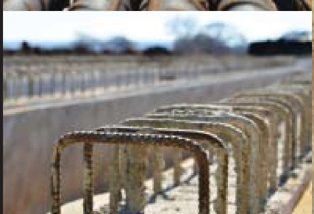
Raubex Integrated Report 2013

Contents

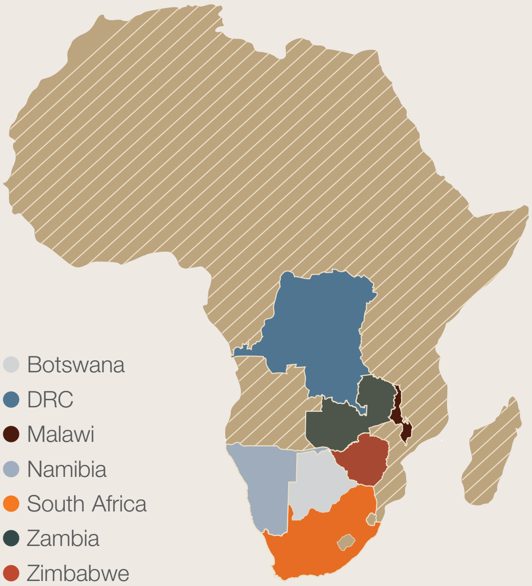
Integrated Report 28 February 2013

A holistic and integrated representation of the company's performance in terms of both its finances and its sustainability in line with the recommendations of *The King Report on Governance for South Africa 2009* ("King III").



Who we are

Raubex is a construction group operating across all nine South African provinces and throughout southern Africa with a specific focus on infrastructure development.



- Botswana
- DRC
- Malawi
- Namibia
- South Africa
- Zambia
- Zimbabwe

The group consists of a Construction Division and a Materials Division.

The Construction Division specialises in all aspects of road construction, rehabilitation, and related infrastructure development including bulk earthworks, services, concrete structures and asphalt surfacing. Infrastructure construction capabilities include electrical and alternative energy (solar and wind), rail, telecommunications, pipe-line and housing infrastructure.

Raumix is the Materials Division of the group, specialising in the supply of aggregate from commercial quarries and providing mobile crushing solutions for remote project sites.

Through its subsidiaries, B&E International and SPH Kundalila, the group is a leading provider of material handling and screening services to the mining industry.

Operating since 1974 and listed on the Johannesburg Stock Exchange ("JSE Limited") in March 2007, Raubex has successfully transitioned from a private to a public company and continues to build on its track record of over 39 years of uninterrupted profitability.

key facts

- Revenue R5,64 billion
- Profit after tax R318,6 million
- Cash and cash equivalents R835,7 million
- Employs over 7 800 people
- Operations in South Africa, Botswana, Democratic Republic of Congo, Malawi, Namibia, Zambia and Zimbabwe
- Six years as a JSE-listed company

Performance and outlook

Trading conditions in the road construction industry are expected to remain challenging in the short-term. The volume of work in the road construction and maintenance industry is stable but pricing pressures continue to be experienced. The group has maintained a solid order book of R5,23 billion (2012: R4,62 billion).

The new Infrastructure Division has made good progress in securing work in the renewable energy sector and is expected to build on its order book of R768 million as new projects in this field come to the fore.

The group continues to look for growth through expansion into other African geographies, however operating conditions have been found to be challenging with relatively low returns to compensate for a high level of contract risk. The group will continue to pursue contracts that will deliver acceptable returns without exposure to unnecessary risk.

The acquisition of Tosas from Sasol Oil represents a strong strategic fit for Raubex and is an important step in the group's strategy to become more vertically integrated and a supplier to the whole road construction value chain. This acquisition together with other initiatives also secures the group's long-term bitumen supply and increases storage capacity.

The group has maintained a healthy balance sheet and strong cash position and is well positioned to take advantage of opportunities that may arise from improved pricing and competitor attrition in the year ahead.

Strategic objectives

- Attain a more balanced portfolio of work in the construction and related services sector
- Expand existing business model into new geographies
- Build on existing competitive advantages
- Improve market position

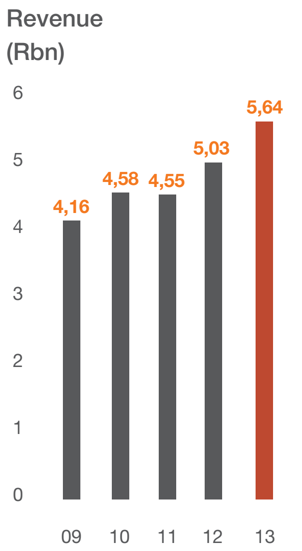
Opportunities

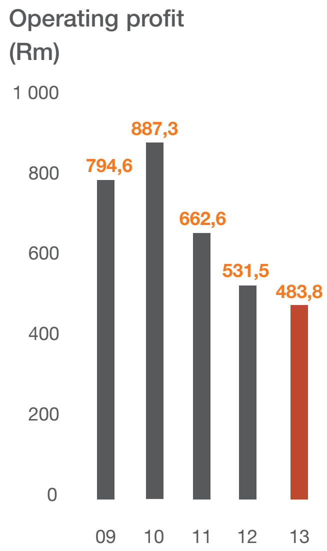
- Strengthen the Materials Division
- Increase share of construction activities in the mining industry
- Prepare for improvement in market conditions in road construction industry
- Acquisition and expansion opportunities
- Prepare to capitalise on government's planned infrastructure spend
- Growth in new Infrastructure Division

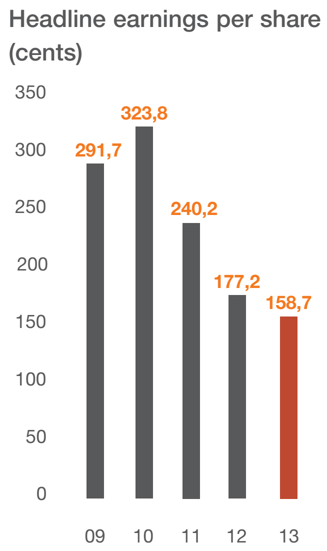
Core values

- Quality
- Integrity
- Professionalism

Five-year review







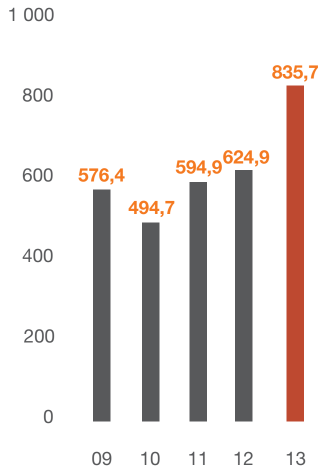
Group structure

Raubex Group Limited

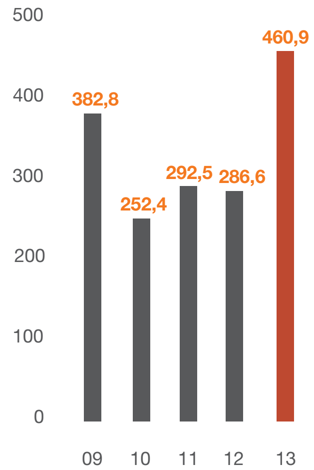
Materials	Construction	Road Rehabilitation	Infrastructure
B&E International	Raubex Construction	Akasia Road Surfacing	L&R Civils
Burma Plant Hire	Raubex Construction Zambia	Centremark Roadmarking	Raubex Infra
Raumix Aggregates	Raubex Construction Namibia	Milling Techniks	Raubex Housing
SPH Kundalila	Space Construction	National Asphalt	Raudev
Tosas*		Phambili Road Surfacing	Strata Civils
		Roadmac Surfacing	
		Roadmac Surfacing Cape	
		Roadmac Surfacing KZN	

* *Acquired 26 April 2013*

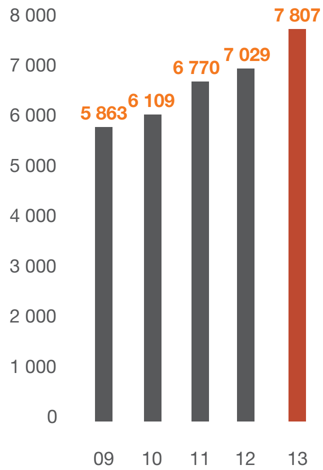
Cash and cash equivalents (Rm)



Capital expenditure (Rm)



Headcount



Board of directors

executive directors

non-executive directors

independent non-executive directors

Executive directors

Rudolf Johannes Fourie – Chief executive officer (47)

N Dip Marketing Management

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 23 years' experience in road surfacing and the bitumen industry. He became the chief executive officer 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 – Financial director (39)

B Com, CA(SA)

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 Limited in 2007. 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

Freddie Kenney – Non-executive director (59)

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.

Jacobus (Koos) Esaias Raubenheimer – Non-executive chairman (70)

BSc Eng (Civil) Pr Eng

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.

Independent non-executive directors

Ntombi Felicia Msiza – Independent non-executive director (38)

B Com, H Dip (Tax) and Masters in Business Administration

Felicia joined Raubex as an independent non-executive director in February 2011. She has over 14 years of experience in the field of governance, including internal audit, external audit and risk management and currently holds an executive position in Governance at Broadband Infraco. She previously 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 – Independent non-executive director (68)

B Com, 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 – Independent non-executive director (66)

B Com, 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 the 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.

Chairman's report

2012 presented South Africa with one of its most turbulent years in recent history as prolonged labour strikes in the mining sector took centre stage against the backdrop of a slow and unstable domestic economic environment whilst the country's biggest trading partner, the European Union, slid into recession. The downgrading of South Africa by rating agencies further added to the embattled construction sector's fears that the implementation of government's multi-billion rand infrastructure programme would slow down.

SANRAL, the group's largest client, also continued to attract attention during the year under review as legal action against the implementation of e-tolling in Gauteng gathered momentum. The challenge is now headed for the Supreme Court later this year. Raubex continues to follow the situation closely as we are mindful of the consequences which the outcome will have for our client, our government and the country.

Faced with a highly competitive local environment, we continued to pursue high-growth international opportunities during this year. A number of large infrastructure roll-outs, including roads-related projects, are happening and we are confident that Raubex will be able to take advantage of those. We are also aware of the critical need to continue diversifying our revenue streams and we successfully established an exciting new division focusing on renewable energy, housing, telecommunications, rail and pipeline construction projects.

The strategic acquisition of Tosas from Sasol post year-end further enables us to adequately address our bitumen supply shortages in the long-term, whilst also allowing us to deliver on our vision to be a fully integrated business.

Financial highlights

The 9% decrease in our operating profit to R483,8 million from the prior year was largely attributable to the R58,8 million provision made for an administrative penalty payable to the Competition Commission.

Revenue increased 12,0% to R5,64 billion. Earnings per share decreased 9,1% to 163,2 cents with headline earnings per share decreasing 10,5% to 158,7 cents.

The group generated strong operating cash flows of R859,0 million before finance charges, dividends received and taxation. Capital expenditure on property, plant and equipment increased 60,8% to R460,9 million with R60,6 million relating to the purchase of land and buildings.

Total cash and cash equivalents at the end of the year increased 33,7% to R835,7 million – this was up from R624,9 million in 2012.

"Faced with a highly competitive local environment, we continued to pursue high-growth international opportunities during this year and we successfully established an exciting new division focusing on renewable energy, housing, telecommunications, rail and pipeline construction projects."

Koos Raubenheimer
Non-executive chairman

Corporate governance

Raubex remains wholly committed to maintaining high standards of corporate governance, in line with the requirements of the King Code. Our board of directors makes every effort to communicate effectively with our various stakeholders. King III's overriding principles, encompassing responsibility, accountability, fairness and transparency, 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.

Post year-end, shareholders were advised that Francois Diedrechsen resigned as Financial and Commercial Director of Raubex. This was a mutual decision between Francois and the board and he maintains a relationship with the group on a consulting basis. I would like to personally thank Francois for his significant contribution to the group over the past nine years, which included his role in taking Raubex to market culminating with our JSE Limited listing in 2007.

James Gibson, the Group Financial Manager, assumed Francois' duties during the process of selecting a permanent candidate and was subsequently appointed to the board as financial director at the end of July 2013. James has very good control of the group's financial function and a deep understanding of our business. I wish him well in his new role.

Transformation

Meaningful transformation remains a top priority for Raubex. On a practical level, our BEE 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 is now a broad-based Level 2 contributor whilst, on the mining front, the South African Department of Mineral Resources requirement for a minimum 26% direct shareholding has been successfully addressed through employee and community trusts ownership.

Meaningful and sustainable transformation is important to both the long-term future of our sector and country. As such, Raubex will continue to focus on improving its standing across all levels of the scorecard.

Competition Commission

Raubex identified and reported irregularities in terms of the provisions of the Competition Act in 2011 relating to historical conduct that occurred during 2006/2007. Raubex concluded a settlement agreement with the Competition Commission in May 2013 and will pay a R58,8 million penalty. As part of its settlement commitments Raubex will be enhancing its current compliance infrastructure 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. This will include mechanisms for the monitoring and detection of any contraventions of the Competition Act. We regret our past conduct and are entirely committed to maintaining a competitive environment within the industry.

Prospects

Government's 2013 budget speech delivered by Pravin Gordhan earlier this year leaves us optimistic regarding the pending R827 billion infrastructure investments over the next three years. We are hopeful that government will have the capacity to manage the effective implementation of the plan.

This much-needed stimulus will not only provide a boost to the construction industry but also play a critical part in job creation and economic stimulus for the South African economy. This development will create new opportunities in the roads sector which is set to continue to experience a steady flow of new tender work. We have maintained a healthy order book, balance sheet and cash position which stands us in good stead to take advantage of any improvements in the sector.

The Tosas acquisition offers a strong strategic fit for Raubex as an integrated road construction and rehabilitation company operating across southern Africa. The alleviation of our bitumen supply shortages will strengthen our position and we continue to look for opportunities to diversify our offering in the marketplace. We look to the year ahead with a renewed sense of cautious optimism.

Appreciation

On behalf of the board, I would like to offer my continued thanks to the exceptional people of the Raubex group for their resolute commitment to our business in enduring the challenges of the past year. I would also like to extend my gratitude to our customers, suppliers, partners and various stakeholders for their support.

Koos Raubenheimer
Non-executive chairman

Chief executive officer's report

Overview

The past year presented Raubex with a familiar set of challenges. As expected, the competitive landscape remained tough, resulting in sustained margin pressures across our operations. In particular, the group's performance continued to be hampered by pricing pressures in spite of the tender flow remaining very healthy. Conditions did however stabilise somewhat in the latter part of the year with pressures levelling off.

Bitumen supply problems had less of an impact on efficiencies than in the prior year as storage facilities were put in place. There was a great deal of uncertainty in the market around the Competition Commission's prolonged investigation into worldwide. The industry also continued to hold its breath as it awaits concrete signs of the much anticipated mega infrastructure projects planned by government. We believe that the R827 billion capital injection will provide a much-needed boost to revive the sector and reduce the attractiveness of road building as capacity gets diverted on other projects.

The solid performance delivered by the group for the period in review was hard-won under such circumstances. We were pleased to grow a quality order book, which closed on R5,2 billion for the year, up from R4,6 billion in 2012.

This was supported by our new division "Raubex Infra", which managed by the end of the year to secure an order book of

"We managed to deliver a strong performance during the year in review. Our strategy to diversify the group's revenue streams, strengthen our integrated model and better balance our portfolio is well underway and we are confident that we are well positioned to achieve stable growth going forward."

Rudolf Fourie
Chief executive officer

collusion in the sector and also the on-going e-toll legal battle. Raubex reached a settlement with the Commission which was followed by announcements from other major construction companies on the specifics of their agreements. All of these variables will be discussed at greater length later on in this report.

Some encouraging and significant strides were made in developing our footprint and steering the strategic direction of the business going forward including the establishment of the new Infrastructure Division "Raubex Infra" and the acquisition of Tosas from Sasol Oil post year-end. This acquisition consolidates our position as an integrated road construction and rehabilitation company across southern Africa.

Operating environment

The thin margins and fierce competition defining the operating environment resulted in competitor attrition materialising as companies no longer managed to maintain profitability. At the same time, we also witnessed one of South Africa's most turbulent periods of its new democratic dispensation, with labour unrest and declining investor confidence making headlines R768 million, an extremely promising start. Raubex Infra will focus on disciplines outside of the road construction sector, including energy (particularly solar and wind), rail, telecommunications, pipeline construction and housing infrastructure.

Bitumen supply issues, which hampered our performance in the previous comparative period, were less worrying during the period in review. This was attributable to our import programme and the storage facilities which were put in place to mitigate supply disruptions. Going forward, we are confident that our acquisition of Tosas from Sasol Oil will minimise further disruptions, as Tosas will service about 50% of Raubex's own bitumen needs. We have also entered into an agreement with an Irish company to utilise their ship during the northern hemisphere winter months to manage imports.

As briefly touched on at the start of this report, Raubex recently concluded a settlement agreement with the Competition Commission relating to conduct dating back to 2006 and 2007. A provision for a final settlement of R58,8 million was made in this regard and Raubex has committed to implement a competition law compliance programme to strengthen existing corporate governance structures. This is intended to ensure that none of Raubex's employees, management, directors or agents engage in future contraventions of the Competition Act. I would like to take this opportunity to reiterate that Raubex deeply regrets the conduct which took place previously and is determined to prevent any such occurrences from happening in the future.

The impasse between government and the South African public over the tolling programme for the Gauteng Freeway Improvement Programme ("GFIP") continues with legal action taking place through civic action groups. We place our full faith in due judicial process in this regard and we are confident that the matter will be resolved appropriately. We continue to monitor the impact of implementation delays on SANRAL closely while we maintain our emphasis on seeking further opportunities beyond South Africa's borders.

Slow payments on some projects remain an issue and we have maintained tight financial controls. However, we were satisfied to see some payment come through from the Free State Provincial Government for various contracts carried out in the province.

The contribution from international operations lessened as the Namibian contract came to an end and fewer new contracts materialised. We are expecting activity to pick up again with encouraging signs appearing in Zambia and other countries. As before, Raubex will only take on work which meets its financial and operational risk criteria.

Financial overview

Raubex saw a 12,0% increase in revenues to R5,64 billion whilst operating profit decreased 9,0% from the prior corresponding year to R483,8 million. This was mainly attributable to the R58,8 million provision made for the administrative penalty payable to the Competition Commission.

Profit before tax decreased 8,1% to R477,1 million.

The effective tax rate reduced to 33,2% from 34,3% in the corresponding prior period as the positive effect of the change from Secondary Tax on Companies to Dividends Tax was offset by the non-tax deductible nature of the provision made for the Competition Commission penalty.

Earnings per share decreased 9,1% to 163,2 cents with headline earnings per share decreasing 10,5% to 158,7 cents.

Group operating profit margin decreased to 8,6% (2012: 10,6%).

Operating profit before the provision for the Competition Commission penalty increased 2,1% from the corresponding prior year with group operating profit margin decreasing to 9,6%.

The group generated strong operating cash flows of R859,0 million before finance charges, dividends received and taxation.

Trade and other receivables reduced by 6,5% to R1,09 billion. Despite the slight improvement in trade receivables, slow payments continue to be experienced on a number of public and private customer accounts. A settlement has been reached with the Free State Provincial Government in terms of which the R80 million outstanding at 28 February 2013 is due to be paid in the coming year.

Inventories increased by 60,3% to R245,5 million mainly as a result of increased bitumen holdings and material on site.

Capital expenditure on property, plant and equipment increased 60,8% to R460,9 million with R60,6 million relating to the purchase of land and buildings.

Total cash and cash equivalents at the end of the year increased 33,7% to R835,7 million (2012: R624,9 million).

Total cash inflow for the year was R210,8 million.

Divisional managers

Louis Johannes Raubenheimer, age 47

Construction Division Director (*B. Eng (Civil) UP – 1991*)

Louis joined Raubex as a junior engineer in 1992. During the 21 years with the company he was part of the successful rise from a family owned company to a public company with more than 7 800 people in its employ. He is well experienced in the management of people, resources, projects and companies. Louis heads the Construction Division and oversees companies involved in road construction, road surfacing, structures, urban development and housing.

Tobias (Tobie) Gerhardus Wiese, age 61

Materials Division Director *(Pr. Eng. (B. Eng (Hons) Civil (US) – 1974)*

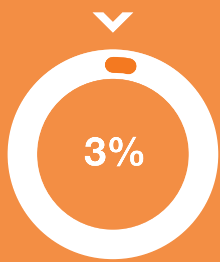
Tobie joined B&E International in September 1992 where he held the position of Managing Director until 2008. After the acquisition of B&E International by Raubex in 2007, he assumed the position of Managing Director of the Raumix Division. The Divisions core businesses are mining and beneficiation, design and construction of processing plants, contract and mobile crushing, commercial quarries, plant hire and asphalt supply on a commercial and contract basis. Tobie spent 37 years of his career in the Engineering, Construction and Mining Industries, where he was exposed to Consulting Engineering, Local Authorities and Construction Companies, mainly in the latter discipline, where he, inter alia, spent 10 years with LTA Civil and Earthworks from which he resigned in 1992 as Managing Director.

Divisional overview

Raubex Infrastructure

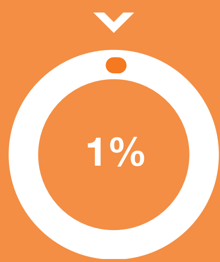
Raubex Infrastructure is our new division established during the year in line with the strategy to attain a more balanced portfolio of work in the construction sector and increase the group's exposure to more diversified revenue streams.

% of group revenue (2013)



R162,8 million

% of group operating profit (2013)



R3,7 million

The division specialises in disciplines outside of the road construction sector, including energy (with a specific focus on solar and wind), rail, telecommunications, pipeline construction and housing infrastructure.

Revenue for the division was R162,8 million with an operating profit of R3,7 million reported for its first period of operations.

The divisional operating profit margin was 2,3% due to most contracts being in early stages of completion.

The division incurred capital expenditure of R13,7 million during the period.

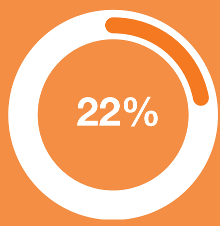
We are encouraged by the progress made to date and the secured order book which stood at R768 million at margins ranging between 4% and 7%.

Beyond the current year, Raubex Infra will continue to grow its order book and capacity to improve margins. We also believe that our chosen disciplines will experience significant growth in the years ahead, in line with government plans and general market demand for related projects.

Raubex Construction

Raubex Construction is the group's road and civil Infrastructure Construction Division focused on the key areas of new road construction and heavy road rehabilitation.

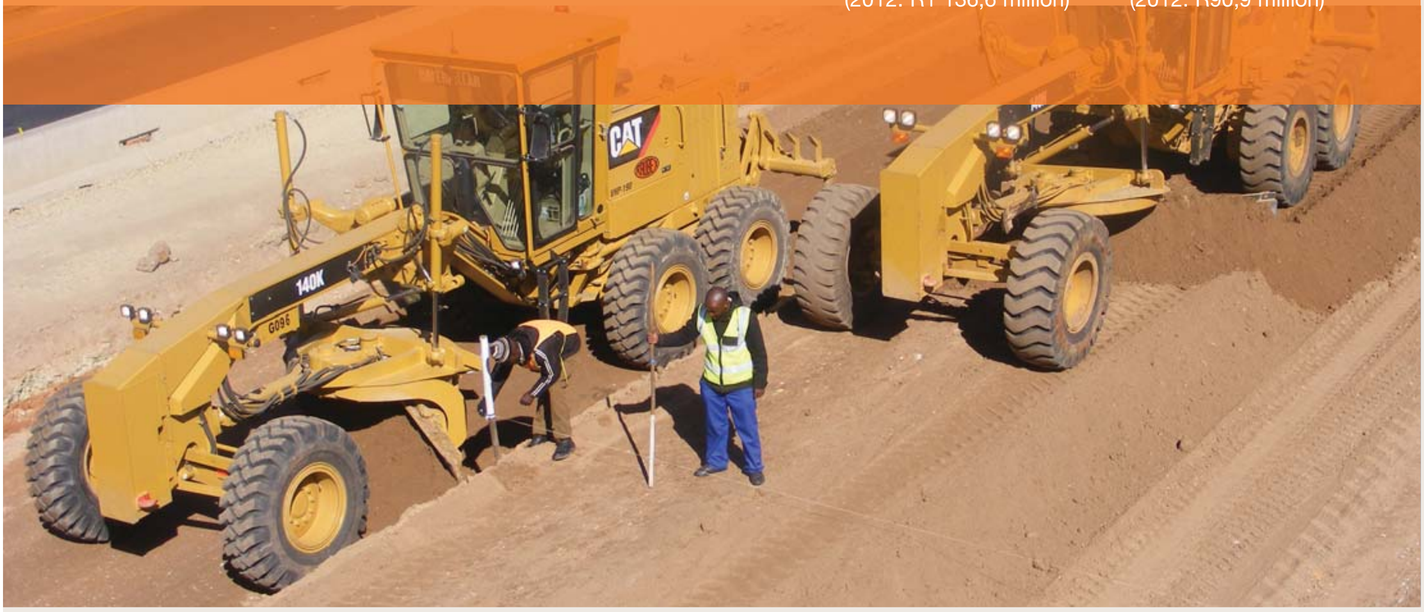
% of group revenue (2013)



R1 217,2 million
(2012: R1 136,6 million)

% of group operating profit (2013)

R61,7 million
(2012: R90,9 million)



Pricing pressures continued to be experienced across the division but it managed to achieve satisfactory operating results. The volume of work out for tender has remained steady and the division has secured a R1,2 billion order book of work. We are now seeking to supplement long-term workflow whilst short-term margins remain stable but under continued pressure.

Revenue for the division increased 7,1% to R1,22 billion (2012: R1,14 billion) whilst operating profit decreased 32,2% to R61,7 million (2012: R90,9 million) as a result of the R58,8 million provision for the Competition Commission penalty. Operating profit margins decreased to 5,1% (2012: 8,0%).

Operating profit before the provision for the Competition Commission penalty increased 32,5% from the corresponding prior year and operating profit margin improved to 9,9%.

The division incurred capital expenditure of R37,1 million during the year (2012: R27,6 million).

Looking forward, provincial and municipal expenditure needs to expand significantly. We also expect that the general construction cycle improvement, driven by the government's various infrastructure programmes will support margin improvement and competitive easing in our chosen areas of work. The tolling stalemate also needs resolution before government makes conclusive decisions regarding large roads-related projects already designed and approved and which would benefit Raubex both directly and indirectly.

Raumix

Raumix is the Materials Division of the group with its core focus spread over three areas including contract crushing, production of aggregates for the commercial market and materials handling for the mining industry.

% of group revenue (2013)

R1 501,7 million
(2012: R1 372,3 million)

% of group operating profit (2013)

R218,9 million
(2012: R211,2 million)

Commercial quarry operations have reported satisfactory results for the year, supported by an increase in volumes across Gauteng-based quarries. Conditions in the contract crushing market have remained difficult as a result of the competitive construction environment and associated margin pressures. Raumix operations which are focused on the diamond and gold mining industries remain exposed to the risk of future labour disruptions and commodity cycles.

Revenue for the division increased 9,4% to R1,50 billion (2012: R1,37 billion) and operating profit increased by 3,7% to R218,9 million (2012: R211,2 million). Tight credit risk management systems are in place and remain essential to our profitability.

Divisional operating profit margins decreased to 14,6% (2012: 15,4%) mainly as a result of pressure on the division's contract crushing margins and industrial action experienced during the year in the mining sector which impacted the material handling operations.

The division incurred capital expenditure of R283,8 million during the year (2012: R188 million) with R47,7 million attributable to land and buildings.

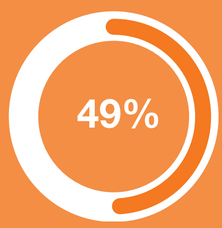
The division has secured a healthy order book of R1,1 billion.

In the long-term, demand for the division's services will depend on the continuous recovery in the residential and commodity sectors whilst we expect low-cost housing programmes to drive demand for aggregates. Africa is also a key focus area for the management team and opportunities are constantly being reviewed to ensure adequate exposure beyond our borders.

Roadmac

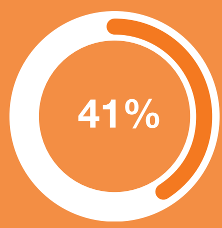
Roadmac is a specialist in the manufacturing and laying of asphalt, chip and spray, surface dressing, enrichments and slurry seals. It is also the largest contributor to Raubex group revenue, contributing 48,9% of total group revenue.

% of group revenue (2013)



R2 753,8 million
(2012: R2 523,7 million)

% of group operating profit (2013)



R199,5 million
(2012: R229,4 million)

Margins decreased more than anticipated due to continued strong competition, also experienced in the light rehabilitation market. Tender margins did however stabilise. The volume of work out for tender remained steady and the division secured a satisfactory order book for the year ahead.

Divisional operations which were largely hampered by bitumen supply disruptions from national refineries in the previous financial year were less affected during the year in review, thanks to various strategies implemented by the Group.

Revenue for the division increased 9,1% to R2,75 billion (2012: R2,52 billion) and operating profit decreased by 13,0% to R199,5 million (2012: R229,4 million). Divisional operating profit margins decreased to 7,2% (2012: 9,1%). This was as a result of a difficult competitor landscape and lower margins achieved by the Group's asphalt manufacturing operations, partly due to the additional bitumen storage costs.

The division incurred capital expenditure of R126,3 million during the year (2012: R71 million). R22 million of this related to bitumen storage containers and R11 million for the acquisition of a technologically advanced mobile asphalt plant.

We expect margins to remain steady for now, supported by competitor attrition, the resolution of the bitumen supply issues and new technology being rolled out by the group, including our custom-made mobile asphalt recycling plants. We also look forward to SANRAL continuing to take over more of the provincial roads networks across the country and assuming responsibility for tendering the work out as this will improve transparency and delivery on much needed upgrading across the largest portion of South African roads.

Raubex Construction International

The group's international operations delivered a satisfactory performance as key projects reached completion in Namibia and Malawi.

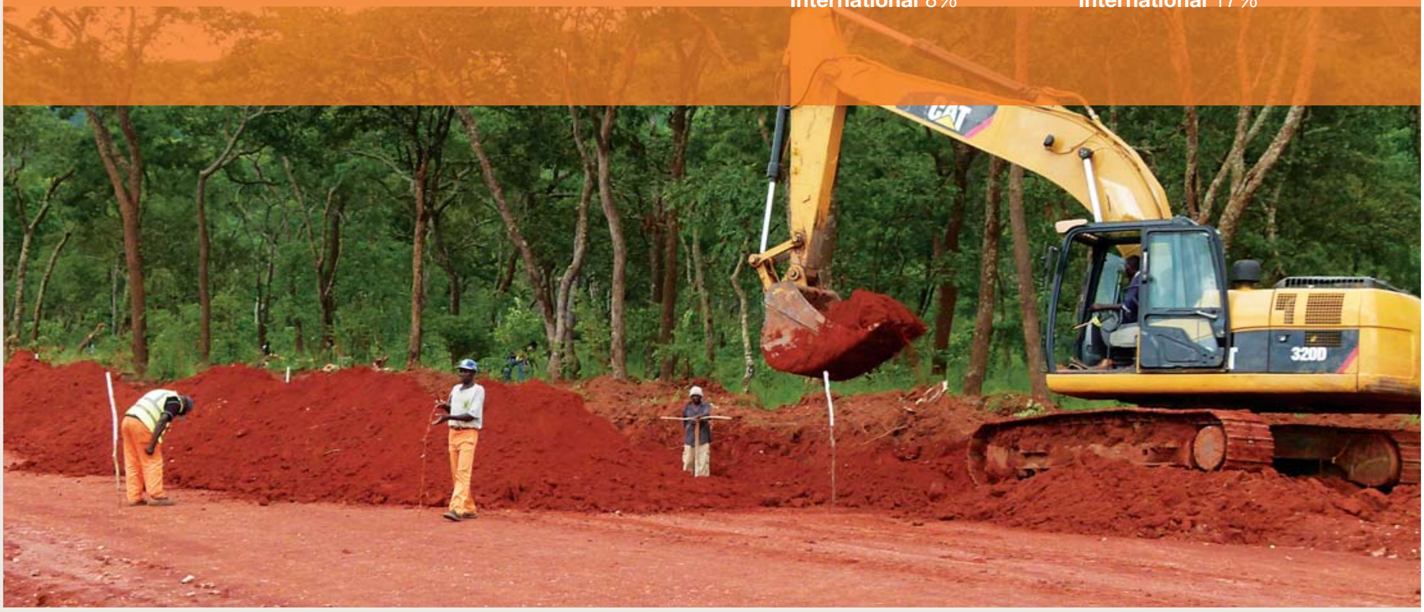
Geographical contributions

Revenue (2013)

Local 92%
International 8%

Operating profit (2013)

Local 83%
International 17%



Revenue for the period decreased 48,1% to R461,7 million, down from R890,4 million in 2012. Operating profit decreased by 27,5% to R84,2 million (2012: R116,1 million) with operating profit margins increasing to 18,2% (2012: 13%).

In Namibia, the large road contract between Nkurenkuru and Elundu was completed and a three-year maintenance contract for the reseal of roads in the Otjiwarango and Oshakati regions is in progress. Material handling activities related to the diamond mining industry are ongoing and are dependent on the commodity cycle.

Satisfactory results were achieved in Zambia supported by foreign exchange gains as a result of the weaker Rand. Despite a high level of tendering activity and large anticipated workflow from this region as a result of the Zambian Roads Agency's "Link Zambia 8000" project, contracts have been slow to be awarded, impacting on the group's secured order book.

Raubex Infra is also completing a contract for the installation of a fibre optic cable in the southern region of the Democratic Republic of Congo, close to the Zambian border. This new division is sure to introduce an exciting new proposition to our international operations whilst new geographies are constantly being reviewed and assessed.

Prospects

Trading conditions in the road construction industry are expected to remain challenging in the short-term. The group has maintained a strong balance sheet and cash position during the recent trying times which is comforting should any further downturns in the cycle take place.

The group has managed to maintain a solid and high-quality order book of R5,23 billion (2012: R4,62 billion) with capacity available to take advantage of the slight margins pressure easing being experienced.

As mentioned previously, our new Infrastructure Division has made a positive start with work secured in the renewable energy sector, pipeline and telecommunications and it will continue to focus on securing additional opportunities in housing and rail related infrastructure.

The Tosas acquisition is an important step in Raubex's long-term strategy to become more vertically integrated and to be a supplier to the whole road construction value chain. There are several reasons for Raubex acquiring Tosas, including the group's drive to become self-sufficient with all the materials needed for its road construction and rehabilitation activities. The acquisition also secures Raubex's long-term bitumen supply and adds storage facilities both locally and across the region.

The group continues to look for expansion opportunities in new geographies while also seeking to take advantage of a more stable competitive environment locally. We are cautiously optimistic about the future but ultimately, any meaningful and sustainable upturn in the cycle remains entirely dependent on the government's ability to deliver large projects. As such, we look forward to continue working with all stakeholders involved to ensure that South Africans enjoy the benefits that large infrastructure developments bring to people, businesses, the economy and broader society.

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. This is an increase of 5 cents in total from the previous corresponding period and equates to a three times cover ratio before taking the Competition Commission penalty into account so as not to penalise shareholders for the transgressions. The dividend policy of three times cover remains unchanged.

Acknowledgements

I would like to take this opportunity to thank Raubex's leadership team and every one of our employees across the group who continue to build this business with their unfailing hard work and dedication. The industry remains challenging but the commitment, passion and conviction of our staff gives me renewed confidence that we will achieve further success in the coming year.

Rudolf J Fourie
Chief executive officer

Statement by the board of directors

We are pleased to present to you the integrated report of Raubex Group Limited for the year ended 28 February 2013. The board of directors ("the board") acknowledges its responsibility to ensure the integrity of this integrated report.

This report has been prepared in accordance with the recommendations of the King Code on Governance for South Africa ("King III") and the JSE Listings Requirements. The contents of this report have been broadly based on the Global Reporting Initiative ("GRI") G3.1 guidelines with attention to the materiality and completeness of the content and the application of qualitative principles of balance, accuracy and reliability.

The scope and boundaries of this report include Raubex Group Limited and all of its operating subsidiaries, joint ventures and branches both local and international, a schedule of which is set out in notes 38 and 39 of the annual financial statements. Key considerations in compiling this report were the environmental and social impact of the activities of the group and the sustainability of the group's operating activities.

The group has adopted a 12-month reporting cycle for integrated reporting. This cycle runs concurrent to the annual financial reporting cycle ending on the last day of February.

The audit committee has reviewed and recommended the integrated report for approval by the board. The board is satisfied that the integrated report addresses all material issues, and fairly presents the integrated performance of the group.

The integrated report was approved by the board of directors on 13 August 2013 and signed on its behalf by:

RJ Fourie
Chief executive officer

JF Gibson
Financial director

The scope and boundaries of this report include Raubex Group Limited and all of its operating subsidiaries, joint ventures and branches both local and international, a schedule of which is set out in notes 38 and 39 of the annual financial statements.

Business model

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 and asphalt, 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 recently expanded its business model to include an Infrastructure Division with construction capabilities in the electrical and alternative energy (wind and solar), rail, telecommunications, pipeline, and housing sectors.

The group reports its financial performance under the four segments detailed below:

1. Road Construction and Earthworks

The group's Road Construction and Earthworks Division specialises in new road construction and the heavy rehabilitation of existing roads together with associated infrastructure and concrete structures. The division has notable project management expertise and a reputation for delivering effective and specialised solutions to its clients. The division 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.

2. Road Surfacing and Rehabilitation

The group's Road Surfacing and Rehabilitation Division specialises in road maintenance, the light rehabilitation of roads, chip and spray, surface dressings, enrichments and slurry seals and also the manufacturing and paving of asphalt. Through its subsidiary, Roadmac, the division holds the African patent for an ultra-thin asphalt surfacing technology called ULM and is the leading applicator in this market. The division 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

Asphalt production is carried out through the group 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. 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.

3. Aggregates

Commercial quarries

The group controls and operates commercial quarries strategically located in the following geographically areas:

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

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

Contract crushing

The group's subsidiary, B&E International, specialises in contract crushing and provides high quality aggregates to green field and remote project 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.

Materials handling and screening

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.

4 Infrastructure

The group's Infrastructure Division offers multi-disciplinary 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 division's core focus is on building relationships with strategic partners to successfully execute turn-key projects.

Corporate governance

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 practised 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, 71 of 2008, and the JSE Securities Exchange 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 Annual General Meeting, 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 Memorandum of Incorporation.

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 chief executive officer are separate and they operate under separate mandates issued by the board. This ensures the division of responsibility within the company and a balance of authority.

The board is chaired by Jacobus (Koos) Esaias 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 Leslie (Les) Arthur Maxwell.

Rudolf Johannes Fourie is the chief executive officer ("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 chief executive officer is supported by the group's executive committee of which he chairs a monthly meeting where the group's results, performance and prospects are reviewed. The chief executive officer 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 Raubex Group Limited and their credentials are set out on pages 4 and 5 of the integrated report. Francois Diedrechsen resigned as financial and commercial director with effect 31 March 2013 and his duties were assumed by James Finlay Gibson, the group financial manager who was appointed to the board as financial director on 24 July 2013.

Independence of the board of directors

The board of directors maintains its independence through:

- keeping the roles of chairman and chief executive officer separate;
- 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.

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:

	21 August 2012	1 November 2012	21 February 2013	8 May 2013
RJ Fourie	✓	✓	✓	✓
F Diedrechsen	✓	✓	✓	N/A
JF Gibson	N/A	N/A	N/A	✓
JE Raubenheimer	✓	✓	✓	✓
F Kenney	✓	✓	✓	–
LA Maxwell	✓	✓	✓	✓
BH Kent	✓	✓	✓	✓
NF Msiza	✓	✓	✓	✓

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 rule, 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 of suitably skilled and experienced independent non-executive directors.

The following members serve on the audit committee:

- LA Maxwell (Chairman);
- BH Kent; and
- 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 co-ordinated;
- 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.

Corporate governance

The audit committee report is set out on pages 36 and 37 of this integrated report.

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; and
- 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 remuneration of the chairman of the board;
- determining the remuneration of the non-executive directors of the board;
- determining the remuneration of the executive committee 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 make proposals regarding candidates, which proposals will be followed up with *curricula vitae* and interviews conducted by the board. The board will then make an appointment, which is subject to shareholders' approval at the next Annual General Meeting.

The remuneration and nomination committee report is set out on pages 31 and 32 of this integrated report.

Executive committee

The following members serve on the executive committee of the group:
- RJ Fourie (Chairman);
- LJ Raubenheimer;
- TG Wiese;
- GM Raubenheimer; and
- JF Gibson.

The executive committee is chaired by the chief executive officer and has regular input from executives from operations, finance, information technology, human resources, compliance and shareholder 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 of two independent non-executive directors and one divisional financial executive. Executive management 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 of the group which convened four times during the year and was fully attended:
- BH Kent (Chairman);
- NF Msiza; and
- RL Shedlock.

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

Social and ethics committee

The Companies Act, No 71 of 2008, requires all listed public companies to have a social and ethics committee. In line with these requirements, the group has established a social and ethics committee which reports to the board and is responsible for:
- monitoring the activities of the company (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,

- drawing matters within its mandate to the attention of the board; and
- reporting, through one of its members, to shareholders at the company's Annual General Meeting on matters within its mandate.

The following members serve on the social and ethics committee of the group:

- F Kenney (Chairman);
- GM Raubenheimer; and
- TA Dale.

GM (Thabo) Raubenheimer serves on the executive committee 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 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 executive directors and officers of the group.

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 Limited through the Securities Exchange News Service ("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 Listings Requirements of the JSE Limited, the statutory requirements of the company and its subsidiaries in South Africa in accordance with the Companies Act, 71 of 2008, 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 is an admitted attorney of the High Court of South Africa and has held the position of company secretary of Raubex Group Limited since 2008. During her five years 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 which will be 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.

Communication with institutional shareholders and investment analysts are maintained through periodic presentations of financial results, one-on-one visits, trading statements and press announcements of interim and final results, as well as the proactive dissemination of any messages considered relevant to investors. 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.

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

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.

Sustainability report

Strategic objectives

The principle 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 return on capital employed.

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

1. Attain a more balanced portfolio of work in the construction and related services sector

Description	Progress during 2013	Focus for 2014
Reduce high level of exposure to a relatively small customer base i.e. The South African National Roads Agency ("SANRAL") and South African provincial and municipal government.	Establishment of the new Infrastructure Division specialising in alternative disciplines.	• Grow the Infrastructure Division's order book with contracts for a private customer base • Strengthen and expand the Materials Division

2. Expand existing business model into new geographies

Description	Progress during 2013	Focus for 2014
Expansion strategy in new geographic markets. Replicate current business model outside of South Africa without exposing the group to unacceptable risk levels.	Investigated a number of opportunities in Africa amidst competitive markets and difficult trading conditions.	• Continue to carefully select projects and manage risk. • Follow-up on tendering activity in Zambia (Link Zambia 8000 initiative) • Leverage opportunities in Namibia and Mozambique • Grow new Infrastructure Division exposure to African markets • Leverage acquisition of Tosas, including through its footprint in Namibia and Botswana

3. Build on existing competitive advantages

Description	Progress during 2013	Focus for 2014
Continued business optimisation programmes and realisation of synergies between the different business units.	• Maintained effective utilisation of plant and human resources • Maintained financial and operational strength • Positioned to capitalise on uptick in the business cycle	• Continue to leverage vertically integrated business model • Realise synergies between business units i.e. tender on projects that require inputs from all the groups divisions • Maintain reserved capacity to capitalise on improved pricing when market conditions allow

4. Improve market position

Description	Progress during 2013	Focus for 2014
Further strengthen leading position in core markets and continually seeks opportunities to consolidate vertical integration.	Positioned the group for opportunities arising from the challenging conditions and resulting competitor attrition (acquisition of skills and equipment).	• Leverage acquisition of Tosas to ensure security of bitumen supply • Continuously look for opportunities aligned with strategy to strengthen integrated model and better balance the portfolio

Risks

Customer base

The most critical risk identified by the executive committee is the group's reliance on one key customer to sustain its business model. 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 the South African National Roads Agency ("SANRAL"), provincial government and local municipalities. 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 current uncertainty around the future of toll roads in South Africa and associated delays in the proposed N1/N2 Winelands and other potential toll projects in the country have highlighted the need to expedite sound strategies in this regard. The development and growth of the new Infrastructure Division will go some way to mitigate this risk.

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. The group has been proactive together with other stakeholders 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 and ensure that an adequate supply of bitumen will be available to meet the group's requirements. These storage facilities are used to stock up on local supply during periods of low demand. The Tosas acquisition has increased the group's storage capacity to a level that will make the importation of bitumen more economical.

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. 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. Forward exchange contracts are used to hedge foreign currency exposure where there is an active market in the non-base currency.

Credit risk

The challenging conditions resulting from the excess capacity that was built up in the run up to the 2010 FIFA World Cup in South Africa and the unwinding that has been taking place over the past few years is starting to take its toll on companies in the construction industry. The unwinding of this excess capacity together with inefficiencies in provincial government's administrative abilities to effect timely payments has resulted in a number of business failures. An increasing number of customers are showing signs of distress resulting in higher levels of credit risk that the group is exposed to in its private customer base. Strict credit approval and review procedures are in place in order to manage this risk to an acceptable level.

Black Economic Empowerment ("BEE")

Progress in achieving Broad-Based Black Economic Empowerment ("BBBEE") goals has been identified as a risk that needs to be managed. The group's BBBEE score must be maintained in order to remain competitive amongst its peers in the tender market. The group's BEE shareholders are no longer restricted and are able to dispose of their interest in the group if they so choose which will have an impact on the ownership element of the scorecard and any points lost will need to be made up on the remaining elements to maintain the overall score. The Department of Trade and Industry ("DTI") is also in the process of finalising Revised Codes of Good Practice that once gazetted will have an impact on the scorecards of companies across the industry. 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.

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. The group has tender levels of authority and review processes in place to mitigate this risk as far as possible.

Opportunities

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 and established sites. 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 Division have created opportunities for the Roads 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.

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. A resolution to the current tolling impasse on the Gauteng Freeway Improvement Project ("GFIP") and the successful hand over of provincial road networks and related budget allocations to SANRAL will stimulate the recovery in the sector and developments related to these issues need to be closely monitored.

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, Mozambique and Zambia.

Prepare to capitalise on government's planned infrastructure spend

The South African government recently 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 new Infrastructure Division

The new Infrastructure Division is well positioned to capitalise on the government's planned infrastructure spend, particularly in the electrical and alternative 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 mining housing developments and private developers.

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 regulations. 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** – co-ordinate SHEQ training through the group in order to promote and stimulate the sharing of ideas.
- **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 executive committee 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 the Raubex group 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 the Raubex group;
- ensure all contractors/sub-contractors are treated as resources that form part of the Raubex group;
- ensure the continual improvement on all health and safety issues in the Raubex group;
- 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 SHEQ 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 our operations.

Despite all necessary measures taken and processes implemented regrettably five fatal incidents were reported during the year. Road construction teams in particular are exposed to a high level of risk in their day to day working environment.

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 third annual carbon footprint assessment in July 2013 and will continue to submit the results to the Carbon Disclosure Project ("CDP"). 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 2013 indicated the following results:

- Total carbon dioxide equivalents (CO_2e) emissions amounted to 168 233 tonnes (2012: 164 462 tonnes).
- Scope 1 accounted for 90,3% of measured emissions.
  - Emissions generated by diesel combusted in vehicles, machinery and equipment accounted for 80,5% of Scope 1 emissions.
  - Fuel oil used in asphalt production accounted for 15% of Scope 1 emissions.

- Emissions from electricity use (Scope 2) contributed 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 kg 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.

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 previously disadvantaged individuals 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:

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.

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 ("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.

Transformation

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 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.

Broad-Based Black Economic Empowerment

Broad-Based Black Economic Empowerment ("BBBEE") 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 BBBEE 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 BBBEE verification audit by a South African National Accreditation System ("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 (2012: Level 4) contributor to BBBEE 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 made improvements across the scorecard and achieved a Level 2 status (2012: Level 4), this puts them on a competitive footing with their peers during tender evaluation.

In the Materials Division, the commercial quarries have been empowered through the establishment of an Employee Trust and a Community Development Trust which hold a 26% interest in the underlying quarry entities in compliance with the requirements of the Department of Mineral Resources.

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 Corporate Social Investment ("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.

Supported projects

The group has made financial contributions to a number of charitable organisations and causes during the period. Significant contributions were made to the organisations and initiatives below.

Tshepang Educare Trust

The Tshepang 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 ("ECD") 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.

done in collaboration with the Free State Department of Education.

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 of 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 92 distinctions with some

Raubex has partnered with Spoudazo Enterprises in implementing a model for the growth of vegetables in Phase 7 located in Mangaung in the heart of the Free State. This involves setting up vegetable tunnels for individual households in addition to offering training and mentoring for a period of 6 – 12 months.

ICT Innovative in School Education

The group has continued its support of the University of the Free State's ICT Innovative in School Education project which aims to:

- provide innovative, sustainable ICT-related support to both in-service and pre-service teachers;
- improve and support the quality of teaching and learning in schools;
- research innovative ICT methods to be used in the South African educational system; and
- maximise the potential of the latest ICT developments.

The group provides an annual sponsorship to the University of the Free State for the establishment and management of a support service that provides teachers, learners and parents with subject-related advice. In order to provide this service a centre has been established and expert teachers are contracted to provide professional support. All support given to schools is

learners scoring in the 90% range for subjects such as mathematics, accounting and physics. Recent contributions will be used to sponsor the top students in maths and accounting of three different schools to attend the Saturday School presented at the University of the Free State. They will join the top 20 learners of 30 other schools who are all part of the project.

Ubambiswano

Ubambiswano is a St Andrews School for Girls Initiative that aims to improve the quality of education in South Africa. This non-profit organisation is committed to playing an active role in transforming society and to making a meaningful contribution to education by addressing some of the critical needs of learners and teachers in the areas of Daveyton and Etwatwa, in the Gauteng Province. The contribution will be used for the Daveyton Educational Programme ("DEP") which is a Saturday School for grade 6 to grade 12 learners.

Township Vegetable Tunnel Project – Spoudazo

Spoudazo Enterprises Trust is a registered Public Benefit Organization, 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 in implementing a model for the growth of vegetables in Phase 7 located in Mangaung in the heart of the Free State. This involves setting up vegetable tunnels for individual households in addition to offering training and mentoring for a period of 6 – 12 months. The focus of this project is not only to ensure food security for these households but to establish an economic system within their communities. Spoudazo is in the process of equipping them with the necessary vegetable growing skills that will aid them in earning an income, not only from the selling of their crops but also by sharing in the responsibilities of the setup and mentoring process of other tunnels in their communities.

Training

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 the Manufacturing, Engineering and Related Services SETA ("MERSETA") and is also affiliated with the Construction SETA ("CETA") and the Services SETA ("SSETA"). 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. 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.

An expansion project is underway whereby additional training and lecture room facilities are being created to improve and expand on current training services offered. It is expected that the facilities will be completed in the latter part of 2013. 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.

In the coming year the group aims to increase the total numbers of apprenticeships and students to 5% of the total workforce and focus on HDSA training and the acceleration of such training.

Information technology governance

The board is responsible for information technology ("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 assist 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 co-ordination of priorities between the IT department, user departments and other stakeholders.

The establishment of the steering committee has resulted in a more co-ordinated approach to IT management throughout the group and under its direction 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 report

The remuneration and nomination committee is pleased to present this report for the financial year ended 28 February 2013 as recommended by the King III report on corporate governance. The remuneration and nomination committee is an independent committee appointed by the board of directors.

Terms of reference

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

Members and meeting attendance

The committee is chaired by Leslie Arthur Maxwell, an independent non-executive director and consists of five non-executive directors, three of whom are independent. The chief executive officer and the financial director attend the meetings by invitation only and are not party to any decisions with respect to their own remuneration. The committee meets at least twice per annum with authority to convene additional meetings as circumstances require.

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

	13 July 2012	1 November 2012	21 February 2013	17 April 2013	8 May 2013
LA Maxwell (Chairman)	✓	✓	✓	✓	✓
JE Raubenheimer	✓	✓	✓	✓	✓
F Kenney	✓	✓	✓	–	✓
BH Kent	✓	✓	✓	✓	✓
NF Msiza	✓	✓	✓	✓	✓

Activities

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

- The committee reviewed the remuneration of the chairman of the board and the non-executive directors and made recommendations to the board on fees for services as directors for the ensuing year.
- The committee reviewed the remuneration of the executive directors of the board and the executive committee members and made recommendations to the board on the base pay and short-term incentive arrangements for the ensuing year.
- The committee reviewed the long-term incentive arrangement applicable to the executive directors and executive committee members and made recommendations to the board on the number of share options to be granted in terms of the group's Deferred Stock Scheme.
- The committee reviewed the performance of the executive directors and executive committee members and approved the short-term incentive paid out during the year.
- The committee reviewed the Key Performance Indicators of the executive directors and executive committee members to ensure alignment with the strategic objectives and financial performance of the group.
- The committee considered the resignation of the financial director and reviewed the process followed to fill the position.

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

Remuneration policy

The group's remuneration policy aims to attract, motivate and retain management with a high level of professional and operational expertise necessary to achieve the group's objectives in the challenging construction environment in which it operates. Remuneration packages are designed in line with this policy and consist of the following components:

Base pay

The base pay of the executive directors, non-executive directors, the chairman of the board and the executive committee members is determined by the remuneration committee. The base pay of other officers and employees is determined by executive management.

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

Average annual increase guidelines are set by the executive committee and new appointments with remuneration packages in excess of pre-determined limits are referred to the executive committee 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 incentives

The executive directors and key senior executive management are entitled to participate in an annual executive bonus scheme that is capped at 200% of base pay. Bonus payments are dependent on the achievement of financial targets and individual performance indicators and are determined and reviewed by the remuneration committee for the executive directors and the executive committee members. Bonus payments to other officers and employees are determined by executive management.

Long-term incentives

A Deferred Stock Scheme was approved by the shareholders of the group at the Annual General Meeting in October 2010. This scheme will endure for a period of five years from the date of initial approval.

The purpose of the Deferred Stock Scheme is to retain and provide selected executives and members of senior management with an incentive to advance the group's interests and align its 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 particular employee in terms of the scheme in a particular financial year are approved annually by the shareholders.

The board of directors, with assistance from the remuneration 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 for the future profitability of the group and/or with exceptional work performance, to participate in the Scheme.

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

Contracts and severance

The remuneration of the executive directors, non-executive directors and prescribed officers of the group are set out in note 31 of the group financial statements.

Employment contracts have been concluded with all key executives 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, these agreements are linked to the acceptance of share options offered in terms of the group's listing and initial share option scheme as well as the Deferred Stock Scheme.

The restraint clause in the concluded contracts provides for a 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 restraint period shall endure for not less than five years following the effective date of the agreement.

Key Performance Indicators

The remuneration committee reviews the Key Performance Indicators ("KPIs") of the executive directors annually and aligns these as far as possible to the group's strategic objectives and its financial performance. Due to the cyclical nature of the construction industry which is outside the control of executives, the performance of the company as well as its performance in relation to its peers is taken into consideration when evaluating financial performance.

The executive director's performance is measured against five main KPI's which are weighted towards group financial performance and include elements of earnings per share growth ("EPS"), Return on Capital Employed ("ROCE"), cash flow management and Investor Relations ("IR"). Additionally, the chief executive officer is measured against progress made in achieving strategic goals and objectives of the group whilst elements of the financial reporting function are included in the KPI's of the financial director. These KPI's are adapted for divisional executives to include elements of group and divisional financial performance as well as divisional strategic goals.

LA Maxwell
Chairman of the remuneration and nominations committee

13 August 2013

Annual financial statements

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 2013

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 38 to 107 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 35.

The financial statements were approved by the board of directors on 8 May 2013 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 2013

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 2013, and that all such returns are true, correct and up to date.

Mrs HE Ernst
Company secretary

8 May 2013

Independent auditors' 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 42 to 107, which comprise the statements of financial position as at 28 February 2013, and the statements of 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.

Auditors' 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 2013, 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 2013, 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

8 May 2013

Audit committee report

The audit committee is pleased to present this report for the financial year ended 28 February 2013 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	9 May 2012	21 August 2012	31 October 2012	20 February 2013
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 2013.

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.

During the period the business required the skills and expertise of the group internal audit manager to fulfil a line management role. After due process and consideration of both outsourced and in-house alternatives to manage the internal audit function the committee agreed that an in-house function would add more value to the group and subsequently an appointment was made.

The management changes resulted in a deviation from the annual audit plan which has been addressed in a revised plan approved by the audit committee.

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

8 May 2013

Directors' report

This report presented by the directors is a constituent document of the group consolidated financial statements at 28 February 2013.

Nature of business

Raubex Group Limited is an investment holding company with interests in the road construction, rehabilitation and associated infrastructure development sectors including the supply of aggregates to the construction industry. During the year the company expanded its construction interests and established a new infrastructure division which will focus on construction disciplines outside of the road construction sector, including energy, rail, telecommunications, pipe-line and housing infrastructure. The company does not trade and all of its activities are undertaken through a number of subsidiaries and joint ventures. Details of the major operating subsidiaries and joint ventures are disclosed in notes 38 and 39 of the group financial statements.

Group financial results

Group earnings attributable to owners of the parent for the year ended 28 February 2013 were R301,3 million (2012: R331,2 million), representing basic earnings per share of 163,2 cents (2012: 179,5 cents). Headline earnings per share were 158,7 cents (2012: 177,2 cents).

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

Exceptional item

On 29 April 2011, shareholders were advised that the group had become aware of certain irregularities in terms of the provisions of the Competition Act, No 89 of 1998. The transgressions are 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 is in the process of negotiating a settlement with the Competition Commission and has made a provision for an administrative penalty of R58,8 million (2012: nil) which has been included under administrative expenses in the income statement.

Share capital

Full details of the authorised and issued capital of the company at 28 February 2013 are set out in note 11 of these financial statements.

Share option scheme and deferred stock scheme

Full details of the share option scheme and the deferred stock scheme are set out in note 27 of these financial statements.

Dividend

The following dividends were declared during the year ended 28 February 2013:
- Final dividend number 10 declared on 14 May 2012 of 35 cents per ordinary share (2012: 68 cents per share); and
- Interim dividend number 11 declared on 5 November 2012 of 30 cents per ordinary share (2012: 25 cents per share).

A final dividend in respect of the year ended 28 February 2013 of 35 cents per ordinary share was declared after the year-end. These financial statements do not reflect this dividend payable.

Business combinations

Inzalo Crushing and Aggregates (Pty) Ltd

On 23 April 2012, the group effectively acquired 74% of the share capital of Inzalo Crushing and Aggregates (Pty) Ltd for the par value of the shares. The company is a Black Economic Empowerment company that will be utilised as an intermediary company in the groups quarry business to ensure a continued BEE shareholding of 26% in terms of the current Department of Mineral Resources requirements. The acquired company contributed revenues of R37,3 million with no contribution to net profit for the year to 28 February 2013.

L & R Civils (Pty) Ltd

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 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 company specialises in bulk water mains, storm water and sewer reticulation and roads. The acquired company contributed revenues of R54,5 million and net profit of R3,7 million for the period from 1 July 2012 to 28 February 2013. If the acquisition had occurred on 1 March 2012, contributions to group revenue would have been R85,3 million and net profit of R8,3 million.

Strata Civils (Pty) Ltd

On 1 July 2012, the group acquired 80% of the share capital of Strata Civils (Pty) Ltd for the par value of the shares. The company specialises in civil construction works. The acquired company contributed revenues of R51,6 million and net profit of R3,3 million for the period from 1 July 2012 to 28 February 2013. If the acquisition had occurred on 1 March 2012, contributions to group revenue would have been R77,4 million with no contribution to net profit.

Comar Plant Design and Manufacturing (Pty) Ltd

On 1 August 2012, the group acquired 100% of the share capital of Comar Plant Design and Manufacturing (Pty) Ltd for R3 million cash. The company specialises in the manufacture of asphalt plants. The acquired company contributed revenues of R8,8 million with no contribution to net profit for the period from 1 August 2012 to 28 February 2013. If the acquisition had occurred on 1 March 2012, contributions to group revenue would have been R13,6 million and net profit of R0,7 million.

Details of these acquisitions are set out in note 34 of these financial statements, while details of all subsidiaries are set out in note 38 of these financial statements.

Transactions with non-controlling interests

National Cold Asphalt (Pty) Ltd

On 25 April 2012, the group acquired 50% of the share capital and the sale claims from the non-controlling shareholders of National Cold Asphalt (Pty) Ltd for R1,5 million cash. The company specialises in the supply of cold mix asphalt.

Capital commitments

Details of capital commitments are set out in note 33 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 R460,9 million (2012: R286,6 million).

Property, plant and equipment acquired through the acquisition of subsidiaries during the year amounted to R35,3 million (2012: R53,4 million).

Contingencies

Details of contingencies are set out in note 35 of these financial statements.

Events after the reporting period

Business combinations

On 26 April 2013, the group acquired 100% of Tosas Holdings (Pty) Ltd from Sasol Oil (Pty) Ltd for a purchase price of R120 million to be settled in cash. Tosas is a leading manufacturer and distributor of value-added bituminous products used primarily for road construction activities. Tosas' current footprint includes several bitumen processing and storage facilities in the inland region of South Africa as well as a significant presence 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.

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 24.5 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 November 2012, unless such remuneration is proposed to be amended at the next AGM.

	Annual remuneration R	Attendance fee per meeting# R
Chairman	420 000	10 000
Independent non-executive director	315 000	10 000
Non-executive director	210 000	10 000

 # Meeting fees are capped at 12 meetings per year.

Directors' report

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.

Special resolution number four: Memorandum of Incorporation

Resolved to adopt the Memorandum of Incorporation as tabled at the Annual General Meeting held on 5 October 2012 as the new Memorandum of Incorporation to apply in substitution for and to the exclusion of the company's existing Memorandum of Association and Articles of Association.

Directorate and secretary

The names of the directors and secretary are set out on pages 5 and 34 of these financial statements.

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 2013.

	Number of shares 2013	Number of shares 2012
Beneficial		
Direct and indirect		
RJ Fourie	**4 037 526**	4 037 526
F Diedrechsen	**3 650 000**	3 650 000
F Kenney	**14 965 384**	20 615 384
LA Maxwell	**16 000**	16 000
BH Kent	**–**	–
NF Msiza	**–**	–
Non-beneficial		
Direct and indirect		
JE Raubenheimer	**25 650 000**	25 000 000

At date of this report, these interests remained unchanged.

Details of share options granted to directors are set out in note 31 to these financial statements.

Shareholder spread

The company has one class of listed share. Detail of the company's authorised and issued share capital are set out in note 11 of these financial statements.

The shareholder spread is summarised as follows:

	Number of shares 2013	**% held 2013**
Public shareholders	**125 561 163**	**68,0**
Non-public shareholders	**58 974 783**	**32,0**
Total shares	**184 535 946**	**100**

Non-public shareholders are summarised as follows:

	Number of shares 2013	% of total 2013
Directors of the company	46 814 286	25,4
Directors of subsidiaries	9 229 366	5,0
Employees	2 931 131	1,6
Total shares	58 974 783	32,0

Beneficial shareholders with a holding greater than 5% of the issued shares	Number of shares	% of shares in issue
Raubenbel (Pty) Ltd	25 650 000	13,9
Kenworth (Pty) Ltd	14 965 384	8,1
Government Employees Pension Fund	14 666 915	7,9
Royce & Associates LLC	13 470 992	7,3
Old Mutual Group	13 379 770	7,3
Allan Gray	9 729 829	5,3
Total	91 862 890	49,8

Shareholder type	Number of shareholdings	% of total shareholdings
Non-public shareholders	56	2,4
Directors of the company (direct & indirect holding)	7	0,3
Directors of subsidiaries	20	0,9
Employees	29	1,2
Public shareholders	2 312	97,6
Total	2 368	100,0

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 2014 financial year.

Group statement of financial position

at 28 February 2013

	Notes	2013 R'000	2012 R'000
ASSETS			
Non-current assets			
Property, plant and equipment	5	1 561 232	1 353 753
Intangible assets	6	763 951	757 629
Deferred income tax assets	16	23 936	17 940
Trade and other receivables	9	–	404
Total non-current assets		2 349 119	2 129 726
Current assets			
Inventories	7	245 546	153 157
Construction contracts in progress and retentions	8	307 381	296 382
Trade and other receivables	9	1 089 032	1 164 508
Current income tax receivable		31 218	17 862
Cash and cash equivalents	10	835 685	624 919
Total current assets		2 508 862	2 256 828
Total assets		4 857 981	4 386 554
EQUITY			
Share capital	11	1 845	1 845
Share premium	11	2 179 613	2 179 613
Other reserves	12	(1 112 515)	(1 142 401)
Retained earnings		1 850 616	1 670 355
Equity attributable to owners of the parent		2 919 559	2 709 412
Non-controlling interest	13	39 031	19 468
Total equity		2 958 590	2 728 880
LIABILITIES			
Non-current liabilities			
Borrowings	14	349 303	263 112
Provisions for liabilities and charges	15	26 152	23 066
Deferred income tax liabilities	16	245 623	229 612
Total non-current liabilities		621 078	515 790
Current liabilities			
Trade and other payables	17	978 350	899 807
Borrowings	14	233 201	215 690
Current income tax liabilities		7 937	26 387
Provisions for liabilities and charges	15	58 825	–
Total current liabilities		1 278 313	1 141 884
Total liabilities		1 899 391	1 657 674
Total equity and liabilities		4 857 981	4 386 554

The notes on pages 47 to 93 are an integral part of these group financial statements.

Group income statement

for the year ended 28 February 2013

	Notes	2013 R'000	2012 R'000
Revenue	18	5 635 519	5 032 625
Cost of sales	22	(4 843 407)	(4 257 404)
Gross profit		792 112	775 221
Other income	19	15 223	14 429
Other gains/(losses) – net	20	21 840	4 818
Administrative expenses	22	(345 370)	(263 006)
Operating profit		483 805	531 462
Finance income	23	33 518	29 353
Finance costs	23	(40 184)	(41 388)
Finance costs – net	23	(6 666)	(12 035)
Profit before income tax		477 139	519 427
Income tax expense	24	(158 571)	(178 230)
Profit for the year		318 568	341 197
Attributable to:			
Owners of the parent		301 249	331 247
Non-controlling interest	13	17 319	9 950
		318 568	341 197
Basic earnings per share (cents)	28	163,2	179,5
Diluted earnings per share	28	160,3	178,5

The notes on pages 47 to 93 are an integral part of these group financial statements.

Group statement of comprehensive income

for the year ended 28 February 2013

	Note	2013 R'000	2012 R'000
Profit for the year		318 568	341 197
Other comprehensive income for the year, net of tax			
Currency translation differences	12	3 815	(323)
Total comprehensive income for the year		322 383	340 874
Attributable to:			
Owners of the parent		305 064	330 924
Non-controlling interest		17 319	9 950
Total comprehensive income for the year		322 383	340 874

The notes on pages 47 to 93 are an integral part of these group financial statements.

Group statement of changes in equity

for the year ended 28 February 2013

	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 2011	1 845	2 179 613	(1 156 847)	1 510 726	2 535 337	9 276	2 544 613
Changes in equity:							
Shares issued	–	–	–	–	–	(70)	(70)
Share option reserve	–	–	14 769	–	14 769	–	14 769
Non-controlling interest arising on business combination	–	–	–	–	–	2 702	2 702
Total comprehensive income for the year	–	–	(323)	331 247	330 924	9 950	340 874
Dividends paid	–	–	–	(171 618)	(171 618)	(2 390)	(174 008)
Total changes	–	–	14 446	159 629	174 075	10 192	184 267
Balance at 29 February 2012	1 845	2 179 613	(1 142 401)	1 670 355	2 709 412	19 468	2 728 880
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**
Notes	11	11	12			13	

The notes on pages 47 to 93 are an integral part of these group financial statements.

Group statement of cash flows

for the year ended 28 February 2013

	Notes	2013 R'000	2012 R'000
Cash flows from operating activities			
Cash generated from operations	30	859 007	663 228
Finance income	23	33 518	29 353
Finance costs	23	(40 184)	(41 388)
Dividend received	19	1 037	4 264
Income tax paid	30	(173 269)	(154 701)
Net cash generated from operating activities		680 109	500 756
Cash flows from investing activities			
Purchases of property, plant and equipment	5	(460 939)	(286 594)
Proceeds from sale of property, plant and equipment	30	49 908	37 340
Acquisition of subsidiaries	34	(14 597)	(10 821)
Net cash used in investing activities		(425 628)	(260 075)
Cash flows from financing activities			
Proceeds from borrowings		388 607	257 512
Repayment of borrowings		(311 100)	(294 180)
Dividends paid to owners of the parent	29	(119 948)	(171 618)
Dividends paid to non-controlling interests	13	(1 274)	(2 390)
Net cash used in financing activities		(43 715)	(210 676)
Net increase in cash and cash equivalents		210 766	30 005
Cash and cash equivalents at the beginning of the year		624 919	594 914
Cash and cash equivalents at the end of the year	10	835 685	624 919

The notes on pages 47 to 93 are an integral part of these group financial statements.

Notes to the group financial statements

for the year ended 28 February 2013

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"), the JSE Listings Requirements and the Companies Act 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 6).

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 1.18 and 15).

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 income statement within other operating costs. When a trade receivable is uncollectible, 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 income statement (refer notes 9 and 19).

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 8).

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 15).

Fair value of share-based compensation

The fair value of the employee share options are being determined using the Monte Carlo model and 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 27).

1. Summary of significant accounting policies (continued)

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 special purpose entities) over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another 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 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 group's share of the identifiable net assets acquired is recorded as goodwill. If this 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 comprehensive income (refer note 1.6).

Intercompany 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.

Transactions with non-controlling interests

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.

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.

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 venture 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.

1. Summary of significant accounting policies (continued)

1.2 Consolidation (continued)

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 income statement, 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's interests in jointly controlled entities are accounted for by proportionate consolidation. The group combines its share of the joint operation's individual income and expenses, assets and liabilities and cash flows on a line-by-line basis with similar items in the group's financial statements. 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.

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 four operating divisions:

- Road surfacing and light rehabilitation;
- Road construction and earthworks and heavy rehabilitation;
- Aggregate supply, contract crushing and material handling; and
- Infrastructure (including energy, rail, telecommunications, pipe-line and housing).

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. Summary of significant accounting policies (continued)

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 income statement, 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;
- income and expenses for each income statement 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 as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to other comprehensive income. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

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 income statement during the financial period in which they are incurred.

Land and administrative buildings are not depreciated. 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:

Mechanical workshops	10 – 20 years
Machinery	6 – 20 years
Vehicles	4 – 6 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 5).

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 5).

1. Summary of significant accounting policies (continued)

1.5 Property, plant and equipment (continued)

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 income statement.

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. 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.

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

Trademarks and licences

Trademarks are not depreciated 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 are depreciated over the contract period on a straight-line basis.

Mining rights are depreciated 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

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).

1. Summary of significant accounting policies (continued)

1.8 Financial assets (continued)

1.8.1 Classification (continued)

(b) Available for sale financial assets

Available for sale financial assets are non-derivatives that are either designated in this category or not classified in any other categories. 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 income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership. 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.

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 income statement as gains/losses from investments

The group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. Impairment testing on trade receivables is described in note 1.11.

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.

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. Summary of significant accounting policies (continued)

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 income statement. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited in the income statement.

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.

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

1.15 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 income statement 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.

1.16 Current and deferred income tax

Current income tax assets and liabilities

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.

Deferred income taxes

Deferred income tax is provided in full, using the liability method, 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 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.

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.

1. Summary of significant accounting policies (continued)

1.16 Current and deferred income tax (continued)

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.

1.17 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 Services by the company paying the dividend or by a regulated intermediary and not the person liable for the tax.

1.18 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 their environmental liability with regards to the site over which the right is held and increase their 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.

Competition Commission provision

Invitation to Firms in the Construction Industry to Engage in Settlement of Contraventions of the Competition Act

On 1 September 2009, the Competition Commission ("the Commission") initiated a complaint in terms of section 49B(1) of the Competition Act, 1998, as amended ("the Act"), into prohibited practices relating to bid-rigging and collusion in the construction industry.

In the interest of transparency, the efficiency, adaptability and development of the construction industry, the provision of competitive prices and a cost effective, comprehensive and speedy resolution of the investigations referred to above, the Commission decided to fast track these investigations and their resolution by inviting firms that were involved in collusive conduct in the form of bid-rigging of projects in the construction industry to apply to engage in settlement.

Raubex filed an application to the Commission in accordance with the Commissions invitation by the required deadline date of 15 April 2011 and is currently negotiating a settlement.

1.19 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.

Contracting revenue

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

1. Summary of significant accounting policies (continued)

1.19 Revenue recognition (continue)

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.

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 when the outcome of the transaction can be estimated reliably.

Plant hire

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

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.

1.20 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 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 lease

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 are charged to the income statement on a straight-line basis over the period of the lease.

1.21 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.

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.

1. Summary of significant accounting policies (continued)

1.21 Employee benefits (continued)

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 income statement, with a corresponding adjustment to equity.

1.22 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.

1.23 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.

1.24 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 21).

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 2013, together with International Financial Reporting Standards, Interpretations and amendments issued but not yet effective for the year ended 28 February 2013.

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 2013 year-end

Number	Effective date	Summary
Amendments to IFRS 1: *First time adoption on hyperinflation and fixed dates*	1 July 2011	Derecognition transactions occurring before the date of transition to IFRS and resumption of IFRS presentation after severe hyperinflation.
Amendment to IFRS 7: *Financial Instruments: Disclosures – Transfer of financial assets*	1 July 2011	Financial crisis concerns including risks faced due to derecognised receivables and other financial assets.
Amendment to IAS 12: *Income taxes on deferred tax*	1 January 2012	Exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value.

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

International Financial Reporting Standards (continued)

International Financial Reporting Standards and amendments issued but not effective for 28 February 2013 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 9: *Financial Instruments (2009)*	1 January 2013	Classification and measurement of financial assets: amortised cost and fair value.
IFRS 9: *Financial Instruments (2010)*	1 January 2013	Guidance on financial liabilities and derecognition of financial instruments.
Amendments to IFRS 9: *Financial Instruments (2011)*	1 January 2015	Delay in effective date.
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 to determine accounting treatment.
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 ventures*	1 January 2013	Requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11.
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.

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

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 2013 year-ends:

IFRS	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.

Interpretations of International Financial Reporting Standards

Interpretations of International Financial Reporting Standards issued but not yet effective for the 28 February 2013 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.

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 co-operation 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.

3. Financial risk management (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

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 R3,6 million (2012: R6,5 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 would have a negative R1 million (2012: R1,4 million) impact on group post tax profits and *vice versa* for a 10% depreciation of the Rand.

The group also has operations in Malawi, Mauritius, 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 equity securities price risk as it does not hold investments in equity of other entities that are publicly traded. The group is not exposed to commodity price risk.

(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 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:

	2013 +1% R'000	**2013 -1% R'000**	2012 +1% R'000	2012 -1% R'000
Cash and cash equivalents	**6 017**	**(6 017)**	4 499	(4 499)
Unsecured loan	**(43)**	**43**	(50)	50
Bank borrowings	**(4 151)**	**4 151**	(3 397)	3 397
Increase/(decrease) in profitability	**1 823**	**(1 823)**	1 052	(1 052)

(b) Credit risk

The group has no significant concentration of credit risk except for contract debt to public sector institutions which is not considered to be a credit risk. 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.

3. Financial risk management (continued)

(b) Credit risk (continued)

Concentration of credit risk	Rating	2013 R'000	2012 R'000
Cash and cash equivalents	AA	3 745	17 751
Cash and cash equivalents	A	–	605 338
Cash and cash equivalents	BBB	829 327	139
Cash on hand	Not rated	2 613	1 691
Total cash and cash equivalents (refer note 10)		835 685	624 919
Current trade and other receivables	AA	22 888	112 448
Current trade and other receivables	A	1 114	224 031
Current trade and other receivables	BBB	566 778	409 325
Current trade and other receivables	Not rated	498 252	418 704
Total current trade and other receivables (refer note 9)		1 089 032	1 164 508
Retentions	AA	15 156	52 178
Retentions	A	–	63 139
Retentions	BBB	133 377	31 937
Retentions	Not rated	73 247	54 947
Total retentions (refer note 8)		221 780	202 201

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 146,5 million (2012: R1 991,6 million).

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 review 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 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	–
Bank overdraft	–	–	–	–	–
Total	1 453 983	1 518 626	1 131 250	367 750	19 626

3. Financial risk management (continued)

(c) Liquidity risk (continued)

	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 29 February 2012					
Non-derivative financial liabilities					
Bank borrowings	471 802	517 310	241 696	275 614	–
Long-term loans	7 000	7 000	–	7 000	–
Trade and other payables	718 766	718 766	718 766	–	–
Bank overdraft	–	–	–	–	–
Total	1 197 568	1 243 076	960 462	282 614	–

The carrying value of financial assets and financial liabilities approximate their fair values.

Total financial institution backed contract guarantees provided to third parties on behalf of subsidiary companies amounted to R1 010,4 million (2012: R833,9 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.

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 ratio's for purposes of the debt covenants is calculated below.

	2013 R'000	2012 R'000
Borrowings (refer note 14)	582 504	478 802
Trade and other payables (refer note 17)	978 350	899 807
Current income tax liabilities	7 937	26 387
Defined debt	1 568 791	1 404 996
Capital and reserves	2 958 590	2 728 880
Less: Intangible assets (refer note 6)	(763 951)	(757 629)
Defined shareholders funds	2 194 639	1 971 251
Debt covenant gearing ratio	0,71	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 14)	582 504	478 802
Less: cash and cash equivalents (refer note 10)	(835 685)	(624 919)
Net debt	(253 181)	(146 117)
Total equity	2 958 590	2 728 880
Total capital and net debt	2 705 409	2 582 763
Gearing ratio	(9%)	(6%)

	Land and buildings R'000	Vehicles and machinery R'000	Furniture, Fittings and equipment R'000	Total R'000
5. Property, plant and equipment				
At 28 February 2011				
Cost	84 167	1 924 003	18 416	2 026 586
Accumulated depreciation	(1 211)	(738 283)	(10 959)	(750 453)
Net book amount	82 956	1 185 720	7 457	1 276 133
Year ended 29 February 2012				
Opening net book amount	82 956	1 185 720	7 457	1 276 133
Exchange differences	(16)	(53)	(1)	(70)
Acquisition of subsidiaries	–	52 938	499	53 437
Additions	15 172	268 938	2 484	286 594
Disposals	(360)	(33 573)	(42)	(33 975)
Depreciation	(814)	(224 263)	(3 289)	(228 366)
Closing net book amount	96 938	1 249 707	7 108	1 353 753
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

Aircraft with a book value of R47,2 million (2012: R43,9 million) have been included under vehicles and machinery.

Depreciation expense of R251,1 million (2012: R228,4 million) has been charged in cost of sales.

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 R723,7 million (2012: R626 million).

A general notarial bond of R29,4 million (2012: R0,9 million) is registered over property, plant and equipment with a carrying value of R35 million (2012: R0,6 million) as security for borrowing and asset finance facilities.

Lease rentals amounting to R26,5 million (2012: R15,5 million) relating to the lease of property, plant and equipment, respectively, are included in the income statement (refer note 22).

Borrowings are disclosed in note 14 of these financial statements.

	Goodwill R'000	Trademarks R'000	Mining and other rights R'000	Total R'000
6. Intangible assets				
At 28 February 2011				
Cost	729 142	21 053	25 175	775 370
Accumulated amortisation and impairment	(5 846)	–	(8 079)	(13 925)
Net book amount	723 296	21 053	17 096	761 445
Year ended 29 February 2012				
Opening net book amount	723 296	21 053	17 096	761 445
Impairment charge (refer note 20)	(1 030)	–	–	(1 030)
Amortisation charge	–	–	(2 786)	(2 786)
Closing net book amount	722 266	21 053	14 310	757 629
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

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 (2012: R1 million).

Amortisation of mining rights and other rights of R1,7 million (2012: R2,8 million) is included in cost of sales in the income statement (refer note 22).

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.

Goodwill	Aggregates and crusher R'000	Road surfacing and rehabilitation R'000	Road construction and earthworks R'000	Infrastructure R'000	Total R'000
At 29 February 2012	468 098	122 600	131 568	–	722 266
At 28 February 2013	468 098	122 600	131 568	8 000	730 266

6. Intangible assets (continued)

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

Trademarks	Aggregates and crusher R'000	Road surfacing and rehabilitation R'000	Road construction and earthworks R'000	Infrastructure R'000	Total R'000
At 29 February 2012	21 053	–	–	–	21 053
At 28 February 2013	**21 053**	**–**	**–**	**–**	**21 053**

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

Mining and other rights	Aggregates and crusher R'000	Road surfacing and rehabilitation R'000	Road construction and earthworks R'000	Infrastructure R'000	Total R'000
At 29 February 2012	13 312	998	–	–	14 310
At 28 February 2013	**12 632**	**–**	**–**	**–**	**12 632**

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 2014.

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.

	2013 R'000	2012 R'000
7. Inventories		
Crusher stone	**97 521**	84 065
Consumable stores	**148 025**	69 092
Total inventories	**245 546**	153 157

The cost of inventories recognised as expense and included in "cost of sales" amounted to R2 432,1 million (2012: R1 901,7 million) (refer note 22). No inventories are encumbered.

		2013 R'000	2012 R'000
8.	**Construction contracts in progress and retentions**		
	Costs incurred plus profits recognised, less recognised losses relating to contracts at year-end	1 679 090	1 623 981
	Less: progress billings	(1 643 235)	(1 664 562)
	Net balance sheet position for ongoing contracts	35 855	(40 581)
	Consisting of:		
	Amounts due from customers for contract work	85 601	94 181
	Amounts due to customers for contract work (refer note 17)	(49 746)	(134 762)
	Net balance sheet position for ongoing contracts	35 855	(40 581)
	Amounts due from customers for contract work	85 601	94 181
	Retentions	221 780	202 201
	Total contracts in progress at reporting date including retentions	307 381	296 382

The comparative figures for costs incurred plus profits recognised, less recognised losses and for progress billings have been amended to include balances relating to contracts where amounts are due to customers for contract work. This disclosure is being required in terms of IAS 11: *Construction Contracts*.

		2013 R'000	2012 R'000
9.	**Trade and other receivables**		
	Trade receivables	1 075 806	1 160 447
	Less: provision for impairment of trade receivables	(22 802)	(22 124)
	Trade receivables – net	1 053 004	1 138 323
	Prepayments	19 154	12 670
	Loan to non-related party	–	635
	Receivables from related parties (refer note 31)	6 714	8 390
	Loans to related parties (refer note 31)	10 160	4 894
		1 089 032	1 164 912
	Less: non-current portion of loan to non-related party	–	(404)
	Current portion of trade and other receivables	1 089 032	1 164 508
	The fair values of trade and other receivables are as follows:		
	Trade receivables	1 053 004	1 138 323
	Prepayments	19 154	12 670
	Loan to non-related party	–	635
	Receivables from related parties	6 714	8 390
	Loans to related parties	10 160	4 894
	Total trade and other receivables	1 089 032	1 164 912

The loan at 29 February 2012 of R0,6 million of which the non-current portion was R0,4 million was an enterprise development loan to Black Economic Empowerment entities that have no formal ratings. The loan was repayable in monthly instalments of R0,02 million and bore no interest. Part of the loan was impaired (refer note 20).

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

As of 28 February 2013, trade receivables of R22,8 million (2012: R22,1 million) were impaired and provided for. The ageing of these trade receivables is as follows:

	2013 R'000	2012 R'000
30 days to 3 months	–	1 310
3 to 6 months	3 078	8 537
Over 6 months	19 724	12 277
	22 802	22 124

9. Trade and other receivables (continued)

As of 28 February 2013, trade receivables of R301,8 million (2012: R387,3 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 Government accounts and customers for whom there is no recent history of non-payment.

The ageing of these trade receivables is as follows:

	2013 R'000	2012 R'000
30 days to 3 months	220 522	345 577
3 to 6 months	75 203	41 480
Over 6 months	6 075	281
	301 800	387 338

Trade and other receivables pledged as security

Trade and other receivables of R80,5 million (2012: R61,8 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:

	2013 R'000	2012 R'000
South African Rand	1 021 833	1 028 286
Zambian Kwacha	3 986	74 146
Malawian Kwacha	33 503	27 564
Namibian Dollar	29 710	34 916
	1 089 032	1 164 912
Provision for impairment of trade receivable		
Balance at the beginning of the year	22 124	15 916
Acquisition of subsidiaries	–	535
Current year provision for receivables	12 260	9 702
Receivables written off during the year as uncollectible	(6 099)	(1 977)
Unused amounts reversed	(5 483)	(2 052)
Balance at the end of the year	22 802	22 124

The creation and release of provision for impaired receivables have been included in other expenses in the income statement (refer note 22).

	2013 R'000	2012 R'000
10. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	2 613	1 691
Bank balances	731 901	549 347
Investments on call	101 171	73 881
Total cash and cash equivalents	835 685	624 919
Cash equivalents and bank overdrafts include the following for the purposes of the cash flow statement:		
Cash and cash equivalents	835 685	624 919
Bank overdrafts	–	–
Total cash and cash equivalents	835 685	624 919

	Number of shares '000	Ordinary shares R'000	Share premium R'000	Total R'000
11. Share capital and premium				
At 1 March 2011	184 536	1 845	2 179 613	2 181 458
Shares issued	–	–	–	–
At 29 February 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**

There were no new shares issued during the year.

The total authorised number of ordinary shares is 500 million shares (2012: 500 million) with a par value of 1 cent per share (2012: 1 cent per share). All issued shares are fully paid.

	2013 R'000	2012 R'000
12. Other reserves		
Balance at the beginning of the year	(1 142 401)	(1 156 847)
Translation difference of foreign subsidiary	3 815	(323)
Share option expense (refer note 27)	26 071	14 769
Balance at the end of the year	(1 112 515)	(1 142 401)
Consisting of:		
Translation difference of foreign subsidiary	(4 018)	(7 833)
Common control reserve	(1 175 298)	(1 175 298)
Equity settled share based payment	66 801	40 730
Balance at the end of the year	(1 112 515)	(1 142 401)

Raubex Group Limited listed on the Johannesburg Stock 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.

	2013 R'000	2012 R'000
13. Non-controlling interest		
Balance at the beginning of the year	19 468	9 276
Profit attributable to non-controlling interest	17 319	9 950
Non-controlling interest on acquisition of subsidiary (refer note 34)	3 602	2 702
Acquisition of non-controlling interest	(84)	–
Subsidiary share capital repaid to non-controlling interest	–	(70)
Dividends paid to non-controlling interest	(1 274)	(2 390)
Balance at the end of the year	39 031	19 468

	2013 R'000	2012 R'000
14. Borrowings		
Non-current		
Bank borrowings	343 303	256 112
Unsecured loan (refer note 31)	6 000	7 000
Total non-current borrowings	349 303	263 112
Current		
Bank borrowings	233 201	215 690
Total current borrowings	233 201	215 690
Total borrowings	582 504	478 802

Bank borrowings

The bank borrowings are secured by hypothec over property, plant and equipment with a book value of R723,7 million (2012: R626 million) and repayable in monthly instalments of R23,4 million (2012: R26,1 million) with an effective interest rate ranging between 6,8% and 9% per annum (2012: 7% and 9,5%). Bank borrowings mature by February 2023.

A general notarial bond of R29,4 million (2012: R0,9 million) is registered over property, plant and equipment with a carrying value of R35 million (2012: R0,6 million) as security for borrowing and asset finance facilities.

The bank borrowings consist of mortgage loans and suspensive sale agreements. The fair value of borrowings equals their carrying amount, as the impact of discounting is not significant.

Gross future minimum payments on bank borrowings are as follows:

	2013 R'000	2012 R'000
No later than 1 year	264 471	241 696
Later than 1 year and no later than 5 years	357 050	275 614
Later than 5 years	19 626	–
	641 147	517 310
Future finance charges on bank borrowings	(64 643)	(45 508)
Present value of bank borrowings	576 504	471 802

Unsecured loan

The loan has 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 bears interest at 8% per annum with no fixed terms of repayment, the maturity date is June 2014.

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.

	Rehabilitation provision R'000	Share option cash settled obligation R'000	Competition Commission provision R'000	Total R'000
15. Provision for liabilities and charges				
At 1 March 2011	18 058	4 577	–	22 635
Charged to income statement	5 038	–	–	5 038
Provisions utilised	(30)	(3 296)	–	(3 326)
Unused amounts reversed	–	(1 281)	–	(1 281)
At 29 February 2012	23 066	–	–	23 066
Charged to income statement	3 086	–	58 825	61 911
Provisions utilised	–	–	–	–
Unused amounts reversed	–	–	–	–
At 28 February 2013	**26 152**	**–**	**58 825**	**84 977**

	2013 R'000	2012 R'000
Analysis of total provisions:		
Non-current		
Rehabilitation provision	**26 152**	23 066
Total non-current provisions	**26 152**	23 066
Current		
Competition commission provision	**58 825**	–
Total current provisions	**58 825**	–
Total provisions	**84 977**	23 066

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 had become aware of certain irregularities in terms of the provisions of the Competition Act, No 89 of 1998. The transgressions are 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 is in the process of negotiating a settlement with the Competition Commission and has provided for an administrative penalty of R58,8 million (refer note 21).

	2013 R'000	2012 R'000
16. Deferred income tax		
Deferred tax assets		
Non-current	(23 936)	(17 940)
Deferred tax liabilities		
Non-current	245 623	229 612
Deferred tax liabilities (net)	221 687	211 672
The gross movement on the deferred income tax account is as follows:		
Balance at the beginning of the year	211 672	190 991
Exchange differences	(1 178)	53
Acquisition of subsidiaries	(7 980)	2 319
Charged to the income statement	19 173	18 309
Balance at the end of the year	221 687	211 672

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:

The balance comprises of:	Accelerated depreciation R'000	Construction contracts R'000	Other R'000	Total R'000
Deferred tax liabilities				
At 1 March 2011	209 032	27 006	–	236 038
Exchange differences	(23)	–	(137)	(160)
Charged to income statement	16 383	14 070	12 609	43 062
Acquisition of subsidiaries	8 299	–	(596)	7 703
At 29 February 2012	233 691	41 076	11 876	286 643
Exchange differences	194	–	279	473
Charged to the income statement	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**

	Provisions R'000	Tax losses R'000	Other R'000	Total R'000
Deferred tax assets				
At 1 March 2011	(26 378)	(12 819)	(5 850)	(45 047)
Exchange differences	–	213	–	213
Charged to income statement	(20 524)	(10 079)	5 850	(24 753)
Acquisition of subsidiaries	(229)	(5 155)	–	(5 384)
At 29 February 2012	(47 131)	(27 840)	–	(74 971)
Exchange differences	–	(1 651)	–	(1 651)
Charged to income statement	(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)**

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.

		2013 R'000	2012 R'000
17.	**Trade and other payables**		
	Trade payables	531 005	432 950
	Payables due to related parties (refer note 31)	82	152
	Loans from related parties (refer note 31)	1 146	156
	Accruals and other payables	391 671	331 787
	Amounts due to customers for contract work (refer note 8)	49 746	134 762
	Other liabilities – contingent consideration (refer note 34)	4 700	–
	Total trade and other payables	978 350	899 807

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

		2013 R'000	2012 R'000
18.	**Revenue**		
	Contracting revenue	5 278 150	4 758 916
	Commercial quarry revenue	214 467	208 595
	Plant hire revenue	142 902	65 114
	Total revenue	5 635 519	5 032 625
19.	**Other income**		
	Dividends received from investments on call	1 037	4 264
	Insurance commission	2 628	2 745
	Interest on accounts receivable	10 486	6 957
	Seta recoveries	356	351
	Bad debts recovered	716	112
	Total other income	15 223	14 429
20.	**Other gains/(losses) – net**		
	Profit on sale of fixed assets	11 767	3 365
	Gain/(loss) on exchange differences	10 291	(330)
	Excess from fair value of assets acquired over purchase price	–	2 813
	Impairment of goodwill (refer note 6)	–	(1 030)
	Impairment of loans	(218)	–
	Total other gains/(losses)	21 840	4 818

The loan impairment relates to a Broad Based Black Economic Empowerment ("BBBEE") Enterprise Development loan that is no longer recoverable.

21. 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 year, the exceptional item below has been included in administrative expenses on the face of the income statement and under other operating expenses in note 22.

	2013 R'000	2012 R'000
Operating items:		
Competition Commission administrative penalty	58 825	–

		2013 R'000	2012 R'000
22.	**Expenses by nature**		
	Changes in inventories	(92 389)	(26 176)
	Sub-contractors	695 485	652 056
	Raw materials and consumables (refer note 7)	2 432 088	1 901 670
	Employee benefit expense (refer note 26)	1 183 334	1 041 683
	Depreciation and amortisation (refer notes 5 and 6)	252 792	231 152
	Operating lease charges (refer note 5)	26 464	15 466
	Repairs and maintenance	366 595	438 737
	Other operating expenses (refer note 21)	324 408	265 822
	Total of cost of sales and administrative expenses	5 188 777	4 520 410
23.	**Finance income and costs**		
	Finance income:		
	Interest income on cash resources	30 761	29 353
	Other interest	2 757	–
	Total finance income	33 518	29 353
	Finance costs:		
	Bank borrowings	(39 234)	(33 951)
	Other interest	(950)	(7 437)
	Total finance costs	(40 184)	(41 388)
	Finance costs – net	(6 666)	(12 035)
24.	**Income tax expense**		
	South African normal taxation		
	Current tax		
	Current period	123 295	110 741
	Recognised in current tax for prior periods	(4 942)	(2 011)
	Capital gains tax	910	645
	Secondary tax on companies	–	18 166
	Total South African normal taxation	119 263	127 541
	Deferred tax		
	Originating and reversing temporary differences	9 072	10 469
	Total South African deferred taxation	9 072	10 469
	Total South African taxation	128 335	138 010
	Foreign taxation		
	Current tax		
	Current period	19 844	32 380
	Recognised in current tax for prior periods	(34)	–
	Non-resident shareholder tax	325	–
	Total foreign normal tax	20 135	32 380
	Deferred tax		
	Originating and reversing temporary differences	9 994	7 840
	Change in tax rate	107	–
	Total foreign deferred tax	10 101	7 840
	Total foreign taxation	30 236	40 220
	Total income tax expense	158 571	178 230

24. Income tax expense (continued)

Reconciliation between applicable tax rate and effective tax rate:	2013 %	2012 %
Applicable tax rate	28,00	28,00
Exempt income	(0,16)	(0,25)
Capital gains tax	(0,10)	(0,12)
Secondary tax on companies	0,07	3,50
Current tax recognised in prior periods	(1,04)	(0,39)
Disallowed charges	5,83	2,55
Change in tax rates in foreign countries	(0,02)	–
Tax at rates in foreign countries	0,65	1,02
Effective tax rate	33,23	34,31

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

	Before tax 2013 R'000	Tax 2013 R'000	After tax 2013 R'000	Before tax 2012 R'000	Tax 2012 R'000	After tax 2012 R'000
Currency translation differences	3 815	–	3 815	(323)	–	(323)
Other comprehensive income	3 815	–	3 815	(323)	–	(323)

	2013 R'000	2012 R'000
25. Auditors' remuneration		
Fees	5 797	4 958
Prior year under provision	393	637
Tax and secretarial services	207	232
Total auditors remuneration	6 397	5 827
26. Employee benefit expense		
Wages and salaries	1 056 844	939 482
Share options granted to employees (refer note 27)	26 071	13 488
Pension contributions	40 424	35 114
Medical aid contributions	17 245	13 807
Other contributions and accruals	42 750	39 792
Total employee benefit expense	1 183 334	1 041 683

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.

	2013 R'000	2012 R'000
Number of employees – permanent	7 807	7 026

27. Employee Share Option Scheme

Details of the share schemes are as follows:

a) **Initial options**

If the share price on the JSE of a share, forming the subject matter of an option, increases (annually compounded) during the three-year period calculated from the allocation date to the vesting date:

- by 20% or less per annum (annually compounded), the option price in respect of the initial options shall be R15 ("the strike price");
- by more than 20% but less than 30% per annum (annually compounded), the option price in respect of the initial options shall be 83,3% of the strike price;
- by more than 30% but less than 40% per annum (annually compounded), the option price in respect of the initial options shall be 66,7% of the strike price;
- by more than 40% but less than 50% per annum (annually compounded), the option price in respect of the initial options shall be 50% of the strike price; and
- by more than 50% per annum (annually compounded), the option price in respect of the initial options shall be 33,3% of the strike price.

b) **Options other than initial options, balance of options**

If the share price on the JSE of a share, forming the subject matter of an option, increases (annually compounded) during the three-year period calculated from the allocation date to the vesting date:

- by 20% or less per annum (annually compounded), the option price in respect of the options, other than the initial options, shall be the VWAP (Volume Weighted Average Price);
- by more than 20% but less than 30% per annum (annually compounded), the option price in respect of the options, other than the initial options, shall be 83,3% of the VWAP;
- by more than 30% but less than 40% per annum (annually compounded), the option price in respect of the options, other than the initial options, shall be 66,7% of the VWAP;
- by more than 40% but less than 50% per annum (annually compounded), the option price in respect of the options, other than the initial options, shall be 50% of the VWAP; and
- by more than 50% per annum (annually compounded), the option price in respect of the options, other than the initial options, shall be 33,3% of the VWAP.

c) **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.

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.

27. Employee Share Option Scheme (continued)

c) Deferred Stock Scheme (continued)

Arrangement	a) Initial options	b) Balance of options
Nature of arrangement	Grant of share option	Grant of share option
Options approved	2 200 000	2 800 000
Number of options granted	2 175 000	230 800
Number of options outstanding	–	–
Exercise price	Between R5 and R15 variable with share price growth	Between VWAP on allocation date and 33,3% of VWAP variable with share price growth
Date of grant	21 September 2007	1 March 2009
Share price at the date of grant	R31,10	R17,00
Contractual life	12 months from vesting date	12 months from vesting date
Vesting conditions	Three years of service from the date of listing 20 March 2007	Three years of service from the date of allocation
Settlement	Shares	Shares
Expected volatility	45%	45%
Expected option life at grant date	3 years	3 years
Risk free interest rate	10%	8,17%
Expected dividend yield	2%	4%
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	R21,82	R7,94
Valuation model	Monte Carlo model	Monte Carlo model

Arrangement	c) Deferred Stock 2011	c) Deferred Stock 2012	**c) Deferred Stock 2013**
Nature of arrangement	Grant of share option	Grant of share option	**Grant of share option**
Options approved	848 400	1 723 400	**2 260 030**
Number of options granted	848 366	1 652 483	**2 208 042**
Number of options outstanding	848 366	1 638 311	**2 208 042**
Exercise price	R0,01	R0,01	**R0,01**
Date of grant	8 October 2010	7 October 2011	**5 October 2012**
Share price at the date of grant	R23,12	R13,49	**R15,06**
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	**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	**Three years of service from the date of grant**
Settlement	Shares	Shares	**Shares**
Expected volatility	45%	45%	**45%**
Expected option life at grant date	2,4 years	2,4 years	**2,4 years**
Risk free interest rate	7,3%	6,7%	**5,4%**
Expected dividend yield	4,8%	4,8%	**4,8%**
Expected departures (grant date)	0%	0%	**0%**
Expected outcome of meeting performance criteria (grant date)	100%	100%	**100%**
Fair value of options determined at the grant date	R20,47	R11,06	**R13,54**
Valuation model	Black-Scholes	Black-Scholes	**Black-Scholes**

27. Employee Share Option Scheme (continued)

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

28 February 2013					29 February 2012				
Range of exercise prices	Weighted average exercise price	Number of options	Weighted average remaining life (years) Expected	Weighted average remaining life (years) Contractual	Range of exercise prices	Weighted average exercise price	Number of options	Weighted average remaining life (years) Expected	Weighted average remaining life (years) Contractual
–	–	–	–	–	R5,70 – R17	R11,30	230 800	0,50	0,50
R0,01	R0,01	848 366	–	–	R0,01	R0,01	848 366	1,00	1,00
R0,01	R0,01	1 638 311	1	1	R0,01	R0,01	1 652 483	2,00	2,00
R0,01	R0,01	2 208 042	2	2	–	–	–	–	–

A reconciliation of movements in the number of share options (Arrangement 1 – "Initial Options") can be summarised as follows:

	Number of options 2013	Weighted average exercise price 2013	Number of options 2012	Weighted average exercise price 2012
Outstanding at the beginning of the year	–	–	1 157 000	R15
Options granted	–	–	–	
Options forfeited	–	–	45 000	–
Options exercised	–	–	1 112 000	R15
Outstanding at the end of the year	–	–	–	R15
Exercisable at the end of the year	–	–	–	R15

A reconciliation of movements in the number of share options (Arrangement 2 – "Balance of options") can be summarised as follows:

	Number of options 2013	Weighted average exercise price 2013	Number of options 2012	Weighted average exercise price 2012
Outstanding at the beginning of the year	230 800	R11,30	230 800	R11,30
Options granted	–	–	–	–
Options forfeited	230 800	R11,30	–	–
Options exercised	–	–	–	–
Outstanding at the end of the year	–	–	230 800	R11,30
Exercisable at the end of the year	–	–	–	–

A reconciliation of movements in the number of share options (Arrangement 3 – "Deferred Stock Scheme") can be summarised as follows:

	Number of options 2013	Exercise price 2013	Number of options 2012	Exercise price 2012
Outstanding at the beginning of the year	2 500 849	R0,01	848 366	R0,01
Options granted	2 208 042	R0,01	1 652 483	R0,01
Options forfeited	14 172	R0,01	–	–
Options exercised	–	–	–	–
Outstanding at the end of the year	4 694 719	R0,01	2 500 849	R0,01
Exercisable at the end of the year	848 366	R0,01	–	–

27. 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:

	2013 R'000	2012 R'000
Expense – equity settled arrangements		
a) Initial options	–	–
b) Balance of options	–	–
c) Deferred stock scheme	26 071	14 769
Total share equity settled share-based payment expense	26 071	14 769
Expense – cash settled arrangements		
a) Initial options	–	–
b) Balance of options	–	(1 281)
Total cash settled share based-payment expense	–	(1 281)
Expense – total share based payments		
a) Initial options	–	–
b) Balance of options	–	(1 281)
c) Deferred stock scheme	26 071	14 769
Total share-based payment expense (refer note 26)	26 071	13 488

28. 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.

	2013	2012
Profit attributable to owners of the parent entity	301 249	331 247
Weighted average number of ordinary shares in issue	184 536	184 536
Basic earnings per share (cents)	163,2	179,5
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.		
Profit attributable to owners of the parent entity	301 249	331 247
Weighted average number of ordinary shares in issue	184 536	184 536
Adjustments for:		
Shares deemed issued for no consideration (share options)	3 401	1 079
Weighted average number of ordinary shares for diluted earnings per share	187 937	185 615
Diluted earnings per share (cents)	160,3	178,5
Headline		
Profit attributable to owners of the parent entity	301 249	331 247
Adjustments for:		
Profit on sale of fixed assets (refer note 20)	(11 767)	(3 365)
Impairment of goodwill	–	1 030
Excess from fair value of assets acquired over purchase price	–	(2 813)
Total tax effects of adjustments	3 295	942
Basic headline earnings	292 777	327 041
Weighted average number of shares	184 536	184 536
Headline earnings per share (cents)	158,7	177,2
Headline earnings	292 777	327 041
Adjusted weighted average number of shares	187 937	185 615
Diluted headline earnings per share (cents)	155,8	176,2

29. Dividends per share

The dividends paid to ordinary shareholders in 2013 and 2012 were R119,9 million (65 cents per share) and R171,6 million (93 cents per share), respectively. A final dividend in respect of the year ended 28 February 2013 of R64,6 million (35 cents per share) amounting to a total dividend for the year of R119,9 million (65 cents per share) is to be proposed at the board of director's meeting on 8 May 2013 and declared on the release of the group's results. These financial statements do not reflect this dividend payable.

	2013 R'000	2012 R'000
30. Cash generated from operations		
Profit before income tax	477 139	519 427
Adjustments for:		
Depreciation (refer note 5)	251 114	228 366
Amortisation and impairment (refer notes 6 and 20)	1 895	3 816
Profit on sale of assets (refer note 20)	(11 767)	(3 365)
Finance income (refer note 23)	(33 518)	(29 353)
Finance costs (refer note 23)	40 184	41 388
Dividends received (refer note 19)	(1 037)	(4 264)
Foreign exchange (gains)/loss – unrealised	(2 733)	774
Provisions (refer note 15)	61 911	431
Share options granted to employees (refer note 27)	26 071	14 769
Changes in working capital		
Inventories	(92 389)	(25 209)
Trade and other receivables	130 999	(203 837)
Construction contracts in progress and retentions	3 158	(52 267)
Trade and other payables	7 980	172 552
Net cash generated from operations	859 007	663 228
In the cash flow statement, proceeds from sale of property, plant and equipment comprise:		
Net book amount (refer note 5)	38 141	33 975
Profit on disposal of property, plant and equipment (refer note 20)	11 767	3 365
Proceeds from disposal of property, plant and equipment	49 908	37 340
In the cash flow statement taxation paid is calculated as follows:		
Balance due at the beginning of the year	8 525	3 305
Add: acquisitions	2 066	–
Add: current year tax charge (refer note 24)	139 397	159 921
Add: balance receivable at the end of the year	23 281	(8 525)
Taxation paid	173 269	154 701

31. Related parties

Relationships

Joint operations	Refer note 39
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
Cisongo Travel & Tours Ltd	Pia Solar SA (Pty) Ltd
Corpcam.Com (Pty) Ltd	Pieter Beneke Trust
Cotswold Development Trust	Plant Management CC
DS Vorster Landgoed CC	Raubenbel (Pty) Ltd
First Edition Investments (Pty) Ltd	Raubex Eiendomme (Pty) Ltd
Fixtrade (Pty) Ltd	RJ Fourie Boerdery
Kwambo Investments (Pty) Ltd	Swanvest 294 (Pty) Ltd
Ligra (Pty) Ltd	The Burger Family Trust
Maxdeals CC	

	2013 R'000	2012 R'000
Related party balances		
Amounts included in trade receivables regarding related parties		
JE Raubenheimer	3	166
Pia Solar SA (Pty) Ltd	46	–
Raubenbel (Pty) Ltd	–	3
Raubex/Roadmac Surfacing/Thatheni Woman's Construction Joint Venture	6 663	–
RJ Fourie Boerdery	2	–
Roadmac Surfacing/KYK Joint Venture	–	1 221
Roadmac Surfacing/NRP Joint Venture	–	7 000
Receivables from related parties (refer note 9)	6 714	8 390
Amounts included in trade payables regarding related parties		
Corpcam.Com (Pty) Ltd	28	98
Raubex Eiendomme (Pty) Ltd	54	54
Payables due to related parties (refer note 17)	82	152
Loans to related parties		
Kentha Raumix Joint Venture	21	676
Raubex/Roadmac Surfacing/Thatheni Woman's Construction Joint Venture	5 655	–
Roadmac Surfacing/KYK Joint Venture	4 484	4 218
Loans to related parties (refer note 9)	10 160	4 894
The unsecured loans are interest free and have no fixed terms of repayment		
Loans to joint ventures:		
At the beginning of the year	4 894	5 212
Loans advanced during the year	5 920	1
Loan repayments received	(654)	(319)
At the end of the year	10 160	4 894
Total loans to related parties:		
At the beginning of the year	4 894	5 212
Loans advanced during the year	5 920	1
Loan repayments received	(654)	(319)
At the end of the year (refer note 9)	10 160	4 894

	2013 R'000	2012 R'000
31. Related parties (continued)		
Loans from related parties		
HIR R300 Joint Venture (refer note 17)	–	134
Phuhlisa Development Solutions (Pty) Ltd t/a PD Solutions	109	–
Roadmac Surfacing/NRP Joint Venture	1 037	22
The Burger Family Trust (refer note 14)	6 000	7 000
Loans from related parties	7 146	7 156
Loans from entities controlled by key management:		
At the beginning of the year	7 000	–
Loan received during the year	109	7 000
Loan repayments made	(1 000)	–
At the end of the year	6 109	7 000
Loans from joint ventures:		
At the beginning of the year	156	–
Loans received during year	1 015	156
Loan repayments made	(134)	–
At the end of the year	1 037	156
Total loans from related parties:		
At the beginning of the year	7 156	–
Loans received during year	1 124	7 156
Loan repayments made	(1 134)	–
At the end of the year	7 146	7 156
Subcontractors' fees received/(paid) to related parties		
Raubex/Roadmac Surfacing/Thatheni Woman's Construction Joint Venture	56 909	–
Roadmac Surfacing/NRP Joint Venture	7 474	6 087
Rental of equipment and premises received from/(paid to) related parties		
93 & 94 Maple Road Properties (Pty) Ltd	(1 117)	(3 301)
Bridgetown Dolomite Mine Joint Venture	(13 028)	–
Cotswold Development Trust	–	(53)
DS Vorster Landgoed CC	(831)	(659)
Kentha/Raumix Joint Venture	(911)	(828)
Kwambo Investments (Pty) Ltd	(1)	(564)
Ligra (Pty) Ltd	(553)	(500)
Maxdeals CC	(415)	(207)
Plant Management CC	(2 064)	(1 645)
Raubex Eiendomme (Pty) Ltd	(2 030)	(1 950)
Roadmac Surfacing/KYK Joint Venture	–	8 074
Swanvest 294 (Pty) Ltd	(292)	(292)
The Burger Family Trust	–	(280)
Other fees received from/(paid to) related parties		
Corpcam.Com (Pty) Ltd	(283)	(228)
JE Raubenheimer	53	(21)
Pia Solar SA (Pty) Ltd	151	–
Raubenbel (Pty) Ltd	6	33
Raubex Eiendomme (Pty) Ltd	(280)	(257)
RJ Fourie Boerdery	50	–

31. 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 2012						
Executive						
RJ Fourie	–	2 076	3 644	210	239	6 169
F Diedrechsen	–	1 318	2 717	132	240	4 407
Total emoluments	–	3 394	6 361	342	479	10 576
Non-executive						
JE Raubenheimer	240	–	–	–	–	240
LA Maxwell	380	–	–	–	–	380
F Kenney	240	–	–	–	–	240
MC Matjila	430	–	–	–	–	430
BH Kent	384	–	–	–	–	384
NF Msiza	384	–	–	–	–	384
Total emoluments	2 058	–	–	–	–	2 058

	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

31. Related parties (continued)

	Salaries R'000	Incentive bonuses R'000	Retirement fund contributions R'000	Other benefits R'000	Total emoluments R'000
Prescribed officers emoluments					
2012					
T Wiese	1 444	3 792	368	622	6 226
LJ Raubenheimer	1 392	2 609	132	166	4 299
GM Raubenheimer	1 200	2 407	120	131	3 858
JF Gibson	1 090	2 045	109	9	3 253
Total emoluments	5 126	10 853	729	928	17 636

	Salaries R'000	**Incentive bonuses R'000**	**Retirement fund contributions R'000**	**Other benefits R'000**	**Total emoluments R'000**
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**

Share options granted to directors and prescribed officers

	Options outstanding at 1 March 2011	Options granted during the year	Options exercised during the year	Options outstanding at 29 February 2012	Strike price
Share options					
2012					
Executive directors					
RJ Fourie	107 265	124 716	–	231 981	R0,01
F Diedrechsen	107 265	124 716	–	231 981	R0,01
Prescribed officers					
T Wiese	82 886	96 371	–	179 257	R0,01
LJ Raubenheimer	82 886	96 371	–	179 257	R0,01
GM Raubenheimer	–	14 172	–	14 172	R0,01
JF Gibson	58 508	68 027	–	126 535	R0,01

	Options outstanding at 1 March 2012	Options granted during the year	Options exercise during the year	Options outstanding at 28 February 2013	Strike price
31. Related parties (continued)					
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

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 27 to these group financial statements. Interests of directors in the share capital of the group are set out in the directors' report on page 38.

	2013 R'000	2012 R'000
32. Directors', prescribed officers' and key management's emoluments		
Executive		
For services as directors of the company	7 775	10 576
For services as prescribed officers of the company	13 153	17 636
For services as key management	69 094	79 441

Prescribed officers of the company consist of 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.

	Salaries R'000	Incentive bonuses R'000	Retirement fund contributions R'000	Other benefits R'000	Total emoluments R'000
Key management emoluments 2012	28 212	38 208	5 450	7 571	79 441
Key management emoluments 2013	**32 168**	**24 776**	**4 886**	**7 264**	**69 094**

	2013 R'000	2012 R'000
33. Commitments		
Capital commitments		
Capital expenditure contracted for at the reporting date but not yet incurred are as follows:		
Property, plant and equipment	15 666	98 538
Investment in subsidiary	120 000	–
Total capital commitments	135 666	98 538

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

The capital commitment for the investment in subsidiary relates to the acquisition of Tosas Holdings (Pty) Ltd and will be funded by cash.

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:

	2013 R'000	2012 R'000
No later than 1 year	3 624	4 463
Later than 1 year and no later than 5 years	6 777	4 533
Total operating lease commitments	10 401	8 996

34. Business combinations

Inzalo Crushing and Aggregates (Pty) Ltd

On 23 April 2012, the group effectively acquired 74% of the share capital of Inzalo Crushing and Aggregates (Pty) Ltd for the par value of the shares. The company is a Black Economic Empowerment company that will be utilised as an intermediary company in the groups quarry business to ensure a continued BEE shareholding of 26% in terms of the current Department of Mineral Resources requirements. The acquired company contributed revenues of R37,3 million with no contribution to net profit for the year to 28 February 2013.

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

	R'000
The purchase consideration:	
Cash	9
Total purchase consideration	9
Less: fair value of net assets acquired	(9)
Goodwill	–

	Acquiree's carry value	Fair value
34. Business combinations (continued)		
Property, plant and equipment	16 907	16 907
Deferred tax asset	6 592	6 592
Trade and other receivables	6 315	6 315
Cash and cash equivalents	1 045	1 045
Borrowings	(16 847)	(16 847)
Trade and other payables	(29 379)	(14 000)
Net assets	(15 367)	12
Less: non-controlling shareholders interest		(3)
Total net assets acquired		9
Purchase consideration settled in cash		9
Less: cash and cash equivalents in the business combination acquired		(1 045)
Cash inflow on acquisition		(1 036)

The fair value of trade and other receivables is R6,3 million which approximates the gross contractual amount for trade receivables due. There are no amounts that are considered to be uncollectible.

L & R Civils (Pty) Ltd

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 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 company specialises in bulk water mains, storm water and sewer reticulation and roads. The acquired company contributed revenues of R54,5 million and net profit of R3,7 million for the period from 1 July 2012 to 28 February 2013. If the acquisition had occurred on 1 March 2012, contributions to group revenue would have been R85,3 million and net profit of R8,3 million. As a result of the acquisition, the group is expecting to increase its presence in the pipeline infrastructure market. The goodwill of R7,9 million arising from the acquisition is attributable to acquired skills and expertise of the workforce and synergies that are expected to arise from the acquisition.

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

	R'000
The purchase consideration:	
Cash	17 600
Contingent consideration at fair value	4 700
Total purchase consideration	22 300
Less: fair value of net assets acquired	(14 394)
Goodwill	7 906

	Acquiree's carry value	Fair value
34. Business combinations (continued)		
Property, plant and equipment	18 011	11 511
Deferred tax asset	399	2 219
Construction contracts in progress	9 612	9 612
Trade and other receivables	21 192	21 192
Cash and cash equivalents	4 202	4 202
Borrowings	(3 348)	(3 348)
Deferred tax liability	(4 442)	(4 442)
Current income tax liabilities	(1 330)	(1 330)
Trade and other payables	(21 623)	(21 623)
Net assets	22 673	17 993
Less: non-controlling interest		(3 599)
Total net assets acquired		14 394
Purchase consideration settled in cash		17 600
Less: cash and cash equivalents in the business combination acquired		(4 202)
Cash outflow on acquisition		13 398

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%.

The non-controlling shareholders have the right to put their remaining 20% shares to the group during the period of five years from the effective date. The put price shall be determined on the average profit after tax achieved over a three year period at an agreed price earnings multiple of five.

The fair value of trade and other receivables is R21,2 million which approximates the gross contractual amount for trade receivables due. There are no amounts that are considered to be uncollectible.

Strata Civils (Pty) Ltd

On 1 July 2012, the group acquired 80% of the share capital of Strata Civils (Pty) Ltd for the par value of the shares. The company specialises in civil construction works. The acquired company contributed revenues of R51,6 million and net profit of R3,3 million for the period from 1 July 2012 to 28 February 2013. If the acquisition had occurred on 1 March 2012, contributions to group revenue would have been R77,4 million with no contribution to net profit.

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

	R'000
The purchase consideration:	
Cash	1
Total purchase consideration	1
Less: fair value of net assets acquired	(1)
Goodwill	–

34. Business combinations (continued)

	Acquiree's carry value	Fair value
Property, plant and equipment	1 573	4 023
Deferred tax asset	2 775	3 693
Construction contracts in progress	4 545	4 545
Trade and other receivables	13 312	13 312
Cash and cash equivalents	1 250	1 250
Borrowings	(6 000)	(6 000)
Deferred tax liability	(82)	(82)
Income tax liability	(47)	(47)
Trade and other payables	(17 417)	(20 693)
Net assets	(91)	1
Less: non-controlling interest		–
Total net assets acquired		1
Purchase consideration settled in cash		1
Less: cash and cash equivalents in the business combination acquired		(1 250)
Cash inflow on acquisition		(1 249)

The fair value of trade and other receivables is R13,3 million which approximates the gross contractual amount for trade receivables due. There are no amounts that are considered to be uncollectible.

Comar Plant Design and Manufacturing (Pty) Ltd

On 1 August 2012, the group acquired 100% of the share capital of Comar Plant Design and Manufacturing (Pty) Ltd for R3 million cash. The company specialises in the manufacture of asphalt plants. The acquired company contributed revenues of R8,8 million with no contribution to net profit for the period from 1 August 2012 to 28 February 2013. If the acquisition had occurred on 1 March 2012, contributions to group revenue would have been R13,6 million and net profit of R0,7 million.

As a result of the acquisition, the group will become more self-sufficient in the design and manufacture of new asphalt plants and the repair of existing plants. The goodwill of R0,09 million arising from the acquisition is attributable to acquired skills and expertise of the workforce and synergies that are expected to arise from the acquisition.

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

	R'000
The purchase consideration:	
Cash	3 000
Total purchase consideration	3 000
Less: fair value of net assets acquired	(2 906)
Goodwill	94

	Acquiree's carry value	Fair value
34. Business combinations (continued)		
Property, plant and equipment	705	2 905
Trade and other receivables	14 300	14 300
Cash and cash equivalents	640	640
Current income tax liability	(689)	(689)
Trade and other payables	(14 250)	(14 250)
Total net assets acquired	706	2 906
Purchase consideration settled in cash		3 000
Less: cash and cash equivalents in the business combination acquired		(640)
Cash outflow on acquisition		2 360

The fair value of trade and other receivables is R14,3 million which approximates the gross contractual amount for trade receivables due. There are no amounts that are considered to be uncollectible.

Transactions with non-controlling interests

National Cold Asphalt (Pty) Ltd

On 25 April 2012 the group acquired 50% of the share capital and the sale claims from the non-controlling shareholders of National Cold Asphalt (Pty) Ltd for R1,5 million cash. The company specialises in the supply of cold mix asphalt.

	R'000
Purchase consideration	1 500
Less: sale claim	(376)
Cash outflow on acquisition	1 124

35. Contingencies

Total financial institution backed contract guarantees provided to third parties on behalf of subsidiary companies amounted to R1 010,4 million (2012: R834 million). The directors do not believe that any exposure to loss is likely. Total available facilities in this regard amount to R1 540 million (2012: 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.

36. Events after the reporting period

Business combinations

On 26 April 2013, the group acquired 100% of Tosas Holdings (Pty) Ltd from Sasol Oil (Pty) Ltd for a purchase price of R120 million to be settled in cash.

Tosas is a leading manufacturer and distributor of value-added bituminous products used primarily for road construction activities. Tosas' current footprint includes several bitumen processing and storage facilities in the inland region of South Africa as well as a significant presence 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.

Due to the timing of this acquisition in relation to the groups' year-end reporting deadline it is considered impractical to provisionally determine and disclose the assets and liabilities arising from the acquisition.

37. Segmental analysis

	Aggregate and crusher R'000	Road surfacing and rehabilitation R'000	Road construction and earthworks R'000	Infrastructure R'000	Consolidated R'000
Reportable segments					
At 29 February 2012					
Segment revenue – external	1 372 282	2 523 708	1 136 635	–	5 032 625
Segment result (operating profit)	211 161	229 376	90 925	–	531 462
Finance income	3 273	4 702	21 378	–	29 353
Finance costs	(19 660)	(8 957)	(12 771)	–	(41 388)
Taxation	(53 946)	(69 362)	(54 922)	–	(178 230)
Profit for the year	140 828	155 759	44 610	–	341 197
Segment assets	1 693 251	1 530 391	1 162 912	–	4 386 554
Segment liabilities	649 024	640 158	368 492	–	1 657 674
Depreciation and amortisation	122 466	56 310	52 376	–	231 152
Capital expenditure	188 017	70 950	27 627	–	286 594
Inter-segment revenue	85 136	112 493	37 700	–	235 329
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

Approximately 36% (2012: 30%) 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 20% (2012: 25%) 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.

37. Segmental analysis (continued)

Additional voluntary disclosure Geographical information

	Local R'000	International R'000	Consolidated R'000
At 29 February 2012			
Segment revenue – external	4 142 221	890 404	5 032 625
Segment result (operating profit)	415 357	116 105	531 462
Finance income	26 855	2 498	29 353
Finance costs	(34 195)	(7 193)	(41 388)
Taxation	(138 010)	(40 220)	(178 230)
Profit for the year	270 007	71 190	341 197
Segment assets	3 958 516	428 038	4 386 554
Segment liabilities	1 423 108	234 566	1 657 674
Depreciation and amortisation	230 289	863	231 152
Capital expenditure	286 405	189	286 594
Inter-segment revenue	294 614	–	294 614
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

International revenues from external customers account for 8,2% (2012: 17,7%) of total group revenue from external customers and were generated from operations in Namibia, Malawi, Zambia, Zimbabwe and the Democratic Republic of Congo. The reduction in international revenue is mainly due to the completion of a large road construction contract in Namibia which made a significant contribution to revenues in the prior year.

38. Interest in subsidiaries

		Issued share capital shares	**Effective % held 2013 %**	Effective % held 2012 %	**Shares at cost 2013 R'000**	Shares at cost 2012 R'000	**Amounts owing by subsidiaries 2013 R'000**	Amounts owing by subsidiaries 2012 R'000
Direct								
Raubex (Pty) Ltd	■	300	**100**	100	**1 001 620**	1 001 620	**533 873**	533 873
B&E International (Pty) Ltd	•	1 000	**100**	100	**473 843**	473 843	**–**	–
Burma Plant Hire (Pty) Ltd	♦	100	**51**	51	**–**	–	**4 000**	4 000
Acquatic Services (Pty) Ltd	■	300	**100**	100	**111 336**	111 336	**–**	–
L & R Civils (Pty) Ltd	†	300	**80**	–	**22 300**	–	**–**	–
Strata Civils (Pty) Ltd	†	500	**80**	–	**–**	–	**–**	–
Raubex Construction (Mauritius) Ltd	†	100	**100**	–	**1**	–	**–**	–
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	**95**	100	**7 600**	7 600	**–**	–
B&E International (Botswana) (Pty) Ltd	▲	10 000	**100**	100	**–**	–	**–**	–
B&E International (Lesotho) (Pty) Ltd	▲	1 000	**100**	100	**–**	–	**–**	–
B&E International (Namibia) (Pty) Ltd	•	200	**74**	74	**–**	–	**–**	–
B&E International (Swaziland) (Pty) Ltd	▲	4 000	**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	**–**	–	**–**	–
Canyon Rock (Pty) Ltd	✧	120	**95**	100	**46 294**	46 294	**–**	–
Centremark Roadmarking (Pty) Ltd	□	100	**60**	60	**1 400**	1 400	**–**	–
Cherry Moss Trade and Invest (Pty) Ltd	▲	100	**100**	100	**–**	–	**–**	–
Comar Plant Design and Manufacturing (Pty) Ltd	•	1 000	**100**	–	**3 000**	–	**–**	–
DBE Mining (Pty) Ltd	▲	100	**100**	100	**–**	–	**–**	–
Forward Infra (Pty) Ltd	□	100	**100**	100	**–**	–	**–**	–
Instant Concrete Investments (Pty) Ltd	▲	100	**100**	100	**–**	–	**–**	–
Inzalo Crushing and Aggregates (Pty) Ltd	✧	1 178 020	**74**	–	**9**	–	**–**	–
Milling Techniks (Pty) Ltd	*	100	**100**	100	**15 000**	15 000	**–**	–
Muscle Construction (Pty) Ltd	▲	100	**26**	26	**–**	–	**–**	–
Narindonde Construction (Pty) Ltd	•	100	**74**	74	**–**	–	**–**	–
National Asphalt (Pty) Ltd	#	100	**100**	100	**–**	–	**–**	–
National Cold Asphalt (Pty) Ltd	#	100	**100**	50	**1 124**	–	**–**	–
Notwane Quarries (Pty) Ltd	▲	100	**100**	100	**–**	–	**–**	–
Petra Quarry (Pty) Ltd	✧	100	**95**	100	**3 849**	3 849	**–**	–
Phambili Road Surfacing (Pty) Ltd	*	100	**100**	100	**20 515**	20 515	**–**	–
Pretoria Amalgamated Quarries (Pty) Ltd	✧	870 000	**95**	100	**–**	–	**–**	–
Queenstown Quarry (Pty) Ltd	✧	100	**95**	100	**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	**–**	–

		Issued share capital shares	**Effective % held 2013 %**	Effective % held 2012 %	**Shares at cost 2013 R'000**	Shares at cost 2012 R'000	**Amounts owing by subsidiaries 2013 R'000**	Amounts owing by subsidiaries 2012 R'000
38. Interest in subsidiaries (continued)								
Raubex Construction Namibia (Pty) Ltd	▲	100	**74**	74	**1**	1	**–**	–
Raubex Construction Zambia Ltd	*	5 000 000	**100**	100	**6 008**	6 008	**–**	–
Raubex Housing (Pty) Ltd	†	100	**100**	100	**–**	–	**–**	–
Raubex Infra (Pty) Ltd	†	900	**70**	100	**6 538**	6 538	**–**	–
Raudev (Pty) Ltd	†	100	**80**	100	**8 083**	8 083	**–**	–
Raumix Aggregates (Pty) Ltd	✧	916	**95**	100	**–**	–	**30 992**	30 992
Raumix Holdings (Pty) Ltd	■	100	**95**	95	**15 489**	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	**–**	–	**–**	–
Space Construction (Pty) Ltd	*	100	**100**	100	**43 906**	43 906	**–**	–
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	**95**	100	**–**	–	**–**	–
Stabilpave (Pty) Ltd	▲	200	**100**	100	**–**	–	**–**	–
Tekweni Roadmarking (Pty) Ltd	□	65	**–**	–	**–**	–	**–**	–
Thaba Bosiu Construction (Pty) Ltd	*	1 200	**100**	100	**64 794**	64 794	**–**	–
Thekweni Surfacing (Pty) Ltd	▲	100	**100**	100	**–**	–	**–**	–
Willows Quarries (Pty) Ltd	✧	100	**95**	100	**–**	–	**–**	–
Zamori Construction (Pty) Ltd	*	120	**100**	100	**35 799**	35 799	**–**	–
Zimbabwe Screening and Mining (Pty) Ltd	•	100	**100**	100	**–**	–	**–**	–
Zisena (Pty) Ltd	*	100	**50**	100	**–**	–	**–**	–

Nature of business

- * Rehabilitation of roads, civil and general construction work
- • Contract crushing and material handling
- # Asphalt production
- ■ Investment and holding company
- ♦ Plant hire
- ✧ Commercial quarrying
- □ Road marking
- ▲ Dormant entity
- † Infrastructure

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

- B&E International (Botswana) (Pty) Ltd
- B&E International (Lesotho) (Pty) Ltd
- B&E International (Namibia) (Pty) Ltd
- Raubex Construction (Mauritius) Ltd
- Narindonde Construction (Pty) Ltd
- Notwane Quarries (Pty) Ltd
- Raubex Construction Namibia (Pty) Ltd
- Raubex Construction Zambia Ltd

38. Interest in subsidiaries (continued)

Raubex (Pty) Ltd and Roadmac Surfacing (Pty) Ltd operate through branches registered in Namibia.

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 IAS 27 the group is considered to exercise control over these entities through its ability to govern the financial and operating policies of the entities so as to obtain benefits from their activities:
- Muscle Construction (Pty) Ltd; and
- Tekweni Roadmarking (Pty) Ltd.

The following name changes took place during the year:
- Raubair (Pty) Ltd changed its name to Raudev (Pty) Ltd;
- Raubex North (Pty) Ltd to Raubex Housing (Pty) Ltd; and
- Space Indlela Construction (Pty) Ltd to Raubex Infra (Pty) Ltd.

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

	Country	Nature of business	Interest held 2013 (%)	Interest held 2012 (%)
39. Interest in Joint Ventures				
Joint ventures				
HIR R300 Joint Venture	South Africa	Road surfacing	–	35
Kentha/Raumix Joint Venture	South Africa	Aggregates	49	49
Namibia Road Products/ Roadmac Surfacing Joint Venture	Namibia	Road surfacing	50	50
Raubex/Roadmac Surfacing/ Thatheni Woman's Construction Joint Venture	South Africa	Road Construction	90	–
Roadmac Surfacing/KYK Joint Venture	South Africa	Road surfacing	60	60

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

The contract awarded to the HIR R300 joint venture was completed during the prior year.

A new contract was awarded to the Raubex/Roadmac Surfacing/Thatheni Womens Construction Joint Venture during the period.

Financial information:
Statement of financial position
(Group's proportionate share of assets and liabilities)

	2013 R'000	2012 R'000
Assets		
Non-current assets	21	21
Current assets	27 610	27 974
Total assets	27 631	27 995
Equity and liabilities		
Equity	–	–
Current liabilities	27 631	27 995
Total equity and liabilities	27 631	27 995
Income statement		
(Group's proportionate share of income and expenditure)		
Revenue	102 644	18 630
Profit attributable to group	5 061	1 548

Company statement of financial position

at 28 February 2013

	Notes	2013 R'000	2012 R'000
ASSETS			
Non-current assets			
Investment in subsidiaries	4	1 614 540	1 566 167
Loans to group companies	4.1	570 925	588 866
Total non-current assets		2 185 465	2 155 033
Current assets			
Trade and other receivables	5	–	163
Cash and cash equivalents	6	101 476	74 220
Total current assets		101 476	74 383
Total assets		2 286 941	2 229 416
EQUITY AND LIABILITIES			
Equity			
Ordinary shares	7	1 845	1 845
Share premium	7	2 179 701	2 179 701
Reserves		66 801	40 730
Retained income		32 582	6 217
Total equity		2 280 929	2 228 493
Liabilities			
Current liabilities			
Trade and other payables	8	6 006	922
Current income tax liabilities		6	1
Total current liabilities		6 012	923
Total equity and liabilities		2 286 941	2 229 416

The notes on pages 98 to 107 are an integral part of these financial statements.

Company statement of comprehensive income

for the year ended 28 February 2013

	Notes	2013 R'000	2012 R'000
Revenue	9	150 437	193 514
Administrative expenses		(5 002)	(2 736)
Operating profit		145 435	190 778
Finance income	10	1 220	61
Profit before income tax		146 655	190 839
Income tax expense	11	(342)	(16 689)
Profit for the year		146 313	174 150
Other comprehensive income		–	–
Total comprehensive income for the year		146 313	174 150

The notes on pages 98 to 107 are an integral part of these financial statements.

Company statement of changes in equity

for the year ended 28 February 2013

	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 2011	1 845	2 179 701	25 961	3 685	2 211 191
Changes in equity:					
Employees' share option scheme (refer note 4)	–	–	14 769	–	14 769
Total comprehensive income for the year	–	–	–	174 150	174 150
Dividends paid	–	–	–	(171 618)	(171 618)
Total changes	–	–	14 769	2 532	17 301
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)	–	–	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 28 February 2013	1 845	2 179 701	66 801	32 582	2 280 929
Note	7	7			

The notes on pages 98 to 107 are an integral part of these financial statements.

Company statement of cash flows

for the year ended 28 February 2013

	Notes	2013 R'000	2012 R'000
Cash flows from operating activities			
Cash generated/(used) in operations	12	245	(3 364)
Dividends received	9	150 437	193 514
Interest received	10	1 220	61
Taxation paid	12	(337)	(16 697)
Net cash generated from operating activities		151 565	173 514
Cash flows from investing activities			
(Increase)/decrease in investments		(22 301)	30
Loans repaid by/(advanced to) group companies		17 940	(50 378)
Net cash used investing activities		(4 361)	(50 348)
Cash flows from financing activities			
Loans made/(repaid) by group companies		–	(64)
Dividends paid		(119 948)	(171 618)
Net cash used financing activities		(119 948)	(171 682)
Net increase/(decrease) in cash and cash equivalents		27 256	(48 516)
Cash and cash equivalents at the beginning of the year		74 220	122 736
Total cash and cash equivalents at the end of the year	6	101 476	74 220

The notes on pages 98 to 107 are an integral part of these financial statements.

Notes to the company financial statements

for the year ended 28 February 2013

1. Summary of significant accounting policies

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and the Companies Act 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 at fair value through profit and loss.

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 subsidiaries, joint ventures 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.

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.

1. Summary of significant accounting policies (continued)

1.2 Financial instruments (continued)

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 uncollectible, 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 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.

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 income statement, with a corresponding adjustment to equity.

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. Summary of significant accounting policies (continued)

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 2013 year-end

Number	Effective date	Summary
Amendments to IFRS 1: *First time adoption on hyperinflation and fixed dates*	1 July 2011	Derecognition transactions occurring before the date of transition to IFRS and resumption of IFRS presentation after severe hyperinflation.
Amendment to IFRS 7: *Financial Instruments: Disclosures – Transfer of financial assets*	1 July 2011	Financial crisis concerns including risks faced due to derecognised receivables and other financial assets.
Amendment to IAS 12: *Income taxes on deferred tax*	1 January 2012	Exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value.

International Financial Reporting Standards and amendments issued but not effective for 28 February 2013 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 9: *Financial Instruments (2009)*	1 January 2013	Classification and measurement of financial assets: amortised cost and fair value.
IFRS 9: *Financial Instruments (2010)*	1 January 2013	Guidance on financial liabilities and derecognition of financial instruments.
Amendments to IFRS 9: *Financial Instruments (2011)*	1 January 2015	Delay in effective date.
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 to determine accounting treatment.
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.

1. Summary of significant accounting policies (continued)

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

International Financial Reporting Standards (continued)

International Financial Reporting Standards and amendments issued but not effective for 28 February 2013 year-end

Number	Effective date	Summary
IAS 27 (revised 2011): *Separate financial statements*	1 January 2013	Provisions on separate financial statements.
IAS 28 (revised 2011): *Associates and joint ventures*	1 January 2013	Requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11.
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.

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 2013 year-ends:

IFRS	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.

Interpretations of International Financial Reporting Standards

Interpretations of International Financial Reporting Standards issued but not yet effective for the 28 February 2013 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.

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 to 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:

	2013 +1% R'000	2013 -1% R'000	2012 +1% R'000	2012 -1% R'000
Cash and cash equivalents	731	(731)	534	(534)
Increase/(decrease) in profitability	731	(731)	534	(534)

(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.

Concentration of credit risk	Rating	2013 R'000	2012 R'000
Cash and cash equivalents	A	–	74 220
Cash and cash equivalents	BBB	101 476	–
Total cash and cash equivalents (refer note 6)		101 476	74 220
Current trade and other receivables	A	–	163
Total current trade and other receivables (refer note 5)		–	163

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 R101,5 million (2012: R74,4 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:

2. Financial risk management (continued)

(c) Liquidity risk (continued)

	Carrying amount R'000	Contractual cash flows R'000	Within 1 year R'000	Within 2 to 5 years R'000
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
At 29 February 2012				
Non-derivative financial liabilities				
Trade and other payables	922	922	922	–
Total	922	922	922	–

The carrying value of financial assets and financial liabilities approximate their fair values.

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:

	2013 R'000	2012 R'000
Loans from group companies (refer note 4.2)	–	–
Less: cash and cash equivalents (refer note 6)	(101 476)	(74 220)
Net debt	(101 476)	(74 220)
Total equity	2 280 929	2 228 493
Total capital and net debt	2 179 453	2 154 273
Gearing ratio	(5%)	(3%)

	2013 R'000	2012 R'000
4. Investment in subsidiaries		
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	–	–
LR Civil (Pty) Ltd	22 300	–
Raubex (Pty) Ltd	1 001 620	1 001 620
Raubex Construction (Mauritius) Ltd	1	–
Strata Civils (Pty) Ltd	–	–
Total direct investment in subsidiaries	1 573 699	1 551 398
Indirect investment on issue of share options to employees of subsidiaries		
Akasia Road Surfacing (Pty) Ltd	52	52
B&E International (Pty) Ltd	3 796	1 267
Burma Plant Hire (Pty) Ltd	85	–
Milling Techniks (Pty) Ltd	759	209
National Asphalt (Pty) Ltd	3 194	1 110
Phambili Road Surfacing (Pty) Ltd	190	52
Raubex (Pty) Ltd	20 548	6 527
Raubex Construction (Pty) Ltd	2 057	1 424
Raumix Aggregates (Pty) Ltd	190	52
Roadmac Surfacing (Pty) Ltd	3 178	850
Roadmac Surfacing Cape (Pty) Ltd	1 058	1 110
Roadmac Surfacing KZN (Pty) Ltd	2 108	849
Space Construction (Pty) Ltd	759	209
SPH Kundalila (Pty) Ltd	2 867	1 058
Total indirect investment in subsidiaries	40 841	14 769
Total investment in subsidiaries	1 614 540	1 566 167

The carrying amounts of investment in subsidiaries are shown net of impairment losses.

Details of the groups' employee share option scheme are disclosed in note 27 to the group financial statements.

	2013 R'000	2012 R'000
4.1 Loans to group companies		
Burma Plant Hire (Pty) Ltd	4 000	4 000
Raubex (Pty) Ltd	535 932	553 873
Raumix Aggregates (Pty) Ltd	30 993	30 993
Total loans to group companies	570 925	588 866
Non-current assets	570 925	588 866
Current assets	–	–
Current liabilities	–	–
Total loans to group companies	570 925	588 866

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

The loans to group companies have been reclassified as non-current assets as settlement is expected to occur outside of the normal operating cycle of the company.

		2013 R'000	2012 R'000
5.	**Trade and other receivables**		
	Other receivables	–	163
	Total trade and other receivables	–	163
	The fair values of trade and other receivables are as follows:		
	Other receivables	–	163
	Total trade and other receivables	–	163
	As of 28 February 2013, no receivables were neither past due or impaired.		
6.	**Cash and cash equivalents**		
	Cash and cash equivalents consist of:		
	Bank balance	305	340
	Investments on call	101 171	73 880
	Total cash and cash equivalents	101 476	74 220

		Number of shares '000	Ordinary shares R'000	Share premium R'000	Total R'000
7.	**Share capital and share premium**				
	At 1 March 2011	184 536	1 845	2 179 701	2 181 546
	Shares issued	–	–	–	–
	At 29 February 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

The total authorised number of ordinary shares is 500 million shares (2012: 500 million) with a par value of 1 cent per share (2012: 1 cent per share). All issued shares are fully paid.

		2013 R'000	2012 R'000
8.	**Trade and other payables**		
	Trade payables	118	147
	Payables due to related parties (refer note 13)	–	755
	Accrued expenses	1 188	20
	Other liabilities – contingent consideration	4 700	–
	Total trade and other payables	6 006	922

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.

Notes to the company financial statements

for the year ended 28 February 2013

		2013 R'000	2012 R'000
9.	**Revenue**		
	Dividends received from subsidiaries	149 400	189 250
	Dividends received from investments on call	1 037	4 264
	Total revenue	150 437	193 514
10.	**Finance income**		
	Interest income on cash resources	1 220	61
	Total finance income	1 220	61
11.	**Income tax expense**		
	South African normal taxation		
	Current tax		
	Current period	342	17
	Recognised in current tax for prior periods	–	1
	Secondary tax on companies	–	16 671
	Total South African normal taxation	342	16 689
	Reconciliation between applicable tax rate and effective tax rate:	%	%
	Applicable tax rate	28,00	28,00
	Exempt income	(28,72)	(27,77)
	Secondary tax on companies	–	8,74
	Disallowed charges	0,95	(0,22)
	Effective tax rate	0,23	8,75

		2013 R'000	2012 R'000
12.	**Cash generated from operations**		
	Profit before income tax	146 655	190 839
	Adjustments for:		
	Finance income	(1 220)	(61)
	Dividends received	(150 437)	(193 514)
	Changes in working capital		
	Trade and other receivables	163	(163)
	Trade and other payables	5 084	(465)
	Net cash generated from operations	245	(3 364)
	In the cash flow statement taxation paid is calculated as follows:		
	Balance due at the beginning of the year	1	9
	Add: current year tax charge (refer note 11)	342	16 689
	Less: balance due at the end of the year	(6)	(1)
	Taxation paid	337	16 697

	2013 R'000	2012 R'000
13. Related party transactions		
Relationship		
Subsidiaries — Refer note 38 to the group financial statements		
Related party balances		
Loans to related parties		
At the beginning of the year	588 866	538 488
Loans advanced during the year	238 600	247 384
Loans repayments received	(256 541)	(197 006)
At the end of the year	570 925	588 866
Loans from related parties		
At the beginning of the year	–	64
Loans received during the year	–	–
Loans repayments made	–	(64)
At the end of the year	–	–
Amounts included in trade payables		
Raubex (Pty) Ltd (refer note 8)	–	755
Other fees paid to related parties		
Raubex (Pty) Ltd	3	665

14. Directors' emoluments

No emoluments were paid to the directors during the year.

Notice of Annual General Meeting

Raubex Group Limited
(Registration number: 2006/023666/06)
JSE code: RBX
ISIN: ZAE000093183

Notice is hereby given to the shareholders recorded in Raubex Group Limited's (**"Raubex"** or the **"company"**) securities register on 1 November 2013 that the seventh Annual General Meeting (**"AGM"**) of the shareholders of the company will be held at Glenhove Conference Centre, 52 Glenhove Road, Melrose Estate on 7 November 2013 at 10:00 to:

(i) deal with such business as may lawfully be dealt with at the meeting; and
(ii) consider and, if deemed fit, pass, with or without modification, the ordinary and special resolutions set forth below in the manner required by the Companies Act, 71 of 2008, as amended (the **"Companies Act"**), as read with the Listings Requirements of the JSE Limited (**"JSE Listings Requirements"**), which meeting is to be participated in and voted at by the shareholders as at the record date of 1 November 2013.

When reading the resolutions below please refer to the explanatory notes for the AGM resolutions on page 113.

1. Presentation of financial statements

The consolidated audited financial statements of the company and its subsidiaries (as approved by the board of directors of the company), incorporating the external auditor, audit committee and directors' report for the year ended 28 February 2013, have been distributed as required and will be presented.

2. Ordinary resolution number one: Re-election of executive director

To re-elect, the following director as an executive director, whom being eligible, offers himself for re-election in accordance with article 26.5.1 of the company's Memorandum of Incorporation for a further term of office:

a. RJ Fourie

Refer to page 112 of the integrated report for a brief biography of the director offering himself for re-election.

3. Ordinary resolution number two: Election of executive director

To elect, the following director as an executive director, who was appointed subsequent to the previous Annual General Meeting. The director, whom being eligible, is:

a. JF Gibson

Refer to page 112 of the integrated report for a brief biography of the director offering himself for election.

4. Ordinary resolution number three: Re-election of non-executive directors

To re-elect, by way of a series of votes, each of which is on the candidacy of a single director to fill a single vacancy, the following directors as non-executive directors, who retire by rotation, but being eligible, each offers himself/herself for re-election in accordance with the company's Memorandum of Incorporation for a further term of office:

a. JE Raubenheimer;
b. F Kenney;
c. LA Maxwell;
d. BH Kent; and
e. NF Msiza.

Refer to page 112 of the integrated report for brief biographies of each director offering himself/herself for re-election.

5. Ordinary resolution number four: Approval of external auditor's remuneration

To resolve that the directors be authorised to determine the remuneration of the auditors, PricewaterhouseCoopers, for the audit performed in respect of the financial year ending 28 February 2013.

6. Ordinary resolution number five: Re-appointment of external auditor

To resolve that, the re-appointment of PricewaterhouseCoopers as the independent registered auditors of the company (for the financial year ending 28 February 2014), until the conclusion of the next Annual General Meeting be authorised and confirmed, and to note that the individual registered auditor who will undertake the audit during the financial year ending 28 February 2014 is Mr L Rossouw.

7. Ordinary resolution number six: Re-appointment of audit committee members

To resolve that the re-appointment of the following independent non-executive directors:

a. LA Maxwell;

b. BH Kent; and
c. NF Msiza,

as audit committee members, be authorised and confirmed, subject to their re-election as directors pursuant to ordinary resolution number three. Information in respect of the above director is set out in ordinary resolution number three.

8. Ordinary resolution number seven: 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 2014:

- The maximum number of ordinary shares in the company in respect of which options may be granted to eligible employees shall be 1 339 700 (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 2013, being R21,51); 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 102 300 (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 2013, being R21,51).

9. Ordinary resolution number eight: Authorise any director to sign all documents to give effect to all the resolutions

To resolve that, any director of the company be and is hereby authorised to do all such things, sign all such documents and take all such actions as are necessary to give effect to the special and ordinary resolutions proposed at the AGM at which this ordinary resolution is proposed, if it/they is/are passed (in the case of ordinary and special resolutions) and registered by the Companies and Intellectual Property Commission, to the extent required.

10. Special resolution number one: Remuneration of non-executive directors

To resolve in terms of article 26.4.2 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, for a period of two years, commencing on 1 December 2013, unless such remuneration is proposed to be amended at the next AGM:

	Proposed annual remuneration R	Proposed attendance remuneration 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.*

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

Resolved that the company and/or any subsidiary of the company is hereby authorised, by way of general authority, from time to time to acquire shares issued by the company, upon such terms and conditions and in such number as the directors of the company from time to time determine, but subject to the applicable requirements in the MOI, the Companies Act and the JSE Listings Requirements each as presently constituted and as amended from time to time. It is recorded that the JSE Listings Requirements currently require, *inter alia*, in relation to a general approval of shareholders that:

- acquisitions of securities be implemented through the order book operated by the JSE trading system and done without prior understanding or arrangement between the company and the counterparty;
- approval by shareholders in terms of this special resolution of the company shall be valid only until the next Annual General Meeting or for 15 months from the date of the resolution, whichever period is shorter;
- acquisitions in any one financial year are limited to a maximum of 20% of the company's issued share capital of the relevant class; provided that acquisitions by subsidiaries of Raubex are limited to a maximum of 10% of the company's issued share capital of the relevant class;
- an acquisition may not be made at a price more than 10% above the weighted average of the market value at which the shares in question are traded on the JSE as determined over the five business days immediately preceding the date on which the transaction is effected;
- a paid press announcement containing details of such acquisition must be published as soon as the company and/or any of its subsidiaries has/have acquired shares constituting, on a cumulative basis, 3% of the number of shares of the relevant

class in issue at the date of the Annual General Meeting at which this special resolution is passed (initial number) and for each 3% in aggregate of the initial number acquired thereafter;
- at any point in time, the company and/or its subsidiaries may only appoint one agent to effect any repurchases;
- the board of directors authorises the acquisition, that the company and or any of its subsidiaries passes the solvency and liquidity test and that since the test was done there have been no material changes to the financial position of the company and its subsidiaries; and
- no repurchase may take place during prohibited periods stipulated by the JSE Listings Requirements.

Statement by the board of the company

At the time of completing this notice, there have been no material changes in the financial or trading position of the company and its subsidiaries that have occurred up to the date of preparation of these group financial statements.

At the present time, the directors have no specific intention with regard to the utilisation of this authority which will only be used in appropriate circumstances.

A general repurchase of the company's shares shall only take place after the JSE has received written confirmation from the company's sponsor in respect of the directors' working capital statement.

To the extent that any acquisition is effected in terms of this authorisation, the company will only do so if:
- the company and the group will be able, in the ordinary course of business, to pay its debts for a period of 12 months after the notice of the AGM as they become due;
- the assets of the company and the group, fairly valued in accordance with International Financial Reporting Standards, will be in excess of its consolidated liabilities for a period of 12 months after the notice of the AGM;
- the issued share capital and reserves of the company and the group are adequate for their ordinary business purposes for a period of 12 months after the notice of the AGM;
- the working capital of the company and the group will be adequate for ordinary business purposes for a period of 12 (twelve) months from date of this notice of Annual General Meeting; and
- a resolution by the board of directors that they authorise the acquisition, that the company passed the solvency and liquidity test and that since the test was done there have been no material changes to the financial position of the group.

For the purposes of considering special resolution number two and in compliance with Rule 11.26(b) of the JSE Listings Requirements, the information listed below has been included in the annual report, in which this notice of Annual General Meeting is included, at the pages as indicated.

- Directors and management – refer to pages 5 and 10;
- Major shareholders – refer to page 41;
- Material changes – refer to page 111;
- Directors' interest in securities – refer to page 40;
- Share capital of the company – refer to page 67; and
- Litigation statement – refer to page 110.

Reasons for and effect of special resolution number two

The reason for this special resolution is to obtain, and the effect thereof is to grant the company, a general approval in terms of the Companies Act for the acquisition by the company, or a subsidiary of the company, of ordinary shares in the capital of the company, which general approval shall be valid until the next Annual General Meeting of the company; provided that the general authority shall not extend beyond 15 (fifteen) months from the date of the Annual General Meeting at which this special resolution is passed.

Litigation statement

In terms of section 11.26 of the JSE Listings Requirements, the directors, whose names appear on page 5 of the 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 appear on page 5 of the integrated report, collectively and individually, accept full responsibility for the accuracy of the information pertaining to this special resolution 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 information referred to in this special resolution number one contains all the information required by law and the JSE Listings Requirements.

Material changes

Other than the facts and developments reported on in the 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.

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

To resolve as a special resolution that the board of directors of the company is hereby authorised, to the extent required by and subject to section 45 of the Companies Act and the requirements, to the extent applicable, of the:

i) company's Memorandum of Incorporation; and
ii) JSE Listings Requirements, as a general approval, to authorise the company to provide any direct or indirect financial assistance (as defined in the Companies Act) to a company or corporation which is related or inter-related (as defined in the Companies Act), 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 number three.

13. Non-binding advisory endorsement on the company's remuneration policy

To endorse on a non-binding advisory basis, the company's remuneration policy (excluding the remuneration of the non-executive directors for their services as directors and members of board committees).

14. To transact such other business as may be transacted at an Annual General Meeting of members.

Electronic participation at AGM

Shareholders, or their proxies, who are entitled to attend the AGM may participate in the AGM via electronic communication. In this regard the company will arrange that video conferencing facilities will be available at the following location: 6 Buketraube Crescent, Saxenburg 2, Blackheath, 7580 Cape Town. Should you wish to participate in the AGM by way of electronic communication as aforesaid, you, or your proxy, will be required to attend at the above mentioned location on the date of the AGM. The cost of the said video conferencing facilities will be for the account of the company.

The AGM will also 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.

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 Thursday, 7 November 2013, 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 12:00 on Tuesday, 5 November 2013.

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 Central Securities Depository Participant (**"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

Notice of Annual General Meeting

Election and Re-election of directors – Brief biographies

Executive directors

Rudolf Johannes Fourie – Chief executive officer (47)

N Dip Marketing Management

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 23 years' experience in road surfacing and the bitumen industry. He became the chief executive officer 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 – Financial director (39)

B Com, CA(SA)

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 Limited in 2007. 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 – Non-executive chairman (70)

BSc Eng (Civil) Pr Eng

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 – Non-executive director (59)

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 – Independent non-executive director (38)

B Com, H Dip (Tax) and Masters in Business Administration

Felicia joined Raubex as an independent non-executive director in February 2011. She has over 14 years of experience in the field of governance, including internal audit, external audit and risk management and currently holds an executive position in Governance at Broadband Infraco. She previously 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.

Leslie (Les) Arthur Maxwell – Independent non-executive director (66)

B Com, 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 the 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.

Bryan Hugh Kent – Independent non-executive director (68)

B Com, 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.

Explanatory notes

Appointment of directors – ordinary resolution number three

In terms of section 68(2) of the Companies Act, unless the MOI provides otherwise, the election of directors is to be conducted as a series of votes, each of which is on the candidacy of a single individual to fill a single vacancy.

Election of the audit committee members – ordinary resolution number seven

In terms of the Companies Act, the audit committee is no longer a committee of the board, but a committee elected by the shareholders at each AGM.

The audit committee, acting as a collective, should be adequately skilled to perform its role having regard to the size and circumstances of the company. In accordance with regulation 42 of the Companies Regulations, 2011, at least one third of the members of the company's audit committee at any particular time must have academic qualifications or experience, in economics, law, corporate governance, finance, accounting, commerce, industry, public affairs or human resource management.

Financial assistance to directors, prescribed officers, employee share scheme beneficiaries and related or inter-related companies and corporations – special resolution number three

Notwithstanding the title of section 45 of the Act, being "Loans or other financial assistance to directors", on a proper interpretation, the body of the section may also apply to financial assistance provided by a company to related or inter-related companies and corporations, including, among others, its subsidiaries, for any purpose.

Furthermore, section 44 of the Act may also apply to the financial assistance so provided by a company to related or inter-related companies, in the event that the financial assistance is provided for the purpose of, or in connection with, the subscription of 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.

Both sections 44 and 45 of the Act provide, among others, that the particular financial assistance must be provided only pursuant to a special resolution of the shareholders, adopted within the previous 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 of directors must be satisfied that:

(a) immediately after providing the financial assistance, the company would satisfy the solvency and liquidity test; and

(b) the terms under which the financial assistance is proposed to be given are fair and reasonable to the company.

When the need previously arose, the company had to provide loans to and guarantees to loans or other obligations of subsidiaries and was not precluded from doing so in terms of its Articles of Association or in terms of the Companies Act, 1973. The company would like the ability to provide financial assistance, if necessary, also in other circumstances, in accordance with section 45 of the Act. Furthermore, it may be necessary or desirous for the company to provide financial assistance to related or inter-related companies and corporations to subscribe for options or securities or purchase securities of the company or another company related or inter-related to it. Under the Act, the company will however require the special resolution referred to above to be adopted. In the circumstances and in order to, among others, 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), it is necessary to obtain the approval of shareholders, as set out in special resolution number three.

Non-binding advisory endorsement on the company's remuneration policy

King III recommends that the remuneration policy be tabled to shareholders for a non-binding advisory vote at each AGM. The company's remuneration policy appears in the remuneration report on pages 31 and 32 of the integrated report.

Notes

Form of proxy

For use at the Annual General Meeting of Raubex Group Limited ("the company") to be held at Glenhove Conference Centre, on Thursday, 7 November 2013 at 10:00.

This form of proxy is not to be used by beneficial owners of shares who have dematerialised their shares ("dematerialised shares") through a Central Securities Depository Participant ("CSDP") or broker, as the case may be, unless you are recorded on the subregister as an own name dematerialised shareholder. Generally, you will not be an own name dematerialised shareholder unless you have specifically requested your CSDP to record you as the holder of the shares in your own name in the company's subregister.

This form of proxy is only for use by certificated, own name dematerialised shareholders and CSDPs or brokers (or their nominees) registered in the company's subregister as the holder of dematerialised ordinary shares.

Each shareholder entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy (who need not be a shareholder of the company) to attend, participate in and speak and vote in place of that shareholder at the Annual General Meeting, and at any adjournment thereafter.

Please note the following:
- the appointment of your proxy may be suspended at any time to the extent that you choose to act directly and in person in the exercise of your rights as a shareholder at the Annual General Meeting;
- the appointment of the proxy is revocable; and
- you may revoke the proxy appointment by (i) cancelling it in writing, or making a later inconsistent appointment of a proxy; and (ii) delivering a copy of the revocation instrument to the proxy, and to the company.

Please note that any shareholder of the company that is a company may authorise any person to act as its representative at the Annual General Meeting. **Please also note that section 63(1) of the 2008 Companies Act, requires that persons wishing to participate in the Annual General Meeting (including the aforementioned representative) provide satisfactory identification before they may so participate.**

Note that voting will be performed by way of a poll so each member present or represented by way of proxy will be entitled to vote.

I/We (block letters)

of

Telephone: Work (   )   Telephone: Home (   )

being the holder/s of   ordinary shares in the company, hereby appoint (refer note 1):

1.   or failing him/her,

2.   or failing him/her,

3. the chairman of the Annual General Meeting,

as my/our proxy to attend, speak, vote and act for me/us on my/our behalf at the Annual General Meeting which will be held for the purpose of considering and, if deemed fit, passing the resolutions to be proposed thereat and at any adjournment thereof and to vote for or against such resolutions or to abstain from voting in respect of the shares in the issued capital of the company registered in my/our name/s, in accordance with the following instructions (refer note 2).

My/our proxy may delegate to another person his/her authority to act on my behalf at the Annual General Meeting, provided that my/our proxy:
- may only delegate his/her authority to act on my behalf at the General Meeting to a director of the company; and
- must provide written notification to the transfer secretaries of the company, namely Computershare Investor Services (Pty) Ltd, of the delegation by my/our proxy of his/her authority to act on my behalf at the General Meeting by no later than 10:00 on Tuesday, 5 November 2013, being 48 (forty-eight) hours before the General Meeting to be held at 10:00 on Thursday, 7 November 2013; and
- must provide to his/her delegee a copy of his/her authority to delegate his/her authority act on my behalf at the General Meeting.

		Number of votes (one vote per ordinary share)		
		For	Against	Abstain
Ordinary resolution number one (a):	Re-election of Mr RJ Fourie as director			
Ordinary resolution number two (a):	Election of Mr JF Gibson as director			
Ordinary resolution number three (a):	Re-election of Mr JE Raubenheimer as non-executive director			
Ordinary resolution number three (b):	Re-election of Mr F Kenney as non-executive director			
Ordinary resolution number three (c):	Re-election of Mr LA Maxwell as non-executive director			
Ordinary resolution number three (d):	Re-election of Mr BH Kent as non-executive director			
Ordinary resolution number three(e):	Re-election of Mrs NF Msiza as non-executive director			
Ordinary resolution number four:	Approval of external auditor remuneration			
Ordinary resolution number five:	Re-appointment of external auditor			
Ordinary resolution number six (a):	Re-appointment of Mr LA Maxwell as audit committee member			
Ordinary resolution number six (b):	Re-appointment of Mr BH Kent as audit committee member			
Ordinary resolution number six (c):	Re-appointment of Mrs NF Msiza as audit committee member			
Ordinary resolution number seven:	Applicable limits to the Raubex Group Deferred Stock Scheme			
Ordinary resolution number eight:	Authorise any director to sign all documents to give effect to all resolutions			
Special resolution number one:	Remuneration of non-executive directors			
Special resolution number two:	General authority to acquire shares			
Special resolution number three:	Financial assistance to related or inter-related companies and corporations			
Non-binding endorsement	Advisory endorsement on remuneration policy			

Insert an "X" in the relevant spaces above according to how you wish your votes to be cast. If you wish to cast your votes in respect of a lesser number of shares than you own in the company, insert the number of shares held in respect of which you desire to vote (see note 3).

Signed at   on   2013

Signature

(Authority of signatory to be attached if applicable – see note 7)

Assisted by me (where applicable – see note 9)   Telephone number: (   )

Notes to form of proxy

Summary of shareholders rights in respect of proxy appointments as contained in section 58 of the 2008 Companies Act

Please note that in terms of section 58 of the 2008 Companies Act:

- this proxy form must be dated and signed by the shareholder appointing the proxy;
- you may appoint an individual as a proxy, including an individual who is not a shareholder of the company, to participate in and speak and vote at a shareholders meeting on our behalf;
- your proxy may delegate his/her authority to act on your behalf to another person, subject to any restriction set out in this proxy form;
- this proxy form must be delivered to the company, or to the transfer secretaries of the company, namely Computershare Investor Services (Pty) Ltd, before your proxy exercises any of your rights as a shareholder at the Annual General Meeting;
- the appointment of your proxy or proxies will be suspended at any time to the extent that you choose to act directly and in person in the exercise of any of your rights as a shareholder at the Annual General Meeting;
- the appointment of your proxy is revocable unless you expressly state otherwise in this proxy form;
- as the appointment of your proxy is revocable, you may revoke the proxy appointment by:
  (i) cancelling it in writing, or making a later inconsistent appointment of a proxy; and
  (ii) delivering a copy of the revocation instrument to the proxy and to the company. Please note the revocation of a proxy appointment constitutes a complete and final cancellation of your proxy's authority to act on your behalf as of the later of (i) the date stated in the revocation instrument, if any, or (ii) the date on which the revocation instrument was delivered to the company and the proxy as aforesaid.
- If this proxy form has been delivered to the company, as long as that appointment remains in effect, any notice that is required by the 2008 Companies Act or the company's MOI to be delivered by the company to you will be delivered by the company to you or your proxy or proxies, if you have directed the company to do so, in writing and paid any reasonable fee charged by the company for doing so;
- your proxy is entitled to exercise, or abstain from exercising, any voting right of yours at the Annual General Meeting, but only as directed by you on this proxy form; and
- the appointment of your proxy remains valid only until the end of the Annual General Meeting or any adjournment or postponement thereof or for a period of six months, whichever is shortest, unless it is revoked by you before then on the basis set out above.

Notes

1. The person whose name stands first on the proxy form and who is present at the Annual General Meeting will be entitled to act as a proxy to the exclusion of those whose names follow thereafter.
2. If no proxy is inserted in the spaces provided, then the chairperson shall be deemed to be appointed as the proxy to vote or abstain as the chairperson deems fit.
3. A shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that shareholder in the appropriate box provided. If there is no clear indication as to the voting instructions to the proxy, the proxy form will be deemed to authorise the proxy to vote or to abstain from voting at the Annual General Meeting as he/she deems fit in respect of all the shareholder's votes exercisable thereat.
4. A shareholder or his/her proxy is not obliged to use all the votes exercisable by the shareholder or by his/her proxy, but the total of the votes cast and in respect of which abstention is recorded may not exceed the total of the votes exercisable by the shareholder or by his/her proxy. A proxy shall be entitled to demand that voting take place on a poll.
5. Proxy forms must be lodged at the registered office of the company, situated at Building 1, Highgrove Office Park, 50 Tegel Avenue, Highveld, Centurion 0169, or lodged or posted to the transfer secretaries, Computershare Investor Services (Pty) Ltd, Ground Floor, 70 Marshall Street, Johannesburg 2001 (PO Box 61051, Marshalltown, 2107 South Africa).
6. Forms of proxy must be received or lodged by no later than 10:00 on Tuesday, 5 November 2013, being no later than 48 (forty-eight) hours before the Annual General Meeting to be held at 10:00 on Thursday, 7 November 2013.
7. Documentary evidence establishing the authority of a person signing this proxy form in a representative capacity must be attached to this proxy form unless previously recorded by the company secretary or waived by the chairperson of the Annual General Meeting. CSDPs or brokers registered in the company's subregister voting on instructions from beneficial owners of shares registered in the company's subregister, are requested that they identify the beneficial owner in the subregister on whose behalf they are voting and return a copy of the instruction from such owner to the company secretary or to the transfer secretaries, Computershare Investor Services (Pty) Ltd, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107, South Africa), together with this form of proxy.
8. Any alteration or correction made to this proxy form must be initialled by the signatory/ies, but may not be accepted by the chairperson.
9. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the company secretary.

General information

Nature of business	Construction work, civil engineering, supply of aggregates and holding company
Directors	JE Raubenheimer (chairman non-executive) RJ Fourie (chief executive officer) JF Gibson (financial director) F Kenney (non-executive) LA Maxwell (independent non-executive) BH Kent (independent non-executive) NF Msiza (independent non-executive)
Secretary	HE Ernst
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 9300
Auditors	PricewaterhouseCoopers Inc. Registered Auditors
Officer responsible for the preparation of the financial statements	JF Gibson
Designation	Chartered Accountant (SA)
Transfer secretary	Computershare Investor Services (Pty) Ltd
Investor relations	College Hill Fountain Grove 5 2nd Road Hyde Park 2196 Tel: +27 (0)11 447 3030
Sponsor	Investec Bank Limited 100 Grayston Drive Sandown Sandton 2196
Company registration number	2006/023666/06
Website	www.raubex.com

These financial statements have been audited in compliance with the applicable requirements of the Companies Act, 71 of 2008.

Registered office

Building 1
Highgrove Office Park
50 Tegel Avenue
Highveld Park
Centurion
0169
Tel: +27 (0)12 648 9400
www.raubex.com