for its construction contracts. Use of the percentage-of-completion method requires the group to estimate the construction services and activities performed to date as a proportion of the total services and activities to be performed. In addition, judgements are required when recognising and measuring any variations or claims on each contract (refer note 9).

Estimate of exposure and liabilities with regard to rehabilitation costs

Estimated long-term environmental obligations, comprising rehabilitation, are based on the group's environmental management plans in compliance with current technological, environmental and regulatory requirements (refer note 16).

Notes to the group financial statements continued

for the year ended 28 February 2014

1. Summary of significant accounting policies (continued)

1.1 Significant estimates and judgements (continued)

Fair value of share-based compensation

The fair value of the employee share options are being determined using the Black-Scholes model. The significant inputs into the model are: vesting periods and conditions, risk-free interest rate, volatility, price on date of grant and dividend yield (refer note 28).

Estimate of post-employment benefit liabilities

An updated actuarial valuation is carried out at the end of each financial year for the post-employment liabilities in the group. Key assumptions used to determine the liabilities of these obligations and their sensitivities are set out in note 16.

Consolidation of entities in which the group holds less than 50%

The group tests annually whether control exist in entities in which the group holds less than 50%. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity (refer note 39).

Joint arrangements

The group assesses annually whether joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each joint arrangement.

1.2 Consolidation

Common control transactions

Business combinations involving entities or businesses under common control are excluded from the scope of IFRS 3 “Business Combinations”. A business combination involving entities or businesses under common control is defined in IFRS 3 as “a business combination in which all of the combining entities or businesses ultimately are controlled by the same party or parties both before and after the combination, and that control is not transitory”.

The “predecessor values” method is used to account for common control transactions. The “predecessor values” method requires financial statements to be prepared using predecessor book values without any step up to fair value. The difference between any consideration given and the aggregate book value of the assets and liabilities (as of the date of the transaction) of the acquired entity are recorded as an adjustment to equity as a common control reserve. No additional goodwill is created by the transaction.

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The group uses the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest’s proportionate share of the acquiree’s net assets.

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments.

The sum of the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recognised as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of profit or loss.

1. Summary of significant accounting policies (continued)

1.2 Consolidation (continued)

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date; and gains or losses arising from such re-measurement are recognised in profit or loss.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Changes in ownership interest in subsidiaries without change in control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions, that is, as transactions with the owners in their capacity as owners.

The group applies the economic entity model as a policy of treating transactions with non-controlling interests. The difference between the purchase consideration and the carrying value of the net assets acquired is recognised in equity against a separate reserve for transactions with non-controlling interests. The gains and losses on disposals to non-controlling interests are also recorded in equity against the same reserve.

Disposal of subsidiaries

When the group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint operation or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Associates

Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The group's investment in associates includes goodwill identified on acquisition, if applicable, net of any accumulated impairment loss.

The group's share of its associates' post-acquisition profits or losses is recognised in the statement of profit or loss, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. Unrealised gains on transactions between the group and its associates are eliminated to the extent of the group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the group.

Investment in joint operations

The group recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The group recognises the portion of gains or losses on the sale of assets by the group to the joint operations. The group does not recognise its share of profits or losses from the joint operations that result from the group's purchase of assets from the joint operation until it resells the assets to an independent party. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets or an impairment loss.

Notes to the group financial statements continued

for the year ended 28 February 2014

1. Summary of significant accounting policies (continued)

1.3 Segment reporting

Reporting segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the reporting segments, has been identified as the group Executive Committee.

Management has determined the reporting segments based on the reports reviewed by the Executive Committee that are used to make strategic decisions.

The committee considers the business from both a geographic and product perspective. Geographically management considers the performance from a South African (national) and African (international) perspective. The business is further segregated into the following five operating divisions:

- Road surfacing and light rehabilitation;
- Road construction and earthworks and heavy rehabilitation;
- Aggregate supply, contract crushing and material handling;
- Infrastructure (including energy, rail, telecommunications, pipeline and housing); and
- Manufacturing and distributing of value added bituminous products used primarily for road construction activities.

The Executive Committee assesses the performance of the reporting segments based on operating profit.

Inter-segment transfers

Segment revenue and segment expenses include transfers between business segments and between geographical segments. Such transfers are accounted for at arm's length prices. These transfers are eliminated on consolidation.

Segment revenue and expenses

All segment revenue and expenses are directly attributable to the segments. Segment revenue and expenses are allocated to the geographic segments based on the location of the operating activity.

Segment assets

These are all operating assets used by a segment, principally property, plant and equipment, investments, inventories, contracts in progress, receivables (net of allowances) and cash and cash equivalents. Segment assets are allocated to the geographic segments based on where the assets are located.

Segment liabilities

These are all operating liabilities of a segment, principally accounts payable, subcontractor liabilities and external interest-bearing borrowings.

1.4 Translation of foreign currencies

Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in South African Rand, which is the group's presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges. Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale, are included in the available-for-sale reserve in equity.

Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency, are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

1. Summary of significant accounting policies (continued)

1.4 Translation of foreign currencies (continued)

- income and expenses for each statement of profit or loss are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

1.5 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of profit or loss during the financial period in which they are incurred.

Land is not depreciated. For administrative buildings where the residual value of a depreciable asset exceeds its carrying amount, depreciation is not recognised. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings	50 years
Mechanical workshops	10 – 20 years
Machinery	3 – 20 years
Vehicles	4 – 10 years
Furniture, fittings and equipment	3 – 8 years

Aircraft is split into the following three components, air frame, engine and avionics. These components are depreciated based on the number of flight hours flown during the period to the total estimated number of flight hours. Aircraft are disclosed under the vehicles and machinery category (refer note 6).

Commercial quarries are depreciated over the expected life of the mine on a unit of production basis and are disclosed under the land and buildings category (refer note 6).

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (refer note 1.7). Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "Other gains/(losses) – net" in the statement of profit or loss.

1.6 Intangible assets

Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the group's interest in the net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling shareholders interests in the acquiree. Goodwill on acquisitions of subsidiaries is included in "intangible assets". Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose identified according to the operating segment. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Notes to the group financial statements continued

for the year ended 28 February 2014

1. Summary of significant accounting policies (continued)

1.6 Intangible assets (continued)

Goodwill impairment reviews are undertaken annually, or more frequently, if events or changes in circumstances indicate a potential impairment.

The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Trademarks and licences

Trademarks are not amortised but tested annually for impairment and carried at cost less accumulated impairment losses. Separately acquired trademarks and licences are shown at historical cost. Trademarks and licences acquired in a business combination are recognised at fair value at the acquisition date.

Licences have a finite useful life and are amortised over the contract period.

Mining rights are amortised over the expected life of the mine on a straight-line basis and are carried at cost less accumulated amortisation.

Licences/rights	5 years
Commercial quarries	9 – 99 years

1.7 Impairment of non-financial assets

Intangible assets that have an indefinite useful life are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets, other than goodwill, that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

1.8 Financial assets

1.8.1 Classification

The group classifies its financial assets in the following categories: loans and receivables and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the reporting date. These are classified as non-current assets. The group's loans and receivables comprise "trade and other receivables" and "cash and cash equivalents" in the statement of financial position (refer notes 1.11 and 1.12).

(b) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are designated in this category and are not classified as loans and receivables, held to maturity investments or financial assets at fair value through profit and loss. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date.

1.8.2 Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade date, i.e. the date on which the group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit and loss. Financial assets carried at fair value through profit and loss are initially recognised at fair value, and transaction costs are expensed in the statement of profit or loss. Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest rate method.

1. Summary of significant accounting policies (continued)

1.8 Financial assets (continued)

1.8.2 Recognition and measurement (continued)

Changes in the fair value of assets classified as available for sale are recognised in other comprehensive income. When assets classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the statement of profit or loss as gains/losses from investments.

Gains or losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are presented in the statement of profit or loss within "Other (losses)/gains – net" in the period in which they arise.

Dividend income from financial assets at fair value through profit or loss is recognised in the statement of profit or loss as part of other income when the group's right to receive payments is established.

The group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

1.8.3 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership.

1.8.4 Impairment of financial assets

At each reporting date the company assesses all financial assets, other than those at fair value through profit or loss, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired. Impairment losses are recognised in profit or loss.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in profit or loss except for equity investments classified as available-for-sale.

Impairment losses are not subsequently reversed for available-for-sale equity investments which are held at cost because fair value was not determinable.

(a) Assets carried at amortised cost

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Impairment testing on trade receivables is described in note 1.11.

(b) Assets classified as available for sale

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. Impairment losses recognised in the consolidated statement of profit or loss on equity instruments are not reversed through the consolidated statement of profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the consolidated statement of profit or loss.

Notes to the group financial statements continued

for the year ended 28 February 2014

1. Summary of significant accounting policies (continued)

1.9 Inventories

Inventories are measured at the lower of cost and net realisable value. Cost is determined using the weighted average cost basis. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the applicable variable selling expenses. The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Development land is stated at the lower of cost and net realisable value. Cost is assigned by specific identification and includes the cost of acquisition, development and borrowing costs during development. All direct and indirect costs attributable to development land that are incurred to prepare development land for its intended use, are capitalised up to the date that the development is ready for its intended use. This is recognised at the fair value of the cost when incurred. When development land is ready for its intended use, borrowing costs and other charges are expensed as incurred.

1.10 Construction contracts in progress

A construction contract is defined by IAS 11: "*Construction contracts*", as a contract specifically negotiated for the construction of an asset.

Contract costs are initially recognised at cost when incurred. Costs include all costs that relate directly to the specific contract, and allocated overheads relating to construction contracts generally.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognised over the period of the contract. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

The group uses the "percentage of completion method" to determine the appropriate amount to recognise in a given period. The stage of completion is measured by reference to the contract costs incurred up to the reporting date as a percentage of total estimated costs for each contract. Costs incurred during the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. They are presented as inventories, prepayments or other assets, depending on their nature.

The group presents as an asset the gross amount due from customers for contract work for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceed progress billings. Progress billings not yet paid by customers are included within trade and other receivables and retentions are included in construction contracts in progress.

The group presents as a liability the gross amount due to customers for contract work for all contracts in progress for which progress billings exceed costs incurred plus recognised profits (less recognised losses).

The group assesses at each reporting date 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.

1.11 Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provisions for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of profit or loss. 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 in the statement of profit or loss.

1. Summary of significant accounting policies (continued)

1.12 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the consolidated statement of financial position, bank overdrafts are shown within borrowings in current liabilities.

1.13 Share capital and equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as part of other reserves. If the group reacquires its own equity instruments, the consideration paid, including any directly attributable incremental cost is deducted from equity attributable to the group's equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received (net of any directly attributable incremental transaction costs and the related income tax effects) is included in equity attributable to the group's equity holders.

1.14 Trade payables

Trade and other payables are liabilities to pay for goods or services that have been received or supplied and have been invoiced or formally agreed with the supplier. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

1.15 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

1.16 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

1.17 Current and deferred income tax

Current income tax assets and liabilities

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current income tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current income tax liabilities/(assets) for the current and prior periods 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 reporting date.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income.

Deferred income taxes

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax liabilities are not recognised on the initial recognition of goodwill.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Notes to the group financial statements continued

for the year ended 28 February 2014

1. Summary of significant accounting policies (continued)

1.17 Current and deferred income tax (continued)

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax is provided for on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes, assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary differences can be utilised.

Generally the group is unable to control the reversal of the temporary difference for associates.

1.18 Dividend tax ("DT")

DT is a tax imposed on shareholders at a rate of 15% on receipt of dividends. The DT is categorised as a withholding tax, as the tax is withheld and paid to the South African Revenue Service by the company paying the dividend or by a regulated intermediary and not the person liable for the tax.

1.19 Provisions and contingencies

Provisions are recognised when:

- the group has a present, legal or constructive obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

Environmental rehabilitation provisions

In terms of section 41(3) of the Mineral and Petroleum Resources Development Act, the holder of a mining right must annually assess its environmental liability with regards to the site over which the right is held and increase its financial provision to the satisfaction of the minister. The group's rehabilitation provisions are assessed annually and calculations are based on guidelines set out by the Department of Mineral Resources. The provision represents the present day obligation to rehabilitate the site to the standard required by the Department of Mineral Resources.

1.20 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for the sale of goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax. Inter-company revenues are eliminated on consolidation.

No element of financing is deemed present. The terms granted to customers facilitate the preparation of payments. Prices are not linked to any changes in a recognised index of interest rates.

The group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the group's activities, as described below.

1. Summary of significant accounting policies (continued)

1.20 Revenue recognition (continued)

Contracting revenue

Revenue from construction contracts are recognised on the stage of completion method. Refer policy 1.10 for further detail.

Commercial quarry revenue

Revenue from sale of goods is recognised when significant risk and rewards of ownership of the goods have passed to the buyer.

Bitumen and emulsion products and services

Revenue from the sale of value added bituminous products and provision of related services is recognised when significant risk and rewards of ownership of the goods have passed to the buyer.

Plant hire revenue

Revenue from plant hire is recognised on a percentage completion basis over time based on operating hours.

Property sales and development fees

Property sales are recognised when risks and rewards of ownership are transferred. Development fees represent amounts receivable for project management services, development fees and subsidies receivable for the development of housing.

Other income

Other income from sale of goods or provision of services is recognised when significant risk and rewards of ownership of the goods have passed to the buyer. Revenue for services provided is recognised on a percentage completion basis of the specific transaction and assessed on the basis of the actual service provided as a portion of the total service to be provided, when the outcome of the transaction can be estimated reliably.

Interest income and dividends

Interest is recognised on a time-proportion basis using the effective interest rate method. Dividends are recognised when the company's right to receive payment has been established.

When a loan and receivable is impaired, the group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables are recognised using the original effective interest rate.

1.21 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Finance leases

Finance leases where the group is the lessee are recognised as assets and liabilities in the statement of financial position at the lease's commencement 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 payments 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 lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Operating leases

Operating leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of profit or loss on a straight-line basis over the period of the lease.

Notes to the group financial statements continued

for the year ended 28 February 2014

1. Summary of significant accounting policies (continued)

1.22 Employee benefits

Pension obligations

The group operates defined contribution plans. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The group has no further payment obligations once the contributions have been paid.

The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Other post-employment obligations

Some group companies provide post-retirement healthcare benefits to their retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. These obligations are valued annually by independent qualified actuaries.

Profit sharing and bonus plans

The group pays performance-based bonuses based on evaluations by management. The group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Share-based compensation

The group operates an equity-settled share-based compensation plan.

Under the equity-settled plan, the fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted. The total amount expensed is recognised over the vesting period, which is the period over which all of the specified vesting conditions are satisfied. At each reporting date, the entity revises its estimate of the number of options that are expected to vest. It recognised the impact of the revision to original estimates, in the statement of profit or loss, with a corresponding adjustment to equity. When the options are exercised, the company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

The grant by the company of options over its equity instruments to the employees of subsidiary undertakings in the group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity in the parent entity accounts.

1.23 Dividend distribution

Dividend distribution to the company's shareholders is recognised as a liability in the group's financial statements in the period in which the dividends are approved by the board of directors.

1.24 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Management views a substantial period to be longer than 12 months. All other borrowing costs are expensed.

1.25 Exceptional items

Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the group. They are material items of income or expense that have been shown separately due to the significance of their nature or amount (refer note 22).

2. Standards, interpretations and amendments to published standards

Set out below are International Financial Reporting Standards, Interpretations and amendments that have become effective for the first time for the year ended 28 February 2014, together with International Financial Reporting Standards, Interpretations and amendments issued but not yet effective for the year ended 28 February 2014.

These standards are not expected to have any significant effect on the results of operations or financial position of the group.

International Financial Reporting Standards

International Financial Reporting Standards and amendments effective for the first time for 28 February 2014 year-end

Number	Effective date	Summary
Amendment to IFRS 7: *Financial Instruments – Disclosure*	1 January 2013	Joint requirements with the FASB to enhance current offsetting disclosures to facilitate IFRS and US GAAP comparison.
Amendments to IAS 1: *Presentation of Financial Statements, on presentation of items of OCI*	1 July 2012	Disclosure of items presented in other comprehensive income ("OCI") in the statement of comprehensive income.
Amendments to IAS 19: *Employee benefits*	1 January 2013	Recognition and measurement of defined benefit pension expense and termination benefits, and disclosures for all employee benefits.
IFRS 10: *Consolidated financial statements*	1 January 2013	Guidance to assist in determining control.
IFRS 11: *Joint arrangements*	1 January 2013	Focus on the rights and obligations of joint arrangements, rather than legal form. Proportional consolidation of joint operations is no longer allowed.
IFRS 12: *Disclosures of interests in other entities*	1 January 2013	Disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off-balance sheet vehicles.
IFRS 13: Fair value measurement	1 January 2013	Definition of fair value and a single source of fair value measurement and disclosure requirements.
IAS 27 (revised 2011): Separate financial statements	1 January 2013	Provisions on separate financial statements.
IAS 28 (revised 2011): *Associates and joint operations*	1 January 2013	Requirements for joint operations, as well as associates, to be equity accounted following the issue of IFRS 11.

Notes to the group financial statements continued

for the year ended 28 February 2014

2. Standards, interpretations and amendments to published standards (continued)

International Financial Reporting Standards and amendments issued but not effective for 28 February 2014 year-end

Number	Effective date	Summary
IFRS 9: *Financial Instruments (2009)*	1 January 2015	Classification and measurement of financial assets: amortised cost and fair value.
IFRS 9: *Financial Instruments (2010)*	1 January 2015	Guidance on financial liabilities and derecognition of financial instruments.
Amendments to IFRS 9: *Financial Instruments (2011)*	1 January 2015	Delay in effective date.
Amendments to IAS 32: *Financial Instruments – Presentation*	1 January 2014	Clarification of the requirements for offsetting financial assets and financial liabilities on the balance sheet.
Amendment to IAS 39: *On novation of derivatives*	1 January 2014	Relief from discontinuing hedge accounting when novation of a hedging instrument to a CCP meets specified criteria.
Amendments to IAS 36: *Impairment of Assets*	1 January 2014	Disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less cost of disposal.
Amendments to IFRS 10: *Consolidated financial statements, IFRS 12 and IAS 27 for investment entities*	1 January 2014	Exemption from consolidating subsidiaries. Measurement of these entities at fair value through profit or loss. Exception to entities that meet an "investment entity" definition. IFRS 12 introduce disclosures that an investment entity needs to make.

Annual improvements issued May 2012

Improvements to IFRSs (issued May 2012) was issued by the IASB as part of the "annual improvements process" resulting in the following amendments to standards issued, effective for the first time for 28 February 2014 year-ends:

Number	Effective date	Subject of amendment
Amendments to IFRS 1: *First-time Adoption of International Financial Reporting Standards*	1 January 2013	Application of IFRS 1 more than once. Adoption of IAS 23 either from date of transition or earlier. Provision of supporting notes for all statements presented by first-time adopter.
Amendments to IAS 1: *Presentation of Financial Statements*	1 January 2013	Clarification of disclosures for comparative information when an entity provides a third balance sheet.
Amendments to IAS 16: *Property, plant and equipment*	1 January 2013	Classification of spare parts and servicing equipment as property, plant and equipment rather than inventory.
Amendments to IAS 32: *Financial instruments: Presentation*	1 January 2013	Treatment of income tax relating to distributions and transactions costs.
Amendments to IAS 34: *Interim financial reporting*	1 January 2013	Requirement of a measure of total assets and liabilities for an operating segment in interim financial statements.

2. Standards, interpretations and amendments to published standards (continued)

Interpretations of International Financial Reporting Standards

Interpretations of International Financial Reporting Standards effective for the first time for 28 February 2014 year-end

Number	Effective date	Summary
IFRIC 20: *Stripping costs in the production phase of a surface mine*	1 January 2013	Clarification and measurement of benefits accruing to an entity from stripping activity.

Interpretations of International Financial Reporting Standards issued but not yet effective for 31 December 2013 year-ends

Number	Effective date	Executive summary
IFRIC 21: Accounting for levies	1 January 2014	Accounting for an obligation to pay a levy that is not income tax and recognition of the liability to pay a levy.

3. Financial risk management

Financial risk factors

The group's activities expose it to a variety of financial risks: market risk (including currency risk and cash flow interest rate risk), credit risk and liquidity risk. The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance.

Risk management is carried out by the Executive Committee under approval by the board of directors. The Executive Committee identifies and evaluates financial risks in close cooperation with the group's operating units. The board provides principles for overall risk management.

(a) Market risk

(i) Foreign exchange risk

The group operates internationally and is exposed to foreign exchange risk arising from currency exposures, currently primarily with respect to the Zambian Kwacha. Foreign exchange risk arises from recognised assets and liabilities and net investments in foreign operations.

Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. To manage their foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, entities in the group would consider using, if necessary, forward contracts. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

The group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the group's foreign operations is managed primarily through managing the foreign asset base.

The impact of a 10% appreciation of the Rand against the Zambian Kwacha on the uncovered foreign exposure will have a negative R0,4 million (2013: R3,6 million) impact on the group's post-tax profits, and vice versa for a 10% depreciation. The translation impact of a 10% appreciation of the Rand against the Zambian Kwacha will have a negative R0,2 million (2013: R1 million) impact on the group's equity and vice versa for a 10% depreciation of the Rand.

The group also has operations in Botswana, Malawi, Mauritius, Mozambique, Namibia, Zimbabwe and the Democratic Republic of Congo. There are no material foreign exchange exposures with regards to these operations. Namibia forms part of the same common monetary area as South Africa with the exchange rate fixed at one to one.

(ii) Price risk

The group is not exposed to any price risk.

Notes to the group financial statements continued

for the year ended 28 February 2014

3. Financial risk management (continued)

(a) Market risk (continued)

(iii) Cash flow interest rate risk

The group has significant interest-bearing assets in the form of cash and cash equivalents. The group's finance income cash flows are exposed to interest rate risk and are dependent on market interest rates (refer sensitivity analysis below).

The group's interest rate risk also arises from long-term borrowings. Borrowings are issued at variable rates and expose the group to interest rate fluctuation risk. The group manages this risk by maintaining borrowing levels at pre-set targets to be able to absorb any drastic rate increases.

Interest rate risk – Sensitivity analysis

Interest rate risk is presented by way of sensitivity analysis in accordance with IFRS 7. These show the effects of changes in market interest rates on interest payments, interest income and expense, other income components and, if appropriate, shareholders' equity. A one percentage point movement in the prime interest rate would have the following effect on post-tax profit for the year:

	2014 +1% R'000	2014 -1% R'000	2013 +1% R'000	2013 -1% R'000
Cash and cash equivalents	**6 273**	**(6 273)**	6 017	(6 017)
Unsecured loan	**–**	**–**	(43)	43
Bank borrowings	**(5 166)**	**5 166**	(4 151)	4 151
Increase/(decrease) in profitability	**1 107**	**(1 107)**	1 823	(1 823)

(b) Credit risk

Credit risk is managed on a group basis. The group's customers are concentrated primarily in South Africa, but also exist in the rest of Africa (refer note 10). The majority of the customers are concentrated in the public, industrial and resource sector. From historical credit records and past experience these key customers have no history of default. Delayed payment of accounts is actively managed by the group and policies are in place to ensure that sales are made to customers with appropriate credit history. The group has policies that limit the amount of credit exposure to any financial institution.

Concentration of credit risk	Rating	2014 R'000	2013 R'000
Cash and cash equivalents	AA	**25**	3 745
Cash and cash equivalents	A	**–**	–
Cash and cash equivalents	BBB	**868 636**	829 327
Cash on hand	Not rated	**2 599**	2 613
Total cash and cash equivalents (refer note 11)		**871 260**	835 685
Current trade and other receivables	AA	**34 235**	22 888
Current trade and other receivables	A	**822**	1 114
Current trade and other receivables	BBB	**392 894**	566 778
Current trade and other receivables	Not rated	**640 459**	498 252
Total current trade and other receivables (refer note 10)		**1 068 410**	1 089 032
Retentions	AA	**15 306**	15 156
Retentions	BBB	**85 965**	133 377
Retentions	Not rated	**65 919**	73 247
Total retentions (refer note 9)		**167 190**	221 780

Credit risk is represented by the going concern values of the receivables, retentions and cash and cash equivalents that are carried on the statement of financial position at a value of R2 106,9 million (2013: R2 146,5 million).

3. Financial risk management (continued)

(b) Credit risk (continued)

The credit ratings above have been obtained from publicly available information. Trade and other receivables classified as "not rated" have no formal credit rating, these customers fall within acceptable credit risk limits of the group and have no history of default. Credit checks are performed on all new accounts to ensure that they fall within acceptable risk limits and management reviews existing accounts on a monthly basis. Account applications that fall outside of acceptable risk limits are secured by bank or insurance company guarantees.

(c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash coupled with the availability of funding from an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the group maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the group's liquidity reserve on the basis of expected cash flow. The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements:

	Carrying amount R'000	Contractual cash flows R'000	Within 1 year R'000	2 to 5 years R'000	5 years and later R'000
At 28 February 2014					
Non-derivative financial liabilities					
Bank borrowings	**717 561**	**795 568**	**325 048**	**469 340**	**1 180**
Trade and other payables	**914 684**	**914 684**	**909 784**	**4 900**	**–**
Total	**1 632 245**	**1 710 252**	**1 234 832**	**474 240**	**1 180**
At 28 February 2013					
Non-derivative financial liabilities					
Bank borrowings	576 504	641 147	264 471	357 050	19 626
Long-term loans	6 000	6 000	–	6 000	–
Trade and other payables	871 479	871 479	866 779	4 700	–
Total	1 453 983	1 518 626	1 131 250	367 750	19 626

The carrying value of financial assets and financial liabilities approximate their fair values. The amounts disclosed in the table are the contractual undiscounted cash flows.

The trade and other payables disclosed in the table excludes the non-financial liabilities in trade and other payables carried on the statement of financial position at a value of R160,8 million (2013: R106,9 million).

Total financial institution backed contract guarantees provided to third parties on behalf of subsidiary companies amounted to R1 286,6 million (2013: R1 010,4 million). These guarantees have been excluded from the maturity analysis above as the issuer has no contractual obligation to make payment at the balance sheet date and the directors do not believe that any exposure to loss is likely.

Notes to the group financial statements continued

for the year ended 28 February 2014

4. Capital risk management

The group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders or sell assets to reduce debt.

The group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as equity, as shown in the statement of financial position, plus net debt.

The current banking facilities are subjected to the group maintaining a gearing ratio of not more than 1,25. The gearing ratios for purposes of the debt covenants is calculated below.

	2014 R'000	2013 R'000
Borrowings (refer note 15)	**717 561**	582 504
Trade and other payables (refer note 18)	**1 075 529**	978 350
Current income tax liabilities	**18 696**	7 937
Defined debt	**1 811 786**	1 568 791
Capital and reserves	**3 241 037**	2 958 590
Less: Intangible assets (refer note 7)	**(763 671)**	(763 951)
Defined shareholders' funds	**2 477 366**	2 194 639
Debt covenant gearing ratio	**0,73**	0,71
The gearing ratio expressed as a percentage of net debt to total capital plus net debt is calculated below:		
Total borrowings (refer note 15)	**717 561**	582 504
Less: Cash and cash equivalents (refer note 11)	**(871 260)**	(835 685)
Net debt	**(153 699)**	(253 181)
Total equity	**3 241 037**	2 958 590
Total capital and net debt	**3 087 338**	2 705 409
Gearing ratio	**(5%)**	(9%)

5. Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the group's financial assets and liabilities that are measured at fair value at 28 February 2014:

	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
Liabilities				
At 28 February 2013				
Financial liabilities at fair value through profit or loss				
Contingent consideration	–	–	4 700	4 700
Total liabilities	–	–	4 700	4 700
At 28 February 2014				
Financial liabilities at fair value through profit or loss				
Contingent consideration	**–**	**–**	**4 900**	**4 900**
Total liabilities	**–**	**–**	**4 900**	**4 900**

There were no transfers between levels 1 and 2 during the year.

(a) Financial instruments in level 1

The group had no financial instruments measured at fair value according to level 1 at reporting date.

(b) Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- quoted market prices or dealer quotes for similar instruments;
- the fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves;
- the fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value; and
- other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

Notes to the group financial statements continued

for the year ended 28 February 2014

5. Fair value estimation (continued)

(c) Financial instruments in level 3

The following table presents the changes in level 3 instruments for the year ended 28 February 2014:

	Contingent consideration in a business combination R'000	Total R'000
Year ended 28 February 2013		
Opening balance	–	–
Acquisition of subsidiaries	4 700	4 700
Transfers into level 3	–	–
Gains and losses recognised in profit or loss	–	–
Closing balance	4 700	4 700
Year ended 28 February 2014		
Opening balance	**4 700**	**4 700**
Acquisition of subsidiaries	**–**	**–**
Transfers into level 3	**–**	**–**
Gains and losses recognised in profit or loss	**200**	**200**
Closing balance	**4 900**	**4 900**

L & R Civils (Pty) Ltd

The contingent consideration originated on the acquisition of the share capital of L & R Civils (Pty) Ltd. On 1 July 2012, the group acquired 80% of the share capital for R17,6 million cash. An additional contingent consideration limited to R6 million is payable dependent on the company's earnings over a five-year period from the effective date of the acquisition. The contingent consideration arrangement requires the group to pay in cash to the former owners and non-controlling shareholders of L & R Civils (Pty) Ltd, R2 million should the profit after tax average not less than R3,2 million for the next three successive 12 month periods from the effective date. An additional contingent consideration limited to a maximum of R4 million is payable if the profit after tax average for any three consecutive years within the first five years from the effective date is between R5 million and R7 million. The maximum undiscounted amount of the contingent consideration payable is R6 million.

The fair value of the contingent consideration at acquisition date has been determined using an income approach and a discount rate of 6,04%, which is also the significant unobservable input. Significant increases (decreases) in the discount rate would result in a lower (higher) fair value measurement.

	Land and buildings R'000	Vehicles and machinery R'000	Furniture, fittings and equipment R'000	Total R'000
6. Property, plant and equipment				
At 29 February 2012				
Cost	98 964	2 192 584	22 287	2 313 835
Accumulated depreciation	(2 026)	(942 877)	(15 179)	(960 082)
Net book amount	96 938	1 249 707	7 108	1 353 753
Year ended 28 February 2013				
Opening net book amount	96 938	1 249 707	7 108	1 353 753
Exchange differences	104	331	14	449
Acquisition of subsidiaries	4 535	30 652	159	35 346
Additions	60 581	395 777	4 581	460 939
Disposals	(295)	(37 800)	(46)	(38 141)
Depreciation	(1 108)	(246 278)	(3 728)	(251 114)
Reclassification	–	102	(102)	–
Closing net book amount	160 755	1 392 491	7 986	1 561 232
At 28 February 2013				
Cost	163 888	2 436 385	27 551	2 627 824
Accumulated depreciation	(3 133)	(1 043 894)	(19 565)	(1 066 592)
Net book amount	160 755	1 392 491	7 986	1 561 232
Year ended 28 February 2014				
Opening net book amount	**160 755**	**1 392 491**	**7 986**	**1 561 232**
Exchange differences	**89**	**497**	**30**	**616**
Acquisition of subsidiaries	**35 839**	**83 104**	**3 084**	**122 027**
Additions	**25 878**	**451 930**	**5 491**	**483 299**
Disposals	**(2 583)**	**(39 760)**	**(252)**	**(42 595)**
Depreciation	**(2 560)**	**(276 144)**	**(4 264)**	**(282 968)**
Reclassification	**250**	**2 555**	**(2 805)**	**–**
Closing net book amount	**217 668**	**1 614 673**	**9 270**	**1 841 611**
At 28 February 2014				
Cost	**226 450**	**2 735 475**	**34 943**	**2 996 868**
Accumulated depreciation	**(8 782)**	**(1 120 802)**	**(25 673)**	**(1 155 257)**
Net book amount	**217 668**	**1 614 673**	**9 270**	**1 841 611**

Aircraft with a book value of R46,5 million (2013: R47,2 million) have been included under vehicles and machinery.

Depreciation expense of R283 million (2013: R251,1 million) has been charged in cost of sales (refer note 23).

A register containing the information required by the Companies Act, 71 of 2008 is available for inspection at the registered office of the company. Bank borrowings are secured over property, plant and equipment with a book value of R914,7 million (2013: R723,7 million).

A general notarial bond of R29,5 million (2013: R29,4 million) is registered over property, plant and equipment with a carrying value of R47 million (2013: R35 million) as security for borrowing and asset finance facilities.

Lease rentals amounting to R33,4 million (2013: R26,5 million) relating to the lease of property, plant and equipment, respectively, are included in the statement of profit or loss (refer note 23).

Borrowings are disclosed in note 15 of these financial statements.

Notes to the group financial statements continued

for the year ended 28 February 2014

	Goodwill R'000	Trademarks R'000	Mining and other rights R'000	Total R'000
7. Intangible assets				
At 29 February 2012				
Cost	729 142	21 053	25 175	775 370
Accumulated amortisation and impairment	(6 876)	–	(10 865)	(17 741)
Net book amount	722 266	21 053	14 310	757 629
Year ended 28 February 2013				
Opening net book amount	722 266	21 053	14 310	757 629
Acquisition of subsidiaries	8 000	–	–	8 000
Amortisation charge	–	–	(1 678)	(1 678)
Closing net book amount	730 266	21 053	12 632	763 951
At 28 February 2013				
Cost	737 142	21 053	25 175	783 370
Accumulated amortisation and impairment	(6 876)	–	(12 543)	(19 419)
Net book amount	730 266	21 053	12 632	763 951
Year ended 28 February 2014				
Opening net book amount	**730 266**	**21 053**	**12 632**	**763 951**
Amortisation charge	**–**	**–**	**(280)**	**(280)**
Closing net book amount	**730 266**	**21 053**	**12 352**	**763 671**
At 28 February 2014				
Cost	**737 142**	**21 053**	**25 175**	**783 370**
Accumulated amortisation and impairment	**(6 876)**	**–**	**(12 823)**	**(19 699)**
Net book amount	**730 266**	**21 053**	**12 352**	**763 671**

Goodwill and trademarks are considered to have an indefinite life and are not amortised but subject to impairment reviews. The directors consider an indefinite life to be appropriate as there is no foreseeable limit to the period over which the business units to which these intangible assets relate are expected to generate positive earnings and cash flows.

There has been no reduction in the carrying amount of goodwill during the period (2013: R nil).

Amortisation of mining rights and other rights of R0,3 million (2013: R1,7 million) is included in cost of sales in the statement of profit or loss (refer note 23).

Impairment test for goodwill

Goodwill is allocated to the group's cash-generating units ("CGU") identified according to reportable segment.

A reportable segment-level summary of the goodwill allocation is presented below.

	Aggregates and crusher R'000	Road surfacing and rehabilitation R'000	Road construction and earthworks R'000	Infrastructure R'000	Tosas R'000	Total R'000
Goodwill						
At 28 February 2013	468 098	122 600	131 568	8 000	–	730 266
At 28 February 2014	**468 098**	**122 600**	**131 568**	**8 000**	**–**	**730 266**

7. Intangible assets (continued)

A reportable segment-level summary of the trademark allocation is presented below.

	Aggregates and crusher R'000	Road surfacing and rehabilitation R'000	Road construction and earthworks R'000	Infrastructure R'000	Tosas R'000	Total R'000
Trademarks						
At 28 February 2013	21 053	–	–	–	–	21 053
At 28 February 2014	**21 053**	**–**	**–**	**–**	**–**	**21 053**

A reportable segment-level summary of the mining and other rights allocation is presented below.

	Aggregates and crusher R'000	Road surfacing and rehabilitation R'000	Road construction and earthworks R'000	Infrastructure R'000	Tosas R'000	Total R'000
Mining and other rights						
At 28 February 2013	12 632	–	–	–	–	12 632
At 28 February 2014	**12 352**	**–**	**–**	**–**	**–**	**12 352**

The recoverable amounts of goodwill and trademarks are determined based on value-in-use calculations.

These calculations use earnings projections based on financial budgets approved by management for the year ended 28 February 2015.

Cash flows beyond those budgeted are extrapolated using estimated growth rates. These rates do not exceed the long-term average growth rate of the construction industry. For purpose of sensitivity analysis long-term average growth rates of between 3% and 6% were used with a pre-tax discount rate of between 15% and 20% over an estimated life of 50 years. This period is considered reasonable as the business units to which the goodwill and trademarks relate are considered to have an indefinite life.

Management believes that any reasonably possible change in the key assumptions used in the value-in-use calculations would not cause the aggregate carrying amount to exceed the aggregate recoverable amount.

	2014 R'000	2013 R'000
8. Inventories		
Aggregates	**145 404**	97 521
Consumable stores	**94 099**	148 025
Development land	**26 216**	–
Other materials including bitumen, rubber and emulsions	**154 521**	–
Total inventories	**420 240**	245 546

The cost of inventories recognised as expense and included in "cost of sales" amounted to R2 475 million (2013: R2 432,1 million) (refer note 23). No inventories are encumbered.

During the prior year R56,2 million of bitumen was included in consumable stores.

Notes to the group financial statements continued

for the year ended 28 February 2014

		2014 R'000	2013 R'000
9.	**Construction contracts in progress and retentions**		
	Costs incurred plus profits recognised, less recognised losses relating to contracts at year-end	**2 891 094**	1 679 090
	Less: Progress billings	**(2 835 620)**	(1 643 235)
	Net balance sheet position for ongoing contracts	**55 474**	35 855
	Consisting of:		
	Amounts due from customers for contract work	**155 400**	85 601
	Amounts due to customers for contract work (refer note 18)	**(99 926)**	(49 746)
	Net balance sheet position for ongoing contracts	**55 474**	35 855
	Amounts due from customers for contract work	**155 400**	85 601
	Retentions	**167 190**	221 780
	Total contracts in progress at reporting date including retentions	**322 590**	307 381

Retentions to be received after 12 months amounted to R34,1 million (2013: R75,4 million).

		2014 R'000	2013 R'000
10.	**Trade and other receivables**		
	Trade receivables	**1 026 643**	1 075 806
	Less: Provision for impairment of trade receivables	**(28 831)**	(22 802)
	Trade receivables – net	**997 812**	1 053 004
	Prepayments	**17 015**	19 154
	Receivables from related parties (refer note 32)	**41 221**	6 714
	Loans to related parties (refer note 32)	**12 362**	10 160
	Total trade and other receivables	**1 068 410**	1 089 032
	The fair values of trade and other receivables are as follows:		
	Trade receivables	**997 812**	1 053 004
	Prepayments	**17 015**	19 154
	Receivables from related parties	**41 221**	6 714
	Loans to related parties	**12 362**	10 160
	Total trade and other receivables	**1 068 410**	1 089 032

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above.

The loans to related parties are unsecured, interest free and have no fixed terms of repayment.

As of 28 February 2014, trade receivables of R28,8 million (2013: R22,8 million) were impaired and provided for. The ageing of these trade receivables is as follows:

	2014 R'000	2013 R'000
30 days to 3 months	**1 335**	–
3 to 6 months	**1 718**	3 078
Over 6 months	**25 778**	19 724
	28 831	22 802

As of 28 February 2014, trade receivables of R345,9 million (2013: R301,8 million) were in excess of 30 days but not considered impaired. These trade receivables fall within acceptable credit risk limits of the group. They consist mainly of South African Provincial and Municipal Government accounts and customers for whom there is no recent history of non-payment.

	2014 R'000	2013 R'000

10. Trade and other receivables (continued)

	2014 R'000	2013 R'000
The ageing of these trade receivables is as follows:		
30 days to 3 months	**287 511**	220 522
3 to 6 months	**54 032**	75 203
Over 6 months	**4 349**	6 075
	345 892	301 800

Trade and other receivables pledged as security

Trade and other receivables of R nil (2013: R80,5 million) are pledged as security for overdraft facilities of the group.

The carrying amounts of the group's trade and other receivables are denominated in the following currencies:

	2014 R'000	2013 R'000
South African Rand	**1 014 019**	1 021 833
Botswana Pula	**9 410**	–
Malawian Kwacha	**531**	33 503
US Dollar	**3 286**	–
Mozambican Metical	**4 103**	–
Namibian Dollar	**32 024**	29 710
Zambian Kwacha	**5 037**	3 986
	1 068 410	1 089 032
Provision for impairment of trade receivable		
Balance at the beginning of the year	**22 802**	22 124
Exchange differences	**69**	–
Acquisition of subsidiaries	**14 038**	–
Current year provision for receivables	**5 169**	12 260
Receivables written off during the year as uncollectable	**(4 693)**	(6 099)
Unused amounts reversed	**(8 554)**	(5 483)
Balance at the end of the year	**28 831**	22 802

The creation and release of provision for impaired receivables have been included in other operating expenses in the statement of profit or loss (refer note 23).

11. Cash and cash equivalents

	2014 R'000	2013 R'000
Cash and cash equivalents consists of:		
Cash on hand	**2 599**	2 613
Bank balances	**578 050**	731 901
Cash on call	**290 611**	101 171
Total cash and cash equivalents	**871 260**	835 685
Cash equivalents and bank overdrafts include the following for the purposes of the statement of cash flows:		
Cash and cash equivalents	**871 260**	835 685
Bank overdrafts	**–**	–
Total cash and cash equivalents	**871 260**	835 685

Notes to the group financial statements continued

for the year ended 28 February 2014

	Number of shares '000	Ordinary shares R'000	Share premium R'000	Total R'000
12. Share capital and premium				
At 1 March 2012	184 536	1 845	2 179 613	2 181 458
Shares issued	–	–	–	–
At 28 February 2013	184 536	1 845	2 179 613	2 181 458
Shares issued in terms of equity-settled share option scheme	1 364	14	–	14
At 28 February 2014	**185 900**	**1 859**	**2 179 613**	**2 181 472**

There were 1 364 238 new shares issued during the year (2013: nil).

The total authorised number of ordinary shares is 500 million shares (2013: 500 million) with a par value of 1 cent per share (2013: 1 cent per share). All issued shares are fully paid.

	Foreign currency translation reserve R'000	Common control reserve R'000	Equity-settled share-based payment R'000	Total R'000
13. Other reserves				
At 1 March 2012	(7 833)	(1 175 298)	40 730	(1 142 401)
Translation difference of foreign subsidiary	3 815	–	–	3 815
Share option expense (refer note 28)	–	–	26 071	26 071
At 28 February 2013	(4 018)	(1 175 298)	66 801	(1 112 515)
Translation difference of foreign subsidiary	4 688	–	–	4 688
Share options exercised by employees	–	–	(23 767)	(23 767)
Share options granted to employees (refer note 28)	–	–	27 354	27 354
At 28 February 2014	**670**	**(1 175 298)**	**70 388**	**(1 104 240)**

Raubex Group Limited listed on the JSE Securities Exchange ("JSE") on 20 March 2007. Upon listing Raubex Group Limited acquired 100% of the share capital of Raubex (Pty) Ltd and the non-controlling interests of underlying subsidiary companies in a common control transaction. This transaction gave rise to the common control reserve disclosed above.

	2014 R'000	2013 R'000
14. Non-controlling interest		
Balance at the beginning of the year	**39 031**	19 468
Profit attributable to non-controlling interest	**24 103**	17 319
Non-controlling interest arising on business combination	**–**	3 602
Acquisition of non-controlling interest (refer note 36)	**(6 214)**	(84)
Dividends paid to non-controlling interest	**(2 308)**	(1 274)
Balance at the end of the year	**54 612**	39 031

Refer to note 39 for a breakdown of non-controlling interests per subsidiary.

	2014 R'000	2013 R'000

15. Borrowings

	2014 R'000	2013 R'000
Non-current		
Bank borrowings	**429 961**	343 303
Unsecured loan	**–**	6 000
Total non-current borrowings	**429 961**	349 303
Current		
Bank borrowings	**287 600**	233 201
Total current borrowings	**287 600**	233 201
Total borrowings	**717 561**	582 504

Bank borrowings

The bank borrowings are secured by hypothec over property, plant and equipment with a book value of R914,7 million (2013: R723,7 million) and repayable in monthly instalments of R26,3 million (2013: R23,4 million) with an effective interest rate ranging between 6,6% and 9% per annum (2013: 6,8% and 9%). Bank borrowings mature by February 2023.

A general notarial bond of R29,5 million (2013: R29,4 million) is registered over property, plant and equipment with a carrying value of R47 million (2013: R35 million) as security for borrowing and asset finance facilities.

The bank borrowings consist of mortgage loans and suspensive sale agreements.

The group has undrawn borrowing facilities of R77,4 million (2013: R218,5 million). The facilities are subject to annual review.

Gross future minimum payments on bank borrowings are as follows:

	2014 R'000	2013 R'000
No later than 1 year	**325 048**	264 471
Later than 1 year and no later than 5 years	**469 340**	357 050
Later than 5 years	**1 180**	19 626
	795 568	641 147
Future finance charges on bank borrowings	**(78 007)**	(64 643)
Present value of bank borrowings	**717 561**	576 504

Unsecured loan

The loan had been advanced from the Burger Family Trust to finance Burma Plant Hire (Pty) Ltd in proportion to its non-controlling interest in the company and bore interest at 8% per annum with no fixed terms of repayment, the loan was settled during the year.

The current banking facilities are subjected to the group maintaining a gearing ratio of not more than 1,25. The gearing ratios for purposes of the debt covenants is calculated in note 4 – capital risk management.

Notes to the group financial statements continued

for the year ended 28 February 2014

	Rehabilitation provision R'000	Competition Commission provision R'000	Post-employment benefits R'000	Total R'000
16. Provision for liabilities and charges				
At 1 March 2012	23 066	–	–	23 066
Charged to statement of profit or loss:				
– Additional provision	3 086	58 825	–	61 911
At 28 February 2013	26 152	58 825	–	84 977
Acquisition of subsidiaries	1 427	–	7 010	8 437
Charged to statement of profit or loss:				
– Additional provision	2 193	–	–	2 193
– Unwinding of discount (refer note 24)	1 453	–	–	1 453
– Current service cost (refer note 27)	–	–	153	153
– Interest expense (refer note 27)	–	–	101	101
Provisions utilised	(650)	(58 825)	(326)	(59 801)
Actuarial gain for the year	–	–	(2 838)	(2 838)
At 28 February 2014	**30 575**	**–**	**4 100**	**34 675**

	2014 R'000	2013 R'000
Analysis of total provisions:		
Non-current		
Rehabilitation provision	**30 575**	26 152
Post-employment benefits	**4 100**	–
Total non-current provisions	**34 675**	26 152
Current		
Competition Commission provision	**–**	58 825
Total current provisions	**–**	58 825
Total provisions	**34 675**	84 977

The additional provision have been included in other operating expenses in the statement of profit or loss (refer note 23).

Rehabilitation provision

Rehabilitation provision consists of amounts accrued to rehabilitate environments disturbed by quarries. The provisions have been determined based on assessments and estimates by management and external consultants to reflect the estimated current cost of the rehabilitation. Actual results could differ from estimates and there is no certainty as to the timing of the cash flows relating to these provisions.

Competition Commission provision

On 29 April 2011, shareholders were advised that the group became aware of certain irregularities in terms of the provisions of the Competition Act, No 89 of 1998. The transgressions were not covered by leniency under the Corporate Leniency Provision of the Act. The group filed a Fast Track application to the Competition Commission in accordance with the Commissions Invitation to Firms in the Construction Industry to Engage in Settlement of Contraventions of the Act by the required deadline date of 15 April 2011. The group has signed a consent agreement with the Competition Commission and made a provision for an administrative penalty of R58,8 million in the prior year which was included under administrative expenses in the statement of profit or loss (refer note 23). The penalty was paid in the current year.

16. Provision for liabilities and charges (continued)

Post-employment benefits

One of the subsidiaries in the group i.e. Tosas (Pty) Ltd, provides post-retirement healthcare benefits to certain of its retirees employed prior to 1 January 1998, who retire and satisfy the necessary requirements of the medical fund. The plan is unfunded.

The amounts recognised in the statement of financial position are determined as follows:

	2014 R'000	2013 R'000
Non-current present value of unfunded obligations	**4 100**	–
Current present value of unfunded obligations	**–**	–
Balance at the end of the year	**4 100**	–
Consisting of:		
Retirement benefits	**3 882**	–
Death-in-service benefits	**218**	–
Balance at the end of the year	**4 100**	–

The actuarial valuation method used to value the liabilities is the projected unit credit method. Future benefits valued are projected using specific actuarial assumptions and the liability for in-service employees is accrued over expected working lifetime.

	2014	2013
The most significant assumptions used for the current and previous valuations are outlined below:		
Discount rate	**9,9%**	n/a
Healthcare cost inflation	**9,0%**	n/a
Expected retirement age	**59**	n/a

The weighted average duration of the post-retirement healthcare benefit is 24,8 years.

Sensitivity analysis

The table below sets out the sensitivity of the valuation results to changes in the key financial assumptions as at 28 February 2014.

	Current assumption discount rate	A decrease in the discount rate of 1%	An increase in the discount rate of 1%
Discount rate			
Post-employment benefit liability (R'000)	4 100	5 141	3 315
% change	–	25,4%	(19,1%)
Current service cost and interest expense (R'000)	254	297	219
% change	–	17,1%	(13,6%)

	Current assumption healthcare cost inflation	A decrease in the healthcare cost inflation of 1%	An increase in the healthcare cost inflation of 1%
Healthcare cost inflation			
Post-employment benefit liability (R'000)	4 100	3 312	5 126
% change	–	(19,2%)	25,0%
Current service cost and interest expense (R'000)	254	203	320
% change	–	(19,8%)	26,2%

Notes to the group financial statements continued

for the year ended 28 February 2014

	Current assumption expected retirement age	A decrease in the expected retirement age of 1 year	An increase in the expected retirement age of 1 year
16. Provision for liabilities and charges (continued)			
Expected retirement age			
Post-employment benefit liability (R'000)	4 100	4 397	3 825
% change	–	7,3%	(6,7%)
Current service cost and interest expense (R'000)	254	272	237
% change	–	7,3%	(6,4%)

The expected maturity analysis of undiscounted benefit payments:

	Less than a year	Between 1 – 5 years	Between 6 – 10 years	Between 11 – 15 years
At 28 February 2014				
Benefit payments (R'000)	**–**	**67**	**1 082**	**2 455**

Projection of results of the valuation as at 28 February 2014 to 28 February 2015 is set out below.

	Post-employment benefit liability R'000
As at 28 February 2014	**4 100**
Current service cost	**206**
Interest expense	**406**
As at 28 February 2015	**4 712**

Through its post-retirement healthcare benefit plan the group is exposed to a number of risks, the most significant risk is the risk of future CPI inflation and healthcare cost inflation are higher than expected and uncontrolled.

	2014 R'000	2013 R'000
17. Deferred income tax		
Deferred tax assets		
Non-current	**(37 509)**	(23 936)
Deferred tax liabilities		
Non-current	**266 464**	245 623
Deferred tax liabilities (net)	**228 955**	221 687
The gross movement on the deferred income tax account is as follows:		
Balance at the beginning of the year	**221 687**	211 672
Exchange differences	**(535)**	(1 178)
Acquisition of subsidiaries	**3 773**	(7 980)
Charged to the statement of profit or loss	**3 144**	19 173
Charged to comprehensive income	**886**	–
Balance at the end of the year	**228 955**	221 687

17. Deferred income tax (continued)

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	Accelerated depreciation R'000	Construction contracts R'000	Other R'000	Total R'000
Deferred tax liabilities				
At 1 March 2012	233 691	41 076	11 876	286 643
Exchange differences	194	–	279	473
Charged to statement of profit or loss	8 881	16 152	(5 183)	19 850
Acquisition of subsidiaries	4 043	399	82	4 524
At 28 February 2013	246 809	57 627	7 054	311 490
Exchange differences	73	–	–	73
Charged to statement of profit or loss	7 140	(3 726)	(3 122)	292
Charged to comprehensive income	91	–	–	91
Acquisition of subsidiaries	18 860	–	–	18 860
At 28 February 2014	**272 973**	**53 901**	**3 932**	**330 806**

	Provisions R'000	Tax losses R'000	Other R'000	Total R'000
Deferred tax assets				
At 1 March 2012	(47 131)	(27 840)	–	(74 971)
Exchange differences	–	(1 651)	–	(1 651)
Charged to statement of profit or loss	(6 092)	5 415	–	(677)
Acquisition of subsidiaries	(3 275)	(7 409)	(1 820)	(12 504)
At 28 February 2013	(56 498)	(31 485)	(1 820)	(89 803)
Exchange differences	(37)	(485)	(86)	(608)
Charged to statement of profit or loss	5 527	(2 675)	–	2 852
Charged to comprehensive income	795	–	–	795
Acquisition of subsidiaries	(4 727)	(10 107)	(253)	(15 087)
At 28 February 2014	**(54 940)**	**(44 752)**	**(2 159)**	**(101 851)**

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through taxable profits is probable.

	2014 R'000	2013 R'000
18. Trade and other payables		
Trade payables	**569 935**	531 005
Payables due to related parties (refer note 32)	**109**	82
Loans from related parties (refer note 32)	**1 304**	1 146
Accruals and other payables	**399 355**	391 671
Amounts due to customers for contract work (refer note 9)	**99 926**	49 746
Other liabilities – contingent consideration (refer note 5)	**4 900**	4 700
Total trade and other payables	**1 075 529**	978 350

The loans from related parties are unsecured, interest free and have no fixed terms of repayment.

Notes to the group financial statements continued

for the year ended 28 February 2014

	2014 R'000	2013 R'000
19. Revenue		
Contracting revenue	**5 574 910**	5 278 150
Commercial quarry revenue	**277 622**	214 467
Bitumen and emulsion products and services	**284 757**	–
Plant hire revenue	**187 467**	142 902
Property sales and development fees	**256**	–
Total revenue	**6 325 012**	5 635 519
20. Other income		
Dividends received from cash on call	**–**	1 037
Insurance commission	**2 493**	2 628
Interest on accounts receivable	**1 703**	10 486
Seta recoveries	**4 081**	356
Bad debts recovered	**3 025**	716
Total other income	**11 302**	15 223
21. Other gains/(losses) – net		
Profit on sale of fixed assets	**10 244**	11 767
Gain on exchange differences	**5 409**	10 291
Excess from fair value of assets acquired over purchase price	**368**	–
Impairment of loans	**–**	(218)
Total other gains/(losses)	**16 021**	21 840

The loan impairment in the prior year related to a Broad-Based Black Economic Empowerment ("B-BBEE") Enterprise Development loan that was no longer recoverable.

22. Exceptional items

Items that are material either because of their size or their nature, or that are non-recurring, are considered exceptional items and are presented within the line items to which they best relate. During the prior year, the exceptional item below was included in administrative expenses on the face of the statement of profit or loss and under other operating expenses in note 23.

	2014 R'000	2013 R'000
Operating items		
Competition Commission administrative penalty	**–**	58 825
23. Expenses by nature		
Changes in inventories	**(99 493)**	(92 389)
Subcontractors	**843 208**	695 485
Raw materials and consumables (refer note 8)	**2 475 001**	2 432 088
Employee benefit expense (refer note 27)	**1 464 277**	1 183 334
Depreciation and amortisation (refer notes 6 and 7)	**283 248**	252 792
Operating lease charges (refer note 6)	**33 442**	26 464
Repairs and maintenance	**413 601**	366 595
Other operating expenses	**399 176**	324 408
Total of cost of sales and administrative expenses	**5 812 460**	5 188 777

	2014 R'000	2013 R'000
24. Finance income and costs		
Finance income:		
Interest income on cash resources	**35 586**	30 761
Other interest	**3 163**	2 757
Total finance income	**38 749**	33 518
Finance costs:		
Bank borrowings	**(42 110)**	(39 234)
Unwinding of discount – rehabilitation provision (refer note 16)	**(1 453)**	–
Unwinding of discount – contingent consideration liability (refer note 5)	**(200)**	–
Other interest	**(399)**	(950)
Total finance costs	**(44 162)**	(40 184)
Net finance costs	**(5 413)**	(6 666)
25. Income tax expense		
South African normal taxation		
Current tax		
Current period	**130 830**	123 295
Recognised in current tax for prior periods	**1 338**	(4 942)
Capital gains tax	**1 660**	910
Total South African normal taxation	**133 828**	119 263
Deferred tax		
Originating and reversing temporary differences	**2 217**	9 072
Total South African deferred taxation	**2 217**	9 072
Total South African taxation	**136 045**	128 335
Foreign taxation		
Current tax		
Current period	**21 268**	19 844
Recognised in current tax for prior periods	**(3 454)**	(34)
Non-resident shareholder tax	**–**	325
Total foreign normal tax	**17 814**	20 135
Deferred tax		
Originating and reversing temporary differences	**1 561**	9 994
Change in tax rate	**(634)**	107
Total foreign deferred tax	**927**	10 101
Total foreign taxation	**18 741**	30 236
Total income tax expense	**154 786**	158 571

Notes to the group financial statements continued

for the year ended 28 February 2014

	2014 %	2013 %
25. Income tax expense (continued)		
Reconciliation between applicable tax rate and effective tax rate:		
Applicable tax rate	**28,00**	28,00
Exempt income	**–**	(0,16)
Capital gains tax	**(0,16)**	(0,10)
Non-resident shareholder tax	**–**	0,07
Current tax recognised in prior periods	**(1,23)**	(1,04)
Disallowed charges	**1,94**	5,83
Change in tax rates in foreign countries	**(0,12)**	(0,02)
Tax at rates in foreign countries	**0,53**	0,65
Effective tax rate	**28,96**	33,23

The tax effect relating to components of other comprehensive income is as follows:

	Before tax 2014 R'000	**Tax 2014 R'000**	**After tax 2014 R'000**	Before tax 2013 R'000	Tax 2013 R'000	After tax 2013 R'000
Currency translation differences	**4 688**	**–**	**4 688**	3 815	–	3 815
Actuarial gain on post-employment benefit obligations	**2 838**	**(795)**	**2 043**	–	–	–
Other comprehensive income	**7 526**	**(795)**	**6 731**	3 815	–	3 815

	2014 R'000	2013 R'000
26. Auditors' remuneration		
Fees	**6 732**	5 797
Prior year under provision	**414**	393
Tax and secretarial services	**267**	207
Total auditors remuneration	**7 413**	6 397
27. Employee benefit expense		
Wages and salaries	**1 320 686**	1 056 844
Share options granted to employees (refer note 28)	**27 354**	26 071
Pension contributions	**52 301**	40 424
Medical aid contributions	**22 612**	17 245
Other post-employment benefits	**254**	–
Other contributions and accruals	**41 070**	42 750
Total employee benefit expense	**1 464 277**	1 183 334

Other contributions and accruals consist of contributions to the Unemployment Insurance Fund ("UIF"), Skills Development Levies ("SDL"), The Federated Employers Mutual Assurance Company ("FEMA") and life policy contributions.

	2014 '000	2013 '000
Number of employees – permanent	**8 306**	7 807

28. Employee Share Option Scheme

Details of the share scheme are as follows:

Deferred Stock Scheme

The Deferred Stock Scheme is intended to retain and incentivise selected executives or members of senior management in the full time employ of the company by giving them the opportunity to acquire an interest in, and participate in the economic benefit of the company, thereby providing them with a further incentive to advance the company's interests and promoting the alignment of the interests of the employees and the company.

The Scheme shall endure for a period of five years from the date of initial approval by the company's shareholders. The date of the initial approval was 8 October 2010.

Options will only be exercisable after a specified period, being not less than three years.

Options granted to an employee will only be valid if such employee concludes a restraint agreement with the company.

The price payable by an employee to acquire shares in terms of an option will be the greater of the par value of the shares and R0,01 per share.

Employees will be entitled to exercise options for a period of 40 business days after expiry of the retention period of such option.

Exercised options will be settled either by way of an allotment and issue of shares by the company to the relevant employee or by the acquisition of shares in the market on the relevant employee's behalf.

Arrangement	Deferred Stock 2011	Deferred Stock 2012
Nature of arrangement	Grant of share option	Grant of share option
Options approved	848 400	1 723 400
Number of options granted	848 366	1 652 483
Number of options outstanding	–	1 403 051
Exercise price	R0,01	R0,01
Date of grant	8 October 2010	7 October 2011
Share price at the date of grant	R23,12	R13,49
Contractual life	40 days from expiry of the three-year retention period relating to the options	40 days from expiry of the three-year retention period relating to the options
Vesting conditions	Three years of service from the date of grant	Three years of service from the date of grant
Settlement	Shares	Shares
Expected volatility	45%	45%
Expected option life at grant date	2,4 years	2,4 years
Risk-free interest rate	7,3%	6,7%
Expected dividend yield	4,8%	4,8%
Expected departures (grant date)	0%	0%
Expected outcome of meeting performance criteria (grant date)	100%	100%
Fair value of options determined at the grant date	R20,47	R11,06
Valuation model	Black-Scholes	Black-Scholes

Notes to the group financial statements continued

for the year ended 28 February 2014

28. Employee Share Option Scheme (continued)

Arrangement	Deferred Stock 2013	**Deferred Stock 2014**
Nature of arrangement	Grant of share option	**Grant of share option**
Options approved	2 260 030	**1 339 700**
Number of options granted	2 208 042	**1 339 699**
Number of options outstanding	1 927 430	**1 339 699**
Exercise price	R0,01	**R0,01**
Date of grant	5 October 2012	**7 November 2013**
Share price at the date of grant	R15,06	**R24,90**
Contractual life	40 days from expiry of the three-year retention period relating to the options	**40 days from expiry of the three-year retention period relating to the options**
Vesting conditions	Three years of service from the date of grant	**Three years of service from the date of grant**
Settlement	Shares	**Shares**
Expected volatility	45%	**45%**
Expected option life at grant date	2,4 years	**2,3 years**
Risk free interest rate	5,4%	**8,1%**
Expected dividend yield	4,8%	**2,6%**
Expected departures (grant date)	0%	**0%**
Expected outcome of meeting performance criteria (grant date)	100%	**100%**
Fair value of options determined at the grant date	R13,54	**R23,42**
Valuation model	Black-Scholes	**Black-Scholes**

The following information applies to options outstanding at the end of each period:

28 February 2014					28 February 2013				
Range of exercise prices	**Weighted average exercise price**	**Number of options**	**Weighted average remaining life (yrs) Expected**	**Weighted average remaining life (yrs) Contractual**	Range of exercise prices	Weighted average exercise price	Number of options	Weighted average remaining life (yrs) Expected	Weighted average remaining life (yrs) Contractual
R0,01	**R0,01**	**–**	**–**	**–**	R0,01	R0,01	848 366	–	–
R0,01	**R0,01**	**1 403 051**	**–**	**–**	R0,01	R0,01	1 638 311	1	1
R0,01	**R0,01**	**1 927 430**	**1**	**1**	R0,01	R0,01	2 208 042	2	2
R0,01	**R0,01**	**1 339 699**	**2**	**2**	R0,01	R0,01	–	–	–

A reconciliation of movements in the number of share options can be summarised as follows:

	Number of options 2014	**Exercise price 2014**	Number of options 2013	Exercise price 2013
Outstanding at the beginning of the year	**4 694 719**	**R0,01**	2 500 849	R0,01
Options granted	**1 339 699**	**R0,01**	2 208 042	R0,01
Options forfeited	**–**	**R0,01**	14 172	R0,01
Options exercised	**(1 364 238)**	**R0,01**	–	R0,01
Outstanding at the end of the year	**4 670 180**	**R0,01**	4 694 719	R0,01
Exercisable at the end of the year	**1 403 051**	**R0,01**	848 366	R0,01

28. Employee Share Option Scheme (continued)

The amounts recognised in the financial statements (before tax) for share-based payment transactions with employees can be summarised as follows:

	2014 R'000	2013 R'000
Expense – equity-settled arrangements		
Deferred stock scheme (refer note 27)	**27 354**	26 071
Total share equity-settled share-based payment expense	**27 354**	26 071

29. Earnings per share

Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the parent entity by the weighted average number of ordinary shares in issue during the year.

	2014 R'000	2013 R'000
Profit attributable to owners of the parent entity	**355 573**	301 249
Weighted average number of ordinary shares in issue ('000)	**185 900**	184 536
Basic earnings per share (cents)	**191,3**	163,2

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

	2014 R'000	2013 R'000
Profit attributable to owners of the parent entity	**355 573**	301 249
Weighted average number of ordinary shares in issue ('000)	**185 900**	184 536
Adjustments for:		
Shares deemed issued for no consideration (share options) ('000)	**3 360**	3 401
Weighted average number of ordinary shares for diluted earnings per share ('000)	**189 260**	187 937
Diluted earnings per share (cents)	**187,9**	160,3
Headline		
Profit attributable to owners of the parent entity	**355 573**	301 249
Adjustments for:		
Profit on sale of fixed assets (refer note 21)	**(10 244)**	(11 767)
Excess from fair value of assets acquired over purchase price (refer note 21)	**(368)**	–
Total tax effects of adjustments	**2 868**	3 295
Basic headline earnings	**347 829**	292 777
Weighted average number of shares ('000)	**185 900**	184 536
Headline earnings per share (cents)	**187,1**	158,7
Headline earnings	**347 829**	292 777
Adjusted weighted average number of shares ('000)	**189 260**	187 937
Diluted headline earnings per share (cents)	**183,8**	155,8

30. Dividends per share

The dividends paid to ordinary shareholders in 2014 and 2013 were R120,8 million (65 cents per share) and R119,9 million (65 cents per share) respectively. A final dividend in respect of the year ended 28 February 2014 of R65,1 million (35 cents per share) amounting to a total dividend for the year of R120,8 million (65 cents per share) is to be proposed at the board of directors' meeting on 9 May 2014 and declared on the release of the group's results. These financial statements do not reflect this dividend payable.

Notes to the group financial statements continued

for the year ended 28 February 2014

	2014 R'000	2013 R'000
31. Cash generated from operations		
Profit before income tax	**534 462**	477 139
Adjustments for:		
Depreciation (refer note 6)	**282 968**	251 114
Amortisation and impairment (refer notes 7 and 21)	**280**	1 895
Profit on sale of assets (refer note 21)	**(10 244)**	(11 767)
Finance income (refer note 24)	**(38 749)**	(33 518)
Finance costs (refer note 24)	**44 162**	40 184
Dividends received (refer note 20)	**–**	(1 037)
Foreign exchange loss/(gains) – unrealised	**3 580**	(2 733)
Provisions (refer note 16)	**(58 739)**	61 911
Excess of fair value over purchase price (refer note 21)	**(368)**	–
Share options granted to employees (refer note 28)	**27 354**	26 071
Changes in working capital		
Inventories	**(115 780)**	(92 389)
Trade and other receivables	**70 047**	130 999
Construction contracts in progress and retentions	**(15 209)**	3 158
Trade and other payables	**27 656**	7 980
Net cash generated from operations	**751 420**	859 007
In the statement of cash flows, proceeds from sale of property, plant and equipment comprise:		
Net book amount (refer note 6)	**42 595**	38 141
Profit on disposal of property, plant and equipment (refer note 21)	**10 244**	11 767
Proceeds from disposal of property, plant and equipment	**52 839**	49 908
In the statement of cash flows taxation paid is calculated as follows:		
Balance (receivable)/due at beginning of the year	**(23 281)**	8 525
Add: Acquisitions	**(1 898)**	2 066
Add: Current year tax charge (refer note 25)	**151 642**	139 397
Add: Balance receivable at end of the year	**9 975**	23 281
Taxation paid	**136 438**	173 269

32. Related parties

Relationships

Joint operations	Refer note 40
Directors	JE Raubenheimer

Companies and trusts controlled by directors and directors of subsidiaries:

93 & 94 Maple Road Properties (Pty) Ltd	Phuhlisa Development Solutions (Pty) Ltd t/a PD Solutions
Bridgetown Dolomite Mine Joint Operation	Pia Solar SA (Pty) Ltd
Corpcam.Com (Pty) Ltd	Plant Management CC
Cotswold Development Trust	Raubex Eiendomme (Pty) Ltd
DS Vorster Landgoed CC	RJ Fourie Boerdery
Kwambo Investments (Pty) Ltd	Swanvest 294 (Pty) Ltd
Ligra (Pty) Ltd	The Burger Family Trust
Maxdeals CC	

	2014 R'000	2013 R'000
32. Related parties (continued)		
Related party balances		
Amounts included in trade receivables regarding related parties		
JE Raubenheimer	**4**	3
Pia Solar SA (Pty) Ltd	**–**	46
Raubex Eiendomme (Pty) Ltd	**7**	–
Raubex/Roadmac Surfacing/Thatheni Woman's Construction Joint Operation	**16 586**	6 663
Raubex/Sakula Joint Operation	**24 623**	–
RJ Fourie Boerdery	**1**	2
Receivables from related parties (refer note 10)	**41 221**	6 714
Amounts included in trade payables regarding related parties		
Corpcam.Com (Pty) Ltd	**–**	28
Raubex Eiendomme (Pty) Ltd	**109**	54
Payables due to related parties (refer note 18)	**109**	82
Loans to related parties		
Kentha Raumix Joint Operation	**81**	21
Raubex/Roadmac Surfacing/Thatheni Woman's Construction Joint Operation	**8 327**	5 655
Roadmac Surfacing/KYK Joint Operation	**3 557**	4 484
Roadmac Surfacing/NRP Joint Operation	**397**	–
Loans to related parties (refer note 10)	**12 362**	10 160

The loans are unsecured, interest free and have no fixed terms of repayment.

	2014 R'000	2013 R'000
Loans to joint operations:		
At the beginning of the year	**10 160**	4 894
Loans advanced during the year	**3 129**	5 920
Loan repayments received	**(927)**	(654)
At the end of the year	**12 362**	10 160
Total loans to related parties:		
At the beginning of the year	**10 160**	4 894
Loans advanced during the year	**3 129**	5 920
Loan repayments received	**(927)**	(654)
At the end of the year (refer note 10)	**12 362**	10 160
Loans from related parties		
Phuhlisa Development Solutions (Pty) Ltd t/a PD Solutions	**109**	109
Raubex/Matlapeng Joint Operation	**11**	–
Raubex/Sakula Joint Operation	**1 184**	–
Roadmac Surfacing/NRP Joint Operation	**–**	1 037
The Burger Family Trust (refer note 15)	**–**	6 000
Loans from related parties	**1 304**	7 146

Notes to the group financial statements continued

for the year ended 28 February 2014

	2014 R'000	2013 R'000
32. Related parties (continued)		
Loans from entities controlled by key management:		
At the beginning of the year	**6 109**	7 000
Loan received during the year	**–**	109
Loan repayments made	**(6 000)**	(1 000)
At the end of the year	**109**	6 109
Loans from joint operations:		
At the beginning of the year	**1 037**	156
Loans received during year	**1 195**	1 015
Loan repayments made	**(1 037)**	(134)
At the end of the year	**1 195**	1 037
Total loans from related parties:		
At the beginning of the year	**7 146**	7 156
Loans received during year	**1 195**	1 124
Loan repayments made	**(7 037)**	(1 134)
At the end of the year	**1 304**	7 146

The loans are unsecured, interest free and have no fixed terms of repayment, except for The Burger Family Trust loan (refer note 15).

	2014 R'000	2013 R'000
Subcontractors' fees received from/(paid to) related parties		
Raubex/Roadmac Surfacing/Thatheni Woman's Construction Joint Operation	**100 399**	56 909
Roadmac Surfacing/NRP Joint Operation	**–**	7 474
Rental of equipment and premises received from/(paid to) related parties		
93 & 94 Maple Road Properties (Pty) Ltd	**–**	(1 117)
Bridgetown Dolomite Mine Joint Operation	**19 183**	(13 028)
DS Vorster Landgoed CC	**–**	(831)
Kentha/Raumix Joint Operation	**(1 002)**	(911)
Kwambo Investments (Pty) Ltd	**–**	(1)
Ligra (Pty) Ltd	**(355)**	(553)
Maxdeals CC	**(415)**	(415)
Plant Management CC	**(1 316)**	(2 064)
Raubex Eiendomme (Pty) Ltd	**(2 106)**	(2 030)
Swanvest 294 (Pty) Ltd	**(292)**	(292)
The Burger Family Trust	**(110)**	–
Administration fees received from/(paid to) related parties		
Raubex/Matlapeng Joint Operation	**(221)**	–
Other fees received from/(paid to) related parties		
Corpcam.Com (Pty) Ltd	**–**	(283)
JE Raubenheimer	**43**	53
Pia Solar SA (Pty) Ltd	**–**	151
Raubenbel (Pty) Ltd	**–**	6
Raubex Eiendomme (Pty) Ltd	**(653)**	(280)
RJ Fourie Boerdery	**15**	50

32. Related parties (continued)

Related party transactions with directors and prescribed officers

	Directors' fees R'000	Salaries R'000	Incentive bonuses R'000	Retirement fund contributions R'000	Other benefits R'000	Total emoluments R'000
Directors' emoluments 2013						
Executive						
RJ Fourie	–	2 213	1 938	221	213	4 585
F Diedrechsen	–	1 394	1 416	139	240	3 189
Total emoluments	–	3 607	3 354	360	453	7 774
Non-executive						
JE Raubenheimer	438	–	–	–	–	438
LA Maxwell	425	–	–	–	–	425
F Kenney	290	–	–	–	–	290
MC Matjila	35	–	–	–	–	35
BH Kent	465	–	–	–	–	465
NF Msiza	465	–	–	–	–	465
Total emoluments	2 118	–	–	–	–	2 118
Directors' emoluments 2014						
Executive						
RJ Fourie	**–**	**2 397**	**6 154**	**236**	**202**	**8 989**
F Diedrechsen*	**–**	**1 061**	**3 780**	**12**	**20**	**4 873**
JF Gibson**	**–**	**1 420**	**2 792**	**141**	**11**	**4 364**
Total emoluments	**–**	**4 878**	**12 726**	**389**	**233**	**18 226**
Non-executive						
JE Raubenheimer	**517**	**–**	**–**	**–**	**–**	**517**
LA Maxwell	**441**	**–**	**–**	**–**	**–**	**441**
F Kenney	**323**	**–**	**–**	**–**	**–**	**323**
BH Kent	**441**	**–**	**–**	**–**	**–**	**441**
NF Msiza	**441**	**–**	**–**	**–**	**–**	**441**
Total emoluments	**2 163**	**–**	**–**	**–**	**–**	**2 163**

* *F Diedrechsen resigned 31 March 2013*

** *JF Gibson appointed 24 July 2013*

Notes to the group financial statements continued

for the year ended 28 February 2014

	Salaries R'000	Incentive bonuses R'000	Retirement fund contributions R'000	Other benefits R'000	Total emoluments R'000
32. Related parties (continued)					
Prescribed officers' emoluments 2013					
T Wiese	1 531	1 964	410	606	4 511
LJ Raubenheimer	1 394	1 870	139	236	3 639
GM Raubenheimer	1 260	1 114	126	136	2 636
JF Gibson	1 145	1 095	115	10	2 365
Total emoluments	5 330	6 043	790	988	13 151
Prescribed officers' emoluments 2014					
T Wiese	**1 654**	**5 160**	**494**	**597**	**7 905**
LJ Raubenheimer	**1 563**	**3 774**	**149**	**185**	**5 671**
GM Raubenheimer	**1 369**	**3 277**	**134**	**126**	**4 906**
RL Shedlock	**2 020**	**2 433**	**598**	**462**	**5 513**
JA Louw	**885**	**580**	**88**	**156**	**1 709**
HE Ernst	**406**	**92**	**41**	**2**	**541**
Total emoluments	**7 897**	**15 316**	**1 504**	**1 528**	**26 245**

Share options granted to directors and prescribed officers

	Options outstanding at 1 March 2012	Options granted during the year	Options exercised during the year	Options outstanding at 28 February 2013	Strike price
Share options 2013					
Executive directors					
RJ Fourie	231 981	166 289	–	398 270	R0,01
F Diedrechsen	231 981	166 289	–	398 270	R0,01
Prescribed officers					
T Wiese	179 257	128 496	–	307 753	R0,01
LJ Raubenheimer	179 257	128 496	–	307 753	R0,01
GM Raubenheimer	14 172	18 896	–	33 068	R0,01
JF Gibson	126 535	90 703	–	217 238	R0,01

	Options outstanding at 1 March 2013	Options granted during the year	Options exercised during the year	Options outstanding at 28 February 2014	Strike price
Share options 2014					
Executive directors					
RJ Fourie	**398 270**	**102 278**	**107 265**	**393 283**	**R0,01**
F Diedrechsen	**398 270**	**–**	**398 270**	**–**	**R0,01**
JF Gibson	**217 238**	**79 033**	**58 508**	**237 763**	**R0,01**
Prescribed officers					
T Wiese	**307 753**	**79 033**	**82 886**	**303 900**	**R0,01**
LJ Raubenheimer	**307 753**	**79 033**	**82 886**	**303 900**	**R0,01**
GM Raubenheimer	**33 068**	**11 623**	**–**	**44 691**	**R0,01**
RL Shedlock	**51 965**	**55 788**	**–**	**107 753**	**R0,01**
JA Louw	**33 068**	**34 868**	**–**	**67 936**	**R0,01**
HE Ernst	**33 068**	**11 623**	**–**	**44 691**	**R0,01**

The share options granted to directors and prescribed officers are in terms of the Deferred Stock Scheme, details of which are set out in note 28 to these group financial statements.

32. Related parties (continued)

Value of share options granted to directors and prescribed officers

	2014 R'000	2013 R'000
Executive directors		
RJ Fourie	**2 395**	2 252
F Diedrechsen	**–**	2 252
JF Gibson	**1 851**	1 227
Total value of share options for executive directors	**4 246**	5 731
Prescribed officers		
T Wiese	**1 851**	1 740
LJ Raubenheimer	**1 851**	1 740
GM Raubenheimer	**272**	256
RL Shedlock	**1 307**	511
JA Louw	**817**	256
HE Ernst	**272**	256
Total value of share options for prescribed officers	**6 370**	4 759

Interests of directors in the share capital

Details of ordinary shares held directly and indirectly per individual director are listed below as at 28 February 2014.

	Number of shares 2014	Number of shares 2013
Beneficial		
Direct and indirect		
RJ Fourie	**4 144 791**	4 037 526
F Diedrechsen	**–**	3 650 000
JF Gibson	**58 508**	–
F Kenney	**14 965 384**	14 965 384
LA Maxwell	**16 000**	16 000
BH Kent	**–**	–
NF Msiza	**–**	–
Non-beneficial		
Direct and indirect		
JE Raubenheimer	**25 650 000**	25 650 000

At date of this report, these interests remained unchanged.

	2014 R'000	2013 R'000
33. Directors', prescribed officers' and key management's emoluments		
Executive		
For services as directors of the company	**18 226**	7 775
For services as prescribed officers of the company	**26 245**	13 153
For services as key management	**72 976**	69 094

Prescribed officers of the company consist of the Company Secretary and Executive Committee members who are not directors of the company.

Key management consists of directors of subsidiaries who are not defined as prescribed officers of the company.

Notes to the group financial statements continued

for the year ended 28 February 2014

33. Directors', prescribed officers' and key management's emoluments (continued)

	Salaries R'000	Incentive bonuses R'000	Retirement fund contributions R'000	Other benefits R'000	Total emoluments R'000
Key management's emoluments 2013	32 168	24 776	4 886	7 264	69 094
Key management's emoluments 2014	**33 340**	**27 382**	**5 154**	**7 100**	**72 976**

34. Commitments

Capital commitments

Capital expenditure contracted for at the reporting date but not yet incurred are as follows:

	2014 R'000	2013 R'000
Property, plant and equipment	**5 038**	15 666
Investment in subsidiary	**–**	120 000
Total capital commitments	**5 038**	135 666

Capital commitments for property, plant and equipment will be funded by cash and borrowings.

The capital commitment for the investment in subsidiary in the prior year related to the acquisition of Tosas Holdings (Pty) Ltd.

Operating lease commitments

The group leases various land and buildings and quarries under non-cancellable operating lease agreements. These leases have varying terms, clauses and renewal rights.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2014 R'000	2013 R'000
No later than 1 year	**5 624**	3 624
Later than 1 year and no later than 5 years	**2 908**	6 777
Total operating lease commitments	**8 532**	10 401

35. Business combinations

Tosas Holdings (Pty) Ltd

On 26 April 2013 the group acquired 100% of the share capital of Tosas Holdings (Pty) Ltd from Sasol Oil (Pty) Ltd for a purchase price of R120 million cash. Tosas is a manufacturer and distributor of value added bituminous products used primarily for road construction activities and their operations include several bitumen processing and storage facilities in the inland region of South Africa as well as in Namibia and Botswana. The acquisition represents a strong strategic fit for Raubex as an integrated road construction and rehabilitation company operating across southern Africa. The company contributed revenues of R284,8 million and net loss of R3,5 million for the period from 26 April 2013 to 28 February 2014. If the acquisition had occurred on 1 March 2013, contributions to group revenue would have been R355,7 million and net loss of R4,9 million.

Details of the net assets acquired, purchase consideration and the goodwill are as follows:

	R'000
The purchase consideration:	
Cash	**120 000**
Total purchase consideration	**120 000**
Less: Fair value of net assets acquired	**(120 368)**
Excess of fair value of assets acquired over purchase price (refer note 21)	**(368)**

	Acquiree's carry value R'000	Fair value R'000
35. Business combinations (continued)		
Property, plant and equipment	**69 333**	**117 527**
Deferred tax asset	**15 101**	**15 101**
Inventory	**58 914**	**58 914**
Trade and other receivables	**49 425**	**49 425**
Current income tax receivable	**1 898**	**1 898**
Cash and cash equivalents	**7 260**	**7 260**
Deferred tax liability	**(6 385)**	**(18 101)**
Short-term debt – Sasol loan	**(35 123)**	**(35 123)**
Provisions	**(7 010)**	**(7 010)**
Trade and other payables	**(69 523)**	**(69 523)**
Total net assets acquired	**83 890**	**120 368**
Purchase consideration settled in cash		**120 000**
Less: Cash and cash equivalents in the business combination acquired		**(7 260)**
Cash outflow on acquisition		**112 740**

The fair value of trade and other receivables is R51,4 million. The gross contractual amount for trade receivables due is R65,4 million, of which R14 million is expected to be uncollectable.

ND Goodwin & Sons (Pty) Ltd

On 16 February 2014, the group acquired 100% of the share capital of ND Goodwin & Sons (Pty) Ltd from its shareholders for a purchase price of R2,3 million cash. The company holds the legal title to a fixed property in Middelburg, Mpumalanga. The company made no contribution to revenues or profit for the period.

Details of the net assets acquired, purchase consideration and the goodwill are as follows:

	R'000
The purchase consideration:	
Cash	**2 300**
Total purchase consideration	**2 300**
Less: Fair value of net assets acquired	**(2 300)**
Goodwill	**–**

	Acquiree's carry value R'000	Fair value R'000
Property, plant and equipment	**356**	**4 500**
Provisions – rehabilitation	**–**	**(1 427)**
Deferred tax liability	**–**	**(773)**
Total net assets acquired	**356**	**2 300**
Purchase consideration settled in cash		**2 300**
Cash and cash equivalents in the business combination acquired		**–**
Cash outflow on acquisition		**2 300**

Notes to the group financial statements continued

for the year ended 28 February 2014

36. Transactions with non-controlling interests

Raumix Holdings (Pty) Ltd

On 1 March 2013, the group acquired the remaining 5% of the share capital from the non-controlling shareholders in Raumix Holdings (Pty) Ltd for R8,2 million cash. The company holds investments in the group commercial quarry operations.

	R'000
Carrying amount of non-controlling interests acquired	**6 214**
Less: Consideration paid to non-controlling interests	**(8 185)**
Excess of consideration paid recognised in parent's equity	**(1 971)**

37. Contingencies

Total financial institution backed contract guarantees provided to third parties on behalf of subsidiary companies amounted to R1 286,6 million (2013: R1 010,4 million). The directors do not believe that any exposure to loss is likely. Total available facilities in this regard amount to R1 760 million (2013: R1 540 million).

The group is, from time to time, involved in various claims and legal proceedings arising in the ordinary course of business. The directors do not believe that adverse decisions in any pending proceedings or claims against the group will have a material adverse effect in the financial position or future operations of the group.

38. Segmental analysis

	Aggregate and crusher R'000	Road surfacing and rehabilitation R'000	Road construction and earthworks R'000	Infrastructure R'000	Tosas R'000	Consolidated R'000
Reportable segments						
At 28 February 2013						
Segment revenue – external	1 501 732	2 753 772	1 217 189	162 826	–	5 635 519
Segment result (operating profit)	218 935	199 545	61 656	3 669	–	483 805
Finance income	5 657	4 296	22 534	1 031	–	33 518
Finance costs	(24 615)	(9 869)	(5 115)	(585)	–	(40 184)
Taxation	(55 717)	(56 045)	(46 532)	(277)	–	(158 571)
Profit for the year	144 260	137 927	32 543	3 838	–	318 568
Segment assets	1 966 332	1 619 842	1 122 987	148 820	–	4 857 981
Segment liabilities	776 483	749 207	316 699	57 002	–	1 899 391
Depreciation and amortisation	136 774	63 849	50 137	2 032	–	252 792
Capital expenditure	283 814	126 339	37 072	13 714	–	460 939
Inter-segment revenue	122 788	246 947	149 596	667	–	519 998

38. Segmental analysis (continued)

	Aggregate and crusher R'000	Road surfacing and rehabilitation R'000	Road construction and earthworks R'000	Infrastructure R'000	Tosas R'000	Consolidated R'000
At 28 February 2014						
Segment revenue – external	**1 624 577**	**2 505 115**	**1 179 805**	**730 759**	**284 756**	**6 325 012**
Segment result (operating profit)	**259 152**	**209 260**	**40 026**	**36 966**	**(5 529)**	**539 875**
Finance income	**7 754**	**3 364**	**24 780**	**2 506**	**345**	**38 749**
Finance costs	**(27 071)**	**(10 764)**	**(4 337)**	**(555)**	**(1 435)**	**(44 162)**
Taxation	**(71 454)**	**(61 592)**	**(17 314)**	**(9 334)**	**4 908**	**(154 786)**
Profit for the year	**168 381**	**140 268**	**43 155**	**29 583**	**(1 711)**	**379 676**
Segment assets	**2 172 342**	**1 396 391**	**1 192 455**	**316 620**	**276 154**	**5 353 962**
Segment liabilities	**920 003**	**592 541**	**299 839**	**175 326**	**125 216**	**2 112 925**
Depreciation and amortisation	**153 779**	**66 134**	**43 700**	**6 687**	**12 948**	**283 248**
Capital expenditure	**320 335**	**85 473**	**51 246**	**22 780**	**3 465**	**483 299**
Inter-segment revenue	**142 218**	**260 052**	**192 957**	**22 558**	**126 777**	**744 562**

Approximately 30% (2013: 36%) of total revenue is derived from a single external customer, i.e. the South African National Roads Agency ("SANRAL"), these revenues are attributable to all the business segments. Approximately 11% (2013: 20%) of total revenue is derived from South African Local Municipalities and Provincial Governments; these revenues are attributable to both the Road Surfacing and Road Construction segments.

	Local R'000	International R'000	Consolidated R'000
Additional voluntary disclosure – Geographical information			
At 28 February 2013			
Segment revenue – external	5 173 823	461 696	5 635 519
Segment result (operating profit)	399 591	84 214	483 805
Finance income	29 393	4 125	33 518
Finance costs	(30 698)	(9 486)	(40 184)
Taxation	(128 336)	(30 235)	(158 571)
Profit for the year	269 950	48 618	318 568
Segment assets	4 434 672	423 309	4 857 981
Segment liabilities	1 691 030	208 361	1 899 391
Depreciation and amortisation	232 888	19 904	252 792
Capital expenditure	406 687	54 252	460 939
Inter-segment revenue	118 077	–	118 077

Notes to the group financial statements continued

for the year ended 28 February 2014

38. Segmental analysis (continued)

	Local R'000	International R'000	Consolidated R'000
At 28 February 2014			
Segment revenue – external	5 890 468	434 544	6 325 012
Segment result (operating profit)	459 116	80 759	539 875
Finance income	35 096	3 653	38 749
Finance costs	(38 126)	(6 036)	(44 162)
Taxation	(136 045)	(18 741)	(154 786)
Profit for the year	320 041	59 635	379 676
Segment assets	5 093 384	260 578	5 353 962
Segment liabilities	1 961 852	151 073	2 112 925
Depreciation and amortisation	258 695	24 553	283 248
Capital expenditure	478 614	4 685	483 299
Inter-segment revenue	130 822	–	130 822

International revenues from external customers account for 6,9% (2013: 8,2%) of total group revenue from external customers and were generated from operations in Botswana, Mozambique, Namibia, Malawi, Zambia, Zimbabwe and the Democratic Republic of Congo.

39. Interest in subsidiaries

		Issued share capital shares	**Effective % held by the group 2014 %**	Effective % held by the group 2013 %	**Effective % held by non-controlling interests 2014 %**	Effective % held by non-controlling interests 2013 %	**Shares at cost 2014 R'000**	Shares at cost 2013 R'000	**Amounts owing by subsidiaries 2014 R'000**	Amounts owing by subsidiaries 2013 R'000
Direct										
Raubex (Pty) Ltd	■	300	100	100	–	–	1 001 620	1 001 620	516 814	533 873
B&E International (Pty) Ltd	•	1 000	100	100	–	–	473 844	473 844	–	–
Burma Plant Hire (Pty) Ltd	♦	100	51	51	49	49	–	–	–	4 000
Acquatic Services (Pty) Ltd (SPH Group)	•	300	100	100	–	–	111 336	111 336	–	–
L & R Civils (Pty) Ltd	†	300	80	80	20	20	22 300	22 300	–	–
Strata Civils (Pty) Ltd	†	500	80	80	20	20	–	–	–	–
Raubex Construction (Mauritius) Ltd	†	100	100	100	–	–	1	1	–	–
Tosas Holdings (Pty) Ltd	■	100	100	–	–	–	120 000	–	–	–
Indirect										
Acquasoil (Pty) Ltd	▲	40 000	100	100	–	–	–	–	–	–
Akasia Road Surfacing (Pty) Ltd	#	100	100	100	–	–	120 796	120 796	–	–
Aliwal Dolorite Quarry (Pty) Ltd	✧	100	100	95	–	5	7 600	7 600	–	–
B&E International (Botswana) (Pty) Ltd	▲	10 000	100	100	–	–	–	–	–	–
B&E International (Lesotho) (Pty) Ltd	▲	1 000	100	100	–	–	–	–	–	–

39. Interest in subsidiaries (continued)

		Issued share capital shares	**Effective % held by the group 2014 %**	Effective % held by the group 2013 %	**Effective % held by non-controlling interests 2014 %**	Effective % held by non-controlling interests 2013 %	**Shares at cost 2014 R'000**	Shares at cost 2013 R'000	**Amounts owing by subsidiaries 2014 R'000**	Amounts owing by subsidiaries 2013 R'000
B&E International (Namibia) (Pty) Ltd	●	200	**74**	74	**26**	26	**–**	–	**–**	–
B&E International (Swaziland) (Pty) Ltd	▲	4 000	**100**	100	**–**	–	**–**	–	**–**	–
B&E International Mozambique Limitada	●	16 835	**100**	–	**–**	–	**–**	–	**–**	–
B&E Namibia North (Pty) Ltd	♦	100	**100**	100	**–**	–	**–**	–	**–**	–
B&E Quarries (Pty) Ltd	▲	100	**100**	100	**–**	–	**–**	–	**–**	–
B&E Quarries Leasing (Pty) Ltd	▲	1 000	**100**	100	**–**	–	**–**	–	**–**	–
Bedrock Mining (Pty) Ltd	▲	100	**100**	100	**–**	–	**–**	–	**–**	–
Bekha Trading (Pty) Ltd	▲	100	**100**	100	**–**	–	**–**	–	**–**	–
Burma Plant Hire (Mining) (Pty) Ltd	♦	100	**38**	–	**62**	–	**–**	–	**–**	–
Canyon Rock (Pty) Ltd	✧	120	**100**	95	**–**	5	**46 294**	46 294	**–**	–
Centremark Roadmarking (Pty) Ltd	☐	100	**60**	60	**40**	40	**1 400**	1 400	**–**	–
Cherry Moss Trade and Invest (Pty) Ltd	▲	100	**100**	100	**–**	–	**–**	–	**–**	–
Comar Plant Design and Manufacturing (Pty) Ltd	●	1 000	**100**	100	**–**	–	**3 000**	3 000	**–**	–
DBE Mining (Pty) Ltd	▲	100	**100**	100	**–**	–	**–**	–	**–**	–
Forward Infra (Pty) Ltd	☐	100	**100**	100	**–**	–	**–**	–	**–**	–
Greemined Environmental (Pty) Ltd	⬟	1 000	**100**	100	**–**	–	**–**	–	**–**	–
Instant Concrete Investments (Pty) Ltd	▲	100	**100**	100	**–**	–	**–**	–	**–**	–
Inzalo Crushing and Aggregates (Pty) Ltd	✧	1 178 020	**74**	74	**26**	26	**9**	9	**–**	–
Milling Techniks (Pty) Ltd	*	100	**100**	100	**–**	–	**15 000**	15 000	**–**	–
Muscle Construction (Pty) Ltd	▲	100	**26**	26	**74**	74	**–**	–	**–**	–
Narindonde Construction (Pty) Ltd	●	100	**74**	74	**26**	26	**–**	–	**–**	–
National Asphalt (Pty) Ltd	#	100	**100**	100	**–**	–	**–**	–	**–**	–
National Cold Asphalt (Pty) Ltd	#	100	**100**	100	**–**	–	**1 124**	1 124	**–**	–
ND Goodwin & Sons (Pty) Ltd	✧	100	**100**	–	**–**	–	**2 300**	–	**–**	–
Notwane Quarries (Pty) Ltd	▲	100	**100**	100	**–**	–	**–**	–	**–**	–
Petra Quarry (Pty) Ltd	✧	100	**100**	95	**–**	5	**3 849**	3 849	**–**	–

Notes to the group financial statements continued

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39. Interest in subsidiaries (continued)

		Issued share capital shares	**Effective % held by the group 2014 %**	Effective % held by the group 2013 %	**Effective % held by non-controlling interests 2014 %**	Effective % held by non-controlling interests 2013 %	**Shares at cost 2014 R'000**	Shares at cost 2013 R'000	**Amounts owing by subsidiaries 2014 R'000**	Amounts owing by subsidiaries 2013 R'000
Phambili Road Surfacing (Pty) Ltd	*	100	**100**	100	**–**	–	**20 515**	20 515	**–**	–
Pretoria Amalgamated Quarries (Pty) Ltd	✧	870 000	**100**	95	**–**	5	**–**	–	**–**	–
Queenstown Quarry (Pty) Ltd	✧	100	**100**	95	**–**	5	**21 929**	21 929	**–**	–
Raubex Civil (Pty) Ltd	■	100	**100**	100	**–**	–	**14 999**	14 999	**–**	–
Raubex Construction (Pty) Ltd	*	100	**100**	100	**–**	–	**87 300**	87 300	**–**	–
Raubex Construction Namibia (Pty) Ltd	▲	100	**49**	74	**51**	26	**1**	1	**–**	–
Raubex Construction Zambia Ltd	*	5 000 000	**100**	100	**–**	–	**6 008**	6 008	**–**	–
Raubex Housing (Pty) Ltd	†	100	**73**	100	**27**	–	**–**	–	**–**	–
Raubex Infra (Pty) Ltd	†	900	**70**	70	**30**	30	**6 538**	6 538	**–**	–
Raubex KZN (Pty) Ltd	*	100	**100**	100	**–**	–	**43 907**	43 907	**–**	–
Raudev (Pty) Ltd	†	100	**80**	80	**20**	20	**8 083**	8 083	**–**	–
Raumix Aggregates (Pty) Ltd	✧	916	**100**	95	**–**	5	**–**	–	**30 992**	30 992
Raumix Holdings (Pty) Ltd	■	100	**100**	95	**–**	5	**23 674**	15 489	**–**	–
Roadmac (Pty) Ltd	■	100	**100**	100	**–**	–	**84 550**	84 550	**–**	–
Roadmac Surfacing (Pty) Ltd	*	100	**100**	100	**–**	–	**20 000**	20 000	**–**	–
Roadmac Surfacing Cape (Pty) Ltd	*	200	**100**	100	**–**	–	**24 299**	24 299	**–**	–
Roadmac Surfacing KZN (Pty) Ltd	*	100	**100**	100	**–**	–	**151**	151	**–**	–
Saldanha Plant Hire (Pty) Ltd	▲	100	**100**	100	**–**	–	**–**	–	**–**	–
SPH Earthmoving (Pty) Ltd	▲	100	**100**	100	**–**	–	**–**	–	**–**	–
SPH Equipment Hire (Pty) Ltd	▲	100	**100**	100	**–**	–	**–**	–	**–**	–
SPH Group (Pty) Ltd	■	300	**100**	100	**–**	–	**–**	–	**–**	–
SPH Group Properties (Pty) Ltd	▲	100	**100**	100	**–**	–	**–**	–	**–**	–
SPH Kundalila (Pty) Ltd	•	100	**100**	100	**–**	–	**–**	–	**–**	–
SPH Sand (Pty) Ltd	▲	100	**100**	95	**–**	5	**–**	–	**–**	–
Stabilpave (Pty) Ltd	▲	200	**100**	100	**–**	–	**–**	–	**–**	–
Tekweni Roadmarking (Pty) Ltd	□	65	**–**	–	**100**	100	**–**	–	**–**	–

39. Interest in subsidiaries (continued)

		Issued share capital shares	**Effective % held by the group 2014 %**	Effective % held by the group 2013 %	**Effective % held by non-controlling interests 2014 %**	Effective % held by non-controlling interests 2013 %	**Shares at cost 2014 R'000**	Shares at cost 2013 R'000	**Amounts owing by subsidiaries 2014 R'000**	Amounts owing by subsidiaries 2013 R'000
Thaba Bosiu Construction (Pty) Ltd	*	1 200	**100**	100	**–**	–	**64 794**	64 794	**–**	–
Thekweni Surfacing (Pty) Ltd	▲	100	**100**	100	**–**	–	**–**	–	**–**	–
Tosas (Pty) Ltd	◈	20 000	**100**	–	**–**	–	**–**	–	**–**	–
Tosas Botswana (Pty) Ltd	◈	134	**100**	–	**–**	–	**–**	–	**–**	–
Tosas Namibia (Pty) Ltd	◈	100	**100**	–	**–**	–	**–**	–	**–**	–
Willows Quarries (Pty) Ltd	✧	100	**100**	95	**–**	5	**–**	–	**–**	–
Zamori Construction (Pty) Ltd	*	120	**100**	100	**–**	–	**35 799**	35 799	**–**	–
Zimbabwe Screening and Mining (Pty) Ltd	•	100	**100**	100	**–**	–	**–**	–	**–**	–
Zisena (Pty) Ltd	*	100	**49**	50	**51**	50	**–**	–	**–**	–

Nature of business

- * Rehabilitation of roads, civil and general construction work
- • Contract crushing and material handling
- # Asphalt production
- ■ Investment and holding company
- ⬟ Application for water permits, mining licences and environmental control
- ♦ Plant hire
- ✧ Commercial quarrying
- ☐ Road marking
- ▲ Dormant entity
- † Infrastructure
- ◈ Manufacturing and distribution of value added bituminous products

Notes to the group financial statements continued

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39. Interest in subsidiaries (continued)

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the parent company do not differ from the proportion of ordinary shares held.

All companies are incorporated in South Africa except for the following:

Name	Country of incorporation and place of business
B&E International (Botswana) (Pty) Ltd	Botswana
B&E International (Lesotho) (Pty) Ltd	Lesotho
B&E International (Namibia) (Pty) Ltd	Namibia
B&E International Mozambique Limitada	Mozambique
Narindonde Construction (Pty) Ltd	Namibia
Notwane Quarries (Pty) Ltd	Botswana
Raubex Construction (Mauritius) Ltd	Mauritius
Raubex Construction Namibia (Pty) Ltd	Namibia
Raubex Construction Zambia Ltd	Zambia
Tosas Botswana (Pty) Ltd	Botswana
Tosas Namibia (Pty) Ltd	Namibia

Roadmac Surfacing (Pty) Ltd operates through a branch registered in Namibia.

Raubex (Pty) Ltd operates through branches registered in Namibia and Zambia.

Raubex Construction (Pty) Ltd operates through a branch registered in Botswana.

Zimbabwe Screening and Mining (Pty) Ltd operates through a branch registered in Zimbabwe.

The group owns half or less of the voting power of the following entities. In terms of IFRS 10 the group is considered to exercise control over these entities through its ability to affect returns through its power over the entities and thus being exposed to, or has rights to, variable returns from its involvement with the entities:
- Burma Plant Hire (Mining) (Pty) Ltd;
- Muscle Construction (Pty) Ltd;
- Tekweni Roadmarking (Pty) Ltd;
- Zisena (Pty) Ltd; and
- Raubex Construction Namibia (Pty) Ltd.

The following name changes took place during the year:
- Space Construction (Pty) Ltd changed its name to Raubex KZN (Pty) Ltd.

The group maintains a register of all subsidiaries for inspection at the registered office of Raubex Group Limited.

39. Interest in subsidiaries (continued)

Set out below are the non-controlling interests for each subsidiary in the group:

	Non-controlling interest balance at the beginning of the year R'000	Profit attributable to non-controlling interest R'000	Non-controlling interest on acquisition of subsidiary R'000	Acquisition of non-controlling interest R'000	Dividends paid to non-controlling interest R'000	Non-controlling interest balance at the end of the year R'000
At 28 February 2013						
Aliwal Dolorite Quarry (Pty) Ltd	53	23	–	–	–	76
B&E International (Namibia) (Pty) Ltd	(389)	(84)	–	–	–	(473)
Burma Plant Hire (Pty) Ltd	4 881	8 473	–	–	–	13 354
Canyon Rock (Pty) Ltd	367	326	–	–	–	693
Centremark Roadmarking (Pty) Ltd	5 766	2 357	–	–	–	8 123
Inzalo Crushing and Aggregates (Pty) Ltd	–	–	3	–	–	3
L & R Civils (Pty) Ltd	–	740	3 599	–	–	4 339
Muscle Construction (Pty) Ltd	469	–	–	–	–	469
Narindonde Construction (Pty) Ltd	4 070	3 798	–	–	(1 274)	6 594
National Cold Asphalt (Pty) Ltd	34	50	–	(84)	–	–
Petra Quarry (Pty) Ltd	247	87	–	–	–	334
Queenstown Quarry (Pty) Ltd	123	113	–	–	–	236
Raubex Infra (Pty) Ltd	–	332	–	–	–	332
Raumix Aggregates (Pty) Ltd	2 688	1 366	–	–	–	4 054
Raumix Holdings (Pty) Ltd	727	–	–	–	–	727
Strata Civils (Pty) Ltd	–	(372)	–	–	–	(372)
Tekweni Roadmarking (Pty Ltd	379	69	–	–	–	448
Willows Quarries (Pty) Ltd	53	41	–	–	–	94
Total	19 468	17 319	3 602	(84)	(1 274)	39 031
At 28 February 2014						
Aliwal Dolorite Quarry (Pty) Ltd	**76**	**–**	**–**	**(76)**	**–**	**–**
B&E International (Namibia) (Pty) Ltd	**(473)**	**352**	**–**	**–**	**–**	**(121)**
Burma Plant Hire (Pty) Ltd	**13 354**	**9 680**	**–**	**–**	**–**	**23 034**
Burma Plant Hire (Mining) (Pty) Ltd	**–**	**859**	**–**	**–**	**–**	**859**
Canyon Rock (Pty) Ltd	**693**	**–**	**–**	**(693)**	**–**	**–**
Centremark Roadmarking (Pty) Ltd	**8 123**	**1 094**	**–**	**–**	**–**	**9 217**
Inzalo Crushing and Aggregates (Pty) Ltd	**3**	**(3)**	**–**	**–**	**–**	**–**
L & R Civils (Pty) Ltd	**4 339**	**(286)**	**–**	**–**	**–**	**4 053**
Muscle Construction (Pty) Ltd	**469**	**448**	**–**	**–**	**–**	**917**
Narindonde Construction (Pty) Ltd	**6 594**	**4 081**	**–**	**–**	**(2 308)**	**8 367**
Petra Quarry (Pty) Ltd	**334**	**–**	**–**	**(334)**	**–**	**–**
Queenstown Quarry (Pty) Ltd	**236**	**–**	**–**	**(236)**	**–**	**–**
Raubex Housing (Pty) Ltd	**–**	**1 212**	**–**	**–**	**–**	**1 212**
Raubex Infra (Pty) Ltd	**332**	**7 032**	**–**	**–**	**–**	**7 364**
Raudev (Pty) Ltd	**–**	**(54)**	**–**	**–**	**–**	**(54)**
Raumix Aggregates (Pty) Ltd	**4 054**	**–**	**–**	**(4 054)**	**–**	**–**
Raumix Holdings (Pty) Ltd	**727**	**–**	**–**	**(727)**	**–**	**–**
Strata Civils (Pty) Ltd	**(372)**	**(390)**	**–**	**–**	**–**	**(762)**
Tekweni Roadmarking (Pty Ltd	**448**	**78**	**–**	**–**	**–**	**526**
Willows Quarries (Pty) Ltd	**94**	**–**	**–**	**(94)**	**–**	**–**
Total	**39 031**	**24 103**	**–**	**(6 214)**	**(2 308)**	**54 612**

Notes to the group financial statements continued

for the year ended 28 February 2014

39. Interest in subsidiaries (continued)

Set out below is the summarised financial information for each subsidiary that has non-controlling interests:

	Current assets R'000	Current liabilities R'000	Total current net assets R'000	Non-current assets R'000	Non-current liabilities R'000	Total non-current net assets R'000	Net assets R'000
At 28 February 2013							
Aliwal Dolorite Quarry (Pty) Ltd	2 141	(76)	2 065	–	–	–	2 065
B&E International (Namibia) (Pty) Ltd	111 789	(115 720)	(3 931)	8 075	(6 803)	1 272	(2 659)
Burma Plant Hire (Pty) Ltd	40 007	(40 710)	(703)	69 075	(36 099)	32 976	32 273
Canyon Rock (Pty) Ltd	15 987	(432)	15 555	–	–	–	15 555
Centremark Roadmarking (Pty) Ltd	31 489	(22 935)	8 554	19 811	(8 031)	11 780	20 334
Inzalo Crushing and Aggregates (Pty) Ltd	5 523	(37 643)	(32 120)	26 410	(9 656)	16 754	(15 366)
L & R Civils (Pty) Ltd	32 393	(20 013)	12 380	21 083	(10 860)	10 223	22 603
Muscle Construction (Pty) Ltd	186	(44)	142	490	–	490	632
Narindonde Construction (Pty) Ltd	89 942	(60 062)	29 880	38 043	(28 695)	9 348	39 228
Petra Quarry (Pty) Ltd	7 938	(34)	7 904	–	–	–	7 904
Queenstown Quarry (Pty) Ltd	5 423	–	5 423	–	–	–	5 423
Raubex Infra (Pty) Ltd	22 774	(23 548)	(774)	2 144	(264)	1 880	1 106
Raudev (Pty) Ltd	13 129	(13 460)	(331)	93	–	93	(238)
Raumix Aggregates (Pty) Ltd	202 294	(231 757)	(29 463)	190 313	(47 371)	142 942	113 479
Strata Civils (Pty) Ltd	22 673	(30 809)	(8 136)	6 693	(1 637)	5 056	(3 080)
Tekweni Roadmarking (Pty Ltd	4 980	(4 668)	312	171	–	171	483
Willows Quarries (Pty) Ltd	4 521	(21)	4 500	–	–	–	4 500
Zisena (Pty) Ltd	1 920	(4 523)	(2 603)	729	–	729	(1 874)
Total	615 109	(606 455)	8 654	383 130	(149 416)	233 714	242 368
At 28 February 2014							
B&E International (Namibia) (Pty) Ltd	**250 618**	**(251 052)**	**(434)**	**2 804**	**–**	**2 804**	**2 370**
Burma Plant Hire (Pty) Ltd	**62 628**	**(64 856)**	**(2 228)**	**159 963**	**(105 531)**	**54 432**	**52 204**
Burma Plant Hire (Mining) (Pty) Ltd	**8 051**	**(6 325)**	**1 726**	**3**	**–**	**3**	**1 729**
Centremark Roadmarking (Pty) Ltd	**35 243**	**(23 488)**	**11 755**	**21 547**	**(10 234)**	**11 313**	**23 068**
L & R Civils (Pty) Ltd	**48 276**	**(38 809)**	**9 467**	**24 362**	**(12 464)**	**11 898**	**21 365**
Muscle Construction (Pty) Ltd	**2 689**	**(1 706)**	**983**	**255**	**–**	**255**	**1 238**
Narindonde Construction (Pty) Ltd	**159 333**	**(121 665)**	**37 668**	**25 414**	**(16 615)**	**8 799**	**46 467**
Raubex Housing (Pty) Ltd	**82 483**	**(81 593)**	**890**	**6 114**	**(2 360)**	**3 754**	**4 644**
Raubex Infra (Pty) Ltd	**107 119**	**(86 765)**	**20 354**	**16 438**	**(12 245)**	**4 193**	**24 547**
Raudev (Pty) Ltd	**34 464**	**(35 190)**	**(726)**	**219**	**–**	**219**	**(507)**
Strata Civils (Pty) Ltd	**20 230**	**(30 719)**	**(10 489)**	**6 764**	**(1 305)**	**5 459**	**(5 030)**
Tekweni Roadmarking (Pty Ltd	**4 414**	**(3 992)**	**422**	**139**	**–**	**139**	**561**
Zisena (Pty) Ltd	**3 471**	**(6 947)**	**(3 476)**	**1 064**	**(91)**	**973**	**(2 503)**
Total	**819 019**	**(753 107)**	**65 912**	**265 086**	**(160 845)**	**104 241**	**170 153**

39. Interest in subsidiaries (continued)

Set out below is the summarised financial information for each subsidiary that has non-controlling interests:

	Revenue R'000	Profit for the period R'000	Cash flows from operating activities R'000	Cash flows from investing activities R'000	Cash flows from financing activities R'000	Net increase/ (decrease) in cash and cash equivalents R'000
At 28 February 2013						
Aliwal Dolorite Quarry (Pty) Ltd	2 921	465	704	–	(704)	–
B&E International (Namibia) (Pty) Ltd	238 968	(2 182)	(16 124)	–	16 155	31
Burma Plant Hire (Pty) Ltd	152 660	17 318	36 879	(25 565)	2 440	13 754
Canyon Rock (Pty) Ltd	26 949	6 507	6 554	–	(6 554)	–
Centremark Roadmarking (Pty) Ltd	73 831	5 892	14 953	(7 993)	(5 076)	1 884
Inzalo Crushing and Aggregates (Pty) Ltd	37 262	–	(92)	(7 698)	6 961	(829)
L & R Civils (Pty) Ltd	47 328	2 422	7 411	(4 358)	2 656	5 709
Muscle Construction (Pty) Ltd	44	(1)	27	–	–	27
Narindonde Construction (Pty) Ltd	100 363	16 122	31 492	(1 152)	(30 340)	–
Petra Quarry (Pty) Ltd	11 853	1 738	1 263	–	(1 263)	–
Queenstown Quarry (Pty) Ltd	10 712	2 274	1 719	–	(1 719)	–
Raubex Infra (Pty) Ltd	35 368	1 106	(9 867)	(1 990)	14 466	2 609
Raudev (Pty) Ltd	–	(238)	(9 647)	–	12 950	3 303
Raumix Aggregates (Pty) Ltd	172 259	27 325	49 234	(35 489)	(5 969)	7 776
Strata Civils (Pty) Ltd	51 406	(1 671)	(17 707)	19 567	199	2 059
Tekweni Roadmarking (Pty Ltd	19 534	68	(4 205)	–	4 606	401
Willows Quarries (Pty) Ltd	12 241	827	847	–	(847)	–
Zisena (Pty) Ltd	16 075	(1 105)	(6 344)	–	4 209	(2 135)
Total	1 009 774	76 867	87 097	(64 678)	12 170	34 589
At 28 February 2014						
B&E International (Namibia) (Pty) Ltd	**224 401**	**5 028**	**14 004**	**–**	**(13 700)**	**304**
Burma Plant Hire (Pty) Ltd	**231 621**	**19 755**	**30 283**	**(107 602)**	**79 489**	**2 170**
Burma Plant Hire (Mining) (Pty) Ltd	**20 536**	**1 754**	**401**	**–**	**–**	**401**
Centremark Roadmarking (Pty) Ltd	**68 785**	**2 734**	**4 544**	**(4 620)**	**1 054**	**978**
L & R Civils (Pty) Ltd	**131 348**	**(687)**	**(8 742)**	**(3 910)**	**7 458**	**(5 194)**
Muscle Construction (Pty) Ltd	**1 245**	**605**	**630**	**–**	**–**	**630**
Narindonde Construction (Pty) Ltd	**85 440**	**16 114**	**27 404**	**1 818**	**(29 222)**	**–**
Raubex Housing (Pty) Ltd	**209 609**	**4 487**	**17 117**	**(5 195)**	**6 112**	**18 034**
Raubex Infra (Pty) Ltd	**342 709**	**23 440**	**11 020**	**(12 922)**	**10 823**	**8 921**
Raudev (Pty) Ltd	**–**	**(268)**	**(25 588)**	**(31)**	**21 750**	**(3 869)**
Strata Civils (Pty) Ltd	**95 573**	**(1 951)**	**(507)**	**(13)**	**341**	**(179)**
Tekweni Roadmarking (Pty Ltd	**15 998**	**78**	**2 349**	**–**	**(658)**	**1 691**
Zisena (Pty) Ltd	**9 269**	**(628)**	**(771)**	**–**	**791**	**20**
Total	**1 436 534**	**70 461**	**72 144**	**(132 475)**	**84 238**	**23 907**

Significant restrictions

There are no significant restrictions on the group's ability to access or use the assets and settle the liabilities of the group.

Notes to the group financial statements continued

for the year ended 28 February 2014

40. Interest in joint operations

	Country	Nature of business	Interest held 2014 (%)	Interest held 2013 (%)
Joint operations				
Kentha/Raumix Joint Operation	South Africa	Aggregates	**49**	49
Namibia Road Products/Roadmac Surfacing Joint Operation	Namibia	Road surfacing	**50**	50
Raubex/Matlapeng Joint Operation	South Africa	Infrastructure	**80**	–
Raubex/Roadmac Surfacing/Thatheni Woman's Construction Joint Operation	South Africa	Road construction	**90**	90
Raubex/Sakula Joint Operation	South Africa	Infrastructure	**75**	–
Roadmac Surfacing/KYK Joint Operation	South Africa	Road surfacing	**60**	60

The group maintains a register of all joint operations for inspection at its registered office.

Financial information

Statement of financial position

(Group's proportionate share of assets and liabilities)

	2014 R'000	2013 R'000
Assets		
Non-current assets	**21**	21
Current assets	**52 917**	27 610
Total assets	**52 938**	27 631
Equity and liabilities		
Equity	**–**	–
Current liabilities	**52 938**	27 631
Total equity and liabilities	**52 938**	27 631
Statement of profit or loss		
(Group's proportionate share of income and expenditure)		
Revenue	**200 845**	102 644
Profit attributable to group	**4 156**	5 061

41. Shareholder spread

The company has one class of listed share. Details of the company's authorised and issued share capital are set out in note 12 of these financial statements.

The shareholder spread is summarised as follows:

	Number of shares 2014	**% held 2014**
Public shareholders	**131 430 693**	**70,7**
Non-public shareholders	**54 469 491**	**29,3**
Total shares	**185 900 184**	**100**

Non-public shareholders are summarised as follows:

	Number of shares 2014	**% of total 2014**
Directors of the company	**44 834 683**	**24,1**
Directors of subsidiaries	**7 730 643**	**4,2**
Employees	**1 904 165**	**1,0**
Total shares	**54 469 491**	**29,3**

	Number of shares	% of shares in issue
Beneficial shareholders with a holding greater than 5% of the issued shares		
Raubenbel (Pty) Ltd	25 650 000	13,8
Old Mutual Group	21 191 042	11,4
Government Employee Pension Funds	17 656 314	9,5
Kenworth (Pty) Ltd	14 965 384	8,0
Total	79 462 740	42,7

42. Events after the reporting period

There were no material events after the reporting period to report up to date of preparation of these group financial statements.

Company statement of financial position

at 28 February 2014

	Notes	2014 R'000	2013 R'000
ASSETS			
Non-current assets			
Investment in subsidiaries	4	**1 761 894**	1 614 540
Loans to group companies	4.1	**547 807**	570 925
Total non-current assets		**2 309 701**	2 185 465
Current assets			
Trade and other receivables	5	**5 275**	–
Current income tax receivable		**55**	–
Cash and cash equivalents	6	**470**	101 476
Total current assets		**5 800**	101 476
Total assets		**2 315 501**	2 286 941
EQUITY AND LIABILITIES			
Equity			
Ordinary shares	7	**1 859**	1 845
Share premium	7	**2 179 701**	2 179 701
Reserves		**70 388**	66 801
Retained income		**58 277**	32 582
Total equity		**2 310 225**	2 280 929
Liabilities			
Current liabilities			
Trade and other payables	8	**5 276**	6 006
Current income tax liabilities		**–**	6
Total current liabilities		**5 276**	6 012
Total equity and liabilities		**2 315 501**	2 286 941

The notes on pages 118 to 127 are an integral part of these financial statements.

Company statement of comprehensive income

for the year ended 28 February 2014

	Notes	2014 R'000	2013 R'000
Revenue	9	**126 050**	150 437
Administrative expenses		**(3 709)**	(5 002)
Operating profit		**122 341**	145 435
Finance income	10	**786**	1 220
Finance costs	10	**(200)**	–
Profit before income tax		**122 927**	146 655
Income tax expense	11	**(164)**	(342)
Profit for the year		**122 763**	146 313
Other comprehensive income		**–**	–
Total comprehensive income for the year		**122 763**	146 313

The notes on pages 118 to 127 are an integral part of these financial statements.

Company statement of changes in equity

for the year ended 28 February 2014

	Share capital R'000	Share premium R'000	Reserves for own shares/ share repurchase reserve R'000	Retained earnings R'000	Total equity R'000
Balance at 1 March 2012	1 845	2 179 701	40 730	6 217	2 228 493
Changes in equity:					
Employees' share option scheme (refer note 4.1)	–	–	26 071	–	26 071
Total comprehensive income for the year	–	–	–	146 313	146 313
Dividends paid	–	–	–	(119 948)	(119 948)
Total changes	–	–	26 071	26 365	52 436
Balance at 1 March 2013	1 845	2 179 701	66 801	32 582	2 280 929
Changes in equity:					
Shares issued in terms of equity-settled share option scheme	**14**	**–**	**(23 767)**	**23 767**	**14**
Employees' share option scheme (refer note 4.1)	**–**	**–**	**27 354**	**–**	**27 354**
Total comprehensive income for the year	**–**	**–**	**–**	**122 763**	**122 763**
Dividends paid	**–**	**–**	**–**	**(120 835)**	**(120 835)**
Total changes	**14**	**–**	**3 587**	**25 695**	**29 296**
Balance at 28 February 2014	**1 859**	**2 179 701**	**70 388**	**58 277**	**2 310 225**
Note	7	7			

The notes on pages 118 to 127 are an integral part of these financial statements.

Company statement of cash flows

for the year ended 28 February 2014

	Notes	2014 R'000	2013 R'000
Cash flows from operating activities			
Cash (used)/generated in operations	12	**(9 714)**	245
Dividends received	9	**126 050**	150 437
Interest received	10	**786**	1 220
Interest paid	10	**(200)**	–
Taxation paid	12	**(225)**	(337)
Net cash generated from operating activities		**116 697**	151 565
Cash flows from investing activities			
Proceeds from shares issued		**14**	–
Increase in investments		**(120 000)**	(22 301)
Loans repaid by group companies		**23 118**	17 940
Net cash used in investing activities		**(96 868)**	(4 361)
Cash flows from financing activities			
Dividends paid		**(120 835)**	(119 948)
Net cash used in financing activities		**(120 835)**	(119 948)
Net (decrease)/increase in cash and cash equivalents		**(101 006)**	27 256
Cash and cash equivalents at the beginning of the year		**101 476**	74 220
Total cash and cash equivalents at the end of the year	6	**470**	101 476

The notes on pages 118 to 127 are an integral part of these financial statements.

Notes to the company financial statements

for the year ended 28 February 2014

1. Summary of significant accounting policies

The financial statements of Raubex Group Limited have been prepared in accordance with International Financial Reporting Standards ("IFRS"), IFRS Interpretations Committee ("IFRS IC"), the JSE Listings Requirements and the Companies Act, 71 of 2008 of South Africa and are consistent with those of the previous year. The financial statements have been prepared under the historical cost convention, as modified by financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed below.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

1.1 Investments in subsidiaries

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.

An adjustment to the cost of a business combination contingent on future events is included in the cost of the combination if the adjustment is probable and can be measured reliably.

Non-current loans have no set terms and are intended to provide the subsidiary with a long-term source of additional capital. As a result, the loans are considered to be an interest in the subsidiary. The loans are accounted for under IAS 27 and are carried at cost.

1.2 Financial instruments

Initial recognition

The company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial assets and financial liabilities are recognised on the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Fair value determination

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the company establishes fair value by using valuation techniques. These include reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Loans to group companies

These include loans to fellow subsidiaries, subsidiaries, joint operations and associates and are recognised initially at fair value plus direct transaction costs.

Subsequently these loans are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts.

On loans receivable an impairment loss is recognised in profit or loss when there is objective evidence that it is impaired. The impairment is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

1. Summary of significant accounting policies (continued)

1.2 Financial instruments (continued)

Loans to group companies are classified as loans and receivables.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. 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 30 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.

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 and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

1.3 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are classified as equity.

If the company reacquires its own equity instruments, the consideration paid, including any directly attributable incremental costs (net of income taxes) on those instruments are deducted from equity until 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 company's own equity instruments. Consideration paid or received shall be recognised directly in equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

1.4 Share-based payments

The group operates an equity-settled share-based compensation plan.

Under the equity-settled plan, the fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted. The total amount expensed is recognised over the vesting period, which is the period over which all of the specified vesting conditions are satisfied. At each reporting date, the entity revises its estimate of the number of options that are expected to vest. It recognised the impact of the revision to original estimates, in the statement of profit or loss, with a corresponding adjustment to equity. When the options are exercised, the company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

The grant by the company of options over its equity instruments to the employees of subsidiary undertakings in the group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity in the parent entity accounts.

Notes to the company financial statements

for the year ended 28 February 2014

1. Summary of significant accounting policies (continued)

1.5 Revenue recognition

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

Interest income and dividends

Interest is recognised, in profit or loss, using the effective interest rate method.

Dividends are recognised, in profit or loss, when the company's right to receive payment has been established.

1.6 Borrowing costs

Borrowing costs on qualifying assets are capitalised against those assets. Qualifying assets take a substantial period to construct. Management views a substantial period to be longer than 12 months. All other borrowing costs are expensed.

1.7 Standards, interpretations and amendments to published standards

International Financial Reporting Standards

International Financial Reporting Standards and amendments effective for the first time for 28 February 2014 year-end

Number	Effective date	Summary
Amendment to IFRS 7: *Financial Instruments: Disclosure*	1 January 2013	Joint requirements with the FASB to enhance current offsetting disclosures to facilitate IFRS and US GAAP comparison.
Amendments to IAS 1: *Presentation of Financial Statements, on presentation of items of OCI*	1 July 2012	Disclosure of items presented in other comprehensive income ("OCI") in the statement of comprehensive income.
Amendments to IAS 19: *Employee benefits*	1 January 2013	Recognition and measurement of defined benefit pension expense and termination benefits, and disclosures for all employee benefits.
IFRS 10: *Consolidated financial statements*	1 January 2013	Guidance to assist in determining control.
IFRS 11: *Joint arrangements*	1 January 2013	Focus on the rights and obligations of joint arrangements, rather than legal form. Proportional consolidation of joint operations is no longer allowed.
IFRS 12: *Disclosures of interests in other entities*	1 January 2013	Disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off-balance sheet vehicles.
IFRS 13: *Fair value measurement*	1 January 2013	Definition of fair value and a single source of fair value measurement and disclosure requirements.
IAS 27 (revised 2011): *Separate financial statements*	1 January 2013	Provisions on separate financial statements.
IAS 28 (revised 2011): *Associates and joint operations*	1 January 2013	Requirements for joint operations, as well as associates, to be equity accounted following the issue of IFRS 11.

1. Summary of significant accounting policies (continued)

1.7 Standards, interpretations and amendments to published standards (continued)

International Financial Reporting Standards and amendments issued but not effective for 28 February 2014 year-end

Number	Effective date	Summary
IFRS 9: *Financial Instruments (2009)*	1 January 2015	Classification and measurement of financial assets: amortised cost and fair value.
IFRS 9: *Financial Instruments (2010)*	1 January 2015	Guidance on financial liabilities and derecognition of financial instruments.
Amendments to IFRS 9: *Financial Instruments (2011)*	1 January 2015	Delay in effective date.
Amendments to IAS 32: *Financial Instruments: Presentation*	1 January 2014	Clarification of the requirements for offsetting financial assets and financial liabilities on the balance sheet.
Amendment to IAS 39: *On novation of derivatives*	1 January 2014	Relief from discontinuing hedge accounting when novation of a hedging instrument to a CCP meets specified criteria.
Amendments to IAS 36: *Impairment of Assets*	1 January 2014	Disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less cost of disposal.
Amendments to IFRS 10: *Consolidated financial statements, IFRS 12 and IAS 27 for investment entities*	1 January 2014	Exemption from consolidating subsidiaries. Measurement of these entities at fair value through profit or loss. Exception to entities that meet an “investment entity” definition. IFRS 12 introduce disclosures that an investment entity needs to make.

Annual Improvements issued May 2012

Improvements to IFRSs (issued May 2012) was issued by the IASB as part of the “annual improvements process” resulting in the following amendments to standards issued, effective for the first time for 28 February 2014 year-ends:

Number	Effective date	Subject of amendment
Amendments to IFRS 1: *First-time Adoption of International Financial Reporting Standards*	1 January 2013	Application of IFRS 1 more than once. Adoption of IAS 23 either from date of transition or earlier. Provision of supporting notes for all statements presented by first-time adopter.
Amendments to IAS 1: *Presentation of Financial Statements*	1 January 2013	Clarification of disclosures for comparative information when an entity provides a third balance sheet.
Amendments to IAS 16: *Property, plant and equipment*	1 January 2013	Classification of spare parts and servicing equipment as property, plant and equipment rather than inventory.
Amendments to IAS 32: *Financial instruments: Presentation*	1 January 2013	Treatment of income tax relating to distributions and transactions costs.
Amendments to IAS 34: *Interim financial reporting*	1 January 2013	Requirement of a measure of total assets and liabilities for an operating segment in interim financial statements.

Notes to the company financial statements

for the year ended 28 February 2014

1. Summary of significant accounting policies (continued)

1.7 Standards, interpretations and amendments to published standards (continued)

Interpretations of International Financial Reporting Standards

Interpretations of International Financial Reporting Standards effective for the first time for 28 February 2014 year-end

Number	Effective date	Summary
IFRIC 20: *Stripping costs in the production phase of a surface mine*	1 January 2013	Clarification and measurement of benefits accruing to an entity from stripping activity.

Interpretations of International Financial Reporting Standards issued but not yet effective for 31 December 2013 year-ends

Number	Effective date	Executive summary
IFRIC 21: *Accounting for levies*	1 January 2014	Accounting for an obligation to pay a levy that is not income tax and recognition of the liability to pay a levy.

2. Financial risk management

Financial risk factors

The company's activities expose it to a variety of financial risks: market risk (including currency risk and cash flow interest rate risk), credit risk and liquidity 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.

Risk management is carried out by management under policies approved by the board of directors. The board provides written principles for overall risk management, as well as covering specific areas, such as interest rate risk and credit risk as well as investment of excess liquidity.

(a) Market risk

(i) Price risk

The company is not exposed to equity securities price risk as it does not hold investments in equity of other entities that are publicly traded. The company is not exposed to commodity price risk.

(ii) Cash flow interest rate risk

The company has significant interest-bearing assets in the form of cash and cash equivalents. The company's finance income cash flows are exposed to interest rate risk and are dependent on market interest rates (refer sensitivity analysis below).

Interest rate risk – Sensitivity analysis

Interest rate risk is presented by way of sensitivity analysis in accordance with IFRS 7. These show the effects of changes in market interest rates on interest payments, interest income and expense, other income components and, if appropriate, shareholders' equity. A one percentage point movement in the prime interest rate would have the following effect on post-tax profit for the year:

	+1% 2014 R'000	**-1% 2014 R'000**	+1% 2013 R'000	-1% 2013 R'000
Cash and cash equivalents	**3**	**(3)**	731	(731)
Increase/(decrease) in profitability	**3**	**(3)**	731	(731)

2. Financial risk management (continued)

(b) Credit risk

The company has no significant concentration of credit risk. The company has policies that limit the amount of credit exposure to any financial institution.

	Rating	2014 R'000	2013 R'000
Concentration of credit risk			
Cash and cash equivalents	BBB	**470**	101 476
Total cash and cash equivalents (refer note 6)		**470**	101 476
Current trade and other receivables	Not rated	**5 275**	–
Total current trade and other receivables (refer note 5)		**5 275**	–

Credit risk is represented by the going concern values of the receivables and cash and cash equivalents that are carried on the statement of financial position at a value of R5,7 million (2013: R101,5 million).

The credit ratings above have been obtained from publicly available information.

(c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash coupled with the availability of funding from an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the company maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the company's liquidity reserve on the basis of expected cash flow. The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements:

	Carrying amount R'000	Contractual cash flows R'000	Within 1 year R'000	Within 2 to 5 years R'000
At 28 February 2014				
Non-derivative financial liabilities				
Trade and other payables	**5 276**	**5 276**	**376**	**4 900**
Total	**5 276**	**5 276**	**376**	**4 900**
At 28 February 2013				
Non-derivative financial liabilities				
Trade and other payables	6 006	6 006	1 306	4 700
Total	6 006	6 006	1 306	4 700

The carrying value of financial assets and financial liabilities approximate their fair values.

Notes to the company financial statements

for the year ended 28 February 2014

3. Capital risk management

The company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders. The company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as equity, as shown in the statement of financial position, plus net debt.

The gearing ratio expressed as a percentage of net debt to total capital plus net debt is calculated below:

	2014 R'000	2013 R'000
Cash and cash equivalents (refer note 6)	**(470)**	(101 476)
Net debt	**(470)**	(101 476)
Total equity	**2 310 225**	2 280 929
Total capital and net debt	**2 309 755**	2 179 453
Gearing ratio	**(0,02%)**	(4,7%)

4. Investment in subsidiaries

	2014 R'000	2013 R'000
Name of company		
Direct investment at cost		
Acquatic Services (Pty) Ltd	**111 336**	111 336
B&E International (Pty) Ltd	**438 442**	438 442
Burma Plant Hire (Pty) Ltd	**–**	–
L & R Civils (Pty) Ltd	**22 300**	22 300
Raubex (Pty) Ltd	**1 001 620**	1 001 620
Raubex Construction (Mauritius) Ltd	**1**	1
Strata Civils (Pty) Ltd	**–**	–
Tosas Holdings (Pty) Ltd	**120 000**	–
Total direct investment in subsidiaries	**1 693 699**	1 573 699
Indirect investment on issue of share options to employees of subsidiaries		
Akasia Road Surfacing (Pty) Ltd	**52**	52
B&E International (Pty) Ltd	**7 326**	3 796
Burma Plant Hire (Pty) Ltd	**261**	85
Milling Techniks (Pty) Ltd	**1 672**	759
National Asphalt (Pty) Ltd	**5 432**	3 194
Phambili Road Surfacing (Pty) Ltd	**190**	190
Raubex (Pty) Ltd	**37 371**	20 548
Raubex Construction (Pty) Ltd	**2 057**	2 057
Raumix Aggregates (Pty) Ltd	**509**	190
Roadmac Surfacing (Pty) Ltd	**3 178**	3 178
Roadmac Surfacing Cape (Pty) Ltd	**1 058**	1 058
Roadmac Surfacing KZN (Pty) Ltd	**2 108**	2 108
Raubex KZN (Pty) Ltd	**2 104**	759
SPH Kundalila (Pty) Ltd	**4 877**	2 867
Total indirect investment in subsidiaries	**68 195**	40 841
Total investment in subsidiaries	**1 761 894**	1 614 540

The carrying amounts of investment in subsidiaries are shown net of impairment losses.

Details of the group's employee share option scheme are disclosed in note 28 to the group financial statements.

	2014 R'000	2013 R'000
4. Investment in subsidiaries (continued)		
4.1 Loans to group companies		
Burma Plant Hire (Pty) Ltd	**–**	4 000
Raubex (Pty) Ltd	**516 814**	535 932
Raumix Aggregates (Pty) Ltd	**30 993**	30 993
Total loans to group companies	**547 807**	570 925
Non-current assets	**547 807**	570 925
Total loans to group companies	**547 807**	570 925

The loans are interest free and have no fixed terms of repayment.

The loans to group companies have been classified as non-current assets as settlement is expected to occur outside of the normal operating cycle of the company.

	2014 R'000	2013 R'000
5. Trade and other receivables		
Other receivables	**5 275**	–
Total trade and other receivables	**5 275**	–
The fair values of trade and other receivables are as follows:		
Other receivables	**5 275**	–
Total trade and other receivables	**5 275**	–
As of 28 February 2014, no receivables were neither past due or impaired.		
6. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Bank balance	**470**	305
Cash on call	**–**	101 171
Total cash and cash equivalents	**470**	101 476

7. Share capital and share premium

	Number of shares '000	Ordinary shares R'000	Share premium R'000	Total R'000
At 1 March 2012	184 536	1 845	2 179 701	2 181 546
Shares issued	–	–	–	–
At 28 February 2013	184 536	1 845	2 179 701	2 181 546
Shares issued in terms of equity-settled share option scheme	1 364	14	–	14
At 28 February 2014	**185 900**	**1 859**	**2 179 701**	**2 181 560**

The total authorised number of ordinary shares is 500 million shares (2013: 500 million) with a par value of 1 cent per share (2013: 1 cent per share). All issued shares are fully paid.

Notes to the company financial statements

for the year ended 28 February 2014

		2014 R'000	2013 R'000
8.	**Trade and other payables**		
	Trade payables	**204**	118
	Accrued expenses	**172**	1 188
	Other liabilities – contingent consideration	**4 900**	4 700
	Total trade and other payables	**5 276**	6 006

Contingent consideration to be settled after 12 months.

Contingent consideration

On 1 July 2012 the group acquired 80% of the share capital of L & R Civils (Pty) Ltd for R17,6 million cash. An additional contingent consideration is payable dependent on the company's earnings over a five-year period from the effective date of the acquisition. The fair value of the contingent consideration at acquisition date has been determined using an income approach.

		2014 R'000	2013 R'000
9.	**Revenue**		
	Dividends received from subsidiaries	**126 050**	149 400
	Dividends received from cash on call	**–**	1 037
	Total revenue	**126 050**	150 437
10.	**Finance income and costs**		
	Finance income		
	Interest income on cash resources	**786**	1 220
	Total finance income	**786**	1 220
	Finance costs		
	Unwinding of discount – contingent consideration	**(200)**	–
	Other interest	**–**	–
	Total finance costs	**(200)**	–
	Net finance costs	**586**	1 220
11.	**Income tax expense**		
	South African normal taxation		
	Current tax		
	Current period	**164**	342
	Total South African normal taxation	**164**	342

	%	%
Reconciliation between applicable tax rate and effective tax rate		
Applicable tax rate	**28,00**	28,00
Exempt income	**(28,64)**	(28,72)
Disallowed charges	**0,77**	0,95
Effective tax rate	**0,13**	0,23

	2014 R'000	2013 R'000
12. Cash used in operations		
Profit before income tax	**122 927**	146 655
Adjustments for:		
Finance income	**(786)**	(1 220)
Finance costs	**200**	–
Dividends received	**(126 050)**	(150 437)
Changes in working capital		
Trade and other receivables	**(5 275)**	163
Trade and other payables	**(730)**	5 084
Net cash generated from operations	**(9 714)**	245
In the statement of cash flows taxation paid is calculated as follows:		
Balance due at the beginning of the year	**6**	1
Add: Current year tax charge (refer note 11)	**164**	342
Less: Balance due at the end of the year	**55**	(6)
Taxation paid	**225**	337

13. Related party transactions

Relationship

Subsidiaries — Refer to note 39 to the group financial statements

	2014 R'000	2013 R'000
Related party balances		
Loans to related parties		
At the beginning of the year	**570 925**	588 866
Loans advanced during the year	**125 000**	238 600
Loans repayments received	**(148 118)**	(256 541)
At 28 February	**547 807**	570 925
Other fees (received from)/paid to related parties		
Raubex (Pty) Ltd	**–**	3

14. Directors' emoluments

No emoluments were paid to the directors during the year.

Terms of reference

The terms listed below have been used throughout this Integrated Report.

"AGM"	Annual General Meeting
"Basic EPS"	Earnings for the year attributable to equity holders of Raubex divided by the weighted average number of ordinary shares in issue during the year
"B-BBEE"	Broad-Based Black Economic Empowerment
"BCAWU"	Building Construction and Allied Workers Union
"BEE"	Black Economic Empowerment
"CEO"	Chief Executive Officer
"CIPC"	Companies and Intellectual Property Commission
"Closing PE ratio"	Market value per share at 28 February divided by EPS
"Companies Act"	Companies Act No 71 of 2008
"CSDP"	Central Securities Depositary Participants
"CSI"	Corporate Social Investment
"Current ratio"	Total current assets divided by total current liabilities as a ratio
"DRC"	Democratic Republic of the Congo
"EPS"	Earnings per share
"Exco"	The Executive Committee
"Free cash flow"	Cash generated from operations less income tax paid, less net capital expenditure
"Gearing"	Net debt excluding cash and cash equivalents as a ratio to total equity
"GFIP"	Gauteng Freeway Improvement Project
"GRI"	Global Reporting Initiative
"GSM"	Global System for Mobile Communications
"HDSA"	Historically Disadvantaged South Africans
"HEPS"	Headline earnings divided by the weighted average number of ordinary shares in issue during the year
"IFRS"	International Financial Reporting Standards
"IT"	Information Technology
"JSE"	JSE Limited
"King III"	King Report on Corporate Governance for South Africa 2009
"KPI"	Key performance indicators
"Listings Requirements"	Listings Requirements of the JSE
"LTIR"	Lost Time Injury Rate
"MERSETA"	Manufacturing, Engineering and Related Services SETA
"MOI"	Memorandum of Incorporation
"net asset value per share"	the net asset value of the company divided by the number of shares in issue, after deducting treasury shares, at the end of the year
"NUM"	National Union of Mine Workers
"OHS"	Occupational Health and Safety
"Operating profit margin"	Operating profit as a percentage of revenue
"PE"	Price earnings, market value per share divided by EPS
"Raubex" or "the group"	Raubex Group Limited and its subsidiaries
"ROCE"	Return on capital employed
"ROE"	Return on equity
"SAFCEC"	South African Federation of Civil Engineering Contractors
"SANAS"	South African National Accreditation System
"SANRAL"	South African National Roads Agency
"SENS"	Securities Exchange News Service
"SHE"	Safety, Health and Environment
"SHEQ"	Safety, Health, Environment and Quality
"SRI"	Socially Responsible Investment
"the Board"	The Board of directors of Raubex
"the company"	Raubex Group Limited
"UIF"	Unemployment Insurance Fund
"ZMW"	Zambian Kwacha

Notice of Annual General Meeting

Raubex Group Limited
(Incorporated in the Republic of South Africa)
Registration number 2006/023666/06
Share code: RBX
ISIN: ZAE000093183
("Raubex" or "the company")

NOTICE IS HEREBY GIVEN to the shareholders of Raubex as at Friday, 15 August 2014, being the record date to receive notice of the AGM in terms of section 59(1)(a) of the Companies Act, that the AGM of the company, in respect of the year ended 28 February 2014, will be held at **Glenhove Conference Centre, 52 Glenhove Road, Melrose Estate on Friday, 3 October 2014 at 10:00**.

Electronic participation

The AGM will be available live on webcasting, by following the link provided for on the website: www.raubex.com. Please note that shareholders or their proxies will not be able to vote through the webcasting.

This Notice of AGM includes the attached Form of Proxy.

Record date

The record date for the purpose of determining which shareholders of the company are entitled to receive the Notice of the AGM was Friday, 15 August 2014.

The record date for the purpose of determining which shareholders of the company are entitled to participate in and vote at the AGM is Friday, 26 September 2014, in accordance with section 62(3)(a), read with section 59(1)(b), of the Companies Act.

Accordingly, the last day to trade for shareholders to be entitled to attend, speak and vote at the AGM is Friday, 19 September 2014.

Attendance and voting

If you are a registered shareholder, i.e. a shareholder who has not dematerialised his shares or has dematerialised his shares with "own name" registration as at the record date, and want to attend, speak and vote at the AGM of the company (i.e. Friday, 26 September 2014), you may attend the meeting in person. Alternatively, you may appoint a proxy (who need not be a shareholder of the company) to represent you at the meeting. Any appointment of a proxy may be effected by using the attached Form of Proxy and, in order for the proxy to be effective and valid, must be completed and delivered in accordance with the instructions contained in the attached Form of Proxy.

If you are a beneficial shareholder and not a registered shareholder, i.e. a shareholder who has dematerialised his shares without "own name" registration as at the record date, and you want to attend, speak and vote at the AGM of the company (i.e. Friday, 26 September 2014):

- and wish to attend the meeting, you must obtain the necessary letter of representation to represent the registered holder in respect of your shares from your CSDP or broker;
- and do not wish to attend the meeting but would like your vote to be recorded at the meeting, you should contact the registered holder in respect of your shares through your CSDP or broker and furnish them with your voting instructions; and
- you must not complete the attached Form of Proxy.

All attendees and participants at the AGM will be required to provide identification reasonably satisfactory to the Chairman of the AGM, which shall include a valid identity document, driver's licence or passport, in accordance with section 63(1) of the Companies Act.

Shares held by a share trust or other share incentive scheme of the company will not have their votes taken into account at the meeting for the purposes of the resolutions proposed in terms of the JSE Listings Requirements.

Purpose of the meeting

The purpose of this meeting is to:

- present the Directors' report and the audited Annual Financial Statements of the group for the year ended 28 February 2014;
- elect the directors of the company and the members of the Audit Committee of the company;
- appoint the auditors of the company;
- present the Audit Committee report;
- present the Social and Ethics Committee report;
- consider any matters raised by shareholders;

Notice of Annual General Meeting continued

- consider and, if deemed fit, to pass, with or without modification, the ordinary and special resolutions set out below in the manner required by the Companies Act, the JSE Listings Requirements and the MOI; and
- deal with such other business as may lawfully be dealt with at the AGM, which AGM is to be participated in and voted at by shareholders registered as such on Friday, 26 September 2014, being the record date to participate in and vote at the AGM in terms of section 62(3)(a) read with section 59(1)(b) of the Companies Act.

In order for the special resolutions to be adopted, the support of at least 75% (seventy-five percent) of the total number of votes which the shareholders present or represented by proxy at this meeting are entitled to cast, is required.

Annual Financial Statements

The consolidated Annual Financial Statements (as approved by the Board of the company), including the Directors' report, the Audit Committee report and the Independent Auditor's report for the year ended 28 February 2014, are included on pages 45 to 127 of this Integrated Report and are also published on the company's website: www.raubex.com.

Ordinary resolution number 1: Acceptance of the Annual Financial Statements

"RESOLVED THAT the consolidated Annual Financial Statements for the company (and its subsidiaries) for the year ended 28 February 2014, including the Directors' report and the Independent Auditor's report therein, be and are hereby received and accepted."

Percentage of voting rights required to pass this resolution: 50% plus one vote.

Ordinary resolution number 2: Re-election of executive directors

"RESOLVED THAT the following directors, in accordance with Article 26.5.1 of the company's MOI for a further term of office, and being eligible, offer themselves for re-election, be and are hereby re-elected as an executive director of the company:

2.1 RJ Fourie; and
2.2 JF Gibson.

(Brief curriculum vitaes in respect of these directors are set out on page 12 of the Integrated Report of which this notice forms part.)"

Percentage of voting rights required to pass this resolution: 50% plus one vote.

Ordinary resolution number 3: Re-election of non-executive directors

"RESOLVED THAT the following directors, who retire by rotation, and being eligible, offer themselves for re-election, be and are hereby re-elected as a non-executive director of the company:

3.1 JE Raubenheimer;
3.2 F Kenney;
3.3 LA Maxwell;
3.4 BH Kent; and
3.5 NF Msiza.

(Brief curriculum vitaes in respect of these directors are set out on pages 12 and 13 of the Integrated Report of which this notice forms part.)"

Percentage of voting rights required to pass this resolution: 50% plus one vote.

The Remuneration and Nomination Committee has reviewed the composition of the Board and has recommended the re-election of the directors listed in ordinary resolutions numbers 2 and 3. It is the view of the directors that the re-election of the candidates referred to above would enable the company to:

- responsibly maintain a mixture of business skills and experience relevant to the company and balance the requirements of transformation, continuity and succession planning; and
- comply with corporate governance requirements in respect of matters such as the balance of executive, non-executive and independent directors on the Board.

Ordinary resolution number 4: Appointment of auditors

"RESOLVED THAT PricewaterhouseCoopers be and are hereby reappointed as the independent auditors of the group for the year ending 28 February 2015 and that Mr L Rossouw is hereby appointed as the individual registered auditor who will undertake the audit of the group for the ensuing year, and that the Board be and is hereby authorised to fix the terms of engagement and remuneration of the independent auditors."

Percentage of voting rights required to pass this resolution: 50% plus one vote.

Ordinary resolution number 5: Appointment of members of the Audit Committee

"RESOLVED THAT the following members, who fulfil the requirements of section 94(4) of the Companies Act, be and is hereby elected as a member of the Audit Committee of the company, to hold office until the conclusion of the AGM of the company to be held in 2015, subject to his/her re-election as a director pursuant to ordinary resolution number 3:

5.1 LA Maxwell;

5.2 BH Kent; and

5.3 NF Msiza.

(Brief curriculum vitaes for the members are set out on page 13 of the Integrated Report of which this notice forms part.)"

Percentage of voting rights required to pass this resolution: 50% plus one vote.

Ordinary resolution number 6: Applicable limits to the Raubex Group Deferred Stock Scheme

"RESOLVED THAT the following limits shall apply, as contemplated in clause 4 of the Raubex Group Deferred Stock Scheme, in respect of the share options to be issued in terms of the Scheme during the financial year of the company ending February 2015:

The maximum number of ordinary shares in the company in respect of which options may be granted to eligible employees shall be 1 362 380 (determined with regard to the volume weighted average price of the ordinary shares on the JSE for the 20 business day period ending on the last business day of June 2014, being R21,03); and the maximum number of ordinary shares in the company in respect of which option may be granted to any particular eligible employee shall be 104 620 (determined with regard to the volume weighted average price of the ordinary shares on the JSE for the 20 business day period ending on the last business day of June 2014, being R21,03).

Percentage of voting rights required to pass this resolution: 50% plus one vote.

Ordinary resolution number 7: Endorsement of Raubex's remuneration policy

"RESOLVED THAT the company's remuneration policy, as set out in the Remuneration report, be and is hereby endorsed by way of a non-binding advisory note."

In terms of Chapter 2 of King III dealing with boards and directors, it is recommended that companies table their remuneration policy every year to shareholders for a non-binding advisory vote at the AGM. This vote enables shareholders to express their views on the remuneration policies adopted and on their implementation.

The company's Remuneration report is contained on pages 32 to 34 of the Integrated Report of which this notice forms part.

Ordinary resolution number 7 is of an advisory nature only and failure to pass this resolution will therefore not have any legal consequences relating to existing arrangements. However, the Board will take the outcome of the vote into consideration when considering the company's remuneration policy.

Special resolution number 1: Remuneration of non-executive directors

"RESOLVED THAT, in terms of Article 226.4.2 of the MOI and sections 66(8) and (9) of the Companies Act, the remuneration payable to the non-executive directors, as set out below, be approved for a period of two years, commencing on 1 November 2014, unless such remuneration is proposed to be amended at the next AGM:

Designation	Proposed annual remuneration
Chairman	R800 000
Lead Independent Non-executive Director	R650 000
Non-executive director	R500 000

Percentage of voting rights required to pass this resolution: 75% plus one vote.

Reason for and effect

The reason for the passing of the above special resolution is to approve the increase in the non-executive directors' remuneration for the next financial year. The proposed increase in remuneration paid to non-executive directors is to align their remuneration with market-related levels.

Notice of Annual General Meeting continued

Special resolution number 2: General authority to acquire/(repurchase) shares

"RESOLVED THAT the company hereby approves, as contemplated in paragraph 5.72 of the JSE Listings Requirements, the general authority of the company or any of its subsidiaries from time to time, to repurchase the company's own securities, upon such terms and conditions and in such amounts as the directors may from time to time decide, but subject to the company's MOI, the provisions of the Companies Act and the JSE Listings Requirements (each as presently constituted and as amended from time to time), provided that:

- any repurchase of securities must be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the company and the counterparty (reported trades are prohibited);
- authorisation for the repurchase is given by the company's MOI;
- at any point in time, the company may only appoint one agent to effect any repurchase(s) on the company's behalf;
- this general authority will be valid until the company's next AGM, or 15 (fifteen) months from the date of passing of this special resolution, whichever is earlier;
- an announcement will be published as soon as the company, or any of its subsidiaries, has acquired securities of a relevant class constituting, on a cumulative basis, 3% of the number of securities of that relevant class in issue prior to the acquisition pursuant to which the aforesaid 3% threshold is reached, and for each 3% in aggregate acquired thereafter, containing full details of such repurchases, such announcement to be published as soon as possible and not later than 08:30 on the 2nd (second) business day following the day on which the relevant threshold is reached or exceeded, and the announcement shall comply with the requirements of the JSE Listings Requirements in this regard;
- repurchases by the company or any of its subsidiaries of its own securities may not, in aggregate in any one financial year, exceed 20% of the company's issued share capital as at the date of the passing of this resolution (although it should be noted that the directors will limit any purchase to a maximum of 5% of the issued share capital);
- the number of shares purchased and held by a subsidiary or subsidiaries of the company shall not exceed 10% in aggregate of the number of issued shares in the company at the relevant times;
- in determining the price at which securities issued by the company are acquired by it or any of its subsidiaries in terms of this general authority, the maximum premium at which such securities may be acquired will be 10% of the weighted average of the market value at which such securities are traded on the JSE as determined over the 5 (five) business days immediately preceding the date of repurchase of such securities by the company or any of its subsidiaries. The JSE Limited should be consulted for a ruling if such securities have not been traded during the course of such 5 (five) business day period;
- the company or any of its subsidiaries may not repurchase any securities during a "prohibited period" (as such term is defined in the JSE Listings Requirements), unless they have in place a repurchase programme where the dates and quantities of securities to be traded during the relevant period are fixed (not subject to any variation) and full details of the programme have been disclosed in an announcement over SENS prior to the commencement of the prohibited period;
- the company may not enter the market to proceed with the repurchase of its ordinary shares until the company's sponsor has confirmed in writing to the JSE that it has discharged its responsibility in terms of Schedule 25 of the JSE Listings Requirements;
- any such repurchase is subject to Exchange Control Regulations and approval at that time;
- a resolution has been passed by the Board of directors authorising the repurchase and confirming that the company and its subsidiaries passed the solvency and liquidity test and that from the time that the test was done there have been no material changes to the financial position of the group; and
- in the case of a derivative (as contemplated in the JSE Listings Requirements), the price of the derivative shall be subject to the limitations set out in paragraph 5.84(a) of the JSE Listings Requirements."

Percentage of voting rights required to pass this special resolution: 75% of the total number of votes, which the shareholders present or represented by proxy at this meeting are entitled to cast, is required.

Reason for and effect

The reason for the passing of the above special resolution is to grant the company a general authority in terms of the Companies Act for the acquisition by the company or any of its subsidiaries of securities issued by the company, which authority shall be valid until the earlier of the next AGM, or the variation or revocation of such general authority by special resolution by any subsequent general meeting of the company; provided that the general authority shall not extend beyond 15 (fifteen) months from the date of this AGM. The passing of this special resolution will have the effect of authorising the company or any of its subsidiaries to acquire securities issued by the company.

The following information, which is required by the JSE Listings Requirements with regard to the resolution granting a general authority to the company to repurchase its securities, appears on the pages of the Integrated Report to which this Notice of AGM is annexed and forms part, as indicated below:

- Directors and executive management – pages 12 to 13;
- Major shareholders note 41 to the Annual Financial Statements – page 113;
- Directors' interests in securities – page 99; and
- Share capital note 12 to the Annual Financial Statements – page 82.

Material changes

Other than the facts and developments reported on in this Integrated Report, there have been no material changes in the affairs or financial position of the company and its subsidiaries since the date of signature of the audit report and up to the date of this notice.

Litigation statement

In terms of section 11.26 of the JSE Listings Requirements, the directors, whose names appear on pages 12 and 13 of this Integrated Report of which this notice forms part, are not aware of any legal or arbitration proceedings that are pending or threatened, that may have or have had in the recent past, being at least the previous 12 (twelve) months, a material effect on the company's or group's financial position.

Directors' responsibility statement

The directors, whose names are given on pages 12 and 13 of the Integrated Report of which this notice forms part, collectively and individually accept full responsibility for the accuracy of the information pertaining to the above special resolution number 1 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 above special resolution contains all relevant information required by the JSE Listings Requirements.

Statement by the directors

The directors of the company have no present intention of making any repurchases but believe that the company should retain the flexibility to take action if future repurchases were considered desirable and in the best interests of shareholders. The directors of the company undertake that they will not commence a general repurchase of shares, as contemplated in special resolution number 2 above, unless the following can be met:

- the company and the group will be able, in the ordinary course of business, to pay its debts for a period of 12 months following the date of the general repurchase;
- the company and the group's assets will be in excess of the liabilities of the company and the group for a period of 12 months following the date of the general repurchase. For this purpose, the assets and liabilities will be recognised and measured in accordance with the accounting policies used in the latest audited consolidated Annual Financial Statements which comply with the Companies Act;
- the company and the group will have adequate capital and reserves for ordinary business purposes for a period of 12 months following the date of the general repurchase;
- the working capital of the company and the group will be adequate for ordinary business purposes for a period of 12 months following the date of the general repurchase. The company will ensure that its sponsor will provide the necessary letter on the adequacy of the working capital in terms of the JSE Listings Requirements, prior to the commencement of any purchase of the company's securities on the open market; and
- the Board passing a resolution authorising the general repurchase, confirming that the company and its subsidiaries have passed the solvency and liquidity test and further confirming that since the test was performed, there have been no material changes to the financial position of the company and the group.

Furthermore, the Board confirms that it has authorised the repurchase, by passing a resolution to that effect, and confirms that the company and its subsidiaries have passed the solvency and liquidity test and that from the time the test was performed there have been no material changes to the financial position of the company and the group.

The directors of the company hereby state that:

(a) the intention of the directors of the company is to utilise the authority 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*, an appropriate capitalisation structure for the company and the long-term cash needs of the company and will ensure that any such utilisation is in the interests of the shareholders; and

Notice of Annual General Meeting continued

(b) the method by which the company intends to repurchase its securities and the date on which such repurchase will take place, have not yet been determined.

Special resolution number 3: Approval of financial assistance to related or inter-related companies and corporations

"RESOLVED THAT the Board may, subject to compliance with the requirements of the company's MOI, the Companies Act and the JSE Listings Requirements, each as presently constituted and as amended from time to time, authorise the company to provide direct or indirect financial assistance by way of loan, guarantee, the provision of security or otherwise, to any of its present or future subsidiaries and/or any other company or corporation that is or becomes related or inter-related to the company or any of its subsidiaries (and/or to any member of such subsidiary or related or inter-related company or corporation) for any purpose or in connection with any matter, including, but not limited to the subscription for any option, or any securities, issued or to be issued by the company or a related or inter-related company, or for the purchase of any securities of the company or a related or inter-related company."

Percentage of voting rights required to pass this resolution: 75% of the total number of votes, which the shareholders present or represented by proxy at this meeting are entitled to cast, is required.

Reason for and effect

It may be necessary for the company to provide intra-group funding in order to conduct the group's business or desirous for the company to provide financial assistance to related or inter-related companies and corporations to acquire or subscribe for options or securities or purchase securities of the company or another company related or inter-related to it. Under the Companies Act, the company will, however, require the special resolution referred to above to be adopted. In the circumstances and in order to, inter alia, ensure that the company's subsidiaries and other related and inter-related companies and corporations have access to financing and/or financial backing from the company (as opposed to banks) for such purposes, it is necessary to obtain the approval of shareholders, as set out in special resolution number 3.

Sections 44 and 45 of the Companies Act provide, inter alia, that the particular financial assistance must be provided only pursuant to a special resolution of the shareholders, adopted within the previous 2 (two) years, which approved such assistance either for the specific recipient, or generally for a category of potential recipients, and the specific recipient falls within that category, and the Board must be satisfied that:

- immediately after providing the financial assistance, the company would satisfy the solvency and liquidity test; and
- the terms under which the financial assistance is proposed to be given are fair and reasonable to the company.

Section 44 contains an exemption in respect of employee share schemes that satisfy the requirements of section 97 of the Companies Act. To the extent that any of the company's share or other employee incentive schemes do not satisfy such requirements, financial assistance (as contemplated in section 44) to be provided under such schemes will, inter alia, also require approval by special resolution.

Notice to shareholders of Raubex in terms of section 45(5) of the Companies Act of a resolution passed by the Board authorising Raubex to provide direct or indirect financial assistance to related and inter-related companies and corporations:

- prior to the delivery of this Notice of AGM to the shareholders of the company, the Board adopted a resolution authorising the company to provide, at any time and from time to time during the period commencing on the date on which special resolution number 3 is adopted until the date of the next AGM of the company, any direct or indirect financial assistance as contemplated in section 45 of the Companies Act to any one or more related or inter-related companies or corporations of the company. The financial assistance will entail loans and any other financial assistance to any of the company's present or future subsidiaries and/or any other company or corporation that is or becomes related or inter-related to the company or any of its subsidiaries (and/or to any member of such subsidiary or related or inter-related company or corporation) for any purpose or in connection with any matter;
- the resolution will be effective only if and to the extent that special resolution number 3 is adopted by the shareholders of the company and the provision of any financial assistance by the company, pursuant to such resolution, will always be subject to the Board being satisfied that: (i) immediately after providing such financial assistance, the company will satisfy the solvency and liquidity test as referred to in section 45(3)(b)(i) of the Companies Act; and (ii) the terms under which the financial assistance is to be given are fair and reasonable to the company as referred to in section 45(3)(b)(ii) of the Companies Act; and
- the company hereby provides notice of the resolution to the shareholders of the company.

Voting and proxies

Proxies

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.

If you are a certificated Raubex shareholder or an own name dematerialised Raubex shareholder and are unable to attend the AGM of Raubex shareholders to be held at 10:00 on Friday, 3 October 2014, but wish to be represented thereat, you must complete the Form of Proxy attached hereto in accordance with the instructions therein and return it to the Transfer Secretaries, Computershare Investor Services 2004 (Pty) Ltd, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) so as to be received by no later than 10:00 on Wednesday, 1 October 2014.

Voting in respect of dematerialised shares

If you are a dematerialised Raubex shareholder and are not an own name dematerialised Raubex shareholder and you wish to attend the AGM, then you must instruct your CSDP or broker as to how you wish to cast your vote at the Raubex AGM in order for them to vote in accordance with your instructions. If you wish to attend the AGM in person, please request you CSDP or broker to issue the necessary letter of representation to you. This must be done in terms of the agreement entered into between the dematerialised Raubex shareholder (who is not an own name dematerialised Raubex shareholder) and the CSDP or broker.

By order of the board

Heike Elze Ernst
Company Secretary

15 August 2014

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Form of Proxy

Raubex Group Limited
(Incorporated in the Republic of South Africa)
Registration number 2006/023666/06
Share code: RBX
ISIN: ZAE000093183
("Raubex" or "the company")

To be completed by registered certificated shareholders and dematerialised shareholders with own-name registration only.

This Form of Proxy relates to the AGM of the company to be held at the **Glenhove Conference Centre, 52 Glenhove Road, Melrose Estate on Friday, 3 October 2014 at 10:00** (see note 1) and is for use by registered shareholders whose shares are registered in their own names by the record date for determining which shareholders of the company are entitled to participate in and vote at the AGM, being Friday, 26 September 2014 (see note 2).

Terms used in this Form of Proxy have the meanings given to them in the Notice of AGM to which this Form of Proxy is attached.

Please print clearly when completing this Form of Proxy and see the instructions and notes at the end of this Form of Proxy for an explanation of the use of this Form of Proxy and the rights of the shareholder and the proxy.

I/We (full name in BLOCK LETTERS)

of (address)

Telephone (work) (home)

being a shareholder(s) of the company and being the registered owner/s of ordinary shares in the company (note 3)

hereby appoint of failing him/her

of or failing him/her,

the Chairman of the AGM (see note 4)

to attend and participate in the AGM and to speak and to vote or abstain from voting for me/us and on my/our behalf in respect of all matters arising (including any poll and all resolutions put to the AGM) at the AGM, even if the AGM is postponed, and at any resumption thereof after any adjournment (see note 5)

My/Our proxy shall vote as follows:
Please indicate with an "X" in the appropriate spaces how you wish your votes to be cast. If you do not do so, the proxy may vote or abstain at his discretion (see note 6).

	For	Against	Abstain
Ordinary resolution number 1 – Acceptance of the Annual Financial Statements			
Ordinary resolution number 2 – Re-election of executive directors:			
2.1 RJ Fourie			
2.2 JF Gibson			
Ordinary resolution number 3 – Re-election of non-executive directors:			
3.1 JE Raubenheimer			
3.2 F Kenney			
3.3 LA Maxwell			
3.4 BH Kent			
3.5 NF Msiza			
Ordinary resolution number 4 – Appointment of auditors			
Ordinary resolution number 5 – Appointment of members of the Audit Committee			
5.1 LA Maxwell			
5.2 BH Kent			
5.3 NF Msiza			
Ordinary resolution number 6 – Applicable limits to the Raubex Group Deferred Stock Scheme			
Ordinary resolution number 7 – Endorsement of Raubex's remuneration policy			
Special resolution number 1 – Remuneration of non-executive directors			
Special resolution number 2 – General authority to acquire/(repurchase) shares			
Special resolution number 3 – Approval of financial assistance to related or inter-related companies and corporations			

(Indicate instruction to proxy by way of a cross in the space provided above)

Unless otherwise instructed, my/our proxy may vote as he/she thinks fit.

Signed this day of 2014

Signature

Please read the notes on the reverse side hereof.

Instructions and notes to the Form of Proxy

1. This Form of Proxy will not be effective at the AGM unless received at the company's transfer office, Computershare Investor Services 2004 (Pty) Ltd, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107), by no later than 10:00 on Wednesday, 1 October 2014. If a shareholder does not wish to deliver this Form of Proxy to that address, it may also be posted, at the risk of the shareholder, to Computershare Investor Services 2004 (Pty) Ltd.
2. This Form of Proxy is for use by registered shareholders who wish to appoint another person (a proxy) to represent them at the AGM. If duly authorised, companies and other corporate bodies who are registered shareholders may appoint a proxy using this Form of Proxy, or may appoint a representative in accordance with paragraph 12 below.
   Other shareholders should not use this Form of Proxy. All beneficial shareholders who have dematerialised their shares through a CSDP or broker must provide the CSDP or broker with their voting instruction. Alternatively, if they wish to attend the AGM in person, they should request the CSDP or broker to provide them with a letter of representation in terms of the custody agreement entered into between the beneficial shareholder and the CSDP or broker.
3. This proxy shall apply to all ordinary shares registered in the name of the shareholder who signs this Form of Proxy at the record date unless a lesser number of shares is inserted.
4. A shareholder may appoint one person of his own choice as his proxy by inserting the name of such proxy in the space provided. Any such proxy need not be a shareholder of the company. If the name of the proxy is not inserted, the Chairman of the AGM will be appointed as proxy. If more than one name is inserted, then the person whose name appears first on the Form of Proxy and who is present at the AGM will be entitled to act as proxy to the exclusion of any persons whose names follow. The proxy appointed in this Form of Proxy may not delegate the authority given to him in this Form of Proxy.
5. Unless revoked, the appointment of a proxy in terms of this Form of Proxy remains valid until the end of the AGM, even if the AGM or part thereof is postponed or adjourned.
6. If:
   6.1 a shareholder does not indicate on this instrument that the proxy is to vote in favour of or against or to abstain from voting or any resolution; or
   6.2 the shareholder gives contradictory instructions in relation to any matter; or
   6.3 any additional resolution/s which are properly put before the AGM; or
   6.4 any resolution listed in the Form of Proxy is modified or amended,
   then the proxy shall be entitled to vote or abstain from voting, as he thinks fit, in relation to that resolution or matter. If, however, the shareholder has provided further written instructions which accompany this Form of Proxy and which indicate how the proxy should vote or abstain from voting in any of the circumstances referred to in paragraphs 6.1 to 6.4, then the proxy shall comply with those instructions.
7. If this Form of Proxy is signed by a person (signatory) on behalf of the shareholder, whether in terms of a power of attorney or otherwise, then this Form of Proxy will not be effective unless:
   7.1 it is accompanied by a certified copy of the authority given by the shareholder to the signatory; or
   7.2 the company has already received a certified copy of that authority.
8. The Chairman of the AGM may, in his discretion, accept or reject any Form of Proxy or other written appointment of a proxy which is received by the Chairman prior to the time when the AGM deals with a resolution or matter to which the appointment of the proxy relates, even if that appointment of a proxy has not been completed and/or received in accordance with these instructions. However, the Chairman shall not accept any such appointment of a proxy unless the Chairman is satisfied that it reflects the intention of the shareholder appointing the proxy.
9. Any alterations made in this Form of Proxy must be initialled by the authorised signatory/ies.
10. This Form of Proxy is revoked if the shareholder who granted the proxy:
    10.1 gives written notice of such revocation to the company, so that it is received by the company before 10:00 on Wednesday, 1 October 2014; or
    10.2 subsequently appoints another proxy for the AGM; or
    10.3 attends the AGM himself in person.
11. If duly authorised, companies and other corporate bodies who are shareholders of the company having shares registered in their own names may, instead of completing this Form of Proxy, appoint a representative to represent them and exercise all of their rights at the AGM by giving written notice of the appointment of that representative. That notice will not be effective at the AGM unless it is accompanied by a duly certified copy of the resolution/s or other authorities in terms of which that representative is appointed and is received at the company's transfer office, Computershare Investor Services 2004 (Pty) Ltd, by no later than 10:00 on Wednesday, 1 October 2014. If a shareholder does not wish to deliver that notice to that address, it may also be posted, at the risk of the shareholder to Computershare Investor Services 2004 (Pty) Ltd, PO Box 61051, Marshalltown, 2107.
12. The completion and lodging of this Form of Proxy does not preclude the relevant shareholder from attending the AGM and speaking and voting in person to the exclusion of any proxy appointed by the shareholder.
13. The Chairman of the AGM may accept or reject any Form of Proxy which is completed and/or received other than in accordance with these instructions, provided that he shall not accept a proxy unless he is satisfied as to the manner in which a shareholder wishes to vote.

Transfer secretaries' office
Computershare Investor Services 2004 (Pty) Ltd
Ground Floor
70 Marshall Street
Johannesburg, 2001
(PO Box 61051, Marshalltown, 2107)

General information

Nature of business	Construction work, civil engineering, supply of aggregates and holding company
Directors	JE Raubenheimer (Non-executive Chairman) RJ Fourie (CEO) JF Gibson (Financial Director) F Kenney (Non-executive Director) LA Maxwell (Independent Non-executive Director) BH Kent (Independent Non-executive Director) NF Msiza (Independent Non-executive Director)
Company Secretary	HE Ernst
Registration number	2006/023666/06
ISIN	ZAE000093183
Share code	RBX
Registered office	Building 1 Highgrove Office Park 50 Tegel Avenue Highveld Park Centurion 0169 Tel: +27 (0)12 648 9400
Business address	Cleveley Kenneth Kaunda Road Extension Bloemfontein South Africa 9300 Tel: +27 (0)51 406 2000
Postal address	PO Box 3722 Bloemfontein South Africa 9300
Website	www.raubex.com
Sponsor	Investec Bank Limited 100 Grayston Drive Sandown Sandton, 2196
Auditors	PricewaterhouseCoopers Inc.
Transfer secretaries	Computershare Investor Services 2004 (Pty) Ltd Ground Floor 70 Marshall Street Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107)
Investor relations	Instinctif Partners (previously College Hill)
Preparation of the Annual Financial Statements	JF Gibson CA(SA)
Preparation assistance with the Integrated Report	Keyter Rech Investor Solutions CC Fountain Grove, 5 2nd Street, Hyde Park, 2195

Registered office

Building 1
Highgrove Office Park
50 Tegel Avenue
Highveld Park
Centurion
0169
Tel: +27 (0)12 648 9400

www.raubex.com