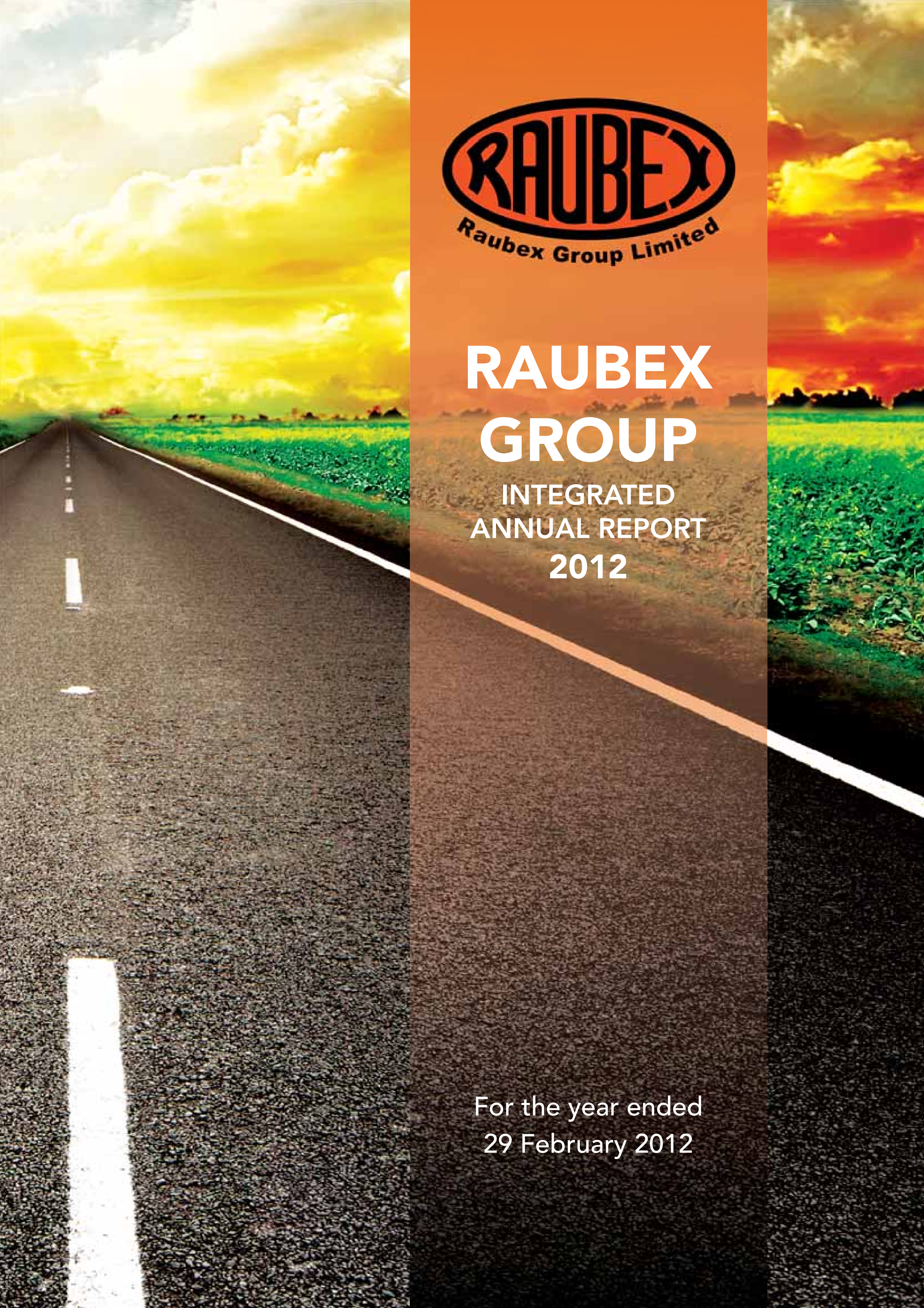
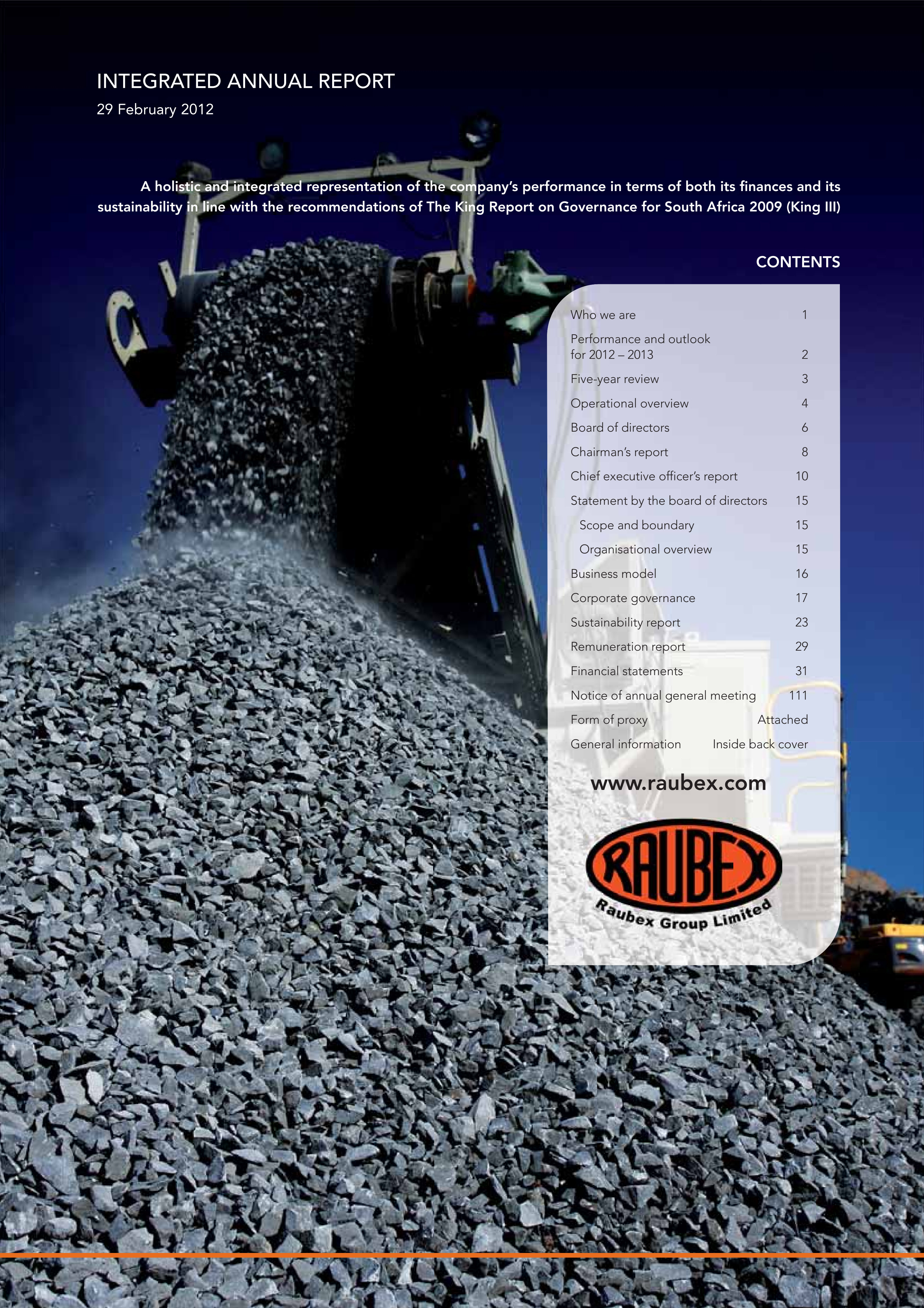


Raubex Group Limited

RAUBEX GROUP

INTEGRATED ANNUAL REPORT 2012

For the year ended
29 February 2012



INTEGRATED ANNUAL REPORT

29 February 2012

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)

CONTENTS

www.raubex.com

Raubex Group Limited

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.

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.

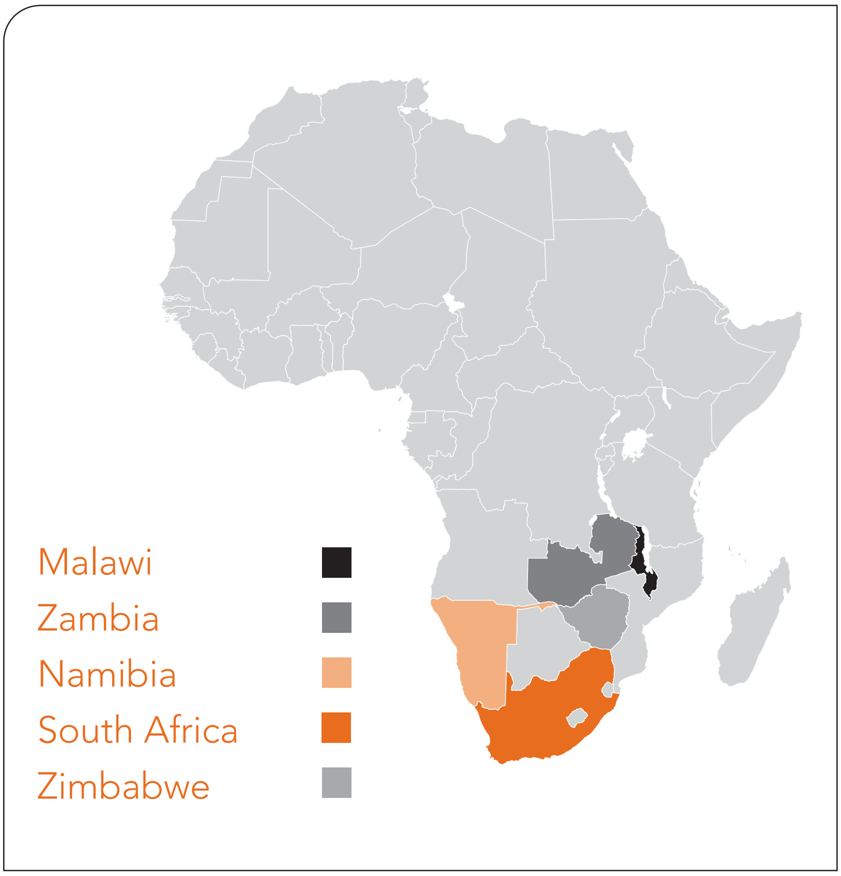
Raumix is the materials division of the group, specialising in the supply of aggregate from commercial quarries and providing mobile crushing solutions for remote project sites.

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.

Raubex has been operating since 1974 and listed on the JSE Limited in March 2007. The group has maintained a proud record of over 37 years of uninterrupted profitability.

KEY FACTS

- Revenue R5,03 bn
- Profit after tax R341,2 m
- Cash and equivalents R624,9 m
- Employs over 7 000 people
- Operations in South Africa, Malawi, Namibia, Zambia and Zimbabwe
- Five years as a JSE-listed company



PERFORMANCE AND OUTLOOK FOR 2012 – 2013

Trading conditions in the road construction industry will continue to be challenging in the short term and the impact of lower margin work will continue to be felt in the year ahead.

The volume of work in the road construction and maintenance industry is encouraging. However, the severe pricing pressure being experienced continues to present extremely challenging trading conditions.

Improvements in mining-related activities are encouraging and the group continues to explore new opportunities in this area.

The group has maintained a stable order book of secured work of **R4,62 billion (2011: R4,38 billion)** and has a cautious approach to tendering for new work in the current low margin environment.

The group's African expansion drive remains a priority.

CORE VALUES

- Quality
- Integrity
- Professionalism

OPPORTUNITIES (page 24)

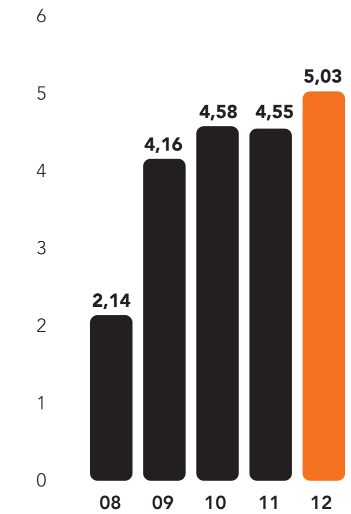
- Strengthen the materials division
- Increase share of construction activities in the mining industry
- Prepare to capitalise on government's planned infrastructure spend
- Prepare for improvement in market conditions in road construction industry
- Acquisition and expansion opportunities

STRATEGIC OBJECTIVES (page 23)

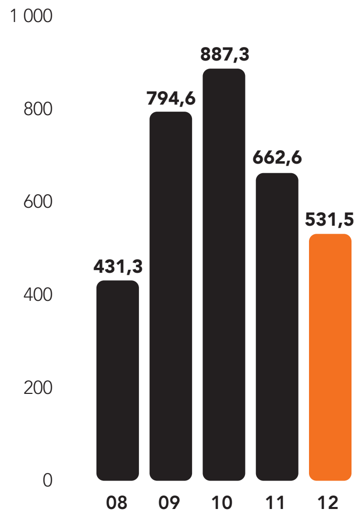
- Drive to attain a more balanced portfolio of work in the construction and related services sector
- Expand existing business model into new geographies
- Build on existing competitive advantages
- Improve market position

FIVE-YEAR REVIEW

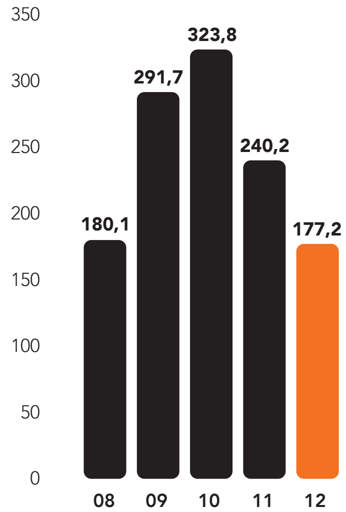
REVENUE (Rbn)



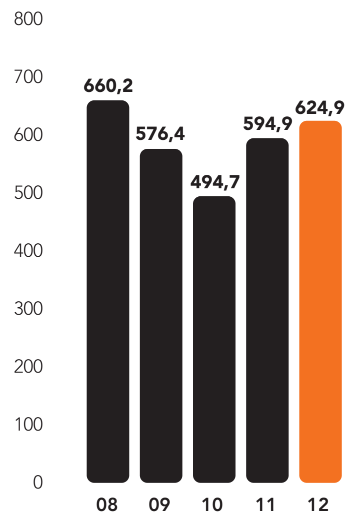
OPERATING PROFIT (Rm)



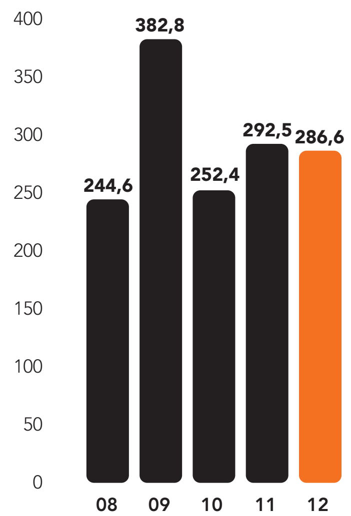
HEADLINE EARNINGS PER SHARE (cents)



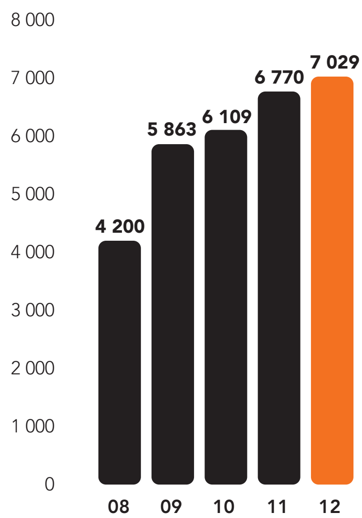
CASH AND CASH EQUIVALENTS (Rm)



CAPITAL EXPENDITURE (Rm)



HEADCOUNT



OPERATIONAL OVERVIEW

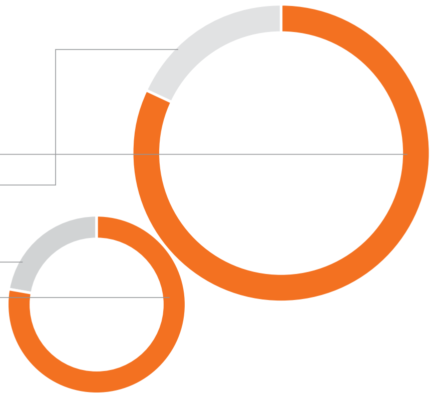
GEOGRAPHIC SEGMENTS

REVENUE

LOCAL **R4,14 BN** **(2011: R3,93 BN)**
INTERNATIONAL **R0,89 BN** **(2011: R0,613 BN)**

OPERATING PROFIT

LOCAL **R415,4 M** **(2011: R583,7 M)**
INTERNATIONAL **R116,1 M** **(2011: R78,9 M)**



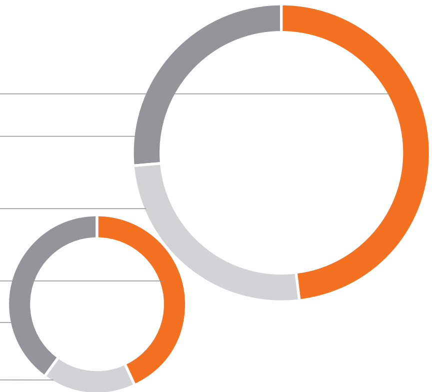
BUSINESS SEGMENTS

REVENUE

ROADMAC **R2,52 BN** **(2011: R2,18 BN)**
RAUBEX CONSTRUCTION **R1,14 BN** **(2011: R1,33 BN)**
RAUMIX **R1,37 BN** **(2011: R1,04 BN)**

OPERATING PROFIT

ROADMAC **R229,4 M** **(2011: R300,2 M)**
RAUBEX CONSTRUCTION **R90,9 M** **(2011: R184,2 M)**
RAUMIX **R211,2 M** **(2011: R178,2 M)**



GROUP STRUCTURE

RAUBEX
Raubex Group Limited

MATERIALS

- B&E International
- SPH Kundalila
- Raumix Aggregates
- Burma Plant Hire

CONSTRUCTION

- Raubex Construction
- Raubex Construction Zambia
- Space Construction
- Thaba Bosiu Construction
- Zamori Construction

ROAD REHABILITATION

- Akasia Road Surfacing
- Centremark Roadmarking
- Milling Techniks
- National Asphalt
- Phambili Road Surfacing
- Roadmac Surfacing
- Roadmac Surfacing Cape
- Roadmac Surfacing KZN
- Forward Infra

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Rudolf Johannes Fourie, age 46

Chief executive officer

NDip Marketing Management

Rudolf joined the Raubex Group in 1997 as managing director of a newly formed company, Roadmac Surfacing. Under his management, it has grown to be the leading surfacing company in South Africa. He has 22 years' experience in road surfacing and the bitumen industry. Rudolf 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.

NON-EXECUTIVE DIRECTORS

Jacobus (Koos) Esaias Raubenheimer, age 69

Non-executive chairman

BSc Eng (Civil) PrEng

Koos founded Raubex in 1974 and has acted as managing director/chief executive officer of the group since its inception. Prior to founding Raubex, Koos served as an engineer with the Free State and Kruger National Park roads departments for a period of nine years. He has gained valuable experience in steering Raubex through challenging markets and believes Raubex shareholders will now benefit from the labours of a cohesive and loyal management team with a common purpose and a rich skills base. Koos has over 46 years of construction experience. Koos retired as chief executive officer at the end of the February 2010 financial year, but continues his involvement with Raubex as a non-executive director.

Freddie Kenney, age 58

Non-executive director

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.

Francois Diedrechsen, age 40

Finance and commercial director

BCompt (Hons)

Francois joined Raubex in March 2004 after concluding Raubex's empowerment transaction with Matlapeng. He was appointed as a director of Raubex early in 2006 and has led the restructuring and strategic planning of Raubex with a view to the eventual listing. He has also led various mergers and acquisitions for the group since joining. Prior to Raubex, Francois was the chief executive officer of JIC Mining and Construction, a leading mining contracting firm in South Africa, where he had spent 12 years. After leaving JIC Mining and Construction, Francois established Matlapeng, where he was chief executive officer until accepting full-time employment at Raubex.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Leslie (Les) Arthur Maxwell, age 65

Independent non-executive director

BCom, CA(SA)

Les joined Raubex as an independent non-executive director in 2007. He currently holds the position of financial director of JCI Ltd, a position he was nominated for as a result of his extensive financial experience and strong grounding and knowledge of corporate governance. 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.

Ntombi Felicia Msiza, age 37

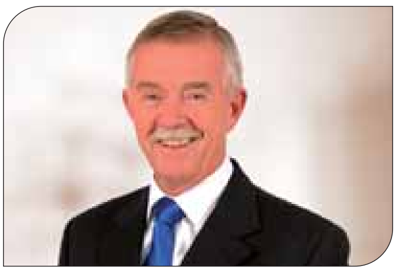
BCom, HDip Taxation and Masters in Business Administration

Felicia joined Raubex as an Independent Non-executive Director in February 2011. She currently holds an executive position in governance at Broadband Infraco. She also served as director at the IDT, where she was head of Internal Audit and at SizweNtsaluba VSP, heading up their Mpumalanga office. She served in various organisations, among others: Group Five, SAPPI and National Treasury. Felicia Msiza has over 15 years' experience in the field of governance, including internal audit, external audit and risk management. Felicia also holds a directorship position within the Institute of Internal Auditors of South Africa (IIASA).

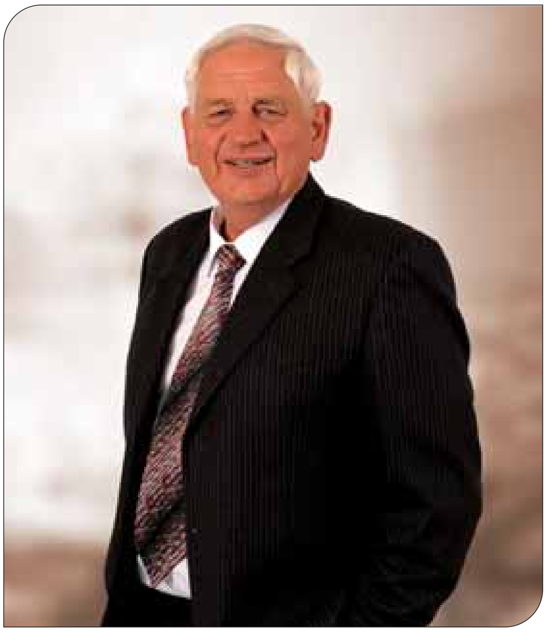
Bryan Hugh Kent – Independent Non-executive Director (67)

BCom, FCMA, CA(SA), HDip (Tax), HDip (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 Anchor 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, leverage buyouts, international taxation and listing.



CHAIRMAN'S REPORT



Koos Raubenheimer NON-EXECUTIVE CHAIRMAN

"2011 will be remembered as a year of unexpected challenges; marked changes in market dynamics, including the significant about turn on e-tolling. Whilst we expect conditions to remain trying in the year ahead, we are confident that our proven ability to maintain a strong financial and operational position combined with a commitment to expand internationally will see Raubex deliver a satisfactory performance over the coming year."

A fragile global economy and continued uncertainty over the Eurozone formed the backdrop to the operating environment over the last year. Locally, the broader construction sector was hard hit by the sluggish economy which continues to lag significant signs of recovery. This resulted in sustained high levels of competitive pressure in the Roads division which, coupled with persistent bitumen supply problems, provided the group with significant challenges.

During the year under review, SANRAL also became the centre of a heated societal campaign reflecting the hard financial reality faced by households and businesses around the country. We are mindful of the fact that tolling as a funding method is no longer a primary option for government and will continue to monitor the implications of the unfolding situation on our businesses closely.

The seemingly uncertain local landscape compelled many companies, including ourselves, to increasingly look to high growth and typically higher margin markets abroad to export expertise and services. Raubex's aggressive and ambitious international expansion drive, launched some years back as a long-term growth driver, continued to receive significant attention across the group.

FINANCIAL HIGHLIGHTS

The stable group order book and good performance from the mining and material handling operations was counterbalanced by the issues experienced across the Roads division; all of which are dealt with in the CEOs report. This combination led to a disappointing decrease in earnings as well as lower operating profit and cash flows.

Revenue increased 10,7% to R5,03 billion and operating profit decreased 19,8% to R531,5 million from the corresponding prior period. Earnings per share decreased 25,7% to 179,5 cents with headline earnings per share decreasing 26,2% to 177,2 cents.

The group generated operating cash flows of R663,2 million before finance charges, dividends received and taxation. Capital expenditure on fixed assets to the value of R286,6 million was incurred during the year ended 29 February 2012.

Total cash and cash equivalents at the end of the period amounted to R624,9 million.

CORPORATE GOVERNANCE

Raubex's commitment to maintain high standards of corporate governance, in line with the requirements of the King Code, remains paramount. Our board of directors will continue to make all conceivable efforts to communicate effectively across the stakeholder spectrum and to adjust the group's approach to reporting and communications to attain the best standards possible.

Following the year-end, shareholders were advised that Marake Collin Matjila resigned as Non-executive Chairperson of the Raubex board to prevent any perceived conflicts of interest in considering Raubex's involvement with national roads privatisation projects.

I wish to personally thank Mr Matjila and also use this opportunity to reiterate the board's appreciation for his leadership over the past five years. I look forward to continue to work closely with my fellow board members.

TRANSFORMATION

Raubex has been at the forefront of transformation in the industry for the better part of the last decade and, measured against the overall industry, our empowerment credentials are strong. This reflects our commitment to meaningful empowerment and sustainable employment opportunities for previously disadvantaged individuals in the industry.

Whilst some of our BEE partners opted to exit their investment in Raubex recently, we maintain a significant empowerment level and will continue to explore various mechanisms to support empowerment across South African society, including equity ownership, skills development, procurement and employment diversity.

COMPETITION COMMISSION

As reported last year, Raubex became aware of possible irregularities in terms of the provisions of the Competition Act. At the time of writing this report, the outcome of the Competition Commission's investigation into the matter was not yet known. Raubex remains wholly committed to co-operating with and assisting the relevant authorities involved.

PROSPECTS

We welcome government's commitment to major infrastructure spending as highlighted in the latest budget speech, including its intent to clear the roads backlog. The successful execution of government's outlined plans will accelerate overall recovery and sustained improvements in the sector.

It is important to note that, although pricing pressures as a result of heightened and sustained levels of competition will continue to hinder our financial performance in the short term, government-generated tender volumes has remained steady throughout the down cycle, enabling us to maintain a sustainable pipeline of profitable work.

The massive demand for road construction across Africa is evident and the group will continue to give priority to its international expansion to ensure the sustained growth in the medium to long term. Of course, our faith resides in South Africa but we see international opportunities as being the appropriate way while we weather the proverbial storm in the local sector.

Whilst we expect short-term conditions to remain stable financially, we anticipate that, based on a stable economic environment, signs pointing to the bottom of the cycle will become manifest during the course of the current financial year and hopefully herald the beginning of a longer-term recovery.

APPRECIATION

On behalf of the board, I would like to extend my gratitude to Raubex management and staff for their continued hard work and commitment over the past year in conditions which can be described as some of the toughest ever experienced in this country.

I would also like to thank my fellow board members for their guidance and support, as well as our customers, suppliers, partners and various stakeholders for their patronage.

Koos Raubenheimer
Non-executive chairman

CHIEF EXECUTIVE OFFICER'S REPORT

Rudolf Fourie CHIEF EXECUTIVE OFFICER

"With almost a quarter of our profit generated through our international operations in the past year, our expansion drive remains a priority to ensure continued long-term growth. As Africa is poised to come into its own as a prime international investment destination, Raubex plans to be at the forefront of that development."

OVERVIEW

The year under review was marked by a very challenging environment for our industry and, although we had expected the competitive landscape in South Africa to remain tough, a number of additional factors had to be managed. All these factors, including the tolling controversy, bitumen shortages and provincial delays, will be dealt with in more detail later in this report.

Given the extremely challenging conditions experienced over the past year, we are pleased with the results produced, which are testimony of the operational and financial strength developed across the business since listing in 2007.

OPERATING ENVIRONMENT

A good performance from the mining and material handling operations of the group, especially outside of South Africa, supported overall revenue growth and stability in the order book which closed on R4,6 billion for the year.

The Roads division produced a disappointing performance as a result of competitive pressures and suffered from bitumen supply problems and delays on certain provincial work in the first half of the year. Although the bitumen shortage was resolutely addressed during the second half of the year, these issues added to the burden on operating profit and cash flows.

It also became evident during the course of the year that the downward cycle plaguing the construction industry was set to continue, and with it the relative attractiveness of the roads sector which showed a steady flow of tenders coming to market. Although this state of affairs was maintained during most of the financial year, it is now apparent that smaller or less focused players are beginning to show signs of financial and operational strain, brought about by some of the very low margin tenders that they had secured.

The erratic and limited supply of bitumen by the country's major refineries continued to have a negative effect on asphalt production and surfacing operations as sites struggle to achieve adequate efficiencies.

Mitigating strategies, including importation, storage and decanting of bitumen, have been put in place to alleviate anticipated future supply disruptions.

On-going discussions with the various stakeholders, including refineries and government, remained futile and this critical lack of capacity is yet to be addressed effectively. We remain of the view that the Department of Energy should declare bitumen a strategic product, address pricing and that government should ensure that no export is allowed before local demand is satisfied.

Our international operations continued to perform well and to deliver a positive financial contribution to the group and new countries being entered. At the date of this report, the group is also awaiting the final award of significant work in Uganda.

The tolling programme for the first phase of the Gauteng Freeway Improvement Programme (GFIP) was received with much public opposition and led to various legal proceedings and government eventually reviewing alternative ways to fund SANRAL's debt. We will continue to monitor the effect of this on-going issue on our clients' ability to effectively deliver on its roads infrastructure programme.

Various Free State Province contracts continued to have a negative effect on working capital and have since been terminated. Negotiations have taken place with the Department of Treasury as well as the provincial government with a view to settle the amounts due for value delivered to date. A cautious revenue recognition policy was applied to the Free State Province contracts until we are able to estimate reliably the outcome of these contracts.

FINANCIAL OVERVIEW

Revenue increased 10,7% to R5,03 billion and operating profit decreased 19,8% to R531,5 million from the corresponding prior period. Profit before tax decreased 20% to R519,4 million.

Earnings per share decreased 25,7% to 179,5 cents with headline earnings per share decreasing 26,2% to 177,2 cents.

Group operating profit margin decreased to 10,6% (2011: 14,6%); indicative of the exceedingly competitive operating environment.

The group generated operating cash flows of R663,2 million before finance charges, dividends received and taxation.

Trade and other receivables increased by 22,8% to R1,16 billion as a result of increased activities and delayed payments on South African provincial government contracts, particularly in the Free State Province, where contracts continued to have a negative effect on working capital.

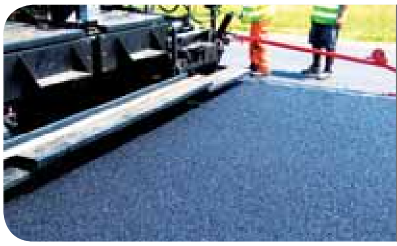
Capital expenditure on fixed assets to the value of R286,6 million was incurred during the year.

Total cash and cash equivalents at the end of the period amounted to R624,9 million.

Total cash inflow for the period was R30 million.

DIVISIONAL OVERVIEW

ROADMAC



Roadmac is a specialist in the manufacturing and laying of asphalt, chip and spray, surface dressing, enrichments and slurry seals.

Roadmac is the largest contributor to group revenue, contributing 50,2% of total revenue. Revenue for the division increased 15,9% to R2,52 billion (2011: R2,18 billion) and operating profit decreased by 23,6% to R229,4 million (2011: R300,2 million).

Performance continued to be impacted by extremely aggressive competition which was compounded by the various teams' inability to achieve optimal efficiencies due to the disruptions in normal bitumen supply. The divisional operating profit margins decreased to 9,1% (2011: 13,8%) due to the continued increase in competition experienced during the year.

Mitigating strategies have been put in place to better manage our importation programme, including the set-up of bitumen storage and decanting facilities to alleviate immediate pressures. The possibility of establishing more facilities is being assessed in anticipation for future supply disruptions.

The division incurred capital expenditure of R71 million during the year (2011: R79,4 million).

The division has secured a healthy order book for the year ahead (R2,282 billion) at similar margins. Although we are expecting tendering levels to remain steady in the year ahead, with the possibility of some uptick at a provincial level and municipal level, the environment marked by low margins will be maintained until such time as the general construction cycle improves or competition attrition takes place.

RAUBEX CONSTRUCTION

Raubex Construction is the road and civil infrastructure construction division focused on the key areas of new road construction (green fields) and heavy road rehabilitation.

Revenue for the division decreased 14,4% to R1,14 billion (2011: R1,33 billion) whilst operating profit decreased 50,6% to R90,9 million (2011: R184,2 million).

The divisional operating profit margins decreased to 8% (2011: 13,9%) as a result of strong tendering competition compounded by the various Free State contracts being suspended pending an investigation. As previously indicated, we have adopted a cautious revenue recognition policy for those contracts until further clarity is received.

The division incurred capital expenditure of R27,6 million during the year (2011: R71 million).

With an order book secured at a satisfactory level (R818 million) for the current low margin operating environment, and some key contracts pending award, the focus of the division will be on aggressively seeking longer-term workflow.

We expect a number of issues currently affecting this division to become clearer and which will have an impact on performance in the short to medium term. These include: the increased flow of SANRAL-led provincial work, the outcome of the Competition Commission application, the resolution of the Free State contracts as well as the viability of tolling as a funding mechanism for the government-led projects.

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 markets and materials handling for the mining industry.

The division reported stable and satisfactory results for the year. However, the general and residential building markets seem to have bottomed out, albeit we are yet to see positive and sustainable signs of recovery.

The results for the year were supported by government infrastructure spend close to some of our more rural quarries.

The contract crushing operations performed well with margins improving during the year.

Mining and material handling operations experienced a boost in activity levels and associated lift in tonnages reported.

Revenue for the division increased 31,9% to R1,37 billion (2011: R1,04 billion) and operating profit increased by 18,5% to R211,2 million (2011: R178,2 million).

The divisional operating profit margins decreased to 15,4% (2011: 17,1%).

An emphasis on credit risk management will be maintained to ensure adequate visibility.

The division incurred capital expenditure of R188 million during the period (2011: R142,1 million).

Although margins will remain under pressure, a stable order book has been maintained at R1,518 billion at year-end. We expect margins to remain in the 15% to 18% range in the year ahead supported by increased activity in contract crushing and mining.

RAUBEX CONSTRUCTION INTERNATIONAL

In Namibia, the contracts in the northern part of the country were substantially completed in February 2012, with a small amount of work rolling into the 2013 year. Our continued presence in this important market has been secured through a multi-year maintenance contract with the Namibia Roads Authority for the reseal of roads in the Otjiwarango and Otshakati regions.

Satisfactory results were reported in Zambia, with a more stable exchange rate limiting the foreign exchange effect on the results of these operations. Meaningful operational improvements were also attained post-reorganisation.

We are pleased by the prospect of continuing to work in Namibia whilst operations in Malawi continue to progress well. The changes effected in Zambia also put these operations on a good footing for the year ahead whilst we await the outcome of meaningful tenders in Uganda.

Mining-related activities of B&E International made an increased contribution to the results of the group's international operations and we expect this to continue in the year ahead. Although diamond mining activities at the Mbada operation in Zimbabwe were terminated, B&E International secured various contracts with Namdeb in Namibia. Internationally, revenue increased 45,2% to R890,4 million (2011: R613,1 million) and operating profit by 47,2% to R116,1 million (2011: R78,9 million) with operating profit margins stable at 13% (2011: 12,9%).

As previously stated, we are committed to growing internationally. Although an emphasis is placed on our pan-African presence, we will also explore geographies further afield but always based on strict commercial criteria that ensure a sustainable business in every potential country. Our market viability assessment in India proved unsuccessful and we have opted not to pursue opportunities in that country for the time being.

CHIEF EXECUTIVE OFFICER'S REPORT (continued)

PROSPECTS

Looking ahead, it is clear that the road construction industry will continue to be challenging in the short term and that the impact of relentless competition on margins will continue to be felt for some time. Realistically, we expect the *status quo* to remain in effect for the remainder of the 2013 financial year.

As mentioned earlier, some players with limited experience in the roads sector are beginning to show strain and, as in previous cycles, Raubex is set to directly benefit from the ensuing competitor attrition.

Whilst the broader construction industry is yet to experience a significant upturn, the comments from government around infrastructure and their apparent commitment to address the roads maintenance backlog are all positive signs. We expect SANRAL to be given an increasingly important role in managing large provincial projects and their efficiency should ensure a smoother process and faster delivery.

We also expect significant international expansion opportunities to materialise in the year ahead and our drive to increase our footprint remains a priority.

Improvements in mining-related activities are encouraging and the group continues to explore new opportunities in this area.

Raubex is a dynamic and highly adaptable business with the entrepreneurial flexibility to maintain a strong financial and operational position in the year ahead and until such time as meaningful recovery indicators surface in South Africa.

DIVIDEND

Barring difficult conditions, the group's continued strong cash generation saw the board declare a final dividend of 35 cents per share, bringing the total dividend to 60 cents per share for the full year.

The dividend policy of three times cover remains unchanged.

ACKNOWLEDGEMENTS

In closing this report, I would like to thank the entire leadership team of Raubex as well as every single one of our 7 029 employees across the group. We have managed to successfully negotiate some challenging circumstances over the past few years and your commitment to the group reinforces my optimism for the year ahead and indeed for the long-term success of the group. I look forward to continue collaborating with you to deliver the best performance possible for all stakeholders.

RJ Fourie
Chief executive officer

STATEMENT BY THE BOARD OF DIRECTORS

The board of directors ("the board") acknowledges its responsibility to ensure the integrity of the integrated report.

The contents of this report have been broadly based on the Global Reporting Initiative ("GRI") G3.1 guidelines and the recommendations of the King Report on Governance for South Africa 2009 ("King III").

The report reflects and tracks the group's responsibilities as a corporate citizen and the relevance and impact that the social and sustainability policies of the group have on the broader community.

The audit committee has 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 board authorised the integrated report for release on 21 August 2012.

Signed by directors who have been duly authorised thereto by the board.

RJ Fourie
Chief executive officer

F Diedrechsen
Financial and commercial director

SCOPE AND BOUNDARY

The scope of this integrated report includes Raubex Group Limited and all operating subsidiaries, joint ventures and branch operations, both local and international.

Raubex and its subsidiaries are involved in the business of road construction and related services including the supply of construction materials as well as material handling and screening operations. In this context key considerations in compiling the report were the environmental and social impact of the activities of the group and its subsidiaries.

The group operates in the following countries:

- South Africa
- Malawi
- Namibia
- Zambia
- Zimbabwe

The entities included in the scope of this report are set out in note 38 on pages 93 and 94 of the annual financial statements.

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.

ORGANISATIONAL OVERVIEW

Operating since 1974 and listed on the JSE Limited since March 2007, Raubex has made a successful transition from a private company to a publicly-listed company and is celebrating its fifth year of public listing. Raubex is a leader in the field of road construction, road rehabilitation and associated infrastructure developments across southern Africa. Through its subsidiaries, the group also produces and supplies crushed aggregate to the broader construction industry through commercial quarry operations and specialised mobile crushing and provides material handling and screening services to the mining industry.

The group has a proud record of uninterrupted profitability, currently employs over 7 000 employees operating in five countries and generating R5,03 billion revenue.

BUSINESS MODEL

The group operates a fully integrated business model covering all disciplines of the road construction process from the crushing and supply of aggregates and asphalt, to heavy earthworks and the building of concrete structures, to asphalt surfacing and road marking. The group has a competitive advantage when tendering for contracts that require a combination of these disciplines and the ability to maximise margins through all cycles of the industry. The group's material handling and screening operations also achieve efficiencies through a vertically integrated model where possible. Purpose built plant is designed and manufactured in-house before assembly and operation on site.

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 projects and concrete structures. The division has notable project management expertise and a reputation for delivering effective and specialised solutions to its clients, it is well-resourced and skilled by a team of engineers, technologists, artisans and personnel managers. The experienced construction teams are complemented by a well-maintained fleet of specialised road building equipment.

ROAD SURFACING AND REHABILITATION

The group's Road Surfacing and Rehabilitation division, through its Roadmac subsidiaries, is a leader in road surfacing throughout South Africa with offices in all major centres, namely Johannesburg, Durban, Cape Town and Bloemfontein. Internationally, Roadmac has operations in Namibia and Zambia.

The division specialises in road maintenance, i.e. the light rehabilitation of roads and also the manufacturing and laying of asphalt, chip and spray, surface dressings, enrichments and slurry seals. Roadmac 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 falls under the Road Surfacing and Rehabilitation division's reporting structure and production is carried out through subsidiaries, National Asphalt (Pty) Ltd and Akasia Road Surfacing (Pty) Ltd. The group has a combined production capacity of 1,75 million tons per annum through eight strategically placed fixed plants servicing the Free State, Gauteng, KwaZulu-Natal and Mpumalanga Provinces. These plants are augmented by a further six 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 strive to be at the forefront of new asphalt technologies.

AGGREGATES

COMMERCIAL QUARRIES

Through Raumix Aggregates (Pty) Ltd, the group controls and operates 10 commercial quarries strategically located throughout South Africa, and supplies crushed aggregate to the construction industry for both residential and infrastructure-related projects. Synergies are realised between the commercial quarries and the asphalt production facilities of the group, where possible.

CONTRACT CRUSHING

The group carries out its contract crushing operations through its subsidiary B&E International (Pty) Ltd, a company that specialises in providing high-quality aggregates from green field situations for projects situated too far from existing commercial quarry sites. The company is a leader in its field and its expertise includes the ability to design its own mobile plants to effect frequent moves and rapid installation, the prospecting for suitable rock, operating (and subsequent rehabilitation) of project-dedicated quarries, and the ability to achieve consistency of products at high rates of production in remote areas.

MATERIALS HANDLING AND SCREENING

The group's materials handling and screening operations are carried out through its subsidiaries, B&E International (Pty) Ltd and SPH Kundalila (Pty) Ltd.

The mineral processing division of B&E International focuses 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.

SPH Kundalila (Pty) Ltd focuses on providing comprehensive materials handling solutions to the mining industry with its capabilities covering all aspects, including drilling, blasting and screening as well as ore loading and hauling. It specialises in the screening of gold waste rock dumps and also operates high volume screening plants for iron-ore, chrome, coal and lime.

The materials handling and screening operations are situated throughout Southern Africa and are complemented by 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.

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.

Through this review process it has been identified that the performance assessment of the board, its committees and the individual directors and compliance monitoring with respect to relevant laws, rules, codes and standards are areas where current processes need to be reviewed and formalised in order to ensure full compliance with the King III recommendations.

BOARD

At the date of this annual 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 conducts its business in the best interest of the company and the group and ensures that the group performs in the best interest of stakeholders. The board is also the focal point of the group's corporate governance system. It is ultimately accountable and responsible for the performance and affairs of the company.

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 directors are subject, by rotation, to retirement and re-election by shareholders in accordance with the company's articles of association.

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 differentiates the division of responsibility within the company and ensures a balance of authority.

Jacobus (Koos) Esaias Raubenheimer, a non-executive director and founder of Raubex, chairs the board. The chairman is responsible for providing leadership to the board, overseeing its efficient operation and ensuring good corporate governance practices. Marake Collin Matjila tendered his resignation as chairman of the board with effect from 3 April 2012 due to his position as chief executive officer of Kopano Ke Matla Investment Company, the investment arm of COSATU, and in order to prevent any perceived conflict of interest in considering the group's involvement with national roads privatisation projects.

The chairman is not an independent non-executive director.

Leslie (Les) Arthur Maxwell fills the role of lead independent non-executive director.

Rudolf Fourie is the chief executive officer ("CEO") of the group, with responsibility for the management of the group's day-to-day operations and affairs in line with the policies and strategic objectives set and agreed to by the board. The CEO holds a monthly meeting of the executive committee, at which the group's results, performance and prospects are reviewed. Thereafter the CEO reports to each board meeting on the performance of the group and any other material matters.

DIRECTORS OF RAUBEX

- MC Matjila (Non-executive chairman) – resigned 3 April 2012
- RJ Fourie (Chief executive officer)
- F Diedrechsen (Financial and commercial)
- JE Raubenheimer (Non-executive chairman)
- F Kenney (Non-executive)
- LA Maxwell (Lead independent non-executive)
- BH Kent (Independent non-executive)
- NF Msiza (Independent non-executive)

INDEPENDENCE OF THE BOARD OF DIRECTORS

The board of directors' independence is maintained by:

- 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 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.

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

Adequate directors' insurance cover has been taken out by the group. No claims under the relevant policy were lodged during the year under review.

BOARD MEETINGS

Quarterly board meetings were attended as follows:

	15 July 2011	3 November 2011	23 February 2012	10 May 2012
CM Matjila (resigned 3 April 2012)	✓	✓	✓	n/a
RJ Fourie	✓	✓	✓	✓
F Diedrechsen	✓	✓	✓	✓
JE Raubenheimer	✓	✓	✓	✓
F Kenney	✓	✓	✓	✓
LA Maxwell	✓	✓	✓	✓
BH Kent	✓	✓	✓	✓
NF Msiza	✓	✓	✓	✓

BOARD COMMITTEES

AUDIT COMMITTEE

The audit committee is an independent statutory committee appointed by the board.

The following members serve on the committee:

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

The committee has adopted formal terms of reference that have been approved by the board. To effectively comply with its terms of reference, the external auditors and the group financial accountant attend the audit committee meetings as invitees. When appropriate the executive directors and the executives responsible for internal audit and risk may be invited to attend the meetings.

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 business risk management, and to ensure that effective internal control systems are maintained;
- assisting the board in fulfilling its responsibilities in respect of financial reporting issues;
- assisting the board in fulfilling its responsibilities in respect of 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 and to obtain assurance from the auditors that adequate accounting records are being maintained;
- to ensure that the respective roles and functions of external audit and internal audit are sufficiently clarified and co-ordinated; and
- 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.

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

The audit committee report is set out on pages 35 and 36 of the group's integrated annual 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
- 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 fulfilling its responsibilities in respect of:

- 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.

In order to appoint a new director, the board will make proposals of 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 page 37 of the group's integrated annual report.

EXECUTIVE COMMITTEE

The following members serve on the executive committee of the group:

- RJ Fourie (Chairman)
- F Diedrechsen
- LJ Raubenheimer
- TG Wiese
- GM Raubenheimer
- JF Gibson

COMPOSITION AND MEETING PROCEDURES

The executive committee is chaired by the CEO and has regular input from executives from operations, finance, information technology, human resources, compliance and shareholder relations. Meetings are held once a month. The committee is responsible for the strategy, planning and operations of the group.

RISK COMMITTEE

The following members serve on the risk committee of the group:

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

Senior executive management attend the risk committee meeting by invitation. The group risk committee reports to the board and 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 on-going 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, thereafter decisions are made on how best to mitigate, manage or transfer high impact, high probability risks.

SOCIAL AND ETHICS COMMITTEE

The Companies Act, 71 of 2008, which became effective on 1 May 2011, 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, a function that was previously dealt with by the group's executive committee.

The social and ethics committee 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:
  - i. social and economic development;
  - ii. good corporate citizenship;
  - iii. the environment, health and public safety;
  - iv. consumer relationships; and
  - v. 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.

SHARE DEALING

The group has imposed closed periods prior to the publication of its interim and year-end financial results. The closed periods are from 1 September and 1 March until publication of the half and full year results, respectively.

During these periods directors, officers and defined employees of the group may not deal in the group's shares.

In addition, directors and senior employees may not trade in the group's shares 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 and commercial 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 through the Stock 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 JSE Listings Requirements, 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.

INTERNAL AUDIT

Internal audit, which is risk based, is an independent function established by the board and provides the board with assurance that an effective governance, risk management and internal control environment is maintained. Internal audit reports and recommendations are tabled at quarterly audit committee meetings for review.

ETHICS

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.

STAKEHOLDER COMMUNICATION AND RELATIONS

The group has formalised its stakeholder philosophy and introduced structures of corporate governance 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.

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

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 strategic objectives as key to its future growth and performance:

DRIVE TO ATTAIN A MORE BALANCED PORTFOLIO OF WORK IN THE CONSTRUCTION AND RELATED SERVICES SECTOR

One of the critical risks identified by the group is its high level of exposure to a relatively small customer base, i.e. the South African National Roads Agency and South African provincial and municipal government accounts. The group's key strategic objective over the short to medium term is to look for opportunities for expansion and diversification into construction and related industries that are aligned to the group's current business model but will increase exposure to a more diversified customer base. In particular, the group seeks to improve its standing in the provision of services to the mining industry and not only capitalise on the existing relationships established by the Materials division, but also improve the marketing of the group to new mining customers and demonstrate the group's ability to provide a full range of construction services to this industry.

EXPAND EXISTING BUSINESS MODEL INTO NEW GEOGRAPHIES

The group has embarked on an expansion strategy that looks to replicate its current business model into new geographic markets where it believes it can achieve a leading position without exposing itself to unacceptable levels of risk. This expansion strategy aims to identify countries with favourable economies, end user markets and stable political landscapes. Growth into Africa has been identified as a priority, while other international markets are also being investigated.

BUILD ON EXISTING COMPETITIVE ADVANTAGES

In the short term and with the acquisitions concluded since listing date now firmly bedded down, the group intends to build on its existing competitive advantages in the industry through continued business optimisation programmes and through the realisation of synergies between the different business units in its vertically-integrated business model. The group aims to maintain utilisation of plant and human resources through what is perceived to be the bottom of the current business cycle and position itself to capitalise on improved pricing when market conditions in the construction industry start to improve.

IMPROVE MARKET POSITION

The group aims to be the market leader in the current markets in which it operates and continually seeks opportunities to further strengthen its position in these core markets. The group's strong balance sheet and management expertise position it well to take advantage of opportunities that may arise from the challenging conditions currently faced by the construction industry and the resulting competitor attrition which is taking place.

RISKS

CUSTOMER BASE

The most critical risk identified by the executive committee is the group's reliance on a relatively small customer base 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 government's policy on the future of toll roads in South Africa, including the legal action instituted against SANRAL with regards to tolling on the Gauteng freeway improvements and the delays in the proposed N1/N2 Winelands and other potential toll projects in the country have highlighted the need to expedite sound strategies to mitigate against this risk.

BITUMEN SUPPLY

The group's concern around the ability of the South African refineries to ensure an adequate and efficient supply of bitumen to the local market has become a reality and it is envisaged that the local refineries supply will not be sufficient to meet the demands of the South African road construction industry going forward. Consumption will need to be supplemented through imported bitumen for the foreseeable future. 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. In the short 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 over the high production summer road surfacing months.

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 South African 2010 FIFA World Cup and the current unwinding of this now taking place 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 noticeable increase in the level of competitor attrition. An increasing number of companies are starting to show signs of distress resulting in higher levels of credit risk to which the group is exposed in its private customer base. Credit approval and review procedures have been strengthened in order to manage this risk to an acceptable level.

BLACK ECONOMIC EMPOWERMENT ("BEE")

The group's historical BEE partners were subject to a five-year lock-in period which has now expired. These BEE shareholders are now free to dispose of their interest in the group if they so choose. The uncertainty around how successfully the "once empowered, always empowered" principle will be interpreted and applied by ratings agencies and customers and the group's progress in achieving broad based black economic empowerment goals, specifically in the area of employment equity in the middle and senior management levels, has been identified as a risk that needs to be managed. There are inconsistencies in the way in which different customers place different weightings on the elements of the broad based scorecard with some leaning more heavily towards direct empowerment ownership and placing less emphasis on the more broad based elements of the scorecard. In order to achieve and maintain a competitive advantage when tendering for work where increasing emphasis may be placed on the group's empowerment credentials, and specifically in executing the group's strategic objective to gain more exposure to the mining industry, it is essential that the group maintains its BEE credentials and makes progress in achieving its broad based goals.

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. The relatively stable results achieved by the group's commercial quarry operations and the increase in activities and positive growth achieved in the material handling and screening operations, specifically with regards to mining operations, have mitigated the negative growth in earnings experienced by the Roads division. Opportunities exist to strengthen the Materials division's commercial quarry activities, through the establishment of new green field sites and through the acquisition of strategically positioned, 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 have created opportunities for the Roads division to market its skills and ability to provide a full range of construction services to the mining industry and in so doing diversify its customer base and reduce reliance on public sector contracts.

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.

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 and 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.

ACQUISITION AND EXPANSION OPPORTUNITIES

The group's strong balance sheet and cash flow position it well to take advantage of acquisition opportunities. Opportunities are expected to arise from competitor attrition and from the group's strategy to diversify its customer base and a drive to attain a more balanced portfolio of work. The group continues to explore markets in cross-border geographies, with Africa being identified as a key growth area.

HEALTH AND SAFETY

The group recognises that Safety, Health, Environmental and Quality ("SHEQ") considerations are integral to the success of its business model. 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's management strives to maintain the highest safety standards on all of its sites and acknowledges that it is of the utmost importance to ensure that the necessary training, precautions and on-going vigilance are maintained. The group has observed an improving trend in the number of lost time injuries and fatal injuries reported during the period, but despite all necessary measures taken and processes implemented, regrettably, four fatal incidents were reported during the period. Road construction teams in particular are exposed to a high level of risk in their day-to-day working environment.

The group has a formal Safety, Health and Environmental Policy and is committed to improving safety, health and environmental performance through:

- Providing a working environment that is conducive to health and safety.
- Making the management of occupational health, safety and environmental issues a prime responsibility of line management from the manager through to the first line supervisory level.
- Ensuring employee involvement through consultation with employees or their representatives to gain commitment in the implementation of the group's policy.
- Ensuring compliance with all the relevant laws, regulations and standards and, in the absence of appropriate legislation, adopting standards reflecting best practice.
- Adopting a firm approach to the implementation of standards and procedures.
- Ensuring that all necessary risk assessments are conducted to minimise and control occupational hazards.
- Promoting initiatives to reduce the safety, health and environmental risks associated with the business activities.
- Providing the necessary protective equipment and clothing to employees exposed to hazardous working environments.
- Monitoring the effects of the group's operational activities on the safety, health and environment of employees and other stakeholders who might be affected by group activities in general and conduct regular performance reviews.
- Promoting open communication on safety, health and environmental issues with employees and other stakeholders.
- Establishing and maintaining a system of medical surveillance where pertinent to employees.
- Ensuring sub-contractors comply with group policy.
- Ensuring that employees at all levels receive appropriate training and are competent to carry out their duties and responsibilities.
- Providing a framework for setting, reviewing, monitoring and achieving SHEQ objectives and targets.
- Ensuring that the group policy is reviewed and updated on a regular basis.

The biggest challenge for the group lies in entrenching the understanding that SHEQ is the responsibility of all, and not only a specific department or individual. Health and safety workshops are scheduled internally to raise awareness among management and staff of the group's policy and management's responsibility towards ensuring a safe, healthy and environmentally friendly working environment.

ENVIRONMENTAL REPORT

The group is aware of its environmental responsibilities and the environmental legislation applicable to its various business operations. A culture of compliance has been entrenched 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 completed its first carbon footprint assessment in July 2011, the results of which have been submitted to the Carbon Disclosure Project ("CDP") as part of the CDP 2012 submission. The group will continue to conduct carbon footprint assessments on an annual basis in order to more accurately measure, control and review the environmental impact of its operations.

The carbon footprint assessment process is facilitated by external assurance providers and makes use of customised tools which follow international best practice methodologies of the Green House Gas ("GHG") Accounting Protocol (WBCSD and WRI), and comply with ISO 14064.

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. A major plant upgrade was recently completed at the Cliffdale site, involving the replacement of its older air pollution abatement equipment with a new horizontal skimmer as primary system and a filter bag-house as a secondary filtration system. This has resulted in a major visual improvement on stack emissions which will be gauged and quantified during the next assessment cycle. The internally measured carbon footprint of the group's asphalt production using the South African Bitumen Association ("SABITA") calculation and conversion methodology is on average 29 kilograms per ton which is below the average benchmark of 30 kilograms per ton.

National Asphalt is at the forefront in the implementation of Warm Mix Asphalt ("WMA") technologies which will result in lower carbon emissions through reduced energy consumption. These asphalt mixes include a variety of technologies from leading suppliers and include bitumen foaming technology for which a foam generator was installed as part of the recent plant upgrade. 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.

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. In order to realise its goals further and to ensure that previously disadvantaged people are considered when recruiting, training and developing human resources, 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 has adopted the Paterson grading system to categorise employees from grade F for senior executives to grade A for unskilled labour. The group's Employment Equity policy expressly prohibits any form of unfair discrimination.

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 4 contributor to BBBEE using the construction charter codes and scores highly in the ownership and procurement elements of the scorecard. The employment equity and skills development elements of the scorecard are focus areas for management in the medium term.

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 set out below:

TSEPANG EDUCARE TRUST:

The group continued its support of the Tsepang Educare Trust. This organisation provides Educare programmes to rural communities by:
- providing women in underserved areas on farms and small towns with on-going training, enabling them to set up their own properly organised Educare centres;
- providing support training programmes to enable women to become leaders who can make a positive contribution to their communities;
- preparing children for learning; and
- providing parental support to continue the development of the child in the home.

The group's funding is supporting the training of 15 practitioners in Early Childhood Development ("ECD") to attain a formal level 4 qualification accredited by ETDPSETA. These practitioners have been selected from 15 ECD centres that cater for 450 children per centre. The programme equips practitioners with the skills necessary to upgrade their centres and sustain themselves after the training programme is over.

ICT INNOVATIVE IN SCHOOL EDUCATION:

The group 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 done in collaboration with the Free State Department of Education. During the period the number of schools that received support increased from five to 60 schools. All schools involved in the project received a minimum of two site visits and one face-to-face workshop attended by principals, teachers and students. Schools were issued with all necessary hardware and internet connectivity to allow for live video broadcasts and support. During the 2011 matric final exam, subject-specific support and video broadcasts in six subjects were offered to teachers and students, while mathematics teachers from 20 schools received laptops and one week of intensive computer-based mathematics training at the University's south campus.

MONYETLA PROJECT

A first-time contribution was made to the Monyetla Project , an initiative established in February 2007 with the aim to assist top grade 12 achievers from previously disadvantaged communities in the Mangaung district to qualify for bursaries for tertiary education. Every year the top 20 learners from different schools are invited to be part of this elite group of students. Learners are assisted by some of the most experienced educators in the Free State to supplement their knowledge and skills development.

The Monyetla Project has yielded excellent results since its launch and achieved a 95% pass rate for the 2011 matric final exams. There are 550 matric students registered at Monyetla for the 2012 year.

UBAMBISWANO

A contribution was made to Ubambiswano, 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 Gauteng Province.

The donation will be used for the Daveyton Educational Programme ("DEP") which is a Saturday school for grade 6 to grade 12 learners.

TRAINING

Raubex operates a dedicated training facility established to address the skills requirements within the group. Skills shortages in a number of fields critical to successful road construction and related activities have compelled the group to put training strategies in place to ensure that it is self-sufficient as far as qualified diesel mechanics, road construction supervisors as well as site administrators are concerned.

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 employees a qualified mechanical instructor accredited by MERSETA for the following learnerships:

- National Certificate: Automotive Repair and Maintenance – Passenger, light delivery and Commercial vehicles.
- National Certificate: Automotive Repair and Maintenance – Passenger and light vehicles.
- National Certificate: Servicing vehicles – Automotive Repair and Maintenance.
- National Certificate: Maintaining vehicles – Automotive Repair and Maintenance.

The Training Centre facilities include:

- A fully equipped mechanical workshop for practical training.
- Three classrooms seating 44 learners in total.
- On-site accommodation.

The group continues to evaluate current systems, policies and procedures in order to ensure compliance within the legislative environment in which it operates and aims to achieve best practices in the field of training within the construction industry. Over the medium term, the group aims to increase the number of apprenticeships and students as a percentage of total workforce with specific emphasis on civil engineering students and operator trainees. Additional focus will be placed on the training of previously disadvantaged individuals with a view to improve on the group's employment equity statistics.

INFORMATION TECHNOLOGY GOVERNANCE

In line with the recommendations contained in King III, an Information Technology ("IT") steering committee assists the board in 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.
- 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.
- The co-ordination of priorities between the IT department, user departments and other stakeholders.

The establishment of the steering committee has seen a more co-ordinated approach to IT management being followed within the group. During the period the steering committee has overseen a new Virtual Private Network ("VPN"), Microsoft Exchange and Microsoft Sharepoint software solution being implemented to improve communication within the group. The first phase of this implementation has been successfully completed with the further roll-out to group subsidiaries on-going. The successful implementation of a consolidation software solution (RS2) was also completed and used in the year-end reporting process. This system will facilitate the consolidation of financial information and enhance group financial reporting going forward.

The group has strengthened the human resources component of the IT function under the recommendation of the committee in order to ensure that the group has the correct skills to manage its systems internally and ensure business continuity.

REMUNERATION REPORT

REMUNERATION POLICY

The group's remuneration policy aims to attract, motivate and retain management with the high level of professional and operational expertise necessary to achieve the group's objectives in the challenging 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.

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.

Bonus payments to the executive directors and the executive committee members are determined and reviewed by the remuneration committee.

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 held 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 determined 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 full-time employ of the company or any of the company's subsidiaries in order to avoid lapsing of the option.

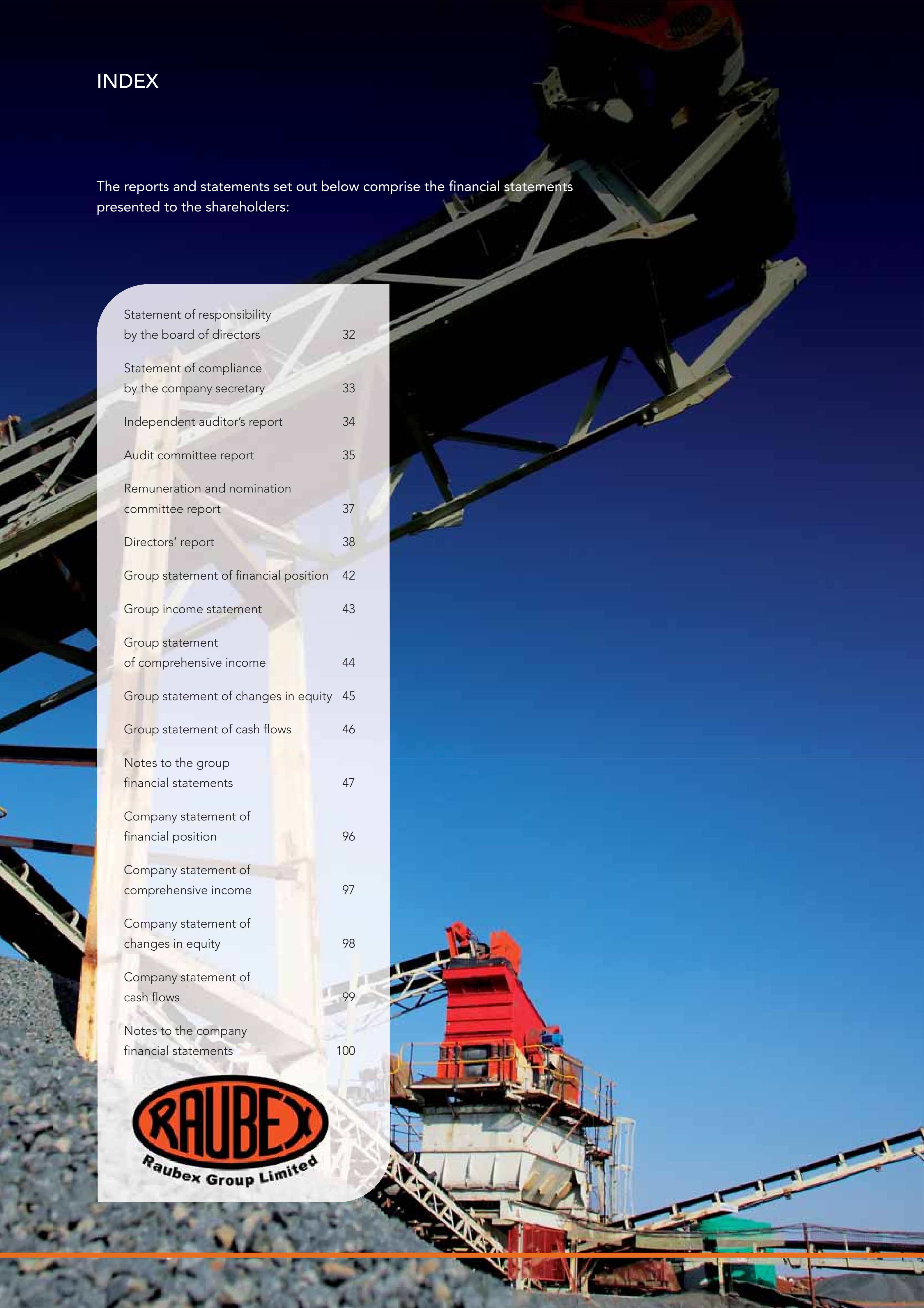
CONTRACTS AND SEVERANCE

The remuneration of the executive directors, non-executive directors and prescribed officers of the group are set out in note 31 of the group financial statements. The board does not consider it appropriate to individually disclose the remuneration of the three most highly paid employees who are not directors or prescribed officers due to the sensitive nature of this information both internally and with regards to the group's competitors in the industry.

Employment contacts have been concluded with all key executives; 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 on the JSE 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.



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

RAUBEX
Raubex Group Limited

STATEMENT OF RESPONSIBILITY BY THE BOARD OF DIRECTORS

for the year ended 29 February 2012

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 110, 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 its accuracy and 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 that 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 pre-determined 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 have 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 34.

The financial statements were approved by the board of directors on 10 May 2012 and signed on its behalf by:

RJ Fourie
Chief executive officer

F Diedrechsen
Financial and commercial director

STATEMENT OF COMPLIANCE BY THE COMPANY SECRETARY

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 29 February 2012, and that all such returns are true, correct and up to date.

Mrs HE Ernst
Company secretary

10 May 2012

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF RAUBEX GROUP LIMITED

We have audited the group annual financial statements and annual financial statements of Raubex Group Limited, which comprise the consolidated and separate statements of financial position as at 29 February 2012, and the consolidated income statement, the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, and the directors' report, as set out on pages 38 to 110.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these 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 whether the 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 financial statements present fairly, in all material respects, the consolidated and separate financial position of Raubex Group Limited as at 29 February 2012 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 in the manner required by the Companies Act of South Africa.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: L Rossouw
Registered auditor

10 May 2012

PricewaterhouseCoopers Inc., 61 Second Avenue, Westdene, Bloemfontein 9301, PO Box 818, Bloemfontein 9300
T: +27 (51) 503 4100, F: +27 (51) 503 4299/4399, www.pwc.co.za

Executive: SP Kana (Chief Executive Officer) TP Blandin de Chalain DJ Fölscher PJ Mothibe S Subramoney F Tonelli
Resident Director in Charge: CJ Hertzog

The Company's principal place of business is at 2 Eglin Road, Sunninghill, where a list of directors' names is available for inspection.
Reg. no. 1998/012055/21, VAT reg. no. 4950174682

AUDIT COMMITTEE REPORT

The audit committee is pleased to present this report for the financial year ended 29 February 2012 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 a formal terms of reference that has 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 three independent, non-executive directors. It meets at least four times per annum with the authority to convene additional meetings as circumstances require.

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	11 May 2011	14 July 2011	2 November 2011	22 February 2012
Mr LA Maxwell *Chairman* *Independent non-executive* Appointed – 2007 Qualifications: BCom, CA(SA)	✓	✓	✓	✓
Mr BH Kent *Independent non-executive* Appointed – 24/02/2011 Qualifications: BCom, CA(SA), FCMA, HDipTax, HDip Company Law	✓	✓	✗	✓
Ms NF Msiza *Independent non-executive* Appointed – 24/02/2011 Qualifications: BCom, HDip Tax, MBA	✓	✓	✓	✓

✗ *Absent with apology.*

ROLES 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 as 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 29 February 2012.

AUDIT COMMITTEE REPORT (continued)

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. Based on the internal audit reports to date, 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 (IT) 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.

The internal audit functions annual audit plan was 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

10 May 2012

REMUNERATION AND NOMINATION COMMITTEE REPORT

The remuneration and nomination committee are pleased to presents this report for the financial year ended 29 February 2012 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 of directors. 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 and commercial 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 table below lists the members who serve on the committee and the meeting attendance register for the period:

	12 May 2011	22 February 2012
LA Maxwell (Chairman)	✓	✓
JE Raubenheimer	✓	✓
F Kenney	✓	✓
BH Kent	✓	✓
NF Msiza	✓	✓

ACTIVITIES

The committee was convened twice during the year on 12 May 2011 and 22 February 2012 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 salary 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.

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

LA Maxwell
Chairman of the remuneration and nomination committee

13 July 2012

DIRECTORS' REPORT

This report presented by the directors is a constituent document of the group consolidated financial statements at 29 February 2012.

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. 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 29 February 2012 were R331,2 million (2011: R443,4 million), representing basic earnings per share of 179,5 cents (2011: 241,5 cents). Headline earnings per share were 177,2 cents (2011: 240,2 cents).

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

SHARE CAPITAL

Full details of the authorised and issued capital of the company at 29 February 2012 are set out in note 12 of the group 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 the group financial statements.

DIVIDEND

The following dividends were declared during the year ended 29 February 2012:

Final dividend number 8 declared on 16 May 2011 of 68 cents per ordinary share (2011: 75cps).

Interim dividend number 9 declared on 7 November 2011 of 25 cents per ordinary share (2011: 32cps).

A final dividend in respect of the year ended 29 February 2012 of 35 cents per ordinary share was declared after the year-end. The group financial statements do not reflect this dividend payable.

BUSINESS COMBINATIONS

BURMA PLANT HIRE (PTY) LTD

On 1 July 2011 the group acquired 51% of the share capital and the sale claims of Burma Plant Hire (Pty) Ltd for R4,04 million cash. The acquired company specialises in plant hire to the construction and mining industry. The acquired company contributed revenues of R61,3 million and net profit of R4,5 million for the period from 1 July 2011 to 29 February 2012. If the acquisition had occurred on 1 March 2011, contributions to group revenue would have been R78,5 million and net profit of R5 million.

NATIONAL HIGHWAY MARKINGS CC

On 1 September 2011 the group, through its subsidiary Centremark Roadmarking (Pty) Ltd, acquired the business of National Highway Markings CC as a going concern for R3 million cash. The acquired business specialises in road marking and contributed revenues of R9 million with no contribution to net profit being recognised for the period from 1 September 2011 to 29 February 2012.

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 the group financial statements.

CAPITAL COMMITMENTS

Details of capital commitments are set out in note 33 of the group 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 R286,6 million (2011: R292,5 million).

Property, plant and equipment acquired through the acquisition of subsidiaries during the year amounted to R53,4 million (2011: Rnil).

CONTINGENCIES

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, 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 by the required deadline date of 15 April 2011. The Competition Commission is in the process of assessing this submission and the group remains committed to fully co-operate with the commission and to ensure that its employees, management and directors do not engage in any conduct, which constitutes a prohibited practice. No provision for penalties has been made in the results for the period ended 29 February 2012.

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

EVENTS AFTER THE REPORTING PERIOD

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

SPECIAL RESOLUTIONS

The following special resolutions were passed during the year:

SPECIAL RESOLUTION NUMBER ONE: REMUNERATION OF NON-EXECUTIVE DIRECTORS.

Resolved that 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, as set out below, for a period of two years, commencing 1 November 2011.

	Annual remuneration R	Attendance fee per meeting# R
Chairman	400 000	10 000
Independent non-executive director	300 000	10 000
Non-executive director	200 000	10 000

 # Meeting fees are capped at eight meetings per year.

SPECIAL RESOLUTION NUMBER TWO: GENERAL AUTHORITY TO ACQUIRE (RE-PURCHASE) SHARES.

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

SPECIAL RESOLUTION NUMBER THREE: FINANCIAL ASSISTANCE TO RELATED OR INTER-RELATED COMPANIES AND CORPORATIONS.

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

DIRECTORATE AND SECRETARY

The names of the directors and secretary are set out on pages 6, 7 and 33 of the group 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 29 February 2012:

	2012 Number of shares	2011 Number of shares
Beneficial		
Direct and indirect		
MC Matjila	**1 980 000**	1 980 000
RJ Fourie	**4 037 526**	4 037 526
F Diedrechsen	**3 650 000**	3 650 000
F Kenney	**20 615 384**	20 615 384
LA Maxwell	**16 000**	16 000
BH Kent	**–**	–
NF Msiza	**–**	–
Non-beneficial		
Direct and indirect		
JE Raubenheimer	**25 000 000**	25 000 000

The following transactions took place after 29 February 2012 and up to the date of printing this report:

F Kenney – Sale of 5 650 000 shares

JE Raubenheimer – Purchase of 650 000 shares

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 12 of the group financial statements.

The shareholder spread is summarised as follows:

	Number of shares 2012	**% held 2012**
Public shareholders	**115 152 411**	**62,4**
Non-public shareholders	**69 383 535**	**37,6**
Total shares	**184 535 946**	**100,0**

Non-public shareholders are summarised as follows:

	Number of shares 2012	**% of total 2012**
Directors of the company	**55 298 910**	**30,0**
Directors of subsidiaries	**10 055 017**	**5,4**
Employees	**4 029 608**	**2,2**
Total shares	**69 383 535**	**37,6**

Beneficial shareholders with a holding greater than 5% of the issued shares:

	Number of shares 2012	% of shares in issue 2012
Business Venture Inv No 918 (Pty) Ltd	**22 000 000**	**11,9**
Kenworth (Pty) Ltd	**20 615 384**	**11,2**
Raubenbel (Pty) Ltd	**15 000 000**	**8,1**
Public Investment Corporation	**14 661 609**	**8,0**
Royce Funds	**13 955 590**	**7,6**
Allan Gray	**9 306 923**	**5,0**
Total	**95 539 506**	**51,8**

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 2013 financial year and it is noted that L Rossouw will be the individual registered auditor who will undertake the audit.

GROUP STATEMENT OF FINANCIAL POSITION

at 29 February 2012

	Notes	2012 R'000	2011 R'000
ASSETS			
Non-current assets			
Property, plant and equipment	5	**1 353 753**	1 276 133
Intangible assets	6	**757 629**	761 445
Deferred income tax assets	17	**17 940**	45 047
Trade and other receivables	10	**404**	585
Total non-current assets		**2 129 726**	2 083 210
Current assets			
Inventories	8	**153 157**	126 333
Construction contracts in progress and retentions	9	**296 382**	244 116
Trade and other receivables	10	**1 164 508**	948 367
Current income tax receivable		**17 862**	14 192
Cash and cash equivalents	11	**624 919**	594 914
Total current assets		**2 256 828**	1 927 922
Total assets		**4 386 554**	4 011 132
EQUITY			
Share capital	12	**1 845**	1 845
Share premium	12	**2 179 613**	2 179 613
Other reserves	13	**(1 142 401)**	(1 156 847)
Retained earnings		**1 670 355**	1 510 726
Equity attributable to owners of the parent		**2 709 412**	2 535 337
Non-controlling interest	14	**19 468**	9 276
Total equity		**2 728 880**	2 544 613
LIABILITIES			
Non-current liabilities			
Borrowings	15	**263 112**	231 905
Provisions for liabilities and charges	16	**23 066**	18 058
Deferred income tax liabilities	17	**229 612**	236 038
Total non-current liabilities		**515 790**	486 001
Current liabilities			
Trade and other payables	18	**899 807**	712 789
Borrowings	15	**215 690**	245 654
Current income tax liabilities		**26 387**	17 498
Provisions for liabilities and charges	16	**–**	4 577
Total current liabilities		**1 141 884**	980 518
Total liabilities		**1 657 674**	1 466 519
Total equity and liabilities		**4 386 554**	4 011 132

The notes on pages 47 to 95 are an integral part of these group financial statements.

GROUP INCOME STATEMENT

for the year ended 29 February 2012

	Notes	2012 R'000	2011 R'000
Revenue	19	**5 032 625**	4 545 974
Cost of sales	22	**(4 257 404)**	(3 645 552)
Gross profit		**775 221**	900 422
Other income	20	**14 429**	27 665
Other gains/(losses) – net	21	**4 818**	(18 934)
Administrative expenses	22	**(263 006)**	(246 595)
Operating profit		**531 462**	662 558
Finance income	23	**29 353**	30 422
Finance costs	23	**(41 388)**	(43 875)
Finance costs – net	23	**(12 035)**	(13 453)
Profit before income tax		**519 427**	649 105
Income tax expense	24	**(178 230)**	(202 096)
Profit for the year		**341 197**	447 009
Attributable to:			
Owners of the parent		**331 247**	443 405
Non-controlling interest	14	**9 950**	3 604
		341 197	447 009
Basic earnings per share (cents)	28	**179,5**	241,5
Diluted earnings per share (cents)	28	**178,5**	240,3

The notes on pages 47 to 95 are an integral part of these group financial statements.

GROUP STATEMENT OF COMPREHENSIVE INCOME

for the year ended 29 February 2012

	Note	2012 R'000	2011 R'000
Profit for the year		**341 197**	447 009
Other comprehensive income for the year, net of tax			
Currency translation differences	13	**(323)**	(1 279)
Total comprehensive income for the year		**340 874**	445 730
Attributable to:			
Owners of the parent		**330 924**	442 126
Non-controlling interest		**9 950**	3 604
Total comprehensive income for the year		**340 874**	445 730

The notes on pages 47 to 95 are an integral part of these group financial statements.

GROUP STATEMENT OF CHANGES IN EQUITY

for the year ended 29 February 2012

	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 2010	1 826	2 139 632	(1 139 446)	1 263 340	2 265 352	4 344	2 269 696
Changes in equity:							
Shares issued	19	39 981	–	–	40 000	70	40 070
Share option reserve	–	–	(16 122)	–	(16 122)	–	(16 122)
Non-controlling interest on acquisition of subsidiary	–	–	–	–	–	1 858	1 858
Total comprehensive income for the year	–	–	(1 279)	443 405	442 126	3 605	445 731
Dividends paid	–	–	–	(196 019)	(196 019)	(601)	(196 620)
Total changes	19	39 981	(17 401)	247 386	269 985	4 932	274 917
Balance at 28 February 2011	1 845	2 179 613	(1 156 847)	1 510 726	2 535 337	9 276	2 544 613
Notes	12	12	13			14	

The notes on pages 47 to 95 are an integral part of these group financial statements.

	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:							
Share capital re-paid	–	–	–	–	–	(70)	(70)
Share option reserve	–	–	14 769	–	14 769	–	14 769
Non-controlling interest on acquisition of subsidiary	–	–	–	–	–	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**
Notes	12	12	13			14	

The notes on pages 47 to 95 are an integral part of these group financial statements.

GROUP STATEMENT OF CASH FLOWS

for the year ended 29 February 2012

	Notes	2012 R'000	2011 R'000
Cash flows from operating activities			
Cash generated from operations	30	**663 228**	853 013
Finance income	23	**29 353**	30 422
Finance costs	23	**(41 388)**	(43 875)
Dividend received	20	**4 264**	5 476
Income tax paid	30	**(154 701)**	(241 159)
Net cash generated from operating activities		**500 756**	603 877
Cash flows from investing activities			
Purchases of property, plant and equipment	5	**(286 594)**	(292 490)
Proceeds from sale of property, plant and equipment	30	**37 340**	42 110
Acquisition of subsidiaries	34	**(10 821)**	141
Loan repayments to associate	7	**–**	(750)
Net cash used in investing activities		**(260 075)**	(250 989)
Cash flows from financing activities			
Proceeds from borrowings		**257 512**	246 699
Re-payment of borrowings		**(294 180)**	(302 722)
Dividends paid to owners of the parent	29	**(171 618)**	(196 019)
Dividends paid to non-controlling interests	14	**(2 390)**	(601)
Net cash used in financing activities		**(210 676)**	(252 643)
Net increase in cash and cash equivalents		**30 005**	100 245
Cash and cash equivalents at the beginning of the year		**594 914**	494 669
Cash and cash equivalents at the end of the year	11	**624 919**	594 914

The notes on pages 47 to 95 are an integral part of these group financial statements.

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 annually tests 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 (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 to notes 1.19 and 16).

IMPAIRMENT OF TRADE AND OTHER RECEIVABLES

A provision for impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial re-organisation, 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 to notes 10 and 20).

CONSTRUCTION CONTRACT REVENUE RECOGNITION AND PROFIT TAKING

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.1 SIGNIFICANT ESTIMATES AND JUDGEMENTS (continued)

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 to note 16).

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 to note 27).

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 of accounting 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. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquiree 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. Cost also includes direct attributable costs of investment.

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 to note 1.6).

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.2 CONSOLIDATION (continued)

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 re-measured 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.

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 (refer to note 7).

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 VENTURES

The group's interests in jointly controlled entities are accounted for by proportionate consolidation. The group combines its share of the joint venture'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 venturers. The group does not recognise its share of profits or losses from the joint venture that result from the group's purchase of assets from the joint venture 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 the 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.3 SEGMENT REPORTING (continued)

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

- Road surfacing and light rehabilitation.
- Road construction and earthworks and heavy rehabilitation.
- Aggregate supply, contract crushing and material handling.

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, sub-contractor liabilities and external interest bearing borrowings.

1.4 TRANSLATION OF FOREIGN CURRENCIES

FUNCTIONAL AND PRESENTATION CURRENCY

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

TRANSACTIONS AND BALANCES

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the 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).
- All resulting exchange differences are recognised as a separate component of equity.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.4 TRANSLATION OF FOREIGN CURRENCIES (continued)

GROUP COMPANIES (continued)

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.

1.5 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is 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 is 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:

• Administrative buildings	Not depreciated
• 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.

Commercial quarries are depreciated over the expected life of the mine on a unit of production basis.

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 to 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 represents the excess of the cost of an acquisition over the fair value of the group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.6 INTANGIBLE ASSETS (continued)

GOODWILL (continued)

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: at fair value through profit and loss, 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 to notes 1.11 and 1.12).

(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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.8 FINANCIAL ASSETS (continued)

1.8.2 RECOGNITION AND MEASUREMENT (continued)

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

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 first-in-first-out 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 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, pre-payments 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, a 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 nor loss.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.16 CURRENT AND DEFERRED INCOME TAX (continued)

DEFERRED INCOME TAXES (continued)

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 and unused STC credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused STC credits 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.

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 SECONDARY TAX ON COMPANIES (STC)

South African resident companies are subject to a dual corporate tax system, one part of the tax being levied on taxable income and the other STC on distributed income. A company incurs STC charges on the declaration or deemed declaration of dividends (as defined under tax law) to its shareholders. STC is not a withholding tax on shareholders, but a tax on companies.

The STC tax consequence of dividends is recognised as a taxation charge in the income statement in the same period that the related dividend is accrued as a liability. The STC liability is reduced by dividends received during the dividend cycle. Where dividends declared exceed the dividends received during a cycle, STC is payable at the current STC rate on the net amount.

Where dividends received exceed dividends declared within a cycle, there is no liability to pay STC. The potential tax benefit related to excess dividends received is carried forward to the next dividend cycle as an STC credit. Deferred tax assets are recognised on unutilised STC credits to the extent that it is probable that the group will declare future dividends to utilise such STC credits.

STC was replaced with a new dividends tax (DT) with effect from 1 April 2012.

DT is a tax imposed on shareholders at a rate of 15% on receipt of dividends whereas STC is a tax imposed on companies (at a rate of 10%) on the declaration of dividends. The DT is categorised as a withholding tax as the tax is withheld and paid to the South African Revenue Service (SARS) 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.18 PROVISIONS AND CONTINGENCIES (continued)

Provisions are measured at the present value of the expenditure 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 an interest expense.

ENVIRONMENTAL REHABILITATION PROVISIONS

In terms of Section 41(3) of the Mineral and Petroleum Resources Development Act, holders 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.

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 to policy 1.10 for further detail.

COMMERCIAL QUARRY REVENUE

Revenue from the 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 the 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 loans and receivables are recognised using the original effective interest rate.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 an employee benefit expense when they are due. Pre-paid contributions are recognised as an asset to the extent that a cash refund or a reduction in 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.

SHARE-BASED COMPENSATION

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

Under the cash-settled scheme, the fair value of the employee services received are recognised as an expense. The employee services received are measured at the fair value of the liability incurred. At each reporting date, the entity revises its estimate of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, in the income statement, with a corresponding adjustment to the financial liability account. The fair value of the liability incurred is re-measured at each reporting date until the date of settlement.

Under the equity-settled plan, the fair value of 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 recognises the impact of the revision to original estimates, in the income statement, with a corresponding adjustment to equity.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.23 DIVIDEND DISTRIBUTION

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

1.24 BORROWING COSTS

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

2. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED STANDARDS

Set out below are International Financial Reporting Standards (IFRS), interpretations and amendments that have become effective for the first time for the year ended 29 February 2012 together with IFRS, interpretations and amendments issued, but not yet effective for the year ended 29 February 2012.

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

INTERNATIONAL FINANCIAL REPORTING STANDARDS

International Financial Reporting Standards and amendments effective for the first time for 29 February 2012 year-end

Number	Effective date	Summary
Amendment to IAS 24 – Related party disclosures	1 January 2011	Partial relief for government-related entities and clarification of definitions.
Improvements to IFRS (issued May 2010)	1 January 2011	Collection of amendments to IFRSs from the IASB annual improvements project.

International Financial Reporting Standards and amendments issued but not effective for 29 February 2012 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 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.
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.
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.

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 29 February 2012 year-end		
Number	**Effective date**	**Summary**
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. Proportional consolidation of joint ventures is no longer allowed.
IFRS 12 – Disclosures of interests in other entities	1 January 2013	Disclosure requirements for all forms of interests in other entities including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.
IFRS 13 – Fair value measurement	1 January 2013	Definition of fair value and a single source of fair value measurement and disclosure requirements.
IAS 27 (revised 2011) – Separate financial statements	1 January 2013	Provisions on separate financial statements.
IAS 28 (revised 2011) – Associates and joint 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 2010

Improvements to IFRSs (issued May 2010) 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 29 February 2012 year-ends:

IFRS	Effective date	Subject of amendment
IFRS 1 – First-time adoption of International Financial Reporting Standards	1 January 2011	Accounting policy changes in the year of adoption. Revaluation basis as deemed cost. Use of deemed cost for operations subject to rate regulation. Measurement of non-controlling interests. Unreplaced and voluntarily replaced share-based payment awards.
IFRS 7 – Financial instruments: Disclosures	1 January 2011	Clarification of disclosures.
IAS 1 – Presentation of financial statements	1 January 2011	Clarification of statement of changes in equity.
IAS 34 – Interim financial reporting	1 January 2011	Significant events and transactions.
IFRIC 13 – Customer loyalty programmes	1 January 2011	Fair value of award credits.

INTERPRETATIONS OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

Interpretations of International Financial Reporting Standards issued and effective for the first time for 29 February 2012 year-end

Number	Effective date	Summary
Amendments to IFRIC 14 – Pre-payments of a minimum funding requirement	1 January 2011	Voluntary pension prepayments when there is a minimum funding requirement.
IFRIC 19 – Extinguishing financial liabilities with equity instruments	1 July 2010	Renegotiation of debt terms.

Interpretations of International Financial Reporting Standards issued but not yet effective for the 29 February 2012 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.

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 R6,5 million (2011: R10,7 million) impact on the group's post-tax profits and *vice versa* for a 10% depreciation. The translation impact of a 10% appreciation of the Rand against the Zambian Kwacha will have a negative R1,4 million (2011: R1,9 million) impact on group post-tax profits and *vice versa* for a 10% depreciation of the Rand.

The group also has operations in Malawi, Namibia and Zimbabwe – 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 the 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 to 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 an 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.

3. FINANCIAL RISK MANAGEMENT (continued)

FINANCIAL RISK FACTORS (continued)

(a) MARKET RISK (continued)

(III) CASH FLOW INTEREST RATE RISK (continued)

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 will have the following effect on post-tax profit for the year:

	2012		2011	
	+1%	**-1%**	+1%	-1%
	R'000	**R'000**	R'000	R'000
Cash and cash equivalents	**4 499**	**(4 499)**	4 283	(4 283)
Unsecured loan	**(50)**	**50**	(18)	18
Bank borrowings	**(3 397)**	**3 397**	(3 420)	3 420
Increase/(decrease) in profitability	**1 052**	**(1 052)**	845	(845)

(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 experiences, 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 an appropriate credit history. The group has policies that limit the amount of credit exposure to any financial institution.

Concentration of credit risk	Rating	**2012 R'000**	2011 R'000
Cash and cash equivalents	AAA	**–**	37 276
Cash and cash equivalents	AA	**17 751**	539 817
Cash and cash equivalents	A	**605 338**	15 041
Cash and cash equivalents	BBB	**139**	1
Cash on hand	Not rated	**1 691**	2 779
Total cash and cash equivalents (refer to note 11)		**624 919**	594 914
Current trade and other receivables	AA	**112 448**	43 075
Current trade and other receivables	A	**224 031**	255 406
Current trade and other receivables	BBB	**409 325**	176 513
Current trade and other receivables	Not rated	**418 704**	473 373
Total current trade and other receivables (refer to note 10)		**1 164 508**	948 367

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 R1 789,4 million (2011: R1 543,3 million).

3. FINANCIAL RISK MANAGEMENT (continued)

FINANCIAL RISK FACTORS (continued)

(b) CREDIT RISK (continued)

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

(c) LIQUIDITY RISK

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

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

At 29 February 2012	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
Non-derivative financial liabilities					
Mortgage loans	**11**	**11**	**11**	**–**	**–**
Suspensive sale agreements	**471 791**	**517 299**	**241 685**	**275 614**	**–**
Long-term loans	**7 000**	**7 000**	**–**	**7 000**	**–**
Trade and other payables	**718 766**	**718 766**	**718 766**	**–**	**–**
Total	**1 197 568**	**1 243 076**	**960 462**	**282 614**	**–**
At 28 February 2011					
Non-derivative financial liabilities					
Mortgage loans	303	307	307	–	–
Suspensive sale agreements	474 756	519 279	271 069	248 210	–
Long-term loans	2 500	2 619	2 619	–	–
Trade and other payables	589 476	589 476	589 476	–	–
Total	1 067 035	1 111 681	863 471	248 210	–

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 R833,9 million (2011: R851,7 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 subject to the group maintaining a gearing ratio of not more than 1,25. The gearing ratios for purposes of the debt covenants is calculated below:

	2012 R'000	2011 R'000
Borrowings (refer to note 15)	**478 802**	477 559
Trade and other payables (refer to note 18)	**899 807**	712 789
Current income tax liabilities	**26 387**	17 498
Defined debt	**1 404 996**	1 207 846
Capital and reserves	**2 728 880**	2 544 613
Less: Intangible assets (refer to note 6)	**(757 629)**	(761 445)
Defined shareholders' funds	**1 971 251**	1 783 168
Debt covenant gearing ratio	**0,71**	0,68
The gearing ratio expressed as a percentage of net debt to total capital plus net debt is calculated below:		
Total borrowings (refer to note 15)	**478 802**	477 559
Less: cash and cash equivalents (refer to note 11)	**(624 919)**	(594 914)
Net debt	**(146 117)**	(117 355)
Total equity	**2 728 880**	2 544 613
Total capital and net debt	**2 582 763**	2 427 258
Gearing ratio	**(6%)**	(5%)

5. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings R'000	Vehicles and machinery R'000	Furniture, fittings and equipment R'000	Total R'000
At 28 February 2010				
Cost	69 179	1 744 292	15 378	1 828 849
Accumulated depreciation	(1 134)	(575 609)	(8 746)	(585 489)
Net book amount	68 045	1 168 683	6 632	1 243 360
Year ended 28 February 2011				
Opening net book amount	68 045	1 168 683	6 632	1 243 360
Exchange differences	(69)	(639)	(28)	(736)
Additions	16 622	272 267	3 601	292 490
Disposals	(1 349)	(37 299)	(149)	(38 797)
Depreciation	(293)	(217 292)	(2 599)	(220 184)
Closing net book amount	82 956	1 185 720	7 457	1 276 133
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**

Depreciation expense of R228,4 million (2011: R220 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 R626 million (2011: R692,9 million).

A general notarial bond of R0,9 million (2011: R1,2 million) is registered over plant and equipment with a carrying value of R0,6 million (2011: R7,4 million) as security for borrowing and asset finance facilities.

Lease rentals amounting to R15,5 million (2011: R20,2 million) relating to the lease of property, plant and equipment, respectively, are included in the income statement (refer to note 22).

Borrowings are disclosed in note 15 of these financial statements.

6. INTANGIBLE ASSETS

	Goodwill R'000	Trademarks R'000	Mining and other rights R'000	Total R'000
At 28 February 2010				
Cost	689 142	21 053	25 175	735 370
Accumulated amortisation and impairment	(5 846)	–	(5 700)	(11 546)
Net book amount	683 296	21 053	19 475	723 824
Year ended 28 February 2011				
Opening net book amount	683 296	21 053	19 475	723 824
Additions	40 000	–	–	40 000
Amortisation charge	–	–	(2 379)	(2 379)
Closing net book amount	723 296	21 053	17 096	761 445
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 to note 21)	**(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**

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 lows.

The carrying amount goodwill relating to the road surfacing and rehabilitation segment has been reduced to its recoverable amount through the recognition of an impairment loss against goodwill of R1 million (2011: Rnil). This charge has been included in other gains/(losses) – net. The impairment loss relates to goodwill recognised on the acquisition of the road marking business of Lanrob CC trading as Conspec and the business of Posi Traffic Safety Products CC on 1 September 2009. A restructure of the group's road marking businesses under Centremark Roadmarking (Pty) Ltd has resulted in the goodwill being impaired.

Amortisation of R2,8 million (2011: R2,4 million) is included in cost of sales in the income statement (refer to note 22).

IMPAIRMENT TEST FOR GOODWILL

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

6. INTANGIBLE ASSETS (continued)

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

	Aggregates and crusher R'000	Road surfacing and rehabilitation R'000	Road construction and earthworks R'000	Total R'000
Goodwill				
At 28 February 2011	468 098	123 630	131 568	723 296
At 29 February 2012	**468 098**	**122 600**	**131 568**	**722 266**

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

	Aggregates and crusher R'000	Road surfacing and rehabilitation R'000	Road construction and earthworks R'000	Total R'000
Trademarks				
At 28 February 2011	21 053	–	–	21 053
At 29 February 2012	**21 053**	**–**	**–**	**21 053**

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

	Aggregates and crusher R'000	Road surfacing and rehabilitation R'000	Road construction and earthworks R'000	Total R'000
Mining and other rights				
At 28 February 2011	14 093	3 003	–	17 096
At 29 February 2012	**13 312**	**998**	**–**	**14 310**

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.

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 between 50 and 99 years.

7. INVESTMENT IN ASSOCIATES

	2012 R'000	2011 R'000
Reconciliation of carrying value		
Balance at beginning of year	**–**	324
Share of retained profits	**–**	–
Disposal to non-controlling interest	**–**	(492)
Transfer to investment in subsidiary	**–**	(582)
Movement in loans	**–**	750
Balance at end of year	**–**	–

8. INVENTORIES

	2012 R'000	2011 R'000
Crusher stone	**84 065**	78 626
Consumable stores	**69 092**	47 707
Total inventories	**153 157**	126 333

The cost of inventories recognised as expense and included in "cost of sales" amounted to R1 901,7 million (2011: R1 565,6 million) (refer to note 22).

No inventories are encumbered.

9. CONSTRUCTION CONTRACTS IN PROGRESS AND RETENTIONS

	2012 R'000	2011 R'000
Costs incurred plus profits recognised, less recognised losses relating to contracts at year-end	**417 700**	1 497 504
Less: progress billings	**(323 519)**	(1 428 210)
Contracts in progress at reporting date	**94 181**	69 294
Retentions	**202 201**	174 822
Total contracts in progress at reporting date including retentions	**296 382**	244 116

Advances received in excess of work completed are included in trade and other payables (refer to note 18).

10. TRADE AND OTHER RECEIVABLES

	2012 R'000	2011 R'000
Trade receivables	**1 160 447**	946 886
Less: provision for impairment of trade receivables	**(22 124)**	(15 916)
Trade receivables – net	**1 138 323**	930 970
Pre-payments	**12 670**	11 072
Loan to non-related party	**635**	816
Receivables from related parties (refer to note 31)	**8 390**	882
Loans to related parties (refer to note 31)	**4 894**	5 212
	1 164 912	948 952
Less: non-current portion of loan to non-related party	**(404)**	(585)
Current portion of trade and other receivables	**1 164 508**	948 367
The fair values of trade and other receivables are as follows:		
Trade receivables	**1 138 323**	930 970
Pre-payments	**12 670**	11 072
Loan to non-related party	**635**	816
Receivables from related parties	**8 390**	882
Loans to related parties	**4 894**	5 212
Total trade and other receivables	**1 164 912**	948 952

The loan of R635 350 (2011: R816 495), of which the non-current portion is R404 205 (2011: R585 350) is an enterprise development loan to Black Economic Empowerment entities who have no formal ratings. The loan is re-payable in monthly instalments of R19 262 and bears no interest.

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

10. TRADE AND OTHER RECEIVABLES (continued)

As of 29 February 2012, trade receivables of R22,1 million (2011: R15,9 million) were impaired and provided for. The ageing of these trade receivables is as follows:

	2012 R'000	2011 R'000
30 days to three months	**1 310**	–
Three to six months	**8 537**	–
Over six months	**12 277**	15 916
	22 124	15 916

As of 29 February 2012, trade receivables of R387,3 million (2011: R272,2 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.

	2012 R'000	2011 R'000
The ageing of these trade receivables is as follows:		
30 days to three months	**345 577**	176 711
Three to six months	**41 480**	82 438
Over six months	**281**	13 022
	387 338	272 171

Trade and other receivables pledged as security

Trade and other receivables of R61,8 million (2011: R59,1 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:

	2012 R'000	2011 R'000
South African Rand	**1 028 286**	722 427
Zambian Kwacha	**74 146**	120 114
Malawi Kwacha	**27 564**	9 655
Namibian Dollar	**34 916**	96 756
	1 164 912	948 952

	2012 R'000	2011 R'000
Provision for impairment of trade receivable		
Balance at beginning of year	**15 916**	14 032
Acquisition of subsidiaries	**535**	–
Current year provision for receivables	**9 702**	9 913
Receivables written off during the year as uncollectible	**(1 977)**	(1 637)
Unused amounts reversed	**(2 052)**	(6 392)
Balance at end of year	**22 124**	15 916

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

11. CASH AND CASH EQUIVALENTS

	2012 R'000	2011 R'000
Cash and cash equivalents consist of:		
Cash on hand	**1 691**	2 779
Bank balances	**549 347**	470 055
Investments on call	**73 881**	122 080
Total cash and cash equivalents	**624 919**	594 914
Cash equivalents and bank overdrafts include the following for the purposes of the cash flow statement:		
Cash and cash equivalents	**624 919**	594 914
Total cash and cash equivalents	**624 919**	594 914

12. SHARE CAPITAL AND PREMIUM

	Number of shares '000	Ordinary shares R'000	Share premium R'000	Total R'000
At 1 March 2010	182 624	1 826	2 139 632	2 141 458
Shares issued	1 912	19	39 981	40 000
At 28 February 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**

There were no new shares issued during the year (2011: 1 912 363 shares).

The total authorised number of ordinary shares is 500 million shares (2011: 500 million) with a par value of 1 cent per share (2011: 1 cent per share). All issued shares are fully paid.

13. OTHER RESERVES

	2012 R'000	2011 R'000
Balance at beginning of year	**(1 156 847)**	(1 139 446)
Translation difference of foreign subsidiary	**(323)**	(1 279)
Share option expense (refer to note 27)	**14 769**	1 411
Share option reserve transfer	**–**	(17 533)
Balance at end of year	**(1 142 401)**	(1 156 847)
Consisting of:		
Translation difference of foreign subsidiary	**(7 833)**	(7 510)
Common control reserve	**(1 175 298)**	(1 175 298)
Equity settled share-based payment	**40 730**	25 961
Balance at end of year	**(1 142 401)**	(1 156 847)

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.

14. NON-CONTROLLING INTEREST

	2012 R'000	2011 R'000
Balance at beginning of year	**9 276**	4 344
Profit attributable to non-controlling interest	**9 950**	3 604
Non-controlling interest on acquisition of subsidiary (refer to note 34)	**2 702**	1 859
Subsidiary share capital (re-paid)/issued to non-controlling interest	**(70)**	70
Dividends paid to non-controlling interest	**(2 390)**	(601)
Balance at end of year	**19 468**	9 276

The share capital re-paid to non-controlling interest relates to Super Civil (Pty) Ltd, a special purpose company that was capitalised for the completion of a specific contract. This entity is no longer required and is in the process of deregistration.

15. BORROWINGS

	2012 R'000	2011 R'000
Non-current		
Bank borrowings	**256 112**	231 405
Unsecured loan (refer to note 31)	**7 000**	500
Total non-current borrowings	**263 112**	231 905
Current		
Bank borrowings	**215 690**	243 654
Unsecured loan	**–**	2 000
Total current borrowings	**215 690**	245 654
Total borrowings	**478 802**	477 559

Bank borrowings

The bank borrowings are secured by hypothec over property, plant and equipment with a book value of R626 million (2011: R692,9 million) and re-payable in monthly instalments of R26,1 million (2011: R27,5 million) with an effective interest rate ranging between 7% and 9,5% per annum (2011: 7% and 9,5%). Bank borrowings mature by February 2017.

A general notarial bond of R0,9 million (2011: R1,2 million) is registered over plant and equipment with a carrying value of R0,6 million (2011: R7,4 million) as security for borrowing and asset finance facilities.

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:	2012 R'000	2011 R'000
No later than one year	**241 696**	271 376
Later than one year and no later than five years	**275 614**	248 210
Later than five years	**–**	–
	517 310	519 586
Future finance charges on bank borrowings	**(45 508)**	(44 527)
Present value of bank borrowings	**471 802**	475 059

Unsecured loan

The loan bears interest at 8% per annum and with no annual instalment, the maturity date is June 2014.

15. BORROWINGS (continued)

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.

16. PROVISION FOR LIABILITIES AND CHARGES

	Rehabilitation provision R'000	Share option cash-settled obligation R'000	Total R'000
At 1 March 2010	12 624	–	12 624
Charged to income statement	6 204	201	6 405
Share option reserve transfer	–	17 533	17 533
Provisions utilised	(770)	(6 265)	(7 035)
Unused amounts reversed	–	(6 892)	(6 892)
At 28 February 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**

	2012 R'000	2011 R'000
Analysis of total provisions:		
Non-current (rehabilitation provision)	**23 066**	18 058
Current (share option cash-settled obligation)	**–**	4 577
Total provisions	**23 066**	22 635

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.

Share option provision:
No provision has been made for the cash-settled share option obligation as the market value of the shares at 29 February 2012 is below the strike price.

17. DEFERRED INCOME TAX

	2012 R'000	2011 R'000
Deferred tax assets		
Non-current	**(17 940)**	(45 047)
Deferred tax liabilities		
Non-current	**229 612**	236 038
Deferred tax liabilities (net)	**211 672**	190 991

17. DEFERRED INCOME TAX (continued)

The gross movement on the deferred income tax account is as follows:

	2012 R'000	2011 R'000
Balance at beginning of year	**190 991**	170 700
Exchange differences	**53**	979
Acquisition of subsidiaries	**2 319**	103
Charged to the income statement	**18 309**	19 209
Balance at end of year	**211 672**	190 991

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:

Deferred tax liabilities	Accelerated depreciation R'000	Construction contracts R'000	Other R'000	Total R'000
At 1 March 2010	195 792	6 991	3 485	206 268
Exchange differences	(174)	–	269	95
Charged to income statement	13 414	19 884	(3 754)	29 544
Acquisition of subsidiaries	–	131	–	131
At 28 February 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**

Deferred tax assets	Provisions R'000	Tax losses R'000	Other R'000	Total R'000
At 1 March 2010	(24 541)	(11 027)	–	(35 568)
Exchange differences	4	880	–	884
Charged to income statement	(1 813)	(2 672)	(5 850)	(10 335)
Acquisition of subsidiaries	(28)	–	–	(28)
At 28 February 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)**

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.

18. TRADE AND OTHER PAYABLES

	2012 R'000	2011 R'000
Trade payables	**432 950**	329 522
Payables due to related parties (refer to note 31)	**152**	40
Loans from related parties (refer to note 31)	**156**	–
Accrued expenses	**331 787**	259 914
Excess billing over work done	**134 762**	123 313
Total trade and other payables	**899 807**	712 789

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

19. REVENUE

	2012 R'000	2011 R'000
Contracting revenue	**4 758 916**	4 361 804
Commercial quarry revenue	**208 595**	184 170
Plant hire revenue	**65 114**	–
Total revenue	**5 032 625**	4 545 974

20. OTHER INCOME

	2012 R'000	2011 R'000
Rental of construction plant and equipment	**–**	4 494
Dividends received from investments on call	**4 264**	5 476
Insurance commission	**2 745**	1 726
Interest on accounts receivable	**6 957**	12 939
Seta recoveries	**351**	2 012
Bad debts recovered	**112**	1 018
Total other income	**14 429**	27 665

Rental of construction plant and equipment has been disclosed under revenue (refer to note 19). Due to the acquisition of Burma Plant Hire (Pty) Ltd, income received from plant hire activities is no longer incidental.

21. OTHER GAINS/(LOSSES) – NET

	2012 R'000	2011 R'000
Profit on sale of fixed assets	**3 365**	3 313
Loss on exchange differences	**(330)**	(22 247)
Excess from fair value of assets acquired over purchase price (refer to note 34)	**2 813**	–
Impairment of goodwill (refer to note 6)	**(1 030)**	–
Total other gains/(losses)	**4 818**	(18 934)

22. EXPENSES BY NATURE

	2012 R'000	2011 R'000
Changes in inventories	**(26 176)**	(2 350)
Sub-contractors	**652 056**	666 782
Raw materials and consumables (refer to note 8)	**1 901 670**	1 565 598
Employee benefit expense (refer to note 26)	**1 041 683**	888 127
Depreciation and amortisation (refer to notes 5 and 6)	**231 152**	222 563
Operating lease charges (refer to note 5)	**15 466**	20 242
Repairs and maintenance	**438 737**	283 861
Other operating expenses	**265 822**	247 324
Total of cost of sales and administrative expenses	**4 520 410**	3 892 147

23. FINANCE INCOME AND COSTS

	2012 R'000	2011 R'000
Finance income:		
Interest income on cash resources	**29 353**	30 422
Total finance income	**29 353**	30 422
Finance costs:		
Bank borrowings	**(33 951)**	(36 867)
Other interest	**(7 437)**	(7 008)
Total finance costs	**(41 388)**	(43 875)
Finance costs – net	**(12 035)**	(13 453)

24. INCOME TAX EXPENSE

	2012 R'000	2011 R'000
South African normal taxation		
Current tax		
Current period	**110 741**	144 076
Recognised in current tax for prior periods	**(2 011)**	(2 102)
Capital gains tax	**645**	1 170
Secondary tax on companies	**18 166**	19 590
Total South African normal taxation	**127 541**	162 734
Deferred tax		
Originating and reversing temporary differences	**10 469**	13 354
Total South African deferred taxation	**10 469**	13 354
Total South African taxation	**138 010**	176 088
Foreign taxation		
Current tax		
Current period	**32 380**	20 021
Recognised in current tax for prior periods	**–**	132
Total foreign normal tax	**32 380**	20 153
Deferred tax		
Originating and reversing temporary differences	**7 840**	5 855
Total foreign deferred tax	**7 840**	5 855
Total foreign taxation	**40 220**	26 008
Total income tax expense	**178 230**	202 096
Reconciliation between applicable tax rate and effective tax rate:	**%**	%
Applicable tax rate	**28,00**	28,00
Exempt income	**(0,25)**	(0,37)
Capital gains tax	**(0,12)**	(0,18)
Secondary tax on companies	**3,50**	3,01
Current tax recognised in prior periods	**(0,39)**	(0,30)
Disallowed charges	**2,55**	0,28
Tax at rates in foreign countries	**1,02**	0,69
Effective tax rate	**34,31**	31,13

24. INCOME TAX EXPENSE (continued)

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

	2012			2011		
	Before tax R'000	**Tax R'000**	**After tax R'000**	Before tax R'000	Tax R'000	After tax R'000
Currency translation differences	**(323)**	**–**	**(323)**	(1 279)	–	(1 279)
Other comprehensive income	**(323)**	**–**	**(323)**	(1 279)	–	(1 279)

25. AUDITORS' REMUNERATION

	2012 R'000	2011 R'000
Fees	**4 958**	4 659
Prior year under provision	**637**	467
Tax and secretarial services	**232**	247
Total auditors' remuneration	**5 827**	5 373

26. EMPLOYEE BENEFIT EXPENSE

	2012 R'000	2011 R'000
Wages and salaries	**939 482**	834 385
Share options granted to employees (refer to note 27)	**13 488**	(5 280)
Pension contributions	**35 114**	28 259
Medical aid contributions	**13 807**	11 486
Other contributions and accruals	**39 792**	19 277
Total employee benefit expense	**1 041 683**	888 127

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.

Number of employees – permanent	**7 026**	5 865

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 volume weighted average price (VWAP);
- 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 will 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)

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	–	230 800
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	Three years	Three 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
Nature of arrangement	Grant of share option	Grant of share option
Options approved	848 400	1 723 400
Number of options granted	848 366	1 652 483
Number of options outstanding	848 366	1 652 483
Exercise price	R0,01	R0,01
Date of grant	8 October 2010	7 October 2011
Share price at the date of grant	R23,12	R13,49
Contractual life	40 days from expiry of the three-year retention period relating to the options.	40 days from expiry of the three-year retention period relating to the options.
Vesting conditions	Three years of service from the date of grant	Three years of service from the date of grant
Settlement	Shares	Shares
Expected volatility	45%	45%
Expected option life at grant date	2,4 years	2,4 years
Risk free interest rate	7,3%	6,7%
Expected dividend yield	4,8%	4,8%
Expected departures (grant date)	0%	0%
Expected outcome of meeting performance criteria (grant date)	100%	100%
Fair value of options determined at the grant date	R20,47	R11,06
Valuation model	Black-Scholes	Black-Scholes

27. EMPLOYEE SHARE OPTION SCHEME (continued)

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

29 February 2012					28 February 2011				
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 Expected	Weighted average remaining life Contractual
–	–	–	–	–	R5 – R15	R15	1 157 000	0,05	0,05
R5,70 – R17	R11,30	230 800	0,50	0,50	R5,70 – R17	R11,30	230 800	1,50	1,50
R0,01	R0,01	848 366	1,00	1,00	–	–	–	–	–
R0,01	R0,01	1 652 483	2,00	2,00	–	–	–	–	–

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

	2012 Number of options	2012 Weighted average exercise price	2011 Number of options	2011 Weighted average exercise price
Outstanding at beginning of year	1 157 000	R15	1 945 000	R15
Options granted	–	–	–	–
Options forfeited	45 000	–	–	–
Options exercised	1 112 000	R15	788 000	R15
Outstanding at end of year	–	R15	1 157 000	R15
Exercisable at end of year	–	R15	139 500	R15

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

	2012 Number of options	2012 Weighted average exercise price	2011 Number of options	2011 Weighted average exercise price
Outstanding at beginning of year	230 800	R11,30	257 100	R11,30
Options granted	–	–	–	–
Options forfeited	–	–	26 300	R11,30
Options exercised	–	–	–	–
Outstanding at end of year	230 800	R11,30	230 800	R11,30
Exercisable at end of year	–	–	–	–

A reconciliation of movements in the number of share options (Arrangement 3 – "deferred stock scheme") can be summarised as follows:

	2012 Number of options	2012 Exercise price	2011 Number of options	2011 Exercise price
Outstanding at beginning of year	848 366	R0,01	–	–
Options granted	1 652 483	R0,01	848 366	R0,01
Options forfeited	–	–	–	–
Options exercised	–	–	–	–
Outstanding at end of year	2 500 849	R0,01	848 366	R0,01
Exercisable at end of year	–	–	–	–

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:

	2012 R'000	2011 R'000
Expense – equity settled arrangements		
a) Initial options	–	1 069
b) Balance of options	–	342
c) Deferred Stock Scheme	14 769	–
Total equity-settled share-based payment expense	14 769	1 411
Expense – cash-settled arrangements		
a) Initial options	–	(6 892)
b) Balance of options	(1 281)	201
Total cash-settled share-based payment expense	(1 281)	(6 691)
Expense – total share-based payments		
a) Initial options	–	(5 823)
b) Balance of options	(1 281)	543
c) Deferred Stock Scheme	14 769	–
Total share-based payment expense (refer to note 26)	13 488	(5 280)
Liabilities arising from share-based payment transactions		
a) Initial options	–	3 355
b) Balance of options	–	1 222
Total share-based payment liability (refer to note 16)	–	4 577

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.

	2012	2011
Profit attributable to owners of the parent entity	331 247	443 405
Weighted average number of ordinary shares in issue ('000)	184 536	183 572
Basic earnings per share (cents)	179,5	241,5

In accordance with IAS 33 par 24, contingently issuable shares are treated as outstanding and are included in the calculation of basic earnings per share only from the date when all the necessary conditions for their issue have been satisfied. The contingently issuable shares issued for the purchase of Space Construction (Pty) Ltd and Space Indlela Construction (Pty) Ltd have been included in the calculation of basic earnings per share from 1 September 2010.

28. EARNINGS PER SHARE (continued)

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.

	2012 R'000	2011 R'000
Profit attributable to owners of the parent entity	**331 247**	443 405
Weighted average number of ordinary shares in issue ('000)	**184 536**	183 572
Adjustments for:		
Shares deemed issued for no consideration (share options) ('000)	**1 079**	–
Contingently issuable shares ('000)	**–**	964
Weighted average number of ordinary shares for diluted earnings per share ('000)	**185 615**	184 536
Diluted earnings per share (cents)	**178,5**	240,3
Headline		
Profit attributable to owners of the parent entity	**331 247**	443 405
Adjustments for:		
Profit on sale of fixed assets (refer to note 21)	**(3 365)**	(3 313)
Impairment of goodwill	**1 030**	–
Excess from fair value of assets acquired over purchase price	**(2 813)**	–
Total tax effects of adjustments	**942**	928
Basic headline earnings	**327 041**	441 020
Weighted average number of shares ('000)	**184 536**	183 572
Headline earnings per share (cents)	**177,2**	240,2
Headline earnings	**327 041**	441 020
Adjusted weighted average number of shares ('000)	**185 615**	184 536
Diluted headline earnings per share (cents)	**176,2**	239,0

29. DIVIDENDS PER SHARE

The dividends paid to ordinary shareholders in 2012 and 2011 were R171,6 million (93 cents per share) and R196 million (107 cents per share), respectively. A final dividend in respect of the year ended 29 February 2012 of R64,6 million (35 cents per share) amounting to a total dividend of R110,7 million (60 cents per share) was proposed at the board of directors' meeting on 10 May 2012 and declared on the release of the group's results. These financial statements do not reflect this dividend payable.

30. CASH GENERATED FROM OPERATIONS

	2012 R'000	2011 R'000
Profit before income tax	**519 427**	649 104
Adjustments for:		
Depreciation (refer to note 5)	**228 366**	220 184
Amortisation and impairment (refer to note 6)	**3 816**	2 379
Profit on sale of assets (refer to note 21)	**(3 365)**	(3 313)
Finance income (refer to note 23)	**(29 353)**	(30 422)
Finance costs (refer to note 23)	**41 388**	43 875
Dividends received (refer to note 20)	**(4 264)**	(5 476)
Foreign exchange loss – unrealised	**774**	14 398
Provisions (refer to note 16)	**431**	(7 522)
Share options granted to employees (refer to note 27)	**14 769**	1 411
Changes in working capital		
Inventories	**(25 209)**	(2 350)
Trade and other receivables	**(203 837)**	35 680
Construction contracts in progress and retentions	**(52 267)**	(23 550)
Trade and other payables	**172 552**	(41 386)
Net cash generated from operations	**663 228**	853 013
In the cash flow statement, proceeds from sale of property, plant and equipment comprise:		
Net book amount (refer to note 5)	**33 975**	38 797
Profit on disposal of property, plant and equipment (refer to note 21)	**3 365**	3 313
Proceeds from disposal of property, plant and equipment	**37 340**	42 110
In the cash flow statement, taxation paid is calculated as follows:		
Balance due at beginning of the year	**3 306**	61 517
Add: acquisitions	**–**	61
Add: current year tax charge (refer to note 24)	**159 921**	182 887
Less: balance due at end of the year	**(8 526)**	(3 306)
Taxation paid	**154 701**	241 159

31. RELATED PARTIES

Relationships

Joint ventures	Refer to note 39
Directors	JE Raubenheimer
Companies and trusts controlled by directors and directors of subsidiaries:	
	Cisongo Travel & Tours Ltd
	Corpcam.Com (Pty) Ltd
	Cotswold Development Trust
	DS Vorster Landgoed CC
	First Edition Investments (Pty) Ltd
	Fixtrade (Pty) Ltd
	Kwambo Investments (Pty) Ltd
	Ligra (Pty) Ltd
	Maxdeals CC
	Pieter Beneke Trust
	Plant Management CC
	Raubenbel (Pty) Ltd
	Raubex Eiendomme (Pty) Ltd
	Swanvest 294 (Pty) Ltd
	The Burger Family Trust
	93 & 94 Maple Road Properties (Pty) Ltd

	2012 R'000	2011 R'000
Related party balances		
Amounts included in trade receivables regarding related parties:		
JE Raubenheimer	166	–
Raubenbel (Pty) Ltd	3	–
Roadmac Surfacing/KYK Joint Venture	1 221	882
Roadmac Surfacing/NRP Joint Venture	7 000	–
Receivables from related parties (refer to note 10)	8 390	882
Amounts included in trade payables regarding related parties:		
Kentha/Raumix Joint Venture	–	40
Corpcam.Com (Pty) Ltd	98	–
Raubex Eiendomme (Pty) Ltd	54	–
Payables due to related parties (refer to note 18)	152	40

31. RELATED PARTIES (continued)

	2012 R'000	2011 R'000
Loans to related parties		
HIR R300 Joint Venture	–	96
Kentha/Raumix Joint Venture	676	674
Roadmac Surfacing/KYK Joint Venture	4 218	4 442
Loans to related parties (refer to note 10)	4 894	5 212
The unsecured loans are interest free and have no fixed terms of re-payment.		
Loans to joint ventures:		
At beginning of year	5 212	2 426
Loans advanced during the year	1	4 538
Loan re-payments received	(319)	(1 752)
At end of year	4 894	5 212
Total loans to related parties:		
At beginning of year	5 212	2 426
Loans advanced during the year	1	4 538
Loan re-payments received	(319)	(1 752)
At end of year (refer to note 10)	4 894	5 212
Loans from related parties		
The Burger Family Trust (refer to note 15)	7 000	–
HIR R300 Joint Venture (refer to note 18)	134	–
Roadmac Surfacing/NRP Joint Venture	22	–
Loans from related parties	7 156	–
Loans from entities controlled by key management:		
At beginning of year	–	–
Loans received during the year	7 000	–
At end of year	7 000	–
Loans from joint ventures:		
At beginning of year	–	12 727
Loans received during year	156	3 500
Loan re-payments made	–	(16 227)
At end of year	156	–
Total loans from related parties:		
At beginning of year	–	12 727
Loans received during year	7 156	3 500
Loan re-payments made	–	(16 227)
At end of year	7 156	–

31. RELATED PARTIES (continued)

	2012 R'000	2011 R'000
Sub-contractors' fees received/(paid) to related parties		
Fixtrade (Pty) Ltd	–	(886)
Roadmac Surfacing/NRP Joint Venture	6 087	–
Rental of equipment and premises received from/(paid to) related parties		
93 & 94 Maple Road Properties (Pty) Ltd	(3 301)	(3 123)
Cotswold Development Trust	(53)	(37)
DS Vorster Landgoed CC	(659)	(737)
First Edition Investments (Pty) Ltd	–	(387)
HIR R300 Joint Venture	–	1 458
JM Mwewa	–	(66)
Kentha/Raumix Joint Venture	(828)	(753)
Kwambo Investments (Pty) Ltd	(564)	(564)
Ligra (Pty) Ltd	(500)	(394)
Maxdeals CC	(207)	(399)
Pieter Beneke Trust	–	(412)
Plant Management CC	(1 645)	(2 464)
Raubex Eiendomme (Pty) Ltd	(1 950)	(1 026)
Roadmac Surfacing/KYK Joint Venture	8 074	27 364
Swanvest 294 (Pty) Ltd	(292)	(292)
The Burger Family Trust	(280)	–
Administration fees received from/(paid to) related parties		
HIR R300 Joint Venture	–	200
Other fees received from/(paid to) related parties		
Cisongo Travel & Tours Ltd	–	(26)
Corpcam.Com (Pty) Ltd	(228)	–
H&I/Roadmac Joint Venture	–	3
HIR R300 Joint Venture	–	1 906
JE Raubenheimer	(22)	9
Raubenbel (Pty) Ltd	33	–
Raubex Eiendomme (Pty) Ltd	(257)	(89)

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 2011						
Executive						
RJ Fourie	–	1 860	3 024	186	181	5 251
F Diedrechsen	–	1 264	2 611	150	240	4 265
Total emoluments	–	3 124	5 635	336	421	9 516
Non-executive						
JE Raubenheimer	84	–	3 136	–	–	3 220
LA Maxwell	265	–	–	–	–	265
F Kenney	84	–	–	–	–	84
MC Matjila	84	–	–	–	–	84
M Swana **	32	–	–	–	–	32
BH Kent ***	21	–	–	–	–	21
NF Msiza ***	21	–	–	–	–	21
Total emoluments	591	–	3 136	–	–	3 727
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**

** *Resigned 8 October 2010.*
*** *Appointed 24 February 2011.*

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 2011					
TG Wiese	1 302	4 418	394	477	6 591
LJ Raubenheimer	1 302	2 977	130	81	4 490
GM Raubenheimer	1 120	2 586	120	114	3 940
JF Gibson	890	1 404	89	8	2 391
Total emoluments	4 614	11 385	733	680	17 412
Prescribed officers' emoluments 2012					
TG 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**

Share options granted to directors and prescribed officers

	Options outstanding at 1 March 2010	Options granted during the year	Options exercised during the year	Options outstanding at 28 Feb 2011	Strike price
Share options 2011					
Executive directors					
RJ Fourie	–	107 265	–	107 265	R0,01
F Diedrechsen	–	107 265	–	107 265	R0,01
Prescribed officers					
TG Wiese	–	82 886	–	82 886	R0,01
LJ Raubenheimer	–	82 886	–	82 886	R0,01
GM Raubenheimer	–	–	–	–	R0,01
JF Gibson	–	58 508	–	58 508	R0,01

	Options outstanding at 1 March 2011	**Options granted during the year**	**Options exercised during the year**	**Options outstanding at 29 Feb 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					
TG 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**

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.

32. DIRECTORS', PRESCRIBED OFFICERS AND KEY MANAGEMENT EMOLUMENTS

	2012 R'000	2011 R'000
Executive		
For services as directors of the company	**10 576**	9 516
For services as prescribed officers of the company	**17 636**	17 412
For services as key management	**79 441**	81 659

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 2011	29 887	41 262	4 137	6 373	81 659
Key management emoluments 2012	**28 212**	**38 208**	**5 450**	**7 571**	**79 441**

33. COMMITMENTS

Capital commitments

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

	2012 R'000	2011 R'000
Property, plant and equipment	**98 538**	–
Total capital commitments	**98 538**	–

Capital commitments will be funded by cash and borrowings.

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:

	2012 R'000	2011 R'000
No later than one year	**4 463**	8 174
Later than one year and no later than five years	**4 533**	11 001
Later than five years	**–**	–
Total operating lease commitments	**8 996**	19 175

34. BUSINESS COMBINATIONS

Burma Plant Hire (Pty) Ltd

On 1 July 2011, the group acquired 51% of the share capital and the sale claims of Burma Plant Hire (Pty) Ltd for R4,04 million cash. The acquired company specialises in plant hire to the construction and mining industry. The acquired company contributed revenues of R61,3 million and net profit of R4,5 million for the period from 1 July 2011 to 29 February 2012. If the acquisition had occurred on 1 March 2011, contributions to group revenue would have been R78,5 million and net profit of R5 million.

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

	R'000
Purchase consideration	
Cash	4 042
Less: sale claims	(4 042)
Total purchase consideration	–
Fair value of net assets acquired	2 813
Excess from fair value of assets acquired over purchase price (refer to note 21)	(2 813)

The sale claim related to the loan account of the seller settled by Raubex Group Limited on acquisition.

	Acquiree's carry value R'000	Fair value R'000
Property, plant and equipment	51 344	51 344
Deferred tax asset	5 975	5 975
Inventory	648	648
Trade and other receivables	13 122	12 122
Cash and cash equivalents	(3 718)	(3 718)
Loans from shareholders	(6 868)	(6 868)
Instalment sale agreements	(31 043)	(31 043)
Deferred tax liability	(8 478)	(8 478)
Trade and other payables	(10 557)	(14 467)
Net assets	10 425	5 515
Less: non-controlling interest		2 702
Total net assets acquired		2 813
Purchase consideration settled in cash		4 042
Cash and cash equivalents in acquired subsidiary (bank overdraft)		3 718
Cash outflow on acquisition		7 760

National Highway Markings CC

On 1 September 2011 the group, through its subsidiary Centremark Roadmarking (Pty) Ltd, acquired the assets and liabilities of the business of National Highway Markings CC as a going concern for R3 million cash. The acquired business specialises in road marking and contributed revenues of R9 million with no contribution to net profit being recognised for the period from 1 September 2011 to 29 February 2012.

34. BUSINESS COMBINATIONS (continued)

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

Purchase consideration	R'000
Cash	3 061
Total purchase consideration	3 061
Fair value of net assets acquired	3 061
Goodwill	–

	Acquiree's carry value R'000	Fair value R'000
Property, plant and equipment	2 093	2 093
Inventory	968	968
Net assets	3 061	3 061

Purchase consideration settled in cash	3 061
Cash and cash equivalents in the business combination acquired	–
Cash outflow on acquisition	3 061

35. CONTINGENCIES

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, 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 by the required deadline date of 15 April 2011. The Competition Commission is in the process of assessing this submission and the group remains committed to fully co-operate with the commission and to ensure that its employees, management and directors do not engage in any conduct, which constitutes a prohibited practice. No provision for penalties has been made in the results for the period ended 29 February 2012.

Total financial institution-backed contract guarantees provided to third parties on behalf of subsidiary companies amounted to R833,9 million (2011: R851,7 million). The directors do not believe that any exposure to loss is likely. Total available facilities in this regard amount to R1,5 billion (2011: R1,3 billion).

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

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

37. SEGMENTAL ANALYSIS

Reportable segments	Aggregate and crusher R'000	Road surfacing and rehabilitation R'000	Road construction and earthworks R'000	Consolidated R'000
At 28 February 2011				
Segment revenue – external	1 040 147	2 178 339	1 327 488	4 545 974
Segment result (operating profit)	178 203	300 187	184 168	662 558
Finance income	2 819	3 911	23 692	30 422
Finance costs	(19 593)	(9 071)	(15 211)	(43 875)
Taxation	(47 021)	(85 136)	(69 939)	(202 096)
Profit for the year	114 408	209 891	122 710	447 009
Segment assets	1 488 162	1 172 527	1 350 443	4 011 132
Segment liabilities	561 207	479 598	425 714	1 466 519
Depreciation and amortisation	118 178	51 483	52 902	222 563
Capital expenditure	142 154	79 381	70 955	292 490
Inter segment revenue	71 970	156 209	17 291	245 470
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**

Approximately 30% (2011: 35%) 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 25% (2011: 22%) 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 28 February 2011			
Segment revenue – external	3 932 876	613 098	4 545 974
Segment result (operating profit)	583 669	78 889	662 558
Finance income	27 592	2 830	30 422
Finance costs	(43 413)	(462)	(43 875)
Taxation	(176 088)	(26 008)	(202 096)
Profit for the year	391 760	55 249	447 009
Segment assets	3 611 983	399 149	4 011 132
Segment liabilities	1 329 230	137 289	1 466 519
Depreciation and amortisation	221 150	1 413	222 563
Capital expenditure	292 094	396	292 490
Inter-segment revenue	169 338	–	169 338
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**

38. INTEREST IN SUBSIDIARIES

		Issued share capital Shares	**Effective % held 2012 %**	Effective % held 2011 %	**Shares at cost 2012 R'000**	Shares at cost 2011 R'000	**Amounts owing by subsidiaries 2012 R'000**	Amounts owing by subsidiaries 2011 R'000
Direct								
Raubex (Pty) Ltd	*	300	**100**	100	**1 001 620**	1 001 620	**533 873**	507 495
B&E International (Pty) Ltd	†	1 000	**100**	100	**473 843**	473 843	**–**	–
Burma Plant Hire (Pty) Ltd	§	100	**51**	–	**–**	–	**4 000**	–
Acquatic Services (Pty) Ltd	*	300	**100**	100	**111 336**	111 336	**–**	–
Super Civil Construction (Pty) Ltd	‡	200 000	**–**	30	**–**	30	**–**	–
Indirect								
Akasia Road Surfacing (Pty) Ltd	#	100	**100**	100	**120 796**	120 796	**–**	–
Aliwal Dolorite Quarry (Pty) Ltd	^	100	**100**	100	**7 600**	7 600	**–**	–
Acquasoil (Pty) Ltd	‡	40 000	**100**	100	**–**	–	**–**	–
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	**100**	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	**–**	–	**–**	–
DBE Mining (Pty) Ltd	‡	100	**100**	100	**–**	–	**–**	–
Forward Infra (Pty) Ltd	~	100	**100**	100	**0**	0	**–**	–
Instant Concrete Investments (Pty) Ltd	‡	100	**100**	100	**–**	–	**–**	–
Milling Techniks (Pty) Ltd	•	100	**100**	100	**15 000**	15 000	**–**	–
Muscle Construction (Pty) Ltd	‡	100	**26**	26	**0**	0	**–**	–
Narindonde Construction (Pty) Ltd	†	100	**74**	74	**–**	–	**–**	–
National Asphalt (Pty) Ltd	#	100	**100**	100	**0**	0	**–**	–
National Cold Asphalt (Pty) Ltd	#	100	**50**	50	**0**	0	**–**	–
Notwane Quarries (Pty) Ltd	‡	100	**100**	100	**–**	–	**–**	–
Petra Quarry (Pty) Ltd	^	100	**100**	100	**3 849**	3 849	**–**	–
Phambili Road Surfacing (Pty) Ltd	•	100	**100**	100	**20 515**	20 515	**–**	–
Pretoria Amalgamated Quarries (Pty) Ltd	^	870 000	**100**	100	**–**	–	**–**	–
Queenstown Quarry (Pty) Ltd	^	100	**100**	100	**21 929**	21 929	**–**	–
Raubair (Pty) Ltd	‡	100	**100**	100	**8 083**	8 083	**–**	–
Raubex Civil (Pty) Ltd	*	100	**100**	100	**14 999**	14 999	**–**	–
Raubex Construction (Pty) Ltd	•	100	**100**	100	**87 300**	87 300	**–**	–
Raubex Construction Namibia (Pty) Ltd	‡	100	**74**	74	**0**	0	**–**	–
Raubex Construction Zambia Ltd	•	5 000 000	**100**	100	**6 008**	6 008	**–**	–
Raubex North (Pty) Ltd	‡	100	**100**	100	**0**	0	**–**	–
Raumix Holdings (Pty) Ltd	*	100	**95**	95	**15 489**	15 489	**–**	–
Raumix Aggregates (Pty) Ltd	^	916	**100**	100	**–**	–	**30 992**	30 992
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	**–**	–

38. INTEREST IN SUBSIDIARIES (continued)

		Issued share capital Shares	**Effective % held 2012 %**	Effective % held 2011 %	**Shares at cost 2012 R'000**	Shares at cost 2011 R'000	**Amounts owing by subsidiaries 2012 R'000**	Amounts owing by subsidiaries 2011 R'000
Indirect (continued)								
Saldanha Plant Hire (Pty) Ltd	‡	100	**100**	100	**–**	–	**–**	–
Space Construction (Pty) Ltd	•	100	**100**	100	**43 906**	43 906	**–**	–
Space Indlela Construction (Pty) Ltd	‡	900	**100**	100	**6 538**	6 538	**–**	–
SPH Earthmoving (Pty) Ltd	‡	100	**100**	100	**–**	–	**–**	–
SPH Equipment Hire (Pty) Ltd	‡	100	**100**	100	**–**	–	**–**	–
SPH Group (Pty) Ltd	*	300	**100**	100	**–**	–	**–**	–
SPH Group Properties (Pty) Ltd	‡	100	**100**	100	**–**	–	**–**	–
SPH Kundalila (Pty) Ltd	†	100	**100**	100	**–**	–	**–**	–
SPH Sand (Pty) Ltd	‡	100	**100**	100	**–**	–	**–**	–
Stabilpave (Pty) Ltd	‡	200	**100**	100	**0**	0	**–**	–
Tekweni Roadmarking (Pty) Ltd	~	65	**0**	0	**–**	–	**–**	–
Thekweni Surfacing (Pty) Ltd	‡	100	**100**	100	**0**	0	**–**	–
Thaba Bosiu Construction (Pty) Ltd	•	1 200	**100**	100	**64 794**	64 794	**–**	–
Willows Quarries (Pty) Ltd	^	100	**100**	100	**–**	–	**–**	–
Zamori Construction (Pty) Ltd	•	120	**100**	100	**35 799**	35 799	**–**	–
Zimbabwe Screening and Mining (Pty) Ltd	†	100	**100**	100	**0**	0	**–**	–
Zisena (Pty) Ltd	•	100	**100**	100	**0**	0	**–**	–

Nature of business

•	*Rehabilitation of roads, civil and general construction work.*	^	*Commercial quarrying.*
†	*Contract crushing and material handling.*	~	*Road marking.*
#	*Asphalt production.*	‡	*Dormant entity.*
*	*Investment and holding company.*	§	*Plant hire.*

All companies are incorporated in South Africa, except Raubex Construction Zambia Ltd, which is incorporated in Zambia, B&E International (Botswana) (Pty) Ltd, B&E International (Lesotho) (Pty) Ltd, B&E International (Namibia) (Pty) Ltd and Raubex Construction Namibia (Pty) Ltd. 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:

- Super Civil Construction (Pty) Ltd.
- Muscle Construction (Pty) Ltd.
- Tekweni Roadmarking (Pty) Ltd.

Super Civil (Pty) Ltd a special purpose company that was capitalised for the completion of a specific contract, the share capital invested has been re-paid as the entity is no longer required and is in the process of deregistration.

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

39. INTEREST IN JOINT VENTURES

Joint ventures	Country	Nature of business	Interest held 2012 (%)	Interest held 2011 (%)
Kentha/Raumix Joint Venture	South Africa	Aggregates	**49%**	49%
Raubex/HIR Namibia Roads Joint Venture	Namibia	Road construction	**–**	50%
H&I/Roadmac Joint Venture	South Africa	Road surfacing	**–**	50%
HIR R300 Joint Venture	South Africa	Road surfacing	**35%**	35%
Roadmac Surfacing/KYK Joint Venture	South Africa	Road surfacing	**60%**	60%
Namibia Road Products/Roadmac Surfacing Joint Venture	Namibia	Road surfacing	**50%**	–

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

Contracts awarded to the Raubex/HIR Namibia Roads Joint Venture and the H&I/Roadmac Joint Venture have been completed.

A new contract was awarded to the Namibia Road Products/Roadmac Surfacing Joint Venture during the period.

	2012 R'000	2011 R'000
FINANCIAL INFORMATION:		
Statement of financial position		
(Group's proportionate share of assets and liabilities)		
Assets		
Non-current assets	**21**	21
Current assets	**27 974**	5 117
Total assets	**27 995**	5 138
Equity and liabilities		
Equity	**–**	–
Current liabilities	**27 995**	5 138
Total equity and liabilities	**27 995**	5 138
Income statement		
(Group's proportionate share of income and expenditure)		
Revenue	**18 630**	65 032
Profit attributable to group	**1 548**	22 262

COMPANY STATEMENT OF FINANCIAL POSITION

at 29 February 2012

	Notes	2012 R'000	2011 R'000
ASSETS			
Non-current assets			
Investment in subsidiaries	4.1	**1 566 167**	1 551 428
Loans to group companies	4.2	**588 866**	538 488
Total non-current assets		**2 155 033**	2 089 916
Current assets			
Trade and other receivables	5	**163**	–
Cash and cash equivalents	6	**74 220**	122 736
Total current assets		**74 383**	122 736
Total assets		**2 229 416**	2 212 652
EQUITY AND LIABILITIES			
Equity			
Ordinary shares	7	**1 845**	1 845
Share premium	7	**2 179 701**	2 179 701
Reserves		**40 730**	25 961
Retained income		**6 217**	3 685
Total equity		**2 228 493**	2 211 192
Liabilities			
Current liabilities			
Loans from group companies	4.2	**–**	64
Trade and other payables	8	**922**	1 387
Current income tax liabilities		**1**	9
Total current liabilities		**923**	1 460
Total equity and liabilities		**2 229 416**	2 212 652

The notes on pages 100 to 110 are an integral part of these financial statements.

COMPANY STATEMENT OF COMPREHENSIVE INCOME

for the year ended 29 February 2012

	Notes	**2012 R'000**	2011 R'000
Revenue	9	**193 514**	215 976
Administrative expenses		**(2 736)**	(2 683)
Operating profit		**190 778**	213 293
Finance income	10	**61**	119
Profit before income tax		**190 839**	213 412
Income tax expense	11	**(16 689)**	(19 022)
Profit for the year		**174 150**	194 390
Other comprehensive income		**–**	–
Total comprehensive income for the year		**174 150**	194 390

The notes on pages 100 to 110 are an integral part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 29 February 2012

	Note	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 2010		1 826	2 139 720	42 083	5 314	2 188 943
Changes in equity:						
Issue of share capital and share premium		19	39 981	–	–	40 000
Employees' share option scheme		–	–	(16 122)	–	(16 122)
Total comprehensive income for the year		–	–	–	194 390	194 390
Dividends paid		–	–	–	(196 019)	(196 019)
Total changes		19	39 981	(16 122)	(1 629)	22 249
Balance at 1 March 2011		1 845	2 179 701	25 961	3 685	2 211 192
Changes in equity:						
Employees' share option scheme	4.1	–	–	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 29 February 2012		**1 845**	**2 179 701**	**40 730**	**6 217**	**2 228 493**
Note		7	7			

The notes on pages 100 to 110 are an integral part of these financial statements.

COMPANY STATEMENT OF CASH FLOWS

for the year ended 29 February 2012

	Notes	2012 R'000	2011 R'000
Cash flows from operating activities			
Cash used in operations	12	**(3 364)**	(3 492)
Dividends received	9	**193 514**	215 976
Interest received	10	**61**	119
Taxation paid	12	**(16 697)**	(19 021)
Net cash generated from operating activities		**173 514**	193 582
Cash flows from investing activities			
Decrease/(increase) in investments		**30**	(30)
Loans advanced to group companies		**(50 378)**	(31 760)
Net cash used investing activities		**(50 348)**	(31 790)
Cash flows from financing activities			
Loans (re-paid)/made to group companies		**(64)**	64
Dividends paid		**(171 618)**	(196 019)
Net cash used financing activities		**(171 682)**	(195 955)
Net decrease in cash and cash equivalents		**(48 516)**	(34 163)
Cash and cash equivalents at the beginning of the year		**122 736**	156 899
Total cash and cash equivalents at the end of the year	6	**74 220**	122 736

The notes on pages 100 to 110 are an integral part of these financial statements.

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 term and are intended to provide the subsidiary with a long-term source of additional capital. As a result, the loans are considered to be an interest in the subsidiary. The loans are accounted for under IAS 27 and are carried at cost.

1.2 FINANCIAL INSTRUMENTS

INITIAL RECOGNITION

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

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

FAIR VALUE DETERMINATION

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

LOANS TO GROUP COMPANIES

These include loans to fellow subsidiaries, subsidiaries, joint 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.2 FINANCIAL INSTRUMENTS (continued)

TRADE AND OTHER RECEIVABLES

Trade receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is 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 include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

1.3 SHARE CAPITAL AND EQUITY

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

Ordinary shares are classified as equity.

If the company re-acquires 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 a cash-settled and an equity-settled share-based compensation plan.

Under the cash-settled scheme, the fair value of the employee services received are recognised as an expense. The employee services received are measured at the fair value of the liability incurred. At each reporting date, the entity revises its estimate of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, in the income statement, with a corresponding adjustment to the financial liability account. The fair value of the liability incurred is re-measured at each reporting date until the date of settlement.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.4 SHARE-BASED PAYMENTS (continued)

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 recognises 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.

1.7 STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED STANDARDS

INTERNATIONAL FINANCIAL REPORTING STANDARDS

International Financial Reporting Standards and amendments effective for the first time for 29 February 2012 year-end

Number	Effective date	Summary
Amendment to IAS 24 – Related party disclosures	1 January 2011	Partial relief for government-related entities and clarification of definitions.
Improvements to IFRS (issued May 2010)	1 January 2011	Collection of amendments to IFRSs from the IASB annual improvements project.

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 29 February 2012 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 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.
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.
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 arrangement rather than legal form. Proportional consolidation of joint ventures is no longer allowed.
IFRS 12 – Disclosures of interests in other entities	1 January 2013	Disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.
IFRS 13 – Fair value measurement	1 January 2013	Definition of fair value and a single source of fair value measurement and disclosure requirements.
IAS 27 (revised 2011) – Separate financial statements	1 January 2013	Provisions on separate financial statements.
IAS 28 (revised 2011) – Associates and joint 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.7 STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED STANDARDS.(continued)

ANNUAL IMPROVEMENTS ISSUED MAY 2010

Improvements to IFRSs (Issued May 2010) was issued by the IASB as part the "annual improvements process" resulting in the following amendments to standards issued, effective for the first time for 29 February 2012 year-ends:

IFRS	Effective date	Subject of amendment
IFRS 1 – First-time adoption of International Financial Reporting Standards	1 January 2011	Accounting policy changes in the year of adoption. Revaluation basis as deemed cost. Use of deemed cost for operations subject to rate regulation. Measurement of non-controlling interests. Unreplaced and voluntarily replaced share-based payment awards.
IFRS 7 – Financial instruments: Disclosures	1 January 2011	Clarification of disclosures.
IAS 1 – Presentation of financial statements	1 January 2011	Clarification of statement of changes in equity.
IAS 34 – Interim financial reporting	1 January 2011	Significant events and transactions.
IFRIC 13 – Customer loyalty programmes	1 January 2011	Fair value of award credits.

INTERPRETATIONS OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

Interpretations of International Financial Reporting Standards issued and effective for the first time for 29 February 2012 year-end		
Number	**Effective date**	**Summary**
Amendments to IFRIC 14 – Pre-payments of a minimum funding requirement	1 January 2011	Voluntary pension prepayments when there is a minimum funding requirement.
IFRIC 19 – Extinguishing financial liabilities with equity instruments	1 July 2010	Renegotiation of debt terms.

Interpretations of International Financial Reporting Standards issued but not yet effective for the 29 February 2012 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 have the following effect on post-tax profit for the year:

	2012		2011	
	+1% R'000	**-1% R'000**	+1% R'000	-1% R'000
Cash and cash equivalents	**534**	**(534)**	884	(884)
Increase/(decrease) in profitability	**534**	**(534)**	884	(884)

(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	**2012 R'000**	2011 R'000
Cash and cash equivalents	AA	**–**	122 736
Cash and cash equivalents	A	**74 220**	–
Total cash and cash equivalents (refer to note 6)		**74 220**	122 736
Current trade and other receivables	A	**163**	–
Total current trade and other receivables (refer to note 5)		**163**	–

2. FINANCIAL RISK MANAGEMENT (continued)

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 R74,4 million (2011: R122,7 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:

At 29 February 2012	Carrying amount R'000	Contractual cash flows R'000	Within 1 year R'000
Non-derivative financial liabilities			
Trade and other payables	**922**	**922**	**922**
Total	**922**	**922**	**922**
At 28 February 2011			
Non-derivative financial liabilities			
Loans from group companies	64	64	64
Trade and other payables	1 387	1 387	1 387
Total	1 451	1 451	1 451

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:

	2012 R'000	2011 R'000
Loans from group companies (refer to note 4.2)	**–**	64
Less: cash and cash equivalents (refer to note 6)	**(74 220)**	(122 736)
Net debt	**(74 220)**	(122 672)
Total equity	**2 228 493**	2 211 192
Total capital and net debt	**2 154 273**	2 088 520
Gearing ratio	**(3%)**	(6%)

4. INVESTMENT IN SUBSIDIARIES AND LOANS

4.1 INVESTMENT IN SUBSIDIARIES

Name of company	2012 R'000	2011 R'000
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	–	–
Raubex (Pty) Ltd	1 001 620	1 001 620
Super Civil Construction (Pty) Ltd	–	30
Total direct investment in subsidiaries	1 551 398	1 551 428
Indirect investment on issue of share options to employees of subsidiaries		
Akasia Road Surfacing (Pty) Ltd	52	–
B&E International (Pty) Ltd	1 267	–
Milling Techniks (Pty) Ltd	209	–
National Asphalt (Pty) Ltd	1 110	–
Phambili Road Surfacing (Pty) Ltd	52	–
Raubex (Pty) Ltd	6 527	–
Raumix Aggregates (Pty) Ltd	52	–
Raubex Construction (Pty) Ltd	1 424	–
Roadmac Surfacing (Pty) Ltd	850	–
Roadmac Surfacing Cape (Pty) Ltd	1 110	–
Roadmac Surfacing KZN (Pty) Ltd	849	–
Space Construction (Pty) Ltd	209	–
SPH Kundalila (Pty) Ltd	1 058	–
Total indirect investment in subsidiaries	14 769	–
Total investment in subsidiaries	1 566 167	1 551 428

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

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

4.2 LOANS TO/(FROM) GROUP COMPANIES

	2012 R'000	2011 R'000
Raubex (Pty) Ltd	553 873	507 495
Raumix Aggregates (Pty) Ltd	30 993	30 993
B&E International (Pty) Ltd	–	(64)
Burma Plant Hire (Pty) Ltd	4 000	–
Total loans to/(from) group companies	588 866	538 424
Non-current assets	588 866	538 488
Current assets	–	–
Current liabilities	–	(64)
Total loans to/(from) group companies	588 866	538 424

The loans are interest free and have no fixed terms of re-payment.

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.

5. TRADE AND OTHER RECEIVABLES

	2012 R'000	2011 R'000
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 29 February 2012, no receivables were either past due or impaired.

6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

	2012 R'000	2011 R'000
Bank balance	**340**	657
Investments on call	**73 880**	122 079
Total cash and cash equivalents	**74 220**	122 736

7. SHARE CAPITAL AND SHARE PREMIUM

	Number of shares '000	Ordinary shares R'000	Share premium R'000	Total R'000
At 1 March 2010	182 624	1 826	2 139 720	2 141 546
Shares issued	1 912	19	39 981	40 000
At 28 February 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**

The total authorised number of ordinary shares is 500 million shares (2011: 500 million) with a par value of 1 cent per share (2011: 1 cent per share). All issued shares are fully paid.

8. TRADE AND OTHER PAYABLES

	Note	2012 R'000	2011 R'000
Trade payables		**147**	140
Payables due to related parties	14	**755**	1 227
Accrued expenses		**20**	20
Total trade and other payables		**922**	1 387

9. REVENUE

	2012 R'000	2011 R'000
Dividends received from subsidiaries	**189 250**	210 500
Dividends received from investments on call	**4 264**	5 476
Total revenue	**193 514**	215 976

10. FINANCE INCOME

	Note	2012 R'000	2011 R'000
Interest income on cash resources		**61**	119
Total finance income		**61**	119

11. INCOME TAX EXPENSE

	Note	2012 R'000	2011 R'000
South African normal taxation			
Current tax			
Current period		**17**	33
Recognised in current tax for prior periods		**1**	–
Secondary tax on companies		**16 671**	18 989
Total South African normal taxation		**16 689**	19 022
Reconciliation between applicable tax rate and effective tax rate		**%**	%
Applicable tax rate		**28,00**	28,00
Exempt income		**(27,77)**	(28,34)
Secondary tax on companies		**8,74**	8,90
Disallowed charges		**(0,22)**	0,35
Effective tax rate		**8,75**	8,91

12. CASH USED IN OPERATIONS

	Note	2012 R'000	2011 R'000
Profit before income tax		**190 839**	213 412
Adjustments for:			
Finance income		**(61)**	(119)
Dividends received		**(193 514)**	(215 976)
Changes in working capital:			
Trade and other receivables		**(163)**	–
Trade and other payables		**(465)**	(809)
Net cash generated from operations		**(3 364)**	(3 492)
In the cash flow statement taxation paid is calculated as follows:			
Balance due at beginning of year		**9**	8
Add: current year tax charge	12	**16 689**	19 022
Less: balance due at end of year		**(1)**	(9)
Taxation paid		**16 697**	19 021

13. RELATED PARTY TRANSACTIONS

Relationship

Refer to note 38 to the group financial statements.

Related party balances	Note	2012 R'000	2011 R'000
Loans to related parties			
At beginning of year		538 488	482 850
Loans advanced during the year		247 384	415 961
Loan re-payments received		(197 006)	(360 323)
At 29 February		588 866	538 488
Loans from related parties			
At beginning of year		64	–
Loans received during the year		–	64
Loan re-payments made		(64)	–
At 29 February		–	64
Amounts included in trade payables			
Raubex (Pty) Ltd	9	755	1 227
Other fees paid to related parties			
Raubex (Pty) Ltd		665	1 081

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 ("Raubex" or the "company") securities register on 21 September 2012 that the sixth Annual General Meeting ("AGM") of the shareholders of the company will be held at Glenhove Conference Centre, 52 Glenhove Road, Melrose Estate on Friday, 5 October 2012 at 10:00 to: (i) deal with such business as may lawfully be dealt with at the AGM; (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 AGM is to be participated in and voted at by the shareholders as at the record date of 21 September 2012.

With effect from the general effective date of the Companies Act, being 1 May 2011, all existing companies' memorandum of association and articles of association automatically became the company's memorandum of incorporation. Accordingly, for purposes of consistency any reference in this notice of AGM to "MOI" or "memorandum of incorporation" refers to the company's memorandum of incorporation, which previously comprised the company's memorandum of association and articles of association.

When reading the ordinary and special resolutions below, please refer to the explanatory notes for such AGM resolutions on pages 117 and 118.

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 29 February 2012, have been distributed as required and will be presented.

2. ORDINARY RESOLUTION NUMBER ONE: RE-ELECTION OF 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 executive directors, who retire by rotation, but being eligible, each offers himself for re-election in accordance with the company's memorandum of incorporation for a further term of office:

(a) RJ Fourie; and
(b) F Diedrechsen.

Refer to pages 116 and 117 of the annual report for brief biographies of each director offering himself for re-election.

3. ORDINARY RESOLUTION NUMBER TWO: 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 pages 116 and 117 of the annual report for brief biographies of each director offering himself for re-election.

4. ORDINARY RESOLUTION NUMBER THREE: APPROVAL OF EXTERNAL AUDITORS' REMUNERATION

To resolve that the directors be authorised to determine the remuneration of the auditors, PricewaterhouseCoopers Inc., for the audit performed in respect of the financial year ended 29 February 2012.

5. ORDINARY RESOLUTION NUMBER FOUR: RE-APPOINTMENT OF EXTERNAL AUDITOR

To resolve that the re-appointment of PricewaterhouseCoopers Inc. as the independent registered auditors of the company (for the financial year ending 28 February 2013), 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 2013 is Mr L Rossouw.

6. ORDINARY RESOLUTION NUMBER FIVE: GENERAL AUTHORITY TO ISSUE SHARES FOR CASH

Resolved that the directors of the company be and they are hereby authorised by way of general authority to issue all or any of the authorised but unissued ordinary shares in the capital of the company for cash, as and when they in their discretion deem fit, subject to the Companies Act, the MOI and the JSE Listings Requirements, provided that the maximum number of ordinary shares which can be issued in terms of this authority in the aggregate in any one financial year shall not exceed 10% of the issued ordinary share capital of the company, from time to time. The JSE Listings Requirements currently provide, *inter alia,* that:

- this authority shall be valid until the next AGM of the company, provided it shall not extend beyond 15 months from the date of this AGM;
- a paid press announcement giving full details, including the impact on net asset value and earnings per share, will be published at the time of an issue representing, on a cumulative basis within one financial year, 5% or more of the number of shares in issue prior to such issue;
- issues in the aggregate in any one financial year will not exceed 15% of the number of ordinary shares in the company's issued share capital from time to time;
- in determining the price at which an issue of ordinary shares may be made in terms of this authority, the maximum discount permitted will be 10% of the weighted average traded price determined over the 30 business days prior to the date that the price of the issue is determined or agreed by the directors of the company;
- any such issue will only be made to public shareholders as defined in the JSE Listings Requirements and not to related parties; and
- the approval of a 75% majority of the votes cast by shareholders present or represented by proxy at this AGM is required for this authority to become effective.

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 two. Information in respect of the above directors are set out in ordinary resolution number two.

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 28 February 2013:

- The maximum number of ordinary shares in the company in respect of which options may be granted to eligible employees shall be 2 260 030 (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 2012, being R13,23); 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 166 289 (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 2012, being R13,23).

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 ordinary and special 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 24.5 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 November 2012, unless such remuneration is proposed to be amended at the next AGM:

	Proposed annual remuneration	Proposed attendance remuneration per meeting
Chairman	R420 000	R10 000*
Independent Non-executive Director	R315 000	R10 000*
Non-executive Director	R210 000	R10 000*

* *Meeting fees are capped at 12 meetings per financial 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 AGM or for fifteen 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 AGM 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 months from date of the notice of the AGM; 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 integrated annual report, in which this notice of AGM is included, at the pages as indicated:

- Directors and management – refer to pages 6 and 7;
- Directors' interests in securities – refer to page 40;
- Major shareholders – refer to page 40;
- Share capital of the company – refer to page 70;
- Litigation statement – refer to this page 114; and
- Material changes – refer to this page 114.

REASON 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 AGM of the company; provided that the general authority shall not extend beyond 15 months from the date of the AGM 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 pages 6 and 7 of the annual report of which this notice forms part, are not aware of any legal or arbitration proceedings that are pending or threatened, other than as disclosed in note 35 to the group financial statements, that may have or have had in the recent past, being at least the previous 12 months, a material effect on the company's or group's financial position.

DIRECTORS' RESPONSIBILITY STATEMENT

The directors, whose names appear on pages 6 and 7 of the annual 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 two contains all the information required by law and the JSE Listings Requirements.

MATERIAL CHANGES

Other than the facts and developments reported on in the annual 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. SPECIAL RESOLUTION NUMBER FOUR: MEMORANDUM OF INCORPORATION

To resolve to adopt as the new Memorandum of Incorporation ("MOI") of the company the proposed MOI set out in the document attached, the new MOI to apply in substitution for and to the exclusion of the company's existing Memorandum of Association and Articles of Association.

14. 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).

15. 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 abovementioned 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 AGM 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 AGM is attached.

If you are a certificated Raubex shareholder or an own name dematerialised Raubex shareholder and are unable to attend the AGM of Raubex shareholders to be held at 10:00 on Friday, 5 October 2012, 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 (Pty) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) so as to be received by no later than 10:00 on Wednesday, 3 October 2012.

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 AGM in order for them to vote in accordance with your instructions. If you wish to attend the AGM in person, please request your 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

RE-ELECTION OF DIRECTORS – BRIEF BIOGRAPHIES

EXECUTIVE DIRECTORS

Rudolf Johannes Fourie – Chief Executive Director (46)

NDip Marketing Management

Rudolf joined the Raubex Group in 1997 as Managing Director of a newly formed company Roadmac Surfacing. Under his management, it has grown to be the leading surfacing company in South Africa. He has 22 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.

Francois Diedrechsen – Finance and Commercial Director (40)

BCompt (Hons)

Francois joined Raubex in March 2004 after concluding Raubex's empowerment transaction with Matlapeng. He was appointed as a Director of Raubex early in 2006 and has led the restructuring and strategic planning of Raubex with a view to the eventual listing. He has also led various mergers and acquisitions for the group since joining. Prior to Raubex, Francois was the Chief Executive Officer of JIC Mining and Construction, a leading mining contracting firm in South Africa, where he had spent 12 years. After leaving JIC Mining and Construction, Francois established Matlapeng, where he was Chief Executive Officer until accepting full-time employment at Raubex.

NON-EXECUTIVE DIRECTORS

Jacobus (Koos) Esaias Raubenheimer – Non-executive Chairman (69)

BSc Eng (Civil), Pr Eng

Koos founded Raubex in 1974 and has acted as Managing Director/Chief Executive Officer of the group since its inception. Prior to founding Raubex, Koos served as an engineer with the Free State and Kruger National Park roads departments for a period of nine years. He has gained valuable experience in steering Raubex through a challenging market and believes Raubex shareholders will now benefit from the labours of a cohesive and loyal management team with a common purpose and a rich skills base. Koos has over 46 years of construction experience. Koos retired as Chief Executive Officer at the end of the February 2010 financial year, but continues his involvement with Raubex as a non-executive director.

Freddie Kenney – Non-executive Director (58)

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

Leslie Arthur Maxwell – Independent Non-executive Director (65)

BCom, CA(SA)

Les joined Raubex as an Independent Non-executive Director in 2007. He currently holds the position of Financial Director of JCI Limited, a position he was nominated for as a result of his extensive financial experience and strong grounding and knowledge of corporate governance. 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 Limited, Fraser Alexander Limited and Joy Manufacturing Co (Proprietary) Limited, where he held the position of Financial Director.

Bryan Hugh Kent – Independent Non-executive Director (67)

BCom, FCMA, CA(SA), HDip (Tax), HDip (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 Anchor 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, leverage buyouts, international taxation and listing.

Ntombi Felicia Msiza (37)

BCom, HDip Taxation and Masters in Business Administration

Felicia joined Raubex as an Independent Non-executive Director in February 2011. She currently holds an executive position in governance at Broadband Infraco. She also served as director at the IDT, where she was head of Internal Audit and at SizweNtsaluba VSP, heading up their Mpumalanga office. She served in various organisations, among others: Group Five, SAPPI and National Treasury. Felicia Msiza has over 15 years' experience in the field of governance, including internal audit, external audit and risk management. Felicia also holds a directorship position within the Institute of Internal Auditors of South Africa (IIASA).

EXPLANATORY NOTES

APPOINTMENT OF DIRECTORS – ORDINARY RESOLUTIONS NUMBERS ONE AND TWO

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 SIX

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 Companies 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 Companies 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 Companies 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;

(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 old 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 Companies 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 Companies 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.

ADOPTION OF NEW MEMORANDUM OF INCORPORATION – SPECIAL RESOLUTION NUMBER FOUR

Special resolution number four is proposed to enable the company to adopt a new MOI that will be in line with the requirements of the Companies Act, the JSE Listings Requirements and any applicable legislation. In addition the Companies Act and changes to the JSE Listings Requirements require a substantial number of changes to the existing Memorandum of Association and Articles of Association of the company. Accordingly, it is considered more appropriate to adopt the proposed new MOI rather than to amend the existing Memorandum of Association and Articles of Association. The new MOI is attached to this annual report as a separate document. The document can also be viewed on the Raubex website www.raubex.com.

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 summary on page 29 of the integrated annual report.

FORM OF PROXY

For use at the annual general meeting of Raubex Group Limited ("the Company") to be held at Glenhove Conference Centre on Friday, 5 October 2012 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 sub-register 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 sub-register.

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 sub-register 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) must 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 to 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 to 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 annual general meeting to a director of the Company;
- must provide written notification to the transfer secretaries of the Company, namely Computershare Investor Services (Proprietary) Limited, of the delegation by my/our proxy of his/her authority to act on my behalf at the annual general meeting by no later than 10:00 on Wednesday, 3 October 2012, being 48 (forty-eight) hours before the annual general meeting to be held at 10:00 on Friday, 5 October 2012; and
- must provide to his/her delegee a copy of his/her authority to delegate his/her authority to act on my behalf at the annual general meeting.

		Number of votes (one vote per ordinary share)		
		For	**Against**	**Abstain**
Ordinary resolution number 1.a:	Re-election of Mr RJ Fourie as director			
Ordinary resolution number 1.b:	Re-election of Mr F Diedrechsen as director			
Ordinary resolution number 2.a:	Re-election of Mr JE Raubenheimer as non-executive director			
Ordinary resolution number 2.b:	Re-election of Mr F Kenney as non-executive director			
Ordinary resolution number 2.c:	Re-election of Mr LA Maxwell as non-executive director			
Ordinary resolution number 2.d:	Re-election of Mr BH Kent as non-executive director			
Ordinary resolution number 2.e:	Re-election of Mrs FN Msiza as non-executive director			
Ordinary resolution number 3:	Approval of external auditor remuneration			
Ordinary resolution number 4:	Re-appointment of external auditor			
Ordinary resolution number 5:	General authority to issue shares for cash			
Ordinary resolution number 6.a:	Re-appointment of Mr LA Maxwell as audit committee member			
Ordinary resolution number 6.b:	Appointment of Mr BH Kent as audit committee member			
Ordinary resolution number 6.c:	Appointment of Mrs NF Msiza as audit committee member			
Ordinary resolution number 7:	Applicable limits to the Raubex Group Deferred Stock Scheme			
Ordinary resolution number 8:	Directors' authority to implement Company special resolutions			
Special resolution number 1:	Remuneration of non-executive directors			
Special resolution number 2:	General authority to acquire shares			
Special resolution number 3:	Financial assistance to related and inter-related companies			
Special resolution number 4:	Adoption of Memorandum of Incorporation			
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   2012

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 (Proprietary) Limited, 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, 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 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 the date stated in the revocation instrument, if any, or 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;
- 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 Chairman shall be deemed to be appointed as the proxy to vote or abstain as the Chairman 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 (Proprietary) Limited, 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 Wednesday, 3 October 2012, being no later than 48 (forty-eight) hours before the annual general meeting to be held at 10:00 on Friday, 5 October 2012.

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 Chairman of the annual general meeting. CSDPs or brokers registered in the Company's sub-register voting on instructions from beneficial owners of shares registered in the Company's sub-register, are requested to identify the beneficial owner in the sub-register 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 (Proprietary) Limited, 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 Chairman.

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.

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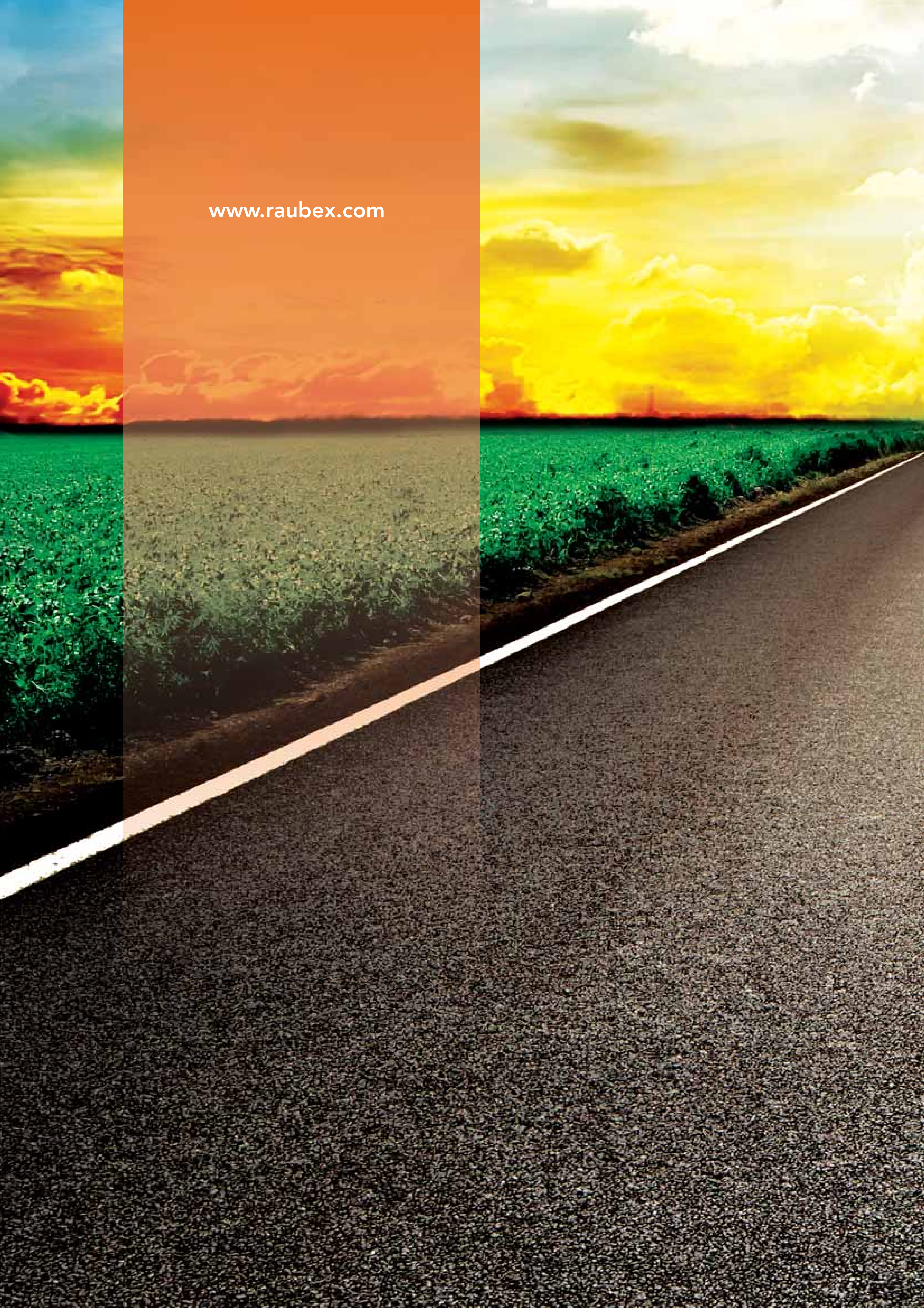
GENERAL INFORMATION

Nature of business	Construction work, civil engineering, supply of aggregates and holding company
Directors	JE Raubenheimer (chairman non-executive) RJ Fourie (chief executive director) F Diedrechsen (financial and commercial 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 Centurion 0169 PO Box 66192 Highveld 0169
Telephone number	+27 (0)12 648 9400
Business address	Cleveley Eeufees Road Extension Bloemfontein South Africa 9301
Postal address	PO Box 3722 Bloemfontein 9300
Auditors	PricewaterhouseCoopers Inc. Registered auditors
Company registration number	2006/023666/06
Officer responsible for the preparation of the financial statements	JF Gibson
Designation	Chartered Accountant (SA)
Website	www.raubex.com

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


www.raubex.com